LITHIUM POWER INTERNATIONAL LIMITED
ACN 607 260 328

NOTICE OF EXTRAORDINARY GENERAL MEETING

AND

EXPLANATORY STATEMENT

TIME: 10.00am

DATE: 28 October 2022

PLACE: Ashurst, Level 11, 5 Martin Place, Sydney NSW 2000

Independent Expert's Report: Shareholders should carefully review and consider the Independent Expert's Report which has been prepared in connection with Resolution 1 for the purposes of section 611, item 7 of the Corporations Act and Listing Rule 10.1. The Independent Expert has determined that the transactions the subject of Resolution 1 are **fair and reasonable** to Shareholders.

IMPORTANT INFORMATION

Notice is given that an Extraordinary General Meeting of the Shareholders of Lithium Power International Limited ACN 607 260 328 (**LPI** or the **Company**) will be held as follows:

Time: 10.00am

Date: 28 October 2022

Place: Ashurst, Level 11, 5 Martin Place, Sydney NSW 2000

YOUR VOTE IS IMPORTANT

The business of the Meeting affects your Shareholding and your vote is important.

VOTING

The Board has determined to proceed with a physical meeting. In doing so the Company will be abiding by responsible social distancing measures and will employ other COVID-safe measures. The Board encourages Shareholders to submit a directed proxy in advance of the Meeting, rather than planning on attending the Meeting in person.

Shareholders will be able to listen and participate in the Meeting virtually via the online platform by entering the following URL in your browser: https://web.lumiagm.com/357674320

To vote in person, attend the Meeting on the date and at the place set out above.

To vote by proxy, please complete and sign the enclosed Proxy Form and return:

- online at www.votingonline.com.au/lithiumegm2022;
- in person at Ashurst, Level 11, 5 Martin Place, Sydney NSW 2000;
- by post to GPO Box 3993, Sydney NSW 2001;
- by facsimile to +61 2 9290 9655; or
- by following any other directions on the Proxy Form.

Please note that the Proxy Form must be received by the Company no later than 10.00am (AEST) on 26 October 2022. **Proxy Forms received later than this time will be invalid.**

Voting will only be permitted via a returned Proxy Form, through the online proxy voting facility or through attendance at the Meeting.

ENTITLEMENT TO VOTE AND ATTEND AT MEETING

The Company may specify a time, not more than 48 hours before the Meeting, at which a 'snap-shot' of Shareholders will be taken for the purposes of determining entitlements to vote at the Meeting.

The Directors have determined that all Shares of the Company that are quoted on ASX at 10.00am (AEST) on 26 October 2022 shall, for the purposes of determining voting entitlements at the Meeting, be taken to be held by the persons registered as holding the Shares at that time.

PROXIES

Please note that:

- a Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- a proxy need not be a Shareholder; and
- a Shareholder entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

CORPORATE REPRESENTATIVE

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising that person to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative. A form for the appointment of a corporate representative can be obtained via the Company's share registry website at www.boardroomlimited.com.au/investor-forms/.

ENQUIRIES

Shareholders are invited to contact the Company at 1300 737 760 and +61 2 9290 9600 (outside Australia). or at enquiries@boardroomlimited.com.au if they have any questions in respect of the matters set out in this Notice or Explanatory Statement.

Chairman's Letter

28 September 2022

Dear LPI Shareholder,

On behalf of the Board of Directors (**Board**) of Lithium Power International Limited (**LPI** or the **Company**), I am pleased to present you with an acquisition proposal that the Board of LPI believes has the potential to deliver significant value for LPI Shareholders.

LPI has 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 (together the **Transactions**) with its joint venture partners Minera Salar Blanco SpA (**MSB SpA**) (31.31% of Maricunga) (**SBD Transaction**) and Bearing Lithium Corp. (BRZ:TSXV) (**Bearing**) (17.14% of Maricunga).

As a result of the Transactions, an enlarged LPI will benefit from enhanced scale and full control of Maricunga, which will significantly increase LPI's attributable production to 15.2kt/a of battery grade lithium carbonate from Maricunga based on the 2022 DFS[1].

We also believe that consolidating 100% ownership under LPI provides the optimal structure to oversee the rapid development of the Project by:

- simplify future 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
- creating a clearer and more understandable investment vehicle.

This in turn can potentially deliver enhanced returns to LPI shareholders.

To effect the Transactions, LPI will issue:

- approximately 161.6m ordinary LPI shares to MSB SpA as consideration for LPI merging with MSB SpA's wholly-owned subsidiary, a newly formed Delaware limited liability company called SALAR BLANCO LLC (**SBD**), that will hold MSB SpA's 31.31% interest in Maricunga; and
- to merge with Bearing, LPI will issue 0.70 ordinary LPI shares for every Bearing common share on issue and for every Bearing option or Bearing warrant that is exercised following completion of the Bearing Transaction[2]. The maximum number of LPI shares the Company may issue under the Bearing Transaction is approximately 94.5m.

In order to effect the SBD Transaction, LPI requires the approval of LPI Shareholders, which is being sought at the Meeting.

The LPI Board[3] unanimously recommends that LPI Shareholders VOTE IN FAVOUR of the SBD Transaction

The Transactions have been undertaken at a discount to the look through value of Maricunga based on LPI's trading value[4] and, as a result, based on the number of ordinary shares LPI may issue under the Transactions, LPI shareholders will increase their proportionate interest in Maricunga from the current

[1] 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.
[2] This is subject to shareholder approval from Bearing shareholders.
[3] Not including Martin Borda who is the sole shareholder of MSB SpA and therefore has abstained from recommending.
[4] This refers to the trading price of LPI shares immediately prior to the announcement of the Transactions on 22 June 2022.

51.55% to approximately 60.4%[5]. This is an effective increase in the indirect interest in Maricunga held by LPI shareholders of approximately 17% on a relative basis.

The weighted average discount at which the combined Transactions have been undertaken relative to LPI's look through value[6] is:

- 17.1% based on LPI's 1-month volume weighted average price (**VWAP**)
- 18.5% based on LPI's 2-month VWAP
- 19.6% based on LPI's 3-month VWAP.

As a result of the SBD Transaction, LPI Non-Executive Director, Martin Borda, will hold a relevant interest in the enlarged LPI of approximately 27.47%[7] comprising approximately 177.8m shares in LPI.

LPI have appointed BDO Corporate Finance Ltd. (**BDO**) to undertake an Independent Expert's Report (**IER**) on the SBD Transaction. BDO have determined that the SBD Transaction is fair and reasonable.

The IER is included in full in the Explanatory Statement as Appendix 1.

The Company believes the consolidation of ownership of the high quality Maricunga project is an excellent outcome for LPI. This is why the LPI Board (other than Martin Borda who has an interest in the transaction) unanimously recommends that all LPI shareholders **VOTE IN FAVOUR** of Resolution 1 to approve the SBD Transaction.

In light of the extremely high workload of the LPI Board arising from the long-negotiated SBD Transaction and Bearing Transaction, the proposed spin-off of its Western Australian assets, the recent capital raising as well as progressing the Project towards a development commitment, the Board proposes to award Share Appreciation Rights to its executive directors and options to some of its non-executive directors. With LPI's small executive management team, this required very high director workload (carried out across multiple time zones) has for many months been far beyond what is usually expected of directors of a listed mining development company and, accordingly, the LPI Board considers that these awards are justified in the context of that sustained additional workload.

The LPI Board notes that the terms and conditions of these awards were determined before the recent significant appreciation in the Company's share price and should be considered in that light.

The LPI Board (other than those directors in respect of any Resolution relating to them) recommends that all shareholders **VOTE IN FAVOUR** of Resolutions 2 – 6.

In addition, Resolution 7 seeks shareholder approval to refresh the Company's placement capacity arising from the recent grant of Share Appreciation Rights to senior executives of MSB. Resolution 8 seeks shareholder approval to preserve the Company's placement capacity for the grant of adviser options to Treadstone Resource Partners who are advising the Company on the SBD Transaction and Bearing Transaction. The LPI Board unanimously recommends that all LPI shareholders **VOTE IN FAVOUR** of Resolutions 7 and 8.

On behalf of all the LPI Directors I thank you for your support on our journey so far and we look forward to your continued support as we continue to unlock value for LPI shareholders.

Yours sincerely,

DHannon

David Hannon
Chairman

[5] Assumes fully diluted LPI shares outstanding and assumes that all Bearing options and warrants are exercised prior to completion of the Transactions.
[6] Based on diluted proforma LPI using market data as at market close on 21 June 2022 from IRESS.
[7] Based on diluted shares outstanding as at 16 September 2022 and includes Martin Borda's current shareholding in LPI of approximately 16.3m LPI shares.

The business to be considered at the Meeting is set out below.

This Notice of Meeting should be read in its entirety in conjunction with the accompanying Explanatory Statement, which contains information in relation to the following Resolution. If you are in any doubt as to how you should vote on the proposals set out in this Notice of Meeting, you should consult your financial or other professional adviser.

Capitalised terms used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

BUSINESS

Resolution 1. Approval of SBD Transaction and the issue of Consideration Shares to Minera Salar Blanco SpA

To consider and, if thought appropriate, pass the following resolution as an **ordinary resolution**:

> *"That, for the purposes of item 7 of section 611 of the Corporations Act, ASX Listing Rule 10.1, and for all other purposes, approval is given for the Company to enter into and perform the transactions contemplated by the Merger Agreement, including:*
>
> *(a) the Company to issue 161,556,061 Shares (**Consideration Shares**) to Minera Salar Blanco SpA (**MSB SpA**) as consideration for the Company's acquisition of all of SALAR BLANCO LLC (**SBD**) (**SBD Transaction**); and*
>
> *(b) MSB SpA to acquire a Relevant Interest in voting Shares in the Company up to a maximum of 32.2% as a result of the issue of the Consideration Shares,*
>
> *on the terms and conditions set out in the Explanatory Statement."*

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared for the purposes of Shareholder approval under item 7 of section 611 of the Corporations Act and ASX Listing Rule 10.1 for this Resolution. The Independent Expert's Report comments on the fairness and reasonableness of the issue of the Consideration Shares to MSB SpA, the subject of this Resolution, to the Non-Associated Shareholders. The Independent Expert has determined that the transaction the subject of Resolution 1 is fair and reasonable.

Note: A voting exclusion applies to this Resolution.

Resolution 2. Approval for the issue of Share Appreciation Rights to an Executive Director – Mr Cristóbal Garcia-Huidobro

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution:**

> *"That:*
>
> *(a) the participation in the Company's Lithium Power International Limited Rights Plan (**LPILRP**) by Mr Cristóbal Garcia-Huidobro (or his nominee); and*
>
> *(b) the acquisition by Mr Cristóbal Garcia-Huidobro (or his nominee) of the share appreciation rights (**SARs**) and, in consequence of the vesting of those SARs, of ordinary shares in the Company,*

in accordance with the terms of LPILRP (as approved by the Board and amended from time to time by the Board) the details of which are set out in the Explanatory Statement, is approved under and for the purpose of Listing Rule 10.14 and for all other purposes."

Note: A voting exclusion applies to this Resolution.

Resolution 3. Approval for the issue of Share Appreciation Rights to an Executive Director – Richard Crookes

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution:**

"*That:*

(a) the participation in the LPILRP by Mr Richard Crookes (or his nominee); and

(b) the acquisition by Mr Richard Crookes (or his nominee) of the SARs and, in consequence of the vesting of those SARs, of ordinary shares in the Company,

in accordance with the terms of the LPILRP (as approved by the Board and amended from time to time by the Board) the details of which are set out in the Explanatory Statement, is approved under and for the purpose of Listing Rule 10.14 and for all other purposes."

Note: A voting exclusion applies to this Resolution.

Resolution 4. Approval for the issue of Share Appreciation Rights to an Executive Director – Mr Andrew Phillips

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution:**

"That:

(a) the participation in the LPILRP by Mr Andrew Phillips (or his nominee); and

(b) the acquisition by Mr Andrew Phillips (or his nominee) of the SARs and, in consequence of the vesting of those SARs, of ordinary shares in the Company,

in accordance with the terms of the LPILRP (as approved by the Board and amended from time to time by the Board) the details of which are set out in the Explanatory Statement, is approved under and for the purpose of Listing Rule 10.14 and for all other purposes."

Note: A voting exclusion applies to this Resolution.

Resolution 5. Approval for the issue of Director Options to a Non-Executive Director – Mr David Hannon

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution:**

> *"That the issue of 4,000,000 Director Options to Mr David Hannon (or his nominee), details of which are set out in the Explanatory Statement, is approved under and for the purpose of Listing Rule 10.11 and for all other purposes."*

Note: A voting exclusion applies to this Resolution.

Resolution 6. Approval for the issue of Director Options to a Non-Executive Director – Mr Russel Barwick

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution:**

> *"That the issue of 4,000,000 Director Options to Mr Russell Barwick (or his nominee), details of which are set out in the Explanatory Statement, is approved under and for the purpose of Listing Rule 10.11 and for all other purposes."*

Note: A voting exclusion applies to this Resolution.

Resolution 7. Ratification of the issue of Employee SARs to the Participating Executives

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution:**

> *"That the issue of the Employee SARS to the Participating Executives, details of which are set out in the Explanatory Statement, is approved under and for the purpose of Listing Rule 7.4 and for all other purposes."*

Note: A voting exclusion applies to this Resolution.

Resolution 8. Approval for the issue of Adviser Options to Treadstone

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution:**

> *"That the issue of 1,250,000 Adviser Options to Treadstone Resource Partners Pty Ltd, details of which are set out in the Explanatory Statement, is approved under and for the purpose of Listing Rule 7.4 and for all other purposes."*

Note: A voting exclusion applies to this Resolution.

VOTING EXCLUSION STATEMENT

Corporations Act

Resolution	Person excluded or prohibited from voting
Resolution 1 - Approval of SBD Transaction and the issue of Consideration Shares to Minera Salar Blanco SpA	MSB SpA and its Associates.
Resolutions 2 to 6 – Approval for the issue of SARs / Director Options to Directors	For the purposes of section 250BD(1) of the Corporations Act: 1. a vote must not be cast on the Resolutions 2 to 6 by a KMP, or a Closely Related Party of a KMP, acting as proxy, if their appointment does not specify the way the proxy is to vote on the Resolution. However, this voting exclusion does not apply if the KMP is the Chairman of the Meeting acting as proxy and their appointment expressly authorises the Chairman of the Meeting to exercise the proxy even if Resolutions 2 – 6 are connected directly or indirectly with the remuneration of a member of the KMP of the Company; and 2. if you appoint the Chairman of the Meeting as your proxy, and you do not direct your proxy how to vote on the Resolutions 2 - 6 on the voting form, you will be expressly authorising the Chairman of the Meeting to exercise your proxy even if Resolutions 2 – 6 are connected directly or indirectly with the remuneration of a member of the KMP of the Company, which includes the Chairman of the Meeting.

ASX Listing Rules

In accordance with the Listing Rules, the Company will disregard votes cast in favour of the following resolutions by or on behalf of:

Resolution	Person whose votes must be disregarded
Resolution 1 - Approval of SBD Transaction and the issue of Consideration Shares to Minera Salar Blanco SpA	(a) MSB SpA, Mr Martin Borda and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of ordinary securities in the entity) or their nominee; or (b) an Associate of those persons.
Resolutions 2 to 4 – Approval for the issue of SARs to Executive Directors	Each of the Directors of the Company who are eligible to participate in the LPILRP and any Associate of a Director who is eligible to participate in the LPILRP.
Resolutions 5 –Approval for the issue of Director Options to a Non-Executive Director – Mr David Hannon	Mr David Hannon and any other person who will obtain a material benefit as a result of the issue of securities in accordance with this Resolution (except a benefit solely by reason of being a holder of ordinary securities in the Company) and any of their Associates.

Resolution	Person whose votes must be disregarded
Resolutions 6 –Approval for the issue of Director Options to a Non-Executive Director – Mr Russel Barwick	Mr Russel Barwick and any other person who will obtain a material benefit as a result of the issue of securities in accordance with this Resolution (except a benefit solely by reason of being a holder of ordinary securities in the Company) and any of their Associates.
Resolution 7 – Approval of the issue of Employee SARs to the Participating Executives	The Participating Executives and any of their Associates.
Resolution 8 – Approval for the issue of Adviser Options to Treadstone	Treadstone Resource Partners Pty Ltd and any of their Associates.

However, the Company need not disregard on the above resolutions if the vote is cast by:

(a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or

(b) the person chairing the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the direction given to the chair to vote as the chair decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the provided the following conditions are met:

- the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the resolution; and

- the holder votes on the resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

Shareholders are referred to the Explanatory Statement, including the Independent Expert's Report, accompanying and forming part of this Notice of Meeting. All Shareholders should read the Explanatory Statement and the Independent Expert's Report carefully and in its entirety. If you have any questions regarding the matters set out in this Explanatory Statement, the Independent Expert's Report or the Notice of Meeting, please contact the Company, your accountant or investment adviser.

DATED THIS 28 September 2022

By order of the Board of Directors

Lithium Power International Limited

ACN 607 260 328

Explanatory Statement

This Explanatory Statement and all attachments are important documents. They should be read carefully.

If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice, please contact the Company, your stockbroker, lawyer or other professional adviser.

This Explanatory Statement has been prepared for the Shareholders of Lithium Power International Limited ACN 607 260 328 in connection with the Extraordinary General Meeting of the Company to be held on 28 October 2022. The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions set out in the accompanying Notice. It explains the Resolutions and identifies the Board's reasons for putting them to Shareholders.

Independent Expert's Report: Shareholders should carefully review and consider the Independent Expert's Report which has been prepared in connection with Resolution 1 for the purposes of section 611, item 7 of the Corporations Act and Listing Rule 10.1. The Independent Expert has determined that the transactions the subject of Resolution 1 are **fair and reasonable** to Shareholders.

1. SUMMARY OF THE CONSOLIDATION TRANSACTION

1.1 LPI and Maricunga Project background

The Company's key project is the Maricunga lithium brine project which is located in Chile (**Project**). The mining rights and tenements comprising the Project are held by Minera Salar Blanco S.A. (incorporated in Chile) (**ProjectCo**). LPI holds a 51.55% interest in the issued share capital of ProjectCo through its wholly owned Subsidiary, LPI Chile S.A. (incorporated in Chile). Minera Salar Blanco SpA (incorporated in Chile) (**MSB SpA**) holds a 31.31% interest in ProjectCo and Li3 Energy Inc. (incorporated in the United States of America), which is a wholly owned Subsidiary of Bearing Lithium Corp. (TSXV:BRZ.V) (**Bearing**), holds the remaining 17.14%. Bearing is an entity incorporated in Canada whose securities are listed for quotation on the TSX Venture Exchange (**TSXV**).

1.2 Overview of the Consolidation Transaction

As announced by the Company to the ASX on 22 June 2022, the Company has entered into:

(a) an Agreement and Plan of Merger, with MSB SpA and SALAR BLANCO LLC (a Delaware incorporated limited liability company) (**SBD**) (**Merger Agreement**), pursuant to which:

   (i) MSB SpA will first contribute its 31.31% interest in ProjectCo to SBD; and

   (ii) LPI will subsequently merge with SBD by way of a Delaware merger and concurrent Australian scheme of arrangement under sections 411 and 413 of the Corporations Act (**Ancillary Scheme**), pursuant to which all of the assets and liabilities of SBD (including the 31.31% interest in ProjectCo) will transfer to and vest in LPI upon implementation (with SBD ceasing to exist at such time),

   (the **SBD Transaction**); and

(b) an Arrangement Agreement, with Bearing and LPI Canada Holdings Ltd. (a Canadian incorporated company, wholly owned by LPI) (**LPI Canada**) (**Arrangement Agreement**), pursuant to which LPI Canada will acquire all of the securities in Bearing by way of a Canadian plan of arrangement (**Bearing Transaction**), (the Bearing Transaction and SBD Transaction are, together, the **Consolidation Transaction**).

As consideration for the Consolidation Transaction, the Company will issue to the shareholders of SBD and Bearing (respectively):

(a) to acquire SBD, 161,556,061 Shares to MSB SpA under the terms of the SBD Transaction; and

(b) to acquire Bearing, 0.7 Shares:

   (i) for every Bearing common share on issue, for a total of 76,340,416 Shares; and

   (ii) for every Bearing option or warrant that is exercised prior to completion of the Bearing Transaction, up to a maximum of 18,204,798 Shares (assuming all options and warrants are exercised).

If the Bearing options or warrants are exercised before the Bearing Transaction completes, those holders that receive the Bearing common shares issued on exercise will participate in the plan of arrangement under the Arrangement Agreement with all other Bearing shareholders and LPI will issue Shares for each such Bearing share on issue. Any Bearing options and warrants which have not been exercised prior to completion of the Bearing Transaction will, following completion of the Bearing Transaction, become options and warrants in LPI Canada, on materially the same terms (save for minor amendments to comply with, among other things, the Listing Rules) and exercisable for Shares instead of shares in Bearing.

Following completion of the Consolidation Transaction, on a fully diluted basis (i.e. assuming all Bearing Optionholders and Bearing Warrantholders have exercised their options and warrants in full following completion of the Consolidation Transaction, and assuming LPI does not issue any other Shares), the pro forma ownership of LPI will comprise approximately:

(a) 57.9% held by Non-Associated Shareholders;

(b) 27.5% held by MSB SpA[8]; and

(c) 14.6% by Bearing securityholders.

The purpose of the Consolidation Transaction is to consolidate the ownership structure of the Project and to create a strong platform from which to develop and fund the Project.

Resolution 1 seeks the approval of Shareholders to approve the SBD Transaction, including the Company's acquisition of SBD and the issue of the Consideration Shares to MSB SpA. The acquisition of Bearing does not require Shareholder approval but does require the approval of Bearing's shareholders. In addition, the acquisition of Bearing is conditional upon the completion of the SBD Transaction (which condition Bearing may elect to waive).

1.3 Key terms of Consolidation Transaction

A summary of the key terms and conditions of the Consolidation Transaction is set out below:

SBD Transaction

(a) **Conditions precedent**

Completion of the SBD Transaction is conditional upon:

   (i) approval from Shareholders under section 611, item 7 of the Corporations Act and Listing Rule 10.1 (as contemplated by Resolution 1);

   (ii) approval and receipt of orders from the relevant Australian Court approving the Ancillary Scheme;

[8] This includes the aggregate of the Consideration Shares plus MSB SpA's current shareholding in LPI of 16,227,273 Shares.

(iii) all necessary governmental and regulatory approvals and consents being obtained, and no governmental order being made prohibiting the SBD Transaction;

(iv) no material adverse change or breach of representation or warranty occurring to either party; and

(v) other conditions which are customary for transactions of this nature.

(b) **Board nomination rights**

So long as MSB SpA holds, together with its Associates, an aggregate of 25% or more of the Shares on issue, MSB SpA will have the right to nominate:

(i) one person to the Board if the Board, excluding the appointment of such person, comprises no more than five Directors; or

(ii) two persons to the Board if the Board, excluding the appointment of such persons, comprises six or more Directors,

together with the right to remove any Director appointed. For the avoidance of doubt, Mr Martin Borda will constitute a nominee Director under the Merger Agreement for so long as he holds office as a Director. Neither Bearing nor Bearing shareholders will have any right to appoint a person to the Board.

(c) **Termination**

The Merger Agreement may only be terminated by mutual written consent, or by written notice from one party to the other where a condition has not been fulfilled which was the responsibility of the other party to fulfil.

(d) **Pre-completion covenants**

Prior to completion of the SBD Transaction, MSB SpA must:

(i) maintain the business, permits and assets of SBD; and

(ii) not solicit, or continue, inquiries or discussions regarding a competing proposal to the SBD Transaction.

(e) **Other provisions**

Other terms and conditions customary for transactions of this nature.

Bearing Transaction

(a) **Conditions precedent**

Completion of the Bearing Transaction is conditional upon:

(i) approval from Bearing securityholders of the Bearing Transaction;

(ii) approval of the Bearing Transaction from the relevant Canadian court;

(iii) completion of the SBD Transaction;

(iv) Bearing's dissenting shareholders having exercised dissent rights with respect to no more than 5% of the total Bearing shares;

(v) no material adverse change or breach of representation or warranty (in relation to both LPI and Bearing); and

(vi) other conditions which are customary for transactions of this nature.

(b) **Cash distribution**

In addition to the Shares to be issued as consideration to Bearing securityholders under the Bearing Transaction, Bearing will distribute its excess available cash, if any, to Bearing shareholders after accounting for certain expenses including outstanding debts and costs incurred by Bearing prior to, and as a result of, completion of the Bearing Transaction.

The distribution of cash will not include any cash received from the exercise of Bearing options and warrants post the announcement of the Bearing transaction and those funds are to remain in Bearing on completion of the Bearing Transaction.

(c) **Superior proposals, matching rights and break fees**

The Arrangement Agreement contains customary fiduciary out provisions permitting Bearing to terminate the agreement to pursue a superior proposal but provided LPI has been given a five (5) business day right to match. Should Bearing terminate the Arrangement Agreement in these circumstances, it will be required to pay LPI termination fees of up to C$2,500,000. The termination fee is also payable if Bearing shareholders do not approve the Bearing Transaction at a time when another competing acquisition proposal is announced and within 12 months thereafter if any acquisition proposal is consummated or effected by Bearing.

(d) **Reimbursement fee**

If the Bearing Transaction does not complete due to Bearing shareholders voting the transaction down, then Bearing must make a C$1,000,000 payment for the reimbursement of expenses to the LPI. LPI must also make this C$1,000,000 reimbursement payment to Bearing if the Bearing Transaction does not complete due to the SBD Transaction being terminated or not completed prior to the end date.

1.4 About MSB SpA

MSB SpA is a private company incorporated in Chile and wholly-owned by Mr Martin Borda. Mr Borda is a non-executive Director of LPI and the chairman and major shareholder of Santiago Stock Exchange listed company, Multiexport Foods S.A., which is one of the largest salmon farmers and exporters in Chile.

1.5 Indicative timetable

Event	Approximate date of completion
Date of EGM	28 October 2022
Bearing shareholder meeting to approve Bearing Transaction	October 2022
Completion of SBD Transaction	November 2022
Completion of Bearing Transaction	November 2022

1.6 Advantages of the SBD Transaction

The Directors (excluding Mr Martin Borda) are of the view that the key advantages of the SBD Transaction, and therefore voting in favour of Resolution 1, include (among other things):

(a) if Resolution 1 is not approved, LPI will not be able to complete the SBD Transaction or the Bearing Transaction and thus lose the benefits of the Consolidation Transaction set out in this Explanatory Statement;

(b) the Consolidation Transaction will increase current Shareholders' aggregate proportionate interest in the Project from 51.55% to approximately 58.64%[9];

[9] Assumes fully diluted Shares outstanding and assumes that all Bearing options and warrants are exercised prior to completion of the Consolidation Transaction.

(c) LPI holding 100% ownership of the Project will simplify future decision-making and provides the optimal structure to oversee the rapid development of the Project;

(d) consolidation of the Project's ownership will de-risk the funding pathway and enhance LPI's ability to source capital for the development of the Project from a wider range of providers when compared with the existing joint venture ownership structure;

(e) consideration under the Consolidation Transaction will be paid in Shares thereby allowing the shareholders of Bearing and SBD to retain exposure to the Project if they wish to do so;

(f) if the Bearing Transaction is terminated due to the SBD Transaction not being completed, the Company may become required to pay a reimbursement fee to Bearing of CAD$1,000,000 (see section 1.3 of this Explanatory Statement); and

(g) the Independent Expert has concluded that the SBD Transaction is fair and reasonable to non-associated Shareholders (see section 2.4).

1.7 Key disadvantages of the SBD Transaction

The Directors (excluding Mr Martin Borda) are of the view that the key disadvantages of the SBD Transaction include (among other things):

(a) the SBD Transaction will result in dilution to the percentage interest of the existing Shareholders (other than MSB SpA) in the capital of the Company as a result of the issue of the Consideration Shares to MSB SpA;

(b) the issue of the Consideration Shares will increase MSB SpA's voting power in the Company to approximately 32.16% (reducing to approximately 27.47% if and when the Bearing Transaction completes)[10]. While this will not give MSB SpA a majority vote, it will give MSB SpA significantly more power in determining the outcome of Shareholder votes in future, for example MSB SpA will have the ability to block special resolutions of the Company; and

(c) the Independent Expert has listed the potential disadvantages of approving the SBD Transaction in section 2.4.

1.8 Board recommendation

After carefully considering all of the advantages and disadvantages of the SBD Transaction for Shareholders and the Independent Expert's Report, the Directors (excluding Mr Martin Borda) unanimously recommend that Shareholders vote in favour of Resolution 1.

2. RESOLUTION 1 - APPROVAL OF SBD TRANSACTION AND THE ISSUE OF CONSIDERATION SHARES TO MINERA SALAR BLANCO SPA

2.1 Approvals sought

A summary of the SBD Transaction is set out in section 1 above.

Resolution 1 seeks the approval of Shareholders to approve the SBD Transaction, including the Company's acquisition of SBD and the issue of the Consideration Shares to MSB SpA, for the purposes of item 7 of section 611 of the Corporations Act and ASX Listing Rule 10.1.

[10] This assumes the Consideration Shares will be issued prior to completion of the Bearing Transaction. Following completion of the Bearing Transaction and the SBD Transaction, MSB SpA will hold approximately 27.5% of LPI assuming all Bearing options and warrants are exercised.

2.2 Takeover Prohibition

Section 606 of the Corporations Act prohibits a person from acquiring a Relevant Interest in the issued voting shares of a listed company if the acquisition would result in that person's (or another person's) voting power in the company increasing:

(a) from 20% or below to more than 20%; or

(b) from a starting point that is above 20% and below 90%,

(**Takeover Prohibition**).

A person holds a Relevant Interest in the securities of a body corporate if they individually, or jointly (among other things):

(a) are the holders of the securities;

(b) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or

(c) have the power to dispose of, or control the exercise of a power to dispose of, the securities.

A person's "voting power" for these purposes means the total number of votes attaching to shares that the person and its Associates have a Relevant Interest in, expressed as a percentage of the total votes attaching to all shares in the entity.

However, an acquisition is not prohibited if it has been approved by a resolution of the listed entity under section 611 item 7 of the Corporations Act.

Accordingly, Shareholder approval under section 611 item 7 of the Corporations Act is being sought under Resolution 1 to permit the Company to issue the Consideration Shares to MSB SpA, which will result in MSB SpA acquiring a Relevant Interest in more than 20% of the Company's voting Shares.

2.3 Prescribed Information

In order for the Company to rely on the exemption in section 611 item 7 of the Corporations Act, Shareholders must be given all information known to the person proposing to make the acquisition (acquirer) or their Associates, or known to the Company, that is material to a decision on how to vote on the resolution.

In ASIC Regulatory Guide 74, ASIC has indicated what additional information should be provided to Shareholders in these circumstances.

The following information is provided in compliance with section 611 item 7 of the Corporations Act and ASIC Regulatory Guide 74:

(a) Identity of MSB SpA and its Associates

The Consideration Shares will be issued to MSB SpA as consideration for the acquisition of SBD pursuant to the SBD Transaction. MSB SpA currently holds all of its Shares in the Company directly and does not have any Associates who hold Shares.
It is noted that Mr Martin Borda (who is a Director) owns and controls MSB SpA. As such, MSB SpA is a Related Party of the Company.

(b) Maximum extent of increase in voting power of MSB SpA

As at the date of this Explanatory Statement, the Company has 391,201,126 Shares on issue and MSB SpA currently has voting power in respect of 16,227,273 Shares (equal to 4.15%). The maximum extent of the increase in MSB SpA's voting power in the Company immediately following the SBD Transaction (and assuming that (i) the Bearing Transaction has not been completed, and (ii) the Company does not issue any additional

Shares including upon the exercise of existing convertible securities) is from 4.15% to a maximum of 32.16%, illustrated as follows:

Item	As at the date of this Notice	Position upon issue of the Consideration Shares
Number of Shares on issue	391,201,126	552,757,187
Relevant Interest in Shares held by MSB SpA	16,223,273	177,783,334
Relevant Interest in Shares held by MSB SpA's Associates	0	0%
Voting power of MSB SpA	4.15%	32.16%

(c) **Voting power MSB SpA has as a result of the SBD Transaction**

MSB SpA's voting power in the Company as a result of the SBD Transaction will be 32.16% (assuming that (i) the Bearing Transaction has not been completed, and (ii) the Company does not issue any additional Shares including upon the exercise of existing convertible securities).

(d) **Voting power for MSB SpA's Associates**

As set out in section 2.3(a) above, MSB SpA has no Shareholder Associates that hold a Relevant Interest in the Company.

(e) **Reasons for the SBD Transaction**

The Consideration Shares are being issued to MSB SpA as consideration for the acquisition of SBD and all of its assets, including the 31.31% interest currently held by MSB SpA in the Project, pursuant to the SBD Transaction. As mentioned in section 1.2 of this Explanatory Statement, the Company is undertaking the SBD Transaction as part of the broader Consolidation Transaction to consolidate the ownership structure of the Project in LPI.

(f) **When is the SBD Transaction is expected to occur**

The Consideration Shares will be issued to MSB SpA at completion of the SBD Transaction, which is currently anticipated to occur in November 2022, subject to satisfaction of the conditions precedent under the Merger Agreement.

(g) **Material terms of SBD Transaction and any other relevant agreements**

The material terms of the SBD Transaction are set out in sections 1.2 and 1.3 of this Explanatory Statement. There are no other agreements between the Company, MSB SpA and/or its Associates that are conditional on (or directly or indirectly depend on) Resolution 1 being approved by the Shareholders.

However, for completeness and as described in section 1.3 of this Explanatory Statement, the Bearing Transaction is conditional upon the SBD Transaction completing.

(h) **MSB SpA's intentions regarding future of LPI**

Other than as disclosed elsewhere in this Explanatory Statement, MSB SpA does not have any intention to:

(i) change the business of the Company;

(ii) inject further capital into the Company in the immediate future and may participate in any of the Company's future capital raisings depending on the circumstances at the time;

(iii) change the employment arrangements of the Company;

(iv) acquire (together with any of its Associates) any of the Company's assets or transfer any of its (or its Associates') assets to the Company other than pursuant to the SBD Transaction;

(v) redeploy any fixed assets of the Company; or

(vi) change the financial or dividend distribution policies of the Company.

(i) **Interest of Directors in Resolution 1**

Mr Martin Borda, a Director of the Company, has a material personal interest in the SBD Transaction and the outcome of Resolution 1 as he is the sole shareholder and controller of MSB SpA.

No other members of the Board have a material personal interest in the outcome of Resolution 1.

(j) **Directors appointed if Resolution 1 is approved**

Mr Martin Borda is currently a Director of the Company, and will continue to be a Director of the Company following completion of the SBD Transaction. If the SBD Transaction completes, MSB SpA will have the Director appointment rights set out in section 1.3(b).

2.4 **Independent Expert's Report**

The Company has appointed BDO Corporate Finance Ltd as the Independent Expert to prepare the Independent Expert's Report, to state whether or not, in its opinion, the SBD Transaction is fair and reasonable.

The Independent Expert has concluded that the SBD Transaction is:

(a) fair on the basis that the Independent Expert has adopted a valuation range prior to completion of the Consolidation Transaction of $0.50 to $0.84 per Share on a controlling interest basis, and a valuation range following completion of the Consolidation Transaction of $0.47 to $0.89[11]; and

(b) reasonable after having regard to the potential advantages and disadvantages of approving the SBD Transaction (as set out below) together with the position Non-Associated Shareholders would be in where the SBD Transaction is not approved.

The Independent Expert has noted the following advantages to approving the SBD Transaction:

(a) the SBD Transaction is fair to Non-Associated Shareholders;

(b) if the SBD Transaction is approved, the Non-Associated Shareholders will collectively hold a 67.8% interest in LPI. If the Bearing Transaction also completes, the Non-Associated Shareholders will collectively hold a 57.9% interest in LPI. In either case, the existing Shareholders will continue to hold a controlling interest in LPI;

(c) if the SBD Transaction is approved, the Non Shareholders will continue to be exposed to the Project;

(d) LPI currently holds a 51.55% interest in the Project. If the SBD Transaction completes, Shares on issue will increase from 391.2 million to 552.8 million and LPI's interest in the

[11] Noting that the Independent Expert adopted a valuation range of between $0.44 and $0.83 in the event that the SBD Transaction completes but the Bearing Transaction does not complete.

Project would increase to 82.86%. In this circumstance, LPI's original 391.2 million Shares would have a greater proportionate interest of 58.64% in the Project. If the Bearing Transaction also completes, Shares on issue will increase to 647.3 million Shares and LPI's interest in the Project would increase to 100%. In this case, LPI's original 391.2 million Shares would have a greater proportionate interest of 60.44% in the Project. Under both scenarios, existing Shareholders would have a greater interest in the Project;

(e) there are a number of existing rights and obligations in the ProjectCo shareholders' agreement (including a requirement for matters at shareholder meetings to be approved by a 75% majority, no shareholder may transfer its shares except with the prior written consent of each other shareholder and the joint venture parties having the right to appoint a number of directors in ProjectCo equal to their percentage shareholding)[12]. If the SBD Transaction is approved, the legal and other barriers associated with the ProjectCo shareholders' agreement will effectively be lifted as LPI can approve all matters submitted to a vote of any meeting of shareholders. If the Bearing Transaction also completes, any restrictions will be completely removed as LPI will own 100% of ProjectCo;

(f) there remains in excess US$600 million in requisite capital expenditure before the Project is expected to be cash flow positive that is required to be sourced from financiers and potential investors. The executive leadership of LPI believes the consolidated ownership of the Project will de-risk the funding pathway and enhance LPI's ability to source capital for the development of the Project from a wider range of providers in comparison with the existing joint venture ownership structure; and

(g) the above advantages and the simplification of the ownership structure may also apply to a potential acquisition of LPI and/or ProjectCo, potentially resulting in an increased likelihood of a future takeover offer.

The Independent Expert has noted the following disadvantages to approving the SBD Transaction:

(a) the issue of the Consideration Shares will have a dilutive effect on the current interest of Non-Associated Shareholders with respect to their ownership in LPI. While their proportionate interest in the Project will increase slightly, their interest in LPI's Australian tenements will reduce by the percentage of additional Shares issued;

(b) if the SBD Transaction is approved, MSB SpA will hold a 32.16% interest of LPI's issued Share capital. If the Bearing Transaction also completes, MSB SpA will hold a 27.47% interest in LPI's issued Share capital. In either case, this will restrict the Non-Associated Shareholders' ability to approve special resolutions without the approval of MSB SpA;

(c) if the SBD Transaction is approved, MSB SpA will own over 25% of the outstanding Shares regardless of the outcome of the Bearing Transaction. This may reduce the chance of existing Shareholders receiving a takeover offer for their Shares without the support of MSB SpA. In particular, MSB SpA will have the ability to block the approval of a change of control via scheme of arrangement, which requires a special resolution of shareholders (75% approval); and

(d) if the SBD Transaction is approved, 161.6 million new Shares will be issued and if the Bearing Transaction also completes, up to a further 94.5 million new Shares will be issued. If the holders of these new Shares elect to sell some of their Shares received on the open market, this may place downward pressure on the Share trading price if the increased supply of Shares sufficiently outweighs the demand for Shares.

A copy of the Independent Expert's Report is attached to this Explanatory Statement as Appendix 1.

Shareholders are encouraged to read the Independent Expert's Report in its entirety before making a decision on how to vote on Resolution 1.

[12] A summary of the key rights under the ProjectCo shareholders' agreement is set out in section 4.5 of the Independent Expert's Report.

2.5 **Listing Rule 10.1 Approval**

Listing Rule 10.1 provides that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to:

(a) 10.1.1 - a Related Party;

(b) 10.1.2 - a child entity of the entity;

(c) 10.1.3 - a person who is, or was at any time in the six months before the transaction, a substantial (10%+) holder in the Company;

(d) 10.1.4 - an associate of a person referred to in Listing Rule 10.1.1 to 10.1.3; or

(e) 10.1.5 - a person whose relationship with the Company or a person preferred to in Listing Rules 10.1.1 to 10.1.4 is such that, in ASX's opinion , the transaction should be approved by Shareholders,

unless it obtains the approval of Shareholders.

For the purposes of Listing Rule 10.1, an asset is substantial if its value, or the value of the consideration being paid or received for it is, or in ASX's opinion is, 5% or more of the equity interests of the entity as set out in the latest accounts of the Company.

The Company values the Consideration Shares at approximately $75 million[13]. Under the Company's latest accounts, being the Company's annual report for the period ended 30 June 2022, the Company's equity interests were $41,866,406. Accordingly, the value of the Consideration Shares will meet the 5% threshold for the purposes of Listing Rule 10.1.

MSB SpA is a Related Party for the purposes of Listing Rule 10.1.1 because its controller is a Director.

Accordingly the acquisition of SBD (the sole shareholder of which is MSB SpA) requires approval under Listing Rule 10.1.

2.6 **Information required by Listing Rule 10.5**

For the purposes of Listing Rule 10.5, the following information is provided in relation to Resolution 1 and the SBD Transaction:

(a) the Company is acquiring a substantial asset (that is, all of the issued share capital in SBD, which at completion of the SBD Transaction will own an approximate 31.31% interest in the Project) pursuant to a Delaware merger of the Company and SBD, where the sole shareholder of SBD is MSB SpA;

(b) MSB SpA (and SBD) is controlled by Mr Martin Borda, a Director, and therefore falls within the category of 'Related Party' in Listing Rule 10.1.1;

(c) details of the asset being acquiring by the Company pursuant to the SBD Transaction are set out in sections 1.2 and 1.3 of this Explanatory Memorandum, and this primarily comprises the 31.31% interest in the Project;

(d) the consideration being paid in connection with the SBD Transaction is the Consideration Shares;

(e) the Company will not be paying any cash funds in connection with the SBD Transaction, as the consideration is wholly comprised of the Consideration Shares;

(f) the indicative timetable for the Consolidation Transaction is set out in section 1.5 above. Completion of the SBD Transaction is currently anticipated to occur in November 2022, subject to satisfaction of the conditions precedent under the Merger Agreement;

[13] Based on a value of $0.464 per Share, being the 1 month VWAP as at market close on 21 June 2022 (being the date prior to announcement of the SBD Transaction).

(g) a summary of the material terms of the SBD Transaction is set out in sections 1.2 and 1.3 of this Explanatory Statement;

(h) a voting exclusion statement for Resolution 1 is included in the Notice of Meeting; and

(i) as set out in section 2.4 of this Explanatory Statement, the Company has engaged BDO to prepare an Independent Expert's Report in connection with the SBD Transaction, which is set out in Appendix 1.

2.7 Chapter 2E of the Corporations Act

Shareholder approval is not being sought under Chapter 2E of the Corporations Act for the SBD Transaction and/or the issue of the Consideration Shares to MSB SpA.

Chapter 2E of the Corporations Act regulates transactions between companies and their Related Parties. Section 208 of the Corporations Act provides that, for a public company, or an entity that the public company controls, to give a financial benefit to a Related Party of the public company, the public company or entity must:

(a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

Section 228 of the Corporations Act defines a "related party" for the purposes of Chapter 2E of the Corporations Act, and includes an entity that controls a public company. MSB SpA (and SBD) is considered a Related Party of the Company by virtue of it being controlled by Martin Borda, who is a Director.

Section 229 of the Corporations Act defines a "financial benefit" for the purposes of Chapter 2E of the Corporations Act, which includes the issuing of securities to a Related Party. Accordingly, the issue of the Consideration Shares to MSB SpA constitutes the giving of a financial benefit to a Related Party for the purposes of Chapter 2E of the Corporations Act.

Section 210 of the Corporations Act provides a relevant exception to the requirement to obtain shareholder approval under Chapter 2E of the Corporations Act, in circumstances where the provision of a financial benefit to the Related Party is on terms that would be reasonable in the circumstances if the Company and the Related Party were dealing at arms' length, or on terms that are less favourable to the Related Party.

The Directors (excluding Mr Borda) have determined that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the SBD Transaction and the issue of the Consideration Shares because the parties to the SBD Transaction were dealing at arm's length terms. In making this determination, the Directors (excluding Mr Borda) took into account the following factors:

(a) the terms of the SBD Transaction were subject to extensive negotiation and formed part of the negotiation of the broader Consolidation Transaction (the other counterparties to which are not related parties of the Company);

(b) the interests of MSB SpA in the Project will be acquired by LPI at a discount to the estimated see-through market value of the Project based on LPI's traded price; and

(c) the Independent Expert has concluded that the SBD Transaction is fair and reasonable to Non-associated Shareholders.

2.8 No additional approvals under ASX Listing Rules

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary shares on issue at the commencement of that 12-month period.

Approval under Listing Rule 7.1 is not required where approval is being sought for the purposes of section 611 item 7 of the Corporations Act as a result of the operation of ASX Listing Rule 7.2 Exception 8.

In response to a submission made by the Company to the ASX, the ASX has advised that, based on the information provided to the Company, it will not exercise its discretion to require the Company to obtain Shareholder approval for purposes of Listing Rule 11.1.2, or to require the Company to re-comply with Chapters 1 and 2 of the Listing Rules under Listing Rule 11.1.3, in relation to the SBD Transaction (or the Bearing Transaction).

The Company has also been granted a waiver by the ASX from:

(a) Listing Rule 7.1 (by extension of Exception 6 of Listing Rule 7.2) in respect of the issue of 76,340,416 Shares to Bearing Shareholders in connection with the Bearing Transaction (but not in respect of the issue of 18,204,798 Shares (assuming all options and warrants are exercised) to Bearing Optionholders and Warrantholders); and

(b) Listing Rule 10.7 in relation to the requirement for the Consideration Shares to be escrowed.

2.9 Consequences of Resolution 1

If Resolution 1 is passed, the Company will (assuming all other conditions precedent to the SBD Transaction are satisfied) be able to proceed with the acquisition of SBD and the issue of the Consideration Shares to MSB SpA pursuant to the SBD Transaction.

If Resolution 1 is not passed, the Company will not be able to proceed with the SBD Transaction and, unless Bearing determines otherwise, the Bearing Transaction will also not proceed.

Please refer to the advantages and disadvantages of the SBD Transaction proceeding in sections 1.6 and 1.7 of this Explanatory Statement above, and the Independent Expert's Report, for further information.

2.10 Directors' recommendation and undirected proxies

After carefully considering all of the advantages and disadvantages of the SBD Transaction for Shareholders, the Director (excluding Mr Martin Borda) unanimously recommend that Shareholders vote in favour of Resolution 1.

The Chair intends to vote undirected proxies in favour of Resolution 1.

3. RESOLUTIONS 2 TO 4 – APPROVAL FOR THE ISSUE OF SARS TO EXECUTIVE DIRECTORS

3.1 Background

To reward the Executive Directors for their role in managing the Company – including driving the long negotiated Consolidation Transaction and the delivery of the Maricunga Stage 1 Definitive Feasibility Study – and to incentivise future high performance, the Board (other than the relevant Executive Director) has invited the Executive Directors to apply for the issue of Share Appreciation Rights (**SARs**) under the Lithium Power International Limited Rights Plan (**LPILRP** or **Rights Plan**) (subject to Shareholder approval) as follows:

(a) 8 million SARs to Cristóbal Garcia-Huidobro (or his nominee);

(b) 4 million SARs to Andrew Phillips (or his nominee); and

(c) 1.5 million SARs to Richard Crookes (or his nominee).

3.2 **ASX Listing Rule 10.14**

Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire equity securities under an employee incentive scheme:

(a) 10.14.1 - a director of the company;

(b) 10.14.2 - an Associate of a director of the company; or

(c) 10.14.3 - a person whose relationship with the company or a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by shareholders,

unless it obtains approval of its shareholders.

The acquisition of SARs as proposed by Resolutions 2 to 4 falls within Listing Rule 10.14.1 above and therefore requires the approval of Shareholders under Listing Rule 10.14.

Resolutions 2 to 4 seek the required Shareholder approval of the acquisition of SARs by the Directors set out in section 3.1 as proposed by those Resolutions under and for the purposes of Listing Rule 10.14 and for all other purposes.

If any of Resolutions 2 to 4 are passed, the Company will be able to proceed with the issue of SARs as proposed by the relevant Resolution.

If any of Resolutions 2 to 4 are not passed, the Company will not be able to proceed with the issue of SARs as proposed by the relevant Resolution and the Board will consider an alternative remuneration arrangement for the Directors the subject of these Resolutions which may include a cash award.

3.3 **Chapter 2E of the Corporations Act**

The prohibition on a company giving a financial benefit to a related party under Chapter 2E of the Corporations Act, and the exceptions to the prohibition, are described in section 2.7.

It is the view of the Directors (other than each Executive Director, in relation to the Resolution that applies to him) that the exception set out in section 211 of the Corporations Act (allowing the giving of a financial benefit that is reasonable remuneration) applies in the current circumstances.

Accordingly, Shareholder approval is sought for the issue of the SARs as contemplated by Resolutions 2 to 4 under Listing Rule 10.14, but not under Chapter 2E of the Corporations Act.

The Directors have formed this view on the following bases:

(a) the Executive Directors are responsible for the day-to-day management of the Company;

(b) the SARs are being granted to reward prior performance, in particular in relation to the Maricunga Definitive Feasibility Study and the long negotiated Consolidation Transaction;

(c) the number and value of the SARs granted to each of the Executive Directors;

(d) the terms of issue of the SARs;

(e) the existing remuneration of the Executive Directors; and

(f) the prior equity grants made to each of the Executive Directors under the Rights Plan.

Further details in respect of the points raised above are provided below.

3.4 **Terms of grant of the SARs**

The key terms of the grants of SARs to be made to the Executive Directors are summarised below (capitalised terms in this table have the meanings defined in the Rights Plan rules):

Key Term	Details
Instrument	Share Appreciation Rights (**SARs**) are restricted rights under the Rights Plan rules. SARs are indeterminate rights and are an entitlement to the value of a Share less the Exercise Price of such SAR which may be satisfied either in cash and/or in Shares (at the Board's discretion). Generally, it is expected that exercised SARs will be satisfied in Shares/Restricted Shares. The value that may be realised is a function of growth in Share Price over the Exercise Price (if any), and the market value of a Share at the time of sale of any Shares that may result from exercising SARs.
Number of SARs	It is proposed that: • Cristóbal Garcia-Huidobro will be invited to apply for a total of 8,000,000 SARs, with an estimated Black-Scholes value of $2,096,000. At the time the SARs were resolved to be issued by the Board (being 5 July 2022), they had an estimated Black-Scholes value (using the 30 day VWAP for the Company at that time) of $1,712,000; • Andrew Phillips will be invited to apply for a total of 4,000,000 SARs, with an estimated Black-Scholes value of $1,048,000. At the time the SARs were resolved to be issued by the Board (being 5 July 2022), they had an estimated Black-Scholes value (using the 30 day VWAP for the Company at that time) of $856,000; and • Richard Crookes will be invited to apply for a total of 1,500,000 SARs, with an estimated Black-Scholes value of $393,000. At the time the SARs were resolved to be issued by the Board (being 5 July 2022), they had an estimated Black-Scholes value (using the 30 day VWAP for the Company at that time) of $321,000. Details of how the value of each SAR has been calculated are provided below.
Exercise Price of the SARs	Each SAR has a notional Exercise Price of $0.55. The Exercise Price was determined by taking the 30 day VWAP for the period ended on 30 June 2022 (of $0.45 per Share) and adding a premium of 22%.
Vesting	The SARs will vest as follows: • 50% of each Executive Director's SARs will vest 12 months after the date of grant of the SARs; and • the balance of each Executive Director's SARs will vest 24 months after the date of grant of the SARs, or . The SARs will be subject to a service condition that the holder must be a Director at the relevant vesting date or a good leaver, or otherwise as determined by the Board.

Key Term	Details
Term	The SARs will expire 3 years after the date of their grant, and if not exercised within the term the SARs will lapse at this time.
Valuation of the SARs	The estimated value of a SAR utilising the Black-Scholes model is $0.262[14] using the following assumptions: • Risk free rate of 1.75%. • Volatility of 80%. • 3 year term. • An assumed price of LPI shares of $0.515 (being the closing price of Shares on 26 September 2022). • An Exercise Price of $0.55. • Nil dividends.
Cost of SARs	No amount is payable by the Executive Directors to receive SARs.
Exercise of SARs	Upon exercise of the SARs, the Exercised Rights Value will be calculated according to the following formula: (Share Price – Exercise Price) x Number of SARs Exercised The Exercised Rights Value will be either converted into Shares based on the Share price at the time of exercise, paid in cash, or a combination of cash and Shares, as determined by the Board. Generally, it is expected that vested SARs will be converted into whole Shares and the number of Shares will be rounded down if necessary.
Disposal Restrictions	SARs may not be sold, transferred, mortgaged, charged or otherwise dealt with or encumbered, except by force of law.
Change of Control or Delisting	In the event the Board determines that the Company will be subject to a change of control or delisting, the Board may determine that the SARs will fully vest.
Quotation	SARs will not be quoted on the ASX. The Company will apply for official quotation of any Shares issued on exercise of the SARs, in accordance with the ASX Listing Rules.

3.5 **Specific information required under Listing Rule 10.15**

Pursuant to Listing Rule 10.15, the following information is provided in relation to Resolutions 2 to 4:

(a) The SARs will be issued:

(i) (Resolution 2) to Mr Cristóbal Garcia-Huidobro (or his nominee) who is a Director;

(ii) (Resolution 3) to Mr Andrew Phillips (or his nominee) who is a Director;

[14] It is noted that at the time the SARs were resolved to be issued by the Board, the assumed value of Shares was $0.45, with a Black-Scholes valuation of $0.214 per SAR.

(iii) (Resolution 4) to Mr Richard Crookes (or his nominee) who is a Director,

and accordingly, each of the above Directors falls into the category of Listing Rule 10.14.1.

(b) The maximum number of SARs the Company will issue:

(i) to Mr Garcia-Huidobro (or his nominee) pursuant to Resolution 2 is 8,000,000;

(ii) to Mr Phillips (or his nominee) pursuant to Resolution 3 is 4,000,000;

(iii) to Mr Crookes (or his nominee) pursuant to Resolution 4 is 1,500,000.

(c) Details of the remuneration of each of the Executive Directors for FY2022 (as described in the Company's Annual Financial Report dated 14 September 2022 and available at www.asx.com.au) are as follows:

(i) In respect of Mr Cristóbal Garcia-Huidobro $253,948 (comprising $100,000 in cash and 153,948 in share based payments), excluding remuneration paid to him directly by ProjectCo.

(ii) In respect of Mr Andrew Phillips $339,145 (comprising $250,000 in cash, $25,000 in superannuation entitlements and 64,145 in share based payments); and

(iii) In respect of Mr Richard Crookes $212,632 (comprising $100,000 in cash, $10,000 in superannuation entitlements and $102,632 in share based entitlements).

(d) To date, the following issues to the Executive Directors have taken place under the Rights Plan:

(i) 6,000,000 Share Appreciation Rights were issued to Mr Garcia-Huidobro (or his nominee) on 30 July 2020 for nil issue price as approved by Shareholders at the Company's 2019 Annual General Meeting;

(ii) 4,000,000 Share Appreciation Rights were issued to Mr Andrew Phillips (or his nominee) on 30 July 2020 for nil issue price as approved by Shareholders at the Company's 2019 Annual General Meeting; and

(iii) 2,500,000 Share Appreciation Rights were issued to Mr Richard Crookes (or his nominee) on 30 July 2020 for nil issue price as approved by Shareholders at the Company's 2019 Annual General Meeting.

Details of the terms of the above issues can be found in the Notice of Meeting issued in respect of the Company's 2019 Annual General Meeting.

(e) The SARs will be issued on the terms set out in section 3.4 above. Shares issued (if any) on exercise of SARs will rank equally with fully paid ordinary Shares.

(f) The primary purpose of the issue of the SARs to Mr Garcia-Huidobro, Mr Phillips and Mr Crookes (or their respective nominee(s)) is to provide a performance linked incentive component to their respective remuneration packages to continue to motivate and reward their performances in their respective roles in the Company.

(g) The SARs will be issued to Mr Garcia-Huidobro, Mr Phillips and Mr Crookes (or their respective nominee(s)) no later than 12 months after the date of the Meeting and it is anticipated that the SARs will be issued on one date.

(h) The SARs will be issued for nil issue price.

(i) A summary of the terms of the Rights Plan are set out in Schedule 2 to this Explanatory Statement.

(j) There is no loan in relation to the acquisition of the SARs.

(k) Details of the SARs issued to the Executive Directors will be published in the Company's annual report relating to the year in which they were issued, along with a statement that approval for the issue of the SARs was obtained under Listing Rule 10.14.

(l) Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of SARs under the Rights Plan after Resolutions 2 to 4 are approved and who are not named in this Notice will not participate until approval for their participation is obtained under Listing Rule 10.14.

(m) A voting exclusion statement is included in the Notice of Meeting.

3.6 Recommendation and undirected proxies

All of the Directors (other than Cristóbal Garcia-Huidobro, who abstains) recommends that Shareholders vote in favour of Resolution 2.

All of the Directors (other than Andrew Phillips, who abstains) recommends that Shareholders vote in favour of Resolution 3.

All of the Directors (other than Richard Crookes, who abstains) recommends that Shareholders vote in favour of Resolution 4.

The Chairman intends to vote undirected proxies in favour of Resolutions 2, 3 and 4.

4. RESOLUTIONS 5 AND 6 – APPROVAL FOR THE ISSUE OF DIRECTOR OPTIONS TO NON-EXECUTIVE DIRECTORS – MR DAVID HANNON AND MR RUSSELL BARWICK

4.1 Background

The significant work of David Hannon (the Chairman and non-executive Director of LPI) and Russell Barwick (the Chairman of ProjectCo and a non-executive Director of LPI) in relation to assisting to deliver the Maricunga Stage 1 Definitive Feasibility Study, the:

(a) long negotiated Consolidation Transaction;

(b) proposed spin-off of LPI's Western Australian lithium assets;

(c) recent capital raising; and

(d) progressing of the Project towards a development commitment,

which each involved the provision of services and the undertaking of special exertions in the executive arena which, in the opinion of the Board (other than Mr Hannon and Mr Barwick), went above and beyond what would ordinarily be expected from those in the position of a non-executive Director and Chairman (as applicable). It is also noted that options which were previously awarded to Mr Hannon and Barwick upon their joining of the Board have expired without vesting and so the award of SARs under Resolutions 5 and 6 effectively recognises a replacement of those options at the same vesting price. In these circumstances, the Board (other than Mr Hannon and Mr Barwick) consider it is appropriate for Mr Hannon and Mr Barwick to be rewarded for their exertions.

Accordingly, the Board (other than Mr Hannon and Mr Barwick) consider it is appropriate to grant (subject to Shareholder approval) Options to Mr Hannon and Mr Barwick as follows:

(a) 4 million Director Options to Mr Hannon (or his nominee); and

(b) 4 million Director Options to Mr Barwick (or his nominee),

(**Director Options**).

The Director Options are not being granted under any employee incentive scheme.

The terms of the Director Options are set out in further detail below.

4.2 **ASX Listing Rule 10.11**

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

(a) 10.11.1 - a Related Party;

(b) 10.11.2 - a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;

(c) 10.11.3 - a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;

(d) 10.11.4 - an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or

(e) 10.11.5 - a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue of Director Options as proposed by Resolutions 5 and 6 fall within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. The issue of Director Options is not being made under the Rights Plan or any other employee incentive scheme and accordingly Listing Rule 10.14 does not apply.

Accordingly, Resolutions 5 and 6 seek Shareholder approval for the issue of Director Options as proposed by those Resolutions under and for the purposes of Listing Rule 10.11.

If either of Resolutions 5 and 6 are passed, the Company will be able to proceed with the issue of Director Options as proposed by the relevant Resolution.

If either of Resolutions 5 and 6 are not passed, the Company will not be able to proceed with the issue of Director Options as proposed by the relevant Resolution and the Company may need to renegotiate Mr Hannon's and/or Mr Barwick's remuneration package to ensure they are appropriately remunerated for their roles.

4.3 **Chapter 2E of the Corporations Act**

The prohibition on a company giving a financial benefit to a related party under Chapter 2E of the Corporations Act, and the exceptions to the prohibition, are described in section 2.7.

It is the view of the Directors (other than David Hannon and Russell Barwick, in relation to the Resolution that applies to himself) that the exception set out in section 211 of the Corporations Act (allowing the giving of a financial benefit that is reasonable remuneration) applies in the current circumstances.

Accordingly, Shareholder approval is sought for the issue of the Director Options as contemplated by Resolutions 5 and 6 under Listing Rule 10.11, but not under Chapter 2E of the Corporations Act.

The Directors have formed this view on the following bases:

(a) each of David Hannon and Russell Barwick have played a significant role in the delivery of significant milestones for the Company, including the Maricunga Stage 1 Definitive Feasibility Study and the Consolidation Transaction;

(b) David Hannon and Russell Barwick have undertaken significantly more work for the Company than would ordinarily be expected from a non-executive director;

(c) the number and value of the Director Options granted to each of David Hannon and Russell Barwick;

(d) the terms of issue of the Director Options;

(e) the existing remuneration of David Hannon and Russell Barwick; and

(f) the prior equity grants made to each of David Hannon and Russell Barwick.

Further details in respect of the points raised above are provided below.

4.4 **Terms of proposed Director Options**

The key proposed terms of issue of the Director Options are as follows:

(a) an exercise price of $0.55;

(b) 50% of the Director Options vesting 12 months after issue and the balance 24 months after issue, subject to the holder being a Director at the vesting date or a good leaver, or otherwise determined by the Board; and

(c) an expiry date of 36 months after issue.

The exercise price of the Director Options (of $0.55) was determined by taking the 30 day VWAP for the period ended on 30 June 2022 (of $0.45) and adding a premium of 22%.

The Director Options would immediately vest and become exercisable on a change of control or delisting of the Company.

The Director Options will not be quoted on the ASX.

The full terms of issue of the Director Options are set out in Schedule 3 of this Explanatory Statement.

4.5 **Specific information required under Listing Rule 10.13**

Pursuant to Listing Rule 10.13, the following information is provided in relation to Resolutions 5 and 6:

(a) The Director Options will be issued:

  (i) (Resolution 5) to Mr David Hannon (or his nominee) who is a Related Party of the Company by virtue of being a Director; and

  (ii) (Resolution 6) to Mr Russell Barwick (or his nominee) who is a Related Party of the Company by virtue of being a Director,

  and accordingly, each of the above Directors falls into the category of Listing Rule 10.13.1.

(b) The number of Director Options the Company will grant:

  (i) to Mr Hannon (or his nominee) pursuant to Resolution 5 is 4,000,000; and

  (ii) to Mr Barwick (or his nominee) pursuant to Resolution 6 is 4,000,000.

(c) The Director Options will be issued on the terms set out in section 4.4 and Schedule 3. Shares issued on exercise of Director Options will rank equally with fully paid ordinary Shares.

(d) The Director Options will be issued to Mr Hannon and Mr Barwick (or their respective nominee(s)) no later than 1 month after the date of the Meeting and it is anticipated that all of the Director Options will be issued on one date.

(e) The Director Options will be issued for nil issue price.

(f) The Director Options are being issued as remuneration to reward Mr Hannon and Mr Barwick for their special exertions – see section 4.1.

(g) The details of the current total remuneration package of Mr Hannon and Mr Barwick for FY2022 are as follows:

  (i) Mr Hannon: $165,000 (comprising $150,000 in cash and $15,000 in superannuation entitlements); and

  (ii) Mr Barwick: $128,333 (comprising $116,666 in cash and $11,667 in superannuation entitlements).

(h) The Director Options are not being issued under any agreement.

(i) A voting exclusion statement is included in the Notice of Meeting.

4.6 Recommendation

All of the Directors (other than David Hannon, who abstains) recommends that Shareholders vote in favour of Resolution 5.

All of the Directors (other than Russell Barwick, who abstains) recommends that Shareholders vote in favour of Resolution 6.

The Chairman intends to vote undirected proxies able to be voted in favour of Resolutions 5 and 6.

5. RESOLUTION 7 – RATIFICATION FOR THE ISSUE OF SARS TO THE PARTICIPATING EXECUTIVES

5.1 Background

As announced to ASX on 16 September 2022, the Company has granted SARs under the Rights Plan to the following executives of MSB (together the **Participating Executives**):

(a) 1,200,000 SARs to Tarek Halasa (or his nominee);

(b) 1,800,000 SARs to Andres Lafuente (or his nominee); and

(c) 3,000,000 SARs to Francisco Bartucevic (or his nominee).

The SARs granted to the Participating Executives are referred to as the **Employee SARs**.

At the Company's 2019 Annual General Meeting, Shareholders gave approval to the Rights Plan for the purposes of Listing Rule 7.2 Exception 9(b) as it was at the time. The previous Exception 9(b) has been replaced by Exception 13(b) which is on different terms to the previous Exception 9(b). A key difference is the new requirement that the terms of an employee incentive scheme approved at a general meeting do not materially change from those set out in the entity's notice of meeting. In the 2019 Annual General Meeting notice of meeting, the Company stated the costs of issue of any rights under the Rights Plan to employees of any joint venture would be met pro-rata by the parties to the joint venture, reflecting the joint venture parties' proportional interests in the joint venture. This will not be the case in respect of the Employee SARs and the other joint venture parties to the Project (being MSB SpA and Bearing) will not be making a pro-rata contribution to the Participating Executives. Accordingly, the issue of the Employee SARs does not fall under any of the exceptions to Listing Rule 7.1 and so it used up a part of the Company's Listing Rule 7.1 capacity (explained in more detail below).

Resolution 7 seeks Shareholder approval of the issue of the Employee SARs under Listing Rule 7.4.

5.2 **ASX Listing Rules 7.1 and 7.4**

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Under Listing Rule 7.1A, an eligible entity can seek approval from its members by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to an aggregate of 25% for the 12 months following that meeting. The Company obtained approval under Listing Rule 7.1A to increase its 15% limit by an extra 10% to an aggregate of 25% at its most recent Annual General Meeting on 25 November 2021 (the **10% Placement Facility**).

The issue of the Employee SARs does not fit within any of the exceptions to Listing Rule 7.1 (as set out in Listing Rule 7.2) and, as it has not yet been approved by the Company's Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of the issue.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule or Listing Rule 7.1A.

The Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1 and Listing Rule 7.1A. To this end, Resolution 7 seeks Shareholder approval for the issue of the Employee SARs under and for the purposes of Listing Rule 7.4.

If Resolution 7 is passed, the issue of the Employee SARs will be excluded in calculating the Company's 15% limit in Listing Rule 7.1 (as extended to 25% under the 10% Placement Facility), preserving the number of equity securities it can issue without Shareholder approval over the 12 month period following the date of the issue.

If Resolution 7 is not passed, the issue of the Employee SARs will be included in calculating the Company's 15% limit in Listing Rule 7.1 (as extended to 25% under the 10% Placement Facility), effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the date of the issue.

5.3 **Terms of the Employee SARs**

The key terms of the grants of Employee SARs are summarised below (capitalised terms in this table have the meanings defined in the Rights Plan rules):

Key Term	**Details**
Instrument	Share Appreciation Rights.
Number of SARs	The following Employee SARs have been granted: • 1,200,000 SARs to Tarek Halasa (or his nominee);

Key Term	Details
	• 1,800,000 SARs to Andres Lafuente (or his nominee); and • 3,000,000 SARs to Francisco Bartucevic (or his nominee).
Exercise Price of the SARs	Each SAR has a notional exercise price of $0.40, which is the same exercise price as the other SARs on issue.
Vesting	The SARs will vest as follows: • 50% of each Participating Executive's SARs will vest on 16 September 2023; and • the balance of each Participating Executive's SARs will vest on 16 September 2024.
Term	The SARs will expire on 16 September 2025, and if not exercised within the Term the SARs will lapse at this time.
Valuation of the SARs	The estimated value of a SAR utilising the Black-Scholes model is $0.301[15], using the following assumptions • Risk free rate of 1.75%. • Volatility of 80%. • 3 year term. • An assumed price of LPI shares of $0.515 (being the closing price of Shares on 26 September 2022). • An exercise price of $0.40. • Nil dividends.
Cost of SARs	No amount was payable by the Participating Executives to receive SARs.
Exercise of SARs	Upon exercise of the SARs, the Exercised Rights Value will be calculated according to the following formula: (Share Price – Exercise Price) x Number of Rights Exercised The Exercised Rights Value will be either converted into Shares based on the Share price at the time of exercise, paid in cash, or a combination of cash and Shares, as determined by the Board. Generally, it is expected that vested SARs will be converted into whole Shares and the number of Shares will be rounded down if necessary.
Disposal Restrictions	SARs may not be sold, transferred, mortgaged, charged or otherwise dealt with or encumbered, except by force of law.
Change of Control or Delisting	In the event the Board determines that the Company will be subject to a change of control or delisting, the Board may determine that the SARs will fully vest.

[15] It is noted that at the time the SARs were resolved to be issued by the Board, the assumed value of Shares was $0.45, with a Black-Scholes valuation of $0.249 per SAR.

Key Term	Details
Quotation	SARs will not be quoted on the ASX. The Company will apply for official quotation of any Shares issued on exercise of the SARs, in accordance with the ASX Listing Rules.

5.4 **Specific information required under Listing Rule 7.5**

Pursuant to Listing Rule 7.5, the following information is provided in relation to Resolution 7:

(a) The Employee SARs were issued to Mr Tarek Halasa, Mr Andres Lafuente and Mr Francisco Bartucevic (or their respective nominee(s)).

(b) The number of Employee SARs issued by the Company were as follows:

(i) 1,200,000 Employee SARs to Tarek Halasa (or his nominee);

(ii) 1,800,000 Employee SARs to Andres Lafuente (or his nominee); and

(iii) 3,000,000 Employee SARs to Francisco Bartucevic (or his nominee).

(c) The Employee SARs were issued on the terms set out in section 5.3 above. Shares issued (if any) on exercise of Employee SARs will rank equally with fully paid ordinary Shares.

(d) The Employee SARs were issued on 16 September 2022.

(e) The Employee SARs were issued for nil issue price.

(f) The Employee SARs were issued as equity-based remuneration to reward the Participating Executives for their role in the Company achieving significant milestones over the past three years including the Consolidation Transaction and delivery of a successful definitive feasibility study for the Project and its associated Environmental Plan.

(g) The Employee SARs are not being issued under any agreement.

(h) A voting exclusion statement is included in the Notice of Meeting.

5.5 **Recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 7.

The Chairman intends to vote undirected proxies in favour of Resolution 7.

6. RESOLUTION 8 – APPROVAL FOR THE ISSUE OF ADVISOR OPTIONS TO TREADSTONE

6.1 **Background**

Treadstone Resource Partners Pty Ltd (**Treadstone**) is acting as a strategic and financial adviser to the Company in relation to the Consolidation Transaction. As partial consideration for that engagement, the Company has agreed to issue to Treadstone 1,250,000 Options, subject to completion of the Consolidation Transaction (**Advisor Options**).

Resolution 8 seeks Shareholder approval of the issue of the Adviser Options under Listing Rule 7.1.

6.2 ASX Listing Rule 7.1

The effect of Listing Rules 7.1 are explained in section 5.2 above.

The issue of the Adviser Options does not fit within any of the exceptions to Listing Rule 7.1 (as set out in Listing Rule 7.2) and, as it has not been approved by the Company's Shareholders, it will effectively use up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of the issue.

The Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1 and Listing Rule 7.1A. To this end, Resolution 8 seeks Shareholder approval of the proposed issue of the Adviser Options under and for the purposes of Listing Rule 7.1.

If Resolution 8 is passed, the proposed issue of the Adviser Options will be excluded in calculating the Company's 15% limit in Listing Rule 7.1 (as extended to 25% under the 10% Placement Facility), preserving the number of equity securities it can issue without Shareholder approval over the 12 month period following the date of the issue.

If Resolution 8 is not passed, the issue of the Adviser Options will be included in calculating the Company's 15% limit in Listing Rule 7.1 (as extended to 25% under the 10% Placement Facility), effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the date of the issue.

6.3 Key Terms of the Adviser Options

The proposed terms of issue of the Adviser Options are as follows:

(a) an exercise price of $0.55;

(b) the Adviser Options will be fully vested on grant; and

(c) an expiry date of 36 months after issue.

The exercise price of the Adviser Options (of $0.55) was determined by taking the 30 day VWAP for the period ended on 30 June 2022 (of $0.45) and adding a premium of 22%.

The Adviser Options will be unlisted and will be issued on the same terms as the Director Options as set out in Schedule 3, other than the exercise price.

6.4 Specific information required under Listing Rule 7.3

Pursuant to Listing Rule 7.3, the following information is provided in relation to Resolution 8:

(a) The Adviser Options will be issued to Treadstone (or its nominee).

(b) The number of Adviser Options to be issued to Treadstone (or its nominee) is 1,250,000 Adviser Options.

(c) The Adviser Options are to be issued on the terms set out in section 6.3 above. Shares issued (if any) on exercise of Adviser Options will rank equally with fully paid ordinary Shares.

(d) The Adviser Options will be issued on completion of the Consolidation which is anticipated to take place within 3 months of the Meeting and, in any event, no later than 3 months after the date of the Meeting. It is anticipated that the Adviser Options will be issued on one date.

(e) The Adviser Options will be issued for nil issue price.

(f) The Adviser Options will be issued as partial consideration for Treadstone's engagement as a strategic and financial advisor to the Company in relation to the Consolidation Transaction.

(g) The Adviser Options will be issued in connection with a mandate letter between the Company and Treadstone dated 22 December 2021 which contains standard terms including representations and warranties given by the Company and an indemnity in favour of Treadstone. The mandate letter requires the Company to pay to Treadstone on completion of the Consolidation Transaction:

   (i) a cash fee of A$1,000,000; and

   (ii) the issue of 1,250,000 Adviser Options.

(h) A voting exclusion statement is included in the Notice of Meeting.

6.5 Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 8.

The Chairman intends to vote undirected proxies in favour of Resolution 8.

Schedule 1 – Glossary

In the Notice of Meeting and this Explanatory Statement the following defined terms have the following meanings:

Advisor Options has the meaning given in section 6.1 of the Explanatory Statement.

Ancillary Scheme has the meaning given in section 1.2 of the Explanatory Statement.

Arrangement Agreement has the meaning given in section 1.2(a) of the Explanatory Statement.

ASIC means Australian Securities and Investments Commission.

Associate has the meaning given in the Listing Rules.

ASX means ASX Limited or the securities exchange market operated by it, as the context requires.

ASX Listing Rules or **Listing Rules** means the official listing rules of ASX.

Bearing means Bearing Lithium Corp. (TSXV:BRZ.V).

Bearing Optionholders means the holders of options in Bearing.

Bearing Transaction has the meaning given in section 1.2(a) of the Explanatory Statement.

Bearing Warrantholders means the holders of warrants in Bearing.

Board means the board of Directors.

Business Days means a day that is not a Saturday, Sunday, bank holiday or public holiday in Sydney, Australia.

Chair or **Chairman** means the chairman of the General Meeting.

Closely Related Party of a KMP means:

(a) a spouse or child of the KMP;

(b) a child of the KMP's spouse;

(c) a dependent of the KMP or the KMP's spouse;

(d) anyone else who is one of the KMP's family and may be expected to influence the KMP, or be influenced by the KMP, in the KMP's dealing with the Company;

(e) a company the KMP controls; and

(f) a person described by the *Corporations Regulations 2001* (Cth) for the purposes of the definition of "closely related party" in the Corporations Act.

Company and **LPI** means Lithium Power International Limited ACN 607 260 328.

Consideration Shares means the 161,556,061 Shares to be issued to MSB SpA pursuant to the SBD Transaction.

Consolidation Transaction means the Bearing Transaction and the SBD Transaction.

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Director Options has the meaning given in section 4.1 of the Explanatory Statement.

Employee SARs has the meaning given in section 5.1 of the Explanatory Statement.

Exchange Ratio has the meaning given in section 1.2 of the Explanatory Statement.

Explanatory Statement means this explanatory statement.

General Meeting or **Meeting** means the general meeting of Shareholders convened by this Notice of Meeting.

Independent Expert means BDO Corporate Finance Ltd.

Independent Expert's Report means the independent expert's report prepared by the Independent Expert as set out in Appendix 1.

KMP has the meaning given to that term in the Corporations Act.

LPI Canada means LPI Canada Holdings Ltd. (incorporated in Canada).

LPILRP or **Rights Plan** means the Lithium Power International Limited Rights Plan, the terms of which were approved at a general meeting of Shareholders on 29 November 2019 and a summary of which is set out in Schedule 2 of the Explanatory Statement.

Merger Agreement has the meaning given in section 1.2 of the Explanatory Statement.

MSB SpA means Minera Salar Blanco SpA, the investment entity controlled by Mr Martin Borda, a Director.

Non-Associated Shareholder means a Shareholder not associated with MSB SpA.

Notice of Meeting or **Notice** means the notice of General Meeting, which accompanies this Explanatory Statement.

Option means an option to acquire a Share.

Participating Executives has the meaning given in section 5.1 of the Explanatory Statement.

Project means the Maricunga Lithium Brine Project in Chile.

ProjectCo means Minera Salar Blanco S.A., the holding company for the Project.

Proxy Form means the proxy form enclosed together with this Notice.

Related Party has the meaning given in the Listing Rules.

Relevant Interest has the meaning given in the Corporations Act.

Resolution means a resolution contained in the Notice of Meeting.

SBD means SALAR BLANCO LLC (a Delaware incorporated limited liability company).

SBD Transaction has the meaning given in section 1.2 of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share in the Company**.**

SAR means share appreciation rights of the Company.

Subsidiary has the meaning given in the Corporations Act.

Takeover Prohibition has the meaning given in section 2.2 of the Explanatory Statement.

Treadstone means Treadstone Resource Partners Pty Ltd.

TSXV means the TSX Venture Exchange.

Schedule 2 – Summary of terms of Lithium Power International Limited Rights Plan

Aspect	Details
Instrument	The LPILRP uses indeterminate Rights which are an entitlement to the value of a Share (less any Exercise Price) which may be satisfied either in cash and/or in Shares (at the Board's discretion). Generally, it is expected that vested Rights will be satisfied in Shares. The LPILRP allows for three kinds of Rights which may be appropriate forms of remuneration under various circumstances, being; • Performance Rights which vest when performance conditions have been satisfied and could be used for the purpose of granting long term variable remuneration to executives once the Company is producing resources: • Service Rights which vest after the completion of a period of service and which may be used to help retain key employees: and • Restricted Rights which are fully vested at grant. Each type of Right may be structured as a Share Appreciation Right (SAR) by specifying an Exercise Price in the Invitation. A SAR is like a cashless exercise option.
Terms & Conditions	The Board has the discretion to set the terms and conditions on which it will offer Rights under the LPILRP, including the Vesting Conditions and modification of the terms and conditions as appropriate to ensuring the plan operates as intended. The terms and conditions of the LPILRP include those aspects legally required as well as terms addressing exceptional circumstances, such as in the circumstances of a change of control, a major return of capital to shareholders or the treatment of Rights on termination of employment. The LPILRP also contains customary and usual terms having regard to Australian law for dealing with winding up, administration, variation, suspension and termination of the LPILRP.
Variation of Terms and Conditions	To the extent permitted by the Listing Rules, the Board retains the discretion to vary or amend the terms and conditions of the LPILRP.
Eligibility	Eligible Persons selected by the Board will be invited to participate in the Plan. Eligible Persons includes: full time and part-time employees, directors and contractors. Non-executive directors are not eligible so as to ensure their independence with regards to the oversight of the LPILRP.
Term	Rights issued under the LPILRP have a default term of 15 years and if not exercised within the term the Rights will lapse. The Board may specify a lesser term as part of a specific Invitation. Initial grants proposed are subject to a term of 4 years.

Number of Rights	The number of Rights to be offered will be at the discretion of the Board. It is intended that the number of Rights to be granted will be determined annually with regard to the Participant's fixed pay, relevant market practices and the relevant policies of the Company regarding remuneration.
Measurement Period	The Measurement Period is the period over which vesting conditions are assessed and may be determined by the Board as part of each Invitation. Measurement Periods apply to Performance Rights and Service Rights only.
Vesting and Vesting Conditions	Performance Rights may vest based on selected measures of performance and may include service conditions. Service Rights may vest based on service only. Restricted Rights are fully vested at grant. Vesting Conditions are to be determined by the Board as part of each Invitation.
Cost of Rights and Exercise Price	No amount is payable by Participants to acquire Rights because the value of the Rights forms part of the remuneration of the Participants. The Board may specify an Exercise Price as part of an Invitation, creating a Share Appreciation Right, which functions like an Option; the Participant will only benefit from growth in the Share Price over the Exercise Price, creating a performance hurdle directly linked to Shareholder value creation. Prior to the Company commencing production, it is the view of the Board that the most appropriate instrument to reward and align executives is a Restricted Right structed as a SAR or Option, with an Exercise Price set at a premium to the market price of a Share at the time of grant. SARs do not require the Participant to pay the Exercise Price; instead the Exercise Price is deducted from the Share Price at the time of exercise to determine the net value of the Right, which may then be settled in Shares or in some cases cash. This approach is preferred since it confers all the advantages of Options, but with a lesser dilution impact for other Shareholders. As an example, if the Exercise Price was $0.50 and the Share price at the time of exercise of the SAR was $1.00, then only one Share would be issued for each 2 SARs exercised, compared to 2 Shares being issued in respect of 2 Options exercised i.e. Options would be 100% more dilutive in this example.
Exercise Restrictions and Exercise of Vested Rights	An Invitation may specify Exercise Restrictions which are a period during which vested Rights (including SARs) may not be exercised. Vested Rights may be exercised at any time after the latter of the Vesting Date or the elapsing of Exercise Restrictions, and before the end of their Term, by the Participant submitting an Exercise Notice. If not exercised before the end of the Term, Rights will lapse. Upon exercise, the Exercised Rights Value will be calculated according to the following formula: (Share Price – Exercise Price) x Number of Rights Exercised The Exercised Rights Value will be either converted into Shares based on the then Share price, paid in cash, or a combination of cash and Shares, as determined by the Board. Generally, it is expected that vested Rights will be converted into whole Shares and the number of Shares will be rounded down if necessary. Such Shares may be Restricted Shares if the Company's trading policy prohibits trading in securities at the time of exercise.

	In the case of Restricted Rights which are fully vested at grant, Exercise Restrictions apply for at least 90 days following grant.
Gates	The Board may attach gates to tranches of Performance Rights. A gate is a condition that, if not fulfilled, will result in nil vesting of a tranche irrespective of performance in relation to other vesting conditions.
No Transfer Rights	Rights may not be sold, transferred, mortgaged, charged or otherwise dealt with or encumbered, except by force of law. Any attempt to breach this Rule will result in forfeiture of the Rights.
Specified Disposal Restrictions	Invitations may include disposal restrictions that apply for a specified period to Restricted Shares that may result from exercising Rights. The Board will decide whether to include such conditions and the period for which they will apply.
Other Disposal Restrictions	Shares acquired from the exercise of vested Rights will be subject to trading restrictions contained in: a) the Company's Share trading policy, and b) the insider trading provisions of the Corporations Act. Shares resulting from the exercising of Rights that may not be traded due to the foregoing or because of Specified Disposal Restrictions will be Restricted Shares while they are so restricted. LPI will ensure that such restrictions are enforced due to the application of CHESS holding locks or alternatively by any trustee that may be appointed in connection with the Plan.
Disposal/Exercise Restriction Release at Taxing Point	n the event that a taxing point arises in relation to Restricted Rights or Shares and the Exercise Restrictions or Specified Disposal Restrictions have not elapsed then they will cease to apply to 50% of such Restricted Shares. This ensures that unreasonable tax outcomes are avoided.
Retesting	The Plan Rules do not allow retesting. Thus, the vesting achieved at the end of the Measurement Period may not be increased with subsequent performance improvement
Termination of Employment	If a Participant ceases to be an employee of the Group then unvested Performance Rights will be forfeited in the proportion that the remainder of the first year of the Measurement Period bears to a full year, unless and to the extent otherwise determined by the Board in its discretion. If a Participant ceases to be an employee of the Group then unvested Service Rights will be forfeited in the proportion that the remainder of the Measurement Period bears to the full Measurement Period, unless and to the extent otherwise determined by the Board in its discretion. Any unvested Rights that remain held by a Participant will be retained for possible vesting at the end of the relevant Measurement Period. The Board has discretion to determine that any service conditions have been fulfilled at the end of a Measurement Period in the case of a former employee, should it be appropriate to do so. 50% of any unexercised Rights subject to Exercise Restrictions will be cease to be so restricted on the date of the cessation of employment with the Group and 50% of any Restricted Shares held by the Participant will cease to be subject to any Specified Disposal Restrictions, unless otherwise determined by the Board and specified in the relevant Invitation. Any unexercised vested Rights they

	hold will be exercised by the Company 90 days after the date that the Participant ceases to hold unvested Rights or Rights subject to Exercise Restrictions. If Rights are exercised subsequent to a termination of employment and if the market value of a Share at the time of exercise is less than the market value of a Share at the date of the termination of employment then the Exercised Rights Value will be paid in cash, unless otherwise determined by the Board. This is intended to avoid inappropriate tax outcomes.
Delisting	In the event the Board determines that the Company will be imminently de-listed, the Vesting Conditions attached to the Tranche at the time of the grant will cease to apply and: • Unvested Performance Rights will vest pro-rata for the elapsed portion of the first year of the Measurement Period, with any remainder being subject to automatic vesting in the percentage that the Share Price has increased between the commencement of the Measurement Period and the Effective Date (as determined by the Board) of the delisting. Any subsequent remainder will either vest or lapse at the Board's discretion; • Service Rights will vest to the extent determined to be appropriate by the Board under the circumstances; and • Exercise Restrictions and Specified Disposal Restrictions will cease to apply.
Change of Control Without Delisting	In the event the Board determines that the Company will be subject to a change of control without delisting, the Vesting Conditions attached to the Tranche at the time of the grant will cease to apply and: • Unvested Performance Rights will vest according to a formula pro-rata for the percentage of the first year of the Measurement Period completed multiplied by the percentage change in the Share Price between the commencement of the Measurement Period and the Effective Date (as determined by the Board) of the Change of Control. The Board has discretion to either lapse or vest any remainder, or to allow the Rights to continue on-foot; • Service Rights will vest or be allowed to continue, to the extent determined to be appropriate by the Board under the circumstances; and • Exercise Restrictions will cease to apply to any Rights held.
Major Return of Capital or Demerger	In the event that the Board forms the view that a major part of the Company's assets or operations will imminently cease to be owned by the Group due to an intention to sell or separately list those assets or operations, or in the event of a major return of capital to Shareholders, the Board has discretion to vest, lapse or adjust the terms of Rights such that Participants are neither advantaged nor disadvantaged by the event. Restricted Rights will cease to be subject to Exercise Restrictions prior to the return of capital or demerger, on the date determined by the Board.

Board Discretion and Preventing Inappropriate Benefits	The Board has discretion to adjust the number of Performance and Service Rights that ultimately vest if it forms the view that the unadjusted outcome is not appropriate to the circumstances that prevailed over the Measurement Period. The Board has sole discretion to determine that some or all unvested Rights held by a Participant lapse on a specified date if allowing the Rights to vest would, in the opinion of the Board, result in an inappropriate benefit to the Participant. Such circumstances would include joining a competitor or actions that harm the Company's stakeholders. In the case of fraud or misconduct, Participant will forfeit all unvested Rights.
Bonus Issues, Rights Issues, Voting and Dividend Entitlement	The number of Rights held by Participants will be proportionately adjusted to reflect bonus issues. Right holders will not participate in general or shareholder rights issues but may, subject to the ASX Listing Rules, be offered options on similar terms to the rights issue. Rights do not carry voting or dividend entitlements. Shares issued when Rights are exercised carry all entitlements of Shares, including voting and dividend rights.
Quotation	Rights will not be quoted on the ASX. The Company will apply for official quotation of any Shares issued under the LPILRP, in accordance with the ASX Listing Rules
Issue or Acquisition of Shares	Shares allocated to a Participant when Rights are exercised under the LPILRP may be issued by the Company or acquired on or off market by the Company or its nominee. The nominee may be a trust, the purpose of which is to facilitate the operation of the plan.
Cost and Administration	The Company will pay all costs of issuing and acquiring Shares for the purposes of satisfying exercised Rights, as well as any brokerage on acquisitions of Shares for this purpose and all costs of administering the LPILRP.
Hedging	The Company prohibits the hedging of Rights or Shares subject to disposal restrictions by Participants.

Schedule 3 – Terms of issue of Director Options

Each option issued by the Company under these Option Terms (**Option**) entitles its holder to subscribe for one fully paid ordinary share in the capital of the Company (**Share**) on the following terms and conditions.

(a) Each Option is exercisable at a price to be determined by the Board at any time from vesting up to the three year anniversary of the issue date of the Option (**Option Exercise Period**).

(b) Each Option will automatically lapse if not exercised prior to expiry of the Option Exercise Period.

(c) Each Option entitles the holder to subscribe for, and be issued with, one Share.

(d) The Company will not apply for quotation of the Options on ASX. The Company will apply for quotation of the Shares issued on exercise of the Options.

(e) The Company must give or cause to be given to each Option holder a holding statement stating:

(i) the number of Options issued to the Option holder;

(ii) the exercise price of the Options; and

(iii) the date of issue of the Options and the Option Exercise Period.

(f) The Company will maintain a register of holders of Options in accordance with section 168(1)(b) of the Corporations Act 2001 (Cth).

(g) The Options are not transferable, unless the transfer is approved by the Company.

(h) For such time as the Company is listed, the official listing rules of ASX (**Listing Rules**) will apply to the Options.

(i) Options do not carry any dividend entitlement until they are exercised. Subject to the Constitution, Shares issued on exercise of Options will rank equally with all other issued Shares from the date they are issued by the Company.

(j) An Option holder is not entitled to participate in any new issue of securities to existing shareholders of the Company (**Shareholders**) unless the Option holder has exercised its Options before the record date for determining entitlements to the new issue of securities and participates as a result of holding Shares.

(k) If the Company is listed on ASX, the Company must give the Option holder, if required to do so by the Listing Rules, notice of:

(i) the proposed terms of the issue or offer proposed under paragraph (j); and

(ii) the right to exercise the Option holder's Options under paragraph (j).

(l) If the Company makes a bonus issue of Shares or other securities to Shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) and no Share has been issued in respect of an Option before the record date for determining entitlements to the issue, then the number of underlying Shares over which the Option is exercisable is increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for determining entitlements to the issue, in accordance with the Listing Rules.

(m) If the Company makes a pro rata issue of Shares (except a bonus issue) to existing Shareholders (except an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of the Option before the record date for determining entitlements to the issue, the Company may elect to reduce the exercise price of each Option in accordance with the Listing Rules.

(n) If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the Option holder (including the number of Options to which each Option holder is entitled and the exercise price) is changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

(o) Any calculations or adjustments which are required to be made under these Option Terms of Issue will be made by the Board and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Option holder.

(p) The Company must within a reasonable period give to each Option holder notice of any change under paragraphs (l) to (n) (inclusive) to the exercise price of any Options held by an Option holder or the number of Shares for which the Option holder is entitled to subscribe on exercise of the Options.

(q) When exercising Options, an Option holder must give the Company or its share registry a Notice of Exercise of Options Form (in a form approved by the Company, with the parties acknowledging that the Notice of Exercise of Options Form may be delivered by the Option holder to the Company by email), together with payment of the exercise monies payable to the Company in connection with the Options being exercised by:

    (i) paying to the Company, in immediately available funds, an amount equal to the exercise price multiplied by the number of Options being exercised; or

    (ii) cashless exercise, in which case the Option holder will be issued such number of Shares for each Option as is calculated according to the following formula:

    (A-B) * X/A

    Where:

    (iii) **A** equals the closing price of Shares on ASX on the trading day immediately preceding the date of delivery of the Notice of Exercise of Options Form; and

    (iv) **B** equals the exercise price of the Options; and

    (v) **X** equals the number of Shares issuable on exercise of the Options, assuming the Options were issued for cash.

(r) The Options are exercisable on any day other than a Saturday, Sunday public holiday or any other day that ASX declares is not a business day (Business Day) during the Option Exercise Period.

(s) An Option holder must only exercise a minimum of 500,000 Options, and thereafter in multiples of 50,000, unless an Option holder exercises all of its Options.

(t) If an Option holder exercises less than the total number of its Options, the Company must issue the Option holder a new holding statement for the remaining number of Options held by the Option holder.

(u) Options will be deemed to be exercised on the date that the Notice of Exercise of Option Form is received by the Company in accordance with paragraph (q) and (r). The Company shall within 10 Business Days after the receipt of such Notice and cleared funds, issue Shares in respect of the Options exercised and dispatch a holding statement to the holder in respect of the Shares so issued.

(v) The Company will apply to ASX for official quotation of the Shares issued on exercise of the Options on the date of issue of such Shares.

(w) If required by the Listing Rules to do so, the Company will advise an Option holder at least 20 Business Days before the impending expiry of their Options and will advise the due date for payment, the amount of money payable on exercise, the consequences of non-payment and such other details as the Listing Rules then prescribe, so as to enable holders to determine whether or not to exercise their Options during the Option Exercise Period.

(x) These Option Terms of Issue and the rights and obligations of Option holders are governed by the laws of New South Wales.

Appendix 1 – Independent Expert's Report

Lithium Power International Limited

Independent Expert's Report and Financial Services Guide
Opinion: The Proposed Transaction is Fair and Reasonable

27 SEPTEMBER 2022

BDO

FINANCIAL SERVICES GUIDE

Dated: 27 September 2022

The Financial Services Guide ('FSG') is provided to comply with the legal requirements imposed by the Corporations Act 2001 and includes important information regarding the general financial product advice contained in this report ('this Report'). The FSG also includes general information about BDO Corporate Finance Ltd ABN 54 010 185 725, Australian Financial Services Licence No. 245513 ('BDOCF' or 'we', 'us' or 'our'), including the financial services we are authorised to provide, our remuneration and our dispute resolution.

BDOCF holds an Australian Financial Services Licence to provide the following services:

a) Financial product advice in relation to deposit and payment products (limited to basic deposit products and deposit products other than basic deposit products), securities, and interests in managed investment schemes excluding investor directed portfolio services;

b) Arranging to deal in financial products in relation to securities; and

c) Applying for, acquiring, varying or disposing of a financial product in relation to interests in managed investment schemes excluding investor directed portfolio services, and securities.

General Financial Product Advice

This Report sets out what is described as general financial product advice. This Report does not consider personal objectives, individual financial position or needs and therefore does not represent personal financial product advice. Consequently, any person using this Report must consider their own objectives, financial situation and needs. They may wish to obtain professional advice to assist in this assessment.

The Assignment

BDOCF has been engaged to provide general financial product advice in the form of a report in relation to a financial product. Specifically, BDOCF has been engaged to provide an independent expert's report to the shareholders of Lithium Power International Limited ('LPI' or 'the Company') in relation to LPI's proposal to acquire the 31.31% interest in the Maricunga Lithium Brine Project ('the Maricunga Project') currently owned by Minera Salar Blanco SpA ('MSB SpA'), a related entity of Mr Martin Borda. Broadly speaking, MSB SpA will transfer its 31.31% interest in the Maricunga Project to LPI in exchange for the issuance of scrip in LPI ('the Proposed Transaction'). In conjunction with the Proposed Transaction, LPI also proposes to acquire the remaining 17.14% in the Maricunga Project from Bearing Lithium Corp. ('the Bearing Transaction').

Further details of the Proposed Transaction are set out in Section 4. The scope of this Report is set out in detail in Section 3.3. This Report provides an opinion on whether or not Proposed Transaction is 'fair and reasonable' to the non-associated LPI shareholders ('the Non-Associated Shareholders') and has been prepared to provide information to the Non-Associated Shareholders to assist them to make an informed decision on whether to vote in favour of or against the Proposed Transaction. Other important information relating to this Report is set out in more detail in Section 3.

This Report cannot be relied upon for any purpose other than the purpose mentioned above and cannot be relied upon by any person or entity other than those mentioned above, unless we have provided our express consent in writing to do so. A shareholder's decision to vote in favour of or against the Proposed Transaction is likely to be influenced by their particular circumstances, for example, their taxation considerations and risk profile. Each shareholder should obtain their own professional advice in relation to their own circumstances.

Fees, Commissions and Other Benefits we may Receive

We charge a fee for providing reports. The fees are negotiated with the party who engages us to provide a report. We estimate the fee for the preparation of this Report will be approximately $135,000 plus GST. Fees are usually charged as a fixed amount or on an hourly basis depending on the terms of the agreement with the engaging party. Our fees for this Report are not contingent on the outcome of the Proposed Transaction.

Except for the fees referred to above, neither BDOCF, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of this Report.

Directors of BDOCF may receive a share in the profits of BDO Group Holdings Limited, a parent entity of BDOCF. All directors and employees of BDO Group Holdings Limited and its subsidiaries (including BDOCF) are entitled to receive a salary. Where a director of BDOCF is a shareholder of BDO Group Holdings Limited, the person is entitled to share in the profits of BDO Group Holdings Limited.

Associations and relationships

From time to time BDOCF or its related entities may provide professional services to issuers of financial products in the ordinary course of its business. These services may include audit, tax and business advisory services. BDOCF and its related entities have not provided any professional services to LPI in the last two years.

The signatories to this Report do not hold any shares in LPI and no such shares have ever been held by the signatories.

To prepare our reports, including this Report, we may use researched information provided by research facilities to which we subscribe or which are publicly available. Reference has been made to the sources of information in this Report, where applicable. Research fees are not included in the fee details provided in this Report.

Complaints Resolution

Internal Complaints Resolution Process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial services. Complaints can be in writing, addressed to the Complaints Officer, BDO Corporate Finance Ltd, GPO Box 457, Brisbane QLD 4001 or by telephone or email, using the details at the end of this FSG.

When we receive a complaint we will record the complaint, acknowledge receipt of the complaint in writing within 24 hours (or one business day) or, if that timeline cannot be met, then as soon as practicable and investigate the issues raised. As soon as practical, and not more than 30 days after receiving the complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

If a complaint is made and the complainant is dissatisfied with the outcome of the above process, or our determination, the complainant has the right to refer the matter to the Australian Financial Complaints Authority Limited ('AFCA'). AFCA is an independent company that has been established to impartially resolve disputes between consumers and participating financial services providers.

BDO Corporate Finance is a member of AFCA (Member Number 10236).

Further details about AFCA are available at the AFCA website www.afca.org.au or by contacting them directly via the details set out below.

Australian Financial Complaints Authority Limited
GPO Box 3
Melbourne VIC 3001
Toll free: 1800 931 678
Email: info@afca.org

Compensation Arrangements

BDOCF and its related entities hold Professional Indemnity insurance for the purpose of compensating retail clients for loss or damage suffered because of breaches of relevant obligations by BDOCF or its representatives under Chapter 7 of the Corporations Act 2001. These arrangements and the level of cover held by BDOCF satisfy the requirements of section 912B of the Corporations Act 2001.

Contact Details

BDO Corporate Finance Ltd

Location Address:	Postal Address:
Level 10 12 Creek Street BRISBANE QLD 4000	GPO Box 457 BRISBANE QLD 4001
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CONTENTS

GLOSSARY

Reference	Definition
A$ or $	Australian dollars
ABV	Asset-based valuation
AFCA	Australian Financial Complaints Authority Limited
APES 225	Accounting Professional and Ethical Standards Board professional standard APES 225 *Valuation Services*
ASIC	Australian Securities and Investment Commission
ASX	Australian Securities Exchange
BDA	Behre Dolbear Australia Pty Limited
BDA Report, the	The BDA Independent Technical Specialists Report dated 9 August 2022 attached as Appendix B
BDO Persons	The partners, directors, agents or associates of BDO
BDOCF	BDO Corporate Finance Ltd
Bearing	Bearing Lithium Corp.
Bearing Transaction, the	A Canadian Plan of Arrangement whereby Bearing will merge with a subsidiary of LPI to effect the transfer of its 17.14% interest to LPI
Board, the	The board of directors of the Company
CAPM	Capital asset pricing model
CME	Capitalisation of Maintainable Earnings
Company, the	Lithium Power International Limited
Corporations Act, Act, the	The Corporations Act 2001
DCF	Discounted cash flow
Directors, the	The Directors of LPI
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EV	Electric vehicle
Financial model, the	The financial model provided by LPI and reviewed by BDA
FSG	Financial Services Guide
FY	The financial year or 12-month period ended on 30 June
JV Agreement, the	The shareholders agreement currently in place between the JV Partners
JV Partners, the	LPI, MSB SpA and Bearing
LOM	Life of mine
LPH Sale	The agreement LPI entered into with Vertex Lithium Corporation to dispose of its 70% interest in Lithium Power Holdings (Argentina) Pty Ltd and its subsidiary Lithium Power S.A (Argentina)
LPI	Lithium Power International Limited
Management	The executive leadership team of LPI
Maricunga Project	The Maricunga lithium brine Project
MBAE	Mr Martin Borda and his associated entities
MBV	Market-based valuation

Reference	Definition
Meeting, the	Extraordinary general meeting to be held on or around 28 October 2022
MSB SpA	Minera Salar Blanco SpA, the entity which Mr Martin Borda holds his 31.31% interest in Maricunga
MOM	Mining operating margin
MSB	Minera Salar Blanco S.A, the entity that holds a 100% interest in the Maricunga Project. MSB's shareholders are LPI with a 51.55% interest, MSB SpA with a 31.31% interest and Bearing with a 17.14% interest
Non-Associated Directors, the	The Directors of LPI excluding Martin Borda
Non-Associated Shareholders, the	The current holders of fully paid ordinary shares in the Company excluding all shareholders whose vote on the Proposed Transaction will be disregarded under the ASX Listing Rule 14.11 (e.g. Martin Borda who is a current director of LPI and the ultimate controller of MSB SpA)
Notice of Meeting, the	The Notice of Extraordinary General Meeting and Explanatory Statement dated 28 September 2022 prepared by LPI
NPV	Net present value
Proposed Transaction, the	The proposal for MSB SpA to transfer its 31.31% interest in MSB to LPI in exchange for the issuance of approximately 161.6 million ordinary shares in LPI
Regulations, the	The Corporations Regulations 2001
Report, this	This independent expert's report prepared by BDOCF and dated 27 September 2022
RG 111	Regulatory Guide 111: *Content of Expert Report*, issued by ASIC
RG 112	Regulatory Guide 112: *Independence of Experts*, issued by ASIC
RGs	Regulatory guides published by ASIC
SBD	Salar Blanco LLC, a wholly owned Delaware subsidiary of MSB SpA, established to effect the Proposed Transaction
Strelley Sale	The sales transaction where LPI sold its Strelley tenement located in Western Australia to Carnaby Resources Ltd
Substantial Asset	An asset if its value or the consideration for it is, or in ASX's opinion is, 5% or more of the value of the equity interests of the entity
Substantial Shareholder	A person who has relevant interest, or had a relevant interest at any time in the six months before the transaction, in at least 10% of the voting power of the company
Transactions, the	The three-party all-scrip merger between the JV Partners completed through two transactions (the Proposed Transaction and the Bearing Transaction) to consolidate ownership of MSB under one entity, LPI
VAT	Value-Added Tax
VWAP	Volume weighted average price
WACC	Weighted average cost of capital
We, us, our	BDO Corporate Finance Ltd

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PART I: ASSESSMENT OF THE PROPOSED TRANSACTION

The Non-Associated Shareholders
C/- The Non-Associated Directors
Lithium Power International Limited
Level 7, 151 Macquarie Street,
Sydney, NSW, Australia, 2000

27 September 2022

Dear Non-Associated Shareholders,

1.0 Introduction

BDO Corporate Finance Ltd ('BDOCF', 'we', 'us' or 'our') has been engaged to provide an independent expert's report ('this Report') to the non-associated shareholders ('the Non-Associated Shareholders') of Lithium Power International Limited ('LPI' or 'the Company') in relation to LPI's proposal to acquire the 31.31% interest currently owned by Minera Salar Blanco SpA ('MSB SpA'), a related entity of Mr Martin Borda who is a director of LPI, in the Maricunga Lithium Brine Project ('the Maricunga Project').

MSB SpA's 31.31% interest in Maricunga is held through the company Minera Salar Blanco S.A ('MSB'). The other shareholders of MSB are LPI who holds a 51.55% interest in MSB and Toronto listed company Bearing Lithium Corp. ('Bearing') who holds the remaining 17.14% interest in MSB. Together, LPI, MSB SpA and Bearing are referred to as 'the JV Partners'. The JV Partners are seeking to consolidate ownership of MSB under one entity, LPI, by way of a three-party all-scrip merger ('the Transactions'). Broadly speaking, under the Transactions:

- MSB SpA will transfer its 31.31% interest in MSB to LPI in exchange for the issuance of 161,556,061 shares in LPI ('the Proposed Transaction'); and
- A Canadian Plan of Arrangement whereby Bearing will merge with a subsidiary of LPI to effect the transfer of its 17.14% interest to LPI ('the Bearing Transaction'). Under the Bearing Transaction, LPI will issue 76,340,416 shares to the shareholders of Bearing and a maximum of 18,204,798 shares to Bearing option and warrant holders. For the purpose of this Report, we have assumed that all Bearing options and warrants will be exercised prior to the completion of the Transactions. On this basis, a total of 256,101,275 new LPI shares will be issued as a result of the Transactions.

Following the Proposed Transaction and assuming there are no other shares issued, Martin Borda and his associated entities ('MBAE') will have a relevant interest in LPI of approximately 32.16%. This relevant interest will reduce to 27.47% if the Bearing Transaction also completes. Given the proposed increase in MBAE's relevant interest of LPI, the Proposed Transaction will need approval by shareholders under item 7 of section 611 of the Corporations Act 2001 ('the Act').

A more detailed description of the Proposed Transaction is set out in Section 4.

This Report is prepared pursuant to item 7 of section 611 of the Corporations Act 2001 Cth and is prepared for the purposes of ASX Listing Rules 10.1 and 10.5.10. This Report is to be included in the Notice of Meeting and Explanatory Statement dated 28 September 2022 ('Notice of Meeting') prepared by LPI in order to assist the Non-Associated Shareholders to form a view on whether to vote in favour of or against the Proposed Transaction.

In this Report, BDOCF has expressed an opinion as to whether or not the Proposed Transaction is 'fair and reasonable' to the Non-Associated Shareholders. This Report has been prepared solely for use by the Non-Associated Shareholders to provide them with information relating to the Proposed Transaction. The scope and purpose of this Report are detailed in Sections 3.3 and 3.4 respectively.

This Report, including Part I, Part II and the appendices, should be read in full along with all other documentation provided to the Non-Associated Shareholders including the Notice of Extraordinary General Meeting and Explanatory Statement prepared by LPI and dated on or about 28 September 2022 ('the Notice of Meeting') in relation to the extraordinary general meeting to be held on 28 October 2022 ('the Meeting').

2.0 Assessment of the Proposed Transaction

This section is set out as follows:

- Section 2.1 sets out the methodology for our assessment of the Proposed Transaction;
- Section 2.2 sets out our assessment of the fairness of the Proposed Transaction;
- Section 2.3 sets out our assessment of the reasonableness of the Proposed Transaction; and
- Section 2.4 provides our assessment of whether the Proposed Transaction is fair and reasonable to the Shareholders.

2.1 Basis of Evaluation

ASIC have issued Regulatory Guide 111: *Content of Expert Reports* ('RG 111'), which provides guidance in relation to independent expert's reports. RG 111 relates to the provision of independent expert's reports in a range of circumstances, including those where the expert is required to provide an opinion in relation to a takeover transaction. RG 111 states that the independent expert's report should explain the particulars of how the transaction was examined and evaluated as well as the results of the examination and evaluation.

The Proposed Transaction involves LPI acquiring MSB SpA for scrip consideration. The scrip consideration payable under the Proposed Transaction will result in MBAE's relevant interest in LPI increasing from approximately 4.15% to 32.16%. If the Bearing Transaction also completes, MBAE's relevant interest in LPI is expected to reduce to approximately 27.47%. RG 111 specifically differentiates between control and non-control transactions in providing guidance on the type of analysis to complete. RG 111 suggests that where the transaction is a control transaction the expert should focus on the substance of the control transaction rather than the legal mechanism to affect it. In our opinion the Proposed Transaction is a control transaction as defined by RG 111 and we have assessed the Proposed Transaction by considering whether, in our opinion, it is fair and reasonable to the Non-Associated Shareholders.

Under RG 111, a transaction will be considered 'fair' if the value of the consideration to be received by the shareholders is equal to or greater than the value of the shares that are the subject of the transaction. To assess whether an offer is 'reasonable', an expert should examine other significant factors to which shareholders may give consideration prior to accepting or approving the transaction. This includes comparing the likely advantages and disadvantages if the transaction is approved with the position of the shareholders if the transaction is not approved.

RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if, despite being 'not fair', the expert believes that there are sufficient reasons for security holders to accept an offer in the absence of a higher bid. Our assessment concludes by providing our opinion as to whether or not the Proposed Transaction is 'fair and reasonable'. While all relevant issues need to be considered before drawing an overall conclusion, we will assess the fairness and reasonableness issues separately for clarity.

We have assessed the fairness and reasonableness of the Proposed Transaction in Sections 2.2 and 2.3 below and provide an opinion on whether the Proposed Transaction is 'fair and reasonable' to the Shareholders in Section 2.4 below.

2.2 Assessment of Fairness

2.2.1 Basis of Assessment

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject to the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. When considering the value of the securities subject to an offer in a control transaction the expert should consider this value inclusive of a control premium and assume a 100% ownership interest.

In our view, it is appropriate to assess the fairness of Proposed Transaction to the Non-Associated Shareholders as follows:

d) Determine the value of a LPI share on a controlling interest basis prior to the Proposed Transaction;

e) Determine the value of a LPI share on a minority interest basis after the Proposed Transaction; and

f) Compare the value determined in a) above with the value of b) to determine if the Proposed Transaction is fair.

In accordance with the requirements of RG 111, the Proposed Transaction can be considered 'fair' to the Non-Associated Shareholders if the value determined in b) above is equal to or greater than the value determined in a) above.

2.2.2 Value of a LPI Share Prior to the Proposed Transaction on a Controlling Interest Basis

In our view, for the purposes of the analysis set out in this Report, it is appropriate to adopt a value in the range of $0.50 to $0.84 per LPI share on a controlling interest basis prior to the Proposed Transaction. In forming this view, we considered a Sum-of-Parts Valuation methodology ('SOP') and a Market-Based Valuation ('MBV') methodology.

In completing our SOP valuation, we have relied on the work of Behre Dolbear Australia Pty Limited ('BDA') who we engaged to provide their view on a technical value for LPI's portfolio of Western Australian exploration and prospecting tenements, and the technical inputs adopted in the financial model provided by LPI ('the Financial Model').

The BDA Independent Technical Specialists Report dated 9 August 2022 ('the BDA Report') is attached as Appendix B to this Report. While BDA has provided us with information which indicates they have the requisite experience to assess the inputs into the Financial Model and complete a valuation of LPI's Western Australian exploration and prospecting tenements, we are not responsible for the BDA Report.

In completing our MBV methodology, we have had reference to recent trading in LPI's shares.

In forming our view on an appropriate valuation range to adopt, we placed more emphasis on our MBV than our SOP valuation (refer to Section 8.1.4 of this report for additional discussion). Our valuation of LPI prior to the Proposed Transaction is set out in Section 8.

2.2.3 Value of a LPI Share After the Proposed Transaction on a Minority Interest Basis

The Bearing Transaction is subject to completion of the Proposed Transaction, while the Proposed Transaction is not conditional on completion of the Bearing Transaction. In our view, it is appropriate to consider the value of LPI post the Proposed Transaction assuming both the Proposed Transaction and the Bearing Transaction complete. We have placed more weight on this scenario as the relevant Directors of each of the JV Partners have unanimously approved their respective transactions and fees are payable by Bearing in certain circumstances if the Bearing Transaction is not approved. By way of example, we note:

- If Bearing shareholders do not approve the Bearing Transaction, Bearing must make a C$1 million payment to LPI for the reimbursement of their expenses; and
- If the Bearing Transaction is terminated for another offer, Bearing will be required to pay LPI termination fees of up to C$2.5 million.

Our valuation following the Proposed Transaction and the Bearing Transaction is in the range of $0.47 and $0.89 (refer to Section 9.3 for our valuation calculation).

The primary factors driving the change in the valuation range, pre and post the Proposed Transaction, are:

- **100% ownership of the Maricunga Project:** Following the completion of the Proposed Transaction and the Bearing Transaction, LPI's interest in MSB and by extension, the Maricunga Project, will increase from approximately 51.55% to 100%;
- **Reduction in the shared control discount applied to MSB:** Prior to the Proposed Transaction, we adopted a 12.5% shared control discount to the value of LPI's interest in MSB having regard to the existing JVA and LPI's overall interest in the JV. Following the Proposed Transaction and the Bearing Transaction, we have reduced the shared control discount to 0% on the basis that LPI will have 100% ownership of MSB, and the existing JV agreement will no longer apply;
- **Additional equity instruments**: Following the Proposed Transaction, LPI will have up to 256 million additional ordinary shares on issue; and
- **Minority interest**: We have calculated the value of LPI on a minority interest basis following the Proposed Transaction.

However, there remains a risk that the Proposed Transaction completes while the Bearing Transaction does not complete. In this scenario, LPI will be subject to the terms of the MSB JV Agreement but will hold over 80% of the total shares outstanding in MSB which is over the 75% threshold required to unilaterally make a number of decisions. However, we note the existing JVA will remain in place and may still restrict LPI's ability to act unilaterally in certain circumstances which may make it more challenging to source financing and commence development of the Maricunga Project.

Our valuation following only the Proposed Transaction is in the range of $0.44 and $0.83 (refer to Section 9.4.2 for our valuation calculation).

The primary factors driving the change in the valuation range post the Proposed Transaction where we assume both the Proposed Transaction and Bearing Transaction complete, are:

- **Reduced ownership of the Maricunga Project:** In the event the Bearing Transaction does not complete, Bearing will retain their 17.14% share of MSB. On this basis, LPI's interest in MSB and by extension, the Maricunga Project, will be approximately 82.86% following the Proposed Transaction;

- **Adjusted the shared control discount applied to MSB:** If the Bearing Transaction does not complete, the existing JVA will remain in place, which may restrict LPI's ability to act unilaterally in certain circumstances. In this scenario, we have adopted a shared control discount of 5% following the Proposed Transaction; and
- **Fewer equity instruments issued**: If the Bearing Transaction does not complete, LPI will issue 162 million shares to MSB SpA and the shares to Bearing will not be issued.

We note there is a limited amount of market-based information that can be observed on the price at which shares in LPI will trade at following the Proposed Transaction.

Our valuation of LPI following the Proposed Transaction is set out in Section 9 of this Report.

2.2.4 Assessment of the Fairness of the Proposed Transaction

In order to assess the fairness of the Proposed Transaction, it is appropriate to compare the value of a LPI share on a controlling interest basis prior to the Proposed Transaction with the value of a LPI share on a minority basis assuming the Proposed Transaction is implemented.

Table 2.1 below summarises our assessment of the fairness of the Proposed Transaction.

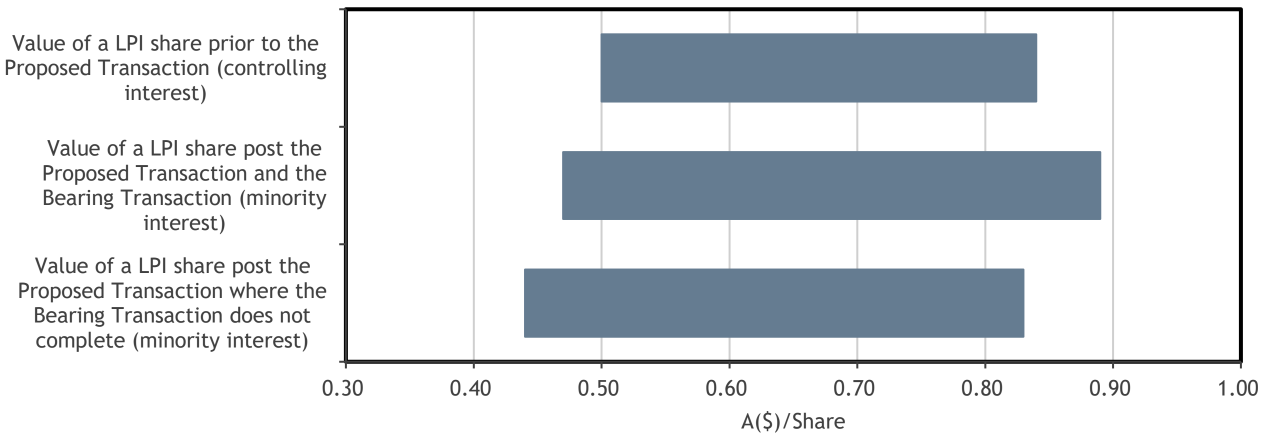
Table 2.1: Assessment of the Fairness of the Proposed Transaction

	Low ($/share)	High ($/share)
Value of a LPI share prior to the Proposed Transaction (controlling interest)	$0.50	$0.84
Value of a LPI share post the Proposed Transaction and the Bearing Transaction (minority interest)	$0.47	$0.89
Value of a LPI share post the Proposed Transaction where the Bearing Transaction does not complete (minority interest)	$0.44	$0.83

Source: BDOCF Analysis

Figure 2.1 summarises our assessment of the fairness of the Proposed Transaction, setting out a graphical comparison of our valuation of a LPI share prior to the Proposed Transaction on a controlling interest basis and our valuation of a share in LPI on a minority basis following the Proposed Transaction and Bearing Transaction.

Figure 2.1: Fairness of the Proposed Transaction



Source: BDOCF analysis

With reference to Table 2.1 and Figure 2.1, we note:

- there is a widening in the valuation range post the Proposed Transaction;
- the valuation range assuming both the Proposed Transaction and Bearing Transaction complete fully encompasses the pre-transaction valuation range; and
- in the scenario that the Bearing Transaction does not complete, there is a downward shift in the valuation range, albeit the valuation range continues to have significant overlap with the pre-transaction valuation range. For the reasons set out in Section 2.2.3, we consider this scenario less likely to occur.

After considering the information summarised above and set out in detail in the balance of this Report, it is our view that, in the absence of any other information, the Proposed Transaction is **Fair** to the Non-Associated Shareholders as at the date of this Report.

2.3 Assessment of Reasonableness

2.3.1 Basis of Assessment

Under RG 111, a transaction is considered reasonable if it is fair. It may also be reasonable, despite not being fair, if after considering other significant factors the interests of the shareholders are reasonably balanced.

In addition to our fairness assessment set out in Section 2.2 above, to assess whether the Proposed Transaction is 'reasonable' we consider it appropriate to examine other significant factors to which the Non-Associated Shareholders may give consideration prior to forming a view on whether to vote in favour of or against the Proposed Transaction. This includes comparing the likely advantages and disadvantages of approving the Proposed Transaction with the position of a Non-Associated Shareholder if the Proposed Transaction is not approved, as well as a consideration of other significant factors.

Our assessment of the reasonableness of the Proposed Transaction is set out as follows:

- Section 2.3.2 sets out the advantages of the Proposed Transaction to the Non-Associated Shareholders;
- Section 2.3.3 sets out the disadvantages of the Proposed Transaction to the Non-Associated Shareholders;
- Section 2.3.4 sets out the position of the Non-Associated Shareholders if the Proposed Transaction is not approved;
- Section 2.3.5 sets out discussion of other considerations relevant to the Proposed Transaction; and
- Section 2.3.6 provides our opinion on the reasonableness of the Proposed Transaction to the Non-Associated Shareholders.

2.3.2 Advantages of the Proposed Transaction

Table 2.2 below outlines the potential advantages to the Non-Associated Shareholders of approving the Proposed Transaction.

Table 2.2: Potential Advantages of the Proposed Transaction

Advantage	Explanation
The Proposed Transaction is Fair	As set out in Section 2.2 above, the Proposed Transaction is fair to the Non-Associated Shareholders as at the date of this Report.
Non-Associated Shareholders collectively retain control	If the Proposed Transaction is approved, the Non-Associated Shareholders will collectively hold a 67.8% interest in LPI. If the Bearing Transaction also completes, the Non-Associated Shareholders will collectively hold a 57.9% interest in LPI. In either case, the Non-Associated Shareholders will continue to collectively hold a controlling interest in LPI.
Non-Associated Shareholders will retain exposure to the Company's projects	If the Proposed Transaction is approved, the Non-Associated Shareholders will continue to be exposed to LPI's key project, the Maricunga Project.
LPI's proportionate interest in the Maricunga Project will increase	LPI currently hold a 51.55% interest in the Maricunga Project. If the Proposed Transaction completes, LPI's ordinary shares will increase from 391.2 million to 552.8 million and LPI's interest in the Maricunga Project would increase to 82.86% (i.e. the original 51.55% interest plus the 31.31% interest held by MSB SpA). In this circumstance, LPI's original 391.2 million shares would have a greater proportionate interest of 58.64% in the Maricunga Project. If the Bearing Transaction also completes, LPI's ordinary shares will increase from 391.2 million to 647.3 million and LPI's interest in the Maricunga Project would increase to 100.00%. In this circumstance, LPI's original 391.2 million shares would have a greater proportionate interest of 60.44% in the Maricunga Project. Under both scenarios above, the existing holders of LPI's 391.2 million ordinary shares will have a greater interest in the Maricunga Project relative to the 51.55% interest held beforehand.

Advantage	Explanation
The Proposed Transaction reduces counterparty risk and potential legal obstructions from the development of MSB with the current JV Agreement	There are a number of existing rights and obligations in the MSB shareholders agreement ('the JV Agreement') currently in force between the JV Partners which increase the difficulty for LPI in pursuing the development of the Maricunga Project. Some of these current rights and obligations include: ▶ All matters submitted to a vote of any meetings of the shareholders shall require the affirmative vote of at least 75% of the shares, having the right to vote on the matter or action subject to such vote, present at a meeting at which a quorum (over 50% of eligible shares) is present; ▶ No shareholder may transfer its shares except with prior written consent of each other shareholder; and ▶ The JV Partners hold the right to appoint the number of directors equal to their percentage holding in MSB, provided that any shareholder who has at least 10% of the shares of the company shall be entitled to appoint one director. Where the favourable vote of at least five directors is required to approve any matter that is submitted to the board. For more information in relation to the rights and obligations under the current JV agreement, refer to Section 4.5 of this Report. If the Proposed Transaction is approved, LPI's interest in MSB will be larger than 75%. Despite the existing JV agreement remaining in place, the legal and other barriers associated with the agreement will effectively be lifted as LPI can approve all matters submitted to a vote of any meetings of the shareholders. However, certain restrictions under the JV Agreement that do not relate to a vote of shareholders, such as drag-along rights and transfer restrictions, will remain in place. See Section 4.5 for further details on the terms of the current JV Agreement. For completeness, we note that if the Bearing Transaction also completes, the existing rights and potential legal obstructions associated with the current JV Agreement, including uncertainty over the intentions of the other parties and their ability to pro-rata finance the development of MSB, will be removed as LPI will hold a 100% interest in MSB.
Management believes consolidation of MSB ownership will be considered favourable by potential investors and financiers	There remains in excess of US$600m in requisite capital expenditure before the Maricunga Project is expected to be cash flow positive that is required to be sourced from financiers and potential investors. The executive leadership of LPI ('Management') believes the consolidated ownership will de-risk the funding pathway and enhance LPI's ability to source capital for the development of the Maricunga Project from a wider range of providers in comparison with the existing JV ownership structure.
Potentially increased chance of receiving future takeover offer	The advantages set out above in relation to approval of the Proposed Transaction and the simplification of the ownership structure may also apply to a potential acquisition of LPI and/or MSB, potentially resulting in an increased likelihood of a future takeover offer.

Source: BDOCF analysis

2.3.3 Disadvantages of the Proposed Transaction

Table 2.3 below outlines the potential disadvantages to the Non-Associated Shareholders of approving the Proposed Transaction.

Table 2.3: Potential Disadvantages of the Proposed Transaction

Disadvantage	Explanation
Reduced exposure to WA assets	The issue of shares to MSB SpA under the Proposed Transaction will have a dilutive effect on the current interest of the Non-Associated Shareholders in regard to their ownership of LPI. While their proportionate interest in MSB and the Maricunga Project will increase slightly (i.e. an increased interest in MSB will be received in return for the scrip consideration), their interest in the Australian tenements subject to the proposed demerger will reduce by the percentage of the additional shares issued (refer Tables 4.1 and 4.2 below). This may be inconsistent with the risk profile sought by the Non-Associated LPI shareholders. We note that the demerger will not be completed until after the Proposed Transaction. Should the Proposed Transaction and Bearing Transaction complete, Bearing and MSB SpA shareholders will be able to participate in the demerger.
Restriction of special resolutions	If the Proposed Transaction is approved, MBAE will hold a 32.2% interest of LPI's issued capital. If the Bearing Transaction also completes, MBAE will hold a 27.5% interest of LPI's issued capital. In either case, this will restrict the Non-Associated Shareholders' ability to approve special resolutions without the approval of MBAE.
Potential reduced chance of receiving future takeover offers	If the Proposed Transaction is approved, MBAE will own over 25% of the total shares outstanding in LPI, regardless of the outcome of the Bearing Transaction. This may reduce the chance of LPI's shareholders receiving a takeover offer for their shares without the support of MBAE. In particular, MBAE will have the ability to block the approval of a change of control via scheme of arrangement, which requires a special resolution of shareholders (75% approval).

Disadvantage	Explanation
If the Proposed Transaction is approved, there is potential for a significant number of shares to be sold on the open market	If the Proposed Transaction is approved, 161.6 million new shares in LPI will be issued and if the Bearing Transaction also completes up to a further 94.5 million new shares in LPI will be issued. If the holders of these new shares elect to sell some of the new LPI shares received on the open market, this may place downward pressure on the share trading price of LPI if the increased supply of LPI shares sufficiently outweighs the demand for LPI shares.

Source: BDOCF analysis

2.3.4 Other Considerations

Bearing Transaction May Not Complete

There remains a possibility that the Proposed Transaction may complete, but that the Bearing Transaction does not complete. In this scenario LPI will have an increased ownership equal to approximately 82.86% which is over the 75% threshold required to unilaterally make a number of decisions. However, we note the existing JVA will remain in place and may still restrict LPI's ability to act unilaterally in certain circumstances which may make it more challenging to source financing and commence development of the Maricunga Project.

Comparison Assuming a Minority Interest Pre and Post the Proposed Transaction

Prior to the Proposed Transaction, individual shareholders could reasonably be considered to be minority shareholders of LPI. If the Proposed Transaction is approved, individual shareholders will remain minority shareholders in the Company.

For the purpose of the analysis set out in this Report we have also compared the value of a LPI share post the Proposed Transaction on a minority interest basis with the value of a LPI share prior to the Proposed Transaction on a minority interest basis in Table 2.4 below. Non-Associated Shareholders should note that this comparison does not form part of our fairness assessment.

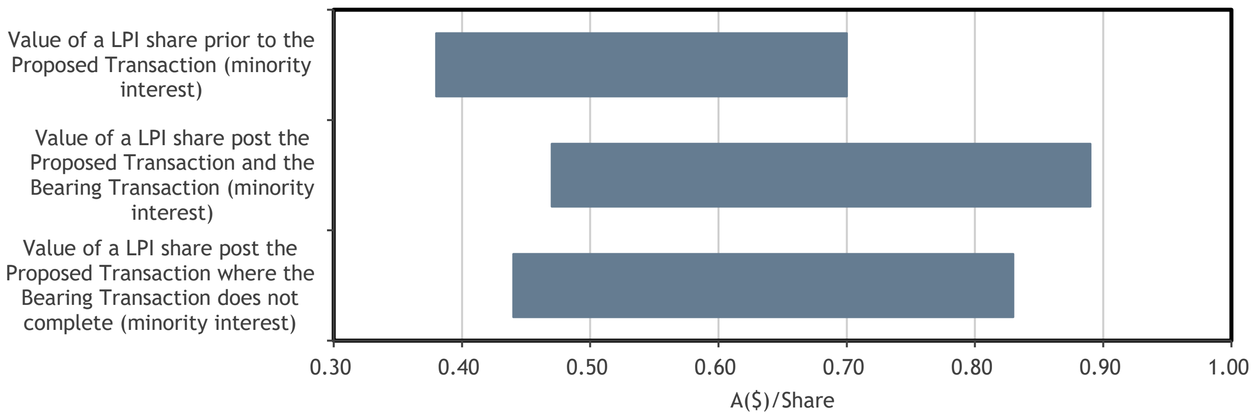
Table 2.4: Comparison of the Value of a LPI Share on a Minority Interest Basis Prior to and Post the Proposed Transaction

$	Low ($/share)	High ($/share)
Value of a LPI share prior to the Proposed Transaction (minority interest)	$0.38	$0.70
Value of a LPI share post the Proposed Transaction and the Bearing Transaction (minority interest)	$0.47	$0.89
Value of a LPI share post the Proposed Transaction where the Bearing Transaction does not complete (minority interest)	$0.44	$0.83

Source: BDOCF Analysis

Figure 2.2 below sets out a graphical comparison of our valuation of a LPI share prior to the Proposed Transaction on a minority interest basis and our valuation of a share in LPI on a minority interest basis following the Proposed Transaction.

Figure 2.2: Comparison of the Value of a LPI Share on a Minority Interest Basis Prior to and Post the Proposed Transaction



Source: BDOCF Analysis

With reference to Table 2.4 and Figure 2.2, we note that when a comparison of the value of a LPI share is completed on a minority interest basis, both prior to and post the Proposed Transaction, there is an upward shift in the overall value range (irrespective of whether the Bearing Transaction also completes), with both the low and high values higher under the post valuation relative to the pre valuation.

2.3.5 Position of the Non-Associated Shareholders if the Proposed Transaction is Not Approved

Table 2.5 below outlines the potential position of Non-Associated Shareholders if the Proposed Transaction is Not Approved.

Table 2.5: Position of Non-Associated Shareholders if the Proposed Transaction is Not Approved

Position of Shareholders	Explanation
Continued shareholding in LPI with an indirect 51.55% interest in MSB	If the Proposed Transaction is not approved, MSB SpA and Bearing will not be issued with shares in LPI. As such, the Non-Associated Shareholders will not be diluted and LPI will retain its 51.55% interest in MSB. We note for completeness that a pre-condition to the Bearing Transaction completing is the completion of the Proposed Transaction.
JV Agreement remains in place and obstructions to obtaining financing remain	Should the Proposed Transaction not proceed the current JV agreement will remain in place and each JV Partner will retain their rights and obligations discussed above and in Section 4.6. This means the same obstructions to financing will remain and LPI may have difficulty securing the necessary funds to develop the Maricunga Project.
Share trading price may be materially different to recent share trading prices	If the Proposed Transaction does not proceed, the price of LPI shares may decrease relative to recent trading prices and the decrease may be material. For completeness we note the recent volatility within global markets, particularly in relation to lithium and commodities. These broader market trends may create difficulty when attempting to determine what effect failure to approve the Proposed Transaction will have on the LPI share price.
Non-Associated Shareholders may be able to pass special resolutions	If the Proposed Transaction is not approved, Non-Associated Shareholders will retain approximately 95.85% of the ordinary shares and associated voting rights in LPI, which enables Non-Associated Shareholders in aggregate to retain the ability to pass special resolutions.
LPI to recover the capital calls made on behalf of other JV partners	LPI have agreed to meet any capital calls on behalf of all JV partners since 1 January 2022. If the Proposed Transaction is not approved, the other JV partners will be liable for their pro-rata capital calls that LPI has made on their behalf. As at 30 June 2022, LPI will receive approximately A$3m for these capital calls.
LPI will be required to reimburse Bearing for their transaction expenses	If the Bearing Transaction does not complete because the Proposed Transaction is not approved, LPI will be required to make a C$1m payment to Bearing for the reimbursement of their transaction expenses.
Non-recoverable costs	LPI has incurred costs in relation to the Proposed Transaction. LPI will not be able to recover the costs it has incurred in relation to the Proposed Transaction irrespective of whether or not the Proposed Transaction is approved.
No guarantee there will be another opportunity to consolidate MSB	If the Proposed Transaction is not approved, there is no guarantee there will be another opportunity to consolidate the ownership of MSB on similar or better terms to the Proposed Transaction. Management considers consolidation of the ownership in MSB to be an important development step to move the Maricunga Project forward.

Source: BDOCF analysis

2.3.6 Assessment of the Reasonableness of the Proposed Transaction

In our opinion, after considering all of the issues set out in this Report, it is our view that, in the absence of any other information or a superior proposal, the Proposed Transaction is **Reasonable** to the Non-Associated Shareholders as at the date of this Report.

2.4 Opinion

After considering the above assessments, it is our view that, in the absence of any other information, the Proposed Transaction is **Fair and Reasonable** as at the date of this Report.

Before forming a view on whether to vote in favour of or against the Proposed Transaction, Non-Associated Shareholders must:

- Have regard to the information set out in the balance of this Report, including the Important Information set out in Section 3;
- Consult their own professional advisers; and
- Consider their specific circumstances.

The decision to vote in favour of or against the Proposed Transaction is a separate decision to the investment decision to hold or divest shares in LPI in the event the Proposed Transaction is approved. We recommend shareholders consult their own professional advisers in relation to the decision on whether to hold or divest shares in LPI.

3.0 Important Information

3.1 Read this Report, and Other Documentation, in Full

This Report, including Part I, Part II and the appendices, should be read in full to obtain a comprehensive understanding of the purpose, scope, basis of evaluation, limitations, information relied upon, analysis, and assumptions underpinning our work and our findings.

Other information provided to the Non-Associated Shareholders in conjunction with this Report should also be read in full, including the Notice of Meeting.

3.2 Shareholders' Individual Circumstances

Our analysis has been completed and our conclusions expressed at an aggregate level having regard to the Non-Associated Shareholders as a whole. BDOCF has not considered the impact of the Proposed Transaction on the particular circumstances of individual Non-Associated Shareholders. Individual Non-Associated Shareholders may place a different emphasis on certain elements of the Proposed Transaction relative to the emphasis placed in this Report. Accordingly, individual Non-Associated Shareholders may reach different conclusions as to whether or not the Proposed Transaction is fair and reasonable in their individual circumstances.

The decision of an individual Non-Associated Shareholder to vote in favour of or against the Proposed Transaction is likely to be influenced by their particular circumstances and accordingly, Non-Associated Shareholders are advised to consider their own circumstances and seek their own independent advice.

Voting in favour of or against the Proposed Transaction is a matter for individual Non-Associated Shareholders based on their expectations as to the expected value, future prospects and market conditions together with their particular circumstances, including risk profile, liquidity preference, portfolio strategy and tax position. Non-Associated Shareholders should carefully consider the Notice of Meeting. Non-Associated Shareholders who are in doubt as to the action they should take in relation to the Proposed Transaction should consult their professional adviser.

With respect to the taxation implications of the Proposed Transaction, it is strongly recommended that Non-Associated Shareholders obtain their own taxation advice, tailored to their own particular circumstances.

3.3 Scope

In this Report we provide our opinion on whether the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders.

This Report has been prepared at the request of the directors of LPI, excluding Mr Martin Borda ('Non-Associated Directors') for the sole benefit of the Non-Associated Shareholders entitled to vote, to assist them in their decision to vote in favour of or against the Proposed Transaction. This Report is to accompany the Notice of Meeting to be sent to the Non-Associated Shareholders to consider the Proposed Transaction and was not prepared for any other purpose. Accordingly, this Report and the information contained herein may not be relied upon by anyone other than the Non-Associated Directors and the Non-Associated Shareholders without our written consent. We accept no responsibility to any person other than the Non-Associated Directors and the Non-Associated Shareholders in relation to this Report.

This Report should not be used for any other purpose and we do not accept any responsibility for its use outside this purpose. Except in accordance with the stated purpose, no extract, quote or copy of this Report, in whole or in part, should be reproduced without our written consent as to the form and context in which it may appear.

We have consented to the inclusion of this Report with the Notice of Meeting. Apart from this Report, we are not responsible for the contents of the Notice of Meeting or any other document associated with the Proposed Transaction. We acknowledge that this Report may be lodged with regulatory authorities to obtain the relevant approvals prior to it being made available to the Non-Associated Shareholders.

The scope of procedures we have undertaken has been limited to those procedures required in order to form our opinion. Our procedures did not include verification work nor constitute an audit or assurance engagement in accordance with Australian Auditing and Assurance Standards. In preparing this Report we considered a range of matters, including the necessary legal requirements and guidance of the Act, the Corporation Regulations 2001 ('the Regulations'), the regulatory guides ('RGs') published by the Australian Securities and Investments Commission ('ASIC'), the listing requirements of the relevant exchanges (where relevant) and commercial practice.

In forming our opinion, we have made certain assumptions and outline these in this Report including:

- We have performed our analysis on the basis that the conditions precedent to the Proposed Transaction are satisfied;
- That matters such as title to all relevant assets, compliance with laws and regulations and contracts in place are in good standing, and will remain so, and that there are no material legal proceedings, other than as publicly disclosed;
- All information which is material to the Non-Associated Shareholders decision on the Proposed Transaction has been provided and is complete, accurate and fairly presented in all material respects;
- Australian Securities Exchange ('ASX') announcements and other publicly available information relied on by us are accurate, complete and not misleading;

- If the Proposed Transaction is approved, that it will be implemented in accordance with the stated terms;
- The legal mechanism to implement the Proposed Transaction is correct and effective;
- There are no undue changes to the terms and conditions of the Proposed Transaction or complex issues unknown to us; and
- Other assumptions, as outlined in this Report.

In this Report we have not provided any taxation, legal or other advice of a similar nature in relation to the Proposed Transaction. LPI has engaged other advisors in relation to those matters.

LPI has acknowledged that the Company's engagement of BDOCF is as an independent contractor and not in any other capacity, including a fiduciary capacity.

The statements and opinions contained in this Report are given in good faith and are based upon our consideration and assessment of the information provided by LPI's Non-Associated Directors, executives and/or Management.

3.4 Purpose of this Report

An independent expert, in certain circumstances, must be appointed to meet the requirements set out in the Corporations Act, the Regulations, RGs and in some cases the listing requirements of the relevant exchanges. These requirements have been set out in Sections 3.4.1 and 3.4.2 below.

3.4.1 Requirements of the Corporations Act

Section 606 of the Corporations Act states that, subject to the exceptions set out in section 611, a 'relevant interest' in issued voting shares in a listed company cannot be increased from 20% or below to more than 20%, or increasing from a starting point that is above 20% and below 90%. A 'relevant interest' is broadly defined as an interest giving the holder the power to control the right to vote or dispose of shares.

If the Proposed Transaction is approved, MSB SpA will be issued 161,556,061 fully paid ordinary LPI shares and if the Bearing Transactions also completes, Bearing shareholders, option and warrant holders will be issued a maximum of 94,545,214 fully paid ordinary LPI shares[1]. Following the Proposed Transaction, MBAE's relevant interest in LPI will increase from approximately 4.15% to 32.16%. This relevant interest will reduce to 27.47% if the Bearing Transaction also completes. In either of these circumstances, an exemption from section 606 must be sought under item 7 of section 611 of the Corporations Act.

Item 7 of section 611 allows a party to gain a relevant interest in shares of a public company that would otherwise be prohibited under subsection 606(2) of the Corporations Act if the Proposed Transaction is approved in advance by a resolution passed at a general meeting of the company, and:

- No votes are cast in favour of the resolution by any party who is associated with the party acquiring the shares, or by the party acquiring the shares; and
- There was full disclosure of all information known by both the party proposing to make the acquisition, their associates and the company in relation to the transaction which was material to a decision on how to vote on the resolution.

ASIC RG 74: *Acquisitions Approved by Members* states that the obligation to supply shareholders with all material information can be satisfied by the non-associated directors of LPI by either:

- Undertaking a detailed examination of the Proposed Transaction themselves, if they consider that they have sufficient expertise; or
- Commissioning an independent expert's report.

We have been requested to prepare this independent expert's report to provide additional information to the Non-Associated Shareholders to assist them to form a view on whether to vote in favour of or against the Proposed Transaction.

3.4.2 Listing Requirements

ASX Listing Rule 10.1 states that an entity must ensure that neither it, nor any of its subsidiaries, acquires a substantial asset from, or disposes of a substantial asset to, a substantial holder or a related party without the approval of non-associated shareholders.

ASX Listing Rule 10.2 defines an asset as substantial if its value or the consideration for it is, or in ASX's opinion is, 5% or more of the value of the equity interests of the entity, as set out in the latest accounts given to the ASX in accordance with the ASX listing rules ('Substantial Asset'). A 'related party' is defined in Chapter 19 of the ASX Listing Rules and includes, in relation to a body corporate, directors of the body corporate or of an entity that controls the body corporate.

The Proposed Transaction involves the acquisition of a Substantial Asset from a related party (being MBAE). Pursuant to ASX Listing Rule 10.1, the Proposed Transaction requires the approval of Non-Associated Shareholders.

[1] Assuming all options and warrants are exercised into LPI shares.

Under ASX Listing Rule 10.5, where shareholder approval is sought for the purpose of complying with ASX Listing Rule 10.1, the notice of meeting distributed to shareholders in relation to the transaction must include a report prepared by an independent expert, which states the expert's opinion as to whether the transaction is fair and reasonable to the non-associated shareholders.

LPI are seeking shareholder approval under ASX Listing Rule 10.1 and this Report has been prepared to comply with the requirements of ASX Listing Rules 10.1, 10.2 and 10.5, having regard to the Proposed Transaction.

3.5 Current Market Conditions

Our opinion and the analysis set out in this Report is based on economic, commodity, market and other conditions prevailing at the date of this Report. Such conditions can change significantly over relatively short periods of time and may have a material impact on the results presented in this Report and result in any valuation or other opinion becoming quickly outdated and in need of revision.

In circumstances where we become aware of and believe that a change in these conditions, prior to the Meeting, results in a material statement in this Report becoming misleading, deceptive or resulting in a material change in valuation, we will provide supplementary disclosure to LPI. BDOCF is not responsible for updating this Report following the Meeting or in the event that a change in prevailing circumstance does not meet the above conditions.

3.6 Reliance on Information

LPI recognises and confirms that, in preparing this Report, except to the extent to which it is unreasonable to do so, BDOCF, BDO Services Pty Ltd or any of the partners, directors, agents or associates (together 'BDO Persons'), will be using and relying on publicly available information and on data, material and other information furnished to BDO Persons by LPI, its Management, and other parties, and may assume and rely upon the accuracy and completeness of, and is not assuming any responsibility for independent verification of, such publicly available information and the other information so furnished.

Unless the information we are provided suggests the contrary, we have assumed that the information provided was reliable, complete and not misleading, and material facts were not withheld. The information provided was evaluated through analysis and inquiry for the purpose of forming an opinion as to whether or not the Proposed Transaction is fair and reasonable.

We do not warrant that our inquiries have identified or verified all of the matters which an audit, extensive examination or due diligence investigation might disclose. In any event, an opinion as to whether a corporate transaction is fair and reasonable is in the nature of an overall opinion rather than an audit or detailed investigation.

It is understood that the accounting information provided to us was prepared in accordance with generally accepted accounting principles.

Where we relied on the views and judgement of Management, the information was evaluated through analysis and inquiry to the extent practical. Where we have relied on publicly available information, we have considered the source of the information and completed our own analysis to assist us to determine the accuracy of the information we have relied on. However, in many cases the information we have relied on is often not capable of external verification or validation and on that basis we provide no opinion or assurance on the information.

The Non-Associated Directors represent and warrant to us for the purpose of this Report, that all information and documents furnished by LPI (either by Management directly or through its advisors) in connection or for use in the preparation of this Report do not contain any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements therein. We have received representations from the Non-Associated Directors in relation to the completeness and accuracy of the information provided to us for the purpose of this Report.

Under the terms of our engagement, LPI has agreed to indemnify BDO Persons against any claim, liability, loss or expense, costs or damage, arising out of reliance on any information or documentation provided, which is false or misleading or omits any material particulars, or arising from failure to supply relevant documentation or information.

3.7 Glossary

Capitalised terms used in this Report have the meanings set out in the glossary. A glossary of terms used throughout this Report is set out immediately following the Table of Contents at the start of this Report.

All dollar ('$') references in this Report are in Australian dollars unless otherwise stated.

3.8 Sources of Information

This Report has been prepared using information obtained from sources including the following:

- LPI annual report for the year ended 30 June 2019, 2020 and 2021;
- LPI financial report for the half year ended 31 December 2021;
- LPI management accounts as at 30 June 2022;
- LPI ASX announcements;
- LPI's tax advice;
- MSB management accounts as at 30 June 2022;
- MSB Shareholders Agreement dated 30 November 2016 ('the JV Agreement');
- The Arrangement Agreement dated 22 June 2022;
- The independent technical specialist report prepared by BDA dated 9 August 2022;
- The Investment Agreement dated 12 September 2016;
- The Financial Model ('Financial Model') provided by LPI and reviewed by BDA;
- The Merger Agreement dated 22 June 2022;
- The Notice of Meeting dated 28 September 2022;
- The Plan of Arrangement dated 22 June 2022;
- The Reserve Bank of Australia;
- Capital IQ;
- IBISWorld;
- Consensus Economics;
- MergerMarket;
- Bloomberg;
- Other research publications and publicly available data as sourced throughout this Report;
- Various transaction documents provided by the Management of LPI and their advisors; and
- Discussions and other correspondence with LPI, Management and their advisers.

3.9 APES 225 Valuation Services

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 *Valuation Services* ('APES 225'). A Valuation Engagement is defined by APES 225 as 'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

3.10 Forecast Information

Any forecast financial information referred to in this Report has originated from the Company's Management and is adopted by the Non-Associated Directors in order to provide us with a guide to the potential financial performance of LPI. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to event(s) and transaction(s) that have not yet occurred and may not occur. Actual results are likely to be different from the forecast financial information since anticipated event(s) or transaction(s) frequently do not occur as expected and the variation between actual results and those forecast may be material.

The Non-Associated Directors' best-estimate assumptions on which the forecast is based relate to future event(s) and/or transaction(s) that Management expect to occur and actions that Management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of LPI. Evidence may be available to support the Non-Associated Directors' best-estimate assumptions on which the forecast is based however, such evidence is generally future-oriented and therefore speculative in nature. In certain circumstances, we may adjust the forecast assumptions provided by Management to complete our valuation work. In this instance, the forecasts we have adopted for our valuation work will not be the same as the forecasts provided by Management.

BDOCF cannot and does not provide any assurance that any forecast is representative of results or outcomes that will actually be achieved. While we have considered the forecast information to the extent we considered necessary to complete the analysis set out in this Report, we have not been engaged to provide any form of assurance conclusion on any forecast information set out in this Report. We disclaim any assumption of responsibility for any reliance on this Report, or on any forecast to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of Management, that all material information concerning the prospects and proposed operations of LPI has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

3.11 Qualifications

BDOCF has extensive experience in the provision of corporate finance advice, including takeovers, valuations and acquisitions. BDOCF holds an Australian Financial Services Licence issued by ASIC for preparing expert reports pursuant to the Listing Rules of the ASX and the Corporations Act.

BDOCF and its related parties in Australia have a wide range of experience in transactions involving the advising, auditing or expert reporting on companies that have operations domestically and in foreign jurisdictions. BDO in Queensland and in Australia is a national association of separate partnerships and entities and is a member of the international BDO network of individual firms.

Mark Whittaker and Scott Birkett have prepared this Report with the assistance of staff members. Mr Whittaker, BCom (Hons), CA, CFA, and Mr Birkett, BBusMan/BCom, CFA, are directors of BDOCF. Both Mr Whittaker and Mr Birkett have extensive experience in corporate advice and the provision of valuation and professional services to a diverse range of clients, including large private, public and listed companies, financial institutions and professional organisations. Mr Whittaker and Mr Birkett are considered to have the appropriate experience and professional qualifications to provide the advice offered within this Report.

BDO Corporate Finance Ltd

Mark Whittaker
Director

Scott Birkett
Director

PART II: INFORMATION SUPPORTING OUR OPINION ON THE PROPOSED TRANSACTION

4.0 Overview of the Proposed Transaction

This section sets out an overview of the Proposed Transaction and is structured as follows:

- Section 4.1 provides a brief description of the Proposed Transaction;
- Section 4.2 provides a brief description of the Bearing Transaction;
- Section 4.3 outlines the current and indicative capital structure following the Proposed Transaction and the Bearing Transaction;
- Section 4.4 details the rationale for the Proposed Transaction; and
- Section 4.5 summarises the current rights and obligations of the JV Partners.

This section is a summary only and should not be treated as a complete description of the Proposed Transaction. The Non-Associated Shareholders should refer to the Notice of Meeting and any subsequent disclosures for additional information relating to the Proposed Transaction and the key parties involved.

4.1 Summary of the Proposed Transaction

4.1.1 Overview

The Maricunga Project is a joint venture between:

- LPI, who holds a 51.55% interest in MSB;
- MSB SpA, who holds a 31.31% interest in MSB. MSB SpA has a sole owner, Mr Martin Borda, a non-executive director of LPI. He is an economist with over 40 years' experience in a range of industries in Chile and internationally. As the owner of MSB SpA, he was a major stakeholder in the early development stages of the Maricunga Project. Mr Borda has also served on a number of boards in Chile, including as a non-executive of Banco Scotiabank and Compania Molinera San Cristobal. Mr Borda currently holds an interest of 4.15% in LPI in addition to his shareholding in MSB, meaning Mr Martin Borda and his associated entities ('MBAE') currently hold a combined direct and indirect interest of MSB equal to 33.45%[2]; and
- Bearing, who holds the remaining 17.14% interest in MSB (together 'the JV Partners'). Bearing is a Canadian based company which listed on the Toronto Stock Exchange in 2011. Bearing operates a lithium focused mineral exploration and development company. Bearing primarily explores for lithium and potassium deposits. Currently, their primary asset and the focus of the company is MSB and the Maricunga Project, of which they own a 17.14% interest.

The JV Partners hold their interest in the Maricunga Project through an entity called MSB. The JV Partners are seeking to consolidate ownership of MSB under one entity, LPI, by way of a three-party all-scrip merger completed through two transactions ('the Transactions'). The objective of the Transactions is to de-risk the funding pathway and enhance LPI's ability to source capital for the development of the Maricunga Project from a wider range of providers. This will be achieved by streamlining the ownership structure and removing the JV Agreement currently in place between the JV Partners.

Completion of the Transactions will be undertaken via two separate transactions:

- First, MSB SpA will transfer its 31.31% interest in MSB to LPI in exchange for the issuance of approximately 161.6m ordinary shares in LPI ('the Proposed Transaction'). Completion of the Proposed Transaction will increase LPI's interest in MSB from 51.55% to 82.86% and will be effected in two stages, outlined in Figure 4.1 below; and
- Second, a Canadian Plan of Arrangement whereby Bearing will merge with a subsidiary of LPI to effect the transfer of its 17.14% interest to LPI ('the Bearing Transaction').

Both transactions are subject to various pre-conditions, summarised in Sections 4.1.3 and 4.2.3 below. Notably, the Bearing Transaction is subject to completion of the Proposed Transaction, while the Proposed Transaction is not conditional on completion of the Bearing Transaction.

LPI will acquire the other JV Partners' interests in MSB at a discount to the estimated see-through market value of MSB based on LPI's traded price, resulting in LPI's Non-Associated Shareholders' proportionate interest in the Maricunga Project increasing from 49.4% to 57.9%[3]. The parties agreed to this proportionate interest increase to reflect:

[2] Calculated as LPI's 51.55% x Mr Martin Borda's 4.15% in LPI + MSB SpA's 31.31% in MSB.

[3] Assuming the Transactions complete, all outstanding options, warrants, and share appreciation rights are converted, and excluding the current shareholding of MBAE in both the pre and post percentages.

- LPI's position as a majority shareholder and operator;
- The benefit of LPI's enhanced and liquid share register relative to its JV Partners; and
- The respective shareholdings of Bearing and MSB SpA in MSB.

LPI will continue to meet any capital call made by MSB on behalf of all JV Partners from 1 January 2022 until completion of the Transactions. In the event either of the Transactions do not complete, the counterparty to the incomplete transaction will be liable for their pro-rata capital calls that LPI has made on their behalf during the aforementioned period. The capital calls will be covered by way of a shareholder loan from LPI to MSB which will accrue interest at a rate of 3.5% p.a.

The respective boards of each of the JV Partners have unanimously approved both the Proposed Transaction and the Bearing Transaction. The Directors of LPI consider it likely therefore that the Bearing Transaction will also complete following completion of the Proposed Transaction. However, there remains a risk that the Proposed Transaction completes while the Bearing Transaction does not complete. In this scenario, LPI will be subject to the terms of the MSB JV Agreement but will hold over 80% of the total shares outstanding in MSB which is over the 75% threshold required to unilaterally make a number of decisions. However, we note the existing JVA will remain in place (terms summarised in Section 4.6 of this Report) and may still restrict LPI's ability to act unilaterally in certain circumstances which may make it more challenging to source financing and commence development of the Maricunga Project.

We note that regardless of the outcome of the Transactions, LPI intends to demerge its Australian assets and LPI's remaining assets will consist almost entirely of those related to the Maricunga Project. The demerger will not be completed until after the Proposed Transaction. Should the Proposed Transaction and Bearing Transaction complete, Bearing and MSB SpA shareholders will be able to participate in the demerger.

4.1.2 Implementation of the Proposed Transaction

The Proposed Transaction will be effected in two stages:

- First, following shareholder approval, MSB SpA will transfer its interests in MSB to a Delaware-based wholly owned subsidiary of MSB SpA, Salar Blanco LLC ('SBD'); and
- Second, LPI and SBD will undergo a Delaware merger to consolidate ownership of MSB. SBD will cease to exist and MSB SpA will be issued approximately 161.6m shares in LPI.

4.1.3 Key Conditions

Completion of the Proposed Transaction is subject to various pre-conditions, relevantly these include:

- Approval from LPI shareholders for the purposes of section 611 of the Corporations Act 2001 (Cth), given that MBAE will obtain a relevant interest in more than 20% of the total LPI shares on issue, as well as for the purposes of the ASX Listing Rules (including Listing Rule 10.1 and, if required by ASX, Listing Rule 11.1) given that Mr. Martin Borda is a related party of the Company (current shareholder and non-executive director of LPI);
- The receipt of all necessary governmental, court, and regulatory approvals and consents, and there being no governmental order restraining or prohibiting the Proposed Transaction; and
- Other conditions that are customary for this type of transaction.

Non-Associated Shareholders should refer to the Notice of Meeting and subsequent disclosures for more detailed information in relation to the Proposed Transaction.

4.2 Summary of The Bearing Transaction

4.2.1 Overview

Bearing currently holds a 17.14% interest in MSB through a wholly owned subsidiary, Li3 Energy Inc ('LI3'). LPI has executed an Arrangement Agreement providing for a Plan of Arrangement under Canadian Law ('Arrangement') to transfer this interest to LPI.

Under the terms of the Arrangement, Bearing will merge with LPI Canada (a wholly owned subsidiary of LPI). As a result of the Bearing Transaction:

- LPI will issue 0.70 fully paid ordinary shares in LPI for each Bearing share ('the Exchange Ratio'); and
- Bearing will distribute its excess available cash to Bearing shareholders. Bearing have forecast that it will distribute approximately C$2.6 million in aggregate once all Bearing forecast costs have been paid (although this is subject to change).

4.2.2 Implementation of the Bearing Transaction

The method to implement the Arrangement is as follows:

- Bearing will distribute all available cash to the Bearing shareholders;
- All shares held by current Bearing shareholders, except dissenting shareholders, shall be assigned and transferred to LPI in exchange for shares in LPI; and

- Shares held by shareholders who dissent to the Bearing Transaction will be deemed to have transferred to Bearing in consideration for a debt claim against Bearing. These dissenting shareholders will ultimately be entitled to be paid fair value for their shares.

In addition to common shares, Bearing currently has approximately 26 million options and warrants outstanding. Any options and warrants that are not exercised prior to completion of the Bearing Transaction will continue to be governed by and be subject to the terms of the applicable option or warrant, save that once exercised, they will automatically become LPI ordinary shares (as opposed to Bearing shares) based on the Exchange Ratio and subject to compliance with the ASX Listing Rules.

4.2.3 Key Conditions of the Bearing Transaction

Completion of the Bearing Transaction is subject to various pre-conditions. These include:

- Approval from Bearing securityholders of the Bearing Transaction;
- Approval of the Bearing Transaction by a Canadian court;
- Completion of the Proposed Transaction;
- Bearing dissenting shareholders shall have exercised dissent rights with respect to no more than 5% of total Bearing shares;
- Approval by LPI shareholders for purposes of ASX Listing Rule 7.1 (unless ASX has provided a waiver for such requirement) and, if required by ASX, Listing Rule 11.1;
- No material adverse change/breach of representation or warranty (in relation to both LPI and Bearing); and
- Other conditions which are customary for this type of transaction.

4.3 Capital Structure

Table 4.1 sets out the indicative capital structure following completion of the Proposed Transaction and assumes that no additional shares are issued, or options exercised, prior to completion.

Table 4.1: Capital Structure Prior to and Indicative Capital Structure Following the Proposed Transaction

	Prior to the Proposed Transaction		Post Proposed Transactions	
	Number of shares	Percentage Holding	Number of shares	Percentage Holding
LPI Non-Associated Shareholders[1]	374,973,853	95.85%	374,973,853	67.84%
MBAE	16,227,273	4.15%	177,783,334	32.16%
Bearing Shareholders	-	-	-	-
Bearing Option and Warrant Holders	-	-	-	-
Total Shares[2]	**391,201,126**	**100.00%**	**552,757,187**	**100.00%**

Source: LPI Management, LPI ASX Announcements, BDOCF Analysis

1 For completeness, we note that the indirect interest held by the Non-Associated Shareholders in the Maricunga Project will increase from 49.41% (calculated as 51.55% x 95.85%) to 56.21% (calculated as 82.86% x 67.84%).

2 In addition to the capital structure outlined in Table 4.1, there are 18,500,000 share appreciation rights outstanding as of 16 September 2022.

Table 4.2 sets out the indicative capital structure following completion of the Transactions and assumes that no additional shares are issued prior to completion.

Table 4.2: Capital Structure Prior to and Indicative Capital Structure Following the Transactions[1]

	Prior to the Proposed Transaction		Post Both Transactions	
	Number of shares	Percentage Holding	Number of shares	Percentage Holding
LPI Non-Associated Shareholders[2]	374,973,853	95.85%	374,973,853	57.93%
MBAE	16,227,273	4.15%	177,783,334	27.47%
Bearing Shareholders	-	-	76,340,416	11.79%
Bearing Option and Warrant Holders	-	-	18,204,798	2.81%
Total Shares[3]	**391,201,126**	**100.00%**	**647,302,401**	**100.00%**

Source: LPI Management, LPI ASX Announcements, BDOCF Analysis

1 We have assumed that all options and warrants outstanding are converted prior to completion of the Bearing Transaction.

2 For completeness, we note that the indirect interest held by the Non-Associated Shareholders in the Maricunga Project will increase from 49.41% (calculated as 51.55% x 95.85%) to 57.90% (calculated as 100.00% x 57.90%).

3 In addition to the capital structure outlined in Table 4.1, there are 18,500,000 share appreciation rights outstanding as of 16 September 2022.

4.4 Strategic Rationale for the Proposed Transaction

The Non-Associated Directors of LPI are of the view that the Proposed Transaction and the Bearing Transaction provides the following advantages:

- Provides existing LPI shareholders with a larger interest in the Maricunga Project relative to the 51.55% LPI currently holds. Specifically, we note the interest held by LPI will increase to approximately 82.86%[4] if only the Proposed Transaction completes and 100.0% if both the Proposed Transaction and Bearing Transaction complete;
- Simplifies decision-making and provides the optimal structure to oversee the rapid development of the Maricunga Project; and
- De-risks the funding pathway and enhances LPI's ability to source capital for the development of the Maricunga Project from a wider range of providers when compared with the existing joint venture ownership structure.

The Proposed Transaction and the Bearing Transaction have been unanimously endorsed by the Boards of LPI, Bearing and MSB SpA, with the LPI Board (excluding Mr Martin Borda who abstained due to being the ultimate controller of MSB SpA) recommending that LPI shareholders vote in favour of the Proposed Transaction at the relevant shareholder meeting.

4.5 Summary of the JV Partners Rights and Obligations

Table 4.3 below summarises the key rights that the JV Partners hold under their current JV Agreement.

Table 4.3: Summary of Key Rights under the JV Agreement

Rights	Description
Right of first offer	JV Partners have a right of first offer, under which the JV Partner wishing to transfer their shares will first be required to offer such shares for sale to the other current JV Partners. In addition, MSB SpA has the preference to acquire all shares offered by Li3 (Bearing's subsidiary) if it so states in its acceptance, otherwise the JV Partners have the right to accept the offer on a pro rata basis consistent with their existing shareholding. Failure to comply with the right of first offer means the selling JV Partner will have to pay the equivalent of 150% of the purchase price received by the selling JV Partner, or the book value, whichever is greater.
Tag along right	If a JV Partner offers to sell its shares, other JV Partners may join the selling JV Partners in offering their shares for the same price and terms. If existing JV Partners reject the opportunity to purchase the shares but a JV Partner exercises a tag along right, and the 3rd party does not seek to purchase all of the shares on offer, the shares will be sold on a pro-rata basis in relation to the selling JV Partner's current shareholding in the MSB.
Pre-emptive rights	JV Partners hold a pro-rata pre-emptive right in relation to any future share issuance by MSB.
Drag along	If JV Partners holding more than 75% of the outstanding shares in MSB want to sell, they can drag along the remaining JV Partners to sell on the same terms.
Change of control	If a JV Partner changes its ultimate controller the remaining JV Partners will have the option to sell its shares to that new JV Partner. The new ultimate controller is obligated to purchase these shares at a price determined through valuations completed by two of the big four accounting firms. The value will be based on the price paid in the transaction leading to the change of control.
Board seats	MSB will have six directors, with the JV Partners holding the right to appoint the number of directors equal to their percentage holding in MSB, provided that any JV Partner who has at least 10% of the shares of the MSB shall be entitled to appoint one director. Currently each party is entitled to appoint: ▸ MSB SpA 2 directors; ▸ Bearing 1 director; and ▸ LPI 3 directors. Members of the board are not compensated, and the favourable vote of at least five directors shall be needed to approve any matter submitted to the board.
Call shareholder meetings	Meetings of the JV Partners may be called by the board or any JV Partner holding at least ten percent or more of the total shares in the company.
75% of shareholders for approval	All matters submitted to a vote of any meetings of the JV Partners shall require the affirmative vote of at least 75% of the shares having the right to vote on the matter or action subject to such vote present at a meeting at which a quorum (over 50% of eligible shares) is present.

[4] The combination of both LPI and MSB SpA's current interests in MSB.

Rights	Description
Deadlock negotiations	A deadlock occurs when the same resolution concerning the following matters is proposed at two consecutive board or shareholders' meetings and at each meeting the votes are insufficient to pass the resolution: ▸ Approval and/or any variations to the business plan and/or project budget, including variations to the exploration budget; ▸ The final investment decision to proceed with the Maricunga Project; and ▸ The approval of a firm and underwritten offer for the senior secured financing of the Maricunga Project. If a deadlock occurs a JV Partner may give notice for senior representatives of the JV Partners to meet for up to four days to negotiate a resolution to the deadlock. If the deadlock cannot be resolved within this period the JV Partners shall vote their shares and cause the directors appointed by them to maintain their status quo.
Access to company information	All JV Partners have unrestricted access to the accounting, legal, financial and any other information of the company.

Source: MSB JV Agreement

Table 4.4 below summarises the key obligations that the JV Partners have under their current JV Agreement.

Table 4.4: Summary of Key Obligations under the JV Agreement

Obligations	Description
No share transfer unless to permitted assignee	No JV Partner may transfer its shares except with prior written consent of each other JV Partner. However, any JV Partner may at any time transfer any of its shares to one or more permitted assignees without consent of the other JV Partners. A permitted assignee means in respect of any JV Partner, the current ultimate controller of such JV Partner, or any person under the control of the ultimate controller.
No encumbrances	No JV Partner may establish any encumbrance over its shares, other than: (a) pledges granted by Li3 Energy Inc in favour of MSB SpA to secure the loans granted by MSB SpA to Li3 prior to or after the date of signing the JV Agreement; (b) pledges to secure any loans granted to MSB by its lenders; and (c) pledges to secure any loans granted to a shareholder to comply with its funding.
Continued funding	Prior to the termination of the Project Development Period[1], any further funding required for the Maricunga Project which has been approved by the board in the business plans and project budgets of MSB, and which may not be obtained from banks or financial institutions, must be contributed by the JV Partners as equity injections in MSB or shareholder loans to MSB proportionately to their interest in MSB. No party will be required to finance project construction or guarantee the obligations of MSB or encumber any of its assets to secure such financing (other than its shares and any subordinated loans it may have granted to MSB). If a JV Partner does not provide the required funding they will be in breach of the JV Agreement and the remaining JV Partners will be entitled to receive new share issuances in MSB in exchange for providing the funding that the JV Partner in breach has failed to give.

Source: MSB JV Agreement

[1] Project Development Termination is defined in the JV Agreement to mean any time after the notice to proceed has been delivered by the Company following approval by the Board.

5.0 Background of LPI

This section is set out as follows:

- Section 5.1 provides an overview and background information on LPI;
- Section 5.2 outlines LPI's key projects;
- Section 5.3 summarises the corporate structure of LPI;
- Section 5.4 summarises the equity structure of LPI;
- Section 5.5 summarises the share market trading in LPI shares; and
- Section 5.6 summarises the historical financial information of LPI.

5.1 Background

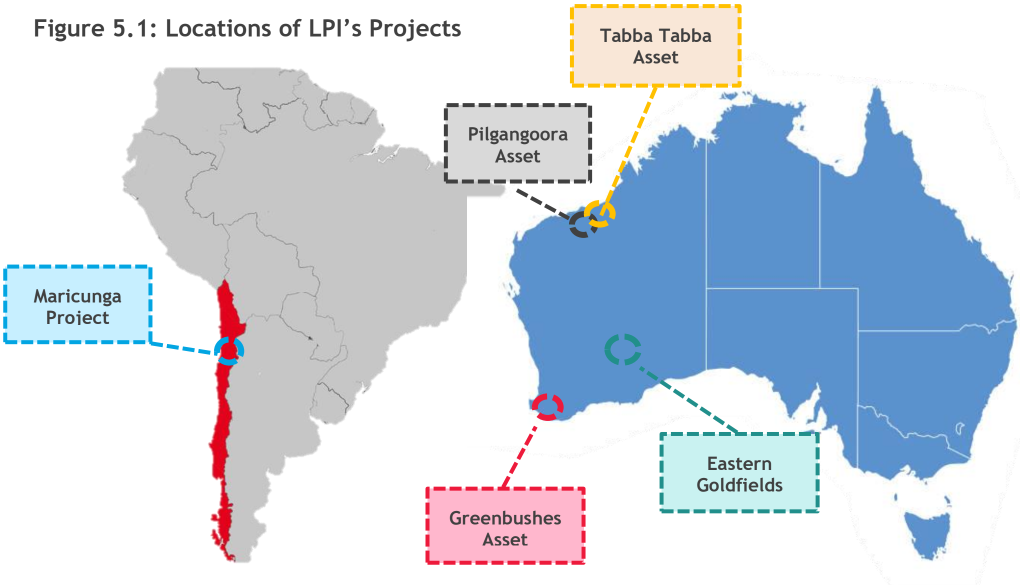
LPI is a lithium company headquartered in Sydney, New South Wales. The Company listed on the ASX in June 2016 under the ASX ticker 'LPI' and since listing has actively pursued the exploration, development, and acquisition of lithium tenements in South America and Australia.

LPI holds interests in three distinct project regions. One in South America's brine region and two in Western Australia's spodumene hard rock regions, providing diversification in both geography and geology.

Whilst the Company has continued exploration of its Western Australia lithium tenements, their primary focus has been on the development of Maricunga Salar, which is expected to be Chile's next high-grade lithium mine located in an area known as the Lithium Triangle.

To enable LPI to continue to focus on the Maricunga Project, it is proposed that, subject to shareholder approval, the Australian assets will be demerged into a separate entity. Shareholder approval is currently expected by the Directors, with plans to demerge the assets most likely through an ASX listing in Q4 2022.

Figure 5.1: Locations of LPI's Projects



Source: BDOCF Analysis

The location of LPI's assets and the Maricunga Project are set out in Figure 5.1 above and discussed further in Section 5.2 below. For further detail in relation to LPI's assets refer to BDA's Independent Technical Specialist's Report, dated 9 August 2022, attached in Appendix B.

5.2 Key Projects

5.2.1 Maricunga Project

The Maricunga Project is a joint venture held through the company MSB. LPI currently holds a 51.55% ownership of MSB, with MSB SpA holding a 31.31% interest and Bearing holding the remaining 17.14%.

The Maricunga Project is located 170 km northeast of Copiapó in the III Region of northern Chile and covers 1,125 ha of mineralized ground in Salar de Maricunga.

During FY22 the Company completed a drilling program to 400 meters which resulted in a 90% increase to the JORC resource of lithium carbonate equivalent for the initial stage of the project ('Stage One'). Stage One of the Maricunga Project has a nameplate capacity of 15,200 tonnes-per-year of high purity lithium carbonate over a 20-year mine life. Expansion potential also exists from subsequent stages.

5.2.2 Greenbushes

The Greenbushes asset is 100% owned by LPI and located in the South-West of Western Australia. The tenements extend over 400km^2 and include the Balingup Project and the Brockman Highway Project. These tenements contain large strike lengths of the same rock suite that hosts the Talison Greenbushes lithium mine.

The Company is taking a systematic exploration approach to identify prospective areas that can be explored in more detail. Surface sampling was recently completed which gave encouraging results and provided drilling targets.

5.2.3 *Pilgangoora*

The Pilgangoora asset is 100% owned by LPI and located adjacent to Pilbara Minerals' (ASX ticker: PLS) lithium pegmatite deposits. Together, these deposits form one of the largest global lithium pegmatite resources. LPI is currently exploring for lithium pegmatites in a continuation of the same sequence of rocks immediately west of the tenements held by Pilbara Minerals.

5.2.4 *Tabba Tabba*

The Tabba Tabba asset is 100% owned by LPI and covers a 20km strike of highly prospective greenstone units identified through mapping and regional magnetic surveys. It is located immediately north-west of Fortescue Metals Group Limited's (ASX ticker: FMG) own Tabba Tabba Project. Both projects contain the same greenstone belt that Fortescue Metals is extensively drilling. Soil sampling of three greenstone belts show significantly elevated concentrations of lithium, caesium, tantalum, nickel and gold.

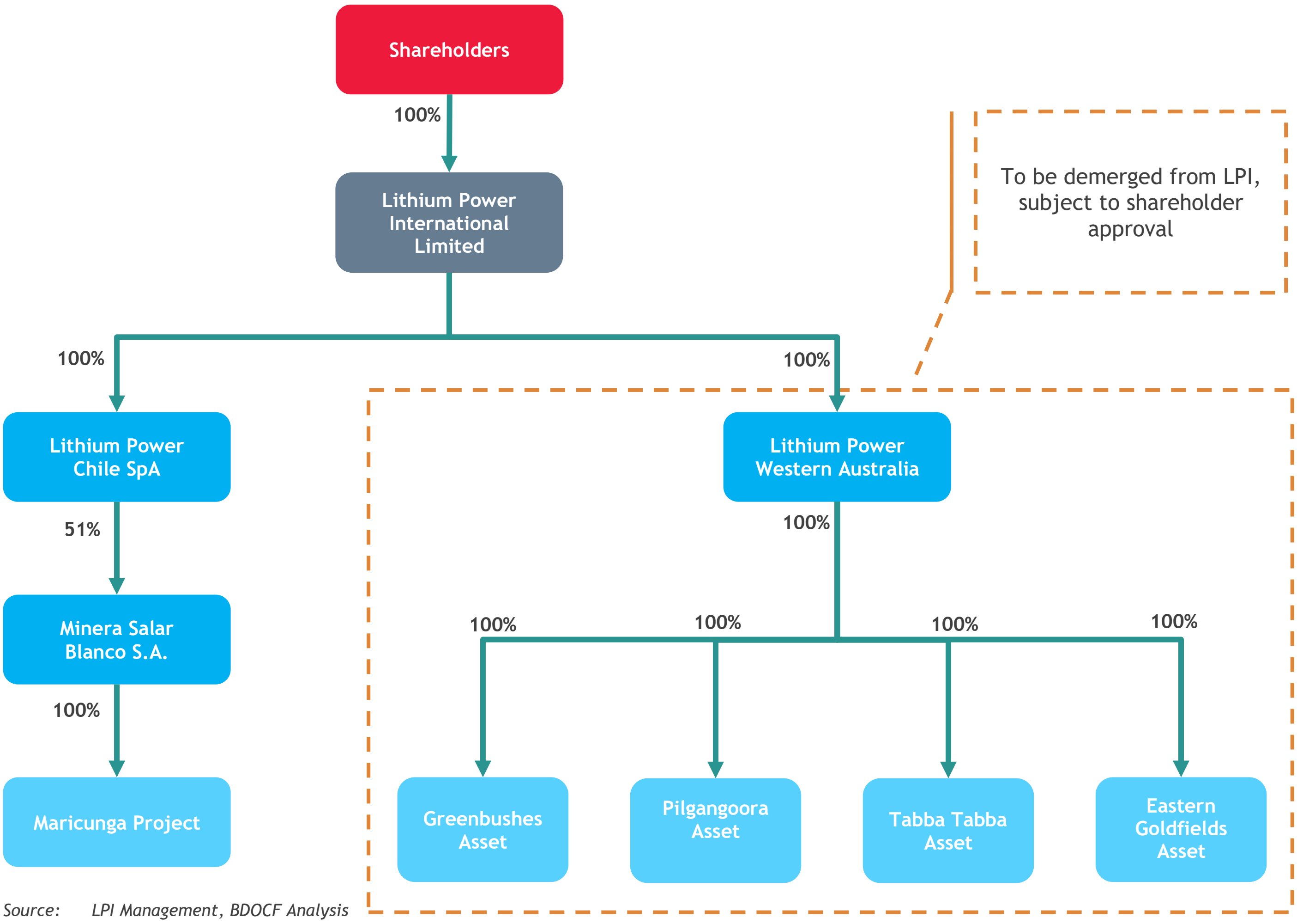
5.2.5 *Eastern Goldfields*

On 5 July 2022 LPI announced it has agreed to purchase two tenements from Lysander Lithium in the Eastern Goldfields region of Western Australia. These tenements comprise a 115km^2 area with both properties considered highly prospective for lithium bearing pegmatites. The tenements have native title agreements in place, providing immediate access to the properties for exploration. LPI is acquiring the tenements from Lysander for the combination of cash of $75,000, fully paid LPI shares to the value of $150,000[5], and a 1.5% Net Smelter Return royalty for any minerals produced from the Lysander tenements.

5.3 Corporate Structure of LPI

Figure 5.2 below provides an overview of the corporate structure of LPI prior to the Proposed Transaction.

Figure 5.2: LPI Pre-Transaction Corporate Structure



Source: LPI Management, BDOCF Analysis

[5] Calculated using the closing share price of LPI at the date of signing the agreement. The relevant closing price was $0.385 and accordingly 389,611 shares were issued on 16 September 2022.

The WA assets are held by a wholly-owned subsidiary of LPI, Lithium Power WA Holdings Pty Ltd. As announced on 12 January 2022, the assets are proposed to be demerged to create a dedicated WA-focused lithium exploration company with the management team and resources to realise the value of the WA assets. This will enable LPI to focus its resources on developing the Maricunga Project.

The demerger is intended to be undertaken via a capital reduction to effect an in-specie distribution of shares in the demerged entity to LPI shareholders, pro rata to their shareholding in LPI. The demerged entity will seek admission to the official list of the ASX, and for quotation of its shares on ASX, in conjunctions with the demerger.

5.4 Equity Structure of LPI

5.4.1 Ordinary Shares

As at 16 September 2022, LPI had 391,201,126 ordinary shares on issue. The substantial shareholders are set out in Table 5.1. Table 5.1 does not consider the impact of any changes in shareholding as a result of the Proposed Transaction or the Bearing Transaction.

Table 5.1: Substantial Shareholders as at 16 September 2022

Shareholders	Number of Shares	Percentage Holding
David Hannon and his controlled entities	22,686,797	5.80%
Republic Investment Management Pte Ltd	21,240,168	5.43%
Other Shareholders	347,274,161	88.77%
Total shares on issue	**391,201,126**	**100.00%**

Source: LPI ASX announcements and BDOCF Analysis

5.4.2 Source: LPI Share Appreciation Rights on Issue

As at 16 September 2022, LPI had 18,500,000 share appreciation rights on issue. 12,500,000 of these rights were issued to three directors on 27 November 2019 following shareholder approval during the 2019 annual general meeting. 6,000,000 of these rights were issued to three MSB executives on 16 September 2022 as part of meeting key objectives. Table 5.2 below provides a summary of the share appreciation rights.

Table 5.2: LPI's Outstanding Share Appreciation Rights

Share appreciation rights over ordinary shares	Grant date	Expiry date	Exercise price
12,500,000	27 November 2019	30 June 2023	$0.40
6,000,000	16 September 2022	16 September 2025	$0.40

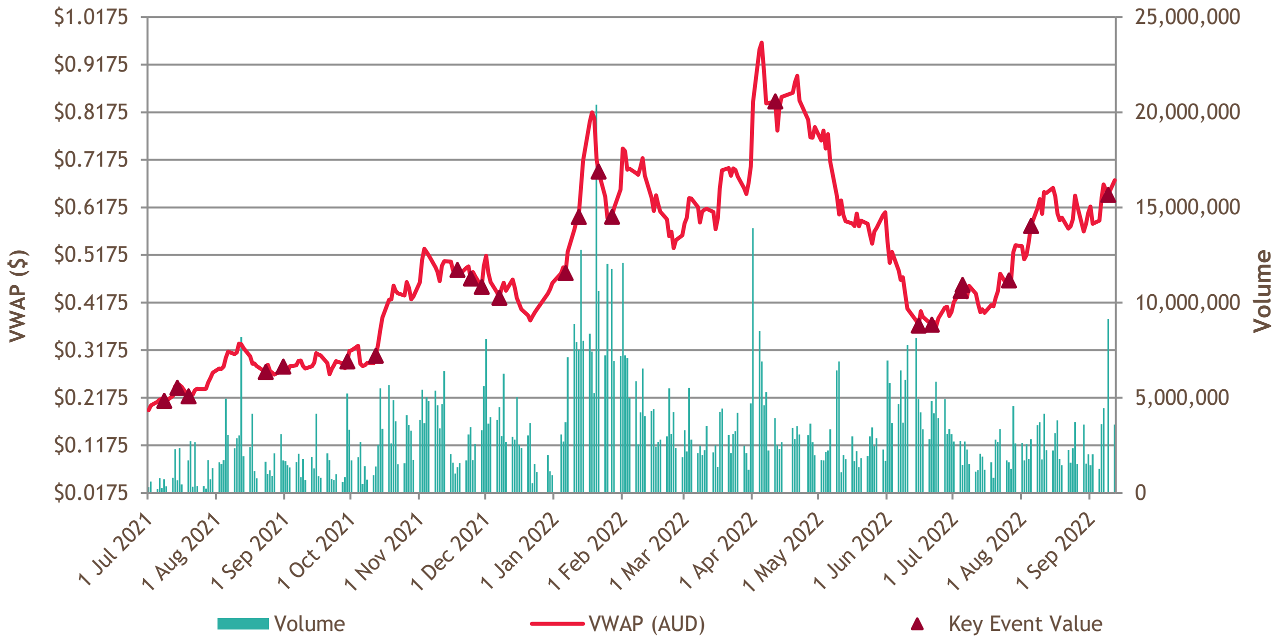
Source: LPI FY22 annual report, LPI ASX announcements and BDOCF Analysis

5.5 Share Trading Data for LPI

5.5.1 Share Trading Data

Figure 5.3 displays the daily volume weighted average price and daily volume of LPI shares traded on the ASX over the period 1 July 2021 to 12 September 2022.

Figure 5.3: Daily VWAP and Volume of LPI Shares Traded from 1 July 2021 to 12 September 2022



Source: Capital IQ as at 16 September 2022

Over the period graphed in Figure 5.2 above LPI's daily VWAP displays a period low of $0.1912 on 1 July 2021 and a period high of $0.9638 on 5 April 2022.

In addition to the share price and volume data of LPI shown above, we have also provided additional information in Table 5.3 below to assist readers to understand the possible reasons for the movement in LPI's share price over the period analysed. The selected ASX announcement references in Table 5.3 below correspond to those displayed in Figure 5.3 above.

Table 5.3: Selected LPI ASX Announcements from 1 July 2021 to 12 September 2022

Date	Announcement
08/07/2021	LPI provides a Maricunga Project lithium resource expansion and finance activity update. Announces results from the latest drilling program, significant resource expansion, preliminary indications of interest received from international financial institutions and review and certification processes initiated for the ESG protocols.
19/07/2021	LPI provides an activities update for Western Australia. Announces a detailed magnetic survey planned for September 2021 over the Blackwood Prospect and that mapping of the prospect contains pegmatites with anomalous lithium and other elements commonly associated with LCT pegmatites. They also announce a detailed fauna survey and assessment, and an initial 1600m RC drilling program, to commence at East Kirup.
23/08/2021	LPI announces the successful completion of a $12.4 million placement. The purpose of the funds is to support MSB as it progresses to a final project development decision and to increase exploration at the Greenbushes lithium prospects in Western Australia.
29/09/2021	LPI announces a 90% increase in measured and indicated resources for their Maricunga Stage One Lithium Project. The increase was measured in comparison with the 2019 definitive feasibility study. The measured and indicated resource results are now at an estimated 1,905,000 tonnes of lithium carbonate equivalent.
18/11/2021	LPI announces that a high-definition drone magnetic survey has commenced at the Blackwood Prospect over a significant structural zone identified on the Donnybrook – Bridgetown Shear Zone. The drone will produce high resolution and accurate data that will reveal geological structures not visible with conventional surveys, thereby allowing LPI to understand where pegmatites are most likely located and focus its future work in these areas.
24/11/2021	LPI announce the completion of a share purchase agreement with the Canadian based company, Vertex Lithium Corporation, in regard to the sale of LPI's 70% interest of lithium exploration properties on the Centenario Salar in Argentina. In terms of consideration, LPI will receive USD$940,000, representing an initial cash payment of USD$700,000, $USD40,000 to cover the costs to execute the transaction, and an additional USD$200,000 as LPI opted for the CAD$250,000 worth of fully paid ordinary shares in Vertex Lithium Corporation to be paid instead in cash due to the delay in the IPO of Vertex on the TXS.
06/01/2022	LPI announce that extensive lithium exploration programs continue in Western Australia. Specifically, they announce that they are advancing on multiple lithium projects and prospects. LPI completed a high-definition drone magnetic survey and have commenced soil sampling over a new target area at the Blackwood Prospect.
12/01/2022	LPI announce their intention to demerge its Western Australian hard rock lithium assets within the next 6 months. The demerger will create a dedicated Western Australian focused lithium exploration company with the management team and resources to realise the value of the Western Australia assets. The demerger will also enable LPI to focus its resources on developing its Chile based Maricunga Lithium Brine Project.

Date	Announcement
21/01/2022	LPI announces that their recent definitive feasibility study of the Maricunga Lithium Brine Project has delivered outstanding results. The study supports 15,200 tonnes per annum production of lithium carbonate for 20 years and a project NPV (leveraged basis) of US$1.425 billion (after tax) at an 8% discount rate. Providing an IRR of 39.6% and a 2-year payback and an estimated steady-state annual EBITDA of US$324 million.
22/06/2022	LPI announces plan to consolidate 100% ownership of Maricunga Lithium Brine Project by way of a three-party all-scrip merger with its JV partners, MSB SpA and Bearing.
05/07/2022	LPI announces the acquisition of CMC Lithium, making them the largest tenement holder in the Greenbushes region, and the acquisition of two tenements in the Eastern Goldfields. The acquisitions were paid for in scrip and cash and mean LPI now holds tenements in each of the three major WA hard rock lithium areas – Greenbushes, the Pilbara Craton, and the Eastern Goldfields.
05/08/2022	LPI announces that ministerial approval has been granted for the transfer of the two granted tenements in the Eastern Goldfields region of Western Australia from Lysander Lithium Pty Ltd to the Company's subsidiary Western Lithium Pty Ltd. Completion of the transaction will require $75,000 in cash and the issuance of 389,611 LPI ordinary shares to Lysander Lithium, which is expected to occur in August 2022.
09/09/2022	LPI announces that it has received binding commitments from institutional, sophisticated, and professional investors to raise A$25 million (before costs) through a single tranche placement, which will see the Company issue approximately 41,666,667 new fully paid ordinary shares at an issue price of A$0.60 per share.

Source: LPI ASX Announcements

5.5.2 Liquidity of LPI Shares on the ASX

The rate at which equity instruments are traded is generally referred to as the 'liquidity' of the equity instruments. Changes in liquidity may impact the trading price of equity instruments. This is particularly dependent on the number of equity instruments required to be bought and/or sold and the time period over which the equity instrument holder needs to buy and/or sell those equity instruments. Depending on the circumstances, a movement in market price may or may not represent a shift in value of either the equity instruments or a shift in value of the company to which the equity instruments relate as a whole.

Table 5.5 summarises the monthly liquidity of LPI shares from 1 June 2021 to 12 September 2022. Liquidity has been summarised by considering the following:

- Volume of LPI share trades per month;
- Number of LPI shares traded per month as a percentage of total LPI shares outstanding at the end of the month;
- Volume weighted average price per month; and
- The monthly low and high share price of LPI.

Table 5.5: Liquidity of LPI shares

Month	Volume	Shares Outstanding	Volume / Shares Outstanding	Low Share Price	VWAP	High Share Price
September 2022 (up to and including 12th)	25,513,880	349,144,848	7.31%	$0.570	$0.6424	$0.740
August 2022	57,903,540	349,144,848	16.58%	$0.490	$0.6001	$0.675
July 2022	43,818,129	349,144,848	12.55%	$0.400	$0.4512	$0.545
June 2022 (from 22nd to 30th)	28,409,010	349,144,848	8.14%	$0.355	$0.3884	$0.410
Total Post-Transaction Announcement	**155,644,560**	**349,144,848**	**44.58%**	**$0.355**	**$0.5265**	**$0.740**
June 2022 (to 21st)	77,334,430	349,144,848	22.15%	$0.355	$0.4531	$0.605
May 2022	56,950,880	349,144,848	16.31%	$0.540	$0.6233	$0.770
April 2022	76,913,360	349,144,848	22.03%	$0.750	$0.8604	$0.975
March 2022	66,933,160	348,867,670	19.19%	$0.575	$0.6479	$0.715
February 2022	91,217,840	348,769,850	26.15%	$0.510	$0.6627	$0.760
January 2022	158,856,370	348,769,850	45.55%	$0.475	$0.6512	$0.830
December 2021	65,508,440	348,769,850	18.78%	$0.385	$0.4449	$0.505
November 2021	76,170,770	348,769,850	21.84%	$0.460	$0.4923	$0.545
October 2021	55,091,440	348,769,850	15.80%	$0.280	$0.3946	$0.480
September 2021	36,557,900	348,769,850	10.48%	$0.275	$0.2926	$0.325
August 2021	51,225,750	310,161,790	16.52%	$0.270	$0.3009	$0.340

Month	Volume	Shares Outstanding	Volume / Shares Outstanding	Low Share Price	VWAP	High Share Price
July 2021	21,811,710	301,077,540	7.24%	$0.195	$0.2331	$0.270
June 2021	25,062,830	301,077,540	8.32%	$0.175	$0.1889	$0.215
Total Pre-Transaction Announcement	**859,634,880**	**338,138,150**	**254.23%**	**$0.175**	**$0.5431**	**$0.975**

Source: Capital IQ as at 16 September 2022

Assuming a weighted average number of 338,138,150 LPI shares on issue over the period, approximately 254.23% of the total shares on issue were traded over the period 1 June 2021 to 21 June 2022. In our view, this indicates that LPI shares display a high level of liquidity.

5.6 Historical Financial Information of LPI

This section sets out the historical financial information of LPI. As this Report contains only summarised historical financial information, we recommend that any user of this Report read and understand the additional notes and financial information contained in LPI's annual reports, including the full Statements of Profit or Loss and Other Comprehensive Income, Statements of Financial Position and Statements of Cash Flows.

LPI's financial statements have been audited or reviewed by Ernst and Young. BDOCF has not performed any audit or review of any type on the historical financial information of LPI and we make no statement as to the accuracy of the information provided. However, we have no reason to believe that any of the information provided is false or misleading.

5.6.1 Statements of Profit or Loss and Other Comprehensive Income

Table 5.6 summarises the Consolidated Statement of Profit or Loss and Other Comprehensive Income of LPI for the 12 month periods ended 30 June 2019, 2020 and 2021 and the 6 months ended 31 December 2021.

Table 5.6: LPI Consolidated Statement of Profit or Loss and Other Comprehensive Income

	12 Months Ended 30-Jun-19 Audited	12 Months Ended 30-Jun-20 Audited	12 Months Ended 30-Jun-21 Audited	6 Months Ended 31-Dec-21 Reviewed
Revenue				
Share of losses of joint ventures accounted for using the equity method	(9,107,997)	(3,786,864)	(1,967,291)	(901,174)
Other income	-	-	296,328	351
Interest revenue calculated using the effective interest method	281,748	186,733	11,224	106
Total Revenue	**(8,826,249)**	**(3,600,131)**	**(1,659,739)**	**(900,717)**
Expenses				
Employee benefits expense	(1,532,409)	(1,576,817)	(1,605,513)	(644,813)
Occupancy costs	(132,656)	(154,555)	(113,482)	(84,460)
Depreciation and amortisation expense	(5,569)	(10,030)	(8,496)	(9,496)
Legal and professional fees	(470,893)	(286,786)	(227,192)	(180,029)
Travel expense	(219,965)	(230,854)	(30,785)	32,893
Administration expense	(432,854)	(481,309)	(611,870)	(450,437)
Net foreign exchange gains/(loss)	1,816,548	(6,203,177)	(1,573,149)	(6,165,085)
Other expenses	(220,390)	(201,976)	(147,009)	(88,706)
Finance costs	(40,031)	(3,137)	(3,068)	(2,092)
Loss before income tax expense from continuing operations	**(10,064,468)**	**(12,748,772)**	**(5,980,303)**	**(8,492,942)**
Income tax expense	(147,451)	-	-	-
Loss after income tax expense from continuing operations	**(10,064,468)**	**(12,748,772)**	**(5,980,303)**	**(8,492,942)**
Loss after income tax expense from discontinued operations	-	(319,150)	(191,101)	1,530,261
Loss after income tax expense for the year	**(10,211,919)**	**(13,067,922)**	**(6,171,404)**	**(6,962,681)**
Other comprehensive income				
Foreign currency translation	66,426	67,591	371,217	2,401,038
Other comprehensive income for the year, net of tax	**66,426**	**67,591**	**371,217**	**2,401,038**
Total comprehensive income for the year	**(10,145,493)**	**(13,000,331)**	**(5,800,187)**	**(4,561,643)**

Source: LPI FY2019, FY2020, FY2021 and HY22 Financial Reports

With reference to Table 5.6 above, we note the following:

- As LPI has an approximate 51% interest in the Maricunga Project, the share of losses of joint ventures accounted for using the equity method relates to 51% of the Maricunga Project losses incurred each period;
- The net foreign exchange gains/(loss) relates to changes in the value of LPI's investment in MSB via its Chilean subsidiary due to changes in foreign currency resulting from the Maricunga Project's operational currency being the Chilean Peso;
- The foreign currency translation represents the differences between the reported values of revenues and expenses of foreign operations, and the assets and liabilities of foreign operations, that arise due to the revenues and expenses being converted using an average exchange rate to approximate the rate at the transaction date, and the assets and liabilities being converted using an exchange rate adopted from the reporting date;
- On 15 July 2020, LPI completed the sale of the Strelley tenement located in Western Australia with Carnaby Resources Ltd (ASX ticker: CNB) ('Strelley Sale'). In exchange for this tenement LPI received 1,250,000 shares in CNB at $0.13 per share representing a fair value of $162,500. During FY21, LPI sold these shares for $458,828 which resulted in a gain on disposal of $296,328, being the other income recognised in FY21; and
- On 14 May 2021, LPI entered an agreement with Vertex Lithium Corporation to dispose of its 70% interest in Lithium Power Holdings (Argentina) Pty Ltd and its subsidiary Lithium Power S.A. (Argentina) ('LPH Sale'). Total consideration for the disposal was $1,265,187, comprised of cash payments worth $931,100 and Vertex shares worth $268,298. The transaction wasn't complete until 24 November 2021 (i.e. FY22). This resulted in LPI recording a loss from discontinued operations in FY21 as the sold asset was loss-generating, and a gain in H1FY22 upon receipt of the sale consideration. We note this agreement wasn't in place during FY20 and this line item doesn't appear in the 2020 annual report. The $319,250 loss recognised in FY20 is instead a comparative included in the FY21 report to represent the loss incurred due to this asset in the past.

5.6.2 Statements of Financial Position

Table 5.7 summarises LPI's statements of financial position as at 30 June 2019, 2020 and 2021 and 31 December 2021.

Table 5.7: LPI's Summarised Consolidated Statement of Financial Position

	As at 30-Jun-19 Audited	As at 30-Jun-20 Audited	As at 30-Jun-21 Audited	As at 31-Dec-21 Reviewed
Assets				
Current assets				
Cash and cash equivalents	15,341,488	7,141,558	6,280,656	15,400,912
Receivables	125,239	74,708	16,250	105,152
Income tax refund due	67,783	32	-	-
Other	116,117	175,477	188,424	201,121
Assets of disposal groups classified as held for sale	-	-	316,716	-
Total current assets	**15,650,627**	**7,391,775**	**6,802,046**	**15,707,185**
Non-current assets				
Investments accounted for using the equity method	30,124,002	25,074,882	28,594,937	26,592,162
Property, plant and equipment	147,906	26,440	24,180	136,040
Exploration and evaluation	2,885,805	4,199,446	4,077,209	4,475,281
Total non-current assets	**33,157,713**	**29,300,768**	**32,696,326**	**31,203,483**
Total assets	**48,808,340**	**36,692,543**	**39,498,372**	**46,910,668**
Liabilities				
Trade and other payables	250,374	293,767	322,160	412,291
Employee benefits	58,271	42,238	82,065	86,129
Liabilities directly associated with assets classified as held for sale	-	-	45,119	-
Total liabilities	**308,645**	**336,005**	**449,344**	**498,420**
Net assets	**48,499,695**	**36,356,538**	**39,049,028**	**46,412,248**
Equity				
Issued capital	69,512,965	69,612,965	77,402,542	89,167,042
Reserves	7,202,147	7,964,415	8,977,351	10,423,128
Accumulated losses	(28,061,588)	(41,033,765)	(47,147,839)	(53,177,922)
Equity attributable to the owners of Lithium Power International Limited	**48,653,524**	**36,543,615**	**39,232,054**	**46,412,248**
Non-controlling interest	(153,829)	(187,077)	(183,026)	-
Total equity	**48,499,695**	**36,356,538**	**39,049,028**	**46,412,248**

Source: LPI FY2019, FY2020, FY2021 and HY22 Financial Reports

With reference to Table 5.7 above, we note the following:

- LPI is not currently producing and has no income to offset their expenses. This results in continuous decreases in cash and cash equivalents, offset by share placements. The increase in cash as at 31 December 2021 is due to a share placement where LPI raised $12.4 million from the issuance of 47.7 million new ordinary shares at a price of $0.26. The purpose of the placement was to support the ongoing funding and development of the Maricunga Project and for renewed exploration programs at Greenbushes and other assets in Western Australia;
- Receivables seen in each period primarily relate to GST refunds. The receivables fluctuate dependent on the Company's expenditure and GST refund they receive each quarter;
- Assets of disposal groups classified as held for sale in FY21 relates to the LPH Sale. Although the agreement was entered in FY21, it completed in FY22. Liabilities directly associated with assets classified as held for sale in FY21 also relate to this transaction, representing the trade and other payables associated with the asset;
- Investments accounted for using the equity method relates to the carrying amount of the investment in the Maricunga Project. The closing balance has declined over the preceding years due to LPI's share of losses in the project and losses due to changes in foreign exchange. The value of the investment has been boosted by additional investments made by LPI;
- The reduction in non-controlling interest relates to the 30% of Lithium Power Holdings (Argentina) Pty Ltd that was owned by a third-party, and so was reduced to nil when this interest was disposed;
- Exploration and evaluation costs incurred by LPI are capitalised on the basis that the Company will commence commercial production in the future. In FY20, the company spent $1,313,641 on acquiring tenements in Western Australia and Argentina and conducting their exploration and evaluation activities over the period. This is the reason for the increase in the exploration and evaluation asset from FY19 to FY20. In FY21, exploration and evaluation decreased as the capitalised costs for the year were offset by the Strelley Sale. The increase in FY22 was due to the capitalisation of the $397,867 spent on exploration and evaluation over the period; and
- During FY20, LPI issued 500,000 shares due to the exercise of options at an issue price of $0.20, worth a total of $100,000. In FY21, LPI issued 38,063,636 shares relating to a share issuance and the exercising of options. Net of share issuance transaction costs, this totalled $7,789,577. As mentioned previously, LPI also completed a share placement during FY22 raising $12.4 million.

5.6.3 Statements of Cash Flows

Table 5.8 summarises LPI's Statement of Cash Flows for the 12 month periods ended 30 June 2019, 2020 and 2021 and the 6 months ended 31 December 2021.

Table 5.8: LPI's Summarised Consolidated Statement of Cash Flows

	12 Months Ended 30-Jun-19 Audited	12 Months Ended 30-Jun-20 Audited	12 Months Ended 30-Jun-21 Audited	6 Months Ended 31-Dec-21 Reviewed
Cash flows from operating activities				
Payments to suppliers and employees (inclusive of GST)	(1,510,502)	(2,156,137)	(2,362,166)	(1,281,847)
Interest received	281,748	186,733	40,553	17,231
Interest and other finance costs paid	(40,031)	(22,606)	(20,768)	(9,260)
Income taxes refunded	(357,254)	67,751	11	21
Net cash used in operating activities	**(1,626,039)**	**(1,924,259)**	**(2,342,370)**	**(1,273,855)**
Cash flows from investing activities				
Payments for joint venture capital raised	(5,296,978)	(5,173,466)	(6,524,704)	(2,148,356)
Payments for property, plant and equipment	(147,670)	-	(6,236)	(121,356)
Payments for exploration and evaluation	(952,302)	(1,202,205)	(205,777)	(397,867)
Proceeds from disposal of investments	-	-	458,828	1,235,064
Net cash used in investing activities	**(6,396,950)**	**(6,375,671)**	**(6,277,889)**	**(1,432,515)**
Cash flows from financing activities				
Proceeds from issue of shares	-	100,000	8,340,000	12,400,000
Share issue transaction costs	-	-	(550,423)	(635,500)
Net cash from financing activities	**-**	**100,000**	**7,789,577**	**11,764,500**
Net increase/decrease in cash and cash equivalents	**(8,022,989)**	**(8,199,930)**	**(830,682)**	**9,058,130**
Cash and cash equivalents at the beginning of the financial year	23,364,477	15,341,488	7,141,558	6,310,876
Effects of exchange rate changes on cash and cash equivalents	-	-	-	31,906
Cash and cash equivalents at the end of the financial year	**15,341,488**	**7,141,558**	**6,310,876**	**15,400,912**

Source: LPI FY2019, FY2020, FY2021 and HY22 Financial Reports

With reference to Table 5.8 above, we note the following:

- Payments for joint venture capital raised relates to the additional investment that LPI makes toward the development of the Maricunga Project each year;
- The proceeds from disposal of investments in FY20 and FY21 relates to the Strelley Sale and LPH Sale respectively; and
- The proceeds from issue of shares relates to the funds received from the aforementioned issuance of 500,000 shares in FY20, 38 million shares in FY21 and 47.7 million shares in the 6 months ended 31 December 2021. We note the issued shares in FY20 related to management options and no transaction costs were incurred.

6.0 Industry Overview

LPI operates in the diversified metals and mining industry with a focus on the exploration and evaluation of lithium tenements in Australia and South America.

The information presented in this section has been compiled from a range of publicly available sources, together with information taken from various databases to which we subscribe. BDOCF has not independently verified any of the information and we recommend that users of this Report refer to the original source of any information listed in this section. This section should be referred to as a guide only.

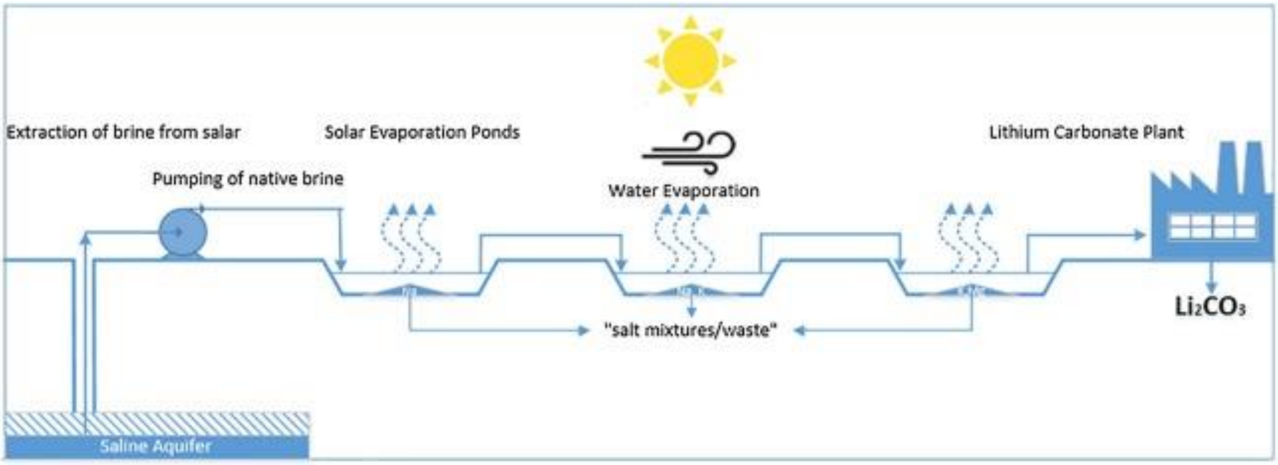
6.1 Lithium

6.1.1 Overview

Lithium is soft, malleable, silvery-white and the lightest of all metals. Under standard conditions, it is the least dense metal and solid element, with a density approximately half that of water. It is most commonly sourced from brine lake deposits and pegmatites (hard rock), although other potential sources include clay and seawater[6]. Brines with the highest concentrations of lithium are located in salars of Chile, Bolivia and Argentina, whereas the largest production mines of hard rock deposits are located in Western Australia's Greenbushes tenements[6]. Lithium brine lake deposits refer to accumulations of saline groundwater that are enriched in dissolved lithium, whereas hard rock refer to coarse-grained intrusive igneous rock formed from crystallized magma below the earth's crust[7].

Lithium does not occur as a metal in nature. If extracted from brines, it is obtained as lithium carbonate which can be used directly or processed further into lithium hydroxide. Extraction from brine is typically done through the lime soda evaporation process, which consists of pumping the brine from the lake to large open-air tanks and then evaporating the salty water over 12-18 month periods[6]. As this process uses solar energy in the evaporation process, it is the most affordable and competitive of all methods. This process is detailed in Figure 6.1 below.

Figure 6.1: Lithium Brine Extraction Process

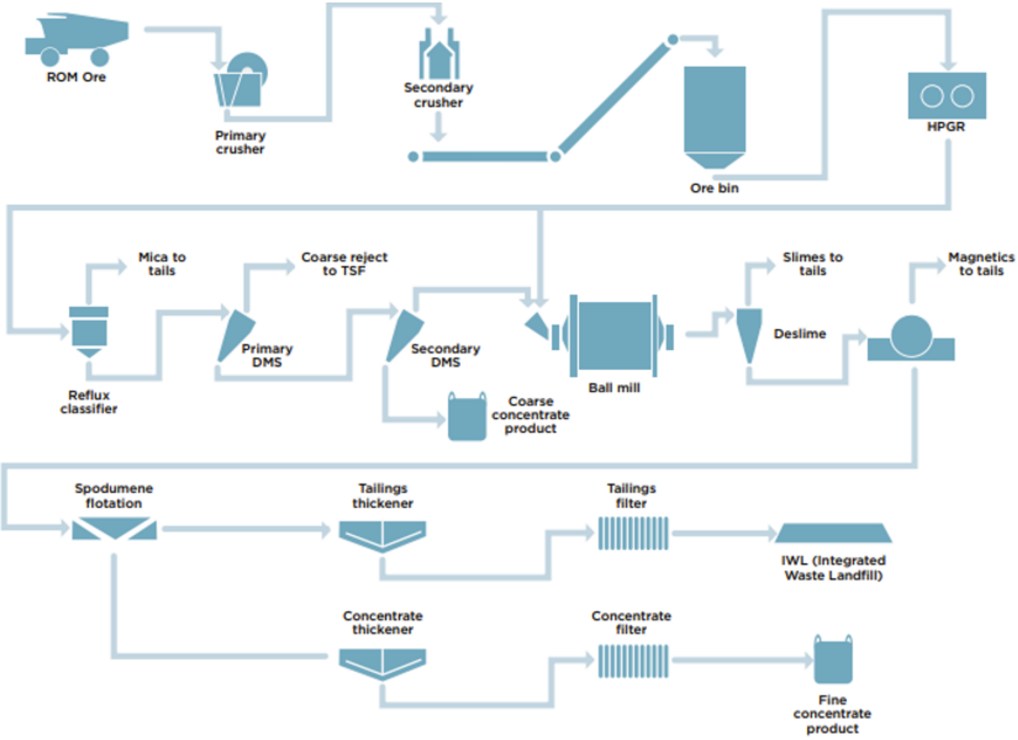


Source: Mineral Engineering, 2019

If lithium is extracted from hard rock, it will usually be obtained as lithium spodumene which can also be processed to lithium carbonate and then to lithium metal. Conversion from spodumene to lithium concentrate is relatively complex, with multiple stages included in the process. This process is detailed in Figure 6.2 below.

[6] *Journal of Minerals, Metals & Materials Society, Lithium: Sources, Production, Uses and Recovery Outlook*
[7] *Science Direct, Advancing Lithium Metal Batteries*

Figure 6.2: Lithium Hard Rock Conversion Process



Source: Kidman Resources, 2019

When comparing the two methods, hard rock extraction tends to be favourable due to the following factors:

- **Flexibility** – lithium from spodumene can be processed into either lithium hydroxide or lithium carbonate. Lithium from brines can initially only be processed into carbonate, and then can be further processed into hydroxide at an additional cost[8];
- **Time** – brines take between 12 to 18 months due to the evaporation process, which is longer compared to spodumene which takes between 3 to 6 months[8]; and
- **Quality** – spodumene tends to produce higher lithium content in comparison to most brine operations[8].

Despite the low supply risk of lithium and the number of possible substitutes for it, lithium is still considered a critical metal due to its economic importance[6]. Lithium is primarily used in rechargeable batteries and therefore a key component of portable electronic devices[7]. It also has a growing demand within the automotive space, as rechargeable lithium-ion batteries are a necessity for Electric Vehicles ('EVs')[7].

6.1.2 Global Supply of Lithium

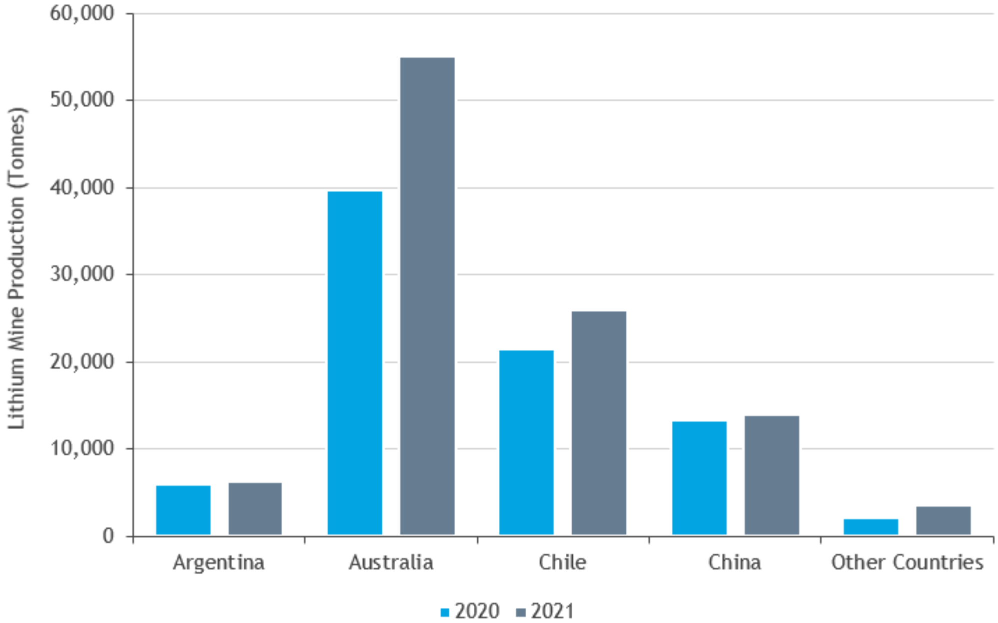
The most common sources of lithium include both brine lake deposits and mineral pegmatites. As of January 2022, eleven operations accounted for the majority of the world's lithium production. These operations consisted of the following:

- Four mineral operations in Australia;
- Two brine operations in Argentina;
- Two brine operations in Chile; and
- Two brine and one mineral operation in China.

Smaller operations in Brazil, Portugal, the United States, and Zimbabwe also contribute to world lithium production[9]. Figure 6.3 below provides a breakdown of lithium production in 2020 and 2021.

[8] *New Age Metals, Lithium Supply – Hard Rock vs. Brine*

Figure 6.3: Global Production of Lithium in 2020 and 2021



Source: U.S. Geological Survey – Mineral Commodity Summaries (January 2022), BDOCF Analysis

Supply increased across all operations from 2020 to 2021. However, this was primarily due to established lithium operations resuming capacity expansion plans after they were postponed in 2020 due to the COVID-19 global pandemic[6].

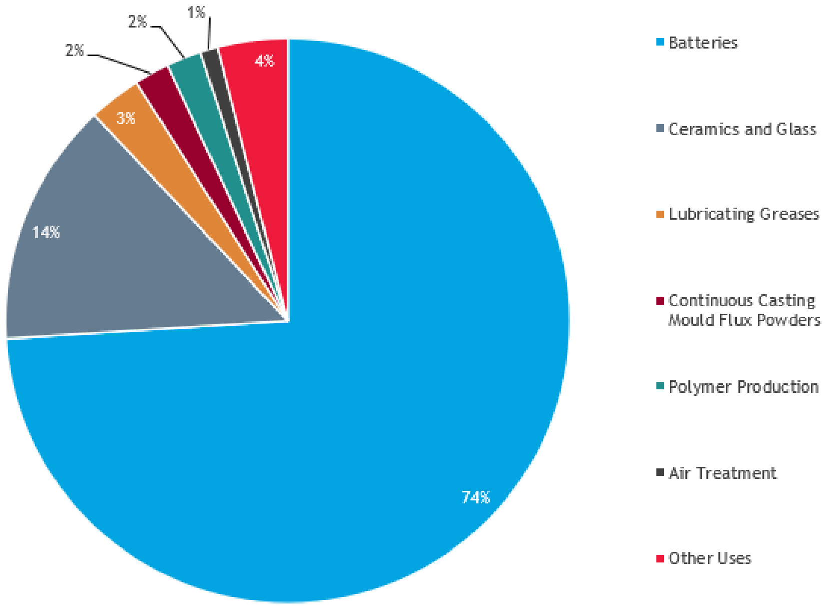
Security of lithium supply has become a top priority in recent times for a number of technology companies. In fact, many strategic alliances and joint ventures have recently been formed between technology and exploration companies to ensure the continued supply of lithium to vehicle manufactures and battery suppliers[6].

6.1.3 Global Demand for Lithium

The global demand for lithium stems primarily from six key sectors: batteries, ceramics and glass, lubricating greases, continuous casting mould flux powders, polymer production and air treatment[9]. With that said, global demand is largely driven by the batteries, and ceramics and glass sectors. Lithium consumption for batteries has been on the rise in recent years due to its use in the extensively growing markets of EVs (which accounts for approximately 80% of lithium-ion battery demand[10]), portable electronic devices, electric tools and grid storage applications[9]. As the EV industry is expected to continue growing, so too is the demand for lithium. The demand is also strong in the ceramics and glass sector as lithium minerals are used directly as ore concentrates in ceramics and glass applications[9]. Figure 6.4 below provides a breakdown of the global end-uses of lithium by market.

[9] *U.S. Geological Survey, Mineral Commodity Summaries 2022*
[10] *Barron's, Demand for EVs Keeps Lithium Prices High*

Figure 6.4: Breakdown of Global End-Uses of Lithium by Market

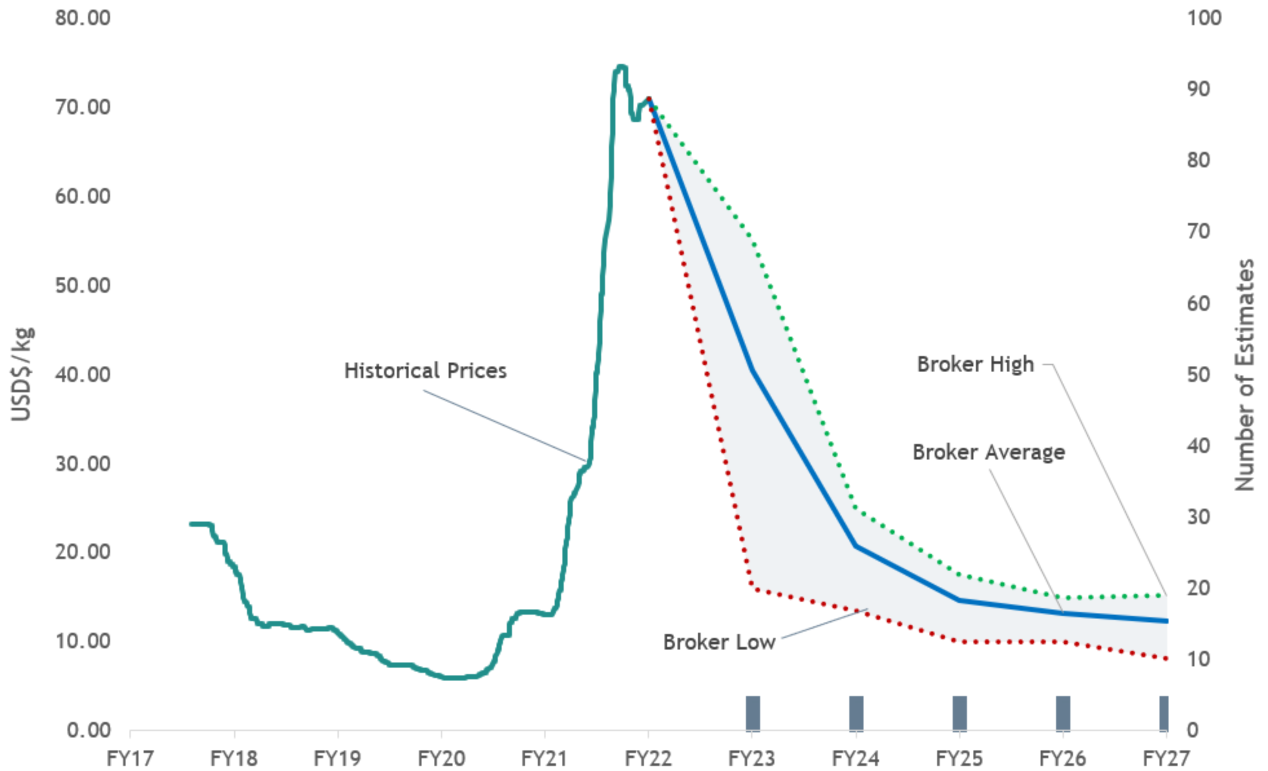


Source: U.S. Geological Survey – Mineral Commodity Summaries (January 2022), BDOCF Analysis

6.1.4 Lithium Prices

Figure 6.5 below shows the historical trading price of lithium carbonate over the period 31 January 2018 to 6 June 2022, as well as the forecasted nominal spot price to 2031.

Figure 6.5: Historical Lithium Carbonate Prices and Consensus Economics Forecast Prices (nominal)



Source: Bloomberg – Lithium Carbonate, Consensus Economics June 2022 (Survey Date: 20 June 2022), BDOCF Analysis

1 The estimates are provided by 4 different parties including Morgan Stanley, UBS, Credit Suisse and Liberum Capital

With reference to Figure 6.5 above, we note the following:

- Over the period of historic prices displayed, the price of lithium increases significantly. Macquarie Research's *'Lithium and Rare Earths Market Outlook'* in June 2022 notes that spot lithium carbonate prices in China maintained an upward trend and reached a record high in early 2022, reflecting the market deficit in upstream raw materials and strong downstream EV demand. The report also notes lithium production has continued expanding in 2022 given the buoyant lithium pricing, with additional/expansion plans announced by incumbent producers and developers; and
- The Consensus Economics forecast indicates the price will steadily decrease over the FY23 to FY27 period, returning to prices similar to FY18 to FY20 (prior to the price spike). Goldman Sachs' commodity research report *'Battery Metals Watch: The end of the beginning'* in May 2022 is of the view that the battery metals market has peaked, noting that fundamental mispricing has generated an outsized supply response ahead of demand and will lead to a sharp correction in lithium prices. They expect lithium supply to more than double against a 73% increase in demand between now and the middle of the decade, which has been catalysed by strong capital expenditure flows into projects.

6.1.5 Lithium Outlook

EV's have seen substantial sales growth over the past few years, which has contributed to the increase in lithium prices as supply hasn't been able to keep up with demand[Error! Bookmark not defined.]. In 2021, the EV industry produced approximately 6.75 million automobiles around the world[11]. EV production is expected to continue increasing, with estimates indicating that EV production will reach 12.76 million automobiles a year by 2026, over half of which is expected to be produced in China[11]. This comes from a combination of current EV companies producing more cars and traditional motor vehicle companies beginning to switch to EV. A number of manufactures, such as Audi, Mini and Mercedes-Benz have announced that from 2026 onwards they will be manufacturing only battery operated vehicles, and other major brands plan to follow suit[12]. This transition will cause the demand for lithium to continue to rise. The International Energy Agency estimates that the growth in the EV industry could see lithium demand increase by over 40 times by 2030[13].

The current excess demand is attracting large scale investment into the lithium market with lithium companies expanding exploration programs and developing their lithium assets. A recent example is China's Zhejiang Huayou Cobalt Co which, through their subsidiary Huayou International Mining (Hong Kong) Limited, acquired a 100% interest in the company Prospect Lithium Zimbabwe (Pvt) Ltd, the owners of the Arcadia Lithium Project in Zimbabwe[14] for US$422 million[14].

[11] *Global Data*
[12] *ABC News, which car brands are going all electric and when?*
[13] *The International Energy Agency*
[14] *Capital IQ*

7.0 Valuation Methodology and Approach

7.1 Common Valuation Methodologies

A 'fair market value' is often defined as the price that reflects a sales price negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, with both parties at arm's length. The valuation work set out in this Report assumes this relationship.

RG 111 outlines a number of methodologies that a valuer should consider when valuing securities or assets for the purposes of, among other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. The valuation methodologies we have considered in this Report include the discounted cash flow ('DCF'), capitalisation of maintainable earnings ('CME'), asset-based valuation ('ABV') and market-based valuation ('MBV') methodologies.

RG 111 does not prescribe which methodology should be used by the expert, but rather notes that the decision lies with the expert based on the expert's skill and judgement and after considering the unique circumstances of the securities or assets being valued.

7.1.1 Discounted Cash Flows

The DCF approach calculates the value of an entity by adding all of its future net cash flows discounted to their present value at an appropriate discount rate. The discount rate is usually calculated to represent the rate of return that investors might expect from their capital contribution, given the riskiness of the future cash flows and the cost of financing using debt instruments.

In addition to the periodic cash flows, a terminal value is included in the cash flow to represent the value of the entity at the end of the cash flow period. This amount is also discounted to its present value. The DCF approach is usually appropriate when:

- An entity does not have consistent historical earnings but is identified as being of value because of its capacity to generate future earnings; and
- Future cash flow forecasts can be made with a reasonable degree of certainty over a sufficiently long period of time.

Any surplus assets, along with other necessary valuation adjustments, are added to the DCF calculation to calculate the total entity value.

7.1.2 Capitalisation of Maintainable Earnings

The CME approach involves identifying a maintainable earnings stream for an entity and multiplying this earnings stream by an appropriate capitalisation multiple. Any surplus assets, along with other necessary valuation adjustments, are added to the CME calculation to calculate the total entity value.

The maintainable earnings estimate may require normalisation adjustments for non-commercial, abnormal or extraordinary events.

The capitalisation multiple typically reflects issues such as business outlook, investor expectations, prevailing interest rates, quality of management, business risk and any forecast growth not already included in the maintainable earnings calculation. While this approach also relies to some degree on the availability of market data, the multiple is an alternative way of stating the expected return on an asset.

The CME approach is generally most appropriate where an entity has historical earnings and/or a defined forecast or budget. Further, a CME is usually considered appropriate when relevant comparable information is available.

7.1.3 Asset Based Valuation

An ABV is used to estimate the fair market value of an entity based on the book value of its identifiable net assets. The ABV approach using a statement of financial position alone may ignore the possibility that an entity's value could exceed the book value of its net assets. However, when used in conjunction with other methods which determine the value of an entity to be greater than the book value of its net assets, it is also possible to arrive at a reliable estimate of the value of intangible assets including goodwill.

Alternatively, adjustments can be made to the book value recorded in the statement of financial position in circumstances where a valuation methodology exists to readily value the identifiable net assets separately and book value is not reflective of the true underlying value. Examples of circumstances where this type of adjustment may be appropriate include when valuing certain types of identifiable intangible assets and/or property, plant and equipment.

The ABV approach is most appropriate where the assets of an entity can be identified and it is possible, with a reasonable degree of accuracy, to determine the fair value of those identifiable assets.

7.1.4 Market Based Valuation

An MBV methodology determines a value for an entity by having regard to the value at which securities in the entity have recently been purchased. This approach is particularly relevant to:

- Entities whose shares are traded on an exchange. The range of share prices observed may constitute the market value of the shares where a sufficient volume of shares is traded and the shares are traded over a sufficiently long period of time; and/or
- Entities for which it is possible to observe recent transactions relating to the transfer of relatively large parcels of shares (e.g. recent capital raisings).

For listed entities, the range of share prices observed may constitute the market value of the shares in circumstances where sufficient volumes of shares are traded and the shares are traded over a sufficiently long period of time. Share market prices usually reflect the prices paid for parcels of shares not offering control to the purchaser.

7.1.5 Industry Based Metrics (Comparable Analysis)

It is often appropriate to have regard to industry specific valuation metrics in addition to the traditional valuation approaches outlined above. These metrics are particularly relevant in circumstances where it is reasonably common for market participants to have regard to alternative measures of value.

For resource companies, it is common for market analysts to have regard to multiples related to resources and tenement size.

7.2 Valuation Approach Adopted

7.2.1 Sum-of-parts

In our view it is appropriate to adopt a sum-of-parts valuation approach for LPI.

The sum-of-parts approach involves separately valuing each asset and liability of a company. We have considered each of the valuation methodologies outlined in Section 7.1 above and determined, in our view, the most appropriate methodologies for calculating the value of each of LPI's parts. The valuation methodologies utilised in our sum-of-parts valuation are broadly summarised in Table 7.1 below.

Table 7.1: Summary of Valuation Methodologies Utilised in Sum-of-Parts Valuation

Category	Description
Interest in MSB	A detailed forecast life of mine model ('LOM' or the 'Financial Model') is available for the Maricunga Project, which we have used in undertaking our valuation. To assist in our DCF analysis and consistent with the requirements of the VALMIN Code, the technical, production and cost assumptions adopted in the LOM models have been reviewed by BDA (refer Section 7.3 below). Other inputs, including commodity prices, foreign exchange rates, and discount rates were sourced by BDO.
Resources outside the LOM	BDA considers that there is good potential for the mine life to be defined beyond what is included in the LOM. BDA considers the most appropriate way to value the additional resources outside of the LOM is through an extension of the DCF analysis for a further 20 years.
Exploration assets	Exploration and prospecting tenements at the earlier stages of development are typically valued by a specialist technical valuer. We have adopted BDA's technical valuations for the Western Australian exploration and prospecting tenements held by LPI.
Other assets / liabilities	We have adopted an ABV valuation methodology for the other identifiable assets and liabilities of LPI and MSB.

Source: BDOCF Analysis

7.2.2 MBV Approach

In completing our MBV methodology, we have considered that LPI's shares are listed on the ASX and that it is possible to observe the market price of trades in LPI shares. We note that LPI shares display a high level of liquidity and it is our view that the MBV represents an appropriate methodology.

It must be acknowledged, particularly given the recent elevated volatility in equity markets and commodity prices, that many other factors, aside from the Proposed Transaction and the Bearing Transaction, will impact the trading prices of LPI shares at any given point in time.

7.2.3 Approach to Bearing Transaction

As set out in Section 4.1.1 of this Report, while the Directors expect both the Proposed Transaction and the Bearing Transaction to complete, it is possible that the Proposed Transaction completes while the Bearing Transaction does not. Noting the expectation that both transactions complete, for the purpose of the analysis set out in this Report, we have assumed that LPI acquires the remaining 48.45% from MSB SpA and Bearing to take its interest in the Maricunga Project to 100%.

In circumstances that the Bearing Transaction does not complete, we consider that the value of LPI's proportionate interest in the Maricunga Project would have some discount applied to allow for the additional risk associated with working with a JV partner (refer to Section 2.3.4 for additional discussion). In our view, this discount would be less than the discount applied to LPI's current proportionate interest in the Maricunga Project as, following completion of the Proposed Transaction, LPI's proportionate interest will exceed the 75% threshold required for many decisions associated with the Maricunga Project.

To provide additional information to shareholders, we have set out in Section 9.4 additional analysis showing how the value per share may change in circumstances that the Bearing Transaction does not complete. Having regard to our analysis, we do not consider that the overall opinion expressed in this Report would change materially in circumstances that the Bearing Transaction does not complete.

7.3 Overview of BDA's Technical Expert Report

In completing our work, we have had regard to the BDA's Independent Technical Specialist Report ('ITSR') dated 9 August 2022 which, broadly, sets out:

- BDA's view on technical inputs adopted in the Financial Model; and
- BDA's view of an appropriate technical value for LPI's portfolio of Western Australian exploration and prospecting tenements.

BDA General Manager, Mr Mark Faul, has supervised BDA's technical review of the Maricunga Project and the valuation of LPI's Western Australian exploration and prospecting tenements. Mr Faul was assisted in completing the ITSR by various BDA team members. Based on our enquiries and the information provided to us, we regard BDA and the authors of the ITSR Report to be Specialists as referred to in Regulatory Guide 112: *Independence of Experts* ('RG 112').

Regarding the ITSR, we note BDA has prepared the Report in accordance with:

- Australian industry standards;
- The JORC Code;
- Guidelines of National Instrument 43-101 specific to brine resources;
- The Valmin Code; and
- ASIC guidelines (including RG 111 – *Content of expert reports*, and ASIC RG 112 – *Independence of experts)*.

BDA is independent with respect to LPI and confirms that there is no conflict of interest with any party involved in the Proposed Transaction and neither BDA nor any of its personnel involved in the preparation of the BDA Report have any material interest in LPI.

Neither BDA nor the authors of the BDA Report have (or have had previously) any material interest in LPI or the properties in which LPI has an interest. No member or employee of BDA has (or has had) any material shareholding in LPI.

The statements and opinions contained in the BDA Report are given in good faith and in the belief that they are not false or misleading.

Based on our enquiries and the information provided to us, we regard BDA to be an independent specialist and in our view, it is appropriate for us to consider the work of BDA in completing this valuation work. BDA understands the purpose of the valuation work set out in this Report.

We confirm that we have been provided with express written consent by BDA to refer to and rely on BDA's ITSR for the purposes of our valuation work in this Report. We have made reasonable enquiries of BDA and are satisfied that the work and valuations in the BDA Report are suitable for use in this Report. Notwithstanding this, we do not take responsibility for the work of BDA.

Any references to BDA's work set out in this Report are in a summary form only and does not substitute for a complete reading of the BDA Report. Our summary does not include all of the information that may be of interest to Non-Associated Shareholders. The BDA Report is attached to this Report as Appendix B. We recommend that Non-Associated Shareholders read the BDA ITSR in full and in conjunction to this Report and related documents.

8.0 Valuation of LPI Prior to the Proposed Transaction

8.1 Value Adopted Per LPI Share Prior to the Proposed Transaction

8.1.1 Overview

For the reasons set out in Section 7.2 above, we consider it appropriate to calculate the value of an LPI share by considering a sum-of-parts approach and an MBV.

8.1.2 Sum-of-Parts Valuation of LPI

Our sum-of-parts valuation of LPI prior to the Proposed Transaction is set out in Table 8.1 below.

Table 8.1: Sum-of-Parts Valuation of an LPI Ordinary Share

	Section Reference	Low ($'000)	High ($'000)
Interest in the MSB[1]	8.2	41,184	337,368
Exploration and prospecting tenements	8.3	2,094	4,680
Surplus assets and liabilities of LPI	8.4	32,744	32,744
Sum-of-Parts equity value of LPI attributable to all security holders		**76,023**	**374,793**
Value of share appreciation rights on issue[2]	5.4.2	838	11,465
Sum-of-Parts equity value of LPI attributable to shareholders		**75,185**	**363,328**
Number of LPI shares on issue	5.4.1	391,201,126	391,201,126
Value per LPI ordinary share ($/share) - controlling interest		**0.19**	**0.93**
Minority discount (%)[3]	8.5	23.1	16.7
Value per LPI ordinary share ($/share) - minority interest		**0.15**	**0.77**

Source: *BDOCF analysis*

1 These values represent LPI's 51.55% proportionate interest.

2 In addition to the ordinary shares on issue, we have allowed for 12.5 million share appreciation rights on issue with an expiration date of 30 June 2023 and 6 million share appreciation rights on issue with an expiration date of 16 September 2025 (refer Table 5.2). All share appreciation rights on issue have a strike price of $0.40 (see Section 5.4.2). We have adopted a Black Scholes option pricing model to calculate the value of the outstanding share appreciation rights. We have adopted a risk free rate of 2.73%, volatility of 90%, dividend yield of 0%, and a time to maturity of one year and three years respectively. The share price was calculated using an iterative process.

3 Adjustment to remove control premium calculated as 1/(1+0.3), with the 0.3 input referring to the 30% control premium and 1/(1+0.2), with the 0.2 input referring to the 20% control premium set out in Section 8.5.

Table 8.1 sets out our value of LPI's ordinary shares within the range of $0.19 to $0.93 per share on a controlling interest basis. For the reasons set out in Section 2.3.4, we have also set out a value on a minority interest basis in Table 8.1.

8.1.3 Market Based Valuation of LPI

Having regard to the information set out in Section 8.6, in our view it is appropriate to adopt a value of $0.38 to $0.70 per LPI ordinary share on a minority interest basis for our market based valuation.

Having regard to our control premium discussion set out in Section 8.5, the application of a control premium of 20% to 30% to this valuation range would result in a value of $0.49 to $0.84.

8.1.4 Conclusion on the Value Per LPI Share Prior to the Proposed Transaction

In our view, for the purpose of our assessment of the Proposed Transaction, it is appropriate to adopt a value of $0.50 to $0.84 per LPI ordinary share. In relation to our valuation range we note:

- it is broadly inline with our MBV;
- it represents a tightening of the SOP valuation range of $0.19 to $0.93, toward the upper half of the SOP valuation range;
- one of the reasons driving the difference between the MBV and SOP may be the market has a more optimistic view on future commodity prices relative to the prices adopted in the low end of our SOP valuation; and
- The SOP valuation has adopted BDA's view on the valuation methodology for the additional resources not included in the LOM (i.e. extending the mine life by a further 20 years from the end of Stage One production). BDA acknowledges there is an option to bring production forward if the necessary approvals are attained, albeit this option is not sufficiently certain to use as the basis of the valuation work set out in our report. The market may have a more optimistic view of the production profile that MSB is ultimately able to achieve.

For completeness we note that LPI is a company focused on progressing the Maricunga Project and other exploration assets. In our view, the value of such companies may increase or decrease materially over short time periods depending on the ability to meet certain milestones, among other matters. The fluctuations in value are further exacerbated at the current time because of the market volatility and economic uncertainty caused by factors associated with COVID-19.

8.2 Value adopted for LPI's Interest in MSB

Table 8.2 below sets out a summary of the valuation of LPI's interest in MSB. In relation to Table 8.2 we note:

- In Section 10.1 we have calculated the value of MSB on a 100% ownership basis while LPI's current interest is 51.55%. We have applied a 48.45% discount to account for the interest not held in MSB by LPI; and
- LPI's current 51.55% interest is not large enough to cause certain corporate actions (e.g. as set out in Table 4.3, all matters submitted to a vote of any meetings of the JV Partners shall require the affirmative vote of at least 75% of the shares having the right to vote on the matter). LPI's interest does however entitle LPI to appoint three of the six directors and block any corporate action that requires a vote of 50% or more. In our view, LPI's interest in MSB falls between a control value and a pure minority value and it appropriate to apply a discount to allow for this. While there are limited empirical studies available to quantify the magnitude of this discount, we consider it appropriate to apply a discount in the range of 10% to 15% (approximately 50% of the control premium range referred to in Section 8.5) for the purpose of the analysis set out in this Report and have applied a discount equal to the midpoint of this range of 12.5%.

Table 8.2: Values Adopted for LPI's Interest in the Maricunga Project

	Low ($'000)	High ($'000)
Value of MSB (100% basis)	**91,304**	**747,942**
Less: Adjustment for 48.45% interest held by the other parties in the JV	44,237	362,378
Less: 12.5% discount for shared control of MSB with MSB SpA and Bearing	5,883	48,195
Adopted Value of LPI's interest in the MSB	**41,184**	**337,368**

Source: The Financial Model, BDO analysis

8.3 Value of LPI's Western Australian Exploration and Prospecting Tenements

BDA has valued LPI's Western Australian lithium (and associated elements) exploration assets on the basis that all areas are still at the early exploration stage and no resources have been defined. BDA is of the view that although each of the tenements warrant further investigation, the work to date has not produced any outstanding lithium or associated element results. A summary of BDA's overall assessed value for LPI's Western Australian exploration assets is shown in Table 8.3 below.

Table 8.3: Values Adopted for LPI's Western Australian Exploration and Prospecting Tenements

Project	Preferred Valuation ($'000)
Greenbushes Region	
Nannup & Wilga	240
Balingup, Bridgetown & Donnybrook	193
Eastern Goldfields Projects	
White Foil South and Yerilla	75
East Pilbara Region	
Pilgangoora Project	680
Tabba Tabba Project	1,070
Strelley Project (Lithium Potential only)	360
Total	**2,618**

Source: ITSR, BDO Analysis

BDA have also considered applying the Multiple of Past Expenditure method ('PEM') to all Western Australian exploration tenements, which implied a valuation range of $4.41 million to $4.95 million (Preferred PEM value of $4.68 million).

BDA assesses the value of LPI's Western Australian exploration tenements at around $2.62 million, with a low range value of $2.09 million (based on -20% of the preferred value) and a high range value of $4.68 million (based on the value assessed for all WA tenements using the Preferred PEM estimate). For further information on BDA's assessment of LPI's exploration tenements, refer to BDA's ITSR in Appendix B.

8.4 Consideration of LPI's Other Assets and Liabilities

The net value we have adopted for the other assets and liabilities held by LPI is summarised in Table 8.4. In order to determine an appropriate value for LPI's other assets and liabilities, we have relied upon the values set out in the Company's unaudited management accounts as at June 2022 and have made enquiries of Management in relation to any material adjustments required to be made to reflect the fair market value of these assets and liabilities for the purposes of this Report.

Table 8.4: LPI's Other Assets and Liabilities, Pre-Transaction

LPI's Other Assets and Liabilities	($'000)
Cash and cash equivalents	29,808
Accounts receivable - MSB capital calls	2,937
Total	**32,744**

Source: Management Accounts, LPI ASX Announcements

In relation to Table 8.4 above, we note:

- **Cash and cash equivalents:** We have included the cash position as at 30 June 2022 plus the $23.4 million received from the capital raise on 9 September 2022 ($25 million net of costs); and
- **Accounts receivable (MSB capital calls):** As part of the terms agreed by the JV, LPI have met all capital calls made by MSB on behalf of all JV Partners from 1 January 2022. We have included the value of capital calls that LPI has made on behalf of other JV Partners from 1 January 2022 to 30 June 2022. We note that in the event the Proposed Transaction and/or the Bearing Transaction do not complete, the counterparty to the incomplete transaction will be liable for their pro-rata capital calls that LPI has made on their behalf.

All the other assets and liabilities on LPI's balance sheet excluded from Table 8.4, have either been accounted for in other components of the SOP valuation or are considered immaterial.

We have also been informed by Management that there are no other material assets, liabilities, contingent liabilities, off-balance sheet assets and liabilities, or unrecognised liabilities as at the date of this Report that have not been included in the above calculations.

8.5 Minority Discount to Apply to Sum-of-Parts Valuation

In considering a comparison of the MBV and sum-of-parts approach, in our view it is not unusual to expect the MBV value range to be at a discount to the sum-of-parts valuation range. The reason for this is that share prices from market trading typically do not reflect the market value for control of a company while the sum-of-parts valuation is on a controlling interest basis.

A controlling interest in a company is generally regarded as being more valuable than that of a minority interest as it may provide the owner with:

- Control over the operating and financial decisions of the company;
- The right to set the strategic direction of the company;
- Control over the buying, selling and use of the company's assets; and
- Control over the appointment of staff and setting of financial policies.

The increase in value for a controlling interest is often observed where an acquirer launches a takeover bid, or some other mechanism for control, for another company. Generally, control premiums may be impacted by a range of factors including the following:

- Specific acquirer premium and/or special value that may be applicable to the acquirer;
- Level of ownership in the target company already held by the acquirer;
- Market speculation about any impending transactions involving the target and/or the sector that the target belongs to;
- The presence of competing bids; and
- General market sentiment and economic factors.

To form our view of an appropriate control premium applicable to LPI for the purposes of this Report, we have considered information which includes:

- Recent independent expert's reports which apply control premiums in the range of 20% to 40%;
- Various industry and academic research, which suggests that control premiums are typically within the range of 20% to 40%;

- Our own research on control premiums implied by the trading data of ASX listed companies within the mining industry that have been subject to control transactions (we have defined a controlling interest to be an interest where the acquirer has acquired a shareholding of greater than 50% in the target company). The average and median control premium found in our research are approximately within the range of 20% and 40%, based on one-day, one-week, and one-month prior trading prices;
- Various valuation textbooks; and
- Industry practice.

Having regard to the above, and issues specific to LPI, including the nature of its interest in MSB, in our view, it is appropriate to consider control premiums within the range of 20% to 30% for the purposes of assessing the Proposed Transaction within the context of this Report.

To adjust our sum-of-parts control value to a minority interest value, we have applied a discount having regard to the inverse of this range of 16.7% to 23.1%. Specifically, we have applied the 23.1% discount to the low end of our valuation range and the 16.7% discount at the high end of our valuation range.

8.6 Market Based Valuation of LPI

8.6.1 Analysis of LPI's Share Trading Data

LPI's ordinary shares are listed on the ASX and trade under the ticker 'LPI'. Information relating to the recent share trading data of LPI's ordinary shares along with an analysis of recent announcements made by LPI to the ASX are set out in Section 5.5 of this Report. We consider that LPI has sufficient liquidity to adopt an MBV approach in this Report.

For the purposes of our MBV, we have assessed the VWAP of LPI shares over 1 week, 1 month, 3 months, 6 months, 9 months and 12 months up to 21 June 2022, being the last date LPI traded prior to announcing the Proposed Transaction. This information is set out in Table 8.5 below.

Table 8.5: LPI's Low, High and VWAP for Specified Periods Up to 21 June 2022

Period Up to 21 June 2022	Low ($)	High ($)	VWAP ($)
1 Week	$0.3688	$0.4045	$0.3796
1 Month	$0.3688	$0.6072	$0.4643
3 Months	$0.3688	$0.9638	$0.6499
6 Months	$0.3688	$0.9638	$0.6477
9 Months	$0.2668	$0.9638	$0.5907
12 Months	$0.1796	$0.9638	$0.5505

Source: Capital IQ as at 24 June 2022

Information on the liquidity of LPI shares is set out in Section 5.5.2 of this Report. We consider that LPI has sufficient liquidity to adopt an MBV approach in this Report.

8.6.2 Conclusion on MBV

Having regard to the information set out above, in our view it is appropriate to adopt a value of $0.38 to $0.70 per LPI ordinary share on a minority interest basis for our market-based valuation. The low end of our range reflects share price weakness in the week leading up to the announcement of the Proposed Transaction while the higher end of the range adopted makes an allowance for the stronger share price from January 2022 to April 2022.

Having regard to our control premium discussion set out in Section 8.5 above, the application of a control premium of 20% to 30% to this valuation range would result in a value of $0.49 to $0.84.

9.0 Valuation of LPI following the Proposed Transaction

9.1 Overview

For the reasons set out in Section 7.2 above, we consider it appropriate to calculate the value of a share in LPI by considering a sum-of-parts approach and an MBV.

9.2 Implied Value of MSB on a 100% Controlling Interest Basis

To calculate the implied value MSB on a 100% controlling interest basis we have:

- Adopted the implied equity value attributable to LPI's shareholders prior to the Proposed Transaction as the starting point;
- Added the value of the share appreciation rights on issue to calculate the implied equity value attributable to all shareholders;
- Subtracted the value of LPI's other assets and liabilities, with the residual attributed to LPI's interest in MSB prior to the Proposed Transaction on a controlling interest basis; and
- Adjusted the implied value of MSB to reflect the decrease in the shared control discount from 12.5% to 0% and LPI's increased holdings from 51.55% to 100%.

Our calculation of the implied value of MSB on a 100% controlling interest basis is set out in Table 9.1 below.

Table 9.1: Implied Value of MSB on a 100% Controlling Interest Basis

	Reference	Low ($000's)	High ($000's)
Share price prior to the Proposed Transaction	**8.1.4**	**0.50**	**0.84**
Shares outstanding prior to the Proposed Transaction (# shares)	5.4.1	391,201,126	391,201,126
Implied equity value attributable to Shareholders prior to the Proposed Transaction on a controlling interest basis		**195,601**	**328,609**
Plus: Value of share appreciation rights on issue[1]	5.4.2	4,579	9,968
Implied equity value attributable to all security holders prior to the Proposed Transaction on a controlling interest basis		**200,180**	**338,577**
Less: LPI's surplus assets and liabilities prior to the Proposed Transaction	8.4	32,744	32,744
Less: Exploration and prospecting tenements	8.3	2,094	4,680
Implied value of LPI's Interest in MSB prior to the Proposed Transaction		**165,341**	**301,152**
Plus: Adjustment to decrease the 12.5% discount for shared control of the Maricunga Project to 0%	8.2	23,620	43,022
Plus: Adjustment to reflect LPI's increased holdings in MSB to 100% from 51.55%	8.2	177,598	323,477
Implied value of MSB (100% basis)		**366,559**	**667,651**

Source: BDOCF analysis

1 In addition to the ordinary shares on issue, we have allowed for 12.5 million share appreciation rights on issue with an expiration date of 30 June 2023 and 6 million share appreciation rights on issue with an expiration date of 16 September 2025 (refer Table 5.2). All share appreciation rights on issue have a strike price of $0.40 (see Section 5.4.2). We have adopted a Black Scholes option pricing model to calculate the value of the outstanding share appreciation rights. We have adopted a risk free rate of 2.73%, volatility of 90%, dividend yield of 0%, and a time to maturity of one year and three years respectively. The share price was $0.50 in the low scenario and $0.84 in the high scenario.

Table 9.1 sets out the implied value of MSB on a 100% controlling interest basis within the range of $367 million to $668 million.

9.3 Sum-of-Parts Valuation of LPI following the Proposed Transaction and the Bearing Transaction

To calculate the value of an ordinary share in LPI following the Proposed Transaction on a minority interest basis we have:

- Adopted the implied value of MSB on a 100% controlling interest basis (refer to Table 9.1);
- Added the value of LPI's exploration and prospecting tenements, and LPI's other assets and liabilities to calculate the SOP equity value of LPI attributable to all security holders following the Proposed Transaction. For LPI's surplus assets and liabilities we have included cash and cash equivalents (A$29.8 million) and the cash received from exercising all of Bearing's options and warrants (A$6 million)[15]. For completeness, we note that in the circumstance

[15] C$5.3 million has been converted to AUD at an exchange rate of 1.13 AUD/CAD

that both the Proposed Transaction and the Bearing Transaction completes, the amount LPI has contributed for the capital calls of other JV partners will no longer be receivable;

- Subtracted the value of the share appreciation rights on issue to calculate the SOP equity value attributable to all shareholders;
- Increased the number of shares on issue by 256 million shares to 647 million to reflect the scrip consideration under the Proposed Transaction and the Bearing Transaction (assuming all Bearing options are exercised prior to completion of the Bearing Transaction);
- Calculated the equity value per share on a controlling interest basis by dividing the equity value attributable to ordinary shareholders by the number of shares outstanding post the Proposed Transaction; and
- Calculated the equity value per share on a minority interest basis by applying a minority interest discount of 16.7% to 23.1% (equivalent to the inverse of our assumed control premium of 20% to 30%). Our assumed control premium range is based on the results of our research and analysis into control premiums in Australia (refer to Section 8.5).

Our valuation of LPI following the Proposed Transaction is set out in Table 9.2 below.

Table 9.2: Sum-of-Parts Valuation of a Share in LPI following the Proposed Transaction

	Reference	Low ($000's)	High ($000's)
Exploration and prospecting tenements	8.3	2,094	4,680
Surplus assets and liabilities of LPI		35,797	35,797
Value of MSB (100% controlling basis)	9.2	366,559	667,651
Sum-of-Parts equity value of LPI attributable to all security holders		**404,450**	**708,127**
Less: Value of share appreciation rights on issue[1]	5.4.2	6,308	13,921
Implied equity value attributable to Shareholders after the Proposed Transaction on a controlling interest basis		**398,142**	**694,206**
Shares outstanding prior to the Proposed Transaction (# shares)	5.5	391,201,126	391,201,126
New shares issued as part of the Proposed Transaction (# shares)		256,101,275	256,101,275
Total shares outstanding after the Proposed Transaction (# shares)		**647,302,401**	**647,302,401**
Equity value per share attributable to Shareholders after the Proposed Transaction on a controlling interest basis		**0.62**	**1.07**
Minority interest discount (%)[2]	8.5	23.1	16.7
Equity value per share on a minority interest basis after the Proposed Transaction ($ per share)		**0.47**	**0.89**

Source: BDOCF analysis

1 In addition to the ordinary shares on issue, we have allowed for 12.5 million share appreciation rights on issue with an expiration date of 30 June 2023 and 6 million share appreciation rights on issue with an expiration date of 16 September 2025 (refer Table 5.2). All share appreciation rights on issue have a strike price of $0.40 (see Section 5.4.2). We have adopted a Black Scholes option pricing model to calculate the value of the outstanding share appreciation rights. We have adopted a risk free rate of 2.73%, volatility of 90%, dividend yield of 0%, and a time to maturity of one year and three years respectively. The share price was calculated using an iterative process.

2 Adjustment to remove control premium calculated as 1/(1+0.3), with the 0.3 input referring to the 30% control premium adopted and 1/(1+0.2), with the 0.2 input referring to the 20% control premium adopted, as outlined in Section 8.5.

Table 9.2 sets out our SOP value of LPI's ordinary shares within the range of $0.47 to $0.89 per share on a minority interest basis.

9.4 Sum-of-Parts Valuation of LPI following the Proposed Transaction if the Bearing Transaction Does Not Complete

In the scenario the Bearing Transaction does not complete, 162 million shares will be issued under the Proposed Transaction in exchange for gaining a further 31.31% of MSB, with the remaining interest in MSB retained by Bearing.

9.4.1 Implied Value of LPI's interest in MSB if the Bearing Transaction Does Not Complete

To calculate the implied value of LPI's interest in MSB if the Bearing Transaction does not complete we have:

- Adopted the implied value of LPI's interest in MSB prior to the Proposed Transaction (refer to Table 9.1); and
- Decreased the discount of shared control of MSB from 12.5% to 5%, following LPI's increased interest to 82.86% in the project. In forming our view to lower the discount of shared control range, we note that LPI will hold an interest over the 75% threshold referred to, enabling them to unilaterally make a number of decisions. However, we note the existing JVA will remain in place and may still restrict LPI's ability to act unilaterally in certain circumstances which may make it more challenging to source financing and commence development of the

Maricunga Project. For the purposes of the analysis set out in this Report, we consider it appropriate to allow a discount for lack of 100% control.

Our calculation of the implied value of MSB on a 100% controlling interest basis is set out in Table 9.3 below.

Table 9.3: Implied Value of LPI's Interest in MSB if the Bearing Transaction Does Not Complete

	Reference	Low ($000's)	High ($000's)
Implied value of LPI's Interest in MSB	**9.2**	**165,341**	**301,152**
Plus: Adjustment to decrease the 12.5% discount for shared control of the Maricunga Project to 5%	8.2	14,172	25,813
Plus: Adjustment to reflect LPI's increased holdings in MSB to 82.86% from 51.55%	8.2	109,031	198,589
Implied value of LPI's interest in MSB if the Bearing Transaction does not complete		**288,544**	**525,555**

Source: BDOCF analysis

Table 9.3 sets out the implied value of LPI's interest in MSB if the Bearing Transaction does not complete within the range of $289 million to $526 million.

9.4.2 Sum-of-Parts Valuation of LPI if the Bearing Transaction Does Not Complete

To calculate the value of an ordinary share in LPI on a minority interest basis in this scenario we have:

- Adopted the implied value of LPI's interest in MSB if the Bearing Transaction does not complete (refer to Table 9.3);
- Added the value of LPI's exploration and prospecting tenements, and LPI's other assets and liabilities to calculate the SOP equity value of LPI attributable to all security holders following the Proposed Transaction. For LPI's surplus assets and liabilities we have included cash and cash equivalents (A$29.8 million), Bearing's pro-rata share of capital call contributions which LPI have made on their behalf since 1 January 2022 (A$1 million), and the termination fee LPI will receive from Bearing in the event that Bearing shareholders vote down the Bearing Transaction (A$1.1 million)[16];
- Subtracted the value of the share appreciation rights on issue to calculate the SOP equity value attributable to all shareholders;
- Increased the number of shares on issue to 552 million (or by the 162 million shares issued for the further 31.31% of MSB) to reflect the impact of the Proposed Transaction;
- Calculated the equity value per share on a controlling interest basis by dividing the equity value attributable to ordinary shareholders by the number of shares outstanding post the Proposed Transaction; and
- Calculated the equity value per share on a minority interest basis by applying a minority interest discount of 16.7% to 23.1% (equivalent to the inverse of our assumed control premium of 20% to 30%). Our assumed control premium range is based on the results of our research and analysis into control premiums in Australia (refer to Section 8.5).

Our valuation of LPI following the Proposed Transaction in the circumstance where the Bearing Transaction does not complete is set out in Table 9.4 below.

Table 9.4: Sum-of-Parts Valuation of a Share in LPI if the Bearing Transaction Does Not Complete

	Reference	Low ($000's)	High ($000's)
Exploration and prospecting tenements	8.3	2,094	4,680
Surplus assets and liabilities of LPI		31,977	31,977
Implied value of LPI's interest in MSB if the Bearing Transaction does not complete	9.4.1	288,544	525,555
Sum-of-Parts equity value of LPI attributable to all security holders		**322,615**	**562,211**
Less: Value of share appreciation rights on issue[1]	5.4.2	5,668	12,576
Implied equity value attributable to Shareholders after the Proposed Transaction on a controlling interest basis		**316,947**	**549,635**
Shares outstanding prior to the Proposed Transaction (# shares)	5.4.1	391,201,126	391,201,126
New shares issued as part of the Proposed Transaction (# shares)		161,556,061	161,556,061

[16] C$1 million has been converted to AUD at an exchange rate of 1.13 AUD/CAD

	Reference	Low ($000's)	High ($000's)
Total shares outstanding after the Proposed Transaction (# shares)		**552,757,187**	**552,757,187**
Equity value per share attributable to Shareholders after the Proposed Transaction on a controlling interest basis		**0.57**	**0.99**
Minority interest discount (%)[2]	8.5	23.1	16.7
Equity value per share on a minority interest basis after the Proposed Transaction ($ per share)		**0.44**	**0.83**

Source: BDOCF analysis

1 In addition to the ordinary shares on issue, we have allowed for 12.5 million share appreciation rights on issue with an expiration date of 30 June 2023 and 6 million share appreciation rights on issue with an expiration date of 16 September 2025 (refer Table 5.2). All share appreciation rights on issue have a strike price of $0.40 (see Section 5.4.2). We have adopted a Black Scholes option pricing model to calculate the value of the outstanding share appreciation rights. We have adopted a risk free rate of 2.73%, volatility of 90%, dividend yield of 0%, and a time to maturity of one year and three years respectively. The share price was calculated using an iterative process.

2 Adjustment to remove control premium calculated as 1/(1+0.3), with the 0.3 input referring to the 30% control premium adopted and 1/(1+0.2), with the 0.2 input referring to the 20% control premium adopted, as outlined in Section 8.5.

Table 9.4 sets out our SOP value of LPI's ordinary shares within the range of $0.44 to $0.83 per share on a minority interest basis in the circumstance the Bearing Transaction does not complete.

9.5 Market Based Valuation

Table 9.5 below summarises the low and high share price of LPI over the period 22 June 2022 to 12 September 2022 (representing the period after the Proposed Transaction was announced) along with LPI's VWAP over this period.

Table 9.5: LPI's Monthly Share Price from 22 June 2022 to 12 September 2022

Date	Low ($)	High ($)	VWAP ($)	Volume
June 2022 (post announcement)	0.355	0.410	0.3884	28,409,010
July 2022	0.400	0.545	0.4512	43,818,129
August 2022	0.490	0.675	0.6001	57,903,540
September 2022 (to 12th)	0.570	0.740	0.6424	25,513,880
Total	**0.355**	**0.740**	**0.5265**	**155,644,560.00**

Source: BDOCF analysis, Capital IQ as at 16 September 2022

Information on the liquidity of LPI shares is set out in Section 5.5.2 of this Report. We consider that LPI has sufficient liquidity to adopt an MBV approach in this Report.

In September 2022, LPI announced a successful capital raise of $25 million (before costs) through the issue of 41,666,667 shares at a price of $0.60 per share. This can be considered a material transaction relating to the issue of a large parcel of shares in LPI.

Having regard to the information set out above, in our view it is appropriate to adopt a value of $0.39 to $0.65 on a minority interest basis for our market-based valuation of an ordinary share in LPI. Acknowledging the recent elevated volatility in equity markets and commodity prices, in our view it is plausible that material fluctuations to the MBV valuation range may have been caused by factors other than the Proposed Transaction.

9.6 Conclusion on the Value Adopted Per Share in LPI following the Proposed Transaction

In our view, for the purpose of our assessment of the Proposed Transaction, it is appropriate to adopt a value per LPI share in the range of $0.47 to $0.89 on a minority interest basis (assuming both the Proposed Transaction and Bearing Transaction complete) and a value per LPI share in the range of $0.44 to $0.83 on a minority interest basis (assuming only the Proposed Transaction completes). In relation to our valuation range, we note:

- The underlying value adopted for the Maricunga Project in this value range is comparable to the value adopted in our assessment prior to the Proposed Transaction. We would not expect the underlying value of the Maricunga Project to change materially as a result of the Proposed Transaction. For completeness we note that we have separately allowed for an uplift that we consider appropriate for the consolidation of ownership of the Maricunga Project and the removal of some degree of shared control;
- In forming our value of the Maricunga Project in Section 8.1.4, we considered market trading for the period immediately prior to the announcement of the Proposed Transaction in addition to market trading data over a longer period of time (e.g. the higher share prices observed in April 2022); and
- Trading of LPI shares following the announcement of the Proposed Transaction has generally been at values at or below our value range.

10.0 Valuation of MSB

Our valuation of MSB on a 100% controlling basis is set out as follows:

- Section 10.1 sets out the sum-of-parts valuation of MSB;
- Section 10.2 sets out the value of MSB's corporate costs;
- Section 10.3 sets out the value of MSB's other assets and liabilities;
- Section 10.4 sets out the basis of the Financial Model adopted for the DCF valuation of the Maricunga Project;
- Section 10.5 sets out the revenue assumptions of the Financial Model;
- Section 10.6 sets out the key operational and physical assumptions within the Financial Model;
- Section 10.7 sets out the other cash flow assumptions within the Financial Model;
- Section 10.8 sets out the summary of the cash flows to be discounted;
- Section 10.9 sets out the discount rate assumptions of the Financial Model;
- Section 10.10 sets out the DCF valuation of the Maricunga Project; and
- Section 10.11 sets out the sensitivity analysis of the Financial Model.

10.1 Sum-of-Parts Valuation of MSB

Our sum-of-parts valuation of MSB is set out in Table 10.1 below.

Table 10.1: Sum-of-parts Valuation of MSB

Asset	Section Reference	Low (A$000's)	High (A$000's)
Maricunga Project	10.10	126,215	782,853
Corporate costs	10.2	(37,384)	(37,384)
Other assets and liabilities	10.3	2,473	2,473
Value of MSB (100% basis)		**91,304**	**747,942**

Source: BDOCF analysis

Table 10.1 sets out our value of MSB within the range of A$91 million to A$748 million on a 100% controlling interest basis.

10.2 Value of MSB's Corporate Costs

As detailed in Section 10.4, we have assessed the reasonableness of the Financial Model and the material assumptions that underpin it. The Financial Model does not include estimates of the corporate overheads to be incurred during the forecast period. We consider corporate overheads to be a project cost that is specific to the Maricunga Project and consists of administration costs directly attributable to the project. For the purposes of the analysis set out in this Report, we have assessed the value of the corporate overheads separately.

Based on forecast expenses provided by Management and our experience with similar sized companies in the resource sector, corporate overheads for the MSB have been estimated at a base rate of approximately A$4.0 million per annum. The net annual corporate overheads have been discounted at a real rate of 11% (being the mid-point discount rate). The discounted value for the corporate costs assuming on this basis is approximately A$37.4 million.

10.3 Value of MSB's Other Assets and Liabilities

The net value for the other assets and liabilities held by MSB on a 100% ownership basis is summarised in Table 10.2. In order to determine an appropriate value for MSB's other assets and liabilities, we have relied upon the values set out in the Company's unaudited management accounts as at 30 June 2022 and have made enquiries of Management in relation to any material adjustments required to be made to reflect the fair market value of these assets and liabilities for the purposes of this Report.

We have also been informed by Management that there are no other material assets, liabilities, contingent liabilities, off-balance sheet assets and liabilities, or unrecognised liabilities for MSB as at the date of this Report that have not been included in Table 10.2.

Table 10.2: MSB's Other Assets and Liabilities, Pre-Transaction

MSB's Other Assets and Liabilities	(A$000's)[1]
Cash and cash equivalents	1,108
Recoverable taxes	2,254
Provisions	(890)
Net other assets and liabilities (100% basis)	**2,473**

Source: Management Accounts

1 Converted at an AUD/CLP exchange rate of 0.0015, computed using the average AUD/USD and CLP/USD exchange rates from 1 July 2022 to 31 July 2022 sourced from CapIQ.

In relation to Table 10.2 above, we note:

- **Cash and cash equivalents:** We have included the cash position as at 30 June 2022;
- **Recoverable taxes:** We have included the VAT tax credits as at 30 June 2022; and
- **Provisions:** Provisions include staff holiday provisions, expenses provisions, and provisions for severance payments which relate to MSB's obligations with their executives in the case of dismissal. We have included provisions as at 30 June 2022.

10.4 Basis of the Financial Model Adopted for the DCF Valuation of the Maricunga Project

We have been provided with a Financial Model summarising the forecast LOM cash flows for the Maricunga Project. The Financial Model was prepared by the Management of LPI. The Financial Model estimates the future cash flows expected from production by the Maricunga Project. The Financial Model was prepared based on estimated production profiles, operating costs and capital expenditure. The Financial Model was prepared in real terms (rather than nominal) and does not include the corporate costs, which have been accounted for separately. We have discounted all cash flows to 30 June 2022.

We have assessed the reasonableness of the Financial Model provided to us and the material assumptions that underpin it. We have made certain adjustments to the Financial Model where it was considered appropriate. In particular, we have adjusted the Financial Model to reflect any changes to technical assumptions as a result of BDA's review, in addition to any changes to the economic and other input assumptions that we consider appropriate as a result of our research. We have adjusted the Financial Model to remove the corporate costs incurred and have therefore presented the value of corporate costs separately in our sum-of-parts valuation.

We undertook the following analysis on the Financial Model:

- Analysed the Financial Model to confirm its integrity and mathematical accuracy (to a material level);
- Appointed BDA as technical expert to review, and where required, provide changes to the technical assumptions underpinning the Financial Model;
- Conducted independent research on certain economic and other inputs such as commodity prices, exchange rates, and the discount rate applicable to the future cash flows;
- Held discussions with LPI's Management and advisors regarding the preparation of the forecasts in the Financial Model and its assumptions; and
- Performed a sensitivity analysis on the value of the Maricunga Project as a result of varying selected key assumptions and inputs.

We have not undertaken a review of the cash flow forecasts in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information* and do not express an opinion on the achievability of the forecast. However, nothing has come to our attention as a result of our procedures to suggest that the assumptions on which the Financial Model has been based have not been prepared on a reasonable basis.

10.5 Revenue Assumptions

10.5.1 Production and Development Timing

BDA's Report sets out BDA's view of the LOM model for the Maricunga Project. Regarding the forecast production plan, we note BDA has recommended changes to the ramp up in the split between battery grade and technical grade lithium produced. From their experience, BDA is of the view that the transition from technical grade to battery grade will take longer than the timeframe initially adopted.

10.5.2 Commodity Prices

For the purposes of the analysis set out in this Report, we consider it appropriate to adopt the average real commodity prices provided by Consensus Economics at the low end of our valuation range and the prices provided by Macquarie Research at the high end of our valuation range. Appendix A sets out price analysis considered in forming our range. For short term prices stated in nominal terms, we have calculated the real values using the implied inflation rate from long-term real prices. In forming our view on commodity price forecasts we have considered the following:

- The Company provided a price forecast completed by Roskill for the DFS and subsequently updated in January 2022;
- The Consensus Economics June forecast. For completeness, we note this forecast has four contributors for lithium[17], which is typically lower than we would expect to see for other commodities;
- The Lithium and Rare Earths Market Outlook report completed by Macquarie Research June 2022; and
- The Battery Metals Watch report completed by Goldman Sachs May 2022.

There is considerable volatility in lithium prices as at the date of this Report and forecasts are more prone to becoming outdated with market developments. This has resulted in a wider range between pricing forecasts, particularly over long-term prices, than we would typically expect to see (i.e. compared to other commodities). Section 10.11 provides a sensitivity analysis to users of this Report that may have an alternative view on long term lithium price or who would like to understand the impact of applying other pricing forecasts.

Table 10.3 below summarises the real commodity prices adopted at the low and high end for Li2CO3 Battery Grade lithium.

Table 10.3: Real Commodity Prices - Li2CO3 Battery Grade

(USD/t)	Spot[1]	CY23	CY24	CY25	CY26	CY27	CY28+
Consensus Economics	71,314	35,091	18,902	16,949	11,560	10,625	10,625
Macquarie Research	71,314	39,500	30,500	25,000	20,000	19,500	17,300

Source: Consensus Economics June 2022 (Survey Date: 20 June 2022), *Macquarie Research*

1 Spot price as at 20 June 2022 (sourced from the Consensus Economics Survey)

Technical grade prices within the Financial Model calculates a price for Li2CO3 Technical Grade lithium for Consensus Economics by taking the difference between battery and technical grades in the WoodMac (Roskill) pricing and applying this fraction to the battery grade prices from Table 10.3. We note that technical grade lithium prices adopted within the Financial Model were, on average, approximately 94% of Battery Grade (i.e. a discount of approximately 6%).

10.5.3 Foreign Exchange

Management have advised that approximately 81% of the total capital expenditure and 83% of the total operating expenditure on the Maricunga Project is denominated in US Dollars, with the remaining expenditure denominated in Chilean Pesos.

For the purposes of this Report, we have adopted the average exchange rate between the USD and the CLP, provided by Consensus Economics. Table 10.4 below summarises the forecasted exchange rate adopted throughout the Financial Model.

Table 10.4: Foreign Exchange Rate

	Spot[1]	CY22	CY23	CY24	CY25	CY26	CY27+
CLP/USD	905	822	809	783	776	782	779

Source: Consensus Economics June 2022, BDOCF Analysis, Capital IQ

1 Spot price as at 30 July 2022

10.6 Physical and Operational Assumptions

BDA's Report sets out BDA's view of the key operational and physical assumptions within the Financial Model, including the cash flows associated with restoration and rehabilitation. Users of this Report must read BDA's Report (refer to Appendix B) to understand the basis for the assumptions.

In consultation with BDA, certain adjustments were made to technical assumptions to arrive at the adopted LOM, including the split between battery grade and technical grade in the first five-year period and the extension of the LOM to capture the value of the resources outside of the initial stage ('Stage One').

[17] There is no overlap between contributors and the other price forecasts providers.

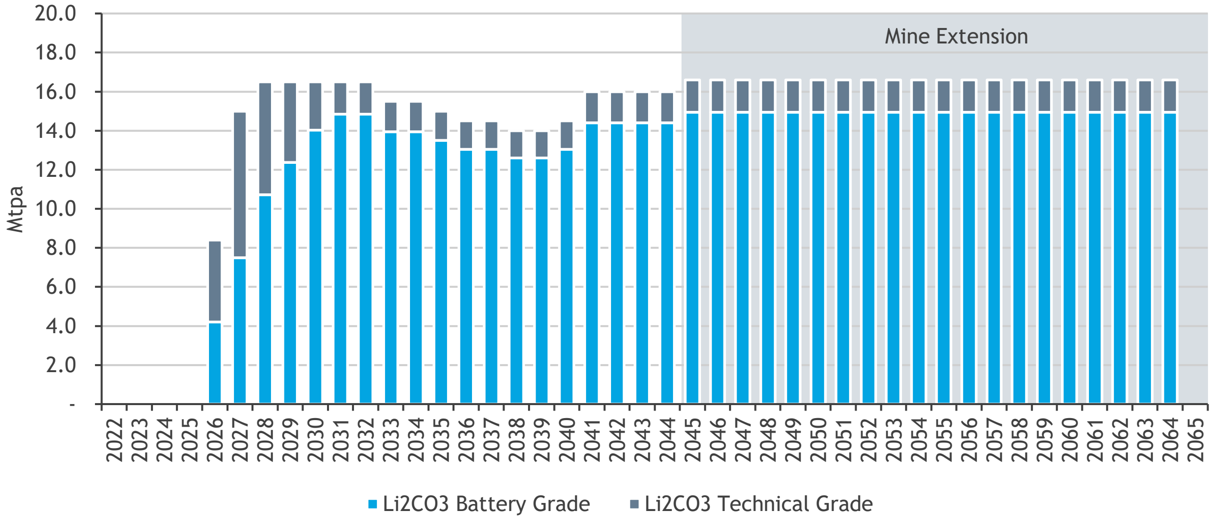
BDA is of the opinion that an expansion of drill and pumping data between 200m to 400m in the Litio 1-6 concessions, where drilling and pump testing to date has only reached 200m depth, is likely to result in an expansion of the resource and reserve estimates above what has already been defined. BDA considers extending the operating life of the mine by 20 years as the most appropriate method to value resource and reserve potential in the Litio 1-6 concessions that are outside Stage One of the Maricunga Project.

To extend the operational life of the mine, BDA estimates around US$313 million would be incurred towards the end of the initial 20 years to duplicate the wellfield and significantly upgrade the processing facilities and infrastructure for a further 20 years of operations. Furthermore, BDA estimates sustaining capital and operating costs similar to the first 20 years will be incurred for the subsequent 20 years.

As set out in Section 7.2.1, we have incorporated the value of the Litio 1-6 concessions by extending the mine life by 20 years. We have adopted BDA's advice for technical assumptions of the mine extension. For further information on BDA's view of resources outside the LOM, refer to BDA's ITSR in Appendix B.

Figure 10.1 below sets out the production assumptions adopted within the Financial Model including the mine extension for potential resources and reserves outside of Stage One of the Maricunga Project.

Figure 10.1: Production Assumptions



Source: BDA, BDOCF Analysis, the Financial Model

10.7 Other Cash Flow Assumptions

10.7.1 Working Capital

Table 10.5 sets out the working capital days adopted in the Financial Model, which were provided by the Management of LPI.

Table 10.5: Working Capital Days

Asset	Days receivable	Days payable
Maricunga Project	10	10

Source: Management of LPI

10.7.2 Royalties

Chile has a specific tax on mining activity known as the "Royalty Law". It is a progressive tax with marginal tranches based on annual production. These royalties have been incorporated into the Financial Model using production forecasts and long-term commodity price forecasts.

We also note there exists discussion regarding the introduction of an additional royalty aimed at copper and lithium producers. Initial proposals indicate the potential introduction of a flat 3% royalty on revenues or a 5% royalty on the mining operating margin ('MOM'). This royalty is yet to be defined and is still under discussion at congress. We have considered the scenario where a flat 3% royalty is introduced and the average impact to the value of the Maricunga Project under the various price forecasts is a negative amount of approximately A$30 to A$40 million.

10.7.3 Tax Depreciation

Depreciation has been recorded in the Financial Model for each capital expenditure type. Management of LPI have advised that all capital expenditure is capitalised until production begins. Once production begins, all capital expenditure is depreciated on a straight-line basis over 20 years, which is reflected in the Financial Model.

10.7.4 Tax Rate and Tax Losses

The tax rate adopted is consistent with the Chilean Income Tax rate for corporations of 27%. No opening tax losses have been assumed, forecast tax losses are utilised to offset future tax expense where applicable.

10.7.5 Value-Added Tax ('VAT') Rebates

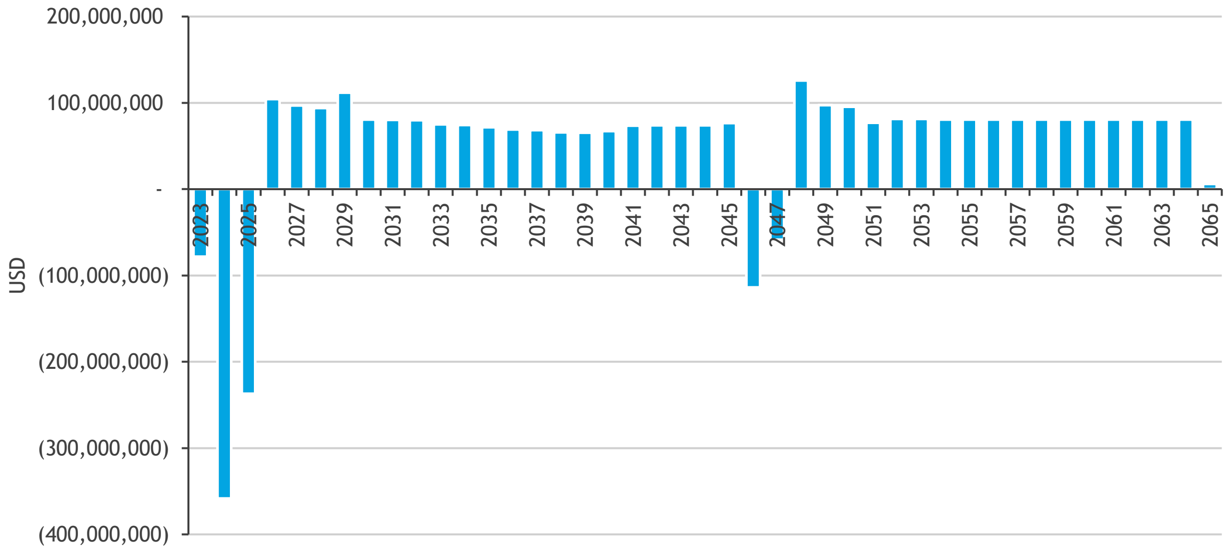
All operating expenditure and capital expenditure in Chile incurs VAT at a rate of 19%. As their expenditure relates to inputs of production, MSB are entitled to claim back the full amount of these taxes paid. We have assumed that there is a timing difference associated with VAT rebates of one year.

10.8 Summary of Cash Flows to be Discounted

The value of the Maricunga Project has been determined with reference to the cash flows attributable to the operations of the project.

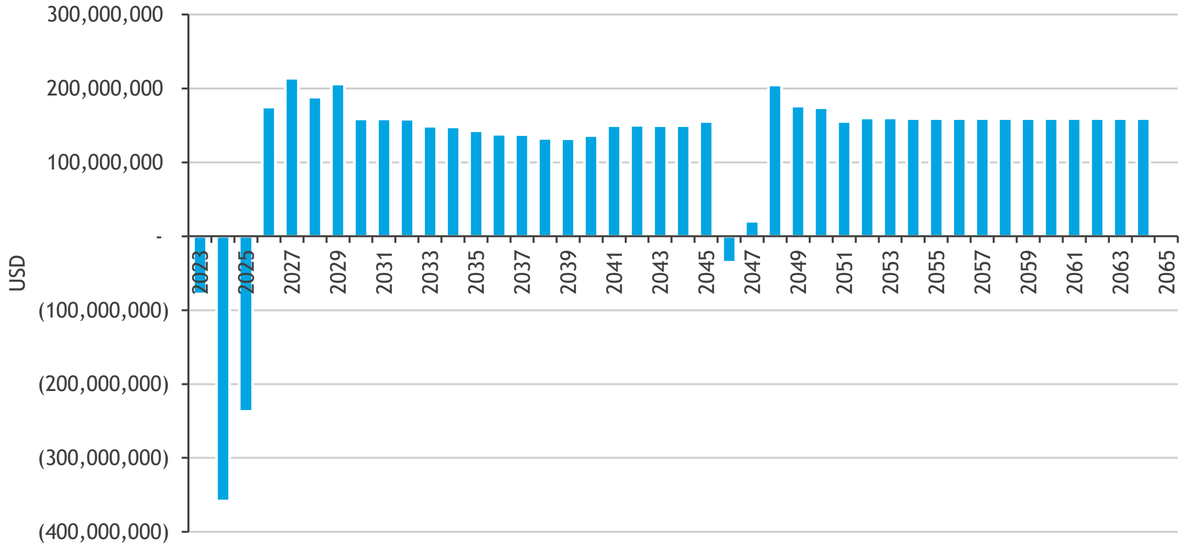
The free cash flows attributable to the Maricunga Project are summarised in Figure 10.2 and 10.3 below.

Figure 10.2: Free Cash Flows - Low Price Scenario



Source: The Financial Model, BDO analysis

Figure 10.3: Free Cash Flows - High Price Scenario



Source: The Financial Model, BDO analysis

10.9 Discount Rate

The discount rate represents the rate of return that capital providers expect from their capital contribution and is typically based on the weighted average cost of capital ('WACC') for the asset being valued. In broad terms, the WACC considers the rate of return required by capital providers given the riskiness of the future cash flows and the cost of financing using debt instruments for the relevant asset.

We have considered a discount rate that has been used for the valuation of all the Maricunga Project, noting the idiosyncratic risks associated with a development project.

In selecting a discount rate appropriate for, we have considered the following:

- The required rate of return of comparable companies in the mining sector, with lithium exposure;
- The capital structure of comparable mining companies;
- The cost of equity derived from applying the capital asset pricing model ('CAPM') methodology (a commonly used methodology for deriving the cost of equity). In relation to CAPM, we note the cost of equity capital is determined by multiplying the market risk premium by an appropriate beta and adding the risk-free rate. Our view on the appropriate inputs to the CAPM to apply in the circumstances are as follows:
  - a risk-free rate of 2.7% based on the zero coupon yield on the US 10 Year Treasury as at 30 July 2022;
  - an equity market risk premium of 6.0%;
  - an asset beta in the range of 1.0 to 1.3;
- The CAPM assumes investors are diversified and not concerned with the specific risk of a particular investment. In our view, it is appropriate to include a company specific risk premium to reflect certain risks associated with a development project that cannot be readily allowed for in the base case cash flows for a project. In our view, it is also appropriate to include a country risk premium to reflect certain risks associated with operations in Chile that cannot be readily allowed for in the base case cash flows for the project;
- The statutory Chilean corporate tax rate of 27%;
- A value for imputation credits (γ) of nil. This assumption has been made with reference to the fact that imputation credits for Australian companies are available to domestic investors only and that not all investors in LPI are Australian. We have assumed the marginal investor is likely to be an investor who is not entitled to claim imputation credits; and
- In order to calculate the discount rate on a real basis, we have adjusted the nominal discount rate 2% inflation rate, which is in line with the current target guidance from the US Federal Reserve.

Taking the above factors into consideration as well as the nature of the Maricunga Project and its exposure to macroeconomic factors, we believe it is appropriate for the purposes of the analysis set out in this Report to adopt the following after-tax real discount rate in the range of 9.5% to 12.5%, with a mid-point of 11%.

We have set out a sensitivity analysis on the discount rate in Section 10.11 to assist users of this Report that may have an alternative view on an appropriate discount rate or who would like to understand the impact of applying an alternative discount rate.

10.10 DCF Valuation for the Maricunga Project

Table 10.6 sets out our valuation of the Maricunga Project using a DCF valuation methodology having regard to the assumptions set out in Section 10.5 of this Report. The low value uses commodity prices provided by Consensus Economics while the high value uses commodity prices provided by Macquarie Research. Both scenarios utilise the midpoint of our discount range. We have set out a sensitivity analysis on the discount rate in Section 10.11 to assist users of this Report who would like to understand the impact of applying an alternative discount rate.

Table 10.6: DCF Value of the Maricunga Project

	Low	High
DCF Value for the Maricunga Project - 100% basis (US$'000)	86,315	535,370
USD/AUD Exchange Rate[18]	0.6839	0.6839
DCF Value for the Maricunga Project - 100% basis (AUD$'000)	**126,215**	**782,853**

Source: The Financial Model

[18] Average exchange rate from 1 July 2022 to 31 July 2022 sourced from CapIQ

10.11 Sensitivity Analysis

The DCF valuation of the Maricunga Project is based on a number of assumptions, which are to some degree subjective. We have completed a sensitivity analysis on the Maricunga Project to provide users with a more complete understanding of the potential value ranges of the project.

The following variables have been adjusted in isolation, with all other factors held constant:

- A +/- 5% change in forecasted commodity prices;
- A +/- 5% change in forecasted exchange rate (CLP / USD);
- A +/- 5% change in forecasted operating expenses;
- A +/- 5% change in forecasted production volume;
- A +/- 5% change in forecasted capital expenditure; and
- A +/- 1% change in forecasted discount rate.

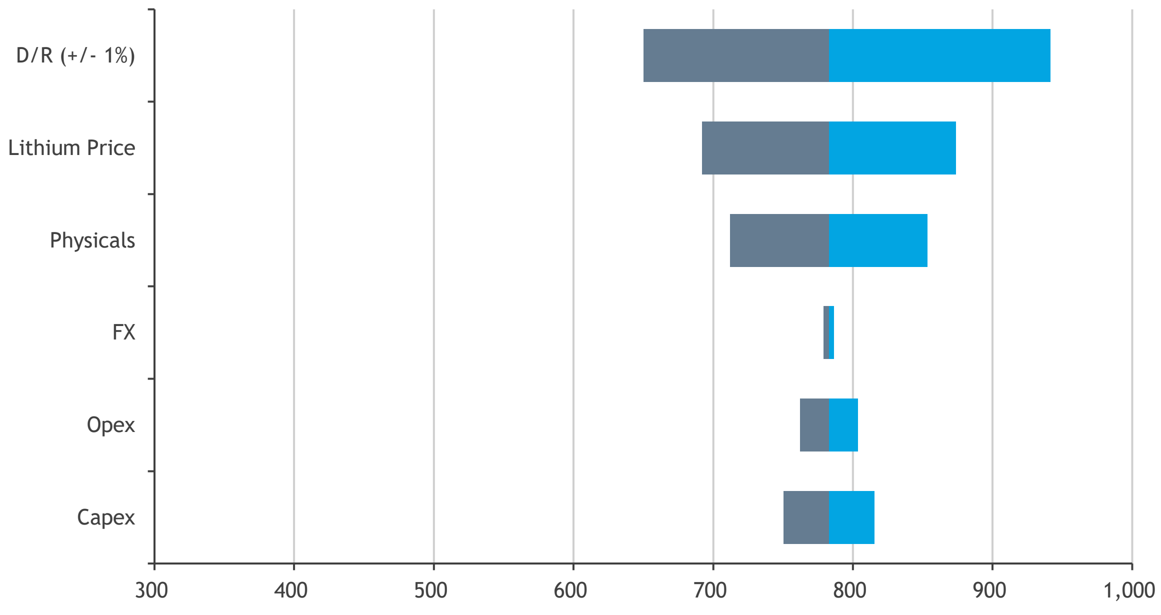
Users of this Report should note that:

- In reality, the variables described above may have compounding or offsetting effects and are unlikely to move in isolation;
- The variables for which we have performed sensitivities are not the only variables that are subject to deviation from the forecast assumptions; and
- The sensitivities we have performed do not cover the full range of possible variances from the base case assumptions assumed (i.e. variances could be greater than the percentage increase or decreases set out in this analysis).

Figure 10.4 summarises the impact of the above mentioned variables on our DCF valuation of the Maricunga Project, holding all factors constant, except the relevant sensitivity variable. For the purposes of this analysis we have adopted a price deck from Macquarie Research and a discount rate of 11% for the purpose of the sensitivity analysis. Appendix A sets out more information in relation to lithium price forecasts.

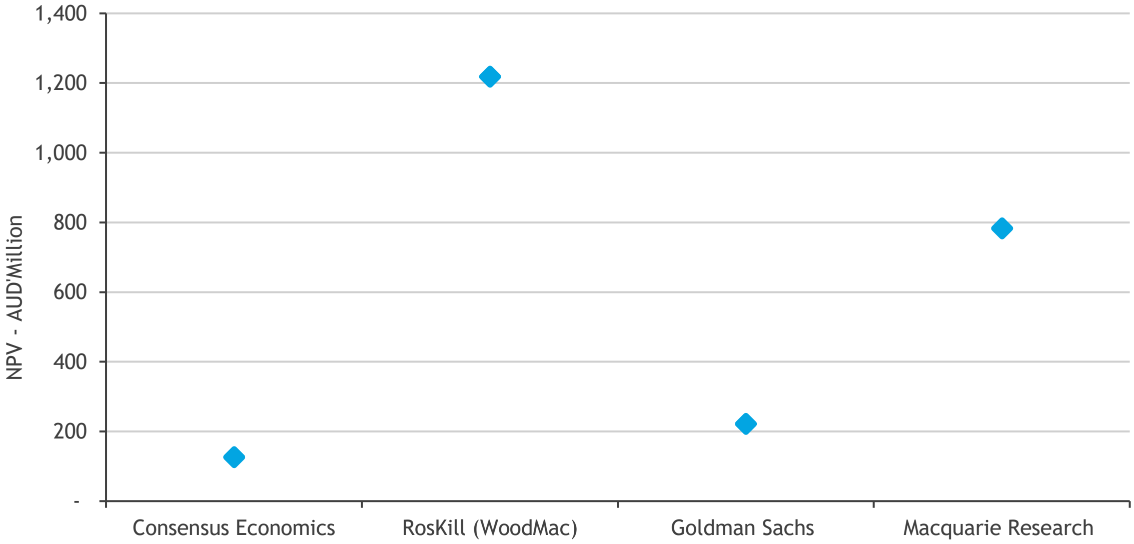
Figure 10.5 below provides scenario analysis of the Maricunga Project under the various price forecasts.

Figure 10.4: Sensitivity Analysis of Key Inputs for the DCF Valuation of the Maricunga Projects



Source: The Financial Model

Figure 10.5: Scenario Analysis of Price Forecasts for the DCF Valuation of the Maricunga Projects

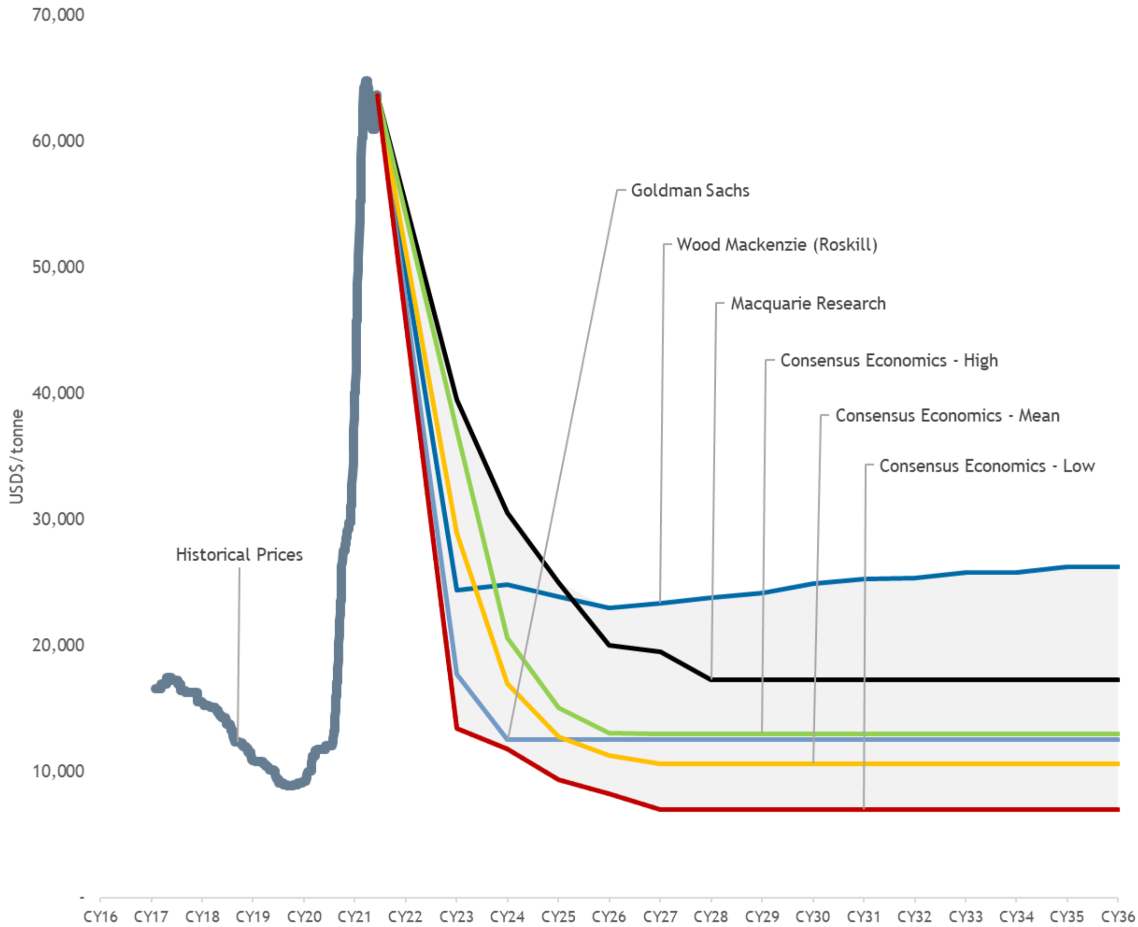


Source: The Financial Model

APPENDIX A: COMMODITY PRICE SENSITIVITIES

Recent lithium prices are volatile and research findings indicate there is a high level of uncertainty regarding the future demand and supply of lithium, resulting in differing views on long term price forecasts. The graph below summarises the commodity prices that we have considered in our valuation work.

Figure A.1: Historical Battery Grade Lithium Prices and Forecast Prices (in Real Terms)[1]



Source: Consensus Economics June (Survey date: 20 June 2022), DFS, Macquarie Research, Goldman Sachs, BDOCF Analysis, Capital IQ

1 The contributors to the Consensus Economics price forecasts are Morgan Stanley, UBS, Credit Suisse, and Liberum Capital

APPENDIX B: INDEPENDENT TECHNICAL EXPERT'S REPORT - BDA REPORT

BEHRE DOLBEAR AUSTRALIA

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22 August 2022

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Dear Sirs

INDEPENDENT TECHNICAL SPECIALIST REPORT FOR BDO CORPORATE FINANCE

MARICUNGA LITHIUM BRINE PROJECT, CHILE

EXPLORATION-STAGE LITHIUM PROPERTIES, WESTERN AUSTRALIA

LITHIUM POWER INTERNATIONAL LTD

BEHRE DOLBEAR AUSTRALIA PTY LIMITED

1.0 INTRODUCTION

BDO Corporate Finance Limited ("BDO") has been appointed by Lithium Power International Limited ("LPI" or "the Company") to prepare an Independent Expert's Report ("IER") in relation to LPI's proposal to acquire the 48.45% interest it does not currently own in the Maricunga Lithium Brine Project ("Maricunga" or "the project") ("the Proposed Transaction"'). The Maricunga tenements and project are owned by Minera Salar Blanco S.A. ("MSB") which is owned by a three-party joint venture comprising LPI with a 51.55% interest, Minera Salar Blanco SpA ("MSB SpA") with a 31.31% interest and Bearing Lithium Corp. ("Bearing") with a 17.14% interest. LPI announced on 22 June 2022 its intention to consolidate 100% ownership of the Maricunga project by way of a three-party all-scrip merger with its joint venture partners MSB SpA and Bearing. LPI will continue to meet any capital calls made by MSB on behalf of all joint venture partners from 1 January 2022 until completion of the Proposed Transactions according to the annual budget approved by the MSB Board.

BDO has commissioned Behre Dolbear Australia Pty Limited ("BDA") to prepare an Independent Technical Specialist Report ("ITSR") to accompany the IER, to provide additional technical background on the Maricunga project and to provide technical input to BDO in its assessment of the transaction. As part of this assessment BDO will determine the value of the mining rights held by LPI and MSB in relation to the Maricunga project ("the Assets") and BDA will assist with a review of the technical inputs to BDO's valuation model.

Lithium Power International Limited (LPI) is an ASX-listed company with a diversified portfolio of hard rock lithium assets in Western Australia ("WA") and the Maricunga Lithium Brine project in Chile (Figure 1). LPI announced to the ASX on 12 January 2022 its intention to demerge its Western Australian lithium assets ("Demerger Assets") in order to focus on developing the Maricunga project. The demerger will not be completed until after the Proposed Transaction on Maricunga and as such, should the Proposed Transactions complete, Bearing and MSB shareholders will be able to participate in the demerger. As a result, a review and valuation of the Demerger Assets is included as part of this ITSR.

LPI's WA interests are held by a wholly owned subsidiary of LPI ("DemergeCo"), which will seek to list on the ASX. LPI shareholders will receive DemergeCo shares on a pro rata basis via a capital reduction and in-specie distribution, subject to shareholder and regulatory approvals.

Lithium Power International

Figure 1

LPI PROJECT LOCATION MAPS

BDA - 231 (01) - April 2022

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Maricunga Project, Chile

The Maricunga project lies adjacent to the Chile-Argentina Highway 31 in northern Chile, 170 kilometres ("km") northeast of Copiapo and 250km from the port of Caldera (Figure 2). The project consists of a brine resource with relatively high brine grades, high flow rate characteristics and high drainable porosity and permeability.

The project is comprised of 10 mining concessions in the northern part of Salar de Maricunga (Atacama region) in Chile. The project's mining tenements consist of the four 'Old Code' Concessions ("OCC") totalling 1,125 hectares ("ha"), which were constituted under the 1932 Chilean Mining Law and do not require a special operating licence (*Contrato Especial de Operación del Litio* - "CEOL") to produce lithium, and the Litio 1-6 concessions (totalling 1,438ha), which were constituted under the 1979 Chilean Mining Code ("NCCs") and which require a CEOL for future exploitation (Figure 3). In addition, 19 Blanco NCCs (totalling 5,190ha) lie some 3-8km north of the salar and are to be used for the project infrastructure, evaporation ponds and processing facilities.

The current Mineral Resource estimate for the deposit totals 2.88 million tonnes ("Mt") of contained lithium carbonate equivalent ("LCE") from surface to 400 metres ("m") depth across the OCC tenements and from surface to 200m across the NCC tenements (Figure 3). The brines remain lithium-enriched at depth and there is potential for resource expansion down to an estimated basement depth of around 550m.

In a 2017/18 test programme, Maricunga brine was concentrated in pilot solar evaporation ponds at the Maricunga site for almost 12 months, and subsequently treated at the GEA laboratory (part of the GEA Group) in Duisburg, Germany in February 2018, to precipitate and purify lithium carbonate suitable for battery grade product The process route used was based on conventional technology following similar process routes to the lithium carbonate produced in Chile by Albemarle Corporation ("Albemarle") and Sociedad Quimica y Minera Chile ("SQM") at the nearby Salar de Atacama projects. The purity of the product was above 99.4%.

In January 2019, LPI published a Technical Report NI 43-101 DFS on the Maricunga project. It followed the release of a preliminary economic assessment ("PEA") in early 2017 and was based on the 2018 compliant Mineral Resource estimate. The 2019 DFS was supported by the project's combined lithium resources from all mining concessions (OCC and NCC Litio 1–6). It envisaged production of 20,000 tonnes per annum ("tpa") of lithium carbonate ("Li_2CO_3") over 20 years.

The project's Environmental Impact Assessment ("EIA") was approved in February 2020.

The company released an updated DFS for its "Stage One" project in January 2022. LPI published and updated Technical Report NI 43-101 DFS for the Stage One project based only on the resources underpinned by the OCC tenements, supporting a production of 15,200tpa of lithium carbonate over 20 years.

While the reduced footprint (1,125ha for OCC vs 2,563ha for all tenements) results in a smaller scale project, it significantly lowers licensing and execution risks. The remaining concessions Litio 1-6, represent a significant expansion potential subject to obtaining the required permits.

Exploration Properties, Western Australia (Demerger Assets)

LPI owns a 100% interest in a number of exploration properties in Western Australia (Figure 1) prospective for lithium and other minerals. The properties are generally at an early exploration stage, with no Mineral Resource estimates. These properties are grouped into three regions within Western Australia and comprise:

Greenbushes Region

- Balingup prospect (E70/4763) and application (E01/0003)
- Bridgetown prospect (E70/4774
- Donnybrook prospect application (E70/6093
- Nannup prospect (E70/4845) and application (E70/5684)
- Wilga prospect (E70/4846) and application (E70/5281)

Eastern Goldfields Region

- White Foil South prospect (E15/1772)
- Yerilla prospect (E31/1250)

East Pilbara Region

- Pilgangoora prospect (E45/4610)
- Tabba Tabba prospect (E45/4637)
- Strelley prospect (E45/4638); sold to Carnaby Resources Limited ("Carnaby Resources") but with LPI retaining the lithium rights.

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Figure 2

MARICUNGA PROJECT LOCATION MAP

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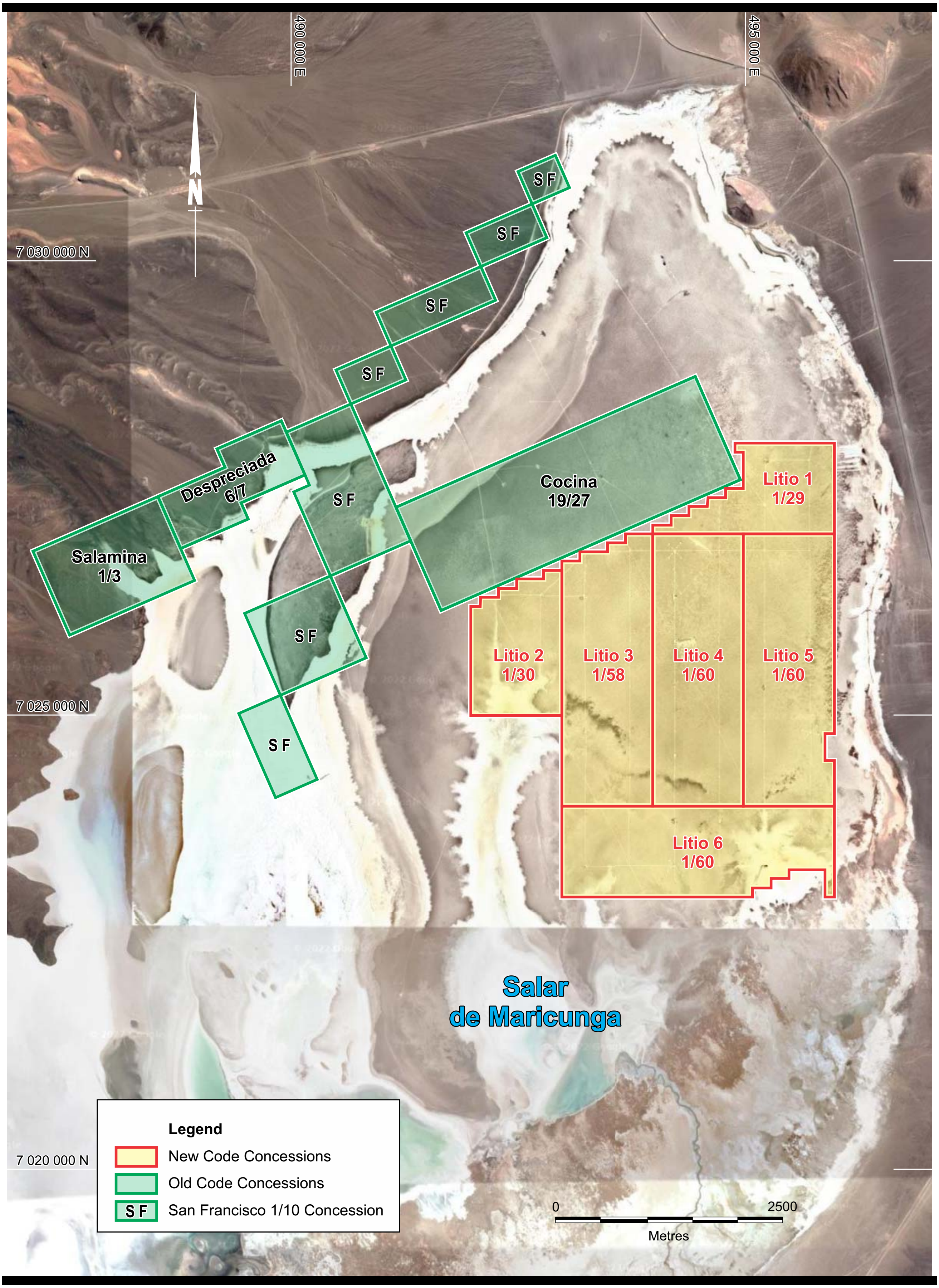


Lithium Power International

Maricunga Lithium Brine Project

Figure 3

MARICUNGA TENEMENT LAYOUT PLAN

BDA - 231 (01) - April 2022

Behre Dolbear Australia Pty Ltd

Behre Dolbear Australia (BDA)

Behre Dolbear Australia (BDA) is a mineral industry consulting group, specialising in independent due diligence reviews, valuations and technical reviews of resources and reserves, mining and processing operations, environmental and social aspects, project feasibility studies, and Independent Engineer work on project development, construction, and certification. BDA specialises in review and due diligence work for companies and financial institutions.

BDA is typically engaged to undertake independent expert reviews and valuations, to provide advisory services and to monitor a company's or financial institution's interests through the design, construction, commissioning, ramp-up and operational phases of a project and to undertake Completion Test certification on their behalf.

The parent company, Behre Dolbear and Company Inc. has operated continuously as a mineral industry consultancy since 1911, and has offices or agencies in Denver, New York, Toronto, Vancouver, London, Hong Kong, Beijing, Guadalajara and Santiago, as well as Sydney. Behre Dolbear has over 60 Associates and Consultants covering a wide range of technical expertise and with experience in most parts of the world. BDA is the Australian affiliate and was founded in 1994. BDA operates independently, using primarily Australian-based consultants, but using overseas specialists and engineers from other Behre Dolbear offices where appropriate.

BDA's expertise covers geology, resources, reserves, mining, processing, infrastructure, environmental and community, operating and capital costs and financial studies. BDA has undertaken numerous mining-related studies, valuations, and Independent Engineer assignments in recent years.

In preparing this ITSR, BDA has used a senior experienced team of specialists, as detailed in Section 7 of this report. The BDA Associates listed have extensive experience in geology, resources, reserves, mining, processing, infrastructure and environmental aspects and have worked previously on both hard rock lithium and salar brine lithium projects. BDA has wide experience of similar reviews for corporate transactions and is well-qualified to undertake the work required and has no conflict of interest in undertaking the assignment.

With respect to the ITSR task, BDA visited the Maricunga project in June 2022 in accordance with ASIC guidelines (including RG 111 Content of Expert Reports and RG 112 Independence of Experts) and the VALMIN Code. No site visit was deemed necessary for the early-stage exploration properties in Western Australia. BDA has reviewed detailed documentation and recent flyover and drone footage to ensure a full understanding of the current status of the Maricunga project; in BDA's opinion, all possible efforts have been made to fully comply with VALMIN Code and guidelines.

BDO has requested that BDA provide:

- BDA's view of the appropriate physical assumptions, operating costs and capital costs to be used for a discounted cash flow valuation of the Assets
- BDA's view of the value of the Assets on a market basis having regard to the total resources of the project, including resources feeding the Life of Mine ("LOM") plans
- BDA's views of the value of the Western Australian exploration properties.

BDA's scope of work involved review of the following project components:

- geology – data collection, resource and reserve estimates, exploration results
- mining – LOM plans, production schedules, wellfield and hydrological factors
- metallurgy – testwork, process design and process performance, metallurgical recoveries
- infrastructure – power, water, transport, site access, product handling logistics
- environmental and social issues, tenement status and project approvals status
- capital and operating cost estimates and financial model inputs
- consideration of evidence from broadly comparable transactions
- valuation of the WA exploration properties.

BDA has prepared this Independent Technical Specialist Report for BDO, based on the information provided, site visit to the Maricunga project and detailed discussions with operations and exploration managers.

Resources and reserves have been reviewed in accordance with Australian industry standards and for compliance with the Code and Guidelines for Reporting of Identified Mineral Resources and Ore Reserves – Joint Ore Reserve Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia – December 2012 (the JORC Code). The report has been prepared in keeping with the VALMIN Code for the Technical Assessment and Valuation of Mineral Assets and Securities for Independent Expert Reports as adopted by the Australasian Institute of Mining and Metallurgy in 1995 and as amended and updated in 2005 and 2015.

TABLE OF CONTENTS

2.0 EXECUTIVE SUMMARY

2.1 Overview

This Independent Technical Specialist Report (ITSR) provides a description of the assets of LPI, an overview of the production estimates and capital and operating cost projections for the Maricunga project based on the most recent feasibility study estimates, and a description and valuation of the WA exploration properties held by the Company (Demerger Assets). A brief description of the Maricunga project is provided below, together with a more detailed review of the project in Section 5.

The Maricunga project has production and costs that can be reasonably well estimated, enabling financial modelling of the project's expected cashflows; this project has been valued by BDO, and BDA has advised BDO regarding the technical inputs to the model. For earlier stage WA prospects and exploration properties, and any residual Maricunga resources not captured in the expected cash flows, BDO has requested that BDA provide an assessment of value considering alternative exploration valuation methodologies.

A summary of project valuations is given in Section 2.4 below, with a discussion of valuation methodologies used provided in Section 3.

2.2 Maricunga Assets

The Maricunga project is wholly owned by Minera Salar Blanco S.A (MSB), itself owned by the three-party joint venture of LPI, MSB SpA and Bearing, and is a lithium brine development project located on the north side of the Salar de Maricunga in the Atacama Region of northern Chile, part of the "lithium triangle" encompassing parts of Chile, Argentina and Bolivia (Figures 1 and 2).

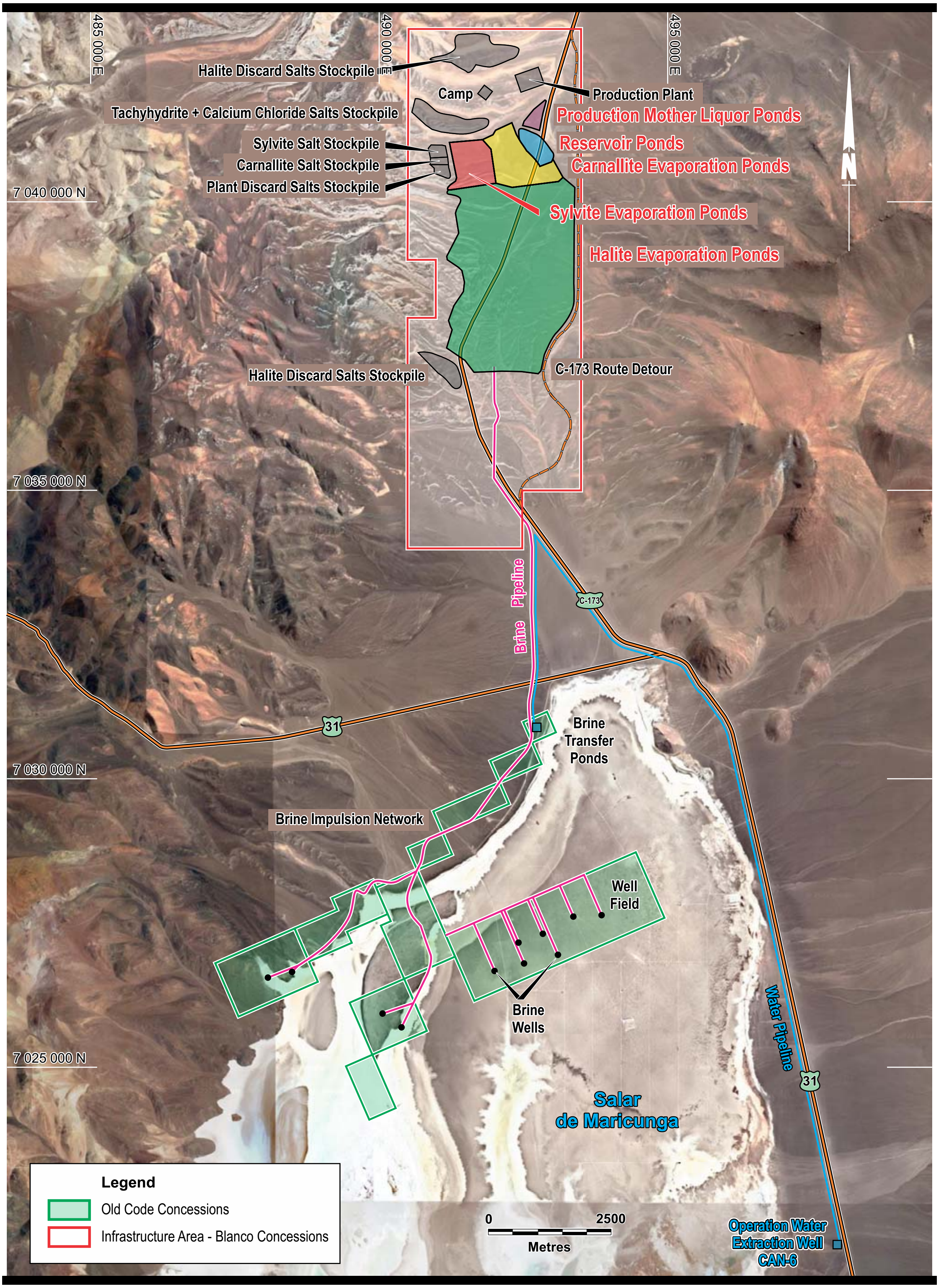
Northern Chile is predominantly an area of interior drainage that contains lithium brine resources in deposits known as salares or salars, which are endorheic (closed) basins located in high altitude desert environments where groundwater containing dissolved minerals accumulates and concentrates by evaporation to form concentrated brine solutions, enriched in various metal ion species, especially lithium and potassium.

The project is located 170km northeast of Copiapó in the III Region of northern Chile at an altitude of 3,750 metres above sea level ("masl"). The project covers 1,125 hectares ("ha") of mineralised ground in Salar de Maricunga, 100ha immediately northeast of the salar covering the exploration camp and evaporation test facilities, and an additional 1,800ha located eight kilometres north of the salar designated for the construction of evaporation ponds, and process plant facilities (Figure 4).

MSB completed an initial feasibility study for the original Maricunga Project, then named the Blanco Project, in 2019 (2019 DFS) based on brine production from all concessions (OCC and NCC (Litio 1-6)) (Figure 3) to 200m depth with 20,000tpa proposed LCE production capacity. A NI 43-101 Technical Report: Definitive Feasibility Study Update ("2022 DFS") was issued in January 2022 for the Stage One project based on brine production only from the OCC (to a depth of 400m) to support an average of 15,200tpa of LCE mining and processing facilities over a 20-year mine-life. Environmental permit approval was received in February 2020 for this Stage One project development.

Capital costs to bring the Stage One Maricunga project into production are estimated at US$621.4 million ("M"). Total life-of-mine capital costs including deferred and sustaining capital costs are estimated at US$681.1M. Operating costs are estimated at US$3,718/t LCE, not including credits from any potassium chloride by-product.

LPI intends to acquire the remaining 48.45% of Maricunga that is does not currently own through a three-way merger of the Maricunga joint venture partners (the purpose of this ITSR) and demerge the WA exploration assets. LPI advises that it plans to complete the financing structure for the Stage One Maricunga project during 2022 and expects to begin Maricunga construction by the end of the current year.



Lithium Power International

Maricunga Lithium Brine Project

Figure 4

MARICUNGA (STAGE ONE) SITE LAYOUT PLAN

BDA - 231 (01) - April 2022

Behre Dolbear Australia Pty Ltd

2.3 Demerger Assets

LPI owns a 100% interest in a number of exploration properties in Western Australia prospective for lithium and other minerals. The properties are generally at an early exploration stage, with no mineral resource estimates. These properties are grouped into three regions within Western Australia (Figure 5) and comprise:

Greenbushes Region

- Balingup prospect (E70/4763) and application (E01/0003)
- Bridgetown prospect (E70/4774
- Donnybrook prospect application (E70/6093
- Nannup prospect (E70/4845) and application (E70/5684)
- Wilga prospect (E70/4846) and application (E70/5281).

All the tenements held by LPI's subsidiaries in the Greenbushes region are early-stage exploration projects and the limited work completed to date has not identified any significant high priority pegmatite targets for detailed drill testing. Nevertheless, given that all the projects are underlain by the Balingup Metamorphic Belt ("BMB"), the host to Talison Lithium Australia Pty Ltd's ("Talison's") large pegmatite-hosted Greenbushes Lithium mine, further work on all areas is justified.

All the Greenbushes region projects are in sensitive environmental areas and specific procedures are required during exploration activities.

Eastern Goldfields Region

- White Foil South prospect (E15/1772)
- Yerilla prospect (E31/1250)

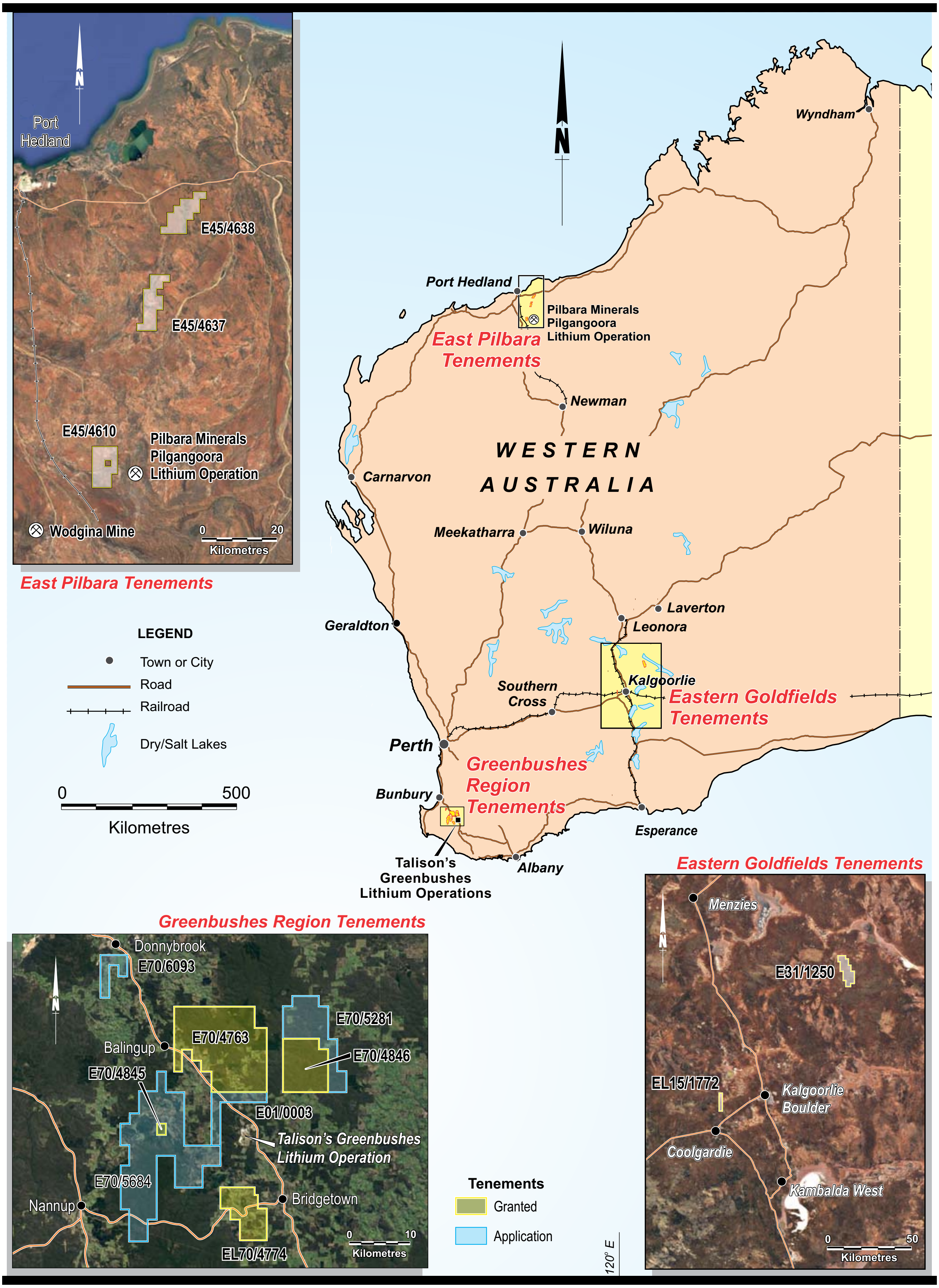
Both the Eastern Goldfields tenements are considered conceptual in nature in respect to the potential to contain lithium bearing pegmatites. No lithium exploration has been undertaken by previous explorers and although granitic intrusives are present in both areas, no pegmatitic units have been recorded.

East Pilbara Region

- Pilgangoora prospect (E45/4610)
- Tabba Tabba prospect (E45/4637)
- Strelley prospect (E45/4638); sold to Carnaby Resources but with LPI retaining the lithium rights.

The Tabba Tabba project has yielded some encouragement with respect to lithium, although initial drill testing of two anomalies has yielded only sub-economic Li_2O grades that are likely to be derived from lithium-bearing micas rather than spodumene, somewhat downgrading the potential. The presence of pegmatites has been confirmed in the Pilgangoora project and further work is justified to further investigate the seven targets defined by earlier exploration. The lithium potential of the Strelley prospect remains to be evaluated. Overall, all three prospects are considered to be at an early stage of evaluation.

LPI announced on 12 January 2022 its intention to demerge its Western Australian tenements and lithium assets (Demerger Assets) in order to focus on developing the Maricunga project. The demerger is to be completed after the Proposed Transaction on Maricunga.



Lithium Power International

Figure 5

WEST AUSTRALIAN LITHIUM EXPLORATION TENEMENTS

BDA - 231 (01) - April 2022

Behre Dolbear Australia Pty Ltd

2.4 Valuation Summary

Details of the valuation methodologies considered are given in Section 3 of this report, Valuation Methodology. Details of the valuations adopted are provided in Section 7, Valuation Discussion.

BDO has determined a value for the Maricunga project, and this valuation is discussed in the BDO Independent Expert Report (IER). BDA has determined a value of any additional mineral assets or exploration potential, as summarised in Table 2.1.

Maricunga is an advanced development project and value is best estimated by consideration of the net present value of the forecast discounted cash flows derived from the LOM plan. BDA has advised BDO on the technical inputs to the model including the LOM plan parameters and assumptions.

The BDO discounted cashflow valuation of the Maricunga project is based on the Stage One project. The Maricunga project has potential for significant extensions to the Stage One mine life, including development of the New Code Concessions (NCC) and extraction of deeper brines within the basin. BDA has considered the additional expansion and exploration potential of the project and has considered what value might be ascribed to this potential by a willing and knowledgeable buyer. BDA has discussed with BDO realistic extension scenarios as a guide to the valuation of the additional exploration potential.

For the WA exploration assets (Demerger Assets), the Greenbushes regional tenements can be valued using LPI's recent transactions in the Greenbushes (Nannup and Wilga tenements) and Eastern Goldfields (White Foil South and Yerilla) and then applying the A$/km^2 yardstick based on these transactions to the remaining Greenbushes regional areas. In the case of the Eastern Goldfields prospects and the Nannup and Wilga Greenbushes prospects the actual purchase price has been used as an appropriate value for these tenements. In the case of the Pilgangoora, Tabba Tabba and Strelley prospects, BDA considers that the Prospectivity Enhancement Multiplier ("PEM") method provides the most appropriate valuation of these tenements, based on a factor of the exploration expenditure and results to date.

BDA has also undertaken a valuation of all the WA exploration properties using exploration expenditure and a PEM factor. Where a recent transaction has been undertaken, BDA considers that the transaction values provide the most appropriate guide to value. However, BDA has accepted that the exploration expenditure and the PEM factors provide an acceptable high range value and has used this value for the high range in Table 2.1 below.

BDA has based the low range value for the WA exploration properties on a 20% reduction in the Most Likely value.

Table 2.1

Valuation Summary of LPI Projects and Exploration Potential (100% Basis)

Property	Valuation (A$M)			Comments
	Low	Most Likely	High	
Maricunga Lithium Brine Project				
Proposed operation based on existing reserves and LOM plan	See IER	See IER	See IER	Assessed by BDO with technical input from BDA
Potential for extension of mine life	See IER	See IER	See IER	Additional 20 years of mine life incorporated in BDO assessment based on technical advice from BDA
Maricunga additional exploration potential	-	-	-	Fully encapsulated in the additional mine life incorporated in BDO's assessment
Western Australia Exploration Properties				
Exploration potential	2.1	2.6	4.7	Assessed by BDA

Note: the estimates above have all been made on a 100% basis; Most Likely Value based on a combination of recent transaction values and exploration expenditure x PEM factors; Low Range value based on -20% on the Most Likely Value; High Range value based on exploration expenditure x PEM factors

3.0 VALUATION METHODOLOGY

3.1 Effective Date

The effective date for the valuation is the date of this report. The project schedule tables in this report show annual forecasts from 30 June 2022.

3.2 Standards and Procedures

This report has been prepared in keeping with the VALMIN Code for the Technical Assessment and Valuation of Mineral Assets and Securities for Independent Expert Reports as adopted by the Australasian Institute of Mining and Metallurgy in 1995 and as amended and updated in 2005 and 2015. Mineral Resource and Ore Reserve estimation procedures and categorisations have been reviewed in terms of the JORC Code, 2012.

3.3 Valuation Principles

As a general principle, the fair market value of a property as stated in the VALMIN Code is the amount a willing buyer would pay a willing seller in an arm's length transaction, wherein each party acted knowledgeably, prudently and without compulsion.

3.4 Valuation Methods

There is no single method of valuation which is appropriate for all situations. Rather, there are various methods, all of which have some merit and are more or less applicable depending on the circumstances. The following are appropriate items to be considered:

- discounted cash flow
- amount an alternative acquirer might be willing to offer
- the amount which could be distributed in an orderly realisation of assets
- the most recent quoted price of listed securities
- the current market price of the asset, securities or company.

The *discounted cash flow* or net present value method is generally regarded as the most appropriate primary valuation tool for operating mines or mining projects close to development. Valuing properties at an earlier stage of exploration where Ore Reserves, mining and processing methods, and capital and operating costs, are yet to be fully defined, often involves the application of alternative methods. The methods generally applied to exploration properties or projects at an early stage of development are the *comparable transaction* method, the value indicated by *alternative offers* or by *joint venture terms,* the *past expenditure* method and the *Geoscientific or Kilburn* method. *Yardstick values* based on metal in resources or reserves can be derived and used for both mining and exploration properties. *Yardsticks* based on tenement areas can be used for earlier stage exploration prospects. Under appropriate circumstances values indicated by *stock market valuation* should be taken into account as should any *previous independent valuations* of the property.

The valuation methods considered are briefly described below.

Net Present Value (NPV)

If a project is in operation, under development, or at a final feasibility study stage, and Mineral Resources and/or Ore Reserves, mining and processing recoveries and capital and operating costs are well defined, it is generally accepted that the net present value of the project cash flows is a primary component of any valuation study. This does not imply that the fair market value of the project necessarily is the NPV, but rather that the value should bear some defined relationship to the NPV.

If a project is at the feasibility study stage, additional weight has to be given to the risks related to uncertainties in costs and operational performance, risks related to the ability to achieve the necessary finance for the project, risks related to granting of licences or permits, environmental and community aspects, political or sovereign risk and sometimes a lower degree of confidence in the reserves and recoveries. In an ongoing operation, many of these items are relatively well defined.

The NPV provides a technical value as defined by the VALMIN Code. The fair market value could be determined to be at a discount or a premium to the NPV due to other market or risk factors. BDO has requested assistance in relation to key operating assumptions set out in the discounted cashflow models in respect of the Maricunga project. The project is well advanced, pump testing and pilot scale process testing have been carried out, and capital and operating costs have been estimated. BDA considers that the project is sufficiently well defined to enable a discounted cashflow analysis to be carried out and has advised BDO on the reasonableness of the underlying assumptions.

There is potential for some extension to the mine life at Maricunga and BDA considers that a willing and knowledgeable buyer would take such factors into account. In appropriate circumstances, the NPV method can be applied to the valuation of such future potential, where prospects are adjacent to an existing mining operation or represent extensions to the current operation, and there is a reasonable likelihood that mineralisation delineated within these properties could provide a future source of feed to the existing plant. In purchasing such a property, a willing and knowledgeable buyer would be mindful of the opportunity of exploiting such mineralisation.

The Stage One Maricunga project already has a long potential mine life, nevertheless the potential for further extension is likely to have a material impact on the valuation of the project. In BDA's opinion, it is appropriate to consider the potential for further extensions of mine life beyond the currently defined Stage One LOM plan and consider what value this potential adds to the project, as this is the process which would be undertaken by a willing and knowledgeable buyer.

Alternative Valuation Methods

Comparable Transactions

Recent comparable transactions can be relevant to the valuation of projects and tenements. While it is acknowledged that it can be difficult to determine to what extent the properties and transactions are indeed comparable, unless the transactions involve the specific parties, projects or tenements under review, this method can provide a useful benchmark for valuation purposes. The timing of such transactions must also be considered as there can be substantial changes in value with time.

BDO and BDA have considered whether, in recent years, there have been any comparable relevant transactions that could be used as a basis for estimation of value of any of LPI's mineral assets or exploration prospects.

Rules of Thumb or Yardsticks

Certain industry ratios are commonly applied to mining projects to derive an approximate indication of value. The most commonly used ratios relate to gold projects and comprise dollars per ounce of gold in resources or dollars per ounce of gold in reserves, but similar ratios are also estimated and quoted for contained lithium in resources or reserves or per hectare of prospective ground. The ratios used commonly cover a substantial range which is generally attributed to the 'quality' of the potential resource or reserve. Contained metal which can be produced at low cost is clearly worth more than a high-cost source. Where a project has substantial future potential not yet reflected in the quoted resources or reserves, a ratio towards the high end of the yardstick range may be justified.

BDA has considered relevant lithium yardstick values and the application of these to provide a guide to the value of LPI's exploration tenements and projects.

Alternative Offers and Joint Venture Terms

If discussions have been held with other parties and offers have been made on the projects or tenements under review, then these values are certainly relevant and worthy of consideration. Similarly, joint venture terms where one party pays to acquire an interest in a project or spends exploration funds in order to earn an interest, may also provide an indication of value. BDA has considered whether there are any relevant recent offers or joint ventures which might provide a guide to assessing a value for LPI's exploration properties. BDA has also considered the extent to which such transactions are at arm's length, or whether some involve related parties, and therefore may not provide an appropriate guide to an arm's length transaction.

Past Expenditure

Past expenditure, or the amount spent on exploration of a tenement is commonly used as a guide in determining the value of exploration tenements, and 'deemed expenditure' is frequently the basis of joint venture agreements. The assumption is that well directed exploration has added value to the property. This is not always the case and exploration can also downgrade a property and therefore a 'prospectivity enhancement multiplier' (PEM), which commonly ranges from 0.5-3.0, is applied to the effective expenditure or to the original acquisition cost or deemed valuation. The selection of the appropriate multiplier is a matter of experience and judgement. To eliminate some of the subjectivity with respect to this method, BDA typically applies a scale of PEM ranges as follows to the exploration expenditure:

- PEM 0.5 - 0.9 Previous exploration indicates the area has limited potential
- PEM 1.0 - 1.4 The existing (historical and/or current) data consists of pre-drilling exploration and the results are sufficiently encouraging to warrant further exploration
- PEM 1.5 - 1.9 The prospect contains one or more defined significant targets warranting additional exploration
- PEM 2.0 - 2.4 The prospect has one or more targets with significant drill hole intersections

- PEM 2.5 - 2.9 Exploration is well advanced and infill drilling is required to define a resource
- PEM >3.0 A resource has been defined but a (recent) pre-feasibility study has not yet been completed.

BDA has considered whether exploration expenditure is relevant in determining a value for LPI's exploration prospects.

Geoscientific Method

In an attempt to introduce a more systematic way of valuing exploration properties, the Kilburn or Geoscientific method was developed, which commences with the base acquisition cost ("BAC") being the cost to acquire and maintain a unit area (square kilometre or hectare) for one year including statutory fees and minimum expenditure commitments. The base cost is then factored sequentially by four technical factors, Off-Property, On-Property, Anomaly and Geological, with factors for each ranging from 0.1 to 5.0. BDA has considered whether the Geoscientific method is relevant in assessing a value for LPI's exploration prospects.

Prospectivity

Over-riding any mechanical or technical valuation method for exploration ground must be recognition of prospectivity and potential, which is the fundamental value in relation to exploration properties, and this has been considered in BDA's valuation of the exploration prospects.

Market Valuation

On the fundamental definition of value, as being the amount a knowledgeable and willing buyer would pay a knowledgeable and willing seller in an arm's length transaction, it is clear that due consideration has to be given to market capitalisation. In the case of a one project company or a company with one major asset, the market capitalisation gives some guide to the value that the market places on that asset at that point in time, (with suitable adjustments for a control premium and other assets and liabilities), although certain sectors may trade at premiums or discounts to net assets, reflecting a view of future risk or earnings potential. Commonly however a company has several projects at various stages of development, together with a range of assets and liabilities, and in such cases, it is difficult to define the value of individual projects in terms of the share price and market capitalisation.

Other Expert Valuations

Where other independent experts or analysts have made recent valuations of the same or comparable properties these opinions clearly need to be reviewed and to be taken into consideration. BDA has inquired of LPI whether any other recent valuations of the Company or its assets have been undertaken.

Special Circumstances

Special circumstances of relevance to mining projects or properties can have a significant impact on value and modify valuations which might otherwise apply. Examples could be:

- *environmental risks* - which can result in a project being subject to extensive opposition, delays and possibly refusal of development approvals
- *local population or indigenous peoples/land rights issues* - projects in areas subject to claims from indigenous peoples or traditional landowners can experience prolonged delays, extended negotiations or veto
- *country issues* - the location of a project can significantly impact on the cost of development and operating costs and has a major impact on perceived risk and sovereign risk
- *technical* - issues peculiar to an area or orebody such as geotechnical or hydrological conditions, or metallurgical difficulties could affect a project's economics.

We have considered, and have inquired of LPI, whether any such factors apply to the projects and prospects under review.

4.0 SOURCES OF INFORMATION

BDA has undertaken a site visit to the Maricunga project in northern Chile in early June 2022. Meetings have been held with LPI and MSB management and technical staff and consultants. BDA's report is based on the site visit and reviews of the available documentation and reports provided by LPI. The principal reports and documents reviewed are listed below:

Public Information

- LPI Annual Report 2021
- LPI Quarterly Reports 2021 and Q1 2022, ASX Announcements
- Stock Exchange and Press Announcements 2021, 2022 for LPI
- 90 Percent Increase in Measured & Indicated Resources for LPI's Maricunga Stage One Lithium Project - ASX 29 September 2021
- LPI to Consolidate 100% Ownership of Maricunga Lithium Brine Project - ASX 22 June 2022, LPI

Maricunga Project Reports

- NI 43-101 Technical Report, Definitive Feasibility Study of MSB Blanco Lithium Carbonate Project - Worley Parsons. and Flo Solutions, January 2019
- Resolución de Calificación Ambiental (RCA) "Proyecto Blanco", Resolución Exenta N° 0094 - Chilean Environmental Agency, February 2020
- Imagining Tomorrow Chile's next Lithium Brine Project - LPI Presentation, November 2021
- NI 43-101 Technical Report, Definitive Feasibility Study Update, Minera Salar Blanco Lithium Project, Stage 1 - Worley Chile and Atacama Water Consultants, January 2022
- EV Materials, Lithium 1H 22 Higher for Longer - Canaccord Research Report, January 2022
- Minera Salar Blanco Financial Model "*Modelo Economico DFS v9.6 FINAL DFS VH.xlsx*" - Minera Salar Blanco, February 2022
- Minera Salar Blanco Capex Basis of Estimate - Worley Chile, April 2022
- Lithium Power International - Edison Research Report, May 2022.

Western Australia Exploration Property Reports

- Exploration Programme at Blackwood and Pilbara - ASX 6 January 2022, LPI
- LPI to Demerge its WA Hard Rock Lithium Assets - ASX 12 January 2022, LPI
- Sale Transaction Completed on the Strelley Tenement in Western Australia - ASX release 15 July 2022
- Independent Geologists Report on the Greenbushes and East Pilbara Exploration Assets (incomplete draft) - Geko-Co Pty Ltd, June 2022
- Tenement Expenditures supplied by LPI (undated)
- Annual Report for 22 March 0202 to 21 March 2021 – Third Combined Annual Report, Greenbushes Project E70/4763 & E70/4774
- Annual Report Greenbushes Lithium Project for 22 March 2020 to 21 March 2021 – Third Combined Annual Report, Greenbushes Project E70/4763 & E70/4774 for 22 March 2021 to 21 March 2022, Annual Report Greenbushes Project E70/4763 & E70/4774
- CMC Lithium Pty Ltd Annual Report for 13 October 2018 to 12 October 2019, E70/4845
- CMC Lithium Pty Ltd Annual Report for 13 October 2019 to 12 October 2020, E70/4845
- CMC Lithium Pty Ltd Annual Report for 13 October 2020 to 12 October 2021, E70/4845
- CMC Lithium Pty Ltd Annual Report for 10 April 2021 to 2020 to 9 April 2022, E70/4846
- CMC Lithium Pty Ltd Annual Report for 10 April 2020 to 2021 to 9 April 2022, E70/4846
- CMC Lithium Pty Ltd Annual Report for 10 April 2020 to 2021 to 9 April 2022, E70/4846
- Lithium Power International Limited Annual Report for the Period 18 September 2019 to 17 October 2020, Pilgangoora Lithium Project
- Lithium Power WA Holdings Annual Report for the Period 18 September 2020 to 17 October 2021, E45/4610
- Lithium Power WA Holdings Annual Report for the Period 12 May 2019 to 11 May 2020, E45/4638
- Carnaby Resources Limited for the Period 12 May 2020 to 11 May 20210, Project C30/2021
- Lithium Power WA Holdings Annual Report for the Period 12 May 2019 to 11 May 2020, E45/4637
- Lithium Power WA Holdings Annual Report for the Period 12 May 2020 to 11 May 2021, E45/4637
- Share Sale and Purchase Agreement between Lithium Power WA Holdings Pty Ltd (Purchaser) and Ruike Electronics (HK) Co. Ltd (Vendor) and Baoxue Lan, Hong Chen and Yuzhen Wu (Warrantors) dated 27 June 2022

- Share Sale and Purchase Agreement between Lithium Power WA Holdings Pty Ltd (Purchaser) and Sovran White International Limited (Vendor) dated 24 June 2022
- Sale Agreement Exploration Licences 31/1250 and 15/1772; Lysander Lithium Pty Ltd (Vendor) and Lithium Power WA Holdings Pty Ltd (Purchaser) dated 23 June 2022.

General Data

- Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves - Report of the Joint Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia - December 2012 Edition ("The JORC Code December 2012")
- Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets ("The VALMIN Code 2015 Edition")
- Canadian Institute for Mining, Metallurgy and Petroleum Definition Standards for Mineral Resources and Mineral Resources, prepared by CIM Standing Committee on Reserve Definitions, adopted by CIM Council, May 2014
- National Instrument NI43-101 Standards of Disclosure for Mineral Projects, Form 43-101F1 Technical Report and 43-101CP, as adopted by Canadian Securities Administrators June 24, 2011, and as amended
- CIM Best Practice Guidelines for Reporting Lithium Brine Resources and Reserves
- Guidelines for Resource and Reserve Estimation for Brines, Association of Mining and Exploration Companies
- Ontario Securities Commission (OSC) Staff Notice 43-704; Mineral Brine Projects and National Instrument 43-101 Standards of Disclosure for Mineral Projects.

5.0 MARICUNGA PROJECT ASSETS

5.1 Overview and General Description

The Maricunga project is a lithium brine development project located on the north side of Salar de Maricunga in the Atacama Region of northern Chile, part of the "lithium triangle" encompassing parts of Chile, Argentina and Bolivia (Figures 1 and 2). Northern Chile is predominantly an area of interior drainage that contains lithium brine resources in deposits known as salares or salars, which are endorheic (closed) basins located in high altitude desert environments where groundwater containing dissolved minerals accumulates and concentrates by evaporation to form concentrated brine solutions, enriched in various metal ion species, especially lithium and potassium.

The project is located 170km northeast of Copiapó in the III Region of northern Chile (Figure 2) at an altitude of 3,750masl. The project covers 1,125ha of mineralised ground in Salar de Maricunga together with 100ha immediately northeast of the salar comprising the exploration camp and evaporation test facilities, and an additional 1,800ha located eight kilometres north of the Salar for the construction of evaporation ponds and process plant facilities (Figure 4).

MSB completed an initial DFS for the original Blanco Project in 2019 based on brine production from all concessions (OCC and NCC (Litio 1-6)) to 200m depth with a proposed 20,000tpa LCE production capacity. A NI 43-101 Technical Report and Definitive Feasibility Study Update prepared by Worley Chile S.A. ("Worley Chile") and Atacama Water Consultants ("Atacama") was issued in January 2022 for the Stage One project based on brine production from the OCC only, with a planned average of 15,200tpa of LCE production over a 20-year mine-life. Approved environmental permits support the Stage One project development.

The Stage One project consists of extracting brine from the Maricunga salar to produce 15,200tpa of lithium carbonate. The Maricunga brines are saturated in sodium chloride, together with significant concentrations of lithium and potassium, and have an average density of 1.2g/cm^3 with lithium concentration averaging around 950-1,100mg/L.

The proposed processing steps have been tested on the Maricunga brines and appear reasonable. The brine is low in sulphates and high in calcium that has to be removed before precipitating lithium carbonate. The proposed MSB process steps comprise:

- brine extraction from the well-field
- solar evaporation to concentrate and crystallise various salts
- crystallisation of calcium chloride and calcium magnesium chloride ("tachyhydrite")
- solvent extraction to remove boron
- addition of lime and sodium carbonate to control magnesium and calcium
- ion exchange to remove remaining impurities before lithium carbonate precipitation.

BDA has reviewed the process flow sheets for Maricunga and found the processing plans and methods to be based on accepted industry standards and appropriate for the project. The estimated recoveries in the proposed process are within calculated ranges for this type of salar chemistry.

5.2 Location

The project is located 170km northeast of Copiapó in the III Region of northern Chile (Figure 2) at an elevation of 3,750masl. The property is centred at approximately 492,000mE, 7,025,000mN (WGS 84 datum UTM Zone 19).

The project is accessed from the city of Copiapó via National Highway 31. Highway 31 is paved for approximately two-thirds of the distance and is a well-maintained gravel surface road thereafter. A 23 kilovolt ("kV") transmission line runs parallel to the highway. National Highway 31 extends through to Argentina via the Paso de San Francisco. Access to Maricunga from the city of El Salvador in northwest Argentina (Figure 2) is via a well-maintained gravel surface highway. Occasional high snowfalls in the mountains may close the highways for brief periods during the winter.

Copiapó is a mining city surrounded by copper and gold mines and industrial areas, including a smelting facility with an airport serviced by regular internal flights and international flights to Argentina and Bolivia.

No inhabitants live in the vicinity of Salar de Maricunga and the closest communities affected by the project are located in Diego de Almagro where three main indigenous communities are recognised. Diego de Almagro is located to the north of Copiapó and is approximately 160km from the project. The relationship between MSB and local communities is reported to be positive, and the strategy of the company is to maintain a direct contact and engagement.

The climate at Salar de Maricunga is that of a dry, cold, high-altitude desert, which receives irregular rainfall from storms between December and March and snowfall during the winter months of late May to September. The average annual temperature is 5-6°C, average annual precipitation is estimated at 150mm, and average annual potential evaporation is between 2,100mm and 2,400mm.

5.3 Tenements

MSB holds a portfolio of 10 Mining Concessions overlying resources contained in Salar de Maricunga, comprising both Old Legislation Exploitation Concessions (OCCs) and 1983 New Exploitation Concessions (NCCs or Litio 1-6). The OCC areas comprise *Cocina 19-27*, *Salamina 1-3, Despreciada 6-7, and San Francisco 1-10* (totalling 1,125ha), and NCCs *Litio 1-6* (1,438ha) Figure 3).

In addition, 19 Blanco NCCs (totalling 5,190ha) lie some 3-8km north of the salar and are to be used for the project infrastructure, evaporation ponds and processing facilities (Figure 4).

Table 5.1 provides a listing of the MSB concessions.

Table 5.1

Maricunga Lithium Project Tenements held by MSB at June 2022

No	Title File ID	Tenement Name	Grant Date*	Area (Ha)	Mining Code
1	03201-6516-4	Litio 1, 1- 29	2004	131	1983
2	0321-6517-2	Litio 2, 1 – 30	2004	143	1983
3	03201-6518-0	Litio 3, 1 – 58	2004	286	1983
4	03201-6519-9	Litio 4, 1 – 60	2004	300	1983
5	03201-6520-2	Litio 5, 1 – 60	2004	297	1983
6	03201-6521-0	Litio 6, 1 – 60	2004	282	1983
7	03201-2110-19	Cocina 19-27	1937	450	1932
8	03201-0006-2	San Francisco 1 – 10	1945	425	1932
9	03201-0007-0	Despreciada 6 – 7	1950	100	1932
10	03201-0005-4	Salamina 1 – 3	1954	150	1932
11	03102 -6027-4	Blanco 1, 1 – 60	2019	300	1983
12	03102 -6028-2	Blanco 2, 1 – 60	2019	300	1983
13	03102-6029-0	Blanco 3, 1 – 60	2019	300	1983
14	03201-C84-K	Blanco 4, 1 – 60	2019	250	1983
15	03202-C846-8	Blanco 5, 1 – 60	2019	300	1983
16	03201-C847-6	Blanco 6, 1 – 60	2019	300	1983
17	03201-D111-6	Blanco 15, 1 – 60	2019	300	1983
18	03201-D110-8	Blanco 16, 1 – 50	2019	250	1983
19	03201-D109-4	Blanco 17, 1 – 40	2019	200	1983
20	03201-D384-4	Blanco I 18, 1 – 60	2021	150	1983
21	03201-D385-2	Blanco I 20, 1 – 60	2021	240	1983
22	03102-6217-K	Blanco I 29, 1 – 40	2020	200	1983
23	03102-6218-8	Blanco I 30, 1 – 60	2020	300	1983
24	03102-6224-2	Blanco I 36, 1 – 60	2020	300	1983
25	03102-6226-9	Blanco I 37, 1 – 60	2020	300	1983
26	03102-6227-7	Blanco I 38, 1 – 60	2020	300	1983
27	03102-6228-5	Blanco I 39, 1 – 60	2020	300	1983
28	03102-6229-3	Blanco I 40, 1 – 60	2020	300	1983
29	03102-6229-3	Blanco I 41, 1 – 60	2020	300	1983

Notes: All the Mining Concessions have preferential rights over the relevant area and there are no mining concessions or mining rights held or filed by third parties challenging the rights and preference of the MSB Mining Concessions. MSB owns 100 percent of the Litio 1-6, Cocina 19-29, San Francisco 1-10, Despreciada 6-7, Salamina 1-3 and Blanco mining concessions.

**: Note that there are no expiry dates on Mining concessions in Chile.*

The Maricunga Stage 1 project is based on production of an average of 15,200tpa of battery grade lithium carbonate over a 20-year mine-life from the lithium brines contained in the Old Code mining concessions (OCC) covering 1,125ha of the Maricunga salar owned by MSB. The OCCs are constituted under the 1932 Chilean Mining Code and do not require a special licence from the Chilean Government (*Contrato Especial de Operación del Litio* – "CEOL") for the production and sale of lithium products. They have "grandfathered" rights for the production and sale of lithium products, unlike the *Litio* New Code Concessions, which were constituted under the 1983 Chilean mining law and require an additional government licence for the production and sale of lithium.

The 1983 Litio 1-6 or New Code Concessions do not allow exploitation of lithium, unless a Special Operation Contract for Lithium (CEOL) is obtained but do permit the exploration and exploitation of any other mining substances, whether metallic or non-metallic (eg. potassium). The 1983 concessions do not entitle appropriation of the extracted lithium, without a CEOL, only other concessionable substances.

LPI advises that all titles of the Mining Concessions listed in Table 5.1 are in good standing, hold no encumbrances, are valid and in force.

5.4 Geology and Mineralisation

Salars

Lithium brine accumulation in salars is the result of the leaching of lithium-containing rocks, typically of volcanic origin, by infiltration of rainfall and snowmelt and the action of hydrothermal fluids. Drainage is to the terminal basin, where evaporation is the only outlet for the groundwater. As water evaporates, the dissolved minerals concentrate and the groundwater gradually becomes enriched in chlorides and sulphates of sodium, calcium, magnesium, potassium, lithium, boron and other elements. The brine is denser than the incoming groundwater and progressively moves to lower levels in the salar. Salars typically form in high altitude deserts in fault-controlled closed basins such as those found in the Altiplano-Puna region of Chile, Argentina and Bolivia.

Salars are classified into two general categories; "immature" clastic sediment dominated salars and "mature" halite dominated salars. Clastic-dominated salars can reach significant depths to bedrock. Porosity and permeability in clastic sediments is controlled by the nature of the sediments, with coarse grained sands and gravels exhibiting high porosity and permeability and thus conducive to high brine pumping rates. Halite-dominated salars are typically shallower as the halite tends to form impermeable massive halite horizons starting at depths from approximately 50-65m. However, the upper reaches of such salars can be very productive for brine due to the presence of voids and channels within the halite. Salar de Maricunga is a mixed type where the northern part of the salar has a well-developed halite crust with a thickness of up to 34m while towards the south, clastic facies become dominant. These facies are also present underlying the halite unit in the north where lacustrine sediments have been identified.

Salar de Maricunga

The Salar de Maricunga is part of the Preandean depression, a morphotectonic unit located between the Precordillera (or Cordillera de Domeyko) to the east and the Western Cordillera (Cordillera Claudio Gay). The Maricunga basin is a fault-controlled depression. The Precordillera, the east margin basin, is composed of Mesozoic back-arc sediments intruded by Eocene sub volcanic stocks and porphyries, deformed by the Domeyko Fault system. The western margin, Cordillera Claudio Gay, comprises an uplifted basement block, covered by Eocene-Miocene sedimentary and volcanic sequences. During the Cenozoic era the basin received a large amount of sediment from uplift and denudation. Climatic conditions changed around 10 million years ago ("Ma") to a hyper-arid climate and both sedimentation and erosion stopped.

Salar de Maricunga is a mixed style salar composed of unconsolidated clastic, volcanoclastic, and evaporitic sediments. The halite nucleus occupies the central northern part and this unit is underlain by a clay-dominated lacustrine unit. In the central part, a rugosa (wrinkled) crust is well developed, while towards the edges of the salar the crust thins and a saline efflorescence surface is generated from areas of re-solution and precipitation.

Eight major geological units have been defined in the resource model, and have been logged, sampled and assayed (Table 5.2). The Upper Halite Unit is limited to the northern portion of the salar, reaches a maximum thickness of around 30m, thinning towards the edge of the salar, and contains a high concentration of lithium brine.

It is underlain by an extensive Lacustrine Unit comprising mostly clay with silty-sandy interbeds. The Lacustrine Unit reaches a thickness in excess of 100m, and interfingers with alluvial/fluvial sandy fans towards the edges of the basin (the Alluvial Unit). The Alluvial Unit comprises silty sands and clays. Within the Lacustrine Unit a lower halite sequence occurs (Lower Halite Unit) reaching a thickness of up to 30m.

Beneath the Lacustrine Unit lies a sequence of volcaniclastics and breccias comprising unconsolidated tuffs and pumice breccia. The Upper Volcaniclastic Unit, up to 100m thick, is separated from a Lower Volcaniclastic Unit and Lower Volcanic Breccia Unit by a relatively continuous thin Lower Sand Unit averaging around 40m thick.

The lacustrine clayey sediments form a hydraulic barrier for flow between the Upper Halite aquifer and the deeper volcaniclastic aquifers. The lacustrine unit however contains local sands, silts and halite layers, including the well-developed Lower Halite lens.

All these units host lithium-enriched brines and all have been sampled, tested for permeability and drainable porosity and the contained brines analysed during the exploration drilling, sampling and testwork programmes.

Brine movement in the salar is controlled by the permeability and porosity of the matrix sediments and density differences between less saline fluids and denser brine.

Basement rocks have only been intersected in one hole drilled near the north-western margin of the salar at a depth of around 220m, but geophysical surveys suggest the basement lies generally at around 500-550m beneath the northern portion of the salar in the project area, potentially increasing to depths of up to 1,500m in the central area of the salar.

Table 5.2

Geological Sequence and Drainable Porosity Sampling by Geological Unit

Geological Unit	Drainable Porosity	No. of Samples
Upper Halite	0.06	6
Lacustrine Unit	0.02	323
Deep Halite	0.06	8
Alluvial Unit	0.14	31
Volcanoclastic Unit	0.12	72
Lower Sand	0.07	20
Lower Volcanoclastic	0.08	7
Volcanic Breccia	0.13	52
Basement	-	-

Source: Technical Report NI 43-101 Definitive Feasibility Study Stage One, Minera Salar Blanco, January 2022

Mineralisation

The lithium brine at Maricunga is characterised by an average concentration of total dissolved solids ("TDS") of 311g/L and the average density is 1.20g/cm^3. The solution is close to saturated in sodium chloride (NaCl) and contains potassium (K), lithium (Li), magnesium (Mg), calcium (Ca), sulphate (SO_4), carbonate (HCO_3) and boron (B) with elevated values of strontium (Sr). Compared with other producing salars, the Maricunga brines are particularly high in calcium and low in sulphate ions (Table 5.3). Lithium grades are not as high as in the main Chilean producing area, the Salar de Atacama, but are as high as, or higher than, the principal Argentinian producers.

Table 5.3

Comparative Chemical Composition of Brines from Various Salars (Weight Percent)

Element/Ion	Salar de Maricunga Chile	Salar de Atacama Chile	Salar Hombre Muerto Argentina	Salar de Cauchari Argentine
Li	0.09	0.15	0.06	0.05
K	0.69	1.85	0.62	0.47
Na	7.10	7.60	9.79	9.55
Mg	0.61	0.96	0.09	0.13
Ca	1.12	0.03	0.05	0.03
B	0.05	0.06	0.04	0.08
SO_4	0.06	1.65	0.85	1.62
Cl	15.9	16.0	15.8	14.9
Density	1.20	1.22	1.21	1.22

Source: Technical Report NI 43-101 Definitive Feasibility Study Stage One, Minera Salar Blanco, January 2022

5.5 Exploration History and Geological Data

Geological data supporting the current resource estimate includes data obtained from various geophysical programmes, trenching, core drilling, core sampling, brine exploration drilling and sampling, pumping wells and long-term pumping tests extending from 2011 through 2022. The seismic, Audio Magnetotellurics ("AMT"), Transient Electromagnetics ("TEM") and gravity surveys have assisted in defining the different geological and hydrological boundaries, lateral continuity and depths. The drill programmes have provided systematic sampling of the lithological units, samples for density, porosity and permeability testing and samples of the contained brine for analysis. The pumping tests have provided data for estimates of transmissivity, drawdown and recovery. Table 5.4 summarises the exploration works that support the current resource and reserve estimates.

Table 5.4

Summary of Historical Exploration Work

Activity	Campaign	Year	Summary Description
Geophysical Campaigns	Seismic refraction tomography	2011	23 line-km of measurement collected along six lines
	Audio Magnetotellurics (AMT)	2015	60.8km of measurement
	Transient Electromagnetics (TEM)	2015	15 TEM soundings
	Gravimetry	2017	>60km of measurement
Trenching Campaign	Trench pumping test	2011	A 24hr pumping test, six test trenches on the Litio 1-6 tenements to test hydraulic conductivity
Drilling Campaigns	Brine exploration wells	2011	6 sonic boreholes drilled to a depth of 150m (Litio 1-6 tenements)
	Pumping tests	2011	2 rotary drilled wells with drillhole depths of 150m, well development over 72hr period
	Brine exploration wells	2011	9 RC boreholes drilled to a depth ranging from 30m to 192m
	Brine exploration wells	2016	4 sonic boreholes drilled to a depth of up to 200m
	Brine exploration wells	2016	8 rotary tricone/HWT
	Brine exploration wells	2018	2 sonic boreholes drilled to a depth of 200m
	Brine exploration wells	2021	5 tricone/HQ/HWT wells with drillhole depths of 400m
Long-Term Pumping Tests	Pumping test	2015	14 days and 30 days constant rate test on 2 wells for transmissivity (Litio 1-6 concessions)
	Pumping test	2017	7 days constant rate tests on 1 well for transmissivity (Litio 1-6 concessions)
	Pumping test	2017	30 days constant rate tests on 1 well for transmissivity (OCC concessions)
	Pumping test	2020-2021	30 days pumping test on 1 well for transmissivity (OCC concessions)

Source: Technical Report NI 43-101 Definitive Feasibility Study Stage One, Minera Salar Blanco, January 2022

MSB has completed several drilling programmes (sonic, reverse circulation (“RC”), diamond and rotary) in the area of the salar (Figure 6) and has collected core samples and rotary drill samples of the salar.

In 2011, six sonic boreholes were completed to depths of 150m, producing 4-inch core at recoveries reported to be better than 90%. Brine samples were taken at 3m intervals. Further sonic drilling was carried out in 2016-2018 with holes drilled to 200m and brine sampled every 6m. Eight rotary 3 7/8 inch tricone holes were also completed with samples taken every 2m.

In 2021, five 400m holes were completed with the upper 200m drilled by tricone and the remainder 200-400m of the hole drilled HQ core. The brine was sampled at 12m intervals.

On completion, all these exploration holes were cased for future monitoring purposes.

In addition, a number of production wells have been drilled for pump testing. The production wells were drilled at 11 inch or 17 inch diameter with 10 inch or 12 inch casing to depths of 150-180m. RC drill holes at distances of 10-35m from the production wells were drilled for monitoring purposes and were also logged and the brine sampled at 3m intervals. Pumping tests have been carried out over 7-30 day periods, at pumping rates generally around 25-45 litres per second (“L/s”). A number of piezometers have been installed in the monitoring holes.

The results of the pumping tests have been analysed by hydrology and hydrogeology specialists Atacama Water and incorporated in the reserve and production forecasts.

Drilling and sampling processes and procedures have been developed and supervised by recognised and well-regarded brine geology specialists. Core samples have been collected photographed and logged and samples sent for testing for porosity and permeability. Core samples have been tested by Daniel B Stephens and Associates USA (“DBSA”), the British Geological Survey UK (“BGS”), Geosystems Analysis Laboratories USA (“GSA”) and CoreLabs USA. Brine samples have been sent for analysis by specialist laboratories, primarily the University of Antofagasta (“UOA”) in northern Chile with check assaying undertaken by Alex Stewart Argentina (“ASA”) in Mendoza and Juyjuy.

The UOA laboratory is not ISO certified but is highly experienced in brine analysis and has been undertaking such work since the 1980s. The lab is used by a number of lithium brine producers including SQM, FMC, LAC and Orocobre. ASA is ISO 9001 certified. UOA analysed the brine samples using Atonic Adsorption Spectrometry (“AAS”) while ASA used Inductively Coupled Plasma (“ICP”) methods.

For the 2021 programme, MSB used the Andes Analytical Assay (“AAA”) laboratory for the primary testing and UOA for check analyses.

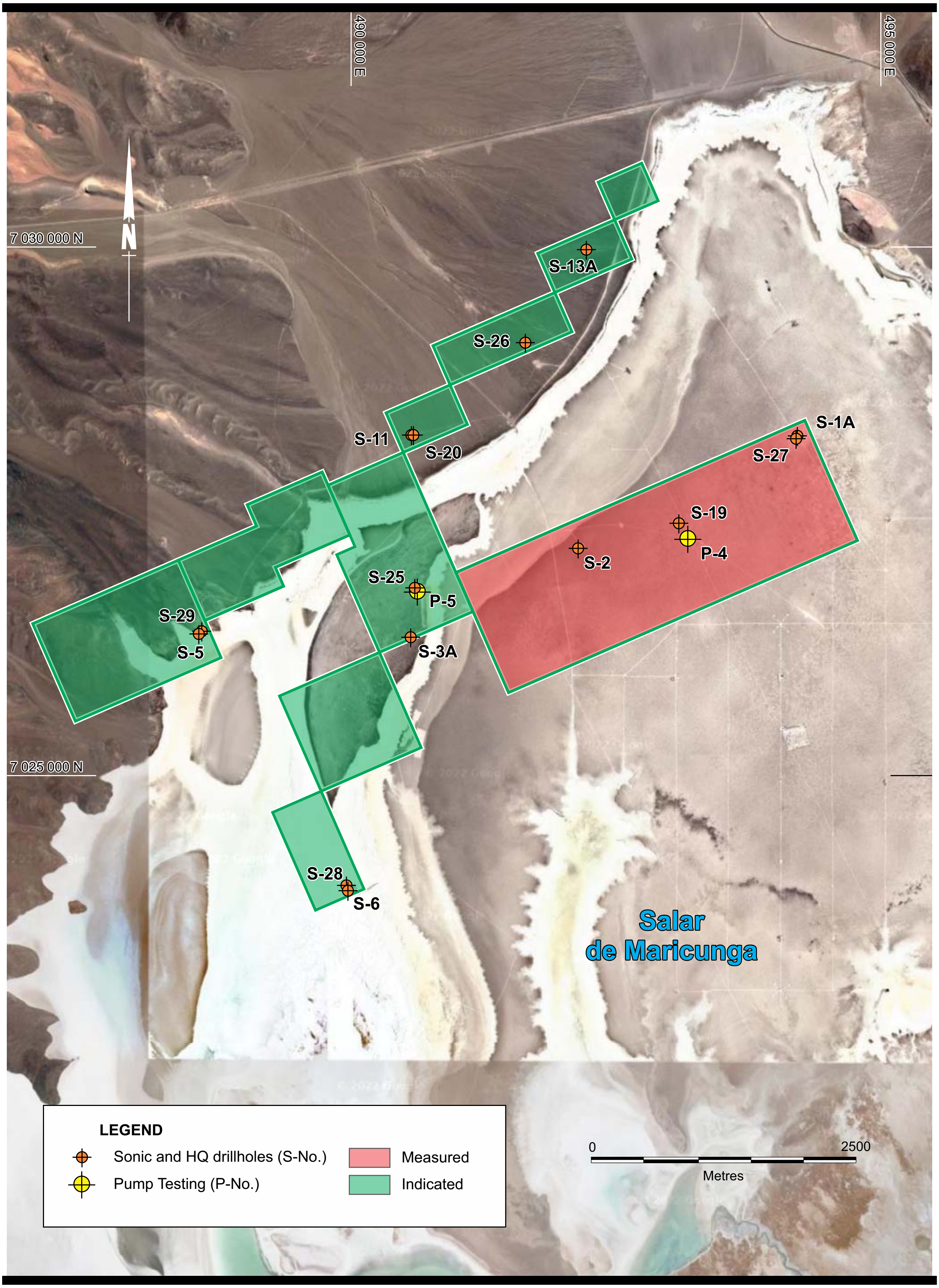


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Figure 6 **MARICUNGA RESOURCE CLASSIFICATION AREAS**

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The Quality Assurance/Quality Control ("QA/QC") programmes for the sampling and assaying incorporate submission of duplicates (1 in 10 samples), blanks (1 in 30 samples) and standards (1 in 15 samples) along with the primary samples for analysis. All check samples are randomly inserted. In addition, approximately 1 in 10 samples were sent to the check laboratory for independent analysis. The Competent Person for the resource estimation work has reviewed all the QA/QC data and has concluded that the analytical data is accurate, not biased, and suitable for use in resource estimation. BDA has reviewed the data reported in the DFS and concurs that the data is reasonable and appropriate for resource estimation purposes.

Drainable porosity analyses were carried out on core samples by Daniel B Stephens Associates (DBSA), based on testing of 285 samples. DBSA also undertook particle size analysis, porosity and density determinations. Check analyses were carried out by the British Geological Survey, GSA Laboratories and CoreLabs. The different laboratories used different testing methodologies and produced variable results, with the DBSA results generally lower than the other laboratories. However, the main factor was the lithology of the sample, and all laboratories produced data generally in accordance with the range of data in the literature.

5.6 Mineral Resources

An in-situ brine resource evaluation should consist of three essential elements: the volume of the host aquifer, the drainable porosity or specific yield (Sy) of the host aquifer, and the concentration of the elements of interest in the brine. The product of the geometry and specific yield (Sy) determines the potentially recoverable volume of the brine resource. The contained lithium (or potassium) in the resource is determined by the product of the brine volume and the concentration of the lithium (or potassium) in the brine.

Brine samples were analysed by the University of Antofagasta, Alex Stewart Assayers and Andes Analytical Assays. Samples for drainable porosity were analysed by Daniel B Stephens and Associates (DBSA), British Geological Survey (BGS), GSA and Corelabs. The range of assay values within the major lithological units and the range of drainable porosity/specific yield values used for the resource estimation are shown in Tables 5.5 and 5.6.

Table 5.5

Geological Sequence and Drainable Porosity/Specific Yield Sampling by Geological Unit

Geological Unit	Drainable Porosity
Upper Halite	0.06
Lacustrine Unit	0.02
Deep Halite	0.06
Alluvial Unit	0.14
Volcanoclastic Unit	0.12
Lower Sand	0.06
Lower Volcanoclastic	0.08
Volcanic Breccia	0.13

Source: Technical Report NI 43-101 Definitive Feasibility Study Stage One, Minera Salar Blanco, January 2022

Table 5.6

Summary of Brine Chemistry Composition

Statistic	Li mg/L	K mg/L	Na mg/L	Mg mg/L	Ca mg/L	B mg/L	Cl mg/L	SO_4mg/L
Maximum	3,375	20,640	105,851	21,800	36,950	1,933	233,800	2,960
Average	1,122	8,142	87,106	7,327	12,847	572	192,723	711
Minimum	460	2,940	37,750	2,763	4,000	234	89,441	259

Source: Technical Report NI 43-101 Definitive Feasibility Study Stage One, Minera Salar Blanco, January 2022; statistics from 781 analyses

Mineral Resources have been estimated by Atacama Water, consulting hydrogeologists, based on logging and hydrogeological interpretation of core holes, drainable porosity analysis, pumping tests and 718 brine chemistry analyses (not including QA/QC analyses) corresponding to all mining concessions (OCC and Litio 1-6). The Stage One model resource estimate is limited to the OCC mining concessions that cover an area of 1,125ha.

A geological model was prepared based on the eight principal lithologies, and these boundaries were used for the grade estimation modelling. A block model was prepared based on 50 x 50 x 1m (vertical) blocks. No grade cutting was applied as no outlier values were identified. Variogram models were constructed for each element and for each geological unit. Typically, the variogram models were isotropic in the horizontal direction, with long ranges, but anisotropic vertically with much shorter ranges. The lithium and potassium concentrations were estimated within each geological unit using Ordinary Kriging ("OK"). Variogram models were constructed for both lithium and potassium parameters. No cut-off values have been applied to the resource estimate.

The bore hole density for Measured and Indicated resources within the OCC averages 1.5km^2. A Measured classification has been applied to the resources underlying the Cocina Concession based on drill data and continuity. An Indicated classification has been applied to the resources underlying the Salamina, Despreciada and San Francisco Concessions.

The Mineral Resource estimate follows the CIM definitions (2014) for Mineral Resources and was prepared in accordance with the guidelines of National Instrument 43-101 specific to brine resources. The Mineral Resources have also been reported in accordance with the JORC Code (ASX Release, 29 September 2021). The resource estimation and classification work has been undertaken by experienced lithium brine specialists as Competent Persons and BDA considers the estimates and categorisations to be reasonable.

The 2022 Mineral Resource estimate for the Old Code Concessions is shown in Figure 6 and summarised in Table 5.7. The resources have been estimated to a maximum depth of 400m; the OCC tenements contain an estimated 358,000t of lithium or 1,905,000t of lithium carbonate equivalent.

Table 5.7

Mineral Resource Estimate (Old Code Concessions) – January 2022

Parameter	Measured (M)		Indicated (I)		M+I	
	Li	K	Li	K	Li	K
Area (km^2)	4.50		6.76		11.25	
Aquifer volume (km^3)	1.8		1.8		3.6	
Mean specific yield (Sy)	0.09		0.12		0.10	
Brine volume (km^3)	0.600		0.216		0.378	
Mean grade (g/m^3)	87	641	11	794	99	708
Concentration (mg/L)	968	7,125	939	6,746	953	6,933
Resource (tonnes)	154,500	1,140,000	203,500	1,460,000	358,000	2,600,000
LCE/KCl	822,000	2,170,000	1,083,000	2,780,000	1,905,000	4,950,000

Note: resource tonnage figures refer to tonnes of contained Li and tonnes of contained K, equivalent to 1,905,000t lithium carbonate equivalent (LCE) or 4,950,000t KCL using conversion factors of 5.32 and 1.91 respectively

The Mineral Resources above do not include the resources within the New Code Concessions where, in 2018, Measured and Indicated resources were estimated to total 184,000t of Li or 979,000t of LCE.

The Maricunga resources remain open at depth, with additional resource potential to an estimated average depth of 500-550m prior to intersecting basement. LPI has estimated a combined Exploration Target of an additional 1,200-2,100kt of LCE from 400-550m in the OCC area and from 200-550m in the NCC area. It must be emphasised that these are target figures only and are not resources as there is effectively no drill information at these depths, however, the projections based on the known geology and geophysical profiles are not unreasonable.

5.7 Ore Reserves

Lithium brine reserves have been estimated based on a numerical groundwater flow and transport model (FEFLOW model) calibrated to steady state and transient flows and heads, for an estimated 20-year brine extraction period. The modelling work was carried out by DHI Group in Lima, Peru under the supervision of Atacama Water. The reserve analysis begins with the initial steady state head distribution and initial lithium concentration distribution from the resource estimate and contains the following main inputs:

- pumping wells
- inflows from the watershed
- evaporation rates
- well field configuration (located in the Old Code Concessions, Figure 7)
- water supply well CAN-6 (Figure 4) is included in the simulation.

The fluid flow model simulates the brine drawdown and associated changes in brine chemistry over time due to pumping. According to the simulation, lithium grade is predicted to remain relatively constant over the 20-year life of the project (>1,000 mg/L up to Year 6 then 948-1,000 mg/L).

Reserves were classified as Proved based on simulated results for pumping from each well field during the first seven years of operation, and as Probable for Years 8 to 20 of extraction wellfield pumping. Table 5.8 summarises the brine reserve estimate as modelled from the available data.

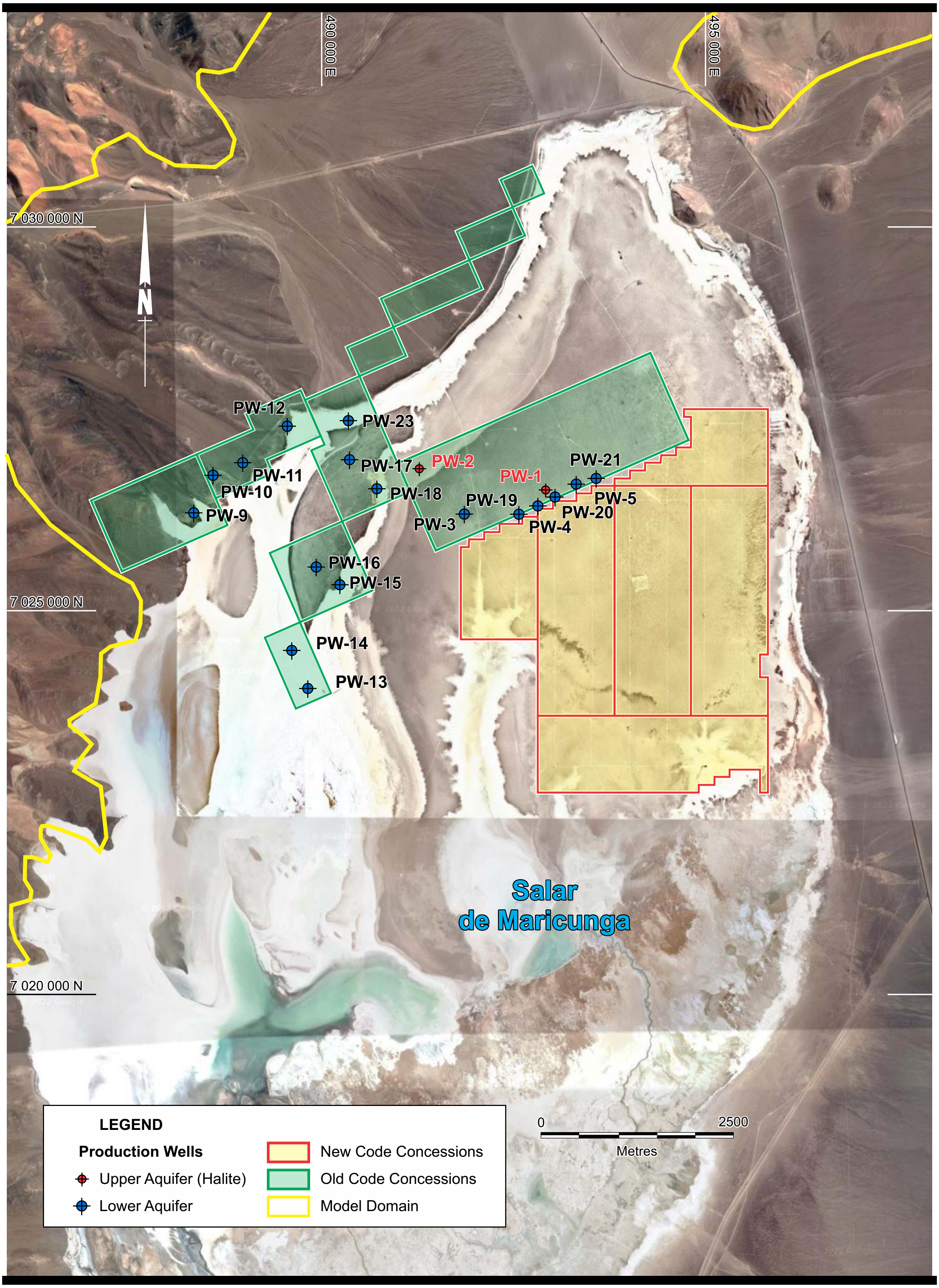

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Figure 7 **STAGE ONE BRINE PRODUCTION WELLFIELD**

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Table 5.8

Ore Reserve Estimate (OCC Concessions) – January 2022 (assuming 65% lithium process recovery)

Category	Year	Brine Volume (Mm^3)	Av Li Conc (mg/L)	Li Metal (t)	LCE (t)
Proven	1-7	19	1,024	9,000	49,000
Probable	1-7	13	1,024	12,000	66,000
Probable	8-20	60	950	37,000	196,000
Total	*1-20*	*92*	*976*	*58,000*	*311,000*

Note: lithium carbonate equivalent (LCE) based on factor of 5.32 x Li content

As a rule of thumb, the volume of brine that can be extracted from a salar is commonly estimated at approximately one third of the in-situ resource. On this basis, the reserve estimate for the Maricunga project is considered conservative, with approximately 16% of the Measured and Indicated Resources converted to Proven and Probable Reserves over the initial 20-year production plan.

The reserve estimate model was built with an optimised wellfield configuration and pumping schedule to comply with environmental constraints and water level decline restrictions as part of the environmental approval document (Resolución de Calificación Ambiental or "RCA") issued by the Chilean Environmental Agency based on the 2019 DFS design concept and not updated for the 2022 DFS mine plan. The EIA approval assumed an average pumping rate of 209L/s; however, the groundwater model was calibrated to represent and match the daily brine flow used in the process design of 150L/s. The model was calibrated for both transient and steady state flow using all five long term pump tests, however the model adopted does not represent the actual drawdown results for all pumping tests performed on the project (2022 DFS, Figures 15-18) and a more detailed analysis should be carried out to confirm the projections. BDA also notes that the Ore Reserve estimate parameters assume a 65% processing recovery whereas the EIA, process design and project financial model assume a more conservative 58% overall process recovery.

In BDA's opinion, no fatal flaws were identified in relation to the resource and reserve estimates, however the criteria for categorisation of the resource should be made clear and quantification of uncertainty would assist in mitigating resource risk.

5.8 Wellfield

The brine production wellfield planned for the Stage One project includes 19 production wells (Figure 7), with 11 wells operating simultaneously at any one time. According to the planned configuration, two wells will be completed in the Upper halite aquifer, within the Cocina tenement area. The remaining wells will be completed in the lower brine aquifer, below the Lacustrine unit, within the Cocina tenements and the rest of the tenements included in the Old Code concessions. Figure 7 shows the wellfield layout and Table 5.9 lists the well details.

The production wells will be supplied with power from ground-level isolated cabling ducted in galvanized steel conduit. The wells will be completed with 300mm (12-inch) diameter stainless steel production casing and equipped with 380V submersible pumping equipment.

The groundwater model should be calibrated with the chemistry and flow rate to match the required average annual brine feed rate from the wellfield to the evaporation ponds. The model developed by MSB is considered reasonable in this regard. This process is relevant in order to assure the sustainability of the reserves during the production life of the project, and also has an impact on the management of the environmental issues associated with production. The DFS estimates that around 13,000 cubic metres per day ("m^3/d") of brine is required to support an average annual lithium carbonate production rate of 15,200t. Considering that eleven production wells will be running, the average flow rate would be 13.6L/s per well (total averaging 150L/s). During the seasonal changes, extraction wells will be pumped with interannual variability, increasing in the summer period due to a higher evaporation rate and decreasing in winter since evaporation rates will be lower.

BDA suggests that additional wells should be planned to cover contingencies, since the efficiency of the pumping wells is not typically 100% all of the time. MSB advises that the operation will always maintain two wells as back-up, to be operated mainly during well maintenance periods. These contingency wells are necessary in order to maintain and stabilise the drawdown across the well field and also in the event of dilution at individual pumping wells, when more brine may need to be pumped to the plant in order to maintain the design production. At Maricunga, grades have shown high stability during long term pumping tests, with grade variations mainly related to depth.

Table 5.9

Summary of Production Well Details

Well	Concession	Aquifer Unit	Pumping Rate (L/s)	Screen Interval (m)	Static Water Level (mbgs)	Pumping Water Level (mbgs)	Drawdown (m)
PW-1	Cocina	Upper Halite	15-18	0-6.5	0.7	1.4	-0.8
PW-2	Cocina	Upper Halite	13.7	0-6.5	0.8	3.1	-2.3
PW-4	Cocina	Lower Aquifer	15-18	110-250	-0.3	9.3	-9.6
PW-5	Cocina	Lower Aquifer	15-18	110-280	-0.6	7.7	-8.3
PW-19	Cocina	Lower Aquifer	13.7-18	120-290	-0.2	22.4	-22.6
PW-20	Cocina	Lower Aquifer	13.7-18	120-290	-0.4	24.2	-24.7
PW-3	Cocina	Lower Aquifer	13.7-15	110-250	0	21.9	-21.9
PW-21	Cocina	Lower Aquifer	15-18	120-300	-0.9	2.9	-3.8
PW-9	Salamina	Lower Aquifer	15-18	51-121	1.7	5.8	-4.2
PW-10	Despreciada	Lower Aquifer	13.7-15	59-159	8.6	17.8	-9.2
PW-11	Despreciada	Lower Aquifer	13.7	55-205	4.5	21.7	-17.2
PW-17	Despreciada	Lower Aquifer	13.7	50-250	-0.4	15.5	-15.9
PW-23	San Francisco	Lower Aquifer	13.7	50-200	-0.4	17.3	-17.7
PW-13	SW	Lower Aquifer	7.5-18	60-250	0.4	3.7	-3.3
PW-14	SW	Lower Aquifer	13.7-18	50-230	0.6	4.6	-4.0
PW-15	SW	Lower Aquifer	13.7-18	50-230	0.1	17.8	-17.6
PW-16	SW	Lower Aquifer	7.5-13.7	63-223	13.8	32.4	-18.6
PW-17	San Francisco	Lower Aquifer	13.7-15	66-216	15.5	37.3	-21.8
PW-18	San Francisco	Lower Aquifer	13.7-15	50-200	0.1	18.5	-18.4

Note: mbgs = metres below ground surface; SW = southwestern San Francisco Concession

Brine production wells that are located close to the border between Cocina tenement and the New Code Concessions present some risk since some brine may be drawn from neighbouring tenements. While the New Code Concessions are owned by MSB, these concessions do not currently have granted extraction permits and the impact of brine drawn from these concessions needs to be considered. The configuration of the production wells in this zone should be reviewed considering the proximity of the wells and the potential interference of the ratio of influence of each individual well. MSB advises that one of the aspects considered in the wellfield model is a restriction on the maximum amount of lithium mass that can be extracted from outside the target concession area.

According to the geological model, a low permeability body (lacustrine unit-clay core) reduces the hydraulic connection between the salar and outer areas. MSB advises that the fresh water interface was one of the aspects that was extensively analysed during the EIA evaluation process. BDA suggests however that additional studies be carried out in order to improve the delineation of freshwater/brine boundaries at the edge of the salar, taking into account that the thickness of the lacustrine unit decreases towards the edges of the salar, and the initial phase of production is planned to include the production from the Upper Halite unit.

5.9 Evaporation Ponds

Evaporation ponds are designed as a series of halite and sylvite ponds (Figure 3). The evaporation ponds will be located north of the wellfield and occupy an area of approximately 536ha. Halite ponds are designed as two strings of six cells operating in parallel and total 275ha. Pond sizing is based on average evaporation rates of 1,600 millimetres per annum ("mm/a") or 4.4mm per day ("mm/d"), leakage of 0.04mm/d and an average depth of 1.2m, including 0.3m freeboard and provision for 0.3m of permanent salt on the bottom of the pond to provide for a harvestable surface. Ponds are constructed using cut-and-fill earthworks with geotextile underlay and HDPE liners.

The sylvite ponds are located adjacent to the process plant and in close proximity to the halite ponds. The sylvite pond system will consist of a buffer pond, two strings of two ponds operating in parallel and two brine storage ponds. The total area for the sylvite ponds is approximately 27.2ha. The design basis assumptions and construction methods proposed for the sylvite ponds are similar to those for the halite ponds.

Transfer of brine between similar pond types will be via weirs, and by pumps for brine transfer from halite to sylvite ponds. The pond design provides for roadways and walkways between ponds of sufficient size to handle salt harvesting equipment, other vehicular and foot traffic. Brine depth and brine chemistry in the ponds will be monitored both manually and via instrumentation.

Figure 4 illustrates the general layout of the well fields and ponds in relation to the processing plant.

BDA considers that these ponds will be adequate for the proposed process, consistent with the estimated evaporation rates and lithium recovery.

5.10 Salt Removal Plant

After evaporation, the concentrated brine from the reservoir ponds is fed to the Salt Removal Plant at a flowrate of 52 cubic metres per hour (“m^3/h”) to continue brine purification and lithium concentration. Here calcium and magnesium are removed from the brine in the form of tachyhydrite ($CaMg_2Cl_6 \cdot 12H_2O$) and calcium chloride salts. Boron is also removed using solvent extraction. These steps allow the further concentration of the Li^+ ion in the brine. This plant generates a concentrated brine feed to the lithium carbonate plant and recovers condensates that are reused within the process.

The removal of the impurity elements in the Salt Removal Plant is achieved through a sequence of processes as follows:

- tachyhydrite crystallisation
- calcium chloride crystallisation
- boric acid crystallisation with HCl and Na_2SO_3 controls
- boron solvent extraction
- additional $CaCl_2$ crystallisation and liquid solid separation
- low Ca/Mg brine storage feed to Lithium Carbonate Plant.

5.11 Lithium Carbonate Plant

The concentrated brine from the Salt Removal Plant is fed to the Lithium Carbonate Plant where the remaining impurity elements are removed to generate the brine for the precipitation of lithium carbonate.

This plant uses the following process steps:

- reduction of Ca/Mg with lime and soda ash solution for precipitation and removal as $CaCO_3$ and $Mg(OH)_2$
- ion exchange with specific resin to remove additional impurities
- carbonation of the purified brine with soda ash at 80ºC to precipitate lithium carbonate
- solid/liquid separation, washing and drying to complete the process.

BDA considers that these planned facilities will be adequate for the project.

5.12 Lithium Recoveries

An overall process recovery of 65% of the lithium content of the brines is used in the reserve estimation; in the process documentation Worley Chile has not clearly stated a lithium recovery, though it appears to be around 58% overall. This recovery is within industry averages that range from 50-60%, depending on brine chemistry and the process used by the operator.

Lithium losses during evaporation are mainly due to brine entrainment in the wet salts and seepage. Brine entrained in salt can reach 30-45% of the total wet salt precipitated in the pond. This can be reduced below 10% when conventional equipment units (front-end loaders, excavators and trucks) are used for salt harvesting (dry harvesting). A 10% entrainment loss for the evaporation ponds is standard in the lithium industry.

Using lined areas to stockpile the harvested salt and collecting any brine drainage can improve the lithium recovery from ponds. A “wet harvesting” operation using a dredge, requires solid-liquid separation equipment such as thickeners and/or filters or similar (ie. centrifuge) to recover salt from brine.

The lithium losses during calcium chloride crystallisation will be controlled by the use of mechanical dewatering equipment such as filters. There is no industry standard lithium loss applicable for this step since MSB will be using a unique process for calcium removal; however, the criteria used are reasonable and are backed by test work and vendor design. MSB has not presented a detailed lithium balance for the project but BDA considers that the projected recovery of around 58% may be optimistic based on reviews of production records of other lithium brine projects; BDA suggests that for valuation purposes it would be prudent to use 55% as a modelling sensitivity according to the distribution shown in Table 5.10.

Adopting a slightly lower recovery rate would require a higher raw brine flowrate to achieve the targeted concentrated brine. Although the higher recovery value implied by Worley Chile is considered achievable, the many stages of crystallisation and precipitation of impurities would suggest higher losses and the use of a lower recovery value is considered prudent.

Table 5.10

Lithium Process Recoveries

Process Stage	Lithium Recovery
Pre-Concentration	94.6%
$CaCl_2$ Crystallisation	63.8%
Boron Solvent Extraction	98.9%
Carbonate Plant	92.0%
Overall Process Recovery	**55.0%**

5.13 Non-Process Infrastructure

Non-process project infrastructure facilities, including road access, power and water supply facilities, site buildings and workforce accommodation, are to be designed and constructed generally in accordance with those described in the Maricunga DFS Update report, January 2022.

Road access to the project is via the Chilean road network to a point some 8km from the site. An extension of the local road, Route C-173, from this point to the project site (Figure 4) is included in the project capital works.

Power supply is to be from an existing 23kV transmission line passing the site along Route C-173, via a transmission line and new substation to be constructed for the project.

Water supply is to be drawn from an existing water well (CAN-6) and pumped through a pipeline to the site where it will be stored in a pond adjacent to the process plant. A water treatment plant ("WTP") is to be installed to purify water where appropriate for feeding the process plant and to provide a source of potable water.

A diesel fuel storage and dispensing facility is to be constructed as part of the project works.

Site buildings will include an administration building, a laboratory, a truck workshop and a weighing station.

The workforce will be accommodated in a mining camp to be constructed for the project. During the construction phase, the camp will have a capacity of 1,200 personnel, reducing to approximately 230 personnel for the operations phase. The camp will include dormitory buildings, a dining room, a medical clinic and recreational facilities.

The proposed facilities in terms of size, layout, and specifications appear reasonable and comparable to similar lithium brine projects currently in operation or under construction.

Water Supply

The only confirmed source of freshwater during the construction and operation of the project is the CAN-6 water well, located in the middle zone of the Salar de Maricunga (Figure 4). This water well has been secured through a long-term lease agreement and has been environmentally approved in the EIA. According to the EIA, the industrial water required for the processing, operation and closure of the project is around 6L/s with CAN-6 approved to provide up to 35L/s.

The CAN-6 water well has a total depth of 120m, with a screened interval from 49 to 109m.

The water will be pumped from the well to an industrial water transfer tank installed near the well, and then pumped to a water pond located nearby the production plant to feed the Water Treatment Plant (WTP). A reverse osmosis plant will be installed and will feed tanks that will supply water requirements for the process plant and camp facilities.

Although the water supply is approved by the EIA and complies with the requirements of the project, detailed freshwater studies should be carried out in order to improve the demarcation of freshwater-brine boundaries at the edge of the salar where the CAN-6 water well is located. Periodic monitoring should be carried out at boreholes near the edge of the salar to understand the freshwater-brine interface behaviour. The nearly circular shape of the salar is considered favourable to support long-term extraction.

Given that the only water source currently is the CAN-6 water well, BDA is of the view that additional water wells should be considered to secure the sustainability of water supply over the life of the mine. BDA understands that MSB is investigating additional fresh water sources from outside the project area.

Diesel Facilities

The project includes diesel fuel storage and a loading facility. The diesel supply will be provided through tanker trucks that will feed two storage tanks, each with a 700m^3 capacity.

The fuel is to be used by light vehicles, trucks, machinery and heavy equipment with an estimated demand of approximately 90m^3/month during operations. The machinery includes salt harvest equipment, harvested salts handling trucks, soda ash transport trucks and lithium carbonate transport trucks.

In the processing plant, diesel will be used mainly for steam boilers. This consumption is estimated at approximately 1,500m^3/month.

5.14 Environmental Regulations and Permitting

The areas of the OCC and NCC concessions are not protected areas or national parks, however the surrounding areas are part of the main tourism circuit of the region. Protected Areas and Priority Sites for Conservation are located to the south of the project and correspond to the National Park Nevado Tres Cruces, Ramsar Complex Site Laguna del Negro Francisco, and Laguna Santa Rosa. Although no mining activities are planned in these areas, a monitoring plan of population and potential effects on Lama guanicoe (Guanaco), Vicugna vicugna (Vicuña) and Phoenicoparrus andinus (Flamenco) were included in the EIA. The Ramsar International Convention[1] on wetlands pays particular attention to migratory birds such as flamingos. These birds live in brackish and saline lakes and the alteration of the salinity or moisture in the area can affect their habitat.

MSB received its key environmental approval, Resolution Nº94/2020, for its Maricunga project on 4 February 2020, following approval of its Environmental Impact Assessment (EIA) by the Chilean Environmental Assessment Service (“SEA2”). The Environmental Impact Assessment (EIA) was prepared by international consulting company, Stantec Inc.

The environmental baseline studies carried out by MSB cover all the aspects that would be likely to be affected by the implementation of a future mining project, including studies such as:

- climate and meteorology
- air
- noise and vibrations
- water and hydrogeology
- soil
- geology
- flora and fauna
- limnology
- archaeology
- tourism
- ecosystem characterisation
- human environment.

The EIA covers the project site area, environmental influence area, and the main transport routes that will be used during construction and operation.

Resolution Nº94/2020 is the main environmental permit for construction and operation of the project, containing specific commitments that MSB must comply with, as mitigation and compensation measures. The approved project comprises construction and operation of a 58,000tpa potassium chloride (KCL) plant and a 20,000tpa lithium carbonate plant (consistent with the 2019 DFS) with brine extraction of 209L/s, freshwater extraction of 35L/s and all associated industrial facilities, including evaporation pond areas, brine pipelines and a campsite. The approval is valid for 20-years. While potash (KCl) production was considered in the 2019 DFS, MSB has deferred consideration of KCl production until conditions in this particular market improve significantly. MSB will review the decision to build a potash plant over the next few years and before harvestable salts become available from the evaporation ponds.

MSB was awarded a key regulatory licence by the Chilean Nuclear Energy Commission (“CChEN”) to produce, market and export lithium products from Salar de Maricunga on 9 March 2018, for an initial 88,885t of contained lithium metal or 472,868t of LCE over a 30-year term.

MSB has secured a water supply for the construction and operation stages of the project through a long-term lease agreement for the use of CAN-6 well, that has all the water rights in place. MSB has also secured all environmental approvals for the operation of this supply.

[1] The Ramsar Convention on Wetlands of International Importance Especially as Waterfowl Habitat is an international treaty for the conservation and sustainable use of Ramsar sites (wetlands). It is also known as the Convention on Wetlands. It is named after the city of Ramsar in Iran, where the convention was signed in 1971.

Several additional minor permits will need to be processed before construction can commence. It should also be noted that the environmental assessment process included significant engagement with the local Colla indigenous communities and with regional authorities and local organisations.

BDA observed during its site visit that the camp and other complementary facilities are operated according to industry standards and with adequate security and environmental regulations. No significant environmental or operational risks were identified.

5.15 Community Engagement and Indigenous Relations

The influence area of the project includes the districts of Copiapó where Salar de Maricunga is located, Diego de Almagro and other districts situated in the Atacama and Antofagasta regions. Copiapó is a mining city surrounded by copper and gold mines and industrial areas. No inhabitants live on Salar de Maricunga.

A social baseline and perceptions study was completed for the project and included in the EIA. The objectives of the study were to understand the social background of people within the potential impact areas, and how they could be affected by the proposed operations.

The closest indigenous communities affected by the project are located in the district of Diego de Almagro (160km from the project). The road C-13 (joins C-173, one of the main access routes to the project) passes close to the indigenous communities of Diego de Almagro. Three Colla communities have been recognised in Diego de Almagro: Chiyagua Colla Community, Quebrada El Jardín Colla Community, and Geoxcultuxial Colla Community. These communities use the pastures, flooded meadows and areas with potable water for pasturing their livestock. The Colla have traditionally built their homes adjacent to these areas (including close to the road C-13 used by the project). Considering this, workers and drivers will be trained on the protection of the Colla communities.

The relationship between MSB and local communities is positive. The company's strategy is to maintain direct contact with these groups, and the Chief Operating Officer takes personal responsibility for communication and relationship activities.

The EIA included engagement with the Colla indigenous communities and consultation with regional authorities and local organisations. MSB has also incorporated specific commitments, including the forms of participation of the community in the benefits of the project, and taking into account the suggestions of the ILO Convention No. 169.

5.16 Rehabilitation

The project closure cost is considered in the economic model as a remediation cost of US$22.8M, estimated at 4.45% of the initial capital cost. In addition, MSB holds an insurance policy for this remediation estimated as 0.5% pa of the remediation cost.

BDA considers the estimated cost to be reasonable.

5.17 Capital Cost Estimates

Capital cost forecasts for the Maricunga project comprise initial, deferred and sustaining capital as set out in Table 5.11 and have been estimated in US dollars for input to the project financial model. No provision is made for rehabilitation capital in the financial model.

MSB has relied on Worley Chile S.A. (Worley Chile), an international engineering and construction company with extensive experience and expertise in the design and construction of resource processing facilities in South America and elsewhere, for preparation of the capital cost estimates for the project. The estimates are based on Q4 2021 pricing and a Chilean Peso/US Dollar exchange rate of CHP800 = US$1. Worley Chile has assessed the capital cost estimate to have an accuracy of ±11%.

Direct costs have been estimated by Worley Chile using its standard estimating methodology for feasibility studies based on engineering designs prepared for the feasibility study and budget quotations from prospective suppliers and contractors. Indirect costs, which include engineering, procurement and construction management costs, Owner's costs and contractors' indirect costs have been estimated by Worley Chile using historical costs recorded on similar projects stored in a Worley Chile data base.

A contingency allowance of US$62M (11.1% of direct and indirect costs) has been included. BDA notes that such a contingency allowance falls within the industry standard range of 10% to 15% for final feasibility study standard estimates.

Deferred capital is the cost of additional trucks and workforce catering facilities to be added in 2028 and has been estimated in a similar fashion to the estimate of initial capital.

Table 5.11

Maricunga Capital Cost Forecasts

Item		**2023**	**2024**	**2025**	**2026-2045**	**Total**
Initial Costs						
Brine Wells	US$M	12.4	32.3	5.0		49.7
Evaporation Ponds	US$M	33.6	87.3	13.4		134.4
Salt Removal	US$M	8.2	82.5	74.2		164.9
Lithium Carbonate Plant	US$M	4.2	41.7	37.5		83.4
Plant Services	US$M	3.8	43.9	77.8		125.5
Infrastructure	US$M	3.4	24.0	41.1		68.5
Initial Costs Subtotal	*US$M*	*65.6*	*311.7*	*249.1*		*626.4*
Deferred Capital	US$M				12.5	12.5
Sustaining Capital	US$M				42.2	42.2
Total	**US$M**	**65.6**	**311.7**	**249.1**	**54.7**	**681.1**

Sustaining capital is the cost of replacement or upgrading of capital items as they reach the end of their operational life. Costs have been factored from initial capital costs using historical factors from the Worley Chile data base.

BDA has reviewed the estimates and the basis for the estimates and considers them to be generally reasonable and in line with similar projects.

If a lower lithium recovery was to be experienced, an increase in brine flow rate from the wells would be required in order to meet the 15,200tpa production criteria. Assuming that the pre-concentrated brine concentration will remain at around 900-950mg/L Li, capital cost increases for the ponds would be relatively small, within the accuracy of the estimate. Well costs, due to redundancies, will remain unchanged.

5.18 Operating Cost Estimates

Operating costs were estimated by Worley Chile as part of the DFS process and are summarised in Table 5.12.

Table 5.12

DFS Average Operating Cost Summary

Category	**Total Average Operating Cost (US$'000 pa)**	**Total Average Operating Cost (US$/t LCE)**
Salt Harvesting	4,049	266
Energy	17,689	1,164
Chemical Reagents	16,704	1,099
Manpower	7,867	518
Catering and Camp Services	1,999	132
Maintenance	5,443	358
Transport	2,756	181
General and Administration	2,220	146
Total Operating Cost	**58,726**	**3,864**

The main cost drivers of the project are:

- the actual grade of the brine and volumes from the well field, including dilution over the project life
- the actual net evaporation rate over the project life and the design of the solar ponds
- the variability of calcium, magnesium and boron levels within the brine over the project life and the quantity of reagents required to control them
- the relevant lithium yield during the crystallisation/evaporation stages
- the relevant lithium yield at the Salt Recovery Plant
- the cost and logistics of shipping raw materials and product.

BDA has reviewed the operating costs and notes the following:

- costs of HCl, NaOH and Na_2CO_3 were calculated by Worley Chile before Value Added Tax ("VAT")
- VAT was considered in Worley Chile's DCF with a yearly rebate; BDA has not investigated the procedure in Chile to recover VAT, but it should be displayed in the initial operating disbursement cost for the project

- annual electricity costs were based on 13.6MW installed with unit costs of 5.9 cents/kWh using an 0.87 operating factor
- diesel unit costs are estimated at US$0.712/L before VAT; even though VAT is recoverable, it is an actual up-front cash expenditure and the actual cost for diesel should therefore be US$0.944/L using an exchange rate US$1 = CHP800; BDA notes that currently, fuel costs are subject to significant escalation.

After review and analysis of the operating cost presented in Worley Chile's DFS, BDA considers that a cost of US$4,300/t lithium carbonate represents a more appropriate cash cost when VAT is included on input costs, before VAT refunds on sales.

The operating cost breakdown for reagents and energy, as summarised by Worley Chile, is presented in Table 5.13 and is compared with a cost inclusive of VAT.

Reagents account for over 33% of the total operating costs with sodium carbonate being the main contributor. The estimated unit cost of power at the project site is 5.9 cents per kWh.

Energy (including diesel) costs are estimated at approximately US$21.7Mpa, with about 36% of total operating costs being the cost of diesel. Diesel fuel consumption in the Salt Removal Plant to produce steam is the major component of energy expenses.

BDA suggests it would be prudent to consider the impact of a 10% increase in operating costs given the current high escalation environment.

Table 5.13

Average Annual Reagent and Energy Cost Summary

	Worley Chile Cost (US$pa excl VAT)	Worley Chile Cost (US$pa incl VAT)
Reagents		
NaOH (100%)	$429,400	$456,682
HCl (32%)	$3,996,749	$4,693,420
Sodium Carbonate (Soda ash)	$11,602,282	$13,633,520
Lime	$312,816	$367,721
Other Chemical	$362,503	$362,503
Total Reagent Cost US$pa	*$16,703,750*	*$19,513,845*
Energy		
Diesel (vehicles and steam)	$12,483,122	$16,546,432
Electric Power	$5,205,525	$5,205,525
Total Energy Cost US$pa	*$17,688,647*	*$21,751,957*

5.19 Project Schedule

The 2022 DFS report for the project completed by Worley Chile includes a summary project execution schedule which indicates that if project commitments are made by the beginning of 2023, the project could be constructed and commissioned by the end of 2025. The schedule shows the critical path as running through the procurement and construction activities for the lithium carbonate plant.

The development schedule appears achievable subject to a competent project team being put in place by MSB and maintained for the duration of the development phase of the project. The schedule assumes that sufficient workforce and equipment are available to accomplish the activities as scheduled.

It is estimated that pre-concentration pond filling and commissioning will take between 12 and 16 months to achieve steady state, but it could take less time to get sufficient brine for commissioning.

While MSB is planning on a 3-year production ramp-up period, based on its experience BDA recommends the following targeted production ramp-up should be used for valuation purposes:

Year 1 50% Battery Grade (BG) and 50% Technical Grade (TG)
Year 2 50% BG, 50% TG
Year 3 65% BG, 35% TG
Year 4 75% BG, 25% TG
Year 5 85% BG, 15% TG.

6.0 WESTERN AUSTRALIA EXPLORATION PROJECT

6.1 Introductory Statement and LPI Tenure

The company holds exploration licences and interests in three districts in WA (Figure 5). In each district multiple exploration licences are held and the tenure details are summarised in Table 6.1 below. All areas are held by wholly owned subsidiaries of LPI, principally for the potential to host hard rock lithium/tantalum (and associated elements) mineralisation, within pegmatites.

Table 6.1

Western Australian LPI Project Tenure

Tenement	Project	Expiry	Holder	Area SB	Area km^2	Expenditure A$	Comments
Greenbushes Region							
E70/4763	Balingup	17/03/2026	LIPW	67	187.6	1,217,363	
E70/4774	Bridgetown	21/03/2026	LIPW	18	50.4	388,274	
E70/6093	Donnybrook	Application	LIPW	7	19.6	NA	
E01/0003	Balingup	Application	LIPW	10	28	NA	
E70/5684	Nannup	Application	CMCL	77	215.6	NA	
E70/4845	Nannup	12/10/2026	CMCL	1	2.8	154,347	Nannup and Wilga tenements purchased
E70/4846	Wilga	8/04/2027	CMCL	24	67.2	377,384	June 2022 for A$240k
E70/5281	Wilga	Application	CMCL	26	72.8	NA	
Eastern Goldfields Region							
E15/1772	White Foil Sth	8/08/2026	LYSR	4	11.2	24,750	Purchased June 2022 for A$75k worth
E31/1250	Yerilla	22/08/2026	LYSR	35	98	50,250	of LPI shares
East Pilbara Region							
E45/4610	Pilgangoora	17/10/2026	LIPW	21	58.8	752,757	Reduction in area required October 2022
E45/4637	Tabba Tabba	11/05/2027	LIPW	20	56	853,579	
E45/4638	Strelley	11/05/2027	CABY	20	56	1,819,635	LPI has lithium rights only
Total						*5,628,339*	

Note:
LIPW - Lithium Power WA Holdings Pty Ltd (wholly owned subsidiary of LPI)
CMCL - CMC Lithium Pty Ltd (wholly owned subsidiary of LPI)
LYSR - Lysander Lithium Pty Ltd (wholly owned subsidiary of LPI)
CABY - Carnaby Resources Limited – owner of Strelley tenement where LPI holds the Li rights
SB = sub-block (each sub-block covers an area of approximately 2.8 square kilometres (km^2)
Expenditure on E45/4638 includes CABY exploration on non-lithium targets

Four of the Greenbushes region tenements remain as applications and while it is anticipated that they will be granted in due course, this is not guaranteed.

East Pilbara tenement E45/4638 is owned by Carnaby Resources Ltd (Carnaby Resources) but LPI holds the lithium rights.

6.2 Greenbushes Region

Balingup and Bridgetown Project (E70/4763, 70/4774, 01/0003)

These tenements are located north and south of Talison's Greenbushes lithium operations in southwestern WA (Figure 5). For reporting purposes to the WA Department of Mines, Industry Regulation and Safety ("WAMIS"), LPI has combined the Balingup and Bridgetown tenements as a single project.

EL70/4763 is located approximately 12km north of Talison's Greenbushes mine. E70/4774 is located south of the Greenbushes mine and some 7km west of Bridgetown. Tenement application E01/0003 abuts the southern boundary of E70/4763.

The area is underlain by the Balingup Metamorphic Belt (BMB) predominantly consisting of a series of gneissic metamorphic rocks and lesser amphibolite and meta-sediments. These units are cut by younger undeformed dolerite dykes. In the higher relief areas in the northern part of E70/4763 and in parts of E70/4774 the basement units are obscured by younger laterite and a pebble conglomerate.

Two distinct groups of pegmatites have been recognised, a foliated variety, associated with the gneissic terrain, and a later-stage group in the eastern part of the area. The pegmatites in the district have been subdivided, on the basis of both field relationships and age dating into an older suite and a younger suite which hosts the rare metal deposit at Talison's Greenbushes mine.

Lithium exploration has been undertaken in the area since about 2006, initially by Red River Resources Limited ("RRR") between 2006 and 2013, followed by LPI from 2017.

This work consisted of geochemical soil and rock chip sampling with RRR drilling five reverse circulation (RC) holes with no significant results returned. LPI's work has consisted of early-stage exploration, including geological mapping and geochemical sampling, airborne (by drone) magnetics and a ground penetrating radar survey.

Access to both private properties and areas of State Forest impacted on both RRR's and LPI's earlier programnes. Ministerial approval to explore both tenements was granted in late 2019, based on a submitted Conservation Management Plan ("CMP") which requires the company personnel to undertake training in respect of preventing the spread of Phytophthora Dieback in addition to other flora monitoring and preservation requirements.

Subsequent to obtaining Ministerial approval, LPI has undertaken broad spaced soil and laterite sampling in areas of State Forest with the aim of defining anomalous areas for more detailed follow-up sampling. The soil sampling has delineated a number of areas of anomalous lithium which will be followed up by closer spaced sampling and drill testing of any significant anomalies.

Nannup Project (E70/4845, 5684)

This project, consisting of granted tenement E70/4845 and surrounding application E70/5684, is located 10km southwest of Balingup, and 15km west of Greenbushes (Figure 5). Most of the area is owned by a government agency and LPI has obtained consent to access this land for exploration which is subject to strict conservation management requirements. The remainder of the tenement is crown land within the Powlalup Nature Reserve which covers portion of the Blackwood River and its banks. The tenement area is predominantly covered with pine plantations and access is via logging tracks.

The area was acquired by LPI by the purchase of CMC Lithium Pty Ltd ("CMCL") which is discussed further in Section 7.3.

As with the Balingup and Bridgetown tenements, E70/4845 and 5864 are underlain by units of the BMB (granitic gneiss, migmatite and quartz-feldspar-biotite granofels) which are deeply weathered and extensively covered by laterite and sand in the southern half of the area. A number of pegmatite bodies have been identified on the tenement.

Initial work by CMCL consisted of broad spaced soil sampling along five northeast trending lines with elevated levels of lithium and pegmatophile elements recorded in the northeast part of the tenement. Subsequently, additional infill soil sampling was undertaken along with rock chip sampling of pegmatite boulders. A total of 34 pegmatite samples were collected from E70/4845.

Weakly anomalous lithium and tantalum results were obtained from the soil and rock chip sampling in the northeast portion of the tenement, the best rock chip results from different samples being 34parts per million ("ppm") Li and 31ppm Ta_2O_5. The reinterpreted geology of the pegmatite occurrences suggests the possibility of a series of sub-parallel east-west to southeast-northwest trending pegmatites bodies.

Following the discovery of high-grade platinum group element ("PGE") mineralisation near the western margin of the Yilgarn Craton north of Perth, a review of the PGE potential of the tenement was carried out and identified a weak northwest trending magnetic anomaly in the centre of the tenement warranting further investigation.

Wilga Project (E70/4846, 70/5281)

This project consists of granted tenement E70/4846 and adjacent tenement application E70/5281 located approximately 15km northeast of Greenbushes (Figure 5). Both tenements are held by CMCL, now a subsidiary of LPI. The tenements were acquired as part of the acquisition of CMCL discussed above. The tenements are largely located over State Forest and access has been granted subject to procedures to limit the spread of dieback disease.

The area is underlain by the BMB with similar geology to the other Greenbushes district projects above. The basement units are overlain by sand and laterite, with recent conglomerate occurring as valley fill in Balingup Brook, the main drainage in the tenement. A porphyritic hornblende-quartz monzonite has been mapped in the northwest corner of E70/4846.

Limited work has been undertaken on the area by CMCL, largely consisting of a review of publicly available data, geological reconnaissance and some sampling of the pisolitic laterite which outlined a coherent, 6km long, north-northwest trending arsenic, antimony, tin, tantalum, niobium anomaly in the eastern part of E70/4846. Other weaker anomalous areas were delineated in the northern and southwestern parts of the tenement. Similar anomalism was detected in 1986 from orientation sampling of laterites around the Greenbushes pegmatite.

A scout aircore drilling programme, completed to test the bedrock source of the multi-element anomaly in E70/4846 (average hole depth of 21m), encountered mainly banded gneiss or biotite granite, but failed to detect any values which would indicate the presence of mineralised pegmatites. Anomalous niobium values in the northeast of the tenement remain open along strike and have only been partially tested by drilling. Further infill sampling of the laterite for niobium, lithium and associated elements is planned.

The aircore drilling identified mafic and ultramafic units within the tenement. Re-analysis of sample pulps confirmed anomalous Cu, Ni, Pt+Pd+Au (PGE), Co, Cr and Sc levels over a 2km strike length in the northern portion of E70/4846, coinciding with mafic and ultramafic rocks and an 8km long northwest trending magnetic anomaly.

E70/4846 was due to expire in April 2022 and an application for renewal for a further 5-year term has been lodged and renewal is anticipated.

Following recent platinum group element discoveries along the western margin of the Yilgarn Craton north of Perth, further work on the PGE anomaly in E70/4846 will be undertaken and will likely include ground magnetics, infill geochemical sampling and possibly drilling.

Donnybrook (E70/6093)

Located immediately to the south of Donnybrook, this tenement is still at the application stage and no geological data has been provided to BDA.

BDA Comment

In BDA's opinion, at the current level of investigation, all the tenements held by LPI's subsidiaries in the Greenbushes region are early-stage exploration prospects and the limited work completed to date has not identified any significant high priority pegmatite targets for detailed drill testing.

Nevertheless, given that all the prospects are underlain by the Balingup Metamorphic Belt (BMB), the host to Talison's large pegmatite-hosted Greenbushes Lithium mine, further work on all areas is justified. Both the Nannup and Wilga project areas contain some evidence of Platinum Group Elements (PGE) and associated element anomalism, and further investigation is warranted.

All the Greenbushes region tenements are in sensitive environmental areas and specific procedures are required during exploration activities, to avoid spreading dieback disease.

6.3 Eastern Goldfields Region

Two geographically separate granted exploration licences, E15/1722 and E31/1250, (Figure 5) were acquired by LPI in June 2022. The acquisition details are discussed in Section 7.3.

White Foil South Project (E15/1772)

This project consists of a single small, granted tenement, E15/1772, located 13km north-northeast of Coolgardie. A small southern portion of E15/1772 partly overlaps an existing mining lease (M15/1822) held by Evolution Mining (Mungari) Pty Ltd and this small area of overlap is excluded from E15/1722.

As this area has only recently been acquired by LPI there are no annual reports available for review and BDA has relied on information in an incomplete draft Independent Geologist Report ("IGR") prepared by Geko-Co Pty Ltd, June 2022.

E15/1772 is primarily underlain by a series of mafic and ultramafic rocks, part of the Black Flag Group, which in the southwest corner of the tenement is adjacent to the regional north-northwest trending Kunanalling Shear Zone, a well-defined gold-bearing fault system, which, potentially, may also be a focus for the intrusion of pegmatites. As far as BDA can determine, at this stage, the potential for pegmatites within the tenement, is an exploration concept and is yet to be demonstrated.

Yerrila Project (E31/1250)

This project consists of granted tenement E31/1250 located 90km northeast of Kalgoorlie. The area has limited outcrop and is largely covered by colluvial sands although small exposures of Archean granite and greenstones have been mapped within the tenement. As with the White Foil South project, no work has been undertaken by LPI as the area was only recently acquired.

There are no publicly available exploration reports indicating that the tenement area has been previously explored for lithium. The numerous previous explorers who have held the area, appear to have focussed principally on gold and to a lesser extent base metals.

The Geological Survey of Western Australia ("GSWA") has interpreted the bedrock geology as being dominated by granite with metamorphosed basalt occurring on the western side of the tenement and metamorphosed ultramafics and felsic volcanic schists occurring in the southwest corner. Based on a review of the available magnetic imagery, it is thought that the mafic/ultramafic units in the west of the tenement may repeat under relatively shallow colluvial cover further to the east, in an area interpreted by the GSWA as granite gneiss.

A more detailed review of the magnetic imagery suggests the possibility of a partly eroded fold or dome within E31/1250 and this is considered by LPI as a potentially positive feature for the emplacement of lithium-bearing pegmatites.

BDA Comment

Both the Eastern Goldfields tenements are considered conceptual in nature in respect to the potential to contain lithium-bearing pegmatites.

No prior lithium exploration has been undertaken by previous explorers and although granitic intrusives are present in both areas, no pegmatitic units have been recorded. A significant amount of work will be required to identify targets for more detailed follow up and this is likely to consist of detailed ground magnetics followed by geochemical bedrock sampling and drilling in areas of surficial cover.

6.4 East Pilbara Region

LPI's wholly owned subsidiary LIPW, has an interest in three geographically separate tenements in the East Pilbara region as shown on Figure 5. Two areas E45/4610 and E45/4637 are owned outright, while LIPW only has lithium (and associated elements) rights in E45/4638, following a sale of the tenement to Carnaby Resources Limited (Carnaby Resources).

Pilgangoora Project (E45/4610)

This project, consisting of a single exploration licence, E45/4610, is located approximately 110km southeast of Port Hedland within the East Pilbara Craton and is within 20km of Pilbara Minerals Limited's ("Pilbara Mineral's") Pilgangoora lithium mining operations. The Wodgina lithium-tantalum-tin mine, owned by Albermarle Corporation (Albermarle), is located some 20km west southwest of E45/4610.

E45/4610 overlies portions of the East Strelley Greenstone Belt which is flanked by granitoid batholiths to the west and east. The dominant structural feature is the Pilgangoora Syncline comprised of steeply-dipping mafic-ultramafic volcanic rocks, felsic volcanic rocks and cherts (Warrawoona Group). Simple and complex pegmatites intrude the greenstone belt immediately adjacent to the granite-greenstone contact.

The tenement is largely underlain by the Carlindi Granitoid Complex, a locally gneissic monzogranitic batholith which is intruded by pegmatites. Mafic and ultramafic volcanic rocks (the Pilgangoora Greenstone Belt) are exposed along the northeastern boundary of the tenement.

LIPW acquired the tenement in 2016 and has undertaken high resolution airborne magnetics and grid soil sampling over areas of alluvial cover considered likely to host lithium bearing pegmatites with follow-up drilling of 35 RC holes. Some limited rock chip sampling was also undertaken.

LIPW has defined seven target areas warranting follow-up exploration, including additional soil sampling to infill and extend the previous surveys and drill testing of at least two of the identified targets. One of the identified targets, based on a magnetic anomaly, is considered to have potential for intrusive related gold deposits and will be further tested by soil sampling, possibly followed by drilling.

Tabba Tabba Project (E45/4637)

This project, consisting of a single exploration licence, E45/4637, initially granted to LPIW in 2017, is located approximately 70km southeast of Port Hedland within the northern Pilbara Craton. The tenement covers a 9km section of the Tabba Tabba Shear zone, a major crustal structure within the East Pilbara Craton which is characterised by large granitic complexes flanked by steeply dipping greenstone sequences consisting of metavolcanic and metasedimentary units.

A substantial portion of E45/4637 is underlain by granitic rocks of both the Pippingarra Granitoid Complex and the older, deformed, and locally mylonitised, Carlindi Granitoid Complex. Regionally, both granitic complexes are associated with lithium-bearing pegmatites. It is thought that E45/4637 covers the northern extension of the greenstone belt hosting De Grey Mining Limited's King Col pegmatite, with reported lithium intersects such as 17m at 2.55% Li_2O. The pegmatites within the E45/4637 are thought to be associated with the younger Pippingarra Granitoid Complex.

Work to date by LIPW includes rock chip sampling and extensive grid soil sampling over three northeast trending greenstone belts which defined a number of lithium and associated element (rubidium, tantalum, caesium, tin, beryllium) anomalies. The largest anomaly, a 4.3km zone of anomalous lithium (Li_2O greater than 200ppm) occurred over the easternmost greenstone belt.

Numerous outcrops of pegmatites dykes and pods have been located with the pods considered to be possible small offshoots of larger concealed dykes. The pegmatite dykes typically have a south-westerly strike and appear to dip steeply to the east.

In total, seven anomalies have been identified of which five have been tested by an initial 31-hole RC drilling programme. The drilling demonstrated that the pegmatites contain anomalous lithium and are considered to be LCT-type (lithium-caesium-tantalum); the best results were 7m at 0.35% Li_2O in the southern part of the property and 2m at 0.44% Li_2O along strike under the Main Ridge prospect.

Following a review of the exploration results by an external pegmatite expert, it was concluded that the anomalous but low tenor lithium assays from the pegmatites are most likely indicative of lithium bearing micas (eg. lepidolite) and that the pegmatites along the Tabba Tabba Shear Zone are unlikely to contain spodumene, the main hard rock source of lithium deposits. Extraction of lithium from lithium bearing micas is less common than from spodumene, but a number of lepidolite or lithium mica projects are under development or planned.

Strelley Project (E45/4638)

This project consists of a single exploration licence, E45/4638, which was initially granted to LPIW in May 2017 and was sold to Carnaby Resources in July 2020 for Carnaby shares and a royalty. This transaction is discussed in more detail in Section 7.3. LIPW has retained all mineral rights to lithium, caesium, tantalum and tin within E45/4638.

The Strelley tenement is located approximately 48km east-southeast of Port Hedland and, as with the other two East Pilbara projects, is underlain by the Pilbara Craton basement, generally obscured by approximately 15m of younger sediments. The Strelley project basement geology is interpreted to consist largely of metmorphosed mafic volcanics and clastic sediments. A greenstones belt of ultramafic to mafic lithologies with minor interbedded chert, occurs within the north-northeast striking Tabba-Tabba Shear Zone. A large granodiorite intrusion occurs towards the northern end of the tenement and various other smaller intrusives ranging from granite to diorite occur throughout the tenement.

BDA has been advised that A$1.82M of the expenditure shown on Table 6.1 was largely incurred by Carnaby Resources on gold exploration while it is assumed that the A$0.396M expenditure by LIPW prior to the sale to Carnaby Resources was pegmatite related. The LIPW work was limited to an airborne magnetic survey, geological reconnaissance and reviewing prior exploration by previous companies.

In BDA's opinion, the exploration to date has been largely focussed on gold and the lithium potential has not been evaluated. As the Tabba Tabba Shear zone passes through the tenement and is associated with lithium and associated elements at the King Col pegmatite to the south of E45/4638, lithium focused exploration is justified. Given the basement units are under younger cover, aircore or RAB drilling will be required for initial geochemical sampling.

BDA Comment

The Tabba Tabba project has yielded some encouragement with respect to lithium although initial drill testing of two anomalies has yielded sub-economic Li_2O values and a specialist consultant has indicated that the lithium values are likely to be derived from lithium-bearing micas rather than spodumene, somewhat downgrading the potential. Nevertheless, the Tabba Tabba project warrants additional exploration.

The presence of pegmatites has been confirmed in the Pilgangoora project tenement and further work is justified to investigate the seven targets defined to date.

The lithium and associated element potential of the Strelley Project tenement remains to be evaluated by LPI who has retained the rights to these elements.

Overall, all three projects are considered to be at an early stage of evaluation warranting further work.

7.0 VALUATION DISCUSSION

7.1 Valuation Principles and Methodologies

Valuation Principles

As a general principle, the fair market value of a property as stated in the VALMIN Code is the amount a willing buyer would pay a willing seller in an arm's length transaction, wherein each party acted knowledgeably, prudently and without compulsion.

Standards and Procedures

This report has been prepared in keeping with the VALMIN Code for the Technical Assessment and Valuation of Mineral Assets and Securities for Independent Expert Reports as adopted by the Australasian Institute of Mining and Metallurgy in 1995 and as amended and updated in 2005 and 2015. Resource and reserve estimation procedures and categorisations have been reviewed in terms of the JORC Code, 2012.

The effective date for this valuation is the date of this report.

Valuation Methods

The valuation methods considered are detailed in Section 3 of this report.

There is no single valuation methodology which is appropriate for all situations. Rather, there are various methods, all of which have some merit and are more or less applicable depending on the circumstances.

BDO has valued the Maricunga development asset based on a discounted cashflow method. BDA has worked with BDO to assess the reasonableness of the production and cost parameters and LOM projections used in the financial model.

BDO has requested that BDA undertake a valuation of any residual resources not captured in the discounted cash flow analysis.

BDA has considered project resources which may extend beyond the Maricunga modelled reserve and Stage One LOM plan. It is reasonable to conclude that a willing and knowledgeable buyer would ascribe value to the potential for such resources to support a life of mine extension beyond the currently Stage One LOM plan. BDA has discussed with BDO the option of modelling a further extension to mine life to reflect the additional value that a willing and knowledgeable buyer might ascribe to this potential.

Other prospects may be regarded purely as exploration properties, or projects at an early stage of development where uncertainties concerning timing, production and costs are such that a discounted cash flow analysis may not be appropriate. In these cases, BDA has considered exploration-type valuation methodologies, including comparable transactions, yardstick values and exploration expenditure.

The assets to be valued and the approaches adopted are summarised in Table 7.1.

Table 7.1

LPI Projects to be Valued

Project/Property	Valued By	Methodology/Comment
Maricunga		
Maricunga - Stage One LOM plan	BDO - with input from BDA	Discounted cashflows
Maricunga - additional LOM extension	BDO - with input parameters from BDA	Discounted cashflows
Maricunga - exploration potential	BDA	Fully incorporated in Extension Valuation
Western Australia Exploration Properties		
WA Exploration Properties	BDA	Exploration/transaction methodologies

After full consideration and discussion with BDO, BDA considers that the value of the Maricunga project is substantially encapsulated in the discounted cashflow analysis of the Stage One project and the modelled LOM extensions. This is not to say that there is no further potential for this project beyond the currently proposed Stage One project and mine life extension provided by resources contained in the Litio 1-6 concessions, but the project as modelled on this basis has a long mine life (in excess of 40 years) and BDA and BDO consider that a willing and knowledgeable buyer is not likely to ascribe any material value to any future potential developments beyond this time frame.

7.2 Valuation of Maricunga Expansion and Exploration Potential

Maricunga Expansion Potential

BDA considers that there is good potential for additional reserves and mine life to be defined beyond the Stage One project which is based only on the 1,125ha Old Code Concessions (OCC). MSB owns 100% of the Litio 1-6 concessions that comprise 1,438ha of New Code Concessions (NCC). These concessions require a Special Licence (Contrato Especial de Operacion del Litio, (CEOL)) to enable lithium exploitation.

The 2019 DFS for the original Blanco Project included an evaluation of the resources and reserves contained in all concessions (OCC and Litio 1-6), to a depth of 200mbgs. According to the 2019 NI 43-101 Technical Report and DFS, a total resource (M+I) of 0.35km^3 was estimated at a grade of 1,167mg/L Li containing 389,000t of Li in all concessions to 200m depth. Considering the area of the New Code Concessions and their concentration of lithium, more than 50% of the total resources estimated in 2019 correspond to the Litio 1-6 concessions and represent additional resources over and above those included in the Stage One OCC LOM plan.

The New Code Concessions generally contain higher lithium concentrations in comparison with the lithium concentrations estimated in the OCC (Figure 8). It is clear from the grade contours at varying depths that the lithium concentration generally increases with depth and laterally from north (OCC) to the south (NCC).

An Ore Reserve estimate for the New Code Concessions was issued in the 2019 DFS at an assumed 58% lithium process recovery efficiency. The details are provided in Table 7.2.

Table 7.2

Ore Reserve Estimate – Litio 1-6 Concessions - 2019 DFS (Assuming 58% Process Recovery)

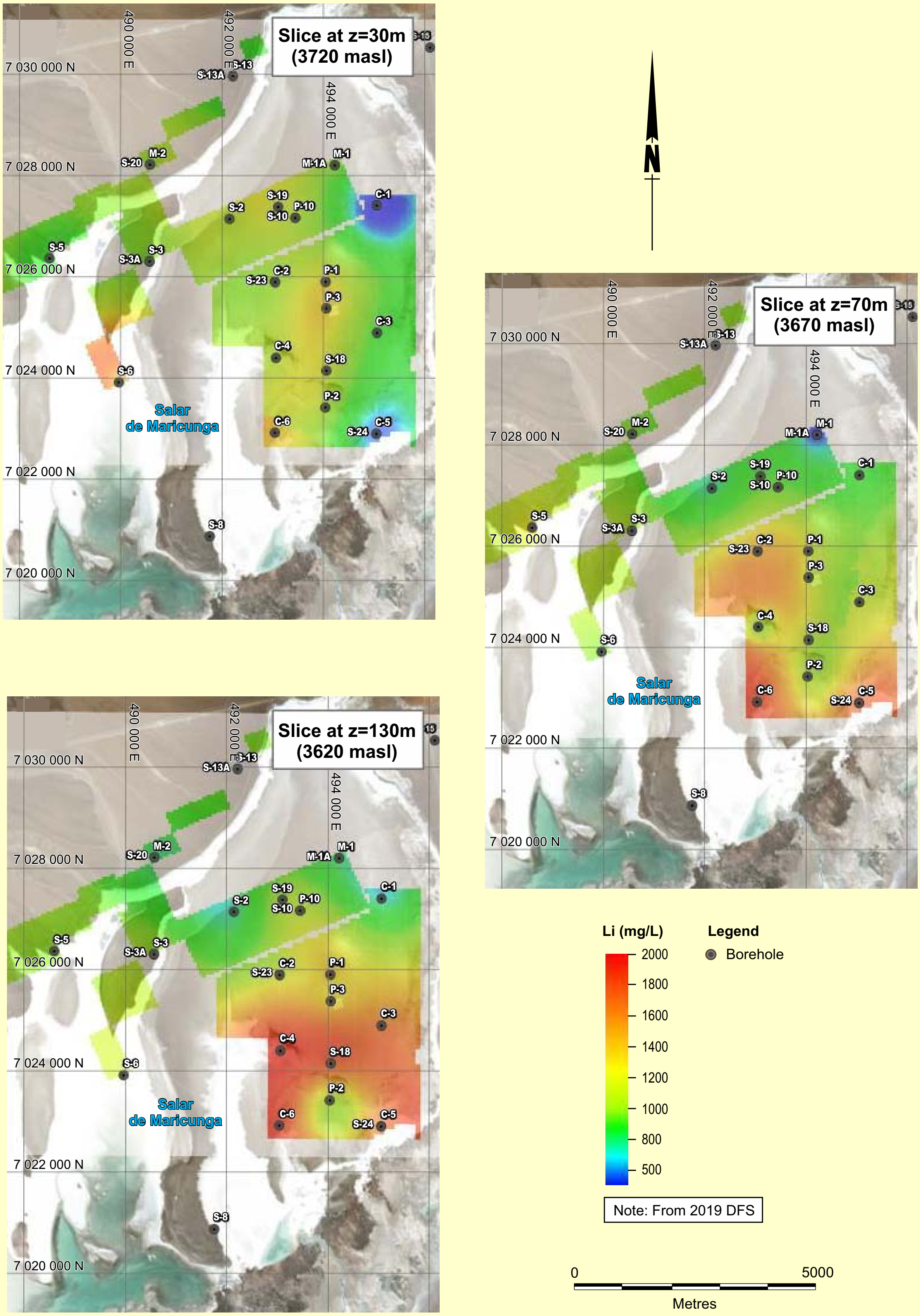
Category	Year	Brine Volume (Mm^3)	Li Grade (mg/L)	Li Metal (t)	LCE (t)
Proven	7-14	14	1,184	10,000	51,000
Probable	14-23	48	1,170	32,000	173,000
Total	7-23	62	1,173	42,000	224,000

Source: Minera Salar Blanco Definitive Feasibility Study, 2019

Resource/Reserve Potential at Depth

The exploration campaign in 2021 on the OCC concessions resulted in an increase in the Mineral Resources and Ore Reserves of approximately 50% and 60% respectively (2022 DFS - Stage One), compared with the previous resource and reserve estimates (2019 DFS). The increase relates primarily to deeper drilling that reached 400m depth and confirmed the continuity of lithium grade at depth. A similar increase in the resources and reserves at depth can be expected in the NCC, where drilling and pump testing to date has only reached 200m depth. Thus, an extension of the drilling and pumping data to cover the deeper region of the Litio 1-6 concessions, between 200m and 400m depth, is likely to result in a significant expansion of the resource and reserve estimates. If a comparable 60% reserve increase of recoverable lithium was realised between 200m and 400m, this could add approximately 25,000t of recoverable lithium, increasing the total lithium resource in the Litio 1-6 concessions to 400m depth to in excess of 65,000t Li or 350,000t LCE, potentially adding a further 20+ years of mine life (at 15,200tpa LCE) after the Stage One project.

Further, according to the geophysical data and the geological model, volcaniclastic and volcanic breccia hosting the lower brine aquifer continue to the bedrock contact at a variable depth of up to 550m, suggesting a further exploration target at depth within the OCC and Litio 1-6 concessions, from 400m to the bedrock contact. Additional drilling is required in order to delineate the potential of this zone.



Lithium Power International *Maricunga Lithium Brine Project*

Figure 8

LITHIUM CONCENTRATION DISTRIBUTION

BDA - 231 (01) - April 2022

Behre Dolbear Australia Pty Ltd

Mine Life Expansion Potential Valuation Assumptions

In addition to the Stage One project valued by BDO on a discounted cashflow ("DCF") basis, the Litio 1-6 concessions contain similar resource and reserve potential and were included in the 2019 DFS. BDA has discussed with BDO that the most appropriate way to value the Litio 1-6 concessions is to consider the additional potential value resulting from an extension of the Stage One project mine life for a further 20 years, based on extraction of the potential NCC resources. BDA accepts that approval to exploit the NCC resources would also provide the option of increased production at an earlier stage, but, in BDA's opinion, a willing and knowledgeable buyer would adopt a relatively conservative mine-life-extension scenario given the current status of the NCC resources. Given that any such extension is beyond the first 20 years, there will be a significant time-related discount applied. Additional capital costs, estimated by BDA at around US$313M, would be incurred towards the end of the initial 20 years to duplicate the wellfield in the Litio 1-6 concessions and significantly upgrade the processing facilities and infrastructure for a further 20 years of operations. Sustaining capital and operating costs similar to the first 20 years will be incurred for the subsequent 20 years.

As previously stated, any development by MSB on the Litio 1-6 concessions will require a special licence from the Chilean Government (*Contrato Especial de Operación del Litio* – CEOL) for the production and sale of lithium products. The granting of any resource project approval or special licence in Chile comes with some risk and the timing of approvals and the CEOL for exploitation of the NCC resource is uncertain at this time.

Despite the NCC resources (currently defined to 200m depth) forming part of the 2019 DFS, the current development plan comprises only the OCC resources (ie. Stage One 2022 DFS), and production plans for the addition of the NCC resources, definition of NCC resources from 200m to 400m depth, and the CEOL required, are all undefined at this time. It is this level of uncertainty that has led BDA to adopt the conservative valuation approach of extending production from the NCC concessions at the end of the Stage One production life. BDA recognises that the company could potentially bring forward production from the NCC concessions if approved (eg. the 2019 DFS assumed 20,000tpa LCE production from the combined project), however, the timing, ultimate production scale and expansion capital cost are unknown at the time of this valuation.

LPI has a first mover advantage in potentially being the first lithium brine producer on Salar de Maricunga. BDA notes that other companies hold concessions adjacent to LPI and should they develop brine operations adjacent to the MSB concessions, there will be competition for brine across concession boundaries. As a first mover, this also creates the opportunity for LPI to potentially acquire additional concessions on the salar.

The expansion potential represented by brines contained in the aquifers below 400m down to the basement contact (up to 550m deep) is not defined and much less certain at the current level of exploration knowledge. No resource has been estimated for this brine. Given the greater depth and risk, and higher associated capital and operating cost in exploiting this potential, such potential would only be considered after exploiting the shallower (above 400m depth) resources. BDA considers that a knowledgeable and willing buyer would be unlikely to place any significant value on the potential below 400m depth at this time.

Summary Valuation Maricunga Exploration Potential

A summary of BDA's assessment of the Maricunga expansion potential is shown in Table 7.3.

Table 7.3

Valuation Summary of Maricunga Expansion Potential (100% Basis)

Property	Valuation (US$M)			Comments
	Low	Most Likely	High	
Maricunga Lithium Brine Project				
Proposed operation based on existing Stage One reserves and LOM plan	See IER	See IER	See IER	Assessed by BDO with technical input from BDA
Potential for extension of mine life (Litio 1-6 concessions)	See IER	See IER	See IER	Additional twenty years of mine life incorporated in BDO assessment based on technical advice from BDA
Maricunga additional exploration potential (below 400m depth)	-	-	-	Due to exploitation timeframe likely to be beyond 40 years, assumed to have no material current value.

Note: the estimates above have all been made on a 100% basis.

7.3 Valuation of Western Australia Exploration Projects

Methodologies Adopted

BDA has valued LPI's WA lithium (and associated elements) exploration assets on the basis that all areas are still at the early exploration stage and no resources have been outlined.

BDA has selected two valuation methodologies as follows:

- *Comparable Transaction method* using the two recent transactions by LPI on the Nannup and Wilga tenements in the Greenbushes region and the White Foil South and Yerilla tenements in the Eastern Goldfields region. The two transactions were completed in June 2022 and were at arms-length.
- *Multiple of Past Expenditure (PEM) method* using exploration expenditures detailed in Table 6.1 with a modification applied to the Strelley project.

Comparable Transaction/Yardstick Valuation

The two recent project purchases by LPI of the Greenbushes and Eastern Goldfields Region tenements, provide appropriate and current valuations of these tenements and also provide a $/km^2 yardstick as a guide to the valuation ranges for the other LPI project areas.

In deriving comparable transaction valuations, it is common to apply a normalising factor to the transaction parameters to allow for changes in value over time related, for example to changes in commodity price. However, as the two LPI transactions were finalised in June 2022, no such adjustment is required.

LPI Tenement Purchase Transactions

a) Purchase of the Nannup and Wilga Tenements (granted licences E70/4845 and E70/4846 and applications E70/5864 and E70/5281)

These tenements were acquired by LPI via the purchase of CMCL in two transactions with CMCL shareholders as follows:

- 23 June 2022 - 40.03% of CMCL was purchased for A$60,000 from Sovran White International Limited
- 27 June 2022 - 59.97% of CMCL was purchased for A$180,000 cash from Ruike Electronics (HK) Co. Ltd and Baoxue Lan, Hong Chen and Yuzhen Wu

This equates to 100% of CMCL purchased for A$240,000.

The total area held by CMCL (including the two tenement applications) was 358.4km^2 (128 sub blocks), equating to A$670/km^2.

b) Purchase of the White Foil South (E15/1772) and Yerilla (E31/1250) in the Eastern Goldfields Region

- 23 June 2022 – purchase of 100% of the White Foil South and Yerilla tenements from Lysander Lithium Pty Ltd for A$75,000 in the form of LPI shares plus a 1.5% Net Smelter Return ("NSR") royalty.

The two tenements cover a combined area of 109.2km^2 (39 sub blocks), which, disregarding the 1.5% royalty, equates to A$687/km^2.

c) Sale of E45/4638 (Strelley Project) to Carnaby Resources

On 15 July 2020, LPI announced the sale of E45/4638 to Carnaby Resources for 1,250,000 fully paid Carnaby Resources shares plus a 1% Net Smelter Return (NSR) Royalty on any gold produced from the tenement. LPI retained all rights to the lithium, caesium, tantalum and tin within the tenement.

On 15 July 2020, Carnaby Resources shares were A$0.12/share, providing a sale value for E45/4638 of A$150,000.

Comparable Transaction/Yardstick Valuation

Given that six of the exploration tenements have recently been purchased in an arms-length transaction between willing buyer and willing seller, BDA considers the purchase price paid provides a realistic current value of those tenements. The price paid also provides a relevant yardstick in terms of $/km^2 to apply to other comparable tenements. The transactions at A$670/km^2 and A$687/km^2 provide an average yardstick value of A$678/km^2. BDA has applied this yardstick to LPI's other tenements in the Greenbushes region (Table 7.4), as the tenements are considered to be at a similar stage of exploration with potential for discovery of mineralised pegmatites, but no current significant drill intersections or defined resources.

Table 7.4

Comparable Transaction Valuation of the LPI Greenbushes and Eastern Goldfields Tenements

Project	Tenements	Area km^2	Valuation A$	Comments
Balingup	E70/4763, E01/0003	215.6	146,000	
Bridgetown	E70/4774	50.4	34,000	
Donnybrook	E70//6093	19.6	13,000	
Nannup & Wilga	E70/4845, E70/5684; E70/4846, E70/5281	358.4	240,000	Actual Purchase Price
White Foil South & Yerilla	E15/1772, E31/1250	109.2	75,000	Actual Purchase Price
Total			**508,000**	

Multiple of Past Expenditure Valuation

BDA has undertaken an alternative valuation of the LPI WA tenements using the multiple of past expenditure method as described in Section 3.4, using LPI's reported expenditure on each tenement as shown in Table 6.1. The PEM factors applied have been selected by BDA on the basis of the work undertaken to date and the results obtained as reported in the Annual Reports submitted to the WAMIS and summarised in the project descriptions in Section 6.0.

In BDA's opinion all projects are at an early stage of evaluation and although each of the tenements warrants further investigation, the work to date has not produced any outstanding lithium or associated element results.

BDA's multiple of past expenditure valuation is shown in Table 7.5 below.

Table 7.5

Multiple of Past Expenditure Valuation

Tenement	Project	Total Expenditure A$	PEM Range Low	PEM Range High	Valuation A$M Low	Valuation A$M High
Greenbushes Region						
E70/4763	Balingup	1,217,363	1.1	1.2	1.34	1.46
E70/4774	Bridgetown	388,274	1.1	1.2	0.42	0.47
E70/6093	Donnybrook	NA	0	0	0	0
E01/0003	Balingup	NA	0	0	0	0
E70/5684	Nannup	NA	0	0	0	0
E70/4845	Nannup	154,347	1.2	1.3	0.19	0.20
E70/4846	Wilga	377,384	1.2	1.3	0.45	0.49
E70/5281	Wilga	NA	0	0	0	0
Eastern Goldfields Region						
E15/1772	White Foil South	24,750	1.0	1.1	0.02	0.03
E31/1250	Yerilla	50,250	1.0	1.1	0.05	0.06
East Pilbara Region						
E45/4610	Pilgangoora	752,757	0.8	1.0	0.60	0.75
E45/4637	Tabba Tabba	853,579	1.2	1.3	1.02	1.10
E45/4638	Strelley[1]	396,277	0.8	1.0	0.32	0.39
Total					**4.41**	**4.95**

1. *BDA has allowed A$396,277 to account for the work undertaken by LIPW prior to the tenement being sold to Carnaby Resources in July 2020; the expenditure shown on Table 6.1 includes expenditure by LIPW on lithium exploration between 2018 and July 2020 plus A$1,423,358 spent by Carnaby Resources in 2021 which was focussed on the gold potential of the tenement.*

In the case of E45/4368, the Strelley tenement, BDA has used LIPW expenditures up to the sale of the tenement to Carnaby Resources in July 2020 on the assumption that this was predominantly targeted towards lithium and associated elements, while subsequent Carnaby Resources expenditure was targeting the gold potential of the tenement.

While the Multiple of Past Expenditure method applied to all WA exploration tenements implies a valuation in the range of A$4.41-$4.95M (Preferred PEM value A$4.68M), BDA considers that the Comparable Transaction method is more relevant to the Greenbushes and Eastern Goldfields tenements given the recent arms-length transaction that have occurred as detailed above. However, BDA considers the Multiple of Past Expenditure method remains appropriate for the valuation of the East Pilbara tenements as shown in Table 7.6.

Table 7.6
Multiple of Past Expenditure Valuation of East Pilbara Tenements

Tenement	Project	Total Expenditure A$	PEM Range Low	PEM Range High	Valuation A$M Low	Valuation A$M High	Valuation A$M Preferred
East Pilbara Region							
E45/4610	Pilgangoora	752,757	0.8	1.0	0.60	0.75	0.68
E45/4637	Tabba Tabba	853,579	1.2	1.3	1.02	1.11	1.07
E45/4638	Strelley	396,277	0.8	1.0	0.32	0.39	0.36
Total					**1.94**	**2.25**	**2.11**

Overall BDA Valuation of LPI's WA Exploration Assets

The Greenbushes Regional Projects can be valued using LPI's recent transactions in the Greenbushes area (Nannup and Wilga prospects) and Eastern Goldfields (White Foil South and Yerilla) and then applying the A$/km^2 yardstick based on these transactions to the remaining Greenbushes region tenements. In the case of the Eastern Goldfields prospects and the Nannup and Wilga Greenbushes prospects, the actual purchase price has been used as an appropriate value for these tenements.

In the case of the Pilgangoora, Tabba Tabba and Strelley projects, BDA considers that the PEM method provides the most appropriate valuation of these tenements given the exploration results to date. BDA's overall assessed value for LPI's WA exploration assets is shown in Table 7.7 below.

Table 7.7

BDA Overall Valuation of LPI's WA Exploration Assets

Project	Valuation Basis	Valuation (A$M)
Greenbushes Region		
Nannup & Wilga	Actual Transaction	0.240
Balingup, Bridgetown & Donnybrook	A$/km^2 Yardstick	0.193
Eastern Goldfields Projects		
White Foil South and Yerilla	Actual Transaction	0.075
East Pilbara Region		
Pilgangoora Project	PEM	0.680
Tabba Tabba Project	PEM	1.070
Strelley Project (Lithium Potential only)	PEM	0.360
Total		**2.618**

BDA assesses the value of LPI's WA exploration tenements at around A$2.62M; with a low range value of A$2.09M (based on -20% of the preferred value) and a high range value of A$4.68M (based on the value assessed for all WA tenements using the Preferred PEM estimate).

8.0 ASSOCIATES/CONSULTANTS - QUALIFICATIONS AND EXPERIENCE

Mr Malcolm Hancock and Mr John McIntyre (BDA Executive Directors) have provided project direction and participated in the technical reviews, report preparation and review meetings as required. Mr Hancock is a geologist and Mr McIntyre a mining engineer and both have extensive project review, due diligence and valuation experience. Both Mr Hancock and Mr McIntyre are Members of the Australasian Institute of Minerals Valuers and Appraisers ("AIMVA") and are Certified Mineral Valuers ("CMV"). These are professional qualifications designed to indicate to regulators that a panel of professional peers has established that the individual has more than 10 years of experience in valuation expertise and has been assessed as a recognised valuation expert, competent to sign off on public and corporate documentation in valuing and appraising minerals projects.

Mr Mark Faul (BDA General Manager) has been the Project Leader and a primary contact within BDA for this assignment. He has provided project direction and participated in the technical reviews, report preparation and management and review meetings as required. Mr Faul is a mining engineer with extensive project review, bank due diligence, financial modelling and valuation experience.

The BDA review team includes the following specialist consultants:

Mr Malcolm Hancock (BA, MA, FGS, FAusIMM, MIMM, MMICA, CP (Geol), MAIMVA) is a Principal and Executive Director of BDA. He is a geologist with more than 50 years of experience in the areas of resource/reserve estimation, reconciliation, exploration, project feasibility and development, mine geology and mining operations. Before joining BDA, he held executive positions responsible for geological and mining aspects of project acquisitions, feasibility studies, mine development and operations. He has been involved in the feasibility, construction, and commissioning of several mining operations. He has worked on both open pit and underground operations, on gold, copper, base metal, uranium, rare earths and strategic minerals and industrial mineral projects, and has undertaken the management and direction of many of BDA's independent engineer operations in recent years. Mr Hancock has provided project direction, geological and resource review and report editing.

Mr John McIntyre (BE (Min) Hon., FAusIMM, MMICA, CP (Min), MAIMVA) is a Principal and Managing Director of BDA. He is a mining engineer who has been involved in the Australian and international mining industry for more than 50 years, with operational and management experience in copper, lead, zinc, nickel, gold, uranium and coal in open pit and underground operations. He has been involved in numerous mining projects and operations, feasibility studies and technical and operational reviews in Australia and overseas. He has been a consultant for more than 30 years and has been Managing Director of BDA since 1994, involved in the development of the independent engineering and technical audit role. Mr McIntyre has provided project direction and report editing.

Mr Mark Faul (BE. Min (Hons), MBA, MAppFin, FAusIMM, GAICD, MAIMVA) is General Manager of BDA and is a mining engineer with extensive mining finance and investment experience with more than 35 years in the mining, resources investment banking and private equity investing in Australia, SE Asia, PNG, Africa, Europe and the Americas. His experience includes operations management, project feasibility and development, strategic planning, due diligence, cost assessment, financial modelling, project and corporate finance. He is experienced in a range of commodities, including gold, copper, nickel, base metals, platinum group metals, strategic minerals, diamonds and gemstones, rare earths and uranium, in both surface and underground mining. He has extensive experience in mine management, economic analysis, project evaluation, valuation, risk management, project finance from a financier and investor prospective, and as a company director. Mr Faul was the BDA Project Leader on this assignment and contributed to the review of the operating costs, report preparation and management, and project liaison.

Mr Don Hains (BA. Chem. (Hons.), MBA, Member CIMM, Registered Professional Geologist Ontario (#0494), MSMME, M Metallurgical Society of AIME, M American Ceramics Society) is a Senior Associate of BDA and is qualified as an industrial minerals exploration and economic geologist with more than 30 years of experience in the development, use and analysis of industrial minerals properties and materials. His experience encompasses most of the industrial minerals and several specialty metals, including lithium, tantalum, antimony, niobium, gallium, germanium and rare earths. Assignments have ranged from valuation reports to feasibility and market studies. He is the author of the *Best Practice Guidelines for Reporting of Lithium Brine Resources and Reserves* and a co-author of the *Best Practice Guidelines for Reporting on Industrial Minerals Resources and Reserves*. Both these guideline documents provide recommended best practice when reporting resources and reserves under NI 43-101. Mr Hains has previously reviewed the Maricunga project and prepared an NI 43-101 report for Li3 in 2017 (Li3 later sold its interest in the project to MSB). Mr Hains has provided an overview of the project and assisted in editing this report.

Dr Hector Santiago Sánchez Rioja is a Senior Associate of Behre Dolbear and a Senior Environmental Geologist. He also has Mining Geology Post-graduate degree and a Bachelor in Geology (Universidad Nacional de Salta, Argentina, 2004). He has developed or reviewed multiple EIA studies for salars and hard rock type deposits and projects, mostly in Salta and Jujuy (Argentina). Dr Sánchez Rioja has also developed and executed data acquisition programmes at all phases of mineral resources development, from greenfield to advanced exploration and economic evaluations. Dr. Sánchez has reviewed the geology, resources and reserves, as well as the environmental and community aspects of the project.

Mr. Sylvio Bertolli is a Senior Associate of Behre Dolbear with over 40 years of domestic and international experience in programme/project management and process design in the mineral and chemical fields. Mr. Bertolli is experienced with engineering, project management (EPCM) and operations management, including unit operations of materials handling, leaching, evaporation, thickening, filtration, drying, solvent extraction, ion exchange, and innovative technologies. His expertise also includes several years of cost estimating, economic analysis, and due diligence of new prospects and valuations. As Vice President for Western Lithium, he was responsible for project development ranging from conceptual design, cost, and economic analysis and full-scale EPCM construction; he evaluated several lithium projects and acquisitions of lithium projects, including spodumene, salars, and clays and assisted in the design of lithium facilities, including new extraction technologies. Mr Bertolli has reviewed the processing testwork and process design aspects of the project.

Mr Peter Goldner (BSc. (Hons) Geology, FAusIMM CPGeo, FAIG, CPGeo) is a Senior Associate of BDA with more than 50 years' experience in the exploration, project evaluation and management of mineral projects and mine operations. He has extensive experience in the provision of consulting geological services to the mining industry. Mr Goldner has worked in both surface and underground operations in a range of commodities, including gold, copper, other base metals (including lead/zinc and nickel) and uranium. He has extensive experience in resource/reserve estimation and reconciliation procedures and the audit and review of estimates. Mr Goldner has worked and evaluated projects throughout Australia, PNG, Southeast Asia and Alaska. Mr Goldner has undertaken the valuation assessment of LPI's WA exploration properties. Mr Goldner has sufficient experience relevant to the technical Assessment and Valuation of Mineral Assets under consideration to qualify as a Practitioner as defined in the 2015 edition of 'The Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets'.

Ms Janet Epps (B.Sc. (Geol), M.Sc. (Envir.)) is a Senior Associate of BDA with more than 35 years' experience as a specialist in environmental science and community issues management, policy development and regulatory consultancy services. Ms Epps has worked with the UN, World Bank, the IFC and the Multilateral Investment Guarantee Agency (MIGA), providing policy advice to governments of developing countries on designed projects and contributing towards sustainable development strategies. Ms Epps has been a pioneer in developing the sustainability concept as it relates to the mining industry and she has completed assignments in Australasia, South-East Asia, CIS, Africa and South America. Ms Epps has examined the tenement, project approval and environmental aspects of the projects.

9.0 LIMITATIONS AND CONSENT

BDA consents to making this report available to the Directors of LPI and BDO on the understanding that all parties are aware of and understand the scope of BDA's engagement as set out in the Scope of Work. Neither the whole nor any part of this report nor any reference thereto may be included in or with or attached to any document or used for any other purpose without written consent from BDA as to the form and context in which it appears. BDA will be paid fees of approximately A$120,000 plus expenses for the preparation of this report. The fees are not dependent on the findings or outcome of this report.

This report does not constitute a technical or legal audit. The assessment in this report has been based on data, reports and other information made available to BDA by LPI and referred to in this report. LPI has advised BDA that all relevant documentation relating to their project has been provided, that the information is complete as to material details and is not misleading.

BDA has reviewed the data, reports and information provided and has used consultants with appropriate experience and expertise relevant to the various aspects of the project. The opinions stated herein are given in good faith. BDA believes that the basic assumptions are factual and correct, and the interpretations are reasonable. This BDA report contains forecasts and projections based on information provided by LPI. BDA's assessment of the mine plans, projected production schedules and capital and operating costs are based on technical reviews of project data and site visit. However, these forecasts and projections cannot be assured and factors both within and beyond the control of LPI could cause the actual results to be materially different from the assessments and projections contained in this report.

BDA has independently analysed data provided by LPI, but the accuracy of the conclusions of the review largely relies on the accuracy of the supplied data. BDA does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from third party use of it. BDA reserves the right to change its opinions on the mining studies expressed in this report should any of the fundamental information provided by LPI be significantly or materially revised.

BDA warrants that its activities have followed accepted engineering standards through the use of professionally qualified engineers and the adoption of standards as specified by the appropriate professional Associations. BDA takes no responsibility for any loss or damage arising from the use of this report or information, data or assumptions contained therein, except for where loss or damage results from the bad faith, wilful misconduct or negligence on the part of BDA.

In commissioning BDA for this report, LPI has indemnified BDA for any liability:

a) resulting from BDA's reliance on information provided by LPI that is materially inaccurate or incomplete; and
b) relating to any consequential extension of workload through queries, questions or public hearings arising from the BDA Public Report.

This indemnity does not absolve BDA from critically examining the information provided.

Sincerely yours

BEHRE DOLBEAR AUSTRALIA PTY LTD

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APPENDIX I

BDA CONSENT LETTER TO BDO

BEHRE
DOLBEAR
AUSTRALIA

BDA

Minerals Industry Consultants

ACN No. 065 713 724

Level 9, 80 Mount Street
North Sydney, NSW 2060
Australia

Tel: 612 9954 4988
Fax: 612 9929 2549
Email: bdaus@bigpond.com

ABN 62 065 713 724

25 August 2022

BDO Corporate Finance Ltd
C/- Mr Mark Whittaker
GPO Box 457
Brisbane QLD 4001

Dear Mr Whittaker,

INDEPENDENT TECHNICAL EXPERT SERVICES PROVIDED BY BEHRE DOLBEAR AUSTRALIA IN RELATION TO LITHIUM POWER INTERNATIONAL

We have reviewed the Independent Expert's Report prepared by BDO Corporate Finance Ltd dated 25 August 2022 relating to LPI's proposal to acquire the 48.58% interest in the Maricunga Lithium Brine Project through Minera Salar Blanco S.A it does not currently own.

We consent to the inclusion of all references and comments relating to ourselves, Behre Dolbear Australia Pty Ltd and our Independent Technical Specialist Report, dated 22 August 2022, in the form and context in which they appear in the Independent Expert's Report prepared by BDO Corporate Finance Ltd.

Behre Dolbear Australia Pty Limited

Malcolm Hancock
Executive Director
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Mobile: 61 417 446 440
Email: mhancock@bigpond.com

John McIntyre
Managing Director
Telephone: 612 9954 4988
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Email: bdaus@bigpond.com

APPENDIX II

GLOSSARY

GLOSSARY

Term/Abbreviation	Description
2019 DFS	Technical Report NI 43-101 Maricunga DFS, completed in January 2019
2022 DFS	Technical Report NI 43-101 Maricunga DFS Update (Stage One Project), completed in January 2022
AAA	Andes Analytical Assay Laboratories
AAS	Atonic Adsorption Spectrometry
AIMVA	Australasian Institute of Minerals Valuers and Appraisers
Albermarle	Albemarle Corporation
AMSL	Above Mean Sea Level
AMT	Audio Magnetotellurics
ASA	Alex Stewart Argentina
Atacama	Atacama Water Consultants
AusIMM	Australasian Institute of Mining and Metallurgy
A$	Australian Dollar
B	Billion
BAC	Base Acquisition Cost
bcm	Bank Cubic Metre (in situ volume)
BDA	Behre Dolbear Australia Pty Limited
BDO	BDO Corporate Finance Pty Ltd
Bearing	Bearing Lithium Corp. (17.14% joint venture interest in the project)
BGS	British Geological Survey UK
BMB	Balingup Metamorphic Belt
Carnaby Resources	Carnaby Resources Limited
CChEN	Chilean Nuclear Energy Commission
CIM Standards	Canadian National Instrument 43-101 and the Guidelines Published by the Council of the Canadian Institute of Mining, Metallurgy and Petroleum
CMCL	CMC Lithium Pty Ltd
CMP	Conservation Management Plan
CMV	Certified Mineral Valuer
Company	Lithium Power International Limited
DBSA	Daniel B Stephens and Associates
DCF	Discounted Cashflow
Demerger Assets	LPI's WA Lithium Exploration Assets
DemergeCo	Wholly owned subsidiary of LPI that will hold the Demerger Assets
DFS	Definitive Feasibility Study
DMS	Dense media separation
EIA	Environmental Impact Assessment, approved in February 2020
EPC	Engineer, Procurement and Construction contract
ESIA	Environmental and Social Impact Assessment
FIFO	Fly-in, Fly-out
FS	Feasibility Study
FY	Financial Year
GSA	Geo Systems Analysis
GSWA	Geological Survey of Western Australia
ha	Hectare
ICP	Inductively Coupled Plasma
IER	Independent Expert Report, prepared by BDO
IGR	Independent Geologist Report by Geko-Co Pty Ltd
IRR	Internal Rate of Return
ISO	International Standards Organisation
ITSR	Independent Technical Specialist Report, prepared by BDA
IX	Ion exchange
JORC Code	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" as Prepared by the Joint Ore Reserves Committee of the AusIMM, AIG, and the MCA
Kb	Kilobar
KCl	Potassium Chloride
km	Kilometre
km^2	Square Kilometre
kt	Thousand Tonnes
ktpa	Thousand tonnes per annum

Term/Abbreviation	Description
kV	Kilovolt
kW	Kilowatt
LCE	Lithium Carbonate Equivalent
Li_2O	Lithium Oxide
LOM	Life of Mine
LPG	Liquefied Petroleum Gas
LPI	Lithium Power International Limited
m	Metre
M	Million
Ma	Million Years Ago
m^3	Cubic Metre
m^3/h	Cubic Metres per Hour
Ma	Million Years
Maricunga	Maricunga Lithium Brine Project
masl	Metres Above Sea Level
mg/L	Milligrams Per Litre
µm	Micron ($m \times 10^{-6}$)
mm	Millimetre
mm/a	Millimetres per annum
mm/d	Millimetres per day
MSB	Minera Salar Blanco S.A.
MSB SpA	Minera Salar Blanco SpA
Mt	Million Tonnes
Mtpa	Million Tonnes Per Annum
MW	Megawatt
NCC	New Code Concessions
NI 43-101	Canadian Securities Administrators' National Instrument 43-101 - Standards of Disclosure for Mineral Projects
NPV	Net Present Value
NR	National Route, road designation in Argentina
NSR	Net smelter return
OCC	Old Code Concessions under the 1932 Chilean Mining Code
OK	Ordinary Kriging
Opex	Operating costs
P&ID	Process Piping and Instrumentation Diagram
PDA	Preliminary Development Agreement
PEA	Preliminary Economic Assessment
PEM	Prospectivity Enhancement Multiplier
PFD	Process Flow Diagram
PGE	Platinum Group Elements
Pilbara Minerals	Pilbara Minerals Limited
Proposed Transaction	LPI's plans to acquire all joint venture interests in the Maricunga Project
psi	Pounds per Square Inch
ppm	Parts Per Million
QA/QC	Quality Assurance/ Quality Control
Q1	Quarter 1
RC	Reverse Circulation
RL	Reduced Level
RO	Reverse Osmosis
ROM	Run of Mine
RP	Provincial route, road designation in Argentina
RRR	Red River Resources Limited
SC	Spodumene Concentrate
SEA2	Chilean Environmental Assessment Service
SG	Specific Gravity
SQM	Sociedad Quimica y Minera Chile
Stage One Project	15,200tpa LCE as defined in Technical Report NI 43-101 Maricunga DFS Update, January 2022
t	Tonne
Tachyhydrite	Calcium Magnesium Chloride
Talison	Talison Lithium Australia Pty Ltd
TDS	Total Dissolved Solids
TEM	Transient Electromagnetics

Term/Abbreviation	Description
tpd	Tonnes per day
tph	Tonnes per hour
t/m^3	Tonnes per Cubic Metre
Ta	Tantalum
Ta_2O_5	Tantalum Oxide
TG	Technical Grade
tpa	Tonnes per Annum
tph	Tonnes Per Hour
TSF	Tailings Storage Facility
UOA	University of Antofagasta
VALMIN Code	Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports
VAT	Value Added Tax
WA	Western Australia
WAMIS	WA Department of Mines, Industry Regulation and Safety
Worley Chile	Worley Chile S.A
WTP	Water Treatment Plant
XRF	X-Ray Fluorescence

All Correspondence to:

By Mail Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

By Fax: +61 2 9290 9655

Online: www.boardroomlimited.com.au

By Phone: (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

Return by 10.00am AEDT (Sydney Time) on Wednesday, 26 October 2022.

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10.00am AEDT (Sydney Time) on Wednesday, 26 October 2022.**

TO VOTE ONLINE

STEP 1: VISIT https://www.votingonline.com.au/lithiumegm2022

STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)

STEP 3: Enter your Voting Access Code (VAC):

BY SMARTPHONE

Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

(a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.

(b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10.00am AEDT (Sydney Time) on Wednesday, 26 October 2022.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

Online https://www.votingonline.com.au/lithiumegm2022

By Fax + 61 2 9290 9655

By Mail Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia

Attending the Meeting

If you wish to attend the physical component of the meeting please bring this form with you to assist registration.

Lithium Power International Limited
ACN 607 260 328

Your Address
This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.
Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Lithium Power International Limited** (Company) and entitled to attend and vote hereby appoint:

☐ the **Chair of the Meeting (mark box)**

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Extraordinary General Meeting of the Company to be held simultaneously on the Lumi platform at https://web.lumiagm.com/357674320 and at **the offices of Ashurst, Level 11, 5 Martin Place, Sydney NSW 2000 on Friday, 28 October 2022 at 10.00am AEDT (Sydney Time)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chair of the Meeting intends to vote all undirected proxies in favour of all Items of business. If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution..

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf and your vote will not be counted in calculating the required majority.

		For	Against	Abstain*
Resolution 1	Approval of SBD Transaction and the issue of Consideration Shares to Minera Salar Blanco SpA	☐	☐	☐
Resolution 2	Approval for the issue of Share Appreciation Rights to an Executive Director – Mr Cristóbal Garcia-Huidobro	☐	☐	☐
Resolution 3	Approval for the issue of Share Appreciation Rights to an Executive Director – Richard Crookes	☐	☐	☐
Resolution 4	Approval for the issue of Share Appreciation Rights to an Executive Director – Mr Andrew Phillips	☐	☐	☐
Resolution 5	Approval for the issue of Director Options to a Non-Executive Director – Mr David Hannon	☐	☐	☐
Resolution 6	Approval for the issue of Director Options to a Non-Executive Director – Mr Russel Barwick	☐	☐	☐
Resolution 7	Approval of the issue of Employee SARs to the Participating Executives	☐	☐	☐
Resolution 8	Approval for the issue of Adviser Options to Treadstone	☐	☐	☐

STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director / Company Secretary

Contact Name…………………………………………….... Contact Daytime Telephone……………………............................... Date / / 2022