

ASX RELEASE**LPI.ASX****30 May 2023**

PROCEDURE FOR CONVERSION OF BEARING OPTIONS AND WARRANTS

Following on from the consolidation of Lithium Power International Limited's (**ASX: LPI**) ("**LPI**" or the "**Company**") flagship Maricunga lithium brine project in Chile ("**Maricunga**" or the "**Project**"), the first tranche of Bearing options and/or warrants have now been converted into shares in LPI.

By way of background, pursuant to the plan of arrangement under which LPI acquired all of the securities in Bearing Lithium Corp ("**Bearing**"), the existing options and warrants in Bearing became convertible into ordinary shares in LPI (on the terms of the plan of arrangement, set out in pages 46 and 47 of the attached information circular).

LPI provides a reminder that, in order to convert Bearing options and warrants to LPI shares, the holders of those options and warrants must provide to LPI:

- a signed and completed Bearing option or warrant exercise notice ("**Notice**"); and
- payment of the funds relevant to the conversion of those Bearing options and/or warrants, in cleared funds, to LPI's account set out on the Notice.

For copies of the prescribed Notice please email your request to info@lithiumpowerinternational.com and then provide the signed and completed Notice to the same email address.

Authorised for release by the Board of Directors of Lithium Power International Limited.

For further information, please contact:

Cristobal Garcia-Huidobro – CEO; or Andrew Phillips – CFO Lithium Power International

E: info@lithiumpowerinternational.com

Ph: +612 9276 1245

www.lithiumpowerinternational.com

@LithiumPowerLPI

For Australian investor relations enquiries:

Jane Morgan – Jane Morgan Management Pty Ltd

Investor and Media Relations

+ 61 (0) 405 555 618

jm@janemorganmanagement.com.au

For Asian investor relations enquiries:

Mary Leung - 121 Group (HK) Ltd

Investor and Media Relations

+ 852 9247 6058

mary.leung@weare121.com

For U.S. and other international investor relations enquiries:

Thomas Renaud - Arrowhead Business and Investment Decisions, LLC

Office: +1 212 619-6889

enquire@arrowheadbid.com



**PLAN OF ARRANGEMENT INVOLVING
BEARING LITHIUM CORP.**

-and-

LITHIUM POWER INTERNATIONAL LIMITED

-and-

LPI CANADA HOLDINGS LTD.

-and-

SECURITYHOLDERS OF BEARING LITHIUM CORP.

**NOTICE OF ANNUAL, GENERAL AND SPECIAL MEETING OF SHAREHOLDERS
MANAGEMENT INFORMATION CIRCULAR**

SEPTEMBER 27, 2022

These materials are important and require your immediate attention. The matters referred to in these materials require holders of common shares ("**Shareholders**") in the capital of Bearing Lithium Corp. ("**Bearing**"), as well as holders of Bearing options and warrants (together with the Shareholders, the "**Securityholders**") to make important decisions. If you are in doubt as to how to make such decisions, please contact your financial, legal, tax or other professional advisors. The Board of Directors of Bearing **UNANIMOUSLY** recommends that Securityholders vote **FOR** the plan of arrangement described in this management information circular at the annual, general and special meeting of Securityholders.

No securities regulatory authority in Canada or elsewhere has expressed an opinion about, or passed upon the fairness or merits of, the transaction described in this document, the securities offered pursuant to such transaction or the adequacy of the information contained in this document and it is an offence to claim otherwise.

TABLE OF CONTENTS

LETTER TO SECURITYHOLDERS	1
MANAGEMENT INFORMATION CIRCULAR	4
Information Contained in This Circular	4
Defined Terms	4
Reporting Currency, Exchange Rate and Financial Information	4
Forward-Looking Statements	5
National Instrument 43-101	6
Voting by Proxies	7
Information for Beneficial Securityholders	10
Information for United States Shareholders	11
BEARING SECURITYHOLDERS – QUESTIONS AND ANSWERS ABOUT THE ARRANGEMENT AND THE BEARING MEETING	13
Q&A on the Arrangement	13
Q&A on Proxy Voting	19
SUMMARY	22
THE ARRANGEMENT	35
Background to the Arrangement	35
Recommendation of the Bearing Board	36
Reasons for the Recommendations of the Bearing Board	36
Bearing Fairness Opinion	39
Description of the Arrangement	40
Cash Distribution	42
Joint Venture Partner Transaction	43
WA Spin-Off	43
Procedure for the Arrangement to Become Effective	43
Bearing Securityholder Approval	43
Voting Agreements	43
Court Approval and Completion of the Arrangement	46
Treatment of Bearing Options	46
Treatment of Bearing Warrants	47
Stock Exchange Listing and Reporting Issuer Status	47
Letter of Transmittal	48
Exchange Procedure for Bearing Shares to LPI Shares	48
Treatment of Fractional Shares	49
Return of Bearing Shares	49
Lost Certificates	49
Cancellation of Rights	50
Withholding Rights	50
Right to Dissent	51
Intention of Bearing Directors and Bearing Officers	53
Depository	53
Expenses of the Arrangement	53
INFORMATION RELATING TO THE COMBINED COMPANY FOLLOWING THE ARRANGEMENT	54
Overview	54
Organizational Chart	54
Mineral Resource Estimate for the Properties of the Combined Company	56
Selected Unaudited Pro Forma Consolidated Financial Information	56
Pro Forma Consolidated Capitalization	57
Principal Holders of Shares	57

Description of Share Capital	58
Dividends	58
Auditor of the Combined Company	58
Executive Officers.....	58
THE ARRANGEMENT AGREEMENT.....	59
Representations and Warranties	59
Conditions Precedent to the Arrangement.....	61
Covenants	63
Termination of the Arrangement Agreement	73
Amendment.....	77
REGULATORY MATTERS.....	78
Canadian Securities Law Matters	78
United States Securities Law Matters	78
Other Jurisdictions	79
Stock Exchange Approvals	79
Other Regulatory Matters.....	79
CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS.....	79
ADDITIONAL TAX CONSIDERATIONS.....	87
RISK FACTORS	87
RIGHTS OF DISSENTING BEARING SHAREHOLDERS	94
BUSINESS OF THE MEETING.....	97
Receipt of Financial Statements	97
To fix the number of directors of Bearing at six (6).....	97
Election of Directors	98
Appointment of Auditor and Remuneration.....	102
Approval of Rolling Bearing Option Plan.....	102
Approval of the Arrangement.....	103
Other Business	104
GENERAL INFORMATION CONCERNING THE BEARING MEETING AND VOTING	104
Time, Date and Place	104
Record Date.....	104
Approvals Required	104
Quorum	104
Principal Holders of Bearing Shares, Bearing Warrants and Bearing Options	104
INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS	105
LEGAL MATTERS	105
INTERESTS OF EXPERTS OF BEARING	105
Names of Experts	105
BEARING DIRECTORS' APPROVAL.....	107
GLOSSARY OF DEFINED TERMS.....	108
APPENDIX "A" INFORMATION RELATING TO BEARING	A-1
APPENDIX "B" INFORMATION RELATING TO LPI	B-1
APPENDIX "C" UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF LPI AS AT AND FOR THE YEAR ENDED JUNE 30, 2022.....	C-1

APPENDIX "D" FORM OF BEARING ARRANGEMENT RESOLUTION.....	D-1
APPENDIX "E" PLAN OF ARRANGEMENT	E-1
APPENDIX "F" NOTICE OF HEARING OF PETITION FOR FINAL ORDER.....	F-1
APPENDIX "G" INTERIM ORDER.....	G-1
APPENDIX "H" BEARING FAIRNESS OPINION	H-1
APPENDIX "I" DIVISION 2 OF PART 8 OF THE BCBCA	I-1
APPENDIX "J" BEARING OPTION PLAN	J-1



LETTER TO SECURITYHOLDERS

September 27, 2022

TO: The Securityholders of Bearing Lithium Corp.

You are invited to attend an annual general and special meeting (the "**Meeting**") of the holders ("**Bearing Shareholders**") of common shares ("**Bearing Shares**"), the holders ("**Bearing Optionholders**") of options to purchase Bearing Shares ("**Bearing Options**") and the holders of warrants ("**Bearing Warrantholders**") to purchase Bearing Shares ("**Bearing Warrants**"), each of Bearing Lithium Corp. ("**Bearing**") to be held at Suite 810 - 789 West Pender Street, Vancouver, BC, V6C 1H2, with the option to participate virtually via live webcast, at 10:00 a.m. (Vancouver time) on October 28, 2022 (Bearing Shareholders, Bearing Optionholders and Bearing Warrantholders together referred to as the "**Bearing Securityholders**").

At the Meeting, in addition to the usual matters to be considered at an annual general meeting of the Bearing Shareholders, Bearing Securityholders will be asked to consider and vote upon a plan of arrangement (the "**Arrangement**") under the provisions of the *Business Corporations Act* (British Columbia) involving Bearing, Lithium Power International Limited ("**LPI**"), LPI Canada Holdings Ltd. (a subsidiary of LPI) and the Bearing Securityholders. LPI is a joint venture partner of Bearing in the Maricunga Lithium Brine Project in Chile (the "**MSB Project**") and its ordinary shares ("**LPI Shares**") are listed on the Australian Securities Exchange ("**ASX**"), under the code "LPI".

Pursuant to the terms of the Arrangement:

- (i) LPI will directly or indirectly acquire all of the issued and outstanding Bearing Shares from Bearing Shareholders in exchange for the issuance of new LPI Shares, on the basis of 0.70 of an LPI Share in exchange for each one (1) Bearing Share;
- (ii) Bearing Shareholders as at the date of the Arrangement are expected to receive a cash distribution from Bearing of approximately C\$0.015 per Bearing Share (the payment and amount of which is subject to the risk factors described in this Circular); and
- (iii) Bearing Options and Bearing Warrants will, following the Arrangement, become exercisable for 0.70 of an LPI Share in lieu of each one (1) Bearing Share that a Bearing Optionholder or Bearing Warrantholder would otherwise have received on exercise of such option or warrant prior to the Arrangement.

In addition, Bearing Shareholders who continue to hold LPI Shares at the relevant time will be entitled to participate in a spin-out transaction whereby LPI is planning to spin out its Western Australian lithium exploration assets into a separate growth company ("**DemergeCo**"), and distribute shares in the DemergeCo to all holders of LPI Shares on a pro rata basis at the time of the spin-out, which is expected to occur subsequent to completion of the Arrangement.

On June 21, 2022, the date immediately preceding the of announcement of the Arrangement, the closing price of the Bearing Shares on the TSXV was C\$0.20 and the closing price of the LPI Shares on the ASX was A\$0.365.

On September 9, 2022, LPI announced a financing for the successful issuance of 41,666,667 new LPI Shares at a price of A\$0.60 per LPI Share.

As of September 22, 2022, the closing price of the Bearing Shares on the TSXV was C\$0.365 and the closing price of the LPI Shares on the ASX was A\$0.60.

Under the proposed Arrangement, the 109,057,738 Bearing Shares currently outstanding would be converted into 76,340,416 LPI Shares (without including any additional LPI Shares issuable as a result of exercise of outstanding Bearing Options or Bearing Warrants). Based upon the closing price of the LPI Shares on the ASX on June 30, 2022 of A\$0.40, the notional price for LPI to acquire all of the Bearing Shares under the Arrangement as of June 30, 2022 would be A\$30,536,166.

LPI has also separately entered into an agreement with its other Joint Venture Partner (as described in the accompanying Circular) in the MSB Project to acquire the remaining 31.13% interest in the MSB Project not owned by Bearing or LPI, in exchange for the issuance of 161,556,061 LPI Shares, which if completed in conjunction with the Arrangement, would consolidate a 100% indirect interest in the MSB Project in LPI. Based upon the closing price of the LPI Shares on the ASX on June 30, 2022 of A\$0.40, the notional price for LPI to acquire the Joint Venture Partner's interest in the MSB Project as of June 30, 2022 would be A\$64,622,424. Following the completion of the Arrangement and the transaction between LPI and the Joint Venture Partner, the Joint Venture Partner will hold approximately 25.0% of the outstanding shares of LPI (which does not include LPI Shares already owned by the Joint Venture Partner). Completion of LPI's transaction with the Joint Venture Partner is a condition to the closing of the Arrangement.

If the Arrangement is completed, as a holder of LPI Shares, you will continue to have an indirect ownership interest in the MSB Project, but in an ASX-listed company with greater trading volumes and trading liquidity than Bearing. Consolidating the MSB Project into a single entity is expected to yield significant benefits by creating one entity focused on advancing the MSB Project, which is expected to enhance the ability of LPI to arrange financing for the MSB Project, streamline the decision-making process and reduce overheads.

The Bearing Board of Directors unanimously recommends that Bearing Securityholders vote IN FAVOUR of the Arrangement

The Board of Directors of Bearing has unanimously concluded that the Arrangement is in the best interests of Bearing and the Bearing Securityholders and is fair to the Bearing Securityholders and unanimously approved the Arrangement and the entering into of the arrangement agreement dated June 22, 2022, as amended on September 19, 2022, among Bearing, LPI, and LPI Canada Holdings Ltd.

All of the directors and officers of Bearing have signed support agreements pursuant to which they have agreed to vote their respective Bearing Shares and Bearing Options held by them in favour of the Arrangement.

For the Arrangement to proceed, it must be approved by not less than two-thirds (2/3) of the votes cast by Bearing Securityholders voting as a single class, in person or by proxy at the Meeting.

Bearing retained Sequeira Partners ("**Sequeira**") as its financial advisor in connection with the Arrangement and Sequeira delivered to the Board of Directors of Bearing a fairness opinion in connection with the Arrangement to the effect that, as of the date thereof and subject to the assumptions, limitations and qualifications contained therein, the consideration to be received pursuant to the Arrangement is fair, from a financial point of view, to Bearing Shareholders.

The accompanying information circular and proxy statement dated September 27, 2022 ("**Circular**") provides a detailed description of the Arrangement, Bearing, LPI and matters to come before the Meeting. Please give this material your careful consideration. If you require assistance, you should consult your financial, income tax or other professional advisor.

The Board of Directors of Bearing believes that the Arrangement provides a number of benefits primarily relating to an improved platform to enhance value to Bearing Securityholders. For further particulars of such benefits see "*The Arrangement - Reasons for the Recommendations of the Bearing Board*" in the accompanying Circular.

Completion of the Arrangement is also subject to approval of the British Columbia Supreme Court and receipt of all necessary regulatory approvals. If the requisite Bearing Securityholder, court and regulatory approvals are obtained and if all other conditions to the Arrangement becoming effective are satisfied or waived, it is expected that the Arrangement will become effective on or about November 7, 2022 (the "**Effective Date**").

To be represented at the Bearing Meeting, registered Bearing Securityholders must either attend the Bearing Meeting in person, attend online, or complete and sign the enclosed form(s) of proxy, as applicable and forward it so as to reach or be deposited with Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, or by Fax: 1-866-249-7775, no later than 10:00 a.m. (Vancouver time) on October 26, 2022 or no less than 48 hours prior to the time fixed for any adjournment or postponement of the Bearing Meeting. An envelope addressed to Computershare Investor Services Inc. is enclosed for your convenience. Bearing Securityholders and registered proxyholders that wish to attend the Bearing Meeting online, can attend by going to <https://meetnow.global/MATWUV4>. In order to participate online, Bearing Securityholders must have a valid 15-digit control number and proxyholders must have received an email from Computershare containing an invitation code. During the live webcast, Bearing Securityholders and appointed proxyholders will be able to hear the Bearing Meeting live and will be able to submit questions and vote while the Bearing Meeting is being held.

You are also requested to complete, sign, date and return by mail the enclosed Letter of Transmittal (printed on BLUE paper), together with the certificate(s) or Direct Registration System advice(s) representing your Bearing Shares, in the enclosed addressed envelope to Computershare Investor Services Inc., Attention: Corporate Actions Department or by hand, courier or registered mail to 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, in order to receive the consideration you are entitled to under the Arrangement. Holders of Bearing Options and Bearing Warrants do not need to return a Letter of Transmittal.

As LPI is incorporated in a jurisdiction outside of Canada, there may be tax consequences to Bearing Securityholders as a result of exchanging Bearing Shares for LPI Shares. Please refer to "*Certain Canadian Federal Income Tax Considerations*" in the accompanying Circular.

If you are a non-registered holder of Bearing Securities and have received these materials from your broker or another intermediary, please complete and return the proxy or other authorization form provided to you by your broker or other intermediary in accordance with the instructions provided with it. Failure to do so may result in your Bearing Securities not being eligible to be voted at the Meeting.

Yours very truly,
(signed) "Gil Playford"
Gil Playford, Chairman & CEO
Bearing Lithium Corp.

MANAGEMENT INFORMATION CIRCULAR

Information Contained in This Circular

This Circular is delivered in connection with the solicitation of proxies by and on behalf of the management of Bearing for use at the Bearing Meeting, and any adjournment or postponement thereof. No person is authorized to give any information or make any representation not contained or incorporated by reference in this Circular and, if given or made, such information or representation should not be relied upon as having been authorized or as being accurate. For greater certainty, to the extent that any information provided on Bearing's, or in documents previously filed publicly, or by Bearing's proxy solicitation agent, is inconsistent with this Circular, you should rely only on the information provided in this Circular.

The information concerning Bearing contained in this Circular has been provided by Bearing. The information regarding LPI contained in this Circular has been provided by LPI. Although Bearing has no knowledge that would indicate that any of the information provided by LPI is untrue or incomplete, Bearing does not assume any responsibility for the accuracy or completeness of such information or the failure by LPI to disclose facts or events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to Bearing.

All summaries of, and references to, the Arrangement Agreement and the Plan of Arrangement in this Circular are qualified in their entirety by the complete text of those documents. The Arrangement Agreement is available on the profile of Bearing on SEDAR at www.sedar.com and on the Bearing website at www.bearinglithium.com. The Plan of Arrangement is attached hereto as Appendix "E". You are urged to read carefully the full text of the Plan of Arrangement and the Arrangement Agreement.

Information in this Circular is given as at September 27, 2022 unless otherwise indicated. Information contained in the documents incorporated herein by reference is given as at the respective dates stated therein.

This Circular does not constitute an offer to sell or a solicitation of an offer to purchase any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation of an offer or proxy solicitation. Neither delivery of this Circular nor any distribution of the securities referred to in this Circular will, under any circumstances, create an implication that there has been no change in the information set forth herein since the date of this Circular.

Bearing Securityholders should not construe the contents of this Circular as legal, tax or financial advice and should consult with their own legal, tax, financial or other professional advisors in considering the relevant legal, tax, financial or other matters contained in this Circular.

Defined Terms

This Circular contains defined terms. For a list of the defined terms used herein, see the "*Glossary of Defined Terms*" in this Circular.

Reporting Currency, Exchange Rate and Financial Information

Bearing publishes its consolidated financial statements in Canadian dollars. Except as otherwise indicated in this Circular, references to "Canadian dollars" and "C\$" are to the currency of Canada, references to

"U.S. dollars" or "US\$" or "\$" are to the currency of the United States, references to "Australian dollars" and "A\$" are to the currency of Australia.

The following table sets out the high and low exchange rates for one Canadian dollar expressed in Australian dollars, for each of the periods indicated, the exchange rate at the end of each such period and, the average of such exchange rates for each such period, in each case, based upon the noon buying rates as quoted by the Bank of Canada.

	Nine Months Ended July 31 2022	Year Ended October 31,		
		2021	2020	2019
High	1.1410	1.0959	1.1942	1.1276
Low	1.0555	1.0022	1.0371	1.0288
Rate at end of period	1.1191	1.0741	1.0671	1.1023
Average rate per period	1.0967	1.0546	1.0927	1.0741

On September 21, 2022 (the last Business Day prior to the date of this Circular), the exchange rate for one Canadian dollar expressed in Australian dollars based upon the noon exchange rate as quoted by the Bank of Canada was A\$1.205.

Except as otherwise indicated in this Circular, all financial statements and financial data derived therefrom included or incorporated by reference in this Circular pertaining to Bearing have been prepared and presented in Canadian dollars in accordance with IFRS. All financial statements and financial data derived therefrom included or incorporated by reference in this Circular pertaining to LPI, including the unaudited pro forma consolidated financial statements of LPI, have been prepared and presented in Australian dollars, unless otherwise specified, and in accordance with IFRS.

Forward-Looking Statements

Certain statements contained in this Circular or any document incorporated by reference may constitute "forward-looking statements" or "forward-looking information" (collectively, "**forward-looking statements**") and are made pursuant to the "safe harbor" provisions of Canadian securities laws. Forward looking statements are statements which relate to future events, changes or circumstances. Such statements include estimates, forecasts and statements with respect to, among other things, the timing of the Bearing Meeting, the Final Order and the Effective Date, the ability of LPI and Bearing to consummate the Arrangement on the terms of the Arrangement Agreement and the timing thereof, the treatment of the Arrangement under governmental regulatory regimes, including ASX approval, stock exchange delisting and the timings thereof, the anticipated benefits of the Arrangement, including business and financial prospects, the timing and completion of the WA Spin-Off, the timing and completion of the Joint Venture Partner Transaction, the time and amount of the Cash Distribution, financial multiples, accretion estimates, the effect of the Arrangement on project development risks and estimated future production, cash costs and capital requirements, future trends, plans, strategies, objectives and expectations, including with respect to costs, capital requirements, availability of financing, production, exploration and reserves and resources, projected production as set forth in the MSB Project Technical Report, including estimated internal rates of return, projected production, exploitation activities, and potential future operations at the MSB Project, including the completion of construction of the MSB Project. Information inferred from the interpretation of drilling results and information concerning mineral resource and mineral reserve estimates may also be deemed to be forward looking statements, as they constitute a prediction of what might be found to be present when and if a project is actually developed and, in the case of mineral resources and mineral reserves, is based, in part, on future estimates of relevant commodity prices. In some cases, you can identify forward-looking statements by terminology such as "will", "shall", "may", "should", "expects", "plans,

"anticipates", believes", "estimates", "predicts", "potential", or "continue" or the negative of these terms or other comparable terminology.

These forward-looking statements are based on a number of assumptions, including assumptions regarding the ability of the parties to receive, in a timely manner and on satisfactory terms, the necessary court, shareholder, stock exchange and regulatory approvals and the ability of the parties to satisfy in a timely manner, the conditions to the closing of the Arrangement; the value of LPI's and Bearing's respective assets; the successful completion of mining and mineral projects, planned expansions or other projects within the timelines anticipated; the accuracy of reserve and resource, grade, mine life, cash cost, net present value and internal rate of return estimates and other assumptions, projections and estimates made in the technical reports for the MSB Project and included herein; that mineral resources can be developed as planned; interest and exchange rates; that required financing, permits, approvals and licenses will be obtained and maintained; general economic conditions; that labour disputes, flooding, ground instability, fire, failure of plant, equipment or processes to operate as anticipated and other inherent risks of the mining industry will not be encountered; the effect of epidemics or pandemics; future prices of lithium and other metals; the uncertain outcome of any litigation and other legal proceedings; competitive conditions in the mining industry; title to mineral properties; and changes in laws, rules and regulations (both anticipated and unanticipated) applicable to LPI and Bearing.

Although management of Bearing believe that the assumptions made and the expectations represented by such statements are reasonable at the date they are made, there can be no assurance that a forward-looking statement herein will prove to be accurate. Actual results and developments may differ materially from those expressed or implied by the forward-looking statements contained herein and even if such actual results and developments are realized or substantially realized, there can be no assurance that they will have the expected consequences or effects. Factors which could cause actual results to differ materially from current expectations include non-completion of the Arrangement, including due to the parties failing to receive, in a timely manner and on satisfactory terms, the necessary court, securityholder, stock exchange and regulatory approvals or the inability of the parties to satisfy in a timely manner the other conditions to the closing of the Arrangement; changes in market conditions; actual results being materially different than reserve and resource, grade, mine life, net present value, internal rate of return and cash cost estimates and the other projections and estimates made in the technical reports for the MSB Project; variations in grade or recovery rates; risks relating to international operations; fluctuations in lithium and other metal prices and currency exchange rates; failure to obtain required financing; inability to successfully complete mining and mineral projects, planned expansions or other projects within the timelines anticipated; natural disasters; the effect of epidemics or pandemics; adverse changes to general economic conditions or applicable laws, rules and regulations; adverse outcomes to litigation and other legal proceedings; changes in project parameters; the possibility of project cost overruns or unanticipated costs and expenses; labour disputes, flooding, ground instability, fire and other inherent risks of the mining industry; failure of plant, equipment or processes to operate as anticipated; the risk of an undiscovered defect in title or other adverse claim; the risk that results of exploration activities will be different than anticipated; and the risks set forth under "Risk Factors" in the Appendix "A" hereto, which is specifically incorporated herein.

Readers are cautioned not to place undue reliance on forward-looking statements due to the inherent uncertainty thereof. Bearing does not intend to update any forward-looking statements to conform these statements to actual results, except as required by applicable law.

National Instrument 43-101

The material mineral property of Bearing is its interest in the MSB Project. The MSB Project Technical Report referred to herein (and available on the Bearing's SEDAR profile) at www.sedar.com and was prepared by Worley and Atacama Water for MSB and Bearing. Resource and reserve estimates for the MSB

Project are for lithium and potassium contained in brine. The MSB Project Technical Report was prepared in accordance with NI 43-101.

The report was reviewed by Mr. Marek Dworzanowski, CEng., BSc (Hons), HonFSAIMM, FIMMM of Worley, Mr. Peter Ehren, MSc, MAusIMM and Mr. Frits Reidel, CPG. Mr. Marek Dworzanowski, Mr. Peter Ehren and Mr. Frits Reidel are "qualified persons" (QP) and are independent of MSB as such terms are defined by NI 43-101.

Each of the authors of the MSB Project Technical Report, listed under the heading "*Interests of Experts of Bearing and LPI*" in this Circular is a "qualified person" for the purposes of NI 43-101.

Voting by Proxies

The form of proxy accompanying this Circular confers discretionary authority upon the proxy nominee with respect to any amendments or variations to matters identified in the Bearing Notice of Meeting and any other matters that may properly come before the Bearing Meeting or any postponement or adjournment thereof. As at the date of this Circular, Bearing's management is not aware of any such amendments or variations, or of other matters to be presented for action at the Bearing Meeting. However, if any amendments to matters identified in the accompanying Bearing Notice of Meeting or any other matters which are not now known to management should properly come before the Bearing Meeting or any postponement or adjournment thereof, the Bearing Securities represented by properly executed proxies given in favour of the person(s) designated by management of Bearing in the enclosed form of proxy will be voted on such matters pursuant to such discretionary authority.

If the instructions in a proxy given to Bearing's management are specified, the Bearing Shares represented by such proxy will be voted FOR or AGAINST in accordance with your instructions on any poll that may be called for. If a choice is not specified, the Bearing Shares represented by a proxy given to Bearing's management will be voted FOR the approval of the Arrangement Resolution as described in this Circular. A Bearing Securityholder has the right to appoint a person (who need not be a Bearing Securityholder) to attend and act for him, her or it and on his, her or its behalf at the Bearing Meeting other than the persons designated in the form of proxy and may exercise such right by inserting the name in full of the desired person in the blank space provided in the form of proxy and striking out the names now designated.

Bearing Securityholders are invited to attend the Bearing Meeting. Registered Bearing Securityholders who are unable to attend the Bearing Meeting or any postponement or adjournment thereof in person are requested to complete, date, sign and return the enclosed form of proxy or, alternatively, to vote by telephone, or over the internet, in each case in accordance with the enclosed instructions.

To vote by telephone Bearing Securityholders should call Computershare Investor Services Inc. at 1-866-732-8683. Bearing Securityholders will need to enter the 15-digit control number provided on the form of proxy to identify themselves as shareholders on the telephone voting system.

To vote over the internet, Bearing Securityholders should go to www.investorvote.com. Bearing Securityholders will need to enter the 15-digit control number provided on the form of proxy to identify themselves as shareholders on the voting website.

To be used at the Bearing Meeting, the completed proxy form must be deposited at the office of Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1 (Fax: 1-866-249-7775 (toll free within North America) or +1 (416) 263-9524 (outside North America)) by mail or fax or the proxy vote is otherwise registered in accordance with the instructions thereon. Non-registered Bearing Securityholders who receive these materials through their Intermediary

should complete and send the form of proxy or voting instruction form in accordance with the instructions provided by their Intermediary. To be effective, a proxy must be received by Computershare not later than 10:00 a.m. (Vancouver time) on October 26, 2022, or in the case of any postponement or adjournment of the Bearing Meeting, not less than 48 hours, excluding Saturdays, Sundays and holidays, prior to the time of the postponed or adjourned meeting. Late proxies may be accepted or rejected by the Chair of the Bearing Meeting in his discretion, and the Chair is under no obligation to accept or reject any particular late proxy.

Accessing the Online Webcast

Bearing Securityholders and duly appointed proxyholders can attend the Bearing Meeting online by going to <https://meetnow.global/MATWUV4>. Bearing Securityholders can access the Meeting at the above referenced website by inserting the 15 digit control number located on the form of proxy or in the email notification you received with respect to the Bearing Meeting. Duly appointed proxyholders will be provided with a invitation code by Computershare once the voting deadline has passed.

Bearing Securityholders who wish to appoint a third party proxyholder to represent them at the online meeting must submit their proxy or voting instruction form (as applicable) prior to registering their proxyholder. Registering the proxyholder is an additional step once a shareholder has submitted their proxy/voting instruction form. Failure to register a duly appointed proxyholder will result in the proxyholder not receiving an invitation code to participate in the Bearing Meeting. To register a proxyholder, shareholders MUST visit <http://www.computershare.com/BearingLithium> by October 26, 2022 at 10:00 a.m. (Vancouver time) and provide Computershare with their proxyholder's contact information, so that Computershare may provide the proxyholder with a Username via email.

It is important that you are connected to the internet at all times during the meeting in order to vote when balloting commences.

In order to participate online, shareholders must have a valid 15-digit control number and proxyholders must have received an email from Computershare containing an invitation code.

Participating in the Bearing Meeting via the Webcast

A summary of the information shareholders will need to attend the online meeting is provided below. The Bearing Meeting will begin at 10:00 a.m. (Vancouver time) on October 28, 2022.

- Bearing Securityholders who are registered Bearing Securityholders that have a 15-digit control number, along with duly appointed proxyholders who were assigned an invitation code by Computershare (see details under the heading "*Appointment of Proxies*"), will be able to vote and submit questions during the Bearing Meeting. To do so, please go to <https://meetnow.global/MATWUV4> prior to the start of the Meeting to login. Click on "Shareholder" and enter your 15-digit control number or click on "Invitation Code" and enter your invitation code. Beneficial Securityholders (as defined in this Circular under the heading "*Information for Beneficial Securityholders*") who have not appointed themselves to vote at the meeting, may login as a guest, by clicking on "Guest" and complete the online form.
- United States Beneficial Securityholders: To attend and vote at the virtual Bearing Meeting, you must first obtain a valid legal proxy from your broker, bank or other agent and then register in advance to attend the Bearing Meeting. Follow the instructions from your broker or bank included with these proxy materials, or contact your broker or bank to request a legal proxy form. After first obtaining a valid legal proxy from your broker, bank or other agent, to then register to attend the

Bearing Meeting, you must submit a copy of your legal proxy to Computershare. Requests for registration should be directed to:

Computershare
100 University Avenue
8th Floor
Toronto, Ontario
M5J 2Y1
OR
Email at USLegalProxy@computershare.com

Requests for registration must be labeled as "Legal Proxy" and be received no later than October 26, 2022 by 10:00 a.m. (Vancouver time). You will receive a confirmation of your registration by email after we receive your registration materials. You may attend the Bearing Meeting and vote your shares at <https://meetnow.global/MATWUV4> during the Bearing Meeting. Please note that you are required to register your appointment at www.computershare.com/appointee.

- Non-registered Bearing Securityholders who do not have a 15-digit control number or invitation code will only be able to attend as a guest which allows them listen to the meeting however will not be able to vote or submit questions.
- If you are eligible to vote at the meeting, it is important that you are connected to the internet at all times during the meeting in order to vote when balloting commences. It is your responsibility to ensure connectivity for the duration of the meeting.

Appointment of Proxies

Bearing Securityholders who wish to appoint a third party proxyholder to represent them at the online Meeting **must submit their proxy or voting instruction form (if applicable) prior to registering your proxyholder. Registering your proxyholder is an additional step once you have submitted your proxy or voting instruction form. Failure to register the proxyholder will result in the proxyholder not receiving a username to participate in the Bearing Meeting.** To register a proxyholder, Bearing Securityholders MUST visit <http://www.computershare.com/BearingLithium> by October 26, 2022 at 10:00 a.m. (Vancouver time) and provide Computershare with their proxyholder's contact information, so that Computershare may provide the proxyholder with an invitation code via email.

A proxy can be submitted to Computershare either in person, or by mail or courier, to 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, or via the internet at www.investorvote.com. The proxy must be deposited with Computershare by no later than 10:00 a.m. (Vancouver time) October 26, 2022, or if the meeting is adjourned or postponed, not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, before the commencement of such adjourned or postponed meeting. If a shareholder who has submitted a proxy attends the meeting via the webcast and has accepted the terms and conditions when entering the meeting online, any votes cast by such shareholder on a ballot will be counted and the submitted proxy will be disregarded.

Without an invitation code, proxyholders will not be able to vote at the meeting.

Revocability of Proxies

In addition to revocation in any other manner permitted by law, a Bearing Securityholder executing the enclosed form of proxy has the power to revoke it by depositing an instrument in writing executed by the

Bearing Securityholder or his or her legal representative authorized in writing or, where the Bearing Shareholder is a corporation, by the corporation or a representative of the corporation. To be valid, an instrument of revocation must be received at Bearing's head office by fax at +1 (416) 367-5505, or by mail or by hand at Suite 1410, 70 University Avenue, Toronto, Ontario, M5J 2M4 at any time up to and including the last Business Day preceding the day of the Bearing Meeting, or in the case of any postponement or adjournment of the Bearing Meeting, the last Business Day preceding the day of the postponed or adjourned Bearing Meeting, or delivered to the Chair of the Bearing Meeting on the day fixed for the Bearing Meeting, and prior to the start of the Bearing Meeting or any postponement or adjournment thereof. A registered Bearing Securityholder may also revoke a proxy in any other manner permitted by law. Only registered Bearing Securityholders have the right to revoke a proxy. Beneficial Securityholder who wish to change their vote must in sufficient time in advance of the Bearing Meeting, arrange for their respective Intermediaries to change their vote and if necessary revoke their proxy in accordance with the revocation procedures.

Information for Beneficial Securityholders

The information set out in this section is of significant importance to many Bearing Shareholders and Bearing Warrantholders, as a substantial number of Bearing Shareholders and Bearing Warrantholders do not hold Bearing Shares or Bearing Warrants in their own name. This Circular and the accompanying materials are being sent to registered Bearing Shareholders and non-registered Bearing Shareholders as well as registered Bearing Warrantholders and non-registered Bearing Warrantholders ("**Beneficial Securityholders**").

Special Instructions for Voting by Beneficial Securityholders

Only registered Bearing Securityholders, or each of their duly appointed proxyholders, as the case may be, are permitted to vote at the Bearing Meeting. Many Bearing Shareholders and Bearing Warrantholders are Beneficial Securityholders because their Bearing Securities are not registered in their names. Such Shareholders hold their Bearing Securities through either: (a) a bank, trust company, securities dealer or broker and trustee or administrators of self-administered plans; or (b) a clearing agency, such as CDS in Canada or other intermediaries (each, an "**Intermediary**").

In Canada, there are two kinds of Beneficial Securityholders: (i) those who object to their name being made known to the issuers of securities which they own, known as objecting beneficial owners or "OBOs"; and (ii) those who do not object to their name being made known to the issuers of securities which they own, known as non-objecting beneficial owners or "NOBOs". Issuers can request and obtain a list of their NOBOs from Broadridge via their transfer agents pursuant to NI 54-101 and issuers can use this NOBO list for distribution of proxy-related materials directly to NOBOs. Bearing has decided to take advantage of those provisions of NI 54-101 that allow them to directly deliver Meeting Materials to their respective NOBOs. In addition, management of Bearing has elected to pay to distribute the Meeting Materials to their respective OBOs.

If you are a Beneficial Securityholders, your Intermediary will send you a voting instruction form ("**VIF**") or proxy form with this Circular. This form will instruct the Intermediary as to how to vote your Bearing Securities at the Bearing Meeting on your behalf. **You must follow the instructions from your Intermediary to vote.** The majority of Intermediaries now delegate responsibility for obtaining instructions from Beneficial Securityholders to Broadridge. Broadridge typically mails a voting instruction form to Beneficial Securityholders and asks Beneficial Securityholders to return the VIF to Broadridge (in some cases the completion of the VIF may be by telephone or the internet). Bearing may utilize the Broadridge QuickVote™ service to assist Beneficial Securityholders that are NOBOs with voting their Bearing Shares.

Broadridge then tabulates the results of all instructions received and provides the appropriate instructions respecting the voting of Bearing Securities to be represented at the Bearing Meeting.

Information for United States Shareholders

The LPI Shares issuable under the Arrangement have not been and will not be registered under the U.S. Securities Act or any state securities laws, and such securities will be issued in reliance upon the exemption from the registration requirements of the U.S. Securities Act provided by section 3(a)(10) thereof. Section 3(a)(10) of the U.S. Securities Act exempts the issuance of securities issued in exchange for one or more *bona fide* outstanding securities, from the registration requirements of the U.S. Securities Act where the terms and conditions of such issuance and exchange have been approved by a court of competent jurisdiction, after a hearing upon the fairness of the terms and conditions of such issuance and exchange at which all persons to whom the securities will be issued have the right to appear and receive timely notice thereof. The Court is authorized to conduct a hearing at which the substantive and procedural fairness of the terms and conditions of the Arrangement will be considered. The Court issued the Interim Order on September 27, 2022, and, subject to the approval of the Arrangement Resolution by the Bearing Securityholders, a hearing for a Final Order approving the Arrangement will be held on or about November 1, 2022 (or as soon thereafter as legal counsel can be heard) at the Courthouse, 800 Smithe Street, Vancouver, British Columbia. All Bearing Securityholders are entitled to appear and be heard at this hearing, provided that they satisfy the applicable conditions set forth in the Interim Order. See "*The Arrangement – Court Approval and Completion of the Arrangement*". The Final Order of the Court will, if granted, constitute the basis for the exemption from the registration requirements of the U.S. Securities Act with respect to the LPI Shares issued in connection with the Arrangement.

The LPI Shares to be received by Bearing Securityholders upon completion of the Arrangement may be resold without restriction in the United States, except in respect of resales by persons who are "affiliates" (within the meaning of Rule 144 under the U.S. Securities Act) of LPI at the time of such resale or who have been affiliates of LPI within 90 days before such resale. Further, the LPI Shares issuable upon the exercise of the Bearing Options or Bearing Warrants in the United States after the Effective Time will not be issued in reliance upon Section 3(a)(10) of the U.S. Securities Act and such options may be exercised only pursuant to registration under the U.S. Securities Act or an available exemption from the registration requirements of the U.S. Securities Act and pursuant to any applicable state securities laws and, if issued in the United States pursuant to an exemption from the registration requirements of the U.S. Securities Act, will be "restricted securities" within the meaning of Rule 144 under the U.S. Securities Act and will be subject to transfer restrictions. See "*Regulatory Matters – United States Securities Law Matters*".

Bearing and LPI are "foreign private issuers," within the meaning of Rule 3b-4 under the U.S. Exchange Act, and the solicitation of proxies for the Bearing Meeting are not subject to the requirements of section 14(a) of the U.S. Exchange Act. Accordingly, this Circular has been prepared in accordance with disclosure requirements applicable in Canada. Bearing Securityholders in the United States should be aware that such requirements are different from those applicable to registration statements under the U.S. Securities Act and proxy statements under the U.S. Exchange Act. The unaudited historical interim financial statements and audited historical financial statements of Bearing and other financial information included or incorporated by reference in this Circular have been prepared in accordance with IFRS, which differs from U.S. GAAP in certain material respects, and thus are not directly comparable to financial statements prepared in accordance with U.S. GAAP.

Bearing Securityholders should be aware that the Arrangement described in this Circular may have tax consequences in both the United States and Canada. Shareholders who are resident in, or citizens of, the United States are advised to review the summaries contained in this Circular under the headings "*Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada*" and "*Additional Tax*

Considerations" and to consult their own tax advisors to determine the particular United States tax consequences to them of the Arrangement in light of their particular situation, as well as any tax consequences that may arise under the laws of any other relevant foreign, state, local, or other taxing jurisdiction.

Information concerning the properties and operations of Bearing has been prepared in accordance with the requirements of Canadian securities laws, which differ from the requirements of United States securities laws. Mineral reserve and mineral resource estimates included or incorporated by reference in this Circular have been prepared in accordance with NI 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum definitions and classification system. NI 43-101 is a rule developed by the Canadian Securities Administrators which establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects.

Canadian standards, including NI 43-101, differ from the requirements of the SEC, and mineral reserve and mineral resource information contained or incorporated by reference in this Circular may not be comparable to similar information disclosed by United States companies. Accordingly, United States investors are cautioned that the disclosure Bearing provides on its mineral properties in this Circular and under its continuous disclosure obligations under the Exchange Act may be different from the disclosure that Bearing would otherwise be required to provide if it were a U.S. domestic issuer.

Accordingly, information contained in this Circular and the portions of documents incorporated by reference herein contain descriptions of Bearing's mineral deposits that may not be comparable to similar information made public by U.S. companies who prepare their disclosure in accordance with U.S. federal securities laws and the rules and regulations thereunder.

The enforcement by investors of civil liabilities under the United States federal and state securities laws may be affected adversely by the fact that Bearing is organized under the laws of a jurisdiction other than the United States, that some or all of its officers and directors are and will be residents of countries other than the United States, that some or all of the experts named in this Circular may be residents of countries other than the United States, and that all or a substantial portion of the assets of Bearing and such persons are and will be located outside the United States. As a result, it may be difficult or impossible for Bearing Securityholders resident in the United States to effect service of process within the United States upon Bearing, as applicable, their respective officers and directors or the experts named herein, or to realize, against them, upon judgments of courts of the United States predicated upon civil liabilities under the securities laws of the United States. In addition, the Bearing Securityholders resident in the United States should not assume that the courts of Canada: (a) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the securities laws of the United States; or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the securities laws of the United States.

THE LPI SHARES ISSUABLE PURSUANT TO THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES, NOR HAS THE SEC OR ANY SUCH STATE SECURITIES REGULATORY AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

BEARING SECURITYHOLDERS – QUESTIONS AND ANSWERS ABOUT THE ARRANGEMENT AND THE BEARING MEETING

The information contained below is of a summary nature and therefore is not complete. This summary information is qualified in its entirety by the more detailed information contained elsewhere in or incorporated by reference into this Circular, including the Appendices hereto, the form of proxy and the Letter of Transmittal, all of which are important and should be reviewed carefully. Capitalized terms used in these questions and answers but not otherwise defined herein have the meanings set forth in the "Glossary of Defined Terms" in this Circular.

Q&A on the Arrangement

Q: What are Bearing Securityholders being asked to vote on?

A: In addition to the annual matters, Bearing Securityholders are being asked to vote on a special resolution to approve the plan of arrangement involving Bearing and LPI under Division 5 of Part 9 of the BCBCA pursuant to which LPI will acquire all of the outstanding Bearing Shares.

See *"The Arrangement – Bearing Securityholder Approval"*.

Q: What will I receive for my Bearing Securities under the Arrangement?

A (Bearing Shares): Under the Arrangement, each Bearing Shareholder will receive, subject to the terms of the Plan of Arrangement, 0.70 of an LPI Share for each Bearing Share held. Additionally, each Bearing Shareholder is expected to receive a pro-rata share of the Cash Distribution, estimated at C\$0.015 per Bearing Share (the payment and amount of which is subject to the risk factors described in this Circular). In addition, Bearing Securityholders who continue to hold LPI Shares at the relevant time will be entitled to participate in a spin-out transaction (if such transaction proceeds) whereby LPI is planning to spin out its Western Australian lithium exploration assets into DemergeCo, and distribute shares in the DemergeCo to all holders of LPI Shares on a pro rata basis at the time of the spin-out, which is expected to occur subsequent to completion of the Arrangement.

A (Bearing Warrants): Under the Arrangement, the Bearing Warrants will continue to be exercisable for 0.70 of an LPI Share. All other terms and conditions of a Bearing Warrant, including term to expiry, conditions to and manner of exercising will be the same and shall be governed by the terms of the applicable Bearing Warrant (other than minor administrative amendments required by the ASX).

A (Bearing Options): Under the Arrangement, the Bearing Options will continue to be exercisable for 0.70 of an LPI Share. All other terms and conditions of a Bearing Option, including term to expiry, conditions to and manner of exercising will be the same and shall be governed by the terms of the applicable Bearing Option (other than minor administrative amendments required by the ASX). The term to expiry for any outstanding Bearing Options shall continue until the expiry date under the applicable Bearing Option regardless of whether or not such Bearing Optionholder ceases to be a director, officer, employee or consultant of Bearing or a subsidiary of Bearing.

See *"The Arrangement – Description of the Arrangement"* and *"The Arrangement – Exchange Procedure"*.

Q: Does this Consideration reflect a premium for the Bearing Shares?

A: The Consideration being offered to Bearing Shareholders implies a share price premium for Bearing Shareholders as of the date of the Arrangement Agreement. On June 21, 2022, the day prior to the date of

the announcement of the transaction, the Arrangement valued the Bearing Shares at approximately C\$0.293 per Bearing Share (excluding the estimated Cash Distribution), representing a premium of 43% based on the 30-day volume-weighted average trading price on the TSXV of the Bearing Shares as of June 22, 2022.

On September 9, 2022, LPI announced a financing for the issuance of LPI Shares for 41,666,667 new LPI Shares to be issuable at a price of A\$0.60 per LPI Share. As of September 22, 2022, the closing price of the Bearing Shares on the TSXV was \$0.365 and the closing price of the LPI Shares on the ASX was A\$0.60.

Q: What is the maximum number of LPI Shares issuable pursuant to the Arrangement?

A: The maximum number of LPI Shares issuable in exchange for Bearing Securities pursuant to the Arrangement is 94.5 million which is equal to approximately 14.6% of the LPI Shares that are expected to be outstanding on closing (assuming the exercise of all of the Bearing Options and Bearing Warrants). This number represents the LPI Shares issuable in exchange for Bearing Shares outstanding at the Effective Time, including the LPI Shares issuable upon the exercise of the Bearing Options and Bearing Warrants that are issuable on completion of the Arrangement. The outstanding Bearing Options and Bearing Warrants will remain outstanding following the closing of the Arrangement. Following completion of the Arrangement, and assuming the completion of the Joint Venture Partner Transaction, current LPI Shareholders (excluding shares of LPI presently owned by the Joint Venture Partner) will own approximately 60.4% of the LPI Shares, the Joint Venture Partner will own approximately 25.0% of the LPI Shares and current Bearing Securityholders will own approximately 14.6% of the LPI Shares (assuming the exercise of Bearing Options and Bearing Warrants).

Q: Does the Bearing Board support the Arrangement?

A: Yes. The Bearing Board has unanimously determined, following consultation with its legal and financial advisors and the receipt of the Bearing Fairness Opinion, that the Arrangement is in the best interests of Bearing and recommends that Bearing Securityholders vote **FOR** the Arrangement Resolution.

In making its recommendation, the Bearing Board considered a number of factors which are described in this Circular under the heading "*The Arrangement – Reasons for the Recommendations of the Bearing Board*", including the opinion from Sequeira that, as of June 19, 2022, the Consideration under the Arrangement is fair, from a financial point of view, to Bearing Shareholders.

See "*The Arrangement – Background to the Arrangement*", "*The Arrangement – Recommendation of the Bearing Board*" and "*The Arrangement – Reasons for the Recommendations of the Bearing Board*".

Q: What approvals are required of Bearing Securityholders at the Bearing Meeting?

A: To be effective, the Arrangement Resolution must be approved, with or without variation, by the affirmative vote of at least two-thirds of the votes cast on the Arrangement Resolution by at least two-thirds of the votes cast on the Arrangement Resolution by Bearing Securityholders voting together as a single class present in person or represented by proxy at the Bearing Meeting.

See "*The Arrangement – Bearing Securityholder Approval*".

LPI has entered into Bearing Voting Agreements with the Bearing Locked-Up Shareholders, pursuant to which the Bearing Locked-Up Shareholders have agreed, subject to the terms and conditions of their respective voting agreements, to vote their Subject Bearing Securities in favour of the Arrangement Resolution. As of the date of the Arrangement Agreement, the Bearing Locked-Up Shareholders collectively beneficially owned or exercised control or direction over an aggregate of 11,249,626 Bearing

Shares, representing approximately 10% of the Bearing Shares. Additionally, the Bearing Locked-Up Shareholders hold an aggregate of 8,300,000 Bearing Options, and 67,054 Bearing Warrants, which in aggregate including their Bearing Shares, represent a total of 14% of the outstanding Bearing Securities. Bearing Warrants will vote together with the Bearing Shares and Bearing Options as one class on the Arrangement Resolution and will continue to be exercisable following the closing of the Arrangement.

See "*The Arrangement – Voting Agreements*".

Q: What other approvals are required for the Arrangement?

The Arrangement must be approved by the Court. The Court will be asked to make an order approving the Arrangement and to determine that the Arrangement is fair and reasonable to the Bearing Securityholders. Bearing will apply to the Court for this order if the Arrangement Resolution is approved at the Bearing Meeting.

The Arrangement and the transactions contemplated thereby are subject to other regulatory approvals including the approval of the TSXV.

See "*The Arrangement – Bearing Securityholder Approval*", "*The Arrangement – Court Approval and Completion of the Arrangement*" and "*Regulatory Matters*".

Q: When will the Arrangement become effective?

A: Subject to obtaining the Court approval as well as the satisfaction of all other conditions precedent, if Bearing Securityholders approve the Arrangement Resolution, it is anticipated that the Arrangement will be completed in early November of 2022.

Q: What are the Canadian federal income tax consequences of the Arrangement?

A: For a summary of certain of the material Canadian federal income tax consequences of the Arrangement applicable to Bearing Securityholders, see "*Certain Canadian Federal Income Tax Considerations*". Such summary is not intended to be legal or tax advice. Bearing Securityholders should consult their own tax advisors as to the Canadian and other tax consequences of the Arrangement to them with respect to their particular circumstances. **There may be tax consequences for Bearing Securityholders associated with the Arrangement, including: (1) consequences associated with the exchange of shares of a Canadian corporation for shares of an Australian corporation; and (2) additional Chilean tax consequences for Bearing Securityholders who own or control 10% or more of the Bearing Shares at closing date (inclusive of Bearing Options, Bearing Warrants, and Bearing Shares sold within 12 months prior to the closing of the Arrangement).** Bearing Securityholders should consult with their tax advisors and refer to the information contained in this Circular.

Tax matters are complicated and the tax consequences of the Arrangement to you will depend on the facts of your particular circumstances. Because individual circumstances may differ, you should consult with your tax advisor as to the specific tax consequences of the Arrangement to you.

Q: What will happen to Bearing if the Arrangement is completed?

A: If the Arrangement is completed, LPI will acquire all of the outstanding Bearing Shares and Bearing will become a wholly-owned subsidiary of LPI. Following completion of the Arrangement, it is expected that the Bearing Shares will be de-listed from the TSXV and Bearing will make an application to cease to

be a reporting issuer under applicable Securities Laws. Bearing Options and Bearing Warrants will remain outstanding but will instead become exercisable for LPI Shares following completion of the Arrangement.

Q: Are the LPI Shares listed on a stock exchange?

A: Yes. LPI Shares currently trade on the ASX under the code "LPI". LPI will apply to the ASX at the relevant time to list for quotation the LPI Shares issuable: (i) under the Arrangement; and (ii) upon the exercise of the Bearing Options and Bearing Warrants, as soon as practicable after issue of those LPI Shares.

Q: How do I trade the LPI Shares?

A: The LPI Shares are tradeable on the ASX by investment brokers and intermediaries with access to the ASX. Please contact your broker or intermediary to determine if they are able to trade LPI Shares on the ASX and for further information.

Q: Are Bearing Securityholders entitled to Dissent Rights?

A: Under the Interim Order, only registered holders of Bearing Shares are entitled to Dissent Rights, and only if they follow the procedures specified in the BCBCA, as modified by Article 3 of the Plan of Arrangement, the Interim Order and the Final Order. If you wish to exercise Dissent Rights, you should review the requirements summarized in this Circular carefully and consult with your legal advisor.

See "*Rights of Dissenting Bearing Shareholders*".

Q: What will happen if the Arrangement Resolution is not approved or the Arrangement is not completed for any reason?

A: If the Arrangement Resolution is not approved or the Arrangement is not completed for any reason, the Arrangement Agreement may be terminated. In certain circumstances, including if Bearing accepts a competing offer that the Bearing Board concludes is superior to the Arrangement, Bearing will be required to pay to LPI a termination fee of C\$2.5 million in connection with such termination. Additionally, in the event Bearing Securityholders do not approve the Arrangement, Bearing will be required to pay C\$1.0 million to LPI as a reimbursement of the costs and expenses incurred by LPI with respect to the Arrangement.

See "*The Arrangement Agreement – Termination of the Arrangement Agreement*".

Q: Should I send in my Letter of Transmittal and Bearing Share certificates now?

A: All registered holders of Bearing Shares should complete, sign and return the Letter of Transmittal with accompanying Bearing Share certificate(s) and Direct Registration System ("**DRS**") advice(s) (if applicable) to the Depositary as soon as possible. All deposits of Bearing Shares made under a Letter of Transmittal are irrevocable; however, in the event the Arrangement is not consummated, the Depositary will promptly return any Bearing Share certificates and DRS advice(s) (if applicable) that have been deposited. Holders of Bearing Options and Bearing Warrants do not need to return a Letter of Transmittal.

Returning your signed Letter of Transmittal is not the same as voting your shares. In order for your vote to be counted, you must, if you are a registered Bearing Shareholder, either attend the Bearing Meeting or if you are unable to attend the Bearing Meeting or any postponement or adjournment thereof in person, you are requested to complete, date, sign and return the enclosed form of proxy or, alternatively, to vote by telephone, or over the internet, in each case in accordance with the enclosed instructions. To be used at the

Bearing Meeting, the completed proxy form must be deposited at the office of Computershare, Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1 (Fax: 1-866-249-7775 (toll free within North America) or +1 (416) 263-9524 (outside North America)) by mail or fax or the proxy vote is otherwise registered in accordance with the instructions thereon. If you are a non-registered Bearing Shareholder who has received these materials through your Intermediary, you should complete and send the form of proxy or voting instruction form in accordance with the instructions provided by your broker or intermediary.

To be effective, a proxy must be received by Computershare not later than 10:00 a.m. (Vancouver time) on October 26, 2022, or in the case of any postponement or adjournment of the Bearing Meeting, not less than 48 hours, excluding Saturdays, Sundays and holidays, prior to the time of the postponed or adjourned meeting. Late proxies may be accepted or rejected by the Chair of the Bearing Meeting in his discretion, and the Chair is under no obligation to accept or reject any particular late proxy, except if a late proxy is accepted all late proxies must be accepted.

It is highly recommended that any physical share certificates be sent by Fedex or another registered courier service.

Please be sure to use the Letter of Transmittal. See "*The Arrangement – Exchange Procedure*".

Q: When will I receive the LPI Shares issuable pursuant to the Arrangement in exchange for my Bearing Shares?

A: You will receive 0.70 of an LPI Share in exchange for each Bearing Share held as soon as reasonably practicable after the Arrangement becomes effective and your properly completed Letter of Transmittal and Bearing Share certificate(s) or DRS advice(s) (if applicable) are received by the Depositary. It is anticipated that the Arrangement will be completed in early November of 2022, assuming the Arrangement Resolution is approved by the Bearing Securityholders and all Court and other approvals and clearances have been obtained and all conditions of closing have been satisfied or waived.

See "*The Arrangement – Procedure for the Arrangement to Become Effective*".

Q: What happens if I send in my Bearing Share certificate(s) or DRS advice(s) (if applicable) and the Arrangement Resolution is not approved or the Arrangement is not completed?

A: If the Arrangement Resolution is not approved or if the Arrangement is not otherwise completed, your Bearing Share certificate(s) or DRS advice(s) (if applicable) will be returned promptly to you by the Depositary.

Q: What will happen to my Bearing Options?

A: Under the Arrangement, outstanding Bearing Options will continue to be exercisable by the holder without any further action on the part of any holder of Bearing Options in accordance with the applicable expiry date and exercise price in the current Bearing Option, regardless of the holder no longer being a director, officer, employee or consultant of Bearing or a Bearing subsidiary following the Arrangement. Such Bearing Options shall be exercisable to have issued by LPI, the number of LPI Shares equal to: (x) 0.7 multiplied by (y) the number of Bearing Shares subject to such Bearing Option immediately prior to the Effective Time, provided that if the foregoing would result in the issuance of a fraction of an LPI Share on any particular exercise of Bearing Options, then the number of LPI Shares otherwise issued shall be rounded down to the nearest whole number of LPI Shares. Bearing Optionholders should consult their tax advisors

with respect to the tax consequences, if any, of the exercise of Bearing Options for LPI Shares following the Arrangement.

Under the Arrangement, the Bearing Option Plan shall be amended to provide that from and following the Effective Date, and in order to comply with ASX Listing Rules, that (A) no Bearing Optionholder shall be entitled to participate in new issues of LPI Shares in such capacity as a Bearing Optionholder without first exercising their Bearing Option; (B) in the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued share capital of LPI, each Bearing Option will be treated in the manner prescribed by the ASX Listing Rules applying to reorganisations at the time of such event; and (C) the exercise price of a Bearing Option shall not change, nor shall the number of LPI Shares that are issuable on exercise of the Bearing Option change, in the event of a new issue of LPI Shares.

See "*The Arrangement – Treatment of Bearing Options*".

Q: What will happen to my Bearing Warrants?

A: Under the Arrangement, outstanding Bearing Warrants will continue to be exercisable by the holder without any further action on the part of any holder of Bearing Warrants. Such Bearing Warrants shall be exercisable to have issued by LPI, the number of LPI Shares equal to: (x) 0.7 multiplied by (y) the number of Bearing Shares subject to such Bearing Warrant immediately prior to the Effective Time, provided that if the foregoing would result in the issuance of a fraction of an LPI Share on any particular exercise of Bearing Warrants, then the number of LPI Shares otherwise issued shall be rounded down to the nearest whole number of LPI Shares. Bearing Warrantholders should consult their tax advisors with respect to the tax consequences, if any, of the exercise of Bearing Warrants for LPI Shares following the Arrangement.

Under the Arrangement, each Bearing Warrant shall be amended to provide that from and following the Effective Date, and in order to comply with ASX Listing Rules, that (i) no Bearing Warrantholder shall be entitled to participate in new issues of LPI Shares in such capacity as a Bearing Warrantholder without first exercising their Bearing Warrant; (ii) in the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued share capital of LPI, each Bearing Warrant will be treated in the manner prescribed by the ASX Listing Rules applying to reorganisations at the time of such event; and (iii) the exercise price of a Bearing Warrant shall not change, nor shall the number of LPI Shares that are issuable on exercise of the Bearing Warrant change, in the event of a new issue of LPI Shares. All other terms and conditions of a Bearing Warrant, including term to expiry, conditions to and manner of exercising will be the same and shall be governed by the terms of the applicable Bearing Warrant.

See "*The Arrangement – Treatment of Bearing Warrants*".

Q: Who can help answer my questions?

A: If you have any questions about this Circular or the matters described in this Circular, please contact Ray Bateria, Corporate Secretary of Bearing or your professional advisor. Bearing Securityholders who would like additional copies, without charge, of this Circular or have additional questions about the procedures for voting Bearing Securities, should contact their broker or Bearing by e-mail, or at the telephone number below.

Phone Number: 1 (604) 262-8835

By E-mail: info@bearinglithium.com

Q&A on Proxy Voting

Q: Who is entitled to vote on the Arrangement Resolution?

A: The record date for determining the Bearing Securityholders entitled to receive notice of and to vote at the Bearing Meeting is September 9, 2022. Only Bearing Securityholders of record as of the close of business on the Record Date are entitled to receive notice of and to vote at the Bearing Meeting. Each Bearing Shareholder is entitled to one vote in respect of each Bearing Share held. Holders of Bearing Options and Bearing Warrants are also entitled to vote on the basis of one vote in respect of each Bearing Option or Bearing Warrant held.

Q: What do I need to do now in order to vote on the Arrangement Resolution?

A: You should carefully read and consider the information contained in this Circular. Registered Bearing Securityholders should then vote by completing, dating and signing the enclosed form of proxy or, alternatively, by telephone, or over the internet, in each case in accordance with the enclosed instructions.

To vote by telephone Bearing Securityholders should call Computershare Investor Services Inc. at 1 866732 8683. Bearing Securityholders will need to enter the 15-digit control number provided on the form of proxy to identify themselves as shareholders, optionholders or warrant holders on the telephone voting system.

To vote over the internet Bearing Securityholders should go to www.investorvote.com. Bearing Securityholders will need to enter the 15-digit control number provided on the form of proxy to identify themselves as shareholders on the voting website.

To be used at the Bearing Meeting, the completed proxy form must be deposited at the office of Computershare, Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1 (Fax: 1-866-249-7775 (toll free within North America) or +1 (416) 263-9524 (outside North America)) by mail or fax or the proxy vote is otherwise registered in accordance with the instructions thereon. To be effective, a proxy must be received by Computershare not later than 10:00 a.m. (Vancouver time) on October 26, 2022, or in the case of any postponement or adjournment of the Bearing Meeting, not less than 48 hours, excluding Saturdays, Sundays and holidays, prior to the time of the postponed or adjourned Bearing Meeting. Late proxies may be accepted or rejected by the Chair of the Bearing Meeting in his discretion, and the Chair is under no obligation to accept or reject any particular late proxy, except if a late proxy is accepted all late proxies must be accepted.

Bearing Securityholders and duly appointed proxyholders can also attend the Bearing Meeting online by going to <https://meetnow.global/MATWUV4>.

If you hold your Bearing Securities through an Intermediary, please follow the instructions provided by such Intermediary to ensure that your vote is counted at the Bearing Meeting and contact your intermediary for instructions and assistance in delivering the share certificate(s) representing those shares.

See *"Information Contained in this Circular – Voting by Proxies"*.

Q: Should I send in my proxy now?

A: Yes. Once you have carefully read and considered the information contained in this Circular, to ensure your vote is counted, you need to complete and submit the enclosed form of proxy or, if applicable, provide your Intermediary with voting instructions. You are encouraged to vote well in advance of the proxy cut-off at 10:00 a.m. (Vancouver time) on October 26, 2022 (or if the Bearing Meeting is postponed or

adjourned, not later than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the postponed or adjourned meeting).

Q: What happens if I sign the form of proxy sent to me?

A: Signing and depositing the enclosed applicable form(s) of proxy (white form of proxy in the case of Bearing Shareholders, the pink form of proxy in the case of Bearing Warrantholders and Bearing Optionholders) gives authority to the person(s) designated by management of Bearing on such form to vote your Bearing Securities at the Bearing Meeting. If the instructions in a proxy given to Bearing's management are specified, the Bearing Securities represented by such proxy will be voted FOR or AGAINST in accordance with your instructions on any poll that may be called for. If a choice is not specified, the Bearing Securities represented by a proxy given to Bearing's management will be voted **FOR** the approval of the Arrangement Resolution as described in this Circular and the other matters described in this Circular.

See "*Information Contained in this Circular – Voting by Proxies*".

Q: Can I appoint someone other than the person(s) designated by management of Bearing to vote my Bearing Securities?

A: Yes. A Bearing Securityholder has the right to appoint a person (who need not be a Bearing Securityholder) to attend and act for him, her or it and on his, her or its behalf at the Bearing Meeting other than the persons designated in the form of proxy and you may exercise such right by inserting the name in full of the desired person in the blank space provided in the form of proxy and striking out the names now designated.

See "*Information Contained in this Circular – Voting by Proxies*".

Q: What if amendments are made to these matters or if other matters are brought before the Bearing Meeting?

A: The form of proxy accompanying this Circular confers discretionary authority upon the proxy nominee with respect to any amendments or variations to matters identified in the Bearing Notice of Meeting and any other matters that may properly come before the Bearing Meeting or any postponement or adjournment thereof. As at the date of this Circular, Bearing's management is not aware of any such amendments or variations, or of other matters to be presented for action at the Bearing Meeting. However, if any amendments to matters identified in the accompanying Bearing Notice of Meeting or any other matters which are not now known to management should properly come before the Bearing Meeting or any postponement or adjournment thereof, the Bearing Shares represented by properly executed proxies given in favour of the person(s) designated by management of Bearing in the enclosed form of proxy will be voted on such matters pursuant to such discretionary authority.

See "*Information Contained in this Circular – Voting by Proxies*".

Q: Can I change my vote after I have voted by proxy?

A: Yes. In addition to revocation in any other manner permitted by law, a registered Bearing Securityholder executing the enclosed form of proxy has the power to revoke it by depositing an instrument in writing executed by the Bearing Securityholder, or his or her legal representative authorized in writing or, where the Bearing Securityholder is a corporation, by the corporation or a representative of the corporation. To be valid, an instrument of revocation must be received at Bearing's head office by fax at +1 (604) 262-8835,

or by mail or by hand at 810 - 789 West Pender Street, Vancouver, BC, V6C 1H2 at any time up to and including the last Business Day preceding the day of the Bearing Meeting, or in the case of any postponement or adjournment of the Bearing Meeting, the last Business Day preceding the day of the postponed or adjourned Bearing Meeting, or delivered to the Chair of the Bearing Meeting on the day fixed for the Bearing Meeting, and prior to the start of the Bearing Meeting or any postponement or adjournment thereof.

Only registered Bearing Securityholders have the right to revoke a proxy. Beneficial Securityholders who hold their Bearing Securities through an Intermediary and who wish to change their vote must in sufficient time in advance of the Bearing Meeting, arrange for their respective Intermediary to change their vote and if necessary revoke their proxy in accordance with the revocation procedures.

See "*Information Contained in this Circular – Revocability of Proxies*".

Q: Who will count the votes?

A: Bearing's transfer agent, Computershare, will count and tabulate the votes received for the Bearing Meeting.

Q: If my Bearing Securities are held by my Intermediary, will they vote my Bearing Shares?

A: If you are a Beneficial Securityholder, your Intermediary will send you a VIF or proxy form with this Circular. This form will instruct the Intermediary as to how to vote your Bearing Securities at the Bearing Meeting on your behalf. **You must follow the instructions from your Intermediary to vote.** The majority of Intermediaries now delegate responsibility for obtaining instructions from Beneficial Securityholders to Broadridge. Broadridge typically mails a voting instruction form to Beneficial Securityholders and asks Beneficial Securityholders to return the VIF to Broadridge (in some cases the completion of the VIF may be by telephone or the internet). **Additionally, there are two kinds of Beneficial Securityholders: (i) those who object to their name being made known to the issuers of securities which they own, known as objecting beneficial owners or "OBOs"; and (ii) those who do not object to their name being made known to the issuers of securities which they own, known as non-objecting beneficial owners or "NOBOs". Bearing may utilize the Broadridge QuickVote™ service to assist Beneficial Securityholders that are NOBOs with voting their Bearing Securities.** Broadridge then tabulates the results of all instructions received and provides the appropriate instructions respecting the voting of such Bearing Securities to be represented at the Bearing Meeting.

An Intermediary will vote the Bearing Securities held by you only if you provide instructions to them on how to vote. Without instructions, those Bearing Securities will not be voted. Beneficial Securityholders should instruct their Intermediaries to vote their Bearing Securities on their behalf by following the directions provided to them by their Intermediaries. Unless your Intermediary gives you its proxy to vote the Bearing Securities at the Bearing Meeting, you cannot vote those Bearing Securities owned by you at the Bearing Meeting.

See "*Information Contained in this Circular – Special Instructions for Voting by Beneficial Securityholders*".

SUMMARY

The following is a summary of certain information contained elsewhere in, or incorporated by reference into, this Circular, including the Appendices hereto. Certain capitalized terms used in this summary are defined in the "Glossary of Defined Terms" or elsewhere in this Circular. This summary is qualified in its entirety by the more detailed information appearing elsewhere, or incorporated by reference, in this Circular.

The Meetings

Bearing Meeting

Purpose of the Bearing Meeting

The purpose of the Bearing Meeting is for Bearing Securityholders to consider and, if thought advisable, approve the Arrangement Resolution and for Bearing Shareholders to consider other matters associated with an Annual, General Meeting of Bearing Shareholders.

Date, Time and Place

The Bearing Meeting will be held at Suite 810 -789 West Pender Street, Vancouver, BC, on October 28, 2022 at 10:00 a.m. (Vancouver time) and will also be accessible online by going to <https://meetnow.global/MATWUV4>.

Record Date

The record date for determining the Bearing Securityholders entitled to receive notice of and to vote at the Bearing Meeting is September 9, 2022. Only Bearing Securityholders of record as of the close of business on the Record Date are entitled to receive notice of and to vote at the Bearing Meeting except that only Bearing Shareholders are entitled to vote on the other matters of business to be conducted at the Bearing Meeting relating annual general meeting matters, being the election of directors, the appointment of the auditor and the re-approval of the Bearing Option Plan.

The Arrangement

On June 22, 2022, LPI and Bearing entered into the Arrangement Agreement. Under the Arrangement Agreement, LPI agreed to acquire all of the outstanding Bearing Shares. Each Bearing Shareholder will be entitled to receive 0.70 of an LPI Share in exchange for each Bearing Share held. Under the Arrangement Agreement, Bearing has agreed to, among other things, call the Bearing Meeting to seek approval of the Arrangement Resolution by the Bearing Securityholders and, if approved, apply to the Court for the Final Order.

On September 19, 2022, LPI and Bearing entered into an amendment to the Arrangement Agreement to allow for further time to hold the Bearing Meeting and to provide certain minor amendments to the Plan of Arrangement as required by the ASX.

See "*The Arrangement Agreement*".

Recommendation of the Bearing Board

The Bearing Board has unanimously determined, following consultation with its legal and financial advisors and the receipt of the Bearing Fairness Opinion, that the Arrangement is in the best interests of Bearing and recommends that Bearing Securityholders vote FOR the Arrangement Resolution.

Reasons for Recommendations of the Bearing Board

In making their recommendations, the Bearing Board consulted with Bearing's management, legal, financial and technical advisors and, in the case of the Bearing Board, with Sequeira. Each also reviewed a significant amount of financial and technical information relating to LPI and Bearing and considered a number of factors, including those listed below. The following disclosure includes forward-looking information and readers are cautioned that actual results may vary from those described herein.

- *Significant Premium to Bearing Securityholders.* LPI has offered Bearing Securityholders a significant premium to the Bearing share price. Based on the closing price of the LPI Shares and the Bearing Shares on the TSXV and ASX on June 22, 2022, the Consideration to be received under the Arrangement by the Bearing Shareholders represented C\$0.293 per Bearing Share. This represented a premium of 43% based on the 30-day volume-weighted average trading prices of the Bearing Shares on the TSXV and the LPI Shares on the ASX as of June 22, 2022. On September 9, 2022, LPI announced a financing for the issuance of LPI Shares for 41,666,667 new LPI Shares at a price of A\$0.60 per LPI Share. As of September 22, 2022, the closing price of the Bearing Shares on the TSXV was \$0.365 and the closing price of the LPI Shares on the ASX was A\$0.60.
- *Cash Distribution.* In addition to the LPI Shares issuable to the Bearing Shareholders, Bearing Shareholders as of the Effective Date, are expected to receive a pro-rata share of the Cash Distribution, estimated at C\$0.015 per Bearing Share (the payment and amount of which is subject to the risk factors described in this Circular).
- *Diversification of Bearing's single-asset and development-stage risks through exposure to LPI's asset portfolio.* On January 12, 2022, LPI announced the WA Spin-Off into a separate entity ("**DemergeCo**") with the intention of unlocking strategic value of these assets and to allow LPI to focus on developing the flagship MSB Project in Chile. LPI have indicated that this spin-off will occur subsequent to the completion of the Arrangement, and as such Bearing Securityholders holding LPI Shares at the time of the spinout will participate in the WA Spin-Off and will receive their pro-rated allocation of shares in DemergeCo.
 - LPI's Western Australian lithium exploration assets are comprised of:
 - Greenbushes tenements cover approximately 40,000 hectares located immediately along strike from the Talison mine which is the world's largest hard rock lithium producer owned by Albemarle and Tianqi of China;
 - Pilgangoora tenements cover approximately 14,000 hectares adjacent to assets owned by Pilbara Minerals; and
 - Additional tenements in the Eastern Goldfields region along the Donnybrook-Bridgetown Shear Zone, as announced by LPI to the ASX on July 5, 2022.
- *Continued Participation by Bearing Securityholders in the MSB Project.* Following completion of the Arrangement, assuming completion of the Joint Venture Partner Transaction, the current

Bearing Securityholders will own approximately 14.6% of the ordinary shares of the Combined Company (including those LPI Shares issued on exercise of the Bearing Options and Bearing Warrants), which will allow Bearing Securityholders to continue to participate in the value associated with exploration, development and operation of the MSB Project. Furthermore, Bearing Securityholders will be able to participate in the value associated with exploration, development and operation of LPI's portfolio of mines and development projects.

- *Enhanced financial position.* The Combined Company will have a stronger financial position with greater cash resources and enhanced access to capital to construct the MSB Project and to continue exploration and development activities.
- *Increased Liquidity.* The Combined Company will have greater liquidity on the ASX than Bearing currently has on the TSXV given the increased size of the Combined Company. In the 20 days prior to the announcement of the Arrangement, Bearing averaged 22,585 daily shares traded; LPI averaged 5.405 million shares traded, representing approximately 239 times more daily volume. Although not as impactful for small shareholders, larger block shareholders of Bearing, which currently do not have the ready option to exit large position in Bearing if desired, could achieve liquidity. Generally, liquidity discounts that capture the inability to exit an investment can range from 5% (minor illiquidity) to over 30% (significant illiquidity), depending on the volatility of the underlying security and the duration of the illiquidity. The additional liquidity adds incremental value and optionality to large-block Bearing Shareholders.
- *Improved access to low-cost funding.* The Combined Company has potential to benefit from access to lower cost, more flexible funding or credit facilities as compared to those currently available to Bearing.
- *Joint Venture Partner Transaction.* The Joint Venture Partner presently owns an indirect 31.31% interest in the MSB Project. In connection with the Arrangement, prior to the completion of the Arrangement, LPI will acquire all the interest of the Joint Venture Partner in the MSB Project, such that following the closing of the Joint Venture Partner Transaction, LPI will hold a 100% consolidated indirect interest in the MSB Project.
- *Judicial determination of the Court as to fairness.* The Arrangement will be subject to a judicial determination of the Court that the Arrangement is fair and reasonable, both procedurally and substantively, to the Bearing Securityholders.
- *Availability of Dissent Rights for Registered Bearing Shareholders.* Registered Bearing Shareholders who do not vote in favour of the Arrangement will have the right to dissent, and require a judicial appraisal of their Bearing Shares and obtain "fair value" in cash pursuant to the proper exercise of the Dissent Rights.
- *Other Considerations.* The future options of Bearing without the Arrangement appear limited to the Bearing Board; Bearing will either use cash over time to maintain the MSB Project ownership percentage by contributing its share of expenses or Bearing will reduce its ownership position in the MSB Project. Bearing can also attempt to raise capital in the market, which will dilute existing Bearing Securityholders. A series of other transactions over time, or another future transaction with LPI, would be required for the Bearing Securityholders to experience a MSB Project consolidation. Outside of a project consolidation, the Bearing Board is unable to identify an underlying economic driver for a counterparty to pay a premium for Bearing or its assets. In addition, Bearing Securityholders should be aware that under the terms of the Arrangement Agreement, LPI has agreed to fund 100% of the cash calls for the MSB Project starting from January 2022, which has

provided approximately C\$1.2 million of cash saving for Bearing to-date. If the Arrangement is not implemented, Bearing will be required to repay such amounts to LPI or to accept a corresponding dilution of its direct interest in the MSB Project in accordance with the terms of the joint venture agreements governing the MSB Project.

- *Ability to consider and respond to Acquisition Proposals.* The terms of the Arrangement Agreement provide the Bearing Board with the ability to consider and respond to unsolicited bona fide Acquisition Proposals that are or could reasonably be expected to result in a Superior Proposal prior to obtaining the approval of the Bearing Securityholders.
- *Bearing Fairness Opinion.* The Bearing Board received the Bearing Fairness Opinion from Sequeira that concluded that, subject to the assumptions, limitations and qualifications set out therein, as at June 19, 2022, the Consideration under the Arrangement is fair from a financial point of view to the Bearing Shareholders. See "*The Arrangement – Bearing Fairness Opinion*" and "*Appendix H - Bearing Fairness Opinion*".
- *Evaluation and Analysis.* The Bearing Board have given lengthy consideration to the business, operations, assets, financial condition, operating results and prospects for the Combined Company as well as current industry, economic and market conditions and related risks.
- *Construction of the MSB Project will benefit from the combined LPI and Bearing mine development and operating expertise.* LPI has extensive mine construction and operational expertise that will allow the MSB Project to be completed. The combined management and operational team will be well-placed to successfully develop and operate the MSB Project and pursue future opportunities.

The foregoing summary of the information and factors considered by the Bearing Board is not intended to be exhaustive but includes the material information and factors considered by the Bearing Board in its consideration of the Arrangement. In view of the variety of factors and the amount of information considered in connection with the Bearing Board's evaluation of the Arrangement, the Bearing Board did not find it practicable to and did not quantify or otherwise attempt to assign any relative weight to each of the specific factors considered in reaching its conclusions and recommendations. The recommendations of the Bearing Board were made after consideration of all of the above-noted and other factors and in light of the Bearing's knowledge of the business, financial condition and prospects of Bearing and were based upon the advice of the financial and legal advisors to Bearing. In addition, individual members of the Bearing Board may have assigned different weights to different factors in reaching their own conclusion as to the Arrangement.

Bearing Fairness Opinion

Sequeira has provided an opinion to the Bearing Board that, subject to the assumptions and limitations set forth therein, as at June 19, 2022, the Consideration under the Arrangement is fair, from a financial point of view, to the Bearing Shareholders.

The Bearing Fairness Opinion is not to be construed as a recommendation by Sequeira to any Bearing Shareholder with respect to the Arrangement Resolution. The Bearing Board urges Bearing Shareholders to read the Bearing Fairness Opinion carefully and in its entirety.

See "*The Arrangement – Bearing Fairness Opinion*" and "*Appendix H – Bearing Fairness Opinion*".

Effects of the Arrangement

If the Arrangement Resolution is passed, the Arrangement is approved by the Court and all of the other conditions to closing of the Arrangement are satisfied, LPI will acquire all of the outstanding Bearing Shares. Each Bearing Shareholder will be entitled to receive 0.70 of an LPI Share in exchange for each Bearing Share held. If the Arrangement is completed, Bearing will become a direct wholly-owned subsidiary of LPI.

See "*The Arrangement Agreement – Description of the Arrangement*".

If approved, the Arrangement will become effective at the Effective Time on the Effective Date. At the Effective Time, each of the following events shall occur and shall be deemed to occur in the following order at one minute intervals following the completion of the previous event without any further authorization, act or formality:

- Bearing shall distribute all of its Available Cash to the Bearing Shareholders as a return of capital net of any applicable taxes with respect to such return of capital and Bearing shall timely remit to the appropriate Governmental Entity such taxes;
- each Dissent Share held by a Dissenting Bearing Shareholder shall be deemed to have been transferred and assigned without any further act or formality to Bearing in consideration for a debt claim against Bearing determined in accordance with Section 3.1 of the Plan of Arrangement, free and clear of any liens, and the holder of such Dissent Share immediately prior to such transfer and assignment shall cease to be the holder thereof, the name of such holder shall be removed from the register maintained by or on behalf of Bearing in respect of the Bearing Shares, and such Dissent Share shall be cancelled and the holder of such Dissent Share immediately prior to such transfer and assignment shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to transfer and assign such Dissent Share to Bearing;
- each issued and outstanding Bearing Share (other than any Dissent Share held by a Dissenting Bearing Shareholder and other than any Bearing Share held by LPI or any of its affiliates) shall, without any further action by or on the part of such holder, be deemed to, be assigned and transferred by the holder thereof to the Purchaser, free and clear of any liens, and in exchange therefor, LPI shall issue the Consideration in respect of that Bearing Share to such Bearing Shareholder, and the holders of such Bearing Shares will cease to be the holders thereof and to have any rights as holders of such Bearing Shares other than the right to receive the Consideration from LPI in accordance with the Plan of Arrangement. Such holders' names shall be removed from the register of holders of Bearing Shares maintained by or on behalf of Bearing and shall become a member of LPI and have their name registered in the register of members of LPI, and be bound by the constitution of LPI. The Purchaser shall be recorded as the registered holder of such Bearing Shares so exchanged and will be deemed to be the legal and beneficial owner thereof;
- contemporaneously with the step above, in consideration for the Consideration issued to the Bearing Shareholder by LPI on behalf of and for the benefit of the Purchaser, the Purchaser shall issue Purchaser Common Shares to LPI having an aggregate fair market value equal to the fair market value of such Consideration;
- the Bearing Option Plan shall be amended to (i) provide that from and following the Effective Date, each Bearing Optionholder shall receive (and such holder shall accept) upon the exercise of such holder's Bearing Options, in lieu of Bearing Shares to which such holder was theretofore entitled upon such exercise, and for the same aggregate consideration payable therefor, the number of LPI

Shares which the holder would have been entitled to receive as a result of the transactions contemplated by this Arrangement if, immediately prior to the Effective Date, such holder had been the registered holder of the number of Bearing Shares to which such holder would have been entitled if such holder had exercised such holder's Bearing Options immediately prior to the Effective Time, and (ii) provide that from and following the Effective Date, and in order to comply with ASX Listing Rules, that (A) no Bearing Optionholder shall be entitled to participate in new issues of LPI Shares in such capacity as a Bearing Optionholder without first exercising their Bearing Option; (B) in the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued share capital of LPI, each Bearing Option will be treated in the manner prescribed by the ASX Listing Rules applying to reorganisations at the time of such event; and (C) the exercise price of a Bearing Option shall not change, nor shall the number of LPI Shares that are issuable on exercise of the Bearing Option change, in the event of a new issue of LPI Shares. All terms and conditions of a Bearing Option, including term to expiry, conditions to and manner of exercising will be the same and shall be governed by the terms of the applicable Bearing Option and Bearing Option Plan, except that the term to expiry shall continue until the expiry date under the applicable Bearing Option regardless of whether or not such Bearing Optionholder ceases to be a director, officer, employee or consultant of Bearing or a subsidiary of Bearing; and

- each Bearing Warrant shall be amended to provide that from and following the Effective Date, and in order to comply with ASX Listing Rules, that (i) no Bearing Warrantholder shall be entitled to participate in new issues of LPI Shares in such capacity as a Bearing Warrantholder without first exercising their Bearing Warrant; (ii) in the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued share capital of LPI, each Bearing Warrant will be treated in the manner prescribed by the ASX Listing Rules applying to reorganisations at the time of such event; and (iii) the exercise price of a Bearing Warrant shall not change, nor shall the number of LPI Shares that are issuable on exercise of the Bearing Warrant change, in the event of a new issue of LPI Shares. All other terms and conditions of a Bearing Warrant, including term to expiry, conditions to and manner of exercising will be the same and shall be governed by the terms of the applicable Bearing Warrant. In accordance with the terms of the Bearing Warrants, each Bearing Warrantholder shall be entitled to receive (and such holder shall accept) upon the exercise of such holder's Bearing Warrant, in lieu of Bearing Shares to which such holder was theretofore entitled upon such exercise, and for the same aggregate consideration payable therefor, the number of LPI Shares which the holder would have been entitled to receive as a result of the transactions contemplated by this Arrangement if, immediately prior to the Effective Date, such holder had been the registered holder of the number of Bearing Shares to which such holder would have been entitled if such holder had exercised such holder's Bearing Warrants immediately prior to the Effective Time.

In no event shall any holder of Bearing Shares, Bearing Options or Bearing Warrants be entitled to a fractional LPI Share. Where the aggregate number of LPI Shares to be issued to a person as consideration under or as a result of this Arrangement would result in a fraction of an LPI Share being issuable, the number of LPI Shares to be received by such Bearing Securityholder shall be rounded down to the nearest whole LPI Share and no person will be entitled to any compensation in respect of a fractional LPI Share.

The maximum number of LPI Shares issuable in exchange for Bearing Shares pursuant to the Arrangement is 94.5 million which is equal to approximately 14.6% of the total 647.3 million LPI Shares that are expected to be outstanding on the completion of the Arrangement. Of the 94.5 million LPI Shares to be issued, up to 18.2 million LPI Shares are reserved for issuance on exercise of the Bearing Options and Bearing Warrants. Following completion of the Arrangement, and assuming the completion of the Joint Venture Partner Transaction, current LPI Shareholders (excluding shares of LPI presently owned by the Joint Venture Partner) will own approximately 60.4% of the LPI Shares and current Bearing Securityholders will own

approximately 14.6% of the LPI Shares (assuming the exercise of outstanding Bearing Options and Bearing Warrants as of the date of this Circular).

See "*The Arrangement – Description of the Arrangement*".

Bearing Securityholder Approval

To be effective, the Arrangement Resolution must be approved, with or without variation, by the affirmative vote of at least two-thirds of the votes cast on the Arrangement Resolution by the Bearing Shareholders present in person or represented by proxy at the Bearing Meeting and the affirmative vote of at least two-thirds of the votes cast on the Arrangement Resolution by the Bearing Securityholders voting together as a single class present in person or represented by proxy at the Bearing Meeting.

See "*The Arrangement – Bearing Securityholder Approval*".

Voting Agreements

On June 19, 2022, LPI entered into Bearing Voting Agreements with each of the Bearing Locked-Up Shareholders, pursuant to which such securityholders have agreed, among other things and subject to the terms and conditions of their respective voting agreements, to vote their Bearing Shares in favour of the Arrangement Resolution.

See "*The Arrangement – Voting Agreements*".

Court Approval and Completion of the Arrangement

The Arrangement requires approval by the Court under Division 5 of Part 9 of the BCBCA. Prior to the mailing of this Circular, Bearing obtained the Interim Order providing for the calling and holding of the Bearing Meeting and other procedural matters. A copy of the Interim Order is attached hereto as Appendix "G". A copy of the Notice of Hearing of Petition in connection with the Final Order is attached hereto as Appendix "F".

Subject to the approval of the Arrangement Resolution by Bearing Securityholders at the Bearing Meeting, the hearing in respect of the Final Order is expected to take place on or about November 1, 2022 at the Courthouse at 800 Smithe Street, Vancouver, British Columbia, or as soon thereafter as is reasonably practicable.

Any Bearing Securityholder or other person who wishes to participate, to appear, to be represented, and/or to present evidence or arguments at the hearing, must serve and file a response to petition (a "**Response**") as set out in the Interim Order appended hereto as Appendix "G" or as the Court may direct in the future. The Court will consider, among other things, the fairness and reasonableness of the Arrangement and the rights of every person affected. The Court may approve the Arrangement in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit. The Court has further been advised that the Final Order granted by the Court will constitute the basis for the exemption from the registration requirements of the U.S. Securities Act provided by section 3(a)(10) thereof with respect to the LPI Shares to be issued pursuant to the Arrangement. If the hearing is postponed, adjourned or rescheduled then, subject to further direction of the Court, only those persons having previously served a Response in compliance with the Interim Order will be given notice of the new date.

Although Bearing's objective is to have the Effective Date occur as soon as possible after the Bearing Meeting, the Effective Date could be delayed for a number of reasons, including, but not limited to, an

objection before the Court at the hearing of the application for the Final Order or any delay in obtaining any required regulatory approvals or clearances. Bearing may determine not to complete the Arrangement without prior notice to, or action on the part of, Bearing Securityholders.

See *"The Arrangement – Court Approval and Completion of the Arrangement"*.

Stock Exchange Listing and Reporting Issuer Status

The LPI Shares currently trade on the ASX under the code "LPI". LPI will apply to the ASX at the relevant time to list for quotation the LPI Shares issuable: (i) under the Arrangement; and (ii) upon the exercise of the Bearing Options and Bearing Warrants, as soon as practicable after issue of those LPI Shares.

In addition, it is a condition of the Arrangement Agreement for LPI to either obtain (a) LPI Shareholder approval; or (b) a waiver from the ASX from ASX Listing Rule 7.1, in each case for the issuance of LPI Shares to Bearing Shareholders in connection with the Arrangement. LPI received the waiver from ASX Listing Rule 7.1 from the ASX on August 26, 2022.

Following completion of the Arrangement, it is expected that the Bearing Shares will be de-listed from the TSXV and Bearing will make an application to cease to be a reporting issuer under applicable Securities Laws.

See *"The Arrangement – Stock Exchange Listing and Reporting Issuer Status"*.

Procedure for the Arrangement to Become Effective

The Arrangement is proposed to be carried out pursuant to Division 5 of Part 9 of the BCBCA. The following procedural steps must be taken in order for the Arrangement to become effective:

- the Bearing Securityholder Approval must be obtained;
- the Court must grant the Final Order approving the Arrangement;
- all conditions precedent to the Arrangement as more particularly described in the Arrangement Agreement including receipt of necessary regulatory approvals must be satisfied or waived by the appropriate Party.

Information Relating to the Combined Company Following the Arrangement

Overview

The Combined Company will be a publicly traded Australian lithium company engaged in the operation, development, exploration and acquisition of resource properties, primarily in Australia and Chile.

WA Spin-Off

On January 12, 2022, LPI announced the WA Spin-Off into DemergeCo with the intention of unlocking strategic value of these assets and to allow LPI to focus on developing the flagship MSB Project in Chile. LPI have indicated that if this spin-off occurs, it will occur subsequent to the completion of the Arrangement, and as such Bearing Securityholders holding LPI Shares at the time of the spinout will participate in the WA Spin-Off and will receive their pro-rated allocation of shares in DemergeCo.

The Combined Company's assets will include:

- (a) a 100% indirect interest in the MSB Project; and
- (b) Western Australian lithium exploration assets comprised of:
 - (i) Greenbushes tenements cover approximately 40,000 hectares located immediately along strike from the Talison mine which is the world's largest hard rock lithium producer owned by Albemarle and Tianqi of China;
 - (ii) Pilgangoora tenements cover approximately 14,000 hectares adjacent to assets owned by Pilbara Minerals; and
 - (iii) additional tenements in the Eastern Goldfields region along the Donnybrook-Bridgetown Shear Zone, as announced by LPI on July 5, 2022.

For further details regarding the Combined Company's assets see "*Information Regarding LPI – Appendix B*"

Manageable Capital Requirements

LPI believes that the post-closing capital requirements will be manageable, initially supported by LPI's and Bearing's current cash position, and the deeper access to a wider range of capital partners of the Combined Company.

Improved Capital Markets Presence

The Combined Company will have a broader shareholder base with increased market liquidity and a larger public float. Based on the closing price of the LPI Shares on the ASX on June 22, 2022, the Combined Company had a pro forma market capitalization of approximately A\$235 million (including the value of the Joint Venture Partner Transaction).

Cash Distribution

In addition to the LPI Shares issuable to the Bearing Shareholders, Bearing Shareholders as the Effective Date of the Arrangement, are expected to receive a pro-rata share of the Cash Distribution, estimated at C\$0.015 per Bearing Share (the payment and amount of which are subject to the risk factors set forth in this Circular). See "*The Arrangement – Cash Distribution*" for further details.

Experienced Leadership

The Combined Company will continue to operate under the LPI name, and LPI's existing management will continue to lead the Combined Company. The principal executive office and headquarters of the Combined Company will remain in Sydney, Australia.

See "*Information Relating to the Combined Company Following the Arrangement – Overview*".

Summary Unaudited Pro Forma Financial Information

The following summary unaudited pro forma consolidated financial information of LPI has been derived from the unaudited pro forma consolidated financial statements of LPI after giving effect to the Arrangement as at June 30, 2022 and for the twelve months then ended, included in Appendix "C" to this

Circular. The unaudited pro forma consolidated financial statements of LPI have been compiled from underlying financial statements of LPI and Bearing prepared in accordance with IFRS to illustrate the effect of the Arrangement. Adjustments have been made to prepare the unaudited pro forma consolidated financial statements of LPI, which adjustments are based on certain assumptions. Both the adjustments and the assumptions made in respect thereof are described in the notes to the unaudited pro forma consolidated financial statements.

The following summary of unaudited pro forma financial information and the unaudited pro forma consolidated financial statements are presented for illustrative purposes only and are not necessarily indicative of: (i) the operating or financial results that would have occurred had the Arrangement actually occurred at the times contemplated by the notes to the unaudited pro forma consolidated financial statements; or (ii) of the results expected in future periods. You should read the unaudited pro forma consolidated financial information together with (i) the audited consolidated annual financial statements of Bearing for the years ended October 31, 2021 and October 31, 2020; (ii) the unaudited condensed consolidated interim financial statements of Bearing for the three and six months ended April 30, 2022; and (iii) the audited consolidated annual financial statements of LPI for the years ended June 30, 2021 and June 30, 2022.

See the unaudited pro forma consolidated financial statements of LPI following completion of the Arrangement set forth in Appendix "C" to this Circular.

	As at June 30, 2022
Statement of Financial Position:	(A\$)
Cash and cash equivalents	6,271,430
Total current assets	9,173,338
Total assets	141,160,114
 Total current liabilities	 1,987,519
Total liabilities	1,987,519
 Total equity	 139,172,595

Information Relating to Bearing

Bearing is a company formed under the BCBCA and maintains its head office at Suite 810, 789 West Pender Street, Vancouver, British Columbia, V6C 1H2. Bearing is an exploration and development company engaged in the exploration and development of precious metals mineral properties. Bearing's primary asset is its interest in the MSB Project located in Chile. Bearing is a reporting issuer in Alberta and British Columbia and trades on the TSXV under the symbol "BRZ".

See "*Appendix A - Information Relating to Bearing*".

Information Relating to LPI

LPI is a company formed under the laws of Australia and maintains its principal and head office at Level 7, 151 Macquarie Street, Sydney, New South Wales, 2000. LPI is a multinational lithium mining and exploration company that has been listed on the ASX since June 24, 2016. LPI's material mineral project is its interest in the MSB Project which will, if the Arrangement is completed, become a 100% indirect interest in the MSB Project.

For further information regarding the assets of LPI, see "*Appendix B - Information Relating to LPI*".

Joint Venture Partner Transaction

The Joint Venture Partner presently owns an indirect 31.31% interest in the MSB Project. Prior to the completion of the Arrangement, LPI will acquire all the interest of the Joint Venture Partner, such that following the completion of the Arrangement, LPI will hold a 100% consolidated indirect interest in the MSB Project. The completion of the Joint Venture Partner Transaction is a condition to the completion of the Arrangement. Following the completion of the Arrangement, the Joint Venture Partner will hold approximately 29.5% of the outstanding shares of LPI.

Dissent Rights

The Interim Order expressly provides registered holders of Bearing Shares with the right to dissent with respect to the Arrangement Resolution. Each Dissenting Bearing Shareholder is entitled to be paid by Bearing the fair value in cash (determined as of the closing of business on the day immediately before the passing of the Arrangement Resolution) of all, but not less than all, of the holder's Bearing Shares, provided that the holder has duly exercised the Dissent Rights and the Arrangement becomes effective.

To exercise Dissent Rights, a Bearing Shareholder must dissent with respect to all Bearing Shares of which it is the registered owner. A registered Bearing Shareholder who wishes to dissent must deliver written notice of dissent to Bearing as set forth above and such notice of dissent must strictly comply with the requirements of section 242 of the BCBCA as modified by Article 3 of the Plan of Arrangement, the Interim Order and the Final Order. Any failure by a Bearing Shareholder to fully comply with the provisions of the BCBCA, as modified by Article 3 of the Plan of Arrangement, the Interim Order and the Final Order, may result in the loss of that holder's Dissent Rights. Beneficial Shareholders who wish to exercise Dissent Rights must cause each registered Bearing Shareholder holding their Bearing Shares to deliver the notice of dissent.

See "*Rights of Dissenting Bearing Securityholders*".

Summary of Certain Canadian Federal Income Tax Considerations

This Circular contains a summary of certain Canadian federal income tax considerations generally applicable to certain Bearing Shareholders who dispose of Bearing Shares pursuant to the Arrangement. See the discussion under the heading "*Certain Canadian Federal Income Tax Considerations*".

Additional Tax Considerations

This Circular discusses certain Canadian federal income tax considerations applicable to certain Bearing Shareholders. Additional tax considerations applicable to Bearing Securityholders who are resident in jurisdictions other than Canada are not discussed and such Bearing Securityholders should consult their own tax advisors with respect to the tax implications of the Arrangement, including any associated filing requirements, in such jurisdictions and with respect to the tax implications in such jurisdictions of owning LPI Shares after the Arrangement. All Bearing Securityholders should consult their own tax advisors regarding the provincial, state, local and territorial tax considerations relating to the Arrangement and of holding LPI Shares.

Additionally, in Chile, the transfer of Bearing Shares to LPI would initially not trigger tax consequences in Chile. However, shareholders transferring directly or indirectly (through a members of its corporate group) 10% or more of Bearing Shares, considering options, warrants or other securities convertible into shares, would be affected to Chilean withholding tax (35% rate) on the capital gains obtained upon the indirect transfer of the Chilean underlying asset. For the 10% threshold calculation, all the disposal made by each

shareholder in a period of 12 month prior to the last disposal will be considered. Administrative liabilities, such as obtaining a Chilean Tax ID and filing tax returns, would also be required. We recommend obtaining Chilean Tax counsel if you are in this circumstance.

This Circular does not discuss any tax considerations applicable to holders of Bearing Options or Bearing Warrants. Such holders should consult their own tax advisors regarding the consequences of the Arrangement to them in their particular circumstances.

Risk Factors

Bearing Securityholders voting in favour of the Arrangement Resolution will be choosing to sell the business of Bearing to LPI and to acquire LPI Shares. The completion of the Arrangement and the acquisition of LPI Shares involves risks. In addition to the risk factors present in Bearing's business, described under "*Appendix A - Information Relating to Bearing – Risk Factors*", which is incorporated herein, and the risk factors present in LPI's business prior to the completion of the Arrangement, described under the heading "*Appendix B – Information Relating to LPI – Risk Factors*" to this Circular, Bearing Securityholders should carefully consider the following risk factors in evaluating whether to approve the Arrangement Resolution. Readers are cautioned that such risk factors are not exhaustive. These risk factors should be considered in conjunction with the other information included in this Circular including the documents incorporated by reference herein and the documents filed by Bearing and LPI pursuant to applicable Laws from time to time:

See "*Risk Factors*", "*Information Relating to Bearing – Risk Factors*", "*Appendix A – Information Relating to Bearing – Risk Factors*" and "*Appendix B – Information Relating to LPI – Risk Factors*".

Canadian Securities Law Matters

The LPI Shares to be issued in exchange for Bearing Shares pursuant to the Arrangement will be issued in reliance upon exemptions from the prospectus requirements of securities legislation. Subject to customary restrictions applicable to distributions of shares that constitute "control distributions", LPI Shares issued pursuant to the Arrangement will be freely tradable and may be resold on the ASX.

MI 61-101

Bearing is a reporting issuer in Alberta and British Columbia and, accordingly, is subject to the applicable securities laws of such provinces, including MI 61-101.

MI 61-101 is intended to regulate certain transactions to ensure equality of treatment among shareholders, generally requiring enhanced disclosure, approval by a majority of shareholders excluding interested or related parties and, in certain instances, independent valuations and approval and oversight of the Arrangement by a special committee of independent directors. The protections of MI 61-101 generally apply to "business combinations" (as defined in MI 61-101) that terminate the interests of shareholders without their consent. MI 61-101 provides that, in certain circumstances, where a "related party" of an issuer (as defined in MI 61-101, and including directors and senior officers) is entitled to receive a "collateral benefit" (as defined in MI 61-101) in connection with an arrangement (such as the Arrangement), such transaction may be considered a "business combination" for the purposes of MI 61-101 and subject to minority approval requirements.

To the knowledge of Bearing, no director or officer will receive a "collateral benefit" pursuant to MI 61-101 and as such a "minority approval" (as defined in MI 61-101) will not be required.

United States Securities Law Matters

The LPI Shares issuable to Bearing Shareholders in exchange for their Bearing Shares under the Arrangement have not been and will not be registered under the U.S. Securities Act, and such securities will be issued in reliance upon the exemption from the registration requirements of the U.S. Securities Act provided by section 3(a)(10) thereof.

The LPI Shares to be received by Bearing Shareholders upon completion of the Arrangement may be resold without restriction in the United States, except in respect of resales by persons who are "affiliates" (within the meaning of Rule 144 under the U.S. Securities Act) of LPI at the time of such resale or who have been affiliates of LPI within 90 days before such resale. Further, the LPI Shares issuable upon the exercise of the Bearing Options and Bearing Warrants in the United States after the Effective Time will not be issued in reliance upon Section 3(a)(10) of the U.S. Securities Act and such options may be exercised only pursuant to registration under the U.S. Securities Act or an available exemption from the registration requirements of the U.S. Securities Act and pursuant to any applicable state securities laws and, if issued in the United States pursuant to an exemption from the registration requirements of the U.S. Securities Act, will be "restricted securities" within the meaning of Rule 144 under the U.S. Securities Act and will be subject to transfer restrictions. See *"Regulatory Matters – United States Securities Law Matters"*.

Other Jurisdictions

Bearing Securityholders in other jurisdictions should seek their own independent advice in relation to securities laws matters and resale restrictions which may arise.

LPI has received regulatory relief from the Australian Securities and Investment Commission to permit the on-sale of securities within Australia without restriction.

THE ARRANGEMENT

Background to the Arrangement

Annually, the Bearing Board conducts a review of the risks and opportunities facing Bearing, including the possibility that a party could make an offer to acquire the company. The Bearing Board was aware that, as the minority partner and owner of a high-grade development asset, Bearing was potentially an acquisition target. Prior to the initial LPI non-binding offer, no party made a formal proposal to transact with Bearing.

Bearing's principal asset is its 17.14% interest in the MSB Project. LPI is currently the majority partner in the MSB Project with a 51.55% interest, along with the Joint Venture Partner, who owns the remaining 31.31% interest.

The MSB Project is the most advanced, high-grade lithium salar in the Americas which is located in Salar de Maricunga, 170km northeast of Copiapó, in the Atacama Region of northern Chile. In January 2022, LPI announced the results of its updated MSB Project Technical Report for the Stage One MSB Project, which supports 15,200 t/a production of battery grade lithium carbonate for approximately 20 years. The MSB Project Technical Report provides for a MSB Project net present value (on a leveraged basis) of US\$1.4B (after tax) at an 8% discount rate, providing an internal rate of return of 39.6%, a 2-year payback and estimated steady-state annual EBITDA of US\$324 million. The study confirmed that Maricunga could be one of the world's lowest-cost producers of lithium carbonate with an operating cost of US\$3,718 per tonne not including credits from potassium chloride by-product. The MSB Project is expected to have an exceptional Environmental, Social, Governance (ESG) profile, aiming to achieving carbon neutrality, and setting new standards for social/community relationships.

On April 21, 2022, Bearing received a non-binding proposal from LPI for a potential three-way consolidation in which LPI would ultimately own 100% of the MSB Project, which formed the outline of the key terms of the Arrangement. Business discussions between LPI and Bearing then progressed into specific discussions regarding the terms of a potential business combination including the third Joint Venture Partner.

During the subsequent weeks, each party, together with its legal, financial and tax advisors, conducted customary due diligence with respect to the other party and negotiated the terms of definitive binding agreements to consolidate 100% of the ownership of the MSB Project in Chile to LPI. This included the negotiation with the Joint Venture Partner to consolidate its interest with LPI concurrent to the Arrangement with Bearing.

On June 19, 2022 the Bearing Board reviewed the terms of the Arrangement Agreement and discussed the rights and obligations of Bearing going forward. Sequeira reported to the Bearing Board on its opinion that the Consideration under the Arrangement was, at the date thereof, fair, from a financial point of view, to the Bearing Shareholders. Mr. Playford, as Chair of the Bearing Board, reported to the Bearing Board on the deliberations undertaken and conclusions reached to date, and the suggestion that the Bearing Board should authorize the entering into of the Arrangement Agreement.

At the conclusion of the discussion, the Bearing Board resolved unanimously: (1) to accept the Bearing Fairness Opinion; (2) that the Arrangement is in the best interest of Bearing; (3) that the Bearing Board recommend to the Bearing Securityholders that they vote in favour of the Arrangement; and (4) to approve and authorize the Arrangement Agreement. The Arrangement Agreement was executed late that evening Vancouver time. A press release announcing the terms of the Arrangement and that Bearing and LPI are entering into of the Arrangement Agreement was disseminated the morning of June 22, 2022.

On September 19, 2022, LPI and Bearing entered into an amendment to the Arrangement Agreement to allow for further time to hold the Bearing Meeting and to provide certain minor amendments to the Plan of Arrangement as required by the ASX.

Recommendation of the Bearing Board

The Bearing Board has unanimously determined, following consultation with its legal and financial advisors and the receipt of the Bearing Fairness Opinion, that the Arrangement is in the best interests of Bearing and recommends that Bearing Securityholders vote **FOR** the Arrangement Resolution

Reasons for the Recommendations of the Bearing Board

In making their respective recommendations, the Bearing Board consulted with Bearing's management, legal, financial and technical advisors and, in the case of the Bearing Board, with Sequeira. Each also reviewed a significant amount of financial and technical information relating to LPI and Bearing and considered a number of factors, including those listed below. The following disclosure includes forward-looking information and readers are cautioned that actual results may vary from those described herein.

- *Significant Premium to Bearing Securityholders.* LPI has offered Bearing Securityholders a significant premium to the Bearing share price. Based on the closing price of the LPI Shares and the Bearing Shares on the TSXV and ASX on June 22, 2022, the Consideration to be received under the Arrangement by the Bearing Shareholders represented C\$0.293 per Bearing Share. This represented a premium of 43% based on the 30-day volume-weighted average trading prices of the Bearing Shares on the TSXV and the LPI Shares on the ASX as of June 22, 2022. On September 9, 2022, LPI announced a financing for the issuance of LPI Shares for 41,666,667 new LPI Shares to be issuable at a price of A\$0.60 per LPI Share. As of September 22, 2022, the closing price of the Bearing Shares on the TSXV was \$0.365 and the closing price of the LPI Shares on the ASX was A\$0.60.
- *Cash Distribution.* In addition to the LPI Shares issuable to the Bearing Shareholders, Bearing Shareholders as the Effective Date of the Arrangement, are expected to receive a pro-rata share of the Cash Distribution, estimated at C\$0.015 per Bearing Share (the payment and amount of which is subject to the risk factors described in this Circular).
- *Diversification of Bearing's single-asset and development-stage risks through exposure to LPI's asset portfolio.* On January 12th, 2022, LPI announced the WA Spin-Off into DemergeCo with the intention of unlocking strategic value of these assets and to allow LPI to focus on developing the flagship MSB Project in Chile. LPI have indicated that if this spin-off occurs, it will occur subsequent to the completion of the Arrangement, and as such Bearing Securityholders holding LPI Shares at the time of the spinout will participate in the WA Spin-Off and will receive their pro-rated allocation of shares in DemergeCo.
 - LPI's Western Australian lithium exploration assets are comprised of:
 - Greenbushes tenements cover approximately 40,000 hectares located immediately along strike from the Talison mine which is the world's largest hard rock lithium producer owned by Albemarle and Tianqi of China;
 - Pilgangoora tenements cover approximately 14,000 hectares adjacent to assets owned by Pilbara Minerals; and

- additional tenements in the Eastern Goldfields region along the Donnybrook-Bridgetown Shear Zone, as announced by LPI on July 5, 2022.
- *Continued Participation by Bearing Securityholders in the MSB Project.* Following completion of the Arrangement, assuming completion of the Joint Venture Partner Transaction, the current Bearing Securityholders will own approximately 14.6% of the ordinary shares of the Combined Company (including those LPI Shares issued on exercise of the Bearing Options and Bearing Warrants), which will allow Bearing Securityholders to continue to participate in the value associated with exploration, development and operation of the MSB Project. Furthermore, Bearing Securityholders will be able to participate in the value associated with exploration, development and operation of LPI's portfolio of mines and development projects.
- *Enhanced financial position.* The Combined Company will have a stronger financial position with greater cash resources and enhanced access to capital to construct the MSB Project and to continue exploration and development activities. As described in Appendix "B" to this Circular, LPI recently successfully completed a financing in September 2022.
- *Increased Liquidity.* The Combined Company will have greater liquidity on the ASX than Bearing currently has on the TSXV given the increased size of the Combined Company. In the 20 days prior to the announcement of the Arrangement, Bearing averaged 22,585 daily shares traded; LPI averaged 5.405 million shares traded, representing approximately 239 times more daily volume. Although not as impactful for small shareholders, larger block shareholders of Bearing, which currently do not have the ready option to exit large position in Bearing if desired, could achieve liquidity. Generally, liquidity discounts that capture the inability to exit an investment can range from 5% (minor illiquidity) to over 30% (significant illiquidity), depending on the volatility of the underlying security and the duration of the illiquidity. The additional liquidity adds incremental value and optionality to large-block Bearing Shareholders.
- *Improved access to low-cost funding.* The Combined Company has potential to benefit from access to lower cost, more flexible funding or credit facilities as compared to those currently available to Bearing.
- *Joint Venture Partner Transaction.* The Joint Venture Partner presently owns an indirect 31.31% interest in the MSB Project. In connection with the Arrangement, prior to the completion of the Arrangement, LPI will acquire all the interest of the Joint Venture Partner, such that following the completion of the Arrangement, LPI will hold a 100% consolidated indirect interest in the MSB Project.
- *Judicial determination of the Court as to fairness.* The Arrangement will be subject to a judicial determination of the Court that the Arrangement is fair and reasonable, both procedurally and substantively, to the Bearing Securityholders.
- *Availability of Dissent Rights for Registered Bearing Shareholders.* Registered Bearing Shareholders who do not vote in favour of the Arrangement will have the right to dissent, and require a judicial appraisal of their Bearing Shares and obtain "fair value" in cash pursuant to the proper exercise of the Dissent Rights.
- *Other Considerations.* The future options of Bearing without the Arrangement appear limited to the Bearing Board; Bearing will either use cash over time to maintain the MSB Project ownership percentage by contributing its share of expenses or Bearing will reduce its ownership position in the MSB Project. Bearing can also attempt to raise capital in the market, which will dilute existing

Bearing Securityholders. A series of other transactions over time, or another future transaction with LPI, would be required for the Bearing Securityholders to experience a MSB Project consolidation. Outside of a project consolidation, the Bearing Board is unable to identify an underlying economic driver for a counterparty to pay a premium for Bearing or its assets. In addition, Bearing Securityholders should be aware that under the terms of the Arrangement Agreement, LPI has agreed to fund 100% of the cash calls for the MSB Project starting from January 2022, which has provided approximately C\$1.2 million of cash saving for Bearing to-date. If the Arrangement is not implemented, Bearing will be required to repay such amounts to LPI or accept a corresponding dilution of its direct interest in the MSB Project in accordance with the terms of the joint venture agreements governing the MSB Project.

- *Ability to consider and respond to Acquisition Proposals.* The terms of the Arrangement Agreement provide the Bearing Board with the ability to consider and respond to unsolicited bona fide Acquisition Proposals that are or could reasonably be expected to result in a Superior Proposal prior to obtaining the approval of the Bearing Securityholders.
- *Bearing Fairness Opinion.* The Bearing Board received the Bearing Fairness Opinion from Sequeira that concluded that, subject to the assumptions, limitations and qualifications set out therein, as at June 19, 2022, the Consideration under the Arrangement is fair from a financial point of view to the Bearing Shareholders. See "*The Arrangement – Bearing Fairness Opinion*" and "Appendix H - Bearing Fairness Opinion".
- *Evaluation and Analysis.* The Bearing Board has given lengthy consideration to the business, operations, assets, financial condition, operating results and prospects for the Combined Company as well as current industry, economic and market conditions and related risks.
- *Construction of the MSB Project will benefit from the combined LPI and Bearing mine development and operating expertise.* LPI has extensive mine construction and operational expertise that will allow the MSB Project to be completed. The combined management and operational team will be well-placed to successfully develop and operate the MSB Project and pursue future opportunities.

The foregoing summary of the information and factors considered by the Bearing Board is not intended to be exhaustive, but includes the material information and factors considered by the Bearing Board in its consideration of the Arrangement. In view of the variety of factors and the amount of information considered in connection with the Bearing Board's evaluation of the Arrangement, the Bearing Board did not find it practicable to and did not quantify or otherwise attempt to assign any relative weight to each of the specific factors considered in reaching its conclusions and recommendations. The recommendations of the Bearing Board were made after consideration of all of the above-noted and other factors and in light of the Bearing's knowledge of the business, financial condition and prospects of Bearing and were based upon the advice of the financial and legal advisors to Bearing and the Bearing Board. In addition, individual members of the Bearing Board may have assigned different weights to different factors in reaching their own conclusion as to the Arrangement.

The Bearing Board realizes that there are risks associated with the Arrangement, including that some of the potential benefits set forth above may not be realized or that there may be significant costs associated with realizing such benefits. The Bearing Board believes that the factors in favour of the Arrangement outweigh the risks and potential disadvantages, although there can be no assurance in this regard. See "*Risk Factors*" and "*Risk Factors*" in Appendix "A".

Bearing Fairness Opinion

*The following is only a summary of the Bearing Fairness Opinion. The Bearing Fairness Opinion has been prepared as of June 19, 2022 for the use of the Bearing Board and for inclusion in this Circular. The Bearing Fairness Opinion was permitted to be, and was, relied upon by the Bearing Board. The following summary is qualified in its entirety by the full text of the Bearing Fairness Opinion. A copy of the Bearing Fairness Opinion is attached hereto as Appendix H and forms part of this Circular. **Shareholders are urged to read the full text of the Bearing Fairness Opinion and should consider the same in its entirety. The Bearing Fairness Opinion does not constitute a recommendation to any Shareholder by its author as to how such Shareholder should vote in respect of the Arrangement.***

Pursuant to an engagement agreement between Sequeira and Bearing (the "**Sequeira Engagement Agreement**"), Sequeira provided Bearing with various financial advisory services in connection with the Arrangement including, among other things, the provision of the Bearing Fairness Opinion.

On June 19, 2022, Sequeira delivered to the Bearing Board its oral opinion, which was later confirmed in writing, that the Consideration under the Arrangement was, at the date thereof, fair, from a financial point of view, to the Bearing Shareholders.

The Bearing Fairness Opinion has been provided for the use of the Bearing Board and may not be used by any other person or relied upon by any other person other than the Bearing Board without the express prior written consent of Sequeira. Sequeira has not prepared a valuation of Bearing, LPI or any of their respective securities or assets and the Bearing Fairness Opinion should not be construed as such.

The terms of the Sequeira Engagement Agreement provide that Sequeira will receive a fee for its services as financial advisor, including fees that are contingent on a change of control of Bearing or certain other events. In addition, Sequeira is to be reimbursed for its reasonable out-of-pocket expenses and to be indemnified by Bearing in certain circumstances.

The Bearing Fairness Opinion is given as of its date and Sequeira disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Bearing Fairness Opinion, which may come or be brought to Sequeira's attention after the date of its opinion. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting the Bearing Fairness Opinion after the date thereof, Sequeira reserves the right to change, modify or withdraw the Bearing Fairness Opinion.

The Bearing Fairness Opinion is not to be construed as a recommendation by Sequeira to any Bearing Shareholder with respect to the Arrangement Resolution. The Bearing Board urges Bearing Shareholders to read the Bearing Fairness Opinion carefully and in its entirety.

In considering the fairness of the Consideration under the Arrangement from a financial point of view to the Bearing Shareholders, Sequeira principally considered and relied upon the following: (i) there appear to be limited opportunities for Bearing to create differential shareholder value beyond those opportunities presented as an LPI Shareholder in a consolidated entity; (ii) the lack of liquidity may persist if a consolidation transaction is not completed and Bearing may continue to trade at a discount to the majority owned public company of the MSB Project; (iii) a review of the trading history of both companies and the economic drivers behind each business, we cannot identify a specific catalyst or value driver that would lead to an expectation that Bearing Shares will outperform LPI Shares; and (iv) the opportunity to be a shareholder in LPI, which will have a 100% interest in the MSB Project and therefore have direct control over the development of the MSB Project.

Description of the Arrangement

The following description of the Arrangement is qualified in its entirety by reference to the full text of the Plan of Arrangement which is attached as Appendix "E" to this Circular.

If approved, the Arrangement will become effective at the Effective Time on the Effective Date. At the Effective Time, each of the following events shall occur and shall be deemed to occur in the following order at one minute intervals following the completion of the previous event without any further authorization, act or formality:

- Bearing shall distribute all of its Available Cash to the Bearing Shareholders as a return of capital net of any applicable Taxes with respect to such return of capital and Bearing shall timely remit to the appropriate Governmental Entity such Taxes;
- each Dissent Share held by a Dissenting Bearing Shareholder shall be deemed to have been transferred and assigned without any further act or formality to Bearing in consideration for a debt claim against Bearing determined in accordance with Section 3.1 of the Plan of Arrangement, free and clear of any liens, and the holder of such Dissent Share immediately prior to such transfer and assignment shall cease to be the holder thereof, the name of such holder shall be removed from the register maintained by or on behalf of Bearing in respect of the Bearing Shares, and such Dissent Share shall be cancelled and the holder of such Dissent Share immediately prior to such transfer and assignment shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to transfer and assign such Dissent Share to Bearing;
- each issued and outstanding Bearing Share (other than any Dissent Share held by a Dissenting Bearing Shareholder and other than any Bearing Share held by LPI or any of its affiliates) shall, without any further action by or on the part of such holder, be deemed to, be assigned and transferred by the holder thereof to the Purchaser, free and clear of any liens, and in exchange therefor, LPI shall issue the Consideration in respect of that Bearing Share to such Bearing Shareholder, and the holders of such Bearing Shares will cease to be the holders thereof and to have any rights as holders of such Bearing Shares other than the right to receive the Consideration from LPI in accordance with the Plan of Arrangement. Such holders' names shall be removed from the register of holders of Bearing Shares maintained by or on behalf of Bearing and shall become a member of LPI and have their name registered in the register of members of LPI, and be bound by the constitution of LPI. The Purchaser shall be recorded as the registered holder of such Bearing Shares so exchanged and will be deemed to be the legal and beneficial owner thereof;
- contemporaneously with the step above, in consideration for the Consideration issued to the Bearing Shareholder by LPI on behalf of and for the benefit of the Purchaser, the Purchaser shall issue Purchaser Common Shares to LPI having an aggregate fair market value equal to the fair market value of such Consideration;
- the Bearing Option Plan shall be amended to (i) provide that from and following the Effective Date, each Bearing Optionholder shall receive (and such holder shall accept) upon the exercise of such holder's Bearing Options, in lieu of Bearing Shares to which such holder was theretofore entitled upon such exercise, and for the same aggregate consideration payable therefor, the number of LPI Shares which the holder would have been entitled to receive as a result of the transactions contemplated by this Arrangement if, immediately prior to the Effective Date, such holder had been the registered holder of the number of Bearing Shares to which such holder would have been entitled if such holder had exercised such holder's Bearing Options immediately prior to the Effective Time, and (ii) provide that from and following the Effective Date, and in order to comply

with ASX Listing Rules, that (A) no Bearing Optionholder shall be entitled to participate in new issues of LPI Shares in such capacity as a Bearing Optionholder without first exercising their Bearing Option; (B) in the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued share capital of LPI, each Bearing Option will be treated in the manner prescribed by the ASX Listing Rules applying to reorganisations at the time of such event; and (C) the exercise price of a Bearing Option shall not change, nor shall the number of LPI Shares that are issuable on exercise of the Bearing Option change, in the event of a new issue of LPI Shares. All terms and conditions of a Bearing Option, including term to expiry, conditions to and manner of exercising will be the same and shall be governed by the terms of the applicable Bearing Option and Bearing Option Plan, except that the term to expiry shall continue until the expiry date under the applicable Bearing Option regardless of whether or not such Bearing Optionholder ceases to be a director, officer, employee or consultant of Bearing or a subsidiary of Bearing; and

- each Bearing Warrant shall be amended to provide that from and following the Effective Date, and in order to comply with ASX Listing Rules, that (i) no Bearing Warrantholder shall be entitled to participate in new issues of LPI Shares in such capacity as a Bearing Warrantholder without first exercising their Bearing Warrant; (ii) in the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued share capital of LPI, each Bearing Warrant will be treated in the manner prescribed by the ASX Listing Rules applying to reorganisations at the time of such event; and (iii) the exercise price of a Bearing Warrant shall not change, nor shall the number of LPI Shares that are issuable on exercise of the Bearing Warrant change, in the event of a new issue of LPI Shares. All other terms and conditions of a Bearing Warrant, including term to expiry, conditions to and manner of exercising will be the same and shall be governed by the terms of the applicable Bearing Warrant. In accordance with the terms of the Bearing Warrants, each Bearing Warrantholder shall be entitled to receive (and such holder shall accept) upon the exercise of such holder's Bearing Warrant, in lieu of Bearing Shares to which such holder was theretofore entitled upon such exercise, and for the same aggregate consideration payable therefor, the number of LPI Shares which the holder would have been entitled to receive as a result of the transactions contemplated by this Arrangement if, immediately prior to the Effective Date, such holder had been the registered holder of the number of Bearing Shares to which such holder would have been entitled if such holder had exercised such holder's Bearing Warrants immediately prior to the Effective Time.

In no event shall any holder of Bearing Shares, Bearing Options or Bearing Warrants be entitled to a fractional LPI Share. Where the aggregate number of LPI Shares to be issued to a person as consideration under or as a result of this Arrangement would result in a fraction of an LPI Share being issuable, the number of LPI Shares to be received by such Bearing Securityholder shall be rounded down to the nearest whole LPI Share and no person will be entitled to any compensation in respect of a fractional LPI Share.

It is expected that a total of approximately 76.3 million LPI Shares will be issuable in exchange for Bearing Shares pursuant to the Arrangement which is equal to approximately 12.1% of the LPI Shares are expected to be outstanding on the closing of the Arrangement. This number represents the LPI Shares issuable in exchange for Bearing Shares outstanding at the Effective Time, but does not include LPI Shares issuable upon the exercise of the Bearing Options or Bearing Warrants, that may be issuable following the completion of the Arrangement.

Following completion of the Arrangement, current LPI Shareholders (excluding shares of LPI presently owned by the Joint Venture Partner) will own approximately 60.4% of the LPI Shares, the Joint Venture Partner will hold 25.0% of the LPI Shares, and current Bearing Securityholders will own approximately 14.6% of the LPI Shares (assuming the exercise of the Bearing Warrants and Bearing Options).

Cash Distribution

As described in the foregoing section, in addition to the LPI Shares issuable to the Bearing Shareholders, Bearing Shareholders as of the Effective Date of the Arrangement, expected to receive a pro-rata share of the Cash Distribution of the Available Cash, estimated at C\$0.015 per Bearing Share (the payment and amount of which is subject to the risk factors described in this Circular).

The estimated Cash Distribution of \$0.015 per Bearing Share is based on an assumption of 135.1 million Bearing Shares outstanding at the Effective Date of the Arrangement (which assumes all Bearing Options and Bearing Warrants are exercised prior to the Effective Date of the Arrangement).

The distribution of available excess cash to Bearing Shareholders under the Arrangement does not include cash received from the exercise of Bearing Options or Bearing Warrants after June 22, 2022. Any funds received by Bearing from the exercise of its Bearing Options or Bearing Warrants between June 22, 2022 and completion of the Arrangement are to remain in the business of Bearing on completion of the Arrangement.

"Available Cash" for distribution to Bearing Shareholders is defined under the Arrangement Agreement as: (a) all cash of Bearing as at the end of the day prior to the Effective Date, if any, minus (b) the amount of all debts (or debt like items), liabilities, transaction costs relating to the Arrangement, Taxes (including Taxes of Li3 Energy, Inc.), and minus (c) the amount of any cash received by Bearing in respect of the exercise of Bearing Options and/or Bearing Warrants following the execution of the Arrangement Agreement.

The estimated amount of the Cash Distribution is an estimate only, and will be based upon the actual cash position of Bearing immediately prior to the Effective Date of the Arrangement, the estimated cash reserves as described above in the definition of "Available Cash" to cover the estimated costs of winding up Bearing, including but not limited to the following costs:

- regulatory, legal and accounting costs of Bearing continuing to make required filings as a "reporting issuer" up to the date that Bearing makes an application to cease to be a "reporting issuer" following completion of the Arrangement;
- costs of winding up the subsidiaries, including the making of any final regulatory or tax filings;
- costs of obtaining run-on director & officer insurance;
- moving, disposal and storage costs; and
- regulatory, legal, accounting, transfer agency and other intermediary costs associated with the Meeting, the Arrangement, the Cash Distribution, and the de-listing from the TSXV.

To the extent that Bearing's expenses, liabilities and obligations are higher than current estimates, or if any unforeseen obligations arise, if the Arrangement is delayed, the actual amount distributed to Shareholders may be lower, and possibly substantially lower, than the anticipated Cash Distribution based on the above figures.

In addition, Bearing Securityholders should be aware that under the terms of the Arrangement Agreement, LPI has agreed to fund 100% of the cash calls for the MSB Project starting from January 2022, which has provided approximately C\$1.2 million of cash saving for Bearing to-date. If the Arrangement is not implemented, Bearing will be required to repay such amounts to LPI or accept a corresponding dilution in

its direct interest in the MSB Project in accordance with the terms of the joint venture agreements governing the MSB Project.

See "*Risk Factors – Cash Distribution Risks*".

Joint Venture Partner Transaction

The Joint Venture Partner presently owns an indirect 31.31% interest in the MSB Project. Prior to the completion of the Arrangement, LPI will acquire all the interest of the Joint Venture Partner, such that following the completion of the Arrangement, LPI will hold a 100% consolidated indirect interest in the MSB Project. The completion of the Joint Venture Partner Transaction is a condition to the completion of the Arrangement. Following the completion of the Arrangement, the Joint Venture Partner will hold approximately 25.0% of the outstanding shares of LPI.

WA Spin-Off

In addition to the MSB Project, Bearing Securityholders will benefit from the intended spin out of LPI's Western Australian lithium exploration assets into a separate entity with the intention of unlocking strategic value of these assets. LPI have indicated that if this spin-off occurs, it will occur subsequent to the completion of the Arrangement, and as such Bearing Securityholders holding LPI Shares at the time of the spinout will participate in the spin out and will receive their pro-rated allocation of shares in new entity. LPI's Western Australian lithium exploration assets are comprised of: (i) Greenbushes tenements cover approximately 40,000 hectares located immediately along strike from the Talison mine which is the world's largest hard rock lithium producer owned by Albemarle and Tianqi of China; (ii) Pilgangoora tenements cover approximately 14,000 hectares adjacent to assets owned by Pilbara Minerals; and (iii) additional tenements in the Eastern Goldfields region along the Donnybrook-Bridgetown Shear Zone, as announced by LPI on July 5, 2022.

Procedure for the Arrangement to Become Effective

The Arrangement is proposed to be carried out pursuant to Division 5 of Part 9 of the BCBCA. The following procedural steps must be taken in order for the Arrangement to become effective:

- the Bearing Securityholder Approval must be obtained;
- the Court must grant the Final Order approving the Arrangement; and
- all conditions precedent to the Arrangement further described in the Arrangement Agreement including receipt of necessary regulatory approvals must be satisfied or waived by the appropriate Party.

Bearing Securityholder Approval

To be effective, the Arrangement Resolution must be approved, with or without variation, by the affirmative vote of at least two-thirds of the votes cast on the Arrangement Resolution by the Bearing Securityholders voting together as a single class, present in person or represented by proxy at the Bearing Meeting.

Voting Agreements

On June 19, 2022, in connection with the Arrangement each of the Bearing Locked-Up Shareholders entered into a Bearing Voting Agreement with LPI.

As of the date of the Arrangement Agreement, the Bearing Locked-Up Shareholders collectively beneficially owned or exercised control or direction over an aggregate of 11,249,626 Bearing Shares, 8,300,000 Bearing Options, and 67,054 Bearing Warrants, representing approximately 10% of the issued and outstanding Bearing Shares and a total of 19,616,680 or 14% of the Bearing Securities, including the Bearing Options and Bearing Warrants.

Bearing Voting Agreements

Under the Bearing Voting Agreements, each of the Bearing Locked-Up Shareholders have severally agreed, subject to the terms and conditions of the Bearing Voting Agreements, among other things, to vote in favour of the Arrangement Resolution, all of the Subject Bearing Securities currently owned or controlled by such Bearing Locked-Up Shareholder. The term "**Subject Bearing Securities**" in respect of a Bearing Locked-Up Shareholder means (i) all the Bearing Shares of which such Bearing Locked-Up Shareholder is the beneficial owner, or has direction or control over, as at the date of such Bearing Locked-Up Shareholder's Bearing Voting Agreement, (ii) any Bearing Shares acquired or issued to such Bearing Locked-Up Shareholder on or following the date of execution of such Bearing Locked-Up Shareholder's Bearing Voting Agreement (including any Bearing Shares issued upon the exercise of any Bearing Options or Bearing Warrants held by such Bearing Locked-Up Shareholder as at the date of execution of such Bearing Locked-Up Shareholder's Bearing Voting Agreement), (iii) the Bearing Options held by such Bearing Locked-Up Shareholder as at the date of execution of such Bearing Locked-Up Shareholder's Bearing Voting Agreement and (iv) any other Bearing convertible securities acquired by or issued to such Bearing Locked-Up Shareholder on or following the date of execution of such Bearing Locked-Up Shareholder's Bearing Voting Agreement that are beneficially owned by, or over which control or direction is exercised by such Bearing Locked-Up Shareholder. The following is a summary of the principal terms of the Bearing Voting Agreements.

Except as otherwise noted below or in the Bearing Voting Agreements, each Bearing Locked-Up Shareholder has covenanted and agreed that it shall:

- (i) vote (or cause to be voted) all the Subject Bearing Securities (to the extent that such Subject Bearing Securities are entitled to a vote in respect of such matters):
 - (1) in favour of the approval and adoption of the Arrangement Resolution, the Arrangement Agreement, and the Plan of Arrangement (and any actions required in furtherance thereof) at the Bearing Meeting, and not withdraw any proxies or change its vote in respect thereof, unless prior written consent of LPI has been obtained or the Bearing Voting Agreement has been terminated;
- (ii) attend (either in person or by proxy) at any meeting of securityholders of Bearing (including any adjournments and postponements thereof) at which the approval of some or all of the holders of securities of Bearing is sought for any of the matters in (1) to (3) below, and at such meeting vote or cause to be voted any Subject Bearing Securities that have a right to vote at such meeting against and not tender or cause to be tendered any Subject Bearing Securities to:
 - (1) any corporate transaction, such as a merger, amalgamation, arrangement, rights offering, reorganization, recapitalization, or liquidation or take-over bid, sale or transfer of a material amount of assets of Bearing or similar transaction involving Bearing or the Bearing Shares other than the transactions contemplated under the Arrangement Agreement;

- (2) the issuance of any securities of Bearing (other than pursuant to the exercise of Bearing Options or the exercise of outstanding Bearing Warrants) other than pursuant to the transactions contemplated under the Arrangement Agreement;
 - (3) any action that would be likely to impede, interfere with, delay, postpone, hinder, prevent, or adversely affect the completion of the transactions contemplated under the Arrangement Agreement.
- (iii) not, without the prior written consent of LPI, convey, sell, tender, transfer, assign, hypothecate, pledge, encumber or otherwise dispose of, or enter into any agreement or understanding relating to the sale, transfer, assignment, pledge, encumbrance or other disposition of, the Subject Bearing Securities or any interest therein (other than as contemplated herein), provided, however, that nothing contained herein shall prohibit the Bearing Locked-Up Shareholder from exercising any of the Bearing Options or Bearing Warrants for Bearing Shares (it being understood that such Bearing Shares will be subject to such Bearing Locked-Up Shareholder's Bearing Voting Agreement and will be voted in accordance with (i) and/or (ii), as applicable);
 - (iv) not, except as required pursuant to such Bearing Locked-Up Shareholder's Bearing Voting Agreement, grant or agree to grant any proxy or other right to vote the Subject Bearing Securities or enter into any voting trust or pooling agreement or arrangement, or enter into or subject any of the Subject Bearing Securities to any other agreement, arrangement, understanding or commitment, formal or informal, with respect to or relating to the voting or tendering thereof or revoke any proxy granted pursuant to such Bearing Locked-Up Shareholder's Bearing Voting Agreement;
 - (v) not exercise any rights of dissent or appraisal in respect of any resolution approving the transactions contemplated under the Arrangement Agreement or any aspect thereof or matter related thereto, and not exercise any other securityholder rights or remedies available at common law or pursuant to applicable corporate or securities law or other legislation or not take any action that is reasonably likely to in any manner impede, interfere with, delay, postpone, hinder, prevent, or challenge the transactions contemplated under the Arrangement Agreement;
 - (vi) promptly notify LPI of any Bearing Shares, Bearing Options or other Bearing convertible securities hereinafter acquired by the Bearing Locked-Up Shareholder (such notice to include details as to the identity of the registered holder and beneficial owner and the number of Bearing Shares, Bearing Options and/or other Bearing convertible securities that were acquired); and
 - (vii) promptly notify LPI upon any of undersigned's representations or warranties contained in such Bearing Locked-Up Shareholder's Bearing Voting Agreement becoming untrue or incorrect prior to the termination of the Bearing Voting Agreement.

Each Bearing Voting Agreement may be terminated and be of no further force or effect (except for provisions that will survive such termination pursuant to the terms and conditions of the Bearing Voting Agreement) as follows:

- (i) the Bearing Voting Agreements shall automatically terminate on the first to occur of:

- (1) at the closing of the transactions contemplated under the Arrangement Agreement; and
- (2) upon the Arrangement Agreement being terminated in accordance with its terms;
- (ii) the Bearing Voting Agreements may be terminated on the date upon which LPI and the Bearing Locked-Up Shareholder mutually agree to terminate the Bearing Voting Agreement; or
- (iii) the Bearing Voting Agreement may be terminated by the Bearing Locked-Up Shareholder only if: (A) the Effective Date has not occurred by the Completion Deadline or, (B) without the Bearing Locked-Up Shareholder's prior written consent, the Arrangement Agreement or the Arrangement is amended to decrease the amount of, or change the nature of the consideration payable to him or her.

Court Approval and Completion of the Arrangement

The Arrangement requires approval by the Court under Division 5 of Part 9 of the BCBCA. Prior to the mailing of this Circular, Bearing obtained the Interim Order providing for the calling and holding of the Bearing Meeting and other procedural matters. A copy of the Interim Order is attached hereto as Appendix "G". A copy of the Petition in connection with the Final Order is attached hereto as Appendix "F".

Subject to the approval of the Arrangement Resolution by Bearing Securityholders at the Bearing Meeting, the hearing in respect of the Final Order is expected to take place on or about November 1, 2022 at the Courthouse at 800 Smithe Street, Vancouver, British Columbia, or as soon thereafter as is reasonably practicable.

Any Bearing Securityholder or other person who wishes to participate, to appear, to be represented, and/or to present evidence or arguments at the hearing, must serve and file a Response as set out in the Interim Order appended hereto as Appendix "G" and as the Court may direct in the future. The Court will consider, among other things, the fairness and reasonableness of the Arrangement and the rights of every person affected. The Court may approve the Arrangement in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit. The Court has further been advised that the Final Order granted by the Court will constitute the basis for the exemption from the registration requirements of the U.S. Securities Act provided by section 3(a)(10) thereof with respect to the LPI Shares to be issued pursuant to the Arrangement. If the hearing is postponed, adjourned or rescheduled then, subject to further direction of the Court, only those persons having previously served a Response in compliance with the Interim Order will be given notice of the new date.

Although Bearing's and LPI's objective is to have the Effective Date occur as soon as possible after the Bearing Meeting, the Effective Date could be delayed for a number of reasons, including, but not limited to, an objection before the Court at the hearing of the application for the Final Order or any delay in obtaining any required regulatory approvals or clearances. Bearing or LPI may determine not to complete the Arrangement without prior notice to or action on the part of Bearing Securityholders. See "*The Arrangement Agreement – Termination of the Arrangement Agreement*".

Treatment of Bearing Options

Under the Arrangement, the Bearing Option Plan shall be amended to (i) provide that each Bearing Optionholder shall receive (and such holder shall accept) upon the exercise of such holder's Bearing Options, in lieu of Bearing Shares to which such holder was theretofore entitled upon such exercise, and

for the same aggregate consideration payable therefor, the number of LPI Shares which the holder would have been entitled to receive as a result of the transactions contemplated by this Arrangement if, immediately prior to the Effective Date, such holder had been the registered holder of the number of Bearing Shares to which such holder would have been entitled if such holder had exercised such holder's Bearing Options immediately prior to the Effective Time and (ii) provide that from and following the Effective Date, and in order to comply with ASX Listing Rules, that (A) no Bearing Optionholder shall be entitled to participate in new issues of LPI Shares in such capacity as a Bearing Optionholder without first exercising their Bearing Option; (B) in the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued share capital of LPI, each Bearing Option will be treated in the manner prescribed by the ASX Listing Rules applying to reorganisations at the time of such event; and (C) the exercise price of a Bearing Option shall not change, nor shall the number of LPI Shares that are issuable on exercise of the Bearing Option change, in the event of a new issue of LPI Shares. All terms and conditions of a Bearing Option, including term to expiry, conditions to and manner of exercising will be the same and shall be governed by the terms of the applicable Bearing Option and Bearing Option Plan, except that the Arrangement provides that the term to expiry for any outstanding Bearing Options shall continue until the expiry date under the applicable Bearing Option regardless of whether or not such Bearing Optionholder ceases to be a director, officer, employee or consultant of Bearing or a subsidiary of Bearing.

Treatment of Bearing Warrants

Under the Arrangement, in accordance with the terms of the Bearing Warrants, each Bearing Warrantholder shall be entitled to receive upon the exercise of such holder's Bearing Warrant, in lieu of Bearing Shares to which such holder was theretofore entitled upon such exercise, and for the same aggregate consideration payable therefor, the number of LPI Shares which the holder would have been entitled to receive as a result of the transactions contemplated by the Arrangement if, immediately prior to the Effective Date, such holder had been the registered holder of the number of Bearing Shares to which such holder would have been entitled if such holder had exercised such holder's Bearing Warrants immediately prior to the Effective Time. Each Bearing Warrant shall continue to be governed by and be subject to the terms of the applicable Bearing Warrant certificate, except that notwithstanding the terms and conditions of the Bearing Warrants, each Bearing Warrant shall be amended to provide that from and following the Effective Date, and in order to comply with ASX Listing Rules, that (i) no Bearing Warrantholder shall be entitled to participate in new issues of LPI Shares in such capacity as a Bearing Warrantholder without first exercising their Bearing Warrant; (ii) in the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued share capital of LPI, each Bearing Warrant will be treated in the manner prescribed by the ASX Listing Rules applying to reorganisations at the time of such event; and (iii) the exercise price of a Bearing Warrant shall not change, nor shall the number of LPI Shares that are issuable on exercise of the Bearing Warrant change, in the event of a new issue of LPI Shares. All other terms and conditions of a Bearing Warrant, including term to expiry, conditions to and manner of exercising will be the same and shall be governed by the terms of the applicable Bearing Warrant.

Stock Exchange Listing and Reporting Issuer Status

The LPI Shares currently trade on the ASX under the code "LPI". LPI will apply to the ASX at the relevant time to list for quotation the LPI Shares issuable: (i) under the Arrangement; and (ii) upon the exercise of the Bearing Options and Bearing Warrants, as soon as practicable after issue of those LPI Shares.

In addition, it is a condition of the Arrangement Agreement for LPI to either obtain (a) LPI Shareholder approval; or (b) a waiver from the ASX from ASX Listing Rule 7.1, in each case for the issuance of LPI Shares to Bearing Shareholders in connection with the Arrangement. LPI received the waiver from ASX Listing Rules 7.1 from the ASX on August 26, 2022.

Following completion of the Arrangement, it is expected that the Bearing Shares will be de-listed from the TSXV and Bearing will make an application to cease to be a reporting issuer under applicable Securities Laws.

Letter of Transmittal

A Letter of Transmittal has been mailed, together with this Circular, to each person who was a registered holder of Bearing Shares on the Record Date. Each registered Bearing Shareholder must forward a properly completed and signed Letter of Transmittal, with accompanying Bearing Share certificate(s) and DRS advice(s) (if applicable), in order to receive the LPI Shares to which such Bearing Shareholder is entitled under the Arrangement. It is recommended that Bearing Shareholders complete, sign and return the Letter of Transmittal with accompanying Bearing Share certificate(s) and DRS advice(s) (if applicable) to the Depositary as soon as possible. All deposits of Bearing Shares made under a Letter of Transmittal are irrevocable. In the event the Arrangement is not consummated, the Depositary will promptly return any Bearing Share certificates and DRS advice(s) (if applicable) that have been deposited. Holders of Bearing Options and Bearing Warrants do not need to return a Letter of Transmittal.

The Letter of Transmittal is available on Bearing's website at www.bearinglithiumcorp.com and Bearing's profile on SEDAR at www.sedar.com.

See "*The Arrangement – Exchange Procedure*".

Any use of the mail to transmit a certificate (if applicable) for Bearing Shares and a related Letter of Transmittal is at the risk of the Bearing Shareholder. If these documents are mailed, it is recommended that registered mail, properly insured, be used.

Whether or not Bearing Shareholders forward the certificate(s) and DRS advice(s) (if applicable) representing their Bearing Shares to the Depositary, upon completion of the Arrangement on the Effective Date, Bearing Shareholders will cease to be Bearing Shareholders as of the Effective Date and will only be entitled to receive that number of LPI Shares to which they are entitled under the Arrangement or, in the case of Bearing Shareholders who properly exercise Dissent Rights, the right to receive fair value in cash for their Bearing Shares in accordance with the dissent procedures. See "*Rights of Dissenting Bearing Shareholders*".

The instructions for exchanging certificate(s) or DRS advice(s) (if applicable) representing Bearing Shares and depositing such share certificates or DRS advice(s) with the Depositary are set out in the Letter of Transmittal. It is highly recommended that any physical share certificates be sent by Fedex or another registered courier service. The Letter of Transmittal provides instructions with regard to lost certificates. See "*The Arrangement – Exchange Procedure*".

Exchange Procedure for Bearing Shares to LPI Shares

Following receipt of the Final Order and prior to the Effective Date, LPI will deposit the LPI Shares with the Depositary to satisfy the Consideration issuable to the Bearing Shareholders pursuant to the Plan of Arrangement (other than with respect to Dissent Shares held by Dissenting Bearing Shareholders who have not withdrawn their notice of objection).

As soon as reasonably practicable after the Effective Date (but subject to the Plan of Arrangement), the Depositary will forward to each Bearing Shareholder that submitted a duly completed Letter of Transmittal to the Depositary, together with the certificate or DRS advice (if any) representing the Bearing Shares held by such Bearing Shareholder, the certificates representing the LPI Shares issuable to such Bearing

Shareholder pursuant to the Plan of Arrangement, which shares will be registered in such name or names as set out in the Letter of Transmittal; and either (i) delivered to the address or addresses as such Bearing Shareholder directed in their Letter of Transmittal or (ii) made available for pick up at the offices of the Depositary in accordance with the instructions of the Bearing Shareholder in the Letter of Transmittal.

Bearing Shareholders that did not submit an effective Letter of Transmittal prior to the Effective Date may take delivery of the Consideration issuable to them by delivering the certificates or DRS advices representing Bearing Shares or Bearing Shares formerly held by them to the Depositary at the offices indicated in the Letter of Transmittal. Such certificates or DRS advices must be accompanied by a duly completed Letter of Transmittal, together with such other documents as the Depositary may require. Certificates representing the LPI Shares issued to such Bearing Shareholder pursuant to the Plan of Arrangement will be registered in such name or names as set out in the Letter of Transmittal and either: (i) delivered to the address or addresses as such Bearing Shareholder directed in their Letter of Transmittal; or (ii) made available for pick up at the offices of the Depositary in accordance with the instructions of the Bearing Shareholder in the Letter of Transmittal, as soon as reasonably practicable after receipt by the Depositary of the required certificates and documents.

Treatment of Fractional Shares

No fractional LPI Shares will be issued to Bearing Shareholders. Where the aggregate number of LPI Shares to be issued to a Bearing Shareholder as Consideration under the Arrangement would result in a fraction of an LPI Share being issuable, the number of LPI Shares to be received by such Bearing Shareholder shall be rounded down to the nearest whole LPI Share, with no consideration being paid for the fractional share.

Return of Bearing Shares

If the Arrangement is not completed, any deposited Bearing Shares will be returned to the depositing Bearing Shareholder at Bearing's expense upon written notice to the Depositary from Bearing, by returning the deposited Bearing Shares (and any other relevant documents) by first class insured mail in the name of and to the address specified by the Bearing Shareholder in the Letter of Transmittal or, if such name and address is not so specified, in such name and to such address as shown on the register maintained by Bearing's transfer agent.

Lost Certificates

In the event any certificate, which immediately before the Effective Time represented one or more outstanding Bearing Shares that was exchanged pursuant to the Plan of Arrangement, is lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Depositary will issue in exchange for such lost, stolen or destroyed certificate, the Consideration to which such Person is entitled in respect of the Bearing Shares represented by such lost, stolen, or destroyed certificate, less any amounts withheld pursuant to the Plan of Arrangement, deliverable in accordance with such Person's Letter of Transmittal. When authorizing such issuances or payment in exchange for any lost, stolen or destroyed certificate, the Person to whom consideration is to be issued and/or paid will, as a condition precedent to the issuance and/or payment thereof, give a bond satisfactory to the Purchaser, LPI and the Depositary (each acting reasonably) in such sum as the Purchaser and LPI may reasonably direct or otherwise indemnify the Purchaser, LPI and the Depositary in a manner satisfactory to the Purchaser, LPI and the Depositary (each acting reasonably), against any claim that may be made against one or both of them with respect to the certificate alleged to have been lost, stolen or destroyed.

Cancellation of Rights

After the Effective Date, certificates formerly representing Bearing Shares which are held by a Bearing Shareholder, other than Dissent Shares, will represent only the right to receive the Consideration issuable therefor pursuant to Article 4 of the Plan of Arrangement. No dividends or other distributions declared or made after the Effective Date with respect to the LPI Shares with a record date on or after the Effective Date will be payable or paid to the holder of any unsurrendered certificate or certificates for Bearing Shares which, immediately prior to the Effective Date, represented outstanding Bearing Shares, until the surrender of certificates for Bearing Shares in exchange for the Consideration issuable therefor pursuant to the terms of the Plan of Arrangement. Subject to applicable Law and to Section 4.1 of the Plan of Arrangement, at the time of such surrender, there shall, in addition to the delivery of Consideration to which such Bearing Shareholder is thereby entitled, be delivered to such holder, without interest, the amount of the dividend or other distribution with a record date after the Effective Time theretofore paid with respect to such LPI Shares.

Any certificate which immediately prior to the Effective Date represented outstanding Bearing Shares and which has not been surrendered, with all other instruments required by Article 4 of the Plan of Arrangement, on or prior to the sixth anniversary of the Effective Date, will cease to represent any claim against or interest of any kind or nature in Bearing, LPI or the Depositary.

Withholding Rights

Cash Distribution

Bearing and the Depositary shall be entitled to deduct from any Cash Distribution to any Bearing Shareholder such amounts as Bearing or the Depositary is required to deduct and withhold therefrom under any provision of applicable Laws in respect of taxes. It is expected that withholdings may apply in respect of payments of any Cash Distribution to Bearing Shareholders that are resident in a jurisdiction other than Canada. Although the Cash Distribution is a return of capital, it is expected to be taxable to the Bearing Shareholders who receive it. See "*Certain Canadian Federal Income Tax Considerations - Cash Distribution*".

To the extent that such amounts are so deducted and withheld, such amounts shall be treated for all purposes hereof as having been paid to the Person to whom such amounts would otherwise have been paid, provided that such withheld amounts are actually remitted to the appropriate Governmental Entity.

LPI Shares

Although it is not expected that the LPI Shares issuable to Bearing Shareholders under the terms of the Arrangement would be subject to withholdings, LPI, the Purchaser, Bearing and the Depositary, as applicable, shall be entitled to deduct and withhold from any Consideration payable or otherwise deliverable to any former holder of Bearing Shares such amounts as LPI, the Purchaser, Bearing or the Depositary is required to deduct and withhold therefrom under any provision of applicable Laws in respect of taxes.

To the extent that such amounts are so deducted and withheld, such amounts shall be treated for all purposes hereof as having been paid to the Person to whom such amounts would otherwise have been paid, provided that such withheld amounts are actually remitted to the appropriate Governmental Entity. LPI, the Purchaser, Bearing or the Depositary, as applicable, may sell or otherwise dispose of such portion of the Consideration otherwise payable to such holder in the form of LPI Shares as is necessary to provide sufficient funds to enable LPI, the Purchaser, Bearing or the Depositary, as applicable, to comply with such

deduction and/or withholding requirements and LPI, the Purchaser, Bearing and the Depositary, as applicable, shall notify the holder thereof and remit any unapplied balance of the net proceeds of such sale.

Right to Dissent

Registered holders of Bearing Shares may exercise Dissent Rights in connection with the Arrangement pursuant to the Interim Order and in the manner set forth in sections 242 to 247 of the BCBCA as modified by Article 3 of the Plan of Arrangement, the Interim Order and the Final Order. See "*Rights of Dissenting Bearing Shareholders*".

Share Ownership

Bearing

As of the Record Date, LPI does not own, directly or indirectly, or exercise control or direction over, any Bearing Shares. LPI has not purchased or sold any securities of Bearing during the 12 months preceding the announcement of the Arrangement Agreement.

As of the Record Date, the directors and officers of Bearing and their associates and affiliates, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of approximately 11,249,626 Bearing Shares, 8,300,000 Bearing Options, and 67,054 Bearing Warrants representing approximately 10% of the outstanding Bearing Shares and approximately 14% of the Bearing Securities assuming all of the Bearing Options and Bearing Warrants held by the Bearing Locked-Up Shareholders are voted.

All of the Bearing Shares held by the directors and officers of Bearing will be treated in the same fashion under the Arrangement as Bearing Shares held by every other Bearing Shareholder. The Bearing Options will be affected by the Arrangement as described under the heading "*The Arrangement – Treatment of Bearing Options*" above. The Bearing Warrants will be affected by the Arrangement as described under the heading "*The Arrangement – Treatment of Bearing Warrants*" above.

The following table sets out the Bearing Shares, Bearing Options, and Bearing Warrants beneficially owned, directly or indirectly, or over which control or direction was exercised, by the directors and officers of Bearing, or their respective associates or affiliates, as of the Record Date:

Name	Position with Bearing	Bearing Shares	% Bearing Shares Outstanding⁽²⁾	Bearing Options	Bearing Warrants
Gil Playford ⁽³⁾	Chairman and Chief Executive Officer	9,527,000	8.74%	2,000,000	Nil
Ryan Smith ⁽³⁾	Chief Financial Officer	7,752	0.01%	750,000	7,752
Luis Francisco Saenz Rocha ⁽³⁾	Director	667,466	0.61%	1,400,000	Nil
Martin Gubbins ⁽³⁾	Director	Nil	Nil	1,000,000	Nil
Patrick Cussen ⁽³⁾	Director	549,553	0.50%	1,400,000	Nil
William Heenan ⁽³⁾	Director	159,302	0.15%	1,100,000	59,302

Name	Position with Bearing	Bearing Shares	% Bearing Shares Outstanding⁽²⁾	Bearing Options	Bearing Warrants
Ray Baterina ⁽³⁾	Corporate Secretary	6,500	0.01%	650,000	Nil

Notes:

- (1) The information as to securities of Bearing beneficially owned or over which control or direction is exercised, not being within the knowledge of Bearing, has been furnished by the respective directors and officers.
- (2) As of the Record Date, 109,057,738 Bearing Shares were issued and outstanding.
- (3) Indicates that the individual has signed a Bearing Voting Agreement.

The directors and officers of Bearing entered into the Bearing Voting Agreements pursuant to which they agreed to vote their Bearing Securities in favour of the Arrangement Resolution. See "*The Arrangement – Voting Agreements*".

Termination and Change of Control Benefits

Bearing does not have any employment contracts which grant benefits to the employee upon the occurrence of a "change of control".

Insurance and Indemnification of Directors and Officers

The Arrangement Agreement provides that, prior to the Effective Date, Bearing shall be permitted to purchase customary "tail" policies of directors' and officers' liability insurance providing protection no less favourable in the aggregate to the protection provided by the policies maintained by Bearing and its subsidiaries which are in effect immediately prior to the Effective Date and providing protection in respect of claims arising from facts or events which occurred on or prior to the Effective Date and LPI will, or will cause Bearing and its subsidiaries to maintain, such tail policies in effect without any reduction in scope or coverage for six (6) years from the Effective Date; provided that LPI will not be required to pay any amounts in respect of such protection prior to the Effective Time and provided further that the cost of such policies shall not exceed 300% of the Bearing's current annual aggregate premium for policies currently maintained by Bearing or its subsidiaries.

LPI shall honour all rights to indemnification or exculpation now existing in favour of present and former employees, officers and directors of Bearing and its subsidiaries to the extent that they are disclosed to LPI or in Bearing's public filings and LPI acknowledges that such rights, to the extent that they are disclosed to LPI or in Bearing's public filings shall survive the completion of the Plan of Arrangement and shall continue in full force and effect in accordance with their terms for a period of not less than six (6) years from the Effective Date.

The insurance and indemnification provisions in the Arrangement Agreement are intended for the benefit of, and shall be enforceable by, each insured or indemnified Person, his or her heirs and his or her legal representatives and, for such purpose, Bearing confirms that it is acting as agent on their behalf. Furthermore, the insurance and indemnification provisions of the Arrangement Agreement will survive the termination of the Arrangement Agreement as a result of the occurrence of the Effective Date for a period of six (6) years.

Intention of Bearing Directors and Bearing Officers

All of the Bearing directors and executive officers, who beneficially own or exercise control or direction over in the aggregate 11,249,626 Bearing Shares, 8,300,000 Bearing Options, and 67,054 Bearing Warrants, representing 10% of the outstanding Bearing Shares (and 14% of the Bearing Securities including the Bearing Options and Bearing Warrants), as of the date of the Arrangement Agreement, have each entered into Bearing Voting Agreements with LPI pursuant to which they have agreed, subject to the terms and conditions thereof, to vote their Bearing Shares and Bearing Options in favour of the Arrangement Resolution.

Depository

Bearing and LPI have retained the services of the Depository for the receipt of the Letter of Transmittal and the certificates (if applicable) representing Bearing Shares and for the delivery of the LPI Shares in exchange for the Bearing Shares under the Arrangement. The Depository will receive reasonable and customary compensation for its services in connection with the Arrangement, will be reimbursed for certain reasonable out-of-pocket expenses and will be indemnified against certain liabilities, including liabilities under securities laws and expenses in connection therewith.

Expenses of the Arrangement

Except as otherwise provided in the Arrangement Agreement, all out-of-pocket third-party transaction expenses incurred in connection with the Arrangement Agreement and the Plan of Arrangement, and all other costs, expenses and fees of Bearing incurred prior to or after the Effective Date in connection with, or incidental to, the Plan of Arrangement, shall be paid by the Party incurring such expenses, whether or not the Arrangement is consummated. See "*The Arrangement Agreement – Expenses*".

INFORMATION RELATING TO THE COMBINED COMPANY FOLLOWING THE ARRANGEMENT

The following section of this Circular contains significant amounts of forward-looking information. Readers are cautioned that actual results may vary. See "*Management Information Circular – Forward Looking Statements*".

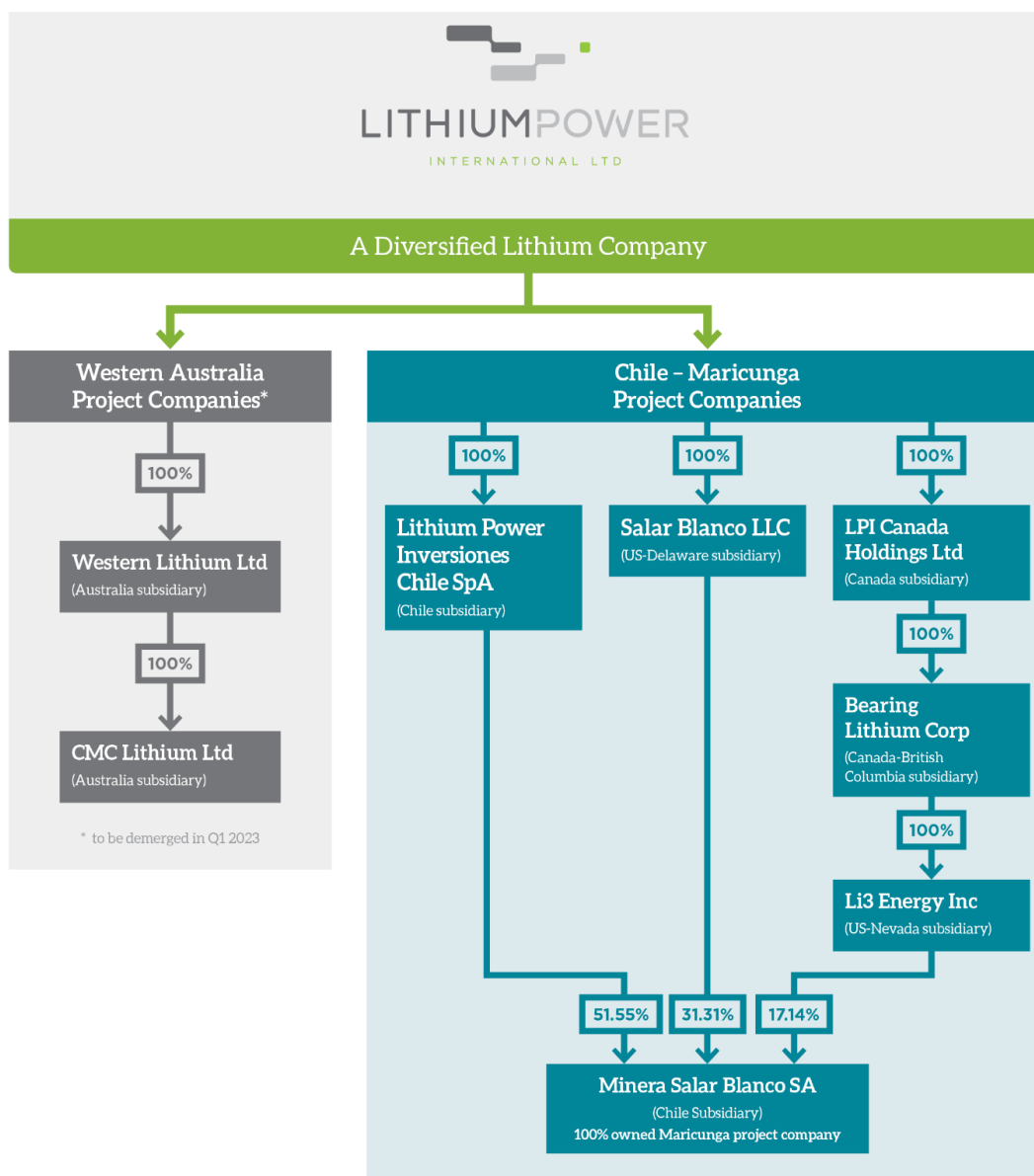
Overview

On completion of the Arrangement, LPI will own all of the outstanding Bearing Shares and Bearing will become a wholly-owned subsidiary of LPI.

The Combined Company will continue to be a publicly traded (on the ASX) Australian lithium company engaged in the operation, development, exploration and acquisition of resource properties. The Combined Company will operate both of the existing businesses of LPI and Bearing, being principally the MSB Project. LPI's existing policies and procedures, including those related to executive compensation and corporate governance, will not change as a result of the completion of the Arrangement. For more information relating to the business of LPI, see "*Appendix B – Information Relating to LPI*" and the documents incorporated by reference herein. For more information relating to the business of Bearing, see "*Appendix A – Information Relating to Bearing*".

Organizational Chart

Immediately following the completion of the Arrangement, the Combined Company's material assets will be owned through a series of primary subsidiaries, as shown on the organization chart below.



Balanced Portfolio of Assets

The Combined Company's assets will include:

- (a) 100% interest in the MSB Project (assuming the Joint Venture Partner Transaction is also completed); and
- (b) Western Australian lithium exploration assets comprised of:
 - (i) Greenbushes tenements cover approximately 40,000 hectares located immediately along strike from the Talison mine which is the world's largest hard rock lithium producer owned by Albemarle and Tianqi of China;

- (ii) Pilgangoora tenements cover approximately 14,000 hectares adjacent to assets owned by Pilbara Minerals; and
- (iii) additional tenements in the Eastern Goldfields region along the Donnybrook-Bridgetown Shear Zone, as announced by LPI on July 5, 2022.

Manageable Capital Requirements

LPI believes that the post-closing capital requirements will be manageable, initially supported by LPI's and Bearing's current cash position, and the deeper access to a wider range of capital partners of the Combined Company.

Improved Capital Markets Presence

The Combined Company will have a broader shareholder base with increased market liquidity and a larger public float. Based on the closing price of the LPI Shares on the ASX on June 30, 2022, the Combined Company had a pro forma market capitalization of approximately A\$235 million (including the value of the Joint Venture Partner Transaction).

Experienced Leadership

The Combined Company will continue to operate under the LPI name, and LPI's management will continue to be the management of the Combined Company. The principal executive office and headquarters of the Combined Company will remain in Sydney, Australia.

Mineral Resource Estimate for the Properties of the Combined Company

Please refer to Appendix "B" for mineral resources and mineral reserves of LPI, and the MSB Project Technical Report for mineral resources and mineral reserves of Bearing.

Selected Unaudited Pro Forma Consolidated Financial Information

The following selected unaudited pro forma consolidated financial information of LPI has been derived from the unaudited pro forma consolidated financial statements of LPI after giving effect to the Arrangement as at June 30, 2022 and for the twelve months then ended, included in Appendix "C" to this Circular. The unaudited pro forma consolidated financial statements of LPI have been compiled from underlying financial statements of LPI and Bearing prepared in accordance with IFRS to illustrate the effect of the Arrangement. Adjustments have been made to prepare the unaudited pro forma consolidated financial statements of LPI, which adjustments are based on certain assumptions. Both the adjustments and the assumptions made in respect thereof are described in the notes to the unaudited pro forma consolidated financial statements.

The following selected unaudited pro forma financial information and the unaudited pro forma consolidated financial statements are presented for illustrative purposes only and are not necessarily indicative of: (i) the operating or financial results that would have occurred had the Arrangement actually occurred at the times contemplated by the notes to the unaudited pro forma consolidated financial statements; or (ii) of the results expected in future periods. You should read the unaudited pro forma consolidated financial information together with: (i) the audited consolidated annual financial statements of Bearing for the years ended October 31, 2021 and October 31, 2020; (ii) the unaudited condensed consolidated interim financial statements of Bearing for the six months ended April 30, 2022 and April 30, 2021; and (iii) the audited consolidated annual financial statements of LPI for the years ended June 30, 2022 and June 30, 2021.

See the unaudited pro forma consolidated financial statements of LPI following completion of the Arrangement set forth in Appendix "C" to this Circular.

Statement of Financial Position:	As at June 30, 2022 (AUD\$)
Cash and cash equivalents	6,271,430
Total current assets	13,759,075
Total assets	141,160,114
Total current liabilities	1,987,519
Total liabilities	1,987,519
Total equity	139,172,595

Pro Forma Consolidated Capitalization

The following table sets forth the pro forma consolidated capitalization of LPI as at June 30, 2022, after giving effect to the Arrangement and the Joint Venture Partner Transaction as if they were completed on June 30, 2022. For detailed information on the capitalization of Bearing as at April 30, 2022 and LPI as at June 30, 2022, see the unaudited condensed consolidated interim financial statements for the three and six months ended April 30, 2022 for Bearing, and the audited financial statements for LPI as at June 30, 2022, respectively. See also the unaudited pro forma consolidated financial statements of LPI following completion of the Arrangement set forth in Appendix "C" to this Circular.

Description	LPI as at June 30, 2022	Combined Company as at June 30, 2022⁽¹⁾
Ordinary Shares	349,144,848	587,041,325
LPI Options	-	-
LPI Share Appreciation Rights	12,500,000	12,500,000
Bearing Options	-	9,200,000
Bearing Warrants	-	16,806,855

Note:

(1) After giving effect to the Arrangement and the Joint Venture Partner Transaction.

Principal Holders of Shares

Upon completion of the Arrangement, other than the Joint Venture Partner, to the knowledge of LPI and Bearing, no person will beneficially own, directly or indirectly, or exercise control or direction over, 10% or more of the outstanding common shares of the Combined Company, other than Joint Venture Partner who is expected to own approximately 25.0% of the outstanding shares of LPI following the Arrangement.

Description of Share Capital

The share capital of LPI will remain unchanged as a result of the completion of the Arrangement, other than for the issuance of the LPI Shares contemplated by the Arrangement and the LPI Shares that may be issued in connection with the exercise of the Bearing Options and Bearing Warrants.

LPI is currently authorized to issue an unlimited number of LPI Shares subject to the restrictions under the ASX Listing Rules and applicable Law. As of the date of the Arrangement Agreement, 349,144,848 LPI Shares were issued and outstanding. On September 9, 2022, in connection with a private placement, LPI issued an additional 41,666,667 LPI Shares at a price of A\$0.60. As of the date of this Circular, LPI had 391,201,126 LPI Shares issued and outstanding. All LPI Shares are fully paid and have no par value. In addition, as of the date of the Arrangement Agreement, 18,500,000 LPI Share Appreciation Rights were outstanding.

See "*Appendix B – Information Relating to LPI*" which includes a description of the rights, privileges and restrictions attaching to the LPI Shares.

CHESS

LPI participates in the Clearing House Electronic Subregister System ("**CHESS**") in Australia.

Settlement of trading of quoted securities on the ASX market takes place on CHESS, which is the ASX's electronic transfer and settlement system. CHESS allows for, and requires the settlement of, transactions in securities quoted on the ASX to be effected electronically. No share or security certificates are issued in respect of shareholdings or security holdings which are quoted on the ASX and settled on CHESS, nor is it a requirement for transfer forms to be executed in relation to transfers which occur on CHESS.

Dividends

Any decision to pay cash dividends or distributions on LPI Shares in the future will be made by the LPI Board on the basis of the earnings, financial requirements and other conditions existing at such time and in accordance with applicable Law. There is no guarantee that LPI will pay dividends.

Auditor of the Combined Company

Ernst & Young LLP (Australia), the current auditor of LPI, will be the auditor of the Combined Company following completion of the Arrangement.

Executive Officers

Following completion of the Arrangement, there will be no change to the executive officers of the Combined Company from the current executive officers of LPI.

Shareholdings of Directors and Executive Officers Following the Arrangement

After giving effect to the Arrangement, it is expected that the number of ordinary shares of the Combined Company beneficially owned, directly or indirectly, or over which control or direction will be exercised, by the proposed directors and officers of the Combined Company and their associates and affiliates, will be an aggregate of approximately 13,453,301 ordinary shares of the Combined Company (including shares issuable upon the exercise of the Bearing Options and Bearing Warrants) of the estimated outstanding ordinary shares of the Combined Company following completion of the Arrangement.

THE ARRANGEMENT AGREEMENT

The Arrangement will be carried out pursuant to the Arrangement Agreement and the Plan of Arrangement. The following is a summary of the principal terms of the Arrangement Agreement and Plan of Arrangement. This summary does not purport to be complete and is qualified in its entirety by reference to the Arrangement Agreement which has been filed by Bearing on its SEDAR profile at www.sedar.com on July 4, 2022 and to the Plan of Arrangement, which is appended hereto as Appendix "E".

On June 22, 2022, Bearing, the Purchaser and LPI entered into the Arrangement Agreement, pursuant to which Bearing, the Purchaser and LPI agreed that, subject to the terms and conditions set forth in the Arrangement Agreement, LPI will ultimately acquire all of the issued and outstanding Bearing Shares. Upon completion of the Arrangement, each Bearing Shareholder (other than Dissenting Bearing Shareholders) will receive, in exchange for each Bearing Share, 0.7 of an LPI Share. The terms of the Arrangement Agreement are the result of arm's length negotiations conducted between representatives of the LPI Board and the Bearing Board and their respective advisors.

Representations and Warranties

The Arrangement Agreement contains representations and warranties made by Bearing to LPI and representations and warranties made by LPI and the Purchaser to Bearing. Those representations and warranties were made solely for the purposes of the Arrangement Agreement and are subject to important qualifications and limitations agreed to by the Parties in connection with negotiating its terms. Moreover, some of the representations and warranties contained in the Arrangement Agreement are subject to a contractual standard of materiality (including a material and adverse effect) that is different from that generally applicable to the public disclosure documents filed by Bearing and LPI, as the case may be, or those standards used for the purpose of allocating risk between parties to an agreement. As the representations and warranties are made only to LPI and Bearing, respectively, Bearing Securityholders should not rely on the representations and warranties contained in the Arrangement Agreement as statements of factual information at the time they were made or otherwise.

The representations and warranties provided by Bearing in favour of LPI relate to, among other things: (1) the due incorporation, existence, power and authority of Bearing and its subsidiaries to own its assets and conduct its business in compliance with the permitting and registration requirements of the applicable governmental entities; (2) the capitalization of Bearing as at the date of execution of the Arrangement Agreement; (3) the corporate power and authority of Bearing to enter into the Arrangement Agreement and perform its obligations thereunder and the approval of the Arrangement Agreement by the Bearing Board; (4) the execution and delivery of the Arrangement Agreement and the performance by Bearing of its obligations thereunder not: (i) violating, conflicting with or resulting in a breach of (A) any provision of Bearing's constating documents or those of any of Bearing's subsidiaries, (B) any agreement, contract, indenture, deed of trust, mortgage, bond, instrument, Authorization, licence or permit to which Bearing or any of its subsidiaries is a party or is bound, or (C) any Law to which Bearing or any of its subsidiaries is subject or is bound; (ii) resulting in the imposition of any encumbrances upon or giving the right to other person to acquire any of the property or assets of Bearing or any of its subsidiaries or limiting the ability of Bearing or any of its subsidiaries to conduct the business as and where it is now being conducted; (iii) resulting in or accelerating the time for payment becoming due to any director or officer of Bearing or its subsidiaries or increasing any benefits otherwise payable under any pension or benefits plan of Bearing or any of its subsidiaries; and (iv) requiring the authorization, consent or approval of, or filing with, any Governmental Entity or other authority by Bearing other than the Interim Order, the Final Order, the filings required to be made pursuant to applicable Securities Laws and filings required to be made with the TSXV; (5) Bearing's Board having approved the Arrangement determining it was in the best interest of Bearing

after: (i) receiving the Bearing Fairness Opinion; (ii) after consultation with advisors concluding the Arrangement was in the best interests of Bearing; and (iii) each director and officer advising that they intend to vote in favour of the Arrangement Resolution; (6) Bearing's ownership of its subsidiaries and the subsidiaries' due incorporation, existence and authority to conduct their business; (7) the absence of certain material changes or events since January 31, 2022; (8) Bearing and its subsidiaries have performed in all material respect all of the obligation required under the material contracts to which each party is bound; (9) employment matters; (10) Bearing's audited consolidated financial statements for financial years ended October 31, 2021 and 2020; (11) the accuracy of the books, records and accounts of Bearing and its subsidiaries; (12) the absence of any claims or proceedings against Bearing or any of its subsidiaries; (13) tax related matters; (14) absence of non-arm's length transactions; (15) Bearing's reporting issuer status in Alberta and British Columbia; (16) absence of registration requirements under the U.S. Securities Exchange Act of 1934, as amended; (17) the absence of cease trade orders; (18) listing of the Bearing Shares and compliance with the applicable listing and corporate governance rules and regulations of the TSXV; (19) compliance with any applicable Laws; (20) the absence of any restrictions on the business activities of Bearing or any of its subsidiaries by any agreement, judgment, injunction, order or decree; (21) absence of any broker fees; (22) compliance with anti-bribery and anti-corruption legislation; (23) approval of the Bearing Board; (24) voting requirements for the approval of the Arrangement; (25) absence of ownership of any LPI Shares by Bearing or its subsidiaries; and (26) compliance with the *Competition Act* (Canada).

The representations and warranties provided by LPI and the Purchaser in favour of Bearing relate to, among other things: (1) the due incorporation, existence, power and authority of LPI and the LPI subsidiaries to own its assets and conduct its business in compliance with the permitting and registration requirements; (2) the capitalization of LPI as at the date of execution of the Arrangement Agreement; (3) the corporate power and authority of LPI to enter into the Arrangement Agreement and perform its obligations thereunder and the approval of the Arrangement Agreement by the LPI Board; (4) the execution and delivery of the Arrangement Agreement and the performance by LPI and the Purchaser of its obligations thereunder not: (i) violating, conflicting with or resulting in a breach of (A) any provision of LPI's constating documents or those of any of LPI's subsidiaries, or (B) any Law or rules or policies of the ASX to which LPI or any of its subsidiaries is subject or is bound; (ii) giving rise to any rights of termination or accelerating indebtedness under any agreement or contract; (iii) resulting in the imposition of any encumbrances upon or giving the right to other person to acquire any of the property or assets of LPI or any of its subsidiaries or limiting the ability of LPI or any of its subsidiaries to conduct the business as and where it is now being conducted; and (iv) requiring the authorization, consent or approval of, or filing with, any Governmental Entity or other authority by LPI other than the filings required to be made pursuant to applicable Securities Laws and filings required to be made with the ASX or ASIC; (5) LPI Board and the Purchaser's board of directors having approved the Arrangement unanimously; (6) the absence of certain material changes or events since December 31, 2021; (7) LPI and its subsidiaries have performed in all material respect all of the obligation required under the material contracts to which each party is bound; (8) LPI's consolidated financial statements for half-year ended December 31, 2021; (9) the accuracy of the books, records and accounts of LPI and its subsidiaries; (10) the absence of any claims or proceedings against LPI or any of its subsidiaries; (11) LPI's reporting issuer status in Australia on the ASX; (12) tax related matters; (13) absence of registration requirements under the U.S. Securities Exchange Act of 1934, as amended; (14) the absence of cease trade orders; (15) listing of the LPI Shares and compliance with the applicable listing and corporate governance rules and regulations of the ASX and the ASIC; (16) compliance with any applicable Laws; (17) compliance with anti-bribery and anti-corruption legislation; (18) approval of the LPI Board of the Arrangement; (19) LPI's foreign private issuer status; (20) absence of ownership of any Bearing Shares by LPI or its subsidiaries; and (21) LPI's status as a Trade Agreement Investor within the meaning of the *Investment Canada Act*.

Conditions Precedent to the Arrangement

Mutual Conditions

The obligations of the Parties to complete the Arrangement are subject to the fulfillment, on or before the Effective Time, of each of the following conditions precedent, each of which may only be waived in whole or in part with the mutual written consent of Bearing and LPI:

- the Arrangement Resolution shall have been approved by the Bearing Securityholders at the Bearing Meeting in accordance with the Interim Order;
- the Interim Order and the Final Order shall each have been obtained on terms satisfactory to Bearing and LPI, each acting reasonably, and shall not have been set aside or modified in a manner unacceptable to either Bearing or LPI, acting reasonably, on appeal or otherwise;
- there shall not be in force any Laws, and there shall not have been any action taken under any Laws or by any Governmental Entity, that makes it illegal or otherwise directly or indirectly restrains, enjoins or prohibits the consummation of the Arrangement in accordance with the terms of the Arrangement Agreement;
- ASX shall not have indicated to LPI that it will refuse to grant quotation of the LPI Shares to be issued pursuant to the Arrangement;
- the required approval of the TSXV and the ASX in respect of the transactions contemplated under the Plan of Arrangement have been obtained and are in force and have not been rescinded;
- LPI shall have:
 - filed a prospectus in connection with the issuance of the LPI Shares to be issued pursuant to the Arrangement and the LPI Shares issuable on exercise of the Bearing Warrants; or
 - obtained a waiver of relief granted by ASIC from the requirement of LPI to comply with the prospectus and secondary share sale requirements of Parts 6D.2 and 6D.3 of the *Australian Corporations Act 2001* (Cth) as amended from time to time for the LPI Shares to be issued pursuant to the Arrangement and the LPI Shares issuable on exercise of the Bearing Warrants and/or Bearing Options;
- either the LPI Shareholders shall have approved the issuance of the LPI Shares issuable in connection with the Arrangement (not including the LPI Shares issuable on exercise of the Bearing Warrants and/or Bearing Options) or LPI shall have obtained a waiver granted by ASX to the effect that ASX Listing Rule 7.1 will apply to the issuance of LPI Shares issuable in connection with the Arrangement (not including the LPI Shares issuable on exercise of the Bearing Warrants and/or Bearing Options) as if exception 6 in ASX Listing Rule 7.2 applied to such issuance and LPI shall have complied with any and all requirements of ASX that may be imposed under ASX Listing Rule 11;
- the Waiver Deed shall have been executed by all parties to the Waiver Deed and shall remain in full force and effect in accordance with its terms as at the Effective Time; and

- the Arrangement Agreement shall not have been terminated pursuant to Section 7.3 of the Arrangement Agreement.

Additional Conditions in Favour of LPI

The obligations of LPI to complete the Arrangement are subject to the fulfillment of each of the following additional conditions precedent on or before the Completion Deadline (each of which is for the exclusive benefit of LPI and may only be waived, in whole or in part, by LPI in its sole discretion):

- the representations and warranties made by Bearing in the Arrangement Agreement that (i) are qualified by materiality or the expression "Material Adverse Effect" shall be true and correct as of the Effective Date as if made on and as of the Effective Date (except for those representations and warranties made as of a specific date, which shall be true and correct on and as of such date), and (ii) all other representations and warranties made by Bearing in the Arrangement that are not so qualified shall be true and correct in all material respects as of the Effective Date as if made on and as of the Effective Date (except for those representations and warranties made as of a specific date, which shall be true and correct in all material respects on and as of such date), and Bearing shall have provided to LPI a certificate of any two directors or officers thereof (in each case on behalf of Bearing and without personal liability), certifying the foregoing;
- from the date of the Arrangement Agreement to the Effective Date, there shall not have occurred a Material Adverse Effect in respect of Bearing;
- Bearing shall have complied in all material respects with its covenants under the Arrangement Agreement, except where the failure to comply in all material respects with its covenants, individually or in the aggregate, would not result or would not reasonably be expected to result in a Material Adverse Effect in respect of Bearing or would not, or would not reasonably be expected to, materially impede completion of the Arrangement, and Bearing shall have provided to LPI a certificate of any two directors or officers thereof (in each case on behalf of Bearing and without personal liability), certifying the foregoing;
- Dissent Rights shall not have been exercised (and not withdrawn) in respect of more than 5% of the issued and outstanding Bearing Shares; and
- Bearing shall have completed the Bearing Permitted Transaction.

Additional Conditions in Favour of Bearing

The obligations of Bearing to complete the Arrangement are subject to the fulfillment of each of the following additional conditions precedent on or before the Effective Time (each of which is for the exclusive benefit of Bearing and may only be waived, in whole or in part, by Bearing in its sole discretion):

- the representations and warranties made by LPI in the Arrangement Agreement that (i) are qualified by materiality or the expression "Material Adverse Effect" shall be true and correct as of the Effective Date as if made on and as of the Effective Date (except for those representations and warranties made as of a specific date, which shall be true and correct on and as of such date), and (ii) all other representations and warranties made by LPI in the Arrangement Agreement that are not so qualified shall be true and correct in all material respects as of the Effective Date as if made on and as of the Effective Date (except for those representations and warranties made as of a specific date, which shall be true and correct in all material respects on and as of such date), and

LPI shall have provided to Bearing a certificate of any two directors or officers thereof (in each case on behalf of LPI and without personal liability), certifying the foregoing;

- the Joint Venture Partner Transaction shall have been completed prior to, or concurrently with, the Effective Time, in accordance with the terms of the Joint Venture Partner Agreement without amendment (other than amendments of an immaterial nature which do not affect the price or consideration paid in respect of the Joint Venture Partner Transaction or amendments consented to by Bearing);
- from the date of this Agreement to the Effective Date, there shall not have occurred a Material Adverse Effect in respect of LPI; and
- LPI shall have complied in all material respects with its covenants under the Arrangement Agreement, except where the failure to comply in all material respects with its covenants, individually or in the aggregate, would not result or would not reasonably be expected to result in a Material Adverse Effect in respect of LPI or would not, or would not reasonably be expected to, materially impede completion of the Arrangement, and LPI shall have provided to Bearing a certificate of any two directors or officers thereof (in each case on behalf of LPI and without personal liability), certifying the foregoing.

Covenants

In the Arrangement Agreement, each of Bearing and LPI has agreed to certain covenants, including customary affirmative and negative covenants relating to the operation of their respective businesses, and using commercially reasonable efforts to satisfy the conditions precedent to their respective obligations under the Arrangement Agreement.

Covenants of Bearing Regarding the Conduct of Business

Other than as required or expressly permitted or specifically contemplated by the Arrangement Agreement and other than in connection with the Bearing Permitted Transaction, Bearing shall, and shall cause its subsidiaries to, conduct business only in, and not take any action except in, the ordinary course of business and consistent with past practice.

Other than as required or expressly permitted or specifically contemplated by the Arrangement Agreement, or in connection with any Bearing Permitted Transaction or the distribution of Available Cash contemplated under Section 4.6 of the Arrangement Agreement, Bearing shall not, without the prior written consent of LPI, which consent shall not be unreasonably withheld or delayed, directly or indirectly do or cause or permit any of its subsidiaries to do, any of the following, except where refraining from taking any such action, or seeking the consent of LPI, as the case may be, would be contrary to applicable Laws:

- issue, sell, grant, pledge, lease, dispose of, encumber or create any encumbrance on or agree to do so, or permit any of its subsidiaries to issue, sell, grant, pledge, lease, dispose of, encumber or create any encumbrance on or agree to do so, any shares or other securities of, or any options, warrants, calls, conversion privileges or rights of any kind to acquire any shares of, Bearing or any of its subsidiaries, other than the issue of Bearing Shares in accordance with the Bearing Options and Bearing Warrants issued and outstanding on the date hereof in accordance with their terms and set forth in the Bearing Disclosure Letter;
- other than pursuant to obligations or rights under existing contracts, agreements and commitments (to the extent such rights have been exercised or initiated by other Persons), sell, lease, encumber

or otherwise dispose of, or permit any of its subsidiaries to sell, lease, encumber or otherwise dispose of, any property or assets or enter into any agreement or commitment in respect of any of the foregoing;

- amend or propose to amend the articles, notice of articles, by-laws or other constating documents or their equivalent of Bearing or any of its subsidiaries or any of the terms of the Bearing Options or Bearing Warrants as they exist at the date of the Arrangement Agreement;
- reduce its stated capital, or split, combine or reclassify any of the shares or other securities of Bearing or any of its subsidiaries, or declare, set aside or pay any dividend or other distribution payable in cash, securities, property or otherwise with respect to the Bearing Shares or the shares of any of its subsidiaries;
- redeem, purchase or offer to purchase, or permit any of its subsidiaries to redeem, purchase or offer to purchase, any Bearing Shares;
- take any action that would result in any amendment, modification, or change of any term of any financial indebtedness by Bearing or any of its subsidiaries;
- adopt, nor permit any of its subsidiaries to adopt, any resolutions or enter into any agreement providing for the amalgamation, merger, consolidation, reorganization, liquidation, dissolution or any other extraordinary transaction in respect of itself, or adopt any plan of liquidation;
- acquire or agree to acquire any corporation, partnership or other Person (or material interest therein) or division of any corporation or other entity, or permit any of its subsidiaries to acquire or agree to acquire any corporation, partnership or other Person (or material interest therein) or division of any corporation or other entity;
- (A) except as disclosed in the Bearing Disclosure Letter, satisfy or settle any claim, dispute, liability or obligation that is not in the ordinary course of business, except for any liability or obligation between Bearing and any of its subsidiaries or between its subsidiaries; (B) relinquish any contractual rights that are, individually or in the aggregate, in an amount in excess of C\$25,000; (C) enter into any interest rate, currency or commodity swaps, hedges, caps, collars, forward sales or other similar financial instruments; (D) enter into or renew any lease, licence or other binding obligation of Bearing or any of its subsidiaries, or (E) not enter into or renew any agreement, contract, lease, licence or other binding obligation of Bearing or any of its subsidiaries that involves or would reasonably be expected to involve aggregate payments over the term of the contract in excess of C\$25,000;
- (A) acquire any assets where the consideration for such assets is in excess of C\$25,000 and then only in the ordinary course of business; (B) incur any indebtedness for borrowed money or any other material liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for, the obligations of any other Person, or make any loans or advances, except inter-company guarantees and intercompany loans and advances; (C) authorize, recommend or propose any release or relinquishment of any material contractual right; (D) waive, release, grant or transfer any material rights of value or modify or change in any material respect any existing material authorization, lease, contract, agreement, government land concession or other material rights, claims or document; (E) enter into or terminate any hedges, swaps or other similar financial instruments or transactions, except for the settlement of contracts in existence as of the date of the Arrangement Agreement; (F) enter into

any financial agreements with its directors or officers or their respective affiliates; or (G) authorize, propose, permit or agree to any of the above;

- initiate any material discussion, negotiations or filings with any Governmental Entity regarding any matter without previously notifying LPI, and further agrees, subject to applicable Law, to provide LPI with immediate notice of any material communication (whether oral or written) from a Governmental Entity, including a copy of any written communication;
- enter into, or cause any of its subsidiaries to enter into, new material commitments of a capital expenditure nature or incur any new material contingent liabilities other than: (A) ordinary course expenditures; (B) expenditures required by Laws; and (C) expenditures made in connection with transactions contemplated in the Arrangement Agreement;
- create any new obligations or liabilities or modify or in any manner amend any existing obligations and liabilities to pay any amount, including loan amounts, to its or their officers, directors, employees and consultants;
- adopt or amend or make any material contribution to any benefit plan, Bearing Option Plan or to any other bonus, profit sharing, option, retention, deferred compensation, incentive compensation, other compensation or other similar plan, agreement, trust, fund or arrangements for the benefit of employees, except as is necessary to comply with applicable Laws or the terms of such plans, programs, arrangements or agreements where the failure to so comply would result in a material breach of such plans, programs, arrangements or agreements;
- acquire any securities of LPI or any option, rights or entitlements to acquire any securities of LPI or enter into any commitment or agreement to do any of the foregoing; or
- except as required by IFRS or any other generally accepted accounting principles to which any of its subsidiaries may be subject, or any applicable Laws, make any changes to the existing accounting policies of Bearing or any of its subsidiaries or make any material tax election inconsistent with past practice other than as contemplated in the Arrangement Agreement.

Covenants of Bearing Relating to the Arrangement

Bearing shall use commercially reasonable efforts to satisfy, or cause to be satisfied, all of the conditions precedent to its obligations to the extent that the same is within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to complete the transactions contemplated by the Arrangement Agreement, including using commercially reasonable efforts to:

- obtain the approval of the Bearing Securityholders with respect to the Arrangement Resolution in accordance with the provisions of the BCBCA, the Interim Order and the requirements of any applicable regulatory authority;
- obtain all consents, approvals and authorizations as are required to be obtained by Bearing or any of its subsidiaries under any applicable Laws or from any Governmental Entity that would, if not obtained, materially impede the completion of the transactions contemplated by the Arrangement Agreement or have a Material Adverse Effect on Bearing;
- effect all necessary registrations, filings and submissions of information required by Governmental Entities to be effected by it in connection with the transactions contemplated by the Arrangement

Agreement and participate, and appear in any proceedings of, any Party before any Governmental Entity;

- oppose, lift or rescind any injunction or restraining order or other order or action challenging or affecting the Arrangement Agreement, the transactions contemplated by the Arrangement Agreement or seeking to stop, or otherwise adversely affecting the ability of the Parties to consummate, the transactions contemplated hereby;
- obtain all third party consents, waivers and approvals and give any notices required under any of the material contracts to which Bearing or any of its subsidiaries is a party or its or their respective assets are bound;
- fulfill all conditions and satisfy all provisions of the Arrangement Agreement and the Plan of Arrangement required to be fulfilled or satisfied by Bearing; and
- cooperate with LPI in connection with the performance by LPI of its obligations under the Arrangement Agreement, provided however that the foregoing shall not be construed to obligate Bearing to pay or cause to be paid any monies to cause such performance to occur or to alleviate from LPI any covenant or obligation of it under the Arrangement Agreement.

Bearing shall promptly notify LPI if:

- any Material Adverse Effect, or any change, event, occurrence or state of facts that could reasonably be expected to become a Material Adverse Effect, in respect of Bearing;
- any material Governmental Entity or third Person complaints, investigations or hearings (or communications indicating that the same may be contemplated).

Covenants of LPI Relating to the Conduct of Business

Other than in contemplation of or as required to give effect to the transactions contemplated by the Arrangement Agreement or the Joint Venture Partner Transaction, LPI shall, and shall cause its subsidiaries to, conduct business only in, and not take any action except in, the ordinary course of business and consistent with past practice.

Other than as required or expressly permitted or specifically contemplated by the Arrangement Agreement including in relation to the Joint Venture Partner Transaction, LPI shall not, without the prior written consent of Bearing, which consent shall not be unreasonably withheld or delayed, directly or indirectly do or cause or permit any of its subsidiaries to do, any of the following, except where refraining from taking any such action, or seeking the consent of Bearing, as the case may be, would be contrary to applicable Laws:

- amend or propose to amend the constating documents or their equivalent of LPI or any of its subsidiaries or any of the terms of the LPI Shares or LPI Share Appreciation Rights as they exist at the date of the Arrangement Agreement;
- reduce its stated capital, or split, combine or reclassify any of the shares or other securities of LPI or any of its subsidiaries, or declare, set aside or pay any dividend or other distribution payable in cash, securities, property or otherwise with respect to the LPI Shares or the shares of any of its subsidiaries;

- redeem, purchase or offer to purchase, or permit any of its subsidiaries to redeem, purchase or offer to purchase, any LPI Shares and any other securities or rights under existing contracts, agreements and commitments;
- other than as set forth in the LPI Disclosure Letter, issue any shares or other securities, except in respect of the issuance of LPI Shares pursuant to any outstanding LPI Share Appreciation Rights, outstanding convertible instruments or securities and/or securities issuable pursuant to the Arrangement Agreement or the Joint Venture Partner Transaction;
- other than changes of an immaterial nature which do not affect the price or consideration paid in respect of the Joint Venture Partner Transaction, agree to make any changes to the Joint Venture Partner Agreement without the written consent of Bearing;
- acquire any securities of Bearing or any option, rights or entitlements to acquire any securities of Bearing or enter into any commitment or agreement to do any of the foregoing;
- except as required by IFRS or any other generally accepted accounting principles to which any of its subsidiaries may be subject, or any applicable Laws, make any changes to the existing accounting policies of LPI or any of its subsidiaries; or
- implement the WA Spin-Off until the earlier of: (A) the first calendar day following the Effective Time upon which Bearing Securityholders as of the Effective Time (who continue to hold LPI Shares obtained in the Arrangement) are entitled to participate in the WA Spin-Off as LPI Shareholders (to the extent permitted by law); and (B) termination of the Arrangement Agreement.

Covenants of LPI Relating to the Arrangement

LPI shall use commercially reasonable efforts to satisfy, or cause to be satisfied, all of the conditions precedent to its obligations to the extent that the same is within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to complete the transactions contemplated by the Arrangement Agreement (including the Joint Venture Partner Transaction), including using commercially reasonable efforts to:

- obtain the approval of the LPI Shareholders with respect to the Joint Venture Partner Transaction in accordance with the requirements of any applicable regulatory authority;
- complete the Joint Venture Partner Transaction;
- obtain all consents, approvals and authorizations as are required to be obtained by LPI or any of its subsidiaries under any applicable Laws or from any Governmental Entity, ASIC or the ASX that would, if not obtained, materially impede the completion of the transactions contemplated by the Arrangement Agreement or have a Material Adverse Effect on LPI;
- effect all necessary registrations, filings and submissions of information required by Governmental Entities to be effected by it in connection with the transactions contemplated by the Arrangement Agreement and participate, and appear in any proceedings of, any Party before any Governmental Entity;
- oppose, lift or rescind any injunction or restraining order or other order or action challenging or affecting the Arrangement Agreement, the transactions contemplated by the Arrangement

Agreement or seeking to stop, or otherwise adversely affecting the ability of the Parties to consummate, the transactions contemplated hereby;

- obtain all third party consents, waivers and approvals and give any notices required under any of the material contracts to which LPI or any of its subsidiaries is a party or its or their respective assets are bound;
- cause the LPI Shares to be issued pursuant to the Arrangement and the LPI Shares issuable on exercise of the Bearing Warrants to be quoted on the ASX;
- obtain a waiver of relief granted by the ASX as described in Section 5.1(g) of the Arrangement Agreement, provided that if such waiver of relief is not possible, then deliver to Bearing duly executed voting and support agreements, in a form acceptable to Bearing, acting reasonably, from all of LPI's directors and officers (that are not also directors) of LPI that own, or exercise control or direction over, LPI Shares;
- obtain a waiver of relief granted by ASIC from the requirement of LPI to comply with the prospectus and secondary share sale requirements of Parts 6D.2 and 6D.3 of the *Australian Corporations Act 2001* (Cth) as amended from time to time for the LPI Shares to be issued pursuant to the Arrangement and the LPI Shares issuable on exercise of the Bearing Warrants, and if such waiver is not obtained, file, prior to the Effective Time, a prospectus in connection with the issuance of the LPI Shares to be issued pursuant to the Arrangement and the LPI Shares issuable on exercise of the Bearing Warrants;
- fulfill all conditions and satisfy all provisions of the Arrangement Agreement and the Plan of Arrangement required to be fulfilled or satisfied by LPI;
- cooperate with Bearing in connection with the performance by it of its obligations under the Arrangement Agreement, provided however that the foregoing shall not be construed to obligate LPI to pay or cause to be paid any monies to cause such performance to occur or to alleviate from Bearing any covenant or obligation of it under the Arrangement Agreement.

LPI shall promptly notify Bearing of:

- any Material Adverse Effect, or any change, event, occurrence or state of facts that could reasonably be expected to become a Material Adverse Effect, in respect of LPI; and
- any material Governmental Entity, ASIC, ASX or third Person complaints, investigations or hearings (or communications indicating that the same may be contemplated).

Other Covenants

- Subject to applicable Securities Laws, LPI, the Purchaser and Bearing shall use commercially reasonable efforts to cause the Bearing Shares to be de-listed from the TSXV with effect immediately following completion of the Arrangement.
- The shareholders of the MSB agreed that each that each capital call made by MSB after January 1, 2022, and prior to the Effective Date shall be fully funded (including the pro rata of Bearing and the Joint Venture Partner (as applicable)) by LPI, acting directly or through Lithium Power Inversiones Chile SpA ("**LPI Chile**"), by means of shareholder loans (the "**SHLs**"). However, if the Joint Venture Partner Transaction and/or the Arrangement are not completed for any reason

whatsoever and the Joint Venture Partner Agreement and/or this Agreement is terminated, the shareholders of MSB shall promptly thereafter cause the board of directors to convene a shareholders' extraordinary meeting of MSB for the approval of a capital increase pursuant to the following main terms and conditions: (i) the capital of MSB is increased by an amount sufficient to repay in full the SHLs, (ii) the shares issued by MSB pursuant to such capital increase are issued at book value, (iii) the proceeds of the capital increase are used by MSB to repay in full the SHLs, (iv) each continuing shareholder is granted the preferred right (but not the obligation) to subscribe and pay, in cash or in kind, as the case may be, its pro rata of the new shares issued by MSB, (v) if any continuing shareholder fails to subscribe and/or pay its pro rata of the new shares issued by MSB, then any other continuing shareholder(s) that has subscribed and paid its pro rata of the new shares issued by MSB shall have the preferred right (but not the obligation) to subscribe and pay, in cash or in kind, as the case may be, its pro rata of such unsubscribed or unfunded shares (disregarding for determining this pro rata the shares of the non-contributing shareholder(s)), and (vi) LPI and/or LPI Chile (as applicable) shall be entitled to contribute to MSB the SHLs, totally or partially, as the case may be, in exchange for receiving all or the applicable pro rata of the new shares issued by MSB as described under this paragraph (and, for the avoidance of doubt, if LPI and/or LPI Chile contribute(s) to MSB the SHLs as set forth above, in no event will LPI and/or LPI Chile's interest in MSB be diluted as a result of the funding arrangements described in this paragraph). Each of LPI and Bearing shall vote its shares of MSB to secure and permit the approval of MSB's capital increase as described in this paragraph.

- The Parties agree that Bearing may distribute its Available Cash as provided for in the Plan of Arrangement, provided, however, that Bearing and LPI shall agree (with each Party acting reasonably) on the amount of such Available Cash to be distributed prior to the Effective Date.

Covenant Regarding Bearing Non-Solicitation

Except as expressly permitted in the Arrangement Agreement, Bearing and its subsidiaries shall not, directly or indirectly, do or authorize or permit any of its or their representatives to do, any of the following:

- solicit, assist, initiate, encourage or otherwise knowingly facilitate (including by way of furnishing or providing copies of, access to, or disclosure of, any confidential information, properties, facilities, books or records of Bearing or any of its subsidiaries), any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal;
- enter into or otherwise engage or participate in or knowingly facilitate any discussions or negotiations with any Person (other than LPI or any Person acting jointly or in concert with LPI) regarding any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal;
- withdraw, amend, modify or qualify, or publicly propose or state an intention to withdraw, amend, modify or qualify, the Bearing Board Recommendation;
- accept, approve, endorse or recommend, or publicly propose to accept, approve, endorse or recommend, or take no position or remain neutral with respect to, any Acquisition Proposal (it being understood that publicly taking no position or a neutral position with respect to a publicly announced, or otherwise publicly disclosed, Acquisition Proposal for a period of no more than five (5) Business Days following such public announcement or public disclosure will not be considered to be in violation of the non-solicitation covenants (or in the event that the Bearing Meeting is scheduled to occur within such five (5) Business Day period, prior to the third (3rd) Business Day prior to the date of the Bearing Meeting));

- accept or enter into (subject to exceptions set out in the Arrangement Agreement) or publicly propose to accept or enter into any agreement, understanding or arrangement in respect of an Acquisition Proposal; or
- authorize any of or commit to do any of the foregoing.

Bearing shall, and shall cause its subsidiaries and its representatives to, immediately cease and terminate any solicitation, encouragement, discussion, negotiation, or other activities commenced prior to the date of the Arrangement Agreement with any person (other than the Purchaser and LPI) with respect to any inquiry, proposal or offer that constitutes, or may reasonably be expected to constitute or lead to, an Acquisition Proposal, and in connection therewith, Bearing will:

- immediately discontinue access to and disclosure of all information regarding Bearing or any of its subsidiaries, including any data room and any confidential information, properties, facilities, books and records of Bearing or any of its subsidiaries; and
- to the extent that such information has not previously been returned, within three (3) Business Days from the date hereof request, and exercise all rights it has to require, (i) the return or destruction of all copies of any confidential information regarding Bearing or any of its subsidiaries and (ii) the destruction of all material including or incorporating or otherwise reflecting such confidential information regarding Bearing or any of its subsidiaries, in each case, using its commercially reasonable efforts to ensure that such requests are fully complied with in accordance with the terms of such rights or entitlements.

Bearing has also agreed to use all necessary efforts to enforce each "standstill" or similar provision in any agreement containing such a clause and to which Bearing or any of its subsidiaries is a party.

Notification of Acquisition Proposals

If Bearing or any of its subsidiaries or any of its or their respective representatives, receives or otherwise becomes aware of any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to an Acquisition Proposal, or any request for copies of, access to, or disclosure of, confidential information relating to Bearing or any of its subsidiaries in connection with an Acquisition Proposal, including but not limited to information, access, or disclosure relating to the properties, facilities, books or records of Bearing or any of its subsidiaries, Bearing shall promptly notify LPI, at first orally, and then as soon as practicable and in any event within twenty-four (24) hours in writing, of such Acquisition Proposal, inquiry, proposal, offer or request, including a description of its material terms and conditions, the identity of all persons making the Acquisition Proposal, inquiry, proposal, offer or request, and shall provide LPI with copies of all documents, material or correspondence or other material received in respect of, from or on behalf of any such persons and such other details of such Acquisition Proposal, inquiry, proposal, offer or request as LPI may reasonably request. Bearing shall keep LPI fully informed on a current basis of the status of developments and negotiations with respect to such Acquisition Proposal, inquiry, proposal, offer or request, including any changes, modifications or other amendments to any such Acquisition Proposal, inquiry, proposal, offer or request and shall provide to LPI copies of all material or correspondence if in writing or electronic form, and if not in writing or electronic form, a description of the terms of such correspondence communicated to Bearing by or on behalf of any person making any such Acquisition Proposal, inquiry, proposal, offer or request.

Superior Proposals and LPI Right to Match

Provided that Bearing is in compliance with the Bearing non-solicitation and the notification of acquisition proposals provisions in the Arrangement Agreement, if Bearing receives an unsolicited bona fide written Acquisition Proposal prior to the receipt of the Bearing Securityholder Approval, the Bearing Board may, (i) contact the person making such Acquisition Proposal and its representatives solely for the purpose of clarifying the terms and conditions of such Acquisition Proposal, and (ii) engage in or participate in discussions or negotiations with such person regarding such Acquisition Proposal, and may provide copies of, access to or disclosure of information, properties, facilities, books or records of Bearing or its subsidiaries, if and only if, in the case of this clause (ii):

- the Bearing Board first determines in good faith, after consultation with its financial advisors and its legal counsel, that such Acquisition Proposal constitutes or would reasonably be expected to constitute or lead to a Superior Proposal, and, after consultation with its outside counsel, that the failure to engage in such discussions or negotiations would be inconsistent with its fiduciary duties;
- such person was not restricted from making such Acquisition Proposal pursuant to an existing confidentiality, standstill, non-disclosure, use, business purpose or similar restriction with Bearing or any of its subsidiaries;
- Bearing has been, and continues to be, in compliance with its non-solicitation obligations under the Arrangement Agreement;
- prior to providing any such copies, access, or disclosure, Bearing enters into a confidentiality agreement permitted by the Arrangement Agreement with such person, and any such copies, access or disclosure provided to such person shall have already been (or simultaneously be) provided to LPI; and
- Bearing promptly provides LPI with:
 - written notice stating Bearing's intention to participate in such discussions or negotiations and to provide such copies, access or disclosure and that the Bearing Board has determined, after consultation with its outside legal counsel, that failure to take such action would be inconsistent with its fiduciary duties;
 - prior to providing any such copies, access or disclosure, Bearing provides LPI with a true, complete and final executed copy of the confidentiality agreement permitted by the Arrangement Agreement; and
 - any non-public information concerning Bearing and its subsidiaries provided to such other person which was not previously provided to LPI.

If Bearing receives an Acquisition Proposal that constitutes a Superior Proposal prior to the approval of the Arrangement Resolution by the Bearing Securityholders, the Bearing Board may, subject to compliance with certain provisions of the Arrangement Agreement, enter into a definitive agreement with respect to such Superior Proposal, if and only if:

- the person making the Superior Proposal was not restricted from making such Superior Proposal pursuant to an existing confidentiality, standstill, non-disclosure, use, business purpose or similar restriction with Bearing;
- Bearing has been, and continues to be, in compliance with its non-solicitation obligations under the Arrangement Agreement;

- Bearing has delivered to LPI a written notice of the determination of the Bearing Board that such Acquisition Proposal constitutes a Superior Proposal and of the intention of the Bearing Board to enter into such definitive agreement with respect to such Superior Proposal, together with a written notice from the Bearing Board regarding the value and financial terms that the Bearing Board, in consultation with its financial advisor, has determined should be ascribed to any non-cash consideration offered under such Superior Proposal (the "**Superior Proposal Notice**");
- Bearing has provided LPI a copy of the proposed definitive agreement for the Superior Proposal and all supporting materials, including any financing documents supplied to Bearing in connection therewith;
- at least five (5) Business Days (the "**Matching Period**") have elapsed from the date that is the later of the date on which LPI received the Superior Proposal Notice and the date on which LPI received all of the materials set forth above;
- during any Matching Period, LPI has had the opportunity (but not the obligation), in accordance with the Arrangement Agreement, to offer to amend the Arrangement Agreement and the Arrangement in order for such Acquisition Proposal to cease to be a Superior Proposal the Person making the Superior Proposal was not restricted from making such Superior Proposal pursuant to a standstill or similar restriction to which Bearing or any of its subsidiaries is a party;
- after the Matching Period, the Bearing Board (i) has determined in good faith, after consultation with its outside legal counsel and financial advisors, that such Acquisition Proposal continues to constitute a Superior Proposal (if applicable, compared to the terms of the Arrangement as proposed to be amended by the Purchaser) of the Arrangement Agreement; and (ii) has determined in good faith, after consultation with its outside legal counsel, that the failure by the Bearing Board to recommend that Bearing enter into a definitive agreement with respect to such Superior Proposal would be inconsistent with its fiduciary duties; and
- prior to or concurrently with entering into such definitive agreement Bearing terminates the Arrangement Agreement and pays the Termination Fee.

During the Matching Period, or such longer period as Bearing may approve in writing for such purpose: (a) the Bearing Board shall review any offer made by LPI under the Arrangement Agreement to amend the terms of the Arrangement Agreement and the Arrangement in good faith in order to determine whether such proposal would, upon acceptance, result in the Acquisition Proposal previously constituting a Superior Proposal ceasing to be a Superior Proposal; and (b) Bearing shall, and shall cause its representatives to, negotiate in good faith with LPI to make such amendments to the terms of the Arrangement Agreement and the Arrangement as would enable LPI to proceed with the transactions contemplated by this Agreement on such amended terms. If the Bearing Board determines that such Acquisition Proposal would cease to be a Superior Proposal, Bearing shall promptly so advise LPI and Bearing, and LPI and the Purchaser shall amend the Arrangement Agreement to reflect such offer made by LPI and shall take and cause to be taken all such actions as are necessary to give effect to the foregoing.

Each successive amendment or modification to any Acquisition Proposal that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by the Bearing Securityholders or other material terms or conditions thereof shall constitute a new Acquisition Proposal for the purposes of the Arrangement Agreement, and LPI shall be afforded a new five (5) Business Day Matching Period from the later of the date on which LPI received the Superior Proposal Notice and the date on which LPI received all of the materials set forth in the Arrangement Agreement with respect to the new Superior Proposal from Bearing.

The Bearing Board shall promptly reaffirm the Bearing Board Recommendation by press release after any Acquisition Proposal which the Bearing Board has determined not to be a Superior Proposal is publicly announced or publicly disclosed or the Bearing Board determines that a proposed amendment to the terms of this Agreement as contemplated under the Arrangement Agreement would result in an Acquisition Proposal no longer being a Superior Proposal. Bearing shall provide LPI and its outside legal counsel with a reasonable opportunity to review the form and content of any such press release and shall make all reasonable amendments to such press release as requested by LPI and its counsel.

If Bearing provides a Superior Proposal Notice to LPI on a date that is less than ten (10) Business Days before the Bearing Meeting, Bearing shall either proceed with or postpone the Bearing Meeting, as directed by LPI acting reasonably, to a date that is not more than ten (10) Business Days after the scheduled date of the Bearing Meeting, but in any event to a date that is not less than five (5) Business Days prior to the Completion Deadline.

Nothing contained in the Arrangement Agreement shall prevent the Bearing Board from complying with Section 2.17 of Multilateral Instrument 62-104 – *Takeover Bids and Issuer Bids* and similar provisions under applicable Securities Laws relating to the provision of a directors' circular in respect of an Acquisition Proposal that it determines is not a Superior Proposal, provided that LPI and its legal counsel shall be provided with a reasonable opportunity to review the form and content of such circular or other disclosure and shall make all reasonable amendments as requested by LPI and its counsel.

Termination of the Arrangement Agreement

The Arrangement Agreement may be terminated prior to the Effective Time in certain circumstances, including, as follows:

- by mutual written agreement of Bearing and LPI;
- by either Bearing or LPI, if:
 - the Arrangement Resolution is not approved by the Bearing Securityholders at the Bearing Meeting in accordance with the Interim Order provided that a Party may not terminate the Arrangement Agreement if the failure to obtain the approval of the Bearing Securityholders has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under the Arrangement Agreement;
 - after the date of the Arrangement Agreement, any Law is enacted, made, enforced or amended, as applicable, that makes the consummation of the Arrangement illegal or otherwise permanently prohibits or enjoins Bearing or LPI from consummating the Arrangement, and such Law has, if applicable, become final and non-appealable, provided the Party seeking to terminate the Arrangement Agreement has used its commercially reasonable efforts to, as applicable, appeal or overturn such Law or otherwise have it lifted or rendered non-applicable in respect of the Arrangement;
 - the Effective Time does not occur on or prior to the Completion Deadline, provided that a Party may not terminate this Agreement if the failure of the Effective Time to so occur has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under this Agreement; or

- the Joint Venture Partner Agreement is terminated, the Joint Venture Partner Transaction is not completed by the Completion Deadline or the LPI Shareholders do not approve the proposed issuance of LPI Shares under the Arrangement (to the extent that LPI requires the approval of LPI Shareholders for such purpose), provided that a Party may not terminate this Agreement if the failure to obtain the approval of the LPI Shareholders has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under this Agreement;
- by Bearing, if:
 - a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Purchaser or LPI under the Arrangement Agreement occurs that would cause any LPI or Bearing condition under the Arrangement Agreement not to be satisfied, and such breach or failure is incapable of being cured on or prior to the Completion Deadline or is not cured in accordance with the terms of the Arrangement Agreement; provided that any wilful breach shall be deemed to be incurable and Bearing is not then in breach of the Arrangement Agreement so as to cause any LPI or Bearing condition under the Arrangement Agreement not to be satisfied;
 - prior to the approval by the Bearing Securityholders of the Arrangement Resolution, the Bearing Board authorizes Bearing to enter into a written agreement (other than a confidentiality agreement permitted by the Arrangement Agreement) with respect to a Superior Proposal, provided Bearing is then in compliance with of the non-solicitation covenants under the Arrangement Agreement and that prior to or concurrent with such termination Bearing pays the Termination Fee in accordance with the Arrangement Agreement; or
 - there has occurred a Material Adverse Effect in respect of LPI which is incapable of being cured on or prior to the Completion Deadline;
- by LPI, if:
 - a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Bearing under the Arrangement Agreement occurs that would cause any LPI or Bearing condition under the Arrangement Agreement not to be satisfied, and such breach or failure is incapable of being cured on or prior to the Completion Deadline or is not cured in accordance with the terms under the Arrangement Agreement; provided that any wilful breach shall be deemed to be incurable and LPI is not then in breach of the Arrangement Agreement so as to cause any LPI or Bearing condition under the Arrangement Agreement not to be satisfied;
 - (A) the Bearing Board or any committee of the Bearing Board fails to unanimously recommend or withdraws, amends, modifies or qualifies, or publicly proposes or states an intention to withdraw, amend, modify or qualify, the Bearing Board Recommendation, (B) the Bearing Board or any committee of the Bearing Board accepts, approves, endorses or recommends, or publicly proposes to accept, approve, endorse or recommend an Acquisition Proposal or takes no position or remains neutral with respect to a publicly announced, or otherwise publicly disclosed, Acquisition Proposal for more than five (5) Business Days (or beyond the third Business Day prior

to the date of the Bearing Meeting, if sooner), (C) the Bearing Board or any committee of the Bearing Board accepts or enters into (other than a confidentiality agreement permitted by the Arrangement Agreement) or publicly proposes to accept or enter into any agreement, understanding or arrangement in respect of an Acquisition Proposal, (D) the Bearing Board or any committee of the Bearing Board fails to publicly recommend or reaffirm the Bearing Board Recommendation within five (5) Business Days after having been requested in writing by LPI to do so (or in the event that the Bearing Meeting is scheduled to occur within such five (5) Business Day period, prior to the Business Day prior to the date of the Bearing Meeting), or (E) Bearing breaches the non solicitation covenants under the Arrangement Agreement in any material respect; or

- there has occurred a Material Adverse Effect with respect to Bearing which is incapable of being cured on or prior to the Completion Deadline.
- The Party desiring to terminate the Arrangement Agreement pursuant to the Arrangement Agreement shall give notice of such termination to the other Party, specifying in reasonable detail the basis for such Party's exercise of its termination right.

Expenses

Except as otherwise provided in the Arrangement Agreement, all out-of-pocket third party transaction expenses incurred in connection with the Arrangement Agreement and the transactions contemplated hereby, the Bearing Meeting and the preparation and mailing of the Circular, including legal and accounting fees, printing costs, financial advisor fees and all disbursements by advisors, shall be paid by the Party incurring such expense and that nothing in this Agreement shall be construed so as to prevent the payment of such expenses. The foregoing requirements shall survive the termination of the Arrangement Agreement.

In addition to the rights of LPI under provisions with respect to the Termination Fee Event, if the Arrangement Agreement is terminated by either LPI or Bearing due to Bearing's failure to obtain the approval of Bearing Securityholders of the Arrangement Resolution at the Bearing Meeting, Bearing shall pay, within ten (10) Business Days of such termination, a fee of C\$1,000,000 to LPI as reimbursement for the costs and expenses incurred by LPI with respect to the Arrangement (the "**LPI Expense Reimbursement**").

In addition to the rights of Bearing under the provisions with respect to the Termination Fee Event, if the Arrangement Agreement is terminated by either LPI or Bearing as a result of the Joint Venture Partner Transaction not being completed by the Completion Deadline or the LPI Shareholders do not approve the proposed issuance of LPI Shares under the Arrangement (to the extent that LPI requires the approval of LPI Shareholders for such purpose), then LPI shall pay, within ten (10) Business Days of such termination, a fee of C\$1,000,000 to Bearing as reimbursement for the costs and expenses incurred by Bearing with respect to the Arrangement (the "**Bearing Expense Reimbursement**").

Termination Payments

Despite any other provision in this Agreement relating to the payment of fees and expenses, including the payment of brokerage fees, if a Termination Fee Event occurs, Bearing shall pay to LPI the Termination Fee on the occurrence of the Termination Fee Event.

For the purposes of the Arrangement Agreement, "**Termination Fee**" means C\$2,500,000 and "**Termination Fee Event**" means the termination of the Arrangement Agreement:

- (a) by LPI as a result of: (A) the Bearing Board or any committee of the Bearing Board fails to unanimously recommend or withdraws, amends, modifies or qualifies, or publicly proposes or states an intention to withdraw, amend, modify or qualify, the Bearing Board Recommendation, (B) the Bearing Board or any committee of the Bearing Board accepts, approves, endorses or recommends, or publicly proposes to accept, approve, endorse or recommend an Acquisition Proposal or takes no position or remains neutral with respect to a publicly announced, or otherwise publicly disclosed, Acquisition Proposal for more than five (5) Business Days (or beyond the third Business Day prior to the date of the Bearing Meeting, if sooner), (C) the Bearing Board or any committee of the Bearing Board accepts or enters into (other than a confidentiality agreement permitted by the Arrangement Agreement) or publicly proposes to accept or enter into any agreement, understanding or arrangement in respect of an Acquisition Proposal, (D) the Bearing Board or any committee of the Bearing Board fails to publicly recommend or reaffirm the Bearing Board Recommendation within five (5) Business Days after having been requested in writing by LPI to do so (or in the event that the Bearing Meeting is scheduled to occur within such five (5) Business Day period, prior to the Business Day prior to the date of the Bearing Meeting), or (E) Bearing breaches of the non-solicitation covenants under the Arrangement Agreement in any material respect;
- (b) by Bearing as a result of, prior to the approval by the Bearing Securityholders of the Arrangement Resolution, the Bearing Board authorizes Bearing to enter into a written agreement (other than a confidentiality agreement permitted by the Arrangement Agreement) with respect to a Superior Proposal, provided Bearing is then in compliance with the non-solicitation covenants of the Arrangement Agreement and that prior to or concurrent with such termination Bearing pays the Termination Fee;
- (c) pursuant to any subsection of Section 7.3(1) of the Arrangement Agreement if at such time LPI is entitled to terminate the Arrangement Agreement pursuant to paragraph (a) above; or
- (d) by Bearing or LPI pursuant to Section 7.3(1)(b)(i) or Section 7.3(1)(b)(iii) of the Arrangement Agreement, or by LPI pursuant to Section 7.3(1)(d)(i) of the Arrangement Agreement (due to a willful breach or fraud), if:
 - (i) prior to such termination, an Acquisition Proposal is made or publicly announced or otherwise publicly disclosed by any person (other than LPI or the Purchaser) or any person (other than LPI or the Purchaser) shall have publicly announced an intention to make an Acquisition Proposal; and
 - (ii) within 12 months following the date of such termination (A) an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in clause (i) above) is consummated or effected, or (B) Bearing, directly or indirectly, in one or more transactions, enters into a contract, other than a confidentiality agreement permitted by the Arrangement Agreement, in respect of an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in clause (d)(i) above) and such Acquisition Proposal is later consummated or effected (whether or not such Acquisition Proposal is later consummated or effected within 12 months after such termination).

For purposes of the foregoing, the term "**Acquisition Proposal**" shall have the meaning assigned to such term under the Arrangement Agreement, except that references to "20% or more" shall be deemed to be references to "50%" or more. In addition, the payment timing of the Termination Fee is governed by Section 6.6(3) of the Arrangement Agreement.

Amendment

The Arrangement Agreement may, at any time and from time to time, be amended by mutual written agreement of the Parties without, subject to applicable Laws, further notice to or authorization on the part of the Bearing Securityholders and any such amendment may, without limitation:

- change the time for the performance of any of the obligations or acts of either of the Parties;
- waive any inaccuracies in or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- waive compliance with or modify any of the covenants herein contained and waive or modify the performance of any of the obligations of any of the Parties; and
- waive compliance with or modify any condition herein contained,

provided, however, that notwithstanding the foregoing, following the Bearing Meeting, the Exchange Ratio, which means 0.70 of an LPI Share for each Bearing Share, shall not be amended without the approval of the Bearing Securityholders, given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court. The Arrangement Agreement and the Plan of Arrangement may be amended in accordance with the Final Order, but in the event that the terms of the Final Order require any such amendment, the rights of the Parties under Sections 5.1, 5.2, 5.3, 6.6 and Article 7 of the Arrangement Agreement shall remain unaffected.

REGULATORY MATTERS

Canadian Securities Law Matters

Qualification and Resale of LPI Shares

The LPI Shares to be issued in exchange for Bearing Shares pursuant to the Arrangement will be issued in reliance upon exemptions from the prospectus requirements of securities legislation in Australia. Bearing Shares subsequently issued on exercise of Bearing Options and Bearing Warrants following the Arrangement will be issued in reliance upon exemptions from the prospectus requirements of securities legislation in Australia.

United States Securities Law Matters

The following discussion is only a general overview of certain requirements of U.S. federal securities laws that may be applicable to the holders of LPI Shares. All holders of such securities are urged to obtain legal advice to ensure that the resale of such securities complies with applicable U.S. federal and state securities laws.

Exemption from U.S. Registration

The LPI Shares issuable under the Arrangement have not been and will not be registered under the U.S. Securities Act or any state securities laws, and such securities will be issued in reliance upon the exemption from the registration requirements of the U.S. Securities Act provided by section 3(a)(10) thereof. Section 3(a)(10) of the U.S. Securities Act exempts the issuance of securities issued in exchange for one or more bona fide outstanding securities, or partly in such exchange and partly for cash, from the registration requirements of the U.S. Securities Act where the terms and conditions of such issuance and exchange have been approved by a court of competent jurisdiction, after a hearing upon the fairness of the terms and conditions of such issuance and exchange at which all persons to whom the securities will be issued have the right to appear and receive timely notice thereof. The Court is authorized to conduct a hearing at which the substantive and procedural fairness of the terms and conditions of the Arrangement will be considered. The Court granted the Interim Order on September 27, 2022 and, subject to the approval of the Arrangement. Resolution by Bearing Securityholders, a hearing for a final order approving the Arrangement will be held on or about November 1, 2022 by the Court. See "*The Arrangement – Court Approval and Completion of the Arrangement*". All Bearing Securityholders are entitled to appear and be heard at this hearing, provided that they satisfy the applicable conditions set forth in the Interim Order. The Final Order of the Court will, if granted, constitute the basis for the exemption from the registration requirements of the U.S. Securities Act with respect to the LPI Shares issued in connection with the Arrangement.

The LPI Shares to be received by Bearing Securityholders upon completion of the Arrangement may be resold without restriction under the U.S. Securities Act, except in respect of resales by persons who are "affiliates" (within the meaning of Rule 144 under the U.S. Securities Act) of LPI at the time of such resale or who have been affiliates of LPI within 90 days before such resale. Persons who may be deemed to be affiliates of an issuer generally include individuals or entities that control, are controlled by, or are under common control with, the issuer, whether through the ownership of voting securities, by contract or otherwise, and generally include executive officers and directors of the issuer as well as principal shareholders of the issuer.

In addition, the LPI Shares issuable upon the exercise of the Bearing Options or Bearing Warrants in the United States after the Effective Time will not be issued in reliance upon Section 3(a)(10) of the U.S. Securities Act and such options may be exercised only pursuant to registration under the U.S. Securities

Act or an available exemption from the registration requirements of the U.S. Securities Act and pursuant to any applicable state securities laws and, if issued in the United States pursuant to an exemption from the registration requirements of the U.S. Securities Act, will be "restricted securities" within the meaning of Rule 144 under the U.S. Securities Act and will be subject to transfer restrictions.

Other Jurisdictions

Bearing Securityholders in other jurisdictions should seek their own independent advice in relation to securities laws matters and resale restrictions which may arise.

LPI has received regulatory relief from the Australian Securities and Investment Commission to permit the on-sale of securities within Australia without restriction.

Stock Exchange Approvals

The LPI Shares currently trade on the ASX under the code "LPI". LPI will apply to the ASX at the relevant time to list for quotation the LPI Shares issuable: (i) under the Arrangement; and (ii) upon the exercise of the Bearing Options and Bearing Warrants, as soon as practicable after issue of those LPI Shares.

In addition, it is a condition of the Arrangement Agreement for LPI to either obtain (a) LPI Shareholder approval; or (b) a waiver from the ASX from ASX Listing Rule 7.1, in each case for the issuance of LPI Shares to Bearing Shareholders in connection with the Arrangement. LPI received the waiver from ASX Listing Rule 7.1 from the ASX on August 26, 2022.

Other Regulatory Matters

Bearing is currently a reporting issuer in Alberta and British Columbia. Following completion of the Arrangement, it is expected that the Bearing Shares will be de-listed from the TSXV and Bearing will make an application to cease to be a reporting issuer under applicable Securities Laws.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following summary describes the principal Canadian federal income tax considerations under the Income Tax Act (Canada) and the regulations thereunder, as amended (the "**Tax Act**"), as of the date hereof, generally applicable to an Bearing Shareholder who, for purposes of the Tax Act, holds Bearing Shares and will hold any LPI Shares acquired pursuant to the Arrangement as capital property or will receive any part of the Cash Distribution, deals at arm's length with Bearing, the Purchaser and LPI, is not affiliated with Bearing, the Purchaser or LPI, and who transfers Bearing Shares to the Purchaser pursuant to the Arrangement (a "**Holder**"). This summary only addresses Holders.

Bearing Shares and LPI Shares generally will be considered capital property to a Holder for purposes of the Tax Act unless the Holder holds such shares in the course of carrying on a business of trading or dealing in securities or the Holder has acquired or holds the shares in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is based on the current provisions of the Tax Act in force as of the date hereof and counsel for Bearing's understanding of the current administrative policies and assessing practices of the CRA published in writing and publicly available prior to the date hereof. This summary also takes into account all specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and assumes that the Tax Proposals will be enacted in the form proposed. However, no assurance can be given that the Tax Proposals

will be enacted in the form proposed, or at all. This summary does not otherwise take into account or anticipate any other changes in law or administrative policy and assessing practice, whether by legislative, governmental, administrative or judicial decision or action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ materially from those described in this summary.

This summary assumes that LPI has not and will not be resident or deemed to be resident in Canada for purposes of the Tax Act.

This summary is not applicable to Bearing Shareholders who acquired Bearing Shares pursuant to Bearing Options, or any other form of employee compensation plan or arrangement. This summary is also not applicable to holders of Bearing Options or Bearing Warrants. In addition, this summary does not apply to a Holder (a) that is a "financial institution", for the purposes of the mark-to-market rules in the Tax Act, (b) an interest in which is a "tax shelter" or a "tax shelter investment", as defined in the Tax Act, (c) that is a "specified financial institution", as defined in the Tax Act, (d) that has elected to report his, her or its "Canadian tax results," as defined in the Tax Act, in a currency other than Canadian currency, (e) that has, or will, enter into, with respect to Bearing Shares or LPI Shares, a "derivative forward agreement" or "synthetic disposition arrangement", as those terms are defined in the Tax Act, (f) that is exempt from tax under Part I of the Tax Act, or (g) that is a "foreign affiliate", as defined in the Tax Act, of a taxpayer resident in Canada. **Such Holders should consult their own tax advisors having regard to their particular circumstances.**

This summary is of a general nature only and is not, and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder and no representations with respect to the income tax consequences to any particular Bearing Shareholder are being made herein. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, Holders are advised to consult their own legal and tax advisors with respect to the tax consequences to them having regard to their particular circumstances, including the application and effect of the income and other tax laws of any country, province or other jurisdiction that may be applicable to the Holder.

For purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Bearing Shares, or LPI Shares, including interest, dividends, adjusted cost base and proceeds of disposition must be converted into Canadian dollars based on the relevant exchange rate applicable on the effective date (as determined in accordance with the Tax Act) of the related acquisition, disposition or recognition of income.

Holders Resident in Canada

This part of the summary is generally applicable only to a Holder who, at all relevant times, and for purposes of the Tax Act, is resident, or is deemed to be resident, in Canada (a "**Resident Holder**"). Certain Resident Holders whose Bearing Shares might not otherwise constitute capital property may be eligible to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have their Bearing Shares and every other "Canadian security" (as defined in the Tax Act) owned by such Resident Holder in the taxation year in which the election is made and in all subsequent taxation years, be deemed to be capital property. Resident Holders contemplating such an election should first consult their own tax advisors.

Exchange of Bearing Shares for LPI Shares Pursuant to the Arrangement

Pursuant to the Arrangement, a Resident Holder, other than a Resident Dissenting Holder (as defined below), will exchange their Bearing Shares for LPI Shares. In such circumstances, the Resident Holder will be considered to have disposed of those Bearing Shares for proceeds of disposition equal to the aggregate fair market value, as at the time of the exchange, of the LPI Shares so acquired by the Resident Holder. In

such circumstance, the Resident Holder will realize a capital gain (or a capital loss) equal to the amount, if any, by which the fair market value of the LPI Shares received exceeds (or is less than) the aggregate of the adjusted cost base of the Bearing Shares to the Resident Holder, determined immediately before the exchange, and any reasonable costs of disposition. For a description of the tax treatment of capital gains and capital losses, see "*Taxation of Capital Gains and Capital Losses*" below.

The cost of the LPI Shares acquired on the exchange will be equal to the fair market value of such LPI Shares as at the time of the exchange. This cost will be averaged with the adjusted cost base of all other LPI Shares held by the Resident Holder as capital property for the purpose of determining the adjusted cost base of such LPI Shares.

Cash Distribution

Although the Cash Distribution is a return of capital, it is expected to be taxable to the Bearing Shareholders who receive it for the reasons set forth below.

Generally, a distribution may be treated as a tax-free return of capital to the shareholder (subject to the comments below concerning the reduction of the adjusted cost base of the shares) and not as a deemed dividend where: (i) the distribution is made on the winding-up, discontinuance or reorganization of the corporation's business; or (ii) the return of capital can reasonably be considered to have been derived from proceeds of disposition realized by the distributing corporation (or a person or partnership in which such corporation had a direct or indirect interest at the time that the proceeds were realized) from a transaction that occurred outside the ordinary course within the period that commenced 24 months before the return of capital, and no other amount that may reasonably be considered to have derived from such proceeds was paid by the corporation as a reduction of paid-up capital prior to the return of capital. Based in part on an understanding of the CRA's administrative practice, Bearing is of the view that neither of these exceptions would apply to the Cash Distribution and as such the Cash Distribution may be treated as a deemed dividend, the amount of the deemed dividend will be included in computing the income of the Resident Holder for purposes of the Tax Act. If the Resident Holder is an individual (including certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends paid by taxable Canadian corporations including an enhanced gross-up and tax credit for "eligible dividends" (as defined in the Tax Act).

A deemed dividend received by a Resident Holder that is a corporation will normally be deductible in computing its taxable income. A Resident Holder that is a "private corporation" (as defined in the Tax Act) or a corporation controlled by or for the benefit of an individual (other than a trust) or related group of individuals (other than trusts), will generally be liable to pay a refundable tax under Part IV of the Tax Act on dividends deemed to be received to the extent that such dividends are deductible in computing taxable income. In the case of a Resident Holder that is a corporation, it is possible that in certain circumstances, all or part of the amount deemed to be a dividend will be treated as a capital gain and not as a dividend, except to the extent that the Resident Holder was subject to Part IV tax in respect of the deemed dividend.

Resident Dissenting Holders

A Bearing Shareholder that is a Resident Holder who, as a result of exercising Dissent Rights in respect of the Arrangement (a "**Resident Dissenting Holder**"), receives a cash payment from Bearing in consideration for the Resident Dissenting Holder's Bearing Shares will be deemed to receive a taxable dividend equal to the amount by which the amount received (excluding interest awarded by a court) from Bearing exceeds the paid-up capital (computed for purposes of the Tax Act) of the Resident Dissenting Holder's Bearing Shares. See "*Taxation of Deemed Dividends on Disposition of Bearing Shares*" below for a general description of the treatment of the deemed dividend under the Tax Act. The Resident Dissenting Holder

will also be deemed to have received proceeds of disposition for the Bearing Shares equal to the amount (excluding interest awarded by a court) received by the Resident Dissenting Holder less the amount of the deemed dividend referred to above. Consequently, the Resident Dissenting Holder will realize a capital gain (or capital loss) to the extent that such proceeds of disposition exceed (or are exceeded by) the adjusted cost base of such Resident Dissenting Holder's Bearing Shares and any reasonable costs of disposition. See "*Taxation of Capital Gains and Capital Losses*" below for a general description of the treatment of capital gains and losses under the Tax Act. The Resident Dissenting Holders will also not receive the Cash Distribution in connection with the Arrangement.

Interest awarded by a court and paid or payable, if any, to a Resident Dissenting Holder will be included in the Resident Dissenting Holder's income.

Resident Dissenting Holders should consult their own tax advisors with respect to the Canadian federal income tax consequences of exercising their Dissent Rights.

Taxation of Deemed Dividends on Disposition of Bearing Shares

Dividends deemed to be received on the disposition of Bearing Shares held by a Resident Dissenting Holder will be included in the Resident Dissenting Holder's income for the purposes of the Tax Act. Such deemed dividends received by a Resident Dissenting Holder who is an individual (including certain trusts) will be subject to the gross-up and dividend tax credit rules in the Tax Act normally applicable to taxable dividends received from taxable Canadian corporations.

In the case of a Resident Dissenting Holder that is a corporation, the dividends deemed to be received on the disposition of Bearing Shares will be required to be included in computing the corporation's income for the taxation year in which such dividends are deemed to have been received and will generally be deductible in computing the corporation's taxable income. In certain circumstances, the amount of such deemed dividend may be treated as proceeds of disposition and not a dividend. **Accordingly, Resident Dissenting Holders that are corporations should consult their own tax advisors for specific advice with respect to the potential application of this provision.**

A Resident Dissenting Holder that is a "private corporation" or a "subject corporation" (as such terms are defined in the Tax Act) may be liable under Part IV of the Tax Act to pay a tax (refundable in certain circumstances) on dividends deemed to be received on the disposition of Bearing Shares in a taxation year to the extent that such dividends are deductible in computing the Resident Dissenting Holder's income.

Taxation of Dividends on LPI Shares

Dividends, including amounts deducted for foreign withholding tax, if any, received or deemed to be received on LPI Shares held by a Resident Holder will be included in the Resident Holder's income for the purposes of the Tax Act. Such dividends received by a Resident Holder who is an individual (including certain trusts) will not be subject to the gross-up and dividend tax credit rules in the Tax Act normally applicable to taxable dividends received from taxable Canadian corporations. In the case of a Resident Holder of LPI Shares that is a corporation, dividends received on LPI Shares will be required to be included in computing the corporation's income for the taxation year in which such dividends are received and will not be deductible in computing the corporation's taxable income.

To the extent that foreign withholding tax is payable by a Resident Holder in respect of any dividends received on LPI Shares, the Resident Holder may be eligible for a foreign tax credit or deduction under the Tax Act to the extent and under the circumstances described in the Tax Act. **Resident Holders should**

consult their own tax advisors regarding the availability of a foreign tax credit or deduction in their particular circumstances.

Disposition of LPI Shares

A disposition or deemed disposition of a LPI Share by a Resident Holder (including on a purchase of LPI Shares for cancellation by LPI) will generally result in a capital gain (or a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Resident Holder of the LPI Share immediately before the disposition. For a description of the tax treatment of capital gains and capital losses, see "*Taxation of Capital Gains and Capital Losses*" below.

Taxation of Capital Gains and Capital Losses

Generally, one-half of the amount of any capital gain (a "**taxable capital gain**") realized by a Resident Holder in a taxation year will be required to be included in computing the Resident Holder's income for that year. A Resident Holder will be required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized in a taxation year from taxable capital gains realized by the Resident Holder in that year. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be carried back to any of the three preceding taxation years or carried forward to any subsequent taxation year and deducted against net taxable capital gains realized in such years, subject to and in accordance with the detailed rules contained in the Tax Act.

Foreign tax, if any, levied on any gain realized on a disposition of the LPI Shares may be eligible for a foreign tax credit under the Tax Act to the extent and under the circumstances described in the Tax Act. **Resident Holders should consult their own tax advisors with respect to the availability of a foreign tax credit, having regard to their own particular circumstances.**

Offshore Investment Fund Property Rules

The Tax Act contains provisions (the "**OIF Rules**") which, in certain circumstances, may require a Resident Holder to include an amount in income in each taxation year in respect of the acquisition and holding of LPI Shares if (1) the value of such LPI Shares may reasonably be considered to be derived, directly or indirectly, primarily from portfolio investments in: (i) shares of the capital stock of one or more corporations, (ii) indebtedness or annuities, (iii) interests in one or more corporations, trusts, partnerships, organizations, funds or entities, (iv) commodities, (v) real estate, (vi) Canadian or foreign resource properties, (vii) currency of a country other than Canada, (viii) rights or options to acquire or dispose of any of the foregoing, or (ix) any combination of the foregoing, which we collectively refer to as "Investment Assets;" and (2) it may reasonably be concluded that one of the main reasons for the Resident Holder acquiring, holding or having LPI Shares was to derive a benefit from portfolio investments in Investment Assets in such a manner that the taxes, if any, on the income, profits and gains from such Investment Assets for any particular year are significantly less than the tax that would have been applicable under Part I of the Tax Act if the income, profits and gains had been earned directly by the Resident Holder.

In making this determination, the OIF Rules provide that regard must be had to all of the circumstances, including (i) the nature, organization and operation of any non-resident entity, including LPI, and the form of, and the terms and conditions governing, the Resident Holder's interest in, or connection with, any such non-resident entity, (ii) the extent to which any income, profit and gains that may reasonably be considered to be earned or accrued, whether directly or indirectly, for the benefit of any such non-resident entity, including LPI, are subject to an income or profits tax that is significantly less than the income tax that would be applicable to such income, profits and gains if they were earned directly by the Resident Holder, and

(iii) the extent to which any income, profits and gains of any such non-resident entity, including LPI, for any fiscal period are distributed in that or the immediately following fiscal period.

If applicable, the OIF Rules can result in a Resident Holder being required to include in its income for each taxation year in which such Resident Holder owns LPI Shares the amount, if any, by which (i) the total of all amounts each of which is the product obtained when the Resident Holder's "designated cost" (as defined in the Tax Act) of their LPI Shares at the end of a month in the year is multiplied by 1/12 of the aggregate of the prescribed rate of interest for the period including that month plus two percentage points exceeds (ii) the Resident Holder's income for the year (other than a capital gain) in respect of the LPI Shares determined without reference to the OIF Rules. Any amount required to be included in computing a Resident Holder's income under these provisions will be added to the adjusted cost base of the Resident Holder's LPI Shares.

The CRA has taken the position that the term "portfolio investment" should be given a broad interpretation. While the value of the LPI Shares should not be regarded as being derived primarily from portfolio investments in Investment Assets, there is a possibility that the CRA may take a different view. However, as noted above, even if this is the case, the OIF Rules will apply only if it is reasonable to conclude that one of the main reasons for a Resident Holder acquiring, holding or having the LPI Shares was to derive, either directly or indirectly, a benefit from Investment Assets in such a manner that the taxes, if any, on the income, profits and gains from such Investment Assets for any particular year are significantly less than the tax that would have been applicable under Part I of the Tax Act if the income, profits and gains had been earned directly by the Resident Holder.

The OIF Rules are complex and Resident Holders are urged to consult their own tax advisors regarding the application and consequences of the OIF Rules in their own particular circumstances.

Foreign Property Information Reporting

In general, a Resident Holder that is a "specified Canadian entity" (as defined in the Tax Act) for a taxation year or a fiscal period and whose total cost amount of "specified foreign property" (as defined in the Tax Act), including LPI Shares, at any time in the year or fiscal period exceeds \$100,000 will be required to file an information return with the CRA for the taxation year or fiscal period disclosing certain prescribed information in respect of such property. Subject to certain exceptions, a taxpayer resident in Canada, other than a corporation or trust exempt from tax under Part I of the Tax Act, will be a "specified Canadian entity," as will certain partnerships. LPI Shares will be "specified foreign property" to a Resident Holder. Penalties may apply where a Resident Holder fails to file the required information return in respect of such Resident Holder's "specified foreign property" (as defined in the Tax Act) on a timely basis in accordance with the Tax Act. The reporting requirements with respect to "specified foreign property" were expanded so that more detailed information is required to be provided to the CRA.

The reporting rules in the Tax Act are complex and this summary does not purport to address all circumstances in which reporting may be required by a Resident Holder. Resident Holders should consult their own tax advisors regarding the reporting rules contained in the Tax Act.

Minimum Tax

A Resident Holder who is an individual (including certain trusts) is subject to minimum tax under the Tax Act. This tax is computed by reference to adjusted taxable income. Eighty percent (80%) of capital gains (net of capital losses) and the actual amount of taxable dividends (not including any gross-up) are included in determining the adjusted taxable income on an individual. Any additional tax payable by an individual under the minimum tax provisions may be carried forward and applied against certain tax otherwise payable in any of the seven immediately following taxation years, to the extent specified by the Tax Act.

Additional Refundable Tax

A Resident Holder (including a Resident Dissenting Holder) that is, throughout its taxation year, a "Canadian-controlled private corporation" (as defined in the Tax Act) may be subject to pay a tax (refundable in certain circumstances) on its "aggregate investment income" (as defined in the Tax Act), including amounts in respect of taxable capital gains, interest, and certain dividends.

Eligibility for Investment

The LPI Shares, provided they are listed on a designated stock exchange as defined in the Tax Act (which currently includes the TSXV and ASX) at the Effective Time (and at all relevant times), will be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan ("RRSP"), a registered retirement income fund ("RRIF"), a registered disability savings plan ("RDSP"), a registered education savings plan ("RESP"), a tax free savings account ("TFSA") or a deferred profit sharing plan, as those terms are defined in the Tax Act.

Notwithstanding that LPI Shares may be qualified investments for a RRSP, RRIF, RDSP, RESP or TFSA (a "**Registered Plan**"), the holder, the subscriber or annuitant of the Registered Plan, as the case may be, will be subject to a penalty tax in respect of LPI Shares held in a Registered Plan if such LPI Shares are a "prohibited investment" for the purposes of the Tax Act. LPI Shares will generally not be a "prohibited investment" for a Registered Plan unless the holder, subscriber or annuitant of the Registered Plan, as the case may be, (i) does not deal at arm's length with LPI for purposes of the Tax Act, or (ii) has a "significant interest" (as defined in the Tax Act) in LPI. In addition, LPI Shares will not be a prohibited investment for a Registered Plan if such shares are "excluded property" (as defined in the Tax Act) for such Registered Plan. **Resident Holders who intend to hold LPI Shares in their Registered Plans should consult their own tax advisors in regard to the application of these rules in their particular circumstances.**

Holders Not Resident in Canada

This part of the summary is generally applicable only to a Holder who, at all relevant times, for purposes of the Tax Act is neither resident nor deemed to be resident in Canada, and does not use or hold, and is not deemed to use or hold, Bearing Shares or LPI Shares in connection with carrying on a business in Canada (a "**Non-Resident Holder**"). This part of the summary is not applicable to Non-Resident Holders that are insurers carrying on an insurance business in Canada and elsewhere.

Exchange of Bearing Shares for LPI Shares Pursuant to the Arrangement and Disposition of LPI Shares

Pursuant to the Arrangement, a Non-Resident Holder, other than Non-Resident Dissenting Holders (as defined below), will exchange their Bearing Shares for LPI Shares. A Non-Resident Holder (including a Non-Resident Dissenting Holder) will not be subject to tax under the Tax Act on any capital gain realized on an exchange or disposition of Bearing Shares or LPI Shares unless the Bearing Shares or LPI Shares, as the case may be, constitute "taxable Canadian property" of the Non-Resident Holder and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention.

Generally, a Bearing Share or LPI Share will not constitute "taxable Canadian property" of a Non-Resident Holder at a particular time provided that such shares, respectively, are listed on a designated stock exchange as defined in the Tax Act (which includes the TSXV and ASX) at that time, unless at any time during the 60-month period immediately preceding the particular time (a) the Non-Resident Holder, persons with whom the Non-Resident Holder did not deal at arm's length, partnerships in which the Non-Resident Holder or a non-arm's length person holds a membership interest directly or indirectly through one or more partnerships, or the Non-Resident Holder together with such persons or partnerships, owned 25% or more

of the issued shares of any class or series of shares of the applicable corporation, and (b) more than 50% of the fair market value of the Bearing Share or LPI Share, as the case may be, was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, "Canadian resource properties" (as defined in the Tax Act), "timber resource properties" (as defined in the Tax Act), and options in respect of, or interests in, or for civil law rights in, any such properties (whether or not such property exists). Notwithstanding the foregoing, Bearing Shares or LPI Shares, as the case may be, may otherwise in certain circumstances be deemed to be taxable Canadian property to the Non-Resident Holder for the purposes of the Tax Act. **Non-Resident Holders whose Bearing Shares or LPI Shares, as the case may be, may constitute taxable Canadian property should consult their own tax advisors for advice having regard to their particular circumstances.**

Even if the Bearing Shares or LPI Shares are considered to be taxable Canadian property to a Non-Resident Holder (including a Non-Resident Dissenting Holder), the Non-Resident Holder may, in certain limited circumstances, be exempt from Canadian tax on any capital gain realized on the disposition of such shares pursuant to the provisions of an applicable income tax treaty or convention between Canada and the jurisdiction of residence of such Non-Resident Holder. **Non-Resident Holders who hold Bearing Shares that are or may be "taxable Canadian property" should consult their own advisors as to the Canadian income tax consequences of disposing of their Bearing Shares.**

In the event that Bearing Shares or LPI Shares constitute taxable Canadian property to a Non-Resident Holder, and any capital gain realized on the disposition of such shares is not exempt from Canadian tax pursuant to an applicable income tax treaty or convention, the tax consequences described above under "*Holders Resident in Canada – Exchange of Bearing Shares for LPI Shares Pursuant to the Arrangement*", "*Holders Resident in Canada – Disposition of LPI Shares*" and "*Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*" will generally apply. **A Non-Resident Holder who disposes of taxable Canadian property should consult such Non-Resident Holder's own tax advisors regarding any resulting Canadian tax consequences and reporting obligations.**

Non-Resident Dissenting Holders

A Non-Resident Holder who exercises Dissent Rights in respect of the Arrangement (a "Non-Resident Dissenting Holder") and disposes of Bearing Shares to Bearing in consideration for a cash payment will realize a deemed dividend and capital gain (or capital loss) in the same manner as discussed above under "*Holders Resident in Canada – Resident Dissenting Holders*". The amount of the dividend will be subject to Canadian withholding tax at the rate of 25% of the gross amount of the dividend unless the rate is reduced under the provisions of an applicable income tax treaty or convention between Canada and the jurisdiction of residence of such Non-Resident Dissenting Holder.

A Non-Resident Dissenting Holder will generally not be subject to tax under the Tax Act in respect of any capital gain realized on a disposition of Bearing Shares pursuant to the exercise of their Dissent Rights unless such Bearing Shares are considered to be "taxable Canadian property", as discussed above, to such Non-Resident Dissenting Holder that is not exempt from tax under the Tax Act pursuant to the terms of an applicable income tax treaty or convention between Canada and the jurisdiction of residence of such Non-Resident Dissenting Holder. **Non-Resident Dissenting Holders whose Bearing Shares may constitute "taxable Canadian property" should consult their own tax advisors.**

Where a Non-Resident Dissenting Holder receives interest in connection with the exercise of Dissent Rights, such interest will generally not be subject to Canadian withholding tax under the Tax Act.

Taxation of Dividends

Dividends paid on LPI Shares to a Non-Resident Holder will not be subject to Canadian withholding tax or other income tax under the Tax Act.

ADDITIONAL TAX CONSIDERATIONS

This Circular discusses certain Canadian federal income tax considerations applicable to certain Bearing Shareholders. Tax considerations applicable to Bearing Shareholders who are resident in jurisdictions other than Canada are not discussed and such Bearing Shareholders should consult their own tax advisors with respect to the tax implications of the Arrangement, including any associated filing requirements, in such jurisdictions and with respect to the tax implications in such jurisdictions of owning LPI Shares after the Arrangement. All Bearing Securityholders should consult their own tax advisors regarding the provincial, state, local and territorial tax considerations relating to the Arrangement and of holding LPI Shares.

The transfer of Bearing Shares to LPI would initially not trigger tax consequences in Chile. However, shareholders transferring directly or indirectly (through a members of its corporate group) 10% or more of Bearing Shares, considering options, warrants or other securities convertible into shares, would be affected to Chilean withholding tax (35% rate) on the capital gains obtained upon the indirect transfer of the Chilean underlying asset. For the 10% threshold calculation, all the disposals made by each shareholder in a period of 12 month prior to the last disposal will be considered. Administrative liabilities, such as obtaining a Chilean Tax ID and filing tax returns, would also be required. We recommend obtaining Chilean Tax counsel if you are in this circumstance.

This Circular does not discuss any tax considerations applicable to holders of Bearing Options or Bearing Warrants. Such holders should consult their own tax advisors regarding the consequences of the Arrangement to them in their particular circumstances.

RISK FACTORS

Bearing Securityholders voting in favour of the Arrangement Resolution will be choosing to sell the business of Bearing to LPI and to acquire LPI Shares. The completion of the Arrangement and the acquisition of LPI Shares involves risks. In addition to the risk factors present in Bearing's business, described under "*Risk Factors*" in Appendix "A" – "*Information Relating to Bearing*", which is incorporated by reference herein, the risk factors present in LPI's business prior to the completion of the Arrangement, described under the heading "*Risk Factors*" in Appendix "B" – "*Information Relating to LPI*" and risk factors relating to the business of the Combined Company described under the heading "*Information Concerning the Combined Company – Risk Factors*", Bearing Securityholders should carefully consider the following risk factors in evaluating whether to approve the Arrangement Resolution. Readers are cautioned that such risk factors are not exhaustive. These risk factors should be considered in conjunction with the other information included in this Circular including the documents incorporated by reference herein and the documents filed by Bearing and LPI pursuant to applicable Laws from time to time.

Possible Failure to Realize Anticipated Benefits of the Arrangement

Bearing and LPI are proposing to complete the Arrangement to realize certain benefits that are expected to result from combining the businesses of LPI and Bearing, including, among other things, potential synergies and cost savings. The Arrangement is subject to normal commercial risks that such transaction may not be completed on the terms negotiated or at all. Achieving the benefits of the Arrangement depends in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as LPI's ability to realize the anticipated growth opportunities and synergies from

integrating the respective businesses of Bearing and LPI following completion of the Arrangement. A variety of factors, including the risk factors set forth in this Circular and the documents incorporated by reference herein, may adversely affect the ability of LPI to achieve the anticipated benefits of the Arrangement.

Cash Distribution Risks

The Cash Distribution made by Bearing to Bearing Shareholders pursuant to the Arrangement is subject to a number of risks, including the following:

- the timing, amount or nature of any Cash Distribution to Shareholders cannot be predicted with certainty;
- Bearing's estimate of the amount available for distribution to Bearing Shareholders could be reduced if Bearing's expectations regarding operating expenses and Arrangement and/or wind-up costs are inaccurate;
- Bearing's estimate of the amount available for distribution to Bearing Shareholders is based on a number of assumptions, including with respect to administrative and professional expenses incurred during the Arrangement;
- Bearing will continue to be subject to ongoing operating expenses and may continue to be subject to certain continuous disclosure expenses; and
- the Bearing Board may determine not to proceed with the Arrangement in accordance with the terms of the Arrangement Agreement.

In addition, Bearing Securityholders should be aware that under the terms of the Arrangement Agreement, LPI has agreed to fund 100% of the cash calls for the MSB Project starting from January 2022, which has provided approximately C\$1.2 million of cash saving for Bearing to-date. If the Arrangement is not implemented, Bearing will be required to repay such amounts to LPI or accept a corresponding dilution of its direct interest in the MSB Project in accordance with the terms of the joint venture agreements governing the MSB Project.

Satisfaction of Conditions Precedent

The completion of the Arrangement is subject to a number of conditions precedent, certain of which are outside the control of Bearing and LPI. Among other things, completion of the Arrangement is subject to the approval of the Court, the approval of the Arrangement Resolution by Bearing Securityholders, the completion of the Joint Venture Partner Transaction, and obtaining all necessary third party approvals. There is no certainty, nor can Bearing provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. If for any reason the Arrangement is not completed, or is materially delayed, the market price of the Bearing Shares and/or the LPI Shares may be adversely affected. In addition, if the Arrangement is not completed, Bearing could be subject to litigation related to the failure to complete the Arrangement or to require LPI to perform its obligations under the Arrangement Agreement.

Even if all approvals, orders and consents are obtained and conditions precedent to the completion of the Arrangement are satisfied, no assurance can be made as to the terms, conditions and timing of such approvals, orders and consents. These approvals, orders and consents may impose conditions on Bearing and/or LPI or may impose requirements, limitations or costs or place restrictions on the conduct of LPI's or

Bearing's respective businesses, and if such approvals, orders or consents require an extended period of time to be obtained, such extended period of time could increase the chance that an adverse event occurs with respect to LPI or Bearing. Such extended period of time may also increase the chance that other adverse effects with respect to LPI and/or Bearing could occur, such as the loss of key personnel. Each Party's obligation to complete the Arrangement is also subject to the accuracy of the representations and warranties of the other Party (subject to certain qualifications and exceptions) and the performance in all material respects of the other Party's covenants under the Arrangement Agreement. As a result of these conditions, Bearing cannot provide assurance that the Arrangement will be completed on the terms or timeline contemplated in the Arrangement Agreement, or at all.

Integration of Business Activities

Completion of the Arrangement will result in the integration of the business activities currently carried on by Bearing into LPI's business, which may expose Bearing Securityholders to different business risks than those to which they were exposed prior to the Arrangement.

The integration of Bearing's business into the business of LPI will require the dedication of substantial effort, time and resources on the part of LPI's management which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. There can be no assurance that management will be able to integrate the operations of each of the businesses successfully or achieve any of the synergies or other benefits that are anticipated to result from the Arrangement. Any inability of LPI's management to successfully integrate the operations of Bearing with those of LPI could have a material adverse effect on the business, financial condition and results of operations of LPI following the Arrangement.

After the completion of the Arrangement, LPI will face many of the same risks that each of Bearing and LPI currently face, in addition to other risks.

Market Price of Shares

If, for any reason, the Arrangement is not completed or its completion is materially delayed and/or the Arrangement Agreement is terminated, the market price of the Bearing Shares and/or the LPI Shares may be materially adversely affected. The trading prices of the LPI Shares and the Bearing Shares may be subject to material fluctuations and may increase or decrease in response to a number of events and factors, including: (a) changes in the market price of the minerals and commodities that Bearing and LPI and, following completion of the Arrangement, LPI, transact in; (b) current events, including the conflict in Ukraine and the ongoing Covid-19 pandemic, affecting the economic situation in Canada, Australia and internationally; (c) trends in the mining industry; (d) regulatory and/or government actions, rulings or policies; (e) changes in financial estimates and recommendations by securities analysts or rating agencies; (f) acquisitions and financings; (g) the economics of current and future projects of Bearing, LPI or, following completion of the Arrangement, LPI; (h) quarterly variations in operating results; (i) the operating and share price performance of other companies, including those that investors may consider to be comparable; and (j) political conditions in the countries in which Bearing, LPI or, following completion of the Arrangement, LPI, operate.

Termination of the Arrangement Agreement

Each of Bearing and LPI has the right to terminate the Arrangement Agreement in certain circumstances. Accordingly, there is no certainty, nor can either of Bearing or LPI provide any assurance, that the Arrangement Agreement will not be terminated by either Bearing or LPI before the completion of the Arrangement. For instance, Bearing has the right to terminate the Arrangement Agreement in certain

circumstances including upon Bearing accepting a Superior Proposal or upon the occurrence of any other Termination Fee Event, or if there occurs a Material Adverse Effect to Bearing or LPI as the case may be.

In addition, certain costs related to the Arrangement, such as legal, accounting and certain financial advisor fees, must be paid by Bearing and LPI even if the Arrangement is not completed.

Under the Arrangement Agreement, Bearing is required to pay to LPI the Termination Fee in certain circumstances and the LPI Expense Reimbursement. This termination amount may discourage other parties from attempting to enter into a business transaction with Bearing, even if those parties would otherwise be willing to enter into an agreement with Bearing for a transaction and would be prepared to pay consideration with a higher price per Bearing Share or cash market value than the market value per Bearing Share proposed to be received or realized in the Arrangement.

If the Arrangement is not completed for any reason, including in the event the Bearing Securityholders do not approve the Arrangement Resolution, the ongoing business of Bearing may be adversely affected and, without realizing any of the anticipated benefits of having completed the Arrangement, Bearing would be subject to a number of risks, including the following:

- Bearing may experience negative reactions from the financial markets, including a decline of its share price (which may reflect a market assumption that the Arrangement will be completed);
- Bearing may experience negative reactions from the investment community, its customers, suppliers, regulators and employees and other partners in the business community;
- Bearing may be required to pay certain costs relating to the Arrangement, whether or not the Arrangement is completed; and
- matters relating to the Arrangement will have required substantial commitments of time and other resources by Bearing's management, which may otherwise have been devoted to day-to-day operations and strategic opportunities that may have been beneficial to Bearing had the Arrangement not been contemplated.

See "*The Arrangement Agreement – Additional Agreements – Termination Fees*" and "*The Arrangement Agreement – Termination*" in this Circular.

Restrictions on the Actions of Bearing

The Arrangement Agreement restricts Bearing from taking specified actions until the Arrangement is completed, without the consent of LPI. These restrictions may prevent Bearing from pursuing attractive business opportunities that may arise prior to completion or termination of the Arrangement.

Fixed Share Exchange Ratio

Upon closing of the Arrangement, each Bearing Shareholder (other than a Dissenting Bearing Shareholder) will be entitled to receive 0.70 of a LPI Share for each Bearing Share held thereby. Unless there is a dilutive event in respect of the LPI Shares between the date hereof and the Effective Time, such as a stock split or dividend, the number of LPI Shares for which a Bearing Shareholder will receive for his, her or its Bearing Shares is fixed in the Plan of Arrangement. Such share exchange ratio will not be adjusted for changes in the market price of either the Bearing Shares or the LPI Shares. Changes in the price of the LPI Shares prior to the consummation of the Arrangement will affect the market value that Bearing Securityholders will be entitled to receive upon closing. Neither Bearing nor LPI is permitted to terminate the Arrangement

Agreement or, in the case of Bearing, resolicit the vote of Bearing Securityholders, solely because of changes in the market price of either party's shares. Share price changes may result from a variety of factors (many of which are beyond LPI's or Bearing's control), including the risk factors identified in the documents filed by Bearing and LPI pursuant to applicable Laws from time to time, as well as those described above under the heading "*Market Price of Shares*".

Dissent Rights

Bearing Shareholders have the right to exercise certain dissent and appraisal rights and demand payment of the fair value of their Bearing Shares in cash in connection with the Arrangement in accordance with the BCBCA, the Interim Order and the Plan of Arrangement. If there are a significant number of Dissenting Bearing Shareholders, a substantial cash payment may be required to be made to the Dissenting Bearing Shareholders that could have an adverse effect on LPI's financial condition and cash resources if the Arrangement is completed. It is a condition to the completion of the Arrangement in favour of LPI that holders of not more than 5% of the outstanding Bearing Shares shall have exercised (and not withdrawn) Dissent Rights in respect of the Arrangement as of the Effective Date.

Potential Undisclosed Liabilities Associated with the Arrangement

In connection with the Arrangement, there may be liabilities that Bearing failed to discover or were unable to quantify in their respective due diligence, which due diligence was conducted prior to the execution of the Arrangement Agreement. Bearing will not be indemnified for some or all of such undisclosed liabilities.

Trading Access

The Bearing Shares are currently listed on the TSXV. Following completion of the Arrangement, it is anticipated that the Bearing Shares will be delisted from the TSXV within two to three trading days following receipt of the required documentation.

Although the LPI Shares are listed on the ASX, trading access may be more restricted for Canadian holders and Canadian holders may not be entitled to all of the rights that are afforded to Australian holders to participate in future offerings of LPI Shares, depending upon how such future offering of LPI Shares is structured.

Income Tax Laws

There can be no assurance that the CRA or other applicable taxing authorities will agree with the Canadian federal income tax consequences of the Arrangement as summarized in this Circular. Furthermore, there can be no assurance that applicable Canadian income tax Laws, regulations or tax treaties will not be changed or interpreted in a manner, or that applicable taxing authorities will not take administrative positions, that are adverse to Bearing Securityholders in respect of the Arrangement or to LPI and its securityholders following completion of the Arrangement. Such taxation authorities may also disagree with how LPI and/or Bearing calculate or have in the past calculated their income for income tax purposes. In addition, the Arrangement and related transactions may restrict the ability of LPI following completion of the Arrangement to use certain pre-combination tax attributes of either or both of LPI and Bearing. Any such events could adversely affect LPI, its share price or any payments to be paid to LPI's Shareholders following completion of the Arrangement.

Litigation Risk

LPI and Bearing may be the target of securities class actions and derivative lawsuits which could result in substantial costs and may delay or prevent the Arrangement from being completed. Securities class action lawsuits and derivative lawsuits are often brought against companies that have entered into an agreement to merge, to acquire a public company or to be acquired. Third parties may also attempt to bring claims against LPI and Bearing seeking to restrain the Arrangement or seeking monetary compensation or other remedies. Even if the lawsuits are without merit, defending against these claims can result in substantial costs and divert the time and resources of management. Additionally, if a plaintiff is successful in obtaining an injunction prohibiting consummation of the Arrangement, that injunction may delay or prevent the Arrangement from being completed.

In addition, political and public attitudes towards the Arrangement could result in negative press coverage and other adverse public statements affecting LPI and Bearing. Adverse press coverage and other adverse statements could lead to investigations by regulators, legislators and law enforcement officials or in legal claims or otherwise negatively impact the ability of LPI, Bearing or LPI following completion of the Arrangement to take advantage of various business and market opportunities. The direct and indirect effects of negative publicity, and the demands of responding to and addressing such negative publicity, may have a material adverse effect on LPI, Bearing or LPI following completion of the Arrangement.

Mineral Reserves and Mineral Resources are Estimates Only

Information pertaining to Bearing's and LPI's mineral reserves and mineral resources presented in this Circular, or incorporated by reference herein, are estimates and no assurances can be given as to their accuracy. Such estimates are, in large part, based on interpretations of geological data obtained from drill holes and other sampling techniques. Actual mineralization or formations may be different from those predicted. Mineral reserves and mineral resources estimates are materially dependent on the prevailing price of minerals and the cost of recovering and processing minerals at the individual mine sites. Market fluctuations in the price of minerals or increases in recovery costs, as well as various short-term operating factors, may cause a mining operation to be unprofitable in any particular accounting period.

The estimates of mineral reserves and mineral resources attributable to any specific property of Bearing or LPI are based on accepted engineering and evaluation principles. The estimated amount of contained minerals in proven and probable mineral reserves does not necessarily represent an estimate of a fair market value of the evaluated properties.

Mineral Price Fluctuations

The price of lithium and other minerals fluctuate widely and are affected by numerous factors beyond Bearing's and LPI's control, including: levels of supply and demand; global or regional consumptive patterns; sales by government holders; metal stock levels maintained by producers and others; increased production due to new mine developments and improved mining and production methods; speculative activities related to the sale of metals; availability and costs of metal substitutes; international and regional economic and political conditions; or interest rates, currency values, and inflation. If the Arrangement is completed, declining market prices for these metals could materially adversely affect LPI's results of operations, and financial position, which will impact former Bearing Securityholders in their capacities as holders of LPI Shares.

Operations in Foreign Jurisdictions

Exploration, development and production activities carried out by Bearing and LPI are or may be affected to varying degrees by taxes and government regulations relating to such matters as environmental protection, land use, water use, health, safety, labour, indigenous consultation, restrictions on production, price controls, currency remittance, maintenance of mineral rights, mineral tenure and exploration of property. Bearing's and LPI's principal assets are held outside of North America, with Bearing's being located primarily in Chile and LPI's being located primarily in Chile and Australia. There are political and other risks associated with operating in Chile not necessarily associated with operating in other jurisdictions. The risks include, but are not limited to, fluctuations in currency exchange rates, high rates of inflation, labour and social unrest, blockades, terrorism, and crime. Changes in mining or investment policies or shifts in political attitudes may also adversely affect the business of Bearing or LPI. Operations may be affected in varying degrees by government regulations. Any changes in the laws relating to mining in the jurisdictions in which Bearing or LPI carries on business could materially affect the rights and title to the interests to be held there. No assurance can be given that applicable governments will not revoke or significantly alter the conditions of the applicable mining and exploration authorizations nor that such mining and exploration authorizations will not be challenged or impugned by third parties. The effect of any of these factors cannot be accurately predicted.

Potential for Increase in Environmental Costs

Each of Bearing and LPI is subject to a broad range of Environmental Laws and regulations in each of the jurisdictions in which it operates. These laws and regulations, as interpreted by relevant agencies and courts, generally impose increasingly stringent environmental protection standards regarding, among other things, air emissions, wastewater storage, treatment and discharges, the use and handling of hazardous or toxic materials, waste disposal practices and remediation of environmental contamination. The costs of complying with these laws and regulations, including participation in assessments and remediation of sites, could be significant. In addition, these standards can create the risk of substantial environmental liabilities, including liabilities associated with divested assets and past activities. Furthermore, challenges from third parties may arise that challenge permits that Bearing, LPI, and their subsidiaries have been granted or are in the process of obtaining. However, environmental matters cannot be predicted with certainty, and these amounts may not be adequate, especially in light of potential changes in environmental conditions or the discovery of previously unknown environmental conditions, the risk of governmental orders to carry out additional compliance on certain sites not initially included in remediation in progress, and the potential liability of each of Bearing and LPI to remediate sites for which provisions have not been previously established. Such future developments could result in increased environmental costs and liabilities that could have a material adverse effect on the financial position and results of operations of LPI following completion of the Arrangement.

The Termination Fee provided under the Arrangement Agreement may discourage other parties from attempting to acquire LPI or Bearing

Under the Arrangement Agreement, each of LPI and Bearing would be required to pay a fee of C\$2.5 million in the event the Arrangement Agreement is terminated in certain circumstances. This Termination Fee may discourage other parties from attempting to acquire either LPI or Bearing or otherwise make an Acquisition Proposal to either LPI or Bearing, even if those parties would otherwise be willing to offer greater value than that offered under the Arrangement. Additionally, if Bearing Securityholders do not approve the Arrangement, Bearing will also be required to pay the LPI Expense Reimbursement in the amount of C\$1.0 million.

Following the Arrangement the trading price of the LPI Shares may be volatile

The trading prices of the LPI Shares and the Bearing Shares have been and may continue to be subject to and, following completion of the Arrangement, the common shares of the Combined Company may be subject to, material fluctuations and may increase or decrease in response to a number of events and factors. Following the completion of the Arrangement, a significant number of additional LPI Shares will be available for trading in the public market. The increase in the number of LPI Shares may lead to sales of such shares or the perception that such sales may occur, either of which may adversely affect the market for, and the market price of, LPI Shares. The potential that such a shareholder may sell its LPI Shares in the public market (commonly referred to as "market overhang"), as well as any actual sales of such LPI Shares in the public market, could adversely affect the market price of the LPI Shares.

The unaudited pro forma consolidated financial statements are presented for illustrative purposes only and may not be an indication of the Combined Company's financial condition or results of operations following the Arrangement.

The pro forma consolidated financial statements contained in this Circular are presented for illustrative purposes only and may not be an indication of the Combined Company's financial condition or results of operations following the Arrangement for several reasons. For example, the pro forma consolidated financial statements have been derived from the historical financial statements of LPI and Bearing and certain assumptions have been made, as well as other adjustments, including for the Joint Venture Partner Transaction. The information upon which these assumptions have been made is historical and such assumptions may not prove to be accurate. Moreover, the pro forma consolidated financial statements do not reflect all costs that are expected to be incurred by the Combined Company in connection with the Arrangement. For example, the impact of any incremental costs incurred in integrating LPI and Bearing is not reflected in the pro forma consolidated financial statements. In addition, the assumptions used in preparing the pro forma consolidated financial information may not prove to be accurate, and other factors may affect the Combined Company's financial condition or results of operations following the Arrangement. LPI's share price may be adversely affected if the actual results of the Combined Company fall short of the pro forma consolidated financial statements contained in this Circular. See *"Information Relating to the Combined Company Following the Arrangement – Selected Unaudited Pro Forma Consolidated Financial Information"* and the unaudited pro forma consolidated financial statements of LPI attached as Appendix "C" to this Circular.

RIGHTS OF DISSENTING BEARING SHAREHOLDERS

The following is a summary of the provisions of the BCBCA relating to a Bearing Shareholder's dissent and appraisal rights in respect of the Arrangement Resolution. Such summary is not a comprehensive statement of the procedures to be followed by a Dissenting Bearing Shareholder who seeks payment of the fair value of its Bearing Shares and is qualified in its entirety by reference to the full text of sections 237 to 247 of the BCBCA, which is attached to this Circular as Appendix "I", as modified by Article 3 of the Plan of Arrangement, the Interim Order and the Final Order.

The statutory provisions dealing with the right of dissent are technical and complex. Any Dissenting Bearing Shareholders should seek independent legal advice, as failure to comply strictly with the provisions of sections 237 to 247 of the BCBCA, as modified by Article 3 of the Plan of Arrangement, the Interim Order and the Final Order, may result in the loss of all Dissent Rights.

The Interim Order expressly provides registered holders of Bearing Shares with the right to dissent with respect to the Arrangement Resolution. Each Dissenting Bearing Shareholder is entitled to be paid the fair value in cash (determined as of the close of business on the day immediately before the passing of the

Arrangement Resolution) of all, but not less than all, of the holder's Bearing Shares, provided that the holder duly exercised the Dissent Rights and the Arrangement becomes effective.

In many cases, Bearing Shares beneficially owned by a holder are registered either: (a) in the name of an Intermediary that the Beneficial Shareholder uses to hold such shares, such as, among others, banks, trust companies, securities brokers, trustees and other similar entities, or (b) in the name of a depositary, such as CDS, of which the Intermediary is a participant. Accordingly, a Beneficial Shareholder will not be entitled to exercise his, her or its rights of dissent directly (unless the Bearing Shares are reregistered in the Beneficial Shareholder's name).

With respect to Bearing Shares in connection to the Arrangement, pursuant to the Interim Order, a registered Bearing Shareholder, other than an affiliate of Bearing, may exercise rights of dissent under Division 2 of Part 8 of the BCBCA, as modified by the Plan of Arrangement, the Interim Order and the Final Order; provided that, notwithstanding section 242(1)(a) of the BCBCA, the written objection to the Arrangement Resolution must be sent to Bearing by Bearing Shareholders who wish to dissent not later than 4:30 p.m. (Vancouver time) two Business Days immediately preceding the date of the Bearing Meeting (as may be postponed or adjourned from time to time) thereof. Bearing's address for such purpose is Suite 1410, 70 University Avenue, Toronto, Ontario, M5J 2M4, Canada.

To exercise Dissent Rights, a Bearing Shareholder must dissent with respect to all Bearing Shares of which it is the registered owner. A registered Bearing Shareholder who wishes to dissent must deliver written notice of dissent to Bearing as set forth above and such notice of dissent must strictly comply with the requirements of section 242 of the BCBCA. **Any failure by a Bearing Shareholder to fully comply with the provisions of the BCBCA, as modified by Article 3 of the Plan of Arrangement, the Interim Order and the Final Order, may result in the loss of that holder's Dissent Rights.** Beneficial Shareholders who wish to exercise Dissent Rights must cause each registered Bearing Shareholder holding their Bearing Shares to deliver the notice of dissent.

To exercise Dissent Rights, a registered Bearing Shareholder must prepare a separate notice of dissent for him, her or itself, if dissenting on his, her or its own behalf, and for each other Beneficial Shareholder who beneficially owns Bearing Shares registered in the Bearing Shareholder's name and on whose behalf the Bearing Shareholder is dissenting; and must dissent with respect to all of the Bearing Shares registered in his, her or its name or if dissenting on behalf of a Beneficial Shareholder, with respect to all of the Bearing Shares registered in his, her or its name and beneficially owned by the Beneficial Shareholder on whose behalf the Bearing Shareholder is dissenting. The notice of dissent must set out the number of Notice Shares and: (a) if such Bearing Shares constitute all of the Bearing Shares of which the Bearing Shareholder is the registered owner and the Bearing Shareholder owns no other Bearing Shares beneficially, a statement to that effect; (b) if such Bearing Shares constitute all of the Bearing Shares of which the Bearing Shareholder is the registered owner, but the Bearing Shareholder owns additional Bearing Shares beneficially, a statement to that effect and the names of the registered Bearing Shareholders, the number of Bearing Shares held by each such registered Bearing Shareholder and a statement that written notices of dissent are being or have been sent with respect to such other Bearing Shares; or (c) if the Dissent Rights are being exercised by a registered Bearing Shareholder on behalf of a beneficial owner of such Bearing Shares, a statement to that effect and the name and address of the Beneficial Shareholder and a statement that the registered Bearing Shareholder is dissenting with respect to all Bearing Shares of the Beneficial Shareholder registered in such registered holder's name.

If the Arrangement Resolution is approved by Bearing Securityholders at the Bearing Meeting, and Bearing notifies a registered holder of Notice Shares of Bearing's intention to act upon the Arrangement Resolution pursuant to section 243 of the BCBCA, in order to exercise Dissent Rights, such Bearing Shareholder must, within one month after Bearing gives such notice, send to Bearing a written notice that such holder requires

the purchase of all of the Notice Shares in respect of which such holder has given notice of dissent. Such written notice must be accompanied by the certificates or DRS advices representing those Notice Shares (including a written statement prepared in accordance with section 244(1)(c) of the BCBCA if the dissent is being exercised by the Bearing Shareholder on behalf of a Beneficial Shareholder), whereupon, subject to the provisions of the BCBCA relating to the termination of Dissent Rights, the Bearing Shareholder becomes a Dissenting Bearing Shareholder, and is bound to sell and Bearing is bound to purchase the Dissenting Bearing Shareholder's Notice Shares. Such Dissenting Bearing Shareholder may not vote, or exercise or assert any rights of a Bearing Shareholder in respect of such Notice Shares, other than the rights set forth in Division 2 of Part 8 of the BCBCA, as modified by Article 3 of the Plan of Arrangement, the Interim Order and the Final Order.

Dissenting Bearing Shareholders who are:

- (a) ultimately entitled to be paid fair value for their Dissent Shares will be deemed to have transferred such shares to Bearing as of the Effective Time without any further act or formality, and free and clear of all liens, and shall be entitled to be paid an amount equal to such fair value by Bearing and will not be entitled to any other payment or consideration, including any LPI Shares to which such holder would have been entitled under the Arrangement in respect of such Dissent Shares had such holder not exercised Dissent Rights in respect of Bearing Shares; or
- (b) ultimately not entitled to be paid fair value for their Dissent Shares, will be deemed to have participated in the Arrangement on the same basis as a non-Dissenting Bearing Shareholder and will receive LPI Shares on the same basis as every other non-Dissenting Bearing Shareholder.

If a Dissenting Bearing Shareholder is ultimately entitled to be paid by Bearing for their Dissent Shares, such Dissenting Bearing Shareholder may enter an agreement with Bearing for the fair value of such Dissent Shares. If such Dissenting Bearing Shareholder does not reach an agreement with Bearing, such Dissenting Bearing Shareholder, or Bearing, may apply to the Court, and the Court may determine the payout value of the Dissent Shares and make consequential orders and give directions as the Court considers appropriate. There is no obligation on Bearing to make application to the Court. The Dissenting Bearing Shareholder will be entitled to receive the fair value that the Bearing Shares had as of the close of business on the day immediately before the passing of the Arrangement Resolution. After a determination of the fair value of the Dissent Shares, Bearing must then promptly pay that amount to the Dissenting Bearing Shareholder.

In no case will Bearing or LPI be required to recognize a Dissenting Bearing Shareholder as the holder of any Bearing Shares in respect of which Dissent Rights have been validly exercised on or after the Effective Date, and the names of such Dissenting Bearing Shareholders shall be deleted from the central securities register of Bearing Shareholders as of the Effective Time.

In addition to any other restrictions in the Interim Order, in no circumstances will LPI, Bearing or any other person be required to recognize a person as a Dissenting Bearing Shareholder: (i) unless such person is the registered holder of the Bearing Shares in respect of which Dissent Rights are purported to be exercised immediately prior to the Effective Time; (ii) if such person has voted or instructed a proxy holder to vote such Notice Shares in favour of the Arrangement Resolution; or (iii) unless such person has strictly complied with the procedures for exercising Dissent Rights set out in Division 2 of Part 8 of the BCBCA, as modified by Article 3 of the Plan of Arrangement, the Interim Order and the Final Order and does not withdraw such notice of dissent prior to the Effective Time.

Dissent Rights with respect to Notice Shares will terminate and cease to apply to the Dissenting Bearing Shareholder if certain events specified under section 246 of the BCBCA occur, including, if before full payment is made for the Notice Shares, the Arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed, a court permanently enjoins or sets aside the corporate action approved by the Arrangement Resolution, or the Dissenting Bearing Shareholder withdraws the notice of dissent with Bearing's written consent. If any of these events occur, Bearing will return the share certificates or DRS advices representing the Bearing Shares to the Dissenting Bearing Shareholder and the Dissenting Bearing Shareholder regains the ability to vote and exercise its rights as a Bearing Shareholder.

The discussion above is only a summary of the Dissent Rights, which are technical and complex. A Bearing Shareholder who intends to exercise Dissent Rights must strictly adhere to the procedures established in sections 237 to 247 of the BCBCA, as modified by Article 3 of the Plan of Arrangement, the Interim Order and the Final Order, and failure to do so may result in the loss of all Dissent Rights. Persons who are beneficial Bearing Shareholders registered in the name of an Intermediary, or in some other name, who wish to exercise Dissent Rights should be aware that only the registered owner of such Bearing Shares is entitled to dissent.

If you dissent there can be no assurance that the amount you receive as fair value for your Bearing Shares will be more than or equal to the Consideration under the Arrangement.

Accordingly, each Bearing Shareholder wishing to avail himself, herself or itself of the Dissent Rights should carefully consider and comply with the provisions of the Interim Order and sections 237 to 247 of the BCBCA, which are attached to this Circular as Appendices G and I, respectively, and seek his, her or its own legal advice.

BUSINESS OF THE MEETING

The Approval of the Arrangement will be voted upon by Bearing Securityholders. The other items described below, namely: (1) to fix the number of directors at six (6); (2) election of directors; (3) appointment of auditor and remuneration; and (4) approval of rolling stock option plan, will be voted upon by Bearing Shareholders only.

Receipt of Financial Statements

The consolidated financial statements of the Company for the financial year ended October 31, 2021 and October 31, 2020 and the accompanying auditors' report thereon will be presented at the Meeting. Receipt at the Meeting of the audited financial statements of Bearing will not constitute approval or disapproval of any matters referred to in those statements. No vote will be taken on the audited financial statements. These audited financial statements are available at www.sedar.com. A copy of the consolidated financial statements has been mailed to the Bearing Shareholders as of the Record Date who have requested them.

To fix the number of directors of Bearing at six (6)

The articles of Bearing provide for a Bearing Board of no fewer than three directors and no greater than a number as fixed or changed from time to time by ordinary resolution passed by the Shareholders.

At the Meeting, Bearing Shareholders will be asked to pass an ordinary resolution to set the number of directors of Bearing for the ensuing year at six (6). The number of directors will be approved if the affirmative vote of the majority of Bearing Shares present or represented by proxy at the Meeting and entitled to vote, are voted in favour to set the number of directors at six (6).

Management recommends the approval of the resolution to set the number of directors of Bearing at six (6).

Election of Directors

At present, the directors of Bearing Lithium are elected at each annual meeting and hold office until the next annual meeting or until their successors are duly elected or appointed in accordance with Bearing Lithium's articles or until such director's earlier death, resignation or removal. In the absence of instructions to the contrary, the enclosed form of proxy will be voted for the nominees listed in the proxy, all of whom are presently members of the Bearing Board.

Advance Notice Provisions

Pursuant to Article 14.12 of the Company's Articles, any additional director nominations for an annual general meeting must be received by the Company, not less than 35 days nor more than 65 days prior to the date of the Meeting or the date that is ten business days after the notice of meeting (being September 7, 2022). As no nominations were received by September 23, 2022 being the date which is 35 days prior to the Meeting, management's nominees for election as directors set forth below shall be the only nominees eligible to stand for election at the Meeting.

The Persons named below will be presented for election at the Meeting as management's nominees and unless such authority is withheld, the Management Designees intend to vote for the election of these nominees. Information concerning such persons, as furnished by the individual nominees, as of the date of this Circular, is as follows:

Name, Province, Country of Residence & Position(s)	Principal Occupation Business or Employment for Last Five Years	Periods during which Nominee has Served as a Director	Number of Bearing Lithium Shares Owned⁽¹⁾
PATRICK CUSSEN Santiago, Chile Director	President, Celta Consultoras Limited, 1991 to present.	January 3, 2017 to Present	549,553
WILLIAM TIMOTHY HEENAN⁽²⁾⁽³⁾ Mendoza, Argentina Director	Exploration Manager, Mirasol Argentina, SRL, 2003 to present.	May 25, 2017 to Present	99,302
KWANG-SEOK PARK Republic of South Korea Director Nominee	Head of the PosLX Business Planning Group.	June 30, 2021 to Present	Nil
GIL PLAYFORD⁽²⁾⁽³⁾ Florida, USA Director, CEO, Chairman	Chief Executive Officer of Bearing since 2019. Prior thereto, Mr. Playford was semi-retired.	August 19, 2019 to Present	9,527,000
LUIS SÁENZ⁽²⁾⁽³⁾ Lima, Peru Director	CEO of Li3 Energy, Inc. since October 2009 to Sept 2018; Director, Atico Mining Corporation, May 2014 to present; Director of Business Development, Ausenco, January 2018 to present.	September 19, 2017 to Present	667,466

Name, Province, Country of Residence & Position(s)	Principal Occupation Business or Employment for Last Five Years	Periods during which Nominee has Served as a Director	Number of Bearing Lithium Shares Owned ⁽¹⁾
MARTIN GUBBINS Santiago, Chile Director	Partners at CorreaGubbins, a law firm in Chile from 2005 – 2018. 2019- Present, a partner of GubbinsAbogados, an independent law firm in Chile.	September 24, 2021 to Present	Nil
Total as a group	10,917,573 Bearing Shares (10.01%)		

Notes:

- (1) Bearing Shares beneficially directly or indirectly owned or over which control or direction is exercised, at the date of this Circular, based upon information furnished to Bearing by the individual directors. These numbers do not include outstanding Bearing Options or Bearing Warrants available for exercise.
- (2) Member of the Audit Committee.
- (3) Member of the Compensation Committee.

Information Regarding Management's Nominees for Election to the Bearing Board

The following biographical information about the nominees for election to the Bearing Board has been supplied by the directors:

Patrick Cussen, Director

Mr. Cussen is an industrial civil engineer with 46 years of mining industry experience. He has extensive experience in minerals and mining and specifically in marketing, sales, project exploration, project evaluation and economic assessments. Mr. Cussen was previously the Chairman of the Board of Li3. Mr. Cussen has served as the Chairman of The Center for Copper and Mining Studies for 16 years, Cesco, a Chilean think tank on mining. Mr. Cussen holds an engineering degree and a Masters of Economics from the University of Chile.

William Timothy Heenan, Director

Mr. Heenan has over 27 years of exploration experience throughout the Americas and has worked exclusively in South and Central America since 1990. Mr Heenan has a wide range of diversified exploration experience throughout a range of geographic and geologic environments and is considered to be a highly skilled explorationist. Mr Heenan has extensive experience in design and implementation of generative to advanced exploration activities and has been directly involved in the discovery and advancement of several high-profile projects which are currently in production, and others entering into their feasibility stage. Mr Heenan is a founder of Mirasol Resources Ltd., and a former director of Mirasol for over 12 years since its inception and listing on the Canadian Ventures Exchange. Mr. Heenan has been based in Mendoza, Argentina with Mirasol as Exploration Manager since its inception in 2003, and prior to that lived in Chile and worked for numerous mining and exploration companies in Chile for over a decade. Apart from Mr Heenan's direct hands on approach to exploration, he has also become very familiar with legal, corporate and administrative matters in both Chile and Argentina, is fluent in Spanish, and has developed an extensive network of contacts throughout the mining industry. Mr. Heenan is a Canadian citizen by birth and maintains definitive legal residency status in both Chile and Argentina.

Kwang-Seok Park, Director

Mr. Park received his PhD in Environmental Science and Engineering from Pohang University of Science and Technology in 2010. He was the Lithium Project Leader with the Research Institute of Industrial Science and Technology (RIST) from 1996 to 2018. He has been with POSCO in various departments as Leader in the Lithium Technology Development Group, General Manager of the Brine Lithium Extraction TF Team and he is presently the Leader of the POSCO Lithium Business Planning Group. The Company looks forward to his contribution to the Board of Directors.

Martin Gubbins, Director

Mr. Gubbins is a Chilean lawyer with 25 years of experience as an associate and partner of local law firms specializing in environmental litigation. He has also served as an independent legal advisor over the last three years to Bearing. Mr. Gubbins has served as a board member for various private companies in Chile, with both Chilean and foreign investors. Mr. Gubbins is a member of the Advisory Legal Committee of Hogar de Cristo, the largest charity in Chile. From 2005-2018 he was a partner at CorreaGubbins (currently CorreaSquella) in Santiago, Chile. Mr. Gubbins graduated law school at the Universidad de Chile, Santiago. He also has a Master of Arts from the University of London.

Gil Playford, Director, CEO and Chairman

Mr. Playford is a seasoned senior mining executive, having spearheaded the sale of LionOre Mining to Norilsk Nickel (NILSY-US) in 2007 for C\$6.8 billion in cash. Mr. Playford started his professional career with Union Carbide Corp. for 25 years and various senior executive positions including Managing Director in Switzerland, Belgium and Germany. Mr. Playford also was the Chairman and CEO of Union Carbide Canada and Chief Financial Officer of Union Carbide in New York. Mr. Playford became Chairman and CEO of UCAR Carbon, a joint venture with Mitsubishi and took the partnership public as GrafTech International. Mr. Playford then went on to found a nickel and gold mining company with assets in Africa and Australia, LionOre Mining International Ltd., and served as the CEO and subsequently as Chairman. Mr. Playford was instrumental in the sale of LionOre to Norilsk Nickel, a Russian mining conglomerate, in an all-cash offer of C\$6.8 billion, having trumped a rival C\$6.2 billion offer from Xstrata PLC. Mr. Playford holds an Engineering Degree from McGill University in Montreal and a Master's Degree in Business Administration from York University in Toronto.

Luis Sáenz, Director and President of South American Operations

Mr. Sáenz is a finance executive with over 25 years' experience in mining finance and metals trading with a focus on Latin America. Mr. Sáenz is a Director of Atico Mining Corporation with assets in Colombia, CEO and director of Compañía Minera Quiruvilca and South America Mining Investments with assets in Peru, and was the former CEO and a Director of Li3 in Chile. Since April 2017, he has held the position of President of South American Operations for the Company. Throughout his career, Mr. Sáenz has held senior roles with Standard Bank of South Africa, Merrill Lynch and Pechiney World Trade. He holds a degree in Economics and International Affairs from Franklin & Marshall College in Lancaster, PA.

Management recommends the approval of each of the nominees listed above for election as a director of Bearing for the ensuing year.

Management does not contemplate that any of its nominees will be unable to serve as directors. If any vacancies occur in the slate of nominees listed above before the Meeting, then the Designated Persons intend to exercise discretionary authority to vote the Bearing Shares represented by proxy for the election of any other persons as directors.

Cease Trade Orders and Conflicts of Interest

To the best of the Company's knowledge, no proposed director of Bearing, as of the date hereof, is, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company) that:

- (a) was subject to a cease trade order or similar order or an order that denied the corporation access to any statutory exemptions for a period of more than 30 consecutive days (an "**Order**"), which was issued while the proposed director or executive officer was acting in the capacity as director, CEO or CFO; or
- (b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO.

The directors are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests that they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Bearing Board, any director in a conflict will disclose his interest and abstain from voting on such matter.

To the best of the Company's knowledge, and other than disclosed herein, there are no known existing or potential conflicts of interest among the Company, its promoters, directors and officers or other members of management of the Company or of any proposed promoter, director, officer or other member of management as a result of their outside business interests, except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies. All related party transactions during each reporting period are detailed in the Company's Management Discussion & Analysis for the financial years ended October 31, 2021 and October 31, 2020.

Bankruptcies

To the best of the Company's knowledge, no proposed director of Bearing is, or within ten (10) years before the date of this Circular, has been a director or an executive officer of any company that, while the person was acting in that capacity, or within a year of that person ceasing to act in the capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets or made a proposal under any legislation relating to bankruptcies or insolvency.

Personal Bankruptcies

To the best of the Company's knowledge, no proposed director of Bearing has, within ten (10) years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Securities Related Penalties and Sanctions

To the best of the Company's knowledge, no proposed director has been subject to, or entered into a settlement agreement resulting from:

- (a) a court order relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Appointment of Auditor and Remuneration

At the Meeting, Bearing Shareholders will be asked to pass an ordinary resolution re-appointing Dale Matheson Carr-Hilton Labonte LLP, Chartered Professional Accountants as the auditor to hold office until the next annual meeting of the Bearing Shareholders or until such firm is removed from office or resigns as provided by law and to authorize the Bearing Board to fix the remuneration to be paid to the auditor. Dale Matheson Carr-Hilton Labonte LLP, Chartered Professional Accountants, of Vancouver, British Columbia has served as the auditor for Bearing Lithium since September 29, 2016.

Management recommends that Bearing Shareholders vote for the approval of the re-appointment of Dale Matheson Carr-Hilton Labonte LLP, Chartered Professional Accountants as the auditor for Bearing for the ensuing year at a remuneration to be fixed by the Bearing Board.

Approval of Rolling Bearing Option Plan

The Company presently has in place a "rolling" Bearing Option Plan whereby the Company is authorized to grant stock options of up to 10% of its issued and outstanding common shares, from time to time. The Bearing Option Plan is described above under the heading "*Appendix A - Executive Compensation – Stock Options and Other Compensation Securities*".

Bearing Shareholders will be asked to consider, and if thought fit, to approve an ordinary resolution ratifying and approving the Bearing Option Plan.

Stock Option Plans and Other Incentive Plans

The Company has in effect a 10% rolling Bearing Option Plan approved by the shareholders of the Company at its annual general meeting held on June 25, 2020. The following information is intended as a brief description of the Bearing Option Plan and is qualified in its entirety by the full text of the Bearing Option Plan.

1. The maximum aggregate number of shares that may be issued upon the exercise of Bearing Options granted under the Bearing Option Plan shall not exceed 10% of the issued and outstanding share capital of Bearing, the exercise price of which, as determined by the Bearing Board in its sole discretion, shall not be less than the last closing price of the Company's shares traded through the facilities of the TSXV prior to the announcement of the option grant, or such other price as may be required or permitted by the TSXV, or if the shares are no longer listed for trading on the TSXV, then such other exchange or quotation system on which the shares are listed or quoted for trading.
2. The Bearing Board shall not grant options to any one person in any 12-month period which will, when exercised, exceed 5% of the issued and outstanding shares of the Company or to any one consultant or to those persons employed by the Company who perform investor relations services which will, when exercised, exceed 2% of the issued and outstanding shares of the Company.

3. Upon expiry of an option, or in the event an option is otherwise terminated for any reason, the number of shares in respect of the expired or terminated option shall again be available for the purposes of the Bearing Option Plan. All options granted under the Bearing Option Plan may not have an expiry date exceeding five years from the date on which the Bearing Board grants and announces the granting of the option.
4. If the option holder ceases to be a director, officer, employee or consultant of the Company (other than by reason of death) then the option granted shall expire on a date stipulated by the Bearing Board at the time of grant and, in any event, must terminate within 90 days after the date on which the option holder ceases to be a director, officer, employee or consultant, subject to the terms and conditions set out in the Bearing Option Plan.

The Bearing Board retains the discretion to impose vesting periods on any options granted. In accordance with the policies of the TSXV, Bearing Options granted to consultants performing investor relations services must vest in stages over a minimum of 12 months with no more than one-quarter of the Bearing Options vesting in any three-month period.

Reference can be made to the full text of the Bearing Option Plan which will be made available at the offices of Bearing, Suite 810 – 789 West Pender Street, Vancouver, BC V6C 1H2 until the business day immediately preceding the date of the Meeting. A copy of the Bearing Option Plan is also attached as Appendix "J" to this Circular. At the Meeting, the Bearing Shareholders will be asked to approve the following regular resolution:

"BE IT RESOLVED THAT:

- (1) The current incentive stock option plan of the Company, as described in the Circular of the Company (and as may be amended to comply with the policies of the TSXV from time to time), be and is hereby affirmed, ratified and approved; and
- (2) Any one (1) director or officer of the Company be authorized to make all such arrangements, to do all acts and things and to sign and execute all documents and instruments in writing, whether under the corporate seal or otherwise, as may be considered necessary or advisable to give full force and effect to the foregoing."

Approval of the Arrangement

The Interim Order provides that, in order for the Arrangement to be implemented, the Arrangement Resolution must be passed at the Bearing Meeting, with or without variation, by the affirmative vote of at least 66 2/3% of the votes cast by the Bearing Securityholders voting together as a single class, present in person or represented by proxy at the Bearing Meeting.

If Bearing Securityholders do not approve the Arrangement Resolution at the Meeting, the Arrangement will not proceed.

Unless a proxy specifies that the Bearing Shares, Bearing Options and/or Bearing Warrants it represents should be voted against the approval of the Arrangement Resolution or voted in accordance with the specification in the proxy, the Management Designees, if named as proxyholder in the form of proxy, intend to vote **FOR** the approval of the Arrangement Resolution.

Other Business

As of the date hereof, management of the Company knows of no matters to come before the Meeting other than those referred to in the Bearing Notice of Meeting accompanying this Circular. **However, if any other matters properly come before the Meeting, it is the intention of the Management Designees to vote in accordance with their best judgment on such matters.**

GENERAL INFORMATION CONCERNING THE BEARING MEETING AND VOTING

Time, Date and Place

The Bearing Meeting will be held at Suite 810 -789 West Pender Street, Vancouver, BC, V6C 1H2, on October 28, 2022 at 10:00 a.m. (Vancouver time) and will also be accessible online by going to <https://meetnow.global/MATWUV4>.

Record Date

The record date for determining the Bearing Securityholders entitled to receive notice of and to vote at the Bearing Meeting is September 9, 2022 (the "**Record Date**"). Only Bearing Securityholders of record as of the close of business (Vancouver time) on the Record Date are entitled to receive notice of and to vote at the Bearing Meeting.

Approvals Required

To be effective, the Arrangement Resolution must be approved, with or without variation, by the affirmative vote of at least two-thirds of the votes cast on the Arrangement Resolution by the Bearing Securityholders present in person or represented by proxy at the Bearing Meeting. The other annual matters being considered at the Bearing Meeting require the approval of only Bearing Shareholders.

See "*The Arrangement – Bearing Securityholder Approval*".

Quorum

A quorum of Bearing Securityholders shall be present at the Bearing Meeting if at least two persons are present in person or by proxy and representing in the aggregate not less than 5% of the outstanding Bearing Securities entitled to vote at the Bearing Meeting.

Principal Holders of Bearing Shares, Bearing Warrants and Bearing Options

The authorized share capital of Bearing consists of an unlimited number of Bearing Shares. As at the Record Date, 109,057,738 Bearing Shares were issued and outstanding. Each Bearing Share is entitled to one vote at a meeting of Bearing Shareholders. As at the Record Date, 9,200,000 Bearing Options were issued and outstanding. Each Bearing Option is entitled to one vote on the Arrangement Resolution. Bearing Optionholders are not entitled to vote on the other annual matters being considered at the Bearing Meeting. As at the Record Date, 16,806,555 Bearing Warrants were issued and outstanding. Each Bearing Warrant is entitled to one vote on the Arrangement Resolution. Bearing Warrantholders are not entitled to vote on the other annual matters being considered at the Bearing Meeting.

The Bearing Board has fixed the close of business on September 9, 2022 as the Record Date for the purpose of determining the Bearing Shareholders entitled to receive notice of the Bearing Meeting, but the failure

of any Bearing Shareholder who was a Bearing Shareholder on the Record Date to receive notice of the Bearing Meeting does not deprive the Bearing Shareholder of the right to vote at the Bearing Meeting.

To the knowledge of the directors and executive officers of Bearing, as of the Record Date, the following persons beneficially own, directly or indirectly, or exercise control or direction over, 10% or more of the issued and outstanding common shares of Bearing:

Name of Shareholder	Number of Shares Owned	Percentage of Outstanding Shares ⁽¹⁾
CDS & Co ⁽²⁾	86,667,952 ⁽³⁾	79.47%

Notes:

- (1) Based on 109,057,738 Bearing Shares issued and outstanding as of the date of this Circular.
- (2) CDS & CO is a share depository, the beneficial ownership of which is unknown to the Company.
- (3) The above information was supplied by Computershare, as of the record date.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed in this Circular or the documents incorporated by reference herein, within the three years prior to the date of this Circular, no insider of Bearing, director or associate or affiliate of any insider or director of Bearing, has or had any material interest, direct or indirect, in any transaction or proposed transaction which has materially affected or could materially affect Bearing or any of their respective subsidiaries.

LEGAL MATTERS

Certain legal matters in connection with the Arrangement will be passed upon by DS Lawyers Canada LLP on behalf of Bearing. As of the date hereof, the partners and associates of DS Lawyers Canada LLP as a group beneficially owned, directly or indirectly, less than one percent of the Bearing Shares.

INTERESTS OF EXPERTS OF BEARING

Names of Experts

Each of the authors in the following table is a "qualified person" under NI 43-101. Each qualified person has prepared or supervised the preparation of the report set opposite such qualified person's name. Such reports contain certain scientific or technical information relating to the MSB Project Technical Report, as applicable, which information is contained in or incorporated by reference in this Circular.

Report Authors

<u>Report</u>	<u>Authors</u>
MSB Project Technical Report	Mr. Marek Dworzanowski, CEng., BSc (Hons), HonFSAIMM
	Mr. Peter Ehren, MSc, MAusIMM
	Mr. Frits Reidel, CPG

To the knowledge of Bearing, other than through the ownership of Bearing Securities, none of the aforementioned qualified persons for the MSB Project Technical Report received or has received a direct or indirect interest in the property of Bearing or of any associate or affiliate of Bearing. As of the date hereof, to Bearing's knowledge, the aforementioned qualified persons beneficially own, directly or indirectly, in total, less than one percent of the securities of Bearing.

In addition, the following persons and companies have prepared certain sections of this Circular and/or appendices attached hereto as described below, or are named as having prepared or certified a report, statement or opinion in or incorporated by reference in this Circular.

<u>Name of Expert</u>	<u>Nature of Relationship</u>
Sequiera ⁽¹⁾	Authors responsible for the preparation of the Bearing Fairness Opinion
DMCL LLP	Auditors of Bearing

Notes:

- (1) To the knowledge of Bearing, none of the experts so named (or any of the designated professionals thereof) held securities representing more than 1% of all issued and outstanding Bearing Shares as at the date of the statement, report or valuation in question, and none of the persons above is or is expected to be elected, appointed or employed as a director, officer or employee of the Bearing or of any associate or affiliate of the Bearing.
- (2) DMCL LLP, is independent of Bearing in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia.

BEARING DIRECTORS' APPROVAL

The contents and the sending of this Circular have been approved by the Bearing Board.

DATED this 27th day of September, 2022.

**BY ORDER OF THE BOARD OF DIRECTORS OF
BEARING LITHIUM CORP.**

"Gil Playford"

Gil Playford

Chair of the Board of Directors

GLOSSARY OF DEFINED TERMS

The following terms used in this Circular have the meanings set forth below.

"Acquisition Proposal" has the meaning ascribed thereto under the Arrangement Agreement.

"allowable capital loss" has the meaning ascribed thereto under *"Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Taxation of Capital Gains and Capital Losses"*.

"Arrangement" means an arrangement under Part 9, Division 5 of the BCBCA, on the terms and conditions set forth in the Plan of Arrangement, subject to any amendments or supplement thereto made in accordance with the Arrangement Agreement and the provisions of the Plan of Arrangement or made at the direction of the Court in the Final Order.

"Arrangement Agreement" means the arrangement agreement dated as of June 22, 2022, as amended on September 19, 2022, among Bearing, LPI and the Purchaser, together with the schedules attached thereto and the Bearing Disclosure Letter and LPI Disclosure Letter, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"Arrangement Resolution" means the special resolution of Bearing Securityholders approving the Arrangement and presented at the Bearing Meeting, substantially in the form set out in Appendix "D" hereto.

"ASIC" means the Australian Securities and Investment Commission.

"ASX" means the Australian Securities Exchange.

"ASX Listing Rules" means the Listing Rules of the ASX, as amended from time to time.

"Authorization" means with respect to any Person, any order, permit, approval, consent, waiver, licence or similar authorization of any Governmental Entity having jurisdiction over the Person.

"Available Cash" has the meaning ascribed thereto under *"The Arrangement – Cash Distribution"*;

"BCBCA" means the *Business Corporations Act* (British Columbia), S.B.C. 2002, c. 57, as amended, including the regulations promulgated thereunder.

"Bearing" means Bearing Lithium Corp., a corporation existing under the laws of British Columbia.

"Bearing Board" means the board of directors of Bearing as constituted from time to time.

"Bearing Board Recommendation" means a statement from the Bearing Board that the Bearing Board has received its Bearing Fairness Opinion, and has unanimously, after receiving legal and financial advice, determined that the Arrangement is in the best interests of Bearing and recommends that Bearing Securityholders vote in favour of the Arrangement Resolution.

"Bearing Disclosure Letter" means the disclosure letter dated the date of the Arrangement Agreement and delivered by Bearing to LPI concurrent with the Arrangement Agreement.

"Bearing Expense Reimbursement" has the meaning ascribed thereto under *"The Arrangement - Termination of Arrangement Agreement – Expenses"*.

"Bearing Fairness Opinion" means the opinion provided by Sequeira to the effect that as of June 19, 2022, subject to the assumptions and limitations set out therein, the Consideration under the Arrangement is fair from a financial point of view to the Bearing Shareholders.

"Bearing Locked-Up Shareholders" means the directors and executive officers of Bearing.

"Bearing Meeting" means the annual, general and special meeting of Bearing Securityholders, including any adjournment or postponement of such special meeting in accordance with the terms of the Arrangement Agreement, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution and for any other purpose as may be set out in the Circular.

"Bearing Notice of Meeting" means the Notice of Annual, General and Special Meeting of Shareholders of Bearing accompanying this Circular.

"Bearing Option Plan" means the Stock Option Plan of Bearing with an effective date of June 25, 2020.

"Bearing Optionholders" means the registered holders of Bearing Options.

"Bearing Options" means the outstanding options to purchase Bearing Shares granted under the Bearing Option Plan.

"Bearing Permitted Transaction" has the meaning ascribed thereto in the Arrangement Agreement.

"Bearing Securities" means collectively, Bearing Shares, Bearing Options and Bearing Warrants.

"Bearing Securityholder Approval" means the requisite approval of the Arrangement Resolution by 66⅔% of the votes cast on the Arrangement Resolution by Bearing Securityholders (voting together as one class), present in person or represented by proxy at the Bearing Meeting.

"Bearing Securityholders" means collectively, the holders of Bearing Securities.

"Bearing Shareholders" means the holders of Bearing Shares.

"Bearing Shares" means common shares in the capital of Bearing, as currently constituted and that are currently listed and posted for trading on the TSXV under the symbol "BRZ".

"Bearing Voting Agreements" means the voting agreements (including all amendments thereto) between LPI and the Bearing Locked-Up Shareholders setting forth the terms and conditions upon which they have agreed, among other things, to vote their Bearing Shares, Bearing Options and Bearing Warrants in favour of the Arrangement Resolution.

"Bearing Warrantholders" means the holders of Bearing Warrants.

"Bearing Warrants" means the warrants to purchase an aggregate of 16,806,855 Bearing Shares (subject to adjustment as provided in their respective warrant agreements).

"Beneficial Securityholder" has the meaning ascribed thereto under "*Management Information Circular – Information for Beneficial Securityholders*".

"Beneficial Shareholder" means a Bearing Shareholder that does not hold Bearing Shares in their own name.

"Broadridge" means Broadridge Financial Solutions, Inc.

"Business Day" means a day which is not a Saturday, Sunday or a civic or statutory holiday in Vancouver, Canada or Sydney, Australia.

"Cash Distribution" means the expected distribution of cash to Bearing Shareholders as set forth in the Plan of Arrangement.

"CDS" means CDS Clearing and Depository Services Inc.

"CEO" means chief executive officer.

"CHES" means the Clearing House Electronic Subregister System in Australia.

"Circular" means the management information circular in respect of the Bearing Meeting, including all schedules, appendices and exhibits thereto, and information incorporated by reference in such management information circular, to be sent to the Bearing Securityholders in connection with the Bearing Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of the Arrangement Agreement.

"collateral benefit", as defined under MI 61-101, includes any benefit that a "related party" of the Company (as defined in MI 61-101) is entitled to receive as a consequence of the Arrangement, including, without limitation, an increase in salary, a lump sum payment, a payment for surrendering securities, or other enhancement in benefits related to past or future services as an employee, director or consultant of the Company. However, MI 61-101 excludes from the meaning of "collateral benefit" a payment per security that is identical in amount and form to the entitlement of the general body of holders in Canada of securities of the same class, an enhancement of employee benefits resulting from participation by a related party in a group plan where the benefits provided by the group plan are generally provided to employees of the successor to the business of the issuer, as well as certain benefits to a related party received solely in connection with the related party's services as an employee, director or consultant of the issuer, of an affiliated entity of such issuer or of a successor to the business of such issuer where: (a) the benefit is not conferred for the purpose, in whole or in part, of increasing the value of the consideration paid to the related party for securities relinquished under the transaction; (b) the conferring of the benefit is not, by its terms, conditional on the related party supporting the transaction in any manner; (c) full particulars of the benefit are disclosed in the disclosure document for the transaction; and (d) either (i) at the time the transaction is agreed to, the related party and his or her associated entities beneficially own, or exercise control or direction over, less than 1% of the outstanding securities of each class of equity securities of the issuer, or (ii) the related party discloses to an independent committee of the issuer the amount of consideration that such Person expects to be beneficially entitled to receive, under the terms of the transaction, in exchange for the equity securities such Person beneficially owns and the independent committee acting in good faith determines that the value of the benefit, net of any offsetting costs to the related party, is less than 5% of the value of the consideration the related party will receive pursuant to the terms of the transaction for the equity securities it beneficially owns, and the independent committee's determination is disclosed in the disclosure document for the transaction.

"Combined Company" means LPI after completion of the Arrangement.

"Completion Deadline" means December 31, 2022, or such later date as may be agreed to in writing by the Parties.

"Computershare" means Computershare Investor Services Inc.

"Consideration" means the consideration to be received by the Bearing Shareholders pursuant to the Plan of Arrangement as consideration for their Bearing Shares that are issued and outstanding immediately prior to the Effective Time, consisting of 0.70 of an LPI Share for each one (1) Bearing Share;

"Court" means the Supreme Court of British Columbia.

"CRA" means the Canada Revenue Agency.

"DemergeCo" has the meaning ascribed thereto under *"Summary"*.

"Depository" means Computershare Investor Services Inc., which has been appointed as depository by LPI and Bearing for the purpose of, among other things, exchanging certificates representing Bearing Shares for the LPI Shares issuable in connection with the Arrangement.

"Dissent Rights" means the rights of dissent of Bearing Shareholders in respect of the Arrangement Resolution which are described in Article 3 of the Plan of Arrangement.

"Dissent Shares" means Bearing Shares held by a Dissenting Bearing Shareholder and in respect of which the Dissenting Bearing Shareholder has validly exercised Dissent Rights as described under *"Rights of Dissenting Bearing Shareholders"*.

"Dissenting Bearing Shareholder" means a registered holder of Bearing Shares who validly dissents in respect of the Arrangement Resolution in strict compliance with Section 3.1 of the Plan of Arrangement and does not withdraw such dissent prior to the Effective Time.

"Dissenting Resident Holder" has the meaning ascribed thereto under *"Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Dissenting Resident Holders"*.

"Effective Date" means the date upon which the Arrangement becomes effective, as set out in the Plan of Arrangement.

"Effective Time" means the time on the Effective Date that the Arrangement becomes effective, as set out in the Plan of Arrangement.

"Environmental Laws" means all applicable Laws and agreements with Governmental Entities and all other statutory requirements relating to public health or the protection of the environment and all Authorizations issued pursuant to such Law, agreements or other statutory requirements.

"Exchange Ratio" means 0.70 of an LPI Share for each Bearing Share, subject to adjustment in accordance with the terms of the Arrangement Agreement.

"Final Order" means the final order of the Court pursuant to Section 291 of the BCBCA in a form acceptable to Bearing and LPI, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of both Bearing and LPI, each acting reasonably) at any time prior to the Effective Date or, if appealed, then unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both Bearing and LPI, each acting reasonably) on appeal.

"Governmental Entity" means (a) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, ministry, agency or instrumentality, domestic or foreign,

(b) any subdivision or authority of any of the above, (c) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing or (d) any stock exchange.

"Holder" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations".

"IFRS" means International Financial Reporting Standards as issued by the International Accounting Standards Board, at the relevant time, applied on a consistent basis.

"Interim Order" means the interim order of the Court in a form acceptable to Bearing and LPI, each acting reasonably, providing for, among other things, the calling and holding of the Bearing Meeting, as such order may be amended by the Court (with the consent of Bearing and LPI, each acting reasonably).

"Intermediary" has the meaning ascribed thereto under *"Information for Beneficial Securityholders"*.

"Joint Venture Partner" means Minera Salar Blanco SpA, a Chilean Company controlled by Martin Borda, holder of the 31.13% interest in the MSB Project.

"Joint Venture Partner Agreement" means the Agreement and Plan of Merger between, among others, Martin Borda and LPI dated on or about the date of the Arrangement Agreement in respect of the Joint Venture Partner Transaction.

"Joint Venture Partner Transaction" means the merger of all of Martin Borda's direct and indirect interests in Minera Salar Blanco S.A. with and into LPI, in exchange for the issue of LPI Shares to Martin Borda;

"Law" means, with respect to any Person, any and all laws (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended and the term "applicable" with respect to such Laws and in a context that refers to a Party, means such Laws as are applicable to such Party and/or its subsidiaries or their business, undertaking, property or securities.

"Letter of Transmittal" means the letter of transmittal that accompanies this Circular for use by registered Bearing Shareholders.

"LPI" means Lithium Power International Limited, a corporation existing under the laws of Australia.

"LPI Board" means the board of directors of LPI as the same is constituted from time to time.

"LPI Disclosure Letter" means the disclosure letter dated the date of the Arrangement Agreement and delivered by LPI to Bearing concurrent with the Arrangement Agreement.

"LPI Expense Reimbursement" has the meaning ascribed thereto under *"The Arrangement - Termination of Arrangement Agreement – Expenses"*.

"LPI Shareholders" means the holders of LPI Shares.

"LPI Shares" means the ordinary shares in the capital of LPI as currently constituted and that are currently listed and posted for trading under the code "LPI" on the ASX.

"Matching Period" has the meaning ascribed thereto under *"The Arrangement Agreement – Covenants – Superior Proposals and LPI Right to Match"*.

"Material Adverse Effect" has the meaning ascribed thereto under the Arrangement Agreement.

"Meeting Materials" means, collectively, the Bearing Notice of Meeting, this Circular, the Letter of Transmittal for Bearing Securityholders and the VIF, as applicable.

"MI 61-101" means Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*.

"MSB" means Minera Salar Blanco S.A.

"MSB Project" means the Minera Salar Blanco Lithium Project.

"MSB Project Technical Report" means the definitive feasibility study for the stage one of the MSB Project, dated January 7, 2022.

"NI 43-101" means National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*.

"NI 54-101" means National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer*.

"Non-Resident Holder" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada".

"Notice Shares" means, in relation to a notice of dissent, the number of shares in respect of which dissent is being exercised under the notice of dissent.

"OIF Rules" has the meaning ascribed thereto under *"Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Offshore Investment Fund Property Rules"*.

"Parties" means Bearing, the Purchaser and LPI, and "Party" means any one of them.

"Person" includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including Governmental Entity), syndicate or other entity, whether or not having legal status.

"Plan of Arrangement" means the plan of arrangement, substantially in the form set out in Appendix "E" hereto, subject to any amendments or variations to such plan made in accordance with the Arrangement Agreement and the terms of such plan of arrangement, or made at the direction of the Court in the Final Order with the prior written consent of Bearing and LPI, each acting reasonably.

"Purchaser" means LPI Canada Holdings Ltd., a corporation incorporated under the BCBCA, and a wholly owned subsidiary of LPI.

"Purchaser Common Shares" means the common shares in the capital of the Purchaser.

"RDSP" has the meaning ascribed thereto under *"Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Eligibility for Investment"*.

"Record Date" means September 9, 2022.

"Registered Plan" has the meaning ascribed thereto under *"Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Eligibility for Investment"*.

"Registrar" has the meaning ascribed thereto under *"The Arrangement – Procedure for the Arrangement to Become Effective"*.

"Resident Holder" has the meaning ascribed thereto under *"Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada"*.

"RESP" has the meaning ascribed thereto under *"Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Eligibility for Investment"*.

"Response" has the meaning ascribed thereto under *"The Arrangement – Court Approval and Completion of the Arrangement"*.

"RRIF" has the meaning ascribed thereto under *"Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Eligibility for Investment"*.

"RRSP" has the meaning ascribed thereto under *"Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Eligibility for Investment"*.

"SEC" means the United States Securities and Exchange Commission.

"Securities Laws" means the *Securities Act* (British Columbia) and any other applicable Canadian provincial securities Laws.

"SEDAR" means the System for Electronic Document Analysis and Retrieval.

"Sequeira" means Sequeira Partners, financial advisor to Bearing.

"Sequeira Engagement Agreement" has the meaning ascribed thereto under *"The Arrangement – Bearing Fairness Opinion"*.

"Shareholders" means, collectively, the Bearing Shareholders.

"Subject Bearing Securities" has the meaning ascribed thereto under the heading *"The Arrangement – Voting Agreements – Bearing Voting Agreements"*.

"Superior Proposal" has the meaning ascribed thereto under the Arrangement Agreement.

"Superior Proposal Notice" has the meaning ascribed thereto under *"The Arrangement Agreement – Covenants – Superior Proposals and LPI Right to Match"*.

"Tax" or **"Taxes"** means (a) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Governmental Entity, whether computed on a separate, consolidated, unitary, combined or other basis, including those levied on, or measured by, or described with respect to, income, gross receipts, profits, gains, windfalls, capital, capital

stock, production, recapture, transfer, land transfer, license, gift, occupation, wealth, environment, net worth, indebtedness, surplus, sales, goods and services, harmonized sales, use, value-added, excise, special assessment, stamp, withholding, business, franchising, real or personal property, health, employee health, payroll, workers' compensation, employment or unemployment, severance, social services, social security, education, utility, surtaxes, customs, import or export, and including all license and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions; and (b) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity on or in respect of amounts of the type described in clause (a) above or this clause (b);

"Tax Act" means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time.

"taxable capital gain" has the meaning ascribed thereto under *"Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Taxation of Capital Gains and Capital Losses"*.

"Termination Fee" has the meaning ascribed thereto under *"The Arrangement – Termination of the Arrangement Agreement – Termination of Payments"*.

"Termination Fee Event" has the meaning ascribed thereto under *"The Arrangement Agreement – Termination of the Arrangement Agreement – Termination Payments"*.

"TFSA" has the meaning ascribed thereto under *"Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Eligibility for Investment"*.

"TSXV" means the TSX Venture Exchange.

"United States" or **"U.S."** means the United States of America, its territories and possessions, any State of the United States and the District of Colombia.

"U.S. Exchange Act" means the United States Securities Exchange Act of 1934, as the same has been, and hereafter from time to time may be, amended.

"U.S. GAAP" means United States generally accepted accounting principles applicable to publicly accountable enterprises.

"U.S. Securities Act" means the United States Securities Act of 1933, as amended and the rules and regulations promulgated thereunder.

"VIF" has the meaning ascribed thereto under the heading *"Information for Beneficial Securityholders"*.

"WA Spin-Off" means the proposed spin-out of: (a) LPI's Western Australian Greenbushes and Pilgangoora lithium assets, as announced by LPI to the ASX on 12 January 2022, and (b) LPI's additional Western Australian Greenbushes lithium assets announced by LPI to the ASX on 5 July 2022.

"Waiver Deed" means the Instrument of Waiver of pre-emptive rights between the Joint Venture Partner, Lithium Power Inversiones Chile SpA (a wholly owned subsidiary of LPI), and Li3 Energy, Inc. (a wholly owned subsidiary of Bearing), dated on or about the date of the Arrangement Agreement, in respect of the waiver of such parties' rights under the MSB Shareholders Agreement to permit the transactions contemplated by the Arrangement, the Joint Venture Partner Transaction or as otherwise contemplated by such transaction.

APPENDIX "A"
INFORMATION RELATING TO BEARING

APPENDIX "A"
INFORMATION CONCERNING BEARING LITHIUM CORP.

TABLE OF CONTENTS

NOTICE TO READER	1
FORWARD-LOOKING STATEMENTS	1
CORPORATE STRUCTURE	2
Name, address and incorporation	2
Intercorporate Relationships.....	2
BUSINESS OF BEARING.....	2
History	2
DESCRIPTION OF SHARE CAPITAL OF BEARING	7
General	7
FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS OF BEARING	7
DISCLOSURE OF OUTSTANDING SHARE DATA OF BEARING	8
PRIOR SALES OF BEARING	8
Trading Price and Volume	8
CONSOLIDATED CAPITALIZATION OF BEARING.....	9
DIRECTORS AND EXECUTIVE OFFICERS OF BEARING.....	9
Ownership of Shares	10
Cease Trade Orders	11
Bankruptcies.....	11
Penalties or Sanctions.....	11
Conflicts of Interest.....	11
Management.....	11
EXECUTIVE COMPENSATION.....	11
Named Executive Officers	11
Table of Compensation Excluding Compensation Securities.....	12
Stock Options and Other Compensation Securities.....	14
Exercise of Compensation Securities by Directors and NEOs	15
External management Companies	15
Stock Option Plans and Other Incentive Plans.....	15
Employment, Consulting and Management Agreements	16
Oversight and Description of Director and NEO Compensation	17
Pension Disclosure	17
INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS AND EMPLOYEES OF BEARING	17
AUDIT COMMITTEE DISCLOSURE.....	18
Audit Committee Charter	18
Composition of the Audit Committee	18
Relevant Education and Experience.....	18
Complaints	18
Audit Committee Oversight	19
Reliance on Certain Exemptions	19
Reliance on the Exemption in Subsection 3.3(2) or Section 3.6	19
Reliance on Section 3.8	19
Reliance on Section 6.1	19
Pre-Approval Policies and Procedures	19
External Auditor Service Fees.....	19
CORPORATE GOVERNANCE DISCLOSURE.....	20
Board of Directors.....	20
Independence of Directors.....	20
Directorships	20
Orientation and Continuing Education	21
Ethical Business Conduct.....	21
Disclosure Policy.....	21

Nomination of Directors.....	21
Other Board Committees.....	21
Assessments	22
RISK FACTORS	22
MATERIAL CONTRACTS OF BEARING	30
LEGAL PROCEEDINGS AND REGULATORY ACTIONS CONCERNING BEARING	30
INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	30
AUDITOR, REGISTRAR AND TRANSFER AGENT OF BEARING	30

SCHEDULES:

SCHEDULE "I"	FINANCIAL STATEMENTS OF BEARING FOR THE YEARS ENDED OCTOBER 31, 2021 AND 2020
SCHEDULE "II"	FINANCIAL STATEMENTS OF BEARING FOR THE YEARS ENDED OCTOBER 31, 2020 AND 2019
SCHEDULE "III"	INTERIM UNAUDITED FINANCIAL STATEMENTS OF BEARING FOR THE SIX MONTHS ENDED APRIL 30, 2022
SCHEDULE "IV"	MANAGEMENT'S DISCUSSION AND ANALYSIS OF BEARING FOR THE YEAR ENDED OCTOBER 31, 2021 AND FOR THE YEAR ENDED OCTOBER 31, 2020
SCHEDULE "V"	MANAGEMENT'S DISCUSSION AND ANALYSIS OF BEARING FOR THE SIX MONTHS ENDED APRIL 30, 2022
SCHEDULE "VI"	AUDIT COMMITTEE CHARTER

NOTICE TO READER

Capitalized terms used in this Appendix "A" and not otherwise defined herein shall have the meanings ascribed thereto in the Glossary of Terms contained in the Information Circular to which this Appendix "A" is attached.

FORWARD-LOOKING STATEMENTS

Certain statements included in this Appendix "A" constitute forward-looking statements, including those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend", "may", "should" expect", "target", "will" and similar expressions to the extent they relate to the business of Bearing or its management. The forward-looking statements are not historical facts but reflect current expectations regarding future results or events. This Appendix "A" contains forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors.

Information concerning the interpretation of drill results also may be considered forward-looking statements; as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed. The estimates, risks and uncertainties described in this Appendix "A" are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in the Company's forward-looking statements. In addition, any forward-looking statements represent the Company's estimates only as of the date of this Appendix "A" and should not be relied upon as representing the Company's estimates as of any subsequent date.

The material factors and assumptions that were applied in making the forward-looking statements in this Appendix "A" includes: (a) execution of the Company's existing plans or exploration programs for each of its properties, in conjunction with its joint venture partners, either of which may change due to changes in the views of the Company, or its joint venture partners, or if new information arises which makes it prudent to change such plans or programs; and (b) the accuracy of current interpretation of drill and other exploration results, since new information or new interpretation of existing information may result in changes in the Company's expectations.

These forward-looking statements relate to, among other things, mineral reserve and resource estimates, grades and recoveries, financial forecasts including the net present value and after-tax internal rate of return estimates of the Maricunga Project, projected tax rates, the anticipated life of operations, annual production expectations including cash flows, capital costs, expected operating costs and construction financing. Forward-looking statements involve known and unknown risks, uncertainties and other factors which are beyond Bearing's ability to predict or control and may cause Bearing's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by the forward-looking statements. These risks, uncertainties and other factors include, but are not limited to, strategic, legal, planning and other risks, the impact of changes in, or to the enforcement of, laws, regulations and government practices, potential defects in title to the Maricunga Project that are not known as of the date hereof, the occurrence of unexpected financial obligations, fluctuations in the price of lithium and other commodities, fluctuations in the currency markets, changes in national and local government, legislation, taxation, controls, regulations and political or economic developments, risks and hazards associated with the business of mineral exploration, development and mining (including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins and flooding), risks related to operational matters and geotechnical issues, the success of future exploration and development activities, the occurrence of any labour unrest, the ability to accurately predict decommissioning and reclamation costs, the risk of budget and timing overruns, potential opposition to the Maricunga Project by local communities and the ability to secure construction financing. Such forward-looking statements are also based on a number of assumptions which may prove to be incorrect including changes in Maricunga Project parameters as plans continue to be evaluated as well as those factors disclosed in the Company's documents filed from time to time with the securities regulators in the Provinces of British Columbia and Alberta. Accordingly, readers should not place undue reliance on forward-looking statements. Bearing undertakes no obligation to update publicly or otherwise revise any forward-looking statements contained herein whether as a result of new information or future events or otherwise, except as may be required by law.

Readers should not place undue reliance on the Company's forward-looking statements, as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize.

CORPORATE STRUCTURE

Name, address and incorporation

Bearing Lithium Corp. (formerly Bearing Resources Ltd.) (the "**Company**") is a publicly traded company listed on the TSXV under the symbol "BRZ". Bearing is based in Vancouver, British Columbia and is a lithium-focused mineral exploration and development company.

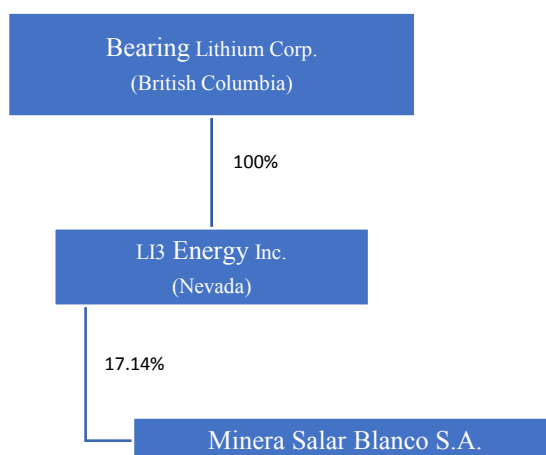
Bearing was incorporated on January 13, 2011 as 0900353 B.C. LTD, a wholly owned subsidiary of Valley High Ventures Ltd. ("**Valley High**"). On March 25, 2011, Levon Resources Ltd. acquired Valley High, the predecessor corporation to the Company, by way of a court-approved plan of arrangement, at which time Bearing began operating as a standalone entity. Bearing Shares commenced trading on the TSX Venture Exchange on June 10, 2011 (BRZ.V).

The principal and head office of Bearing is located at 810 – 789 West Pender Street, Vancouver, BC, V6C 1H2. The registered office of Bearing is located at 810 – 789 West Pender Street, Vancouver, BC, V6C 1H2.

Intercorporate Relationships

The following table provides the name, the percentage of voting securities owned by Bearing and the jurisdiction of incorporation, continuance or formation of Bearing's subsidiaries, either direct or indirect, as at the date hereof.

	Percentage of securities held (directly or indirectly)	Jurisdiction of Incorporation/ Formation
Li3 Energy, Inc.	100%	Nevada
Minera Salar Blanco S.A.	17.14%	Chile



BUSINESS OF BEARING

History

Bearing was incorporated on January 13, 2011 as 0900353 B.C. LTD, a wholly owned subsidiary of Valley High. On March 25, 2011, Levon Resources Ltd. acquired Valley High, the predecessor corporation to the Company, by way

of a court-approved plan of arrangement, at which time Bearing began operating as a standalone entity. Bearing shares commenced trading on the TSX Venture Exchange on June 10, 2011 (BRZ.V). Bearing is a Canadian based company which is focused on exploration for precious and base metals in South America. The Company's primary asset is a partial stake in a lithium and potassium exploration project located in the northeast section of the Salar de Maricunga in Region III of Atacama in northern Chile (the MSB Project).

2017-2018

On September 28, 2017 the Company and Li3 Energy, Inc. ("**Li3**") entered into an agreement and plan of merger (the "**Merger Agreement**") whereby Bearing acquired all the issued and outstanding shares of Li3. Pursuant to the Merger Agreement, Bearing and LI Acquisition Corporation ("**Sub**"), a newly formed wholly owned subsidiary of the Company, merged with and into Li3 (the "**Merger**"), with Li3 surviving the Merger as a wholly owned subsidiary of Bearing. In exchange the Li3 common stock was converted into an aggregate of 16,000,000 Bearing Shares. Through the Merger of Li3, the Company obtained a 17.67% interest in MSB Project.

In February 2018, LPI, the Company's joint venture partner in the MSB Project agreed to accelerate its outstanding payments of US\$7.53 million by March 1st, 2018 to satisfy its earn-in. Including the US\$7.53 million pre-payment by LPI, Minera Salar Blanco SpA ("**MSB SA**"), the joint venture entity through which the MSB Project is held, had a treasury of approximately US\$9.7 million. The 2018 development program for the MSB Project included the delivery of the Definitive Feasibility Study ("**DFS**"), completion of environmental studies and submission of permits. Under the terms of the joint venture governing the MSB Project, any expenditures in excess of the current treasury would require approval from at least five of the six board members of MSB SA and contributions would be pro-rated based on ownership interests. To continue developing the property from the permit stage into a producing mine, Bearing will need to fund its share of the development costs or risk dilution of its ownership interest. The required funding is determined based on an annual business plan with an itemized project budget.

On May 2, 2018, First Division Ventures Inc. ("**First Division**") and Bearing entered into an amending agreement whereby the acquisition by First Division would be reduced to a 50% interest in the 81 lode claims in the Esmeralda County, Nevada. First Division Ventures Inc. exercised its option to acquire a 100% interest in certain mining claims of the Fish Lake Valley Property by paying \$20,000 and issuing 20,000 common shares of First Division to Bearing.

On July 23, 2018, the Company completed a spin-out transaction by way of the Arrangement which resulted in Bearing transferring its interests in exploration projects in the gold district of the Yukon and a lithium project in Nevada to Lions Bay Mining Corp. ("**Lions Bay**"). The 5 properties were initially included as mineral properties in the financial statement consolidation of Lions Bay and Bearing because Bearing held a control position of over 50% ownership in the shares of Lions Bay as at October 31, 2018. Lions Bay closed a private placement in November 2018 resulting in

the dilution of Bearing's percentage ownership below 50% resulting in the Yukon and Nevada properties to be excluded from Bearing financial reports in future periods.

On August 28, 2018, the Company purchased an additional interest in MSB SA, bringing Bearing's ownership interest to 18.02% through Li3. The MSB Project as of August 28, 2018 was owned by Bearing (18.02%), MSB SPA Partner (30.98%) and LPI (51%).

2019-2022

- The Engineering, Procurement and Construction (EPC) bidding process for the MSB Project continues. Two major global engineering groups, Worley Parsons and Bechtel, have been chosen to provide a comprehensive construction proposal for the project.
- Due diligence continues under the Memorandum of Understanding (MOU) between the Chilean State-owned mining company, CODELCO, and MSB.
- Discussions continue with parties on project funding and off-take agreements for the MSB Project.
- On November 6, 2020, Bearing did not participate in the \$3 million USD equity cash call to MSB SA. As a result, Bearing's ownership interest in MSB SA was reduced from 18.02% to 17.14%.
- On November 9, 2020, Bearing sold its mineral property interest of Fish Lake Valley and received \$50,000 in cash and 100,000 common shares from Acme Lithium Inc.
- On November 30, 2020, Bearing issued 6,494,960 units for gross proceeds of \$837,850 with each unit priced at \$0.129. Each unit consisted of one Bearing Share and one transferable share purchase warrant. Each warrant entitles the holder to acquire an additional Bearing Share for \$0.1725, expiring on November 30, 2023. In conjunction with the financing, Bearing paid aggregate finder's fees of \$37,242 and issued 289,395 broker's warrants which have the same terms as the warrants issued pursuant to the financing.
- On December 3, 2020, Bearing granted 1,800,000 Bearing Options to certain directors and officers. Each Bearing Option is exercisable to acquire one Bearing Share at a price of \$0.13 for a five-year period.
- On December 9, 2020, Bearing announced that MSB decided to advance the low cost MSB Project in a number of stages by fast-tracking a first stage of development. The initial development state will be based on 'Old Code' concessions. These licenses are grandfathered from current lithium legislation and do not require any further significant permitting for lithium production.
- On January 27, 2021, Bearing announced a stage one lithium project of 15,000 tonnes per annum for the MSB Project. A expansionary exploration drilling program started from February 2021 to August 2021 including detailed engineering rescoping work for stage one.
- On March 9, 2021, Bearing contributed \$455,372 (USD\$360,406) to an MSB SA equity call. As a result, Bearing maintained its 17.14% ownership interest in the joint venture.
- On March 16, 2021, Bearing granted 2,300,000 Bearing Options to certain directors and officers. Each Bearing Option is exercisable to acquire one Bearing Share at a price of \$0.15 for a five- year period.
- On March 18, 2021, Bearing provided an update on exploration activities and preliminary results from the MSB Project. MSB had completed the first two of five diamond core hold to the target depth of 400m ahead of schedule,

with undisturbed core samples collected and sent for analysis in 200m to 400m intervals at depth for laboratory measurement of drainable porosity and other hydraulic parameters.

- On April 26, 2021, Bearing provided a Maricunga resource activity update as announced by MSB. The drilling program is ahead of schedule with three exploration core holes to target depth of 400m and core hole #4 passing 300m. Completion expected by the summer. A total of 31 undisturbed core samples collected were sent to labs in the US for drainable porosity and other hydraulic parameters. 56 brine samples were collected and sent to labs for chemical analysis. Activities for DFS update with Worley commenced during the first week of April. Optimisation of the production process continues. Final and basic tests for the SX Removal plant and the Ion Exchange plant were conducted respectively. Basic engineering commenced for the re-sizing of the plant.
- On May 10, 2021, Bearing announced that MSB SA entered into a non-binding Memorandum of Understanding ("MOU") with Mitsui & Co Ltd. for a strategic alliance to advance the development of the MSB Project. The MOU included potential offtake from Mitsui & Co Ltd.
- On June 30, 2021, Bearing announced the appointment of Mr. Kwang-Seok Park to its Board of Directors as the new nominated POSCO representative. Mr. Park replaced Mr. Bok-Hyung Lee who resigned on June 28, 2021.
- On July 8, 2021, Bearing provided a Maricunga lithium resource expansion and finance activities update as announced by MSB. The latest drilling program on the Stage One mining concessions had been completed with five exploration core holes each reaching a target depth of 400m. The program resulted in positive average lithium concentrations of 989mg/l and a maximum of 3,375mg/l. Significant resource expansion expected for Stage One after the new drilling program tested 200-400m mineralized zone. Worley, GEA Messo and Atacama Waters continued to make updates to the DFS. Preliminary indications of interest were received from international financial institutions and private funds for debt financing and future equity financing of the project. Finance process will continue in coming months, with the Mitsui agreement announced on May 15 for Off-Take and Funding of the Stage One serving as a solid base.
- On July 14, 2021, Bearing announced it had closed on the previously announced non-brokered private placement from June 25, 2021. Bearing issued 9,057,500 units of Bearing (the "Units") at a price of \$0.18 per Unit for gross proceeds of \$1,630,350. Each Unit consists of one Bearing Share and one transferable Bearing Warrant. Each Bearing Warrant shall entitle the holder thereof to purchase one additional Bearing Share at a price of \$0.24 per Bearing Share for a period of thirty (30) months from the date of issuance. In the event that the Bearing Shares have a closing price on the TSX Venture Exchange (or such other exchange on which the Bearing Shares may be traded at such time) of \$0.45 or greater per Share for a period of fifteen (15) consecutive trading days at any time from the closing date, Bearing may accelerate the expiry date of the Bearing Warrants by giving notice to the holders thereof (by disseminating a news release advising of the acceleration of the expiry date of the Bearing Warrants) and, in such case, the Bearing Warrants will expire on the thirtieth (30th) day after the date of such notice. Finder's fees of \$44,820 cash and 249,000 Bearing Warrants on the same terms as noted above were paid to qualified parties. Bearing intends to use the net proceeds from the Private Placement for general working capital purposes and to fund capital calls of the MSB Project. All securities issued in connection with the Private Placement were subject to a four-month and one day hold period that expired on November 15, 2021.
- On August 3, 2021, Bearing contributed \$1,504,849 (US\$1,199,561) to an MSB SA equity call. As a result, the Company maintained its 17.14% ownership interest in the MSB Project.
- On August 24, 2021, Bearing provided a MSB Project update. MSB continues to work with Mitsui & Co. Ltd. on its due diligence, along with process testing of samples of Maricunga brine in its Japanese facility. An updated JORC/43-101 Resource Report is due for finalization and release in October 2021. An updated Definitive Feasibility Study (DFS) is scheduled for release by the end of the year 2021.
- On September 24, 2021, Bearing announced the appointment of Martin Gubbins to the Board of Directors of Bearing. Mr. Gubbins is a Chilean lawyer with 25 years of experience as an associate and partner of local law firms specializing in environmental litigation. He has also served as an independent legal advisor over the last three years. Mr. Gubbins has served as a board member for various private companies in Chile, with both Chilean

and foreign investors. Mr. Gubbins is a member of the Advisory Legal Committee of Hogar de Cristo, the largest charity in Chile. From 2005-2018 he was a partner at CorreaGubbins (currently CorreaSquella) in Santiago, Chile. Mr. Gubbins graduated law school at the Universidad de Chile, Santiago. He also has a Master of Arts from the University of London. Bearing announced that it has issued an aggregate of 1,000,000 stock options to its new director to purchase up to 1,000,000 common shares of Bearing at a price of \$0.23 per common share for a period of five years from grant, pursuant to its Stock Option Plan.

- On September 29, 2021, Bearing announced a 90% increase in measured and indicated resources in the Stage One of the MSB Project. Updated Measured and Indicated resource for the MSB Project in Chile confirmed an increase by 90 per cent compared with the 2019 Definitive Feasibility Study. Measured and Indicated (M&I) resource now estimated as 1,905,000 tonnes of Lithium Carbonate Equivalent (LCE) for the Stage One (Old Code) mining properties at an average grade of 953 mg/l lithium. This increase in M+I Resources is in addition to the M+I Resources (2018) of 979,000 tonnes LCE in the Litio 1-6 (New Code) concessions to a depth of 200 m. The Maricunga resource remains open at depth, with a new exploration target for further resource expansion between 400m-550m in the Stage One concessions. The DFS update for the Stage One continues as expected by Worley, GEA Messo and Atacama Waters. The latest drilling for the resource increase on the Stage One mining concessions at Maricunga has been completed, with the five exploration core holes each reaching target depth of 400m.
- On September 29, 2021, Bearing announced a notice of hearing from the British Columbia Securities Commission dated September 24, 2021 alleging Stock Social a service provider engaged by the Company from the periods of January 2017 to March 2017, disseminated advertorials about the Company on various websites, promotional posts and social media (collectively, the "**Promotional Materials**"). The BCSC alleged that SSI and the Company failed to ensure that the Promotional Materials clearly and conspicuously disclosed that they were disseminated on behalf of the Company. Bearing settled the matter with the BCSC in Q2, 2022 with no penalty or sanction against any current director, officer or employee of Bearing.
- On December 21, 2021, Bearing granted 500,000 stock options to a consultant to purchase up to 500,000 common shares of the company at a price of \$0.25 per common share for a period of 5 years from grant pursuant to the Company's stock option plan.
- On January 20, 2022, Bearing announced the results of its updated Definitive Feasibility Study for the Stage One MSB Project. Subject to the assumptions in the report, highlights of the report include: (i) Maricunga Stage One DFS could deliver USD\$1.4B NPV (after tax) at an 8% discount rate, an IRR of 39.6% and a 2-year payback period; (ii) an assumption of OPEX of USD\$3,718 per tonne of LCE produced; (iii) the potential for Annual EBITDA of USD\$324M; (iv) cost estimates of Direct development cost of USD\$419M, Indirect cost of USD\$145M and Contingency USD\$62M for a total project CAPEX of US\$626M; and (v) potential production of 15,200 tonnes of LCE per annum over 20 years.
- On February 1, 2022, Bearing announced a warrant exercise incentive program (the "**Warrant Program**"). The Bearing Warrants subject to the Warrant Program had an exercise price of \$0.1725 per Bearing Share and were exercisable until November 30, 2023. Pursuant to the Warrant Program, Bearing offered an inducement to each Bearing Warrant holder that exercised their Bearing Warrants prior to March 1, 2022 (the "**Early Exercise Period**"). In the event of exercise by the holder, each warrant exercised would receive one additional common share purchase warrant (an "**Incentive Warrant**"). Each Incentive Warrant entitled the holder to purchase one additional Bearing Share for a period of 24 months from the date of issuance of such Incentive Warrant, at a price of \$0.35. The Warrant Program commenced on February 1, 2022 and expired on March 01, 2022 (the "**Early Exercise Expiry Date**").
- On February 10, 2022, Bearing announced that it issued an aggregate of 700,000 stock options to officers and consultants to purchase up to 700,000 common shares of the company at a price of \$0.25 per common share for a period of 5 years from grant pursuant to Bearing's Stock Option Plan.
- On February 17, 2022, Bearing announced it has completed the first tranche of its non- brokered private placement of Bearing Shares (the "**February Private Placement**"). In connection with the first tranche, Bearing issued an

aggregate of 7,500,000 Bearing Shares at a price of \$0.25 per Bearing Share for aggregate gross proceeds of \$1,875,000. All Bearing Shares issued in connection with the February Private Placement were subject to a statutory hold period of four month and one day.

- In connection with the February Private Placement, Bearing paid finders fees to eligible parties in the amount \$112,500 and issued to the finder's an aggregate of 450,000 non-transferable finders warrants (the "**Compensation Warrants**"). The Compensation Warrants are exercisable for a period of twenty-four (24) months from the date of issue and entitle the holder thereof to acquire one Bearing Share at a price of \$0.40 per Compensation Warrant.
- On February 23, 2022, Bearing announced it has completed the second and final tranche of the February Private Placement. In connection with the second tranche, Bearing issued an aggregate of 8,500,000 Bearing Shares at a price of \$0.25 per Bearing Share for aggregate gross proceeds of \$2,125,000. In connection with the second tranche, Bearing paid finders fees to eligible parties in the amount \$65,250 and issue to the finder's an aggregate of 266,000 Compensation Warrants, exercisable for a period of twenty-four (24) months from the date of issue and entitle the holder thereof to acquire one Bearing Share at a price of \$0.40 per Compensation Warrant. The net proceeds from the February Private Placement will be used for general working capital purposes and to fund future capital calls of the MSB Project. All Bearing Shares issued in connection with the second tranche were subject to a statutory hold period of four month and one day
- Collectively between the first and second tranche, Bearing issued an aggregate of 16,000,000 Bearing Shares for gross proceeds of \$4,000,000.
- On March 7, 2022, Bearing announced the completion of its Warrant Program. A total of 400,000 Bearing Shares were issued pursuant to the exercise of 400,000 Bearing Warrants, for aggregate gross proceeds of \$69,000.
- On June 22, 2022, Bearing announced that it had entered into the Arrangement Agreement. The Arrangement is subject to court approval and approval of the Bearing Securityholders as described in the Information Circular.

DESCRIPTION OF SHARE CAPITAL OF BEARING

General

Bearing is authorized to issue an unlimited number of common shares without par value. As of the record date, determined by the Board to be the close of business on September 9, 2022, a total of 109,057,738, Bearing Shares were issued and outstanding. Each Share carries the right to one vote at the Meeting on all matters to be voted upon at the Meeting.

As of the record date, a total 9,200,000 Bearing Options were issued and outstanding. Each Bearing Option carries the right to one vote at the Meeting on the Arrangement Resolution.

As of the date of this Information Circular, a total of 16,806,855 Bearing Warrants are outstanding. Each Bearing Warrant carries the right to one vote at the Meeting on the Arrangement Resolution.

FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS OF BEARING

Bearing's financial statements for the years ended October 31, 2021 and 2020 and the years ended October 31, 2020 and 2019 are attached to this Appendix "A" as Schedule "I" and "II", respectively. Bearing's interim financial statements for the six months ended April 30, 2022 are attached to this Appendix "A" as Schedule III.

Bearing's MD&A for the year ended October 31, 2021 and the year ended October 31, 2020 are attached to this Appendix "A" as Schedule "IV". Bearing's MD&A for the six months ended April 30, 2022 is attached to this Appendix "A" as Schedule "V".

DISCLOSURE OF OUTSTANDING SHARE DATA OF BEARING

The following table provides the number of each class and series of voting or equity securities of Bearing for which there are securities outstanding and each class and series of securities of Bearing which are convertible into, or exercisable or exchangeable for, voting or equity securities of Bearing, as at the date hereof:

Security	Amount Authorized	Amount Outstanding	Terms
Bearing Shares	Unlimited	109,057,738	See " <i>Description of Share Capital</i> "
Bearing Options	Up to a maximum of 10% of the Bearing Shares issued and outstanding	9,200,000	Exercisable at various exercise prices between \$0.11 and \$0.25 and have expiry dates between October 2023 and February 2027.
Bearing Warrants	Unlimited	16,806,855	Exercisable at various exercise prices between \$0.1725 and \$0.40 and have expiry dates between November 2023 and March 2024.

PRIOR SALES OF BEARING

The following table summarizes the issuances by Bearing of Bearing Shares, and securities that are convertible into Bearing Shares in the 12-month period prior to the date hereof:

Date of Issue	Type of Securities	Number of Securities	Price Per Security
September 24, 2021	Options	1,000,000	\$0.23 ⁽¹⁾
December 21, 2021	Options	500,000	\$0.25 ⁽¹⁾
February 10, 2022	Options	700,000	\$0.25 ⁽¹⁾
February 17, 2022	Bearing Shares	7,500,000	\$0.25
February 17, 2022	Finder's Warrants	450,000	\$0.40 ⁽²⁾
February 23, 2022	Bearing Shares	8,500,000	\$0.25
February 23, 2022	Finder's Warrants	266,000	\$0.40 ⁽³⁾
March 7, 2022	Bearing Warrants	400,000	\$0.35 ⁽⁴⁾

Notes:

- (1) Reflects the exercise price of the option granted.
- (2) Issued in connection with the non-brokered private placement (the "February Placement"), the first tranche of which closed on February 17, 2022. Each non-transferrable finder's warrant ("Finder's Warrant") is exercisable for a period of 24 months at an exercise price of \$0.40.
- (3) Issued in connection with the second and final tranche of the February Placement. Each Finder's Warrant is exercisable for a period of 24 months at an exercise price of \$0.40.
- (4) Warrant were issued pursuant to Bearing's early warrant exercise incentive program (the "Warrant Program"). Under the Warrant Program, 400,000 Bearing Warrants were issued with an exercise price of \$0.40 and an expiry date of March 7, 2024.

Trading Price and Volume

The Bearing Shares are listed and posted for trading on the TSXV under the symbol "BRZ". The following table sets forth the price ranges and volume traded of Bearing Shares as reported by the TSXV for the periods indicated.

2021	High (\$)	Low (\$)	Volume
August	\$0.290	\$0.165	1,569,643
September	\$0.230	\$0.200	975,043
October	\$0.440	\$0.210	3,704,690
November	\$0.365	\$0.285	3,423,829
December	\$0.330	\$0.255	886,788
2022	High (\$)	Low (\$)	Volume
January	\$0.420	\$0.265	4,830,269
February	\$0.325	\$0.250	2,289,650
March	\$0.305	\$0.260	1,726,521
April	\$0.420	\$0.270	2,374,552
May	\$0.295	\$0.225	781,112
June	\$0.265	\$0.200	1,524,326
July	\$0.295	\$0.205	1,528,834
August	\$0.36	\$0.255	1,524,006
September ⁽¹⁾	\$0.40	\$0.325	1,285,074

Notes:

1) Up to and including the period of September 1, 2022 – September 26, 2022.

CONSOLIDATED CAPITALIZATION OF BEARING

The following table sets forth the capitalization of Bearing as at the date of this Circular:

Designation	Authorized	As at the date of this Circular
Bearing Shares	Unlimited	109,057,738
Bearing Warrants	Unlimited	16,806,855 ⁽¹⁾
Bearing Options	Up to 10% of the issued and outstanding Bearing Shares	9,200,000 ⁽²⁾

Notes:

- As at April 30, 2022, Bearing had outstanding an aggregate of 16,806,855 warrants to purchase Bearing Shares, of which: (i) 6,784,355 Bearing Warrants entitled the holder thereof to purchase an equal number of Bearing Shares at an exercise price of \$0.1725 per Bearing Share on or before November 30, 2023; (ii) 9,306,500 Bearing Warrants entitled the holder thereof to purchase an equal number of Bearing Shares at an exercise price of \$0.24 per Bearing Share on or before January 14, 2021; and (iii) 716,000 Bearing Warrants entitled the holder thereof to purchase an equal number of Bearing Shares at an exercise price of \$0.24 per Bearing Share on or before February 24, 2022.
- Pursuant to the Stock Option Plan, the maximum number of Bearing Options that may be issued pursuant to the Stock Option Plan may not exceed in the aggregate, 10% of the issued and outstanding Bearing Shares. As at the date of this Circular, Bearing had an aggregate of 9,200,000 Bearing Options outstanding with a weighted average exercise price of \$0.17.

DIRECTORS AND EXECUTIVE OFFICERS OF BEARING

The Board presently consists of six (6) directors, all of whom are elected annually to hold office until the next annual meeting of Bearing Shareholders or until his successor is duly elected or appointed unless his office is earlier vacated in accordance with the provisions of the BCBCA or Bearing's by-laws.

The name, municipality of residence, position presently held with Bearing, principal occupation during the last five years, the period served as director, and the number of Bearing Shares beneficially owned, directly or indirectly, or over which each exercises control or direction as of the date hereof, of each of the directors and executive officers of Bearing, are as follows:

Name, Municipality of Residence and Position	Director/ Executive Officer Since	Principal Occupation for Last Five Years	Bearing Shares Beneficially owned or Controlled, Directly or Indirectly
Patrick Cussen Santiago, Chile <i>Director</i>	January 3, 2017	President, Celta Consultoras Limited, 1991 to present.	549,553
William Timothy Heenan Mendoza, Argentina <i>Director</i>	May 25, 2017	Exploration Manager, Mirasol Argentina, SRL, 2003 to present.	99,302
Kwang-Seok Park Republic of Korea <i>Director</i>	June 28, 2021	Lithium Project leader with the Research Institute of Industrial Science and Technology from 1996 to 2018. Currently the Leader of the POSCO Lithium Business Planning Group.	Nil
Gil Playford Vero Beach, Florida <i>Director, Chairman and Chief Executive Officer</i>	August 19, 2019	Chief Executive Officer of Bearing since 2019. Prior thereto, Mr. Playford was semi-retired.	9,527,000
Luis Saenz Lima, Peru <i>Director</i>	September 19, 2017	CEO of Li3 Energy Inc. since October 2009 to Sept 2018; Director, Altco Mining Corporation, May 2014 to present; Director of Business Development, Ausenco, January 2018 to present.	667,466
Martin Gubbins Santiago, Chile <i>Director</i>	September 24, 2021	Partners at CorreaGubbins, a law firm in Chile from 2005 – 2018. 2019 - Present, a partner of GubbinsAbogados, an independent law firm in Chile.	Nil
Ryan Smith Calgary, Alberta <i>Chief Financial Officer</i>	March 31, 2020	Chief Financial Officer of Bearing since 2020. Prior thereto, senior account manager at Connect First Credit Union from 2019-2020 and, Senior Financial Analyst at Axia FibreNet from 2017 to 2019.	7,752
Raymund Baterina Vancouver, British Columbia <i>Corporate Secretary</i>	March 31, 2020	Corporate Secretary of Bearing since 2020. Additionally, Mr. Baterina is the Financial Controller at P&N Vero LLP, a private wealth management company.	6,500

Ownership of Shares

As at the date hereof, the directors and executive officers of Bearing, as a group, beneficially owned, or controlled or directed, directly or indirectly, approximately 11,249,626 Bearing Shares being approximately 10% of the issued and outstanding Bearing Shares.

Cease Trade Orders

To the knowledge of management, no director or executive officer of Bearing is, as of the date of the Information Circular, or was, within the 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including Bearing) that was the subject of a cease trade order, an order similar to a cease trade order or an order that denied Bearing access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, that was issued (i) while such person was acting in that capacity, or (ii) after such person was acting in such capacity and which resulted from an event that occurred while that person was acting in such capacity.

Bankruptcies

To the knowledge of Bearing and other than as disclosed below, no director, executive officer or Bearing Shareholder holding a sufficient number of securities to affect materially the control of Bearing is, as of the date of this Information Circular, or was within ten (10) years prior to the date of this Information Circular, a director or executive officer of any company (including Bearing) that, while such person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold its assets.

To the knowledge of Bearing, no director or executive officer of Bearing, or Bearing Shareholder holding a sufficient number of securities to affect materially the control of Bearing has, within the ten (10) years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or Bearing Shareholder.

Penalties or Sanctions

To the knowledge of management, no director or executive officer of Bearing, or shareholder holding a sufficient number of securities to affect materially the control of Bearing has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

To the best of the Company's knowledge, and other than disclosed herein, there are no known existing or potential conflicts of interest among the Company, its promoters, directors and officers or other members of management of the Company or of any proposed promoter, director, officer or other member of management as a result of their outside business interests, except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies. All related party transactions during each reporting period are detailed in the Company's Management Discussion & Analysis for the financial years ended October 31, 2021 and October 31, 2020.

EXECUTIVE COMPENSATION

Named Executive Officers

The following information is presented by the management of the Company in accordance with National Instrument Form 51-102F6V – Statement of Executive Compensation - Venture Issuers ("**Form 51-102F6V**").

During the financial year ended October 31, 2021, the Company had three (3) Named Executive Officers ("**NEOs**") being, Gilbert Playford, the Chairman and Chief Executive Officer ("**CEO**"), and Ryan Smith, the Chief Financial Officer ("**CFO**"), and Ray Baterina, the Corporate Secretary of the Company.

"Named Executive Officer" means: (a) a CEO, (b) a CFO, (c) the most highly compensated executive officer of the Company, including any of its subsidiaries, other than the CEO and CFO, including an individual performing functions similar to a CEO and CFO, at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6V for that financial year; and (d) each individual who would be a NEO under (c) above but for the fact that the individual was neither an executive officer of the Company, or its subsidiaries, nor acting in a similar capacity, at the end of that financial year.

Table of Compensation Excluding Compensation Securities

Set out below is a summary of all compensation paid, payable, awarded, granted, given, or otherwise provided, excluding compensation securities, during the Company's two most recently completed financial years to the Company's NEOs and directors, in any capacity, for services provided and for services to be provided, directly or indirectly, to the Company or any subsidiary thereof.

Name and Position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Gil Playford⁽¹⁾ Chief Executive Officer	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	Nil	Nil	Nil	Nil	Nil	Nil
Jeremy Poirier⁽²⁾ Former President, CEO and Director	2021	N/A	N/A	N/A	N/A	N/A	N/A
	2020	30,000 ⁽³⁾	Nil	Nil	Nil	Nil	30,000
Ryan Smith⁽⁴⁾ Chief Financial Officer	2021	24,900	Nil	Nil	Nil	Nil	24,900
	2020	15,306	Nil	Nil	Nil	Nil	15,306
Raymund Bateria⁽⁵⁾ Corporate Secretary	2021	32,381	Nil	Nil	Nil	Nil	32,381
	2020	13,333	Nil	Nil	Nil	Nil	13,333
Ann Fehr⁽⁶⁾	2021	N/A	N/A	N/A	N/A	N/A	N/A
	2020	43,412 ⁽⁷⁾	Nil	Nil	Nil	Nil	43,412
William Timothy Heenan⁽⁸⁾	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	Nil	Nil	Nil	Nil	Nil	Nil
Luis Saenz⁽⁹⁾	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	Nil	Nil	Nil	Nil	Nil	Nil
Kwang-Seok Park⁽¹⁰⁾	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	N/A	N/A	N/A	N/A	N/A	N/A
Bok Hyung Lee⁽¹¹⁾	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	Nil	Nil	Nil	Nil	Nil	Nil
Dr. Sungwon Lee⁽¹²⁾	2021	N/A	N/A	N/A	N/A	N/A	N/A
	2020	Nil	Nil	Nil	Nil	Nil	Nil
Martin Gubbins⁽¹³⁾	2021	2,556	Nil	Nil	Nil	Nil	2,556
	2020	N/A	N/A	N/A	N/A	N/A	N/A
Patrick Cussen⁽¹⁴⁾	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Mr. Playford was appointed a Director and Chairman of the Company on August 19, 2019. Mr. Playford was appointed as CEO on November 20, 2019.
- (2) Mr. Poirier resigned as President and CEO of the Company effective November 20, 2019. Mr. Poirier resigned as a Director effective June 25, 2020.
- (3) Fees paid to Nico Consulting Ltd. in exchange for providing the services of Mr. Poirier as CEO. Nico Consulting Ltd. is wholly owned by Mr. Poirier.
- (4) Mr. Smith was appointed CFO of the Company on March 31, 2020.
- (5) Mr. Bateria was appointed Corporate Secretary of the Company on March 31, 2020.
- (6) Ms. Fehr resigned as CFO and Corporate Secretary of the Company effective April 30, 2020.
- (7) Paid to Fehr & Associates in exchange for providing the services of Mrs. Fehr as CFO and in exchange for financial reporting work. Fehr & Associates is wholly-owned by Ms. Fehr.
- (8) Mr. Heenan was elected as director of the Company on May 25, 2017
- (9) Mr. Saenz was elected as director of the Company on September 19, 2017
- (10) Mr. Park was elected as a Director of the Company on June 28, 2021.
- (11) Mr. Bok Hyung Lee was elected as a Director of the Company on June 25, 2020 and resigned as a director on June 28, 2021
- (12) Dr. Sungwon Lee was elected as a Director of the Company on November 1, 2017 and resigned as a Director effective February 24, 2020.
- (13) Mr. Gubbins was elected as a Director of the Company on September 24, 2021.
- (14) Mr. Cussen was elected as a director of the Company on January 3, 2017.

Stock Options and Other Compensation Securities

The following table sets forth all compensation securities granted or issued to each NEO and director of the Company, or one of its subsidiaries, in the most recently completed financial year for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries:

Name and Position	Type of Compensation Security	Number of Compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, Conversion or exercise price (\$)	Closing price of security or underlying security on the date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date	
Gil Playford ⁽²⁾ Chairman, CEO and Director	Options	400,000 options representing 400,000 underlying common shares 0.43% ⁽¹⁾	December 3, 2020	\$0.13	\$0.18	\$0.33	December 3, 2025	
		600,000 options representing 600,000 underlying common shares 0.65% ⁽¹⁾	March 16, 2021	\$0.15	\$0.21	\$0.33	March 16, 2026	
Luis Saenz ⁽³⁾ Director	Options	400,000 options representing 400,000 underlying common shares 0.43% ⁽¹⁾	December 3, 2020	\$0.13	\$0.18	\$0.33	December 3, 2025	
		400,000 options representing 400,000 underlying common shares 0.43% ⁽¹⁾	March 16, 2021	\$0.15	\$0.21	\$0.33	March 16, 2026	
Patrick Cussen ⁽⁴⁾ Former President, CEO and Director	Options	400,000 options representing 400,000 underlying common shares 0.43% ⁽¹⁾	December 3, 2020	\$0.13	\$0.18	\$0.33	December 3, 2025	
		400,000 options representing 400,000 underlying common shares 0.43% ⁽¹⁾	March 16, 2021	\$0.15	\$0.21	\$0.33	March 16, 2026	
William Timothy Heenan ⁽⁵⁾ Director	Options	200,000 options representing 200,000 underlying common shares 0.22% ⁽¹⁾	December 3, 2020	\$0.13	\$0.18	\$0.33	December 3, 2025	
		400,000 options representing 400,000 underlying common shares 0.43% ⁽¹⁾	March 16, 2021	\$0.15	\$0.21	\$0.33	March 16, 2026	
Martin Gubbins ⁽⁶⁾	Options	1,000,000 options representing	September 24, 2021	\$0.23	\$0.21	\$0.33	September 24, 2026	

Director		1,000,000 underlying common shares 1.08% ⁽¹⁾						
Ryan Smith ⁽⁷⁾ CFO	Options	200,000 options representing 200,000 underlying common shares 0.22% ⁽¹⁾	December 3, 2020	\$0.13	\$0.18	\$0.33	December 3, 2025	
		200,000 options representing 200,000 underlying common shares 0.22% ⁽¹⁾	March 16, 2021	\$0.15	\$0.21	\$0.33	March 16, 2026	
Ray Baterina ⁽⁸⁾ Corporate Secretary	Options	100,000 options representing 100,000 underlying common shares 0.11% ⁽¹⁾	December 3, 2020	\$0.13	\$0.18	\$0.33	December 3, 2025	
		200,000 options representing 200,000 underlying common shares 0.22% ⁽¹⁾	March 16, 2021	\$0.15	\$0.21	\$0.33	March 16, 2026	

Notes:

- (1) Represents the percentage of the issued and outstanding Bearing Shares of the Company (92,657,738) as at October 31, 2021.
- (2) Mr. Playford had an aggregate of 1,000,000 options outstanding at the end of the most recently completed financial year, representing an equal number of underlying Bearing Shares.
- (3) Mr. Saenz had an aggregate of 800,000 options outstanding at the end of the most recently completed financial year, representing an equal number of underlying Bearing Shares.
- (4) Mr. Cussen had an aggregate of 800,000 options outstanding at the end of the most recently completed financial year, representing an equal number of underlying Bearing Shares.
- (5) Mr. Heenan had an aggregate of 600,000 options outstanding at the end of the most recently completed financial year, representing an equal number of underlying Bearing Shares.
- (6) Mr. Gubbins had an aggregate of 1,000,000 options outstanding at the end of the most recently completed financial year, representing an equal number of underlying Bearing Shares.
- (7) Mr. Smith had an aggregate of 400,000 options outstanding at the end of the most recently completed financial year, representing an equal number of underlying Bearing Shares.
- (8) Mr. Baterina had an aggregate of 300,000 options outstanding at the end of the most recently completed financial year, representing an equal number of underlying Bearing Shares.

Exercise of Compensation Securities by Directors and NEOs

No compensation securities were exercised by a NEO or director of the Company during the most recently completed financial year.

External management Companies

None of the NEOs or directors of the Company have been retained or employed by an external management company which has entered into an understanding, arrangement or agreement with the Company to provide executive management services to the Company, directly or indirectly.

Stock Option Plans and Other Incentive Plans

The Company has in effect a 10% rolling stock option plan (the "**Stock Option Plan**") approved by the shareholders of the Company at its annual general meeting held on April 29, 2021. The following information is intended as a brief description of the Stock Option Plan and is qualified in its entirety by the full text of the Stock Option Plan.

1. The maximum aggregate number of shares that may be issued upon the exercise of stock options granted under the Stock Option Plan shall not exceed 10% of the issued and outstanding share capital of the Company, the exercise price of which, as determined by the Board of Directors (the "**Board**") in its sole discretion, shall not be less than the last closing price of the Company's shares traded through the facilities of the TSX Venture Exchange (the "**Exchange**") prior to the announcement of the option grant, or such other price as may be required or permitted by the Exchange, or if the shares are no longer listed for trading on the Exchange, then such other exchange or quotation system on which the shares are listed or quoted for trading.
2. The Board shall not grant options to any one person in any 12-month period which will, when exercised, exceed 5% of the issued and outstanding shares of the Company or to any one consultant or to those persons employed by the Company who perform investor relations services which will, when exercised, exceed 2% of the issued and outstanding shares of the Company.
3. Upon expiry of an option, or in the event an option is otherwise terminated for any reason, the number of shares in respect of the expired or terminated option shall again be available for the purposes of the Stock Option Plan. All options granted under the Stock Option Plan may not have an expiry date exceeding five years from the date on which the Board grants and announces the granting of the option.
4. If the option holder ceases to be a director, officer, employee or consultant of the Company (other than by reason of death) then the option granted shall expire on a date stipulated by the Board at the time of grant and, in any event, must terminate within 90 days after the date on which the option holder ceases to be a director, officer, employee or consultant, subject to the terms and conditions set out in the Stock Option Plan.

The Board retains the discretion to impose vesting periods on any options granted. In accordance with the policies of the Exchange, stock options granted to consultants performing investor relations services must vest in stages over a minimum of 12 months with no more than one-quarter of the stock options vesting in any three-month period.

Employment, Consulting and Management Agreements

The Company entered into a consulting agreement with Ryan Smith (the "**CFO**") dated for reference February 27, 2020 (the "**CFO Agreement**") to provide certain financial management services to the Company for a monthly fee of \$2,075 plus applicable taxes and reimbursement of all out-of-pocket expenses incurred on behalf of the Company. The CFO Agreement is for an initial term of 12 months, to be renewed for a subsequent longer-term agreement. The CFO Agreement may be terminated by either party by giving 60 days' written notice, or upon 14-days notice for cause. The CFO is entitled to participate in the Company's Stock Option Plan and to bonuses at the discretion of the Board.

The Company entered into a consulting agreement with Raymund Bateria (the "**Corporate Secretary**") dated for reference March 31, 2020 (the "**Corporate Secretary Agreement**") to provide certain administrative management services to the Company for a monthly fee of \$2,000 inclusive of applicable taxes and reimbursement of all out-of-pocket expenses incurred on behalf of the Company. The Corporate Secretary Agreement is for an initial term of 12 months, to be renewed for a subsequent longer-term agreement. The Corporate Secretary Agreement may be terminated by either party by giving 60 days' written notice, or upon 14-days notice for cause. The Corporate Secretary is entitled to participate in the Company's Stock Option Plan and to bonuses at the discretion of the Board.

The Company entered into a management agreement (the "**Management Contract**") with Partum Advisory Services Corp. ("**Partum**") of Suite 810 – 789 West Pender Street, Vancouver, British Columbia, V6C 1H2 dated for reference June 1, 2020, to provide certain corporate, accounting and administrative services to the Company in accordance with the terms of the Management Contract for a monthly fee of \$4,250 plus applicable taxes and reimbursement of all out-of-pocket expenses incurred on behalf of the Company. The Management Contract is for an initial term of 12 months, to be automatically renewed for further twelve-month periods, unless either party gives 90 days' notice of non-renewal, in which case the Management Contract will terminate. The Management Contract can be terminated by either party on 90 days' written notice. It can also be terminated by the Company for cause without prior notice or upon the mutual consent in writing of both parties.

Oversight and Description of Director and NEO Compensation

The Compensation Committee of the Board is responsible for ensuring that the Company has appropriate procedures for setting executive compensation and making recommendations to the Board with respect to the compensation paid to each of the executive officers and ensuring that the compensation is fair, reasonable and is consistent with the Company's compensation philosophy. The Compensation Committee Charter is attached as Schedule "VII" to this Appendix "A".

The Compensation Committee is also responsible for recommending compensation for the directors and granting stock options to the directors, officers and employees, and consultants of the Company pursuant to the Company's Stock Option Plan.

The Compensation Committee is currently comprised of William Timothy Heenan (Chair), Gil Playford, and Patrick Cussen. Other than Gil Playford, each of the members is an independent director.

The Board is satisfied that the composition of the Compensation Committee ensures an objective process for determining compensation. All members of the Compensation Committee have had experience in the mining sector, including the junior exploration sector and on other boards of directors.

The Compensation Committee reviews on an annual basis the cash compensation, performance and overall compensation package of each executive officer, including the NEOs, and the directors. It then submits to the Board recommendations with respect to the basic salary, bonus and participation in share compensation arrangements for each executive officer.

The Compensation Committee ensures that the Company has an executive compensation plan that is fair, motivational and competitive so that it will attract, retain and incentivize executive officers of a quality and nature that will enhance growth and development of the Company. In establishing levels of remuneration, stock option and bonus grants, the Compensation Committee is guided by the following principles:

- Compensation is determined on an individual basis by the need to attract and retain talented, qualified and effective executives;
- Total compensation is set with reference to the market for similar positions in comparable companies and with reference to the location of employment; and
- The current market and economic environment.

Due to the stage of development of the Company, the Company has not established any quantitative or identifiable measures to assess performance and the performance goals are largely subjective, based on qualitative measures such as consistent and focused leadership, ability to manage risks, enhancing the Company's profile and growth profile.

Pension Disclosure

The Company does not have a pension plan that provides for payments or benefits to the NEOs or directors at, following, or in connection with retirement.

No other elements of compensation were awarded to, earned by, paid or payable to the NEOs or directors in the financial year ended October 31, 2021.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS AND EMPLOYEES OF BEARING

No person who is, or at any time during the two most recently completed financial years was, a director or executive officer of Bearing, a proposed nominee for election as a director of Bearing, or an associate of any of the foregoing individuals, has been indebted to Bearing at any time since the commencement of Bearing's last completed financial year.

AUDIT COMMITTEE DISCLOSURE

National Instrument 52-110 of the Canadian Securities Administrators ("**NI 52-110**") requires Bearing, as a venture issuer, to disclose annually in its Circular certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor.

Audit Committee Charter

The Board has adopted a Charter for the Audit Committee which sets out the Committee's mandate, organization, powers and responsibilities. The complete Charter is attached as Schedule "VI" to this Appendix "A".

Composition of the Audit Committee

As of the date of this Circular, the following are the members of the Audit Committee:

Audit Committee Members		
Luis Sáenz	Independent	Financially literate
William Timothy Heenan	Independent	Financially literate
Gil Playford	Non-Independent (Officer of Bearing)	Financially literate

Relevant Education and Experience

In addition to each member's general business experience, the education and experience of each member that is relevant to the performance of his responsibilities as a member of the Audit Committee is as follows:

Luis Sáenz - Mr. Sáenz is a finance executive with over 25 years' experience in mining finance and metals trading with a focus on Latin America. Throughout his career, Mr. Sáenz has held senior roles working within regulated environments. He holds a degree in Economics and International Affairs from Franklin & Marshall College in Lancaster, PA.

William Timothy Heenan - Mr. Heenan has strong corporate governance experience with over 14 years of board experience and a number of years serving on board committees including audit committees. Mr. Heenan is an experienced senior manager who is financially literate and has extensive experience working in regulated environments.

Gil Playford – Mr. Playford has over 40 years of business experience and has held a number of director positions. Mr. Playford holds an Engineering Degree from McGill University in Montreal and a Master's Degree in Business Administration from York University in Toronto.

Complaints

The Audit Committee has established a "Whistleblower Policy" which outlines procedures for the confidential, anonymous submission by employees regarding the Company's accounting, auditing and financial reporting obligations, without fear of retaliation of any kind. If an applicable individual has any concerns about accounting, audit, internal controls or financial reporting matters which they consider to be questionable, incorrect, misleading or fraudulent, the applicable individual is urged to come forward with any such information, complaints or concerns, without regard to the position of the person or persons responsible for the subject matter of the relevant complaint or concern.

The applicable individual may report their concern in writing and forward it to the Chairman of the Audit Committee in a sealed envelope labelled "To be opened by the Audit Committee only." Further, if the applicable individual wishes

to discuss any matter with the Audit Committee, this request should be indicated in the submission. Any such envelopes received by the Company will be forwarded promptly and unopened to the Chairman of the Audit Committee.

Promptly following the receipt of any complaints submitted to it, the Audit Committee will investigate each complaint and take appropriate corrective actions.

The Audit Committee will retain as part of its records, any complaints or concerns for a period of no less than seven years. The Audit Committee will keep a written record of all such reports or inquiries and make quarterly reports on any ongoing investigation which will include steps taken to satisfactorily address each complaint.

Audit Committee Oversight

Since the commencement of Bearing's most recently completed financial year, the Board has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

Reliance on Certain Exemptions

At no time since the commencement of our most recently completed financial year, have we relied on the exemption in sections 2.4 (De Minimis Non-audit Services), 3.2 (Initial Public Offerings), 3.4 (Events Outside Control of Member), 3.5 (Death, Disability or Resignation of Audit Committee Member) of NI 52-110, or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Reliance on the Exemption in Subsection 3.3(2) or Section 3.6

At no time since the commencement of our most recently completed financial year, have we relied on the exemption in subsection 3.3(2) (Controlled Companies) or section 3.6 (Temporary Exemption for Limited and Exception Circumstances) of NI 52-110.

Reliance on Section 3.8

At no time since the commencement of our most recently completed financial year, have we relied on section 3.8 (Acquisition of Financial Literacy) of NI 52-110.

Reliance on Section 6.1

Pursuant to section 6.1 of NI 52-110, as a venture issuer we are relying on the exemption from the audit committee composition requirements and certain reporting obligations found in Parts 3 and 5 of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in the Audit Committee Charter under the heading "External Auditors".

External Auditor Service Fees

In the following table, "audit fees" are fees billed by Bearing's external auditor for services provided in auditing Bearing's annual financial statements for the subject year. "Audit-Related Fees" are fees not included in audit fees that are billed by the Auditor for assurance and related services that are reasonably related to the performance of the audit review of Bearing's financial statements. "Tax Fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All Other Fees" are fees billed by the Auditor for products and services not included in the foregoing categories.

The aggregate fees billed by the Auditor in the last two fiscal years, by category, are as set out in the table below.

Financial Year Ended October 31	Audit Fees (\$)	Audit-Related Fees (\$)	Tax Fees (\$)	All Other Fees (\$)
2021	\$35,072	-	\$11,498	-
2020	\$23,000	-	\$3,300	-

CORPORATE GOVERNANCE DISCLOSURE

Maintaining a high standard of corporate governance is a priority for the Board and Bearing's management believes that effective corporate governance will help create and maintain shareholder value in the long term. A description of Bearing's corporate governance practices, which addresses the matters set out in National Instrument 58-101 Disclosure of Corporate Governance Practices, is set out below.

Board of Directors

The Board facilitates its exercise of independent supervision over Bearing's management through frequent meetings of the Board.

Independence of Directors

As a venture issuer, Bearing is exempt from the independence requirements of NI 52-110, Part 3. Patrick Cussen, William Timothy Heenan, Martin Gubbins, Kwang-Seok Park and Luis Sáenz are not officers or employees of Bearing or of an affiliate of Bearing.

Gil Playford is the CEO and Chairman of Bearing, and is therefore considered to be not independent.

Directorships

The current directors of Bearing and each of the individuals to be nominated for election as a director of Bearing at the Meeting may serve as a director or officer of one or more other reporting issuers as at the date of this Notice of Meeting and Circular. However, our directors are required by law to act honestly and in good faith with a view to our best interests and to disclose any interests which they may have in any of our projects or opportunities. If a conflict of interest arises at a meeting of the Board, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not we will participate in any project or opportunity, that director will primarily consider the degree of risk to which we may be exposed and our financial position at that time.

To the best of our knowledge, there are no known existing or potential conflicts of interest among us and our promoters, directors, officers or other members of management as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies.

The directors of the Company that are currently serving on boards of the following other reporting companies (or equivalent) is as set out below:

Name of Director	Name of reporting company	Exchange Listed
Luis Sáenz	Atico Mining Corporation	TSX-V
William Timothy Heenan	Mirasol Resources Ltd.	TSX-V
	Lions Bay Mining Corp	CSE
Gil Playford	Christina Lake Cannabis Corp.	CSE

	Tonogold Resources Inc.	US OTC

Orientation and Continuing Education

The Board of Bearing briefs all new directors with respect to the policies of the Board and other relevant corporate and business information. The Board does not provide any continuing education, but does encourage directors to individually and as a group keep themselves informed on changing corporate governance and legal issues. Directors are individually responsible for updating their skills as required to meet their obligations as directors. In addition, the Board undertakes strategic planning sessions with management.

Ethical Business Conduct

The Board has adopted a Code of Business Ethics and Conduct (the "**Code**") applicable to all of its directors, officers and employees, including the CEO, the CFO and other persons performing financial reporting functions. The Code has been developed to communicate to directors, officers and employees standards for business conduct in the use of the Company, resources and assets, and to identify and clarify proper conduct in areas of potential conflict of interest. The Code is designed to deter wrongdoing and promote (a) honest and ethical conduct; (b) compliance with laws, rules and regulations; (c) prompt internal reporting of Code violations; and (d) accountability for adherence to the Code. Violations from standards established in the Code, and specifically under "Whistleblower" situations, are reported to the Chairperson of the Audit Committee and can be reported anonymously. The Chairperson of the Audit Committee will report to the Board any reported violations at least quarterly, or more frequently depending on the specifics of the reported violation. Since incorporation, there have been no reported violations.

The Board must also comply with the conflict of interest provisions of the Business Corporations Act (British Columbia), as well as the relevant securities regulatory instruments, to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

Disclosure Policy

The Board adopted a disclosure policy (the "**Disclosure Policy**") on March 19, 2018, in order to ensure that communications made to the investing public concerning the Company are disseminated in accordance with all applicable legal and regulatory requirements. Pursuant to the Disclosure Policy, the CEO of the Company must provide explicit consent prior to the dissemination of news releases, website disclosure and other written communications made by the Company and its representatives to the public.

Nomination of Directors

The Board is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual meeting of Shareholders.

New nominees must have a track record in general business management, special expertise in an area of strategic interest to Bearing, the ability to devote the required time, show support for Bearing's mission and strategic objectives, and a willingness to serve.

Other Board Committees

In addition to the Audit Committee, the Board has established a Compensation Committee. Each of the committees of the Board are currently composed entirely of independent directors. The Compensation Committee is responsible for the review of all compensation (including Options) paid by the Company to the Board, senior management and employees of the Company and any subsidiaries, to report to the Board on the results of those reviews and to make recommendations to the Board for adjustments to such compensation. William Timothy Heenan (Chair), Gil Playford, Martin Gubbins, and Patrick Cussen are the current members of the Compensation Committee.

Assessments

The Board regularly monitors the adequacy of information given to directors, communications between the Board and management and the strategic direction and processes of the Board and its committees. The Board is currently responsible for assessing its own effectiveness, the effectiveness of individual directors and the effectiveness of the Audit Committee.

RISK FACTORS

Investors should carefully consider the risk factors set out below and consider all other information contained in the Information Circular. The risks described below are not an exhaustive description of all the risks associated with Bearing's business. Please also refer to the sections on "Risk Factors" in the Information Circular and "Risk Factors" in Appendix "B" to the Information Circular.

The Company is in the mineral exploration and development business and is exposed to a number of operational, financial, regulatory and other risks and uncertainties that are typical in the natural resource industry and common to other companies in the exploration and development stage. These risks may not be the only risks faced by the Company. Additional risks and uncertainties not presently known by the Company or which are presently considered immaterial could adversely impact the Company's business, results of operations, and financial performance in future periods. The Company is currently dependent on the success of the Maricunga Project as its primary asset. The most significant risks and uncertainties that the Company is exposed to (in no particular order) are as follows:

Negative Operating Cash Flow

The Company had negative operating cash flow for the year ended October 31, 2021 and for the year ended October 31, 2020. The Company anticipates that it will continue to have negative cash flow for the foreseeable future. To the extent that the Company has negative cash flow in future periods, the Company may need to enter into additional loan agreements, issue additional equity and/or enter into alternative financing arrangements to fund such negative cash flow.

General economic and financial market conditions

Recent market events and conditions, including disruptions in the international credit markets and other financial systems and the American and European sovereign debt levels have caused significant volatility in commodity prices. These events and conditions have caused a decrease in confidence in the broader U.S. and global credit and financial markets and have created a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. While there are signs of economic recovery, these factors have negatively impacted corporate valuations and are likely to continue to impact the performance of the global economy going forward. Mineral prices are expected to remain volatile for the near future as a result of market uncertainties over the supply and demand of these commodities due to the current state of the world economies and the ongoing global credit and liquidity concerns. This volatility may in the future affect the Corporation's ability to obtain equity or debt financing on acceptable terms.

Exploration and Development Risk

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Corporation may be affected by numerous factors which are beyond the control of the Corporation and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment and such other

factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection, the combination of which factors may result in the Corporation not receiving an adequate return of investment capital.

Exploring and developing natural resource projects bears a high potential for all manner of risks. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. Moreover, even one such factor may result in the economic viability of a project being detrimentally impacted, such that it is neither feasible nor practical to proceed. Natural resource exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of natural resources, any of which could result in work stoppages, damage to property, and possible environmental damage. If any of the Company's exploration programs are successful, there is a degree of uncertainty attributable to the calculation of resources and corresponding grades being extracted or dedicated to future production. Until actually extracted and processed, the quantity of lithium brine reserves and grade must be considered as estimates only. In addition, the quantity of reserves may vary depending on commodity prices. Any material change in quantity of reserves, grade or recovery ratio may affect the economic viability of the Company's properties. In addition, there can be no assurance that results obtained in smaller-scale laboratory and pilot tests will be duplicated in larger scale tests under on-site conditions or during production. The Company closely monitors its activities and those factors which could impact them, and employs experienced consulting, engineering, and legal advisors to assist in its risk management reviews where it is deemed necessary.

Disclosure Controls and Internal Control Financial Reporting

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to permit timely decisions regarding public disclosure. Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in the rules of the Canadian Securities Administration, as at April 30, 2022. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed in reports filed or submitted by the Company under Canadian securities legislation.

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The Canadian Securities Administrators do not require any certification on the effectiveness of these controls at this time. There have been no changes in the Company's internal control over financial reporting during the six months ended April 30, 2022, that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

Stakeholder Opposition: Surface Rights

The Company may face opposition to its activities and interests from owners of surface rights, environmental groups, indigenous peoples, entire communities and other stakeholders in the areas in which the Company has interests and operations. Such opposition could adversely affect the Company's ability to advance its mining projects or continue production. There is no guarantee that the Company will be able to maintain or acquire the surface rights that would be required for the development of its mineral properties on acceptable terms or at all.

Mining Exploration and Insurance

Mining exploration generally involve a high degree of risk. The Company's operations are subject to all of the hazards and risks normally encountered in mineral exploration, development and production. Such risks include unusual and

unexpected geological formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, environmental hazards, industrial accidents, periodic interruptions due to adverse weather conditions, labour disputes and political unrest. The occurrence of any of the foregoing could result in damage to, or destruction of, mineral properties or interests, production facilities, personal injury, damage to life or property, environmental damage, delays or interruption of operations, increases in costs, monetary losses, legal liability and adverse government action. The Company does not currently carry insurance against all of these risks and there is no assurance that such insurance will be available, at reasonably commercial terms, in the future. Even if such insurance is available in the future at economically feasible premiums, the Company may decide not to purchase it. The potential costs associated with liabilities not covered by insurance or excess insurance coverage may require significant capital outlays which would adversely affect the Company's ability to execute its plans, or even to continue its operations.

Financial Resources

The Company has limited financial resources and there is no assurance that sufficient additional funding will be available to fulfill its obligations or for further exploration and development, on acceptable terms or at all. Failure to obtain additional funding on a timely basis could result in delay or indefinite postponement of further exploration and development and could cause the Company to forfeit its interests in some or all of its properties or to reduce or terminate its operations.

NI 43-101 Compliance Requirements

Under National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"), if an issuer discloses in writing scientific or technical information about a mineral project on a property material to the issuer, the issuer must include in the written disclosure the name and the relationship to the issuer of the qualified person who: (a) prepared or supervised the preparation of the information that forms the basis for the written disclosure or (b) approved the written disclosure. For the purposes of this information circular, Frederik Reidel, CPG, a Hydrogeologist with more than 30 years of experience is the Qualified Person for the purposes of NI 43-101 has approved the written disclosure in this information circular. This information circular references a number of previous new releases in respect of disclosure of technical matters relating to mineral properties and reference should be made to these news releases to fully understand these references.

Government Laws, Regulation & Permitting

Mining and exploration activities of the Company are subject to both domestic and foreign laws and regulations governing prospecting, development, production, taxes, labour standards, occupational health, mine safety, waste disposal, toxic substances, the environment and other matters. Although the Company believes that all exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing the operations and activities of the Company or more stringent implementation thereof could have a substantial adverse impact on the Company. The operations of the Company will require licenses and permits from various governmental authorities to carry out exploration and development at its projects. There can be no assurance that the Company will be able to obtain the necessary licenses and permits on acceptable terms, in a timely manner or at all. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities.

Foreign Political Risk

The Company's material property is located in Chile and, as such, a substantial portion of the Company's business is exposed to various degrees of political and economic risk and uncertainties. The Company's operations and investments may be affected by local political and economic developments, including expropriation, nationalization, invalidation of government orders, permits or agreements pertaining to property rights, political unrest, labour disputes, limitations on repatriation of earnings, limitations on mineral exports, limitations on foreign ownership, inability to obtain or delays in obtaining necessary mining permits, opposition to mining from local, environmental or

other non-governmental organizations, government participation, royalties, duties, rates of exchange, high rates of inflation, price controls, exchange controls, currency fluctuations, taxation and changes in laws, regulations or policies as well as by-laws and policies of Canada affecting foreign trade, investment and taxation.

Additional Financings

If the Company's exploration programs are successful, additional funds will be required in order to complete the development of its properties. There is no assurance that the Company will be successful in raising sufficient funds to meet its obligations or to complete all of the currently proposed exploration programs. If the Company does not raise the necessary capital to meet its obligations under current contractual obligations, the Company may have to forfeit its interest in properties or prospects earned or assumed under such contracts.

Key Management and Competition

The success of the Company will be largely dependent upon the performance of its key officers, consultants and employees. Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. Failure to retain key individuals or to attract or retain additional key individuals with necessary skills could have a materially adverse impact upon the Company's success.

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than itself with respect to the discovery and acquisition of interests in mineral properties, the recruitment and retention of qualified employees and other persons to carry out its mineral exploration activities. Competition in the mining industry could adversely affect the Company's prospects for mineral exploration in the future.

Infrastructure

Development and exploration activities depend on adequate infrastructure, including reliable roads and water and power sources. In particular, the Company's activities in Chile will depend on adequate water supply. The Company's inability to secure adequate water and power resources, as well as other events outside of its control, such as unusual weather, sabotage, government or other interference in the maintenance or provision of such infrastructure, could adversely affect the Company's operations and financial condition.

Title to Properties

Acquisition of rights to the mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. Although the Company has investigated the title to all of the properties for which it holds concessions or other mineral leases or licenses or in respect of which it has a right to earn an interest, the Company cannot give any assurance that title to such properties will not be challenged or impugned.

The Company has investigated its right to explore and exploit its mineral properties and, to the best of its knowledge, has direct or indirect title to the mineral properties. However, the results of the Company's investigations should not be construed as a guarantee of title.

Environmental Risks and Hazards

All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation, provide for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry activities and operations. They also set forth limitations on the generation, transportation, storage and disposal of hazardous waste. A breach of such regulation may result in the imposition of fines and penalties or other enforcement actions. In addition, certain types of mining operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for noncompliance, more stringent

environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the viability or profitability of the Company's operations. Environmental hazards may exist on the properties in which the Company holds interests or on properties acquired by the Company in the future which are unknown to the Company. The Company may be liable for these hazards even if they have been caused by previous or existing owners or operators of the properties.

Climate Change Risks

The Company's mining and processing operations are energy intensive and have a significant carbon footprint. A number of governments or governmental bodies have introduced or are contemplating regulatory changes to address or mitigate the potential impacts of climate change. Some jurisdictions have implemented legislation or regulations relating to emissions levels, energy efficiency or carbon taxes, and such legislation or regulation is likely to become more stringent. While a portion of the costs associated with reducing emissions may be offset through increased energy efficiency or advances in technology, there can be no assurance that the Company will be able to implement or maintain such measures, and, as a result, the Company's operations may face increased costs if current regulatory trends continue. In addition, climate change may result in changes to the physical environment that may adversely affect the Company's properties and projects, as a result of extreme weather events, resource shortages, changes in rainfall and storm patterns or intensity, water shortages, changing sea levels and changing temperatures.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with the laws of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Risks associated with foreign operations

The Company is currently working to having an active project in Chile. Accordingly, the Company is subject to all the risks normally associated with the exploration, development and production of mineral properties in this jurisdiction. The Company's operations could be adversely impacted by political instability, foreign policies, differing business environments and changes in government regulations relating to foreign investment, corporate organization and governance, commerce, taxation, trade and the mining industry. The economies in foreign jurisdictions may differ in many respects, including the level of government intervention, level of development, maturity of the legal system and control of foreign exchange. Any changes in foreign regulations or shifts in political conditions are beyond the Company's control and there are no assurances that current and future mineral operations will not be adversely impacted by foreign political, social or economic changes.

Risks Related to Conducting Business in Emerging Markets

The Company's mineral exploration and mining activities, and the activities undertaken by companies from which the Company may acquire a royalty or streaming interest, may be in international locations that display characteristics of emerging markets. Conducting business in these countries may be subject to a variety of risks including, but not limited to: currency fluctuations, devaluations and exchange controls; inflation; uncertain political and economic conditions resulting in unfavourable government actions such as unfavourable legislation or regulation, trade restrictions, unfavourable tax enforcement or adverse tax policies; the denial of contract rights; and social unrest, acts

of terrorism or armed conflict. Management is unable to predict the extent or duration of these risks or quantify their potential impact.

Potential Profitability Depends Upon Factors Beyond the Control of the Company

The potential profitability of mineral properties is dependent upon many factors beyond the Company's control. For instance, world prices of and markets for gold and silver are unpredictable, volatile, potentially subject to governmental fixing, pegging and/or controls and respond to changes in domestic, international, political, social and economic environments. Another factor is that rates of recovery of mined material may vary from the rate experienced in tests, and a reduction in the recovery rate will adversely affect the profitability, and possibly the economic viability, of a property. Profitability also depends on the costs of operations, including costs of labour, equipment, electricity, environmental compliance or other production inputs. Such costs will fluctuate in ways The Company cannot predict and are beyond the Company's control, and such fluctuations will impact on profitability and may eliminate profitability altogether. Additionally, due to worldwide economic uncertainty, the availability and cost of funds for development and other costs have become increasingly difficult, if not impossible, to project. These changes and events may materially affect the financial performance of the Company.

Repatriation of Earning

Substantially all of the Company's business is carried on through foreign subsidiaries. There is no assurance that any countries in which the Company operates or may operate in the future will not impose restrictions or taxes on the repatriation of earnings to foreign entities, which may adversely impact the Company's ability to efficiently manage its cash position and adversely impact its share price.

Currency Fluctuations: Foreign Exchange

The operations of the Company in the countries where it operates are subject to currency fluctuations and such fluctuations may materially affect the financial position and results of the Company. The Company is subject to the risks associated with the fluctuation of the rate of exchange of the Canadian dollar and foreign currencies, in particular the U.S. dollar and the Chilean peso. The Company does not currently take any steps to hedge against currency fluctuations, although it may elect to hedge against the risk of currency fluctuations in the future. There can be no assurance that any future steps taken by the Company to address foreign currency fluctuations will eliminate all adverse effects and, accordingly, the Company may suffer losses due to adverse foreign currency fluctuations.

The Company may be subject from time to time to foreign exchange controls in countries outside of Canada, although no such claims are currently known to the Company.

Commodity Prices

The price of the Company's securities, its financial results and exploration, development and mining activities are and may in the future be significantly and adversely affected by declines in the price of precious or base minerals, particularly gold. Precious or base minerals prices fluctuate widely and are affected by numerous factors beyond the Company's control, such as the sale or purchase of precious or base metals by various dealers, central banks and financial institutions, interest rates, exchange rates, inflation or deflation, currency exchange fluctuation, global and regional supply and demand; production and consumption patterns, speculative activities, increased production due to improved mining and production methods, government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, environmental protection and international political and economic trends, conditions and events. The price of precious or base metals has fluctuated widely in recent years, and future serious

price declines could cause continued development of or production from the Company's properties to be impracticable or uneconomic.

Further, resource calculations and life-of-mine plans using significantly lower precious or base minerals prices could result in material write-downs of the Company's investment in mining properties and increased amortization, reclamation and closure charges.

In addition to adversely affecting reserve or resource estimates and its financial condition, declining commodity prices can impact operations by requiring a reassessment, either initiated by management or required under financing arrangements, of the feasibility of a particular project or of continued production. Even if a project or continued production is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Price Volatility and Lack of Active Market

In recent years, the securities markets in Canada and elsewhere have experienced a high level of price and volume volatility, and the market prices of securities of many public companies have experienced significant fluctuations in price which have not necessarily been related to their operating performance, underlying asset values or prospects of such companies. Any quoted market for the Company's securities will likely be subject to such market trends and the value of the Company's securities may be affected accordingly.

Key Executives

The Company is dependent on the services of key executives and a small number of highly skilled and experienced consultants and personnel, whose contributions to the immediate future operations of the Company are likely to be of importance. Due to the relatively small size of the Company, the loss of these persons or the Company's inability to attract and retain additional highly skilled employees or consultants may adversely affect its business and future operations. The Company does not currently carry any key man life insurance on any of its executives. The directors and some officers of the Company will only devote part of their time to the affairs of the Company.

Competition

The mineral exploration and mining business is competitive in all of its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources, in the search for and the acquisition of mineral properties. The Company's ability to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable prospects for mineral exploration or development. There is no assurance that the Company will be able to compete successfully with others in acquiring such prospects.

The Corporation may be Reliant on Third Party Reporting

The Corporation relies, and will rely, on public disclosure and other information regarding the properties in which it has an interest that it receives from the owners, operators and independent experts of such operations, and certain of such information is included in this information circular. Such information is necessarily imprecise because it depends upon the judgment of the individuals who operate the properties, as well as those who review and assess the geological and engineering information. In addition, the Corporation must rely on the accuracy and timeliness of the public disclosure and other information it receives from the owners and operators of the properties, and uses such information in its analyses, forecasts and assessments relating to its own business and to prepare its disclosure with respect to its streams and royalties. If the information provided by such third parties to the Corporation contains material inaccuracies or omissions, the Corporation's disclosure may be inaccurate and its ability to accurately forecast or achieve its stated objectives may be materially impaired, which may have a material adverse effect on the Corporation.

Dilution

Issuances of additional securities under future financings will result in dilution of the equity interests of persons who are currently shareholders or who become shareholders of the Company.

Dividends

The Company has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future, as it intends to employ available funds for mineral exploration and development or repayment of indebtedness. Any future determination to pay dividends will be at the discretion of the Board and will depend on the Company's financial condition, results of operations, capital requirements and such other factors as the Board deems relevant.

Nature of the Securities

The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford to lose their entire investment.

Litigation

The Company may, from time to time, be involved in disputes with other parties in the future which may result in litigation or alternative dispute resolution proceedings. The results of litigation or other proceedings cannot be predicted with certainty, and the costs of defending or settling such litigation or other proceedings can be significant. If the Company is unable to resolve such disputes in its favour, it may have a material adverse effect on the Company's financial performance, cash flow and results of operations. In addition, the litigation may be subject to the jurisdiction of a foreign court, which may not have or adhere to similar processes and standards as a Canadian court.

Anti-Corruption and Bribery Compliance

The Company's operations are governed by, and involve interactions with, many levels of government in several countries. The Company is required to comply with anti-corruption and anti-bribery laws in the jurisdictions in which the Company conducts its business, including the Corruption of Foreign Public Officials Act (Canada). In recent years, there has been an increase in both the frequency of enforcement and the severity of penalties under such laws, resulting in greater scrutiny and punishment to companies convicted of violating anti-corruption and anti-bribery laws. Furthermore, a company may be found liable for violations by not only its employees, but also by its contractors and third-party agents. If the Company finds itself subject to an enforcement action or is found to be in violation of such laws, this may result in significant penalties, fines and/or sanctions imposed on the Company, resulting in a material adverse effect on the Company's reputation and results of its operations.

Taxation Matters

The Company believes that it is in material compliance with all applicable tax legislation in the countries in which it operates. However, tax returns and other tax assessments, regulatory fees and levies and other governmental costs and fees are subject to reassessment by applicable taxation and other regulatory authorities. In the event of a successful reassessment of the Company, such reassessment may have an impact on current and future taxes and other amounts payable.

The Company is subject to ongoing examination by tax and other regulatory authorities in each jurisdiction in which it has operations. The Company regularly assesses the status of these examinations and the potential for adverse outcomes to determine the adequacy of the provision for current and deferred income taxes, as well as the provision for indirect, withholding and other taxes and assessments as well as related penalties and interest. This assessment relies on estimates and assumptions, which involves judgments about future events. There is no assurance that adequate provisions have been or will be made by the Company to fully cover its possible exposure to tax and other governmental related liabilities, and any material reassessment may have a material adverse impact on the Company's liquidity, financial condition and results of operation.

MATERIAL CONTRACTS OF BEARING

Other than the Arrangement Agreement and contracts entered into the ordinary course of business, Bearing and its predecessors have not entered into any material contracts in the most recently completed financial year or entered into any material contracts before the most recently completed financial year that are still in effect.

See "*Business of Bearing – Recent Developments*".

LEGAL PROCEEDINGS AND REGULATORY ACTIONS CONCERNING BEARING

Management of Bearing is not aware of any existing or contemplated legal proceedings material to Bearing, to which Bearing, or any predecessor of Bearing, is, or during the financial year ended October 31, 2021 was, a party or of which any of its property is, or during the financial year ended October 31, 2021 was, subject.

Management of Bearing is not aware of any penalties or sanctions imposed against Bearing, or any predecessor of Bearing, by a court relating to securities legislation or by a securities regulatory authority since the beginning of the financial year ended October 31, 2021 or any other penalties or sanctions imposed by a court or regulatory body against Bearing, or any predecessor of Bearing, that would likely be considered important to a reasonable investor in making an investment decision. Bearing entered into a settlement agreement with the BCSC in 2022 as described above in "*Business of Bearing – History*".

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed in this Circular, no: (a) director, proposed director or executive officer of Bearing; (b) person or company who beneficially owns, directly or indirectly, Bearing Shares or who exercises control or direction of Bearing Shares, or a combination of both carrying more than ten percent of the voting rights attached to the outstanding Bearing Shares (an "**Insider**"); (c) director or executive officer of an Insider; or (d) associate or affiliate of any of the directors, executive officers or Insiders, has had any material interest, direct or indirect, in any transaction since the commencement of Bearing's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect Bearing, except with an interest arising from the ownership of Bearing Shares where such person or company will receive no extra or special benefit or advantage not shared on a pro rata basis by all Shareholders.

AUDITOR, REGISTRAR AND TRANSFER AGENT OF BEARING

Auditor

The auditor of Bearing is Dale Matheson Carr-Hilton Labonte LLP, Chartered Professional Accountants. Its offices are located at 1500 – 1140 West Pender St., Vancouver, British Columbia V6E 4G1.

The following parties have given, and not withdrawn as at the date of this Circular, their written consent to be named in this Circular in the form and context in which it appears: Dale Matheson Carr-Hilton Labonte LLP.

No entity referred to above has made or has purported to make any statement or representation that is included in this Circular or any statement on which a statement made in the Circular is based, except as stated above. None of the entities or persons referred to above has authorised or caused the issue of the Circular and, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statement in, or omission from, this Circular, other than the reference to its name included in this Circular with its consent as described above.

Transfer Agent

Computershare Investor Services Inc. is registrar and transfer agent for Bearing. Its offices are located at 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1.

SCHEDULE "I" TO APPENDIX "A"
FINANCIAL STATEMENTS OF BEARING FOR THE YEARS ENDED OCTOBER 31, 2021 AND 2020
(attached)



Consolidated Financial Statements

For the year ended October 31, 2021 and 2020
(Expressed in Canadian dollars)



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Bearing Lithium Corp.

Opinion

We have audited the consolidated financial statements of Bearing Lithium Corp. (the "Company"), which comprise the consolidated statements of financial position as at October 31, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes events or conditions that indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Matthew Gosden.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

February 28, 2022



Bearing Lithium Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

As at	Note	October 31, 2021 \$	October 31, 2020 \$
ASSETS			
Current assets			
Cash		796,982	157,258
Accounts receivable		10,789	30,056
Prepaid expense		21,474	25,529
Marketable securities	4	104,000	-
		933,245	212,843
Non-current assets			
Investment in MSB SA	5	39,200,000	13,340,000
Mineral Properties	4	-	10,000
		40,133,245	13,562,843
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Current liabilities			
Accounts payable		65,557	126,995
Accrued liabilities		69,091	70,478
		134,648	197,473
Long term liabilities			
Deferred tax liability	9	7,582,000	-
Total liabilities		7,716,648	197,473
SHAREHOLDERS' EQUITY			
Common shares	7	35,952,146	33,806,094
Reserves	7	9,500,662	7,956,118
Accumulated other comprehensive loss		(70,909)	(70,909)
Deficit		(12,965,302)	(28,325,933)
		32,416,597	13,365,370
Total liabilities and shareholders' equity		40,133,245	13,562,843

Nature of operations and going concern (*Note 1*)
Subsequent events (*Note 11*)

These consolidated financial statements were approved for issuance by the Board of Directors on February 28, 2022 and signed on its behalf by:

/s/ William (Tim) Heenan
Director

/s/ Luis Saenz
Director

The accompanying notes are an integral part of these consolidated financial statements.

Bearing Lithium Corp.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended October 31, 2021 and 2020
(Expressed in Canadian dollars)

	Notes	October 31, 2021 \$	October 31, 2020 \$
Operating expenses			
Amortization		-	26,949
Consulting		60,000	63,972
Investor communications		450	8,026
Management and accounting	6	57,281	193,616
Office and general		31,027	23,032
Professional fees		141,853	121,144
Regulatory and filing		55,344	71,771
Share-based payment expense	6, 7	726,114	180,445
Travel		-	16,168
		(1,072,069)	(705,123)
Other income (expense)			
Foreign exchange gain (loss)		(5,753)	(4,825)
Gain from termination of lease		-	11,871
Interest expense		-	(5,170)
Loss on disposal of marketable securities		-	6,614
Unrealized fair value gain (loss) in investments	4, 5	23,977,453	(6,263,937)
Gain on disposal of mineral property	4	43,000	-
		24,014,700	(6,255,447)
Net income (loss) for the year before income taxes		22,942,631	(6,960,570)
Income tax - deferred	9	(7,582,000)	-
Net and comprehensive income (loss) for the year		15,360,631	(6,690,570)
Income (loss) per common share – basic and diluted		0.18	(0.10)
Weighted average number of common shares outstanding – basic	7	83,509,984	70,300,144
Weighted average number of common shares outstanding – diluted	7	86,540,352	70,300,144

The accompanying notes are an integral part of these consolidated financial statements.

Bearing Lithium Corp.
Consolidated Statements of Shareholders' Equity
For the year ended October 31, 2021 and 2020
(Expressed in Canadian dollars)

	Common Shares					Shareholders' equity
	Number of shares #	Amount \$	Reserves \$	AOCl \$	Deficit \$	
Balance, October 31, 2019	63,242,778	32,780,925	7,676,904	(70,909)	(21,363,952)	19,022,968
Adjustment on adoption of IFRS 16	-	-	-	-	(1,411)	(1,411)
Issued for cash pursuant to private placement	8,537,000	933,048	91,392	-	-	1,024,440
Shares for services	1,000,000	120,000	-	-	-	120,000
Share issuance costs	-	(35,579)	7,377	-	-	(28,202)
Options exercised	70,000	7,700	-	-	-	7,700
Share-based payment expense	-	-	180,445	-	-	180,445
Net loss	-	-	-	-	(6,960,570)	(6,960,570)
Balance, October 31, 2020	72,849,778	33,806,094	7,956,118	(70,909)	(28,325,933)	13,365,370
Issued for cash pursuant to private placement	15,552,460	1,604,005	864,195	-	-	2,468,200
Share issuance costs	-	(127,575)	45,513	-	-	(82,062)
Warrants exercised	4,255,500	669,622	(91,278)	-	-	578,344
Share-based payment expense	-	-	726,114	-	-	726,114
Net income	-	-	-	-	15,360,631	15,360,631
Balance, October 31, 2021	92,657,738	35,952,146	9,500,662	(70,909)	(12,965,302)	32,416,597

The accompanying notes are an integral part of these consolidated financial statements.

Bearing Lithium Corp.
Consolidated Statements of Cash Flow
For the years ended October 31, 2021 and 2020
(Expressed in Canadian dollars)

	October 31, 2021 \$	October 31, 2020 \$
OPERATING ACTIVITIES		
Net income (loss)	15,360,631	(6,960,570)
Add items not affecting cash:		
Amortization of right of use lease asset	-	26,949
Loss on sale of marketable securities	-	(6,614)
Share-based payment expense	726,114	180,445
Unrealized fair value gain (loss) in investments	(23,977,453)	6,263,937
Gain on termination of lease	-	(11,871)
Income taxes	7,582,000	-
Gain on disposal of mineral property	(43,000)	-
Changes in non-cash working capital items relating to operations:		
Accounts receivable	19,267	(17,802)
Prepaid expenses	4,055	7,955
Accounts payable and accrued liabilities	(62,825)	109,503
Cash used in operating activities	(391,211)	(408,068)
INVESTING ACTIVITIES		
Proceeds from sale of marketable securities	-	9,014
Proceeds from disposal of mineral property option	50,000	-
Purchase of additional interest in Minera Salar Blanco	(1,983,547)	(1,056,168)
Purchase of exploration and evaluation asset	-	(10,000)
Cash used in investing activities	(1,933,547)	(1,057,154)
FINANCING ACTIVITIES		
Proceeds from issuance of common shares, net	2,386,138	996,238
Proceeds from warrants exercised	578,344	-
Proceeds from options exercised	-	7,700
Payment of lease obligation	-	(26,497)
Cash provided by financing activities	2,964,482	977,441
 Increase (decrease) in cash	 639,724	 (487,781)
Cash, beginning of the year	157,258	645,039
Cash, end of the year	796,982	157,258
 Non-cash investing and financing activities	 October 31, 2021 \$	 October 31, 2020 \$
Fair value of shares issued for debt	-	120,000
Fair value of broker warrants issued	45,513	7,377
Fair value of ACME shares received on disposal of mineral property	3,000	-

The accompanying notes are an integral part of these consolidated financial statements.

Bearing Lithium Corp.

Notes to the Consolidated Financial Statements

For the years ended October 31, 2021 and 2020

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Bearing Lithium Corp. (the "Company") was incorporated on January 13, 2011, pursuant to the provisions of the Business Corporations Act (British Columbia), and is a public company listed on the TSX Venture Exchange (the "Exchange") under the symbol "BRZ".

The Company's principal address, records office and registered address are located at Suite 810 – 789 West Pender Street, Vancouver, BC, V6C 1H2

The Company's primary asset is its investment in shares of a company with a lithium and potassium exploration project located in the northeast section of the Salar de Maricunga in Region III of Atacama in Northern Chile (Note 5).

These consolidated financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent upon the continued financial support from its shareholders, the ability of the Company to obtain necessary equity financing to continue operations, and provide funding to its investee company to avoid dilution and the attainment of profitable operations. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. These factors comprise a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. At October 31, 2021, the Company had working capital of \$798,597 and an accumulated deficit of \$12,965,302. These condensed consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. These adjustments could be material.

2. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The consolidated financial statements of the Company for the year ended October 31, 2021 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on February 28, 2022.

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial assets and financial liabilities to fair value.

These consolidated financial statements include the accounts of the Company and its subsidiaries, which are as follows:

Name	Place of incorporation	Ownership % October 31, 2021	Ownership % October 31, 2020
Li3 Energy Inc.	United States	100%	100%
Li3 Energy Peru SRL	Peru	100%	100%
Alfredo Holdings, Ltd.	Cayman Islands	100%	100%
Li3 Energy Copiapo, SA	Chile	100%	100%

All intercompany balances and transactions were eliminated on consolidation.

Bearing Lithium Corp.

Notes to the Consolidated Financial Statements

For the years ended October 31, 2021 and 2020

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (CONTINUED)

Basis of measurement (continued)

The Company controls an investee if the Company has:

- (i) power over the investee;
- (ii) exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) the ability to use its power over the investee to affect its returns.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in loss and comprehensive loss from the date that the Company gains control until the date that the Company ceases to control the subsidiary.

Critical accounting judgments, estimates and assumptions

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant Judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

- i. Management is required to assess the functional currency of the Company. In concluding that the Canadian dollar is the functional currency of the Company, management considered the currency that mainly influences the operating expenditures in the jurisdiction in which the Company operates.
- ii. Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Also, judgement is required in determining the appropriate tax rate for the calculation of deferred tax assets and liabilities.
- iii. Where the Company holds less than 20% of voting rights in an investment, the investment is normally treated as a financial instrument. Management is required to exercise judgement on whether voting or other rights exist that would result in significant influence.

2. BASIS OF PREPARATION (CONTINUED)

Significant Judgments (continued)

- iv. The Company's ability to execute its strategy for funding future working capital requirements requires judgement. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the current and next fiscal financial years:

- i. Management uses the Black-Scholes Option Pricing Model for valuation of share-based compensation and brokers' warrants, which requires the input of subjective assumptions including expected price volatility, risk-free interest rates and forfeiture rates. Changes in the input assumptions can materially affect the fair value estimate and the Company's results of operations and equity reserves.
- ii. Management measures its investment in Minera Salar Blanco SpA ("MSB SA") at fair value. Significant changes in discount rates, potential expenditure forecast, reserve estimates and commodity price forecasts may impact the measurement of fair value. These estimates and assumptions are subject to risk and uncertainty.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Foreign currency translation

The functional currency of the Company and each of its subsidiaries is the currency of the primary economic environment in which they operate. The consolidated financial statements are presented in Canadian dollars, which is also the Company and its subsidiary's functional currency. Transactions in other than an entity's functional currency are recorded at exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities are translated to the functional currency at the period end spot rate with any changes recognized in profit or loss.

(b) Exploration and evaluation costs

Exploration and evaluation costs include costs to acquire rights to explore, geological studies, exploratory drilling and sampling and directly attributable administrative costs.

Acquisition costs are capitalized. Expenditures relating to exploration activities are expensed as incurred and expenditures relating to pre-extraction activities are expensed as incurred until such time proven or probable reserves are established for that project, after which subsequent expenditures relating to development activities for that particular project are capitalized as incurred. Proceeds from the sale of properties or cash proceeds received from option payments are recorded as a reduction of the related mineral property interest.

The carrying values of exploration and evaluation properties are assessed for impairment by management whenever indicators of impairment exist. An impairment loss is recognized if it is determined that the carrying value exceeds the recoverable amount.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Share-based payments

The Company may grant stock options to buy common shares of the Company to directors, officers, employees and non-employees. The fair value of the options is measured at grant date, using the Black-Scholes Option Pricing Model, and is recognized over the vesting period for employees using the graded vesting method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received and is based on the fair value of the goods or services received or the fair value of the equity instruments issued if this is a more reliable measure. The fair value is recognized as an expense with a corresponding increase in reserves. The amount recognized as an expense is adjusted to reflect the number of stock options expected to vest. Any consideration received plus the amounts recognized in reserves will be transferred to common shares on the exercise of stock options.

(d) Asset impairment

The Company performs impairment tests on exploration and evaluation assets, when events or circumstances occur which indicate the assets may not be recoverable. Impairment assessments are carried out on project-by-project basis with each project representing a single CGU.

When impairment indicators are identified, an impairment loss is recognized for any amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

(e) Income taxes

Deferred income tax is recognized using the liability method on temporary differences arising between the tax and accounting bases of assets and liabilities as well as for the benefit of losses available to be carried forward to future years. Deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction does not affect either accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred income tax assets are recognized only to the extent that it is probable that future profit will be available against which assets can be utilized.

(f) Common shares

The Company has adopted a pro-rata method for the measurement of shares and warrants issued as units in financing arrangements. The pro-rata method requires the gross proceeds and the related share issuance costs be allocated to the common shares and the warrants based on the relative fair value of each component.

The fair value of the warrants is based on the closing price on the closing date of the transaction using the Black-Scholes Option Pricing Model. The value attributed to the warrants is recorded to reserves. If the warrants are exercised, the value attributable to the warrants is transferred to common shares.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial instruments

The following is the Company's accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classification under IFRS 9:

Financial assets/liabilities	Classification
Cash	FVTPL
Marketable securities	FVTPL
Investment in MSB SA	FVTPL
Accounts payable	Amortized cost
Accrued liabilities	Amortized cost

(ii) Measurement

Financial assets and liabilities at amortized cost:

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL:

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of loss in the period in which they arise.

(iii) Impairment of financial assets at amortized cost.

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in net loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Bearing Lithium Corp.

Notes to the Consolidated Financial Statements

For the years ended October 31, 2021 and 2020

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial instruments (continued)

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

4. INVESTMENT IN MARKETABLE SECURITIES

As at October 31, 2021, the Company's investments comprise of common shares of Canadian public companies which are measured at fair value. The fair value and the number of the shares held as investments are as follows:

	October 31, 2021		October 31, 2020	
	Number of shares	Fair Value	Number of shares	Fair Value
ACME Lithium Inc.	100,000	\$ 104,000	-	\$ -
		\$ 104,000		\$ -

During the year ended October 31, 2021, the Company disposed of its interest in the Fish Lake Property to ACME Lithium Inc. ("ACME") for consideration of \$50,000 in cash and 100,000 common shares of ACME which had a fair value of \$3,000 resulting in a gain on disposal of \$43,000.

5. INVESTMENT IN MSB SA

The Company has an ownership interest in the shares of Minera Salar Blanco SA ("MSB SA"), a private Chilean corporation. MSB SA has 100% interest in a lithium and potassium exploration project located in the Northeast section of Northern Chile (the "Maricunga Project"). The Company's ownership interest is held through its United States subsidiary Li3 Energy Inc.

Pursuant to the shareholders agreement, to continue developing the property from the permit stage into a producing mine, the Company will need to fund its share of the development costs or risk dilution of its ownership interest. The required funding will be determined based on an annual business plan with an itemized project budget.

Bearing Lithium Corp.

Notes to the Consolidated Financial Statements

For the years ended October 31, 2021 and 2020

(Expressed in Canadian Dollars)

5. INVESTMENT IN MSB SA (CONTINUED)

The shareholding entitles the Company to one representative on the board of MSB SA which represents a 16.67% voting interest. The Company's investment is not subject to any preferential rights and the Company does not have the power to participate in the operating and financial policies of MSB SA. The other investors in MSB SA share joint control of the Maricunga Project. Therefore, significant influence does not exist, and the investment is accounted for as a financial instrument in accordance with IFRS.

	Investment in MSB SA
Balance, October 31, 2019 (18.02% interest)	\$ 18,547,769
Addition	1,056,168
Adjusted for unrealized fair value loss in MSB investment	(6,263,937)
Balance, October 31, 2020 (18.02% interest)	\$ 13,340,000
Addition	1,983,547
Adjusted for unrealized fair value gain in MSB investment	23,876,453
Balance, October 31, 2021 (17.14% interest)	\$ 39,200,000

On November 2, 2020, there was a capital call of \$3 million USD for MSB SA. The Company did not participate in that call diluting their interest from 18.02% to 17.14%.

On March 9, 2021 there was a capital call of \$2 million USD for MSB SA. The Company contributed \$360,406 USD maintaining their ownership interest at 17.14%.

On August 3, 2021 there was a capital call of \$7 million USD for MSB SA. The Company contributed \$1,199,561 USD maintaining their ownership interest at 17.14%.

The fair value of the investment was estimated based on the value inferred from the October 31, 2021 share price of the Company as well as Lithium Power International Inc. (Australian public company) that has a 52% interest in MSB which are considered level 2 inputs (see Note 10). During the year ended October 31, 2021, there was an unrealized gain in the amount of \$23,876,453 (2020 - \$(6,263,937)). The gain in the carrying value recorded was the result of an increase in the share price of both entities.

6. RELATED PARTY DISCLOSURE

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel is summarized as follows:

Year ended	October 31, 2021	October 31, 2020
Management and accounting	\$ 59,837	\$ 193,616
Share-based payments	708,698	180,445
Total	\$ 768,535	\$ 374,061

As at October 31, 2021, included in accounts payable and accrued liabilities is \$5,880 (October 31, 2020 - \$5,683) owing to related parties for accrued management fees and expense reimbursements. The amount is non-interest bearing and has no terms of repayments.

During the year ended October 31, 2021, the Company recorded share-based payment expense of \$708,698 (2020 - \$180,445) related to stock options granted to Officers and Directors of the company.

6. RELATED PARTY DISCLOSURE (CONTINUED)

During the year ended October 31, 2021, there were two officers and one director that subscribed for an aggregate of 939,147 Units at \$0.129 per Unit for gross proceeds totalling \$121,150. Each Unit consists of one common share (a "Share") and one transferable Share purchase warrant. Each Warrant shall entitle the holder thereof to purchase one additional Share at a price of \$0.1725 per Share for a period thirty-six (36) months from closing.

During the year ended October 31, 2021, there was one director that subscribed for an aggregate of 582,500 Units at \$0.18 per Unit for gross proceeds totalling \$104,850. Each Unit consists of one common share (a "Share") and one transferable Share purchase warrant. Each Warrant shall entitle the holder thereof to purchase one additional Share at a price of \$0.24 per Share for a period thirty (30) months from closing.

During the year ended October 31, 2021, one director exercised in aggregate 500,000 warrants with exercise prices ranging from \$0.135 to \$0.18 per warrant.

7. SHARE CAPITAL

Authorized

The Company has an unlimited number of authorized common shares without par value.

Issued and outstanding

At October 31, 2021, there were 92,657,738 (October 31, 2020 – 72,849,778) issued and fully paid common shares outstanding.

For the year ended October 31, 2021:

On November 30, 2020, the Company issued 6,494,960 units for gross proceeds of \$837,850. Each unit consisted of one common share and one transferable share purchase warrant. Each warrant entitles the holder to acquire an additional share of the Company for \$0.1725, expiring on November 30, 2023. Total proceeds were allocated based on the proportionate fair value of the common share and the warrant, with \$301,776 of the proceeds allocated to the warrant and \$536,074 allocated to the common share.

In conjunction with the financing, the Company paid aggregate finder's fees of \$37,242 and issued 289,395 broker's warrants measured at a fair value of \$23,220 using the Black-Scholes Option pricing model with the following assumptions: share price - \$0.17, exercise price - \$0.17, expected life – 3 years, risk-free rate - 0.29%. The broker warrants have the same terms as the warrants issued as units pursuant to this financing.

On July 14, 2021, the Company issued of 9,057,500 units of the Company (the "Units") at a price of \$0.18 per Unit for gross proceeds of \$1,630,350 pursuant to a private placement. Each Unit consists of one common share (each a "Share") and one transferable Share purchase warrant (each a "Warrant"). Each Warrant shall entitle the holder thereof to purchase one additional Share at a price of \$0.24 per Share for a period of thirty months from the date of issuance. In the event that the Shares have a closing price on the TSX Venture Exchange (or such other exchange on which the Shares may be traded at such time) of \$0.45 or greater per Share for a period of fifteen consecutive trading days at any time from the closing date, the Company may accelerate the expiry date of the Warrants by giving notice to the holders thereof and, in such case, the Warrants will expire on the thirtieth day after the date of such notice. Total proceeds were allocated based on the proportionate fair value of the common share and the warrant, with \$562,419 of the proceeds allocated to the warrant and \$1,067,931 allocated to the common share.

7. SHARE CAPITAL (CONTINUED)

In conjunction with the financing, the Company paid aggregate finder's fees of \$44,820 cash and issued 249,000 Warrants measured at a fair value of \$22,294 using the Black-Scholes Option Pricing model with the following assumptions: share price - \$0.17, exercise price - \$0.24, expected life - 2.5 years, risk-free rate - 0.55%. The broker warrants issued as units pursuant to this financing.

During the year ended October 31, 2021, the Company issued 4,255,500 common shares pursuant to the exercise of warrants for proceeds of \$669,622. The Company re-allocated \$91,278 from reserves to share capital.

For the year ended October 31, 2020:

On September 28, 2020, the Company issued 70,000 shares pursuant to the exercise of stock options for proceeds of \$7,700.

On March 31, 2020, the Company issued 1,000,000 common shares with a fair value of \$120,000 in lieu of cash for advisory services.

On February 3, 2020, the Company issued 1,100,000 units for gross proceeds of \$132,000. Each unit consists of one common share and one-half of a common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.18 for 18 months following the date of the issuance. The warrants are subject to an acceleration clause in the event the closing price of the Company's common shares on the TSX Venture Exchange is greater than \$0.30 for 15 consecutive trading days.

In connection with the issuance, the Company has paid an aggregate of \$7,920 in cash finders' fees plus issued a total of 66,000 finders' warrants measured at a fair value of \$2,750. The finders' warrants will have the same terms as the common share purchase warrants forming part of the Units.

On January 27, 2020, the Company issued 7,437,000 common shares for gross proceeds of \$892,440. Each unit consisted of one common share and one-half of a common share purchase warrant. Each warrant entitles the holder to acquire an additional share of the Company for \$0.18, expiring on July 27, 2021. Total proceeds were allocated based on the proportionate fair value of the common share and the warrant, with \$91,392 of the proceeds allocated to the warrant and \$801,048 allocated to the common share.

In conjunction with the financing, the Company paid aggregate finder's fees of \$20,281 and issued 169,020 broker's warrants measured at a fair value of \$4,628 and having the same terms as the warrants issued as units pursuant to this financing.

7. SHARE CAPITAL (CONTINUED)

Warrants

Warrant transactions and the number of warrants outstanding are summarized below:

	Number	Weighted Average Exercise Price \$
Balance, October 31, 2019	4,485,000	0.31
Issued	4,503,520	0.14
Expired	(4,485,000)	(0.31)
Balance, October 31, 2020	4,503,520	0.14
Issued	16,090,855	0.21
Exercised	(4,255,500)	(0.14)
Expired	(248,020)	(0.18)
Balance, October 31, 2021	16,090,855	0.21

Date of Expiry	Exercise Price \$	October 31, 2021	October 31, 2020
July 27, 2021	0.18	-	3,887,520
August 03, 2021	0.18	-	616,000
November 30, 2023	0.17	6,784,355	-
January 14, 2024	0.24	9,306,500	-
Total Outstanding and Exercisable		16,090,855	4,503,520

As of October 31, 2021, the weighted average remaining life for outstanding warrants was 2.15 years (October 31, 2020 – 0.74).

During the year ended October 31, 2021, the fair value of 289,395 and 249,000 broker warrants issued in connection with the private placement were calculated at \$23,220 and \$22,293 (2020 - \$7,378) using the Black-Scholes Option Pricing Model with the following assumptions:

Year ended	October 31, 2021	October 31, 2020
Share price	\$0.17	\$0.12
Exercise price	\$0.1725 - \$0.24	\$0.18
Expected life	2.5 - 3 years	1.5 years
Annualized volatility	73% - 105%	73.14%
Expected dividend yield	0%	0%
Risk-free interest rate	0.29% - 0.55%	1.44%

Bearing Lithium Corp.

Notes to the Consolidated Financial Statements

For the years ended October 31, 2021 and 2020

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (CONTINUED)

Stock Options

The Company has a stock option plan (the "Plan") that permits the grant of share purchase options up to 10% of the issued and outstanding common shares of the Company to directors, officers, key employees and consultants. Terms and pricing of options are determined at the date of grant in accordance with the Plan.

Stock option transactions and the number of stock options outstanding are summarized below:

	Number	Weighted Average Exercise Price \$
Balance, October 31, 2019	4,435,000	0.51
Granted	2,520,000	0.11
Exercised	(70,000)	0.11
Expired	(3,430,000)	0.46
Forfeited	(80,000)	0.68
Balance, October 31, 2020	3,375,000	0.17
Granted	5,100,000	0.16
Expired	(275,000)	0.53
Forfeited	(200,000)	0.14
Balance, October 31, 2021	8,000,000	0.15

Date of Expiry	Exercise Price (\$)	October 31, 2021	October 31, 2020
October 6, 2021	0.80	-	45,000
October 10, 2021	0.80	-	30,000
October 30, 2021	0.26	-	50,000
December 2, 2021	0.50	-	125,000
May 4, 2022	0.38	-	25,000
October 11, 2023	0.25	650,000	650,000
November 20, 2023	0.16	200,000	200,000
March 27, 2025	0.11	2,250,000	2,250,000
December 3, 2025	0.13	1,700,000	-
March 16, 2026	0.15	2,200,000	-
September 24, 2026	0.23	1,000,000	-
Total Outstanding		8,000,000	3,375,000
Total Exercisable		8,000,000	3,375,000

As of October 31, 2021, the weighted average remaining life for outstanding options was 3.85 years (October 31, 2020 – 3.77).

7. SHARE CAPITAL (CONTINUED)

Stock Options (continued)

During the year ended October 31, 2021, the Company recorded share-based payments of \$726,114 (2020 - \$180,445) for options granted during the year and options granted in a prior year that vested during the year. Options granted during the year were measured using the Black-Scholes Option Pricing Model with the following weighted-average assumptions:

Year ended	October 31, 2021	October 31, 2020
Share price	\$0.175 - \$0.205	\$0.11 - \$0.155
Exercise price	\$0.13 - \$0.23	\$0.11 - \$0.160
Expected life	5 years	4 years
Annualized volatility	90% - 96%	80% - 82.51%
Expected dividend yield	0%	0%
Risk-free interest rate	0.46% - 1.01%	0.62% - 1.46%

The weighted average grant date fair value of options granted during the year ended October 31, 2021 was \$0.14 per option (year ended October 31, 2020 - \$0.07).

Income (loss) Per Share

In calculating the basic and diluted income (loss) per share for the years ended October 31, 2021 and 2020, the weighted average number of shares used in the calculation is shown in the table below:

Year ended	October 31, 2021	October 31, 2020
Net income (loss)	\$15,360,631	\$(6,690,570)
Weighted average number of shares outstanding:		
Basic	83,509,984	70,300,144
Dilutive effect of options	2,032,114	-
Dilutive effect of warrants	998,254	-
Diluted weighted average number of shares outstanding	86,540,352	70,300,144

8. CAPITAL DISCLOSURES

The Company's objectives when managing capital are to ensure its ability to continue as a going concern in order to pursue the acquisition and development of mineral property interest. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is largely dependent upon external financings to fund activities. In order to carry out planned acquisition and development and pay for administrative costs, the Company will spend its existing working and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financing resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes to the Company's approach to capital management during the year ended October 31, 2021. The Company is not subject to externally imposed capital restrictions.

Bearing Lithium Corp.

Notes to the Consolidated Financial Statements

For the years ended October 31, 2021 and 2020

(Expressed in Canadian Dollars)

9. INCOME TAXES

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 27% (2020 – 27%) to income before income taxes. The reasons for the differences are as follows:

	October 31, 2021	October 31, 2020
	\$	\$
Net income (loss) before income taxes	22,948,937	(6,960,570)
Statutory tax rate	27%	27%
Expected income tax recovery	6,196,000	(1,879,000)
Impact of different foreign statutory tax rates on earnings of subsidiaries	2,460,000	140,000
Permanent differences	196,000	-
Adjustment to prior years provision versus statutory tax returns	(49,000)	49,000
Foreign exchange	68,000	-
Other	277,000	(68,000)
Change in unrecognized tax assets	(1,566,000)	1,758,000
Deferred income tax expense	7,582,000	-

The Company recognizes tax benefits on losses or other deductible amounts where the probable criteria for the recognition of deferred tax assets has been met. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	October 31, 2021	October 31, 2020
	\$	\$
Share issuance cost	21,000	16,000
Investments	(7,583,000)	1,566,000
Capital losses	170,000	170,000
Non-capital losses	2,440,000	2,289,000
Mineral properties	401,000	439,000
Property and equipment	1,000	1,000
Unrecognized deferred tax assets	(3,032,000)	(4,481,000)
Net deferred tax liabilities	(7,582,000)	-

The Company has incurred Canadian non-capital losses of approximately \$8,753,000 that may be carried forward and used to reduce taxable income. These losses will expire commencing in 2031.

No deferred tax liability has been recognized at October 31, 2021 on temporary differences associated with investments in subsidiaries where the Company can control the timing of the reversal of the temporary difference and the reversal is not available in the foreseeable future.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

The fair value of the Company's financial instruments is approximated by their carrying value due to their short-term nature.

IFRS 13 establishes a fair value hierarchy for financial instruments measured at fair value that reflects the significance of inputs used in making fair value measurements as follows:

Level 1 – quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. from derived prices); and

Level 3 – inputs for the asset or liability that are not based upon observable market data.

The fair value of cash and marketable securities are based on Level 1 inputs. The fair value of the Company's investment in MSB SA is determined using Level 2 inputs. Refer to Note 5 for the details relating to these inputs.

The Company's financial instruments are exposed to certain financial risks, which include foreign currency risk, interest rate risk, credit risk, liquidity risk and other price risk. The Company's risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company's exposure to these risks and its methods of managing the risks remain consistent.

Credit risk

Concentration of credit risk exists with respect to the Company's cash, as all amounts are held at a major Canadian financial institution and a major Chilean financial institution. The Company's concentration of credit risk and maximum exposure thereto is as follows:

	October 31, 2021		October 31, 2020	
Cash				
Canadian financial institution	\$	796,982	\$	156,226
Chilean financial institution		-		1,032
	\$	796,982	\$	157,258

The credit risk associated with cash is minimized by ensuring that substantially all dollar amounts are held with a major financial institution with strong investment-grade ratings by a primary ratings agency.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities. The Company is reliant upon equity issuances as its sole source of cash. The Company manages liquidity risk by trying to maintain an adequate level of cash and cash equivalents to meet its ongoing obligations. The Company continuously reviews its actual expenditures and forecast cash flows and matches the maturity dates of its cash equivalents to capital and operating needs. The Company normally maintains sufficient cash to meet the Company's business requirements; as at October 31, 2021, the cash balance of \$796,982 which is sufficient to meet its obligations related to its current accounts payable of \$65,557 and accrued liabilities of \$69,091. However, to meet required administrative and investment commitments pertaining to the Company's ownership interest of MSB SA (see Note 5) over the next twelve months the Company may be required to raise additional capital in the future to fund its operations. Subsequent to the year end on February 23, 2022 the Company closed a non-brokered private placement issuing in aggregate 16,000,000 common shares for gross proceeds of \$4,000,000 which is expected to meet the required administrative and investment commitments over the next 12 months.

Market risk

[i] Interest rate risk

The Company is not exposed to interest rate risk on its cash and cash equivalents held at October 31, 2021. A 100-basis point (1%) increase or decrease in the interest rate would have an insignificant change in the Company's reported loss for the year ended October 31, 2021 based on its closing balance.

[ii] Currency risk

The carrying amounts of the Company's foreign currency denominated monetary assets are as follows:

	October 31, 2021		October 31, 2020	
	US \$	Cdn \$	US \$	Cdn \$
Cash	-	-	770	1,032
Accrued liabilities	(44,458)	(55,056)	(44,458)	(59,592)

As at October 31, 2021, the Company incurs expenses in Canadian dollars and United States dollars. The Company therefore has exposure to fluctuations in the Canadian dollar - United States dollar exchange rate. Based on current market conditions, the Company has determined that a 10% change in foreign exchange rates would affect the fair value of total assets by approximately \$6,500 (October 31, 2020 - \$6,500).

[iii] Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. See Note 5.

11. SUBSEQUENT EVENTS

On December 21, 2021, The Company granted 500,000 stock options to a consultant to purchase up to 500,000 common shares of the company at a price of \$0.25 per common share for a period of 5 years from grant pursuant to the Company's stock option plan.

On February 1, 2022, the Company announced an early warrant exercise program. Under the Program, the Company is offering an inducement to each Warrant holder that exercises their Warrants prior to March 1, 2022 (the "Early Exercise Period"), by the issuance of one additional common share purchase warrant (an "Incentive Warrant") for each warrant early exercised. Each Incentive Warrant will entitle the holder to purchase one additional Common Share for a period of 24 months from the date of issuance of such Incentive Warrant, at a price of \$0.35.

On February 10, 2022, The Company announced that it has issued an aggregate of 700,000 stock options to officers and consultants to purchase up to 700,000 common shares of the company at a price of \$0.25 per common share for a period of 5 years from grant pursuant to the Company's stock option plan.

On February 17, 2022, the Company completed a first tranche of a non-brokered private placement and issued 7,500,000 Common Shares at a price of \$0.25 per Common Share for gross proceeds of \$1,875,000. The Company paid finder's cash of \$112,500 and issued 450,000 finders warrants which are exercisable for a period of twenty four (24) months at an exercise price of \$0.40 per finders warrant.

On February 23, 2022, the Company completed a second tranche of a non-brokered private placement and issued 8,500,000 Common Shares at a price of \$0.25 per Common Share for gross proceeds of \$2,125,000. The Company paid finder's cash of \$65,250 and issued 266,000 finders warrants which are exercisable for a period of twenty four (24) months at an exercise price of \$0.40 per finders warrant.

SCHEDULE "II" TO APPENDIX "A"
FINANCIAL STATEMENTS OF BEARING FOR THE YEARS ENDED OCTOBER 31, 2020 AND 2019
(attached)



Consolidated Financial Statements

For the year ended October 31, 2020 and 2019
(Expressed in Canadian dollars)



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Bearing Lithium Corp.

Opinion

We have audited the consolidated financial statements of Bearing Lithium Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describe conditions that indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Matthew Gosden.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC

February 25, 2021

Bearing Lithium Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

As at	Note	October 31, 2020 \$	October 31, 2019 \$
ASSETS			
Current assets			
Cash		157,258	645,039
Accounts receivable		30,056	12,254
Prepaid expense		25,529	33,484
Marketable securities	5	-	2,400
		212,843	693,177
Non-current assets			
Investment in MSB SA	6	13,340,000	18,547,769
Exploration and evaluation asset	14	10,000	-
		13,562,843	19,240,946
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Current liabilities			
Accounts payable	9	126,995	80,481
Accrued liabilities		70,478	137,497
		197,473	217,978
SHAREHOLDERS' EQUITY			
Common shares	10	33,806,094	32,780,925
Reserves	10	7,956,118	7,676,904
Accumulated other comprehensive loss		(70,909)	(70,909)
Deficit		(28,325,933)	(21,363,952)
		13,365,370	19,022,968
Total liabilities and shareholders' equity		13,562,843	19,240,946

Nature of operations and going concern (*Note 1*)
Subsequent events (*Note 14*)

These consolidated financial statements were approved for issuance by the Board of Directors on February 25, 2021 and signed on its behalf by:

/s/ William (Tim) Heenan
Director

/s/ Luis Saenz
Director

The accompanying notes are an integral part of these consolidated financial statements.

Bearing Lithium Corp.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended October 31, 2020 and 2019
(Expressed in Canadian dollars)

	Notes	October 31, 2020 \$	October 31, 2019 \$
Operating expenses			
Amortization	6	26,949	-
Consulting		63,972	86,412
Investor communications		8,026	65,272
Management and accounting	9	193,616	362,166
Office and general		23,032	22,417
Professional fees		121,144	136,026
Regulatory and filing		71,771	42,420
Share-based payment expense	9, 10	180,445	103,424
Travel		16,168	48,880
		(705,123)	(867,017)
Other income (expenses)			
Foreign exchange gain (loss)		(4,825)	653
Gain from deconsolidation of Lions Bay	4	-	324,659
Gain from termination of lease		11,871	-
Interest income		-	1,793
Interest expense	8	(5,170)	-
Loss from equity accounted investment	4	-	(59,722)
Gain (Loss) on disposal of marketable securities	5	6,614	(1,672)
Unrealized fair value loss in investments	6	(6,263,937)	(2,625)
Gain on disposal of shares of Lions Bay	4	-	59,624
Recovery on write-off of accounts payable		-	215,064
		(6,255,447)	537,774
Attributable to:			
Bearing Lithium Shareholders		(6,960,570)	(323,216)
Non-controlling interest		-	(6,027)
Net and comprehensive loss		(6,960,570)	(329,243)
Basic and diluted loss per common share		(0.10)	(0.01)
Weighted average number of common shares outstanding – basic and diluted		70,300,144	64,231,202

The accompanying notes are an integral part of these consolidated financial statements.

Bearing Lithium Corp.
Consolidated Statement of Shareholders' Equity
For the years ended October 31, 2020 and 2019
(Expressed in Canadian dollars)

	Common Shares						Non- controlling interest	Total equity
	Number of shares #	Amount \$	Reserves \$	AOCI \$	Deficit \$	Shareholders' equity \$		
Balance, October 31, 2018	64,317,131	32,746,077	7,588,833	(70,909)	(21,040,736)	19,223,265	(43,104)	19,180,161
Options exercised	25,000	5,501	(501)	-	-	5,000	-	5,000
Warrants exercised	80,000	29,347	(4,547)	-	-	24,800	-	24,800
Share-based payment expense	-	-	103,424	-	-	103,424	-	103,424
Deconsolidation of Lions Bay	-	-	(10,305)	-	-	(10,305)	49,131	38,826
Cancelled shares held in trust	(1,179,353)	-	-	-	-	-	-	-
Net Loss	-	-	-	-	(323,216)	(323,216)	(6,027)	(329,243)
Balance, October 31, 2019	63,242,778	32,780,925	7,676,904	(70,909)	(21,363,952)	19,022,968	-	19,022,968
Adjustment on adoption of IFRS 16 (note 3)	-	-	-	-	(1,411)	(1,411)	-	(1,411)
Issued for cash pursuant to private placement	8,537,000	933,048	91,392	-	-	1,024,440	-	1,024,440
Shares for services	1,000,000	120,000	-	-	-	120,000	-	120,000
Share issuance costs	-	(35,579)	7,377	-	-	(28,202)	-	(28,202)
Options exercised	70,000	7,700	-	-	-	7,700	-	7,700
Share-based payment expense	-	-	180,445	-	-	180,445	-	180,445
Net loss	-	-	-	-	(6,960,570)	(6,960,570)	-	(6,960,570)
Balance, October 31, 2020	72,849,778	33,806,094	7,956,118	(70,909)	(28,325,933)	13,365,370	-	13,365,370

The accompanying notes are an integral part of these consolidated financial statements.

Bearing Lithium Corp.
Consolidated Statements of Cash Flow
For the years ended October 31, 2020 and 2019
(Expressed in Canadian dollars)

	October 31, 2020 \$	October 31, 2019 \$
OPERATING ACTIVITIES		
Net loss	(6,960,570)	(329,243)
Add items not affecting cash:		
Amortization of right of use lease asset	26,949	-
Loss on sale of marketable securities	(6,614)	1,672
Share-based payment expense	180,445	103,424
Unrealized fair value change in investments	6,263,937	2,625
Loss from equity accounted investment	-	59,722
Gain on deconsolidation of Lions Bay	-	(324,659)
Gain on disposal of shares of Lions Bay	-	(59,624)
Gain on termination of lease	(11,871)	-
Write-off of accounts payable	-	(215,064)
Changes in non-cash working capital items relating to operations:		
Accounts receivable	(17,802)	(4,009)
Prepaid expenses	7,955	(113)
Accounts payable and accrued liabilities	109,503	68,823
Assets held for distribution	-	(569)
Liabilities held for distribution	-	12,625
Receivable from associate	-	115,060
Cash used in operating activities	(408,068)	(569,330)
INVESTING ACTIVITIES		
Proceeds from sale of marketable securities	9,014	95,935
Proceeds from disposal of shares in associate	-	275,414
Purchase of additional interest in Minera Salar Blanco	(1,056,168)	(1,683,891)
Purchase of exploration and evaluation asset	(10,000)	-
Cash used in investing activities	(1,057,154)	(1,312,542)
FINANCING ACTIVITIES		
Proceeds from issuance of common shares, net	996,238	-
Proceeds from warrants exercised	-	24,800
Proceeds from options exercised	7,700	5,000
Payment of lease obligation	(26,497)	-
Cash provided by financing activities	977,441	29,800
Decrease in cash	(487,781)	(1,852,072)
Cash, beginning of the year	645,039	2,497,111
Cash, end of the year	157,258	645,039
OTHER SUPPLEMENTAL INFORMATION		
Fair value of shares issued for services	120,000	-
Fair value of warrants issued with financing	91,392	-
Fair value of broker warrants issued	7,377	-

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Bearing Lithium Corp. (formerly Bearing Resources Ltd.) (the "Company") was incorporated on January 13, 2011, pursuant to the provisions of the Business Corporations Act (British Columbia), and is a public company listed on the TSX Venture Exchange (the "Exchange") under the symbol "BRZ".

The Company's principal address, records office and registered address are located at Suite 810 – 789 West Pender Street, Vancouver, BC, V6C 1H2

The Company's primary asset is its investment in shares of a company with a lithium and potassium exploration project located in the northeast section of the Salar de Maricunga in Region III of Atacama in Northern Chile (note 6).

These consolidated financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent upon the continued financial support from its shareholders, the ability of the Company to obtain necessary equity financing to continue operations, and the attainment of profitable operations. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. These factors comprise a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. At October 31, 2020, the Company had working capital of \$15,370, and an accumulated deficit of \$28,325,933. These condensed consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The consolidated financial statements of the Company for the year ended October 31, 2020 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on February 25, 2021.

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial assets and financial liabilities to fair value.

Bearing Lithium Corp.

Notes to the Consolidated Financial Statements
For the years ended October 31, 2020 and 2019
(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (CONTINUED)

Basis of measurement (continued)

These consolidated financial statements include the accounts of the Company and its subsidiaries, which are as follows:

Name	Place of incorporation	Ownership % October 31, 2020	Ownership % October 31, 2019
Li3 Energy Inc.	United States	100%	100%
Li3 Energy Peru SRL	Peru	100%	100%
Alfredo Holdings, Ltd.	Cayman Islands	100%	100%
Li3 Energy Copiapo, SA	Chile	100%	100%

All intercompany balances and transactions were eliminated on consolidation.

The Company controls an investee if the Company has:

- (i) power over the investee;
- (ii) exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) the ability to use its power over the investee to affect its returns.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in loss and comprehensive loss from the date that the Company gains control until the date that the Company ceases to control the subsidiary.

Critical accounting judgments, estimates and assumptions

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant Judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

- i. Management is required to assess the functional currency of the Company. In concluding that the Canadian dollar is the functional currency of the Company, management considered the currency that mainly influences the operating expenditures in the jurisdiction in which the Company operates.

2. BASIS OF PREPARATION (CONTINUED)

Significant Judgments (continued)

- ii. Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets.
- iii. Where the Company holds less than 20% of voting rights in an investment, the investment is normally treated as a financial instrument. Management is required to exercise judgement on whether voting or other rights exist that would result in significant influence.

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the current and next fiscal financial years:

- i. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods. The Company has not recorded any deferred tax assets.

- ii. Management uses the Black-Scholes Option Pricing Model for valuation of share-based compensation and brokers' warrants, which requires the input of subjective assumptions including expected price volatility, risk-free interest rates and forfeiture rates. Changes in the input assumptions can materially affect the fair value estimate and the Company's results of operations and equity reserves.

Management measures its investment in Minera Salar Blanco SpA ("MSB SA") at fair value. Significant changes in discount rates, potential expenditure forecast, reserve estimates and commodity price forecasts will impact the measurement of fair value. These estimates and assumptions are subject to risk and uncertainty.

Impairment of exploration and evaluation assets or cash-generating units ("CGU") are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's exploration and evaluation assets. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit, including geologic and metallurgic information, economics assessment/studies, accessible facilities and existing permits.

3. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared based on accounting policies and methods of computation consistent with those applied in the Company's audited annual financial statement for the fiscal year ended October 31, 2019, with the exception of the following:

(a) Changes in Accounting Policies – IFRS 16 Leases

The Company adopted the requirements of IFRS 16 effective November 1, 2019. This new standard replaces IAS 17 Leases and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract based on whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to the current accounting for finance leases, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is substantially changed.

On adoption, the Company's lease consisted of an office lease. The Company transitioned to the new standard using the modified retrospective approach and:

- Measured the lease liability based on the present value of the remaining lease payments discounted using the Company's incremental borrowing rate at November 1, 2019;
- Measured the right-of-use asset as if IFRS 16 had been applied since the commencement date, but discounted using the Company's incremental borrowing rate at November 1, 2019; and
- Recording the cumulative difference to deficit.

On November 1, 2019, the net impact on the deficit was a decrease of \$1,412.

The following is a reconciliation of total operating lease commitments at October 31, 2019 to the lease liabilities recognized at November 1, 2019:

Lease liabilities before discounting	\$	98,958
Discounted using incremental borrowing rate		(9,961)
Operating lease liability	\$	88,997

The following is a reconciliation of lease liabilities to right of use lease asset at November 1, 2019:

Operating lease liability at November 1, 2019	\$	88,997
Prepaid lease payment		16,174
Lease payments prior to November 1, 2019		23,750
Interest expense prior to November 1, 2019		(7,650)
Depreciation prior to November 1, 2019		(33,686)
Right of use lease asset at November 1, 2019	\$	87,585

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Changes in Accounting Policies – IFRS 16 Leases (CONTINUED)

For any new contracts entered on or after November 1, 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- i. the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- ii. the Company has the right to obtain substantially all the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- iii. the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability on the balance sheet. The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available. If the interest rate implicit in the lease is not readily available, the Company discounts using the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term. On the statement of financial position, right-of-use assets have been included under non-current assets and lease liabilities have been included under current and non-current liabilities.

(b) Foreign currency translation

The functional currency of the Company and each of its subsidiaries is the currency of the primary economic environment in which they operate. The consolidated financial statements are presented in Canadian dollars, which is also the Company and its subsidiary's functional currency. Transactions in other than an entity's functional currency are recorded at exchange rates prevailing on the dates of the transactions.

The consolidated financial statements of subsidiaries that have a functional currency other than the Canadian dollar were translated into Canadian dollars as follows: assets and liabilities – at the closing rate at the date of the statement of financial position, and income and expenses – at the average rate for the

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency translation (continued)

period. All resulting changes are recognized in other comprehensive income as foreign currency translation adjustments.

(c) Exploration and evaluation costs

Exploration and evaluation costs include costs to acquire rights to explore, geological studies, exploratory drilling and sampling and directly attributable administrative costs.

Acquisition costs are capitalized. Expenditures relating to exploration activities are expensed as incurred and expenditures relating to pre-extraction activities are expensed as incurred until such time proven or probable reserves are established for that project, after which subsequent expenditures relating to development activities for that particular project are capitalized as incurred. Proceeds from the sale of properties or cash proceeds received from option payments are recorded as a reduction of the related mineral property interest.

The carrying values of exploration and evaluation properties are assessed for impairment by management whenever indicators of impairment exist. An impairment loss is recognized if it is determined that the carrying value exceeds the recoverable amount.

(d) Share-based payments

The Company may grant stock options to buy common shares of the Company to directors, officers, employees and non-employees. The fair value of the options is measured at grant date, using the Black-Scholes Option Pricing Model, and is recognized over the vesting period for employees using the graded vesting method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received and is based on the fair value of the goods or services received or the fair value of the equity instruments issued if this is a more reliable measure. The fair value is recognized as an expense with a corresponding increase in reserves. The amount recognized as an expense is adjusted to reflect the number of stock options expected to vest. Any consideration received plus the amounts recognized in reserves will be transferred to common shares on the exercise of stock options.

(e) Asset impairment

The Company performs impairment tests on exploration and evaluation assets, when events or circumstances occur which indicate the assets may not be recoverable. Impairment assessments are carried out on project-by-project basis with each project representing a single CGU.

When impairment indicators are identified, an impairment loss is recognized for any amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

(f) Income taxes

Deferred income tax is recognized using the liability method on temporary differences arising between the tax and accounting bases of assets and liabilities as well as for the benefit of losses available to be carried forward to future years. Deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction does not affect either accounting nor taxable profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Income taxes (continued)

Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred income tax assets are recognized only to the extent that it is probable that future profit will be available against which assets can be utilized.

(g) Common shares

The Company has adopted a pro-rata method for the measurement of shares and warrants issued as units in financing arrangements. The pro-rata method requires the gross proceeds and the related share issuance costs be allocated to the common shares and the warrants based on the relative fair value of each component.

The fair value of the warrants is based on the closing price on the closing date of the transaction using the Black-Scholes Option Pricing Model. The value attributed to the warrants is recorded to reserves. If the warrants are exercised, the value attributable to the warrants is transferred to common shares.

(h) Loss per share

Loss per share is calculated using the weighted average number of shares outstanding during the period. Diluted loss per share is calculated using the treasury stock method whereby all in the money options and warrants are assumed to have been exercised at the beginning of the year and the proceeds from the exercise are assumed to have been used to purchase common shares at the average market price during the period. In periods of loss basic and diluted loss per share are the same, as the effect of the exercise of outstanding options and warrants is anti-dilutive.

(i) Financial instruments

The following is the Company's accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- (i) Changes in Accounting Policies - Financial instruments (continued)
(i) Classification (continued)

The following table shows the classification of the Company's financial instruments under IFRS 9:

Financial assets/liabilities	Classification IFRS 9
Cash	FVTPL
Marketable securities	FVTPL
Accounts payable	Amortized cost
Accrued liabilities	Amortized cost

- (ii) Measurement

Financial assets and liabilities at amortized cost:

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL:

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of loss in the period in which they arise.

- (iii) Impairment of financial assets at amortized cost.

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in net loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

- (iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Bearing Lithium Corp.

Notes to the Consolidated Financial Statements
For the years ended October 31, 2020 and 2019
(Expressed in Canadian Dollars)

4. INVESTMENT IN ASSOCIATE

The Company held 50.002% of Lions Bay Mining Corp issued and outstanding common shares as at October 31, 2018. On November 21, 2018, Lions Bay issued 5,000,000 units resulting in the Company's ownership diluting to 26.21%. As a result, Lions Bay was no longer accounted for on a consolidated basis, and instead, as an equity accounted investment. The Company initially recorded the carrying value of its investment in Lions Bay at its fair value of \$275,512, resulting in a fair value gain on deconsolidation of \$324,659. The fair value of the Company's investment in Lions Bay was determined using the consideration Lions Bay received for the issuance of 5,000,000 common shares, which was \$500,000.

During the year ended October 31, 2019, the Company recognized a loss of \$59,722 on the equity accounted investment and disposed of its 2,755,118 common shares of Lions Bay for proceeds of \$275,414. A gain of \$59,624 was recorded in the statement of loss and comprehensive loss. Subsequent to the disposal, the Company held no common shares of Lions Bay.

5. INVESTMENT IN MARKETABLE SECURITIES

Investments in marketable securities is comprised of common shares of Canadian public companies which are measured at fair value. The fair value and the number of the shares held as investments are as follows:

	October 31, 2020		October 31, 2019	
	Number of shares	Fair Value	Number of shares	Fair Value
American Battery Metals Corp.	-	\$ -	20,000	\$ 2,400
		\$ -		\$ 2,400

During the year ended October 31, 2020, the Company sold 20,000 shares of American Battery Metals Corp. for gross proceeds of \$9,014 and recorded a realized gain on disposition of marketable securities of \$6,614.

6. INVESTMENT IN MSB SA

The Company has an ownership interest in the shares of Minera Salar Blanco SA ("MSB SA"), a private Chilean corporation. MSB SA has 100% interest in a lithium and potassium exploration project located in the Northeast section of Northern Chile (the "Maricunga Project").

Pursuant to the shareholders agreement, to continue developing the property from the permit stage into a producing mine, the Company will need to fund its share of the development costs or risk dilution of its ownership interest. The required funding will be determined based on an annual business plan with an itemized project budget.

The shareholding entitles the Company to one representative on the board of MSB SA which represents a 16.67% voting interest. The Company's investment is not subject to any preferential rights and the Company does not have the power to participate in the operating and financial policies of MSB SA. The other investors in MSB SA share joint control of the Maricunga Project. Therefore, significant influence does not exist, and the investment is accounted for as a financial instrument in accordance with IFRS.

	Investment in MSB SA
Balance, October 31, 2018 (18.02% interest)	\$ 16,863,878
Addition	1,683,891
Balance, October 31, 2019 (18.02% interest)	\$ 18,547,769
Addition	1,056,168
Adjusted for unrealized fair value loss in MSB investment	(6,263,937)
Balance, October 31, 2020 (18.02% interest)	\$ 13,340,000

Bearing Lithium Corp.

Notes to the Consolidated Financial Statements
For the years ended October 31, 2020 and 2019
(Expressed in Canadian Dollars)

6. INVESTMENT IN MSB SA (CONTINUED)

In November 2018, the shareholders of MSB SA approved the budget for 2019 development expenditures, as a result the Company subscribed for an additional 71,392,412 shares for a value of \$1,683,891 (US\$1,261,421) to maintain its 18.02% interest.

The fair value of the investment was estimated based on the value inferred from the October 31, 2020 share price of the Company as well as Lithium Power International Inc. (Australian public company) that has a 51% interest in MSB which are considered level 2 inputs (see note 13).

The \$6,263,937 reduction in the carrying value recorded was the result of a decline in the share price of both entities. Subsequent to the current reporting period there was an increase in share value for both entities which may result in an increase in carrying value next reporting period.

During the year ended October 31, 2020, the Company paid a US \$782,082 cash call and maintained its 18.02% interest. Subsequent to October 31, 2020 the Company's interest decreased to 17.35% (Note 14).

7. RIGHT OF USE LEASE ASSET

The Company's right-of-use asset relates to the lease of office space.

On adoption of IFRS 16, the group recognized lease liabilities which had previously been classified as 'operating leases' under IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments and discounted using the lessee's incremental borrowing rate as of November 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on November 1, 2019 was 10%.

Cost:		
Balance at November 1, 2019, on adoption of IFRS 16	\$	87,585
Accumulated amortization:		
Balance at November 1, 2019, on adoption of IFRS 16		-
Addition	\$	26,949
Termination of lease		60,636
Balance, October 31, 2020	\$	-
Net book Value:		
Balance, November 1, 2019, on adoption of IFRS 16	\$	87,585
Balance, October 31, 2020	\$	-

Effective October 1, 2020, the Company executed an assignment of lease agreement with the Company's landlord. As a result of the lease transfer, the ROU asset was derecognized.

Bearing Lithium Corp.

Notes to the Consolidated Financial Statements
For the years ended October 31, 2020 and 2019
(Expressed in Canadian Dollars)

8. LEASE LIABILITY

Balance at November 1, 2019, on adoption of IFRS 16	\$	88,997
Interest expense		5,170
Lease payments		(31,667)
Termination of lease		(62,500)
	\$	-

On September 4, 2018, the Company entered a lease agreement for its Vancouver head office premise for three years expiring December 31, 2022. Pursuant to this agreement, the Company was obligated to pay basic rent of \$3,958 and operating costs including electricity and related taxes at approximately \$4,193, on a monthly basis starting April 1, 2019. Effective July 1, 2020, the Company executed an assignment of lease agreement with the Company's landlord. As a result of the lease transfer, the lease liability was derecognized and a gain of \$11,871 was recorded.

9. RELATED PARTY DISCLOSURE

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

year ended	October 31, 2020	October 31, 2019
Management and accounting	\$ 193,616	\$ 326,400
Share-based payments	180,445	103,424
Total	\$ 374,061	\$ 429,824

As at October 31, 2020, included in accounts payable and accrued liabilities is \$5,683 (October 31, 2019 - \$1,690) owing to related parties for accrued management fees and expense reimbursements. The amount is non-interest bearing and has no terms of repayments.

As at October 31, 2020, included in prepaid expenses is \$nil (October 31, 2019 - \$9,030) that was paid to a related party for management fees.

10. SHARE CAPITAL

Authorized

The Company has an unlimited number of authorized common shares without par value.

Issued and outstanding

At October 31, 2020, there were 72,849,778 (October 31, 2019 – 63,242,778) issued and fully paid common shares outstanding.

For the year ended October 31, 2020:

On September 28, 2020, the Company issued 70,000 shares pursuant to the exercise of stock options for proceeds of \$7,700.

On March 31, 2020, the Company issued 1,000,000 common shares with a fair value of \$120,000 in lieu of cash for advisory services.

On February 3, 2020, the Company issued 1,100,000 units for gross proceeds of \$132,000. Each unit consists of one common share and one-half of a common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.18 for 18 months following the date of the issuance. The warrants are subject to an acceleration clause in the event the closing price of the Company's common shares on the TSX Venture Exchange is greater than \$0.30 for 15 consecutive trading days.

In connection with the issuance, the Company has paid an aggregate of \$7,920 in cash finders' fees plus issued a total of 66,000 finders' warrants measured at a fair value of \$2,750. The finders' warrants will have the same terms as the common share purchase warrants forming part of the Units.

On January 27, 2020, the Company issued 7,437,000 common shares for gross proceeds of \$892,440. Each unit consisted of one common share and one-half of a common share purchase warrant. Each warrant entitles the holder to acquire an additional share of the Company for \$0.18, expiring on July 27, 2021. Total proceeds were allocated based on the proportionate fair value of the common share and the warrant, with \$91,392 of the proceeds allocated to the warrant and \$801,048 allocated to the common share.

In conjunction with the financing, the Company paid aggregate finder's fees of \$20,281 and issued 169,020 broker's warrants measured at a fair value of \$4,628 and having the same terms as the warrants issued as units pursuant to this financing.

For the year ended October 31, 2019:

On August 8, 2019, the Company issued 25,000 common shares pursuant to the exercise of stock options for proceeds of \$5,000. The fair value recorded on the grant date of \$501 was reclassified from reserves to share capital.

On August 8, 2019, the Company issued 80,000 common shares pursuant to the exercise of warrants for proceeds of \$24,800. The fair value recorded on the grant date of \$4,547 was reclassified from reserves to share capital.

Following the merger of the Company and Li3 Energy Inc. ("Li3") on September 28, 2017, the shareholders of Li3 had two years to exchange their shares for common shares of the Company. On September 27, 2019, a total of 1,179,353 common shares previously held in trust for former shareholders of Li3 Energy have been returned to treasury for no consideration.

10. SHARE CAPITAL (CONTINUED)

Warrants

Warrant transactions and the number of warrants outstanding are summarized below:

	Number	Weighted Average Exercise Price \$
Balance, October 31, 2018	4,903,828	0.33
Exercised	(80,000)	(0.31)
Expired	(338,828)	(0.66)
Balance, October 31, 2019	4,485,000	0.31
Issued	4,503,520	0.14
Expired	(4,485,000)	(0.31)
Balance, October 31, 2020	4,503,520	0.14

Date of Expiry	Exercise Price \$	October 31, 2020	October 31, 2019
December 31, 2019	0.31	-	4,485,000
July 27, 2021	0.135	3,718,500	-
August 03, 2021	0.135	550,000	-
July 27, 2021 (Finder's warrants)	0.18	169,020	-
August 03, 2021 (Finder's warrants)	0.18	66,000	-
Total Outstanding and Exercisable		4,503,520	4,485,000

On September 14, 2020, the Company received approval from the TSX Venture Exchange to reprice 3,718,500 warrants expiring July 27, 2021 and 550,000 warrants expiring August 3, 2021 from an exercise price of \$0.18 to \$0.135.

As of October 31, 2020, the weighted average remaining life for outstanding warrants was 0.74 years (October 31, 2019 – 0.17).

During the year ended October 31, 2020, the fair value of 3,718,500 and 550,000 common share purchase warrants issued in connection with the private placement were determined to be \$91,392 using the proportionate value method.

During the year ended October 31, 2020, the fair value of 169,020 and 66,000 broker warrants issued in connection with the private placement were calculated at \$4,628 and \$2,750 (2019 - \$nil) using the Black-Scholes Option Pricing Model with the following assumptions:

Year ended	October 31, 2020	October 31, 2019
Share price	\$0.12	n/a
Exercise price	\$0.18	n/a
Expected life	1.5 years	n/a
Annualized volatility	73.14%	n/a
Expected dividend yield	0%	n/a
Risk-free interest rate	1.44%	n/a

Bearing Lithium Corp.

Notes to the Consolidated Financial Statements
For the years ended October 31, 2020 and 2019
(Expressed in Canadian Dollars)

10. SHARE CAPITAL (CONTINUED)

Stock Options

The Company has a stock option plan (the "Plan") that permits the grant of share purchase options up to 10% of the issued and outstanding common shares of the Company to directors, officers, key employees and consultants. Terms and pricing of options are determined at the date of grant in accordance with the Plan.

Stock option transactions and the number of stock options outstanding and exercisable are summarized below:

Date of Expiry	Exercise Price (\$)	October 31, 2020	October 31, 2019
October 6, 2021	0.80	45,000	1,200,000
October 10, 2021	0.80	30,000	80,000
October 30, 2021	0.26	50,000	600,000
December 2, 2021	0.50	125,000	125,000
January 4, 2022	0.50	-	125,000
January 5, 2022	0.55	-	125,000
January 6, 2022	0.59	-	225,000
May 25, 2022	0.83	-	150,000
October 31, 2021	0.76	-	150,000
May 4, 2022	0.38	25,000	755,000
October 11, 2023	0.25	650,000	900,000
November 20, 2023	0.16	200,000	-
March 27, 2025	0.11	2,250,000	-
Total Outstanding		3,375,000	4,435,000
Total Exercisable		3,375,000	4,435,000

	Number	Weighted Average Exercise Price \$
Balance, October 31, 2018	3,835,000	0.57
Granted	900,000	0.25
Exercised	(25,000)	(0.20)
Cancelled	(275,000)	(0.49)
Balance, October 31, 2019	4,435,000	0.51
Granted	2,520,000	0.11
Exercised	(70,000)	0.11
Cancelled	(3,430,000)	(0.46)
Forfeited	(80,000)	(0.68)
Balance, October 31, 2020	3,375,000	0.17

As of October 31, 2020, the weighted average remaining life for outstanding options was 3.77 years (October 31, 2019 – 2.50).

10. SHARE CAPITAL (CONTINUED)

Stock options (continued)

During the year ended October 31, 2020, the Company recorded share-based payments of \$180,445 (2019 - \$103,424) for options granted during the year. Options granted during the year were measured using the Black-Scholes Option Pricing Model with the following weighted-average assumptions:

Year ended	October 31, 2020	October 31, 2019
Share price	\$0.11 - \$0.155	n/a
Exercise price	\$0.11 - \$0.160	n/a
Expected life	4 years	n/a
Annualized volatility	80% - 82.51%	n/a
Expected dividend yield	0%	n/a
Risk-free interest rate	0.62% - 1.46%	n/a

The weighted average grant date fair value of options granted during the year ended October 31, 2020 was \$0.07 per option (year ended October 31, 2019 - \$0.11).

The weighted average share price on the date of exercise for options exercised during the year ended October 31, 2020 was \$0.11 per share.

11. CAPITAL DISCLOSURES

The Company's objectives when managing capital are to ensure its ability to continue as a going concern in order to pursue the acquisition and development of mineral property interest. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is largely dependent upon external financings to fund activities. In order to carry out planned acquisition and development and pay for administrative costs, the Company will spend its existing working and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financing resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes to the Company's approach to capital management during the year ended October 31, 2020. The Company is not subject to externally imposed capital restrictions.

12. INCOME TAXES

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 27% (2019 – 27%) to income before income taxes. The reasons for the differences are as follows:

	October 31, 2020	October 31, 2019
Net loss	\$ (6,960,570)	\$ (329,243)
Statutory tax rate	27%	27%
Expected income tax recovery	(1,879,000)	(89,000)
Impact of different foreign statutory tax rates on earnings of subsidiaries	140,000	(4,000)
Permanent differences	49,000	(38,000)
Other	(68,000)	-
Change in unrecognized tax assets	1,758,000	131,000
	\$ -	\$ -

The Company recognizes tax benefits on losses or other deductible amounts where the probable criteria for the recognition of deferred tax assets has been met. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	October 31, 2020	October 31, 2019
Share issuance costs	\$ 16,000	\$ 20,000
Investments	1,566,000	47,000
Capital losses	170,000	122,000
Non-capital losses	2,289,000	2,094,000
Mineral properties	439,000	439,000
Property and equipment	1,000	1,000
Unrecognized deferred tax assets	(4,481,000)	(2,723,000)
Net deferred tax assets	\$ -	\$ -

The Company has incurred non-capital losses of approximately \$8,426,000 that may be carried forward and used to reduce taxable income. These losses will expire commencing in 2031.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

The fair value of the Company's financial instruments is approximated by their carrying value due to their short-term nature.

IFRS 13 establishes a fair value hierarchy for financial instruments measured at fair value that reflects the significance of inputs used in making fair value measurements as follows:

- Level 1 – quoted prices in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. from derived prices); and
- Level 3 – inputs for the asset or liability that are not based upon observable market data.

The fair value of cash and marketable securities are based on Level 1 inputs. The fair value of the Company's investment in MSB SA is determined using Level 2 inputs. Refer to Note 5 for the details relating to these inputs.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The Company's financial instruments are exposed to certain financial risks, which include foreign currency risk, interest rate risk, credit risk, liquidity risk and other price risk. The Company's risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company's exposure to these risks and its methods of managing the risks remain consistent.

Credit risk

Concentration of credit risk exists with respect to the Company's cash, as all amounts are held at a major Canadian financial institution and a major Chilean financial institution. The Company's concentration of credit risk and maximum exposure thereto is as follows:

	October 31, 2020		October 31, 2019	
Cash				
Canadian financial institution	\$	156,226	\$	644,026
Chilean financial institution		1,032		1,013
	\$	157,258	\$	645,039

The credit risk associated with cash is minimized by ensuring that substantially all dollar amounts are held with a major financial institution with strong investment-grade ratings by a primary ratings agency.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities. The Company is reliant upon equity issuances as its sole source of cash. The Company manages liquidity risk by trying to maintain an adequate level of cash and cash equivalents to meet its ongoing obligations. The Company continuously reviews its actual expenditures and forecast cash flows and matches the maturity dates of its cash equivalents to capital and operating needs. The Company normally maintains sufficient cash to meet the Company's business requirements; as at October 31, 2020, the cash balance of \$157,258 which is not sufficient to meet its obligations related to its current accounts payable of \$126,995 and accrued liabilities of \$70,478. On December 1, 2020, the Company issued 6,494,960 common shares through a Private Placement for gross proceeds of \$837,950 to meet required administrative and investment commitments pertaining to the Company's ownership interest of MSB SA (see Note 6) over the next twelve months. The Company may be required to raise additional capital in the future to fund its operations.

Market risk

[i] Interest rate risk

The Company is not exposed to interest rate risk on its cash and cash equivalents held at October 31, 2020. A 100-basis point (1%) increase or decrease in the interest rate would have an insignificant change in the Company's reported loss for the year ended October 31, 2020 based on its closing balance.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

[ii] Currency risk

The carrying amounts of the Company's foreign currency denominated monetary assets are as follows:

	October 31, 2020		October 31, 2019	
	US \$	Cdn \$	US \$	Cdn \$
Cash	770	1,032	770	1,013
Accrued liabilities	(44,458)	(59,592)	(44,458)	(58,506)

As at October 31, 2020, the Company incurs expenses in Canadian dollars and United States dollars. The Company therefore has exposure to fluctuations in the Canadian dollar - United States dollar exchange rate. Based on current market conditions, the Company has determined that a 10% change in foreign exchange rates would affect the fair value of total assets by approximately \$6,500 (October 31, 2019 – \$5,700).

Market risk (continued)

[iii] Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. See Note 6.

14. SUBSEQUENT EVENTS

On November 2, 2020 there was a capital call of \$3 million USD for MSB. The Company did not participate in that call diluting their interest from 18.02% to 17.35%.

During the year ended October 31, 2020, the Company acquired ownership of 81 lode mineral claims located in Esmeralda County, Nevada (the "Fish Lake Property") for a purchase price of \$10,000. On November 9, 2020, the Company sold its interest in the Fish Lake Property and received \$50,000 in cash and 100,000 common shares from Acme Lithium Inc.

On November 30, 2020, the Company completed a non-brokered private placement and issued 6,494,960 units for gross proceeds of \$837,950. Each unit consists of one common share and one share purchase warrant exercisable into one common share at a price of \$0.175 for a 36-month period. The Company paid cash finders' fee of \$37,332 and issued 289,395 finders warrants.

On December 4, 2020, the Company issued 1,800,000 stock options to directors and officers with an exercise price of \$0.13 for a period of 5 years.

On January 22, 2021, the Company issued 1,458,500 common shares pursuant to the exercise of warrants and received gross proceeds of \$196,898.

SCHEDULE "III" TO APPENDIX "A"

**INTERIM UNAUDITED FINANCIAL STATEMENTS OF BEARING FOR THE SIX MONTHS ENDED
APRIL 30, 2022**

(attached)



Condensed Consolidated Interim Financial Statements

For the six months ended April 30, 2022

(Unaudited - Expressed in Canadian dollars)

Bearing Lithium Corp.

Condensed Consolidated Interim of Financial Position
(Unaudited - Expressed in Canadian dollars)

As at	Note	April 30, 2022 \$	October 31, 2021 \$
ASSETS			
Current assets			
Cash		4,135,208	796,982
Accounts receivable		17,843	10,789
Prepaid expense		58,247	21,474
Marketable securities	4	124,000	104,000
		4,335,298	933,245
Non-current assets			
Investment in MSB SA	5	46,100,000	39,200,000
		50,435,298	40,133,245
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Current liabilities			
Accounts payable	6	143,117	65,557
Accrued liabilities		77,160	69,091
		220,277	134,648
Long term liabilities			
Deferred tax liability	5	10,063,000	7,582,000
Total liabilities		10,283,277	7,716,648
SHAREHOLDERS' EQUITY			
Common shares	7	39,758,797	35,952,146
Reserves	7	9,902,644	9,500,662
Accumulated other comprehensive loss		(70,909)	(70,909)
Deficit		(9,438,511)	(12,965,302)
		40,152,021	32,416,597
Total liabilities and shareholders' equity		50,435,298	40,133,245

Nature of operations and going concern (*Note 1*)

Subsequent events (*Note 10*)

These condensed consolidated interim financial statements were approved for issuance by the Board of Directors on June 29, 2022 and signed on its behalf by:

/s/ William (Tim) Heenan
Director

/s/ Luis Saenz
Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Bearing Lithium Corp.

Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)

For the six months ended April 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

		Three months ended		Six months ended	
		April 30,	April 30,	April 30,	April 30,
		2022	2021	2022	2021
	Notes	\$	\$	\$	\$
Operating expenses					
Consulting		179,522	12,750	247,006	30,750
Investor communications		-	-	-	450
Management and accounting	8	-	14,796	-	27,688
Office and general		27,983	12,844	40,672	18,315
Professional fees		234,495	17,932	251,980	41,507
Regulatory and filing		48,555	17,946	55,669	22,871
Share-based payment expense	8, 9	215,106	316,745	316,882	532,923
		(705,661)	(393,013)	(912,209)	(674,504)
Other income (expenses)					
Foreign exchange gain (loss)		-	825	-	927
Gain on disposal of exploration and evaluation asset	4	-	-	-	43,000
Unrealized fair value change in investments	5	3,027,000	(3,687,199)	6,920,000	1,601,296
Net income for the period before income taxes		2,321,339	(4,079,387)	6,007,791	970,719
Deferred income taxes		(1,297,000)	-	(2,481,000)	-
Net and comprehensive income (loss)		1,024,339	(4,079,387)	3,526,791	970,719
Basic and diluted income (loss) per common share		0.01	(0.05)	0.03	0.01
Weighted average number of common shares outstanding – basic		105,020,375	80,836,638	98,907,738	79,109,656
Weighted average number of common shares outstanding – diluted		113,424,092	80,836,638	104,143,647	86,425,095

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Bearing Lithium Corp.
Condensed Consolidated Interim Statement of Shareholders' Equity
For the six months ended April 30, 2022 and 2021
(Unaudited - Expressed in Canadian dollars)

	Common Shares					Shareholders' equity
	Number of shares #	Amount \$	Reserves \$	AOCI \$	Deficit \$	
Balance, October 31, 2020	72,849,778	33,806,094	7,956,118	(70,909)	(28,325,933)	13,365,370
Issued for cash pursuant to private placement	6,494,960	837,850	-	-	-	837,013
Warrants exercised	1,495,500	202,433	-	-	-	202,433
Share issuance costs	-	(60,463)	23,220	-	-	(37,243)
Share-based payment expense	-	-	532,923	-	-	532,923
Accumulated other comprehensive income	-	-	-	(6,306)	-	(6,306)
Net income for the period	-	-	-	-	970,917	970,719
Balance, April 30, 2021	80,840,238	34,785,914	8,512,261	(77,215)	(27,355,214)	15,865,746
Balance, October 31, 2021	92,657,738	35,952,146	9,500,662	(70,909)	(12,965,302)	32,416,597
Issued for cash pursuant to private placement	16,000,000	4,000,000	-	-	-	4,000,000
Warrants exercised	400,000	87,586	(18,586)	-	-	69,000
Share issuance costs	-	(280,935)	103,685	-	-	(177,250)
Share-based payment expense	-	-	255,346	-	-	255,346
Fair Value of incentive warrant	-	-	61,537	-	-	61,537
Net income for the period	-	-	-	-	3,526,791	3,526,791
Balance, April 30, 2022	109,057,738	39,758,797	9,902,644	(70,909)	(9,438,511)	40,152,021

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Bearing Lithium Corp.
Condensed Consolidated Interim Statements of Cash Flow
For the six months ended April 30, 2022 and 2021
(Unaudited - Expressed in Canadian dollars)

	April 30, 2022 \$	April 30, 2021 \$
OPERATING ACTIVITIES		
Net income for the period	3,526,791	970,719
Add items not affecting cash:		
Unrealized foreign exchange	-	(6,306)
Income tax expense	2,481,000	-
Share-based payment expense	316,882	532,923
Unrealized fair value change in investments	(6,920,000)	(1,601,296)
Changes in non-cash working capital items relating to operations:		
Accounts receivable	(7,054)	22,117
Prepaid expenses	(36,773)	13,185
Accounts payable and accrued liabilities	85,630	(92,086)
Cash used in operating activities	(553,524)	(160,744)
INVESTING ACTIVITIES		
Purchase of marketable securities	-	(3,000)
Proceeds from mineral property	-	10,000
Purchase of additional interest in Minera Salar Blanco	-	(456,349)
Cash provided in investing activities	-	(449,349)
FINANCING ACTIVITIES		
Proceeds from issuance of common shares, net	3,822,750	800,608
Proceeds from warrants exercised	69,000	202,433
Cash provided by financing activities	3,891,750	1,003,041
Increase in cash	3,338,226	392,948
Cash, beginning of the year	796,982	157,258
Cash, end of the period	4,135,208	550,206

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Bearing Lithium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended April 30, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Bearing Lithium Corp. (formerly Bearing Resources Ltd.) (the “Company”) was incorporated on January 13, 2011, pursuant to the provisions of the Business Corporations Act (British Columbia), and is a public company listed on the TSX Venture Exchange (the “Exchange”) under the symbol “BRZ”.

The Company’s principal address, records office and registered address are located at Suite 810 – 789 West Pender Street, Vancouver, BC, V6C 1H2.

The Company’s primary asset is its investment in shares of a company with a lithium and potassium exploration project located in the northeast section of the Salar de Maricunga in Region III of Atacama in Northern Chile (Note 5).

These condensed consolidated interim financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company’s ability to continue as a going concern is dependent upon the continued financial support from its shareholders, the ability of the Company to obtain necessary equity financing to continue operations, and the attainment of profitable operations. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. These factors comprise a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern. At April 30, 2022, the Company had working capital of \$4,115,021, and an accumulated deficit of \$9,438,511. These condensed consolidated interim financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with IAS 34 – Interim Financial Reporting. These condensed interim consolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the Company’s audited financial statements for the year ended October 31, 2021. These condensed interim consolidated financial statements have been prepared following the same accounting policies as the Company’s audited consolidated financial statements for the year ended October 31, 2021.

The condensed consolidated interim financial statements of the Company for the six months ended April 30, 2022 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on June 29, 2022.

Basis of measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial assets and financial liabilities to fair value.

Bearing Lithium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended April 30, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (CONTINUED)

Basis of measurement (continued)

These condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries, which are as follows:

Name	Place of incorporation	Ownership % April 30, 2022	Ownership % October 31, 2021
Li3 Energy Inc.	United States	100%	100%
Li3 Energy Peru SRL	Peru	100%	100%
Alfredo Holdings, Ltd.	Cayman Islands	100%	100%
Li3 Energy Copiapo, SA	Chile	100%	100%
Noto Energy SA	Argentina	40%	40%

All intercompany balances and transactions were eliminated on consolidation.

The Company controls an investee if the Company has:

- (i) power over the investee;
- (ii) exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) the ability to use its power over the investee to affect its returns.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in loss and comprehensive loss from the date that the Company gains control until the date that the Company ceases to control the subsidiary.

Critical accounting judgments, estimates and assumptions

The preparation of these condensed consolidated interim financial statements require management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed consolidated interim financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant Judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements:

- i. Management is required to assess the functional currency of the Company. In concluding that the Canadian dollar is the functional currency of the Company, management considered the currency that mainly influences the operating expenditures in the jurisdiction in which the Company operates.

2. BASIS OF PREPARATION (CONTINUED)

Significant Judgments (continued)

- ii. Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets.
- iii. Where the Company holds less than 20% of voting rights in an investment, the investment is normally treated as a financial instrument. Management is required to exercise judgement on whether voting or other rights exist that would result in significant influence.

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the current and next fiscal financial years:

- i. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods. The Company has not recorded any deferred tax assets.

- ii. Management uses the Black-Scholes Option Pricing Model for valuation of share-based compensation and brokers' warrants, which requires the input of subjective assumptions including expected price volatility, risk-free interest rates and forfeiture rates. Changes in the input assumptions can materially affect the fair value estimate and the Company's results of operations and equity reserves.

Management measures its investment in Minera Salar Blanco SpA ("MSB SA") at fair value. Significant changes in discount rates, potential expenditure forecast, reserve estimates and commodity price forecasts will impact the measurement of fair value. These estimates and assumptions are subject to risk and uncertainty.

Impairment of exploration and evaluation assets or cash-generating units ("CGU") are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's exploration and evaluation assets. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit, including geologic and metallurgic information, economics assessment/studies, accessible facilities and existing permits.

3. SIGNIFICANT ACCOUNTING POLICIES

In preparing these condensed interim consolidated financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited consolidated financial statements for the year ended October 31, 2021.

Bearing Lithium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended April 30, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

4. INVESTMENT IN MARKETABLE SECURITIES

Investments in marketable securities is comprised of common shares of Canadian public companies which are measured at fair value. The fair value and the number of the shares held as investments are as follows:

	April 30, 2022		October 31, 2021	
	Number of shares	Fair Value	Number of shares	Fair Value
Acme Lithium Inc.	100,000	\$ 124,000	100,000	\$ 104,000
		\$ 124,000		\$ 104,000

During the year ended October 31, 2021, the Company acquired 100,000 common shares in Acme Lithium Inc. and \$50,000 in cash as part of the proceeds of a sale of the mineral claims located in Esmeralda County, Nevada (the "Fish Lake Property"). During the period ended April 30, 2022, the Company recorded an unrealized gain in the amount of \$20,000 (April 31, 2021 - \$38,000).

5. INVESTMENT IN MSB SA

The Company has an ownership interest in the shares of Minera Salar Blanco SA ("MSB SA"), a private Chilean corporation. MSB SA has 100% interest in a lithium and potassium exploration project located in the Northeast section of Northern Chile (the "Maricunga Project").

Pursuant to the shareholders agreement, to continue developing the property from the permit stage into a producing mine, the Company will need to fund its share of the development costs or risk dilution of its ownership interest. The required funding will be determined based on an annual business plan with an itemized project budget.

The shareholding entitles the Company to one representative on the board of MSB SA which represents a 16.67% voting interest. The Company's investment is not subject to any preferential rights and the Company does not have the power to participate in the operating and financial policies of MSB SA. The other investors in MSB SA share joint control of the Maricunga Project. Therefore, significant influence does not exist, and the investment is accounted for as a financial instrument in accordance with IFRS.

	Investment in MSB SA
Balance, October 31, 2020 (18.02% interest)	\$ 13,340,000
Addition	1,983,547
Adjusted for unrealized fair value gain in MSB investment	23,876,453
Balance, October 31, 2021 (17.14% interest)	\$ 39,200,000
Adjusted for unrealized fair value gain in MSB investment	6,900,000
Balance, April 30, 2022 (17.14% interest)	\$ 46,100,000

On November 2, 2020, there was a capital call of \$3 million USD for MSB. The Company did not participate in that call diluting their interest from 18.02% to 17.35%.

On March 9, 2021 there was a capital call of \$2 million USD for MSB SA. The Company contributed \$360,406 USD maintaining their ownership interest at 17.14%.

On August 3, 2021 there was a capital call of \$7 million USD for MSB SA. The Company contributed \$1,199,561 USD maintaining their ownership interest at 17.14%.

The fair value of the investment was estimated based on the value inferred from the April 30, 2022 share price of the Company as well as Lithium Power International Inc. (Australian public company) that has a 51% interest in MSB which are considered level 2 inputs (see Note 9). During the six months ended April 30, 2022 there was an unrealized gain in the amount of \$6,900,000 (2021 - \$1,601,296). The gain in the carrying value recorded was the result of an increase in share price of both entities. The Company recorded deferred income taxes of \$2,481,000 during the six months ended April 30, 2022 increasing the deferred tax liability to \$10,063,000 due to the increased value of the MSB investment.

6. RELATED PARTY DISCLOSURE

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

Period ended	April 30, 2022	April 30, 2021
Management and accounting	\$ 29,593	\$ 27,688
Legal fees	20,523	-
Share-based payments	316,882	532,923
Total	\$ 366,998	\$ 315,508

As at April 30, 2022, included in accounts payable and accrued liabilities is \$7,784 (October 31, 2021 - \$5,683) owing to related parties for accrued management fees and expense reimbursements. The amount is non-interest bearing and has no terms of repayments.

7. SHARE CAPITAL

Authorized

The Company has an unlimited number of authorized common shares without par value.

Issued and outstanding

At April 30, 2022, there were 109,057,738 (October 31, 2021 – 92,657,738) issued and fully paid common shares outstanding.

During the period ended April 30, 2022, the Company issued 400,000 common shares pursuant to the exercise of warrants for proceeds of \$69,000. The Company re-allocated \$18,585 from reserves to share capital.

On February 17, 2022, the Company completed a first tranche of a non-brokered private placement and issued 7,500,000 common shares at a price of \$0.25 per common share for gross proceeds of \$1,875,000. The Company paid finder's cash of \$112,500 and issued 450,000 finders warrants which are exercisable for a period of twenty-four months at an exercise price of \$0.40 per finders warrant. The finder warrants were measured at a fair value of \$67,018 using the Black-Scholes Option pricing model with the following assumptions: share price - \$0.285, exercise price - \$0.40, expected life – 2 years.

On February 23, 2022, the Company completed a second tranche of a non-brokered private placement and issued 8,500,000 common shares at a price of \$0.25 per common share for gross proceeds of \$2,125,000. The Company paid finder's cash of \$65,250 and issued 266,000 finders warrants which are exercisable for a period of twenty four months at an exercise price of \$0.40 per finders warrant. The finder warrants were measured at a fair value of \$36,667 using the Black-Scholes Option pricing model with the following assumptions: share price - \$0.27, exercise price - \$0.40, expected life – 2 years.

For the year ended October 31, 2021:

On November 30, 2020, the Company issued 6,494,960 units for gross proceeds of \$837,850. Each unit consisted of one common share and one transferable share purchase warrant. Each warrant entitles the holder to acquire an additional share of the Company for \$0.1725, expiring on November 30, 2023. Total proceeds were allocated based on the proportionate fair value of the common share and the warrant, with \$301,776 of the proceeds allocated to the warrant and \$536,074 allocated to the common share.

Bearing Lithium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended April 30, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

7. SHARE CAPITAL (CONTINUED)

For the year ended October 31, 2021 (continued):

In conjunction with the financing, the Company paid aggregate finder's fees of \$37,242 and issued 289,395 broker's warrants measured at a fair value of \$23,220 using the Black-Scholes Option pricing model with the following assumptions: share price - \$0.17, exercise price - \$0.17, expected life - 3 years, risk-free rate - 0.29%. The broker warrants have the same terms as the warrants issued as units pursuant to this financing.

On July 14, 2021, the Company issued of 9,057,500 units of the Company (the "Units") at a price of \$0.18 per Unit for gross proceeds of \$1,630,350 pursuant to a private placement. Each Unit consists of one common share (each a "Share") and one transferable Share purchase warrant (each a "Warrant"). Each Warrant shall entitle the holder thereof to purchase one additional Share at a price of \$0.24 per Share for a period of thirty months from the date of issuance. In the event that the Shares have a closing price on the TSX Venture Exchange (or such other exchange on which the Shares may be traded at such time) of \$0.45 or greater per Share for a period of fifteen consecutive trading days at any time from the closing date, the Company may accelerate the expiry date of the Warrants by giving notice to the holders thereof and, in such case, the Warrants will expire on the thirtieth day after the date of such notice.

Total proceeds were allocated based on the proportionate fair value of the common share and the warrant, with \$562,419 of the proceeds allocated to the warrant and \$1,067,931 allocated to the common share.

In conjunction with the financing, the Company paid aggregate finder's fees of \$44,820 cash and issued 249,000 Warrants measured at a fair value of \$22,294 using the Black-Scholes Option Pricing model with the following assumptions: share price - \$0.17, exercise price - \$0.24, expected life - 2.5 years, risk-free rate - 0.55%. The broker warrants issued as units pursuant to this financing.

During the year ended October 31, 2021, the Company issued 4,255,500 common shares pursuant to the exercise of warrants for proceeds of \$669,622. The Company re-allocated \$91,278 from reserves to share capital.

Warrants

Warrant transactions and the number of warrants outstanding are summarized below:

	Number	Weighted Average Exercise Price \$
Balance, October 31, 2020	4,503,520	0.14
Issued	16,090,855	0.21
Exercised	(4,255,500)	(0.14)
Expired	(248,020)	(0.18)
Balance, October 31, 2021	16,090,855	0.21
Granted	1,116,000	0.38
Exercised	(400,000)	(0.17)
Balance, April 30, 2022	16,806,855	0.42

	Exercise Price \$	April 30, 2022	October 31, 2021
Date of Expiry			
November 30, 2023	0.17	6,384,355	6,784,355
January 14, 2024	0.24	9,306,500	9,306,500
March 1, 2024	0.35	400,000	-
February 17, 2024	0.40	450,000	-
February 23, 2024	0.40	266,000	-
Total Outstanding and Exercisable		16,806,855	16,090,855

Bearing Lithium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended April 30, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

7. SHARE CAPITAL (CONTINUED)

As of April 30, 2022, the weighted average remaining life for outstanding warrants was 1.68 years (October 31, 2021 – 2.15 years).

During the period ended April 30, 2022, the fair value of 450,000 and 266,000 broker warrants (October 31, 2021 - 289,395 and 249,000 broker warrants) issued in connection with the private placement were calculated at \$67,018 and \$36,667 (October 31, 2021 - \$23,220 and \$22,293) using the Black-Scholes Option Pricing Model with the following assumptions:

Period ended,	April 30, 2022	October 31, 2021
Share price	\$0.27 - \$0.285	\$0.17
Exercise price	\$0.40	\$0.1725 - \$0.24
Expected life	2 years	2.5 - 3 years
Annualized volatility	117%	73% - 105%
Expected dividend yield	0%	0%
Risk-free interest rate	0.29%	0.29% - 0.55%

Stock Options

The Company has a stock option plan (the “Plan”) that permits the grant of share purchase options up to 10% of the issued and outstanding common shares of the Company to directors, officers, key employees and consultants. Terms and pricing of options are determined at the date of grant in accordance with the Plan.

	Number	Weighted Average Exercise Price \$
Balance, October 31, 2020	3,375,000	0.17
Granted	5,100,000	0.16
Exercised	(275,000)	(0.53)
Forfeited	(200,000)	(0.68)
Balance, October 31, 2021	8,000,000	0.17
Granted	1,200,000	0.25
Balance, April 30, 2022	9,200,000	0.25

As of April 30, 2022, the weighted average remaining life for outstanding options was 3.07 years (October 31, 2021 – 3.85).

Stock option transactions and the number of stock options outstanding and exercisable are summarized below:

Date of Expiry	Exercise Price (\$)	April 30, 2022	October 31, 2021
October 11, 2023	0.25	650,000	650,000
November 20, 2023	0.16	200,000	200,000
March 27, 2025	0.11	2,250,000	2,250,000
December 3, 2025	0.13	1,700,000	1,700,000
March 16, 2026	0.15	2,200,000	2,200,000
September 24, 2026	0.23	1,000,000	1,000,000
December 21, 2026	0.25	500,000	-
February 10, 2027	0.25	700,000	-
Total Outstanding		9,200,000	8,000,000
Total Exercisable		9,200,000	8,000,000

Bearing Lithium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended April 30, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

7. SHARE CAPITAL (CONTINUED)

Stock Options (continued)

During the quarter ended April 30, 2022, the Company recorded share-based payments of \$316,882 (2021 - \$532,923) for options granted during the year. Options granted during the year were measured using the Black-Scholes Option Pricing Model with the following weighted-average assumptions:

Year ended	April 30, 2022	October 31, 2021
Share price	\$0.28 - \$0.29	\$0.175 - \$0.205
Exercise price	\$0.25	\$0.13 - \$0.23
Expected life	5 years	5 years
Annualized volatility	94%	90% - 96%
Expected dividend yield	0%	0%
Risk-free interest rate	1.27% - 1.79%	0.46% - 1.01%

Income (loss) Per Share

In calculating the basic and diluted income (loss) per share for the periods ended April 30, 2022 and 2021, the weighted average number of shares used in the calculation is shown in the table below:

Year ended	April 30, 2022	April 30, 2021
Net income (loss)	\$3,526,791	\$970,719
Weighted average number of shares outstanding:		
Basic	92,657,738	77,370,854
Dilutive effect of options	4,052,766	2,559,280
Dilutive effect of warrants	4,350,950	6,494,960
Diluted weighted average number of shares outstanding	102,061,455	86,426,095

8. CAPITAL DISCLOSURES

The Company's objectives when managing capital are to ensure its ability to continue as a going concern in order to pursue the acquisition and development of mineral property interest. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is largely dependent upon external financings to fund activities. In order to carry out planned acquisition and development and pay for administrative costs, the Company will spend its existing working and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financing resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes to the Company's approach to capital management during the three months ended April 30, 2022. The Company is not subject to externally imposed capital restrictions.

Bearing Lithium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended April 30, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

The fair value of the Company's financial instruments is approximated by their carrying value due to their short-term nature.

IFRS 13 establishes a fair value hierarchy for financial instruments measured at fair value that reflects the significance of inputs used in making fair value measurements as follows:

Level 1 – quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. from derived prices); and

Level 3 – inputs for the asset or liability that are not based upon observable market data.

The fair value of cash and marketable securities are based on Level 1 inputs. The fair value of the Company's investment in MSB SA is determined using Level 2 inputs. Refer to Note 5 for the details relating to these inputs.

The Company's financial instruments are exposed to certain financial risks, which include foreign currency risk, interest rate risk, credit risk, liquidity risk and other price risk. The Company's risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company's exposure to these risks and its methods of managing the risks remain consistent.

Credit risk

Concentration of credit risk exists with respect to the Company's cash, as all amounts are held at a major Canadian financial institution and a major Chilean financial institution. The Company's concentration of credit risk and maximum exposure thereto is as follows:

	April 30, 2022		October 31, 2021	
Cash				
Canadian financial institution	\$	4,135,208	\$	796,982
	\$	4,135,208	\$	796,982

The credit risk associated with cash is minimized by ensuring that substantially all dollar amounts are held with a major financial institution with strong investment-grade ratings by a primary ratings agency.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities. The Company is reliant upon equity issuances as its sole source of cash. The Company manages liquidity risk by trying to maintain an adequate level of cash and cash equivalents to meet its ongoing obligations. The Company continuously reviews its actual expenditures and forecast cash flows and matches the maturity dates of its cash equivalents to capital and operating needs. The Company normally maintains sufficient cash to meet the Company's business requirements; as at April 30, 2022, the cash balance of \$4,135,208 which is sufficient to meet its obligations related to its current accounts payable of \$143,117 and accrued liabilities of \$77,160. However, to meet required administrative and investment commitments pertaining to the Company's ownership interest of MSB SA (see Note 5) over the next twelve months. The Company may be required to raise additional capital in the future to fund its operations.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Bearing Lithium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended April 30, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

Market risk

[i] Interest rate risk

The Company is not exposed to interest rate risk on its cash and cash equivalents held at April 30, 2022. A 100-basis point (1%) increase or decrease in the interest rate would have an insignificant change in the Company's reported loss for the year ended April 30, 2022 based on its closing balance.

[ii] Currency risk

The carrying amounts of the Company's foreign currency denominated monetary assets are as follows:

	April 30, 2022		October 31, 2021	
	US \$	Cdn \$	US \$	Cdn \$
Accrued liabilities	(44,458)	(77,160)	(44,458)	(59,592)

As at April 30, 2022, the Company incurs expenses in Canadian dollars and United States dollars. The Company therefore has exposure to fluctuations in the Canadian dollar - United States dollar exchange rate. Based on current market conditions, the Company has determined that a 10% change in foreign exchange rates would affect the fair value of total assets by approximately \$6,500 (October 31, 2021 – \$6,500).

[iii] Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. See Note 5.

10. SUBSEQUENT EVENTS

On June 22, 2022 the Company announced it has entered into an arm's length definitive agreement with Lithium Power International Limited ("LPI") to which LPI has agreed to acquire all issued and outstanding common shares of the Company in an all share transaction to be completed by way of statutory plan of arrangement under the provisions of the Business Corporations Act (British Columbia), and as part of a three way transaction that consolidates 100% interest into the Maricunga Lithium Brine Project. Bearing Lithium Corp. shareholders will receive 0.7 of an LPI common share for every one Bearing common share held. In addition, Bearing shareholders will receive a cash distribution by way of capital return estimated at \$0.02 per common share. Bearing Lithium Stock Options and Warrants that are not exercised prior to the completion of the transaction will remain outstanding and automatically become exercisable for LPI ordinary shares based on the exchange ratio under their current terms. The implementation of the transaction is subject to approval of at least 66 2/3% cast by the Bearing shareholders at an annual and special meeting, and subject to receipt of certain regulatory, court, and stock exchange approvals. The transaction is expected to close in September 2022.

On June 19, 2022, the Company's subsidiary company Li3 Energy Inc. entered into an arm's length share purchase and sale agreement with Shelay Investments a private Delaware based corporation to acquire the capital stock of its dormant subsidiaries Li3 Energy Peru SRL, Alfredo Holdings Ltd., and Li3 Energy Copiapo SA. for the purchase price of \$1.00 CAD.

On June 13, 2022, the Company contributed \$125,140 (US \$96,297) to an MSB SA equity call. As a result, the Company maintained its 17.14% ownership interest in the joint venture.

SCHEDULE "IV" TO APPENDIX "A"

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF BEARING FOR THE YEAR ENDED OCTOBER
31, 2021 AND FOR THE YEAR ENDED OCTOBER 31, 2020**

(attached)

This Management Discussion & Analysis (“MD&A”) is provided to enable the reader to assess material changes in financial condition and results of operations of Bearing Lithium Corp. (“Bearing” or the “Company”) for the year ended October 31, 2021. This MD&A should be read in conjunction with the audited consolidated financial statements for the year ended October 31, 2021 (“Financial Statements”) and the audited consolidated financial statements of the company for the year ended October 31, 2020, prepared in accordance with international financial reporting standards (“IFRS”) as issued by the international accounting standards board (“IASB”). This MD&A complements and supplements but does not form part of the company’s consolidated financial statements.

This MD&A contains forward-looking statements. Statements regarding the adequacy of cash resources to carry out the company’s exploration programs or the need for future financing are forward-looking statements. All forward-looking statements, including those not specifically identified herein, are made subject to cautionary language on pages 13-16. Readers are advised to refer to the cautionary language when reading any forward-looking statements.

This MD&A is prepared in conformity with National Instrument 51-102F1. All dollar amounts referred to in this discussion and analysis are expressed in Canadian dollars except where indicated otherwise. This MD&A has taken into account information available up to and including February 28, 2022.

BUSINESS OVERVIEW

Bearing was incorporated on January 13, 2011 as 0900353 B.C. LTD, a wholly owned subsidiary of Valley High Ventures Ltd. (“Valley High”). On March 25, 2011, Levon Resources Ltd. acquired Valley High, the predecessor corporation to the Company, by way of a court-approved plan of arrangement, at which time Bearing began operating as a standalone entity. Bearing shares commenced trading on the TSX Venture Exchange on June 10, 2011 (BRZ.V).

Bearing is a Canadian based company which is focused on exploration for precious and base metals in South America. The Company’s primary asset is a partial stake in a lithium and potassium exploration project located in the northeast section of the Salar de Maricunga in Region III of Atacama in northern Chile (“Maricunga project”).

On September 28, 2017 the Company and Li3 Energy, Inc. (“Li3”) entered into an agreement and plan of merger (the “Merger Agreement”) whereby Bearing acquired all the issued and outstanding shares of Li3. Pursuant to the Merger Agreement, Bearing, LI Acquisition Corporation (“Sub”), a newly formed wholly owned subsidiary of the Company, merged with and into Li3 (the “Merger”), with Li3 surviving the Merger as a wholly owned subsidiary of Bearing. In exchange the Li3 common stock was converted into an aggregate of 16,000,000 Bearing common shares of the Company. Through the Merger of Li3, the Company obtained a 17.67% interest in Minera Salar Blanco S.A (“MSB SA”), the joint venture in the Maricunga project.

In February 2018, Lithium Power International (“Lithium Power”), the Company’s joint venture partner in the Maricunga project agreed to accelerate its outstanding payments of US\$7.53 million by March 1st, 2018 to satisfy its earn-in. Including the US\$7.53 million pre-payment by Lithium Power, MSB SA had a treasury of approximately US\$9.7 million. Based on current budgets and development timelines, the project is fully funded without any expected contribution from Bearing or MSB for the 2018 development program which includes the delivery of the Definitive Feasibility Study (“DFS”), completion of environmental studies and submission of permits. Any expenditures in excess of the current treasury would require approval from at least five of the six board members of MSB SA and contributions would be pro-rated based on ownership interests. To continue developing the property from the permit stage into a producing mine, the Company will need to fund its share of the development costs or risk dilution of its ownership interest. The required funding is determined based on an annual business plan with an itemized project budget.

On May 2, 2018, First Division and Bearing entered into an amending agreement whereby the acquisition by First Division would be reduced to a 50% interest in the 81 lode claims in the Esmeralda County, Nevada. First Division Ventures Inc. exercised its option to acquire a 100% interest in certain mining claims of the Fish Lake Valley Property by paying \$20,000 and issuing 20,000 common shares.

On July 23, 2018, the Company completed a spin-out transaction by way of the Arrangement which resulted in Bearing transferring its interests in exploration projects in the gold district of the Yukon and a lithium project in Nevada to Lions Bay. The 5 properties continue to be included as mineral properties in the financial statement consolidation of Lions Bay and Bearing because Bearing held a control position of over 50% ownership in the shares of Lions Bay as at October 31, 2018. Lions Bay closed a private placement in November 2018 resulting in the dilution of Bearing’s percentage ownership below 50% resulting in the Yukon and Nevada properties to be excluded from financial reports in future periods.

BUSINESS OVERVIEW (CONTINUED)

On August 28, 2018, the Company purchased an additional interest in MSB SA bringing the ownership interest to 18.02% through Li3. The Maricunga project is held by joint-venture company MSB SA, which is owned by Bearing (18.02%), Minera Salar Blanco SpA ("MSB") (30.98%) and Lithium Power (51%).

HIGHLIGHTS

- The Engineering, Procurement and Construction (EPC) bidding process for the Maricunga project continues. Two major global engineering groups, Worley Parsons and Bechtel, have been chosen to provide a comprehensive construction proposal for the project.
- Due diligence continues under the Memorandum of Understanding (MOU) between the Chilean State-owned mining company, CODELCO, and the Maricunga project's joint venture company, Minera Salar Blanco S.A. (MSB).
- Discussions continue with parties on project funding and off-take agreements for the Maricunga project.
- On November 20, 2019, the Company issued 200,000 stock options to a director and an officer. The stock options had an exercise price of \$0.16 and an expiry date of November 20, 2023.
- On January 24, 2020, the Company contributed \$613,887 (US\$466,726) to an MSB SA equity call. As a result, the Company maintained its 18.02% ownership interest in the joint venture.
- On January 27, 2020, the Company issued 7,437,000 common shares for gross proceeds of \$892,440. Each unit consisted of one common share and one-half of a common share purchase warrant. Each warrant entitles the holder to acquire an additional share of the Company for \$0.18, expiring on July 27, 2021. Total proceeds were allocated based on the proportionate fair value of the common share and the warrant, with \$91,39 of the proceeds allocated to the warrant and \$801,048 allocated to the common share.

In conjunction with the financing, the Company paid aggregate finder's fees of \$20,828 and issued 169,020 broker's warrants measured at a fair value of \$4,628 and having the same terms as the warrants issued as units pursuant to this financing.

- On February 3, 2020, the Company issued 1,100,000 units for gross proceeds of \$132,000. Each unit consists of one common share and one-half of a common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.18 for 18 months following the date of the issuance. The warrants are subject to an acceleration clause in the event the closing price of the Company's common shares on the TSX Venture Exchange is greater than \$0.30 for 15 consecutive trading days.
- In connection with the issuance, the Company has paid an aggregate of \$7,920 in cash finders' fees plus issued a total of 66,000 finders' warrants measured at a fair value of \$4,627. The finders' warrants will have the same terms as the common share purchase warrants forming part of the Units.
- As a result of the over-subscribed private placement financing announced on Feb 4, 2020 for total gross proceeds of \$1,024,440 in two tranches, the Company paid the US\$613,887 December 2019 cash call by the Maricunga Joint Venture and paid US\$157,678 on April 1, 2020 and US\$157,678 on July 31, 2020 to maintain its 18% interest in the Maricunga Lithium Brine Project in Chile.
- On February 4, 2020, the Chilean Government's Central Environmental Committee has voted to approve the project's Environmental Impact Assessment ("EIA"). This is one of the few EIAs approved in Chile during recent years and it will enable MSB SA to become the third significant lithium operation in the country with an anticipated 20,000 tonnes annual production for an estimated capital investment of US\$563 million.
- On March 27, 2020, the Company granted 2,320,000 incentive stock options ("Stock Options") to certain directors and officers. Each Stock Option is exercisable to acquire one common share of the Company at a price of \$0.11 for a five-year period.

HIGHLIGHTS (CONTINUED)

- On March 31, 2020, the Company issued 1,000,000 common shares to Leede Jones Gable Inc. at a fair market value of \$0.12 in payment of the \$120,000 advisory services provided in connection with the Company's review of strategic alternatives, including without limitation, acquisitions or dispositions of assets, joint venture agreements for mineral properties with, or without, participating interest buy-out provisions, amalgamations, mergers, takeovers or other corporate reorganizations.
- On April 1, 2020, the Company contributed \$227,355 (US\$158,454) to an MSB SA equity call. As a result, the Company maintained its 18.02% ownership interest in the joint venture.
- On June 11, 2020, the Company acquired Fish Lake Valley Property from Lions Bay Mining for a purchase price of \$10,000 plus GST.
- On July 31, 2020, the Company contributed \$214,928 (US\$157,750) to an MSB SA equity call. As a result, the Company maintained its 18.02% ownership interest in the joint venture.
- On August 21, 2020, the Company repriced 4,268,500 warrants from an exercise price of \$0.18 per unit to \$0.135. The warrants were issued pursuant to two private placement financings that closed on January 27, 2020 and February 3, 2020 with expiration dates of July 27, 2021 and August 3, 2021.
- On November 6, 2020, the Company did not participate in the \$3 million USD equity cash call to MSB SA. As a result, the Company's ownership interest in the joint venture was reduced from 18.02% to 17.14%.
- On November 9, 2020, the Company sold its mineral property interest of Fish Lake Valley and received \$50,000 in cash and 100,000 common shares from Acme Lithium Inc.
- On November 30, 2020, the Company issued 6,494,960 common shares for gross proceeds of \$837,850 with each unit priced at \$0.129. Each unit consisted of one common share and one transferable share purchase warrant. Each warrant entitles the holder to acquire an additional share of the Company for \$0.1725, expiring on November 30, 2023.

In conjunction with the financing, the Company paid aggregate finder's fees of \$37,242 and issued 289,395 broker's warrants which have the same terms as the units pursuant to this financing.

- On December 3, 2020, the Company granted 1,800,000 incentive stock options ("Stock Options") to certain directors and officers. Each Stock Option is exercisable to acquire one common share of the Company at a price of \$0.13 for a five-year period.
- On December 9, 2020, the Company announced that MSB decided to advance the low cost Maricunga project in a number of stages by fast-tracking a first stage of development. The initial development state will be based on 'Old Code' concessions. These licenses are grandfathered from current lithium legislation and do not require any further significant permitting for lithium production.
- On January 27, 2021, the Company announced a stage one lithium project of 15,000 tonnes per annum for Maricunga. A expansionary exploration drilling program started from February 2021 to August 2021 including detailed engineering rescoping work for stage one.
- On March 9, 2021, the Company contributed \$455,372 (US\$360,406) to an MSB SA equity call. As a result, the Company maintained its 17.14% ownership interest in the joint venture.
- On March 16, 2021, the Company granted 2,300,000 incentive stock options ("Stock Options") to certain directors and officers. Each Stock Option is exercisable to acquire one common share of the Company at a price of \$0.15 for a five-year period.
- On March 18, 2021, the Company provided an update on exploration activities and preliminary results from the Maricunga project. MSB had completed the first two of five diamond core hold to the target depth of 400m ahead of schedule, with undisturbed core samples collected and sent for analysis in 200m to 400m intervals at depth for laboratory measurement of drainable porosity and other hydraulic parameters.

HIGHLIGHTS (CONTINUED)

- On April 26, 2021, the Company provided a Maricunga resource activity update as announced by MSB. The drilling program is ahead of schedule with three exploration core holes to target depth of 400m and core hole#4 passing 300m. Completion expected by this summer. A total of 31 undisturbed core samples collected were sent to labs in the US for drainable porosity and other hydraulic parameters. 56 brine samples collected and sent to labs for chemical analysis. Activities for DFS update with Worley commenced during the first week of April. Optimisation of the production process continues. Final and basic tests for the SX Removal plant and the Ion Exchange plant. Basic engineering commenced for the re-sizing of the plant.
- On May 10, 2021, the Company announced that MSB SA has entered into a non-binding Memorandum of Understanding (“MOU”) with Mitsui & Co Ltd. for a strategic alliance to advance the development of the Maricunga project. The MOU includes potential offtake from Mitsui & Co Ltd.
- On June 30, 2021, the Company announced the appointment of Mr. Kwang-Seok Park to its Board of Directors as the new nominated POSCO representative. Mr. Park replaced Mr. Bok-Hyung Lee who resigned on June 28, 2021.
- On July 8, 2021, the Company provided a Maricunga lithium resource expansion and finance activities update as announced by Minera Salar Blanco (“MSB”). The latest drilling program on the Stage One mining concessions had been completed with five exploration core holes each reaching a target depth of 400m. Positive average lithium concentrations of 989mg/l and a maximum of 3,375mg/l. Significant resource expansion expected for Stage One after the new drilling program tested 200-400m mineralized zone. DFS update continues by Worley, GEA Messo and Atacama Waters. Preliminary indications of interest received from international financial institutions and private funds for debt financing and future equity financing of the project. Finance process will continue in coming months, with the Mitsui agreement announced on May 15 for Off-Take and Funding of the Stage One serving as a solid base.
- On July 14, 2021, the Company announced it had closed on the previously announced non-brokered private placement from June 25, 2021. It has issued of 9,057,500 units of the Company (the “Units”) at a price of \$0.18 per Unit for gross proceeds of \$1,630,350. Each Unit consists of one common share (each a “Share”) and one transferable Share purchase warrant (each a “Warrant”). Each Warrant shall entitle the holder thereof to purchase one additional Share at a price of \$0.24 per Share for a period of thirty (30) months from the date of issuance. In the event that the Shares have a closing price on the TSX Venture Exchange (or such other exchange on which the Shares may be traded at such time) of \$0.45 or greater per Share for a period of fifteen (15) consecutive trading days at any time from the closing date, the Company may accelerate the expiry date of the Warrants by giving notice to the holders thereof (by disseminating a news release advising of the acceleration of the expiry date of the Warrants) and, in such case, the Warrants will expire on the thirtieth (30th) day after the date of such notice.

Finder’s fees of \$44,820 cash and 249,000 Warrants on the same terms as noted above were paid to qualified parties. The Company intends to use the net proceeds from the Private Placement for general working capital purposes and to fund capital calls of the Maricunga Project Joint Venture. All securities issued in connection with the Private Placement will be subject to a four-month and one day hold period that will expire on November 15, 2021.
- On August 3, 2021, the Company contributed \$1,504,849 (US\$1,199,561) to an MSB SA equity call. As a result, the Company maintained its 17.14% ownership interest in the joint venture.
- On August 24, 2021, the Company provided a Maricunga project update. Minera Salar Blanco (“MSB”) continues to work with Mitsui & Co. Ltd. on its due diligence, along with process testing of samples of Maricunga brine in its Japanese facility. It is expected that the existing non-binding MOU with “MSB” announced to the TSX/ASX on May 11, 2021 will progress to be binding in Q1 2022. An updated JORC/43-101 Resource Report is due for finalization and release in October 2021. An updated Definitive Feasibility Study (DFS) is scheduled for release by the end of the year 2021.

HIGHLIGHTS (CONTINUED)

- On September 24, 2021, the Company announced the appointment of Martin Gubbins to the Board of Directors. Mr. Gubbins is a Chilean lawyer with 25 years of experience as an associate and partner of local law firms specializing in environmental litigation. He has also served as an independent legal advisor over the last three years. Mr. Gubbins has served as a board member for various private companies in Chile, with both Chilean and foreign investors. Mr. Gubbins is a member of the Advisory Legal Committee of Hogar de Cristo, the largest charity in Chile. From 2005-2018 he was a partner at CorreaGubbins (currently CorreaSquella) in Santiago, Chile. Mr. Gubbins graduated law school at the Universidad de Chile, Santiago. He also has a Master of Arts from the University of London.

The Company is also announcing that it has issued an aggregate of 1,000,000 stock options to its new director to purchase up to 1,000,000 common shares of the Company at a price of \$0.23 per common share for a period of five years from grant, pursuant to its Stock Option Plan.

- On September 29, 2021, The Company announced a 90% increase in measured and indicated resources in the Maricunga Stage One. Updated Measured and Indicated resource for the Maricunga Stage One Lithium Brine Project in Chile confirmed an increase by 90 per cent compared with 2019 Definitive Feasibility Study.. Measured and Indicated (M&I) resource now estimated as 1,905,000 tonnes of Lithium Carbonate Equivalent (LCE) for the Stage One (Old Code) mining properties at an average grade of 953 mg/l lithium. This increase in M+I Resources is in addition to the M+I Resources (2018) of 979,000 tonnes LCE in the Litio 1-6 (New Code) concessions to a depth of 200 m. The Maricunga resource remains open at depth, with a new exploration target for further resource expansion between 400m-550m in the Stage One concessions. The DFS update for the Stage One continues as expected by Worley, GEA Messo and Atacama Waters. The latest drilling for the resource increase on the Stage One mining concessions at Maricunga has been completed, with the five exploration core holes each reaching target depth of 400m.
- On September 29, 2021, The Company announced a notice of hearing from the British Columbia Securities Commission dated September 24, 2021 alleging Stock Social a service provider engaged by the Company from the periods of January 2017 to March 2017, disseminated advertorials about the Company on various websites, promotional posts and social media (collectively, the "Promotional Materials"). The BCSC is alleging that SSI and the Company failed to ensure that the Promotional Materials clearly and conspicuously disclosed that they were disseminated on behalf of the Company. None of the allegations have been proven.
- On December 21, 2021, The Company granted 500,000 stock options to a consultant to purchase up to 500,000 common shares of the company at a price of \$0.25 per common share for a period of 5 years from grant pursuant to the Company's stock option plan.
- On January 20, 2022, The Company announced it has released the results of its updated Definitive Feasibility Study for the Stage One Maricunga Lithium Brine project. Maricunga Stage One DFS delivers US\$1.4B NPV (after tax) at an 8% discount rate, An IRR of 39.6% and a 2-year payback period. OPEX of US\$3,718 per tonne of LCE produced. Annual EBITDA of US\$324M. Direct development cost US\$419M, Indirect cost US\$145M and Contingency US\$62M for a total project CAPEX of US\$626M. 15,200 tonnes of LCE per annum over 20 years.
- On February 1, 2022, The Company announced a warrant exercise incentive program. The Warrants are currently exercisable at a price of \$0.1725 per Common Share until November 30, 2023. Under the Program, the Company is offering an inducement to each Warrant holder that exercises their Warrants prior to March 1, 2022 (the "Early Exercise Period"), by the issuance of one additional common share purchase warrant (an "Incentive Warrant") for each warrant early exercised. Each Incentive Warrant will entitle the holder to purchase one additional Common Share for a period of 24 months from the date of issuance of such Incentive Warrant, at a price of \$0.35. The Program will commence today, February 1, 2022, at 9:00 a.m. (Vancouver time) and expire on March 01, 2022, at 4:00 p.m. (Vancouver time) (the "Early Exercise Expiry Date").
- On February 10, 2022, The Company announced that it has issued an aggregate of 700,000 stock options to officers and consultants to purchase up to 700,000 common shares of the company at a price of \$0.25 per common share for a period of 5 years from grant pursuant to the Company's stock option plan.

HIGHLIGHTS (CONTINUED)

- On February 17, 2022, The Company announced it has completed the first tranche (the "First Tranche") of its non-brokered private placement of common shares (the "Common Shares") of the Company (the "Private Placement"). In connection with the First Tranche, the Company issued an aggregate of 7,500,000 Common Shares at a price of \$0.25 per Common Share for aggregate gross proceeds of \$1,875,000. All Common Shares issued in connection with the First Tranche are subject to a statutory hold period of four month and one day.

In connection with the First Tranche, the Company paid finders fees to eligible parties in the amount \$112,500 and issued to the finder's an aggregate of 450,000 non-transferable finders warrants (the "Compensation Warrants"). The Compensation Warrants are exercisable for a period of twenty-four (24) months from the date of issue and entitle the holder thereof to acquire one Common Share of the Company at a price of \$0.40 per Compensation Warrant.

- On February 23, 2022, The Company announced it has completed the second and final tranche (the "Second Tranche") of its non-brokered private placement of common shares (the "Common Shares") of the Company (the "Private Placement"). In connection with the Second Tranche, the Company issued an aggregate of 8,500,000 Common Shares at a price of \$0.25 per Common Share for aggregate gross proceeds of \$2,125,000. All Common Shares issued in connection with the Second Tranche are subject to a statutory hold period of four month and one day. Collectively between the first and Second Tranche, the Company issued an aggregate of 16,000,000 Common Shares for gross proceeds of \$4,000,000.

In connection with the Second Tranche, the Company will pay finders fees to eligible parties in the amount \$65,250 and issue to the finder's an aggregate of 266,000 non-transferable finders warrants (the "Compensation Warrants"). The Compensation Warrants are exercisable for a period of twenty-four (24) months from the date of issue and entitle the holder thereof to acquire one Common Share of the Company at a price of \$0.40 per Compensation Warrant. The net proceeds from the Private Placement will be used for general working capital purposes and to fund future capital calls of the Maricunga Project Joint Venture. The Private Placement remains subject to final acceptance from the TSX Venture Exchange.

NI 43-101 QUALIFIED PERSONS

Frederik Reidel, CPG, a qualified person as defined by National Instrument 43-101, has reviewed the scientific and technical information that forms the basis for the technical disclosure in the MD&A and approved the disclosure as announced in the January 20, 2022 Bearing news release.

OUTLOOK

Bearing is an exploration and development company. The Li3 Merger Agreement has enabled the Company to acquire an interest in the advanced-stage Maricunga project located in Chile, which represents one of the highest-grade lithium brine development opportunities in the Americas. The Company continues to focus on working with its partners to advance the pre-production lithium project in Chile. Bearing had a free carry through to completion of the Definitive Feasibility Study ("DFS") which was released in January 2019, permitting and the filing of environmental reports which was approved on February 4, 2020. An updated Definitive Feasibility Study ("DFS") was completed on January 7, 2022. In January 2020, the Company paid US\$466,000 (CAD\$613,887) to fund its interest in MSB SA. And on April 1, 2020 a further US\$157,678 (CAD \$227,354) and on July 31, 2020 a further US\$157,678 (CAD \$214,928), and on March 9, 2021 a further US\$360,406 (CAD \$455,372). On August 3, 2021 a further US\$1,199,561 (CAD \$1,504,849).

As announced by the Company and included in the highlights section of this MD&A, the private placement with gross proceeds in the amount of \$4,000,000 which is expected to meet all cash requirements for Bearing and maintenance of its current 17.14% equity interest in MSB in 2022.

MINERAL PROPERTIES – Maricunga Project

The Maricunga lithium brine project is comprised of 4,463 hectares of old code and new code tenements covering the largest and most central portion of the Maricunga Salar in northern Chile. Drilling and sampling to date by the joint venture indicates consistent lithium grades from brine within the salar. Over US\$67 million has been invested in the project to date by the MSB SA partners. The project is comprised of a number of tenements, some of which are grandfathered under a previous mining code which allows for the immediate exploitation of lithium.

Definitive Feasibility Study Update (“DFS 2022”)

Highlights from NI 43-101 Definitive Feasibility Study Update January 7, 2022:

- The updated Maricunga Stage One (grandfathered mining concessions) Lithium Brine project’s Definitive Feasibility Study (DFS) supports 15,200 tonnes per annum production of lithium carbonate (LCE) for 20 years.
- Project NPV1 (leveraged basis) of US\$1.425B (after tax) at 8% discount rate, providing an IRR of 39.6% and a 2-year payback. Estimated steady-state annual EBITDA of US\$324M. Assumes a 50% leverage. On a “100% Equity Basis”, the NPV (after tax) is US\$1.412B, providing an IRR of 29.3 % and a 2 years and 8 months Payback.
- Project operating cost places Maricunga among the most efficient producers with an OPEX of US\$3,718 per tonne not including credit from potassium chloride (KCl) by-product. KCl production was not considered in the DFS.
- Project direct development cost estimated at US\$419M, indirect costs at US\$145M and contingency costs at US\$62M to provide a total project CAPEX of US\$626M.
- Exceptional ESG profile aims to achieve carbon neutrality once operation beds down, setting new standards for social relationships. Certification process led by Deloitte will continue during upcoming years as the project advances.
- Project infrastructure including water rights have been secured by long term contracts during project construction and operation. Access to the National Power Grid has been granted, ensuring future power supply including an important component of renewable energy.
- Revised DFS completed by Tier-1 engineering consultancy Worley to international standards, with cost inputs from EPC contractors to provide greater certainty on cost estimates. The Resource and Reserve estimates were prepared by Atacama Water.

Maricunga Project Update

MSB and its three owners (LPI, Borda Group, and Bearing) has decided to advance the low cost Maricunga Lithium Brine Project in two stages by fast-tracking a first stage development of 15,200 tonnes per annum. The initial development stage will be based on the properties known as ‘Old Code’ concessions. These licenses are grandfathered from the current lithium legislation and do not require any further significant permitting for lithium production. The decision to advance this development plan is based partly on the positive global outlook for the lithium industry, and the Maricunga project’s exceptional position as a potential world-class operation. The first stage of the project will have a name plate capacity of 15,200 tonnes per year of high-quality lithium carbonate over a 20-year mine life. It will also provide significant future expansion potential from subsequent stages.

MINERAL PROPERTIES - Maricunga Project (CONTINUED)

Maricunga Project Update (Continued)

The resource contained in these properties is included in the previously released NI43-101 and JORC resource statements (Definitive Feasibility Study of MSB Blanco Lithium Carbonate Project; 17 January 2019) and (Definitive Feasibility Study Update, Minera Salar Blanco – Lithium Project, Stage One, III Region Chile, dated January 7, 2022) that are part of the Definitive Feasibility Study. The exploitation of the lithium brine within the Old Code concessions is also included in the approved project EIA along with the existing Chilean Nuclear Commission (CCHEN) permits. Most importantly, having received all of the required Chilean Government development and environmental approvals necessary for the start of construction, the key decisions for the development of Stage One now lie solely with MSB and its owners. Stage One represents a lower capital expenditure, fully permitted project that can take advantage of future developments in the global lithium industry. MSB remains committed to evaluating and progressing alternative development plans for the subsequent stages with Codelco and the Chilean authorities. This will advance the original strategy to consolidate the Maricunga Salar by developing the remainder of the mining concessions, known as the New Code concessions, to provide substantial future growth for the project.

LIQUIDITY AND CAPITAL RESOURCES

The Company's consolidated financial statements for the year ended October 31, 2021, have been prepared on a going concern basis, which assumes that the Company will continue in operation in the foreseeable future and will be able to realize its assets and settle its liabilities in the normal course of business. At October 31, 2021, the Company had a cash balance of \$796,982 and working capital of \$798,597 (October 31, 2020 – \$15,370) and an accumulated deficit of \$12,965,302 (October 31, 2020 – \$28,325,933).

Cash outflows from operating activities for the year ended October 31, 2021 were \$391,211 (2020 - \$408,068). During the year ended October 31, 2021, there was a large non-cash item totalling \$23,977,453 for unrealized fair value change in the MSB investment and marketable securities.

Cash outflows from investing activities for the year ended October 31, 2021, were \$1,933,547 (2020 - \$1,057,154) primarily tied to an MSB equity call to maintain the existing ownership interest in the Maricunga project.

For the year ended October 31, 2021, net cash provided by financing activities totalled \$2,964,482 (2020 - \$977,441) due to proceeds from two private placements and exercise of warrants with an exercise price of \$0.135.

The 2021 Maricunga Project budget required payments totalling \$1,983,547 (US\$1,559,967) in the year ended October 31, 2021. As a result, the Company maintained its 17.14% ownership interest in the joint venture.

The Company may require additional equity financing to fund future MSB equity calls. There can be no assurance the Company will be able to obtain any required financing in the future on acceptable terms. The Company may receive cash proceeds from the exercise of options and warrants, however, the Company cannot predict the timing or amount of additional options and warrants that may be exercised, if any.

The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions. Any quoted market for the Company's shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings. Historically, the Company has used net proceeds from issuances of common shares to provide sufficient funds to meet its near-term exploration and development plans and other contractual obligations when due.

RESULTS OF OPERATIONS AND SELECT FINANCIAL DATA

For the year ended October 31, 2021 compared to the year ended October 31, 2020

The Company recorded net income before taxes of \$22,942,631 during the year ended October 31, 2021, an increase of \$29,903,201 when compared to the comprehensive loss of \$6,960,570 for the year ended October 31, 2020. The Company recorded \$7,582,000 in deferred income taxes which resulted in Net and Comprehensive Income for the year of \$15,360,631. The increase in the comprehensive profit was related to the following significant factors:

- On October 31, 2021, the Company adjusted the fair value of its Investment in MSB project and noted a gain in unrealized fair value of \$23,977,453. This was attributed to a gain in share price of the Company and Lithium Power International Inc. (Australian Public Company) that has a 52% interest in MSB.
- Consulting expense was \$60,000 for the year ended October 31, 2021 compared to \$63,972 during the year ended October 31, 2020. Consulting expense is in line with the prior year.
- Professional fees totalled \$141,853 for the year ended October 31, 2021 compared to \$121,144 during the year ended October 31, 2020. The increase was attributed to additional work related to the Maricunga project.
- There is a share-based payment expense of \$726,114 for the year ended October 31, 2021 compared to \$180,445 for the year ended October 31, 2020. The share-based payment expense was for stock options granted to management and directors. The Company increased their total number of directors by one seat.
- Management and accounting fees for the year ended October 31, 2021 were \$57,281 compared to \$193,616 for the year ended October 31, 2020. The decrease was due to a change in management and targeted reduction in management fees.
- Income taxes of \$7,582,000 which is a deferred income tax expense was recognized due to the fair value adjustment of MSB exceeding cost basis.

Summary of quarterly results

The following table provides summary financial data for the Company's most recent nine quarters derived from the Company's unaudited condensed consolidated interim financial statements prepared in accordance with IFRS 9.

	Quarter ended	Net income (loss)	Comprehensive income (loss)	Basic income (loss) per common share
Q4/21	October 31, 2021	22,948,937	15,360,631	0.27
Q3/21	July 31, 2021	849,087	849,087	0.01
Q2/21	April 30, 2021	(4,041,387)	(4,041,387)	(0.05)
Q1/21	January 31, 2021	5,012,106	5,012,106	0.06
Q4/20	October 31, 2020	(6,366,557)	(6,366,557)	(0.10)
Q3/20	July 31, 2020	(25,664)	(25,664)	(0.00)
Q2/20	April 30, 2020	(328,617)	(328,617)	(0.00)
Q1/20	January 31, 2020	(239,732)	(239,732)	(0.00)
Q4/19	October 31, 2019	(314,559)	(314,559)	(0.00)

	Quarter ended	Total Assets	Working capital
Q4/21	October 31, 2021	40,133,245	798,597
Q3/21	July 31, 2021	18,780,194	2,461,171
Q2/21	April 30, 2021	15,971,134	506,101
Q1/21	January 31, 2021	19,775,057	999,310
Q4/20	October 31, 2020	13,562,843	15,370
Q3/20	July 31, 2020	19,866,556	120,313
Q2/20	April 30, 2020	20,045,481	320,315
Q1/20	January 31, 2020	20,064,435	465,093
Q4/19	October 31, 2019	19,240,946	475,198

RESULTS OF OPERATIONS AND SELECT FINANCIAL DATA (CONTINUED)

The primary factors affecting the magnitude and variations of the Company's gains and losses are as follows:

During Q4/21, there was a net income of \$22,948,937, compared to a loss of \$6,366,557 in Q4/20 mainly due to the unrealized fair value adjustment of Investment in MSB totalling \$21,464,699.

During Q3/21, there was a net income of \$849,087, compared to a loss of \$25,663 in Q3/20 mainly due to the unrealized fair value adjustment of Investment in MSB totalling \$911,458.

During Q2/21, there was a net loss of \$4,041,387, compared to a loss of \$328,617 in Q2/20 mainly due to the unrealized fair value adjustment of Investment in MSB totalling \$3,687,199.

During Q1/21, there was a net gain of \$5,012,106, compared to a loss of \$239,732 in Q1/20 mainly due to the unrealized fair value adjustment of Investment in MSB totalling \$5,250,495, and a gain on the disposal of an exploration and evaluation asset of \$43,000.

During Q4/20, the net loss increased to \$6,366,557, from \$329,243 in Q4/19 mainly due to the unrealized fair value adjustment of Investment in MSB totalling \$6,263,937, share-based payments totalling \$180,445 for stock options that were granted, an increase in amortization expense and regulating and filing expenses.

During Q3/20, the net loss decreased to \$25,664 compared to \$142,562 in Q3/19 mainly due to a decrease in Operating expenses of \$89,034 from Q3/19 to Q3/20 and other items show an income of \$22,547 in Q3/20 compared to an outflow of \$6,780 in Q3/19.

During Q2/20, the net loss increased from \$741 in Q2/19 to \$328,617 in Q2/20 as the Company recorded a recovery on write-off of accounts payable in Q2/19.

During Q1/20, the net loss decreased to \$239,732 compared to \$126,636 in the prior quarter mainly due to a decrease in share-based payments from \$Nil in Q4/19 to \$18,479 in Q1/20.

During Q4/19, the net loss increased to \$314,559 from \$144,001 in the prior quarter mainly due to share-based payments totalling \$103,424 for stock options that were granted and an increase in consulting expenses due to a financial consulting agreement with Leede Jones Gable Inc to review the Company's strategic alternatives.

OUTSTANDING SHARE DATA

As at the date of this MD&A, there are:

- 108,657,738 common shares outstanding
- 9,200,000 stock options issued and outstanding
- 16,806,855 common share purchase warrants outstanding

RELATED PARTY TRANSACTIONS

The Directors and Executive officers of the Company are as follows:

Gil Playford	- Director and CEO
Patrick Cussen	- Director
William T. Heenan	- Director
Luis Saenz	- Director
Martin Gubbins	- Director
Kwang-Seok Park	- Director
Bok H. Lee	- Former Director
Ryan Smith	- Officer and CFO
Ray Bateria	- Officer and Corporate Secretary

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

RELATED PARTY TRANSACTIONS (CONTINUED)

Remuneration attributed to key management personnel is summarized as follows:

Year ended	October 31, 2021	October 31, 2020
Management and accounting	\$ 59,837	\$ 193,616
Share-based payments	708,698	180,445
Total	\$ 768,535	\$ 374,061

For the year ended October 31, 2021, the following related party transactions took place and the following related party balances were outstanding:

- i. As at October 31, 2021, included in accounts payable and accrued liabilities is \$5,880 (October 31, 2020 - \$5,683) owing to related parties for accrued management fees and expense reimbursements. The amount is non-interest bearing and has no terms of repayments.
- ii. During the year ended October 31, 2021, the Company recorded share-based payment expense of \$708,698 (2020 - \$180,445) related to stock options granted to Officers and Directors of the company.
- iii. During the year ended October 31, 2021, there were two officers and one director that subscribed for an aggregate of 939,147 Units at \$0.129 per Unit for gross proceeds totalling \$121,150. Each Unit consists of one common share (a "Share") and one transferable Share purchase warrant. Each Warrant shall entitle the holder thereof to purchase one additional Share at a price of \$0.1725 per Share for a period thirty-six (36) months from closing.
- iv. During the year ended October 31, 2021, there was one director that subscribed for an aggregate of 582,500 Units at \$0.18 per Unit for gross proceeds totalling \$104,850. Each Unit consists of one common share (a "Share") and one transferable Share purchase warrant. Each Warrant shall entitle the holder thereof to purchase one additional Share at a price of \$0.24 per Share for a period thirty (30) months from closing.
- v. During the year ended October 31, 2021, one director exercised in aggregate 500,000 warrants with exercise prices ranging from \$0.135 to \$0.18 per warrant.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements for the year ended October 31, 2021.

PROPOSED TRANSACTIONS

The Company do not have any material proposed transaction to report on.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report, including the consolidated financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying consolidated financial statements.

FINANCIAL INSTRUMENTS

Fair value

The fair value of the Company's financial instruments is approximated by their carrying value due to their short-term nature. IFRS 13 establishes a fair value hierarchy for financial instruments measured at fair value that reflects the significance of inputs used in making fair value measurements as follows:

Level 1 – quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. from derived prices); and

Level 3 – inputs for the asset or liability that are not based upon observable market data.

The fair value of cash and marketable securities are based on Level 1 inputs. The fair value of the Company's investment in MSB SA is determined using Level 2 inputs. Refer to Note 5 of the consolidated financial statements for the details relating to these inputs.

The Company's financial instruments are exposed to certain financial risks, which include foreign currency risk, interest rate risk, credit risk, liquidity risk and other price risk. The Company's risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company's exposure to these risks and its methods of managing the risks remain consistent.

Credit risk

Concentration of credit risk exists with respect to the Company's cash, as all amounts are held at a major Canadian financial institution and a major Chilean financial institution. The Company's concentration of credit risk and maximum exposure thereto is as follows:

	October 31, 2021		October 31, 2020	
Cash				
Canadian financial institution	\$	796,982	\$	156,226
Chilean financial institution		-		1,032
	\$	796,982	\$	157,258

The credit risk associated with cash is minimized by ensuring that substantially all dollar amounts are held with a major financial institution with strong investment-grade ratings by a primary ratings agency.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities. The Company is reliant upon equity issuances as its sole source of cash. The Company manages liquidity risk by trying to maintain an adequate level of cash and cash equivalents to meet its ongoing obligations. The Company continuously reviews its actual expenditures and forecast cash flows and matches the maturity dates of its cash equivalents to capital and operating needs. The Company normally maintains sufficient cash to meet the Company's business requirements; as at October 31, 2021, the cash balance of \$796,982 is sufficient to meet its obligations related to its accounts payable of \$65,557 and accrued liabilities of \$69,091. On February 23, 2022, the Company announced it had closed on the previously announced non-brokered private placement from and issued 16,000,000 Common Shares of the Company for gross proceeds of \$4,000,000 which is expected to meet the required administrative and investment commitments over the next 12 months.

Market risk

[i] Interest rate risk

The Company is not exposed to interest rate risk on its cash and cash equivalents held at October 31, 2021. A 100-basis point (1%) increase or decrease in the interest rate would have an insignificant change in the Company's reported income for the year ended October 31, 2021 based on its closing balance.

FINANCIAL INSTRUMENTS (CONTINUED)

[ii] Currency risk

The carrying amounts of the Company's foreign currency denominated monetary assets are as follows:

	October 31, 2021		October 31, 2020	
	US \$	Cdn \$	US \$	Cdn \$
Cash	-	-	770	1,013
Accrued liabilities	(44,458)	(55,056)	(44,458)	(59,592)

As at October 31, 2021, the Company incurs expenses in Canadian dollars and United States dollars. The Company therefore has exposure to fluctuations in the Canadian dollar - United States dollar exchange rate. Based on current market conditions, the Company has determined that a 10% change in foreign exchange rates would affect the fair value of total assets by approximately \$6,500 (October 31, 2020 – \$6,500).

[iii] Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on economic value due to commodity price movements and volatilities.

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

In applying the Company's accounting policies, management makes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. Actual results may differ from the judgments, estimates and assumptions made by management and will seldom equal the estimated results.

The most significant critical judgment that members of management have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in the Financial Statements is the policy on exploration and evaluation assets.

RISKS AND UNCERTAINTIES

The Company is in the mineral exploration and development business and is exposed to a number of operational, financial, regulatory and other risks and uncertainties that are typical in the natural resource industry and common to other companies in the exploration and development stage. These risks may not be the only risks faced by the Company. Additional risks and uncertainties not presently known by the Company or which are presently considered immaterial could adversely impact the Company's business, results of operations, and financial performance in future periods.

The Company is currently dependent on the success of the Maricunga Project as its primary asset. The most significant risks and uncertainties that the Company is exposed to (in no particular order) are as follows:

General economic and financial market conditions

Recent market events and conditions, including disruptions in the international credit markets and other financial systems and the American and European sovereign debt levels have caused significant volatility in commodity prices. These events and conditions have caused a decrease in confidence in the broader U.S. and global credit and financial markets and have created a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. While there are signs of economic recovery, these factors have negatively impacted corporate valuations and are likely to continue to impact the performance of the global economy going forward. Mineral prices are expected to remain volatile for the near future as a result of market uncertainties over the supply and demand of these commodities due to the current state of the world economies and the ongoing global credit and liquidity concerns. This volatility may in the future affect the Corporation's ability to obtain equity or debt financing on acceptable terms.

RISKS AND UNCERTAINTIES (CONTINUED)

Exploration and Development Risk

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Corporation may be affected by numerous factors which are beyond the control of the Corporation and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection, the combination of which factors may result in the Corporation not receiving an adequate return of investment capital.

Exploring and developing natural resource projects bears a high potential for all manner of risks. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. Moreover, even one such factor may result in the economic viability of a project being detrimentally impacted, such that it is neither feasible nor practical to proceed. Natural resource exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of natural resources, any of which could result in work stoppages, damage to property, and possible environmental damage. If any of the Company's exploration programs are successful, there is a degree of uncertainty attributable to the calculation of resources and corresponding grades being extracted or dedicated to future production. Until actually extracted and processed, the quantity of lithium brine reserves and grade must be considered as estimates only. In addition, the quantity of reserves may vary depending on commodity prices. Any material change in quantity of reserves, grade or recovery ratio may affect the economic viability of the Company's properties. In addition, there can be no assurance that results obtained in smaller-scale laboratory and pilot tests will be duplicated in larger scale tests under on-site conditions or during production. The Company closely monitors its activities and those factors which could impact them, and employs experienced consulting, engineering, and legal advisors to assist in its risk management reviews where it is deemed necessary.

Disclosure Controls and Internal Control Financial Reporting

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to permit timely decisions regarding public disclosure. Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in the rules of the Canadian Securities Administration, as at January 31, 2020. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed in reports filed or submitted by the Company under Canadian securities legislation.

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Disclosure Controls and Internal Control Financial Reporting (continued)

The Canadian Securities Administrators do not require any certification on the effectiveness of these controls at this time. There have been no changes in the Company's internal control over financial reporting during the three months ended January 31, 2021, that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

RISKS AND UNCERTAINTIES (CONTINUED)

NI 43-101 Compliance Requirements

Under National Instrument 43-101 Standards of Disclosure for Mineral Projects (“NI 43-101”), if an issuer discloses in writing scientific or technical information about a mineral project on a property material to the issuer, the issuer must include in the written disclosure the name and the relationship to the issuer of the qualified person who: (a) prepared or supervised the preparation of the information that forms the basis for the written disclosure or (b) approved the written disclosure. For the purposes of this MD&A, Frederik Reidel, CPG, a Hydrogeologist with more than 30 years of experience is the Qualified Person for the purposes of NI 43-101 has approved the written disclosure in this MD&A. This MD&A references a number of previous news releases in respect of disclosure of technical matters relating to mineral properties and reference should be made to these news releases to fully understand these references.

Government Laws, Regulation & Permitting

Mining and exploration activities of the Company are subject to both domestic and foreign laws and regulations governing prospecting, development, production, taxes, labour standards, occupational health, mine safety, waste disposal, toxic substances, the environment and other matters. Although the Company believes that all exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing the operations and activities of the Company or more stringent implementation thereof could have a substantial adverse impact on the Company.

The operations of the Company will require licenses and permits from various governmental authorities to carry out exploration and development at its projects. There can be no assurance that the Company will be able to obtain the necessary licenses and permits on acceptable terms, in a timely manner or at all. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities.

Additional Financings

If the Company’s exploration programs are successful, additional funds will be required in order to complete the development of its properties. There is no assurance that the Company will be successful in raising sufficient funds to meet its obligations or to complete all of the currently proposed exploration programs. If the Company does not raise the necessary capital to meet its obligations under current contractual obligations, the Company may have to forfeit its interest in properties or prospects earned or assumed under such contracts.

Key Management and Competition

The success of the Company will be largely dependent upon the performance of its key officers, consultants and employees. Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. Failure to retain key individuals or to attract or retain additional key individuals with necessary skills could have a materially adverse impact upon the Company’s success.

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than itself with respect to the discovery and acquisition of interests in mineral properties, the recruitment and retention of qualified employees and other persons to carry out its mineral exploration activities. Competition in the mining industry could adversely affect the Company’s prospects for mineral exploration in the future.

Title to Properties

Acquisition of rights to the mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. Although the Company has investigated the title to all of the properties for which it holds concessions or other mineral leases or licenses or in respect of which it has a right to earn an interest, the Company cannot give any assurance that title to such properties will not be challenged or impugned.

The Company has investigated its right to explore and exploit its mineral properties and, to the best of its knowledge, has direct or indirect title to the mineral properties. However, the results of the Company’s investigations should not be construed as a guarantee of title.

RISKS AND UNCERTAINTIES (CONTINUED)

Commodity Prices

Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The prices of mineral commodities have fluctuated widely in recent years. Current and future price declines could cause commercial production to be impracticable.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with the laws of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Risks associated with foreign operations

The Company is currently working to having an active project in Chile. Accordingly, the Company is subject to all the risks normally associated with the exploration, development and production of mineral properties in this jurisdiction. The Company's operations could be adversely impacted by political instability, foreign policies, differing business environments and changes in government regulations relating to foreign investment, corporate organization and governance, commerce, taxation, trade and the mining industry. The economies in foreign jurisdictions may differ in many respects, including the level of government intervention, level of development, maturity of the legal system and control of foreign exchange. Any changes in foreign regulations or shifts in political conditions are beyond the Company's control and there are no assurances that current and future mineral operations will not be adversely impacted by foreign political, social or economic changes.

The Corporation may be Reliant on Third Party Reporting

The Corporation relies, and will rely, on public disclosure and other information regarding the properties in which it has an interest that it receives from the owners, operators and independent experts of such operations, and certain of such information is included in this MD&A. Such information is necessarily imprecise because it depends upon the judgment of the individuals who operate the properties, as well as those who review and assess the geological and engineering information. In addition, the Corporation must rely on the accuracy and timeliness of the public disclosure and other information it receives from the owners and operators of the properties, and uses such information in its analyses, forecasts and assessments relating to its own business and to prepare its disclosure with respect to its streams and royalties. If the information provided by such third parties to the Corporation contains material inaccuracies or omissions, the Corporation's disclosure may be inaccurate and its ability to accurately forecast or achieve its stated objectives may be materially impaired, which may have a material adverse effect on the Corporation.

Forward Looking Statements

Certain statements included in this "MD&A" constitute forward-looking statements, including those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend", "may", "should" expect", "target", "will" and similar expressions to the extent they relate to the Business or its management. The forward-looking statements are not historical facts but reflect current expectations regarding future results or events. This MD&A contains forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors.

RISKS AND UNCERTAINTIES (CONTINUED)

Forward Looking Statements (continued)

Information concerning the interpretation of drill results also may be considered forward-looking statements; as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed. The estimates, risks and uncertainties described in this MD&A are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in the Company's forward-looking statements. In addition, any forward-looking statements represent the Company's estimates only as of the date of this MD&A and should not be relied upon as representing the Company's estimates as of any subsequent date.

The material factors and assumptions that were applied in making the forward-looking statements in this MD&A include: (a) execution of the Company's existing plans or exploration programs for each of its properties, either of which may change due to changes in the views of the Company, or if new information arises which makes it prudent to change such plans or programs; and (b) the accuracy of current interpretation of drill and other exploration results, since new information or new interpretation of existing information may result in changes in the Company's expectations.

These forward-looking statements relate to, among other things, mineral reserve and resource estimates, grades and recoveries, financial forecasts including the net present value and after-tax internal rate of return estimates of the Maricunga Project, projected tax rates, the anticipated life of operations, annual production expectations including cash flows, capital costs, expected operating costs and construction financing. Forward-looking statements involve known and unknown risks, uncertainties and other factors which are beyond Bearing's ability to predict or control and may cause Bearing's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by the forward-looking statements. These risks, uncertainties and other factors include, but are not limited to, strategic, legal, planning and other risks, the impact of changes in, or to the enforcement of, laws, regulations and government practices, potential defects in title to the Maricunga Project that are not known as of the date hereof, the occurrence of unexpected financial obligations, fluctuations in the price of lithium and other commodities, fluctuations in the currency markets, changes in national and local government, legislation, taxation, controls, regulations and political or economic developments, risks and hazards associated with the business of mineral exploration, development and mining (including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins and flooding), risks related to operational matters and geotechnical issues, the success of future exploration and development activities, the occurrence of any labour unrest, the ability to accurately predict decommissioning and reclamation costs, the risk of budget and timing overruns, potential opposition to the Maricunga Project by local communities and the ability to secure construction financing. Such forward-looking statements are also based on a number of assumptions which may prove to be incorrect including changes in Maricunga Project parameters as plans continue to be evaluated as well as those factors disclosed in the Company's documents filed from time to time with the securities regulators in the Provinces of British Columbia and Alberta. Accordingly, readers should not place undue reliance on forward-looking statements. Bearing undertakes no obligation to update publicly or otherwise revise any forward-looking statements contained herein whether as a result of new information or future events or otherwise, except as may be required by law.

Readers should not place undue reliance on the Company's forward-looking statements, as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize.

APPROVAL

The Company's Board of Directors has approved the Company's consolidated financial statements for the year ended October 31, 2021. The Company's Board of Directors has also approved the disclosures contained in this MD&A.

OTHER

A copy of this MD&A will be provided to anyone who requests it. The MD&A and additional information about the Company, including the Financial Statements and Technical Reports, is available on the Company's website at www.bearinglithium.com, or on SEDAR at www.sedar.com.

This Management Discussion & Analysis (“MD&A”) is provided to enable the reader to assess material changes in financial condition and results of operations of Bearing Lithium Corp. (“Bearing” or the “Company”) for the year ended October 31, 2020. This MD&A should be read in conjunction with the audited consolidated financial statements for the year ended October 31, 2020 (“Financial Statements”) and the audited consolidated financial statements of the company for the year ended October 31, 2019, prepared in accordance with international financial reporting standards (“IFRS”) as issued by the international accounting standards board (“IASB”). This MD&A complements and supplements but does not form part of the company’s consolidated financial statements.

This MD&A contains forward-looking statements. Statements regarding the adequacy of cash resources to carry out the company’s exploration programs or the need for future financing are forward-looking statements. All forward-looking statements, including those not specifically identified herein, are made subject to cautionary language on pages 13-16. Readers are advised to refer to the cautionary language when reading any forward-looking statements.

This MD&A is prepared in conformity with National Instrument 51-102F1. All dollar amounts referred to in this discussion and analysis are expressed in Canadian dollars except where indicated otherwise. This MD&A has taken into account information available up to and including January 22, 2021.

BUSINESS OVERVIEW

Bearing was incorporated on January 13, 2011 as 0900353 B.C. LTD, a wholly owned subsidiary of Valley High Ventures Ltd. (“Valley High”). On March 25, 2011, Levon Resources Ltd. acquired Valley High, the predecessor corporation to the Company, by way of a court-approved plan of arrangement, at which time Bearing began operating as a standalone entity. Bearing shares commenced trading on the TSX Venture Exchange on June 10, 2011 (BRZ.V).

Bearing is a Canadian based company which is focused on exploration for precious and base metals in South America. The Company’s primary asset is a partial stake in a lithium and potassium exploration project located in the northeast section of the Salar de Maricunga in Region III of Atacama in northern Chile (“Maricunga project”).

On September 28, 2017 the Company and Li3 Energy, Inc. (“Li3”) entered into an agreement and plan of merger (the “Merger Agreement”) whereby Bearing acquired all the issued and outstanding shares of Li3. Pursuant to the Merger Agreement, Bearing, LI Acquisition Corporation (“Sub”), a newly formed wholly owned subsidiary of the Company, merged with and into Li3 (the “Merger”), with Li3 surviving the Merger as a wholly owned subsidiary of Bearing. In exchange the Li3 common stock was converted into an aggregate of 16,000,000 Bearing common shares of the Company. Through the Merger of Li3, the Company obtained a 17.67% interest in Minera Salar Blanco S.A (“MSB SA”), the joint venture in the Maricunga project.

In February 2018, Lithium Power International (“Lithium Power”), the Company’s joint venture partner in the Maricunga project agreed to accelerate its outstanding payments of US\$7.53 million by March 1st, 2018 to satisfy its earn-in. Including the US\$7.53 million pre-payment by Lithium Power, MSB SA had a treasury of approximately US\$9.7 million. Based on current budgets and development timelines, the project is fully funded without any expected contribution from Bearing or MSB for the 2018 development program which includes the delivery of the Definitive Feasibility Study (“DFS”), completion of environmental studies and submission of permits. Any expenditures in excess of the current treasury would require approval from at least five of the six board members of MSB SA and contributions would be pro-rated based on ownership interests. To continue developing the property from the permit stage into a producing mine, the Company will need to fund its share of the development costs or risk dilution of its ownership interest. The required funding is determined based on an annual business plan with an itemized project budget.

On May 2, 2018, First Division and Bearing entered into an amending agreement whereby the acquisition by First Division would be reduced to a 50% interest in the 81 lode claims in the Esmeralda County, Nevada. First Division Ventures Inc. exercised its option to acquire a 100% interest in certain mining claims of the Fish Lake Valley Property by paying \$20,000 and issuing 20,000 common shares.

On July 23, 2018, the Company completed a spin-out transaction by way of the Arrangement which resulted in Bearing transferring its interests in exploration projects in the gold district of the Yukon and a lithium project in Nevada to Lions Bay. The 5 properties continue to be included as mineral properties in the financial statement consolidation of Lions Bay and Bearing because Bearing held a control position of over 50% ownership in the shares of Lions Bay as at October 31, 2018. Lions Bay closed a private placement in November 2018 resulting in the dilution of Bearing’s percentage ownership below 50% resulting in the Yukon and Nevada properties to be excluded from financial reports in future periods.

BUSINESS OVERVIEW (CONTINUED)

On August 28, 2018, the Company purchased an additional interest in MSB SA bringing the ownership interest to 18.02% through Li3. The Maricunga project is held by joint-venture company MSB SA, which is owned by Bearing (18.02%), Minera Salar Blanco SpA ("MSB") (30.98%) and Lithium Power (51%).

HIGHLIGHTS

- The Engineering, Procurement and Construction (EPC) bidding process for the Maricunga project continues. Two major global engineering groups, Worley Parsons and Bechtel, have been chosen to provide a comprehensive construction proposal for the project.
- Due diligence continues under the Memorandum of Understanding (MOU) between the Chilean State-owned mining company, CODELCO, and the Maricunga project's joint venture company, Minera Salar Blanco S.A. (MSB).
- Discussions continue with parties on project funding and off-take agreements for the Maricunga project.
- On November 20, 2019, the Company issued 200,000 stock options to a director and an officer. The stock options had an exercise price of \$0.16 and an expiry date of November 20, 2023.
- On January 24, 2020, the Company advanced \$613,887 (US\$466,726) to MSB SA. As a result, the Company maintained its 18.02% ownership interest in the joint venture.
- On January 27, 2020, the Company issued 7,437,000 common shares for gross proceeds of \$892,440. Each unit consisted of one common share and one-half of a common share purchase warrant. Each warrant entitles the holder to acquire an additional share of the Company for \$0.18, expiring on July 27, 2021. Total proceeds were allocated based on the proportionate fair value of the common share and the warrant, with \$91,39 of the proceeds allocated to the warrant and \$801,048 allocated to the common share.

In conjunction with the financing, the Company paid aggregate finder's fees of \$20,828 and issued 169,020 broker's warrants measured at a fair value of \$4,628 and having the same terms as the warrants issued as units pursuant to this financing.

- On February 3, 2020, the Company issued 1,100,000 units for gross proceeds of \$132,000. Each unit consists of one common share and one-half of a common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.18 for 18 months following the date of the issuance. The warrants are subject to an acceleration clause in the event the closing price of the Company's common shares on the TSX Venture Exchange is greater than \$0.30 for 15 consecutive trading days.
- In connection with the issuance, the Company has paid an aggregate of \$7,920 in cash finders' fees plus issued a total of 66,000 finders' warrants measured at a fair value of \$4,627. The finders' warrants will have the same terms as the common share purchase warrants forming part of the Units.
- As a result of the over-subscribed private placement financing announced on Feb 4, 2020 for total gross proceeds of \$1,024,440 in two tranches, the Company paid the US\$613,887 December 2019 cash call by the Maricunga Joint Venture and paid US\$157,678 on April 1, 2020 and US\$157,678 on July 31, 2020 to maintain its 18% interest in the Maricunga Lithium Brine Project in Chile.
- On February 4, 2020, the Chilean Government's Central Environmental Committee has voted to approve the project's Environmental Impact Assessment ("EIA"). This is one of the few EIAs approved in Chile during recent years and it will enable MSB SA to become the third significant lithium operation in the country with an anticipated 20,000 tonnes annual production for an estimated capital investment of US\$563 million.
- On March 27, 2020, the Company granted 2,320,000 incentive stock options ("Stock Options") to certain directors and officers. Each Stock Option is exercisable to acquire one common share of the Company at a price of \$0.11 for a five-year period.

HIGHLIGHTS (Continued)

- On March 31, 2020, the Company issued 1,000,000 common shares to Leede Jones Gable Inc. at a fair market value of \$0.12 in payment of the \$120,000 advisory services provided in connection with the Company's review of strategic alternatives, including without limitation, acquisitions or dispositions of assets, joint venture agreements for mineral properties with, or without, participating interest buy-out provisions, amalgamations, mergers, takeovers or other corporate reorganizations.
- On April 1, 2020, the Company advanced \$227,355 (US\$158,454) to MSB SA. As a result, the Company maintained its 18.02% ownership interest in the joint venture.
- On June 11, 2020, the Company acquired Fish Lake Valley Property from Lions Bay Mining for a purchase price of \$10,000 plus GST.
- On July 31, 2020, the Company advanced \$214,928 (US\$157,750) to MSB SA. As a result, the Company maintained its 18.02% ownership interest in the joint venture.
- On August 21, 2020, the Company repriced 4,268,500 warrants from an exercise price of \$0.18 per unit to \$0.135. The warrants were issued pursuant to two private placement financings that closed on January 27, 2020 and February 3, 2020 with expiration dates of July 27, 2021 and August 3, 2021.
- On November 6, 2020, the Company did not participate in the \$3 million USD equity cash call to MSB SA. As a result, the Company's ownership interest in the joint venture was reduced from 18.02% to 17.35%.
- On November 9, 2020, the Company sold its mineral property interest of Fish Lake Valley and received \$50,000 in cash and 100,000 common shares from Acme Lithium Inc.
- On December 1, 2020, the Company issued 6,494,960 common shares for gross proceeds of \$837,850 each unit priced at \$0.129. Each unit consisted of one common share and one transferable share purchase warrant. Each warrant entitles the holder to acquire an additional share of the Company for \$0.1725, expiring on November 30, 2023.

In conjunction with the financing, the Company paid aggregate finder's fees of \$37,332 and issued 289,395 broker's warrants which have the same terms as the units pursuant to this financing.

- On December 4, 2020, the Company granted 1,800,000 incentive stock options ("Stock Options") to certain directors and officers. Each Stock Option is exercisable to acquire one common share of the Company at a price of \$0.13 for a five-year period.

NI 43-101 QUALIFIED PERSONS

Don Hains, PGeo, a qualified person as defined by National Instrument 43-101, has reviewed the scientific and technical information that forms the basis for the technical disclosure in this MD&A and has approved the disclosure with respect thereto herein.

OUTLOOK

Bearing is an exploration and development company. The Li3 Merger Agreement has enabled the Company to acquire an interest in the advanced-stage Maricunga project located in Chile, which represents one of the highest-grade lithium brine development opportunities in the Americas. The Company plans to focus on working with its partners to advance the pre-production lithium project in Chile. Bearing had a free carry through Definitive Feasibility Study ("DFS") which was released in January 2019, permitting and the filing of environmental reports which was approved on February 4, 2020. In January 2020, the Company paid US\$466,000 (CAD\$613,887) to fund its interest in MSB SA. And on April 01, 2020 a further US\$157,678 (CAD \$227,354) and on July 31, 2020 a further US\$157,678 (CAD \$214,928). The Company will also be responsible to contribute to future cash calls in order to maintain its current ownership level. The focus of MSB SA for 2021 will be on securing long-term funding and/or off-take agreements required for the construction of the project or an outright sale.

The Company may need additional funding in the near future through either equity or debt financing to acquire new projects and further develop its remaining portfolio. Many factors influence the Company's ability to raise funds, including the health of the capital market, the climate for mineral exploration investment and the Company's track record.

OUTLOOK (CONTINUED)

Actual funding requirements may vary from those planned due to a number of factors, including the funding of new projects. Management is approaching all identifiable sources of equity capital, but there is no guarantee that the Company will be able to secure additional financings in the future at terms that are favourable.

MINERAL PROPERTIES – Maricunga Project

Exploration related expenditures by the Company over the last eight quarters were limited as the company concentrated on the acquisition of Li3 and the Maricunga project. The Company is focused on the Maricunga project and currently has elected to reduce its exploration activities on other projects to preserve its cash and maintain its treasury. The company plans to advance any projects through JV or Earn in strategies.

Definitive Feasibility Study (“DFS 2019”)

On September 28, 2017, Bearing acquired Li3 Energy Inc and its 17.67% interest in the Maricunga Project. On August 28, 2018, the Company purchased an additional interest in MSB SA bringing the ownership interest to 18.02%. The Maricunga project is held by joint-venture company MSB SA, which is owned by Bearing (18.02%), MSB (30.98%) and Lithium Power (51%) pursuant to a joint venture arrangement (the “Joint Venture”). Under the terms of the Joint Venture, Lithium Power has agreed to fund exploration and development costs with both Li3 and MSB having a free carry until the end of 2018 and the completion of DFS. The results of the DFS was released in January 2019 and resulted in the Company have a cash call of US\$1,261,421 which was paid during the year ended October 31, 2019. On January 24, 2020, the Company paid \$613,887 (US\$466,726) and on April 01, 2020 US\$158,454 (CAD \$227,354) and on July 31, 2020 a further US\$157,750 (CAD \$214,928), to fund its interest in MSB SA and maintain its ownership percentage. On a November 2, 2020 there was a capital call of \$3 million USD for MSB. Bearing did not participate in that call diluting their interest from 18.02% to 17.35%.

The Maricunga lithium brine project is comprised of 4,463 hectares of old code and new code tenements covering the largest and most central portion of the Maricunga Salar in northern Chile. Drilling and sampling to date by the joint venture indicates high lithium grades from brine within the salar. Over US\$58 million has been invested in the project to date by Li3, MSB and Lithium Power. The project is comprised of a number of tenements, some of which are grandfathered under a previous mining code which allows for the immediate exploitation of lithium.

Highlights from NI 43-101 Definitive Feasibility Study dated January 17, 2019:

- The Maricunga Lithium Brine project’s DFS supports 20,000 tonnes per annum (t/a) production of lithium carbonate (“LCE”) over 20 years.

Highlights from NI 43-101 Definitive Feasibility Study dated January 17, 2019: (continued)

- Operating cost (“OPEX”) places Maricunga among the most efficient producers with an OPEX of US\$3,772 per tonne (/t) without any credits from the potassium chloride (“KCl”) by-product, as KCl production was not considered in the DFS.
- Project Direct Development Cost estimated at US\$456M, with Indirect Costs of US\$45M and Contingency Costs of US\$63M, providing a total CAPEX for the project of US\$563M.
- Maiden reserve estimate prepared in accordance with NI 43-101 guidelines, account for a total of 139,000 tonnes contained lithium metal (742,000 tonnes Lithium Carbonate Equivalent, “LCE”), exceeding the project mine life production estimate.
- Project infrastructure including water rights have been secured through long term contracts for project construction and operation. Access to the National Power Grid has been granted by the corresponding authorities, thus assuring future power supply.
- DFS completed by Tier-1 engineering consultancy WorleyParsons (excluding the Reserve and Resource Estimate prepared by FloSolutions). Accuracy of Operating and Capital Cost estimates expected within a +/- 15% range.
- Discussions with major Chilean and international financial institutions to secure project development finance for the project have commenced. Approaches from international companies have been received regarding off-take agreements and future participations.
- Continuing to work with the Chilean Government and other corporate bodies to finalize all remaining licenses, agreements and operational relationships.
-

MINERAL PROPERTIES - Maricunga Project (CONTINUED)

Definitive Feasibility Study (“DFS 2019”)

The Definitive Feasibility Study reserve estimates of 742,000 tonnes of LCE (203,000 Proven - 539,000 Probable), supports the 20,000 tonnes per annum LCE (t/a) projected for Maricunga throughout its 20 years mine life (c.f. Figure 1). Resources were updated to a total of 2,070,000 tonnes of LCE and reclassified as Measured or Indicated Resources in conformance to NI 43-101 definitions. (c.f. Figure 2).

Figure 1: Maricunga Lithium Reserve

Concession	Category	Year	Brine Vol (Mm3)	Li (mg/l)	Li (tonnes)	LCE (tonnes)
Old code	Proven	1-7	21	1,051	22,000	115,000
	Probable	1-18	42	1,068	45,000	241,000
Litio 1-6	Proven	7-14	14	1,184	17,000	88,000
	Probable	14-23	48	1,170	56,000	298,000
Total			125	1,117	139,000	742,000

Notes to the reserve estimate:

Reserves presented without accounting for lithium process recovery efficiency

The effective date for the Reserve Estimate is January 15, 2019.

The Qualified Person for this Mineral Reserve estimate is Frits Reidel, CPG

Lithium is converted to lithium carbonate (Li_2CO_3) with a conversion factor of 5.32

Numbers may not add due to rounding.

Figure 2: Maricunga Mineral Resource

	Measured		Indicated		M&I	
	Li	K	Li	K	Li	K
Area (km ²)	18.88		6.43		25.31	
Aquifer Volume (km ³)	3.05		1.94		5.00	
Mean Specific Yield (Sy)	0.04		0.11		0.07	
Brine Volume (km ³)	0.13		0.21		0.35	
Mean Grade (g/m ³)	48	349	128	923	79	572
Concentration (mg/L)	1,175	8,624	1,153	8,306	1,167	8,500
Resource (tonnes)	146,000	1,065,000	244,000	1,754,000	389,000	2,818,000
Lithium Carbonate (Li_2CO_3)					2,070,000	
Potassium Chloride (KCl)						5,380,000

Notes to the resource estimate:

CIM definitions (2014) were followed for Mineral Resources.

The Qualified Person for this Mineral Resource estimate is Frits Reidel, CPG

No cut-off values have been applied to the resource estimate.

Numbers may not add due to rounding.

The M&I Resources are inclusive of those Mineral Resources modified to produce the Mineral Reserves

The effective date is December 24, 2018

Lithium is converted to lithium carbonate (Li_2CO_3) with a conversion factor of 5.32

Potassium is converted to potassium chloride (KCl) with a conversion factor of 1.91

Maricunga Project Update (December 2020)

MSB and its three owners (LPI, Borda Group, and Bearing) has decided to advance the low cost Maricunga Lithium Brine Project in a number of stages by fast-tracking a first stage development. This development strategy will be undertaken as MSB also continues to pursue the original and larger project. The initial development stage will be based on the properties known as 'Old Code' concessions. These licenses are grandfathered from the current lithium legislation and do not require any further significant permitting for lithium production. The decision to advance this development plan is based partly on the positive global outlook for the lithium industry, and the Maricunga project's exceptional position as a potential world-class operation. It is also being taken after considering the impact that COVID-19 has had on discussions with Chile's stateowned mining company, Codelco, under MSB's Memorandum of Understanding. Codelco is reviewing the Maricunga project with a view on how best to develop the entire Maricunga salar under joint ownership. The first stage of the project (Figure 1) will have a name plate capacity of 15,000 tonnes per year of highquality lithium carbonate over a 20-year mine life. It will also provide significant future expansion potential from subsequent stages. Brine from the exploration target below 200m could potentially convert to reserves after additional confirmation drilling, as could existing brine resources within MSB's New Code concessions on the salar. Stage One will also provide a strong foundation for substantial consolidation opportunities for MSB and other parties on the Maricunga Salar. MSB's four Old Code concessions, the Cocina, San Francisco, Despreciada and Salamina, comprise 1,150 hectares of the highest-grade brine in the Maricunga Salar as defined by MSB's comprehensive exploration program

The resource contained in these properties is included in the previously released NI43-101 and JORC resource statements (Definitive Feasibility Study of MSB Blanco Lithium Carbonate Project; 17 January 2019) that are part of the Definitive Feasibility Study. The exploitation of the lithium brine within the Old Code concessions is also included in the approved project EIA along with the existing Chilean Nuclear Commission (CCHEN) permits. Most importantly, having received all of the required Chilean Government development and environmental approvals necessary for the start of construction, the key decisions for the development of Stage One now lie solely with MSB and its owners. Stage One represents a lower capital expenditure, fully permitted project that can take advantage of future developments in the global lithium industry. MSB remains committed to evaluating and progressing alternative development plans for the subsequent stages with Codelco and the Chilean authorities. This will advance the original strategy to consolidate the Maricunga Salar by developing the remainder of the mining concessions, known as the New Code concessions, to provide substantial future growth for the project.

Work is already underway with MSB's highly credentialed technical team and partners Worley Parsons, GEA, Stantec (formally MKH) and Atacama Water (formerly Flosolutions), among others to update the detailed engineering work to re-size and optimize the project to its revised output and specifications. This involves a comprehensive internal review of the project's technical and economic design. It will include further drilling to increase resources to a depth of 400m on the Old Code properties, adding to the 380m hole completed during the 2018 drilling program. Reported results will be in accordance with JORC and NI 43-101 international standards. Special focus will be on the optionality provided by the Stage One as a starter project that would allow future rapid expansion incorporating exploitation of the New Code concessions. Recent work on the Engineering, Procurement and Construction (EPC) bidding processes is advancing with two major international engineering companies, as are several alternatives for project financing. They will be adjusted to take into account the updated Stage One design. Engineering and financing activities will ensure continuity in the fast tracking of the development during the first half of 2021. A construction decision is expected to be made shortly thereafter.

LIQUIDITY AND CAPITAL RESOURCES

The Company's consolidated financial statements for the year ended October 31, 2020, have been prepared on a going concern basis, which assumes that the Company will continue in operation in the foreseeable future and will be able to realize its assets and settle its liabilities in the normal course of business. At October 31, 2020, the Company had a cash balance of \$157,258 and working capital of \$15,370 (October 31, 2019 – \$475,198) and an accumulated deficit of \$28,325,934 (October 31, 2019 – \$21,363,952). On December 1, 2020, the Company issued 6,494,960 common shares for gross proceeds of \$837,850.

Cash outflows from operating activities for the year ended October 31, 2020 were \$408,068 (2019 - \$569,330). During the year ended October 31, 2020, there was a large non-cash item totalling \$6,263,937 for an unrealized fair value change in the MSB investment.

Cash outflows from investing activities for the year ended October 31, 2020, were \$1,057,154 (2019 - \$1,312,542) due to payments made to maintain the 18.02% ownership in MSB SA.

For the year ended October 31, 2020, net cash provided by financing activities totalled \$977,441 (2019 - \$29,800) due to proceeds from a private placement.

LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

The 2020 Maricunga Project budget required payments totalling \$1,056,168 (US\$782,082) to be made in the year ended October 31, 2020 and the Company may require additional equity financing to fund future MSB equity calls. On December 1, 2020, the Company issued 6,494,960 common shares for gross proceeds of \$837,850. There can be no assurance the Company will be able to obtain any required financing in the future on acceptable terms. The Company may receive cash proceeds from the exercise of options and warrants, however, the Company cannot predict the timing or amount of additional options and warrants that may be exercised, if any.

The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions. Any quoted market for the Company's shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

Historically, the Company has used net proceeds from issuances of common shares to provide sufficient funds to meet its near-term exploration and development plans and other contractual obligations when due. However, further development and exploration of its Maricunga Project will require substantial additional capital resources.

RESULTS OF OPERATIONS AND SELECT FINANCIAL DATA

For the year ended October 31, 2020 compared to the year ended October 31, 2019

The Company incurred a comprehensive loss of \$6,960,570 during the year ended October 31, 2020, an increase of \$6,631,327 when compared to the comprehensive loss of \$329,243 for the year ended October 31, 2019. The increase in the comprehensive loss was related to the following significant factors:

- On October 31, 2020, the Company adjusted the fair value of its Investment in MSB project and noted unrealized fair value loss of \$6,263,937. This was attributed to a decline in share price of the Company and Lithium Power International Inc. (Australian Public Company) that has a 51% interest in MSB. Subsequent to the end of the reporting period the share prices for both entities increased which may result in an increase in carrying value next reporting period.
- Consulting expense was \$63,972 for the year ended October 31, 2020 compared to \$86,412 during the year ended October 31, 2019.
- Professional fees totalled \$ 193,616 for the year ended October 31, 2020 compared to \$362,166 during the year ended October 31, 2019. The decrease was due to a decrease in legal work related to contract management and CEO transition.
- During the year ended October 31, 2020, no gain on deconsolidation was recorded whereas in the year ended October 31, 2019 a gain of \$324,659 was recorded. This was due to the deconsolidation of Lions Bay Minerals in the prior year.
- There is an amortization expense of \$26,949 for the year ended October 31, 2020 and a share-based payment expense of \$180,445 for the year ended October 31, 2020. These expenses did not occur for the year ended October 31, 2019. The amortization expense was for Bearing's office lease. The share-based payment expense was for stock options granted to new management and existing directors.
- Regulatory and Filing expenses were \$71,771 for the year ended October 31, 2020, where for the year ended October 31, 2019 the expenses were only \$42,420. Contributing to that increase was additional fees relating to a private placement and AGM related fees.

RESULTS OF OPERATIONS AND SELECT FINANCIAL DATA (CONTINUED)

Summary of quarterly results

The following table provides summary financial data for the Company's most recent nine quarters derived from the Company's unaudited condensed consolidated interim financial statements prepared in accordance with IFRS 9.

	Quarter ended	Revenue	Exploration expenditures	Net income (loss)	Comprehensive income (loss)	Basic and diluted income (loss) per common share
Q4/20	October 31, 2020	-	-	(6,960,570)	(6,960,570)	(0.10)
Q3/20	July 31, 2020	-	-	(25,664)	(25,664)	(0.00)
Q2/20	April 30, 2020	-	-	(328,617)	(328,617)	(0.00)
Q1/20	January 31, 2020	-	-	(239,732)	(239,732)	(0.00)
Q4/19	October 31, 2019	-	-	(314,559)	(314,559)	(0.00)
Q3/19	July 31, 2019	-	-	(144,001)	(144,001)	(0.00)
Q2/19	April 30, 2019	-	-	4,792	4,792	(0.00)
Q1/19	January 31, 2019	-	-	124,525	124,525	0.00
Q4/18	October 31, 2018	-	-	(585,707)	(588,323)	(0.01)

As at	Quarter ended	Total Assets	Exploration Assets	Working capital
Q4/20	October 31, 2020	13,562,843	-	15,369
Q3/20	July 31, 2020	19,866,556	-	120,313
Q2/20	April 30, 2020	20,045,481	-	320,315
Q1/20	January 31, 2020	20,064,435	-	465,093
Q4/19	October 31, 2019	19,240,945	-	475,198
Q3/19	July 31, 2019	19,333,495	-	421,564
Q2/19	April 30, 2019	19,480,369	-	1,147,659
Q1/19	January 31, 2019	19,653,725	-	1,132,945
Q4/18	October 31, 2018	19,613,979	-	2,316,284

The primary factors affecting the magnitude and variations of the Company's losses are as follows:

During Q4/20, the Net loss increased to \$6,960,570, from \$329,243 in Q4/19 mainly due to the unrealized fair value adjustment of Investment in MSB totalling \$6,263,937, share-based payments totalling \$180,445 for stock options that were granted, an increase in amortization expense and regulating and filing expenses.

During Q3/20, the Net loss decreased to \$25,664 compared to \$142,562 in Q3/19 mainly due to a decrease in Operating expenses of \$89,034 from Q3/19 to Q3/20 and other items show an income of \$22,547 in Q3/20 compared to an outflow of \$6,780 in Q3/19.

During Q2/20, the Net loss increased from \$741 in Q2/19 to \$328,617 in Q2/20 as the Company recorded a recovery on write-off of accounts payable in Q2/19.

During Q1/20, the net loss decreased to \$239,732 compared to \$126,636 in the prior quarter mainly due to a decrease in share-based payments from \$Nil in Q4/19 to \$18,479 in Q1/20.

During Q4/19, the net loss increased to \$314,559 from \$144,001 in the prior quarter mainly due to share-based payments totalling \$103,424 for stock options that were granted and an increase in consulting expenses due to a financial consulting agreement with Leede Jones Gable Inc to review the Company's strategic alternatives.

During Q3/19, the net loss increased to \$144,001 from a gain of \$4,792 the prior quarter due to income related to the write-off of accounts payable for \$201,345 which is a non-recurring activity.

During Q2/19, net income decreased to \$4,792 from a net income of \$124,525 in Q1/19. The \$119,733 decrease in the net income was mainly due to Q2/19 not having a gain from deconsolidation. The remaining change was due to a reduction in management expenses.

In Q1/19, the Company had a \$324,659 gain from deconsolidation due to the completed arrangement with Lions Bay and the loss of control of the subsidiary.

The expected trend is lower operating expenses than in prior quarters as management has worked to reduced Management & Accounting fees and Consulting fees.

OUTSTANDING SHARE DATA

As at January 22, 2021, there are:

- 72,849,778 common shares outstanding
- 3,375,000 stock options issued and outstanding
- 4,503,520 common share purchase warrants outstanding

RELATED PARTY TRANSACTIONS

The Directors and Executive officers of the Company are as follows:

Gil Playford	- Director and CEO
Patrick Cussen	- Director
William T. Heenan	- Director
Luis Saenz	- Director
Bok H. Lee	- Director
Ryan Smith	- Officer and CFO
Ray Baterina	- Officer and Corporate Secretary

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

year ended	October 31, 2020	October 31, 2019
Management and accounting	\$ 193,616	\$ 326,400
Share-based payments	180,445	103,424
Total	\$ 374,061	\$ 429,824

For the year ended October 31, 2020, the following related party transactions took place and the following related party balances were outstanding:

- i. The Company entered into a consulting service agreement with Jeremy Poirier and Nico Consulting Ltd., a corporation controlled by Mr. Poirier, on December 1, 2016. Mr. Poirier is the former Chief Executive Officer of the Company. Pursuant to this consulting agreement, Jeremy Poirier was compensated at a rate of \$12,000 per month. Mr. Poirier ceased to be a director on June 25, 2020. Nico Consulting Ltd. charged a total of \$30,000 (2019 - \$144,000) for management fees.

As of October 31, 2020, the Company has included in its accounts payable and accrued liabilities \$Nil (October 31, 2019 - \$461) due to Nico Consulting Ltd.

- ii. The Company entered into a consulting service agreement with Ann Fehr and Fehr & Associates, a corporation controlled by Ms. Fehr, effective September 1, 2018 until March 31, 2020. Mrs. Fehr is the former Chief Financial Officer of the Company.

Pursuant to this consulting agreement Fehr & Associates is compensated \$4,600 per month for management and financial reporting related work. Fehr & Associates also provides book-keeping services to the Company for \$2,100 per month. Fehr & Associates charged total consulting fees of \$43,142 (2019 - \$80,400).

As of October 31, 2020, the Company has included in its accounts payable \$Nil (October 31, 2019 - \$Nil) due to Fehr & Associates.

RELATED PARTY TRANSACTIONS (CONTINUED)

- iii. The Company entered into a consulting service agreement with Benjamin Asuncion and PI Holdings Ltd., a corporation controlled by Mr. Asuncion, on January 1, 2017 until April 30, 2020. Mr. Asuncion was the Vice President, Business Development of the Company. Pursuant to this consulting agreement, Mr. Asuncion is compensated at a rate of \$8,500 per month. PI Holdings Ltd. charged total management fees of \$51,200 from November 1, 2019 to April 30, 2020 and \$40,635 in settlement for a claim relating to a contract dispute.
- iv. As at October 31, 2020, included in accounts payable and accrued liabilities was \$nil (October 31, 2019 - \$5,918) relating to amounts owed to directors relating to reimbursable expenses.
- v. During the year ended October 31, 2020, the Company recorded share-based payment expense of \$180,445 (2019 - \$nil) related to stock options granted to Officers and Directors of the company.
- vi. The Company entered into a consulting agreement with Ryan Smith to provide CFO services in March, 2020. Mr Smith is compensated total consulting fee of \$15,306. As of October 31, 2020, the Company has included in its accounts payable and accrued liabilities \$2,179 (October 31, 2019 - \$nil) due to Ryan Smith.
- vii. The Company entered into a consulting agreement with Ray Bateria to provide Corporate Secretary services. Mr Bateria is compensated total consulting fee of \$13,333. As of October 31, 2020, the Company has included in its accounts payable and accrued liabilities \$3,504 (October 31, 2019 - \$nil) due to Ray Bateria.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements for the year ended October 31, 2020.

PROPOSED TRANSACTIONS

The Company do not have any material proposed transaction to report on.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report, including the consolidated financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying consolidated financial statements.

FINANCIAL INSTRUMENTS

Fair value

The fair value of the Company's financial instruments is approximated by their carrying value due to their short-term nature. IFRS 13 establishes a fair value hierarchy for financial instruments measured at fair value that reflects the significance of inputs used in making fair value measurements as follows:

Level 1 – quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. from derived prices); and

Level 3 – inputs for the asset or liability that are not based upon observable market data.

The fair value of cash and marketable securities are based on Level 1 inputs. The fair value of the Company's investment in MSB SA is determined using Level 3 inputs. Refer to Note 5 of the consolidated financial statements for the details relating to these inputs.

The Company's financial instruments are exposed to certain financial risks, which include foreign currency risk, interest rate risk, credit risk, liquidity risk and other price risk. The Company's risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company's exposure to these risks and its methods of managing the risks remain consistent.

FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk

Concentration of credit risk exists with respect to the Company's cash, as all amounts are held at a major Canadian financial institution and a major Chilean financial institution. The Company's concentration of credit risk and maximum exposure thereto is as follows:

Cash	October 31, 2020		October 31, 2019	
Canadian financial institution	\$	156,226	\$	644,026
Chilean financial institution		1,032		1,013
	\$	157,258	\$	645,039

The credit risk associated with cash is minimized by ensuring that substantially all dollar amounts are held with a major financial institution with strong investment-grade ratings by a primary ratings agency.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities. The Company is reliant upon equity issuances as its sole source of cash. The Company manages liquidity risk by trying to maintain an adequate level of cash and cash equivalents to meet its ongoing obligations. The Company continuously reviews its actual expenditures and forecast cash flows and matches the maturity dates of its cash equivalents to capital and operating needs. The Company normally maintains sufficient cash to meet the Company's business requirements; as at October 31, 2020, the cash balance of \$157,258 is not sufficient to meet its obligations related to its accounts payable of \$126,995 and accrued liabilities of \$70,478. On December 1, 2020, the Company issued 6,494,960 common shares for gross proceeds of \$837,850 to meet required administrative and investment commitments pertaining to the Company's ownership interest of MSB SA (see Note 6 of the Financial Statements) over the next twelve months. The Company may be required to raise additional capital in the future to fund its operations.

Market risk

[i] Interest rate risk

The Company is not exposed to interest rate risk on its cash and cash equivalents held at October 31, 2020. A 100-basis point (1%) increase or decrease in the interest rate would have an insignificant change in the Company's reported loss for the year ended October 31, 2020 based on its closing balance.

[ii] Currency risk

The carrying amounts of the Company's foreign currency denominated monetary assets are as follows:

	October 31, 2020		October 31, 2019	
	US \$	Cdn \$	US \$	Cdn \$
Cash	770	1,032	770	1,013
Accrued liabilities	(44,458)	(59,592)	(44,458)	(58,506)

As at October 31, 2020, the Company incurs expenses in Canadian dollars and United States dollars. The Company therefore has exposure to fluctuations in the Canadian dollar - United States dollar exchange rate. Based on current market conditions, the Company has determined that a 10% change in foreign exchange rates would affect the fair value of total assets by approximately \$6,500 (October 31, 2019 - \$5,700).

[iii] Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on economic value due to commodity price movements and volatilities.

CHANGES IN ACCOUNTING POLICIES

The following accounting standards were adopted during the year ended October 31, 2020:

IFRS 16 Leases

The Company adopted the requirements of IFRS 16 effective January 1, 2019. This new standard replaces IAS 17 Leases and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract based on whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to the current accounting for finance leases, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is substantially changed.

On adoption, the Company's lease consisted of an office lease. The Company transitioned to the new standard using the modified retrospective approach and:

- Measured the lease liability based on the present value of the remaining lease payments discounted using the Company's incremental borrowing rate at November 1, 2019;
- Measured the right-of-use asset as if IFRS 16 had been applied since the commencement date, but discounted using the Company's incremental borrowing rate at November 1, 2019; and
- Recording the cumulative difference to deficit.

On November 1, 2019, the net impact on the deficit was a decrease of \$1,412.

The following is a reconciliation of total operating lease commitments at October 31, 2019 to the lease liabilities recognized at November 1, 2019:

Lease liabilities before discounting	\$	98,958
Discounted using incremental borrowing rate		(9,961)
Operating lease liability	\$	88,997

The following is a reconciliation of lease liabilities to right of use lease asset at November 1, 2019:

Operating lease liability at November 1, 2019	\$	88,997
Prepaid lease payment		16,174
Lease payments prior to November 1, 2019		23,750
Interest expense prior to November 1, 2019		(7,650)
Depreciation prior to November 1, 2019		(33,686)
Right of use lease asset at November 1, 2019	\$	87,585

For any new contracts entered on or after November 1, 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- i. the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- ii. the Company has the right to obtain substantially all the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- iii. the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

CHANGES IN ACCOUNTING POLICIES (CONTINUED)

IFRS 16 Leases (continued)

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability on the balance sheet. The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available. If the interest rate implicit in the lease is not readily available, the Company discounts using the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term. On the statement of financial position, right-of-use assets have been included under non-current assets and lease liabilities have been included under current and non-current liabilities.

The Company terminated its lease as of July 1, 2020.

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

In applying the Company's accounting policies, management makes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. Actual results may differ from the judgments, estimates and assumptions made by management and will seldom equal the estimated results.

The most significant critical judgment that members of management have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in the Financial Statements is the policy on exploration and evaluation assets.

RISKS AND UNCERTAINTIES

The Company is in the mineral exploration and development business and is exposed to a number of operational, financial, regulatory and other risks and uncertainties that are typical in the natural resource industry and common to other companies in the exploration and development stage. These risks may not be the only risks faced by the Company. Additional risks and uncertainties not presently known by the Company or which are presently considered immaterial could adversely impact the Company's business, results of operations, and financial performance in future periods.

The Company is currently dependent on the success of the Maricunga Project as its primary asset. The most significant risks and uncertainties that the Company is exposed to (in no particular order) are as follows:

General economic and financial market conditions

Recent market events and conditions, including disruptions in the international credit markets and other financial systems and the American and European sovereign debt levels have caused significant volatility in commodity prices. These events and conditions have caused a decrease in confidence in the broader U.S. and global credit and financial markets and have created a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. While there are signs of economic recovery, these factors have

RISKS AND UNCERTAINTIES (CONTINUED)

General economic and financial market conditions (continued)

negatively impacted corporate valuations and are likely to continue to impact the performance of the global economy going forward. Mineral prices are expected to remain volatile for the near future as a result of market uncertainties over the supply and demand of these commodities due to the current state of the world economies and the ongoing global credit and liquidity concerns. This volatility may in the future affect the Corporation's ability to obtain equity or debt financing on acceptable terms.

Exploration and Development Risk

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Corporation may be affected by numerous factors which are beyond the control of the Corporation and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection, the combination of which factors may result in the Corporation not receiving an adequate return of investment capital.

Exploring and developing natural resource projects bears a high potential for all manner of risks. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. Moreover, even one such factor may result in the economic viability of a project being detrimentally impacted, such that it is neither feasible nor practical to proceed. Natural resource exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of natural resources, any of which could result in work stoppages, damage to property, and possible environmental damage. If any of the Company's exploration programs are successful, there is a degree of uncertainty attributable to the calculation of resources and corresponding grades being extracted or dedicated to future production. Until actually extracted and processed, the quantity of lithium brine reserves and grade must be considered as estimates only. In addition, the quantity of reserves may vary depending on commodity prices. Any material change in quantity of reserves, grade or recovery ratio may affect the economic viability of the Company's properties. In addition, there can be no assurance that results obtained in smaller-scale laboratory and pilot tests will be duplicated in larger scale tests under on-site conditions or during production. The Company closely monitors its activities and those factors which could impact them, and employs experienced consulting, engineering, and legal advisors to assist in its risk management reviews where it is deemed necessary.

Disclosure Controls and Internal Control Financial Reporting

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to permit timely decisions regarding public disclosure. Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in the rules of the Canadian Securities Administration, as at January 31, 2020. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed in reports filed or submitted by the Company under Canadian securities legislation.

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The Canadian Securities Administrators do not require any certification on the effectiveness of these controls at this time. There have been no changes in the Company's internal control over financial reporting during the year ended October 31, 2020, that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

RISKS AND UNCERTAINTIES (CONTINUED)

Disclosure Controls and Internal Control Financial Reporting (continued)

NI 43-101 Compliance Requirements

Under National Instrument 43-101 Standards of Disclosure for Mineral Projects (“NI 43-101”), if an issuer discloses in writing scientific or technical information about a mineral project on a property material to the issuer, the issuer must include in the written disclosure the name and the relationship to the issuer of the qualified person who: (a) prepared or supervised the preparation of the information that forms the basis for the written disclosure or (b) approved the written disclosure. For the purposes of this MD&A, Don Hains, PGeo, a geologist with more than 30 years of experience is the Qualified Person for the purposes of NI 43-101 has approved the written disclosure in this MD&A. This MD&A references a number of previous new releases in respect of disclosure of technical matters relating to mineral properties and reference should be made to these news releases to fully understand these references.

Government Laws, Regulation & Permitting

Mining and exploration activities of the Company are subject to both domestic and foreign laws and regulations governing prospecting, development, production, taxes, labour standards, occupational health, mine safety, waste disposal, toxic substances, the environment and other matters. Although the Company believes that all exploration

activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing the operations and activities of the Company or more stringent implementation thereof could have a substantial adverse impact on the Company.

The operations of the Company will require licenses and permits from various governmental authorities to carry out exploration and development at its projects. There can be no assurance that the Company will be able to obtain the necessary licenses and permits on acceptable terms, in a timely manner or at all. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities.

Additional Financings

If the Company’s exploration programs are successful, additional funds will be required in order to complete the development of its properties. There is no assurance that the Company will be successful in raising sufficient funds to meet its obligations or to complete all of the currently proposed exploration programs. If the Company does not raise the necessary capital to meet its obligations under current contractual obligations, the Company may have to forfeit its interest in properties or prospects earned or assumed under such contracts.

Key Management and Competition

The success of the Company will be largely dependent upon the performance of its key officers, consultants and employees. Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. Failure to retain key individuals or to attract or retain additional key individuals with necessary skills could have a materially adverse impact upon the Company’s success.

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than itself with respect to the discovery and acquisition of interests in mineral properties, the recruitment and retention of qualified employees and other persons to carry out its mineral exploration activities. Competition in the mining industry could adversely affect the Company’s prospects for mineral exploration in the future.

Title to Properties

Acquisition of rights to the mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. Although the Company has investigated the title to all of the properties for which it holds concessions or other mineral leases or licenses or in respect of which it has a right to earn an interest, the Company cannot give any assurance that title to such properties will not be challenged or impugned.

The Company has investigated its right to explore and exploit its mineral properties and, to the best of its knowledge, has direct or indirect title to the mineral properties. However, the results of the Company’s investigations should not be construed as a guarantee of title.

RISKS AND UNCERTAINTIES (CONTINUED)

Commodity Prices

Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The prices of mineral commodities have fluctuated widely in recent years. Current and future price declines could cause commercial production to be impracticable.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with the laws of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Risks associated with foreign operations

The Company is currently working to having an active project in Chile. Accordingly, the Company is subject to all the risks normally associated with the exploration, development and production of mineral properties in this jurisdiction. The Company's operations could be adversely impacted by political instability, foreign policies, differing business environments and changes in government regulations relating to foreign investment, corporate organization and governance, commerce, taxation, trade and the mining industry. The economies in foreign jurisdictions may differ in many respects, including the level of government intervention, level of development, maturity of the legal system and control of foreign exchange. Any changes in foreign regulations or shifts in political conditions are beyond the Company's control and there are no assurances that current and future mineral operations will not be adversely impacted by foreign political, social or economic changes.

The Corporation may be Reliant on Third Party Reporting

The Corporation relies, and will rely, on public disclosure and other information regarding the properties in which it has an interest that it receives from the owners, operators and independent experts of such operations, and certain of such information is included in this MD&A. Such information is necessarily imprecise because it depends upon the judgment of the individuals who operate the properties, as well as those who review and assess the geological and engineering information. In addition, the Corporation must rely on the accuracy and timeliness of the public disclosure and other information it receives from the owners and operators of the properties, and uses such information in its analyses, forecasts and assessments relating to its own business and to prepare its disclosure with respect to its streams and royalties. If the information provided by such third parties to the Corporation contains material inaccuracies or omissions, the Corporation's disclosure may be inaccurate and its ability to accurately forecast or achieve its stated objectives may be materially impaired, which may have a material adverse effect on the Corporation.

Forward Looking Statements

Certain statements included in this "MD&A" constitute forward-looking statements, including those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend", "may", "should" expect", "target", "will" and similar expressions to the extent they relate to the Business or its management. The forward-looking statements are

not historical facts but reflect current expectations regarding future results or events. This MD&A contains forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors.

Information concerning the interpretation of drill results also may be considered forward-looking statements; as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed. The estimates, risks and uncertainties described in this MD&A are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in the Company's forward-looking statements. In addition, any forward-looking statements represent the Company's estimates only as of the

Forward Looking Statements (continued)

date of this MD&A and should not be relied upon as representing the Company's estimates as of any subsequent date.

The material factors and assumptions that were applied in making the forward-looking statements in this MD&A include: (a) execution of the Company's existing plans or exploration programs for each of its properties, either of which may change due to changes in the views of the Company, or if new information arises which makes it prudent to change such plans or programs; and (b) the accuracy of current interpretation of drill and other exploration results, since new information or new interpretation of existing information may result in changes in the Company's expectations.

These forward-looking statements relate to, among other things, mineral reserve and resource estimates, grades and recoveries, financial forecasts including the net present value and after-tax internal rate of return estimates of the Maricunga Project, projected tax rates, the anticipated life of operations, annual production expectations including cash flows, capital costs, expected operating costs and construction financing. Forward-looking statements involve known and unknown risks, uncertainties and other factors which are beyond Bearing's ability to predict or control and

may cause Bearing's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by the forward-looking statements. These risks, uncertainties and other factors include, but are not limited to, strategic, legal, planning and other risks, the impact of changes in, or to the enforcement of, laws, regulations and government practices, potential defects in title to the Maricunga Project that are not known as of the date hereof, the occurrence of unexpected financial obligations, fluctuations in the price of lithium and other commodities, fluctuations in the currency markets, changes in national and local government, legislation, taxation, controls, regulations and political or economic developments, risks and hazards associated with the business of mineral exploration, development and mining (including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins and flooding), risks related to operational matters and geotechnical issues, the success of future exploration and development activities, the occurrence of any labour unrest, the ability to accurately predict decommissioning and reclamation costs, the risk of budget and timing overruns, potential opposition to the Maricunga Project by local communities and the ability to secure construction financing. Such forward-looking statements are also based on a number of assumptions which may prove to be incorrect including changes in Maricunga Project parameters as plans continue to be evaluated as well as those factors disclosed in the Company's documents filed from time to time with the securities regulators in the Provinces of British Columbia and Alberta. Accordingly, readers should not place undue reliance on forward-looking statements. Bearing undertakes no obligation to update publicly or otherwise revise any forward-looking statements contained herein whether as a result of new information or future events or otherwise, except as may be required by law.

Readers should not place undue reliance on the Company's forward-looking statements, as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize.

APPROVAL

The Company's Board of Directors has approved the Company's consolidated financial statements for the year ended October 31, 2020. The Company's Board of Directors has also approved the disclosures contained in this MD&A.

OTHER

A copy of this MD&A will be provided to anyone who requests it. The MD&A and additional information about the Company, including the Financial Statements and Technical Reports, is available on the Company's website at www.bearinglithium.com, or on SEDAR at www.sedar.com.

SCHEDULE "V" TO APPENDIX "A"

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF BEARING FOR THE SIX MONTHS ENDED
APRIL 30, 2022**

(attached)

This Management Discussion & Analysis (“MD&A”) is provided to enable the reader to assess material changes in financial condition and results of operations of Bearing Lithium Corp. (“Bearing” or the “Company”) for the six months ended April 30, 2022. This MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements for the six months ended April 30, 2022 (“Financial Statements”) and the audited consolidated financial statements of the company for the year ended October 31, 2021, prepared in accordance with international financial reporting standards (“IFRS”) as issued by the international accounting standards board (“IASB”). This MD&A complements and supplements but does not form part of the company’s condensed consolidated interim financial statements.

This MD&A contains forward-looking statements. Statements regarding the adequacy of cash resources to carry out the company’s exploration programs or the need for future financing are forward-looking statements. All forward-looking statements, including those not specifically identified herein, are made subject to cautionary language on pages 13-16. Readers are advised to refer to the cautionary language when reading any forward-looking statements.

This MD&A is prepared in conformity with National Instrument 51-102F1. All dollar amounts referred to in this discussion and analysis are expressed in Canadian dollars except where indicated otherwise. This MD&A has taken into account information available up to and including June 29, 2022.

BUSINESS OVERVIEW

Bearing was incorporated on January 13, 2011 as 0900353 B.C. LTD, a wholly owned subsidiary of Valley High Ventures Ltd. (“Valley High”). On March 25, 2011, Levon Resources Ltd. acquired Valley High, the predecessor corporation to the Company, by way of a court-approved plan of arrangement, at which time Bearing began operating as a standalone entity. Bearing shares commenced trading on the TSX Venture Exchange on June 10, 2011 (BRZ.V).

Bearing is a Canadian based company which is focused on exploration for precious and base metals in South America. The Company’s primary asset is a partial stake in a lithium and potassium exploration project located in the northeast section of the Salar de Maricunga in Region III of Atacama in northern Chile (“Maricunga project”).

On September 28, 2017 the Company and Li3 Energy, Inc. (“Li3”) entered into an agreement and plan of merger (the “Merger Agreement”) whereby Bearing acquired all the issued and outstanding shares of Li3. Pursuant to the Merger Agreement, Bearing, LI Acquisition Corporation (“Sub”), a newly formed wholly owned subsidiary of the Company, merged with and into Li3 (the “Merger”), with Li3 surviving the Merger as a wholly owned subsidiary of Bearing. In exchange the Li3 common stock was converted into an aggregate of 16,000,000 Bearing common shares of the Company. Through the Merger of Li3, the Company obtained a 17.67% interest in Minera Salar Blanco S.A (“MSB SA”), the joint venture in the Maricunga project.

In February 2018, Lithium Power International (“Lithium Power”), the Company’s joint venture partner in the Maricunga project agreed to accelerate its outstanding payments of US\$7.53 million by March 1st, 2018 to satisfy its earn-in. Including the US\$7.53 million pre-payment by Lithium Power, MSB SA had a treasury of approximately US\$9.7 million. Based on current budgets and development timelines, the project is fully funded without any expected contribution from Bearing or MSB for the 2018 development program which includes the delivery of the Definitive Feasibility Study (“DFS”), completion of environmental studies and submission of permits. Any expenditures in excess of the current treasury would require approval from at least five of the six board members of MSB SA and contributions would be pro-rated based on ownership interests. To continue developing the property from the permit stage into a producing mine, the Company will need to fund its share of the development costs or risk dilution of its ownership interest. The required funding is determined based on an annual business plan with an itemized project budget.

On May 2, 2018, First Division and Bearing entered into an amending agreement whereby the acquisition by First Division would be reduced to a 50% interest in the 81 lode claims in the Esmeralda County, Nevada. First Division Ventures Inc. exercised its option to acquire a 100% interest in certain mining claims of the Fish Lake Valley Property by paying \$20,000 and issuing 20,000 common shares.

On July 23, 2018, the Company completed a spin-out transaction by way of the Arrangement which resulted in Bearing transferring its interests in exploration projects in the gold district of the Yukon and a lithium project in Nevada to Lions Bay. The 5 properties continue to be included as mineral properties in the financial statement consolidation of Lions Bay and Bearing because Bearing held a control position of over 50% ownership in the shares of Lions Bay as at October 31, 2018. Lions Bay closed a private placement in November 2018 resulting in the dilution of Bearing’s percentage ownership below 50% resulting in the Yukon and Nevada properties to be excluded from financial reports in future periods.

BUSINESS OVERVIEW (CONTINUED)

On August 28, 2018, the Company purchased an additional interest in MSB SA bringing the ownership interest to 18.02% through Li3. The Maricunga project is held by joint-venture company MSB SA, which is owned by Bearing (18.02%), Minera Salar Blanco SpA ("MSB") (30.98%) and Lithium Power (51%).

HIGHLIGHTS

- The Engineering, Procurement and Construction (EPC) bidding process for the Maricunga project continues. Two major global engineering groups, Worley Parsons and Bechtel, have been chosen to provide a comprehensive construction proposal for the project.
- Discussions continue with parties on project funding and off-take agreements for the Maricunga project.
- On November 6, 2020, the Company did not participate in the \$3 million USD equity cash call to MSB SA. As a result, the Company's ownership interest in the joint venture was reduced from 18.02% to 17.14%.
- On November 9, 2020, the Company sold its mineral property interest of Fish Lake Valley and received \$50,000 in cash and 100,000 common shares from Acme Lithium Inc.
- On November 30, 2020, the Company issued 6,494,960 common shares for gross proceeds of \$837,850 with each unit priced at \$0.129. Each unit consisted of one common share and one transferable share purchase warrant. Each warrant entitles the holder to acquire an additional share of the Company for \$0.1725, expiring on November 30, 2023.

In conjunction with the financing, the Company paid aggregate finder's fees of \$37,242 and issued 289,395 broker's warrants which have the same terms as the units pursuant to this financing.

- On December 3, 2020, the Company granted 1,800,000 incentive stock options ("Stock Options") to certain directors and officers. Each Stock Option is exercisable to acquire one common share of the Company at a price of \$0.13 for a five-year period.
- On December 9, 2020, the Company announced that MSB decided to advance the low cost Maricunga project in a number of stages by fast-tracking a first stage of development. The initial development state will be based on 'Old Code' concessions. These licenses are grandfathered from current lithium legislation and do not require any further significant permitting for lithium production.
- On January 27, 2021, the Company announced a stage one lithium project of 15,000 tonnes per annum for Maricunga. A expansionary exploration drilling program started from February 2021 to August 2021 including detailed engineering rescoping work for stage one.
- On March 9, 2021, the Company contributed \$455,372 (US\$360,406) to an MSB SA equity call. As a result, the Company maintained its 17.14% ownership interest in the joint venture.
- On March 16, 2021, the Company granted 2,300,000 incentive stock options ("Stock Options") to certain directors and officers. Each Stock Option is exercisable to acquire one common share of the Company at a price of \$0.15 for a five-year period.
- On March 18, 2021, the Company provided an update on exploration activities and preliminary results from the Maricunga project. MSB had completed the first two of five diamond core holes to the target depth of 400m ahead of schedule, with undisturbed core samples collected and sent for analysis in 200m to 400m intervals at depth for laboratory measurement of drainable porosity and other hydraulic parameters.
- On April 26, 2021, the Company provided a Maricunga resource activity update as announced by MSB. The drilling program is ahead of schedule with three exploration core holes to target depth of 400m and core hole#4 passing 300m. Completion expected by this summer. A total of 31 undisturbed core samples collected were sent to labs in the US for drainable porosity and other hydraulic parameters. 56 brine samples collected and sent to labs for chemical analysis. Activities for DFS update with Worley commenced during the first week of April. Optimisation of the production process

HIGHLIGHTS (CONTINUED)

continues. Final and basic tests for the SX Removal plant and the Ion Exchange plant. Basic engineering commenced for the re-sizing of the plant.

- On May 10, 2021, the Company announced that MSB SA has entered into a non-binding Memorandum of Understanding (“MOU”) with Mitsui & Co Ltd. for a strategic alliance to advance the development of the Maricunga project. The MOU includes potential offtake from Mitsui & Co Ltd.
- On June 30, 2021, the Company announced the appointment of Mr. Kwang-Seok Park to its Board of Directors as the new nominated POSCO representative. Mr. Park replaced Mr. Bok-Hyung Lee who resigned on June 28, 2021.
- On July 8, 2021, the Company provided a Maricunga lithium resource expansion and finance activities update as announced by Minera Salar Blanco (“MSB”). The latest drilling program on the Stage One mining concessions had been completed with five exploration core holes each reaching a target depth of 400m. Positive average lithium concentrations of 989mg/l and a maximum of 3,375mg/l. Significant resource expansion expected for Stage One after the new drilling program tested 200-400m mineralized zone. DFS update continues by Worley, GEA Messo and Atacama Waters. Preliminary indications of interest received from international financial institutions and private funds for debt financing and future equity financing of the project. Finance process will continue in coming months, with the Mitsui agreement announced on May 15 for Off-Take and Funding of the Stage One serving as a solid base.
- On July 14, 2021, the Company announced it had closed on the previously announced non-brokered private placement from June 25, 2021. It has issued of 9,057,500 units of the Company (the “Units”) at a price of \$0.18 per Unit for gross proceeds of \$1,630,350. Each Unit consists of one common share (each a “Share”) and one transferable Share purchase warrant (each a “Warrant”). Each Warrant shall entitle the holder thereof to purchase one additional Share at a price of \$0.24 per Share for a period of thirty (30) months from the date of issuance. In the event that the Shares have a closing price on the TSX Venture Exchange (or such other exchange on which the Shares may be traded at such time) of \$0.45 or greater per Share for a period of fifteen (15) consecutive trading days at any time from the closing date, the Company may accelerate the expiry date of the Warrants by giving notice to the holders thereof (by disseminating a news release advising of the acceleration of the expiry date of the Warrants) and, in such case, the Warrants will expire on the thirtieth (30th) day after the date of such notice.

Finder’s fees of \$44,820 cash and 249,000 Warrants on the same terms as noted above were paid to qualified parties. The Company intends to use the net proceeds from the Private Placement for general working capital purposes and to fund capital calls of the Maricunga Project Joint Venture. All securities issued in connection with the Private Placement will be subject to a four-month and one day hold period that will expire on November 15, 2021.

- On August 3, 2021, the Company contributed \$1,504,849 (US\$1,199,561) to an MSB SA equity call. As a result, the Company maintained its 17.14% ownership interest in the joint venture.
- On August 24, 2021, the Company provided a Maricunga project update. Minera Salar Blanco (“MSB”) continues to work with Mitsui & Co. Ltd. on its due diligence, along with process testing of samples of Maricunga brine in its Japanese facility. It is expected that the existing non-binding MOU with “MSB” announced to the TSX/ASX on May 11, 2021 will progress to be binding in Q1 2022. An updated JORC/43-101 Resource Report is due for finalization and release in October 2021. An updated Definitive Feasibility Study (DFS) is scheduled for release by the end of the year 2021.
- On September 24, 2021, the Company announced the appointment of Martin Gubbins to the Board of Directors. Mr. Gubbins is a Chilean lawyer with 25 years of experience as an associate and partner of local law firms specializing in environmental litigation. He has also served as an independent legal advisor over the last three years. Mr. Gubbins has served as a board member for various private companies in Chile, with both Chilean and foreign investors. Mr. Gubbins is a member of the Advisory Legal Committee of Hogar de Cristo, the largest charity in Chile. From 2005-2018 he was a partner at CorreaGubbins (currently CorreaSquella) in Santiago, Chile. Mr. Gubbins graduated law school at the Universidad de Chile, Santiago. He also has a Master of Arts from the University of London.

The Company is also announcing that it has issued an aggregate of 1,000,000 stock options to its new director to purchase up to 1,000,000 common shares of the Company at a price of \$0.23 per common share for a period of five years from grant, pursuant to its Stock Option Plan.

HIGHLIGHTS (CONTINUED)

- On September 29, 2021, The Company announced a 90% increase in measured and indicated resources in the Maricunga Stage One. Updated Measured and Indicated resource for the Maricunga Stage One Lithium Brine Project in Chile confirmed an increase by 90 per cent compared with 2019 Definitive Feasibility Study.. Measured and Indicated (M&I) resource now estimated as 1,905,000 tonnes of Lithium Carbonate Equivalent (LCE) for the Stage One (Old Code) mining properties at an average grade of 953 mg/l lithium. This increase in M+I Resources is in addition to the M+I Resources (2018) of 979,000 tonnes LCE in the Litio 1-6 (New Code) concessions to a depth of 200 m. The Maricunga resource remains open at depth, with a new exploration target for further resource expansion between 400m-550m in the Stage One concessions. The DFS update for the Stage One continues as expected by Worley, GEA Messo and Atacama Waters. The latest drilling for the resource increase on the Stage One mining concessions at Maricunga has been completed, with the five exploration core holes each reaching target depth of 400m.
- On September 29, 2021, The Company announced a notice of hearing from the British Columbia Securities Commission dated September 24, 2021 alleging Stock Social a service provider engaged by the Company from the periods of January 2017 to March 2017, disseminated advertorials about the Company on various websites, promotional posts and social media (collectively, the "Promotional Materials"). The BCSC is alleging that SSI and the Company failed to ensure that the Promotional Materials clearly and conspicuously disclosed that they were disseminated on behalf of the Company. None of the allegations have been proven.
- On December 21, 2021, The Company granted 500,000 stock options to a consultant to purchase up to 500,000 common shares of the company at a price of \$0.25 per common share for a period of 5 years from grant pursuant to the Company's stock option plan.
- On January 20, 2022, The Company announced it has released the results of its updated Definitive Feasibility Study for the Stage One Maricunga Lithium Brine project. Maricunga Stage One DFS delivers US\$1.4B NPV (after tax) at an 8% discount rate, An IRR of 39.6% and a 2-year payback period. OPEX of US\$3,718 per tonne of LCE produced. Annual EBITDA of US\$324M. Direct development cost US\$419M, Indirect cost US\$145M and Contingency US\$62M for a total project CAPEX of US\$626M. 15,200 tonnes of LCE per annum over 20 years.
- On February 1, 2022, The Company announced a warrant exercise incentive program. The Warrants are currently exercisable at a price of \$0.1725 per Common Share until November 30, 2023. Under the Program, the Company is offering an inducement to each Warrant holder that exercises their Warrants prior to March 1, 2022 (the "Early Exercise Period"), by the issuance of one additional common share purchase warrant (an "Incentive Warrant") for each warrant early exercised. Each Incentive Warrant will entitle the holder to purchase one additional Common Share for a period of 24 months from the date of issuance of such Incentive Warrant, at a price of \$0.35. The Program will commence today, February 1, 2022, at 9:00 a.m. (Vancouver time) and expire on March 01, 2022, at 4:00 p.m. (Vancouver time) (the "Early Exercise Expiry Date").
- On February 10, 2022, The Company announced that it has issued an aggregate of 700,000 stock options to officers and consultants to purchase up to 700,000 common shares of the company at a price of \$0.25 per common share for a period of 5 years from grant pursuant to the Company's stock option plan.
- On February 17, 2022, The Company announced it has completed the first tranche (the "First Tranche") of its non-brokered private placement of common shares (the "Common Shares") of the Company (the "Private Placement"). In connection with the First Tranche, the Company issued an aggregate of 7,500,000 Common Shares at a price of \$0.25 per Common Share for aggregate gross proceeds of \$1,875,000. All Common Shares issued in connection with the First Tranche are subject to a statutory hold period of four month and one day.

In connection with the First Tranche, the Company paid finders fees to eligible parties in the amount \$112,500 and issued to the finder's an aggregate of 450,000 non-transferable finders warrants (the "Compensation Warrants"). The Compensation Warrants are exercisable for a period of twenty-four (24) months from the date of issue and entitle the holder thereof to acquire one Common Share of the Company at a price of \$0.40 per Compensation Warrant.

HIGHLIGHTS (CONTINUED)

- On February 23, 2022, The Company announced it has completed the second and final tranche (the "Second Tranche") of its non-brokered private placement of common shares (the "Common Shares") of the Company (the "Private Placement"). In connection with the Second Tranche, the Company issued an aggregate of 8,500,000 Common Shares at a price of \$0.25 per Common Share for aggregate gross proceeds of \$2,125,000. All Common Shares issued in connection with the Second Tranche are subject to a statutory hold period of four month and one day. Collectively between the first and Second Tranche, the Company issued an aggregate of 16,000,000 Common Shares for gross proceeds of \$4,000,000.

In connection with the Second Tranche, the Company will pay finders fees to eligible parties in the amount \$65,250 and issue to the finder's an aggregate of 266,000 non-transferable finders warrants (the "Compensation Warrants"). The Compensation Warrants are exercisable for a period of twenty-four (24) months from the date of issue and entitle the holder thereof to acquire one Common Share of the Company at a price of \$0.40 per Compensation Warrant. The net proceeds from the Private Placement will be used for general working capital purposes and to fund future capital calls of the Maricunga Project Joint Venture. The Private Placement remains subject to final acceptance from the TSX Venture Exchange.

- On March 7, 2022, The Company announced the completion of its early warrant exercise incentive program (the "Program") as described in its press release dated February 1, 2022. A total of 400,000 common shares (each a "Share") of the Company were issued upon the exercise of 400,000 previously outstanding purchase warrants (the "Outstanding Warrants"), providing aggregate gross proceeds of \$69,000 to the Company.
- On June 22, 2022 the Company announced it has entered into an arm's length definitive agreement with Lithium Power International Limited ("LPI") to which LPI has agreed to acquire all issued and outstanding common shares of the Company in an all share transaction to be completed by way of statutory plan of arrangement under the provisions of the Business Corporations Act (British Columbia), and as part of a three way transaction that consolidates 100% interest into the Maricunga Lithium Brine Project. Bearing Lithium Corp. shareholders will receive 0.7 of an LPI common share for every one Bearing common share held. In addition, Bearing shareholders will receive a cash distribution by way of capital return estimated at \$0.02 per common share. Bearing Lithium Stock Options and Warrants that are not exercised prior to the completion of the transaction will remain outstanding and automatically become exercisable for LPI ordinary shares based on the exchange ratio under their current terms. The implementation of the transaction is subject to approval of at least 66 2/3% cast by the Bearing shareholders at an annual and special meeting, and subject to receipt of certain regulatory, court, and stock exchange approvals. The transaction is expected to close in September 2022.
- On June 19, 2022, the Company's subsidiary company Li3 Energy Inc. entered into an arm's length share purchase and sale agreement with Shelay Investments a private Delaware based corporation to acquire the capital stock of its dormant subsidiaries Li3 Energy Peru SRL, Alfredo Holdings Ltd., and Li3 Energy Copiapo SA. for the purchase price of \$1.00 CAD.
- On June 13, 2022, the Company contributed \$125,140 (US \$96,297) to an MSB SA equity call. As a result, the Company maintained its 17.14% ownership interest in the joint venture.

NI 43-101 QUALIFIED PERSONS

Frederik Reidel, CPG, a qualified person as defined by National Instrument 43-101, has reviewed the scientific and technical information that forms the basis for the technical disclosure in the MD&A and approved the disclosure as announced in the January 20, 2022 Bearing news release.

OUTLOOK

Bearing is an exploration and development company. The Li3 Merger Agreement has enabled the Company to acquire an interest in the advanced-stage Maricunga project located in Chile, which represents one of the highest-grade lithium brine development opportunities in the Americas. The Company continues to focus on working with its partners to advance the pre-production lithium project in Chile. Bearing had a free carry through to completion of the Definitive Feasibility Study (“DFS”) which was released in January 2019, permitting and the filing of environmental reports which was approved on February 4, 2020. An updated Definitive Feasibility Study (“DFS”) was completed on January 7, 2022. In January 2020, the Company paid US\$466,000 (CAD\$613,887) to fund its interest in MSB SA. And on April 1, 2020 a further US\$157,678 (CAD \$227,354) and on July 31, 2020 a further US\$157,678 (CAD \$214,928), and on March 9, 2021 a further US\$360,406 (CAD \$455,372). On August 3, 2021 a further US\$1,199,561 (CAD \$1,504,849). On August 3, 2021 a further US\$1,199,561 (CAD \$1,504,849).

As announced by the Company and included in the highlights section of this MD&A, the private placement with gross proceeds in the amount of \$4,000,000 which is expected to meet all cash requirements for Bearing and maintenance of its current 17.14% equity interest in MSB in 2022.

MINERAL PROPERTIES – Maricunga Project

The Maricunga lithium brine project is comprised of 4,463 hectares of old code and new code tenements covering the largest and most central portion of the Maricunga Salar in northern Chile. Drilling and sampling to date by the joint venture indicates consistent lithium grades from brine within the salar. Over US\$67 million has been invested in the project to date by the MSB SA partners. The project is comprised of a number of tenements, some of which are grandfathered under a previous mining code which allows for the immediate exploitation of lithium.

MINERAL PROPERTIES - Maricunga Project (CONTINUED)

Definitive Feasibility Study Update (“DFS 2022”)

Highlights from NI 43-101 Definitive Feasibility Study Update January 7, 2022:

- The updated Maricunga Stage One (grandfathered mining concessions) Lithium Brine project’s Definitive Feasibility Study (DFS) supports 15,200 tonnes per annum production of lithium carbonate (LCE) for 20 years.
- Project NPV1 (leveraged basis) of US\$1.425B (after tax) at 8% discount rate, providing an IRR of 39.6% and a 2-year payback. Estimated steady-state annual EBITDA of US\$324M. Assumes a 50% leverage. On a “100% Equity Basis”, the NPV (after tax) is US\$1.412B, providing an IRR of 29.3 % and a 2 years and 8 months Payback.
- Project operating cost places Maricunga among the most efficient producers with an OPEX of US\$3,718 per tonne not including credit from potassium chloride (KCl) by-product. KCl production was not considered in the DFS.
- Project direct development cost estimated at US\$419M, indirect costs at US\$145M and contingency costs at US\$62M to provide a total project CAPEX of US\$626M.
- Exceptional ESG profile aims to achieve carbon neutrality once operation beds down, setting new standards for social relationships. Certification process led by Deloitte will continue during upcoming years as the project advances.
- Project infrastructure including water rights have been secured by long term contracts during project construction and operation. Access to the National Power Grid has been granted, ensuring future power supply including an important component of renewable energy.
- Revised DFS completed by Tier-1 engineering consultancy Worley to international standards, with cost inputs from EPC contractors to provide greater certainty on cost estimates. The Resource and Reserve estimates were prepared by Atacama Water.

Maricunga Project Update

MSB and its three owners (LPI, Borda Group, and Bearing) has decided to advance the low cost Maricunga Lithium Brine Project in two stages by fast-tracking a first stage development of 15,200 tonnes per annum. The initial development stage will be based on the properties known as 'Old Code' concessions. These licenses are grandfathered from the current lithium legislation and do not require any further significant permitting for lithium production. The decision to advance this development plan is based partly on the positive global outlook for the lithium industry, and the Maricunga project's exceptional position as a potential world-class operation. The first stage of the project will have a name plate capacity of 15,200 tonnes per year of high-quality lithium carbonate over a 20-year mine life. It will also provide significant future expansion potential from subsequent stages.

The resource contained in these properties is included in the previously released NI43-101 and JORC resource statements (Definitive Feasibility Study of MSB Blanco Lithium Carbonate Project; 17 January 2019) and (Definitive Feasibility Study Update, Minera Salar Blanco – Lithium Project, Stage One, III Region Chile, dated January 7, 2022) that are part of the Definitive Feasibility Study. The exploitation of the lithium brine within the Old Code concessions is also included in the approved project EIA along with the existing Chilean Nuclear Commission (CCHEN) permits. Most importantly, having received all of the required Chilean Government development and environmental approvals necessary for the start of construction, the key decisions for the development of Stage One now lie solely with MSB and its owners. Stage One represents a lower capital expenditure, fully permitted project that can take advantage of future developments in the global lithium industry. MSB remains committed to evaluating and progressing alternative development plans for the subsequent stages with Codelco and the Chilean authorities. This will advance the original strategy to consolidate the Maricunga Salar by developing the remainder of the mining concessions, known as the New Code concessions, to provide substantial future growth for the project.

LIQUIDITY AND CAPITAL RESOURCES

The Company's condensed consolidated interim financial statements for the six months ended April 30, 2022, have been prepared on a going concern basis, which assumes that the Company will continue in operation in the foreseeable future and will be able to realize its assets and settle its liabilities in the normal course of business. At April 30, 2022, the Company had a cash balance of \$4,135,209 and working capital of \$4,115,021 (October 31, 2021 – \$798,597) and an accumulated deficit of \$9,438,511 (October 31, 2021 - \$12,965,302).

Cash outflows from operating activities for the six months ended April 30, 2022 were \$553,523 (2021 - \$160,744). During the six months ended April 30, 2022, there was a large non-cash item totalling \$6,920,000 for an unrealized fair value change in the MSB investment.

Cash outflows from investing activities for the six months ended April 30, 2022, were \$Nil (2021 - \$449,349). Decrease was due to proceeds from mineral property which was slightly net off by purchase of marketable securities in the comparative period alongside purchase of additional interest in Minera Salar Blanco.

For the six months ended April 30, 2022, net cash provided by financing activities totalled \$3,891,750 (2021 - \$1,003,041). Increase is due to proceeds from a private placement and exercise of warrants in the current period.

The 2021 Maricunga Project budget required payments totalling \$1,983,547 (US\$1,559,967) in the year ended October 31, 2021. As a result, the Company maintained its 17.14% ownership interest in the joint venture.

The Company may require additional equity financing to fund future MSB equity calls. There can be no assurance the Company will be able to obtain any required financing in the future on acceptable terms. The Company may receive cash proceeds from the exercise of options and warrants, however, the Company cannot predict the timing or amount of additional options and warrants that may be exercised, if any.

The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions. Any quoted market for the Company's shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings. Historically, the Company has used net proceeds from issuances of common shares to provide sufficient funds to meet its near-term exploration and development plans and other contractual obligations when due.

RESULTS OF OPERATIONS AND SELECT FINANCIAL DATA

For the six months ended April 30, 2022 compared to the six months ended April 30, 2021

The Company recorded a comprehensive profit of \$3,526,791 during the six months ended April 30, 2022, an increase of \$2,556,072 when compared to the comprehensive profit of \$970,719 for the six months ended April 30, 2021. The increase in the comprehensive profit was related to the following significant factors:

- On April 30, 2022, the Company adjusted the fair value of its Investment in MSB project and noted an unrealized fair value gain of \$6,920,000 (April 30, 2021 - \$5,250,495). This was attributed to a gain in share price of the Company and Lithium Power International Inc. (Australian Public Company) that has a 51% interest in MSB.
- Consulting expense was \$247,006 for the six months ended April 30, 2022 compared to \$30,750 during the six months ended April 30, 2021. The increase was due to corporate consulting services provided by new consultants.
- Professional fees totalled \$251,980 for the six months ended April 30, 2022 compared to \$41,507 during the six months ended April 30, 2021. The Company engaged required more professional services relative to the comparative period.
- There is a share-based payment expense of \$316,882 for the six months ended April 30, 2022 compared to \$532,923 for the six months ended April 30, 2021. The share-based payment expense was for stock options granted to consultants.
- Management and Accounting fees for the six months ended April 30, 2022 were \$Nil compared to \$27,688 for the six months ended April 30, 2021. The decrease was due to a change in management and targeted reduction in management fees.
- Income taxes of \$2,481,000 which is a deferred income tax expense was recognized during the six months ended April 30, 2022 compared to \$Nil during the comparative period due to the fair value adjustment of MSB exceeding cost basis.

Summary of quarterly results

The following table provides summary financial data for the Company's most recent nine quarters derived from the Company's unaudited condensed consolidated interim financial statements prepared in accordance with IFRS 9.

RESULTS OF OPERATIONS AND SELECT FINANCIAL DATA

	Quarter ended	Net income (loss)	Comprehensive income (loss)	Basic income (loss) per common share
Q2/22	April 31, 2022	2,321,339	1,024,339	0.01
Q1/22	January 31, 2022	3,686,452	2,502,452	0.04
Q4/21	October 31, 2021	22,948,937	15,360,631	0.27
Q3/21	July 31, 2021	849,087	849,087	0.01
Q2/21	April 30, 2021	(4,041,387)	(4,041,387)	(0.05)
Q1/21	January 31, 2021	5,012,106	5,012,106	0.06
Q4/20	October 31, 2020	(6,366,557)	(6,366,557)	(0.10)
Q3/20	July 31, 2020	(25,664)	(25,664)	(0.00)
Q2/20	April 30, 2020	(328,617)	(328,617)	(0.00)

	Quarter ended	Total Assets	Working capital
Q2/22	April 30, 2022	50,435,298	4,115,021
Q1/22	January 31, 2022	43,943,881	686,825
Q4/21	October 31, 2021	40,133,245	798,597
Q3/21	July 31, 2021	18,780,194	2,461,171
Q2/21	April 30, 2021	15,971,134	506,101
Q1/21	January 31, 2021	19,775,057	999,310
Q4/20	October 31, 2020	13,562,843	15,370
Q3/20	July 31, 2020	19,866,556	120,313
Q2/20	April 30, 2020	20,045,481	320,315

RESULTS OF OPERATIONS AND SELECT FINANCIAL DATA (CONTINUED)

The primary factors affecting the magnitude and variations of the Company's gains and losses are as follows:

During Q2/22, there was a net income of \$2,321,339, compared to net income of \$(4,041,387) in Q2/21 mainly due to the unrealized fair value adjustment of Investment in MSB totalling \$3,687,199 in Q2/21.

During Q1/22, there was a net income of \$3,686,452, compared to net income of \$5,012,106 in Q1/21 mainly due to the unrealized fair value adjustment of Investment in MSB totalling \$5,250,495 in Q1/21.

During Q4/21, there was a net income of \$22,948,937, compared to a loss of \$6,366,557 in Q4/20 mainly due to the unrealized fair value adjustment of Investment in MSB totalling \$21,464,699.

During Q3/21, there was a net income of \$849,087, compared to a loss of \$25,663 in Q3/20 mainly due to the unrealized fair value adjustment of Investment in MSB totalling \$911,458.

During Q2/21, there was a net loss of \$4,041,387, compared to a loss of \$328,617 in Q2/20 mainly due to the unrealized fair value adjustment of Investment in MSB totalling \$3,687,199.

During Q1/21, there was a net gain of \$5,012,106, compared to a loss of \$239,732 in Q1/20 mainly due to the unrealized fair value adjustment of Investment in MSB totalling \$5,250,495, and a gain on the disposal of an exploration and evaluation asset of \$43,000.

During Q4/20, the net loss increased to \$6,366,557, from \$329,243 in Q4/19 mainly due to the unrealized fair value adjustment of Investment in MSB totalling \$6,263,937, share-based payments totalling \$180,445 for stock options that were granted, an increase in amortization expense and regulating and filing expenses.

During Q3/20, the net loss decreased to \$25,664 compared to \$142,562 in Q3/19 mainly due to a decrease in Operating expenses of \$89,034 from Q3/19 to Q3/20 and other items show an income of \$22,547 in Q3/20 compared to an outflow of \$6,780 in Q3/19.

During Q2/20, the net loss increased from \$741 in Q2/19 to \$328,617 in Q2/20 as the Company recorded a recovery on write-off of accounts payable in Q2/19.

OUTSTANDING SHARE DATA

As at the date of this MD&A, there are:

- 109,057,738 common shares outstanding
- 9,200,000 stock options issued and outstanding
- 16,806,855 common share purchase warrants outstanding

RELATED PARTY TRANSACTIONS

The Directors and Executive officers of the Company are as follows:

Gil Playford	- Director and CEO
Patrick Cussen	- Director
William T. Heenan	- Director
Luis Saenz	- Director
Martin Gubbins	- Director
Kwang-Seok Park	- Director
Bok H. Lee	- Former Director
Ryan Smith	- Officer and CFO
Ray Bateria	- Officer and Corporate Secretary

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

RELATED PARTY TRANSACTIONS (CONTINUED)

Remuneration attributed to key management personnel is summarized as follows:

Year ended	April 30, 2022	April 30, 2021
Management and accounting	\$ 29,593	\$ 27,688
Legal fees	20,523	-
Share-based payments	316,882	532,923
Total	\$ 366,998	\$ 560,611

As at April 30, 2022, included in accounts payable and accrued liabilities is \$7,784 (October 31, 2021 - \$5,683) owing to related parties for accrued management fees and expense reimbursements. The amount is non-interest bearing and has no terms of repayments.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements for the period ended April 30, 2022.

PROPOSED TRANSACTIONS

On June 22, 2022 the Company announced it has entered into an arm's length definitive agreement with Lithium Power International Limited ("LPI") to which LPI has agreed to acquire all issued and outstanding common shares of the Company in an all share transaction to be completed by way of statutory plan of arrangement under the provisions of the Business Corporations Act (British Columbia), and as part of a three way transaction that consolidates 100% interest into the Maricunga Lithium Brine Project. Bearing Lithium Corp. shareholders will receive 0.7 of an LPI common share for every one Bearing common share held. In addition, Bearing shareholders will receive a cash distribution by way of capital return estimated at \$0.02 per common share. Bearing Lithium Stock Options and Warrants that are not exercised prior to the completion of the transaction will remain outstanding and automatically become exercisable for LPI ordinary shares based on the exchange ratio under their current terms. The implementation of the transaction is subject to approval of at least 66 2/3% cast by the Bearing shareholders at an annual and special meeting, and subject to receipt of certain regulatory, court, and stock exchange approvals. The transaction is expected to close in September 2022.

Fairness Opinion

The independent financial advisor to Bearing, Sequeira Partners ("Sequeira"), has provided a fairness opinion to the Board of Directors of Bearing dated June 19th 2022, which concludes that, based upon details of the Transaction [and such other matters as Sequeira], is of the opinion that the consideration to be received in the Transaction is fair, from a financial point of view, to the Bearing shareholders.

Exchange Ratio

Under the terms of the Agreement, Bearing shareholders will receive 0.7 of an ordinary share of LPI (each, an "LPI Share") for each one (1) common share in the capital of Bearing (each, a "Bearing Share") (the "Exchange Ratio").

The Transaction implies a value of the LPI Shares to be issued for Bearing of approximately \$0.293 per Bearing Share on a fully-diluted basis (based on 1-month VWAP on June 21st, 2022 for Bearing of C\$0.218 per share (excluding the capital distribution) and LPI of A\$0.464 per share on their respective stock exchanges). In addition, each option and warrant to purchase a Bearing Share will entitle the holder thereof to receive LPI Shares upon exercise based upon the Exchange Ratio. Further discussion on options and warrants is provided under the heading "Options and Warrants" below

The implied price and premium for Bearing shareholders is based on a Canadian dollar/Australian dollar exchange rates using IRESS closing rates during the VWAP period.

PROPOSED TRANSACTIONS (CONTINUED)

Bearing Cash Distribution

Immediately prior to closing of the Transaction, Bearing intends to distribute approximately C\$2.6 million to its shareholders, by way of a capital return (representing approximately C\$0.02 per Bearing share)⁴.

Options and Warrants

Any Option or Warrant which is not exercised prior to completion of the Transaction shall continue to be governed by and be subject to the terms of the applicable Option or Warrant agreements but will automatically become exercisable for LPI Shares based on the Exchange Ratio.

The distribution of available excess cash to Bearing shareholders under the Transaction does not include cash received from the exercise of Options or Warrants post this announcement of the Bearing Transaction. Any funds received by Bearing from the exercise of its Options or Warrants between announcement of the Transaction and completion are to remain in the business on completion of the Transaction.

Highlights of the Consolidated Company

- As consideration for the Transaction, LPI will issue up to 76.3 million LPI Shares for Bearing's common shares on issue, and up to a maximum 18.2 million LPI Shares for the Options and Warrants assuming all Options and Warrants are exercised prior to completion of the Transaction, for a total of 94.5 million LPI Shares.
- The consolidation of 100% of the Project into LPI will provide benefits to Bearing Shareholders from enhanced market positioning, larger free float and trading liquidity, broader research coverage, deeper access to debt and equity capital markets and potential inclusion in relevant ASX indices.
- The consolidated company will be able to source funding from a wider range of capital partners than any of the Project partners would be able to access on their own.

Spin off of LPI's Western Australian lithium Exploration assets

On January 12th 2022, LPI announced to the ASX that it intends to spin out its Western Australian lithium exploration assets ("WA Spin-off") into a separate entity ("DemergeCo") with the intention of unlocking strategic value of these assets and to allow LPI to focus on developing the flagship Maricunga project in Chile. LPI have undertaken that this spin off will occur subsequent to the Closing of the Transaction with Bearing, and as such, Bearing shareholders holding LPI Shares at the time of the spin-out will participate in the WA Spin-off and will receive their pro-rated allocation of shares in DemergeCo.

LPI's Western Australian lithium exploration assets comprise:

- **Greenbushes** tenements cover approximately 40,000 hectares located immediately along strike from the Talison mine which is the world's largest hard rock lithium producer owned by Albemarle and Tianqi of China.
- **Pilgangoora** tenements cover approximately 14,000 hectares adjacent to assets owned by Pilbara Minerals

Further information can be found on LPI's website at <https://lithiumpowerinternational.com>

PROPOSED TRANSACTIONS (CONTINUED)

Required Approvals and Timeline

The implementation of the Transaction will be subject to the approval of at least 66 ⅔% of the votes cast by holders of Bearing Shares at an annual and special meeting of Bearing shareholders expected to take place in August or September, 2022. In addition to the shareholder approvals, the Transaction is also subject to the receipt of certain regulatory, court and stock exchange approvals and other closing conditions customary in transactions of this nature. The Transaction is expected to close in September 2022.

Although under ASX listing rules, the Transaction would be subject to the approval of LPI shareholders (a simple majority vote of those shareholders attending being required), LPI has undertaken to seek a waiver of this requirement from ASX as soon as practical. If a waiver is not granted, the directors of LPI have undertaken to enter into voting support agreements with Bearing committing to vote their shares in favor of the Transaction at the meeting of LPI shareholders.

The issuance of LPI Shares under the JV Acquisition Agreement is subject to the approval of the LPI shareholders and the receipt of certain regulatory, court and stock exchange approvals, and other closing conditions customary in transactions of this nature.

Agreement – other provisions

The Agreement includes a non-solicitation covenant of Bearing and gives Bearing the right to accept a superior proposal in certain circumstances and terminate the Agreement in exchange for a C\$2.5 million termination fee. LPI has a five-business day right to match any superior proposal. The Agreement also includes the mutual payment of C\$1 million in respect of reimbursement expenses related to the Transaction in certain circumstances. Bearing has the right to terminate the Agreement if the JV Acquisition Agreement does not proceed.

The WA Spin-off will be executed after the Transaction and, as such, should the Transaction complete Bearing shareholders will receive a pro-rata interest in the DemergeCo.

Further information regarding the Transaction will be contained in an information circular ("**Circular**") that Bearing will prepare, file and mail in due course to its shareholders in connection with the annual and special meeting of the Bearing shareholders to be held to consider the Transaction. All shareholders are urged to read the information circular once available as it will contain additional important information concerning the Transaction. The Agreement will be filed on the SEDAR profiles of Bearing on the SEDAR website at www.sedar.com.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report, including the consolidated financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying consolidated financial statements.

FINANCIAL INSTRUMENTS

Fair value

The fair value of the Company's financial instruments is approximated by their carrying value due to their short-term nature. IFRS 13 establishes a fair value hierarchy for financial instruments measured at fair value that reflects the significance of inputs used in making fair value measurements as follows:

Level 1 – quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. from derived prices); and

Level 3 – inputs for the asset or liability that are not based upon observable market data.

FINANCIAL INSTRUMENTS (CONTINUED)

The fair value of cash and marketable securities are based on Level 1 inputs. The fair value of the Company's investment in MSB SA is determined using Level 2 inputs. Refer to Note 5 of the consolidated financial statements for the details relating to these inputs.

The Company's financial instruments are exposed to certain financial risks, which include foreign currency risk, interest rate risk, credit risk, liquidity risk and other price risk. The Company's risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company's exposure to these risks and its methods of managing the risks remain consistent.

Credit risk

Concentration of credit risk exists with respect to the Company's cash, as all amounts are held at a major Canadian financial institution and a major Chilean financial institution. The Company's concentration of credit risk and maximum exposure thereto is as follows:

	April 30, 2022		October 31, 2021	
Cash				
Canadian financial institution	\$	4,135,208	\$	796,982
	\$	4,135,208	\$	796,982

The credit risk associated with cash is minimized by ensuring that substantially all dollar amounts are held with a major financial institution with strong investment-grade ratings by a primary ratings agency.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities. The Company is reliant upon equity issuances as its sole source of cash. The Company manages liquidity risk by trying to maintain an adequate level of cash and cash equivalents to meet its ongoing obligations. The Company continuously reviews its actual expenditures and forecast cash flows and matches the maturity dates of its cash equivalents to capital and operating needs. The Company normally maintains sufficient cash to meet the Company's business requirements; as at October 31, 2021, the cash balance of \$796,982 is sufficient to meet its obligations related to its accounts payable of \$65,557 and accrued liabilities of \$69,091. On February 23, 2022, the Company announced it had closed on the previously announced non-brokered private placement from and issued 16,000,000 Common Shares of the Company for gross proceeds of \$4,000,000 which is expected to meet the required administrative and investment commitments over the next 12 months.

Market risk

[i] Interest rate risk

The Company is not exposed to interest rate risk on its cash and cash equivalents held at April 30, 2022. A 100-basis point (1%) increase or decrease in the interest rate would have an insignificant change in the Company's reported income for the period ended April 30, 2022 based on its closing balance.

[ii] Currency risk

The carrying amounts of the Company's foreign currency denominated monetary assets are as follows:

	April 30, 2022		October 31, 2021	
	US \$	Cdn \$	US \$	Cdn \$
Accrued liabilities	(44,458)	(77,160)	(44,458)	(59,592)

As at April 30, 2022, the Company incurs expenses in Canadian dollars and United States dollars. The Company therefore has exposure to fluctuations in the Canadian dollar - United States dollar exchange rate. Based on current market conditions, the Company has determined that a 10% change in foreign exchange rates would affect the fair value of total assets by approximately \$6,500 (October 31, 2021 - \$6,500).

FINANCIAL INSTRUMENTS (CONTINUED)

[iii] Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on economic value due to commodity price movements and volatilities.

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

In applying the Company's accounting policies, management makes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. Actual results may differ from the judgments, estimates and assumptions made by management and will seldom equal the estimated results.

The most significant critical judgment that members of management have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in the Financial Statements is the policy on exploration and evaluation assets.

RISKS AND UNCERTAINTIES

The Company is in the mineral exploration and development business and is exposed to a number of operational, financial, regulatory and other risks and uncertainties that are typical in the natural resource industry and common to other companies in the exploration and development stage. These risks may not be the only risks faced by the Company. Additional risks and uncertainties not presently known by the Company or which are presently considered immaterial could adversely impact the Company's business, results of operations, and financial performance in future periods.

The Company is currently dependent on the success of the Maricunga Project as its primary asset. The most significant risks and uncertainties that the Company is exposed to (in no particular order) are as follows:

General economic and financial market conditions

Recent market events and conditions, including disruptions in the international credit markets and other financial systems and the American and European sovereign debt levels have caused significant volatility in commodity prices. These events and conditions have caused a decrease in confidence in the broader U.S. and global credit and financial markets and have created a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. While there are signs of economic recovery, these factors have negatively impacted corporate valuations and are likely to continue to impact the performance of the global economy going forward. Mineral prices are expected to remain volatile for the near future as a result of market uncertainties over the supply and demand of these commodities due to the current state of the world economies and the ongoing global credit and liquidity concerns. This volatility may in the future affect the Corporation's ability to obtain equity or debt financing on acceptable terms.

Exploration and Development Risk

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Corporation may be affected by numerous factors which are beyond the control of the Corporation and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection, the combination of which factors may result in the Corporation not receiving an adequate return of investment capital.

RISKS AND UNCERTAINTIES (CONTINUED)

Exploring and developing natural resource projects bears a high potential for all manner of risks. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. Moreover, even one such factor may result in the economic viability of a project being detrimentally impacted, such that it is neither feasible nor practical to proceed. Natural resource exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of natural resources, any of which could result in work stoppages, damage to property, and possible environmental damage. If any of the Company's exploration programs are successful, there is a degree of uncertainty attributable to the calculation of resources and corresponding grades being extracted or dedicated to future production. Until actually extracted and processed, the quantity of lithium brine reserves and grade must be considered as estimates only. In addition, the quantity of reserves may vary depending on commodity prices. Any material change in quantity of reserves, grade or recovery ratio may affect the economic viability of the Company's properties. In addition, there can be no assurance that results obtained in smaller-scale laboratory and pilot tests will be duplicated in larger scale tests under on-site conditions or during production. The Company closely monitors its activities and those factors which could impact them, and employs experienced consulting, engineering, and legal advisors to assist in its risk management reviews where it is deemed necessary.

Disclosure Controls and Internal Control Financial Reporting

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to permit timely decisions regarding public disclosure. Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in the rules of the Canadian Securities Administration, as at April 30, 2022. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed in reports filed or submitted by the Company under Canadian securities legislation.

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The Canadian Securities Administrators do not require any certification on the effectiveness of these controls at this time. There have been no changes in the Company's internal control over financial reporting during the six months ended April 30, 2022, that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

NI 43-101 Compliance Requirements

Under National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"), if an issuer discloses in writing scientific or technical information about a mineral project on a property material to the issuer, the issuer must include in the written disclosure the name and the relationship to the issuer of the qualified person who: (a) prepared or supervised the preparation of the information that forms the basis for the written disclosure or (b) approved the written disclosure. For the purposes of this MD&A, Frederik Reidel, CPG, a Hydrogeologist with more than 30 years of experience is the Qualified Person for the purposes of NI 43-101 has approved the written disclosure in this MD&A. This MD&A references a number of previous news releases in respect of disclosure of technical matters relating to mineral properties and reference should be made to these news releases to fully understand these references.

Government Laws, Regulation & Permitting

Mining and exploration activities of the Company are subject to both domestic and foreign laws and regulations governing prospecting, development, production, taxes, labour standards, occupational health, mine safety, waste disposal, toxic substances, the environment and other matters. Although the Company believes that all exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing the operations and activities of the Company or more stringent implementation thereof could have a substantial adverse impact on the Company.

RISKS AND UNCERTAINTIES (CONTINUED)

The operations of the Company will require licenses and permits from various governmental authorities to carry out exploration and development at its projects. There can be no assurance that the Company will be able to obtain the necessary licenses and permits on acceptable terms, in a timely manner or at all. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities.

Additional Financings

If the Company's exploration programs are successful, additional funds will be required in order to complete the development of its properties. There is no assurance that the Company will be successful in raising sufficient funds to meet its obligations or to complete all of the currently proposed exploration programs. If the Company does not raise the necessary capital to meet its obligations under current contractual obligations, the Company may have to forfeit its interest in properties or prospects earned or assumed under such contracts.

Key Management and Competition

The success of the Company will be largely dependent upon the performance of its key officers, consultants and employees. Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. Failure to retain key individuals or to attract or retain additional key individuals with necessary skills could have a materially adverse impact upon the Company's success.

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than itself with respect to the discovery and acquisition of interests in mineral properties, the recruitment and retention of qualified employees and other persons to carry out its mineral exploration activities. Competition in the mining industry could adversely affect the Company's prospects for mineral exploration in the future.

Title to Properties

Acquisition of rights to the mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. Although the Company has investigated the title to all of the properties for which it holds concessions or other mineral leases or licenses or in respect of which it has a right to earn an interest, the Company cannot give any assurance that title to such properties will not be challenged or impugned.

The Company has investigated its right to explore and exploit its mineral properties and, to the best of its knowledge, has direct or indirect title to the mineral properties. However, the results of the Company's investigations should not be construed as a guarantee of title.

Commodity Prices

Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The prices of mineral commodities have fluctuated widely in recent years. Current and future price declines could cause commercial production to be impracticable.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with the laws of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

RISKS AND UNCERTAINTIES (CONTINUED)

Risks associated with foreign operations

The Company is currently working to having an active project in Chile. Accordingly, the Company is subject to all the risks normally associated with the exploration, development and production of mineral properties in this jurisdiction. The Company's operations could be adversely impacted by political instability, foreign policies, differing business environments and changes in government regulations relating to foreign investment, corporate organization and governance, commerce, taxation, trade and the mining industry. The economies in foreign jurisdictions may differ in many respects, including the level of government intervention, level of development, maturity of the legal system and control of foreign exchange. Any changes in foreign regulations or shifts in political conditions are beyond the Company's control and there are no assurances that current and future mineral operations will not be adversely impacted by foreign political, social or economic changes.

The Corporation may be Reliant on Third Party Reporting

The Corporation relies, and will rely, on public disclosure and other information regarding the properties in which it has an interest that it receives from the owners, operators and independent experts of such operations, and certain of such information is included in this MD&A. Such information is necessarily imprecise because it depends upon the judgment of the individuals who operate the properties, as well as those who review and assess the geological and engineering information. In addition, the Corporation must rely on the accuracy and timeliness of the public disclosure and other information it receives from the owners and operators of the properties, and uses such information in its analyses, forecasts and assessments relating to its own business and to prepare its disclosure with respect to its streams and royalties. If the information provided by such third parties to the Corporation contains material inaccuracies or omissions, the Corporation's disclosure may be inaccurate and its ability to accurately forecast or achieve its stated objectives may be materially impaired, which may have a material adverse effect on the Corporation.

Forward Looking Statements

Certain statements included in this "MD&A" constitute forward-looking statements, including those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend", "may", "should" expect", "target", "will" and similar expressions to the extent they relate to the Business or its management. The forward-looking statements are not historical facts but reflect current expectations regarding future results or events. This MD&A contains forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors.

Information concerning the interpretation of drill results also may be considered forward-looking statements; as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed. The estimates, risks and uncertainties described in this MD&A are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in the Company's forward-looking statements. In addition, any forward-looking statements represent the Company's estimates only as of the date of this MD&A and should not be relied upon as representing the Company's estimates as of any subsequent date.

The material factors and assumptions that were applied in making the forward-looking statements in this MD&A include: (a) execution of the Company's existing plans or exploration programs for each of its properties, either of which may change due to changes in the views of the Company, or if new information arises which makes it prudent to change such plans or programs; and (b) the accuracy of current interpretation of drill and other exploration results, since new information or new interpretation of existing information may result in changes in the Company's expectations.

Forward Looking Statements (continued)

These forward-looking statements relate to, among other things, mineral reserve and resource estimates, grades and recoveries, financial forecasts including the net present value and after-tax internal rate of return estimates of the Maricunga Project, projected tax rates, the anticipated life of operations, annual production expectations including cash flows, capital costs, expected operating costs and construction financing. Forward-looking statements involve known and unknown risks, uncertainties and other factors which are beyond Bearing's ability to predict or control and may cause Bearing's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by the forward-looking statements. These risks, uncertainties and other factors include, but are not limited to, strategic, legal, planning and other risks, the impact of changes in, or to the enforcement of, laws, regulations and government practices, potential defects in title to the Maricunga Project that are not known as of the date hereof, the occurrence of unexpected financial obligations, fluctuations in the price of lithium and other commodities, fluctuations in the currency markets, changes in national and local government, legislation, taxation, controls, regulations and political or economic developments, risks and hazards associated with the business of mineral exploration, development and mining (including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins and flooding), risks related to operational matters and geotechnical issues, the success of future exploration and development activities, the occurrence of any labour unrest, the ability to accurately predict decommissioning and reclamation costs, the risk of budget and timing overruns, potential opposition to the Maricunga Project by local communities and the ability to secure construction financing. Such forward-looking statements are also based on a number of assumptions which may prove to be incorrect including changes in Maricunga Project parameters as plans continue to be evaluated as well as those factors disclosed in the Company's documents filed from time to time with the securities regulators in the Provinces of British Columbia and Alberta. Accordingly, readers should not place undue reliance on forward-looking statements. Bearing undertakes no obligation to update publicly or otherwise revise any forward-looking statements contained herein whether as a result of new information or future events or otherwise, except as may be required by law.

Readers should not place undue reliance on the Company's forward-looking statements, as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize.

APPROVAL

The Company's Board of Directors has approved the Company's condensed consolidated interim financial statements for the six months ended April 30, 2022. The Company's Board of Directors has also approved the disclosures contained in this MD&A.

OTHER

A copy of this MD&A will be provided to anyone who requests it. The MD&A and additional information about the Company, including the Financial Statements and Technical Reports, is available on the Company's website at www.bearinglithium.com, or on SEDAR at www.sedar.com.

SCHEDULE "VI" TO APPENDIX "A"

AUDIT COMMITTEE CHARTER

CHARTER FOR THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

BEARING LITHIUM CORP.

The following Audit Committee Charter was adopted by the Audit Committee of the Board of Directors and the Board of Directors of BEARING LITHIUM CORP. (the "Company"):

Mandate

The primary function of the audit committee (the "Committee") is to assist the Company's Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements;
- review and appraise the performance of the Company's external auditors; and
- provide an open avenue of communication among the Company's auditors, financial and senior management and the Board of Directors.

Composition

The Committee shall be comprised of a minimum three directors as determined by the Board of Directors. If the Company ceases to be a "venture issuer" (as that term is defined in National Instrument 52-110), then all of the members of the Committee shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

If the Company ceases to be a "venture issuer" (as that term is defined in National Instrument 52-110), then all members of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Company's Audit Committee Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements.

The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

Meetings

The Committee shall meet at least quarterly, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

1. Documents/Reports Review

- (a) review and update this Audit Committee Charter annually; and
- (b) review the Company's financial statements, MD&A and any annual and interim earnings press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

2. External Auditors

- (a) review annually, the performance of the external auditors who shall be ultimately accountable to the Company's Board of Directors and the Committee as representatives of the shareholders of the Company;
- (b) obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Company, consistent with Independence Standards Board Standard 1;
- (c) review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors;
- (d) take, or recommend that the Company's full Board of Directors take appropriate action to oversee the independence of the external auditors, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- (e) recommend to the Company's Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval;
- (f) recommend to the Company's Board of Directors the compensation to be paid to the external auditors;
- (g) at each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements;
- (h) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company;
- (i) review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements; and
- (j) review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The preapproval requirement is waived with respect to the provision of non-audit services if:
 - i. the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided,

- ii. such services were not recognized by the Company at the time of the engagement to be non-audit services, and
- iii. such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

3. Financial Reporting Processes

- (a) in consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external;
- (b) consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting;
- (c) consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management;
- (d) review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments;
- (e) following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information;
- (f) review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements;
- (g) review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented;
- (h) review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters;
- (i) review certification process;
- (j) establish a procedure for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
- (k) establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

4. Other

- (a) review any related-party transactions;
- (b) engage independent counsel and other advisors as it determines necessary to carry out its duties; and
- (c) to set and pay compensation for any independent counsel and other advisors employed by the Committee.

SCHEDULE "VII" TO APPENDIX "A"

COMPENSATION COMMITTEE CHARTER

PURPOSE

The overall purpose of the Compensation Committee (the "Committee") is to develop executive compensation plans that:

1. attract and retain skilled and experienced executives and senior managers;
2. motivate executives and senior managers to achieve corporate objectives and create shareholder value; and
3. encourage executives and senior managers to link their personal financial interest to those of the shareholders. The compensation of executives and senior management shall be based on competitive rates in the marketplace taking account of location and conditions of employment.

Compensation for executives and senior managers shall consist of a combination of a base salary, cash based annual incentive, a long-term incentive and employee benefits.

COMPOSITION, PROCEDURES AND ORGANIZATION

- A. The Committee shall consist of at least three members of the Board, a majority of whom shall be "independent" as that term is defined in National Instrument 58-101 "Disclosure of Corporate Governance Practices". In particular, a Committee member shall not:
 - i. other than in his or her capacity as a member of the Board or any committees of the Board, accept directly or indirectly any consulting, advisory or other fee from the Company;
 - ii. have been employed by the Company or any of its affiliates in the current or past two years; or
 - iii. be an affiliate of the Company or any subsidiaries.
- B. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
- C. Unless the Board shall have appointed a Chair of the Committee, the members of the Committee shall elect a Chairman from among their number.
- D. The secretary of the Committee shall be designated from time to time from one of the members of the Committee or, failing that, shall be the Company's corporate secretary, unless otherwise determined by the Committee.
- E. The Committee shall have access to such officers and employees of the Company, its external auditors and legal counsel and to such information respecting the Company and may engage separate independent counsel and advisors at the expense of the Company, all as it considers to be necessary or advisable in order to perform its duties and responsibilities.

MEETINGS

- F. At the request of the Chief Executive Officer ("CEO") or any member of the Committee, the Chairman will convene a meeting of the Committee and provide an agenda for such meeting.

- G. Any two directors may request the Chairman to call a meeting of the Committee and may attend at such meeting or inform the Committee of a specific matter of concern to such directors, and may participate in such meeting to the extent permitted by the Chairman of the Committee.
- H. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and hear each other.
- I. The Committee shall meet at least once in each year on such dates and at such locations as the Chairman of the Committee shall determine and may also meet at any other time or times on the call of the chair of the Committee or any two of the other members.

DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee shall be as follows:

- J. Review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of these goals, and recommend the CEO's package to the Board.
- K. Make recommendations to the Board on all elements of executive officers' compensation.
- L. Review all compensation information before the Company discloses it publicly.
- M. Approve any compensation arrangement for a senior executive of any subsidiary.
- N. Review succession planning for senior positions, and make recommendations to the Board.
- O. Review appropriate compensation of the independent directors and to provide recommendations of such review for the approval by the Corporate Governance Committee and the CEO.

APPENDIX "B"
INFORMATION RELATING TO LPI

APPENDIX "B"
INFORMATION CONCERNING LPI

TABLE OF CONTENTS

INTRODUCTION.....	4
CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION.....	4
GLOSSARY	4
GLOSSARY OF TECHNICAL TERMS	5
CORPORATE STRUCTURE	7
NAME, ADDRESS AND INCORPORATION	7
INTERCORPORATE RELATIONSHIPS	7
DESCRIPTION OF THE BUSINESS	7
MARICUNGA LITHIUM BRINE PROJECT	8
OTHER MINERAL PROJECTS	25
WESTERN AUSTRALIA	25
ARGENTINA	30
THREE YEAR HISTORY	30
FINANCIAL YEAR ENDED JUNE 30, 2020	30
FINANCIAL YEAR ENDED JUNE 30, 2021	31
FINANCIAL YEAR ENDED JUNE 30, 2022	31
EVENTS SUBSEQUENT TO JUNE 30, 2022	32
DIVIDENDS OR DISTRIBUTIONS	33
DESCRIPTION OF THE SECURITIES DISTRIBUTED	33
LPI SHARES	33
LPI SHARE APPRECIATION RIGHTS	33
CONSOLIDATED CAPITALIZATION	34
OPTIONS TO PURCHASE SECURITIES	35
EXECUTIVE OFFICERS OF LPI	35
EXECUTIVE OFFICERS OF MSB	35
PRIOR SALES	36
TRADING PRICE AND VOLUME	36
ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER	36
PRINCIPAL SECURITYHOLDERS	36
DIRECTORS AND EXECUTIVE OFFICERS.....	37
NAME, OCCUPATION AND SECURITY HOLDING	37
CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS	38
CONFLICTS OF INTEREST	39
EXECUTIVE & DIRECTOR COMPENSATION	39
COMPENSATION DISCUSSION AND ANALYSIS	39
EXECUTIVE DIRECTOR REMUNERATION.....	40
NON-EXECUTIVE DIRECTOR REMUNERATION	40
COMPENSATION GOVERNANCE	41
SUMMARY COMPENSATION TABLES	41
EMPLOYMENT AGREEMENTS AND POTENTIAL BENEFITS UPON CHANGE OF CONTROL AND TERMINATION.....	43
INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS	44
AUDIT COMMITTEE	44
AUDIT, RISK AND COMPLIANCE COMMITTEE CHARTER	44
COMPOSITION OF THE AUDIT COMMITTEE.....	44
RELEVANT EDUCATION AND EXPERIENCE	44
AUDIT COMMITTEE OVERSIGHT	44
PRE-APPROVAL POLICIES AND PROCEDURES.....	45
EXTERNAL AUDITOR SERVICE FEES.....	45
CORPORATE GOVERNANCE.....	45
BOARD OF DIRECTORS.....	45
DIRECTORSHIPS	46
BOARD MEETING ATTENDANCE.....	46

BOARD CHARTER.....	46
POSITION DESCRIPTIONS	46
ORIENTATION AND CONTINUING EDUCATION	47
ETHICAL BUSINESS CONDUCT	47
NOMINATION OF LPI DIRECTORS	48
COMPENSATION.....	48
ASSESSMENT AND BOARD RENEWAL	48
OTHER BOARD COMMITTEES.....	49
RISK FACTORS.....	49
RISKS RELATING TO LPI FOLLOWING COMPLETION OF THE ARRANGEMENT	49
SPECIFIC RISKS TO LPI	51
GENERAL RISKS	53
LEGAL PROCEEDINGS AND REGULATORY ACTIONS	55
LEGAL PROCEEDINGS.....	55
INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	55
AUDITORS, TRANSFER AGENTS AND REGISTRARS	55
AUDITORS	55
TRANSFER AGENTS, REGISTRARS, TRUSTEES OR OTHER AGENTS	56
MATERIAL CONTRACTS.....	56
EXPERTS.....	56
NAMES OF EXPERTS.....	56
INTEREST OF EXPERTS	56
OTHER MATERIAL FACTS.....	56
FINANCIAL STATEMENT DISCLOSURE FOR ISSUERS	56
SIGNIFICANT ACQUISITIONS	57
MSB SPA PARTNER TRANSACTION.....	57
ANNUAL MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.....	57
GENERAL	57
SIGNIFICANT ACCOUNTING POLICIES.....	57
NEW, REVISED OR AMENDING ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED	57
FINANCIAL INSTRUMENTS	66
BUSINESS RISK.....	67
OFF-BALANCE SHEET ARRANGEMENTS.....	68
MD&A FOR THE YEAR ENDED JUNE 30, 2022	68
REVIEW OF OPERATIONS.....	68
SELECTED ANNUAL INFORMATION.....	73
RESULT OF OPERATIONS.....	77
MD&A FOR THE YEAR ENDED JUNE 30, 2021	80
REVIEW OF OPERATIONS.....	81
SELECTED ANNUAL INFORMATION.....	83
RESULTS FROM OPERATIONS	87
EXHIBIT 1 TO APPENDIX "B"	90
AUDIT, RISK AND COMPLIANCE COMMITTEE CHARTER	90
1. PURPOSE AND AUTHORITY	91
2. MEMBERSHIP OF THE COMMITTEE.....	91
3. OBJECTIVES	92
4. AUDIT AND FINANCIAL REPORTING	92
5. RISK MANAGEMENT	94
6. LEGAL AND REGULATORY COMPLIANCE.....	96
7. RIGHTS OF ACCESS AND AUTHORITY TO MANAGEMENT AND AUDITORS	96
8. REVIEW.....	97
9. GENERAL MEETINGS.....	97
10. ADMINISTRATIVE MATTERS AND PROCEDURES.....	97
EXHIBIT 2 TO APPENDIX "B"	99
BOARD CHARTER AND RELATIONSHIP WITH MANAGEMENT.....	99
1. INTRODUCTION.....	100
2. BOARD COMPOSITION.....	100

3. BOARD ROLE AND RESPONSIBILITIES.....	102
4. DELEGATION OF DUTIES AND POWERS.....	104
5. ACCESS TO INFORMATION AND INDEPENDENT ADVICE	105
6. BOARD PROCESS	105
7. LANGUAGE OF DIRECTOR	107
EXHIBIT 3 TO APPENDIX "B"	109
LPI ANNUAL REPORTS.....	109

INTRODUCTION

This Appendix "B" is a summary of LPI, its business, assets and operations, which should be read together with the audited financial statements for LPI contained at Appendix "B" to the Circular, and the auditors' report thereon. The information contained in this Appendix "B" – *"Information Concerning LPI"*, unless otherwise indicated is given as at the Record Date.

CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION

LPI presents its financial statements in Australian dollars and discloses certain financial information in this Appendix "B" in Australian dollars and Canadian dollars. In this Appendix "B", references to "\$" are to Canadian dollars, references to "AU\$" are to Australian dollars and references to "US\$" are to United States dollars. Certain totals, subtotals and percentages throughout this Appendix "B" may not reconcile due to rounding.

The following table sets forth, for each period indicated, the low and high exchange rates for Australian dollars expressed in Canadian dollars, the exchange rate at the end of such period and the average of such exchange rates for each day during such period, based on the daily average exchange rate as reported by the Bank of Canada for the conversion of Australian dollars into Canadian dollars:

	Year Ended December 31,		
	2021	2020	2019
	(\$)	(\$)	(\$)
Low	0.8994	0.8374	0.8868
High	0.9978	0.9835	0.9582
Period End	0.9205	0.9835	0.9122
Average	0.9420	0.9247	0.9228

On September 21, 2022, the exchange rate for Australian dollars expressed in Canadian dollars (as reported by the Bank of Canada) was AU\$1.00 = \$0.8961.

The following table sets forth, for each period indicated, the low and high exchange rates for United States dollars expressed in Canadian dollars, the exchange rate at the end of such period and the average of such exchange rates for each day during such period, based on the daily average exchange rate as reported by the Bank of Canada for the conversion of United States dollars into Canadian dollars:

	Year Ended December 31,		
	2021	2020	2019
	(\$)	(\$)	(\$)
Low	1.2040	1.2718	1.2988
High	1.2942	1.4469	1.3600
Period End	1.2678	1.2732	1.2988
Average	1.2535	1.3415	1.3269

On September 21, 2022, the exchange rate for United States dollars expressed in Canadian dollars (as reported by the Bank of Canada) was US\$1.00 = \$1.3483.

GLOSSARY

Certain terms used in this Appendix "B" shall have the meaning ascribed below. All other capitalized terms used herein and not defined below shall have the meanings ascribed thereto in the section "Glossary of Terms" in the Circular to which this Appendix "B" is attached.

"AASB Standards" has the meaning set forth in this Appendix under the heading *"Management's Discussion & Analysis - General"*;

"ATO" means Australian Taxation Office;

"CFO" means Chief Financial Officer;

"CIM" means the Canadian Institute of Mining, Metallurgy and Petroleum;

"DBCA" means Department of Biodiversity, Conservation and Attractions;

"DFS" has the meaning set forth in this Appendix under the heading "*Description of the Business – The Maricunga Lithium Brine Project*";

"DMIRS" means Department of Mines, Industry and Safety;

"MD&A" means management's discussion and analysis;

"NEO" means the named executive officers of LPI and "named executive officer" has the meaning ascribed thereto in Form 51-102F6 – *Statement of Executive Compensation* of the Canadian Securities Administrators;

"relevant reporting periods" has the meaning set forth in this Appendix under the heading "*Management's Discussion & Analysis - General*";

"LPI Director" means a director of LPI;

"LPI Share Appreciation Rights" means Share Appreciation Rights of LPI;

"Maricunga" or the "Project" has the meaning set forth in this appendix under the heading "*Description of the Business – The Maricunga Lithium Brine Project*";

"QP" has the meaning set forth in this appendix under the heading "*Description of the Business – The Maricunga Lithium Brine Project*";

Glossary of Technical Terms

Technical information relating to the Project contained in this Appendix under the heading "*Description of the Business – The Maricunga Lithium Brine Project*" is extracted and derived from the MSB Project Technical Report.

Certain mining terms used herein are defined as follows:

"AMT"	Audio-frequency Magnetotellurics.
"B"	Chemical symbol for Boron.
"°C"	Degrees Celsius.
"Ca"	Chemical Symbol for calcium.
"CAGR"	Cumulative Annual Growth Rate.
"CEOL"	Special Operation Contract for Lithium.
"EIA"	Environmental Impact Assessment.
"FEFLOW"	Finite element groundwater flow and transport model.
"g/cm ³ "	Grams per cubic centimeter.
"g/L"	Gram per litre.
"ha"	Hectare.
"HCO ₃ "	Chemical symbol for bicarbonate.
"IRR"	Internal rate of return.

"K"	Chemical symbol for potassium.
"KCL"	Potassium chloride.
"km"	Kilometre.
"km²"	Square kilometer.
"kt"	Kilo tonne.
"Ktpy"	Kilotons per year.
"Kv"	Kilovolt.
"LCE"	Lithium carbonate equivalent.
"Li"	Chemical symbol for lithium.
"Li₂CO₃"	Lithium carbonate.
"l/s"	Litres per second.
"m"	Metre.
"masl"	Metres above sea level.
"Mg"	Chemical Symbol for magnesium.
"mg/L"	Milligrams per liter.
"mm"	Millimetre.
"Mt"	Mega tonne.
"MW"	Megawatt.
"m²"	Square metre.
"m³/d"	Cubic meters per day.
"NPV"	Net present value.
"OCC"	The 'Old Code' mining concessions.
"PVC"	Polyvinyl chloride.
"py"	Per year.
"QA"	Quality assurance.
"QC"	Quality control.
"RC"	Reverse circulation.
"RCA"	Certain environmental approval documents.
"SEA"	Environmental Assessment Service.
"SO₄"	Chemical symbol for sulfur.
"Sy"	Specific yield.
"t"	Tonne.
"TPY"	Tonnes per year.
"wt"	Weight.

CORPORATE STRUCTURE

Name, Address and Incorporation

LPI was incorporated on July 24, 2015 and admitted to the official list of the ASX on June 24, 2016. LPI's registered office and principal place of business is located at Level 7, 151 Macquarie Street, Sydney, New South Wales, Australia, 2000. LPI's telephone number is +61 2 9089 8723 and email is info@lithiumpowerinternational.com. LPI's website address is <https://lithiumpowerinternational.com/>.

Intercorporate Relationships

The subsidiaries controlled by LPI, the jurisdictions of incorporation of those subsidiaries and percentage voting securities held, directly or indirectly, by LPI, are as follows:



Figure 1 | LPI Company Structure Diagram

Subsidiary Name	% votes attaching to all voting securities owned/controlled	where subsidiary was incorporated, continued, formed, organized
Western Lithium Ltd.	100%	Australia
Lithium Power Inversiones Chile SpA	100%	Chile
LPI Canada Holdings Ltd.	100%	Canada
CMC Lithium Pty Ltd.	100%	Australia

DESCRIPTION OF THE BUSINESS

LPI's principal activities are to explore, develop and seek to acquire lithium tenements in South America and Australia. LPI has four distinct project regions - one in South America's brine region and three in Western Australia's spodumene hard rock, providing diversification in both geography and geology. LPI's primary focus is on the development of Chile's next high-grade lithium mine located in an area known as the Lithium Triangle. LPI has continued the acquisition of new tenements and early-stage exploration on its lithium tenements in Western Australia through its 100% owned subsidiary company Western Lithium Ltd. (formally Lithium Power WA Holdings Pty Ltd).

Maricunga Lithium Brine Project

Overview

LPI's main focus has been the development of its flagship Maricunga Lithium Brine Project (the "**Project**" or "**Maricunga**") through the Maricunga joint venture company, MSB. MSB is owned by LPI (51.55%); Minera Salar Blanco SpA (31.31%); and Bearing Lithium Corp. (TSXV: BRZ) (17.14%).

The most recent technical report on the Project is the report titled "NI 43-101 Technical Report: Definitive Feasibility Study Update, Minera Salar Blanco - Lithium Project, Stage One, III Region Chile" dated January 7, 2022. The MSB Project Technical Report was prepared by Worley and Atacama Water for MSB to provide an NI 43-101 compliant Definitive Feasibility Study ("**DFS**") of the Project located in Salar de Maricunga in the Atacama Region of northern Chile. The MSB Project Technical Report was reviewed by Mr. Marek Dworzanowski, CEng., BSc (Hons), HonFSAIMM, FIMMM of Worley, Mr. Peter Ehren, MSc, MAusIMM and Mr. Frits Reidel, CPG. Mr. Marek Dworzanowski, Mr. Peter Ehren and Mr. Frits Reidel are "qualified persons" ("**QP**") and are independent of MSB, LPI and Bearing as such terms are defined by NI 43-101.

The description of the Maricunga Lithium Brine Project herein is derived or extracted from the MSB Project Technical Report.

Property Description and Ownership

The Project is located 170 km northeast of Copiapó in the Region III of northern Chile at an elevation of 3,750 masl. The property is centred at approximately 492,000 mE, 7,025,000 mN (WGS 84 datum UTM Zone 19). The Project covers 1,125 ha of mineralized ground in Salar de Maricunga; 100 ha just to the northeast of the Salar for camp and evaporation test facilities, and an additional 1,800 ha eight km north of the Salar for the construction of evaporation ponds, process and plant facilities.

The mineralized area of the Project is comprised of the following mining concessions: *Cocina 19-27* (450 ha), *Salamina*, *Despreciada*, and *San Francisco* (675 ha). These concessions, known as the OCC, were constituted under the 1932 Chilean mining law and have "grand-fathered" rights for the production and sale of lithium products. The OCC does not require any special license or CEOL from the Chilean Government for the production and sale of lithium products. MSB also own 100% of the *Litio 1-6* concessions comprising 1,438 ha, known as 'New Code' concessions, where a future expansion is under evaluation. The *Litio 1-6* concessions do require a special license or CEOL for their exploitation. MSB owns 100% of all mining concessions, free from any encumbrances, set out in Table 1-1 below:

Table 1-1 MSB mining concessions

Property	Role Number	Area (ha)	Registered Owner	Mining Code
Litio 1, 1 al 29	03201-6516-4	131	MSB	1983
Litio 2, 1 al 30	0321-6517-2	143	MSB	1983
Litio 3, 1 al 58	03201-6518-0	286	MSB	1983
Litio 4, 1 al 60	03201-6519-9	300	MSB	1983
Litio 5, 1 al 60	03201-6520-2	297	MSB	1983
Litio 6, 1 al 60	03201-6521-0	282	MSB	1983
Cocina 19-27	03201-2110-19	450	MSB	1932
San Francisco 1 al 10	03201-0006-2	425	MSB	1932
Despreciada 6 al 7	03201-0007-0	100	MSB	1932
Salamina 1 al 3	03201-0005-4	150	MSB	1932
Blanco	N/A	1,800	MSB	1983
Camp	N/A	100	MSB	1983

Physiography, Climate and Access

The hydrographic basin of Salar de Maricunga covers 2,195 km² in the Altiplano of Region III. The average elevation of the basin is 4,295 masl while the maximum and minimum elevations are 6,749 masl and 3,738 masl respectively. The Salar is located in the northern extent of the hydrographic basin and covers 142.2 km². The salar nucleus sits at an elevation of approximately 3,750 masl.

The principal surface water inflow into the lower part of basin occurs from Rio Lamas which originates in Macizo de Tres Cruces. Average flow in Rio Lamas (at El Salto) is measured at 240 l/s. All flows from the Rio Lamas infiltrate into the Llano de Cienaga Redonda. The second largest surface water inflow to the lower part of the basin occurs from Quebrada Cienaga Redonda. Average flow (at La Barrera) is measured at 20 l/s; all flow infiltrates also into the Llano de Cienaga Redonda.

Laguna Santa Rosa is located at the southwest extent of the basin valley floor and is fed mainly locally by discharge of groundwater. Laguna Santa Rosa drains north via a narrow natural channel into the Salar itself. Additional groundwater discharge occurs along the path of this channel and surface water flow north towards the Salar has been recorded at a range of 200-300 l/s. Tres Cruces National Park is located in the southern part of the Maricunga watershed and includes Laguna Santa Rosa.

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. National Highway 31 extends through to Argentina via the Paso San Francisco. Access to Maricunga from the city of El Salvador is via a well-maintained gravel surface highway. Occasional high snowfalls in the mountains may close the highways for brief periods during the winter.

The climate at the property 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 in Salar de Maricunga is estimated at 5 to 6°C. Average annual precipitation is estimated at 150 mm and average annual potential evaporation is estimated between 2,100 mm and 2,400 mm.

Royalties

Given that the Project is based on developing exclusively MSB's lithium mining properties registered under the Chilean old mining law, it is MSB's interpretation of the relevant legislation that they are exempt from any special royalties on lithium carbonate production. In this case, production from these properties would be only subject to Chilean Law 20.026 of Specific Tax on mining activities. The amount of the royalties to be paid depends on both the revenue level, and on the relation between lithium carbonate and copper prices. Royalties would amount to approximately US\$4.6 million per year. This is equivalent to about 1.2% of yearly sales.

Exploration and Drilling

The following exploration, drilling and testing programs were carried out on the MSB concessions between 2011 and 2021:

(a) Geophysics:

- A seismic tomography survey was carried out by Geophysical Exploration and Consulting S.A. along six profiles for a total of 23-line km to help define basin lithology and geometry.
- An AMT / TEM geophysical survey was completed by Wellfield Services along 6 profiles across the Salar covering a total of 75-line km. 383 AMT soundings were collected at a 200 m to 250 m station spacing; 15 soundings were carried out at the end and centre of each AMT profile. The purpose of the AMT survey was to help map the basin geometry and the fresh water / brine interface.
- A regional gravity survey was carried out along six profiles (parallel to the AMT survey) for a total of 75-line km across the Salar. The station spacing along the profiles varied between

250 m and 500 m. The objective of the gravity survey was to help define the geometry of the bedrock contact in the Salar.

(b) Exploration Drilling:

- Twelve sonic boreholes were drilled between 2011 and 2018 to depths of between 40m and 200 m. Undisturbed samples were collected from the sonic core at 3 m to 6 m intervals for drainable porosity analyses and other physical parameters. Brine samples were collected during the sonic drilling at 3 m to 6 m intervals for chemistry analyses. All sonic boreholes were completed as observation wells on completion of drilling.
- A total of 915 m of exploration RC drilling was carried out for the collection of chip samples for geologic logging, brine samples for chemistry analyses and airlift data to assess relative aquifer permeability. The RC boreholes were completed as observation wells for use during future pumping tests.
- Eight exploration boreholes for a total of 1,709 m were drilled using the tricone rotary method at 3-7/8 and 5-1/2-inch diameter; HWT casing was installed in each borehole to selected depths as required to provide adequate borehole stability. Drill cuttings were collected at 2 m intervals. Brine samples were collected at a 6 m interval. Six of the nine exploration holes were completed as piezometers through the installation of 2-inch diameter blank and screened PVC casing.
- Six boreholes for a total of 205 m were drilled as monitoring wells using the rotary method at 5-1/2-inch diameter. Drill cuttings were collected at 2 m intervals; brine sampling took place at selected depth intervals. All six holes were completed with 2-inch diameter blank and screened PVC casing.
- Five tricone / HQ / HWT core holes were drilled on the OCC by Major Drilling with tricone from ground surface to 200 m depth and cored at HQ diameter from 200 m to 400 m depth. HWT casing was installed during the drilling to provide hole stability and facilitate depth-representative brine sampling. Continuous HQ core was collected for geological logging and the preparation of 'undisturbed' sub-samples (66) at 12 m intervals between 200 m and 400 m depth.
- The five boreholes were completed as monitoring wells with blank and slotted 3-inch diameter PVC casing to facilitate BMR logging and future water level and brine chemistry monitoring. Downhole logging was carried out by geophysical contractor Zelandez.

(c) Test Production and Well Installations:

- Two test production wells (P-1 and P-2) were drilled at 17-1/2 inch diameter to a total depth of 150 m using the flooded reverse method. The wells were completed with 12-inch diameter blank and screened PVC casing in the Upper Halite brine unit and lower semi-confined brine aquifer.
- One production well (P-4) was drilled at 17-1/2 inch diameter to a depth of 180 m using the flooded reverse method. The well was completed with 12-inch diameter PVC blank and screened production casing. The screened interval of the well was completed in the lower semi-confined to confined aquifer, below and isolated from the Upper Halite unit.
- One production well (P-5) was drilled at 17-1/2 inch diameter to a depth of 400 m using the flooded reverse method. The well was completed with 12-inch diameter blank and screened production casing. The screened interval of the well was completed in the deep brine aquifer.

(d) Pumping Tests:

- Two long-term pumping tests were carried out on production wells P-1 (14 days) and P-2 (30 days) at 37 l/s and 38 l/s, respectively. Water level responses were measured in four monitoring wells adjacent to each production well.
- One 30-day pumping test was carried on production well P-4 at a pumping rate of 25 l/s.
- One 7-day pumping test was carried out on the previously drilled production well P-2 at a flow rate of 45 l/s. A packer was installed in the well at 40 m depth so that brine inflow during the pumping test was limited to the upper halite aquifer. Water level measurements were made in four adjacent monitoring wells during the 7-day pumping test.

- Six test trenches adjacent to sonic boreholes C1 through C6 were completed to a depth of 3 m and 24-hour pumping tests were carried out in each trench.
- One 30-day pumping test is being carried out on production well P-5 at a pumping rate of 35 l/s. Water level measurements are being made in adjacent exploration well S-25.

(e) Laboratory Brine and Drainable Porosity Analysis:

- 718 primary brine samples (not including QA/QC samples) analysed by the University of Antofagasta, Alex Steward Assayers, or Andes Analytical Assays were used in the mineral resource estimation.
- 561 undisturbed samples from the sonic and HQ core were analysed by Daniel B Stephens and Associates, Geo Systems Analysis or Corelabs for drainable porosity and other physical parameters.

Geology and Mineralization

(a) Geology: Based on the drilling campaigns carried out in the Salar between 2011 and 2021, eight major geological units were identified and correlated from the logging of drill cuttings and undisturbed core to a general depth of up to 400 m. Only one borehole on the western edge of the Salar encountered bedrock at 219 m depth. Salar de Maricunga is a mixed style salar. An upper halite unit occurs (up to 34 m in thickness) in the central northern part of the Salar and hosts the upper brine aquifer. The halite unit is underlain by low permeability lacustrine sediments. The Salar is surrounded by relative coarse grained alluvial and fluvial sediments. These fans demark the perimeter of the actual salar and at depth grade towards the centre of the Salar where they form the distal facies with an increase in sand and silt. At depth two unconsolidated volcanoclastic units have been identified that appear quite similar. These two volcanoclastic units are separated by a relatively thin and continuous sand unit which may be reworked material of the lower volcanoclastic unit. A volcanic breccia was identified on the northern and western parts of the OCC that locally interfingers with the lower volcanoclastic unit. A lower brine aquifer is hosted in the lower alluvial, volcanoclastic, and volcanic breccia units (below the lacustrine sediments).

(b) Mineralization: The brines from Maricunga are solutions nearly saturated in sodium chloride with an average concentration of total dissolved solids of 311 g/L. The average density is 1.20 g/cm³. Other components present in the Maricunga brine are: K, Li, Mg, Ca, SO₄, HCO₃ and B. Elevated values of strontium (mean of 359 mg/L) also have been detected. Table 1-2 shows a breakdown of the principal chemical constituents in the Maricunga brine including maximum, average, and minimum values, based on the 718 brine samples that were collected from the exploration boreholes during the 2011 - 2021 drilling programs (all concessions).

Table 1-2 Maximum, average and minimum elemental concentrations of the Maricunga brine

	B	Ca	Cl	Li	Mg	K	Na	SO ₄	Density
Units	mg/L	mg/L	mg/L	mg/L	mg/L	mg/L	mg/L	mg/L	g/cm ³
Maximum	1,993	36,950	233,800	3,375	21,800	20,640	105,851	2,960	1.31
Average	572	12,847	192,723	1,122	7,327	8,142	87,106	711	1.20
Minimum	234	4,000	89,441	460	2,763	2,940	37,750	259	1.10

Sampling Methods and Data Verification

The author of the MSB Project Technical Report, Frederik Reidel was involved with the planning, execution, and oversight of the 2011- 2021 drilling and testing programs for the Project. Frederik Reidel was responsible for developing drilling and sampling methodologies and the implementation of field sampling

protocols. Frederik Reidel, a QP, spent a significant amount of time in the field during all field campaigns overlooking the implementation and day-to-day execution of drilling, testing, and sampling protocols.

Frederik Reidel was responsible for the oversight and analysis of the QA/QC programs related to brine sampling and laboratory brine chemistry analysis as well as the laboratory porosity analysis. A significant amount of QA/QC protocols were implemented for the brine chemistry and drainable porosity analysis programs that allowed continuous verification of the accuracy and reliability of the results obtained. The precision of the sampling and analytical program was monitored by submitting blind field duplicates to the primary laboratory. Contamination was measured by inserting blank samples into the sample stream at site. Blanks were barren samples on which the presence of the main elements undergoing analysis has been confirmed to be below the detection limit. No issues were found with the results of the brine and porosity laboratory analysis. It is the opinion of Frederik Reidel that the information developed and used for the brine resource estimate in the MSB Project Technical Report is adequate, accurate and reliable.

Status of Exploration, Development and Operations

MSB completed a first positive DFS for the original Blanco Project in 2019 based on brine production from all concessions (OCC and Litio 1-6) to 200 m depth and a 20 Ktpy LCE production capacity.

MSB received all RCA's from the Chilean authorities in February 2020 for the construction and operation of mining and processing facilities to produce 20 Ktpy of LCE over a 20-year mine-life. In 2018 MSB received a license from the Chilean Nuclear Energy Commission for the production and sale of 35,554 tons of Lithium Metal Equivalent from the OCC.

The results of the DFS for the Project are based on brine production only from the OCC to support an average of 15.2 Ktpy of LCE mining and processing facilities over a 20-year mine-life. The currently approved environmental permits will support the Project development.

Brine Resource Estimates

The brine resource estimate was determined by defining the aquifer geometry, the drainable porosity or specific yield of the hydrogeological units in the Salar, and the concentration of the elements of economic interest, mainly lithium and potassium. Brine resources were defined as the product of the first three parameters.

The model resource estimate is limited to the OCC mining concessions in Salar de Maricunga that cover an area of 1,125 ha.

The resource model domain is constrained by the following factors:

- The top of the model coincides with the brine level in the Salar that was measured in the monitoring wells installed in the Salar.
- The lateral boundaries of the model domain are limited to the area of the OCC mining concessions.
- The bottom of the model domain coincides with the bedrock contact or 400 m depth.

The specific yield values used to develop the resources are based on results of the logging and hydrogeological interpretation of chip samples and recovered core of 8 rotary boreholes and 17 sonic and HQ core holes, results of drainable porosity analyses carried out on 561 undisturbed samples from sonic- and HQ core and four pumping tests. Boreholes within the Measured and Indicated Resource areas are appropriately spaced at a borehole density of one bore per 1.5 km². Table 1-3 shows the drainable porosity values assigned to the different geological units for the resource model.

The distributions of lithium and potassium concentrations in the model domain are based on a total of 718 brine analyses.

Table 1-3 Drainable porosity values applied in the resource model

Unit	Count	Sy Average
Halite	6	0.06
Lacustrine	323	0.02
Deep Halite	8	0.06
Alluvial Deposits	31	0.14
Lower Sand	20	0.06
Volcanoclastics	72	0.12
Lower Volcanoclastics	7	0.08
Volcanic Breccia	52	0.13

The resource estimation for the Project was developed using the Stanford Geostatistical Modelling Software and the geological model as a reliable representation of the local lithology. The principal author was closely involved with the block model development; all results have been reviewed and checked at various stages and are believed to be valid and appropriate for these resource estimates.

Table 1-4 shows the Measured and Indicated Resource for lithium and potassium for the OCC.

Table 1-4 Lithium and Potassium Measured and Indicated Resources of the Maricunga
Lithium Brine Project – 'Old Code' Concessions – effective date September 20, 2021

	Measured (M)		Indicated (I)		M+I	
	Li	K	Li	K	Li	K
Area (Km ²)	4.5		6.76		11.25	
Aquifer volume (km ³)	1.8		1.8		3.6	
Mean specific yield (Sy)	0.09		0.12		0.1	
Brine volume (km ³)	0.162		0.216		0.378	
Mean grade (g/m ³)	87	641	111	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

Notes to the resource estimate:

1. CIM definitions (2014) were followed for Mineral Resources.
2. The QP for this Mineral Resource estimate is Frits Reidel, CPG.
3. No cut-off values have been applied to the resource estimate.
4. Numbers may not add due to rounding.
5. The effective date is September 20, 2021.

Table 1-5 shows the total resources of the OCC expressed as LCE and potash:

Table 1-5 OCC resources expressed LCE and potash

	M+I Resources	
	LCE	KCL
Tonnes	1,905,000	4,950,000

1. Lithium is converted to lithium carbonate with a conversion factor of 5.32.
2. Potassium is converted to potash with a conversion factor of 1.9
3. Numbers may not add due to rounding

It should be noted that the OCC Measured and Indicated Resources described in Table 1-4 and 1-5 are in addition to the Measured and Indicated Resources in the Litio 1-6 concessions to a depth of 200m.

Brine Reserve Estimate

A three-dimensional FEFLOW code was constructed and successfully calibrated to steady state pre-mining conditions and to transient pumping test responses. The calibrated model was used to simulate brine production scenarios from the initial Project concessions for production over a 20-year project life. These form the basis for the Maricunga Lithium Brine Project Mineral Reserve Estimate.

The lithium reserves are summarized in Table 1-6 and Table 1-7.

Table 1-6. Brine Mining Reserve for pumping to ponds

Category	Year	Brine Vol (Mm3)	Ave Li conc (mg/l)	Li metal (tonnes)	LCE (tonnes)
Proven	1-7	19	1,024	14,000	75,000
Probable	1-7	13		19,000	102,000
Probable	8-20	60	950	57,000	302,000
All	1-20	92	976	90,000	479,000

Table 1-7. Production Reserve for Lithium Carbonate production (assuming 65% lithium process recovery efficiency)

Category	Year	Brine Vol (Mm3)	Ave Li conc (mg/l)	Li metal (tonnes)	LCE (tonnes)
Proven	1-7	19	1,024	9,000	49,000
Probable	1-7	13		12,000	66,000
Probable	8-20	60	950	37,000	196,000
All	1-20	92	976	58,000	311,000

Notes to the Reserve Estimate:

1. The Reserve Estimate includes an optimized wellfield configuration and pumping schedule to comply with environmental constraints and water level decline restrictions as part of the RCA issued by the Chilean Environmental Agency.
2. Lithium is converted to lithium carbonate with a conversion factor of 5.32.
3. The QP for the Mineral Reserve estimate Frits Reidel, CPG.

4. The effective date for the Reserve Estimate is December 22, 2021.
5. Numbers may not add due to rounding effects.
6. Approximately 25 percent of the Measured and Indicated Resources are converted to Proven and Probable Reserves as brine feed from the production wellfield to the evaporation ponds without accounting for the lithium process recovery efficiency. The overall conversion from Measured and Indicated Resources to Total Reserves including lithium process recovery efficiency of 65% is approximately 16 percent.

Lithium Recovery Process

The Project's facilities have been designed to produce an average of 15,200 tpa of lithium carbonate battery grade over a 20-year mine-life.

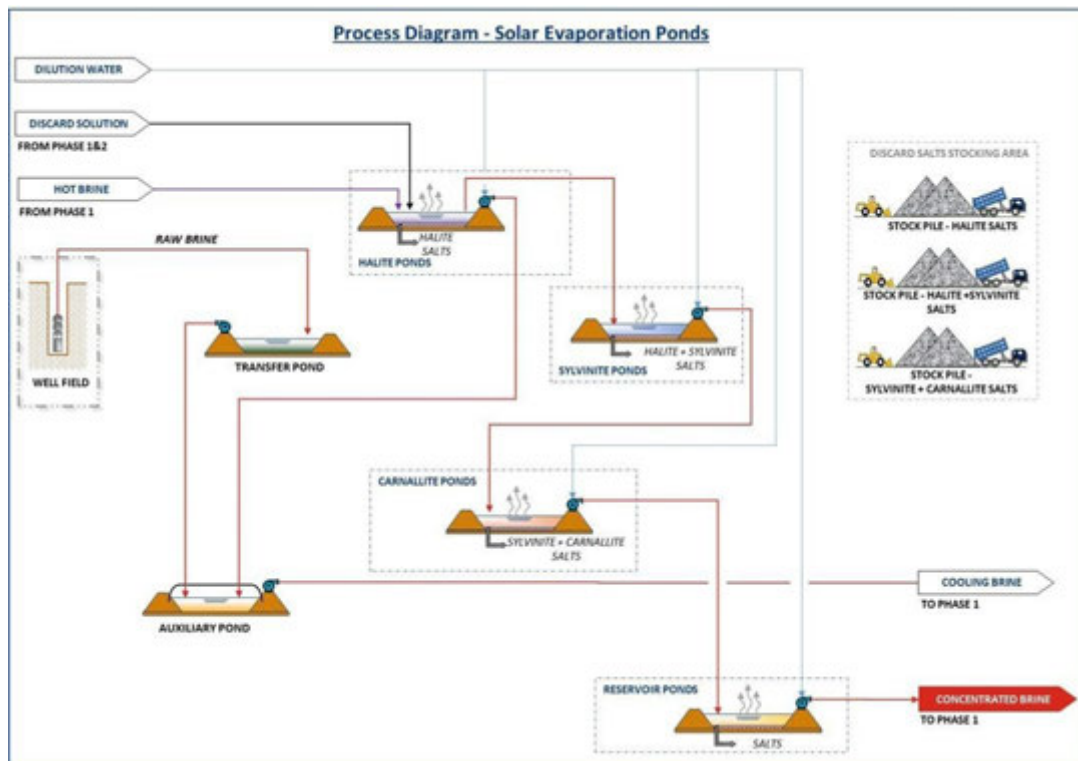
The brine obtained from the production wells in the Salar is pumped to evaporation ponds, where it is concentrated through evaporation causing the saturation of the salts crystallizing mainly halite, sylvinite and carnallite. All crystalized salts are periodically harvested from the ponds and stored in stockpiles defined for such purpose.

The concentrated lithium brine obtained from the evaporation ponds is pumped directly to reservoir ponds, which feed a Salt Removal Plant. This plant mainly removes calcium impurities as calcium chloride and tachyhydrite from the brine and generates a stable feed in terms of chemical composition to the Lithium Carbonate Plant. This is achieved through consecutive evaporation and crystallization steps. This process allows a higher and faster concentration of the lithium in the brine and reduces the lithium losses with the precipitated salts, thus increasing the overall efficiency.

The concentrated lithium brine obtained from the Salt Removal Plant is subsequently fed to the Lithium Carbonate Plant, where through processes of purification, ion exchange and filtration, remaining impurities such as boron, calcium and magnesium are removed. The lithium concentrated brine is then fed to a carbonation stage, where through the addition of soda ash, lithium carbonate precipitates. This precipitated lithium carbonate is then fed to a centrifuge for water removal, and finally dried, and packed.

A simplified diagram of the process is presented in Figure 1-1.

Figure 1-1 General Process Diagram



Salt Removal Plant is required as the pilot evaporation tests indicated the high concentration of calcium, magnesium and lithium in the concentrated brine lowers the brine activity significantly and the eutectic end point of about 3-4% wt lithium is never reached at ambient concentrations. Additionally, concentrating to higher levels of about 1.5% wt in summertime, showed significant losses in lithium as lithium borates and entrapment in the crystallized salt in the ponds.

The risk that the brine might not reach the targeted lithium concentration in the ponds (3-4% wt) in a consistent and continuous manner during the year, was the main driver to design the process for a concentration target of about 0.9% wt, which is proved it can be reached and maintained for a consistent and continuous feed to the Salt Removal Plant and Lithium Carbonate plant thereafter, thus increasing the overall efficiency by reducing the losses in salt entrainment, the consumption of chemical reagent and allowing water recovery during the process.

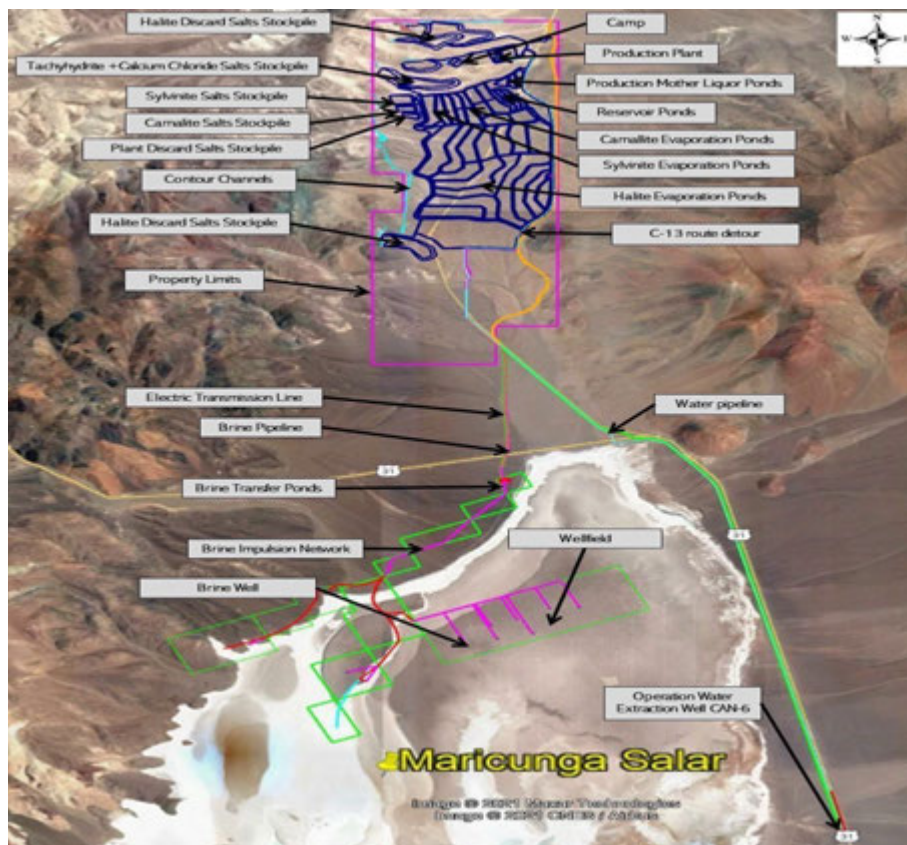
Project Infrastructure

The facilities that are considered for the Project include mainly the following:

- Solar evaporation pond installations (transfer pumps, dilution water tanks, among others);
- Salt Removal Plant – (named also Phase 1);
- Lithium Carbonate Plant – (named also Phase 2);
- Utilities for process ancillary services (reagents, water, compressed air, steam boilers, among others);
- Installations for plant ancillary services (administration offices, laboratory, among others);
- Workers' camp; and
- Temporary contractors' installations.

All main installations are presented in Figure 1-2.

Figure 1-2 Project location presenting all main installations



The brine production wellfield considers eleven (11) production wells operating concurrently at any time. The required annual average brine feed rate from the wellfield to the evaporation ponds is around 13,000 m³/d to support an annual average lithium carbonate production of 15,200 t over a 20-year mine-life. This feed will vary during the seasonal changes, increasing in the summer period due to a higher evaporation rate and decreasing in winter since evaporation will be lower.

The solar evaporation ponds area that MSB plans to build will be located north of the Maricunga Salar and will cover a total base area of 5.36 million m². These ponds will allow the brine to be concentrated in different steps. In addition, there will be approximately 1.6 million tonnes of discards salt that will be stockpiled at site, salts obtained from both the evaporation ponds and from the production plant.

The buildings of the plant area are designed according to the weather conditions of the site. These buildings are classified as follows:

Salt Removal Plant – Phase 1

- Building for evaporation and crystallization equipment
- Solvent extraction (SX) plant building

Lithium Carbonate Plant – Phase 2

- Building includes ion exchange, magnesium and calcium removal, solid / liquid separation, drying, packing and product storage.

Plant Services

- Reagent storage and/or preparation building, which includes the following building areas:
 - SX reagents storage and distribution
 - Hydrochloric acid storage and distribution
 - Caustic soda dilution, storage and distribution
 - Soda Ash storage (solid and liquid), preparation and distribution
 - Lime storage, preparation and distribution
 - Other minor reagents
- Fuel station.
- Air compressors room.
- Boilers room.
- Water Treatment Plant (to generate soft water).

The mining camp will have 2 platforms with a total area of 28,590 m². The facilities of the camp will be modular and will be connected by pedestrian and vehicular access. During the construction phase there will be 8 dorm buildings with a capacity for 1,200 people. This will reduce to 232 people during the operation phase that work on-site. All buildings will have a heating system, ventilation, power supply, networks, sanitary installations, fire detection and extinguishers according to DS594.

Electrical Energy

The Project has an average connected load of 13.7 MW of electrical power. The Electric Coordinator already gave MSB the authorization to connect to an existing 23 kV transmission line. MSB strategy is to build a new substation and reinforce the line.

Water

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. The use of the CAN-6 well is included in the Project RCA environment approval.

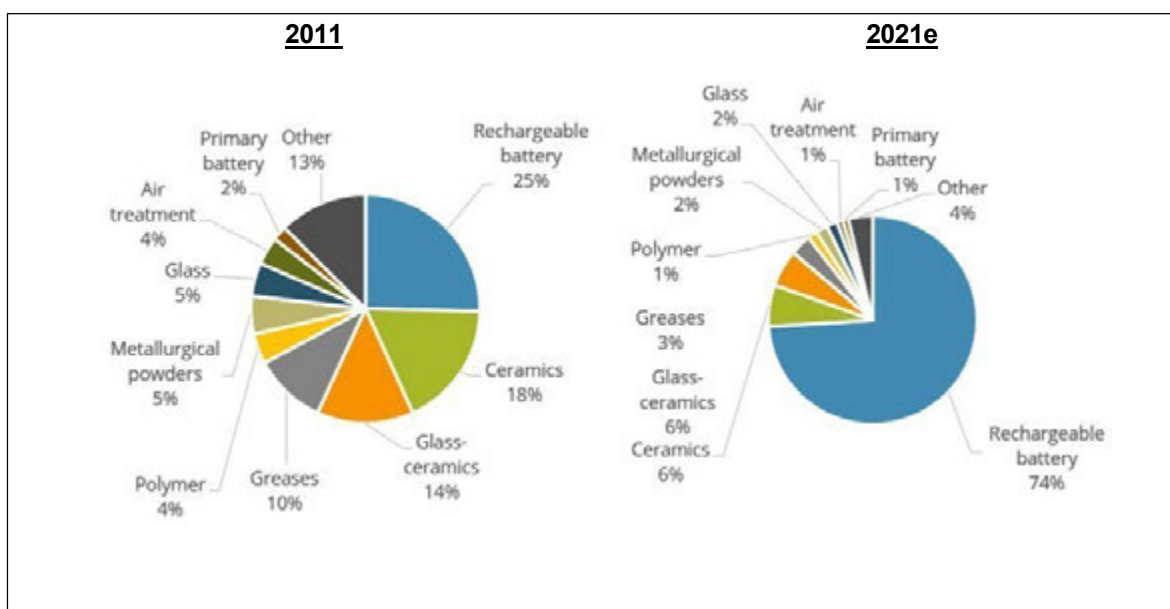
Market Studies and Contracts

Consumption

Demand growth for lithium since 2009 has been led by the rapidly increasing use of lithium in rechargeable battery applications in the form of lithium carbonate and more recently lithium hydroxide. From the rechargeable battery sector alone, growth has averaged 23.5%py between 2011 and 2021e, forming over 50% of lithium demand since 2017. Unlike most other major end-use applications, demand from rechargeable batteries continued to increase in 2020, despite disruption caused by the Covid-19 pandemic and related lockdowns.

The rechargeable battery sector accounted for 71% of lithium consumption in 2020. The rechargeable battery sector became the largest lithium consumer in 2008, and in 2015 accounted for over three times the volume consumed by the next largest sector, ceramics. The ceramics, glass-ceramics and glass industries formed the next largest end-use markets in 2021e, forming 6.4%, 5.7% and 1.6% of total demand respectively, with lithium greases forming 3.1% of total demand.

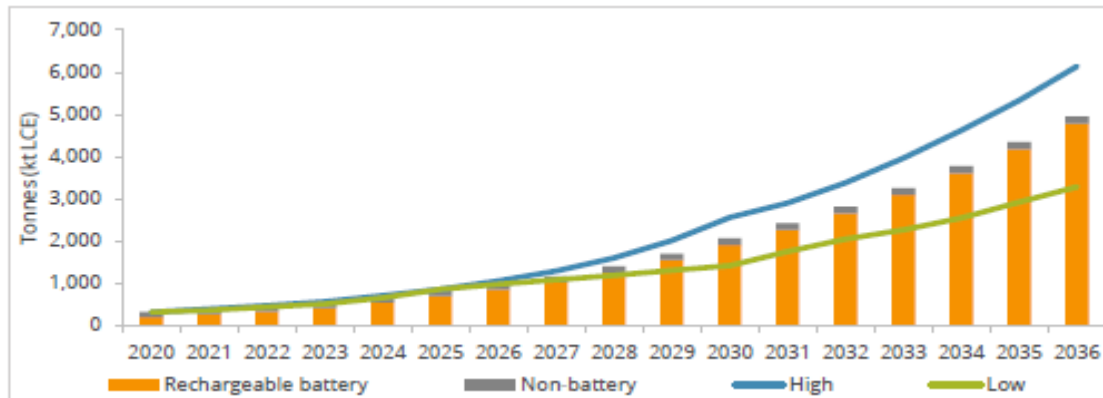
Figure 1-3 World: Consumption of lithium by first use, 2011 and 2021e (t LCE)



Source: Roskill

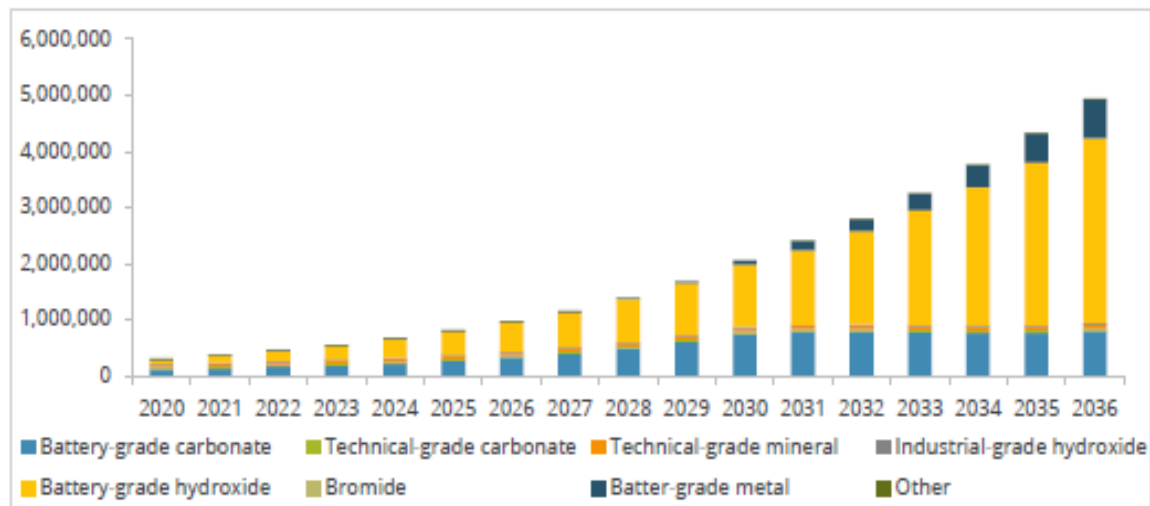
Under Roskill's base-case scenario, lithium demand is forecast to increase by 12.6%py in the period to 2036, reaching a total of 4.95Mt in 2036. In the 'High-case', forecast lithium demand is expected to increase by 20.1% CAGR in the period from 2021 to 2036, reaching a total of 6.14Mt LCE. Demand from non-battery applications is expected to form a diminishing proportion of lithium demand, with demand from such sectors decreasing from 31% in 2021 to 4% in 2036. Non-battery applications are expected to show continued demand growth of between 1-4%py over the period to 2036, aligned to growth in global and regional GDP and industrial production.

Figure 1-4 World: Forecast consumption of lithium by first use, 2020-2036 (000t LCE)



Source: Roskill

Figure 1-5 World: Forecast consumption of lithium by product, 2020-2036 (kt LCE)



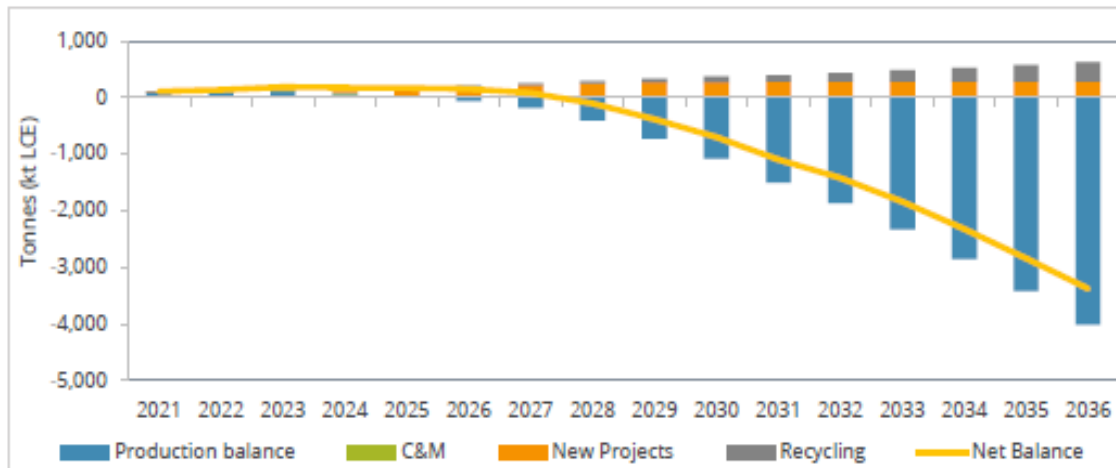
Source: Roskill

As a result of the strong growth in demand from rechargeable battery applications, demand for battery grade products is forecast to accelerate over the outlook horizon. Battery-grade lithium carbonate and hydroxide demand is forecast to increase by 18.8%py and 26.2%py respectively in the period from 2021 to 2031, with a further 0.2%py and 19.9%py increase respectively from 2031 to 2036. In 2036, battery-grade lithium carbonate and hydroxide demand are forecast at 802.3kt LCE and 3,288.1kt LCE respectively. Battery-grade metal will also grow above the industry average, as more is used in advanced lithium rechargeable batteries and primary batteries.

Processing and Production

In 2021, global production of refined compounds was forecast to total 636.3kt LCE. Based on announced capacity expansions, refined production is forecast to increase at a CAGR of 7.9% to 2036. Under this scenario supply is forecast to surpass 1Mt LCE in 2024 before reaching 2Mt LCE by 2036. This represents more than a doubling of the expected output in 2021. Roskill forecasts battery-grade production to increase by 6.2% CAGR to 2036 reaching 1,057.7kt LCE under the base- case scenario. As a result of demand significantly outpacing that of refined supply Roskill forecast structural deficits to form in the market from the mid-2020s. The deficits are not definitive, however, and should be viewed as the "investment requirement" for additional supply.

Figure 1-6 Lithium chemical balance, 2021-2036 (kt LCE)



Source: Roskill

Prices

The market saw growth in refined output outpace growth in demand in the 2018-2020 period with resultant stocks being built leading to lower prices. Roskill expects refined output and inventories to meet demand growth in 2021 with increasing pressure on the supply and demand balance for high quality battery-grade products.

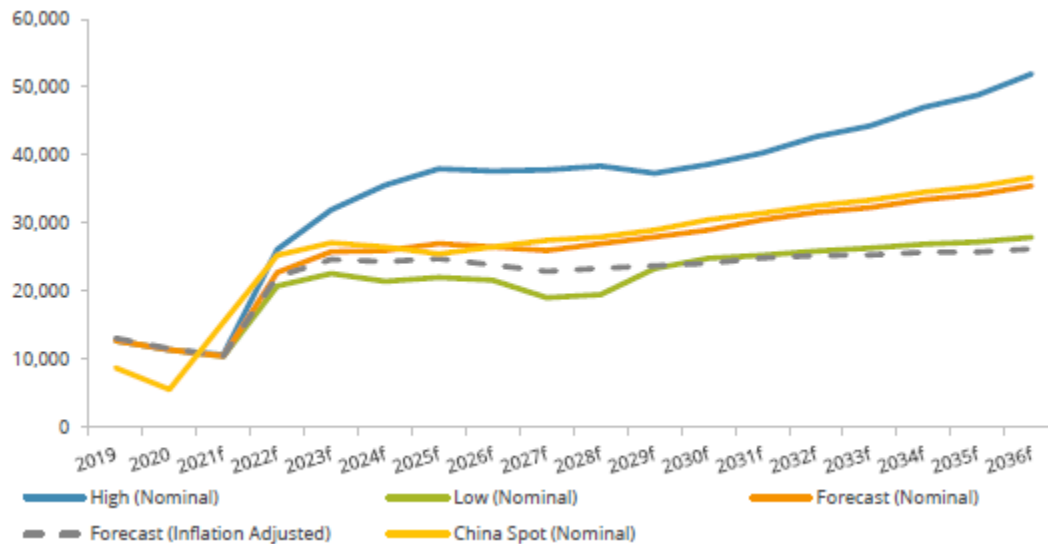
From 2021, Roskill expects demand growth to return to higher levels – perhaps turbo-charged by government initiated Covid-19 economic recovery programmes – and with some capacity (built or under construction) temporarily or permanently off-line, and some brownfield/greenfield project development suspended, demand will start to stretch supply into 2022. Sentiment may well improve ahead of fundamentals, further incentivising prices, as has been witnessed in the downstream battery/EV sector even during 2020 as a "green" recovery is increasingly seen following the Covid-19 impact.

Roskill's price forecast methodology for lithium is based on three main factors

- Production/margin cost curve
- Incentive pricing for expanded and new capacity
- Supply/demand balance and trends

Roskill expects marginal costs of refined lithium production (carbonate and hydroxide) to remain between US\$6,000-11,000/t LCE through 2036, depending on whether the very high cost of production from higher cost deposits enters the supply chain. This does not mean, however, that prices will remain at or slightly above marginal cost, because to increase capacity to fulfil future demand the industry needs a price incentive – mining/refining projects being inherently risky to build and scale-up from a technical and economic perspective.

Figure 1-7: Average annual contract and spot price forecast for battery-grade lithium carbonate, 2019-2036 (US\$/t)



Source: Roskill

Note: Real prices adjusted to constant US dollars using United States GDP deflator data from the Federal Reserve and the International Monetary Fund's World Economic Outlook Database. Real prices adjusted to 2021\$.

Roskill forecast for contract battery-grade carbonate prices to average US\$23,609/t (constant 2021 US dollars) over the 2021-2036 horizon. Whereas for domestic China spot prices Roskill forecast an average of US\$24,683/t (constant 2021 US dollars) over the same time period.

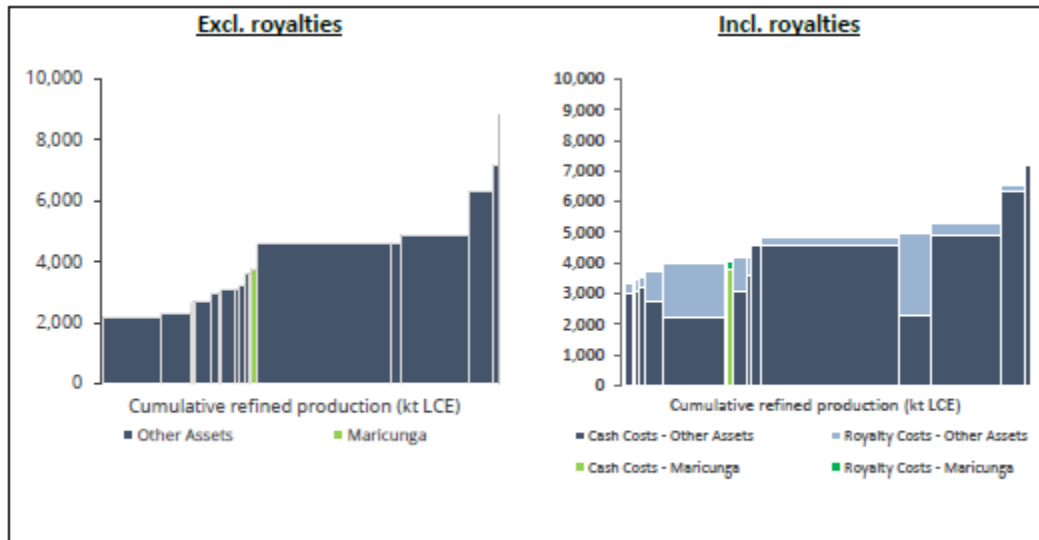
The commonly held view in the market is that battery-grade lithium carbonate commands a slightly higher price to technical-grade, typically around US\$500-1,000/t CIF, reflecting the purification and/or micronizing steps involved for most producers. However, there have been periods historically when technical-grade carbonate discounts have reversed. This has typically occurred in periods of severe supply tightness and/or negative sentiment for future availability.

Cost

In 2021, brine producers continued to enjoy the lowest cost lithium carbonate production in the industry with costs typically around US\$4,150/t, within a range of US\$3,650/t to US\$4,850/t. In comparison, spodumene conversion plant costs are mostly in the range of US\$6,750/t to US\$9,150/t, although some fully integrated producers sit below this range aided by access to low-cost feedstock from Greenbushes. Chinese operations utilising lepidolite feedstocks have average lithium carbonate production costs of around US\$5,400/t.

Production costs in 2021 increased comparatively from 2020 for lithium carbonate derived from mineral sources. Costs for spodumene users increasing by around 18%, whilst the average y-o-y cost increase for refining from lepidolite feedstocks is around 1.5%. Looking forward, production costs for lithium carbonate derived from mineral concentrate feedstocks are expected to continue to increase as the market price of spodumene rises.

Figure 1-8: Lithium carbonate cash cost curve, 2031 (US\$/t LCE)



Source: Roskill

MSB's Project has a number of competitive advantages which place the asset towards the centre of the carbonate cash cost curve. These include lower cost processing methods, lower cost of transportation and a lower cost of disposal of salts.

Environmental Studies, Permitting and Social or Community Impact

MSB received the environmental approval for its Maricunga project on February 4, 2020, by Resolution N°94 considering the construction and operation of both, a 58,000 ton/year KCL Plant and a 20,000 ton/year Lithium Carbonate plant over a period of 20 years. The EIA approved a brine extraction of 209 l/s, freshwater extraction of 35 l/s and all associated industrial facilities, including evaporation pond areas, brine pipelines and the campsite. The EIA, prepared by international consulting company Stantec was submitted to the Chilean SEA in September 2018 and was the culmination of more than two years of field and desk work. The EIA is the main environmental permit for construction and operation of the Project and only several minor permits must be processed before construction.

Resolution N°94/2020 contains specific commitments that MSB must comply with, as mitigation and compensation measures.

Capital and Operating Cost

Capital Expenditures – CAPEX

Capital expenditures for the Project are based on an average operating capacity of 15,200 TPY of lithium carbonate. Capital cost estimates have an accuracy within a +/- 11.1% range. Capital and operating cost estimates are expressed in fourth quarter 2021 US dollars.

Capital investment for the Project, including equipment, materials, indirect costs and contingencies during the construction period is estimated to be US\$626 million. Out of this total Direct Project Costs represent US\$419 million; Indirect Project Costs represent US\$145 million, and the Contingencies provision is US\$62 million. The indirect project costs represent 34.6% of Direct Project Costs, while the contingencies represent 11.1% of Direct plus Indirect project costs.

In addition, Sustaining Capital expenditures total US\$42 million over the 23-year evaluation period of the Project, which includes a 2.5-year construction period and an operating life of 20 years. Maximum working capital requirements over the project horizon is US\$15.8 million.

Total capital expenditures are summarized in Table 1-8.

Table 1-8 Total Capital Expenditures

Total Project	Projected Budget US\$ 000
Direct Costs	
Brine Extraction Wells	33,235
Evaporation Ponds	89,878
Salt Removal Plant	110,322
Lithium Carbonate Plant	55,754
General Services	83,953
Infrastructure	45,814
Total Direct Cost	418,957
Total Indirect Cost	144,835
Contingencies (11.1%)	62,581
Total Capital Expenditures	626,372

Operating Cost Estimate

An operating cost estimate for an average of 15,200 TPY Li_2CO_3 capacity facility was prepared. This estimate is based upon process definition, laboratory work, tests at equipment suppliers and reagents consumption rates all provided or determined by MSB. Vendor quotations have been used for reagents costs. Expense estimates, as well as manpower levels, are based on Worley's experience and information provided by MSB.

Table 1-9 Average Operating Costs

Average Operating Costs	US\$ / Tonne Li_2CO_3	Total 000 US\$
DIRECT COSTS		
Chemical Reactives and Reagents	1,099	16,704
Salt Harvesting	266	4,049
Energy	1,164	17,689
Manpower	518	7,867
Catering & Camp Services	132	1,999
Maintenance	358	5,443
Transport	181	2,756
OPERATIONAL CASH COSTS	3,718	56,506
INDIRECT COSTS		
General & Administration	146	2,220
INDIRECT COSTS SUBTOTAL	146	2,220
TOTAL PRODUCTION COSTS	3,864	58,726

As indicated in Table 1-9, energy costs -electrical and thermal- are the major operating cost of the project, closely followed by chemical reagents. Fuel consumed by the Salt Removal Plant is the major component of energy costs. Over 90% of the chemical reagents' costs correspond to soda ash and hydrochloric acid. Over 35,000 tonnes of soda ash are required to produce an average of 15,200 tonnes of Li_2CO_3 . Other important expense items are manpower, maintenance, and salt harvesting.

Economic Analysis

The cash flow projection results in the following Project economic metrics:

Table 1-10 Base Case Economic Results (full equity project funding)

ECONOMIC RESULTS		BEFORE TAXES	AFTER TAXES
NPV 6%	MM US\$	2,529	1,827
NPV 8%	MM US\$	1,971	1,412
NPV 10%	MM US\$	1,545	1,095
IRR	%	33.4%	29.3%
PAYOUT	Time	2 Y, 8 M	2 Y, 8 M

Table 1-11 Economic Results (50/50 debt / equity project funding)

ECONOMIC RESULTS		BEFORE TAXES	AFTER TAXES
NPV 6%	MM US\$	2,513	1,811
NPV 8%	MM US\$	1,984	1,425
NPV 10%	MM US\$	1,582	1,131
IRR	%	44.5%	39.6%
PAYOUT	Time	2 Y, 0 M	2 Y, 0 M

The above tables show that the project's economic metrics are very attractive, with the IRR for the full equity case being 29.3% on an after-tax basis and a project NPV (8%) of MMUS\$1,412. In this same case, investment pay out occurs at 2 years and 8 months after the end of the investment period. Given the Project's high rate of return, including debt in the capital structure further improves these results, as shown in Table 1-11. Table 1-12 shows the main items included in the Project's cash flow and which produce the above shown results.

Table 1-12 Project Summary Cash Flow Projection

Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2037	2042	2044	2045	Totals
Period	1	2	3	4	5	6	7	8	9	10	15	20	22	23	
Revenues	-	-	-	195,521	344,814	384,853	389,906	395,987	407,734	414,120	377,767	416,846	416,846	432,478	7,665,936
Li2CO3 Battery Grade	-	-	-	100,218	275,427	347,010	352,806	358,241	369,383	375,201	342,207	377,608	377,608	391,768	6,828,137
Li2CO3 Technical Grade	-	-	-	95,302	69,387	37,843	37,100	37,745	38,351	38,919	35,560	39,238	39,238	40,710	837,799
Cost of Goods Sold	-	-	-	(34,903)	(53,147)	(58,430)	(63,112)	(63,112)	(63,112)	(63,112)	(57,640)	(61,744)	(61,744)	(63,386)	(1,174,520)
OPEX Li2CO3	-	-	-	(34,903)	(53,147)	(58,430)	(63,112)	(63,112)	(63,112)	(63,112)	(57,640)	(61,744)	(61,744)	(63,386)	(1,174,520)
Gross Margin	-	-	-	160,617	291,667	326,423	326,794	332,874	344,622	351,008	320,126	355,102	355,102	369,092	6,491,416
Gross Margin%				82%	85%	85%	84%	84%	85%	85%	85%	85%	85%	85%	85%
Other cash expenses				(2,545)	(7,411)	(8,488)	(7,288)	(7,467)	(7,861)	(8,211)	(7,070)	(8,265)	(8,174)	(30,949)	(170,006)
Current Royalties		-	-	(906)	(4,877)	(5,713)	(4,462)	(4,625)	(4,948)	(5,260)	(4,337)	(5,298)	(5,207)	(5,085)	(91,887)
Eventual Royalties (3% of Sales)		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Communities		-	-	(1,173)	(2,069)	(2,309)	(2,339)	(2,376)	(2,446)	(2,485)	(2,267)	(2,501)	(2,501)	(2,595)	(45,996)
Mining Licenses & Water Rights		-	-	(352)	(352)	(352)	(352)	(352)	(352)	(352)	(352)	(352)	(352)	(352)	(7,040)
Insurance Policy for Rem Allowance - 0.5 %		-	-	(114)	(114)	(114)	(114)	(114)	(114)	(114)	(114)	(114)	(114)	(114)	(2,280)
Remediation		-	-	-	-	-	-	-	-	-	-	-	-	(22,803)	(22,803)
EBITDA	-	-	-	158,072	284,256	317,935	319,526	325,407	336,761	342,797	313,057	346,837	346,837	338,143	6,321,410
- Depreciation	-	-	-	(225,494)	(200,439)	(200,439)	(4,512)	(4,011)	(4,011)	(76)	(1,494)	(3,815)	(4,659)	(4,929)	(671,183)
- Amortization	-	-	-	(40,803)	-	-	-	-	-	-	-	-	-	-	(40,803)
Profit Before Taxes	-	-	-	(106,225)	83,816	117,495	315,014	321,396	332,750	342,721	311,563	343,021	342,269	333,214	5,609,424
Income Taxes (27%)	-	-	-	-	-	(25,133)	(85,054)	(86,777)	(89,843)	(92,635)	(84,122)	(92,616)	(92,413)	(89,968)	(1,514,545)
Profit After Taxes	-	-	-	(106,225)	83,816	92,362	229,960	234,619	242,908	250,186	227,441	250,406	249,856	243,246	4,094,880
+ Depreciation & Amortization	-	-	-	266,297	200,439	200,439	4,512	4,011	4,011	76	1,494	3,815	4,659	4,929	711,986
Operating After Tax Cash Flow	-	-	-	158,072	284,256	292,801	234,472	238,630	246,919	250,262	228,935	254,221	254,515	248,176	4,806,866
Non Operating Cash Flow	(71,855)	(335,071)	(247,014)	10,901	(3,117)	(1,988)	(15,340)	1,191	-	(231)	(1,939)	(4,260)	(5,104)	17,795	(676,526)
Initial Investment and Sustaining Capital	(65,621)	(311,694)	(249,057)	-	-	-	(12,534)	-	-	(211)	(1,899)	(4,220)	(5,064)	(5,064)	(676,045)
VAT on CAPEX and OPEX, net of refunds	(6,234)	(23,377)	5,950	19,627	(2,463)	(668)	(1,636)	1,191	-	(20)	(40)	(40)	(40)	7,424	(481)
Working Capital Variation	-	-	(3,907)	(8,725)	(654)	(1,321)	(1,171)	-	-	-	-	-	-	15,436	-
Cash Flow Before Interest and Tax	(71,855)	(335,071)	(247,014)	168,973	281,139	315,946	304,186	326,598	336,761	342,566	311,117	342,576	341,824	355,939	5,644,884
Accumulated Cash Flow (Before Interest and Tax)	(71,855)	(406,926)	(653,940)	(484,967)	(203,828)	112,118	416,304	742,902	1,079,663	1,422,229	3,013,042	4,604,334	5,288,945	5,644,884	
Financing cash flow	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Before Tax Cash Flow	(71,855)	(335,071)	(247,014)	168,973	281,139	315,946	304,186	326,598	336,761	342,566	311,117	342,576	341,824	355,939	5,644,884
After Tax Cash Flow	(71,855)	(335,071)	(247,014)	168,973	281,139	290,813	219,132	239,821	246,919	250,031	228,996	249,960	249,411	265,971	4,130,340

OTHER MINERAL PROJECTS

Western Australia

LPI has exploration tenements in each of the three major Western Australia hard rock lithium regions, Greenbushes, the Pilbara Craton and the Eastern Goldfields. LPI has held and completed early-stage exploration at both the Greenbushes and Pilbara Canton tenements. Recently LPI acquired additional tenements in the Greenbushes region, making it now the largest land holder in this region, and prospective tenements in the Eastern Goldfield region.

LPI currently holds approximately 950km² of lithium exploration permits, over thirteen separate exploration tenements, in three distinctive regions in Western Australia as per below.

Location / Permit Name	Permit / Exploration Number	Registered Holder	Area (Ha)	Permit Term Expiry	Interest Contractual Right
WA Greenbushes – Balingup	E70/4763	Western Lithium	19,132	17/03/2026	100%
WA Greenbushes – Brockman Hwy	E70/4774	Western Lithium	5,052	21/03/2026	100%
WA Greenbushes – Greenbushes	E01/0003	Western Lithium	2,851	15/09/2027	100%
WA Greenbushes – Wellington	E70/6093	Western Lithium	2,002	Application pending	100%
WA Greenbushes – Nannup #1	E70/4845	Western Lithium/CMC	285	12/10/2026	100%

Location / Permit Name	Permit / Exploration Number	Registered Holder	Area (Ha)	Permit Term Expiry	Interest Contractual Right
WA Greenbushes – Wiliga #1	E70/4846	Western Lithium/CMC	6,850	09/04/2027	100%
WA Greenbushes – Wiliga #2	E70/5281	Western Lithium/CMC	7,426	Application Pending	100%
WA Greenbushes – Nannup #2	E70/5684	Western Lithium/CMC	21,944	Application Pending	100%
WA East Pilbara – Pilgangoora	E45/4610	Western Lithium	6,714	17/10/2026	100%
WA East Pilbara – Tabba Tabba	E45/4637	Western Lithium	6,412	11/05/2027	100%
WA East Pilbara – Strelley	E45/4638	Carnaby Resources Ltd	6,421	11/05/2027	LPI retains all Li rights
WA Eastern Goldfields – White Foil	E15/1772	Western Lithium/Lysander	1,124	08/08/2026	100%
WA Eastern Goldfields – Yerilla	E1250	Western Lithium/Lysander	10,390	22/08/2026	100%

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

The acquisitions would significantly increase the ground position in the Greenbushes area, making it the largest holder of ground along the Donnybrook-Bridgetown Shear Zone. Also, it has obtained tenements in the Eastern Goldfields region. Along with the tenements already held in the Pilbara region, the Company's geographic footprint in WA has been greatly diversified.

The Western Australian properties are fully owned by LPI and are located a short distance from the established ports of Port Hedland or Bunbury.

A review of the tenements confirms that both the Greenbushes and Tabba Tabba prospects demonstrate exploration potential for lithium, and future exploration in WA will be focused on these properties.

Figure 3: Location of LPI's properties in the Pilbara and South-West region of Western Australia



Figure 4: Location of LPI's properties in the Greenbushes region, Pilbara Craton and Eastern Goldfields of Western Australia



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

The tenements are of strategic importance. They have all necessary heritage and native title agreements in place, and application has been made for a Conservation Management Plan (CMP). It is intended to add these tenements to the Company's existing approved CMP, which would allow for exploration under the same conditions as LPI's existing tenements.

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

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

Greenbushes Project

Greenbushes – Blackwood Prospect

An UltraGPR survey (Ground Penetration Radar) orientation was conducted across parts of the Blackwood Survey to test for the presence of concealed pegmatites.

The GPR over known pegmatites was successful. An interpretation with the data set outlined potential pegmatites that were previously not mapped. These units correspond with areas with low magnetic response in the recently flown Drone Magnetic Survey.

A 30 MHz UltraGPR unit suited at greater depths was used for this survey across east-west traverses to map and to identify sub-surface bodies that could correlate with pegmatite. Much of the ground displays a heterogeneous response in the data, including many parabolic reflectors arising from surface vegetation. Depth of penetration for the GPR signals is considered exceptional, with sections showing reflections from up to 70m below the surface.

Soil Sampling on Dilutional Jogs on NN Structures

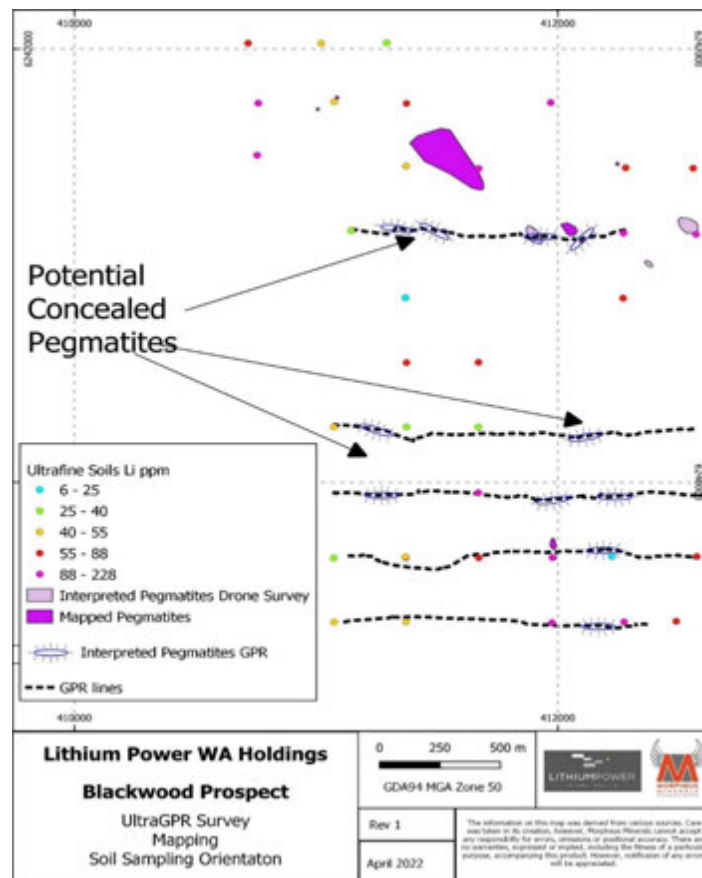
An orientation program of 42 soil samples on 300m x 300m spacing was completed at a newly defined target at the southern end of the Blackwood Prospect. Sampling was conducted by conventional hand digging of pits and the use of a hand auger to reach the top of the bedrock sequence. The soil sampling was targeted interpreted NE trending dilutional jogs along the NW orientated structures. Small outcrops of pegmatites had already been identified within the dilutional jogs. Once the results of the orientation sampling have been returned, an infill program is planned.

Samples were analysed at LabWest using their UltraFine process. Six duplicate samples (14%) were taken to check for repeatability.

The results show that the area is regionally anomalous in lithium. The highest value returned was 228 ppm lithium. The regional UltraFine sampling indicates that 40 ppm lithium in soil is anomalous. Thirty-two of the samples returned values greater or equal to 40 ppm Lithium.

A larger sampling program will now be completed.

Figure 5: UltraGPR survey (Ground Penetration Radar) orientation survey completed at the Blackwood Prospect, which lies on the Donnybrook Shear Zone that hosts the Greenbushes Mine. Five lines across strike were completed and compared to known outcrops, this successfully highlighted areas of potential concealed pegmatites.



Greenbushes – Regional

The updated Conservation Management Plan for tenements E70/4763 and E70/4774 was approved by the DBCA and is now with the Department of Mines Industry Regulation and Safety (DMIRS). This was undertaken because of an increase in the number of samples allowed to be collected from areas of State Forest, along with a reduction in the area to be sampled. Once approved by the DMIRS, LPI will complete the regional laterite sampling program.

The CMP is required to facilitate the planned exploration, since the tenement covers land established and administered under *the Conservation and Land Management Act 1984* (CALM Act): State forest and other DBCA managed lands.

Greenbushes - East Kirup Prospect

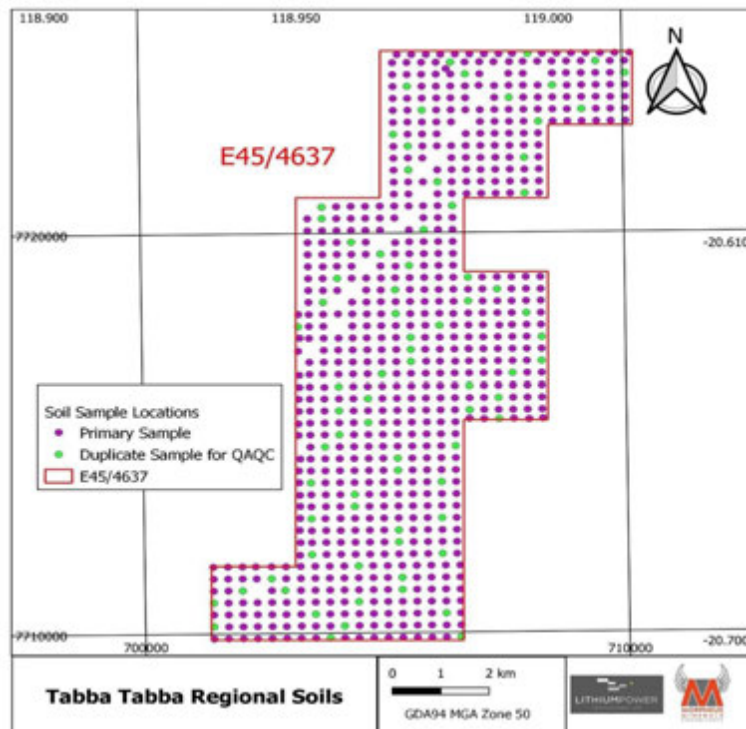
Baseline Flora and Fauna Surveys

Two surveys were completed providing a detailed baseline environmental information and to guide the development of a conservation management plan. A key finding of the flora assessment was that no threatened plants listed under the *Biodiversity Conservation Act 2016* or the *Environment Protection and Biodiversity Conservation Act 1999* were recorded. These surveys will be used in future Conservation Management Plans.

Tabba Tabba Project

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

Figure 5: Location of the soil samples taken at the Tabba Tabba Project E45/4637



Pilgangoora Prospect

A soil sampling program at Pilgangoora was completed in Q3 2022. A total of 544 samples were collected, including 10% as duplicates. The sampling was aimed at closing off previously defined lithium anomalies associated with the identified greenstone belts, and also at investigating the potential of gold within a younger granite and its contact aureole.

This intrusive body is considered to have similarities to those where De Grey Mining has successfully defined a very significant gold resource at their Mallina Project, including the 6+ million-ounce Hemi deposit.

Argentina

Centenario – Salta Province, Argentina

The Centenario Project is a 70:30 joint venture between LPI and Marquee Resources Ltd (ASX: MQR). It is located in the Centenario salar in Salta Province, Argentina, one of the Argentine provinces most in favour of mining development. No significant field activities occurred during the reporting period. In 2021, the Company finalised the sale of these assets to Vertex Lithium Corporation ("**Vertex**").

THREE YEAR HISTORY

LPI was incorporated on July 24, 2015 and admitted to the official list of the ASX on June 24, 2016. The following is a summary of LPI's operations over the three most recently completed financial years.

Financial Year Ended June 30, 2020

- During the first quarter, LPI announced a Memorandum of Understanding ("**MOU**") with the Chilean Government mining company, CODELCO, which has been given the responsibility for advancing lithium joint ventures in Chile. CODELCO is the world's largest copper producer and has well established relationships with all Chilean Government agencies. The MOU set out the basic terms of co-development of the Project, with details of the agreement under negotiation.
- Drilling was conducted on the Tabbatabba project in the Pilbara region of Western Australia during August. The program consisted of 31 holes for 3081 m, targeting mapped pegmatites in greenstone belts on the property. Drilling returned maximum values of 0.47 % Li₂O, with several areas within the project not drill tested in the program.
- The Project's EIA was progressing through the assessment process by Chilean authorities (the "**Authorities**"). LPI's responses to a third and final set of questions or observations were submitted to the Authorities on November 22, 2019, with the final 60-day review by the Authorities commencing as of that date.
- Approval was received for exploration activities in the Greenbushes project. During the second quarter, additional laterite and soil sampling was completed in forestry areas to define areas for exploratory drilling.
- On February 4, 2020, the Project's EIA was approved by the Authorities following a 15-month review process.
- In the third quarter, All WA exploration activities were suspended due to COVID-19 and would be reassessed once conditions are normalized.
- A Program of Works for the exploration of the Greenbushes tenements in Western Australia was approved by the WA Mining Department. It was integrated with the Environmental and Conservation Management Plan previously approved to allow the Greenbushes project to be "exploration ready".

Financial Year Ended June 30, 2021

- On July 15, 2020, LPI completed the sale of the Strelley tenement to Carnaby Resources Ltd ("**Carnaby**") for 1,250,000 fully paid shares in Carnaby plus a 1% Net Smelter Return royalty for all gold produced from the tenement and retain all mineral rights for lithium, caesium, tantalum and tin contained within the tenement.
- Results of a drilling program and the additional mapping, sampling and re-analysis of data undertaken at the Pilgangoora tenement placed no exploitable value on this tenement.
- In December 2020, LPI raised AU\$8.0 million from a placement of 25,000,000 LPI Shares to sophisticated and global institutional investors, with directors participating for AU\$0.3 million in a second tranche of the placement.
- A work program involving a comprehensive internal review of the Project's technical and economic design was underway. It included further drilling to expand resources, as well as an update of the existing Definitive Feasibility Study prepared by Worley and GEA Messo in accordance with JORC and NI 43-101 standards.
- An exploration plan was finalised at the Greenbushes tenements in WA, located adjacent to the world-scale Greenbushes Lithium mine, and activities were underway. The prime focus was on targets identified during prior field work.
- The Project's exploration drilling program was ahead of schedule with three out of five core holes (S-25, S-26 and S27) completed to the target depth of 400m and core hole #4 now passing 300m. Completion of final hole #5 was now expected by early May 2021. A total of 31 undisturbed core samples collected from core holes S-25 and S-26 were sent to GeoSystems Labs in the United States for drainable porosity and other hydraulic parameters. 56 brine samples were collected and sent to Andes Analytical Assay Labs for chemical analysis. Positive preliminary sample analyses indicated expected average lithium concentrations were above 1,000 mg/l and positive relationships of lithium to calcium and magnesium. Correlation between drill holes for resource expansion confirmed the existing geological model below 200 m, as well as the existing hydrogeological model characteristics of the area, confirming favourable specific yield and permeability characteristics between 200 and 400 metres.
- Activities for the Definitive Feasibility Study update with engineering consultants Worley commenced during the first week of April.
- LPI recommenced the exploration in Greenbushes, WA at the beginning of 2021, completing initial laterite and soil sampling.
- The latest drilling program on the Project's stage one mining concessions was completed, with five exploration core holes each reaching target depth of 400m. Drilling results showed positive average lithium concentrations of 989 mg/l, with a maximum of 3,375 mg/l, and confirmed the Project as one of the richest deposits globally. Significant resource expansion was expected for stage one after the new drilling program tested the 200 to 400 m mineralised zone.
- MSB entered a Non-binding Memorandum of Understanding with Mitsui & Co., Ltd ("**Mitsui**"), for the funding and off-take for the Project.
- In May 2021, LPI entered into an agreement to sell its 70% interest in the Centenario lithium project in Argentina to Vertex.

Financial Year Ended June 30, 2022

- In August 2021, LPI raised AU\$12.4 million from a placement of approximately 47.69 million LPI Shares to sophisticated and institutional investors.

- In September 2021, LPI announced an updated Measured and Indicated ("**M+I**") resource for the Project mining concessions confirmed an increase by 90 per cent compared with the 2019 DFS. Deposit still opened at depth, with a new exploration target down to 550m. M+I resource estimated as 1,905,000 tonnes of LCE for the stage one (Old Code) mining properties in addition to 979,000 tonnes of LCE already included on the 2019 DFS for the New Code mining properties, to a depth of 200 M.
- In October 2021, Deloitte was appointed to assist the Company in developing a robust Environmental, Social and Governance ("**ESG**") program at the Project.
- All Greenbushes Programs of Works and heritage approvals were obtained for this exploration drilling program, with work to commence in early December 2021.
- In November 2021, LPI completed the sale to Vertex of its 70% interest in the properties on the Centenario Salar in Argentina.
- A high-definition drone magnetic survey at the Blackwood Prospect over a significant structural anomaly on the Donnybrook-Bridgetown Shear Zone, along strike from the world-class Greenbushes lithium pegmatite deposit in SW Western Australia was completed.
- An initial 1600m RC Drilling program commenced at the East Kirup lithium anomaly in December 2021.
- Positive results delivered in the updated Definitive Feasibility Study for the Project:
 - The Project stage one DFS delivers US\$1.4B NPV (after tax) at an 8% discount rate, providing an IRR of 39.6% and a two-year payback. Average annual EBITDA of US\$324M;
 - 15,200 tonnes per annum production of LCE for 20 years with an exceptional ESG profile;
 - OPEX of US\$3,718 per tonne of LCE produced, placing the Project in the lower quartile of LCE producers; and
 - Project direct development cost estimated at US\$419M, indirect costs at US\$145M and contingency costs at US\$62M to provide a total project CAPEX of US\$626M.
- Revised DFS completed by Tier-1 engineering consultancy Worley to international standards, with inputs from EPC contractors to provide greater certainty on cost estimates.
- In January 2022, LPI announces its intention to spin-out its Western Australian Greenbushes and Pilgangoora lithium assets. These interests are expected to be held by a wholly owned subsidiary of LPI ("**DemergeCo**"), which would seek to list on the ASX as Western Lithium Limited, subject to ASX, ATO and shareholder approval. LPI Shareholders were to receive DemergeCo shares on a pro rata basis via a capital reduction and in-specie distribution, subject to shareholder and regulatory approvals.
- An initial Ground Penetrating Radar survey and further soil sampling was completed at the Blackwood Prospect at Greenbushes.
- Updated Conservation Management Plan for additional sampling was approved by DBCA, awaiting DMIRS and Phase 1 and 2 of the detailed baseline flora and fauna assessments was completed.
- In June 2022, LPI entered into the Arrangement Agreement and the MSB SPA Partner Agreement to consolidate 100% ownership of the Project.
- LPI significantly increased tenement holdings in Western Australia. Which is to become the largest coverage in the Greenbushes Region. The acquisition of CMC Lithium and its Greenbushes Project in Western Australia adds an extra 365 km² of prospective ground around Talison Lithium's Greenbushes Mine, the world's largest hard-rock spodumene operation.

Events Subsequent to June 30, 2022

- LPI agreed in July 2022 to purchase two granted tenements in the Eastern Goldfields in Western Australia, from Lysander Lithium Pty Ltd ("**Lysander**"). These tenements comprise 115 km² and have native title agreements in place, providing immediate access to the properties for exploration.

Both properties areas are considered highly prospective for lithium bearing pegmatites. Completion of the transaction occurred in September 2022, settlement by way of cash and LPI ordinary shares.

- The CMC Lithium and Lysander acquisitions now gives LPI exploration exposure in each of the three major WA hard rock lithium areas - Greenbushes, the Pilbara Craton and the Eastern Goldfields.
- In September 2022, LPI raised AU\$25 million from a placement of 41,666,667 LPI Shares from both existing shareholders as well as new shareholders including a number of high-quality domestic and North American institutional investors.

DIVIDENDS OR DISTRIBUTIONS

LPI has not declared or paid any dividends on the LPI Shares for each of the three most recently completed financial years and its current financial year. A dividend policy has not been adopted by the LPI Board. LPI anticipates using all available cash resources to advance its stated business objectives. At present, LPI's policy is to retain earnings, if any, to finance its business operations. See "*Risk Factors*" of this Appendix "B".

DESCRIPTION OF THE SECURITIES DISTRIBUTED

LPI Shares

The share capital of LPI is divided into LPI Shares. LPI Shares have no par value and LPI has an unlimited authorized capital. As of the date hereof, there were 391,201,126 LPI Shares on issue.

All of LPI Shares rank equally as to voting rights, participation in a distribution of the assets of LPI on a liquidation, dissolution or winding-up of LPI and entitlement to any dividends declared by LPI. LPI Directors alone may declare a dividend to be paid to shareholders. Any dividend is payable at a time determined in the LPI Directors' discretion. No dividend may be declared or paid except as allowed by the *Corporations Act*. No interest is payable in respect of unpaid dividends. The holders of LPI Shares are entitled to receive notice of, and to attend and vote at, all general meetings of shareholders of LPI. Each LPI Share carries the right to one vote. In the event of the liquidation, dissolution or winding-up of LPI or any other distribution of the assets of LPI among its shareholders for the purpose of winding-up its affairs, the holders of LPI Shares will be entitled to receive, on a pro rata basis, all of the assets remaining after the payment by LPI of all of its liabilities. The holders of LPI Shares are entitled to receive dividends as and when declared by LPI Board in respect of the LPI Shares on a pro rata basis.

There are no pre-emptive rights, conversion or exchange rights, redemption, retraction, purchase for cancellation or surrender provisions, sinking or purchase fund provisions, provisions permitting or restricting the issuance of additional securities and any other material restrictions, and provisions requiring a securityholder to contribute additional capital in respect of existing LPI Shares on issue.

Whenever the capital of LPI is divided into different classes of shares, the rights attached to any class of share may be altered with the sanction of a special resolution passed at a general meeting and a separate general meeting of the holders of the shares of that class, or with the written consent of the holders of at least three quarters of the shares of that class.

LPI Shares are currently listed on the ASX under the symbol "LPI".

LPI Share Appreciation Rights

As of the date hereof, there were a total of 18,500,000 LPI Share Appreciation Rights issued and outstanding, as follows:

Grant Date	No. of LPI Share Appreciation Rights Granted	Vesting Date and Exercisable Date	Expiry Date	Exercise Price (AU\$)	Description
11/27/2019	6,250,000	12/31/2020	06/30/2023	\$0.40	Long term incentives for Executive Directors
11/27/2019	6,250,000	06/30/2022	06/30/2023	\$0.40	Long term incentives for Executive Directors
09/16/2022	6,000,000	09/16/2022	09/16/2025	\$0.40	Long term incentives for MSB executives

A holder of an LPI Share Appreciation Rights (an "**LPI Share Appreciation Rightsholder**") is not entitled to any dividends, voting rights, participation rights or any entitlements. Each LPI Share Appreciation Right, issued to an LPI Director is subject to shareholder approval and the LPI Share Appreciation Rights granted on November 27, 2019 listed in the table above were approved by shareholders on November 28, 2018 and vest in two equal tranches - the first tranche vesting on December 31, 2020 and the second tranche vesting on June 30, 2022 and all such Share Appreciation Rights expire June 30, 2023. The LPI Share Appreciation Rights granted on September 16, 2022 to certain executives of MSB are subject to shareholder ratification at the next general meeting of LPI, to be held on or about October 28, 2022. The terms of the LPI Share Appreciation Rights include specific provisions dealing with instances of conversion that would contravene section 606 of the *Corporations Act*. The LPI Share Appreciation Rights are not transferable.

It is presently proposed that an additional 13,000,000 LPI Share Appreciation Rights are to be issued, subject to shareholder approval, to the executive directors as Long-Term Incentives, with 8,000,000 to be issued to Mr. Cristóbal Garcia-Huidobro, CEO of LPI, 1,000,000 to be issued to Mr. Richard Crookes, executive director, and 4,000,000 to be issued to Mr. Andrew Phillips, CFO and Company Secretary of LPI. In addition, it is proposed that 8,000,000 LPI Share options are issued, subject to shareholder approval, to the non-executive directors for assuming additional quasi-executive duties as long-term incentives, with Mr. David Hannon and Mr. Russell Barwick to each be issued 4,000,000 LPI Share options. This proposed issue of LPI Share options are to be presented to LPI Shareholders for approval at the next general meeting of LPI.

CONSOLIDATED CAPITALIZATION

The following table sets out the consolidated capitalization of LPI as at June 30, 2022.

	As at June 30, 2022 (AU\$)
Share Capital	89,392,042
Accumulated Losses	(58,751,523)
Reserves	11,225,887
Total Equity	41,866,406
Current Liabilities	797,592
Non-Current Liabilities	-
Total Liabilities	797,592
Total Capitalization	41,068,814

For information regarding the consolidated capitalization of the Combined Entity, both before and after giving pro forma effect to the Arrangement, see "*Pro Forma Consolidated Capitalization*" of Appendix C to the Circular.

OPTIONS TO PURCHASE SECURITIES

LPI has no options issued and outstanding. As of the date hereof, the following is a summary of the outstanding LPI Share Appreciation Rights.

LPI Performance Rights	Number of Share Appreciation Rights Granted	Exercise Price (AU\$/LPI Share)	Grant Date	Expiry Date
Share Appreciation Rights	12,500,000 ⁽¹⁾	\$0.40	11/27/2019	06/30/2023
Share Appreciation Rights	6,000,000 ⁽²⁾	\$0.40	09/16/2022	09/16/2025

Notes:

1. Share Appreciation Rights issued to the executive directors as long-term incentives, with 6,000,000 issued to Cristóbal García-Huidobro, 4,000,000 issued to Richard Crookes and 2,500,000 issued to Andrew Phillips.
2. Share Appreciation Rights issued to the MSB executive as Long-Term Incentives, with 3,000,000 issued Francisco Bartucevic, 1,800,000 issued to Andres Lafuente and 1,200,000 issued to Tarek Halasa, which were issued on 16 September 2022, as allowable under the approved Share Appreciation Rights plan, to be ratified by Shareholders at the next general meeting.

A further breakdown of these securities is provided under relevant categories below.

Executive Officers of LPI

As of the date hereof, the following LPI Share Appreciation Rights are held by the executive officers of LPI (in aggregate).

LPI Performance Rights	LPI Share Appreciation Rights Granted	Exercise Price (AU\$/LPI Share)	Grant Date	Expiry Date
Share Appreciation Rights	12,500,000 ⁽¹⁾	\$0.40	11/27/2019	06/30/2023

Notes:

1. Share Appreciation Rights issued to the executive directors as long-term incentives, with 6,000,000 issued to Cristóbal García-Huidobro, 4,000,000 issued to Richard Crookes and 2,500,000 issued to Andrew Phillips.

Executive Officers of MSB

As of the date hereof, the following LPI Share Appreciation Rights are held by the executive officers of MSB (in aggregate).

LPI Performance Rights	LPI Share Appreciation Rights Granted	Exercise Price (AU\$/LPI Share)	Grant Date	Expiry Date
Share Appreciation Rights	6,000,000 ⁽¹⁾	\$0.40	09/16/2022	09/16/2025

Notes:

1. Share Appreciation Rights issued to the MSB executive as Long-Term Incentives, with 3,000,000 issued Francisco Bartucevic, 1,800,000 issued to Andres Lafuente and 1,200,000 issued to Tarek Halasa, subject to shareholder ratification at the next general meeting of LPI, to be held on or about October 28, 2022.

PRIOR SALES

The following table sets out the number of LPI Shares, and securities that are convertible into LPI Shares, issued by LPI during the 12-month period preceding the date of the Circular

Issue/Exercise Price (AU\$)	Number of Securities Issued/Granted	Date of Issuance/Grant
\$0.60	375,000 LPI Shares ⁽¹⁾	03/25/2022
\$0.26	47,692,309 LPI Shares ⁽²⁾	08/26/2021
\$0.385	389,611 LPI Shares ⁽³⁾	09/16/2022
\$0.60	41,666,667 LPI Shares ⁽⁴⁾	09/16/2022

Notes:

- Options issued on 1 April 2019 for three years were converted on March 25, 2022
- Shares issued under a Share Placement on August 28, 2021
- Shares issued to Lysander Lithium for the acquisition of Western Australia exploration tenements
- Shares issued under a Share Placement on September 8, 2022

Trading Price and Volume

LPI Shares trade on the ASX under the symbol "LPI". See below for the reported high and low prices (including intra-day prices) and the total volume of trading of LPI Shares on the ASX, in Australian dollars, on a monthly basis for the past 12 months:

Month	High AU\$	Low AU\$	Total Volume
September 1 – 21, 2022	0.750	0.570	71,973,664
August 2022	0.675	0.490	57,903,534
July 2022	0.585	0.390	43,818,129
June 2022	0.605	0.350	101,563,411
May 2022	0.800	0.530	56,950,882
April 2022	1.040	0.725	76,913,355
March 2022	0.725	0.560	66,933,128
February 2022	0.777	0.510	91,217,802
January 2022	0.845	0.470	158,856,389
December 2021	0.535	0.365	65,508,448
November 2021	0.555	0.430	76,170,752
October 2021	0.485	0.280	55,073,599
September 2021	0.325	0.255	36,550,800

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

There are currently no securities of LPI in escrow or that are subject to a contractual restriction on transfer.

PRINCIPAL SECURITYHOLDERS

To the best of the knowledge of the directors and officers of each of LPI and Bearing, other than as set out below, upon completion of the Arrangement, there will be no persons or companies who will beneficially own, directly or indirectly, or exercise control or direction over, shares carrying more than 10% of the voting rights attached to LPI Shares, after giving effect to the Arrangement except Mr. Martin Borda who is also subject to a transaction of MSB shares being acquired by LPI.

Shareholder	Number of LPI Shares Held	Percentage
Martin Borda	177,783.334	32.16%

Notes:

- Currently Martin Borda holds, through his private company Minera Salar Blanco SpA, 16,223,273 LPI Shares equal to 4.15% of current LPI Shares on issue. Upon completion of the Arrangement, Martin Borda will hold approximately 32.16% of the then listed LPI Shares.

DIRECTORS AND EXECUTIVE OFFICERS

Name, Occupation and Security Holding

The following table sets out LPI Directors and officers, together with the city and country of residence, positions and offices held, principal occupations during the last five years, the years in which they were first appointed as directors and/or officers of LPI and the number of LPI Shares owned, directly or indirectly, legally or beneficially, or over which control or discretion is exercised by them, as of the Record Date.

Name and Place of Residence	Position Held at LPI	Principal Occupation	Director/ Officer Since	Term Expiring	Number of LPI Shares Held ⁽¹⁾ (Percentage Held)
Mr. David R Hannon Australia	Non-executive Chairman Member of the Audit, Risk and Compliance Committee	Mr. Hannon holds a Bachelor of Economics from Macquarie University and is a Fellow of Financial Services Institute of Australia. Mr. Hannon commenced his commercial career as a stockbroker/investment banker in 1985. He later became a director of a private investment bank specialising in venture capital with a focus on the mining sector. Mr. Hannon has operated a private investment group, Chifley Investor Group Pty Limited for over 15 years.	February 09, 2017	N/A	22,686,797 6.79%
Mr. Cristobal Garcia-Huidobro R Chile	Managing Director and Chief Executive Officer	Mr Garcia-Huidobro is a qualified Civil Engineer with 18 years' experience in developing and financing of Mining, Energy, Infrastructure, Finance and Property projects. He is formerly CIO of investment company Centinela and Board or committee member of several mining, property and agricultural funds in North and South America. In addition to his role in LPI, Mr Garcia-Huidobro is also CEO of the Chile joint venture company Minera Salar Blanco SA.	September 03, 2018	N/A	613,636 0.19%
Mr. Andrew G Phillips Australia	Executive Director, Chief Financial Officer and Company Secretary Member of the Audit, Risk and	Mr. Phillips has over 25 years' international commercial experience previously working in senior financial and commercial management positions with a number of public and multinational companies in Australia and New Zealand with extensive networks throughout Asia. He has served in the past as a director and/or company secretary for a number of ASX	July 24, 2015	N/A	2,396,136 0.72%

Name and Place of Residence	Position Held at LPI	Principal Occupation	Director/ Officer Since	Term Expiring	Number of LPI Shares Held ⁽¹⁾ (Percentage Held)
	Compliance Committee	listed companies and is currently an Independent Director so Donaco International Ltd (ASX: DNA).			
Mr. Richard A Crookes Australia	Executive Director - Corporate Finance	Mr. Cookes is a geologist by profession. He has been deeply involved in all aspects of mining projects, including exploration, mineral resource development, mine operations, environmental management, mine fleet selection, project finance and project management. Mr. Cookes is currently an Independent Director for Black Rock Mining (ASX: BKT).	November 01, 2018	N/A	113,636 0.04%
Mr. Russell C Barwick Australia	Non-Executive Director Chair of the Audit, Risk and Compliance Committee	Mr. Barwick is an internationally renowned mining executive and engineer with over 44 years of technical, managerial and corporate experience in various commodities. Mr. Barwick is formally CEO of Newcrest and COO of Goldcorp. Mr. Barwick is currently Chairman of Red Metal Limited (ASX: RDM) and Mount Gibson Iron Limited (ASX: MGX).	April 06, 2017	N/A	753,588 0.23%
Mr. Martin Jose Domingo Borda M Chile	Non-Executive Director	Mr. Borda is a well-known businessman in Chile and is a significant shareholder in LPI. Mr. Borda is Chairman and a major shareholder of Santiago stock exchange listed company Multiexport Foods S.A.	September 03, 2018	N/A	16,227,273 4.86%

Notes:

1. Includes direct and indirect interests of the directors and their related entities.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of LPI, as at the date hereof, no director or executive officer of LPI has, within the 10 years prior to the date of this document, been a director, CEO or CFO of any issuer (including LPI) that: (i) was the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days while the person was acting in the capacity as director, CEO or CFO; or (ii) was subject to an order that, after the director or executive officer ceased to be a director, CEO or CFO of an issuer, resulted in the issuer being the subject of a cease trade or similar order or an order that denied the relevant issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days and which resulted from an event that occurred while that person was acting as a director, CEO or CFO of the issuer.

No current or proposed director or officer or securityholder holding a sufficient number of securities of LPI to affect materially the control of LPI has, within the last 10 years prior to the date of this document, been a director or executive officer of any company (including LPI) that, while such person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement for compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No current director or officer or securityholder holding a sufficient number of securities of LPI to affect materially the control of LPI has, within the last 10 years prior to the date of this document, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or securityholder.

No current or proposed director or officer or securityholder holding a sufficient number of securities of LPI to affect materially the control of LPI has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Certain directors and officers of LPI will not be devoting all of their time to the affairs of LPI. Certain directors and officers of LPI are directors and officers of other companies. See "*Risk Factors*" and "*Audit Committees and Corporate Governance*" of this Appendix "B". The directors and officers of LPI are required by law to act in the best interests of LPI. They have the same obligations to the other companies in respect of which they act as directors and officers. Any decision made by any of such officers or directors involving LPI will be made in accordance with their duties and obligations under the applicable laws of Australia. In addition to its statutory obligations and as a matter of good corporate governance, LPI continuously monitors any potential conflicts of interest as they arise. Where any such conflict exists or could potentially exist, LPI addresses such situations in accordance with its internal policies and procedures, including but not limited to excluding conflicted officers or directors in relevant discussions and/or decision-making processes. Where appropriate, LPI is able to avail itself of external advisors to assist in resolving these matters. As of the date hereof, LPI was not aware of any existing or potential material conflicts of interest between LPI and a subsidiary of LPI, a director or officer of LPI or of a subsidiary of LPI.

EXECUTIVE & DIRECTOR COMPENSATION

The following discussion describes the significant elements of LPI's executive compensation, with particular emphasis on the process for determining compensation payable to LPI's "Named Executive Officers" or "NEOs" for the year ended June 30, 2022, which means each of the following individuals: (i) each individual who, in respect of LPI, during any part of year ended June 30, 2022, served as the CEO, including an individual performing functions similar to a CEO; (ii) each individual who, in respect of LPI, during any part of the year ended June 30, 2022, served as the CFO, including an individual performing functions similar to a CFO; (iii) in respect of LPI, the three most highly compensated executive officers than the individuals identified in paragraphs (i) and (ii) at the end of the year ended June 30, 2022 whose total compensation was more than \$150,000; and (iv) each individual who would be an NEO under (iii) but for the fact that the individual was neither an executive officer of LPI, nor acting in a similar capacity, at the end of that financial year. For the purposes of this section, the only NEOs of LPI are: Mr. Cristobal Garcia-Huidobro R (Managing Director and Chief Executive Officer), Mr. Andrew G Phillips (Executive Director, Chief Financial Officer and Company Secretary) and Mr. Richard A Crookes (Executive Director – Corporate Finance).

Compensation Discussion and Analysis

The objective of LPI's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders and conforms to the market best practice for delivery

of reward. The LPI Board ensure that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders; and
- transparency.

The remuneration structure for key management personnel, excluding non-executive directors, is set by the LPI Board and is based on a number of factors including, market remuneration for comparable companies, particular experience of the individual concerned and overall performance of LPI.

Compensation is determined in accordance with the general remuneration policy. The manner of payment is determined on a case by case basis and is generally a mix of cash and non-cash benefits as considered appropriate by the LPI Board. LPI determines the levels of cash compensation to attract suitably qualified directors and executive. Where appropriate, LPI may issue non-cash benefits such as performance-based equity securities as means of effective director and executive incentivization while conserving cash reserves. There is no relationship between the performance or the impact on shareholder wealth of LPI for the current financial year or the previous financial years and either the remuneration of directors and executives or the issue of shares to directors. Remuneration is set at levels to reflect market conditions and encourage the continued services of directors and executives. No new decisions or policies were made after the end of the most recently completed financial year that could affect a reasonable person's understanding of an NEO's compensation for the most recently completed financial year.

LPI has adopted a securities dealing policy that applies to all directors and executive and which prohibits entering into margin lending arrangements and hedging arrangements. A copy of the securities dealing policy can be found on LPI's website at <https://lithiumpowerinternational.com>.

Share-Based Awards

The Remuneration and Nominations Committee (the "**RN Committee**") reviews the long-term incentives for the executive directors, along with overall performance, and currently salary package and project work to occur in the future. The RN Committee considers market conditions, performance, currently salary and any previous grants provided. The RN Committee then recommends to the LPI Board any grant, for a formal LPI Board resolution.

Executive Director Remuneration

Fixed remuneration, consisting of base salary, superannuation (where applicable) and non-monetary benefits, are reviewed annually by the RN Committee and approved by the LPI Board, based on individual and business unit performance, the overall performance of LPI and comparable market remunerations. There are no retirement schemes for LPI non-executive directors and LPI executive directors.

Base salary is the fixed component of total direct compensation for the NEOs, and is intended to attract and retain executives, providing a competitive amount of income certainty. The actual base salaries of the NEOs reflect numerous factors relevant to the discharge of their duties, including the complexity of their respective roles, the amount of applicable industry experience, the function their respective roles play in LPI's corporate development and the need to attract and retain talented individuals. Base salaries are reviewed and set with reference to market data and will reflect the scope and role and the size and activities of LPI as well as individual contribution and performance.

Executives can receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to LPI and adds additional value to the executive.

Non-Executive Director Remuneration

The constitution of LPI provides that the directors may be paid for their services as directors a sum not exceeding such fixed sum per annum as may be determined by the shareholders in general meetings, to

be divided among the directors as the directors shall determine, and in default of agreement then in equal shares. The aggregate pool of remuneration paid to LPI non-executive directors is currently AU\$750,000 per annum for LPI.

A director may also be paid fees or other amounts as the directors determine where a director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director. A director may also be reimbursed for out-of-pocket expenses incurred as a result of their directorship or any special duties.

Compensation Governance

LPI's executive and non-executive compensation is governed by the RN Committee charter. The RN Committee may engage from time-to-time external remuneration and compensation advisors to provide independence to the setting of any compensation provide by the Company in its normal course of business. Please see the "Corporate Governance" section below on more information relating to the RN Committee.

Summary Compensation Tables

The following table sets out information concerning the compensation paid by LPI to its NEOs for the financial years ended June 30, 2020, 2021 and 2022:

Name and Principal Position	Year Ended	Salary (AU\$) (c)	Share Based Awards (AU\$) (d) / (e)	Non-Equity Incentive Plan Compensation (AU\$) (f)		Pension Value (g)	All Other Compensation (AU\$) (h)	Total Compensation (AU\$) (i)
				Annual Incentive Plan (f2)	Long-Term Incentive Plans (f2)			
Cristóbal Garcia-Huidobro <i>Managing Director and CEO</i>	June 2020	92,500	306,564					399,064
	June 2021	85,000	337,488					422,488
	June 2022	100,000 ⁽¹⁾	153,948	-	-	-	-	253,948
Andrew Phillips <i>CFO, Company Secretary and Executive Director</i>	June 2020	231,250	127,734			21,969		380,953
	June 2021	212,500	140,620			20,188		373,308
	June 2022	250,000 ⁽²⁾	64,145	-	-	25,000		339,145
Richard Crookes <i>Executive Director – Corporate Finance</i>	June 2020	133,750	204,376			12,706		350,832
	June 2021	92,500	224,992			8,788		326,280
	June 2022	100,000	102,632	-	-	10,000		212,632

Notes:

1. This is paid by LPI to the MD/CEO for acting as a LPI Director. The majority of this salary and short- and long-term incentives are paid by MSB.
2. This fee is inclusive for being a director and the CFO.
3. All NEOs took a voluntary salary reduction of at least 30% of gross salary, from April 2020 until January 2021, due to COVID-19 cost saving measures
4. All Share Based Awards are valued using the Black Scholes model.

The following table sets out information concerning all share-based awards outstanding at the end of the most recently completed financial year for each NEO.

Name	Share Based Awards		
	Number of Shares or Units of Shares That Have Not Vested (#) (f)	Market or Payout Value of Share-Based Awards That Have Not Vested (AU\$) (g)	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed (AU\$) (h)
Cristóbal Garcia- Huidobro	-	-	-
Andrew Phillips	-	-	-
Richard Crookes	-	-	-

Notes:

- The value detailed above is the Black- Scholes valuation, at the time of issue. This cost has been taken up into the LPI Financial statements, amortised over the past three years, inline with the vesting periods.

The following table set outs the value vested or earned during the most recently completed financial year for each NEO.

Name	Share-Based Awards – Value Vested During the Year (AU\$) (c)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (AU\$) (d)
Cristóbal Garcia- Huidobro	337,488	-
Andrew Phillips	140,620	-
Richard Crookes	224,992	-

Notes:

- The value detailed above is the Black- Scholes valuation, at the time of issue with the proportion of cost expensed in the recent financial year.

LPI does not have any retirement plan in which an NEO of LPI participates.

LPI does not have any deferred compensation plan relating to any NEO of LPI.

The following table sets out information concerning all amounts of compensation provided to the LPI Directors for LPI's most recently completed financial year (but does not include any executive directors).

Name and Principal Position	Year Ended	Salary (AU\$) (c)	Share Based Awards (AU\$) (d) / (e)	Non-Equity Incentive Plan Compensation (AU\$) (f)		Pension Value (g)	All Other Compensation (AU\$) (h)	Total Compensation (AU\$) (i)
				Annual Incentive Plan (f2)	Long-Term Incentive Plans (f2)			
David Hannon <i>Non-Exec Chairman</i>	June 2022	150,000	-	-	-	15,000		165,000
Russell Barwick <i>Non-Exec Director</i>	June 2022	116,666	-	-	-	11,667		128,333
Martin Borda <i>Non-Exec Director</i>	June 2022	100,000	-	-	-	-	-	100,000
Reccared Fertig <i>Non-Exec Director</i>	June 2022	50,000 ⁽¹⁾	-	-	-	5,000	-	55,000

Notes:

- Fee paid up until Mr. Fertig's resignation in October 2021.

The following table sets out information concerning all share-based and option-based awards outstanding at the end of the most recently completed financial year for each LPI Director.

Name	Share-Based Awards		
	Number of Shares or Units of Shares That Have Not Vested (#) (f)	Market or Payout Value of Share-Based Awards That Have Not Vested (AU\$) (g)	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed (AU\$) (h)
Cristóbal Garcia- Huidobro	6,000,000	798,000	-
Andrew Phillips	2,500,000	332,500	-
Richard Crookes	4,000,000	532,000	-
Russell Barwick	-	-	-
David Hannon	-	-	-
Martin Borda	-	-	-

1. The value detailed above is the Black- Scholes valuation, at the time of issue. This cost has been taken up into the LPI Financial statements, amortised over the past three years, inline with the vesting periods.

The following table set outs the value vested or earned during the most recently completed financial year for each LPI Director.

Name	Share-Based Awards – Value Vested During the Year (\$) (c)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$) (d)
Cristóbal Garcia- Huidobro	337,488	-
Andrew Phillips	140,620	-
Richard Crookes	224,992	-
Russell Barwick	-	-
David Hannon	-	-
Martin Borda	-	-

Notes:

1. The value detailed above is the Black- Scholes valuation, at the time of issue with the proportion of cost expensed in the recent financial year.

Employment Agreements and Potential Benefits Upon Change of Control and Termination

Details of termination and change of control benefits, if any, relating to the NEO agreements are as follows:

Name and Position held at LPI	Commencement Date of Agreement	Term of Agreement	Description
Mr. Cristobal Garcia-Huidobro R <i>Managing Director and Chief Executive Officer</i>	October 16, 2018	No fixed term	Mr Garcia-Huidobro and LPI may terminate the agreement at any time and for any reason by giving 6 months' written notice. Mr Garcia-Huidobro's employment may otherwise be terminated at any time for cause by notice to Mr Garcia-Huidobro from LPI. Mr Garcia-Huidobro will receive the equivalent of 12 months for his combined MSB/LPI salary on the event of a change of control. Mr Garcia-Huidobro is engaged on a full-time basis with LPI and MSB.
Mr. Andrew G Phillips Executive Director, Company Secretary and Chief Financial Officer	August 1, 2015	No fixed term	Mr. Phillips and LPI may terminate the agreement at any time and for any reason by giving 12 months' written notice to the other party. Mr Phillips' employment may otherwise be terminated at any time for cause by notice to Mr Phillips from LPI. Mr Phillips is to receive the equivalent of 12 months salary on the event of a change of control. Mr Phillips is engaged on a permanent full-time basis.

Name and Position held at LPI	Commencement Date of Agreement	Term of Agreement	Description
Richard A. Crookes Executive Director – Corporate Finance	October 25, 2018	No fixed term	Mr. Crookes and the Company may terminate the agreement at any time and for any reason by giving 6 months' written notice to the other party. Mr Crookes' employment may otherwise be terminated at any time for cause by notice to Mr Crookes from the Company. Mr Crookes is engaged on a permanent part-time basis.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As of the Record Date, except as disclosed under the heading "*Interests of Management and Others in Material Transactions*" below and elsewhere in this Appendix "B", there exists no indebtedness outstanding with any current or former director, executive officer or employee of LPI or its subsidiaries, or any associate or affiliate of such person, which is owing to LPI or its subsidiaries, or which is owing to another entity, which indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by LPI or its subsidiaries, entered into in connection with a purchase of securities or otherwise.

AUDIT COMMITTEE

Audit, Risk and Compliance Committee Charter

The charter of the Audit, Risk and Compliance Committee Charter is appended hereto as Exhibit 1 – "*Audit, Risk and Compliance Committee Charter*" to this Appendix "B".

Composition of the Audit Committee

The Audit, Risk and Compliance Committee (the "**ARC Committee**") has the following members:

- Mr. Russell C Barwick – Non-Executive Director – Chairman of the Audit, Risk and Compliance Committee
- Mr. David R Hannon – Non-Executive Director – Member of the Audit, Risk and Compliance Committee
- Mr. Andrew G Phillips – Executive Director, Company Secretary and Chief Financial Officer – Member of the Audit, Risk and Compliance Committee

Relevant Education and Experience

Name	Relevant Education and Experience	Independent	Financially Literate
Mr. Russell C Barwick	Bachelor's Degree. Over 40 years mining executive and public company experience	Yes	Yes
Mr. David R Hannon	Bachelor's degree. Over 35 years stockbroker/ investment banker and public company experience	No	Yes
Mr. Andrew G Phillips	Bachelor's degree. Over 25 years senior financial executive and public company experience	No	Yes

Audit Committee Oversight

All recommendations from the ARC Committee have been presented to the LPI Board have been adopted and approved by the LPI Board.

Pre-Approval Policies and Procedures

The ARC Committee has not adopted any specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees

The aggregate fees billed to LPI by Ernst & Young, LPI's external auditor, for the years ended June 30, 2022 and 2021, are as follows:

Financial Year ended June 30	Audit Fees (AU\$)	Audit-Related Fees (AU\$) ²	Tax Fees ³ (AU\$)	All Other Fees (AU\$)
2022	69,000	186,000	236,000	-
2021	61,434	15,000	16,200	-

Notes:

1. The aggregate fees billed by the auditor for audit fees.
2. Other auditors – associate firms of the auditor of the parent entity in Chile. In 2021 EY Chile's fees were include in the EY Australia consolidated invoice.
3. Tax compliance fees including advice on the MSB merger process.

CORPORATE GOVERNANCE

Board of Directors

The LPI Board is comprised of six (6) directors, two (2) of whom are independent directors under National Instrument 58-101 – *Disclosure of Corporate Governance Practices*. Russell Barwick and Richard Crookes are all considered independent on the basis that they do not have any material relationships that could reasonably be expected to interfere with the exercise of their independent judgement. Four (4) are non-independent directors as two (2) Cristóbal Garcia -Huidobro acts as Managing Directors / CEO and Andrew Phillips acts as Executive Director / CFO are acting in an executive capacity role at LPI. The remaining two (2) directors, David Hannon and Martin Borda also considered non-independent directors as they are significant shareholders in LPI.

The LPI Board must act in the best interests of LPI as a whole and is accountable to the shareholders for the overall direction, management and corporate governance of LPI. In support of this, the LPI Board's role is to:

- represent, protect and serve the interests of shareholders by overseeing and appraising LPI's strategies, policies and performance. This includes overseeing the financial and human resources LPI has in place to meet its objectives and reviewing management performance;
- protect and optimise LPI performance and build sustainable value for shareholders in accordance with any duties and obligations imposed on the LPI Board by law and LPI's constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- set, review and ensure compliance with LPI's values and governance framework (including establishing and observing high ethical standards and promoting the responsible management and conduct of LPI); and
- ensure shareholders are kept informed of LPI's performance and major developments affecting its state of affairs.

Currently, the chair of the LPI Board is Mr. David R. Hannon (the "**Chair**"), who acts as a non-executive independent director of LPI. Mr. Hannon's primary role is to represent the LPI Board to the shareholders and effectively communicate the LPI Board's position. Mr. Hannon's responsibilities as the Chair include preparing the LPI Board's agenda and ensuring adequate time for discussion is made available for all agenda items, briefing all LPI Directors in relation to issues arising at the LPI Board meetings and leading the LPI Board in reviewing and discussing such matters, and reviewing corporate governance matters with the LPI secretary and reporting on those matters to the LPI Board.

The independent directors of the LPI Board do not hold regular scheduled meetings at which non-independent directors and members of management are not in attendance; however, in order to facilitate open and candid discussion among the independent directors, members are encouraged to meet and discuss matters outside of the board meeting forum. The independent directors meet periodically to discuss matters such as executive remuneration and management's performance.

LPI has adopted a corporate governance framework and practices set out in its Corporate Governance Statement, which is available on LPI's website at <https://lithiumpowerinternational.com>.

Directorships

Certain of the LPI Directors are also directors of other reporting issuers (or the equivalent) in a jurisdiction or a foreign jurisdiction as follows:

Director	Reporting Issuers (or Equivalent)
Mr. Andrew G Phillips	Donaco International Ltd (ASX: DNA)
Mr. Richard A Crookes	Black Rock Mining Ltd (ASX: BKT)
Mr. Martin Jose Domingo Borda M	Multiexport Foods S.A. (Multifoods.SN on the Santiago stock exchange)
Mr. Russell C Barwick	Red Metal Limited (ASX: RDM); Mount Gibson Iron Limited (ASX: MGX)

Board Meeting Attendance

The following table sets out the attendance of each of the LPI Directors at meetings of the LPI Board for financial year ended June 30, 2022.

Director	Number of meetings held	Number of meetings attended
Mr David R Hannon	3	3
Mr Cristobal Garcia-Huidobro R	3	3
Mr Andrew G Phillips	3	3
Mr Richard A Crookes	3	3
Mr Russell C Barwick	3	3
Mr Martin Jose Domingo Borda M	3	3
Mr Reccared P Fertig	1	1

Board Charter

The charter of the LPI Board is appended hereto as Exhibit 2 – "*Board Charter*" to this Appendix "B".

Position Descriptions

In order to delineate the roles and responsibilities of the Chair, secretary and the LPI Directors, the LPI Board has adopted written descriptions for each of these positions in the board charter (the "**Charter**"). With respect to the CEO and the chair of each of LPI's two committees, the ARC Committee and the RN Committee, the LPI Board delegates powers and duties for each of these positions based on the procedures set out in the Charter. The CEO's primary role is to oversee the day-to-day business of LPI and to control the affairs of LPI in relation to all matters other than those reserved for the LPI Board. The CEO's responsibilities include, but are not limited to, implementing strategic objectives, plans and budgets approved by the LPI Board, and providing effective leadership, direction and supervision of the management team to achieve the objectives, plans and budgets adopted by the LPI Board.

The LPI Board from time to time establishes committees to streamline the discharge of its responsibilities and assist in carrying out its functions effectively and efficiently. The LPI Board delegates the powers and duties of its committees through board resolutions and committee charters. The composition, responsibilities and administration of the ARC Committee and the RN Committee are set out in the Audit, Risk and Compliance Committee Charter and the Remuneration and Nomination Committee Charter, respectively.

The charter of the Audit, Risk and Compliance Committee Charter is appended hereto as Exhibit 1 – "*Audit, Risk and Compliance Committee Charter*" to this Appendix "B".

Orientation and Continuing Education

The Charter ensures that the LPI Board has an induction and education process for all new board members and senior executives to make sure they have a thorough understanding of their roles and responsibilities. The induction and education process also ensures that board members and senior executives have a good understanding of LPI's financial, strategic, operational and risk management position. To further advance orientation and continuing education for directors, the RN Committee supports the LPI Board and is responsible for: (i) developing and implementing plans for identifying, assessing and enhancing director competencies; and (ii) ensuring an effective director induction process is in place and providing appropriate professional development opportunities for directors.

Ethical Business Conduct

LPI is committed to conducting its affairs with integrity, honesty, fairness and professionalism. In order to encourage and promote a culture of ethical business conduct, the LPI Board has endorsed a code of conduct (the "**Code**"), which all employees, officers and directors, consultants and other persons that act on behalf of LPI or related bodies corporate or affiliates of LPI are expected to meet in the performance of their responsibilities. The objective of the Code is to: (a) provide a benchmark for professional behaviour throughout LPI; (b) articulate LPI's core values; (c) support LPI's business reputation and corporate image within the community; and (d) make directors and employees aware of the consequences if they breach the policy.

The LPI Board monitors compliance with the Code by ensuring LPI management is effectively communicating the Code to employees and establishing the ARC Committee, which is responsible for, among other things, reviewing LPI's policies and culture with respect to the establishment and observance of appropriate ethical standards (including the Code). Employees of LPI are encouraged to report any fraudulent, unethical or irresponsible behaviour. Any material reports of unacceptable behaviour will be reviewed by the LPI secretary and reported to the LPI Board. If a breach of the Code is found to have occurred, a formal investigation process will be administered by the LPI secretary in consultation with the supervisor or manager of the offending person and reported to the LPI Board.

The LPI Board has established a whistle blower policy (the "**Whistle Blower Policy**") which, among other things, establishes procedures for the receipt, recording and treatment of complaints and concerns regarding accounting activities, internal controls or auditing matters and the confidential submission of concerns in these areas. In addition, the LPI Board has established a securities dealing policy (the "**Securities Dealing Policy**") which, among other things, is intended to ensure that public confidence is maintained in LPI and their directors, officers and employees in the trading of securities. The Securities Dealing Policy provides a framework for the buying and selling of securities to assist the directors and employees of LPI. Finally, the LPI Board has endorsed a diversity policy (the "**Diversity Policy**") to further its commitment to equal employment opportunity, compliance with the Code and spirit of a full range of fair employment practices and anti-discrimination laws, and a workplace free from any kind of discrimination, harassment or intimidation of employees. The LPI Board is committed to and has the responsibility of fostering an environment where individual preferences are respected, ensuring employment opportunities are based on performance, skill and merit, and inappropriate attitudes, behaviours and stereotypes are confronted and eliminated. The Code together with the Whistle Blower Policy, Securities Dealing Policy and the Diversity Policy provides the guidelines for employee behavior and establishes the basis for open

communication with a view to ensuring that employees are acting in good faith and have the means to report actual or potential violations.

Each of the LPI Directors is obligated to: (i) disclose to the LPI Board any actual or potential conflict of interest or duty, or matter that may bear on their independence, that might reasonably be thought to exist as soon as the situation arises; (ii) take all necessary and reasonable action to resolve or avoid any actual or potential conflict of interest or duty; and (iii) comply with all applicable law and LPI's constitution in relation to disclosing material personal interests and restrictions on voting. When such matters arise, it is expected that any director to whom the conflict relates will recuse himself or herself when the LPI Board is discussing any matter to which the conflict relates.

A copy of the Code, the Whistleblower Policy, the Securities Dealing Policy and the Diversity Policy can all be obtained from LPI's website at <https://lithiumpowerinternational.com>.

Nomination of LPI Directors

The LPI Board, together with the RN Committee, determines the size and composition of the LPI Board. The LPI Board is appointed by the shareholders, other than in respect of casual vacancies. When a vacancy arises, the RN Committee (with assistance where necessary from external consultants) will identify candidates with appropriate skills, knowledge, experience, independence and expertise to recommend to the LPI Board. When the LPI Board considers that a suitable candidate has been found, that person may be appointed by the LPI Board to fill a casual vacancy in accordance with LPI's constitution, but must stand for election by shareholders at the next annual general meeting.

The RN Committee currently comprises two directors, one of whom is independent for the purpose of NI 58-101, the other being the Chairman of LPI. The role of the RN Committee includes, but is not limited to, assisting and advising the LPI Board on LPI Board succession planning, continuing professional development programs for directors and the process for recruiting a new director, including evaluating the balance of skills, knowledge, experience, independence and managing diversity on the LPI Board. The chief responsibilities of the RN Committee are to assist the LPI Board in relation to formal performance evaluations of the Chair, the LPI Board and its committees, the LPI Directors and senior management, and in developing and implementing plans for identifying, assessing and enhancing director competencies.

Compensation

All compensation matters are dealt with by the LPI Board, based upon recommendations by the RN Committee. LPI has developed policies for the compensation of its executives and directors. For specific disclosure regarding the compensation of executive officers, including the CEO and LPI Directors, please see the heading entitled "Executive and Director Compensation" to this Appendix to the Circular. The responsibilities, powers and operations of the RN Committee are set out in the Remuneration and Nomination Committee Charter, a copy of which can be found on LPI's website at <https://lithiumpowerinternational.com>.

Assessment and Board Renewal

At least annually, the LPI Directors will undertake performance evaluations of the LPI Board, its committees and each of the LPI Directors. The evaluations will assess, amongst other things:

- the effectiveness of the LPI Board and each committee in meeting the requirements of the Charter;
- whether the LPI Board and each committee has members with the appropriate mix of skills and experience to properly perform their functions;
- the contribution made by each LPI Director at meetings and in carrying out their responsibilities as directors generally, including preparing for meetings; and
- whether the content, format and timeliness of agendas, papers and presentations provided to the LPI Board and each committee are adequate for them to properly perform their functions.

The RN Committee annually reviews and makes recommendations to the LPI Board for changes to the mandate for the LPI Board.

Other Board Committees

Other than the ARC Committee and the RN Committee, LPI does not have any other standing committees.

RISK FACTORS

LPI is in the business of exploring for lithium in Chile and Western Australia, which involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry. The risks described below are not an exhaustive list of the risks faced by LPI. Additional risks not currently known to LPI, or that LPI currently deems immaterial, may also impair LPI's operations. If any of the following risks actually occur, LPI's business, financial condition and operating results could be adversely affected.

In evaluating LPI and its business and whether to vote in favour of the Plan of Arrangement, Bearing Shareholders should carefully consider, in addition to the other information contained in the Circular, the risk factors, below. The risk factors below may not be a definitive list of all risk factors associated with the Plan of Arrangement.

The business activities of LPI are subject to various risks that may affect the future performance of LPI. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of LPI and cannot be mitigated.

Accordingly, an investment in LPI carries no guarantee with respect to the payment of dividends, return of capital or price at which shares will trade and should be considered speculative. The principal risk factors include, but are not limited to, the following.

Risks Relating to LPI Following Completion of the Arrangement

The following risks have been identified as arising out of the Bearing Acquisition or affecting LPI and its subsidiaries following the acquisition by LPI of all of Bearing Shares and/or the acquisition of the shares in MSB owned (31.31%) entity controlled by Mr. Martin Borda, Minera Salar Blanco SpA ("Borda"). The acquisition of the Borda stake in MSB will give LPI 100% ownership of MSB. The Bearing and the Borda Acquisitions are not conditional on one another, and there is no guarantee that the Borda transaction will complete. LPI, following completion of one or both of the foregoing transaction is referred to herein as the **"Combined Entity"**.

Revenues and financial performance dependent upon the price of lithium

Future production from all of the Combined Entity's mining properties is dependent upon the price of lithium and other metals and minerals being adequate to make these properties economic. Sustained low lithium prices could reduce revenues through production declines due to cessation of the mining of deposits, or portions of deposits, that have become uneconomic at the then-prevailing market price; reduce or eliminate the profit that we currently expect from reserves; halt or delay the development of new projects; reduce funds available for exploration; and reduce existing reserves by removing ores from reserves that can no longer be economically processed at prevailing prices. Such declines in price and/or reductions in operations could cause significant volatility in the Combined Entity's financial performance. The Combined Entity's revenues will be derived primarily from the sale of lithium. The price that the Combined Entity obtains for lithium is directly related to world market prices. The price of lithium has historically fluctuated widely and is affected by numerous factors beyond the Combined Entity's control, including, but not limited to, industrial and retail supply and demand, exchange rates, inflation rates, price and availability of substitutes, actions taken by governments, changes in global economies, confidence in the global monetary system, forward sales of metals by producers and speculators as well as other global or regional political, social or economic events.

The Combined Entity will be dependent on critical supplies, a lack of which could impact production and development of projects

Timely and cost effective execution of the Combined Entity's future mining operations and exploration activities are dependent on the adequate and timely supply of water, fuel, chemicals and other critical

supplies. If the Combined Entity is unable to procure the requisite quantities of water, fuel or other inputs in time and at commercially acceptable prices or if there are significant disruptions in the supply of fuel, water or other inputs to the Project or for the Combined Entity's exploration activities, the performance of the Combined Entity's business and results of operations could be materially and adversely affected.

The Combined Entity will depend on key management and qualified operating personnel and may not be able to attract and retain such persons in the future

The Combined Entity's success depends to a significant extent upon the ability to attract, retain and train key management and technical personnel in Australia and Chile (including those employed on a contractual basis). If the Combined Entity is not successful in retaining or attracting personnel, its business may be adversely affected. The loss of the services of any of the Combined Entity's key management personnel could materially and adversely affect its business and results of operations.

In addition, the recruiting of qualified personnel is critical to the Combined Entity's success. As the Combined Entity's business grows, it will require additional key financial, administrative, mining, processing and exploration personnel as well as additional staff for operations. If the Combined Entity is not successful in recruiting and training such personnel, it could materially and adversely affect its business, prospects and results of operations.

The Combined Entity's operations in Chile will depend on its local employees and contractors. If the Combined Entity is not successful in maintaining a positive relationship with its workforce and the communities surrounding its projects, it could find it difficult to attract and retain skilled workers, develop successful collaborations and generally build its business. Likewise, if the Combined Entity's relationship to its workforce or the communities surrounding its projects becomes strained, its business may be adversely affected.

Government Regulations

Any material adverse changes in government policies, legislation or shifts in political attitude in Australia, Chile or any other jurisdiction in which LPI operates, that affect mineral mining and exploration activities, tax laws, royalty regulations, government subsidies and environmental issues may affect the viability of a project or the Combined Entity.

No assurance can be given that amendments to current laws and regulations or new rules and regulations will not be enacted, or that existing rules and regulations will not be applied in a manner which could substantially limit or affect the viability of a project or the Combined Entity.

Sovereign Risks

The Combined Entity has a project located in Chile. There can be no assurance that the systems of government and the political systems in Chile will remain stable. Further, there can be no assurance that government regulations relating to foreign investment, repatriation of foreign currency, taxation and the mining industry in Chile will not be amended or replaced in the future to the detriment of the Combined Entity's business and/or projects. The LPI Directors are unaware of any such proposals as at the date of the Circular.

Environmental and Other Regulations

The operations and activities of the Combined Entity will be subject to environmental laws and regulations. Like most exploration projects and mining operations, the Combined Entity's operations and activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Combined Entity will attempt to conduct its operations and activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Financing

The Combined Entity may need to raise additional debt or equity funds in the future. There is no assurance that the Combined Entity will be able to obtain additional debt or equity funding when required in the future, or that the terms associated with such funding will be acceptable to the Combined Entity, particularly having regard to the current uncertain economic environment and the effect that metal prices may have on future production and earnings performance. This may have an adverse effect on the Combined Entity's financial results.

Insurance

The Combined Entity will have various insurances covering its business. However, certain risks are not covered by insurance due to limitations or exclusions in insurance policies or because the Combined Entity will have decided not to insure against certain risks because of high premiums or for other reasons. Insurance against all risks associated with mineral exploration and production is not always available or affordable. Although LPI maintains insurance to protect against certain risks in amounts it considers reasonable, LPI's insurance may not adequately cover all potential risks. Such events, to the extent not covered by insurance, could have a significant effect on the profitability of the Combined Entity.

Market for shares in the Combined Entity

There can be no guarantee that a liquid market in LPI Shares will exist after the Bearing Acquisition. There may be relatively few, or many, potential buyers or sellers of LPI Shares on ASX at any given time. This may affect the prevailing market price at which LPI Shareholders are able to sell their LPI Shares. This may result in LPI Shareholders receiving a market price for their LPI Shares that is less or more than the current market price at which LPI Shares trade on ASX.

Specific Risks to LPI

Title Risk

LPI's exploration activities are dependent upon the maintenance (including renewal) of the mineral concessions in which LPI has or acquires an interest. Maintenance of LPI's concessions is dependent on, among other things, LPI's ability to meet the licence conditions imposed by the relevant authorities including compliance with LPI's work program requirements which, in turn, is dependent on LPI being sufficiently funded to meet those expenditure requirements. Although LPI has no reason to think that the mineral concessions in which it currently has an interest will not be renewed, there is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed by the relevant granting authority.

Exploration Hazards and Risks

The success of LPI depends on the delineation of economically minable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to LPI's exploration and mining concessions and obtaining all consents and approvals necessary for the conduct of its exploration activities.

Exploration on LPI's existing exploration and mining concessions may be unsuccessful, resulting in a reduction of the value of those mineral concessions, diminution in the cash reserves of LPI and possible relinquishment of the exploration and mining concessions.

It may not always be possible for LPI to exploit successful discoveries that may be made in areas in which LPI has an interest. Such exploitation would involve obtaining the necessary licences or clearances from relevant authorities that may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further, the decision to proceed to further exploitation may require participation of other companies whose interests and objectives may not be the same as LPI's.

Mining and development risks

Profitability depends on successful exploration and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management and proficient financial management. Mining and development operations can be hampered by force majeure circumstances, environmental considerations and cost overruns for unforeseen events.

Contract and Joint Venture Risks

LPI may enter into agreements and undertakings with third parties from time to time. If LPI is unable to satisfy the conditions of these agreements and undertakings, or if it defaults on its obligations under these agreements and undertakings, LPI's interest in their subject matter may be jeopardised. Further, if the third parties default on their obligations under the agreements and undertakings, LPI may be adversely affected.

Uncertainty and Future Profitability

LPI has incurred significant losses in the past. It is not possible to evaluate LPI's future prospects based on past performance. The past performance should not impact the future opportunities of LPI. While the LPI Directors have confidence in the future revenue-earning potential of LPI, there can be no certainty that LPI will achieve or sustain profitability or achieve or sustain positive cash flow from its operating activities.

Dependence on Key Personnel

The success of LPI will to an extent depend on the directors' and key management personnel's ability to successfully manage LPI's performance and exploit new opportunities. The loss of service of these personnel could have an adverse effect on the proposed operations of LPI.

Lithium Price Volatility

As an exploration and development company, LPI's ability to raise capital may be significantly affected by changes in the market price of lithium and other minerals. Consequently, LPI's potential future earnings could be closely related to the price of commodities it commercially exploits. Lithium and other mineral prices fluctuate on a daily basis and are affected by numerous factors beyond the control of LPI including demand, forward selling by producers, production cost levels in major producing regions and macroeconomic factors (e.g., inflation, interest rates, currency exchange rates) and global and regional demand for, and supply of, the relevant commodity.

If the market price of any commodity sold by LPI were to fall below the costs of production and remain at such a level for any sustained period, LPI would experience losses and could have to curtail or suspend some or all of its proposed mining activities. In such circumstances, LPI would also have to assess the economic impact of any sustained lower commodity prices on recoverability.

Shortages and Price Volatility

LPI is dependent on various input commodities (such as diesel fuel, electricity, natural gas, steel and concrete) and equipment (including parts) to conduct its exploration and future development activities. A shortage of such input commodities or equipment or a significant increase in their cost could have a material adverse effect on LPI's ability to carry out its exploration and development activities. LPI is also dependent on access to and supply of water and electricity to carry out its exploration, and such access and supply may not be readily available. Market prices of input commodities can be subject to volatile price movements, which can be material, occur over short periods of time and are affected by factors that are beyond LPI's control. An increase in the cost, or decrease in the availability, of input commodities or equipment may affect the timely conduct and cost of LPI's exploration objectives. If the costs of certain input commodities consumed or otherwise used in connection with LPI's exploration were to increase significantly, and remain at such levels for a substantial period, LPI may determine that it is not economically feasible to continue exploration on some or all of its current projects, which could have an adverse impact on LPI's financial performance and share price.

Future Capital Requirements

LPI's ongoing activities may require substantial further financing in the future for its business activities. Any additional equity financing may be dilutive to LPI Shareholders, may be undertaken at lower prices than the current market price or may involve restrictive covenants which limit LPI's operations and business strategy. Although the directors believe that additional capital may be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to LPI or at all. If LPI is unable to obtain additional financing as needed, it may be required to reduce, delay or suspend its operations and this could have a material adverse effect on LPI's activities and could affect LPI's ability to continue as a going concern or remain solvent.

Insurance

Insurance against all risks associated with mineral exploration and production is not always available or affordable. LPI will maintain insurance where it is considered appropriate for its needs. However, insurance coverage against all risks may not be undertaken because either such cover is not available or because the LPI Directors consider that the associated premiums are excessive having regard to the benefits from the cover.

The occurrence of an event that is not covered or is only partially covered by insurance could have a material adverse effect on the business, financial condition and results of the operations of LPI. There is no assurance that LPI will be able to maintain adequate insurances in the future at rates that the LPI Directors consider reasonable.

Competition

LPI competes with other companies, including major mining companies in Australia, Chile and internationally. Some of these companies have greater financial and other resources than LPI has and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that LPI can compete effectively with these companies.

General Risks

Labour and Employment Relations

Exploration at LPI's projects is dependent upon the efforts of, and maintaining good relationships with, employees of LPI. Relations between LPI and its employees may be impacted by changes in labour relations, which may be introduced by, among others, employee groups, unions, and the relevant governmental authorities in whose jurisdictions LPI carries on business. Adverse changes in such legislation or in the relationship between LPI and its employees may have a material adverse effect on LPI's business, results of operations, and financial condition.

Global Financial Conditions

Global financial conditions have been characterized by increased volatility and some financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Although there has been some recovery, there is no certainty that the disruptions and their effects have ended and will not continue to affect the markets. These factors may impact the ability of LPI to obtain equity or debt financing in the future on terms favourable to LPI or at all. Securities of mining companies have experienced substantial volatility, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in the country where LPI carries on business and globally, and market perceptions of the attractiveness of particular industries.

Dividends and Working Capital Risk

LPI has not paid dividends on the LPI Shares and does not anticipate doing so in the foreseeable future. The only present source of funds available to LPI is through the sale of its securities or short-term high-cost

borrowing. While LPI may generate additional working capital through further equity offerings or short-term borrowing, there is no assurance that any such funds will be available on favourable terms, or at all. At present, it is impossible to determine what amounts of additional funds, if any, may be required. Failure to raise such additional capital could put the continued viability of LPI at risk.

Exchange Rate Fluctuations

LPI Shares are quoted in Australian dollars and are listed on the ASX. An investment in LPI Shares by an investor in a jurisdiction, in which the principal currency is not Australian dollars, exposes the investor to foreign currency rate risk. Any depreciation of the Australian dollar may reduce the value of the investment of the investor in terms of their local currency.

Anti-corruption Laws

LPI and certain of its subsidiaries and affiliated entities may conduct business in countries where there is government corruption. LPI is committed to doing business in accordance with all applicable laws and its codes of ethics, but there is a risk that it, its subsidiaries or affiliated entities or their respective officers, directors, employees or agents may act in violation of its codes and applicable laws. Any such violations could result in substantial civil and criminal penalties and might materially adversely affect LPI's business and results of operations or financial condition.

Litigation Risk

Legal proceedings may be brought against LPI, for example, litigation based on its business activities, environmental laws, tax matters, volatility in its stock price or failure to comply with its disclosure obligations, which could have a material adverse effect on LPI's financial condition or prospects. Regulatory and government agencies may bring legal proceedings in connection with the enforcement of applicable laws and regulations, and as a result LPI may be subject to expenses of investigations and defense, and fines or penalties for violations if proven, LPI may potentially incur cost and expense to remediate, increased operating costs or changes to operations, and cessation of operations if ordered to do so or required in order to resolve such proceedings.

Stock market conditions

As with all stock market investments, there are risks associated with an investment in LPI. LPI Share prices may rise or fall and the price of LPI Shares might trade below the price paid for those LPI Shares.

General factors that may affect the market price of LPI Shares include economic conditions in both Australia and internationally, investor sentiment and local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity process, the global security situation and the possibility of disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

Liquidity risk

There cannot be any guarantee that there will continue to be an active market for LPI Shares or that the price of LPI Shares will increase. There may be relatively few buyers or sellers of shares on ASX at any given time. This may affect the volatility of the market price of LPI Shares. It may also affect the prevailing market price at which LPI Shareholders are able to sell LPI Shares held by them. This may result in LPI Shareholders receiving a market price for their LPI Shares that is less or more than the price paid for the LPI Shares.

Economic factors

Factors such as inflation, currency fluctuation, interest rates, supply and demand and industrial disruption have an impact on operating costs, commodity prices and stock market processes. LPI's future possible

revenues and Share price can be affected by these factors, which are beyond the control of LPI and LPI Directors.

Geopolitical factors

With the Project being situated in Chile, there is a geopolitical risk with conducting operations in a foreign country. Accordingly, LPI's results of operations and general financial condition depend in part on Chilean markets for labor and certain materials and equipment, and on factors relating to Chilean political stability generally, including political developments and proposed legislative changes in Chile. Changes in the Chilean political, regulatory or fiscal framework may impact on MSB and LPI's operations.

Indigenous and community relations

Currently the Project is fully permitted and LPI enjoys very good relationships with the associated indigenous communities. Even through the Company is mindful of the importance of a consultative process with the indigenous communities, these relationships can change. Actual or perceived concerns from these communities, as well as local governments, affect LPI's 'social licence' to operate, which may be challenged by governments, communities or community members and could affect LPI's operations and results.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal proceedings

Since July 1, 2021, the beginning of LPI's most recently completed financial year, there have been and are no legal proceedings outstanding, threatened or pending, by or against LPI or to which LPI is a party or to which any of LPI's property is subject, nor to LPI's knowledge are any such legal proceedings contemplated, which could become material to LPI.

Regulatory Actions

Within the three years immediately preceding the date of the Circular, there have been and are no regulatory actions, proceedings outstanding, threatened or pending, by or against LPI or to which LPI is a party or to which any of LPI's property is subject, nor to LPI's knowledge are any such regulatory actions contemplated, which could become material to LPI.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Within the three years before the date of the Circular, no director or executive officer of LPI, or shareholder who beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding LPI Shares, or any known associates or affiliates of such persons, has or has had any material interest, direct or indirect, in any transaction or in any proposed transaction that has materially affected or is reasonably expected to materially affect LPI.

AUDITORS, TRANSFER AGENTS AND REGISTRARS

Auditors

The external auditor of LPI is Ernst & Young ("EY"), located at The EY Centre, Level 34, 200 George Street, Sydney NSW 2000. EY has advised that they are independent of LPI within the meaning of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants.

The following parties have given, and not withdrawn as at the date of this Circular, their written consent to be named in this Circular in the form and context in which it appears: Ernst & Young (EY).

No entity referred to above has made or has purported to make any statement or representation that is included in this Circular or any statement on which a statement made in the Circular is based, except as stated above. None of the entities or persons referred to above has authorised or caused the issue of the Circular and, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statement in, or omission from, this Circular, other than the reference to its name included in this Circular with its consent as described above.

Transfer agents, registrars, trustees or other agents

The transfer agents and registrar for LPI Shares is Boardroom Pty Ltd, which is located at level12, 225 George Street Sydney, NSW 2000, where transfers of securities of LPI may be recorded.

MATERIAL CONTRACTS

Other than the contracts entered into in the ordinary course of business and as disclosed below, there are no material contracts entered into by LPI since the beginning of the most recently completed fiscal year, or that are still in effect prior to the date of this Appendix "B".

EXPERTS

Names of experts

EY prepared the independent auditor's report for the audited annual consolidated financial statements of LPI for the years ended June 30, 2022, 2021 and 2020. EY is independent in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants that are relevant to the audit of LPI's financial statement in Australia.

Interest of experts

To the knowledge of LPI, after reasonable inquiry, as of the date hereof, the aforementioned experts and, as applicable, their associates or affiliates, do not beneficially own, directly or indirectly, any securities of LPI as of the date hereof.

OTHER MATERIAL FACTS

There are no material facts relating to LPI that are necessary to disclose in order to have full, true and plain disclosure of all material facts relating to LPI's shares.

FINANCIAL STATEMENT DISCLOSURE FOR ISSUERS

If, on a fully diluted basis, 10% or fewer of the LPI Shares upon completion of the Arrangement, are owned, directly or indirectly, by residents in Canada, LPI will be permitted under NI 71-102 to report in Canada as a "designated foreign issuer". If, on a fully diluted basis, greater than 10% of the LPI Shares upon completion of the Arrangement, are owned, directly or indirectly, by residents in Canada, LPI will not, pursuant to the provisions of NI 71-102, be permitted to report in Canada as a "designated foreign issuer". Currently, it is expected that upon completion of the Arrangement, LPI Shares owned directly or indirectly by LPI Shareholders who are resident in Canada will represent less than 10% of the LPI Shares, on a fully diluted basis. Accordingly, LPI intends to apply to the British Columbia Securities Commission for exemptive relief so that it is permitted to report as a "designated foreign issuer". As a "designated foreign issuer", LPI will be exempt from most of the continuous disclosure requirements of Canadian securities legislation provided LPI complies with the continuous disclosure requirements of Australia.

Included in as Exhibit 3 to this Appendix "B" are the following:

- Annual Report to June 30, 2021, including the audited consolidated annual financial statements of LPI for the period ended June 30, 2022
- Annual Report to June 30, 2022, including the audited consolidated annual financial statements of LPI for the period ended June 30, 2021

SIGNIFICANT ACQUISITIONS

MSB SPA Partner Transaction

The MSB SPA Partner presently owns an indirect 31.31% interest in the MSB Project. Prior to, or concurrently with, the completion of the Arrangement, LPI will acquire all the interest of the MSB SPA Partner, such that following the completion of the Arrangement, LPI will hold a 100% consolidated indirect interest in the Project. The completion of the MSB SPA Partner Transaction is a condition to the completion of the Arrangement. Following the completion of the Arrangement, the MSB SPA Partner will hold approximately 25% (not including the 16.3m shares already held by Martin Borda) of the outstanding shares of LPI.

MANAGEMENT'S DISCUSSION & ANALYSIS

ANNUAL MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

The following MD&A has been prepared as at or for the financial years ended June 30, 2022 and 2021 (the "**relevant reporting periods**") and should be read in conjunction with the remainder of this Appendix "B", including the section entitled "*Risk Factors*" and LPI's audited financial statements and related notes in Exhibit 3 to this Appendix "B". LPI's financial statements are prepared in accordance with the Australian Accounting Standards and Interpretations as issued by the Australian Accounting Standards Board (the "**AASB Standards**") are IFRS compliant. LPI consistently applied the same accounting policies throughout all periods presented, except for the adoption of new standards and interpretations effective during the relevant periods, which had no material impact to the financial statements. LPI's financial year ends on June 30 and its reporting currency is the Australian dollar. Accordingly, all amounts are presented in Australian dollars unless otherwise noted. Management of LPI is responsible for the preparation of the financial statements and the following MD&A.

The MD&A contains forward-looking information, such as statements regarding LPI's future plans and objectives that are subject to various risks and uncertainties, and those set forth in "*Forward-Looking Information*" in the Circular and "*Risk Factors*" in this Appendix "B" LPI cannot assure investors that such information will prove to be accurate, and actual results and future events could differ materially from those anticipated in such information. The results for the periods presented are not necessarily indicative of the results that may be expected for any future periods. Investors are cautioned not to place undue reliance on this forward-looking information.

Significant Accounting Policies

The audited financial statements for the relevant reporting periods have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001, as appropriate for for-profit oriented entities. The audited financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB). The principal accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated. LPI's significant accounting policies are provided in Note 2 to LPI's audited consolidated annual financial statements for the year ended June 30, 2022, which are contained in Exhibit 3 this Appendix "B".

New, Revised or Amending Accounting Standards and Interpretations Adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by LPI for the annual reporting period ended June 30,

2022. LPI's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to LPI, are set out below.

Basis of preparation

The general-purpose audited financial statements for the period ended 30 June 2022 were prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001, as appropriate for for-profit oriented entities. The financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Parent entity information

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

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Lithium Power International Limited as at 30 June 2022 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers (CODM). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Lithium Power International Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

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

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

Interest

Interest revenue is recognised as interest accrued using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Discontinued operations

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

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Derivative financial instruments

Hedges of a net investment

Hedges of a net investment in a foreign operation include monetary items that are considered part of the net investment. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised directly in equity whilst gains or losses relating to the ineffective portion are recognised in profit

or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recognised directly in equity is transferred to profit or loss.

Non-current assets or disposal groups classified as held for sale

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

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

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

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

Joint ventures

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

Investments and other financial assets

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

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

Financial assets at amortised cost

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

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial

recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

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

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

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases

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

Exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the period in which the decision is made.

Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability employee benefits not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

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

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

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

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

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity

or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

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

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Lithium Power International Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming conversion of all dilutive potential ordinary shares.

Goods and Services Tax (GST) and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies, if disclosed, are net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

The new and amended standards and interpretations applicable to the consolidated entity that are issued, but not yet effective, up to the date of issuance of the consolidated entity's financial statements are disclosed below. The consolidated entity intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Title	Description	Effective date	Operating year	Note
AASB 2020-3	Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments	1 January 2022	30 June 2023	(i)
AASB 2021-2	Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	1 January 2023	30 June 2024	(i)
AASB 2020-1	Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current	1 January 2023	30 June 2024	(ii)

Notes

(i) The amendments are not expected to have a material impact on the consolidated entity's financial statements.

(ii) The consolidated entity will assess the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that

could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Financial Instruments

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

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

The material financial instruments to which LPI has exposure include:

- (i) Cash and short-term deposits;
- (ii) Trade and Other Receivables; and
- (iii) Accounts payable.

The carrying values of these financial instruments approximate their fair values. The carrying values of LPI's financial instruments are as follows:

	30-Jun-22	30-Jun-21
Financial Assets		
Cash and Cash Equivalents	6,428,908	6,280,656
Trade and Other Receivables	210,678	88,625
Total Financial Assets	6,639,586	6,368,921
Financial Liabilities		
Trade and other payables	797,592	449,344
Borrowings	-	-
Total Financial Liabilities	797,592	449,344
Net Exposure	6,895,708	6,035,986

The table reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity as well as management's expectations of settlement period for all other financial instruments. The increase of in Trade and Other Receivables on 30 June 2022 is attributed to the prepayment of advisory expenses associated with the consolidation of ownership of the Chilean joint venture company.

	30-Jun-22	30-Jun-21
<i>Trade and other receivables maturing as follows:</i>		
Less than 6 months	138,663	16,250
6 months to 1 year	-	-
Later than 1 year but not longer than 5 years	-	-
Over 5 years	-	-
	138,663	16,250
<i>Trade and other payables maturing as follows:</i>		
Less than 6 months	700,808	250,445
6 months to 1 year	-	-

	30-Jun-22	30-Jun-21
Later than 1 year but not longer than 5 years	-	-
Over 5 years	-	-
	700,808	250,445

Borrowings maturing as follows:

Less than 6 months	-	-
6 months to 1 year	-	-
Later than 1 year but not longer than 5 years	-	-
Over 5 years	-	-
	-	-

Business Risk

Credit Risk

LPI is not exposed to any significant credit risk.

Liquidity Risk

Vigilant liquidity risk management requires LPI to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable. LPI manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Interest Rate Risk

LPI is not exposed to any significant interest rate risk.

Foreign Currency Risk

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

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

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were not significant. However, as at the June 30, 2022, there exists a US dollar denominated intercompany loan granted by LPI to its wholly owned subsidiary, Lithium Power Inversiones Chile S.p.A. The loan balance at June 30, 2022 is US\$49.7 million (June 30, 2021: US\$42.1 million).

The sensitivity analysis for foreign exchange risk of the consolidated entities intercompany loans is as follows:

	AUD strengthened			AUD weakened		
	% change	Effect on profit before tax	Effect on Equity	% change	Effect on profit before tax	Effect on Equity
Consolidated - 2022 US dollar	5%	(3,435,428)	(3,435,428)	5%	3,797,053	3,797,053
Consolidated - 2021 US dollar	5%	(2,669,141)	(2,669,141)	5%	2,950,104	2,950,104

Price Risk

LPI is not exposed to any significant price risk.

Capital Risk Management

LPI's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for LPI Shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. Capital is regarded as total equity, as recognized in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, LPI may adjust the amount of dividends paid to LPI Shareholders, return capital to LP Shareholders, issue new LPI Shares or sell assets to reduce debt. LPI would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the LPI's share price at the time of the investment. LPI is not actively pursuing additional investments in the short-term as it continues to integrate and grow its existing businesses in order to maximize synergies.

LPI is not subject to any financing arrangement covenants.

The capital risk management policy remains unchanged from the 2021 annual report.

Off-Balance Sheet Arrangements

LPI had no off-balance sheet arrangements for the relevant reporting periods.

MD&A FOR THE YEAR ENDED JUNE 30, 2022

The information included in the MD&A for the year ended June 30, 2022 and is current as of September 16, 2022.

Review of Operations

Maricunga Merger

The Company has entered into definitive binding agreements to consolidate full ownership of the Project's JV company, MSB, via two, all-scrip mergers with its joint venture partners Minera MSB SpA and Bearing. LPI will benefit from the enhanced scale and control of Maricunga, which will significantly increase its attributable production to 15.2kt/a of battery grade lithium carbonate based on the 2022 Definitive Feasibility Study¹.

Consolidation of ownership under LPI provides the optimal structure to oversee the development of the Project because it will streamline decision making, simplify and de-risk the funding pathway, enhance the ability to source capital from a wider range of financiers and provide a more transparent investment vehicle.

Based on the number of LPI Shares LPI may issue under the transactions,² the proforma ownership of LPI will comprise ~60.4% LPI current shareholders, ~25% MSB SpA³ and ~14.6% Bearing, including option and warrant holders. The transactions will result in LPI having full ownership of the Project and position the Company to develop Maricunga. Together with LPI's previously announced demerger of its WA lithium exploration assets, LPI will be transformed into a stronger manager and operator of the wholly owned Project.

¹ Refer to the Company's ASX announcement entitled '*Maricunga Stage One DFS delivers an after tax NPV of US\$1.4B*' dated January 20, 2022. The Company confirms that all material assumptions underpinning the production targets, and the forecast financial information derived from such production targets continue to apply and have not materially changed.

² Assumes diluted LPI shares outstanding and assumes that all in-the-money Bearing Options and Warrants based on the LPI 1M VWAP and Implied Bearing Offer Price as at market close on June 21, 2022 are exercised prior to completion of the Transactions.

³ Excludes the ~16.3m shares in LPI already held by Martin Borda (MSB SpA's controller) as at the date of this Circular

Definitive Feasibility Study

LPI released details of an updated DFS for Stage One of the Maricunga development during the year, confirming that the operation would be one of the world's lowest-cost producers of lithium carbonate with a solid ESG strategy to support a sustainable future.

DFS Highlights:

- It supports 15,200t/a production of lithium carbonate ("LCE") for 20 years.
- A project NPV (leveraged basis) of US\$1.425B (after tax) at an 8% discount rate, providing an IRR of 39.6% and a two-year payback. Estimated steady-state annual EBITDA would be US\$324M.
- It should be noted that the project NPV used a LCE price range of between US\$20,000-US\$23,000/t. As at **30 June 2022**, the average price for LCE in H1 2022 was US\$41,798/t, indicating potentially significant enhancements to the project economics.

Table 1 - Summary of key economic parameters of the Stage One project

NPV Discount Rate	Leveraged (50%)		Pure Equity	
	Pre-Tax	After-Tax	Pre-Tax	After-Tax
	US\$M	US\$M	US\$M	US\$M
NPV 8%	1,984	1,425	1,971	1,412
IRR	44.5	39.6	33.4	29.3
Project Payback (Years)	2	2	2.8	2.8

Table 2. Average Operating Costs

Project operating costs would place Maricunga among the world's most efficient producers, with an estimated OPEX of US\$3,718/t, not including credit from potassium chloride (KCl) by-product. KCl production was not considered in the DFS.

Average Operating Costs	US\$ / t Li ₂ CO ₃
<i>Direct Costs</i>	
Chemical Reactives and Reagents	1,099
Salt Harvesting	266
Energy	1,164
Memo: - Electrical	342
- Thermal	821
Manpower	518
Catering & Camp Services	132
Maintenance	358
Transport	181
Operational Cash Costs	3,718
<i>Indirect Costs</i>	
General & Administration	146
Indirect Costs Subtotal	146
Total Production Costs	3,864

Table 3. Total Capital Expenditures

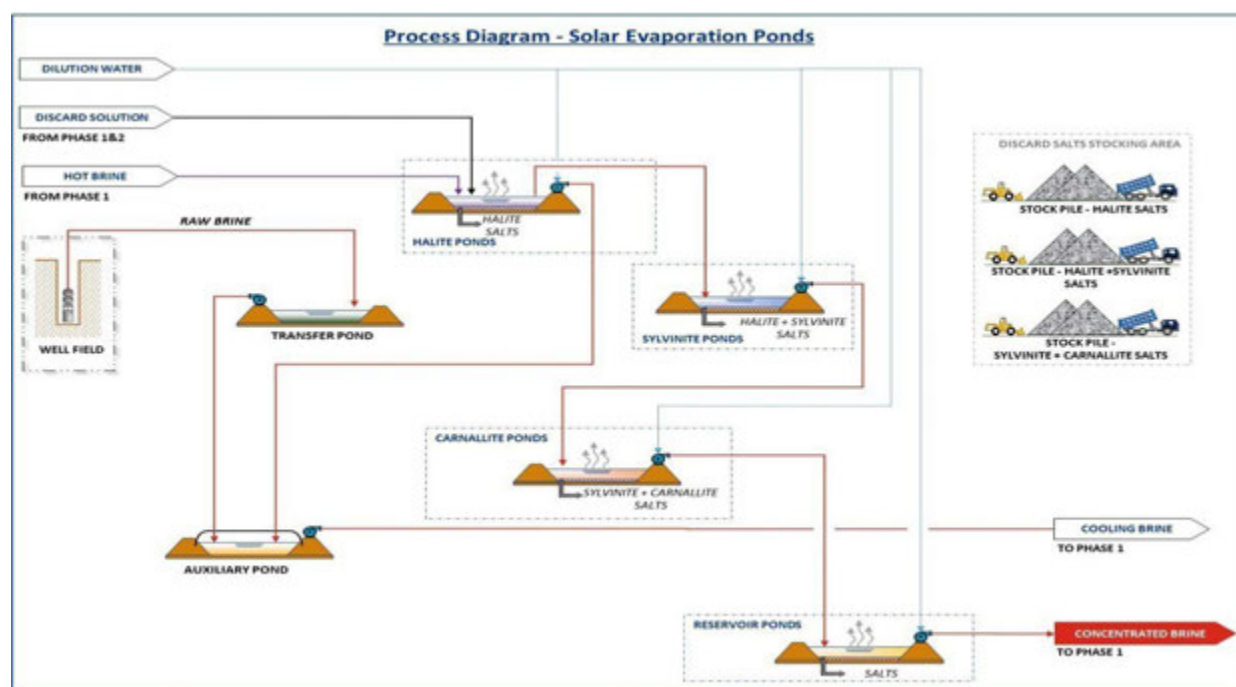
Project direct development costs are estimated to be US\$419M, indirect costs at US\$145M and contingency costs at US\$62M to provide a total project CAPEX of US\$626M.

Area	Total Project	Projected Budget US\$,000
1000	Direct Costs	
2000	Brine Extraction Wells	33,235
5000	Evaporation Ponds	89,878
6000	Salt Removal Plant	110,322
8000	Lithium Carbonate Plant	55,754
9000	General Services	83,953
	Infrastructure	45,814
	Total Direct Cost	418,957
	Total Indirect Cost	144,835
	Contingencies (11.1%)	62,581
	Total Capital Expenditures	626,372

LPI's ESG profile aims to achieve carbon neutrality once the operation is fully commissioned, setting strong standards for social relationships. A certification process led by Deloitte will continue in future years as the project advances. Project infrastructure, including water rights, are secured by long-term contracts, which apply during project construction and operation. Access to the National Power Grid has also been granted, ensuring future power supply, which includes an important component of renewable energy.

LPI has received preliminary indications of interest from international and Chilean financial institutions and from private funds for debt financing and equity financing of the Project. The Company is working closely with two short-listed international engineering companies, Worley and Bechtel, and a final Investment decision is expected in calendar year 2022. Construction would start immediately afterward.

Figure 1. General Process Diagram



Western Australia

Increased tenement holdings in Western Australia

The Company announced during the June 2022 reporting period that it had signed two agreements to acquire four tenements, which will significantly increase its holdings in Western Australia.

The acquisitions would boost the ground position in the Greenbushes area, making it the largest holder along the Donnybrook-Bridgetown Shear Zone. Also, it has obtained tenements in the Eastern Goldfields region. Along with the tenements already held in the Pilbara region, the Company's geographic footprint in WA has been greatly diversified.

The West Australian properties are fully owned by LPI and are located short distances from the established ports of either Port Hedland or Bunbury.

A review of the tenements confirms that both the Greenbushes and Tabba Tabba prospects demonstrate exploration potential for lithium. Future exploration in WA will be focused on these properties.

Figure 2: Location of LPI's properties in the Greenbushes region, Pilbara Craton and Eastern Goldfields of Western Australia



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

The tenements are of strategic importance. They have all necessary heritage and native title agreements in place, and an application has been made for a Conservation Management Plan (CMP). It is intended to add these tenements to the Company's existing, approved CMP, which would allow exploration under the same conditions as LPI's existing tenements.

Following the end of the year ended June 30, 2022, LPI also acquired two tenements in the mineral-rich Eastern Goldfields from private company Lysander Lithium. Within the Eastern Goldfields, prolific gold and nickel endowments are often complimented by large lithium spodumene pegmatite deposits, such as at Neometals' Mt Marion mine.

Rounding off its diversified tenement coverage, the Company holds two properties with lithium rights near the world class Pilgangoora and Wodgina lithium pegmatite deposits.

Western Australia Exploration

Greenbushes Project

An UltraGPR survey (Ground Penetration Radar) was conducted across parts of the Blackwood Prospect, and successfully tested for the presence of concealed pegmatites. An interpretation of the data set outlined potential pegmatites that were previously unmapped. These units correspond with areas of low magnetic response in a recently flown Drone Magnetic Survey.

An orientation soil sampling program of 42 soil samples on 300m x 300m spacing was completed at a newly defined target at the southern end of the Blackwood Prospect. The results showed that the area was regionally anomalous in lithium. The highest value returned was 228 ppm lithium. The regional UltraFine sampling indicated that 40 ppm lithium in soil was anomalous. Thirty-two of the samples returned values greater or equal to 40 ppm Lithium. A larger sampling program will now be completed.

The updated Conservation Management Plan for the Greenbushes tenements was approved by the Department of Biodiversity, Conservation and Attractions (DBCA). This was undertaken because of an increase in the number of samples allowed to be collected from areas of State Forest, along with a reduction in the area to be sampled. Two flora and fauna surveys were also completed, providing detailed baseline environmental information to guide the development of a conservation management plan. A key finding of the flora assessment was that no threatened plants listed under the *Biodiversity Conservation Act 2016* or the *Environment Protection and Biodiversity Conservation Act 1999* were recorded. These surveys will be used in future updates to the Conservation Management Plan.

Tabba Tabba Project

A broad-spaced (300 x 30m) regional soil sampling program was completed over the entire Tabba Tabba tenement. The program was designed to provide a geochemical dataset, and some 722 primary samples were collected. A further 78 duplicates were taken for QAQC purposes. Figure 4 shows the locations involved. Samples were taken from streams and the main Tabba Tabba creek. When it was not possible to collect a sample within 20m of the planned location, the sample was not collected. All samples have been dispatched to LabWest to be analysed via a UltraFines+™ process. This analytical technique, which looks at the two-micron clay fraction, was jointly developed with CSIRO as a method of seeing through cover sequences.

Pilgangoora Tabba/Tabba

A soil sampling program at Pilgangoora was completed in the third quarter of 2022. A total of 544 samples were collected, including 10% as duplicates. The sampling was aimed at closing off previously defined

lithium anomalies associated with the identified greenstone belts, and also at investigating the potential of gold within a younger granite and its contact aureole.

This intrusive body is considered to have similarities to those where De Grey Mining has successfully defined a very significant gold resource at their Mallina Project, including the 6+ million-ounce Hemi deposit.

Demerger of Lithium Power WA Holdings Pty Ltd

During the reporting period, LPI announced its intention to demerge its Western Australian hard rock lithium assets (the "**Demerger**"). The Demerger will create a dedicated, WA-focused lithium exploration company with the management team and resources to realise the value of the WA assets. It will enable LPI to focus on developing the Project in Chile.

The new entity has been renamed Western Lithium Ltd (from Lithium Power WA Holdings Pty Ltd), and the conversion from a propriety limited company to a limited company has been approved and processed by ASIC.

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

LPI's and Western Lithium's advisers are continuing to prepare materials for the LPI Shareholder meeting, Western Lithium's capital raising and application for admission to the official list of the ASX. This will occur following the consolidation of the Project, as described above, and when capital market conditions are optimal.

Argentina

Centenario – Salta Province, Argentina

The Centenario Project was a 70:30 joint venture between LPI and Marquee Resources Ltd (ASX: MQR). It is located in the Centenario salar in Salta Province, Argentina, known for being in favour of mining development. No significant field activities occurred during the reporting period. The Company finalised the sale of this asset to Vertex Lithium Corporation in November 2021.

Selected Annual Information

Financial Year	2022	2021	2020
Revenue			
Share of losses of JV	(2,731,859)	(1,967,291)	(3,786,864)
Other	349	-	
Interest revenue	207	11,224	186,733
Total Revenue	(2,731,303)	(1,956,067)	(3,600,131)
Expenses			
Employee benefits expense	(1,191,010)	(1,605,513)	(1,576,817)
Occupancy costs	(167,560)	(113,482)	(154,555)
Depreciation and amortisation expense	(3,313)	(8,496)	(10,030)
legal and professional fees	(431,593)	(227,192)	(402,012)
Travel expense	(71,582)	(30,785)	(230,854)
Administration expense	(900,396)	(611,870)	(486,287)
Net foreign exchange gains/(loss)	(6,894,921)	(1,573,149)	(6,380,627)
Other expenses	(250,025)	(147,009)	(204,003)

Financial Year	2022	2021	2020
Finance costs	(3,215)	(3,068)	(22,606)
Total Expenses	(9,913,615)	(4,320,564)	(9,467,791)
Loss before income tax expense for continuing operations	(12,644,918)	(6,276,631)	(13,067,922)
Income tax expense	-	-	-
Loss after income tax expense for continuing operations	(12,644,918)	(6,276,631)	(13,067,922)
Profit after income tax expense for discontinued operations	108,636	105,227	-
Loss after income tax expense for the year	(12,536,282)	(6,171,404)	(13,067,922)
Other Comprehensive Income			
Foreign currency translation	3,273,443	371,217	67,591
Other comprehensive income for the year, net of tax	3,273,443	371,217	67,591
Total comprehensive income for the year	(9,262,839)	(5,800,187)	(13,000,331)
Loss for the year is attributable to:			
Non-controlling interest	350,860	(57,330)	(95,745)
Owners of Lithium Power International	(12,887,142)	(6,114,074)	(12,972,177)
	(12,536,282)	(6,171,404)	(13,067,922)
Total comprehensive income for the year is attributable to:			
Continuing operations	-	-	
Discontinued operations	413,034	4,051	
Non-controlling interest	413,034	4,051	(33,248)
Continuing operations	(9,042,006)	(6,110,047)	
Discontinued operations	(633,867)	305,809	
Owners of Lithium Power International Limited	(9,675,873)	(5,804,238)	(12,967,083)
Total comprehensive income for the year	(9,262,839)	(5,800,187)	(13,000,331)
Basic loss per share from continued operations (cps)	(3.70)	(2.22)	
Diluted loss per share from continued operations (cps)	(3.70)	(2.22)	
Basic loss per share from discontinued operations (cps)	(0.07)	0.06	
Diluted loss per share from discontinued operations (cps)	(0.07)	0.06	
Basic loss per share (cps)	(3.77)	(2.16)	(4.94)
Diluted loss per share (cps)	(3.77)	(2.16)	(4.94)
Assets			
Current Assets			
Cash and cash equivalents	6,428,908	6,280,656	7,141,558
Receivables	138,663	16,250	74,708
Income tax refund due	-	-	32
Other	1,125,729	188,424	175,477
Sub-total	7,693,300	6,485,330	7,391,775

Financial Year	2022	2021	2020
Assets of disposal groups classified as held for sale	4,585,737	1,067,140	-
Total current assets	12,279,037	7,552,470	7,391,775
Non-current assets			
Investments accounted for using the equity method	30,378,797	28,594,937	25,074,882
Property, plant and equipment	6,164	24,180	26,440
Exploration and evaluation	-	3,326,785	4,199,446
Total non-current assets	30,384,961	31,945,902	29,300,768
Total assets	42,663,998	39,498,372	36,692,543
Liabilities			
Current liabilities			
Trade and other payables	666,426	322,160	293,767
Employee benefits	94,584	82,065	42,238
Sub-total	761,010	404,225	336,005
Liabilities directly associated with assets classified as held for sale	36,582	45,119	-
Total current liabilities	797,592	449,344	336,005
Total liabilities	797,592	449,344	336,005
Net assets	41,866,406	39,049,028	36,356,538
Equity			
Issued capital	89,392,042	77,402,542	69,612,965
Reserves	11,225,887	8,977,351	7,964,415
Accumulated losses	(58,751,523)	(47,147,839)	(41,033,765)
Equity attributable to the owners of Lithium Power International Limited	41,866,406	39,232,054	36,543,615
Non-controlling interest	-	(183,026)	(187,077)
Total Equity	41,866,406	39,049,028	36,356,538

Financial Half Year	As at and for the half year Dec-21	As at and for the half year Dec-20	As at and for the half year Dec-19
Revenue			
Share of losses of JV	(901,174)	(1,851,237)	(2,004,295)
Other	351	296,328	-
Interest revenue	106	7,046	120,449
Total Revenue	(900,717)	(1,547,863)	(1,883,846)
Expenses			
Employee benefits expense	(644,813)	(849,695)	(662,364)
Occupancy costs	(84,460)	(50,549)	(72,000)
Depreciation and amortisation expense	(9,496)	(4,083)	(5,135)
legal and professional fees	(180,029)	(120,432)	(203,018)
Travel expense	32,893	(7,311)	(187,230)
Administration expense	(450,437)	(112,779)	(329,439)
Net foreign exchange gains/(loss)	(6,165,085)	1,658,310	(2,468,626)
Other expenses	(88,706)	(999)	(115,477)
Finance costs	(2,092)	(1,827)	(12,370)
Total Expenses	(7,592,225)	510,635	(4,055,659)

Financial Half Year	As at and for the half year Dec-21	As at and for the half year Dec-20	As at and for the half year Dec-19
Loss before income tax expense for continuing operations	(8,492,942)	(1,037,228)	(5,939,505)
Income tax expense	-	-	(277,271)
Loss after income tax expense for continuing operations	(8,492,942)	(1,037,228)	(6,216,776)
Profit after income tax expense for discontinued operations	1,530,261	(77,933)	-
Loss after income tax expense for the year	(6,962,681)	(1,115,161)	(6,216,776)
Other Comprehensive Income			
Foreign currency translation	2,401,038	159,733	(87,668)
Other comprehensive income for the year, net of tax	2,401,038	159,733	(87,668)
Total comprehensive income for the year	(4,561,643)	(955,428)	(6,304,444)
Loss for the year is attributable to:			
Non-controlling interest	350,860	(23,380)	(51,091)
Owners of Lithium Power International	(7,313,541)	(1,091,781)	(6,165,685)
	(6,962,681)	(1,115,161)	(6,216,776)
Total comprehensive income for the year is attributable to:			
Continuing operations	-	-	-
Discontinued operations	183,026	21,301	-
Non-controlling interest	183,026	21,301	(49,617)
Continuing operations	(5,532,426)	-	-
Discontinued operations	787,757	(976,729)	(6,254,827)
Owners of Lithium Power International Limited	(4,744,669)	(976,729)	(6,254,827)
Total comprehensive income for the year	(4,561,643)	(955,428)	(6,304,444)
Basic loss per share from continued operations (cps)	(2.54)	(0.39)	-
Diluted loss per share from continued operations (cps)	(2.54)	(0.39)	-
Basic loss per share from discontinued operations (cps)	0.35	(0.02)	-
Diluted loss per share from discontinued operations (cps)	0.35	(0.02)	-
Basic loss per share (cps)	(2.19)	(0.41)	(2.35)
Diluted loss per share (cps)	(2.19)	(0.41)	(2.35)
Assets			
Current Assets			
Cash and cash equivalents	15,400,912	6,280,656	9,729,590
Receivables	105,152	16,250	87,618
Income tax refund due	-	-	37
Other	201,121	188,424	197,031
Sub-total	15,707,185	6,485,330	10,014,276
Assets of disposal groups classified as held for sale	-	316,716	-
Total current assets	15,707,185	6,802,046	10,014,276

Financial Half Year	As at and for the half year Dec-21	As at and for the half year Dec-20	As at and for the half year Dec-19
Non-current assets			
Investments accounted for using the equity method	26,592,162	28,594,937	28,796,320
Property, plant and equipment	136,040	24,180	135,071
Exploration and evaluation	4,475,281	4,077,209	4,093,805
Total non-current assets	31,203,483	32,696,326	33,025,196
Total assets	46,910,668	39,498,372	43,039,472
Liabilities			
Current liabilities			
Trade and other payables	412,291	322,160	349,229
Income tax	-	-	273,086
Employee benefits	86,129	82,065	69,418
Sub-total	498,420	404,225	691,733
Liabilities directly associated with assets classified as held for sale	-	45,119	-
Total current liabilities	498,420	449,344	691,733
Non current liabilities			
Deferred tax			33,988
Total non-current liabilities	-	-	33,988
Total liabilities	498,420	449,344	725,721
Net assets	46,412,248	39,049,028	42,313,751
Equity			
Issued capital	89,167,042	77,402,542	69,512,965
Reserves	10,423,128	8,977,351	7,231,505
Accumulated losses	(53,177,922)	(47,147,839)	(34,227,273)
Equity attributable to the owners of Lithium Power International Limited	46,412,248	39,232,054	42,517,197
Non-controlling interest	-	(183,026)	(203,446)
Total Equity	46,412,248	39,049,028	42,313,751

Result of Operations

The total comprehensive income for the 2022 Financial Year for LPI amounted to a loss of AU\$9,262,839. (June 30, 2021: loss of AU\$5,800,187). The loss increase is from the costs and activities carried out by MSB in FY 21 associated with the Stage One deep drilling program and the updated DFS.

Revenue of -AU\$2,731,859 in FY 22 (-AU\$1,957,291 for FY21) was generated primarily through LPI's share of losses of joint ventures accounted for using the equity method. This is a result of LPI's 51.55% interest in Maricunga which LPI released an updated DFS during the year and continue to progress financing and development workstreams. The revenue decrease is from the costs and activities carried out by MSB in FY 21 associated with the Stage One deep drilling program and the updated DFS.

Significant changes in balance sheet items include:

- Current Assets "Other" AU\$1,125,729 for FY22 (AU\$188,424 for FY21) being an increase in prepayments, associated to the legal and other advisory costs associated with the MSB consolidation process. These costs will form part of the capitalised cost of LPI acquiring a 100% interest in the Project upon successful completion of the Arrangement with Bearing and the MSB SPA Partner Transaction.

- Assets held for disposal AU\$4,585,73 FY22 (AU\$1,067,140 FY21) relating to the capitalised value of the Western Australian explorations assets, which is to be demerged into a new listed vehicle, as announced on 12 January 2022). FY21 relates to the Argentina assets disposed of and completed in November 2021. This also related to the movement of non-current assets with Exploration and evaluation being AU\$0 FY22 (AU\$3,326,785 FY21).
- Current liabilities – Trade and other payable AU\$666,426 FY22 (AU\$322,160 FY21) relates to increase expenses relating to the major corporate transactions currently being undertaken by the company.
- Issued Capital increase AU\$89,392,042 FY22 (AU\$77,402,542 FY 21) increase due to share placement undertaken in August 2021 with 47,692,309 LPI Shares issued at AU\$0.26, plus the conversion of an immaterial number of options to LPI Shares in March 2022.

Discontinued Operations

LPI held the Argentina subsidiary company as "Asset of disposal classified as held for sale" in FY2021 and completed the disposal of this asset in FY2022. The disposal transaction was completed in November 2021.

LPI held the Western Australia subsidiary company as "Asset of disposal classified as held for sale" in FY 2022. This relates to the proposed demerger of the Western Australia subsidiary company into its own independent company.

Cash Flow and Liquidity

During the year ended June 30, 2022, net cashflows used in operating activities increased to AU\$3,586,538 (2021: AU\$2,342,370). The increase is largely attributable to an increase in payments to suppliers partially in association with costs associated with the specific corporate transactions currently being undertaken, including the consolidation of ownership of MSB and the proposed demerger of the company's Western Australia subsidiary company.

For the year ended June 30, 2022, net cashflows used in investing activities amounted to AU\$8,216,211 (2021: AU\$6,277,889). The increase in net cash outflows was largely attributable to an increase in payments to MSB for working capital requirements as a result of LPI paying for the pro rata capital contributions both the other JV partners. The capital was used to fund the Stage One deep drilling program and updated DFS. These payments have been provided by way of either pro-rata capital increases or promissory notes for working capital requirements on behalf of all MSB shareholders. This was in part offset by proceeds received from the sale of the company's Argentina subsidiary.

For the year ended June 30, 2022, net cash inflows from financing activities amounted to AU\$11,989,500 (2021: AU\$7,789,577). The increase was largely attributable to a capital raise undertaken in 2022 of AU\$12,625,000 before costs, in 2021 the Company raised AU\$8,340,000 before costs.

The primary use of funds for the 2023 fiscal year will be to progress the development and financing of the Project. LPI, as publicly stated, intends to demerge the WA Lithium assets and as a result will become a focused single asset developer of the Project. LPI's AU\$25,000,000 capital raise that was completed in September 2022 will therefore fully fund all requirements of the business over the 2023 fiscal year. LPI can also generate further cash from equity issues if need to fund the ongoing needs of the business.

There are no legal or practical restrictions on the ability of subsidiaries to transfer funds to LPI. There have been no defaults or arrears or significant risk of defaults or arrears on distributions or dividends, lease payments, interest or principal payment on debt since LPI came out of external administration. There are no debt covenants noted on borrowings in place.

The following table summarises LPI's contractual obligations as at June 30, 2022 and the effect such obligations are expected to have on its liquidity and cash flows in future periods:

Contractual obligations	Due < 1 Year (AU\$)	Due 1-3 Years (AU\$)	Due 4-5 Years (AU\$)	Due After 5 Years (AU\$)	Total (AU\$)
Trade and other payables	666,426	-	-	-	666,426
Employee benefit payables	94,584	-	-	-	94,584
Tax payables	-	-	-	-	-
Other payables	36,582	-	-	-	36,582
TOTAL	797,592	-	-	-	797,592

Capital Requirements and Sources of Liquidity

As at June 30, 2022, LPI had working capital of AU\$11,481,445, consisting of current assets of AU\$12,279,037 and current liabilities of AU\$797,592. LPI's current assets comprise primarily of cash and cash equivalents of AU\$6,428,908, receivables of AU\$138,663, Other assets of AU\$1,125,729 (refer to LPI's annual financial accounts for year ended June 30, 2022 released on September 14, 2022), and assets of disposal groups classified as held for sale of AU\$4,585,737. Consistent with the business plans, LPI has made contributions to the exploration and development of Maricunga and WA assets as it progress those assets towards development. LPI incurred a net loss after tax for the year ended June 30, 2022 of AU\$12,536,282.

Capital requirements for development and exploration objectives will depend in part on the success of those exploration programmes and studies to assess potential for economic viability of projects for production and development.

LPI's ability to complete long-term business objectives including the exploration and development of Maricunga will be dependent upon, among other things, the following

- LPI's ability to raise funds to complete exploration and study work
- LPI's ability to raise funds to complete development work
- LPI's ability to generate alternative funding through farm-out agreements, joint ventures, streaming, or royalty agreements or other alternate sources of funding

Further, LPI's near-term business plan is to progress the development and financing of Maricunga and the exploration and demerge of the and Western Australia assets, which may require additional financing. While LPI has been successful in the past in obtaining financing, there is no assurance that LPI will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to LPI.

Financing

For a description of the financing activities undertaken by LPI for the year ended June 30, 2022, see the "General Development of LPI's Business – Three Year History – Financial Year Ended 2022" section of Appendix "B".

As at the date of this report, LPI is not aware of any legal or practical restrictions on the ability of subsidiaries to transfer funds to LPI that would affect LPI's ability of LPI to meet its obligations.

As at the date of this report, LPI notes that there have been no defaults or arrears or significant risk of defaults or arrears on distributions or dividend payments, lease payments, interest or principal payment on debt. LPI notes there are no debt covenants, redemption or retraction or sinking fund payments.

Matters Subsequent to the End of the Financial Period

On 7 July 2022, LPI announced the acquisition of two tenements (E15/1772 and E31/1250) in the Eastern Goldfields region of Western Australia from Lysander Lithium Pty Ltd, in exchange for \$75,000 in cash and

389,611 LPI Shares. The transaction has not yet closed due to the prerequisite transfer of license and/or assignment of Native Title Agreements and Access Agreements, which are still in progress.

In September 2022, LPI completed a placement of LPI Shares raising gross proceeds of AU\$25,000,000 at a price of AU\$0.60 per LPI Share. Funds raised under the placement will primarily be used to progress with the development and expand and accelerate the Project. Specifically, funds will be applied to the operational and pre-construction costs for the 100% consolidated Project and the increased operational compliance costs associated with the acquisition of the ownership of the Chilean and Canadian joint venture partners in the Project, if the acquisition of those interest in the Project are completed. The costs associated with the capital raise was A\$1.65 million.

No other matter or circumstance has arisen since June 30, 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Share Capital

As at September 16, 2022 LPI had: 391,201,126 LPI Shares; 0 LPI unlisted options; and 12,500,000 LPI Share Appreciation Rights issued and outstanding.

Transactions Between Related Parties

Related Party Remuneration

LPI subleases office space in Sydney, Australia from its non-executive chairman Mr. David R Hannon. The office space expenditure was \$144,000 for the year ended June 30, 2022, \$109,500 for the year ended June 30, 2021 and \$153,000 for the year ended June 30, 2020. The lease can be cancelled or terms varied on 3 months notice.

Equity Instruments Issued to Related Parties

LPI had 12.5 million Share Appreciation Rights issued to directors.

Other Transactions with Related Parties

LPI had no other Transaction with Related Parties as at June 30, 2022, 2021 and 2020.

Contingent Liabilities

LPI had no contingent liabilities as at June 30, 2022, 2021 and 2020.

Commitments

LPI had no capital commitments for property, plant and equipment as at June 30, 2022, 2021 and 2020.

MD&A FOR THE YEAR ENDED JUNE 30, 2021

The information included in the MD&A for the year ended June 30, 2021 is current as of September 16, 2022.

Review of Operations

Maricunga Project

Ownership Structure

LPI held 51 per cent ownership of MSB. The remaining shareholding in MSB remained unchanged, with Minera Blanco (a private company owned by Mr. Martin Borda, who is also a director of LPI) holding 30.98% per cent and Bearing holding 18.02%.

DFS

An update of the DFS advanced as planned by Worley (engineering) and GEA Messo (production process). Several opportunities for optimisation were identified in the engineering, with a potential reduction also in the project's CAPEX.

Memorandum of Understanding Signed with Mitsui

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

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

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

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

Production Process Design

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

LPI made important efforts to become one of the first Zero Emission lithium brine producers. That includes using electricity only produced by solar generators through long term power purchase agreements; minimising water consumption in the production process design (self-producing through condensation recovery of more than 30 per cent of the water used); and strict protocols to ensure any negative environmental impact on the area provides an opportunity to set a higher standard for the whole industry.

Additionally, social aspects have been important to the Project, receiving open and ongoing support from both indigenous and civilian communities. These initiatives have been widely recognised by the Chilean authorities.

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

Drilling Program Progress

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

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

A new M+I estimate was in process, including the additional information to 400m depth. This uses SGeMS software as a base for the new Reserve estimate, which will be part of the updated DFS for Stage One.

Argentina

Centenario – Salta Province, Argentina

LPI announced the execution in May 2021, of a Share Purchase Agreement with the Canadian-based company Vertex to acquire LPI's remaining 70 per cent of lithium exploration properties on the Centenario Salar ("**Centenario**") in Argentina. This transaction releases LPI from future annual exploration spending obligations set under Argentinean regulations. It also removes the cost of holding the asset in a foreign jurisdiction in which the Company had no plans to conduct future exploration. The transaction provides LPI with a realisation of value, the basic details of the transaction being: (i) cash payments of US\$700,000, plus US\$40,000 to cover the costs to execute the transaction; and (ii) the issue of \$250,000 worth of fully paid ordinary shares in Vertex.

Centenario has been held by LPI since the Company was established, and it was part of the asset portfolio for its successful IPO in June 2016.

Western Australia

Pilgangoora – Pilbara, North West, Western Australia

The 100% owned Pilgangoora tenement is situated adjacent to Pilbara Minerals' and Altura Mining's lithium pegmatite deposits. An initial drilling program was undertaken in 2018, without any conclusive results.

Greenbushes – South West, Western Australia

The 100% Greenbushes tenements contain large strike lengths of the same rock suite that hosts the Talison Greenbushes lithium mine, the world's largest lithium producer. LPI is taking a systemic exploration approach to identify prospective areas that can be explored in more detail. Desktop analysis have been undertaken, and consultations have been held with the Western Australian Department of Conservation and Land Management to finalise a Conservation Management Plan for the properties. Final Ministerial approval is pending.

Greenbushes Project – South-West Western Australia

During the year ended June 30, 2021, LPI announced that it would commence an extensive exploration and drilling program across the WA lithium tenements, particularly those immediately adjacent to the Greenbushes lithium mine owned by Talison Lithium (which is owned by Albemarle Corp, Tianqi Lithium and IGO Limited) ("**Talison**").

Blackwood Prospect – Detailed Magnetic Survey

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

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

Fauna Survey And Drilling – East Kirup Prospect

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

Selected Annual Information

Financial Year	2021	2020	2019
Revenue			
Share of losses of JV	(1,967,291)	(3,786,864)	(9,107,997)
Other	-		
Interest revenue	11,224	186,733	281,748
Total Revenue	(1,956,067)	(3,600,131)	(8,826,249)
Expenses			
Employee benefits expense	(1,605,513)	(1,576,817)	(1,532,409)
Occupancy costs	(113,482)	(154,555)	(132,656)
Depreciation and amortisation expense	(8,496)	(10,030)	(5,569)
legal and professional fees	(227,192)	(402,012)	(470,893)
Travel expense	(30,785)	(230,854)	(219,965)
Administration expense	(611,870)	(486,287)	(432,854)
Net foreign exchange gains/(loss)	(1,573,149)	(6,380,627)	1,816,548
Other expenses	(147,009)	(204,003)	(220,390)
Finance costs	(3,068)	(22,606)	(40,031)
Total Expenses	(4,320,564)	(9,467,791)	(1,238,219)
Loss before income tax expense for continuing operations	(6,276,631)	(13,067,922)	(10,064,468)

Financial Year	2021	2020	2019
Income tax expense	-	-	(147,451)
Loss after income tax expense for continuing operations	(6,276,631)	(13,067,922)	(10,211,919)
Profit after income tax expense for discontinued operations	105,227	-	-
Loss after income tax expense for the year	(6,171,404)	(13,067,922)	(10,211,919)
Other Comprehensive Income			
Foreign currency translation	371,217	67,591	66,426
Other comprehensive income for the year, net of tax	371,217	67,591	66,426
Total comprehensive income for the year	(5,800,187)	(13,000,331)	(10,145,493)
Loss for the year is attributable to:			
Non-controlling interest	(57,330)	(95,745)	(57,480)
Owners of Lithium Power International	(6,114,074)	(12,972,177)	(10,154,439)
	(6,171,404)	(13,067,922)	(10,211,919)
Total comprehensive income for the year is attributable to:			
Continuing operations	-		
Discontinued operations	4,051		
Non-controlling interest	4,051	(33,248)	(43,103)
Continuing operations	(6,110,047)		
Discontinued operations	305,809		
Owners of Lithium Power International Limited	(5,804,238)	(12,967,083)	(10,102,390)
Total comprehensive income for the year	(5,800,187)	(13,000,331)	(10,145,493)
Basic loss per share from continued operations (cps)	(2.22)		
Diluted loss per share from continued operations (cps)	(2.22)		
Basic loss per share from discontinued operations (cps)	0.06		
Diluted loss per share from discontinued operations (cps)	0.06		
Basic loss per share (cps)	(2.16)	(4.94)	(3.87)
Diluted loss per share (cps)	(2.16)	(4.94)	(3.87)
Assets			
Current Assets			
Cash and cash equivalents	6,280,656	7,141,558	15,341,488
Receivables	16,250	74,708	125,239
Income tax refund due	-	32	67,783
Other	188,424	175,477	116,117
Sub-total	6,485,330	7,391,775	15,650,627
Assets of disposal groups classified as held for sale	1,067,140	-	-
Total current assets	7,552,470	7,391,775	15,650,627
Non-current assets			

Financial Year	2021	2020	2019
Investments accounted for using the equity method	28,594,937	25,074,882	30,124,002
Property, plant and equipment	24,180	26,440	147,906
Exploration and evaluation	3,326,785	4,199,446	2,885,805
Total non-current assets	31,945,902	29,300,768	33,157,713
Total assets	39,498,372	36,692,543	48,808,340
Liabilities			
Current liabilities			
Trade and other payables	322,160	293,767	250,374
Employee benefits	82,065	42,238	58,271
Sub-total	404,225	336,005	308,645
Liabilities directly associated with assets classified as held for sale	45,119	-	-
Total current liabilities	449,344	336,005	308,645
Total liabilities	449,344	336,005	308,645
Net assets	39,049,028	36,356,538	48,499,695
Equity			
Issued capital	77,402,542	69,612,965	69,512,965
Reserves	8,977,351	7,964,415	7,202,147
Accumulated losses	(47,147,839)	(41,033,765)	(28,061,588)
Equity attributable to the owners of Lithium Power International Limited	39,232,054	36,543,615	48,653,524
Non-controlling interest	(183,026)	(187,077)	(153,829)
Total Equity	39,049,028	36,356,538	48,499,695

Financial Half Year	As at and for the half year Dec-20	As at and for the half year Dec-19	As at and for the half year Dec-18
Revenue			
Share of losses of JV	(1,851,237)	(2,004,295)	(6,573,167)
Other	296,328	-	-
Interest revenue	7,046	120,449	119,472
Total Revenue	(1,547,863)	(1,883,846)	(6,453,695)
Expenses			
Employee benefits expense	(849,695)	(662,364)	(1,310,674)
Occupancy costs	(50,549)	(72,000)	-61772
Depreciation and amortisation expense	(4,083)	(5,135)	-1940
legal and professional fees	(120,432)	(203,018)	-285487
Travel expense	(7,311)	(187,230)	-113450
Administration expense	(112,779)	(329,439)	-209739
Net foreign exchange gains/(loss)	1,658,310	(2,468,626)	733165
Other expenses	(999)	(115,477)	-14686
Finance costs	(1,827)	(12,370)	-20945
Total Expenses	510,635	(4,055,659)	(1,285,528)
Loss before income tax expense for continuing operations	(1,037,228)	(5,939,505)	(7,739,223)

Financial Half Year	As at and for the half year Dec-20	As at and for the half year Dec-19	As at and for the half year Dec-18
Income tax expense	-	(277,271)	-144,720
Loss after income tax expense for continuing operations	(1,037,228)	(6,216,776)	(7,883,943)
Profit after income tax expense for discontinued operations	(77,933)	-	-
Loss after income tax expense for the year	(1,115,161)	(6,216,776)	(7,883,943)
Other Comprehensive Income			
Foreign currency translation	159,733	(87,668)	60,894
Other comprehensive income for the year, net of tax	159,733	(87,668)	60,894
Total comprehensive income for the year	(955,428)	(6,304,444)	(7,823,049)
Loss for the year is attributable to:			
Non-controlling interest	(23,380)	(51,091)	(32,249)
Owners of Lithium Power International	(1,091,781)	(6,165,685)	(7,851,694)
	(1,115,161)	(6,216,776)	(7,883,943)
Total comprehensive income for the year is attributable to:			
Continuing operations	-		
Discontinued operations	21,301		
Non-controlling interest	21,301	(49,617)	(12,103)
Continuing operations			
Discontinued operations	(976,729)	(6,254,827)	(7,810,946)
Owners of Lithium Power International Limited	(976,729)	(6,254,827)	(7,810,946)
Total comprehensive income for the year	(955,428)	(6,304,444)	(7,823,049)
Basic loss per share from continued operations (cps)	(0.39)		
Diluted loss per share from continued operations (cps)	(0.39)		
Basic loss per share from discontinued operations (cps)	(0.02)		
Diluted loss per share from discontinued operations (cps)	(0.02)		
Basic loss per share (cps)	(0.41)	(2.35)	(3.00)
Diluted loss per share (cps)	(0.41)	(2.35)	(3.00)
Assets			
Current Assets			
Cash and cash equivalents	6,280,656	9,729,590	15,341,488
Receivables	16,250	87,618	125,239
Income tax refund due	-	37	67,783
Other	188,424	197,031	116,117
Sub-total	6,485,330	10,014,276	15,650,627
Assets of disposal groups classified as held for sale	316,716	-	-
Total current assets	6,802,046	10,014,276	15,650,627
Non-current assets			
Investments accounted for using the equity method	28,594,937	28,796,320	30,124,002
Property, plant and equipment	24,180	135,071	147,906
Exploration and evaluation	4,077,209	4,093,805	2,885,805
Total non-current assets	32,696,326	33,025,196	33,157,713
Total assets	39,498,372	43,039,472	48,808,340

Financial Half Year	As at and for the half year Dec-20	As at and for the half year Dec-19	As at and for the half year Dec-18
Liabilities			
Current liabilities			
Trade and other payables	322,160	349,229	250,374
Income tax	-	273,086	-
Employee benefits	82,065	69,418	58,271
Sub-total	404,225	691,733	308,645
Liabilities directly associated with assets classified as held for sale	45,119	-	-
Total current liabilities	449,344	691,733	308,645
Non current liabilities			
Deferred tax		33,988	-
Total non-current liabilities	-	33,988	-
Total liabilities	449,344	725,721	308,645
Net assets	39,049,028	42,313,751	48,499,695
Equity			
Issued capital	77,402,542	69,512,965	69,512,965
Reserves	8,977,351	7,231,505	7,202,147
Accumulated losses	(47,147,839)	(34,227,273)	(28,061,588)
Equity attributable to the owners of Lithium Power International Limited	39,232,054	42,517,197	48,653,524
Non-controlling interest	(183,026)	(203,446)	(153,829)
Total Equity	39,049,028	42,313,751	48,499,695

Results from Operations

The total comprehensive income for the 2021 Financial Year for LPI amounted to a loss of AU\$5,800,187. (June 30, 2020: loss of AU\$13,000,331). The difference between FY21 and FY20 is a result of activities carried out at MSB varied between years. FY21 had a reduced works program, along with cost savings associated with work programs being halted due to COVID. In FY20, MSB completed the initial drilling program, DFS and EIA reporting and approvals.

Revenue of AU\$(1,956,067) in FY 21 (AU\$(3,600,131) for FY20) was generated primarily through LPI's share of losses of joint ventures accounted for using the equity method as a result of LPI's 51.55% interest in Maricunga. In the year ended June 30, 2021, LPI progressed an additional drilling program on Maricunga, an update of the DFS and continue to progress of financing and development workstreams for Maricunga.

Significant changes in balance sheet items include:

- Current Assets "Cash and cash equivalents" AU\$6,280,656 for FY21 (AU\$7,141,558 for FY20) being an increase in funds associated with equity issued by the Company,
- Assets held for disposal AU\$1,067,140 FY21 (AU\$0 FY20) relating to the Argentina assets disposed of and completed in November 2021. This also related to the movement of non-current assets with Exploration and evaluation being AU\$3,326,785 FY21 (AU\$4,199,446 FY20) this increased as a result of the drilling program carried out in Western Australia in FY20.
- Current liabilities – Liabilities directly associated with assets classified as held for sale increased to AU\$45,119 in FY21 from AU\$0 in FY20. This relates to the Argentinian assets disposed of and completed in November 2021.
- Issued Capital increase AU\$77,402,542 FY 21 (AU\$69,612,965 FY20) increase due to share placement undertaken in December 2020 with 36,363,636 LPI Shares issued at \$0.22.

Discontinued Operations

LPI held the Argentina subsidiary company as "Asset of disposal classified as held for sale" in FY21.

Cash Flow and Liquidity

During the 2021 Financial Year, net cash outflows from operating activities increased to AU\$3,586,538 (FY20: AU\$1,924,259). The increase is largely attributable to a decrease in interest received from AU\$186,733 in FY20 to AU\$40,553 in FY21 along with a reduction of income taxes refunded to AU\$11 in FY21 from AU\$67,751 in FY20. The remainder of the change is a result of a comprehensive drilling program on the Tabba Tabba tenement was undertaken on the WA assets in FY21. In FY20 no significant field work occurred in WA.

For the year ended June 30, 2021 net cash outflows from investing activities amounted to AU\$6,277,889 (FY20: AU\$6,375,671). The decrease in net cash outflows was largely attributable to an increase in proceeds from disposal of investments of AU\$458,828 in FY21 from AU\$0 in FY20 attributed to the proceeds received from the sale of a Western Australia exploration tenement "Strelley" to Carnaby Resources Ltd. Payments for new joint venture capital invested increased in FY21 to AU\$6,524,704 from AU\$5,173,466 in FY20 due to costs associated with the Project.

For the year ended June 30, 2021 net cash inflows from financing activities amounted to AU\$7,789,577 (FY20: AU\$100,000). The increase was largely attributable to the capital raise completed in December 2020 with 36,363,636 LPI Shares issued at AU\$0.22.

The following table summarises LPI's contractual obligations as at June 30, 2021 and the effect such obligations are expected to have on its liquidity and cash flows in future periods:

Contractual obligations	Due < 1 Year (AU\$)	Due 1-3 Years (AU\$)	Due 4-5 Years (AU\$)	Due After 5 Years (AU\$)	Total (AU\$)
Trade and other payables	322,160	-	-	-	322,160
Employee benefit payables	82,065	-	-	-	82,065
Tax payables	-	-	-	-	-
Other payables	45,119	-	-	-	45,119
TOTAL	449,344	-	-	-	449,344

Capital Requirements and Sources of Liquidity

As at June 30, 2021, LPI had working capital of A\$7,552,470, consisting of current assets of AU\$6,485,330 and current liabilities of AU\$449,344. LPI's current assets consisted primarily of cash and cash equivalents of AU\$6,310,876. Consistent with business plans LPI had investing cash flows for the Maricunga and WA Assets of A\$6,277,889. The Owners of LPI incurred net comprehensive income loss for the year ended June 30, 2021 of AU\$5,804,238.

Capital requirements for development and exploration objectives will depend in part on the success of those exploration programmes and studies to assess potential for economic viability of projects for production and development.

LPI's ability to complete long-term business objectives including the exploration and development of Maricunga will be dependent upon, among other things, the following

- LPI's ability to raise funds to complete exploration and study work
- LPI's ability to raise funds to complete development work

- LPI's ability to generate alternative funding through farm-out agreements, joint ventures, streaming, or royalty agreements or other alternate sources of funding

Further, LPI's near-term business plan to complete and additional drilling program and an update of the DFS of Maricunga and pursue construction of Maricunga and undertake exploration work at its Western Australian assets may require additional financing. While LPI has been successful in the past in obtaining financing, there is no assurance that LPI will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to LPI.

Financing

For a description of the financing activities undertaken by LPI for the year ended June 30, 2021, see the "*General Development of LPI's Business – Three Year History – Financial Year Ended June 30, 2021*" section of Appendix "B".

As at the date of this report, LPI is not aware of any legal or practical restrictions on the ability of subsidiaries to transfer funds to LPI that would affect LPI's ability of LPI to meet its obligations.

As at the date of this report, LPI notes that there have been no defaults or arrears or significant risk of defaults or arrears on distributions or dividend payments, lease payments, interest or principal payment on debt. LPI notes there are no debt covenants, redemption or retraction or sinking fund payments.

Matters Subsequent to the End of the Financial Period

There has not been any matter or circumstance that have arisen since the end of the financial year, that has significantly affected or may significantly affect, the operations of LPI, the results of the operations, or the state of the affairs of LPI in the future financial years that has not been described elsewhere in this Appendix "B".

Share Capital

As at 30, June 2021, LPI had 348,769,848 LPI Shares and 12,500,000 LPI Performance Rights issued and outstanding.

Transactions Between Related Parties

Related Party Remuneration

The company, subleases office space in Sydney from Non-executive chairman Mr. David R Hannon. The office space expenditure was \$109,500 and \$153,000 for 2020. The lease can be cancelled or terms varied on 3 months notice.

Equity Instruments Issued to Related Parties

LPI had no Equity Instruments Issued to Related Parties as of June 30, 2021.

Other Transactions with Related Parties

LPI had no Other Transactions with Related as at June 30, 2021.

Contingent Liabilities

LPI had no contingent liabilities as at June 30, 2021.

Commitments

LPI had no capital commitments for property, plant and equipment at as June 30, 2021.

EXHIBIT 1 TO APPENDIX "B"

AUDIT, RISK AND COMPLIANCE COMMITTEE CHARTER

Lithium Power International Limited
ACN 607 260 328

Adopted by the Board on 1
July 2020



Audit, Risk and Compliance Committee Charter

1. Purpose and authority

1.1 Purpose

The purpose of this Audit, Risk and Compliance Committee Charter (Charter) is to specify the authority delegated to the Audit, Risk and Compliance Committee (Committee) by the board of Directors (Board) of Lithium Power International Limited ACN 607 260 328 (the Company) and to set out the role, responsibilities, membership and operation of the Committee.

1.2 Authority

The Committee is a committee of the Board established in accordance with the Company's constitution. It has the authority delegated to it by the Board, and the power to undertake the roles and exercise the responsibilities as set out in this Charter and under any separate resolutions of the Board from time to time.

2. Membership of the Committee

2.1 Composition and size

It is the Company's goal that the Committee should (and, if the Company is included in the S&P ASX 300 Index, must) consist of:

- (a) only Non-Executive Directors;
- (b) a majority of independent Directors; and
- (c) a minimum of three members of the Board,

however, there may be circumstances where it is not appropriate for the Committee to be constituted as described above. The Company will comply with any binding obligations in relation to the composition of the Audit, Risk and Compliance Committee contained in the ASX Corporate Governance Council's Principles and Recommendations.

The Board may appoint additional Non-Executive Directors to the Committee or remove and replace members of the Committee by resolution. Members may withdraw from membership by written notification to the Board.

Committee members should devote the necessary time and attention so that the Committee can carry out its responsibilities effectively.

Non-Committee members, including members of management and the external auditor, may attend meetings of the Committee at the invitation of the Committee Chairperson.

It is intended that the members of the Committee between them should have the accounting and financial expertise, and a sufficient understanding of the industry in

which the Company operates, to be able to effectively discharge the Committee's responsibilities. At least one member should have relevant formal qualifications and experience (i.e. be a qualified accountant or other finance professional with experience of financial and accounting matters).

2.2 Committee Chairperson

The Committee Chairperson should be an appropriately qualified independent Non-Executive Director who is not the Chairperson of the Board. The Board has adopted a definition of independence as set out in the Board Charter.

The Committee Chairperson is appointed by the Board. If, for a particular Committee meeting, the Committee Chairperson is not present within 30 minutes of the nominated starting time of the meeting, the Committee may elect a Chairperson for the meeting. The Committee Chairperson will attend the Company's annual general meetings to respond to any shareholder questions on the Committee's activities.

2.3 Secretary

The Company Secretary is the secretary of the Committee and must attend all Committee meetings.

3. Objectives

The ASX Corporate Governance Council's "Principles of Good Corporate Governance and Best Practice Recommendations" recommend that the Company has formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting and that it has a sound risk management framework.

The Committee's objectives are to review and make recommendations to the Board in relation to its accounting, auditing, financial reporting, risk management and legal and regulatory compliance responsibilities. The Committee aims to bring transparency, focus and independent judgment to its roles and responsibilities.

The Committee's key responsibilities and functions in this regard are to:

- (a) oversee, maintain and continually improve the quality, accuracy and integrity of the Company's external financial reporting and financial statements;
- (b) ensure that the Company applies and maintains appropriate accounting and business policies and procedures;
- (c) oversee the external audit functions;
- (d) oversee the appointment, remuneration, independence and effective performance of the Company's external auditors, and the Company's relationship with its external auditors;
- (e) oversee the effectiveness of the Company's legal and regulatory compliance framework;
- (f) oversee the effectiveness of the Company's risk identification and management framework and internal controls;
- (g) provide a forum for communication between Board and management in relation to audit, risk and compliance matters affecting the Company; and
- (h) promote a culture of compliance.

4. Audit and financial reporting

4.1 Internal controls

The Company's internal controls and processes are vital to the continued success of the Company.

The Committee's primary roles in relation to this area are to:

- (a) [approve the Company's internal audit plan and receive reports from internal audit on its reviews of the adequacy of the Company's processes for managing risk;]

- (b) advise the Board on the appropriateness of significant policies and procedures relating to financial processes and disclosures and review the effectiveness of the Company's internal control framework;
- (c) ensure that procedures are in place which are designed to verify the existence and effectiveness of accounting and financial systems and other systems of internal control which relate to financial risk management;
- (d) oversee investigations of breaches or potential breaches of internal controls, and incidents identified as risks, particularly in relation to accounts and financial reporting;
- (e) establish procedures for the receipt, retention and treatment of concerns received by the Company regarding accounting, internal accounting controls and auditing matters, and procedures for the confidential, anonymous submission of concerns by employees regarding accounting and auditing matters; and
- (f) monitor and report to the Board on taxation management and compliance.

4.2 External reporting

The Committee is responsible for overseeing the adequacy of the Company's corporate reporting processes. The processes should be formal and rigorous to safeguard the integrity of the Company's corporate reporting and facilitate independent verification.

The Committee's primary responsibilities in relation to corporate reporting are to:

- (a) actively oversee and review the Company's corporate reporting and disclosure processes and financial controls, oversee and review the outputs of that process and make recommendations to the Board in relation to those matters;
- (b) recommend to the Board whether the directors' report and annual report should be approved based on the Committee's assessment of them;
- (c) review the Company's financial statements and other corporate reports for accuracy, for adherence to accounting standards and policies, and to ensure they reflect the understanding of the Committee members of, and otherwise provide a true and fair view of, the financial position and performance of the Company, as a basis for recommendation to and adoption by the Board;
- (d) review and assess the appropriateness of material estimates, accounting judgments and significant choices exercised by management in preparing the Company's financial statements (including the solvency and going concern assumptions) by:
 - (i) examining the processes used; and
 - (ii) seeking verification from external auditors;
- (e) review management's processes for compliance with laws, regulations and other requirements relating to the preparation of accounts and corporate reporting by the Company of financial and non-financial information; and
- (f) review the completeness and accuracy of the Company's Corporate Governance Statement as required by the ASX Listing Rules,

and make recommendations to the Board in respect of these matters.

4.3 External audit

The external audit is fundamental in the process to independently verify and safeguard the integrity of the Company's corporate reporting.

The Committee's primary roles in relation to the audit function are to review and make recommendations to the Board in relation to:

- the reporting of financial information;
- the appropriate application and amendment of accounting policies; and
- the appointment, independence and remuneration of the external auditor.

The Committee also provides a link between the external auditors, the Board and management of the Company.

The following are intended to form part of the normal procedures for the Committee's audit responsibility:

- (a) Appointment:
 - (i) review the procedures for selection and appointment of the external auditors and for the rotation of external audit engagement partners;
 - (ii) assume responsibility for the appointment, compensation, terms of engagement, removal and other contractual terms of the external auditors;
 - (iii) develop and oversee the implementation of the Company's policy on the engagement of the external auditor to supply non-audit services and ensure compliance with that policy;
- (b) Independence:
 - (i) review the performance, independence and objectivity of the external auditors;
 - (ii) provide advice to the Board as to whether the Committee is satisfied that the provision of non-audit services is compatible with the general standard of independence, and an explanation of why those non-audit services do not compromise audit independence, in order for the Board to be in a position to make the statements required by the *Corporations Act 2001* (Cth) (Corporations Act) to be included in the Company's annual report;
- (c) Meetings and ongoing communication:
 - (i) invite the external auditor to attend Committee meetings to review the audit plan, discuss audit results and consider the implications of external audit findings;
 - (ii) meet with the external auditor without management present at least once a year;
 - (iii) raise with the external auditor any specific points of divergence with the Company's management;
- (d) Deliverables:
 - (i) receive and review reports of the external audit of the Company's financial statements;
 - (ii) review and make recommendations to the Board in relation to the scope, results, adequacy and effectiveness of the annual audit, placing emphasis on areas where the Committee believes special attention is necessary or where the auditor has made a recommendation or finding;
 - (iii) review and monitor representation letters signed by management and assess that information provided is complete and appropriate; and
 - (iv) monitor management's responses to the external auditor's findings and recommendations.

The external auditor will attend the Company's annual general meeting and be available to answer questions from security holders relevant to the audit.

4.4 *Related party transactions*

The Committee is responsible for reviewing and monitoring the propriety and materiality of related party transactions and, where necessary, their appropriate disclosure.

5. Risk management

5.1 *Role allocation*

Managing risk well benefits the Company, its stakeholders and the broader community in which the Company operates. It not only protects established value but, given its forward-looking focus, can identify opportunities to create value.

Recognising and managing risk is a crucial role for the Board, the Committee and management. Broadly:

- (a) the Board's role is to set the risk appetite for the Company (that is, the nature and extent of the risks it is prepared to take to meet its objectives), to oversee its risk management framework and to satisfy itself that the framework is sound;

- (b) management's role is to identify risks, develop and implement the risk management framework, manage and report on risks and monitor that the Company operates within the risk appetite set by the Board; and
- (c) the Committee's roles are to:
 - (i) oversee that management carry out their risk management roles in light of guidance from the Board and within the risk appetite set by the Board;
 - (ii) review the Company's risk management framework to satisfy itself that it continues to be sound and effectively identifies all areas of potential risk;
 - (iii) regularly review the Company's policies and processes to ensure that they are adequate to manage risks;
 - (iv) review reports from management on new and emerging sources of risk and the risk controls and mitigation measures that management has put in place to deal with those risks, including (where necessary) on an urgent basis; and
 - (v) make recommendations to the Board regarding risks the Company faces, action it should take, the adequacy of the Company's risk management framework, and the disclosure of risk.

5.2 Responsibilities

The following are intended to form part of the normal procedures for the Committee's risk management responsibilities:

- (a) risk management framework: oversee that management designs and implements an appropriate and effective risk management framework which:
 - (i) aims to identify, protect against, detect, respond to and recover from risks, and to review and improve that framework;
 - (ii) includes risks relevant to the Company;
 - (iii) adequately deals with contemporary and emerging risks such as conduct risk, digital disruption, cyber-security, privacy and data breaches, sustainability, climate change, national or global health crises, epidemics and pandemics; and
 - (iv) is developed and reviewed with input from external auditors, compliance staff and other experts and consultants as relevant and in light of relevant standards and industry guidance;
- (b) review the risk management framework at least annually to determine that it continues to be sound, and to identify any changes to material risks and whether they remain within the risk appetite set by the Board with input from management, external auditors, compliance staff and other experts and consultants as relevant and in light of relevant standards and industry guidance;
- (c) report and make recommendations to the Board on risk management issues and the Company's risk management framework, including the following risk management issues:
 - (i) insurance: at least annually, review and monitor the structure and adequacy of the Company's insurance program having regard to the Company's business and the insurable risks associated with its business;
 - (ii) fraud: review and monitor the Company's exposure to fraud, oversee investigations of allegations of fraud or malfeasance and ensure the Company responds appropriately in relation to any incident involving fraud or other break down of the entity's internal controls;
 - (iii) treasury: review and monitor the ongoing effectiveness of the Company's treasury function including compliance with the Company's treasury policy as well as overall operations;
 - (iv) exchange rate risks: review and monitor the Company's overall risk management approach covering foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investment of excess liquidity;
 - (v) economic disruption: review and monitor the Company's preparedness for events which may lead to economic disruption such as acts of war, terrorist activity, civil disruption, natural disasters, epidemics, pandemics and other major events which may have an impact on the Company's prospects, the prospects of the industry in which the Company operates, or the Australian

- or global economy as a whole; and
- (vi) business continuity planning: review and monitor the Company's business continuity planning for any operational disruptions that may arise, including as a result of acts of war, terrorist activity, civil disruption, natural disasters, epidemics, pandemics and other major events which may have an impact on the Company's operations; and
- (d) disclosure: oversee the preparation of summaries and make recommendations to the Board including for:
 - (i) the directors' report: of the main internal and external risk sources that could adversely affect the Company's prospects for future financial years, for inclusion in the operating and financial review section of the directors' report; and
 - (ii) the corporate governance statement: in the Company's annual report, including in relation to each reporting period:
 - (A) whether the review of the Company's risk management framework has taken place and, if appropriate, insights gained from the review and changes made as a result; and
 - (B) whether the Company has any material exposure to economic, environmental and social sustainability risks and if so how it intends to manage those risks.

6. Legal and regulatory compliance

Compliance with the Company's legal and regulatory obligations and maintaining all relevant approvals for the operation of the Company's business is crucial to its success.

The following are intended to form part of the normal procedures for the Committee's legal and regulatory compliance responsibilities:

- (a) reviewing the Company's compliance with laws and regulations, including overseeing decisions to conduct business and transactions where those decisions could impact on the Company's compliance with applicable requirements;
- (b) reviewing the procedures the Company has in place to ensure compliance with laws and regulations;
- (c) receiving and considering reports of non-compliance with laws, regulations and Company policies;
- (d) reviewing the procedures in place to ensure compliance with insider trading laws, continuous disclosure requirements and other best practice corporate governance processes (including requirements under the ASX Listing Rules and the Corporations Act);
- (e) reviewing the Company's main corporate governance practices for completeness and accuracy; and
- (f) reviewing and discussing with management and the [internal and] external auditors the overall adequacy and effectiveness of the Company's legal, regulatory and ethical compliance programs.

7. Rights of access and authority to management and auditors

The Committee has rights of access to management and to auditors (external and internal (if applicable)) without management present, and rights to seek explanations and additional information from both management and auditors.

The Committee has the authority to:

- (a) require management or others to attend meetings and to provide any information or advice that the Committee requires;
- (b) access the Company's documents and records;
- (c) obtain advice and input from counsel, accountants and other experts (e.g. risk consultants), without seeking approval of the Board or management (where the Committee considers such action necessary or appropriate); and
- (d) access and interview management and external auditors (with or without

management present).

Relevant information will be distributed to Committee members as it becomes available.

8. Review

The Board will, at least once in each year, review the membership and Charter of the Committee to determine its adequacy for current circumstances. The Committee may make recommendations to the Board in relation to the Committee's membership, responsibilities, functions or otherwise.

This Charter may be amended by resolution of the Board.

Committee members must be available to meet with external bodies if requested to do so in accordance with relevant laws, regulations or prudential standards.

9. General Meetings

If appropriate in the circumstances, the Board will ensure that substantive resolutions to be considered by shareholders at general meetings should be decided by a poll.

10. Administrative matters and procedures

The proceedings of the Committee will be conducted in accordance with provisions set out in Annexure 1.

ANNEXURE 1

Administrative matters and procedures

Meetings

The Committee will meet as often as the Committee members deem necessary in order to fulfil their role. However, it is intended that the Committee will normally meet half-yearly.

The Board will disclose the number of times the Committee met throughout the financial year and the individual attendance of each Committee member at those meetings.

Quorum

The quorum is at least 2 members.

Convening and notice of meeting

Any member may, and the Company Secretary must upon request from any member, the auditor or the Chairperson of the Board, convene a meeting of the Committee.

Notice of each meeting confirming the venue, date and time together with an agenda of items to be discussed and supporting documentation will be circulated by the Company Secretary to each

Committee member and any other individual invited to attend. There is no minimum notice period and acknowledgement of receipt of notice by all members is not required before the meeting may be validly held.

Attendance by management and advisors

The Chief Executive Officer and Chief Financial Officer (or other delegate of the Board) are expected to attend each scheduled meeting of the Committee (unless their attendance is not required) and a standing invitation will be issued to the external auditors.

The Committee Chairperson may invite any person from time to time to attend meetings of the Committee. The Committee may request management and others to provide such input and advice as is required.

Independent advice

The Committee may seek the advice of the Company's auditors, solicitors or other independent advisers, consultants or specialists as to any matter pertaining to the powers or duties of the Committee or the responsibilities of the Committee.

Minutes

Minutes of meetings of the Committee must be kept by the Company Secretary and, after approval by the Committee Chairperson, be presented at the next Board meeting. All minutes of the Committee must be entered into a minute book maintained for that purpose and be open at all times for inspection by any Director.

Reporting

It is intended that a report of the actions of the Committee and a copy of the minutes of the Committee meeting or both will be included in the Board papers for the next Board meeting following a meeting of the Committee.

The Committee Chairperson will, if requested, provide a brief oral report as to any material matters arising out of the Committee meeting. All Directors may, within the Board meeting, request information of members of the Committee.

EXHIBIT 2 TO APPENDIX "B"

BOARD CHARTER

BOARD CHARTER AND RELATIONSHIP WITH MANAGEMENT

Lithium Power International Limited
ACN 607 260 328

Adopted by the Board on 1 July 2020



Board charter and relationship with management

1. Introduction

The board of Directors (Board) of Lithium Power International Limited ACN 607 260 328 (the Company) has adopted this board charter and relationship with management (Charter) to outline the manner in which its constitutional powers and responsibilities will be exercised and discharged, having regard to principles of good corporate governance, international best practice and applicable laws.

This Charter includes an overview of:

- (a) Board composition;
- (b) the Board's role and responsibilities;
- (c) the relationship and interaction between the Board and management;
- (d) the authority delegated by the Board to management and Board Committees; and
- (e) Board process.

This Charter and the charters adopted by the Board for its standing Committees have been prepared and adopted on the basis that strong corporate governance can add to the

performance of the Company, create shareholder value and engender the confidence of the investment community.

In carrying out its responsibilities and powers as set out in this Charter, the Board will at all times recognise its overriding responsibilities to act honestly, fairly, diligently and in accordance with the law.

This Charter is to be reviewed by the Board as required and at least annually.

2. Board composition

2.1 Board composition and size

- (a) The Board, together with the Remuneration and Nomination Committee, determines the size and composition of the Board, subject to the terms of the Company's constitution and applicable law, including the rules concerning board limits under the *Corporations Act 2001* (Cth) (Corporations Act). The number of Directors and the composition of the Board must at all times be appropriate for the Company to achieve efficient decision making and adequately discharge its responsibilities and duties.
- (b) The Board should ideally comprise:
 - (i) a majority of independent Non-Executive Directors;
 - (ii) Directors with an appropriate range of skills, knowledge, experience and expertise;
 - (iii) Directors who can understand and competently deal with current and emerging business issues; and
 - (iv) Directors who can effectively review and challenge the performance of management and exercise independent judgement.
- (c) It is intended that the Chairperson of the Board (Chairperson) should be an independent Non-Executive Director.
- (d) The Board, together with the Remuneration and Nomination Committee, will regularly review the skills represented by Directors on the Board and determine whether the composition and mix of those skills remain appropriate for the Company's strategy, subject to limits imposed by the constitution and the terms served by existing

Non-Executive Directors.

2.2 Appointment and re-election of Directors

- (a) The Board is appointed by the shareholders, other than in respect of casual vacancies.
- (b) Non-Executive Directors are engaged through a letter of appointment setting out the terms and conditions of their appointment. Executive Directors and other senior management will have their roles and responsibilities and the Company's expectations set out in a service contract.
- (c) When a vacancy arises, the Nomination and Remuneration Committee (with assistance where necessary from external consultants) will identify candidates with appropriate skills, knowledge, experience, independence and expertise to recommend to the Board.
- (d) Before a candidate is nominated by the Board, they must confirm that they will have sufficient time to meet their obligations to the Company in light of other commitments.
- (e) When the Board considers that a suitable candidate has been found, that person may be appointed by the Board to fill a casual vacancy in accordance with the Company's constitution, but must stand for election by shareholders at the next annual general meeting.
- (f) Before each annual general meeting, the Chairperson will assess the performance of any Director standing for re-election and the Board will determine their recommendation to shareholders on the re-election of the Director (in the absence of the Director involved). The Board (excluding the Chairperson) will conduct the review of the Chairperson.

2.3 Director independence and tenure

- (a) The Board only considers Directors to be independent where they are independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgment. The Board has adopted a definition of independence that is based on that set out in the ASX Corporate Governance Council's Principles and Recommendations (see Annexure 1) and any materiality thresholds, standards or guidelines as the Board may adopt from time to time.
- (b) The Board will regularly assess whether each Non-Executive Director is independent and each Non-Executive Director must provide to the Board all information relevant to his or her assessment in this regard at least annually (at or around the time that the Nomination and Remuneration Committee considers candidates for election to the Board).
- (c) If a Non-Executive Director's interests change, the assessment should be made as soon as practicable after the Board becomes aware of the change.
- (d) If the Board determines that a Director's independent status has changed, that determination will be disclosed to the market in a timely manner.
- (e) All Directors are expected to continue as Directors only for so long as they have the confidence of their fellow Board members and the confidence of the Company's shareholders.
- (f) In accordance with the ASX Listing Rules, no Director except a Managing Director is permitted to hold office for a continuous period in excess of three years or past the third annual general meeting following that Director's appointment, whichever is the longer, without submitting himself or herself for re-election.
- (g) However, the Board does not believe that it should establish an arbitrary limit on tenure. While tenure limits can help to ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of Directors who have been able to develop, over a period of time, increasing insight in the Company and its operation and, therefore, an increasing contribution to the Board as a whole. Accordingly, tenure is just one of the many factors that the Board takes into account when assessing the independence and ongoing contribution of a Director in the context of the overall Board process.

2.4 Performance evaluation

At least annually, the Directors will undertake performance evaluations of the Board, its Committees and individual Directors.

The evaluations will assess, amongst other things:

- (a) the effectiveness of the Board and each Committee in meeting the requirements of its Charter;
- (b) whether the Board and each Committee has members with the appropriate mix of skills and experience to properly perform their functions;
- (c) the contribution made by each Director at meetings and in carrying out their responsibilities as Directors generally, including preparing for meetings; and
- (d) whether the content, format and timeliness of agendas, papers and presentations provided to the Board and each Committee are adequate for them to properly perform their functions.

3. Board role and responsibilities

3.1 Board role

The Board must act in the best interests of the Company as a whole and is accountable to the shareholders for the overall direction, management and corporate governance of the Company. In support of this, the Board's role is to:

- (a) represent, protect and serve the interests of shareholders by overseeing and appraising the Company's strategies, policies and performance. This includes overseeing the financial and human resources the Company has in place to meet its objectives and reviewing management performance;
- (b) protect and optimise Company performance and build sustainable value for shareholders in accordance with any duties and obligations imposed on the Board by law and the Company's constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- (c) set, review and ensure compliance with the Company's values and governance framework (including establishing and observing high ethical standards and promoting the responsible management and conduct of the Company); and
- (d) ensure shareholders are kept informed of the Company's performance and major developments affecting its state of affairs.

3.2 Board key responsibilities

The responsibilities/functions of the Board include:

- (a) providing leadership, defining the Company's purpose and setting the strategic objectives of the Company;
- (b) monitoring management's implementation and execution of the Company's strategy, instilling of the Company's values and its performance generally, and (when required) challenging management and holding it to account;
- (c) developing and reviewing the Company's core values and corporate governance policies in order to underpin the desired culture within the Company, and monitoring corporate culture;
- (d) with guidance from the Remuneration and Nomination Committee:
 - (i) appointing the Chairperson;
 - (ii) reviewing the skills, experience, expertise and diversity represented by the Directors on the Board and determining whether the composition and mix remain appropriate for the Company's strategy;
 - (iii) selecting, appointing, removing and evaluating from time to time the performance of, determining the remuneration of, and planning succession of, the Chief Executive Officer (CEO);

- (iv) approving the appointment and removal of the Chief Financial Officer and Company Secretary;
- (v) approving the appointment of, determining the remuneration of, monitoring the performance of and planning succession of, members of key management personnel including Non-Executive Directors;
- (vi) ensuring that there are appropriate resources available to fulfil the responsibilities of the key management personnel (including Non-Executive Directors);
- (vii) approving the delegation of authority framework;
- (viii) approving the Company's remuneration policies and practices in order to ensure they are aligned with the Company's purpose, values, strategic objectives and risk appetite; and
- (ix) approving measurable objectives for achieving diversity on an annual basis;
- (e) with guidance from the Audit, Risk and Compliance Committee:
 - (i) contributing to and approving management development of corporate strategy, including setting performance objectives and approving operating budgets;
 - (ii) reviewing, ratifying and monitoring systems of risk management, accountability, internal control and ethical and legal compliance, on a regular basis. This includes reviewing procedures to identify the main risks associated with the Company's businesses and the implementation of appropriate systems to manage these risks;
 - (iii) setting the risk appetite within which the Board expects management to operate;
 - (iv) approving major capital expenditure, acquisitions and divestitures, and monitoring capital management;
 - (v) monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;
 - (vi) reviewing performance, operations and compliance reports from the Chairperson and CEO, including reports and updates on strategic issues and risk management matters;
 - (vii) approving the selection and termination of the external auditor, subject to any shareholder approvals;
 - (viii) approving financial reports and other reports required at law or under the ASX Listing Rules to be adopted by the Board; and
 - (ix) reviewing and monitoring any related party transaction and recommending its approval;
- (f) ensuring that shareholders are kept informed of the Company's performance and major developments affecting its state of affairs and that the Company is in compliance with its disclosure obligations at all times, in accordance with the Continuous Disclosure Policy;
- (g) performing such other functions as are prescribed by law or are assigned to the Board; and
- (h) satisfying itself that an appropriate framework exists for relevant information to be reported by management to the Board.

3.3 Director responsibilities

- (a) Directors will act at all times with honesty and integrity and will observe the highest standards of ethical behaviour.
- (b) Directors are required to comply with Board policies in relation to disclosing and managing conflicts of interest, dealing in the Company's securities and other rules applicable to Directors as adopted by the Board from time to time.
- (c) Non-Executive Directors are required to consult with the Chairperson before accepting any new commitments which may impact on the time they have available to undertake their responsibilities as a Director of the Company.
- (d) All Directors must maintain the skills required to discharge their obligations to the group and its shareholders and are expected to take part in a range of

internal and external training and continuing education programs.

3.4 *Conflicts of interest*

- (a) Directors must ensure that no decision or action is taken that has the effect of prioritising their personal interests over the Company's interests.
- (b) Directors must:
 - (i) disclose to the Board any actual or potential conflict of interest or duty, or matter that may bear on their independence, that might reasonably be thought to exist as soon as the situation arises;
 - (ii) take all necessary and reasonable action to resolve or avoid any actual or potential conflict of interest or duty; and
 - (iii) comply with all applicable law and the Company's constitution in relation to disclosing material personal interests and restrictions on voting.
- (c) If a conflict exists, it is expected that any Director to whom the conflict relates will recuse himself or herself when the Board is discussing any matter to which the conflict relates.
- (d) Directors are expected to inform the Chairperson of any proposed appointment to the Board or executive of another company as soon as practicable.

4. **Delegation of duties and powers**

4.1 *Relationship with management*

- (a) Directors may delegate their powers as they consider appropriate. However, ultimate responsibility for strategy and control, and the performance of the Company, rests with the Directors.
- (b) The management team (being the CEO and other officers to whom the management functions are properly delegated):
 - (i) is responsible for implementing the strategic objectives, plans and budgets approved by the Board and instilling and reinforcing the Company's values; and
 - (ii) is accountable to the Board for matters within its delegated authority.
- (c) Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. This includes information about the financial performance of the Company, compliance with material legal and regulatory requirements and any conduct that is materially inconsistent with the Company's values or its Code of Conduct.
- (d) Directors are entitled to request additional information from the management team at any time they consider appropriate.
- (e) The Board will regularly review the separation of functions and responsibilities between management and the Board to ensure that they are appropriate to meet the Company's needs and develop best practice standards, by reference to the ASX Listing Rules and relevant laws.

4.2 *Delegation to the CEO*

- (a) The Board delegates to the CEO the authority to manage the day-to-day affairs of the Company and the authority to control the affairs of the Company in relation to all matters other than those reserved for the Board and its Committees under their charters or under specific limitation or guidance from the Board.
- (b) The Board may impose further specific limits on CEO delegations, but will not fetter the ability of the CEO to manage the day-to-day affairs of the Company or control the affairs of the Company in relation to all matters other than those reserved for the Board and its Committees under their charters or under specific limitation or guidance from the Board.
- (c) The Board approves corporate objectives for the CEO to satisfy and, jointly with the CEO, develops the duties and responsibilities of the CEO.
- (d) The CEO is responsible for implementing strategic objectives, plans and budgets approved by the Board, and providing effective leadership, direction and supervision of the management team to achieve the objectives, plans and

budgets adopted by the Board.

- (e) The CEO has authority to delegate to the senior management team.

4.3 Delegation to Committees

- (a) The Board from time to time establishes Committees to streamline the discharge of its responsibilities and assist the Board to carry out its functions effectively and efficiently.
- (b) The Board adopts a formal charter for each standing Committee setting out the matters relevant to the composition, responsibilities and administration of the Committee.
- (c) The permanent standing Committees of the Board are:
 - (i) the Audit, Risk and Compliance Committee; and
 - (ii) the Remuneration and Nomination Committee.
- (d) The Board may also delegate specific functions to ad hoc Committees on an 'as needs' basis.
- (e) The powers delegated to these Committees are set out in Board resolutions and the Committee charters or relevant policy documents.
- (f) Directors are entitled to attend Committee meetings and receive Committee papers where there is no conflict of interest. Committees will maintain minutes of their meetings. Committees, through their chairpersons, are entitled to obtain professional or other advice in order to effectively carry out their proper functions. The chairperson of each Committee will report back on Committee meetings to the Board at the next full Board meeting.
- (g) The role of a Committee is to operate within the terms of its charter and to make recommendations to the Board for decision.

5. Access to information and independent advice

- (a) Directors may have access to any information that they individually or collectively consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions.
- (b) Directors are entitled, with the approval of the Chairperson of the Board, to seek independent professional advice at the Company's expense. Whenever practicable, the advice must be commissioned in the joint names of the Director and the Company, and a copy of the advice should be made available to the entire Board.
- (c) Directors will be entitled to:
 - (i) access members of management, via the CEO or Company Secretary, at any time to request relevant and additional information or seek explanations;
 - (ii) have access to external auditors, without management present, to seek explanations or additional information; and
 - (iii) seek independent professional advice with the Chairperson's prior consent, which will not be unreasonably withheld or delayed, and which will be at the Company's expense.

6. Board process

6.1 Meetings

- (a) The Board will meet regularly. Directors will use all reasonable endeavours to attend Board meetings in person, however it is acknowledged that it is not appropriate or necessary for Directors living outside of New South Wales to attend all Board meetings in person. Accordingly, the Board will utilise appropriate technology to facilitate participation at Board meetings.
- (b) The Company's constitution governs the regulation of Board meetings and proceedings.
- (c) The Board may conduct meetings by telephone, video conference or other electronic means.
- (d) Directors are committed to collective decision-making, but have a duty to question and raise any issues of concern to them. Matters are to be debated

openly and constructively amongst Directors. Individual Directors must utilise their particular skills, experience and knowledge when discussing matters at Board meetings.

- (e) Directors, through the Chairperson, can raise agenda items to be considered during a meeting. Any Director-raised agenda items requiring a management response are to be formally placed on the agenda for a subsequent meeting.
- (f) Board papers are to be distributed by the Company Secretary in a manner and time that allows each Director to apply diligence and independence of thought to the matters at hand. Late papers will only be addressed in a meeting with the approval of the Chairperson.
- (g) Directors must keep Board discussions and resolutions confidential, except where they are required to be disclosed.
- (h) All Directors are generally expected to prepare adequately, attend and participate at each Board meeting. All Directors should actively consider the sufficiency of the contents of the Board papers that they have been provided for consideration. The Board should assess the information that it receives and the timing of its distribution to ensure the Board has sufficient time to examine the material provided to it for approval.
- (i) Periodically, Non-Executive Directors will meet without Executive Directors or management present, for example to discuss management's performance.
- (j) The Board may request or invite management or external consultants or advisers to attend Board meetings, where necessary or desirable.
- (k) The auditor will have direct access to the Board.

6.2 The Chairperson

- (a) The Board will appoint one of its members to be Chairperson.
- (b) It is intended that the Chairperson should be an independent Non-Executive Director who is not a current or former CEO of the Company.
- (c) The Chairperson represents the Board to the shareholders and communicates the Board's position.
- (d) The role and responsibilities of the Chairperson are to:
 - (i) chair Board and shareholder meetings and set the Board's agenda, allowing adequate time for discussion of all agenda items, in particular strategic issues;
 - (ii) ensure the efficient organisation and conduct of the Board's function;
 - (iii) brief all Directors in relation to issues arising at Board meetings and lead the Board in reviewing and discussing Board matters;
 - (iv) facilitate effective contribution by all Directors;
 - (v) promote constructive and respectful relations between Board members and between the Board and management;
 - (vi) ensure that Non-Executive Directors meet separately, as appropriate, to consider, amongst other things, management's performance;
 - (vii) review corporate governance matters with the Company Secretary and report on those matters to the Board;
 - (viii) oversee the process for Board performance review; and
 - (ix) monitor the role of the Company Secretary.
- (e) Where the Chairperson is absent from a Board meeting, a chairperson for the meeting will be appointed by the present members of the Board.
- (f) The Board may nominate a senior independent Director to assume the role of Chairperson whenever the Chairperson is conflicted in relation to a particular topic.

6.3 The Company Secretary

- (a) The Board will appoint at least one Company Secretary to act as secretary of the Board.

-
- (b) The Company Secretary is accountable to the Board, through the Chairperson, on matters to do with the proper functioning of the Board.
 - (c) In addition to responsibilities under the Corporations Act, the Company's constitution, and matters specifically delegated, the role and responsibilities of the Company Secretary are to:
 - (i) act as a point of contact between the Board and management;
 - (ii) assist the Board and its Committees on governance matters;
 - (iii) monitor that policies and procedures of the Board and Committees are followed;
 - (iv) organise Board and Committee meetings and Director attendance, draft notices of meetings and resolutions for approval, and coordinate the dispatch of Board and Committee meeting papers;
 - (v) capture the business of Board and Committee meetings in the minutes, and circulate minutes from Committee meetings to the Board;
 - (vi) help organise and facilitate the professional development of Directors so that they can develop and maintain the skills and knowledge needed to perform their role as Directors effectively; and
 - (vii) advise the Company on compliance with its requirements under the Corporations Act regarding its registered office, annual returns and notices to be lodged with the Australian Securities and Investments Commission and ASX.
 - (d) All Directors will have direct access to the Company Secretary.

7. Language of Director

If a Director who is not fluent in the language in which Board meetings or general meetings of shareholders are held or in the language in which key documents of the Company are written, the Company will ensure such meetings and documents are translated into the language the relevant Director understands so that the relevant Director can contribute to the discussions at those meetings and is able to understand, and discharge, their obligations in relation to key documents of the Company.

ANNEXURE 1

Guidelines of the Board of Directors – Independence of Directors

Section 2 of the Charter refers to the 'independence' of Directors. Without limiting the Board's discretion, the Board has adopted the following guidelines to assist in considering the independence of Directors.

In general, Directors will be considered to be 'independent' if they are not members of management (a Non-Executive Director) and they:

- (a) are not employed in an executive capacity by the Company or another group member, and there has been a period of at least three years between ceasing such employment and serving on the Board;
- (b) do not receive performance-based remuneration (including options or performance rights) from, and do not participate in, an employee incentive scheme of the Company;
- (c) have not within the last three years been in a material business relationship (e.g. as a supplier, professional adviser, consultant or customer) with the Company or other group member or an officer of or otherwise associated directly or indirectly with someone with such a relationship;
- (d) are not a substantial shareholder of the Company ('substantial' meaning a greater than 5% holding, directly or indirectly), officer or employee of, professional adviser to, or otherwise associated directly or indirectly with, a substantial shareholder of the Company;
- (e) have no material contractual relationship with the Company or another group member, other than as a Director of the Company;
- (f) have not been a Director of the entity for such a period that his or her independence from management and substantial holders may have been compromised;
- (g) do not have close personal ties with any person who falls within any of the categories described above; and
- (h) are free from any other interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect the Director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally.

Materiality

If a Director does not satisfy one of the above criteria, the Director will ordinarily be considered not to be independent unless it is clear that the interest, position or relationship in question is not material and will not interfere with the Director's capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of Company as a whole, rather than the interests of an individual security holder or other party.

In making this assessment, the Board will consider the materiality of the Directors' interests, position, association or relationship on a case by case basis, having regard to both quantitative and qualitative principles.

EXHIBIT 3 TO APPENDIX "B"

LPI ANNUAL REPORTS

See attached.



ANNUAL REPORT

to 30 JUNE 2022

Corporate Directory

DIRECTORS

Mr David R Hannon – Non-Executive Chairman

Mr Cristobal Garcia-Huidobro R

Mr Andrew G Phillips

Mr Russell C Barwick

Mr Richard A Crookes

Mr Martin Jose Domingo Borda M

COMPANY SECRETARY

Mr Andrew G Phillips

REGISTERED OFFICE

Level 7, 151 Macquarie Street
Sydney NSW 2000

Tel: +61 2 9089 8723

Fax: +61 2 9276 1284

SHARE REGISTER

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000

Tel: +61 2 9290 9600

Fax: +61 2 9279 0664

AUDITOR

Ernst & Young
The EY Centre
Level 34, 200 George Street
Sydney NSW 2000

SOLICITORS

Ashurst Australia
5 Martin Place
Sydney NSW 2000
Tel: +61 2 9258 6000

Philippi Prietocarrizosa
Ferrero DU & Uria
Av. El Golf 40, Piso 20
Santiago, Chile
Tel: +562 2364 3700
Fax: +562 2364 3796

Becketts Lawyers
Level 21, 90 Collins Street
Melbourne VIC 3000
Tel: +61 3 9960 7700

Mitrani Caballero
Ruiz Moreno
Bouchard 680, Piso12
Buenos Aires, Argentina
Tel: +54 11 4590 8600
Fax: +54 11 4590 8601

STOCK EXCHANGE LISTING

Lithium Power International Limited shares
are listed on the Australian Securities
Exchange (ASX code: LPI)

WEBSITE

www.lithiumpowerinternational.com

Contents

BUSINESS OBJECTIVES

Lithium Power International Limited has used cash and cash equivalents held at the time of listing and the time since listing to explore, develop and seek to acquire lithium tenements in South America and Australia, in a way consistent with the business objectives as listed on the Company's website. The Company's focus is the development of its Maricunga Lithium Brine project in Chile, through its 51.55% owned Joint Venture company Minera Salar Blanco S.A.

CORPORATE GOVERNANCE STATEMENT

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

The Group's Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed and ASX Appendix 4G are released to the ASX on the same day the Annual Report is released. The Corporate Governance Statement and Corporate Governance Compliance Manual has been updated to consider recommended changes by the ASX. These changes have been adopted by the Board and have been uploaded to the company's website and can be found on the Who We Are page at www.lithiumpowerinternational.com.

Corporate Directory	i
Chairman's Letter	2
CEO's Report	5
Directors' Report	11
Auditor's Independence Declaration	23
Statement of profit or loss and other comprehensive income	24
Statement of financial position	26
Statement of changes in equity	27
Statement of cash flows	28
Notes to the financial statements	29
Directors' Declaration	58
Independent Auditor's Report to the members of Lithium Power International Limited	59
Shareholder Information	65
Competent Persons Statement	68

Cover photo: Maricunga drilling program



Chairman's Letter

Dear Shareholders,

It was a landmark year in 2021–22 for Lithium Power International (“LPI” or the “Company”) in many important ways thanks to advances made towards development of our world class Maricunga Lithium Brine Project in Chile and to rationalise the assets of LPI. Principally, we completed a significant expansion of the geological resources of the Maricunga project and delivered a revised and very attractive DFS, and also started important processes to:

- consolidate the ownership of the Maricunga project under one owner, and to
- separately list our Western Australian projects on the ASX.

LPI remains as a pure-play lithium development company, and we will soon be able to focus our full attention on developing the Maricunga project. Moves are well advanced to consolidate ownership of this substantial resource solely within LPI, with the completion of a three-party, scrip merger with our joint venture partners – Minera Salar Blanco SpA and Bearing Lithium Corp – to form a single management entity to more effectively manage the Maricunga project.

That will better allow directors and management to focus on Maricunga and, in the longer term will provide a more attractive structure for investors as we source development capital and commit the project to development. Under the consolidation process the proportionate interest to be owned by current or pre-consolidation LPI shareholders will rise from 51.55% to 57.9% when new shares are issued to buy out our other joint venture partners.

Based on an updated Definitive Feasibility Study released early in 2022, the Maricunga project is expected to provide shareholders with impressive returns in future years. Stage One of the project development should yield a \$US1.4B net present value and an internal rate of return of almost 40%. Pay back should take just two-years from first production, with estimated operating cash costs of US\$3,718 per tonne for each tonne of lithium carbonate equivalent produced. This would place the Maricunga project in the lowest quartile of global lithium producers. Average annual earnings before interest and tax are expected to be US\$324 million.

Your company also substantially increased Measured and Indicated Resource by 90 per cent after completion of a new drilling program on the salar to depths of 400m. An exploration target has also been set for possible lithium mineralisation extending to depths up to 550m, indicating the opportunity for us to pursue possible project expansions either in production rate or mine life.

Important advances have also been made with our lithium exploration assets in Western Australia, particularly in the south-west Greenbushes region where exploration activity boosted the potential of our tenements near the world-class Talison Greenbushes lithium mine, which is owned by a partnership of Albemarle Corp, Tianqi Lithium and IGL Limited. New tenements were recently acquired making LPI the largest single lease holder in this world-renowned Greenbushes region. Two additional prospective tenements were also acquired in the Eastern Goldfields. Other tenements continue to be held in the Pilbara region, near large nearby lithium mines that have been developed in recent years.

A decision has been taken to divest all of the Western Australian assets into a new, listed company called Western Lithium. Preparations are well advanced, including the identification of a new board, with the entity having been approved by ASIC and the allocation of a future trading code made by the Australian Stock Exchange, as WLI. This spin-out will better allow the WA assets to have a more focussed exploration process, and in particular will allow your Directors prioritise the development of huge Maricunga project.

I owe thanks to everyone who has contributed to these significant achievements – fellow Board members, our management team, advisors, contractors, suppliers and to our loyal shareholders. Exciting times lie ahead, in moving the Maricunga project to development in 2023 supported by our great team both in Santiago and Sydney.

The goal that we have all strived for in recent years, is to bring into production one of the world's best lithium deposits in the world, exemplified by our high standards of technical and environmental achievements together with our focus on community engagement.

We are truly excited by the challenge and opportunity that lies in front of us which we soon expect to realise.



David R Hannon

Chairman

14 September 2022

Sydney

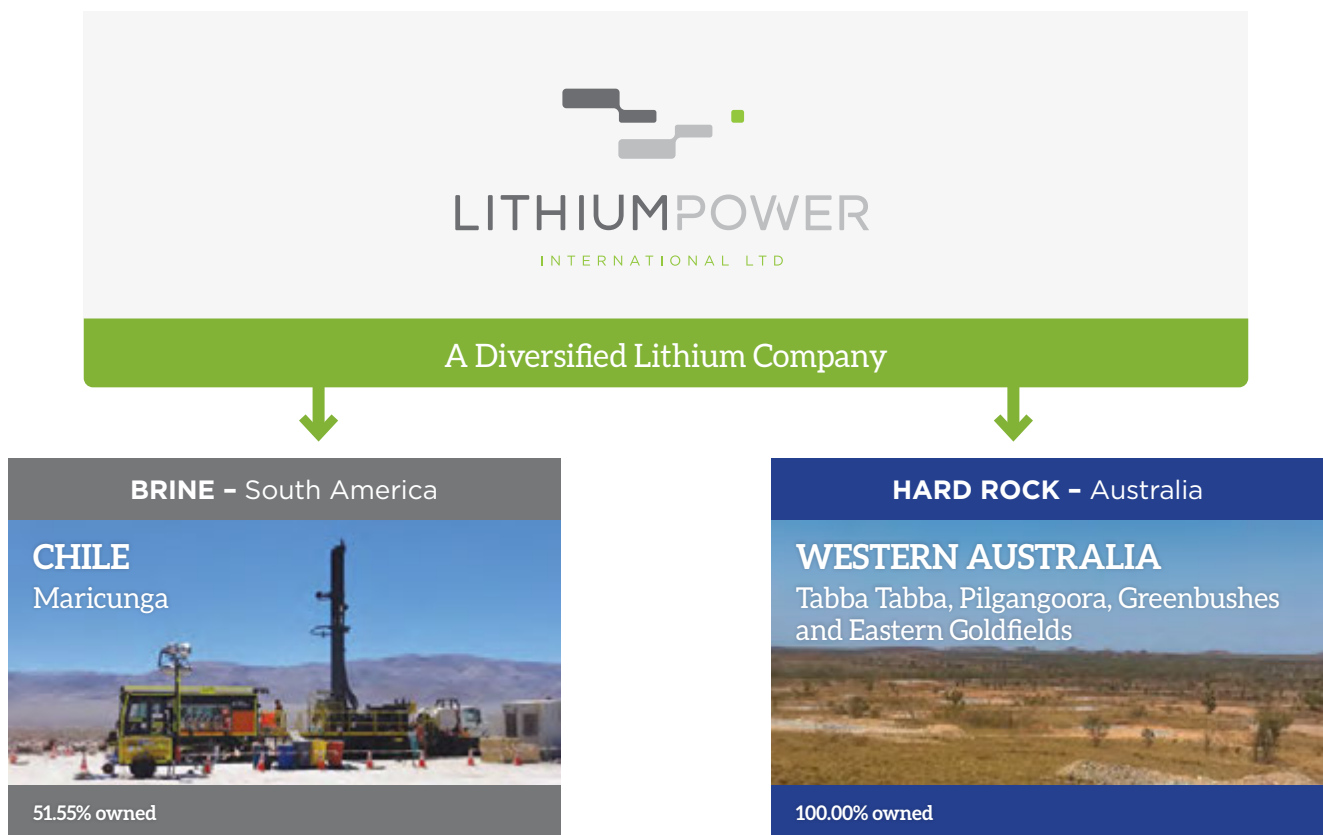


CEO's Report

COMPANY OVERVIEW

Lithium Power International Limited (ASX:LPI) ("**LPI**" or the "**Company**") is a pure play lithium company with three distinct project regions to provide diversification. One is located in South America's brine region and three are in Australia's spodumene hard rock areas of Western Australia .

The primary focus is to develop of Chile's next high-grade lithium mine on the Maricunga Salar in an area known as the Lithium Triangle. The Company has also expanded its tenement holdings of lithium exploration prospects in Western Australia.



MARICUNGA LITHIUM BRINE PROJECT - CHILE

PROPERTY DESCRIPTION AND OWNERSHIP

The Maricunga Project ("Maricunga" or the "Project") is located 170km north-east of Copiapó in the III Region of northern Chile at an elevation of 3,750 metres above sea level. The Project covers 1,125ha of mineralised ground in Salar de Maricunga ("the Salar"). A camp and evaporation test facilities are sited 10km to the north-east of the Salar. An additional 1,800ha has been allocated, some 8km to the north, for the construction of evaporation ponds, processing and plant facilities.

The Maricunga project is owned and operated through a Chilean based joint venture company, Minera Salar Blanco S.A ("MSB"). LPI currently owns a 51.55% interest in Maricunga, with JV Partners Salar Blanco SpA ("MSB SpA") holding 31.31% and Bearing Lithium Corp (BRZ:TSXV) ("Bearing") holding 17.14%.



FIGURE 1: CURRENT OWNERSHIP OF MINERA SALAR BLANCO SA

The Company has entered into definitive binding agreements to consolidate full ownership of the project's JV company, MSB, via two, all-scrip mergers with its joint venture partners Minera MSB SpA and Bearing. The transactions will result in LPI's current shareholders increasing their effective ownership in Maricunga from 51.55% to ~57.9%. This is the result of LPI undertaking the transactions at a 17.1% discount to the look-through value of Maricunga based on a 1-month volume weighted average price of LPI at the time the transaction was announced¹. LPI will benefit from the enhanced scale and control of Maricunga, which will significantly increase its attributable production to 15.2kt/a of battery grade lithium carbonate based on the 2022 Definitive Feasibility Study².

Consolidation of ownership under LPI provides the optimal structure to oversee the rapid development of the Project because it will streamline decision making, simplify and de-risk the funding pathway, enhance the ability to source capital from a wider range of financiers and provide a more transparent investment vehicle.

Based on the number of ordinary shares LPI may issue under the transactions,³ the proforma ownership of LPI will comprise ~57.9% LPI current shareholders, ~26.7% MSB SpA⁴ and ~15.5% Bearing, including option and warrant holders. The transactions will result in LPI having full ownership of the project and position the Company to aggressively develop Maricunga. Together with LPI's previously announced demerger of its WA lithium exploration assets, LPI will be transformed into a stronger manager and operator of the wholly owned Maricunga Project.



FIGURE 2: LOCATION OF LPI/MSB MARICUNGA LITHIUM BRINE PROJECT - CHILE

¹ Based on diluted proforma LPI using market data as at market close on 21 June 2022 from IRESS.

² 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.

³ Assumes diluted LPI shares outstanding and assumes that all in-the-money Bearing Options and Warrants based on the LPI 1M VWAP and Implied Bearing Offer Price as at market close on 21 June 2022 are exercised prior to completion of the Transactions.

⁴ Excludes the ~16.3m shares in LPI already held by Martin Borda (MSB SpA's controller) as at the date of this announcement.

DEFINITIVE FEASIBILITY STUDY

LPI released details of an updated Definitive Feasibility Study (“DFS”) for Stage One of the Maricunga development during the year, confirming that the operation would be one of the world’s lowest-cost producers of lithium carbonate with a solid ESG strategy to support a sustainable future.

DFS Highlights:

- It supports 15,200t/a production of lithium carbonate (“LCE”) for 20 years.
- A project NPV (leveraged basis) of US\$1.425B (after tax) at an 8% discount rate, providing an IRR of 39.6% and a two-year payback. Estimated steady-state annual EBITDA would be US\$324M.
- It should be noted that the project NPV used a LCE price range of between US\$20,000–US\$23,000/t. At the time of writing this report, the average price for LCE in H1 2022 was US\$41,798/t, indicating potentially significant enhancements to the project economics.

NPV Discount Rate	Leveraged (50%)		Pure Equity	
	Pre-Tax US\$M	After-Tax US\$M	Pre-Tax US\$M	After-Tax US\$M
NPV 8%	1,984	1,425	1,971	1,412
IRR	44.5	39.6	33.4	29.3
Project Payback (Years)	2	2	2.8	2.8

TABLE 1: SUMMARY OF KEY ECONOMIC PARAMETERS OF THE STAGE ONE PROJECT

- Project operating costs would place Maricunga among the world’s most efficient producers, with an estimated OPEX of US\$3,718/t, not including credit from potassium chloride (KCl) by-product. KCl production was not considered in the DFS.

Average Operating Costs	US\$/t Li ₂ CO ₃
Direct Costs	
Chemical Reactives and Reagents	1,099
Salt Harvesting	266
Energy	1,164
Memo: – Electrical	342
– Thermal	821
Manpower	518
Catering & Camp Services	132
Maintenance	358
Transport	181
Operational Cash Costs	3,718
Indirect Costs	
General & Administration	146
Indirect Costs Subtotal	146
Total Production Costs	3,864

TABLE 2: AVERAGE OPERATING COSTS



Maricunga pump testing

CEO's Report

- Project direct development costs are estimated to be US\$419M, indirect costs at US\$145M and contingency costs at US\$62M to provide a total project CAPEX of US\$626M.

Total Project	Projected Budget US\$,000
Direct Costs	
Brine Extraction Wells	33,235
Evaporation Ponds	89,878
Salt Removal Plant	110,322
Lithium Carbonate Plant	55,754
General Services	83,953
Infrastructure	45,814
Total Direct Cost	418,957
Total Indirect Cost	144,835
Contingencies (11,1%)	62,581
Total Capital Expenditures	626,372

TABLE 3. TOTAL CAPITAL EXPENDITURES

LPI's ESG profile aims to achieve carbon neutrality once the operation is fully commissioned, setting strong standards for social relationships. A certification process led by Deloitte will continue in future years as the project advances. Project infrastructure, including water rights, are secured by long-term contracts, which apply during project construction and operation. Access to the National Power Grid has also been granted, ensuring future power supply, which includes an important component of renewable energy.

LPI has received preliminary indications of interest from international and Chilean financial institutions and from private funds for debt financing and equity financing of the project. The Company is working closely with two short-listed international engineering companies and a final Investment decision is expected in 2022. Construction would start immediately afterward.

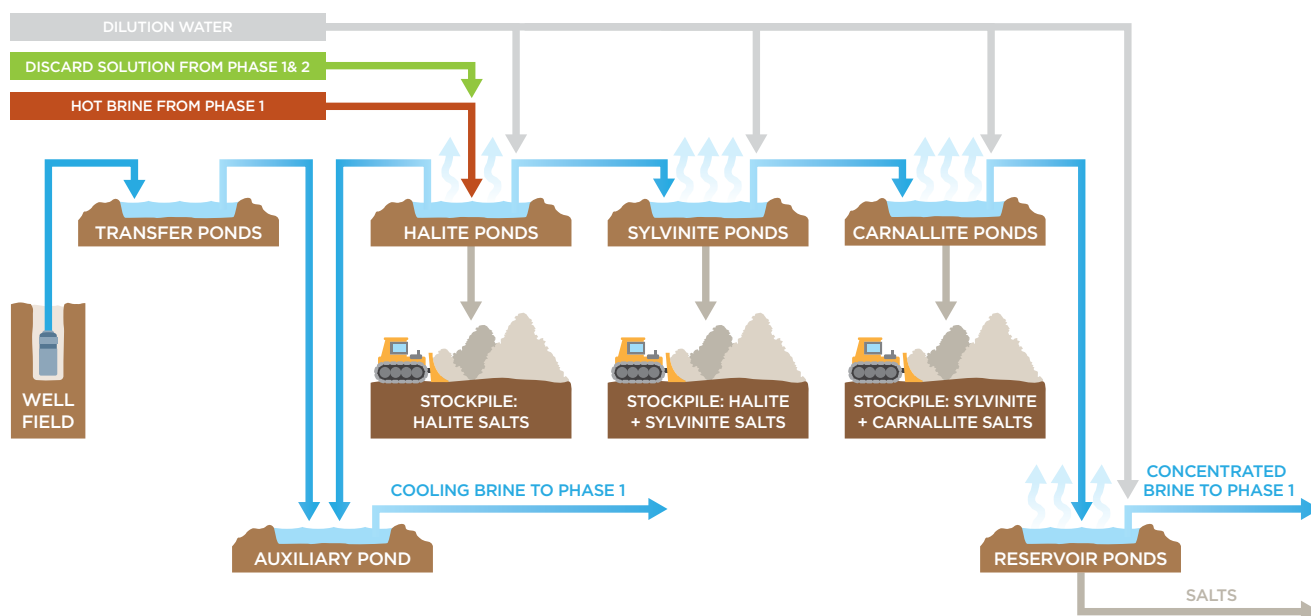


FIGURE 3: GENERAL PROCESS DIAGRAM

WESTERN AUSTRALIA

INCREASED TENEMENT HOLDINGS IN WESTERN AUSTRALIA

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

The acquisitions would boost the ground position in the Greenbushes area, making it the largest holder along the Donnybrook-Bridgetown Shear Zone. Also, it has obtained tenements in the Eastern Goldfields region. Along with the tenements already held in the Pilbara region, the Company's geographic footprint in WA has been greatly diversified.

The Western Australian properties are fully owned by LPI and are located short distances from the established ports of either Port Hedland or Bunbury.

A review of the tenements confirms that both the Greenbushes and Tabba Tabba prospects demonstrate exploration potential for lithium. Future exploration in WA will be focused on these properties.

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

The tenements are of strategic importance. They have all necessary heritage and native title agreements in place, and an application has been made for a Conservation Management Plan (CMP). It is intended to add these tenements to the Company's existing, approved CMP, which would allow exploration under the same conditions as LPI's existing tenements.

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

Rounding off its diversified tenement coverage, the Company holds two properties with lithium rights near the world class Pilgangoora and Wodgina lithium pegmatite deposits.

WESTERN AUSTRALIA EXPLORATION

GREENBUSHES PROJECT

An UltraGPR survey (Ground Penetration Radar) was conducted across parts of the Blackwood Prospect, and successfully tested for the presence of concealed pegmatites. An interpretation of the data set outlined potential pegmatites that were previously unmapped. These units correspond with areas of low magnetic response in a recently flown Drone Magnetic Survey.

An orientation soil sampling program of 42 soil samples on 300m x 300m spacing was completed at a newly defined target at the southern end of the Blackwood Prospect. The results showed that the area was regionally anomalous in lithium. The highest value returned was 228 ppm lithium. The regional UltraFine sampling indicated that 40 ppm lithium in soil was anomalous. Thirty-two of the samples returned values greater or equal to 40 ppm Lithium. A larger sampling program will now be completed.

The updated Conservation Management Plan for the Greenbushes tenements was approved by the Department of Biodiversity, Conservation and Attractions (DBCA). This was undertaken because of an increase in the number of samples allowed to be collected from areas of State Forest, along with a reduction in the area to be sampled. Two flora and fauna surveys were also completed, providing detailed baseline environmental information to guide the development of a conservation management plan. A key finding of the flora assessment was that no threatened plants listed under the *Biodiversity Conservation Act 2016* (BC Act) or the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) were recorded. These surveys will be used in future updates to the Conservation Management Plan.



FIGURE 4: LOCATION OF LPI'S PROPERTIES IN THE GREENBUSHES REGION, PILBARA CRATON AND EASTERN GOLDFIELDS OF WESTERN AUSTRALIA

TABBA TABBA PROJECT

A broad-spaced (300 x 30m) regional soil sampling program was completed over the entire Tabba Tabba tenement. The program was designed to provide a geochemical dataset, and some 722 primary samples were collected. A further 78 duplicates were taken for QAQC purposes. Figure 4 shows the locations involved. Samples were taken from streams and the main Tabba Tabba creek. When it was not possible to collect a sample within 20m of the planned location, the sample was not collected. All samples have been dispatched to LabWest to be analysed via a UltraFines+™ process. This analytical technique, which looks at the two-micron clay fraction, was jointly developed with CSIRO as a method of seeing through cover sequences.

PILGANGOORA TABBA/TABBA

A soil sampling program at Pilgangoora was completed in Q3 2022. A total of 544 samples were collected, including 10% as duplicates. The sampling was aimed at closing off previously defined lithium anomalies associated with the identified greenstone belts, and also at investigating the potential of gold within a younger granite and its contact aureole.

This intrusive body is considered to have similarities to those where De Grey Mining has successfully defined a very significant gold resource at their Mallina Project, including the 6+ million-ounce Hemi deposit.

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

During the reporting period, LPI announced its intention to demerge its Western Australian hard rock lithium assets (the “**Demerger**”). The demerger will create a dedicated, WA-focused lithium exploration company with the management team and resources to realise the value of the WA assets. It will enable LPI to focus on developing its Maricunga Lithium Brine Project in Chile.

The new entity has been renamed Western Lithium Ltd (from Lithium Power WA Holdings Pty Ltd), and the conversion from a propriety limited company to a limited company has been approved and processed by the Australian Securities and Investment Commission (ASIC).

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

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

ARGENTINA

CENTENARIO – SALTA PROVINCE, ARGENTINA

The Centenario Project was a 70:30 joint venture between LPI and Marquee Resources Ltd (ASX: MQR). It is located in the Centenario salar in Salta Province, Argentina, known for being in favour of mining development. No significant field activities occurred during the reporting period. The Company finalised the sale of this asset to privately owned Canadian company Vertex Lithium in November 2021.

SUMMARY

The priority of the Board and Management of LPI continues to be to deliver the significant potential of the Maricunga Lithium Brine Project within well-defined timelines with the objective of it becoming Chile's next high-grade, low-cost lithium producer. The Company will also continue to progress the Demerger of its Western Australia entity, with a view to extracting value for all stakeholders.

Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the consolidated entity) consisting of Lithium Power International Limited (referred to hereafter as the Company, LPI or parent entity) and the entities it controlled at the end of, or during, the period ended 30 June 2022.

DIRECTORS

The following persons were directors of Lithium Power International Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr David R Hannon – Non-Executive Chairman

Mr Cristobal Garcia-Huidobro R – Managing Director and Chief Executive Officer

Mr Andrew G Phillips – Executive Director and Chief Financial Officer

Mr Russell C Barwick – Non-Executive Director

Mr Richard A Crookes – Executive Director – Corporate Finance

Mr Martin Jose Domingo Borda M – Non-Executive Director

Mr Reccared P Fertig – Non-Executive Director (resigned on 21 October 2021)

PRINCIPAL ACTIVITY

During the financial year the principal activity of the Company consisted of the identification, acquisition, exploration and development of lithium assets in Chile and Australia.

DIVIDENDS

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

REVIEW OF OPERATIONS

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to \$12,887,142 (30 June 2021: \$6,114,074).

KEY BUSINESS RISKS

A number of specific risk factors that may impact the business strategies, future performance and financial position of the consolidated entity are described below.

It is not possible to identify every risk that could affect the consolidated entity's business, and whilst the consolidated entity implements risk mitigation measures to the extent possible, actions taken by the consolidated entity to mitigate the risks described below cannot provide absolute assurance that a risk will not materialise.

ON-SITE HEALTH AND SAFETY

The actions or in-actions of the consolidated entity and the joint venture company, Minera Salar Blanco S.A. ('MSB'), put the safety of staff and contractors at risk.

The consolidated entity and MSB have implemented health and safety systems and processes, including safety risk assessments, to mitigate the risk of health and safety incidents occurring.

Directors' Report

to 30 June 2022

CLIMATE CHANGE AND ADVERSE WEATHER RISKS

The operations of the consolidated entity may experience adverse impacts due to climate change (either direct or indirect) or adverse weather events.

At an appropriate time prior to commencement of construction at Maricunga, the consolidated entity will undertake a detailed climate risk assessment to help determine further actions necessary to adapt the business to climate change.

ENVIRONMENTAL RISKS

The consolidated entity is subject to environmental risks in conducting its current and intended future operations at Maricunga.

MSB has prepared a detailed Environmental Impact Assessment ('EIA') which details the actions to be taken to reduce Maricunga's impact on the environment. The EIA has been approved by the relevant Chilean authorities for the life of the project.

GOVERNMENT AND COMMUNITY RELATIONS

Actual or perceived concerns affect the consolidated entity's 'social licence' to operate, which may be challenged by government or community members.

The consolidated entity's and MSB's community relationships in Chile have been built over a number of years of positive engagement, supported by the consolidated entity's Code of Conduct and focus on delivering for local communities.

POLITICAL RISK IN CHILE

Changes in the Chilean political, regulatory or fiscal framework may impact on MSB and the consolidated entity.

MINING PROPERTIES

Loss of title to exploration and mining properties due to non-fulfilment of compliance obligations, defective title or changes to regulations.

The consolidated entity and MSB have an established program to ensure compliance with required permits and obligations.

SUPPLY CHAIN DISRUPTION

Providers of critical services to existing or future operations may be disrupted.

STAFFING AND KEY MANAGEMENT PERSONNEL

The consolidated entity and MSB may fail to attract and retain adequate technical, operational and management personnel.

Employee management is a key priority and the consolidated entity is focused on creating a diverse and inclusive work environment and delivering benefits to the local community.

FRAUD, CORRUPTION OR MISCONDUCT

Actual or alleged fraudulent or corrupt actions involving employees of the consolidated entity of MSB or assets may take place. The consolidated entity has internal processes and controls and policies and a Code of Conduct to seek to address these risks.

LITHIUM PRODUCT PRICE RISK

The price of lithium fluctuates and is outside the control of the consolidated entity. Lithium prices may decline to lower than those forecast in the consolidated entity's Definitive Feasibility Study.

ABILITY TO OBTAIN PROJECT FINANCE

Assuming a final investment decision is made to proceed to develop the Maricunga Project, the consolidated entity will be required to raise significant debt and/or equity funding to finance the Project. The Company is proactively addressing its potential future financing needs, however there is no certainty that project finance will be available on commercially acceptable terms, or at all, at the desired time.

FAILURE TO COMPLETE THE CONSOLIDATION

The Company has announced the Consolidation, whereby it will acquire 100% of MSB in exchange for the issue of shares to MSB shareholders. There are a number of benefits to the Consolidation (see ASX announcement of 22 June 2022). The Company intends for its shareholders to vote on the Consolidation in 2022. In the event that the Consolidation is not approved, the benefits of the Consolidation will not be realised and MSB will continue to be a joint venture vehicle.

MACRO RISK

The consolidated entity is subject to a range of external macro factors including inflation, interest rates, foreign exchange rates, geopolitical turmoil, logistics issues and recessionary risks.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 26 August 2021, the consolidated entity issued 47,692,309 ordinary shares at a price of \$0.26 per share to institutional and sophisticated investors. The gross proceeds from the issuance of these securities amounted to \$12,400,000.

On 29 September 2021, the consolidated entity released the results of the drilling program for the Stage One development of the Maricunga lithium brine project. The result of which was a 90% increase from its 2019 JORC resource of 1 million to 1.9 million tonnes of Lithium Carbonate Equivalent (LCE) for the Stage One (Old Code) mining properties at an average grade of 953 mg/l lithium.

On 24 November 2021, the consolidated entity completed the sale of its 70% interest in Lithium Power Holdings (Argentina) Pty Ltd and its subsidiary Lithium Power S.A. (Argentina) to Vertex Lithium Corporation ('Vertex'), a Canadian based company for total consideration of \$1,242,381.

On 12 January 2022, the consolidated entity announced its intention to demerge its Western Australia ('WA') Greenbushes and Pilgangoora hard rock lithium assets. The Company's WA interests are held by a wholly-owned subsidiary of LPI which will seek to list on the ASX, with LPI shareholders to receive shares in the demerged entity, on a pro-rata basis.

On 20 January 2022, the consolidated entity announced an updated Definitive Feasibility Study ('DFS') on the Stage One development of the Maricunga lithium brine project. The DFS delivers a US\$1.4b after tax NPV (US\$2b before tax) representing an IRR 39.9% and a 2-year payback on the total project CAPX of US\$626m.

On 22 June 2022, the consolidated entity announced its intention to consolidate 100% ownership of the Maricunga lithium brine project by a three-party all-scrip merger with its JV Partners to acquire the remaining 48.45% of the JV company. The transaction discounts on the JV partners and results in the current LPI shareholders gaining an additional 6.15% proportionate interest in the JV company from 51.55% to approximate 57.9%. The Company holding 100% ownership of the project will simplify decision-making and provides the optimal structure to oversee the rapid development of the Maricunga project.

On 30 June 2022 the consolidated entity purchased CMC Lithium and its Greenbushes Project in Western Australia, adding an extra 365km² of prospective ground, making the Company the largest land holder in the Greenbushes region. In addition, the Company reached an agreement to acquire two tenements in the mineral rich Eastern Goldfields of WA, from private company Lysander Lithium. The acquisition of the tenements will be executed during the year financial year ended 30 June 2023.

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

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 7 July 2022, the consolidated entity announced the acquisition of two tenements (E15/1772 and E31/1250) in the Eastern Goldfields region of Western Australia from Lysander Lithium Pty Ltd, in exchange for \$75,000 in cash and 389,611 ordinary shares in the Company. At the time of the signing of this report, the consideration for this transaction is yet to be completed, due to the prerequisite transfer of license and/or assignment of Native Title Agreements and Access Agreements, which are still in progress.

On 9 September 2022 firm commitments were received from institutional, sophisticated and professional investors to raise approximately A\$25 million via a share Placement at A\$0.60 per share. 41,666,667 shares relating to this Placement, are to be issued on or around 16 September 2022.

Funds raised via the Placement will primarily be used to progress with the development and expand and accelerate the Maricunga project. Specifically, funds will be applied to the operational and pre-construction costs for the 100% consolidated Maricunga project and the increased operational compliance costs associated with the acquisition of the ownership of the Chilean and Canadian joint venture partners in the Maricunga project.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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

ENVIRONMENTAL REGULATION

The Company is subject to and compliant with all aspects of environmental regulation of its exploration and mining activities. The directors are not aware of any environmental law that is not being complied with.

Directors' Report

to 30 June 2022

INFORMATION ON DIRECTORS

DAVID R HANNON

NON-EXECUTIVE CHAIRMAN, appointed director of LPI on 9 February 2017

Mr Hannon holds a Bachelor of Economics from Macquarie University and is a Fellow of the Financial Services Institute of Australia (FINSIA). Mr Hannon commenced his commercial career as a stockbroker/investment banker in 1985. He later became a director of a private investment bank specialising in venture capital with a focus on the mining sector. Mr Hannon has operated a private investment group, Chifley Investor Group Pty Limited for over 15 years.

Mr Hannon's other listed mining company experience involves being a founding director of Atlas Iron Limited (Atlas) in 2004. Mr Hannon remained a member of the Atlas Board for 10 years and was Chairman while it maintained its position as a member of the ASX 100 Index with a market capitalisation of over \$2 billion. Throughout this period Mr Hannon held various positions including Chairman of the Audit Committee and Chairman of the Nominations and Remunerations Committee. While Atlas embarked upon an iron ore growth strategy of its Pilbara assets it became the fourth largest iron ore producer in Australia.

Other current directorships: None

Former directorships (last 3 years): None

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

Interests in shares: 22,686,797 ordinary shares

Interests in options: None

CRISTOBAL GARCIA-HUIDOBRO R

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER, appointed director of LPI on 3 September 2018

In addition to this role in the Company, Mr Garcia-Huidobro is currently Chief Executive Officer and Director of LPI's Joint Venture Company MSB. He has led the MSB team in the exploration and development program of the Maricunga salar. Mr Garcia-Huidobro is a qualified Civil Engineer with 18 years' experience in developing and financing of Mining, Energy, Infrastructure, Finance and Property projects. He is formerly CIO of investment company Centinela and Board or committee member of several mining, property and agricultural funds in North and South America.

Other current directorships: None

Former directorships (last 3 years): None

Special responsibilities: Chief Executive Officer and Director on the Maricunga Joint Venture Board

Interests in shares: 613,636 ordinary shares

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

Interests in rights: 6,000,000 rights over ordinary shares

ANDREW G PHILLIPS

EXECUTIVE DIRECTOR, COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER (CFO), appointed director of LPI on 24 July 2015

Mr Phillips has over 25 years' international commercial experience previously working in senior financial and commercial management positions with a number of public and multinational companies in Australia and New Zealand with extensive networks throughout Asia. He has served in the past as a director and/or company secretary for a number of ASX listed Companies.

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

Former directorships (last 3 years): None

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

Interests in shares: 2,396,136 ordinary shares

Interests in options: None

Interests in rights: 2,500,000 rights over ordinary shares

RUSSELL C BARWICK

NON-EXECUTIVE DIRECTOR, appointed director of LPI on 6 April 2017

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

Other current directorships: Red Metal Limited (ASX: RDM) (appointed on 12 June 2003); Mount Gibson Iron Limited (ASX: MGX) (appointed on 16 November 2011)

Former directorships (last 3 years): Regis Resources Ltd (ASX: RRL) (appointed on 11 March 2020 - resigned 14 January 2022)

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

Interests in shares: 753,588 ordinary shares

Interests in options: None

RICHARD A CROOKES

EXECUTIVE DIRECTOR – CORPORATE FINANCE, appointed director of LPI on 1 November 2018

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

Other current directorships: Black Rock Mining (ASX: BKT) (appointed on 16 October 2017)

Former directorships (last 3 years): Highfield Resources Ltd (ASX: HFR) (appointed on 16 May 2013 – Resigned on 25 March 2022)

Special responsibilities: Director on the Maricunga Joint Venture Board

Interests in shares: 113,636 ordinary shares

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

Interests in rights: 4,000,000 rights over ordinary shares

MARTIN JOSE DOMINGO BORDA M

NON-EXECUTIVE DIRECTOR, appointed director of LPI on 3 September 2018

Mr Borda owns, through his private company, 30.98% of the Maricunga Joint Venture Company, MSB. Mr Borda is Chairman and major shareholder of Santiago stock exchange listed company Multiexport Foods S.A. (Multifoods) which is one of the largest salmon farmers and exporters in Chile.

Other current directorships: Multiexport Foods S.A. (Multifoods.SN on the Santiago stock exchange)

Former directorships (last 3 years): None

Special responsibilities: Director on the Maricunga Joint Venture Board

Interests in shares: 16,227,273 ordinary shares

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

‘Other current directorships’ quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

‘Former directorships (last 3 years)’ quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

COMPANY SECRETARY

Mr Andrew G Phillips is an experienced company secretary and occupies this role along with being an executive director of the Company. Refer to Information on Directors for further details on Mr Phillips.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors (the Board) held during the year ended 30 June 2022, and the number of meetings attended by each director were:

	Full Board		Nominations and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
David R Hannon	3	3	1	1	2	2
Cristobal Garcia-Huidobro R	3	3	–	–	–	–
Andrew G Phillips	3	3	1	1	2	2
Russell C Barwick	3	3	1	1	2	2
Richard A Crookes	3	3	–	–	–	–
Reccared P Fertig	1	1	–	–	–	–
Martin Jose Domingo Borda M	3	3	–	–	–	–

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

During the year ended 30 June 2022, Andrew G Phillips attended 1 Nomination and Remuneration Committee meeting as an observer.

REMUNERATION REPORT (AUDITED)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors (the Board) ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Company has a Nominations and Remuneration Committee. Russell C Barwick as Chairman and David R Hannon as members. The Committee also engages external advisors as required.

The Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

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

The reward framework is designed to align executive reward to shareholders' interests. The Committee has considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

NON-EXECUTIVE DIRECTORS' REMUNERATION

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Committee. The Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. Under the Company's Constitution and an increase approved at the Annual General Meeting of Shareholders on 27 November 2019, the total aggregate remuneration available to non-executive directors was set at \$750,000 per annum. The proposed fees for non-executive directors for the year ended 30 June 2023 remain unchanged and are summarised as follows:

Name	FY 2023 Fees
David R Hannon	\$150,000
Russell C Barwick	\$150,000
Martin Jose Domingo Borda M	\$100,000

From time to time options are awarded to newly appointed non-executive directors. Such options are issued to attract high calibre directors to the board.

EXECUTIVE REMUNERATION

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits;
- short-term performance incentives;
- share-based payments; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The long-term incentives ('LTI') includes share-based payments. Shares are awarded to executives at the discretion of the Committee and based on long-term incentive measures. All other options granted to key management personnel vest immediately when granted and expire between 1 and 3 years from the grant date. The Committee reviewed the long-term equity-linked performance incentives specifically for executives for the period ended 30 June 2022.

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

USE OF REMUNERATION CONSULTANTS

During the financial year ended 30 June 2022, the consolidated entity did not engage remuneration consultants to review its existing remuneration policies and provide recommendations on how to improve both the STI and LTI programs.

VOTING AND COMMENTS MADE AT THE COMPANY'S 2021 ANNUAL GENERAL MEETING (AGM)

At the 2021 AGM, 99.09% of the votes received supported the adoption of the remuneration report for the year period 30 June 2021. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

DETAILS OF REMUNERATION

AMOUNTS OF REMUNERATION

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the Company consisted of the following directors of Lithium Power International Limited:

- **David R Hannon** – Non-Executive Chairman
- **Cristobal Garcia-Huidobro R** – Managing Director and Chief Executive
- **Andrew G Phillips** – Executive Director, Company Secretary and Chief Financial Officer
- **Richard A Crookes** – Executive Director – Corporate Finance
- **Russell C Barwick** – Non-Executive Director
- **Martin Jose Domingo Borda M** – Non-Executive Director
- **Reccared P Fertig** – Non-Executive Director (resigned on 21 October 2021)

Directors' Report

to 30 June 2022

	Short-term benefits	Post-employment benefits	Share-based payments	
	Cash salary and fees	Superannuation	Equity-settled	Total
	\$	\$	\$	\$
2022				
Non-Executive Directors:				
David R Hannon	150,000	15,000	–	165,000
Reccared P Fertig*	50,000	5,000	–	55,000
Russell C Barwick	116,666	11,667	–	128,333
Martin Jose Domingo Borda M	100,000	–	–	100,000
Executive Directors:				
Cristobal Garcia-Huidobro R	100,000	–	153,948	253,948
Andrew G Phillips	250,000	25,000	64,145	339,145
Richard A Crookes	100,000	10,000	102,632	212,632
	866,666	66,667	320,725	1,254,058

* represents remuneration up to the date of resignation.

2021				
Non-Executive Directors:				
David R Hannon	127,500	12,112	–	139,612
Reccared P Fertig	127,500	7,125	–	134,625
Russell C Barwick	85,000	8,075	–	93,075
Martin Jose Domingo Borda M	85,000	–	–	85,000
Executive Directors:				
Cristobal Garcia-Huidobro R	85,000	–	337,488	422,488
Andrew G Phillips	212,500	20,188	140,620	373,308
Richard A Crookes	92,500	8,788	224,992	326,280
	815,000	56,288	703,100	1,574,388

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

Name	Fixed remuneration		At risk – STI		At risk – LTI	
	2022	2021	2022	2021	2022	2021
Non-Executive Directors:						
David R Hannon	100%	100%	–	–	–	–
Reccared P Fertig	100%	100%	–	–	–	–
Russell C Barwick	100%	100%	–	–	–	–
Martin Jose Domingo Borda M	100%	100%	–	–	–	–
Executive Directors:						
Cristobal Garcia-Huidobro R	39%	20%	–	–	61%	80%
Andrew G Phillips	81%	62%	–	–	19%	38%
Richard A Crookes	52%	31%	–	–	48%	69%

SERVICE AGREEMENTS

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

CRISTOBAL GARCIA-HUIDOBRO R

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Agreement commenced: 16 October 2018

Term of agreement: No fixed term

Details: Base salary of \$100,000 per annum for LPI representation for non-Chilean joint venture responsibilities, equal to approximately 25% of a full-time equivalent role. The remainder of Mr Garcia-Huidobro's salary is paid directly by the Chilean joint venture. 2,000,000 sign-on options at a strike price of \$0.60 were granted following shareholder approval at the 2018 AGM. 6,000,000 Share Appreciation Rights at a strike price of \$0.40 were granted on 27 November 2019 following shareholder approval at the 2019 AGM. Base salary is to be reviewed from time to time by the Board in accordance with the constitution and policies and/or should the time commitment alter. As from April 2020, consistent with the Company's COVID-19 cost saving measures Mr Garcia-Huidobro voluntarily took a temporary 30% salary cut, until 31 December 2020. Mr Garcia-Huidobro and the Company may terminate the agreement at any time and for any reason by giving 6 months' written notice. Mr Garcia-Huidobro's employment may otherwise be terminated at any time for cause by notice to Mr Garcia-Huidobro from the Company.

ANDREW G PHILLIPS

EXECUTIVE DIRECTOR, COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

Agreement commenced: 1 August 2015

Term of agreement: No fixed term

Details: Base salary, reviewed on 1 January 2018, of \$250,000 plus superannuation, plus 1,500,000 sign-on options at a strike price of \$0.20 were granted at the time of the IPO. 2,500,000 Share Appreciation Rights at a strike price of \$0.40 were granted on 27 November 2019 following shareholder approval at the 2019 AGM. Base salary is to be reviewed from time to time by the Board in accordance with constitution and policies. As from April 2020, consistent with the Company's COVID-19 cost saving measures Mr Phillips voluntarily took a temporary 30% salary cut, until 31 December 2020. Mr Phillips and the Company may terminate the agreement at any time and for any reason by giving 12 months' written notice to the other party. Mr Phillips' employment may otherwise be terminated at any time for cause by notice to Mr Phillips from the Company.

RICHARD A CROOKES

EXECUTIVE DIRECTOR - CORPORATE FINANCE

Agreement commenced: 25 October 2018

Term of agreement: No fixed term

Details: Base salary of \$100,000 plus superannuation, equal to approximately 20% of a full-time equivalent role (reduced from \$150,000 plus superannuation, equal to approximately 40% of a full-time equivalent role). This base salary was increased again on 1 July 2022 to the former amount of \$150,000 plus superannuation due to increased required time commitment. 2,000,000 sign-on options at a strike price of \$0.60 were issued following shareholder approval at the 2018 AGM. 4,000,000 Share Appreciation Rights at a strike price of \$0.40 were issued on 27 November 2019 following shareholder approval at the 2019 AGM. Base salary is to be reviewed from time to time by the Board in accordance with the constitution and policies and should the time commitment alter. As from April 2020, consistent with the Company's COVID-19 cost saving measures plus adjustments to his time commitments Mr Crookes voluntarily took a temporary 57% salary cut, until 31 December 2020. Mr Crookes and the Company may terminate the agreement at any time and for any reason by giving 6 months' written notice. Mr Crookes' employment may otherwise be terminated at any time for cause by notice to Mr Crookes from the Company.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

SHARE-BASED COMPENSATION

ISSUE OF SHARES

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2022.

Directors' Report

to 30 June 2022

OPTIONS

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

Details of options over ordinary shares granted to directors and other key management personnel as part of their remuneration that lapsed and expired during the year ended 30 June 2022 are as follows:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Cristobal Garcia Huidobro R	2,000,000	28/11/2018	28/11/2018	28/11/2021	\$0.80	\$0.096
Richard A Crookes	2,000,000	28/11/2018	28/11/2018	28/11/2021	\$0.80	\$0.096
Martin Jose Domingo Borda M	2,000,000	28/11/2018	28/11/2018	28/11/2021	\$0.80	\$0.096

No options were exercised during the year ended 30 June 2022 and all options expired on 28 November 2021.

SHARE APPRECIATION RIGHTS

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

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

Share appreciation rights granted carry no dividend or voting rights.

No share appreciation rights were exercised, and no share appreciation rights were forfeited during the year ended 30 June 2022.

ADDITIONAL DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL

SHAREHOLDING

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
David R Hannon	22,686,797	—	—	—	22,686,797
Cristobal Garcia-Huidobro R	613,636	—	—	—	613,636
Andrew G Phillips	2,396,136	—	—	—	2,396,136
Russell C Barwick	753,588	—	—	—	753,588
Richard A Crookes	113,636	—	—	—	113,636
Reccared P Fertig*	18,050,620	—	—	(18,050,620)	—
Martin Jose Domingo Borda M	16,227,273	—	—	—	16,227,273
	60,841,686	—	—	(18,050,620)	42,791,066

* Mr Fertig disposed of his holding after he resigned as a Director.

OPTION HOLDING

The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Cristobal Garcia-Huidobro R	2,000,000	–	–	(2,000,000)	–
Richard A Crookes	2,000,000	–	–	(2,000,000)	–
Martin Jose Domingo Borda M	2,000,000	–	–	(2,000,000)	–
	6,000,000	–	–	(6,000,000)	–

All options held by KMP at the beginning of the financial year ended 30 June 2022 expired on 28 November 2021 and no options were exercised during the year.

SHARE APPRECIATION RIGHTS HOLDING

The number of share appreciation rights over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

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

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

During the year ended 30 June 2022, the consolidated entity paid \$156,000 (2021: \$109,500) (exclusive of GST) to DHJPM Pty Ltd (a director related entity of David R Hannon) for the rental of office space. No amounts remain outstanding at 30 June 2022 or 30 June 2021.

THIS CONCLUDES THE REMUNERATION REPORT, WHICH HAS BEEN AUDITED.

SHARES UNDER OPTION

There were no unissued ordinary shares of Lithium Power International Limited under option outstanding at the date of this report.

SHARES UNDER SHARE APPRECIATION RIGHTS

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

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

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

The following ordinary shares of Lithium Power International Limited were issued during the year ended 30 June 2022 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
23 August 2019	\$0.60	375,000

SHARES ISSUED ON THE EXERCISE OF SHARE APPRECIATION RIGHTS

There were no ordinary shares of Lithium Power International Limited issued on the exercise of share appreciation rights during the year ended 30 June 2022 and up to the date of this report.

INDEMNITY AND INSURANCE OF OFFICERS

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 23 to the financial statements.

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

The directors are of the opinion that the services as disclosed in note 23 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

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

AUDITOR'S INDEPENDENCE DECLARATION

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

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

On behalf of the directors



David R Hannon
Chairman

14 September 2022
Sydney

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

As lead auditor for the audit of the financial report of Lithium Power International Limited for the financial year ended 30 June 2022, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Lithium Power International Limited and the entities it controlled during the financial year.



Ernst & Young



Scott Nichols
Partner
Sydney
14 September 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2022

		Consolidated	
		2022	2021
	Note	\$	\$
Revenue			
Share of losses of joint ventures accounted for using the equity method	29	(2,731,859)	(1,967,291)
Other income		349	–
Interest revenue calculated using the effective interest method		207	11,224
Expenses			
Employee benefits expense		(1,191,010)	(1,605,513)
Occupancy costs		(167,560)	(113,482)
Depreciation and amortisation expense		(3,313)	(8,496)
Legal and professional fees		(431,593)	(227,192)
Travel expense		(71,582)	(30,785)
Administration expense		(900,396)	(611,870)
Net foreign exchange gains/(loss)		(6,894,921)	(1,573,149)
Other expenses		(250,025)	(147,009)
Finance costs		(3,215)	(3,068)
Loss before income tax expense from continuing operations		(12,644,918)	(6,276,631)
Income tax expense	6	–	–
Loss after income tax expense from continuing operations		(12,644,918)	(6,276,631)
Profit after income tax expense from discontinued operations	7	108,636	105,227
Loss after income tax expense for the year		(12,536,282)	(6,171,404)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation	18	3,273,443	371,217
Other comprehensive income for the year, net of tax		3,273,443	371,217
Total comprehensive income for the year		(9,262,839)	(5,800,187)
Loss for the year is attributable to:			
Non-controlling interest		350,860	(57,330)
Owners of Lithium Power International Limited		(12,887,142)	(6,114,074)
		(12,536,282)	(6,171,404)
Total comprehensive income for the year is attributable to:			
Continuing operations		–	–
Discontinued operations		413,034	4,051
Non-controlling interest		413,034	4,051
Continuing operations		(9,042,006)	(6,110,047)
Discontinued operations		(633,867)	305,809
Owners of Lithium Power International Limited		(9,675,873)	(5,804,238)
		(9,262,839)	(5,800,187)

		Consolidated	
	Note	2022	2021
		Cents	Cents
Loss per share for loss from continuing operations attributable to the owners of Lithium Power International Limited			
Basic loss per share	32	(3.702)	(2.219)
Diluted loss per share	32	(3.702)	(2.219)
Earnings per share for profit from discontinued operations attributable to the owners of Lithium Power International Limited			
Basic earnings per share	32	(0.071)	0.057
Diluted earnings per share	32	(0.071)	0.057
Loss per share for loss attributable to the owners of Lithium Power International Limited			
Basic loss per share	32	(3.773)	(2.161)
Diluted loss per share	32	(3.773)	(2.161)

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		Consolidated	
	Note	2022	2021
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	8	6,428,908	6,280,656
Receivables	9	138,663	16,250
Other	10	1,125,729	188,424
		7,693,300	6,485,330
Assets of disposal groups classified as held for sale	11	4,585,737	1,067,140
Total current assets		12,279,037	7,552,470
Non-current assets			
Investments accounted for using the equity method	12	30,378,797	28,594,937
Property, plant and equipment	13	6,164	24,180
Exploration and evaluation	14	–	3,326,785
Total non-current assets		30,384,961	31,945,902
Total assets		42,663,998	39,498,372
Liabilities			
Current liabilities			
Trade and other payables	15	666,426	322,160
Employee benefits		94,584	82,065
		761,010	404,225
Liabilities directly associated with assets classified as held for sale	16	36,582	45,119
Total current liabilities		797,592	449,344
Total liabilities		797,592	449,344
Net assets		41,866,406	39,049,028
Equity			
Issued capital	17	89,392,042	77,402,542
Reserves	18	11,225,887	8,977,351
Accumulated losses		(58,751,523)	(47,147,839)
Equity attributable to the owners of Lithium Power International Limited		41,866,406	39,232,054
Non-controlling interest		–	(183,026)
Total equity		41,866,406	39,049,028

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2020	69,612,965	7,964,415	(41,033,765)	(187,077)	36,356,538
Loss after income tax expense for the year	–	–	(6,114,074)	(57,330)	(6,171,404)
Other comprehensive income for the year, net of tax	–	309,836	–	61,381	371,217
Total comprehensive income for the year	–	309,836	(6,114,074)	4,051	(5,800,187)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 17)	7,789,577	–	–	–	7,789,577
Share-based payments (note 33)	–	703,100	–	–	703,100
Balance at 30 June 2021	77,402,542	8,977,351	(47,147,839)	(183,026)	39,049,028

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2021	77,402,542	8,977,351	(47,147,839)	(183,026)	39,049,028
Profit/(loss) after income tax expense for the year	–	–	(12,887,142)	350,860	(12,536,282)
Other comprehensive income for the year, net of tax	–	3,211,269	–	62,174	3,273,443
Total comprehensive income for the year	–	3,211,269	(12,887,142)	413,034	(9,262,839)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 17)	11,989,500	–	–	–	11,989,500
Share-based payments (note 33)	–	320,725	–	–	320,725
Derecognition of non-controlling interests on disposal of subsidiary	–	–	–	(230,008)	(230,008)
Transfer from reserves to accumulated losses on disposal of subsidiary (note 18)	–	(1,283,458)	1,283,458	–	–
Balance at 30 June 2022	89,392,042	11,225,887	(58,751,523)	–	41,866,406

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

		Consolidated	
	Note	2022	2021
		\$	\$
Cash flows from operating activities			
Payments to suppliers (inclusive of GST)		(3,612,082)	(2,362,166)
Interest received		17,332	40,553
Other revenue		18,574	–
Interest and other finance costs paid		(10,383)	(20,768)
Income taxes refunded		21	11
Net cash used in operating activities	30	(3,586,538)	(2,342,370)
Cash flows from investing activities			
Payment for purchase of subsidiary, net of cash acquired	27	(230,801)	–
Payments for joint venture capital invested	12	(8,361,029)	(6,524,704)
Payments for property, plant and equipment	13	(121,356)	(6,236)
Payments for exploration and evaluation	14	(738,089)	(205,777)
Proceeds from sale of subsidiary, net of cash disposed	7	1,235,064	–
Proceeds from disposal of investments		–	458,828
Net cash used in investing activities		(8,216,211)	(6,277,889)
Cash flows from financing activities			
Proceeds from issue of shares	17	12,625,000	8,340,000
Share issue transaction costs	17	(635,500)	(550,423)
Net cash from financing activities		11,989,500	7,789,577
Net increase/(decrease) in cash and cash equivalents		186,751	(830,682)
Cash and cash equivalents at the beginning of the financial year		6,310,876	7,141,558
Effects of exchange rate changes on cash and cash equivalents		49,454	–
Cash and cash equivalents at the end of the financial year	8	6,547,081	6,310,876

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

for the period ended 30 June 2022

NOTE 1. GENERAL INFORMATION

The financial statements cover Lithium Power International Limited as a consolidated entity consisting of Lithium Power International Limited (Company or parent entity) and the entities it controlled at the end of, or during, the period (collectively referred to as the consolidated entity). The financial statements are presented in Australian dollars, which is Lithium Power International Limited's functional and presentation currency.

Lithium Power International Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 7, 151 Macquarie Street
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activity are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 14 September 2022. The directors have the power to amend and reissue the financial statements.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The consolidated entity has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

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

BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

HISTORICAL COST CONVENTION

The financial statements have been prepared under the historical cost convention.

CRITICAL ACCOUNTING ESTIMATES

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

Notes to the Financial Statements

30 June 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

PARENT ENTITY INFORMATION

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

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Lithium Power International Limited as at 30 June 2022 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

OPERATING SEGMENTS

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers (CODM). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

FOREIGN CURRENCY TRANSLATION

The financial statements are presented in Australian dollars, which is Lithium Power International Limited's functional and presentation currency.

FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

FOREIGN OPERATIONS

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

REVENUE RECOGNITION

The consolidated entity recognises revenue as follows:

REVENUE FROM CONTRACTS WITH CUSTOMERS

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

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

INTEREST

Interest revenue is recognised as interest accrued using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

OTHER REVENUE

Other revenue is recognised when it is received or when the right to receive payment is established.

INCOME TAX

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

DISCONTINUED OPERATIONS

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

CURRENT AND NON-CURRENT CLASSIFICATION

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Notes to the Financial Statements

30 June 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

TRADE AND OTHER RECEIVABLES

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

DERIVATIVE FINANCIAL INSTRUMENTS

HEDGES OF A NET INVESTMENT

Hedges of a net investment in a foreign operation include monetary items that are considered part of the net investment. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised directly in equity whilst gains or losses relating to the ineffective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recognised directly in equity is transferred to profit or loss.

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

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

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

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

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

JOINT VENTURES

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

INVESTMENTS AND OTHER FINANCIAL ASSETS

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

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

FINANCIAL ASSETS AT AMORTISED COST

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

IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	3–7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

LEASES

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

EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the period in which the decision is made.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Notes to the Financial Statements

30 June 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

FINANCE COSTS

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

OTHER LONG-TERM EMPLOYEE BENEFITS

The liability employee benefits not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

DEFINED CONTRIBUTION SUPERANNUATION EXPENSE

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

SHARE-BASED PAYMENTS

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

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

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

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

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

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

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

FAIR VALUE MEASUREMENT

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

ISSUED CAPITAL

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

EARNINGS PER SHARE

BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to the owners of Lithium Power International Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

DILUTED EARNINGS PER SHARE

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming conversion of all dilutive potential ordinary shares.

GOODS AND SERVICES TAX (GST) AND OTHER SIMILAR TAXES

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies, if disclosed, are net of the amount of GST recoverable from, or payable to, the tax authority.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET MANDATORY OR EARLY ADOPTED

The new and amended standards and interpretations applicable to the consolidated entity that are issued, but not yet effective, up to the date of issuance of the consolidated entity's financial statements are disclosed below. The consolidated entity intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Title	Description	Effective date	Operating year	Note
AASB 2020-3	Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments	1 January 2022	30 June 2023	(i)
AASB 2021-2	Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	1 January 2023	30 June 2024	(i)
AASB 2020-1	Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current	1 January 2023	30 June 2024	(ii)

(i) The amendments are not expected to have a material impact on the consolidated entity's financial statements.

(ii) The consolidated entity will assess the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Notes to the Financial Statements

30 June 2022

NOTE 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

SHARE-BASED PAYMENT TRANSACTIONS

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted.

IMPAIRMENT OF NON-FINANCIAL ASSETS OTHER THAN GOODWILL AND OTHER INDEFINITE LIFE INTANGIBLE ASSETS

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

EXPLORATION AND EVALUATION COSTS

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

NOTE 4. OPERATING SEGMENTS

IDENTIFICATION OF REPORTABLE OPERATING SEGMENTS

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

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

NOTE 5. EXPENSES

	Consolidated	
	2022	2021
	\$	\$
Loss before income tax from continuing operations includes the following specific expenses:		
Leases		
Short-term lease payments	167,560	113,482
Superannuation expense		
Defined contribution superannuation expense	74,936	59,469
Share-based payments expense		
Share-based payments expense	320,725	703,100
Net foreign exchange loss/(gain)		
Net foreign exchange loss/(gain)	6,761,955	1,573,149

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

NOTE 6. INCOME TAX EXPENSE

	Consolidated	
	2022	2021
	\$	\$
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense from continuing operations	(12,644,918)	(6,276,631)
Profit before income tax expense from discontinued operations	108,636	105,227
	(12,536,282)	(6,171,404)
Tax at the statutory tax rate of 30%	(3,760,885)	(1,851,421)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible share-based payments	96,218	210,930
Share of losses – joint venture	819,558	590,187
Non-deductible meals and entertainment	4,284	6,703
	(2,840,825)	(1,043,601)
Current period tax losses not recognised	2,840,825	1,043,601
Income tax expense	–	–

Notes to the Financial Statements

30 June 2022

NOTE 6. INCOME TAX EXPENSE CONTINUED

	Consolidated	
	2022 \$	2021 \$
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	22,314,770	19,473,945
Potential tax benefit at statutory tax rates	6,694,431	5,842,183

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

	Consolidated	
	2022 \$	2021 \$
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Exploration and evaluation assets	76,877	(36,671)
Accrued expenses	23,896	28,986
Tax losses	6,694,431	5,842,183
Capital expenditure deductible over 5 years	764,152	764,152
Total deferred tax assets not recognised	7,559,356	6,598,650

The above potential tax benefit, which includes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

NOTE 7. DISCONTINUED OPERATIONS

Discontinued operations comprise:

- the demerger of Western Lithium Pty Ltd; and
- the disposal of Lithium Power Holdings (Argentina) Pty Ltd.

DEMERGER OF WESTERN LITHIUM PTY LTD (FORMERLY LITHIUM POWER WA HOLDINGS PTY LTD)

On 12 January 2022, the Company announced that its wholly owned subsidiary, Western Lithium Pty Ltd, will demerge from the consolidated entity and seek to list on the Australian Securities Exchange. Existing shareholders of the Company will receive shares in the newly listed entity on a pro-rata basis via a capital reduction and in-specie distribution, subject to shareholder and regulatory approvals. The demerger is expected to complete during the year ended 30 June 2023, subject to market conditions.

DISPOSAL OF LITHIUM POWER HOLDINGS (ARGENTINA) PTY LTD

On 14 May 2021, the consolidated entity entered into an agreement to dispose of its 70% interest in Lithium Power Holdings (Argentina) Pty Ltd and its subsidiary Lithium Power S.A. (Argentina) to Vertex Lithium Corporation ('Vertex'), a Canadian based company. Total consideration of \$1,242,381 was received in cash, comprising of the following components:

- Cash payments of USD\$700,000;
- USD\$40,000 to cover the costs to execute the transaction; and
- USD\$198,946, which was received in lieu of CAD\$250,000 worth of fully paid ordinary shares in Vertex which the consolidated entity elected to receive in cash, due to the delay of the initial public offering of Vertex on the Toronto Stock Exchange.

On 24 November 2021, the transaction was completed and control of Lithium Power Holdings (Argentina) Pty Ltd and its subsidiary Lithium Power S.A. (Argentina) was transferred to Vertex.

FINANCIAL PERFORMANCE INFORMATION	Consolidated	
	2022 \$	2021 \$
Interest revenue	17,125	29,329
Net fair value gain on shares in Carnaby Resources Ltd (note A)	–	296,328
Other income	18,225	–
Total other income	18,225	296,328
Legal and professional fees	(239,404)	(89,391)
Administration expenses	(1,810)	(3,334)
Net foreign exchange losses	(784,605)	(108,359)
Other expenses	(529)	(1,646)
Finance costs	(7,168)	(17,700)
Total expenses	(1,033,516)	(220,430)
Profit/(loss) before income tax expense	(998,166)	105,227
Income tax expense	–	–
Profit/(loss) after income tax expense	(998,166)	105,227
Gain on disposal before income tax	1,106,802	–
Income tax expense	–	–
Gain on disposal after income tax expense	1,106,802	–
Profit after income tax expense from discontinued operations	108,636	105,227

NOTE A.

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

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

CASH FLOW INFORMATION	Consolidated	
	2022 \$	2021 \$
Net cash used in operating activities	(287,436)	(152,460)
Net cash from/(used in) investing activities	144,818	(3,820)
Net cash from financing activities	–	168,484
Net increase/(decrease) in cash and cash equivalents from discontinued operations	(142,618)	12,204

Notes to the Financial Statements

30 June 2022

NOTE 7. DISCONTINUED OPERATIONS CONTINUED

CARRYING AMOUNTS OF ASSETS AND LIABILITIES DISPOSED	Consolidated	
	2022 \$	2021 \$
Cash and cash equivalents	7,317	–
Trade and other receivables	60,146	–
Exploration and evaluation	844,721	–
Total assets	912,184	–
Trade and other payables	9,912	–
Total liabilities	9,912	–
Net assets	902,272	–

DETAILS OF THE DISPOSAL	Consolidated	
	2022 \$	2021 \$
Total sale consideration	1,242,381	–
Carrying amount of net assets disposed	(902,272)	–
Reclassification of foreign currency reserve	536,685	–
Derecognition of non-controlling interest	230,008	–
Gain on disposal before income tax	1,106,802	–
Gain on disposal after income tax	1,106,802	–

NOTE 8. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	Consolidated	
	2022 \$	2021 \$
Cash at bank	6,428,908	6,280,656
Reconciliation to cash and cash equivalents at the end of the financial year		
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:		
Balances as above	6,428,908	6,280,656
Cash and cash equivalents – classified as held for sale (note 11)	118,173	30,220
Balance as per statement of cash flows	6,547,081	6,310,876

NOTE 9. CURRENT ASSETS – RECEIVABLES

	Consolidated	
	2022	2021
	\$	\$
GST receivable	138,663	–
Other receivables	–	16,250
	138,663	16,250

NOTE 10. CURRENT ASSETS – OTHER

	Consolidated	
	2022	2021
	\$	\$
Prepayments	1,053,714	116,409
Other current assets	72,015	72,015
	1,125,729	188,424

NOTE 11. CURRENT ASSETS – ASSETS OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

	Consolidated	
	2022	2021
	\$	\$
Cash and cash equivalents	118,173	30,220
Receivables	21,624	50,114
Income tax receivable	–	21
Other current assets	–	141,859
Property, plant and equipment	112,473	–
Exploration and evaluation	4,333,467	844,926
	4,585,737	1,067,140

As at 30 June 2022, assets held for sale represents the assets of Western Lithium Pty Ltd. During the current year the Company announced its intention to divest its interest in Western Lithium Pty Ltd. The transaction is expected to be completed during the financial year ending 30 June 2023. Refer to note 7 for further details.

As at 30 June 2021, assets held for sale represents the assets of Lithium Power Holdings (Argentina) Pty Ltd and its subsidiary Lithium Power S.A. (Argentina). The consolidated entity disposed of its 70% interest in Lithium Power Holdings (Argentina) Pty Ltd and its subsidiary Lithium Power S.A. (Argentina) to Vertex Lithium Corporation during the financial year ending 30 June 2022. Refer to note 7 for further details.

Notes to the Financial Statements

30 June 2022

NOTE 12. NON-CURRENT ASSETS – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Consolidated	
	2022	2021
	\$	\$
Investment in the Maricunga Joint Venture	30,378,797	28,594,937
Reconciliation		
Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:		
Opening carrying amount	28,594,937	25,074,882
Share of loss after tax	(2,731,859)	(1,967,291)
Additional investment	8,361,029	6,524,704
Foreign exchange differences	(3,845,310)	(1,037,358)
Closing carrying amount	30,378,797	28,594,937

Refer to note 29 for further information on interests in joint venture.

The consolidated entity, through the Company's subsidiary entity Lithium Power Inversiones Chile S.p.A ('LPI Chile'), has a 51.55% (30 June 2021: 51.43%) interest in the Maricunga Lithium Brine Project in Chile (the Maricunga Joint Venture ('JV')). The JV is constituted by the JV Shareholder Agreement of the Joint Venture Company, Minera Salar Blanco S.A. ('MSB'). The consolidated entity's interest in MSB is deemed to be a joint venture pursuant to accounting standards as the appointment of MSB's directors and the allocation of voting rights for key business decisions requires the unanimous approval of its venturers.

The funds contributed by the consolidated entity to date (US\$42.5 million) have been used by MSB to acquire additional tenements and to fund the exploration and development of the Maricunga Lithium Brine Project including an initial Definitive Feasibility Study, issued during January 2019, the finalising of the Environmental Impact Assessment, approved February 2020, and additional deep drilling program for Stage One, of the staged development of the project, resulting in a 90% increase in JORC resource, released in September 2021 and the release of an updated Definitive Feasibility Study, released January 2022.

During the financial year ended 30 June 2022, the MSB JV partners, LPI Chile and Minera Blanco, contributed capital to the JV. The consolidated entity's contribution of capital was US\$6,125,000 (AUD\$8,361,029), comprising:

- (i) US\$1,600,000 paid on 15 July 2021 for LPI's pro rata share of the US\$3,100,000 MSB capital call;
- (ii) US\$284,828 paid on 4 January 2022 for LPI's pro rata share of the US\$552,500 MSB capital call;
- (iii) US\$815,172 paid on 4 January 2022, representing a capital advancement to MSB. A promissory note from MSB to LPI, representing the capital advanced by LPI, has been established in MSB. LPI's capital advancements will be settled by way of a transaction discount when LPI's proposed acquisition of the joint venture partners occurs* or through settlement of the promissory note in the event that the proposed acquisition will not eventuate;
- (iv) US\$1,925,000 paid on 7 March 2022, representing a capital advancement to MSB. A promissory note from MSB to LPI, representing the capital advanced by LPI, has been established in MSB. LPI's capital advancements will be settled by way of a transaction discount when LPI's proposed acquisition of the joint venture partners occurs* or through settlement of the promissory note in the event that the proposed acquisition will not eventuate; and
- (v) US\$1,500,000 paid on 26 April 2022, representing a capital advancement to MSB. A promissory note from MSB to LPI, representing the capital advanced by LPI, has been established in MSB. LPI's capital advancements will be settled by way of a transaction discount when LPI's proposed acquisition of the joint venture partners occurs* or through settlement of the promissory note in the event that the proposed acquisition will not eventuate.

* On 22 June, the consolidated entity announced its intention to consolidate 100% ownership of the Maricunga lithium brine project by a three-party all-scrip merger with its JV Partners to acquire the remaining 48.45% of the JV company which is expected to complete during the financial year ending 30 June 2023. Refer to 'Significant changes in the state of affairs' in the Directors' report for further information.

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

NOTE 13. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2022	2021
	\$	\$
Plant and equipment – at cost	22,707	53,648
Less: Accumulated depreciation	(16,543)	(29,468)
	6,164	24,180

RECONCILIATIONS

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

Consolidated	Plant and equipment \$
Balance at 1 July 2020	26,440
Additions	6,236
Depreciation expense	(8,496)
Balance at 30 June 2021	24,180
Additions	121,356
Classified as held for sale	(112,473)
Depreciation – transferred to exploration and evaluation	(23,586)
Depreciation expense	(3,313)
Balance at 30 June 2022	6,164

NOTE 14. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION

	Consolidated	
	2022	2021
	\$	\$
Exploration and evaluation expenditures – at cost	–	3,326,785

Notes to the Financial Statements

30 June 2022

NOTE 14. NON-CURRENT ASSETS - EXPLORATION AND EVALUATION CONTINUED

RECONCILIATIONS

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

Consolidated	Exploration and evaluation expenditures \$
Balance at 1 July 2020	4,199,446
Additions	205,777
Classified as held for sales (note 11)	(844,926)
Disposals	(162,500)
Exchange differences	(71,012)
Balance at 30 June 2021	3,326,785
Additions	1,006,652
Classified as held for sale (note 11)	(4,333,437)
Balance at 30 June 2022	-

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

During the year ended 30 June 2022, following the Company's announcement to demerge its operations in Western Australia, all exploration and evaluation expenditures relating to operations in Western Australia have been classified as assets of disposal groups classified as held for sale (refer to note 11).

Included in additions for the year ended 30 June 2022, is \$245,007 acquired as part of the acquisition of CMC Lithium Pty Ltd. Refer to note 27 for further details.

During the year ended 30 June 2021, disposals represents the disposal of the Strelley tenement, E45/4638, in the north of Western Australia for \$162,500 (refer to note 7).

NOTE 15. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	Consolidated	
	2022 \$	2021 \$
Trade payables	586,771	191,680
Accrued expenses	79,655	96,622
BAS payable	-	20,212
Other payables	-	13,646
	666,426	322,160

Refer to note 17 for further information on financial instruments.

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

	Consolidated	
	2022	2021
	\$	\$
Trade payables	17,380	3,903
Other payables	17,002	41,216
Accrued expenses	2,200	–
	36,582	45,119

As at 30 June 2022, liabilities directly associated with assets classified as held for sale represent the liabilities Western Lithium Pty Ltd. During the year ended the Company announced its intention to divest its interest in Western Lithium Pty Ltd. The transaction is expected to be completed during the financial year ending 30 June 2023, subject to shareholder approval and market conditions. Refer to note 7 for further details.

As at 30 June 2021, liabilities directly associated with assets classified as held for sale represent the liabilities of Lithium Power Holdings (Argentina) Pty Ltd and its subsidiary Lithium Power S.A. (Argentina). The consolidated entity disposed of its 70% interest in Lithium Power Holdings (Argentina) Pty Ltd and its subsidiary Lithium Power S.A. (Argentina) to Vertex Lithium Corporation during the financial year ending 30 June 2022. Refer to note 8 for further details.

NOTE 17. EQUITY - ISSUED CAPITAL

	Consolidated			
	2022	2021	2022	2021
	Shares	Shares	\$	\$
Ordinary shares – fully paid	349,144,848	301,077,539	89,392,042	77,402,542

MOVEMENTS IN ORDINARY SHARE CAPITAL

Details	Date	Shares	Issue price	\$
Balance	1 July 2020	263,013,903		69,612,965
Issue of shares	16 December 2020	35,000,000	\$0.22	7,700,000
Issue of shares on exercise of options	22 December 2020	250,000	\$0.20	50,000
Issue of shares on exercise of options	1 February 2021	1,000,000	\$0.20	200,000
Issue of shares on exercise of options	4 February 2021	450,000	\$0.20	90,000
Issue of shares	29 April 2021	1,363,636	\$0.22	300,000
Less issue costs net of taxation		–		(550,423)
Balance	30 June 2021	301,077,539		77,402,542
Issue of shares	26 August 2021	47,692,309	\$0.26	12,400,000
Issue of shares on exercise of options	24 March 2022	375,000	\$0.60	225,000
Less issue costs net of taxation		–		(635,500)
Balance	30 June 2022	349,144,848		89,392,042

Notes to the Financial Statements

30 June 2022

NOTE 17. EQUITY – ISSUED CAPITAL CONTINUED

ORDINARY SHARES

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

CAPITAL RISK MANAGEMENT

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the Company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short-term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is not subject to any financing arrangement covenants.

The capital risk management policy remains unchanged from the 30 June 2021 Annual Report.

NOTE 18. EQUITY – RESERVES

	Consolidated	
	2022 \$	2021 \$
Foreign currency translation reserve	4,004,810	793,541
Share-based payments reserve	4,022,524	3,701,799
Options reserve	3,198,553	3,198,553
Other reserve	–	1,283,458
	11,225,887	8,977,351

FOREIGN CURRENCY TRANSLATION RESERVE

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

SHARE-BASED PAYMENTS RESERVE

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

OPTIONS RESERVE

The reserve is used to recognise the value of equity benefits provided to shareholders who received a one for one attaching option for each share acquired in the Company.

OTHER RESERVE

This reserve is used to recognise the difference between the fair value of consideration received and the carrying value of the net assets and foreign currency translation reserve transferred to non-controlling interests.

MOVEMENTS IN RESERVES

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency \$	Share-based payments \$	Options \$	Other \$	Total \$
Balance at 1 July 2020	483,705	2,998,699	3,198,553	1,283,458	7,964,415
Foreign currency translation	309,836	–	–	–	309,836
Share-based payments	–	703,100	–	–	703,100
Balance at 30 June 2021	793,541	3,701,799	3,198,553	1,283,458	8,977,351
Foreign currency translation	3,747,954	–	–	–	3,747,954
Derecognition of foreign currency reserve on disposal of subsidiary	(536,685)	–	–	–	(536,685)
Share-based payments	–	320,725	–	–	320,725
Transfer to accumulated losses on disposal of subsidiary with non-controlling interests	–	–	–	(1,283,458)	(1,283,458)
Balance at 30 June 2022	4,004,810	4,022,524	3,198,553	–	11,225,887

NOTE 19. EQUITY – DIVIDENDS

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

NOTE 20. FINANCIAL INSTRUMENTS

FINANCIAL RISK MANAGEMENT OBJECTIVES

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

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

MARKET RISK

FOREIGN CURRENCY RISK

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

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

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were not significant. However, as at the 30 June 2022, there exists a US dollar denominated intercompany loan granted by Lithium Power International Limited to its wholly owned subsidiary, Lithium Power Inversiones Chile S.p.A. The loan balance at 30 June 2022 is US\$49.7 million (30 June 2021: US\$42.1 million).

Notes to the Financial Statements

30 June 2022

NOTE 20. FINANCIAL INSTRUMENTS CONTINUED

The sensitivity analysis for foreign exchange risk of the consolidated entities intercompany loans is as follows:

	AUD strengthened			AUD weakened		
	% change	Effect on profit before tax	Effect on equity	% change	Effect on profit before tax	Effect on equity
Consolidated – 2022						
US Dollar	5%	(3,435,428)	(3,435,428)	5%	3,797,053	3,797,053
Consolidated – 2021						
US dollar	5%	(2,669,141)	(2,669,141)	5%	2,950,104	2,950,104

PRICE RISK

The consolidated entity is not exposed to any significant price risk.

INTEREST RATE RISK

The consolidated entity is not exposed to any significant interest rate risk.

CREDIT RISK

The consolidated entity is not exposed to any significant credit risk.

LIQUIDITY RISK

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

REMAINING CONTRACTUAL MATURITIES

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
Consolidated – 2022	%	\$	\$	\$	\$	\$
Non-derivatives						
Non-interest bearing						
Trade payables	–	604,151	–	–	–	604,151
Other payables	–	96,657	–	–	–	96,657
Total non-derivatives		700,808	–	–	–	700,808
Consolidated – 2021	%	\$	\$	\$	\$	\$
Non-derivatives						
Non-interest bearing						
Trade payables	–	195,583	–	–	–	195,583
Other payables	–	54,862	–	–	–	54,862
Total non-derivatives		250,445	–	–	–	250,445

NOTE 21. FAIR VALUE MEASUREMENT

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

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

NOTE 22. KEY MANAGEMENT PERSONNEL DISCLOSURES

COMPENSATION

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

	Consolidated	
	2022	2021
	\$	\$
Short-term employee benefits	866,666	815,000
Post-employment benefits	66,667	56,288
Share-based payments	320,725	703,100
	1,254,058	1,574,388

NOTE 23. REMUNERATION OF AUDITORS

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

	Consolidated	
	2022	2021
	\$	\$
Audit services – Ernst & Young		
Audit or review of the financial statements	69,000	76,434
Other services – Ernst & Young		
Other assurance services	160,000	–
Tax compliance and advisory services	125,000	16,200
	285,000	16,200
	354,000	92,634
Audit services – network firms		
Audit or review of the financial statements	26,000	–
Other services – network firms		
Tax compliance and advisory services	111,000	–
	137,000	–

NOTE 24. CONTINGENT LIABILITIES

There were no contingent liabilities as at 30 June 2022 and 30 June 2021.

Notes to the Financial Statements

30 June 2022

NOTE 25. RELATED PARTY TRANSACTIONS

PARENT ENTITY

Lithium Power International Limited is the parent entity.

SUBSIDIARIES

Interests in subsidiaries are set out in note 28.

JOINT VENTURES

Interests in joint ventures are set out in note 29.

KEY MANAGEMENT PERSONNEL

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

TRANSACTIONS WITH RELATED PARTIES

The following transactions occurred with related parties:

	Consolidated	
	2022	2021
	\$	\$
Payment for other expenses:		
Rental expense paid to director related entity*	156,000	109,500

* This relates to rental expenditure for 4 offices in a shared office space. Rent is charged at \$12,000 (excluding GST) per month and the lease may be cancelled or the terms varied on 3 months' notice.

RECEIVABLE FROM AND PAYABLE TO RELATED PARTIES

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

LOANS TO/FROM RELATED PARTIES

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

TERMS AND CONDITIONS

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

NOTE 26. PARENT ENTITY INFORMATION

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Parent	
	2022	2021
	\$	\$
Loss after income tax	(3,792,420)	(2,856,249)
Total comprehensive income	(3,792,420)	(2,856,249)

STATEMENT OF FINANCIAL POSITION	Parent	
	2022 \$	2021 \$
Total current assets	78,865,924	68,265,805
Total assets	80,331,882	71,561,094
Total current liabilities	1,515,897	1,262,914
Total liabilities	1,515,897	1,262,914
Equity		
Issued capital	89,392,042	77,402,542
Share-based payments reserve	4,022,524	3,701,799
Options reserve	3,198,553	3,198,553
Accumulated losses	(17,797,134)	(14,004,714)
Total equity	78,815,985	70,298,180

GUARANTEES ENTERED INTO BY THE PARENT ENTITY IN RELATION TO THE DEBTS OF ITS SUBSIDIARIES

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2022 and 30 June 2021.

CONTINGENT LIABILITIES

The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

CAPITAL COMMITMENTS – PROPERTY, PLANT AND EQUIPMENT

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 and 30 June 2021.

SIGNIFICANT ACCOUNTING POLICIES

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

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

Notes to the Financial Statements

30 June 2022

NOTE 27. ACQUISITION OF CMC LITHIUM PTY LTD

On 30 June 2022, the consolidated entity, through Lithium Power WA Holdings Pty Ltd, acquired 100% of the ordinary shares of CMC Lithium Pty Ltd ('CMC') for the total consideration transferred of \$321,413. CMC has Lithium mining tenements in Western Australia, which will add an extra 365km² of prospective ground to the consolidated entity's existing tenements in Western Australia. The transaction did not represent a business combination in accordance with AASB 3 'Business Combinations', on the basis that the activities of CMC do not constitute a business. Instead, the acquisition of CMC is treated as an acquisition of assets. At the date of acquisition the assets and liabilities are recognised and measured at their relative fair value rather than at fair value.

Details of the assets and liabilities acquired are as follows:

	Relative fair value of assets acquired \$
Cash and cash equivalents	90,612
Receivables	5,374
Exploration and evaluation	245,007
Trade payable	(17,380)
Accrued expenses	(2,200)
Net assets acquired	321,413
Cash used to acquire the net assets, net of cash acquired:	
Carrying value of net assets acquired	321,413
Less: cash and cash equivalents	(90,612)
	230,801

NOTE 28. INTERESTS IN SUBSIDIARIES

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

Name	Principal place of business/ Country of incorporation	Ownership interest	
		2022 %	2021 %
Lithium Power Inversiones Chile S.p.A	Chile	100%	100%
Western Lithium Pty Ltd*	Australia	100%	100%
CMC Lithium Pty Ltd	Australia	100%	–

* Formerly Lithium Power WA Holdings Pty Ltd

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

Name	Principal place of business/ Country of incorporation	Principal activities	Parent		Non-controlling interest	
			Ownership interest 2022 %	Ownership interest 2021 %	Ownership interest 2022 %	Ownership interest 2021 %
Lithium Power International (Argentina) Pty Ltd	Australia	Holding company	–	70	–	30
Lithium Power S.A.	Argentina	Exploration	–	70	–	30

* Ownership interest sold during the year ended 30 June 2022.

NOTE 29. INTERESTS IN JOINT VENTURE

Interests in joint venture is accounted for using the equity method of accounting. Information relating to joint ventures that are material to the consolidated entity are set out below:

Name	Principal place of business/ Country of incorporation	Ownership interest	
		2022 %	2021 %
Maricunga Joint Venture	Chile	51.55	51.43
		Maricunga Joint Venture	
		2022	2021
SUMMARISED FINANCIAL INFORMATION		\$	\$
Summarised statement of financial position			
Cash and cash equivalents		1,142,522	545,148
Other current assets		2,327,287	2,054,792
Exploration and evaluation assets		40,788,591	38,544,971
Other non-current assets		41,128	40,707
Total assets		44,299,528	41,185,618
Current liabilities		7,440,655	3,809,042
Total liabilities		7,440,655	3,809,042
Net assets		36,858,873	37,376,576
Summarised statement of profit or loss and other comprehensive income			
Expenses		(5,299,909)	(3,785,605)
Loss before income tax		(5,299,909)	(3,785,605)
Other comprehensive income		–	–
Total comprehensive income		(5,299,909)	(3,785,605)
Reconciliation of the consolidated entity's carrying amount			
Opening carrying amount		28,594,937	25,074,882
Share of loss after income tax		(2,731,859)	(1,967,291)
Additional investment		8,361,029	6,524,704
Exchange differences		(3,845,310)	(1,037,358)
Closing carrying amount		30,378,797	28,594,937

CONTINGENT LIABILITIES

The consolidated entity has no contingent liabilities relating to the joint venture as at 30 June 2022 and 30 June 2021.

COMMITMENTS

The consolidated entity has no commitments relating to the joint venture as at 30 June 2022 and 30 June 2021 other than those disclosed in note 12.

SIGNIFICANT RESTRICTIONS

As at 30 June 2022 and 30 June 2021 there are no significant restrictions on the ability of the joint venture to transfer funds to the consolidated entity.

Notes to the Financial Statements

30 June 2022

NOTE 30. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES

	Consolidated	
	2022	2021
	\$	\$
Loss after income tax expense for the year	(12,536,282)	(6,171,404)
Adjustments for:		
Depreciation and amortisation	3,313	8,496
Share of loss – joint ventures	2,731,859	1,967,291
Share-based payments	320,725	703,100
Foreign exchange differences	7,606,189	1,479,587
Net gain on disposal of investments	(1,106,802)	(296,328)
Change in operating assets and liabilities:		
Decrease/(increase) in receivables	(148,695)	8,343
Decrease in income tax refund due	21	11
Increase in prepayments	(937,305)	(39,168)
Decrease/(increase) in other operating assets	141,859	(115,638)
Increase in trade and other payables	326,061	73,513
Increase in employee benefits	12,519	39,827
Net cash used in operating activities	(3,586,538)	(2,342,370)

NOTE 31. NON-CASH INVESTING AND FINANCING ACTIVITIES

	Consolidated	
	2022	2021
	\$	\$
Additions to Exploration and evaluation assets	23,586	–

NOTE 32. EARNINGS PER SHARE

	Consolidated	
	2022	2021
	\$	\$
Loss per share for loss from continuing operations		
Loss after income tax attributable to the owners of Lithium Power International Limited	(12,644,918)	(6,276,631)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	341,554,384	282,862,695
Weighted average number of ordinary shares used in calculating diluted earnings per share	341,554,384	282,862,695
	Cents	Cents
Basic loss per share	(3.702)	(2.219)
Diluted loss per share	(3.702)	(2.219)

	Consolidated	
	2022	2021
	\$	\$
Earnings per share for profit from discontinued operations		
Profit after income tax	108,636	105,227
Non-controlling interest	(350,860)	57,330
Profit/(loss) after income tax attributable to the owners of Lithium Power International Limited	(242,224)	162,557
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	341,554,384	282,862,695
Weighted average number of ordinary shares used in calculating diluted earnings per share	341,554,384	282,862,695
	Cents	Cents
Basic earnings per share	(0.071)	0.057
Diluted earnings per share	(0.071)	0.057
	Consolidated	
	2022	2021
	\$	\$
Loss per share for loss for the year		
Loss after income tax	(12,536,282)	(6,171,404)
Non-controlling interest	(350,860)	57,330
Loss after income tax attributable to the owners of Lithium Power International Limited	(12,887,142)	(6,114,074)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	341,554,384	282,862,695
Weighted average number of ordinary shares used in calculating diluted earnings per share	341,554,384	282,862,695
	Cents	Cents
Basic loss per share	(3.773)	(2.161)
Diluted loss per share	(3.773)	(2.161)

Nil (30 June 2021: 6,750,000) options and 12,500,000 share appreciation rights (30 June 2021: 12,500,000) on issue have been excluded from the weighted average number of ordinary shares used in calculating diluted loss per share as they are considered anti-dilutive.

Notes to the Financial Statements

30 June 2022

NOTE 33. SHARE BASED PAYMENTS

Options and share appreciation rights granted to other key management personnel and external parties

- On 27 November 2019, 6,000,000; 4,000,000 and 2,500,000 share appreciation rights ('SARs') were granted to Cristobal Garcia-Huidobro R, Richard A Crookes and Andrew G Phillips respectively. The SARs are equally allocated to 2 tranches, the first tranche vests on 31 December 2020 and the second tranche vests on 30 June 2022. The SARs have an exercise price of \$0.40 and can be converted into ordinary shares of the Company or cash at the discretion of the Company.
- On 23 August 2019, the Company granted 750,000 options to RK Equities. The options vested immediately, had an exercise price of \$0.60 and 375,000 were exercised with the remaining 375,000 expiring on 31 March 2022.
- On 28 November 2018, the Company granted 2,000,000 options to each of the newly appointed directors Cristobal Garcia-Huidobro R, Richard A Crookes and Martin Jose Domingo Borda M as a sign-on incentive. The options vested immediately, had an exercise price of \$0.60 and expired on 27 November 2021.
- On 2 March 2018, Canaccord Genuity (Australia) Ltd, was granted 2,000,000 options and 1,000,000 options at an exercise price of \$0.60 and \$0.80 respectively and with an expiry date of 6 July 2020 as a management fee for coordinating the November 2017 underwritten capital raise and option conversion. The options expired on 6 July 2020.
- On 6 July 2017 the Company granted 2,000,000 options to each of the newly appointed directors David R Hannon and Russell C Barwick as a sign-on incentive. The options vested immediately, had an exercise price of \$0.60 and expired on 6 July 2020.
- On 5 April 2016, the Company granted 3,916,667 options to certain key management personnel and external advisors, for services provided in connection with the successful completion of the IPO. Each option entitles the holder to purchase one ordinary share for between \$0.20 and \$0.60 per share. Options were granted at the time the shares were initially issued and vest upon listing on the ASX or over a 2 year period, with an expiry date of five years from listing, without restrictions. The options expired on 24 June 2021.
- On 21 and 25 September 2015, as an incentive for agreeing to provide initial funding to the company, the company granted each founder and pre-seed equity purchaser with 1 option for every 2 shares acquired. Each option entitles the holder to purchase one ordinary share for \$0.20. All of the options were granted at the time the shares were initially issued and became exercisable upon listing on the ASX, with an expiry five years from listing, without restrictions. 1,700,000 were exercised during the year ended 30 June 2021 and all remaining options expired on 24 June 2021.

Set out below are summaries of options granted:

2022							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
28/11/2018	27/11/2021	\$0.80	6,000,000	–	–	(6,000,000)	–
23/08/2019	31/03/2022	\$0.60	750,000	–	(375,000)	(375,000)	–
			6,750,000	–	(375,000)	(6,375,000)	–
Weighted average exercise price			\$0.78	\$0.00	\$0.60	\$0.79	\$0.00
2021							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
21/09/2015	24/06/2021	\$0.20	24,900,001	–	(1,700,000)	(23,200,001)	–
25/09/2015	24/06/2021	\$0.20	1,940,000	–	–	(1,940,000)	–
05/04/2016	24/06/2021	\$0.20	3,500,000	–	–	(3,500,000)	–
05/04/2016	24/06/2021	\$0.40	250,000	–	–	(250,000)	–
05/04/2016	24/06/2021	\$0.60	166,667	–	–	(166,667)	–
06/07/2017	06/07/2020	\$0.60	4,000,000	–	–	(4,000,000)	–
02/03/2018	06/07/2020	\$0.60	2,000,000	–	–	(2,000,000)	–
02/03/2018	06/07/2020	\$0.80	1,000,000	–	–	(1,000,000)	–
28/11/2018	27/11/2021	\$0.80	6,000,000	–	–	–	6,000,000
23/08/2019	31/03/2022	\$0.60	750,000	–	–	–	750,000
			44,506,668	–	(1,700,000)	(36,056,668)	6,750,000
Weighted average exercise price			\$0.33	\$0.00	\$0.20	\$0.29	\$0.78

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

Grant date	Expiry date	2022 Number	2021 Number
28/11/2018	27/11/2021	–	6,000,000
27/11/2019	31/03/2022	–	750,000
		–	6,750,000

The weighted average remaining contractual life of options outstanding at the end of the financial period was nil years (2021: 0.8 years).

Set out below are summaries of share appreciation rights granted:

2022							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
27/11/2019	30/06/2023	\$0.40	12,500,000	–	–	–	12,500,000
			12,500,000	–	–	–	12,500,000
2021							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
27/11/2019	30/06/2023	\$0.40	12,500,000	–	–	–	12,500,000
			12,500,000	–	–	–	12,500,000

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

Grant date	Expiry date	2022 Number	2021 Number
27/11/2019	30/06/2023	12,500,000	6,250,000
		12,500,000	6,250,000

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 1 year (2021: 2 years).

NOTE 34. EVENTS AFTER THE REPORTING PERIOD

On 7 July 2022, the consolidated entity announced the acquisition of two tenements (E15/1772 and E31/1250) in the Eastern Goldfields region of Western Australia from Lysander Lithium Pty Ltd, in exchange for \$75,000 in cash and 389,611 ordinary shares in the Company. At the time of the signing of this report, the consideration for this transaction is yet to be completed, due to the prerequisite transfer of license and/or assignment of Native Title Agreements and Access Agreements, which are still in progress.

On 9 September 2022 firm commitments were received from institutional, sophisticated and professional investors to raise approximately A\$25 million via a share Placement at A\$0.60 per share. 41,666,667 shares relating to this Placement, are to be issued on or around 16 September 2022.

Funds raised via the Placement will primarily be used to progress with the development and expand and accelerate the Maricunga project. Specifically, funds will be applied to the operational and pre-construction costs for the 100% consolidated Maricunga project and the increased operational compliance costs associated with the acquisition of the ownership of the Chilean and Canadian joint venture partners in the Maricunga project.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



David R Hannon
Chairman

14 September 2022
Sydney

Independent auditor's report to the members of Lithium Power International Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Lithium Power International Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2022 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Valuation of equity accounted investment

Why significant

The Group's equity accounted investment in the Maricunga Joint Venture (the "JV") of \$30.38 million as at 30 June 2022, represents 71% of total assets.

Subsequent to initial recognition at cost, the value of the investment in the consolidated financial statements includes the Group's share of the profit or loss and other comprehensive income of the equity accounted investment.

As disclosed in the financial report, the Directors assess the Group's equity accounted investment for indicators of impairment at each balance date. This involves assessment of any potential indications of impairment including (but not limited to) significant changes to the market, economic or legal environments in which the Group and the JV operate. This assessment determines whether an impairment assessment is required.

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

How our audit addressed the key audit matter

Our audit procedures included the following:

- ▶ Recalculated the Group's share of equity accounted losses during the year.
- ▶ Assessed whether the methodology used by the Group to identify indicators of impairment met the requirements of Australian Accounting Standards.
- ▶ Evaluated the Group's assessment of indicators of impairment at year-end. This included consideration of valuations performed by specialists engaged by management, market announcements made by the Group and Board meeting minutes throughout the year and through to the date of this report for any facts or circumstances that would indicate any indicators of impairment.
- ▶ Evaluated the adequacy of the related disclosures in the financial report.

Assets and liabilities of disposal group held for sale

Why significant

The Group has classified all of the assets (\$4.58 million) and liabilities (\$0.04 million) of its subsidiary Western Lithium Limited (WLL) as a disposal group held for sale as at 30 June 2022.

The Group also determined that WLL is a separate major geographical area of operations and accordingly has presented its results for the current and comparative periods within the profit after income tax expense from discontinued operations line item.

As a result of having classified the disposal group as being held for sale the Group was required to determine that the net assets are carried at the lesser of their carrying value and fair value less costs of distribution. No adjustments were required to the carrying values.

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

How our audit addressed the key audit matter

Our audit procedures included the following:

- ▶ Confirmed the criteria required to classify the disposal group as held for sale had been met as at 30 June 2022.
- ▶ With assistance from our valuations specialists and having regard to valuations performed by management and their specialists, assessed whether the methodology used by the Group to ensure the disposal group is carried at the lesser of its' carrying value and fair value less costs of distribution met the requirements of Australian Accounting Standards.
- ▶ Assessed whether the results of WLL were appropriately carved out of continuing operations and presented net of taxation within profit after income tax from discontinued operations in both the current and comparative periods.
- ▶ Evaluated the adequacy of the related disclosures in the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2022 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

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

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Lithium Power International Limited for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Ernst & Young



Scott Nichols
Partner
Sydney
14 September 2022

Shareholder Information

The shareholder information set out below was applicable as at 13 September 2022.

DISTRIBUTION OF EQUITABLE SECURITIES

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

	Ordinary shares		Number of holders of rights over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total rights issued
1 to 1,000	836	0.14	–	–
1,001 to 5,000	2,785	2.13	–	–
5,001 to 10,000	1,304	2.98	–	–
10,001 to 100,000	2,034	18.71	–	–
100,001 and over	302	76.04	3	100.00
	7,261	100.00	3	100.00
Holding less than a marketable parcel	217	–	–	–

Shareholder Information

EQUITY SECURITY HOLDERS

TWENTY LARGEST QUOTED EQUITY SECURITY HOLDERS

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
BNP Paribas Noms Pty Ltd (DRP)	26,227,732	7.51
Chifley Portfolios Pty Limited (David Hannon Retirement A/C)	21,485,888	6.15
Citicorp Nominees Pty Limited	19,038,385	5.45
Treasury Services Group Pty Ltd (Nero Resource Fund A/C)	16,469,314	4.72
Minera Salar Blanco SPA	16,227,273	4.65
Nabide Pty Limited (The Griffith Family A/C)	11,833,132	3.39
BNP Paribas Nominees Pty Ltd ACF Clearstream	7,744,185	2.22
G Harvey Nominees Pty Ltd (Harvey 1995 Disc A/C)	6,498,576	1.86
HSBC Custody Nominees (Australia) Limited	6,006,610	1.72
Merrill Lynch (Australia) Nominees Pty Limited	5,458,610	1.56
BNP Paribas Nominees Pty Ltd (IB AU Noms Retail client DRP)	5,008,727	1.43
J P Morgan Nominees Australia Pty Limited	4,748,765	1.36
Morgan Stanley Australia Securities (Nominee) Pty Limited (No 1 Account)	4,111,356	1.18
HSBC Custody Nominees (Australia) Limited	3,557,272	1.02
UBS Nominees Pty Ltd	3,069,953	0.88
HSBC Custody Nominees (Australia) Limited - A/C 2	2,563,223	0.73
Mr Andrew Phillips	2,396,136	0.69
Mr Henry Thesman Theos	2,096,000	0.60
Mr Stephen Ross Carew (BMS A/C)	2,000,000	0.57
Brojo Investments Pty Ltd (B & J Lyons Family A/C)	1,900,000	0.54
	168,441,137	48.23

UNQUOTED EQUITY SECURITIES

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

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

Name	Class	Number held
Cristobal Garcia-Huidobro R	Share appreciation rights over ordinary shares	6,000,000
Richard A Crookes	Share appreciation rights over ordinary shares	4,000,000
Andrew G Phillips	Share appreciation rights over ordinary shares	2,500,000

SUBSTANTIAL HOLDERS

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
BNP Paribas Noms Pty Ltd (DRP)	26,227,732	7.51
Chifley Portfolios Pty Limited (David Hannon Retirement A/C)	21,485,888	6.15
Citicorp Nominees Pty Limited	19,038,385	5.45

VOTING RIGHTS

The voting rights attached to ordinary shares are set out below:

ORDINARY SHARES

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.



COMPETENT PERSON STATEMENTS

The information contained in this Annual Report for the year ended 30 June 2022, relating to Exploration Targets, Exploration Results and Resources has been compiled by Murray R Brooker. Mr Brooker is a Geologist and Hydrogeologist and is a Member of the Australian Institute of Geoscientists (AIG) and the International Association of Hydrogeologists (IAH). Mr Brooker has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). The Resource estimation was undertaken by Atacama Waters Consultants of Santiago, Chile (formally FloSolutions).

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

The information contained in this Annual Report for the year ended 30 June 2022, relating to Reserves has been compiled by Frits Reidel. Mr Reidel is a Hydrogeologist and is a Certified Professional Geologist of the American Institute of Professional Geologists (AIPG). Mr Reidel is the Principal Hydrogeologist of Atacama Waters Consultants (Chile) (formally FloSolutions) and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). The Reserve estimation was undertaken by Atacama Waters Consultants of Santiago, Chile (formally FloSolutions) working with DHI of Lima, Peru.

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





REGISTERED OFFICE

Level 7, 151 Macquarie Street, Sydney NSW 2000

Telephone: +61 2 9089 8723

Facsimile: +61 2 9276 1284

Website: www.lithiumpowerinternational.com



ANNUAL REPORT

to 30 JUNE 2021

Corporate Directory

DIRECTORS

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

COMPANY SECRETARY

Mr Andrew G Phillips

REGISTERED OFFICE

Level 7, 151 Macquarie Street
Sydney NSW 2000

Tel: +61 2 9089 8723
Fax: +61 2 9276 1284

SHARE REGISTER

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000

Tel: +61 2 9290 9600
Fax: +61 2 9279 0664

AUDITOR

Ernst & Young
The EY Centre, Level 34, 200 George Street
Sydney NSW 2000

SOLICITORS

Ashurst Australia
5 Martin Place
Sydney NSW 2000
Tel: +61 2 9258 6000

Philippi Prietocarrizosa
Ferrero DU & Uria
Av. El Golf 40, Piso 20
Santiago, Chile
Tel: +562 2364 3700
Fax: +562 2364 3796

Becketts Lawyers
Level 21, 90 Collins Street
Melbourne VIC 3000
Tel: +61 3 9960 7700

Mitrani Caballero
Ruiz Moreno
Bouchard 680, Piso 12
Buenos Aires, Argentina
Tel: +54 11 4590 8600
Fax: +54 11 4590 8601

STOCK EXCHANGE LISTING

Lithium Power International Limited shares
are listed on the Australian Securities
Exchange (ASX code: LPI)

WEBSITE

www.lithiumpowerinternational.com

Contents

BUSINESS OBJECTIVES

Lithium Power International Limited has used cash and cash equivalents held at the time of listing and the time since listing to explore, develop and seek to acquire lithium tenements in South America and Australia, in a way consistent with the business objectives as listed on the Company's website. The Company's focus is the development of its Maricunga Lithium Brine project in Chile, through its 51.43% owned Joint Venture company Minera Salar Blanco S.A.

CORPORATE GOVERNANCE STATEMENT

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

The Group's Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed and ASX Appendix 4G are released to the ASX on the same day the Annual Report is released. The Corporate Governance Statement and Corporate Governance Compliance Manual has been updated to consider recommended changes by the ASX. These changes have been adopted by the Board and have been uploaded to the company's website and can be found on the 'Who We Are' page at www.lithiumpowerinternational.com.

Corporate Directory	i
Chairman's Letter	2
CEO's Report	5
Directors' Report	17
Auditor's Independence Declaration	29
Statement of profit or loss and other comprehensive income	30
Statement of financial position	32
Statement of changes in equity	33
Statement of cash flows	34
Notes to the financial statements	35
Directors' Declaration	61
Independent Auditor's Report to the members of Lithium Power International Limited	63
Shareholder Information	69
Competent Persons Statement	72

Chairman's Letter

Dear Shareholders,

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

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

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

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

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

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

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

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



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

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

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

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

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

Yours sincerely,



David R Hannon

Chairman

30 September 2021

Sydney



WESTERN AUSTRALIA PROJECT LOCATIONS



SOUTH AMERICAN PROJECT LOCATION

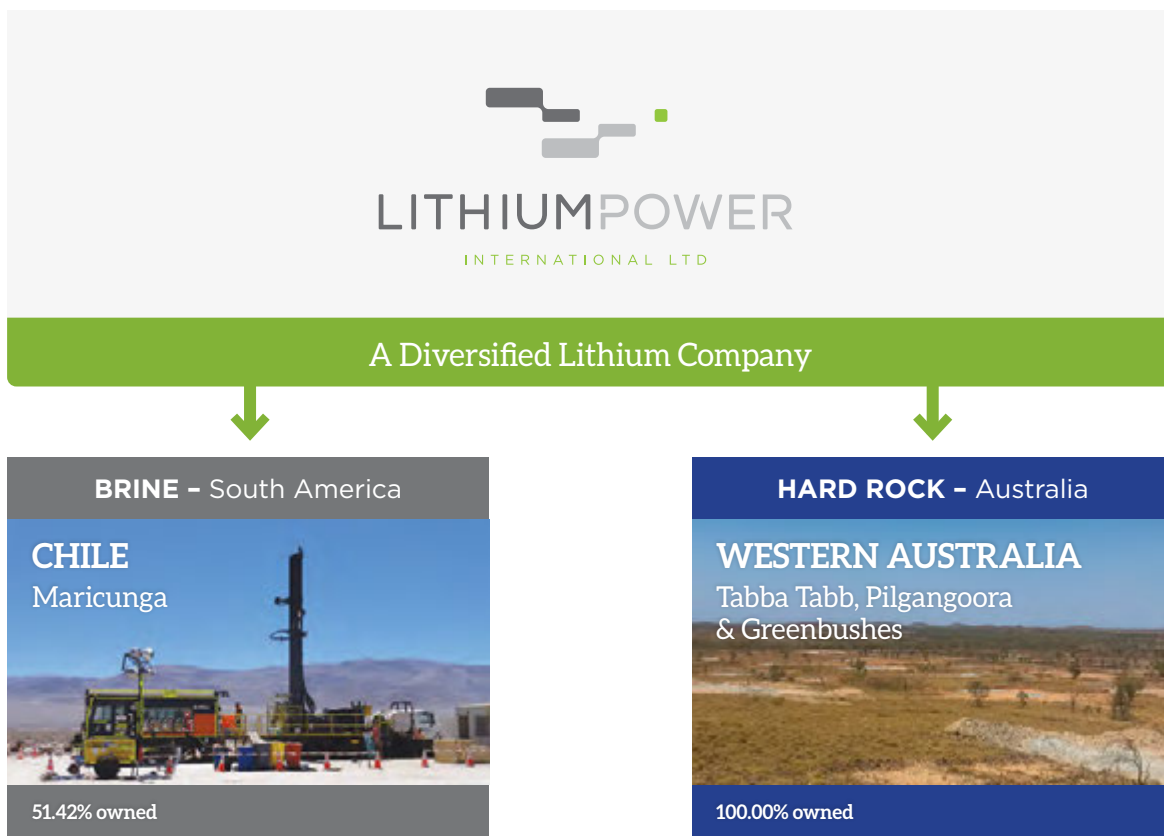


CEO's Report

COMPANY OVERVIEW

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

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



MARICUNGA PROJECT – CHILE

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

OWNERSHIP STRUCTURE

The Company continues to hold 51.43 per cent ownership of the Maricunga Joint Venture Company, Minera Salar Blanco S.A. (MSB). The remaining shareholding in MSB remains unchanged, with Minera Blanco (a private company owned by Mr Martin Borda, who is also a director of LPI) holding 31.23 per cent and Toronto-listed company Bearing Lithium holding 17.35 per cent.



FIGURE 1: MARICUNGA JV OWNERSHIP STRUCTURE

FINANCIAL OVERVIEW – UPDATED DEFINITIVE FEASIBILITY STUDY (“DFS”)

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

MEMORANDUM OF UNDERSTANDING SIGNED WITH MITSUI

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

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

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

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

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

PRODUCTION PROCESS DESIGN

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

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

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



FIGURE 2: EXPLORATION DIAMOND CORE HOLES - DRILLING SAMPLES

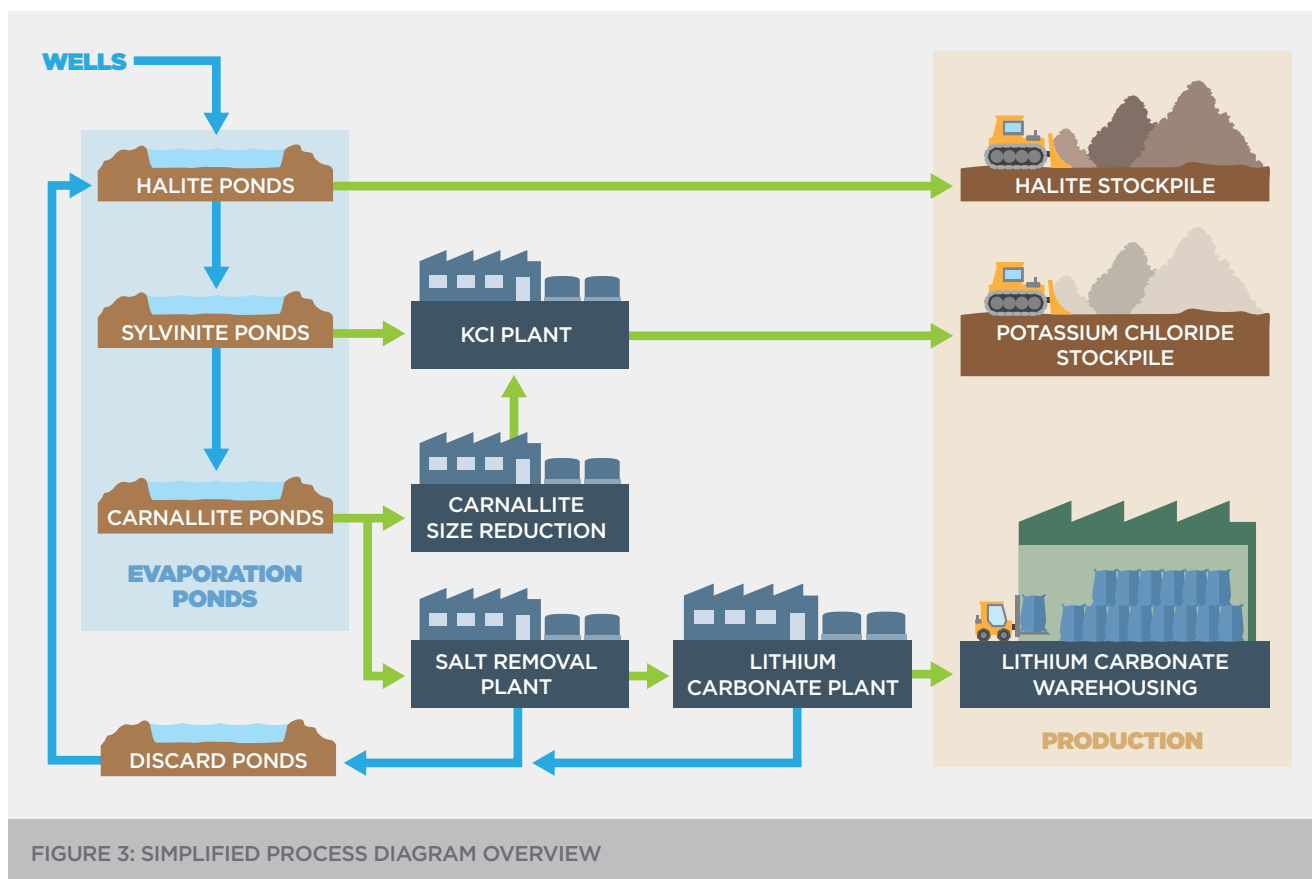


FIGURE 3: SIMPLIFIED PROCESS DIAGRAM OVERVIEW

DRILLING PROGRAM PROGRESS

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

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

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

TABLE 1: AVERAGE LITHIUM AND POTASSIUM CONCENTRATIONS

	B mg/l	Ca mg/l	Cl mg/l	Li mg/l	Mg mg/l	K mg/l	Na mg/l	SO₄ mg/l	Density g/cm ³
Max	1,993	36,950	233,800	3,375	21,800	20,640	105,815	2,820	1.31
Average	499	12,460	194,907	989	6,297	7,118	91,447	700	1.20
Min	234	6,765	145,954	513	3,150	2,940	41,050	259	1.16



FIGURE 4: EXPLORATION DIAMOND CORE HOLES – MAJOR DRILLING

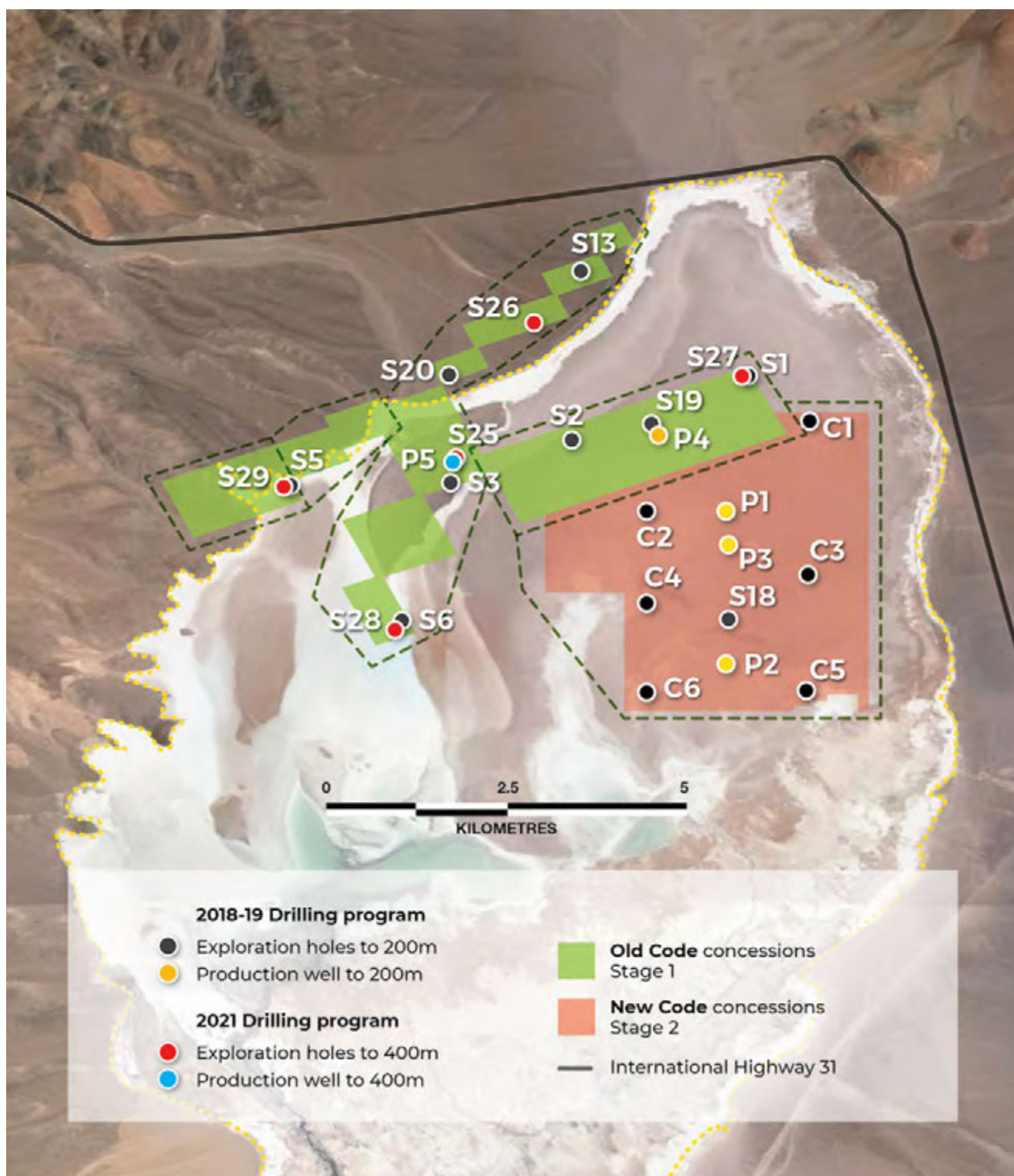


FIGURE 5: LOCATION OF 2018-19 AND 2021 DRILL HOLES

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

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

ARGENTINA

CENTENARIO – SALTA PROVINCE, ARGENTINA

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

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

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

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

The transaction is expected to complete in 2022.

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

WESTERN AUSTRALIA

PILGANGOORA

PILBARA, WA

The 100 per cent-owned Pilgangoora tenement is situated adjacent to Pilbara Minerals’ and Altura Mining’s lithium pegmatite deposits. An initial drilling program was undertaken in 2018, without any conclusive results. Additional mapping and sampling on the Pilgangoora property may occur in the up-coming year.

GREENBUSHES PROJECT

GREENBUSHES, WA

The 100 per cent-owned Greenbushes tenements contain large strike lengths of the same rock suite that hosts the Talison Greenbushes lithium mine, the world’s largest lithium producer. The Company is taking a systemic exploration approach to identify prospective areas that can be explored in more detail. Desktop analysis have been undertaken, and consultations have been held with the Western Australian Department of Conservation and Land Management to finalise a Conservation Management Plan for the properties. Final Ministerial approval is pending.

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





BLACKWOOD PROSPECT, DETAILED MAGNETIC SURVEY GREENBUSHES, WA

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



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

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

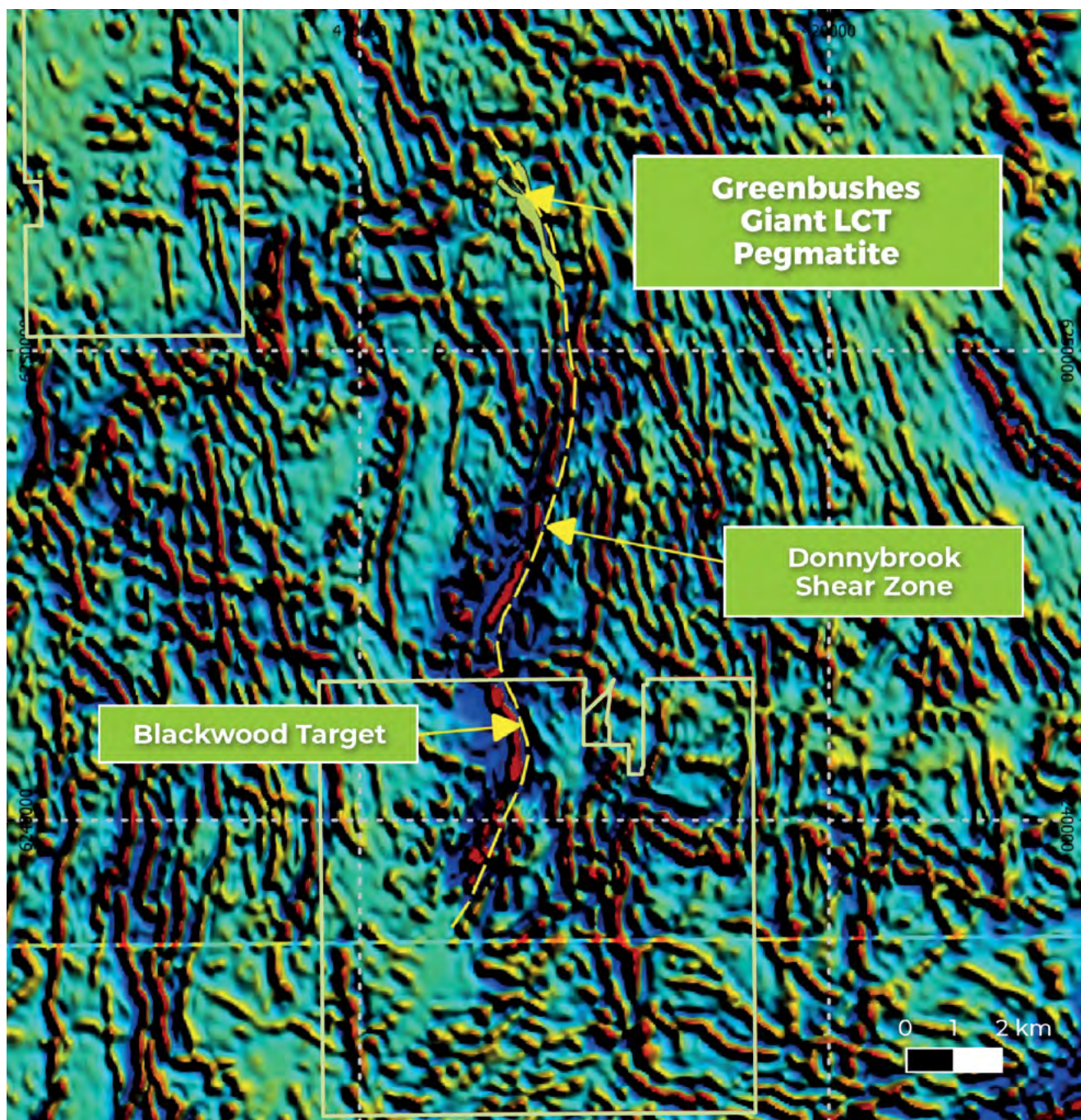


FIGURE 7: THE BLACKWOOD PROSPECT LIES ON THE DONNYBROOK SHEAR ZONE, WHICH HOSTS THE GREENBUSHES MINE, SHOWN OVER THE REGIONAL RTP IVD COLLIE & PEMBERTON MAGNETIC IMAGES.

EAST KIRUP PROSPECT, FAUNA SURVEY AND DRILLING GREENBUSHES, WA

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

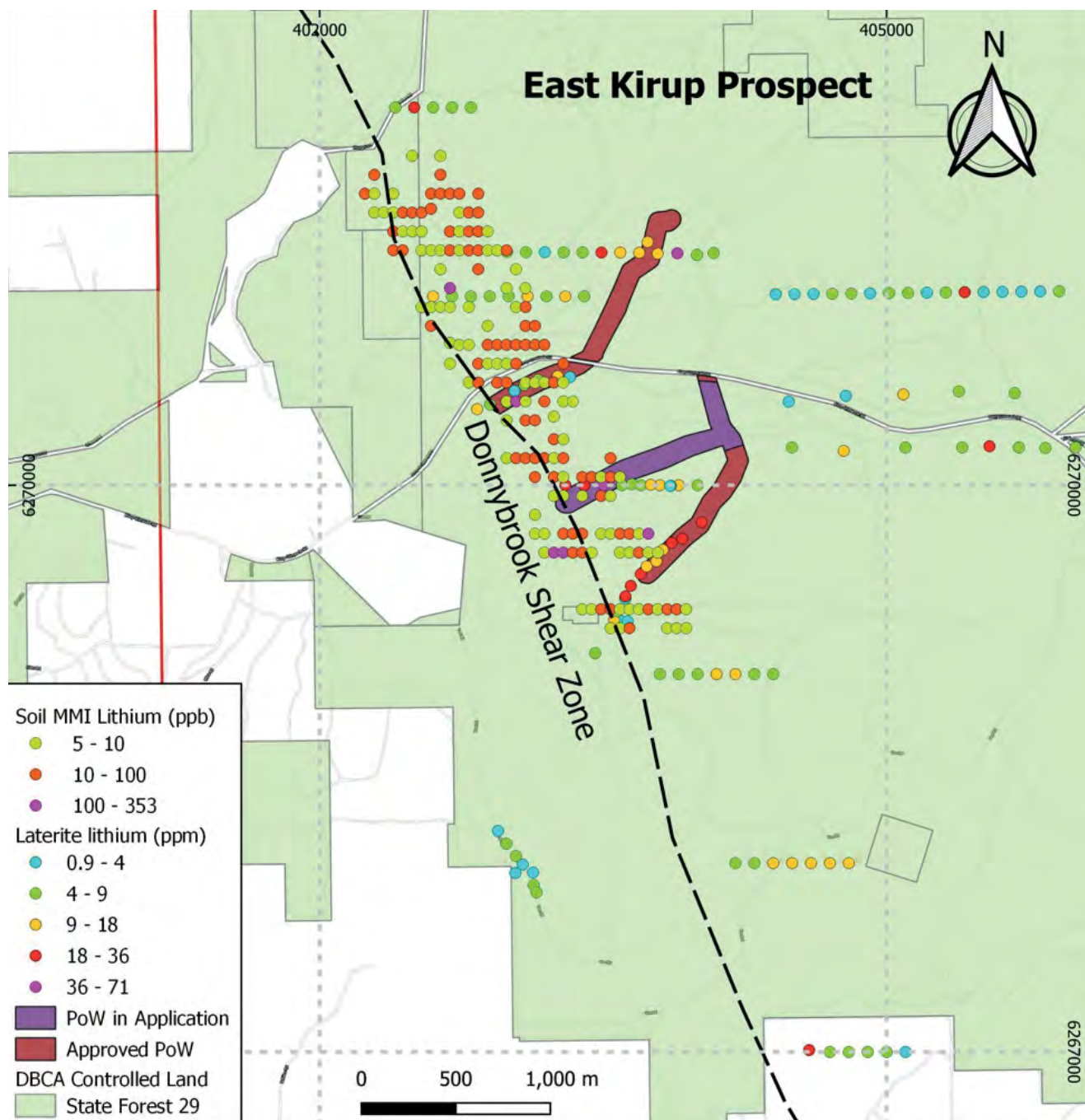


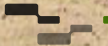
FIGURE 8: SAMPLING AT EAST KIRUP PROSPECT AND PLANNED AND APPROVED POW FOR Q4 ON THE DSZ.

SUMMARY

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



FIGURE 9: PUMP TEST AT MARICUNGA



Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the consolidated entity) consisting of Lithium Power International Limited (referred to hereafter as the Company, LPI or parent entity) and the entities it controlled at the end of, or during, the period ended 30 June 2021.

DIRECTORS

The following persons were directors of Lithium Power International Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr David R Hannon – Non-Executive Chairman

Mr Cristobal Garcia-Huidobro R – Managing Director and Chief Executive Officer

Mr Andrew G Phillips – Executive Director and Chief Financial Officer

Mr Richard A Crookes – Executive Director – Corporate Finance

Mr Reccared P Fertig – Non-Executive Director

Mr Russell C Barwick – Non-Executive Director

Mr Martin Jose Domingo Borda M – Non-Executive Director

PRINCIPAL ACTIVITY

During the financial year the principal activity of the Company consisted of the identification, acquisition, exploration and development of lithium assets in Chile, Argentina and Australia.

DIVIDENDS

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

REVIEW OF OPERATIONS

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to \$6,114,074 (30 June 2020: \$12,972,177).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

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

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

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

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

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

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

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

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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

ENVIRONMENTAL REGULATION

The Company is subject to and compliant with all aspects of environmental regulation of its exploration and mining activities. The directors are not aware of any environmental law that is not being complied with.

INFORMATION ON DIRECTORS

DAVID R HANNON

NON-EXECUTIVE CHAIRMAN

Mr Hannon holds a Bachelor of Economics from Macquarie University and is a Fellow of the Financial Services Institute of Australia (FINSIA). Mr Hannon commenced his commercial career as a stockbroker/investment banker in 1985. He later became a director of a private investment bank specialising in venture capital with a focus on the mining sector. Mr Hannon has operated a private investment group, Chifley Investor Group Pty Limited for over 15 years.

Mr Hannon's other listed mining company experience involves being a founding director of Atlas Iron Limited (Atlas) in 2004. Mr Hannon remained a member of the Atlas Board for 10 years and was Chairman while it maintained its position as a member of the ASX 100 Index with a market capitalisation of over \$2 billion. Throughout this period Mr Hannon held various positions including Chairman of the Audit Committee and Chairman of the Nominations and Remunerations Committee. While Atlas embarked upon an iron ore growth strategy of its Pilbara assets it became the fourth largest iron ore producer in Australia.

Other current directorships: None

Former directorships (last 3 years): None

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

Interests in shares: 22,686,797 ordinary shares

Interests in options: None

CRISTOBAL GARCIA-HUIDOBRO R

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

In addition to this role in the Company, Mr Garcia-Huidobro is currently Chief Executive Officer and Director of LPI's Joint Venture Company MSB. He has led the MSB team in the exploration and development program of the Maricunga salar. Mr Garcia-Huidobro is a qualified Civil Engineer with 18 years' experience in developing and financing of Mining, Energy, Infrastructure, Finance and Property projects. He is formerly CIO of investment company Centinela and Board or committee member of several mining, property and agricultural funds in North and South America.

Other current directorships: None

Former directorships (last 3 years): None

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

Interests in shares: 613,636 ordinary shares

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

Interests in rights: 6,000,000 rights over ordinary shares

ANDREW G PHILLIPS

EXECUTIVE DIRECTOR, COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER (CFO)

Mr Phillips has over 25 years' international commercial experience previously working in senior financial and commercial management positions with a number of public and multinational companies in Australia and New Zealand with extensive networks throughout Asia. He has served in the past as a director and/or company secretary for a number of ASX listed Companies.

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

Former directorships (last 3 years): None

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

Interests in shares: 2,396,136 ordinary shares

Interests in options: None

Interests in rights: 2,500,000 rights over ordinary shares

RICHARD A CROOKES

EXECUTIVE DIRECTOR - CORPORATE FINANCE

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

Other current directorships: Highfield Resources Ltd (ASX: HFR) (appointed on 16 May 2013); Black Rock Mining (ASX: BKT) (appointed on 16 October 2017)

Former directorships (last 3 years): None

Special responsibilities: None

Interests in shares: 113,636 ordinary shares

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

Interests in rights: 4,000,000 rights over ordinary shares

RECCARED (RICKY) P FERTIG

NON-EXECUTIVE DIRECTOR

Mr Fertig is a senior executive with over 30 years' international commercial experience across the property, healthcare and mining services sector. He is the Chief Executive Officer of Adrenna Property Group, a Johannesburg property fund. He was also Founder and Chairman of Quyn International Outsource, a South African-based human resource group that has over 3,000 employees in Southern Africa, servicing the mining, construction and commercial industries. During his career Mr Fertig was also CEO of Colliers International Southern Africa for 15 years, one of the leading property and facilities management companies in Southern Africa. He was also a founder and Chairman of East Sydney Private Hospital in Sydney, Australia.

Other current directorships: None

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

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

Interests in shares: 18,050,620 ordinary shares

Interests in options: None

RUSSELL C BARWICK

NON-EXECUTIVE DIRECTOR

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

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

Former directorships (last 3 years): None

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

Interests in shares: 753,588 ordinary shares

Interests in options: None

Directors' Report

to 30 June 2021

MARTIN JOSE DOMINGO BORDA M

NON-EXECUTIVE DIRECTOR

Mr Borda owns, through his private company, 30.98% of the Maricunga Joint Venture Company, MSB. Mr Borda is Chairman and major shareholder of Santiago stock exchange listed company Multiexport Foods S.A. (Multifoods) which is one of the largest salmon farmers and exporters in Chile.

Other current directorships: Multiexport Foods S.A. (Multifoods.SN on the Santiago stock exchange)

Former directorships (last 3 years): None

Special responsibilities: Director on the Maricunga Joint Venture Board

Interests in shares: 16,227,273 ordinary shares

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

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

COMPANY SECRETARY

Mr Andrew G Phillips is an experienced company secretary and occupies this role along with being an executive director of the Company. Refer to Information on Directors for further details on Mr Phillips.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors (the Board) held during the year ended 30 June 2021, and the number of meetings attended by each director were:

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

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

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

REMUNERATION REPORT (AUDITED)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors (the Board) ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage/alignment of executive compensation; and
- transparency.

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

The Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

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

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

The reward framework is designed to align executive reward to shareholders' interests. The Committee has considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

NON-EXECUTIVE DIRECTORS REMUNERATION

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Committee. The Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. Under the Company's Constitution and an increase approved at the Annual General Meeting of Shareholders on 27 November 2019, the total aggregate remuneration available to non-executive directors was set at \$750,000 per annum. In light of COVID-19, it was agreed that all non-executive director fees (directors' fees and committee fees) would be reduced for the first six months of the financial year ended 30 June 2021 and revert back to the former contracted levels for the second six months of the financial year. The proposed fees for non-executive directors for the year ended 30 June 2022 remain unchanged and are summarised as follows:

Name	FY 2022 Fees
David R Hannon	\$150,000
Reccared P Fertig	\$150,000
Russell C Barwick	\$100,000
Martin Jose Domingo Borda M	\$100,000

From time to time options are awarded to newly appointed non-executive directors. Such options are issued to attract high calibre directors to the board.

Directors' Report

to 30 June 2021

EXECUTIVE REMUNERATION

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits;
- short-term performance incentives;
- share-based payments; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The long-term incentives ('LTI') includes share-based payments. Shares are awarded to executives at the discretion of the Committee and based on long-term incentive measures. Options were awarded to executives and vested upon successful completion of the initial public offering ('IPO') or over a 5 year vesting period. Options vesting upon completion of the IPO are held in escrow for between 12 and 24 months from the vesting date, as required by the ASX. These Options expired on 24 June 2021 and were not converted to shares. All other options granted to key management personnel vest immediately when granted and expire between 1 and 3 years from the grant date. The Committee reviewed the long-term equity-linked performance incentives specifically for executives for the period ended 30 June 2021.

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

USE OF REMUNERATION CONSULTANTS

During the financial year ended 30 June 2021, the consolidated entity did not engage remuneration consultants to review its existing remuneration policies and provide recommendations on how to improve both the STI and LTI programs.

VOTING AND COMMENTS MADE AT THE COMPANY'S 2020 ANNUAL GENERAL MEETING (AGM)

At the 2020 AGM, 96.34% of the votes received supported the adoption of the remuneration report for the year period 30 June 2020. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

DETAILS OF REMUNERATION

AMOUNTS OF REMUNERATION

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the Company consisted of the following directors of Lithium Power International Limited:

- David R Hannon – Non-Executive Chairman
- Cristobal Garcia-Huidobro R – Managing Director and Chief Executive
- Andrew G Phillips – Executive Director, Company Secretary and Chief Financial Officer
- Richard A Crookes – Executive Director - Corporate Finance
- Reccared P Fertig – Non-Executive Director
- Russell C Barwick – Non-Executive Director
- Martin Jose Domingo Borda M – Non-Executive Director

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

Directors' Report

to 30 June 2021

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

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

SERVICE AGREEMENTS

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

CRISTOBAL GARCIA-HUIDOBRO R

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Agreement commenced: 16 October 2018

Term of agreement: No fixed term

Details: Base salary of \$100,000 per annum for LPI representation for non-Chilean joint venture responsibilities, equal to approximately 25% of a full-time equivalent role. The remainder of Mr Garcia-Huidobro's salary is paid directly by the Chilean joint venture. 2,000,000 sign-on options at a strike price of \$0.60 were granted following shareholder approval at the 2018 AGM. 6,000,000 Share Appreciation Rights at a strike price of \$0.40 were granted on 27 November 2019 following shareholder approval at the 2019 AGM. Base salary is to be reviewed from time to time by the Board in accordance with the constitution and policies and/or should the time commitment alter. As from April 2020, consistent with the Company's COVID-19 cost saving measures Mr Garcia-Huidobro voluntarily took a temporary 30% salary cut, until 31 December 2020. Mr Garcia-Huidobro and the Company may terminate the agreement at any time and for any reason by giving 6 months' written notice. Mr Garcia-Huidobro's employment may otherwise be terminated at any time for cause by notice to Mr Garcia-Huidobro from the Company.

ANDREW G PHILLIPS

EXECUTIVE DIRECTOR, COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

Agreement commenced: 1 August 2015

Term of agreement: No fixed term

Details: Base salary, reviewed on 1 January 2018, of \$250,000 plus superannuation, plus 1,500,000 sign-on options at a strike price of \$0.20 were granted at the time of the IPO. 2,500,000 Share Appreciation Rights at a strike price of \$0.40 were granted on 27 November 2019 following shareholder approval at the 2019 AGM. Base salary is to be reviewed from time to time by the Board in accordance with constitution and policies. As from April 2020, consistent with the Company's COVID-19 cost saving measures Mr Phillips voluntarily took a temporary 30% salary cut, until 31 December 2020. Mr Phillips and the Company may terminate the agreement at any time and for any reason by giving 12 months' written notice to the other party. Mr Phillips' employment may otherwise be terminated at any time for cause by notice to Mr Phillips from the Company.

RICHARD A CROOKES

EXECUTIVE DIRECTOR – CORPORATE FINANCE

Agreement commenced: 25 October 2018

Term of agreement: No fixed term

Details: Base salary of \$100,000 plus superannuation, equal to approximately 20% of a full-time equivalent role (reduced from \$150,000 plus superannuation, equal to approximately 40% of a full-time equivalent role). 2,000,000 sign-on options at a strike price of \$0.60 were issued following shareholder approval at the 2018 AGM. 4,000,000 Share Appreciation Rights at a strike price of \$0.40 were issued on 27 November 2019 following shareholder approval at the 2019 AGM. Base salary is to be reviewed from time to time by the Board in accordance with the constitution and policies and should the time commitment alter. As from April 2020, consistent with the Company's COVID-19 cost saving measures plus adjustments to his time commitments Mr Crookes voluntarily took a temporary 57% salary cut, until 31 December 2020. Mr Crookes and the Company may terminate the agreement at any time and for any reason by giving 6 months' written notice. Mr Crookes' employment may otherwise be terminated at any time for cause by notice to Mr Crookes from the Company.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

SHARE-BASED COMPENSATION

ISSUE OF SHARES

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2021.

OPTIONS

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

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

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

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

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

Details of options over ordinary shares granted to directors and other key management personnel as part of their remuneration that lapsed and expired during the year ended 30 June 2021 are as follows:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
David R Hannon	2,000,000	06/07/2017	06/07/2017	06/07/2020	\$0.60	\$0.120
Russell C Barwick	2,000,000	06/07/2017	06/07/2017	06/07/2020	\$0.60	\$0.120

Directors' Report

to 30 June 2021

SHARE APPRECIATION RIGHTS

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

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

Share appreciation rights granted carry no dividend or voting rights.

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

ADDITIONAL DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL

SHAREHOLDING

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
David R Hannon	21,576,800	–	1,109,997	–	22,686,797
Cristobal Garcia-Huidobro R	500,000	–	113,636	–	613,636
Andrew G Phillips	2,282,500	–	113,636	–	2,396,136
Richard A Crookes	–	–	113,636	–	113,636
Reccared P Fertig	17,823,347	–	227,273	–	18,050,620
Russell C Barwick	526,315	–	227,273	–	753,588
Martin Jose Domingo Borda M	16,000,000	–	227,273	–	16,227,273
	58,708,962	–	2,132,724	–	60,841,686

OPTION HOLDING

The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

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

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

SHARE APPRECIATION RIGHTS HOLDING

The number of share appreciation rights over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

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

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

During the year ended 30 June 2021, the consolidated entity paid \$109,500 (2020: \$153,000) (inclusive of GST) to DHJPM Pty Ltd (a director related entity of David R Hannon) for the rental of office space. No amounts remain outstanding at 30 June 2021 or 30 June 2020.

THIS CONCLUDES THE REMUNERATION REPORT, WHICH HAS BEEN AUDITED.

SHARES UNDER OPTION

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

Grant date	Expiry date	Exercise price	Number under option
28 November 2018	28 November 2021	\$0.60	6,000,000
23 August 2019	31 March 2022	\$0.60	750,000
			6,750,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

SHARES UNDER SHARE APPRECIATION RIGHTS

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

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

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

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

SHARES ISSUED ON THE EXERCISE OF SHARE APPRECIATION RIGHTS

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

Directors' Report

to 30 June 2021

INDEMNITY AND INSURANCE OF OFFICERS

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 23 to the financial statements.

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

The directors are of the opinion that the services as disclosed in note 23 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

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

AUDITOR'S INDEPENDENCE DECLARATION

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

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

On behalf of the directors



David R Hannon
Chairman

30 September 2021

Sydney

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

As lead auditor for the audit of the financial report of Lithium Power International Limited for the financial year ended 30 June 2021, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Lithium Power International Limited and the entities it controlled during the financial year.



Ernst & Young



Scott Nichols
Partner
Sydney
30 September 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2021

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

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

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

Financial Statements

for the year ended 30 June 2021

STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

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

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2021

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

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

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2021

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

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

for the period ended 30 June 2021

NOTE 1. GENERAL INFORMATION

The financial statements cover Lithium Power International Limited as a consolidated entity consisting of Lithium Power International Limited (Company or parent entity) and the entities it controlled at the end of, or during, the period (collectively referred to as the consolidated entity). The financial statements are presented in Australian dollars, which is Lithium Power International Limited's functional and presentation currency.

Lithium Power International Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 7, 151 Macquarie Street
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activity are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 September 2021. The directors have the power to amend and reissue the financial statements.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The consolidated entity has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

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

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

Conceptual Framework for Financial Reporting (Conceptual Framework)

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

BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

HISTORICAL COST CONVENTION

The financial statements have been prepared under the historical cost convention.

Notes to the Financial Statements

30 June 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

CRITICAL ACCOUNTING ESTIMATES

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

PARENT ENTITY INFORMATION

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

PRINCIPLES OF CONSOLIDATION

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

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

OPERATING SEGMENTS

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers (CODM). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

FOREIGN CURRENCY TRANSLATION

The financial statements are presented in Australian dollars, which is Lithium Power International Limited's functional and presentation currency.

FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

FOREIGN OPERATIONS

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

REVENUE RECOGNITION

The consolidated entity recognises revenue as follows:

REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates

of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

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

INTEREST

Interest revenue is recognised as interest accrued using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

OTHER REVENUE

Other revenue is recognised when it is received or when the right to receive payment is established.

INCOME TAX

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

DISCONTINUED OPERATIONS

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

CURRENT AND NON-CURRENT CLASSIFICATION

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Notes to the Financial Statements

30 June 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

TRADE AND OTHER RECEIVABLES

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

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

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

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

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

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

JOINT VENTURES

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

INVESTMENTS AND OTHER FINANCIAL ASSETS

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

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

FINANCIAL ASSETS AT AMORTISED COST

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

IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	3–7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

LEASES

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

EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the period in which the decision is made.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

FINANCE COSTS

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

OTHER LONG-TERM EMPLOYEE BENEFITS

The liability employee benefits not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Notes to the Financial Statements

30 June 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

DEFINED CONTRIBUTION SUPERANNUATION EXPENSE

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

SHARE-BASED PAYMENTS

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

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

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

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

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

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

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

FAIR VALUE MEASUREMENT

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

ISSUED CAPITAL

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

EARNINGS PER SHARE

BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to the owners of Lithium Power International Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

DILUTED EARNINGS PER SHARE

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming conversion of all dilutive potential ordinary shares.

GOODS AND SERVICES TAX (GST) AND OTHER SIMILAR TAXES

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies, if disclosed, are net of the amount of GST recoverable from, or payable to, the tax authority.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET MANDATORY OR EARLY ADOPTED

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2021. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

NOTE 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

CORONAVIRUS (COVID-19) PANDEMIC

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

SHARE-BASED PAYMENT TRANSACTIONS

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted.

IMPAIRMENT OF NON-FINANCIAL ASSETS OTHER THAN GOODWILL AND OTHER INDEFINITE LIFE INTANGIBLE ASSETS

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

EXPLORATION AND EVALUATION COSTS

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Notes to the Financial Statements

30 June 2021

NOTE 4. OPERATING SEGMENTS

IDENTIFICATION OF REPORTABLE OPERATING SEGMENTS

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

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

NOTE 5. OTHER INCOME

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

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

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

NOTE 6. EXPENSES

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

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

NOTE 7. INCOME TAX EXPENSE

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

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

The above potential tax benefit, which includes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Notes to the Financial Statements

30 June 2021

NOTE 8. DISCONTINUED OPERATIONS

DESCRIPTION

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

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

CASH FLOW INFORMATION

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

NOTE 9. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

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

NOTE 10. CURRENT ASSETS – RECEIVABLES

	Consolidated	
	2021	2020
	\$	\$
BAS receivable	–	74,708
Other receivables	16,250	–
	16,250	74,708

NOTE 11. CURRENT ASSETS – OTHER

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

Notes to the Financial Statements

30 June 2021

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

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

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

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

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

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

The consolidated entity, through the Company's subsidiary entity Lithium Power Inversiones Chile S.p.A ('LPI Chile'), has a 51.43% (30 June 2020: 51%) interest in the Maricunga Lithium Brine Project in Chile (the Maricunga Joint Venture ('JV')). The JV is constituted by the JV Shareholder Agreement of the Joint Venture Company, Minera Salar Blanco S.A. ('MSB'). The consolidated entity's interest in MSB is deemed to be a joint venture pursuant to accounting standards as the appointment of MSB's directors and the allocation of voting rights for key business decisions requires the unanimous approval of its venturers.

The funds contributed by the consolidated entity to date (US\$36.4 million) have been used by MSB to acquire additional tenements and to fund the exploration and development of the Maricunga Lithium Brine Project to the Definitive Feasibility Study ('DFS') stage (DFS issued during January 2019), the finalisation of the Environmental Impact Assessment (EIA approved February 2020) and an additional deep drilling program during January-June 2021, with the view of issuing an updated DFS.

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

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

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

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

NOTE 14. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION

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

RECONCILIATIONS

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

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

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

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

Notes to the Financial Statements

30 June 2021

NOTE 15. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

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

Refer to note 17 for further information on financial instruments.

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

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

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

NOTE 17. EQUITY – ISSUED CAPITAL

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

MOVEMENTS IN ORDINARY SHARE CAPITAL

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

ORDINARY SHARES

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

CAPITAL RISK MANAGEMENT

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the Company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short-term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is not subject to any financing arrangement covenants.

The capital risk management policy remains unchanged from the 30 June 2020 Annual Report.

NOTE 18. EQUITY - RESERVES

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

FOREIGN CURRENCY TRANSLATION RESERVE

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

SHARE-BASED PAYMENTS RESERVE

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

OPTIONS RESERVE

The reserve is used to recognise the value of equity benefits provided to shareholders who received a one for one attaching option for each share acquired in the Company.

OTHER RESERVE

This reserve is used to recognise the difference between the fair value of consideration received and the carrying value of the net assets and foreign currency translation reserve transferred to non-controlling interests.

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

Notes to the Financial Statements

30 June 2021

MOVEMENTS IN RESERVES

Movements in each class of reserve during the current and previous financial year are set out below:

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

NOTE 19. EQUITY – DIVIDENDS

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

NOTE 20. FINANCIAL INSTRUMENTS

FINANCIAL RISK MANAGEMENT OBJECTIVES

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

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

MARKET RISK

FOREIGN CURRENCY RISK

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

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

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were not significant. However, as at the 30 June 2021, there exists a US dollar denominated intercompany loan granted by Lithium Power International Limited to its wholly owned subsidiary, Lithium Power Inversiones Chile S.p.A. The loan balance at 30 June 2021 is US\$42.1 million (30 June 2020: US\$37.2 million).

The sensitivity analysis for foreign exchange risk of the consolidated entities intercompany loans is as follows:

	AUD strengthened			AUD weakened		
	% change	Effect on profit before tax	Effect on equity	% change	Effect on profit before tax	Effect on equity
Consolidated – 2021						
US Dollar	5%	(2,669,141)	(2,669,141)	5%	2,950,104	2,950,104
Consolidated – 2020						
US dollar	5%	(2,581,375)	(2,581,375)	5%	2,853,099	2,853,098

PRICE RISK

The consolidated entity is not exposed to any significant price risk.

INTEREST RATE RISK

The consolidated entity is not exposed to any significant interest rate risk.

CREDIT RISK

The consolidated entity is not exposed to any significant credit risk.

LIQUIDITY RISK

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

REMAINING CONTRACTUAL MATURITIES

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

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

Notes to the Financial Statements

30 June 2021

NOTE 21. FAIR VALUE MEASUREMENT

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

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

NOTE 22. KEY MANAGEMENT PERSONNEL DISCLOSURES

COMPENSATION

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

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

NOTE 23. REMUNERATION OF AUDITORS

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

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

NOTE 24. CONTINGENT LIABILITIES

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

NOTE 25. RELATED PARTY TRANSACTIONS

PARENT ENTITY

Lithium Power International Limited is the parent entity.

SUBSIDIARIES

Interests in subsidiaries are set out in note 27.

JOINT VENTURES

Interests in joint ventures are set out in note 28.

KEY MANAGEMENT PERSONNEL

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

TRANSACTIONS WITH RELATED PARTIES

The following transactions occurred with related parties:

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

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

RECEIVABLE FROM AND PAYABLE TO RELATED PARTIES

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

LOANS TO/FROM RELATED PARTIES

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

TERMS AND CONDITIONS

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

NOTE 26. PARENT ENTITY INFORMATION

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

Notes to the Financial Statements

30 June 2021

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

GUARANTEES ENTERED INTO BY THE PARENT ENTITY IN RELATION TO THE DEBTS OF ITS SUBSIDIARIES

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2021 and 30 June 2020.

CONTINGENT LIABILITIES

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

CAPITAL COMMITMENTS – PROPERTY, PLANT AND EQUIPMENT

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

SIGNIFICANT ACCOUNTING POLICIES

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

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

NOTE 27. INTERESTS IN SUBSIDIARIES

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

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

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

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

NOTE 28. INTERESTS IN JOINT VENTURE

Interests in joint venture is accounted for using the equity method of accounting. Information relating to joint ventures that are material to the consolidated entity are set out below:

Name	Principal place of business/ Country of incorporation	Ownership interest	
		2021 %	2020 %
Maricunga Joint Venture	Chile	51.43	51.00

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

Notes to the Financial Statements

30 June 2021

CONTINGENT LIABILITIES

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

COMMITMENTS

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

SIGNIFICANT RESTRICTIONS

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

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

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

NOTE 30. EARNINGS PER SHARE

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

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

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

6,750,000 (30 June 2020: 44,506,668) options and 12,500,000 share appreciation rights (30 June 2020: 12,500,000) on issue have been excluded from the weighted average number of ordinary shares used in calculating diluted loss per share as they are considered anti-dilutive.

Notes to the Financial Statements

30 June 2021

NOTE 31. SHARE BASED PAYMENTS

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

- On 27 November 2019, 6,000,000; 4,000,000 and 2,500,000 share appreciation rights ('SARs') were granted to Cristobal Garcia-Huidobro R, Richard A Crookes and Andrew G Phillips respectively. The SARs vest are equally allocated to 2 tranches, the first tranche vests on 31 December 2020 and the second tranche vests on 30 June 2022. The SARs have an exercise price of \$0.40 and can be converted into ordinary shares of the Company or cash at the discretion of the Company.
- On 23 August 2019, the Company granted 750,000 options to RK Equities. The options vested immediately, have an exercise price of \$0.60 and expire on 31 March 2022.
- On 28 November 2018, the Company granted 2,000,000 options to each of the newly appointed directors Cristobal Garcia-Huidobro R, Richard A Crookes and Martin Jose Domingo Borda M as a sign-on incentive. The options vested immediately, have an exercise price of \$0.60 and expire in 36 months.
- On 2 March 2018, Canaccord Genuity (Australia) Ltd, was granted 2,000,000 options and 1,000,000 options at an exercise price of \$0.60 and \$0.80 respectively and with an expiry date of 6 July 2020 as a management fee for coordinating the November 2017 underwritten capital raise and option conversion.
- On 2 March 2018, Technical Consultant Murray R Brooker was issued 2,000,000 options for the achievement of pre-agreed milestones. These options vested immediately and have an exercise price of \$0.40 and expired on 6 July 2019.
- On 6 July 2017 the Company granted 2,000,000 options to each of the newly appointed directors David R Hannon and Russell C Barwick as a sign-on incentive. The options vested immediately, have an exercise price of \$0.60 and expire in 36 months.
- On 5 April 2016, the Company granted 3,916,667 options to certain key management personnel and external advisors, for services provided in connection with the successful completion of the IPO. Each option entitles the holder to purchase one ordinary share for between \$0.20 and \$0.60 per share. Options were granted at the time the shares were initially issued and vest upon listing on the ASX or over a 2 year period, with an expiry date of five years from listing, without restrictions.
- On 21 and 25 September 2015, as an incentive for agreeing to provide initial funding to the company, the company granted each founder and pre-seed equity purchaser with 1 option for every 2 shares acquired. Each option entitles the holder to purchase one ordinary share for \$0.20. All of the options were granted at the time the shares were initially issued and became exercisable upon listing on the ASX, with an expiry five years from listing, without restrictions.

OPTIONS GRANTED WITH SHARE PLACEMENT

During the financial year ended 30 June 2018, on 6 July 2017, 34,578,947 listed options were granted in relation to the share placement where all shares issued had a one for one attaching option. Each option entitles the holder to subscribe for one share in the Company. The options vested immediately, had an exercise price of \$0.55 and expired on 6 July 2019.

OPTIONS

2021							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
21/09/2015	24/06/2021	\$0.20	24,900,001	-	(1,700,000)	(23,200,001)	-
25/09/2015	24/06/2021	\$0.20	1,940,000	-	-	(1,940,000)	-
05/04/2016	24/06/2021	\$0.20	3,500,000	-	-	(3,500,000)	-
05/04/2016	24/06/2021	\$0.40	250,000	-	-	(250,000)	-
05/04/2016	24/06/2021	\$0.60	166,667	-	-	(166,667)	-
06/07/2017	06/07/2020	\$0.60	4,000,000	-	-	(4,000,000)	-
02/03/2018	06/07/2020	\$0.60	2,000,000	-	-	(2,000,000)	-
02/03/2018	06/07/2020	\$0.80	1,000,000	-	-	(1,000,000)	-
28/11/2018	27/11/2021	\$0.60	6,000,000	-	-	-	6,000,000
23/08/2019	31/03/2022	\$0.60	750,000	-	-	-	750,000
			44,506,668	-	(1,700,000)	(36,056,668)	6,750,000
Weighted average exercise price			\$0.33	\$0.00	\$0.20	\$0.00	\$0.60

2020							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
21/09/2015	24/06/2021	\$0.20	25,400,001	–	(500,000)	–	24,900,001
25/09/2015	24/06/2021	\$0.20	1,940,000	–	–	–	1,940,000
05/04/2016	24/06/2021	\$0.20	3,500,000	–	–	–	3,500,000
05/04/2016	24/06/2021	\$0.40	250,000	–	–	–	250,000
05/04/2016	24/06/2021	\$0.60	166,667	–	–	–	166,667
06/07/2017	06/07/2019	\$0.55	34,578,947	–	–	(34,578,947)	–
06/07/2017	06/07/2020	\$0.60	4,000,000	–	–	–	4,000,000
02/03/2018	06/07/2019	\$0.40	2,000,000	–	–	(2,000,000)	–
02/03/2018	06/07/2020	\$0.60	2,000,000	–	–	–	2,000,000
02/03/2018	06/07/2020	\$0.80	1,000,000	–	–	–	1,000,000
28/11/2018	27/11/2021	\$0.60	6,000,000	–	–	–	6,000,000
23/08/2019	31/03/2022	\$0.60	–	750,000	–	–	750,000
			80,835,615	750,000	(500,000)	(36,578,947)	44,506,668
Weighted average exercise price			\$0.42	\$0.60	\$0.20	\$0.54	\$0.33

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

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

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

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

2021							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
27/11/2019	30/06/2023	\$0.40	12,500,000	–	–	–	12,500,000
			12,500,000	–	–	–	12,500,000
2020							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
27/11/2019	30/06/2023	\$0.40	–	12,500,000	–	–	12,500,000
			–	12,500,000	–	–	12,500,000
Weighted average exercise price			\$0.00	\$0.40	\$0.00	\$0.00	\$0.40

Notes to the Financial Statements

30 June 2021

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

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

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

NOTE 32. EVENTS AFTER THE REPORTING PERIOD

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

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

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

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

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



David R Hannon
Chairman

30 September 2021
Sydney



Independent auditor's report to the members of Lithium Power International Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Lithium Power International Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

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

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Valuation of equity accounted investment

Why significant

The Group's equity accounted investment in the Maricunga Joint Venture (the "JV") of \$28.6 million as at 30 June 2021, represents 72% of total assets.

Subsequent to initial recognition at cost, the value of the investment in the consolidated financial statements includes the Group's share of the profit or loss and other comprehensive income of the equity accounted investment.

As disclosed in the financial report, the Directors' assess the Group's equity accounted investment for indicators of impairment at each balance date. This involves assessment of any potential indications of impairment including (but not limited to) significant changes to the market, economic or legal environments in which the Group and the JV operate. This assessment determines whether an impairment assessment is required.

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

How our audit addressed the key audit matter

Our audit procedures included the following:

- ▶ Recalculated the Group's share of equity accounted losses during the year.
- ▶ Assessed whether the methodology used by the Group to identify indicators of impairment met the requirements of Australian Accounting Standards.
- ▶ Evaluated the Group's assessment of indicators of impairment at year-end, including consideration of market announcements made by the Group and Board meeting minutes throughout the year and through to the date of this report for any facts or circumstances that would indicate any indicators of impairment.
- ▶ Evaluated the adequacy of the related disclosures in the financial report.

2. Carrying value of exploration and evaluation assets

Why significant

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

The carrying value of exploration and evaluation expenditure is assessed for impairment when facts and circumstances indicate the capitalised exploration and evaluation expenditure may exceed its recoverable amount.

The determination as to whether there are any indicators to require the Group's exploration projects to be assessed for impairment involves judgment, including:

- ▶ whether the Group's exploration licenses are current;
- ▶ the Group's ability and intention to continue to evaluate and develop the projects; and
- ▶ whether the results of the Group's exploration and evaluation work to date are sufficiently progressed for a decision to be made as to the commercial viability or otherwise of the project.

Given the value of the asset and the judgmental nature of impairment indicator assessments associated with exploration and evaluation assets, we considered this a key audit matter.

How our audit addressed the key audit matter

Our audit procedures included the following:

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

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2021 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

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

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Lithium Power International Limited for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Ernst & Young



Scott Nichols
Partner
Sydney
30 September 2021

Shareholder Information

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

DISTRIBUTION OF EQUITABLE SECURITIES

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

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

Shareholder Information

EQUITY SECURITY HOLDERS

TWENTY LARGEST QUOTED EQUITY SECURITY HOLDERS

The names of the twenty largest security holders of quoted equity securities are listed below:

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

* each shareholder owns 1,700,000 ordinary shares

UNQUOTED EQUITY SECURITIES

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

SUBSTANTIAL HOLDERS

Substantial holders in the company are set out below:

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

VOTING RIGHTS

The voting rights attached to ordinary shares are set out below:

ORDINARY SHARES

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.



COMPETENT PERSON STATEMENTS

The information contained in this Annual Report for the year ended 30 June 2021, relating to Exploration Targets, Exploration Results and Resources has been compiled by Murray R Brooker. Mr Brooker is a Geologist and Hydrogeologist and is a Member of the Australian Institute of Geoscientists (AIG) and the International Association of Hydrogeologists (IAH). Mr Brooker has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). The Resource estimation was undertaken by Atacama Waters Consultants of Santiago, Chile (formally FloSolutions).

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

The information contained in this Annual Report for the year ended 30 June, 2021, relating to Reserves has been compiled by Frits Reidel. Mr Reidel is a Hydrogeologist and is a Certified Professional Geologist of the American Institute of Professional Geologists (AIPG). Mr Reidel is the Principal Hydrogeologist of Atacama Waters Consultants (Chile) (formally FloSolutions) and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). The Reserve estimation was undertaken by Atacama Waters Consultants of Santiago, Chile (formally FloSolutions) working with DHI of Lima, Peru.

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





LITHIUMPOWER

INTERNATIONAL LTD

REGISTERED OFFICE

Level 7, 151 Macquarie Street, Sydney NSW 2000

Telephone: +61 2 9089 8723

Facsimile: +61 2 9276 1284

Website: www.lithiumpowerinternational.com

APPENDIX "C"
UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF LPI AS AT
AND FOR THE YEAR ENDED JUNE 30, 2022

Schedule C

Lithium Power International Limited

Unaudited Pro Forma Consolidated Financial Information

The following Unaudited Pro Forma Consolidated Financial Information ('Pro Forma Consolidated Financial Information') presents the Unaudited Pro Forma Consolidated Statement of Profit or Loss and Unaudited Pro Forma Consolidated Statement of Financial Position after giving effect to the transactions and adjustments as described in the accompanying notes.

Lithium Power International Limited
Pro forma consolidated statement of profit or loss
For the year ended 30 June 2022
(Unaudited)

	Lithium Power International Limited \$	Bearing Lithium Corp \$	Salar Blanco SpA \$	Minera Salar Blanco SA \$	Pro forma adjustments \$	Notes	Pro forma consolidated \$
Revenue							
Share of profits/(losses) of joint ventures accounted for using the equity method	(2,731,859)	-	-	-	2,731,859	^{3.7}	-
Other income	349	-	-	-	-		349
Interest revenue calculated using the effective interest method	207	-	-	-	-		207
Fair value gain on investment in Minera Salar Blanco SA	-	27,660,352	-	-	(27,660,352)	^{3.5}	-
Expenses							
Employee benefits expense	(1,191,010)	(444,576)	-	(1,731,228)	444,576	^{3.5}	(2,922,238)
Occupancy costs	(167,560)	-	-	(134,260)	-		(301,820)
Depreciation and amortisation expense	(3,313)	-	-	(654,163)	-		(657,476)
Legal and professional fees	(431,593)	(624,138)	-	(981,097)	624,138	^{3.5}	(1,412,690)
Travel expense	(71,582)	-	-	(71,880)	-		(143,462)
Administration expense	(900,396)	(132,539)	-	(937,384)	132,539	^{3.5}	(1,837,780)
Net foreign exchange losses	(6,894,921)	(7,274)	-	(501,191)	(5,259,859)	^{3.5, 3.7}	(12,663,245)
Other expenses	(250,025)	-	-	-	-		(250,025)
Finance costs	(3,215)	-	-	(288,705)	-		(291,920)
Profit/(loss) before income tax (expense)/benefit from continuing operations	(12,644,918)	26,451,825	-	(5,299,908)	(28,987,099)		(20,480,100)
Income tax (expense)/benefit	-	(9,667,943)	-	-	9,667,943	^{3.5}	-
Profit/(loss) after income tax (expense)/benefit from continuing operations	(12,644,918)	16,783,882	-	(5,299,908)	(19,319,156)		(20,480,100)
Profit after income tax expense from discontinued operations	108,636	-	-	-	-		108,636
Profit/(loss) after income tax (expense)/benefit for the year	(12,536,282)	16,783,882	-	(5,299,908)	(19,319,156)		(20,371,464)
Loss for the year is attributable to:							
Shareholders	(12,887,142)	16,783,882	-	(5,299,908)	(19,319,156)		(20,722,324)
Non-controlling interest ¹	350,860	-	-	-	-		350,860
	(12,536,282)	16,783,882	-	(5,299,908)	(19,319,156)		(20,371,464)

¹ Non-controlling interest represents a non-controlling interest in LPI's former subsidiary Lithium Power Holdings (Argentina) Pty Ltd. LPI's 70% interest in Lithium Power Holdings (Argentina) Pty Ltd was disposed on 24 November 2021.

	Notes	Cents
Pro forma loss per share for loss from continuing operations attributable to the Shareholders of Lithium Power International Limited		
Basic loss per share	⁴	(3.35)
Diluted loss per share	⁴	(3.35)
Pro forma loss per share for loss from discontinued operations attributable to the Shareholders of Lithium Power International Limited		
Basic loss per share	⁴	(0.04)
Diluted loss per share	⁴	(0.04)
Pro forma loss per share for loss attributable to the Shareholders of Lithium Power International Limited		
Basic loss per share	⁴	(3.39)
Diluted loss per share	⁴	(3.39)

The above pro forma consolidated statements of profit or loss should be read in conjunction with the accompanying notes

Lithium Power International Limited
Pro forma consolidated statement of financial position
As at 30 June 2022
(Unaudited)

	Lithium Power International Limited \$	Bearing Lithium Corp \$	Salar Blanco SpA \$	Minera Salar Blanco SA \$	Pro forma adjustments \$	Notes	Pro forma consolidated \$
Assets							
Current assets							
Cash and cash equivalents	6,428,908	4,654,145	-	1,142,522	(5,954,145)	^{3.1, 3.4}	6,271,430
Receivables	138,663	20,082	-	2,326,968	(20,082)	^{3.1}	2,465,631
Other	1,125,729	65,557	-	5,557	(760,566)	^{3.1}	436,277
Financial assets	-	139,561	-	-	(139,561)	^{3.1}	-
	<u>7,693,300</u>	<u>4,879,345</u>	<u>-</u>	<u>3,475,047</u>	<u>(6,874,354)</u>		<u>9,173,338</u>
Assets of disposal groups classified as held for sale	<u>4,585,737</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>4,585,737</u>
Total current assets	<u>12,279,037</u>	<u>4,879,345</u>	<u>-</u>	<u>3,475,047</u>	<u>(6,874,354)</u>		<u>13,759,075</u>
Non-current assets							
Investments in Minera Salar Blanco SA	30,378,797	51,885,200	10,000,000	-	(92,263,997)	^{3.7}	-
Property, plant and equipment	6,164	-	-	-	-		6,164
Exploration and evaluation	-	-	-	34,481,905	92,876,989	^{3.4 - 3.7}	127,358,894
Other non-current asset	-	-	-	35,981	-		35,981
Total non-current assets	<u>30,384,961</u>	<u>51,885,200</u>	<u>10,000,000</u>	<u>34,517,886</u>	<u>612,992</u>		<u>127,401,039</u>
Total assets	<u>42,663,998</u>	<u>56,764,545</u>	<u>10,000,000</u>	<u>37,992,933</u>	<u>(6,261,362)</u>		<u>141,160,114</u>
Liabilities							
Current liabilities							
Trade and other payables	666,426	161,077	-	699,075	(161,077)	^{3.1}	1,365,501
Employee benefits	94,584	86,843	-	45,426	(86,843)	^{3.1}	140,010
Provisions	-	-	-	445,426	-		445,426
Borrowings	-	-	-	6,250,728	(6,250,728)	^{3.7}	-
	<u>761,010</u>	<u>247,920</u>	<u>-</u>	<u>7,440,655</u>	<u>(6,498,648)</u>		<u>1,950,937</u>
Liabilities directly associated with assets classified as held for sale	<u>36,582</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>36,582</u>
Total current liabilities	<u>797,592</u>	<u>247,920</u>	<u>-</u>	<u>7,440,655</u>	<u>(6,498,648)</u>		<u>1,987,519</u>
Non-current liabilities							
Deferred tax liability	-	11,325,830	-	-	(11,325,830)	^{3.5}	-
Total non-current liabilities	<u>-</u>	<u>11,325,830</u>	<u>-</u>	<u>-</u>	<u>(11,325,830)</u>		<u>-</u>
Total liabilities	<u>797,592</u>	<u>11,573,750</u>	<u>-</u>	<u>7,440,655</u>	<u>(17,824,478)</u>		<u>1,987,519</u>
Net assets	<u>41,866,406</u>	<u>45,190,795</u>	<u>10,000,000</u>	<u>30,552,278</u>	<u>11,563,116</u>		<u>139,172,595</u>
Equity							
Issued capital	89,392,042	44,748,224	10,000,000	96,447,784	(56,037,417)	^{3.2 - 3.7}	184,550,633
Foreign currency translation reserve	4,004,810	(79,807)	-	(4,963,035)	14,155,286	^{3.5 - 3.7}	13,117,254
Share-based payments reserves	7,221,077	11,145,351	-	-	(6,429,704)	^{3.4 - 3.5}	11,936,724
Accumulated losses	(58,751,523)	(10,622,973)	-	(60,932,471)	59,874,951	^{3.5 - 3.7}	(70,432,016)
Total equity	<u>41,866,406</u>	<u>45,190,795</u>	<u>10,000,000</u>	<u>30,552,278</u>	<u>11,563,116</u>		<u>139,172,595</u>

The above pro forma consolidated statements of financial position should be read in conjunction with the accompanying notes

Note 1. Description of the transaction

Lithium Power International Limited ('LPI' or the 'Company'), incorporated under the Australian *Corporations Act 2001*, is domiciled in Australia and its shares are publicly traded on the Australian Securities Exchange (ASX: LPI). The Company has investments in wholly owned subsidiaries and collectively, the principal activity consists of the identification, acquisition, exploration and development of lithium assets in Chile and Australia.

A subsidiary of the Company domiciled in Chile, Lithium Power Inversiones Chile S.p.A ('LPI Chile'), has a 51.55% interest in the Maricunga Lithium Brine Project (the 'Project') in Chile (the Maricunga Joint Venture ('JV')). The remaining two joint venture participants, Salar Blanco SpA ('MSB SpA') and Bearing Lithium Corp ('Bearing') (collectively, the 'JV Partners'), have 31.31% and 17.14% interests, respectively. MSB SpA is a private company domiciled in Chile and Bearing is domiciled in Canada and its shares are publicly traded on the Toronto Stock Exchange (TSX: BRZ).

The JV is constituted by the JV Shareholder Agreement of the Joint Venture Company, Minera Salar Blanco S.A. ('MSB'). The Company's interest in MSB is deemed to be a joint venture pursuant to the Australian Accounting Standards as the appointment of MSB's directors and the allocation of voting rights for key business decisions requires the joint approval of its venturers.

On 22 June 2022, the Company announced its intention to consolidate 100% ownership of MSB by a three-party all-scrip merger with its JV Partners to acquire the remaining 48.45% of the JV company. The Company will acquire all of the issued and outstanding capital of Bearing and MSB SpA and as a result, will hold 100% ownership of the Project.

The pro forma consolidated financial information reflects the acquisitions of each of the JV Partners and the resulting consolidation of MSB (collectively, the 'Transactions').

Note 2. Basis of Presentation

The unaudited pro forma consolidated statement of financial position and the accompanying notes have been prepared as if the Transactions had occurred on 30 June 2022. The unaudited pro forma consolidated statement of profit or loss and the accompanying notes have been prepared as if the Transactions had occurred on 1 July 2021. The unaudited pro forma consolidated statement of financial position, unaudited pro forma consolidated statement of profit or loss and the accompanying notes are hereafter referred to collectively as the 'Pro Forma Consolidated Financial Information'.

The Pro Forma Consolidated Financial Information is based on the accounting policies disclosed in the Company's financial statements applicable for each of the respective periods and the assumptions and adjustments described below.

The Pro Forma Consolidated Financial Information is derived from and should be read in conjunction with the following:

- the audited consolidated financial statements of Lithium Power International Limited for the year ended 30 June 2022;
- the audited financial statements of Bearing Lithium Corp for the year ended 31 October 2021, the unaudited interim financial statements of Bearing Lithium Corp for the 6 months ended 30 April 2022 and the unaudited interim financial statements of Bearing Lithium Corp for the 6 months ended 30 April 2021;
- the unaudited financial statements of Salar Blanco SpA for the year ended 30 June 2022; and
- the unaudited financial statements of Minera Salar Blanco S.A for the year ended 30 June 2022.

Bearing's fiscal year ends on 31 October 2022. The financial information of Bearing used in the Pro Forma Consolidated Financial Information is based on a 12 month financial period ended 30 April 2022 and has been constructed using the audited financial statements of Bearing for the year ended 31 October 2021, the unaudited interim financial statements of Bearing for the 6 months ended 30 April 2022 and the unaudited interim financial statements of Bearing for the 6 months ended 30 April 2021. As the financial periods of LPI and Bearing differ by less than 90 days, the financial information of Bearing for the 12 months ended 30 April 2022 has been applied without further construction.

Following completion of the Transactions, it is managements intention to transfer Bearing's investment in MSB to LPI. Bearing would subsequently be liquidated and removed from the Toronto Stock Exchange.

Bearing's historical financial information, originally presented in Canadian dollars ('CAD') has been translated to Australian dollars ('AUD') for presentation in the Pro Forma Consolidated Financial Information. The assets and liabilities of Bearings were translated to AUD at the exchange rate in effect on 30 June 2022, and the revenues and expenses of Bearings were translated at the average exchange rate in effect during the related period. The following exchange rates were used:

CAD to AUD

Exchange rate at 30 June 2022	1.0889
Average exchange rate for the 12 months ended 30 June 2022	1.1255

MSB's historical financial information, originally presented in Chile Pesos ('CLP') has been translated to Australian dollars for presentation in the Pro Forma Consolidated Financial Information. The assets and liabilities of MSB were translated to AUD at the exchange rate in effect on 30 June 2022, and the revenues and expenses of MSB were translated at the average exchange rate in effect during the related periods. The following exchange rates were used:

CLP to AUD

Exchange rate at 30 June 2022	632.2630
Average exchange rate for the 12 months ended 30 June 2022	590.0508

Unless otherwise indicated, all amounts are expressed in Australian dollars and rounded to the nearest dollar.

Note 2. Basis of Presentation (continued)

The acquisition of Bearing and MSB SpA did not represent a business combination in accordance with AASB 3 'Business Combinations' on the basis that the activities of Bearing, MSB SpA nor MSB constitute a business. Instead, the acquisition of Bearing and MSB SpA is treated as an acquisition of assets. At the date of acquisition the assets and liabilities are recognised and measured at their relative fair values.

The Pro Forma Consolidated Financial Information has been prepared by the management of Lithium Power International Limited for illustrative purposes only. The unaudited pro forma consolidated statement of profit or loss does not reflect future events that may occur after the Transactions are completed. The unaudited Pro Forma Consolidated Financial Information is not intended to reflect the results of operations or the financial position that would have resulted had the acquisitions been effected on the dates indicated above, or the results that may be obtained in the future. Since the unaudited Pro Forma Consolidated Financial Information has been developed to retroactively show the effect of a transaction that occurred at a later date (even though this was accomplished by following generally accepted practice using reasonable assumptions), there are limitations inherent in the very nature of pro forma data.

In the opinion of management, the unaudited Pro Forma Consolidated Financial Information contains all adjustments required to ensure fair presentation.

Note 3. Pro forma adjustments

The following assumptions and adjustments have been made to give effect to the Transactions:

1. Pre-acquisition adjustment to Bearing's assets and liabilities

With the exception of Bearing's investment in MSB, the arrangement agreement between the Company and Bearing requires that, all of Bearing's assets are to be liquidated, liabilities are to be settled, and any surplus funds are to be distributed to Bearing's shareholders prior to completion of the Company's acquisition of Bearing.

2. Acquisition of Bearing

- (a) At the date of acquisition, for each ordinary share in Bearing, 0.7 ordinary shares in LPI will be issued to the shareholders in Bearing. At 30 June 2022, Bearing had 109,057,738 ordinary shares on issue, which convert into 76,340,417 ordinary shares in LPI which had a fair value of \$0.40 per share as at 30 June 2022. The total fair value of ordinary shares in LPI that would have been issued to Bearing shareholders if the Transactions had completed as at 30 June 2022 is \$30,536,167.
- (b) At the date of acquisition, for every Bearing option or Bearing warrant that is outstanding, that option or warrant will be replaced with options or warrants over the shares of LPI, after having applied the 0.7 exchange ratio referred to in adjustment 2(a) above. All other conditions associated with those options and warrants remain the same. The fair value of the replacement options and warrants if they had been issued as of 30 June 2022 was estimated using the black-scholes valuation methodology. The resulting fair value of \$4,715,647, is deemed to form part of the total purchase consideration for the acquisition of Bearing.

3. Acquisition of MSB SpA

LPI agreed to acquire 100% of the outstanding capital of MSB SpA in exchange for issuing 161,556,061 ordinary shares in LPI. Ordinary shares in LPI had a fair value of \$0.40 per share as at 30 June 2022. The total fair value of ordinary shares in LPI that would have been issued to MSB SpA shareholders if the Transactions had completed as at 30 June 2022 is \$64,622,424.

4. Transaction costs associated with the acquisition of Bearing and MSB SpA

Transaction costs associated with the acquisition of Bearing and MSB SpA, comprising of legal and advisory fees are estimated to total \$1,995,000. As at 30 June 2022, LPI has incurred transaction costs of \$695,000 and additional transaction costs amounting to \$1,300,000 are expected to be incurred prior to completing the Transactions. An adjustment to recognise payment of the additional transaction costs of \$1,300,000 is included in the Pro Forma Consolidated Financial Information. Refer to adjustment 7 for further details on the allocation of transaction costs.

5. Adjustments to Bearing's historical financial information:

The following adjustments were made in order to reflect that LPI will consolidate Bearing upon completion of the Transactions:

- (1) Bearing's investment in MSB, historically accounted for at fair value through profit or loss, was eliminated in order to reflect that LPI will consolidate MSB after having acquired control.
- (2) The deferred tax liability arising on Bearing's investment in MSB was eliminated as the initial recognition exemption would apply under asset acquisition accounting.
- (3) The historical equity accounts of Bearing were eliminated in order to present pro forma consolidated equity accounts of LPI.
- (4) The fair value adjustment to profit or loss of \$27,660,352 in respect of remeasuring Bearing's investment in MSB during the 12 months ended 30 April 2022 was reversed on the basis that LPI would have consolidated MSB had the Transactions completed on 1 July 2021 and as a result, no fair value remeasurement would have been required.
- (5) The share based payment expense of \$444,756 relates to Bearing options and warrants that was expensed to the statement of profit or loss for the 12 months ended 30 April 2022. This expense was reversed in order to reflect that the replacement LPI options and warrants that form part of the cost of acquisition do not contain any service elements that would require expenditure be recorded in the consolidated statement of profit or loss.
- (6) Expenses that would not otherwise have been incurred had LPI acquired Bearing at 1 July 2021, were reversed. These adjustments were considered necessary in order to reflect that with the exception of Bearing's investment in MSB, the arrangement agreement between the Company and Bearing requires that, all of Bearing's assets are to be liquidated, liabilities are to be settled, any surplus funds are to be distributed to Bearing's shareholders prior to completion of the Company's acquisition of Bearing. As a result, Bearing will not have any ongoing income or expenditures on a standalone basis subsequent to the Transactions being completed.

6. Adjustments to MSB SpA's historical financial information:

The following adjustments were made in order to reflect that LPI will consolidate MSB SpA upon completion of the Transactions:

- (1) MSB SpA's investment in MSB was eliminated in order to reflect that LPI will consolidate MSB after having acquired control.
- (2) The historical equity accounts of MSB SpA were eliminated in order to present pro forma consolidated equity accounts of LPI.

Note 3. Pro forma adjustments (continued)

7. Consolidation of MSB:

The following adjustments were made on consolidation of MSB:

- (1) LPI's investment in MSB, historically accounted for using the equity accounting method, was considered to be part of the cost of acquiring control of MSB. Accordingly, the investment in the equity accounted associate balance as at 30 June 2022 was combined with the fair value of consideration paid to Bearing and MSB SpA (as discussed in 2 and 3 above) and the transaction costs referred to in adjustment 4 above, in order to determine the total cost of the asset acquisition. The excess of the consideration over the carrying value of the assets acquired and liabilities assumed of MSB has been allocated to exploration and evaluation ('E&E') assets. This method was adopted on the basis that it appropriately reflects the allocation of the total cost of the assets acquired, including E&E, and liabilities assumed based on their relative fair values.
- (2) The cumulative changes in the carrying value of LPI's investment in MSB arising from foreign currency translation movements which were recognised in other comprehensive income were recycled through net foreign exchange losses in the statement the profit or loss and accumulated losses in the statement of financial position.
- (3) The historical equity accounts of MSB were eliminated in order to present pro forma consolidated equity accounts of LPI.
- (4) The borrowings in the form of a promissory note owing from MSB to LPI (\$6,250,728) were eliminated as the terms of the notes require their forgiveness upon completion of the Transactions.
- (5) LPI's share of MSB's losses for the year to 30 June 2022, which were recognised based on the equity accounting method and included within LPI's consolidated statement of profit or loss, were reversed in order to reflect that LPI will consolidate MSB's results with its own results upon completion of the Transactions.

Note 4. Pro forma loss per share

The pro forma loss per share attributable to the Shareholders of the Company for the year ended 30 June 2022 is as follows:

	30 June 2022
	\$
<i>Loss used in calculating the loss per share from continuing operations</i>	
Loss after income tax	(20,480,100)
Non-controlling interest	<u>-</u>
Loss used in calculating the loss per share from continuing operations	<u><u>(20,480,100)</u></u>
<i>Loss used in calculating the loss per share from discontinued operations</i>	
Profit after income tax	108,636
Non-controlling interest	<u>(350,860)</u>
Loss used in calculating the loss per share from discontinued operations	<u><u>(242,224)</u></u>
<i>Loss used in calculating the loss per share</i>	
Loss after income tax	(20,371,464)
Non-controlling interest	<u>(350,860)</u>
Loss used in calculating the loss per share	<u><u>(20,722,324)</u></u>
	Number
Weighted average number of ordinary shares used in calculating pro forma basic loss per share	341,554,384
Pro forma shares issued as part of LPI's acquisition of Bearing	109,057,738
Pro forma shares issued as part of LPI's acquisition of MSB SpA	<u>161,556,061</u>
Pro forma weighted average number of ordinary shares used in calculating diluted loss per share	<u><u>612,168,183</u></u>
	Cents
<i>Pro forma loss per share for profit from continuing operations</i>	
Pro forma basic loss per share	(3.35)
Pro forma diluted loss per share	(3.35)
<i>Pro forma loss per share for profit from discontinued operations</i>	
Pro forma basic loss per share	(0.04)
Pro forma diluted loss per share	(0.04)

Note 4. Pro forma loss per share (continued)

<i>Pro forma loss per share</i>	
Pro forma basic loss per share	(3.39)
Pro forma diluted loss per share	(3.39)

APPENDIX "D"
FORM OF BEARING ARRANGEMENT RESOLUTION

BE IT RESOLVED THAT:

1. The arrangement (the "**Arrangement**") under Division 5 of Part 9 of the Business Corporations Act (British Columbia) involving Bearing Lithium Corp. ("**Bearing**"), pursuant to the arrangement agreement between Bearing, LPI Canada Holdings Ltd. and Lithium Power International Limited dated June 22, 2022, as amended on September 19, 2022, as it may be modified, supplemented or amended from time to time in accordance with its terms (the "**Arrangement Agreement**"), as more particularly described and set forth in the management information circular of Bearing dated September 27, 2022 (the "**Circular**"), and all transactions contemplated thereby, are hereby authorized, approved and adopted.
2. The plan of arrangement of Bearing, as it has been or may be modified, supplemented or amended in accordance with the Arrangement Agreement and its terms (the "**Plan of Arrangement**"), the full text of which is set out as Appendix "E" to the Circular, is hereby authorized, approved and adopted.
3. The: (i) Arrangement Agreement and all the transactions contemplated therein; (ii) actions of the directors of Bearing in approving the Arrangement and the Arrangement Agreement; and (iii) actions of the directors and officers of Bearing in executing and delivering the Arrangement Agreement and any modifications, supplements or amendments thereto, and causing the performance by Bearing of its obligations thereunder, are hereby ratified and approved.
4. Bearing is hereby authorized to apply for a final order from the Supreme Court of British Columbia (the "**Court**") to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be, or may have been, modified, supplemented or amended).
5. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the securityholders entitled to vote thereon or that the Arrangement has been approved by the Court, the directors of Bearing are hereby authorized and empowered, without further notice to or approval of the Bearing: (i) to amend, modify or supplement the Arrangement Agreement or the Plan of Arrangement to the extent permitted by their terms; and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and any related transactions.
6. Any officer or director of Bearing is hereby authorized and directed, for and on behalf of Bearing, to execute or cause to be executed and to deliver or cause to be delivered, whether under the corporate seal of Bearing or otherwise, all such other documents and instruments and to perform or cause to be performed all such other acts and things as, in such person's opinion, may be necessary or desirable to give full force and effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of any such other document or instrument or the doing of any such other act or thing.

APPENDIX "E"
PLAN OF ARRANGEMENT

**PLAN OF ARRANGEMENT
UNDER DIVISION 5 OF PART 9 OF THE
BUSINESS CORPORATIONS ACT (BRITISH COLUMBIA)**

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

In this Plan of Arrangement the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

“affiliate” has the meaning ascribed thereto in the Canadian Securities Administrators' National Instrument 45-106 *Prospectus Exemptions*;

“Arrangement” means an arrangement under the provisions of Division 5 of Part 9 of the BCBCA on the terms and conditions set forth in this Plan of Arrangement, subject to any amendment or supplement to this Plan of Arrangement made in accordance herewith and the Arrangement Agreement or made at the direction of the Court either in the Interim Order or Final Order with the consent of LPI, Purchaser and Bearing, each acting reasonably;

“Arrangement Agreement” means the arrangement agreement made as of June 21, 2022 between LPI, the Purchaser and Bearing, together with the Bearing Disclosure Letter and the LPI Disclosure Letter, and the schedules attached thereto, as amended, amended and restated or supplemented from time to time;

“Arrangement Resolution” means the special resolution of the Bearing Securityholders approving this Plan of Arrangement substantially in the form attached as a Schedule to the Arrangement Agreement;

“ASX” means the Australian Securities Exchange or its operator ASX Limited (ABN 98 008 624 691), as the context requires;

“ASX Listing Rules” means the listing rules of the ASX, as amended or supplemented from time to time;

“Available Cash” means: (a) all cash of Bearing as at the end of the day prior to the Effective Date, if any, minus (b) the amount of all debts (or debt like items), liabilities, transaction costs relating to the Arrangement, Taxes, and minus (c) the amount of any cash received by Bearing in respect of the exercise of Bearing Options and/or Bearing Warrants following the execution of the Arrangement Agreement;

“BCBCA” means the *Business Corporations Act* (British Columbia);

“Bearing” means Bearing Lithium Corp., a company existing under the BCBCA;

“Bearing Circular” means the notice of the Bearing Meeting to be sent to Bearing Securityholders and the management information circular to be prepared in connection with the Bearing Meeting, together with any amendments thereto or supplements thereof, and any other registration statement, information circular or proxy statement which may be prepared in connection with the Bearing Meeting;

“Bearing Disclosure Letter” means the letter delivered by Bearing to the Purchaser in the form accepted by and on behalf of LPI with respect to certain matters in the Arrangement Agreement.

“Bearing Meeting” means the special meeting of the Bearing Securityholders, including any adjournment or postponement thereof in accordance with the terms of the Arrangement Agreement, to be called and held in accordance with the Interim Order for the purpose of, among other things, considering and, if thought advisable, approving the Arrangement Resolution;

“Bearing Optionholder” means a holder of one or more Bearing Options;

“Bearing Options” means options to acquire Bearing Shares issued pursuant to the Bearing Stock Option Plan;

“Bearing Securityholders” means at any time, the Bearing Shareholders and Bearing Optionholders;

“Bearing Shareholders” means at any time, the holders of Bearing Shares;

“Bearing Shares” means the common shares in the capital of Bearing;

“Bearing Stock Option Plan” means the Stock Option Plan of Bearing confirmed and approved by the Bearing Shareholders on April 29, 2021;

“Bearing Warrantholder” means a holder of one or more Bearing Warrants;

“Bearing Warrants” means the common share purchase warrants of Bearing to purchase Bearing Shares in accordance with the terms and conditions of each such warrant;

“Business Day” means any day, other than a Saturday, a Sunday or a statutory holiday in Vancouver, British Columbia or Sydney, Australia;

“Consideration” means the consideration to be received by the Bearing Shareholders pursuant to the Plan of Arrangement in respect of each Bearing Share that is issued and outstanding immediately prior to the Effective Time, consisting of 0.70 of an LPI Share for each Bearing Share;

“Court” means the Supreme Court of British Columbia;

“Depository” means the Person appointed by Bearing and LPI to act as depository at its offices set out in the Letter of Transmittal;

“Dissent Rights” means the rights of dissent in respect of the Arrangement as contemplated in this Plan of Arrangement;

“Dissent Shares” means Bearing Shares held by a Dissenting Bearing Shareholder and in respect of which the Dissenting Bearing Shareholder has validly exercised Dissent Rights in strict compliance with Section 3.1;

“Dissenting Bearing Shareholder” means a registered holder of Bearing Shares who has duly and validly exercised the Dissent Rights in respect of the Arrangement Resolution in strict compliance with Section 3.1, and who has not withdrawn or been deemed to have withdrawn such dissent, but only in respect of Bearing Shares in respect of which the Dissent Rights in Section 3.1 are validly exercised by such Bearing Shareholder;

“Effective Date” means the date upon which the Arrangement becomes effective as set out in Section 2.2 of the Arrangement Agreement;

“Effective Time” means 12:01 a.m. (Vancouver Time) on the Effective Date;

"Final Order" means the final order of the Court in a form acceptable to Bearing, the Purchaser and LPI, each acting reasonably, pursuant to Section 291 of the BCBCA, approving the Arrangement, as such order may be amended by the Court (with the consent of Bearing, the Purchaser and LPI, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal (provided that any such amendment is acceptable to Bearing, the Purchaser and LPI, each acting reasonably);

"Governmental Entity" means (i) any applicable international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, whether domestic or foreign, (ii) any subdivision, agency, commission, board or authority of any of the foregoing, (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, or (iv) any stock exchange;

"Interim Order" means the interim order of the Court, providing for, among other things, the calling and holding of the Bearing Meeting, as such order may be amended by the Court with the consent of both the Bearing and LPI, each acting reasonably;

"Laws" means all laws, by-laws, rules, regulations, orders, ordinances, protocols, codes, guidelines, instruments, policies, notices, directions and judgments or other requirements of any Governmental Entity;

"Letter of Transmittal" means the letter of transmittal for use by Bearing Shareholders in connection with the Arrangement, in the form accompanying the Bearing Circular;

"Liens" means any hypothecs, mortgages, pledges, assignments, liens, charges, security interests, encumbrances and adverse rights or claims, other third person interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing;

"LPI" means Lithium Power International Ltd., a company existing under the laws of Australia;

"LPI Disclosure Letter" means the letter delivered by LPI to Bearing in the form accepted by on behalf of Bearing with respect to certain matters in the Arrangement Agreement;

"LPI Shares" means fully paid ordinary shares in the capital of LPI;

"Parties" means, together, LPI, the Purchaser and Bearing, and "Party" means either of them;

"Person" means an individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;

"Plan of Arrangement" means this plan of arrangement and any amendments or variations made in accordance with the Arrangement Agreement or this Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of the Parties, each acting reasonably;

"Purchaser" means LPI Canada Holdings Ltd., a corporation existing under the BCBCA;

"Purchaser Common Shares" means the common shares in the capital of the Purchaser;

Any capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Arrangement Agreement.

1.2 Sections and Headings

The division of this Plan of Arrangement into sections and the insertion of headings are for reference purposes only and shall not affect the interpretation of this Plan of Arrangement. Unless otherwise indicated, any reference in this Plan of Arrangement to a section or a schedule refers to the specified section of or schedule to this Plan of Arrangement.

1.3 Number and Gender

In this Plan of Arrangement, unless the context otherwise requires, words importing the singular only shall include the plural and vice versa, words importing the use of either gender shall include both genders and neuter.

1.4 Date for any Action

If the date on which any action is required to be taken hereunder by any Party hereto is not a Business Day, such action shall be required to be taken on the next succeeding day that is a Business Day.

1.5 Time

Time shall be of the essence in every matter or action contemplated hereunder. All times express herein or in any letter of transmittal contemplated herein are local time (Vancouver, British Columbia) unless otherwise stipulated herein or therein.

1.6 Statutory Reference

Any reference in this Plan of Arrangement to a statute includes all regulations and rules made thereunder, all amendments to such statute or regulation in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

ARTICLE 2 ARRANGEMENT

2.1 Binding Effect

This Plan of Arrangement is made pursuant to the provisions of the Arrangement Agreement and constitutes an arrangement as referred to in section 288 of the BCBCA. The Arrangement will become effective at, and be binding at and after, the Effective Time on: (i) Bearing; (ii) LPI; (iii) the Purchaser; (iv) the Bearing Shareholders (including Dissenting Bearing Shareholders); (v) the Bearing Optionholders; (vi) Bearing Warrantholders; (vii) the Depository; and (viii) the registrar and transfer agent of Bearing.

2.2 Arrangement

Commencing at the Effective Time each of the following events shall occur and shall be deemed to occur sequentially as set out below without any further authorization, act or formality, in each case, unless stated otherwise, effective as at one minute intervals starting at the Effective Time:

- (a) Bearing shall distribute all of its Available Cash to the Bearing Shareholders as a return of capital net of any applicable Taxes with respect to such return of capital and Bearing shall timely remit to the appropriate Governmental Entity such Taxes;
- (b) Each Dissent Share held by a Dissenting Bearing Shareholder shall, without any further action by or on behalf of such Dissenting Bearing Shareholder, be deemed to have been

transferred and assigned to Bearing, without any further act or formality on its part, in consideration for a debt claim against Bearing determined in accordance with Section 3.1. With respect to each Dissent Share transferred and assigned to Bearing in accordance with this Section 2.2(b):

- (i) the holder of such Dissent Share immediately prior to such transfer and assignment shall cease to be the holder thereof, the name of such holder shall be removed from the register maintained by or on behalf of Bearing in respect of the Bearing Shares, and such Dissent Share shall be cancelled; and
 - (ii) the holder of such Dissent Share immediately prior to such transfer and assignment shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to transfer and assign such Dissent Share to Bearing.
- (c) Each issued and outstanding Bearing Share (other than any Dissent Share held by a Dissenting Bearing Shareholder and other than any Bearing Share held by LPI or any of its affiliates) shall, without any further action by or on the part of such holder, and shall be deemed to, be assigned and transferred by the holder thereof to the Purchaser and, in exchange therefor, LPI shall issue the Consideration in respect of that Bearing Share to such Bearing Shareholder, and
 - (i) the holders of such Bearing Shares will cease to be the holders thereof and to have any rights as holders of such Bearing Shares other than the right to receive the Consideration from LPI in accordance with this Plan of Arrangement;
 - (ii) such holders' names will be removed from the register of holders of Bearing Shares maintained by or on behalf of Bearing and shall become a member of LPI and will have their name registered in the register of members of LPI, and will be bound by the constitution of LPI; and
 - (iii) the Purchaser will be recorded as the registered holder of such Bearing Shares so exchanged and will be deemed to be the legal and beneficial owner thereof.
- (d) Contemporaneously with Subsection 2.2(c) above, in consideration for the Consideration issued to the Bearing Shareholder by LPI on behalf of and for the benefit of the Purchaser, the Purchaser shall issue Purchaser Common Shares to LPI having an aggregate fair market value equal to the fair market value of such Consideration.
- (e) Notwithstanding the terms and conditions of the Bearing Stock Option Plan, the Bearing Stock Option Plan shall be amended to (i) provide that from and following the Effective Date, each Bearing Optionholder shall receive (and such holder shall accept) upon the exercise of such holder's Bearing Options, in lieu of Bearing Shares to which such holder was theretofore entitled upon such exercise, and for the same aggregate consideration payable therefor, the number of LPI Shares which the holder would have been entitled to receive as a result of the transactions contemplated by this Arrangement if, immediately prior to the Effective Date, such holder had been the registered holder of the number of Bearing Shares to which such holder would have been entitled if such holder had exercised such holder's Bearing Options immediately prior to the Effective Time, and (ii) provide that from and following the Effective Date, and in order to comply with ASX Listing Rules, that (A) no Bearing Optionholder shall be entitled to participate in new issues of LPI Shares in such capacity as a Bearing Optionholder without first exercising their Bearing Option; (B) in the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued share capital of LPI, each Bearing Option will be treated in the manner prescribed by the ASX Listing Rules applying to reorganisations at the time of such event; and (C) the exercise price of a Bearing Option shall not change, nor shall the number of

LPI Shares that are issuable on exercise of the Bearing Option change, in the event of a new issue of LPI Shares. All terms and conditions of a Bearing Option, including term to expiry, conditions to and manner of exercising will be the same and shall be governed by the terms of the applicable Bearing Option and Bearing Stock Option Plan, except that the term to expiry shall continue until the expiry date under the applicable Bearing Option regardless of whether or not such Bearing Optionholder ceases to be a director, officer, employee or consultant of Bearing or a subsidiary of Bearing.

- (f) Notwithstanding the terms and conditions of the Bearing Warrants, each Bearing Warrant shall be amended to provide that from and following the Effective Date, and in order to comply with ASX Listing Rules, that (i) no Bearing Warrant holder shall be entitled to participate in new issues of LPI Shares in such capacity as a Bearing Warrant holder without first exercising their Bearing Warrant; (ii) in the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued share capital of LPI, each Bearing Warrant will be treated in the manner prescribed by the ASX Listing Rules applying to reorganisations at the time of such event; and (iii) the exercise price of a Bearing Warrant shall not change, nor shall the number of LPI Shares that are issuable on exercise of the Bearing Warrant change, in the event of a new issue of LPI Shares. All other terms and conditions of a Bearing Warrant, including term to expiry, conditions to and manner of exercising will be the same and shall be governed by the terms of the applicable Bearing Warrant.

2.3 Transfers Free and Clear

Any transfer of securities pursuant to this Plan of Arrangement shall free and clear of any Liens.

2.4 No Fractional Shares

In no event shall any holder of Bearing Shares or Bearing Options be entitled to a fractional LPI Share. Where the aggregate number of LPI Shares to be issued to a person as consideration under or as a result of this Arrangement would result in a fraction of an LPI Share being issuable, the number of LPI Shares to be received by such Bearing Securityholder shall be rounded down to the nearest whole LPI Share and no person will be entitled to any compensation in respect of a fractional LPI Share.

2.5 U.S. Securities Laws

Notwithstanding any provision herein to the contrary, LPI, the Purchaser and Bearing agree that the Plan of Arrangement will be carried out with the intention that all Consideration to be issued in connection with the Arrangement shall be exempt from registration requirements of the U.S. Securities Act pursuant to the Section 3(a)(10) Exemption thereunder, and the Consideration to be distributed in the United States pursuant to the Arrangement shall not be subject to resale restrictions in the United States under the U.S. Securities Act (other than as may be prescribed by Rule 144 and Rule 145 under the U.S. Securities Act).

2.6 Adjustments to Consideration

Notwithstanding anything in the Arrangement Agreement or this Plan of Arrangement to the contrary, if, between the date of the Arrangement Agreement and the Effective Time, the issued and outstanding LPI Shares shall have been changed into a different number of shares by reason of a split or consolidation of the issued and outstanding LPI Shares, then the consideration to be paid for each Bearing Share pursuant to this Plan of Arrangement shall be appropriately adjusted to provide Bearing Shareholders the same economic effect as contemplated by this Plan of Arrangement prior to such action and as so adjusted shall, from and after the date of such event, be the consideration to be paid for each Bearing Share.

ARTICLE 3 RIGHTS OF DISSENT

3.1 Rights of Dissent for Bearing Shareholders

Holders of Bearing Shares may exercise rights of dissent with respect to such shares pursuant to and in the manner set forth in sections 237 to 247 of the BCBCA, as modified by the Interim Order and this Section 3.1 in connection with the Arrangement Resolution; provided that, notwithstanding section 242(1)(a) of the BCBCA, the written objection to the Arrangement Resolution referred to in section 242(1)(a) of the BCBCA must be received by Bearing not later than 4:00 p.m. (Vancouver time) two Business Days immediately preceding the date of the Bearing Meeting. Dissenting Bearing Shareholders who duly exercise such rights of dissent and who:

- (a) are ultimately entitled to be paid fair value for their Dissent Shares shall be entitled to be paid by Bearing such fair value (which fair value, notwithstanding anything to the contrary contained in the BCBCA, shall be determined as of the close of business on the day before the Arrangement Resolution was adopted at the Bearing Meeting) and will not be entitled to any other payment or consideration, including any LPI Shares to which such holder would have been entitled under the Arrangement in respect of such Dissent Shares had such holder not exercised Dissent Rights in respect of Bearing Shares; or
- (b) are ultimately not entitled, for any reason, to be paid fair value for their Dissent Shares shall be deemed to have participated in the Arrangement in respect of those Bearing Shares on the same basis as a non-dissenting holder of Bearing Shares,

but in no case shall Bearing, the Purchaser, LPI or any other Person be required to recognize such a Dissenting Bearing Shareholder as holder of Bearing Shares after the Effective Time, and the names of such holders of Bearing Shares shall be deleted from the registers of holders of Bearing Shares at the Effective Time. For greater certainty, in addition to any other restrictions in the Interim Order, no Person shall be entitled to exercise rights of dissent with respect to: (i) Bearing Shares in respect of which a Person has voted or has instructed a proxyholder to vote in favour of the Arrangement Resolution.

ARTICLE 4 DELIVERY OF CONSIDERATION AND WITHHOLDING TAX

4.1 Delivery of Shares

- (a) Following receipt of the Final Order and prior to the Effective Time, the Purchaser will deposit sufficient LPI Shares with the Depository to satisfy the consideration issuable to the Bearing Shareholders pursuant to this Plan of Arrangement (other than with respect to Dissent Shares held by Dissenting Bearing Shareholders), which LPI Shares will be held by the Depository as agent and nominee for such former Bearing Shareholders for distribution to such former Bearing Shareholders in accordance with the provisions of this Article 4.
- (b) After the Effective Date, certificates formerly representing Bearing Shares which are held by a Bearing Shareholder (other than with respect to Dissent Shares held by Dissenting Bearing Shareholders and other than any Bearing Share held by LPI or any of its affiliates), will represent only the right to receive the Consideration issuable therefor pursuant this Plan of Arrangement in accordance with the terms of this Article 4, less any amounts withheld pursuant to Section 4.3.
- (c) No dividends or other distributions declared or made after the Effective Date with respect to the LPI Shares with a record date on or after the Effective Date will be payable or paid

to the holder of any unsurrendered certificate or certificates for Bearing Shares which, immediately prior to the Effective Date, represented outstanding Bearing Shares, until the surrender of certificates for Bearing Shares in exchange for the Consideration issuable therefor pursuant to the terms of this Plan of Arrangement. Subject to applicable Law and to Section 4.1 hereof, at the time of such surrender, there shall, in addition to the delivery of Consideration to which such Bearing Shareholder is thereby entitled, be delivered to such holder, without interest, the amount of the dividend or other distribution with a record date after the Effective Time theretofore paid with respect to such LPI Shares.

- (d) As soon as reasonably practicable after the Effective Date (subject to Section 4.2), the Depository will forward to each Bearing Shareholder that submitted a duly completed Letter of Transmittal to the Depository at the offices indicated in the Letter of Transmittal, together with the certificate (if any) representing the Bearing Shares held by such Bearing Shareholder and such other documents as the Depository may reasonably require, the holding statements detailing the LPI Shares issued to such Bearing Shareholder pursuant to Section 2.2(c), less any amounts withheld pursuant to Section 4.3, which shares will be registered in such name or names as set out in the Letter of Transmittal and either (i) delivered to the address or addresses as such Bearing Shareholder directed in their Letter of Transmittal or (ii) made available for pick up at the offices of the Depository in accordance with the instructions of the Bearing Shareholder in the Letter of Transmittal.
- (e) Bearing Shareholders that did not submit an effective Letter of Transmittal prior to the Effective Date may take delivery of the Consideration issuable to them, less any amounts withheld pursuant to Section 4.3, by delivering the certificates representing Bearing Shares formerly held by them to the Depository at the offices indicated in the Letter of Transmittal. Such certificates must be accompanied by a duly completed Letter of Transmittal, together with such other documents as the Depository may reasonably require. Holding statements detailing the LPI Shares issued to such Bearing Shareholder pursuant to this Plan of Arrangement, less any amounts withheld pursuant to Section 4.3, will be registered in such name or names as set out in the Letter of Transmittal and either (i) delivered to the address or addresses as such Bearing Shareholder directed in their Letter of Transmittal or (ii) made available for pick up at the offices of the Depository in accordance with the instructions of the Bearing Shareholder in the Letter of Transmittal, as soon as reasonably practicable after receipt by the Depository of the required certificates and documents.
- (f) Any certificate which immediately prior to the Effective Date represented outstanding Bearing Shares and which has not been surrendered, with all other instruments required by this Article 4, on or prior to the sixth anniversary of the Effective Date, will cease to represent any claim against or interest of any kind or nature in Bearing, LPI, the Purchaser or the Depository.

4.2 Lost Certificates

- (a) In the event any certificate, which immediately before the Effective Time represented one or more outstanding Bearing Shares that was exchanged pursuant to this Plan of Arrangement, is lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Depository will issue in exchange for such lost, stolen or destroyed certificate, the Consideration to which such Person is entitled in respect of the Bearing Shares represented by such lost, stolen, or destroyed certificate pursuant to this Plan of Arrangement, less any amounts withheld pursuant to Section 4.3, deliverable in accordance with such Person's Letter of Transmittal.
- (b) When authorizing such issuances or payment in exchange for any lost, stolen or destroyed certificate, the Person to whom consideration is to be issued and/or paid will, as a condition precedent to the issuance and/or payment thereof, give a bond satisfactory to the Purchaser, LPI and the Depository (each acting reasonably) in such sum as the Purchaser

and LPI may reasonably direct or otherwise indemnify the Purchaser, LPI and the Depository in a manner satisfactory to the Purchaser, LPI and the Depository (each acting reasonably), against any claim that may be made against one or both of them with respect to the certificate alleged to have been lost, stolen or destroyed.

4.3 Withholding Tax

LPI, the Purchaser, Bearing and the Depository, as applicable, shall be entitled to deduct and withhold from any Consideration payable or otherwise deliverable to any former holder of Bearing Shares such amounts as LPI, the Purchaser, Bearing or the Depository is required to deduct and withhold therefrom under any provision of applicable Laws in respect of Taxes. To the extent that such amounts are so deducted and withheld, such amounts shall be treated for all purposes hereof as having been paid to the Person to whom such amounts would otherwise have been paid, provided that such withheld amounts are actually remitted to the appropriate Governmental Entity. LPI, the Purchaser, Bearing or the Depository, as applicable, may sell or otherwise dispose of such portion of the Consideration otherwise payable to such holder in the form of LPI Shares as is necessary to provide sufficient funds to enable LPI, the Purchaser, Bearing or the Depository, as applicable, to comply with such deduction and/or withholding requirements and LPI, the Purchaser, Bearing and the Depository, as applicable, shall notify the holder thereof and remit any unapplied balance of the net proceeds of such sale.

ARTICLE 5 WARRANTS

5.1 Warrants

In accordance with the terms of the Bearing Warrants, each Bearing Warrantholder shall be entitled to receive (and such holder shall accept) upon the exercise of such holder's Bearing Warrant, in lieu of Bearing Shares to which such holder was theretofore entitled upon such exercise, and for the same aggregate consideration payable therefor, the number of LPI Shares which the holder would have been entitled to receive as a result of the transactions contemplated by this Arrangement if, immediately prior to the Effective Date, such holder had been the registered holder of the number of Bearing Shares to which such holder would have been entitled if such holder had exercised such holder's Bearing Warrants immediately prior to the Effective Time. Subject to the changes described in Section 2.2(f) hereof, each Bearing Warrant shall continue to be governed by and be subject to the terms of the applicable Bearing Warrant certificate. In no event shall any holder of Bearing Warrants be entitled to a fractional LPI Share. Where the aggregate number of LPI Shares to be issued to a person as consideration under or as a result of this Arrangement would result in a fraction of an LPI Share being issuable, the number of LPI Shares to be received by such Bearing Warrantholder shall be rounded down to the nearest whole LPI Share and no person will be entitled to any compensation in respect of a fractional LPI Share.

ARTICLE 6 AMENDMENTS

6.1 Amendments to Plan of Arrangement

- (a) LPI, the Purchaser and Bearing may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must (i) be set out in writing, (ii) be approved by LPI, the Purchaser and Bearing in writing, (iii) filed with the Court and, if made following the Bearing Meeting, approved by the Court and (iv) communicated to Bearing Securityholders if and as required by the Court. Subject to the foregoing as to timing, LPI may also require that the Plan of Arrangement be amended if required or directed by ASX or if required or reasonably necessary in order to comply with the ASX Listing Rules.

- (b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by LPI, the Purchaser or Bearing at any time prior to the Bearing Meeting (provided that the other Parties shall have consented thereto in writing) with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at the Bearing Meeting, shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Bearing Meeting shall be effective only if (i) it is consented to in writing by each of LPI, the Purchaser and Bearing (in each case, acting reasonably), and (ii) if required by the Court, it is consented to by some or all of the Bearing Securityholders, voting in the manner directed by the Court.
- (d) Any amendment, modification or supplement to this Plan of Arrangement may be made by LPI, the Purchaser and Bearing without the approval of or communication to the Court or the Bearing Securityholders, provided that it concerns a matter which, in the reasonable opinion of LPI, the Purchaser and Bearing is of an administrative or ministerial nature required to better give effect to the implementation of this Plan of Arrangement and is not materially adverse to the financial or economic interests of any of the Bearing Securityholders.
- (e) This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the terms of the Arrangement Agreement.

ARTICLE 7 FURTHER ASSURANCES

7.1 Further Assurances

Notwithstanding that the transactions and events set out herein shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the Parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by either of them in order further to document or evidence any of the transactions or events set out herein.

7.2 Paramountcy

From and after the Effective Time:

- (a) this Plan of Arrangement shall take precedence and priority over any and all rights related to Bearing Shares and Bearing Options;
- (b) the rights and obligations of the holders of Bearing Shares and Bearing Options and any trustee and transfer agent therefor, shall be solely as provided for in this Plan of Arrangement and the Arrangement Agreement; and
- (c) all actions, causes of action, claims or proceedings (actual or contingent, and whether or not previously asserted) based on or in any way relating to Bearing Shares and Bearing Options shall be deemed to have been settled, compromised, released and determined without any liability except as set forth herein.

APPENDIX "F"
NOTICE OF HEARING OF PETITION FOR FINAL ORDER

NOTICE OF HEARING OF PETITION FOR FINAL ORDER

NO.
VANCOUVER
REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF SECTION 288 OF THE BUSINESS CORPORATION ACT,
S.B.C. 2002, CHAPTER 57, AS AMENDED AND

IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING
BEARING LITHIUM CORP., LPI CANADA HOLDINGS LTD.
AND LITHIUM POWER INTERNATIONAL INC.

BEARING LITHIUM CORP.

PETITIONER

NOTICE OF HEARING OF PETITION

- To: The holders of common shares of Bearing Lithium Corp. ("**Bearing Shareholders**")
- And to: The holders of options to purchase common shares of Bearing Lithium Corp. ("**Bearing Optionholders**")
- And to: The holders of warrants to purchase common shares of Bearing Lithium Corp. ("**Bearing Warrantholders**"), and collectively with the Bearing Shareholders and Bearing Optionholders, the "**Bearing Securityholders**"

NOTICE IS HEREBY GIVEN that a Petition has been filed by the Petitioner, Bearing Lithium Corp. ("**Bearing**") in the Supreme Court of British Columbia (the "**Court**") for approval of a plan of arrangement (the "**Arrangement**"), pursuant to the *Business Corporations Act*, S.B.C., 2002, c. 57, as amended (the "**BCBCA**");

AND NOTICE IS FURTHER GIVEN that by an Interim Order Made After Application, pronounced by the Court on September 27, 2022, the Court has given directions as to the calling of a special meeting of the Bearing Securityholders, for the purpose of, among other things, considering, and voting upon the special resolution to approve the Arrangement;

AND NOTICE IS FURTHER GIVEN that an application for a Final Order approving the Arrangement and for a determination that the terms and conditions of the Arrangement and the exchange of common shares of Bearing for ordinary shares of Lithium Power International Limited to be effected thereby are procedurally and substantively fair and reasonable to the Bearing Securityholders, and shall be made before the presiding Judge in Chambers at the Courthouse, 800 Smithe Street, Vancouver, British Columbia on November 1, 2022 at 9:45 a.m.. (Vancouver time), or as soon thereafter as counsel may be heard (the "**Final Application**").

AND NOTICE IS FURTHER GIVEN that the Final Order approving the Arrangement will, if made, serve as the basis of an exemption from the registration requirements of the United States Securities Act of 1933, as amended, pursuant to Section 3(a)(10) thereof with respect to securities issued under the Arrangement.

IF YOU WISH TO BE HEARD, any person affected by the Final Order sought may appear (either in person or by counsel) and make submissions at the hearing of the Final Application if such person has filed with the Court at the Court Registry, 800 Smithe Street, Vancouver, British Columbia, a Response to Petition ("**Response**") in the form prescribed by the Supreme Court Civil Rules, together with any affidavits and other material on which that person intends to rely at the hearing of the Final Application, and delivered a copy of the filed Response, together with all affidavits and other material on which such person intends to rely at the hearing of the Final Application, including an outline of such person's proposed submissions, to the Petitioner at its address for delivery set out below by or before 4:00 p.m. (Vancouver time) on October 26, 2022.

The Petitioner's address for delivery is:

DS LAWYERS CANADA LLP
Suite 800, 543 Granville Street
Vancouver, B.C. V6C 1X8

Attention: Eunize Lao

IF YOU WISH TO BE NOTIFIED OF ANY ADJOURNMENT OF THE FINAL APPLICATION, YOU MUST GIVE NOTICE OF YOUR INTENTION by filing and delivering the form of "Response" as aforesaid. You may obtain a form of "Response" at the Court Registry, 800 Smithe Street, Vancouver, British Columbia, V6Z 2E1.

AT THE HEARING OF THE FINAL APPLICATION the Court may approve the Arrangement as presented, or may approve it subject to such terms and conditions as the Court deems fit.

IF YOU DO NOT FILE A RESPONSE and attend either in person or by counsel at the time of such hearing, the Court may approve the Arrangement, as presented, or may approve it subject to such terms and conditions as the Court shall deem fit, all without any further notice to you. If the Arrangement is approved, it will significantly affect the rights of the Bearing Securityholders.

A copy of the said Petition and other documents in the proceeding will be furnished to any Bearing Securityholder upon request in writing addressed to the solicitors of the Petitioner at the address for delivery set out above.

Date: September 27, 2022

(signed) "Eunize Lao"

Signature of lawyer for Petitioner

Eunize Lao

APPENDIX "G"
INTERIM ORDER



NO. S-227663
VANCOUVER REGISTRY

THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF SECTION 288 OF THE BUSINESS
CORPORATIONS ACT, S.B.C. 2002, CHAPTER 57, AS AMENDED

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING
BEARING LITHIUM CORP., LITHIUM POWER INTERNATIONAL
LIMITED. AND LPI CANADA HOLDINGS LTD.

BEARING LITHIUM CORP.

PETITIONER

INTERIM ORDER MADE AFTER APPLICATION

BEFORE MASTER **BILAWICH**) 27/SEP/2022
)
)

ON THE APPLICATION of the Petitioner, Bearing Lithium Corp. ("**Bearing**") for an Interim Order pursuant to its Petition filed on September 23, 2022

[X] without notice coming on for hearing at Vancouver, British Columbia on September 27, 2022 and on hearing Nathania Ng counsel for the Petitioner and upon reading the Petition herein and the Affidavit of Ryan Smith sworn on September 23, 2022 and filed herein (the "**Officer Affidavit**"); and upon being advised that it is the intention of Lithium Power International Limited ("**LPI**"), LPI Canada Holdings Ltd. ("**LPI Canada**") and Bearing to rely upon Section 3(a)(10) of the United States Securities Act of 1933, as amended (the "**1933 Act**") as a basis for an exemption from the registration requirements of the 1933 Act with respect to securities of LPI issued under the proposed Plan of Arrangement based on the Court's approval of, and consideration of the fairness of, the Arrangement;

THIS COURT ORDERS THAT:

DEFINITIONS

1. As used in this Interim Order, unless otherwise defined, terms beginning with capital letters have the respective meanings set out in the draft information circular entitled "Plan of Arrangement Involving Bearing Lithium Corp., Lithium Power International Limited, LPI Canada Holdings Ltd. and Securityholders of Bearing Lithium Corp. – Notice of Annual, General and Special Meeting and Management Information Circular" (the "**Circular**") attached as Exhibit "A" to the Officer Affidavit.

MEETING

2. Pursuant to Sections 186, 288, 289, 290 and 291 of the Business Corporations Act, S.B.C., 2002, c. 57, as amended (the "**BCBCA**"), Bearing is authorized and directed to call, hold and conduct a special meeting of the holders ("**Bearing Shareholders**") of common shares of Bearing ("**Bearing Shares**"), the holders ("**Bearing Optionholders**") of options to purchase common shares of Bearing ("**Bearing Options**") and the holders ("**Bearing Warrantholders**" and collectively with the Bearing Shareholders and the Bearing Optionholders referred to as the "**Bearing Securityholders**") of warrants to purchase common shares of Bearing ("**Bearing Warrants**") to be held at 10:00 a.m. (Vancouver time) on October 28, 2022 at Suite 810 -789 West Pender Street, Vancouver, British Columbia (the "**Meeting**"):
 - (a) to consider and, if thought advisable, to pass, with or without variation, a special resolution (the "**Arrangement Resolution**") of the Bearing Securityholders approving an arrangement (the "**Arrangement**") under Division 5 of Part 9 of the BCBCA, the full text of which is set forth in Appendix "D" to the Circular; and
 - (b) to transact such further or other business, including amendments to the foregoing, as may properly be brought before the Meeting or any adjournment or postponement thereof.
3. The Meeting will be called, held and conducted in accordance with the BCBCA, applicable securities laws, the articles of Bearing and the Circular subject to the terms of this Interim Order, and any further order of this Court, and the rulings and directions of the Chair of the Meeting, such

rulings and directions not to be inconsistent with this Interim Order, and to the extent of any inconsistency, this Interim Order will govern or, if not specified in the Interim Order, the Circular will govern.

ADJOURNMENT

4. Notwithstanding the provisions of the BCBCA and the articles of Bearing, and subject to the terms of the Arrangement Agreement, Bearing, if it deems advisable, is specifically authorized to adjourn or postpone the Meeting on one or more occasions, without the necessity of first convening the Meeting or first obtaining any vote of the Bearing Securityholders respecting such adjournment or postponement and without the need for approval of the Court. Notice of any such adjournments or postponements will be given by news release, newspaper advertisement, or by notice sent to Bearing Securityholders by one of the methods specified in paragraph 9 of this Interim Order.
5. The Record Date (as defined in paragraph 7 below) will not change in respect of any adjournments or postponements of the Meeting.

AMENDMENTS

6. Prior to the Meeting, Bearing is authorized to make such amendments, revisions or supplements to the proposed Arrangement and the Plan of Arrangement, in accordance with the terms of the Arrangement Agreement, without any additional notice to or authorization from the Bearing Securityholders or further order of this Court, and the Arrangement and Plan of Arrangement as so amended, revised and supplemented will be the Arrangement and Plan of Arrangement submitted to the Meeting, and the subject of the Arrangement Resolution.

RECORD DATE

7. The record date for determining the Bearing Securityholders entitled to receive notice of, attend and vote at the Meeting will be close of business (Vancouver time) on September 9, 2022 (the "Record Date") as previously approved by the directors of Bearing and published.

NOTICE OF MEETING

8. The Circular is hereby deemed to represent sufficient and adequate disclosure, including for the purpose of Section 290(1)(a) of the BCBCA, and Bearing will not be required to send to the Bearing Securityholders any other or additional statement pursuant to Section 290(1)(a) of the BCBCA.
9. The Circular, the forms of proxy, letter of transmittal, and the Notice of Hearing of Petition (collectively referred to as the "**Meeting Materials**"), in substantially the same form as contained in Exhibits "A", "B" and "C" to the Officer Affidavit, with such deletions, amendments or additions thereto as counsel for the Petitioner may advise are necessary or desirable, provided that such amendments are not inconsistent with the terms of this Interim Order, will be sent to:
 - (a) the registered Bearing Shareholders as they appear on the central securities register of Bearing or the records of its registrar and transfer agent as at the close of business on the Record Date, the Meeting Materials to be sent at least twenty-one (21) days prior to the date of the Meeting, excluding the date of mailing, delivery or transmittal and the date of the Meeting, by one or more of the following methods:
 - (i) by prepaid ordinary or air mail addressed to the Bearing Shareholders at their addresses as they appear in the applicable records of Bearing or its registrar and transfer agent as at the Record Date;
 - (ii) by delivery in person or by courier to the addresses specified in paragraph 9(a)(i) above; or
 - (iii) by email or facsimile transmission to any Bearing Shareholder who identifies himself, herself or itself to the satisfaction of Bearing, acting through its representatives, and who requests such email or facsimile transmission;
 - (b) in the case of non-registered Bearing Shareholders (those who do not appear on the central securities register of Bearing or the records of its registrar and transfer agent), by providing copies of the Meeting Materials to intermediaries and registered nominees for sending to such beneficial owners in accordance with the procedures prescribed by *National Instrument 54-101 - Communication with Beneficial Owners of Securities of a Reporting Issuer of the Canadian Securities Administrators*; and

- (c) the directors and auditors of Bearing by mailing the Meeting Materials by prepaid ordinary mail, or by email or facsimile transmission, to such persons at least twenty-one (21) days prior to the date of the Meeting, excluding the date of mailing or transmittal;

and substantial compliance with this paragraph will constitute good and sufficient notice of the Meeting and Bearing's application for the Final Order.

10. The Circular and Notice of Hearing of Petition in substantially the same form as contained in Exhibits "A" and "C", respectively, to the Officer Affidavit, with such deletions, amendments or additions thereto as counsel for the Petitioner may advise are necessary or desirable, provided that such amendments are not inconsistent with the terms of this Interim Order (the "**Notice Materials**"), will be sent by prepaid ordinary mail or by email transmission to the Bearing Optionholders and Bearing Warrantholders at least twenty-one (21) days prior to the date of the Meeting, excluding the date of mailing or transmittal. Substantial compliance with this paragraph will constitute good and sufficient notice of the Meeting and Bearing's application for the Final Order.
11. Accidental failure of or omission by Bearing to give notice to any one or more Bearing Shareholder, Bearing Optionholder or Bearing Warrantholder or any other person entitled thereto, or the non-receipt of such notice by one or more Bearing Shareholder, Bearing Optionholder, or Bearing Warrantholder or any other person entitled thereto, or any failure or omission to give such notice as a result of events beyond the reasonable control of Bearing (including, without limitation, any inability to use postal services), will not constitute a breach of this Interim Order or a defect in the calling of the Meeting, and will not invalidate any resolution passed or proceeding taken at the Meeting, but if any such failure or omission is brought to the attention of Bearing, then it will use reasonable best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.
12. Provided that notice of the Meeting is given and the Meeting Materials and Notice Materials are provided to the Bearing Shareholders, Bearing Optionholders, Bearing Warrantholders and other persons entitled thereto in compliance with this Interim Order, the requirement of Section 290(1)(b) of the BCBCA to include certain disclosure in any advertisement of the meeting is waived.

DEEMED RECEIPT OF NOTICE

13. The Meeting Materials and Notice Materials will be deemed, for the purposes of this Interim Order, to have been served upon and received:
- (a) in the case of mailing pursuant to paragraphs 9(a)(i) and 10 above, the day, Saturdays, Sundays and holidays excepted, following the date of mailing;
 - (b) in the case of delivery in person pursuant to paragraph 9(a)(ii) above, the day following personal delivery or, in the case of delivery by courier, the day following delivery to the person's address in paragraph 9 above;
 - (c) in the case of any means of transmitted, recorded or electronic communication pursuant to paragraphs 9(a)(iii) and 10 above, when dispatched or delivered for dispatch; and
 - (d) in the case of non-registered Bearing Shareholders (those who do not appear on the central securities register of Bearing or the records of its registrar and transfer agent), three (3) days after delivery thereof to intermediaries and registered nominees.

UPDATING MEETING MATERIALS

14. Notice of any amendments, modifications, updates or supplement to any of the information provided in the Meeting Materials and Notice Materials may be communicated to the Bearing Shareholders, Bearing Optionholders, Bearing Warranholders or other persons entitled thereto by news release, newspaper advertisement or by notice sent to the Bearing Shareholders, Bearing Optionholders, Bearing Warranholders or other persons entitled thereto by any of the means set forth in paragraphs 9 and 10 of this Interim Order, as determined to be the most appropriate method of communication by the Board of Directors of Bearing.

QUORUM AND VOTING

15. A quorum of Bearing Securityholder shall be present at the Meeting if at least two persons are present in person or by proxy and representing in the aggregate not less than 5% of the outstanding Bearing Securities entitled to vote at the Meeting.

16. The vote required to pass the Arrangement Resolution will be the affirmative vote of at least two-thirds of the votes cast on the Arrangement Resolution by Bearing Securityholders present in person or represented by proxy and entitled to vote at the Bearing Meeting, voting together as one class on the basis of one vote per Bearing Share, one vote per Bearing Option and one vote per Bearing Warrant.
17. In all other respects, the terms, restrictions and conditions set out in the articles of Bearing will apply in respect of the Meeting.

PERMITTED ATTENDEES

18. The only persons entitled to attend the Meeting will be (i) the registered Bearing Securityholders or their respective proxyholders as of the Record Date, (ii) Bearing's directors, officers, auditors and advisors, (iii) representatives of LPI and LPI Canada (including any of their directors, officers or advisors), and (iv) any other person admitted on the invitation of the Chair of the Meeting or with the consent of the Chair of the Meeting, and the only persons entitled to be represented and to vote at the Meeting will be the Bearing Securityholders as at the close of business on the Record Date, or their respective proxyholders.

SCRUTINEERS

19. Representatives of Bearing's registrar and transfer agent (or any agent thereof) are authorized to act as scrutineers for the Meeting. The scrutineer will review and report to the Chair on the deposit and validity of the proxies, report to the Chair on quorum, report to the Chair on all polls taken or ballots cast at the Meeting, and provide the Chair with written reports on matters related to their duties.

SOLICITATION OF PROXIES

20. Bearing is authorized to use the forms of proxy and letter of transmittal in connection with the Meeting, in substantially the same form as attached as Exhibit "B" to the Officer Affidavit and Bearing may in its discretion waive generally the time limits for deposit of proxies by Bearing Securityholders if Bearing deems it reasonable to do so. Bearing is authorized, at its expense, to solicit proxies, directly and through its officers, directors and employees, and through such agents or representatives as it may retain for the purpose, and by mail or such other forms of personal, telephonic or electronic communication as it may determine.

21. The procedure for the use of proxies at the Meeting will be as set out in the Meeting Materials. Bearing may in its discretion waive the time limits for the deposit of proxies by Bearing Securityholders if Bearing deems it advisable to do so, such waiver to be endorsed on the proxy by the initials of the Chair of the Meeting.

DISSENT RIGHTS

22. Each registered Bearing Shareholder will have the right to dissent in respect of the Arrangement Resolution in accordance with the provisions of Sections 237-247 of the BCBCA, as modified by the terms of this Interim Order, Article 3 of the Plan of Arrangement and the Final Order.
23. Registered Bearing Shareholders will be the only Bearing Securityholders entitled to exercise rights of dissent. A beneficial holder of Bearing Shares registered in the name of a broker, custodian, trustee, nominee or other intermediary who wishes to dissent must make arrangements for the registered Bearing Shareholder to dissent on behalf of the beneficial holder of Bearing Shares or, alternatively, make arrangements to become a registered Bearing Shareholder.
24. In order for a registered Bearing Shareholder to exercise such right of dissent (the "**Dissent Right**"):
- (a) a registered Dissenting Bearing Shareholder must deliver a written notice of dissent which must be received by Bearing at Suite 810, 789 West Pender Street, Vancouver, British Columbia V6C 1H2, by 4:30 p.m. (Vancouver time) on October 26, 2022 or, in the case of any adjournment or postponement of the Meeting, the date which is two business days prior to the date of the Meeting; a vote against the Arrangement Resolution or an abstention will not constitute written notice of dissent;
 - (b) a registered Dissenting Bearing Shareholder must not have voted his, her or its Bearing Shares at the Meeting, either by proxy or in person, in favour of the Arrangement Resolution;
 - (c) a registered Dissenting Bearing Shareholder must dissent with respect to all of the Bearing Shares held by such person; and

- (d) the exercise of such Dissent Right must otherwise comply with the requirements of Sections 237 to 247 of the BCBCA, as modified by Article 4 of the Plan of Arrangement, this Interim Order and the Final Order.
- 25. Notice to the Bearing Shareholders of their Dissent Right with respect to the Arrangement Resolution will be given by including information with respect to the Dissent Right in the Circular to be sent to Bearing Shareholders in accordance with this Interim Order.
- 26. Subject to further order of this Court, the rights available to the Bearing Shareholders under the BCBCA and the Plan of Arrangement to dissent from the Arrangement will constitute full and sufficient Dissent Rights for the Bearing Shareholders with respect to the Arrangement.

APPLICATION FOR FINAL ORDER

- 27. Upon the approval, with or without variation, by the Bearing Securityholders of the Arrangement, in the manner set forth in this Interim Order, Bearing may apply to this Court for, *inter alia*, an order:
 - (a) pursuant to BCBCA Sections 291(4)(a) and 295, approving the Arrangement; and
 - (b) pursuant to BCBCA Section 291(4)(c) declaring that the terms and conditions of the Arrangement, and the exchange of securities to be effected by the Arrangement, are procedurally and substantively fair and reasonable to those who will receive securities in the exchange

(collectively, the "**Final Order**"),

and the hearing of the Final Order will be held on November 1, 2022 at 9:45 a.m. (Vancouver time) at the Courthouse at 800 Smith Street, Vancouver, British Columbia or as soon thereafter as the hearing of the Final Order can be heard, or at such other date and time as this Court may direct.
- 28. The form of Notice of Hearing of Petition attached to the Officer Affidavit as Exhibit "C" is hereby approved as the form of Notice of Proceedings for such approval.
- 29. Any Bearing Shareholder, Bearing Optionholder or Bearing Warrantholder has the right to appear (either in person or by counsel) and make submissions at the hearing of the application for the Final

Order, subject to the terms of this Interim Order and provided such persons have served and filed a Response to Petition and have otherwise complied with the Supreme Court Civil Rules in accordance with paragraph 30 below. No other persons, other than Bearing, LPI, LPI Canada and their respective directors, officers and advisors, are entitled to appear and be heard at the hearing of the application for the Final Order.

30. Any Bearing Shareholder, Bearing Optionholder or Bearing Warrantholder seeking to appear at the hearing of the application for the Final Order must:

- (a) file and deliver a Response to Petition (a "**Response**") in the form prescribed by the *Supreme Court Civil Rules*, and a copy of all affidavits or other materials upon which they attend to rely, to the Petitioner's solicitors at:

DSLAWYERS CANADA LLP
Suite 800, 543 Granville Street
Vancouver, B.C. V6C 1X8

Attention: Eunize Lao

by or before 4:00 p.m. (Vancouver time) on October 26, 2022, or as the Court may otherwise direct.

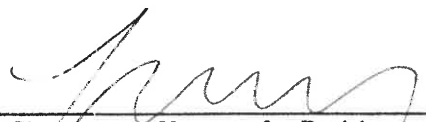
31. Sending the Notice of Hearing of Petition and this Interim Order in accordance with paragraphs 9 and 10 of this Interim Order will constitute good and sufficient service of this proceeding and no other form of service need be made and no other material need be served on persons in respect of these proceedings. In particular, service of the Petition herein and the accompanying Affidavit and additional Affidavits as may be filed, is dispensed with.
32. In the event the hearing for the Final Order is adjourned, only those persons who have filed and delivered a Response in accordance with this Interim Order need be provided with notice of the adjourned hearing date and any filed materials.

VARIANCE

33. The Petitioner will be entitled, at any time, to apply to vary this Interim Order or for such further order or orders as may be appropriate.

34. To the extent of any inconsistency or discrepancy between this Interim Order and the Circular, the BCBCA, applicable Securities Laws or the articles of Bearing, this Interim Order will govern.

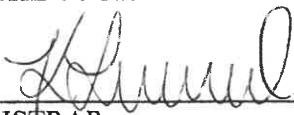
THE FOLLOWING PARTIES APPROVE THE FORM OF THIS INTERIM ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT.



Signature of lawyer for Petitioner
Nathania Ng



BY THE COURT



REGISTRAR

APPENDIX "H"
BEARING FAIRNESS OPINION



Sequeira Partners
Suite 400, 520 – 5th Avenue SW
Calgary, Alberta T2P 3R7
www.sequeirapartners.com

June 19, 2022

Attention:

Board of Directors
Bearing Lithium Corp.
810 – 789 West Pender Street
Vancouver, BC V6C 1H2

Subject: Fairness opinion related to the Acquisition of Bearing Lithium Corp. (TSXV: BRZ) by Lithium Power International Limited (ASX: LPI)

Sequeira Partners ("Sequeira" or "we") understands that Bearing Lithium Corp. ("Bearing" or the "Company"), Lithium Power International Limited ("LPI"), and LPI Canada Holdings Ltd. ("LPI Canada"), a wholly owned subsidiary of LPI, have or will be entering into an arrangement agreement (the "Arrangement Agreement"). The Arrangement Agreement contemplates that LPI will acquire all of the issued and outstanding common shares of Bearing (the "Bearing Shares") through a series of steps under a plan or arrangement pursuant to the *Business Corporations Act (British Columbia)* (the "Arrangement" or the "Transaction"). Under the terms of the Arrangement Agreement and the Arrangement: a) Bearing shall distribute all of its available cash, as defined in the Arrangement Agreement, to Bearing shareholders as a return of capital ("Cash Return of Capital") and, b) each 1.0 issued and outstanding Bearing common share will be assigned to LPI Canada in exchange for 0.7 LPI common shares ("Share Consideration"), which are publicly traded on the Australian Securities Exchange ("ASX"). As a result, Bearing shareholders will receive a proportionate share of the Cash Return of Capital and the Share Consideration in exchange for each Bearing Share. The Transaction is subject to the terms and conditions of the Arrangement Agreement, including receipt of all applicable approvals. The terms and conditions of the Arrangement will be more fully described and summarized in the management information circular of Bearing (the "Circular") to which this Fairness Opinion (defined below) will be appended.

Engagement of Sequeira Partners

Pursuant to the engagement agreement dated June 2, 2022 (the "Engagement Agreement"), Sequeira was engaged by the Board of Directors of Bearing (the "Board" or "Client") to prepare a fairness opinion (the "Opinion" or "Fairness Opinion") concluding on whether the Transaction is fair, from a financial point of view, to the Company shareholders, acting as sellers, in the Transaction.

Sequeira will receive a fee for the preparation and delivery of the Fairness Opinion, and that fee is not contingent upon the results of the Fairness Opinion. The Fairness Opinion does not in any way opine or conclude on the merits or effectiveness of the Transaction. Pursuant to the Engagement Agreement, Sequeira and its personnel are to be held harmless and indemnified by the Company under certain circumstances from and against certain liabilities arising in connection with the Fairness Opinion.

Credentials of Sequeira

Sequeira is an independent Canadian corporate finance and valuation advisor and has become one of the largest mid-market merger and acquisition and valuation advisors in their markets.

Sequeira's professionals have experience in providing advisory services for various purposes, including merger and acquisition advisory, corporate valuations and financial opinions, corporate carve-outs, and recapitalizations.

Sequeira has offices in Calgary, Edmonton, and Vancouver. Sequeira's team of finance professionals have earned professional designations including Chartered Business Valuator (CBV), Chartered Financial Analyst (CFA), Chartered Professional Accountant (CPA), and Accredited Senior Appraiser under the American Society of Appraisers in Business Valuation (ASA).

The Fairness Opinion represents the opinion of Sequeira as a firm, the form and content of which have been approved for release by a committee of our senior professionals who are collectively experienced in mergers and acquisitions, divestitures, valuation, fairness opinions, and capital markets matters.

Independence of Sequeira

We are independent of Bearing, LPI, LPI Canada, and any other affiliated companies or advisors involved in the Transaction. None of Sequeira, its affiliates or associates, is an insider, associate, or affiliate (within the meanings attributed to those terms in the *British Columbia Securities Act*) or a related entity of the Company or any of their respective associates or affiliates (together, "Interested Parties").

Neither Sequeira nor any of its employees or affiliates is an advisor to any of the Interested Parties with respect to the Transaction other than the Client pursuant to the Engagement Agreement. Sequeira has provided financial advisory services to the Company in the past. No understandings or agreements exist between Sequeira and any Interested Party with respect to future financial advisory or investment banking business, notwithstanding Sequeira may perform financial advisory or investment banking services, in the normal course of its business, in the future to one or more of the Interested Parties.

This Opinion was not rendered on a contingent fee basis and did not depend on the outcome of any transaction. This Fairness Opinion should not be viewed as a recommendation for or against the Transaction.

Scope of Review

In connection with rendering the Fairness Opinion, we have reviewed and relied upon, or carried out, among other activities, the following:

1. Draft of the Plan of Arrangement under Division 5 of Part 9 of the Business Corporations Act (British Columbia);
2. Draft of the Arrangement Agreement between Lithium Power International Limited, LPI Canada Holdings Ltd., and Bearing Lithium Corp.;
3. Draft of the Voting and Support Agreement regarding the acquisition of the outstanding common shares of Bearing Lithium Corp. by Lithium Power International Limited pursuant to a plan of arrangement;
4. Draft of the Instrument of Waiver of pre-emptive rights;
5. Audited annual financial statements of Bearing for the years ended December 31, 2017 to December 31, 2021;
6. Bearing corporate federal income tax return for the years ended October 31, 2017 to October 31, 2021;
7. Bearing listing of current options and warrants outstanding, along with the form of the option and warrant agreements;
8. NI 43-101 Technical Report – Definitive Feasibility Study Update for the Minera Salar Blanco Lithium Project, dated January 2022, prepared by Atacama Water Consultants and Worley Engineering;
9. LPI annual reports to shareholders, which includes the LPI annual financial statements for the fiscal years ended June 30, 2019 to June 30, 2021, respectively;
10. LPI quarterly reports to shareholders, which includes the LPI quarterly financial statements, for the years 2020 and 2021;
11. Various institutional analyst reports related to LPI that were available leading into the date of this Opinion;
12. Press releases made by LPI and Bearing for the last 18 months, including the LPI demerger announcement by LPI of January 12, 2022;
13. Public information with respect to other transactions of a comparable nature considered by us to be relevant;
14. Public information relating to the business, operations, financial performance, and stock trading history of Bearing;
15. Public information relating to the business, operations, financial performance, and stock trading history of LPI;
16. Draft press released to be issued by Bearing and LPI related to the Transaction;
17. Canadian dollar to Australian dollar foreign currency exchange rates, as published by the Bank of Canada; and
18. Discussions with senior management and the Board of Directors of Bearing.

Sequeira did not meet with the auditors of the Company and has assumed the accuracy and fair presentation of any audited and unaudited financial statements of the Company, and, as applicable, the reports of the auditors thereon. Additionally, we have met with certain members of senior management and assume the accurate and fair presentation of the information provided as part of this analysis. We have not audited or otherwise verified the information relied upon in completing this Fairness Opinion.

Restrictions, Limitations, and Assumptions

With the Company's approval, as provided for in the Engagement Agreement, and through representations made to us through certificates signed by certain senior officers of the Company, we have relied upon, and have assumed the reasonableness, completeness, accuracy and fair presentation of, all information (financial or otherwise), data, documents, advice, opinions, appraisals, valuations and representations obtained by us from public sources or provided to us by or on behalf of the Company and its advisors or otherwise pursuant to our engagement (collectively, the "Information") and have assumed that all relevant information relating to Bearing, LPI, and the Transaction has been disclosed to us. The Fairness Opinion is conditional upon the reasonableness, completeness, accuracy and fair presentation of such Information. In accordance with the terms of the Engagement Agreement, but subject to the exercise of professional judgement and except as expressly described herein, we have not attempted to verify independently the completeness, accuracy or fair presentation of any such Information. We have not assumed any responsibility for any independent evaluation or appraisal of any of the assets or liabilities related to the Bearing or LPI.

Sequeira has assumed that all draft documents (if any) referred to under "Scope of Review" above are accurate versions, in all material respects, of the final form of such documents. Sequeira was not engaged to review any legal, regulatory, tax or accounting aspects of the Transaction and, accordingly, expresses no view thereon and have assumed the accuracy and completeness of assessments made by the Company and its advisors with respect to legal, regulatory, tax and accounting matters. The Transaction may be subject to a number of conditions outside the control of any party involved in the Transaction and Sequeira has assumed all conditions precedent to the completion of the Transaction will be satisfied and no consents, permissions, exemptions or orders of relevant regulatory authorities are required.

This Fairness Opinion is rendered as at the date hereof and on the basis of securities markets and general financial conditions prevailing as at the date hereof and the condition and prospects, financial and otherwise, of Bearing or LPI, as they were reflected in the Information. Any changes therein may affect this Fairness Opinion and, although we reserve the right to change, withdraw or supplement this Fairness Opinion in such event or in the event that subsequent developments or information affect this Fairness Opinion, we disclaim any obligation to advise any person of any change that may come to our attention or to update, revise or reaffirm this Fairness Opinion after the date hereof.

In preparing this Fairness Opinion, we conducted such analysis, investigations, research and testing of assumptions, and have considered such financial, economic and market criteria as were considered by us to be appropriate in the circumstances of our engagement. With respect to any financial and operating forecasts or industry, commodity, or market projections, Sequeira cautions that projecting future results of any company, industry, currency, or commodity is inherently subject to uncertainty. In our analysis and in connection with the preparation of the Fairness Opinion, we have made assumptions with respect to industry performance, general business, market and economic conditions and other matters, many of which are beyond the control of Sequeira or any party involved in the Transaction. While in the opinion of Sequeira, our assumptions used in preparing this Fairness Opinion are reasonable in the current circumstances, some or all of these assumptions may prove to be incorrect.

Sequeira believes that its analyses and factors considered in arriving at this Fairness Opinion must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process

underlying the Fairness Opinion and the conclusions reached. The preparation of an opinion of this nature is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis. In arriving at this Fairness Opinion, Sequeira has not attributed any particular weight to any specific analyses or factor but rather based this Fairness Opinion on a number of qualitative and quantitative factors deemed appropriate by Sequeira based on Sequeira's experience in rendering such opinions.

Sequeira has not been asked to pass upon, and expresses no opinion with respect to, any matter other than whether, as of the date hereof, the Transaction was fair, from a financial point of view, to the Bearing shareholders. Sequeira has not been engaged to prepare, and has not prepared, a valuation or appraisal of the Company, or any of their assets, securities or liabilities (contingent or otherwise), nor have we been furnished with any such valuation appraisals, nor have we evaluated the solvency or fair value of the Company under any applicable laws relating to bankruptcy, insolvency or similar matters, and this Fairness Opinion should not be construed as such. Furthermore, this Fairness Opinion is not, and should not be construed as, advice as to the price at which a transaction may settle at any future date (whether before or after the completion of the Transaction). This Fairness Opinion does not address the relative merits of the Transaction as compared to other business or financial strategies that may have been available to the Company or any other party to the Transaction, nor does it address the underlying business decision of the Company, or any other party relating to the Transaction.

This Fairness Opinion is for the exclusive benefit and use of the Board in connection with its analysis of the Transaction. This Fairness Opinion may not be used or relied upon by the Company or Client for any other purpose or by any other person for any purpose, and except as expressly provided herein may not be published or otherwise used, without our express prior written consent. Sequeira is not responsible for losses resulting from unauthorized or improper use of the Fairness Opinion. This Fairness Opinion shall not be reproduced, disseminated, quoted from or referred to (in whole or in part) and no public reference to Sequeira or its affiliates relating to the Transaction or this Fairness Opinion shall be made without the express prior written consent of Sequeira provided that the Board may provide the Opinion to the Company.

Opinion on Fairness

Based upon and subject to the foregoing and such other matters as Sequeira considers relevant, Sequeira is of the opinion that, as of the date hereof, the Transaction is fair, from a financial point of view, to the Bearing shareholders, acting as sellers in the Transaction.

Yours truly,

A handwritten signature in cursive script that reads "Sequeira Partners".

SEQUEIRA PARTNERS

APPENDIX "I"
DIVISION 2 OF PART 8 OF THE BCBCA

BUSINESS CORPORATIONS ACT

SBC 2002 CHAPTER 57

Part 8 — Proceedings

Division 2 — Dissent Proceedings

Definitions and application

237 (1) In this Division:

"dissenter" means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;

"notice shares" means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

"payout value" means,

- (a) in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,
- (b) in the case of a dissent in respect of an arrangement approved by a court order made under section 291 (2) (c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement,
- (c) in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by the court order, or
- (d) in the case of a dissent in respect of a community contribution company, the value of the notice shares set out in the regulations,

excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable.

(2) This Division applies to any right of dissent exercisable by a shareholder except to the extent that

- (a) the court orders otherwise, or
- (b) in the case of a right of dissent authorized by a resolution referred to in section 238 (1) (g), the court orders otherwise or the resolution provides otherwise.

Right to dissent

238 (1) A shareholder of a company, whether or not the shareholder's shares carry the right to vote, is entitled to dissent as follows:

- (a) under section 260, in respect of a resolution to alter the articles
 - (i) to alter restrictions on the powers of the company or on the business the company is permitted to carry on,
 - (ii) without limiting subparagraph (i), in the case of a community contribution company, to alter any of the company's community purposes within the meaning of section 51.91, or
 - (iii) without limiting subparagraph (i), in the case of a benefit company, to alter the company's benefit provision;
- (b) under section 272, in respect of a resolution to adopt an amalgamation agreement;
- (c) under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;
- (d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;
- (e) under section 301 (5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking;
- (f) under section 309, in respect of a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;
- (g) in respect of any other resolution, if dissent is authorized by the resolution;
- (h) in respect of any court order that permits dissent.

(1.1) A shareholder of a company, whether or not the shareholder's shares carry the right to vote, is entitled to dissent under section 51.995 (5) in respect of a resolution to alter its notice of articles to include or to delete the benefit statement.

(2) A shareholder wishing to dissent must

- (a) prepare a separate notice of dissent under section 242 for
 - (i) the shareholder, if the shareholder is dissenting on the shareholder's own behalf, and
 - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting,
- (b) identify in each notice of dissent, in accordance with section 242 (4), the person on whose behalf dissent is being exercised in that notice of dissent, and

(c)dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.

(3)Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must

(a)dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and

(b)cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

Waiver of right to dissent

239 (1)A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.

(2)A shareholder wishing to waive a right of dissent with respect to a particular corporate action must

(a)provide to the company a separate waiver for

(i)the shareholder, if the shareholder is providing a waiver on the shareholder's own behalf, and

(ii)each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is providing a waiver, and

(b)identify in each waiver the person on whose behalf the waiver is made.

(3)If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder's own behalf, the shareholder's right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to

(a)the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and

(b)any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.

(4)If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on

behalf of that specified person with respect to the particular corporate action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

Notice of resolution

240 (1) If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,

- (a) a copy of the proposed resolution, and
- (b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.

(2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is specified in the resolution or in the statement referred to in paragraph (b), the company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,

- (a) a copy of the proposed resolution, and
- (b) a statement advising of the right to send a notice of dissent.

(3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the company complying with subsection (1) or (2), or was or is to be passed as a directors' resolution without the company complying with subsection (2), the company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or voted in favour of the resolution, whether or not their shares carry the right to vote,

- (a) a copy of the resolution,
- (b) a statement advising of the right to send a notice of dissent, and
- (c) if the resolution has passed, notification of that fact and the date on which it was passed.

(4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

Notice of court orders

241 If a court order provides for a right of dissent, the company must, not later than 14 days after the date on which the company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent

- (a) a copy of the entered order, and
- (b) a statement advising of the right to send a notice of dissent.

Notice of dissent

242 (1) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (a), (b), (c), (d), (e) or (f) or (1.1) must,

- (a) if the company has complied with section 240 (1) or (2), send written notice of dissent to the company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,
- (b) if the company has complied with section 240 (3), send written notice of dissent to the company not more than 14 days after receiving the records referred to in that section, or
- (c) if the company has not complied with section 240 (1), (2) or (3), send written notice of dissent to the company not more than 14 days after the later of
 - (i) the date on which the shareholder learns that the resolution was passed, and
 - (ii) the date on which the shareholder learns that the shareholder is entitled to dissent.

(2) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (g) must send written notice of dissent to the company

- (a) on or before the date specified by the resolution or in the statement referred to in section 240 (2) (b) or (3) (b) as the last date by which notice of dissent must be sent, or
- (b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.

(3) A shareholder intending to dissent under section 238 (1) (h) in respect of a court order that permits dissent must send written notice of dissent to the company

- (a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or
- (b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.

(4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:

(a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the shareholder owns no other shares of the company as beneficial owner, a statement to that effect;

(b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the company as beneficial owner, a statement to that effect and

(i) the names of the registered owners of those other shares,

(ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and

(iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;

(c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and

(i) the name and address of the beneficial owner, and

(ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder's name.

(5) The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

Notice of intention to proceed

243 (1) A company that receives a notice of dissent under section 242 from a dissenter must,

(a) if the company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of

(i) the date on which the company forms the intention to proceed, and

(ii) the date on which the notice of dissent was received, or

(b) if the company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.

(2) A notice sent under subsection (1) (a) or (b) of this section must

(a) be dated not earlier than the date on which the notice is sent,

- (b)state that the company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and
- (c)advise the dissenter of the manner in which dissent is to be completed under section 244.

Completion of dissent

244 (1)A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the dissent, send to the company or its transfer agent for the notice shares, within one month after the date of the notice,

- (a)a written statement that the dissenter requires the company to purchase all of the notice shares,
- (b)the certificates, if any, representing the notice shares, and
- (c)if section 242 (4) (c) applies, a written statement that complies with subsection (2) of this section.

(2)The written statement referred to in subsection (1) (c) must

- (a)be signed by the beneficial owner on whose behalf dissent is being exercised, and
- (b)set out whether or not the beneficial owner is the beneficial owner of other shares of the company and, if so, set out
 - (i)the names of the registered owners of those other shares,
 - (ii)the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
 - (iii)that dissent is being exercised in respect of all of those other shares.

(3)After the dissenter has complied with subsection (1),

- (a)the dissenter is deemed to have sold to the company the notice shares, and
- (b)the company is deemed to have purchased those shares, and must comply with section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.

(4)Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.

(5)Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that

person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.

(6)A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

Payment for notice shares

245 (1)A company and a dissenter who has complied with section 244 (1) may agree on the amount of the payout value of the notice shares and, in that event, the company must

(a)promptly pay that amount to the dissenter, or

(b)if subsection (5) of this section applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(2)A dissenter who has not entered into an agreement with the company under subsection (1) or the company may apply to the court and the court may

(a)determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the company under subsection (1), or order that the payout value of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,

(b)join in the application each dissenter, other than a dissenter who has entered into an agreement with the company under subsection (1), who has complied with section 244 (1), and

(c)make consequential orders and give directions it considers appropriate.

(3)Promptly after a determination of the payout value for notice shares has been made under subsection (2) (a) of this section, the company must

(a)pay to each dissenter who has complied with section 244 (1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or

(b)if subsection (5) applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(4)If a dissenter receives a notice under subsection (1) (b) or (3) (b),

(a)the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or

(b)if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the company, to be paid as soon as the company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the company but in priority to its shareholders.

(5)A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that

(a)the company is insolvent, or

(b)the payment would render the company insolvent.

Loss of right to dissent

246 The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur:

(a)the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;

(b)the resolution in respect of which the notice of dissent was sent does not pass;

(c)the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;

(d)the notice of dissent was sent in respect of a resolution adopting an amalgamation agreement and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;

(e)the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;

(f)a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;

(g)with respect to the notice shares, the dissenter consents to, or votes in favour of, the resolution in respect of which the notice of dissent was sent;

(h)the notice of dissent is withdrawn with the written consent of the company;

(i)the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

Shareholders entitled to return of shares and rights

247 If, under section 244 (4) or (5), 245 (4) (a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

- (a) the company must return to the dissenter each of the applicable share certificates, if any, sent under section 244 (1) (b) or, if those share certificates are unavailable, replacements for those share certificates,
- (b) the dissenter regains any ability lost under section 244 (6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, and
- (c) the dissenter must return any money that the company paid to the dissenter in respect of the notice shares under, or in purported compliance with, this Division.

Division 3 — Investigations

Appointment of inspector by court

248 (1) Subject to subsection (3), on the application of one or more shareholders who, in the aggregate, hold at least 1/5 of the issued shares of a company, the court may

- (a) appoint an inspector to conduct an investigation of the company, and
- (b) determine the manner and extent of the investigation.

(2) An inspector appointed under this section has the powers set out in section 251 and any additional powers provided by the order by which the inspector is appointed.

(3) The court may make an order under this section if it appears to the court that there are reasonable grounds for believing that

- (a) the affairs of the company are being or have been conducted, or the powers of the directors are being or have been exercised, in a manner that is oppressive or unfairly prejudicial to one or more shareholders, within the meaning of section 227 (1), including the applicant,
- (b) the business of the company is being or has been carried on with intent to defraud any person,
- (c) the company was formed for a fraudulent or unlawful purpose or is to be dissolved for a fraudulent or unlawful purpose,
- (d) persons concerned with the formation, business or affairs of the company have, in connection with it, acted fraudulently or dishonestly, or
- (e) without limiting paragraphs (a) to (d), in the case of a community contribution company, the affairs of the company are being or have been conducted in a manner that is contrary to

- (i) the company's community purposes, within the meaning of section 51.91, or
- (ii) the restrictions or requirements imposed on community contribution companies under this Act.

Conditions applicable to court appointed inspectors

- 249** (1) The applicant for an order under section 248 must give notice of the application to the company.
- (2) If the court appoints an inspector under section 248, the inspector must promptly provide to the company a copy of the entered order of appointment.
- (3) The court may, before appointing an inspector under section 248, require the applicant to give security for the payment of the costs and expenses of the investigation and may, at any time,
- (a) set the amount of the costs and expenses, and
 - (b) order by whom and in what proportion those costs and expenses are to be paid.

Appointment of inspector by company

- 250** A company may, by a special resolution, appoint an inspector to investigate the affairs and management of the company, and to report in the manner and to the persons the resolution directs.

Powers of inspectors

- 251** (1) A person who is or was a director, receiver, receiver manager, officer, employee, banker, auditor or agent of the company or any of its affiliates must, on the request of an inspector appointed under this Division,
- (a) produce, for the examination of the inspector, each accounting record and each other record relating to the company or any of its affiliates that is in the custody or control of that person, and
 - (b) give to the inspector every assistance in connection with the investigation that that person is reasonably able to give.
- (2) The inspector may examine under oath any person who is or was a director, receiver, receiver manager, officer, employee, banker, auditor or agent of the company or any of its affiliates in relation to the affairs, management, accounts and records of or relating to the company being investigated, and the inspector may administer the oath, and the person examined must answer any question within the scope of the investigation put to that person by the inspector.
- (3) A person giving evidence in an investigation under this Division may be represented by a lawyer.

Exemption from disclosure to inspectors

252 An inspector appointed under this Division must not require a lawyer to disclose any privileged communication made to the lawyer in that capacity, except regarding the name and address of his or her clients.

Reports of inspector

253 (1) An inspector appointed under section 248 must, on the conclusion of the investigation, make a report to the court and send a copy of that report to

(a) the company, and

(b) any other person the court orders.

(2) An inspector appointed under section 250 must, on the conclusion of the investigation, report to the company in the manner directed by the resolution under which the inspector was appointed.

Inspectors' reports as evidence in legal proceedings

254 A copy of the report of an inspector appointed under this Division, signed by the inspector, is admissible in any legal proceeding as evidence of the opinion of the inspector.

Immunities during investigations

255 An oral or written statement or report made by an inspector or any other person in an investigation under this Division has qualified privilege.

APPENDIX "J"
BEARING OPTION PLAN

Stock Option Plan

1. Purpose of the Plan

The purpose of the Plan is to provide the Participants with an opportunity to purchase Common Shares and benefit from the appreciation thereof. This proprietary interest in the Company will provide an increased incentive for the Participants to contribute to the future success and prosperity of the Company, thus enhancing the value of the Common Shares for the benefit of all the shareholders and increasing the ability of the Company and its Subsidiaries to attract and retain individuals of exceptional skill.

2. Defined Terms

2.1 Where used herein, the following terms shall have the following meanings (all other capitalized terms used and not defined herein shall have the meanings ascribed to them in the TSX Venture Exchange Corporate Finance Manual):

- (a) **“Acceleration Right”** means the Participant’s right, in certain circumstances, to exercise its outstanding Option as to all or any of the Common Shares in respect of which such Option has not previously been exercised and which the Participant is entitled to exercise, including in respect of Common Shares not otherwise vested at such time;
- (b) **“Board”** means the board of directors of the Company;
- (c) **“Business Day”** means each day other than a Saturday, Sunday or statutory holiday in Ontario, Canada;
- (d) **“Common Shares”** means the common shares in the capital of the Company or, in the event of an adjustment contemplated by Article 8 hereof, such shares to which a Participant may be entitled upon the exercise of an Option as a result of such adjustment;
- (e) **“Company”** means Bearing Lithium Corporation, and includes any successor Company thereof;
- (f) **“Exchange”** means the TSX Venture Exchange or, if the Common Shares are not then listed and posted for trading on the TSX Venture Exchange, then on any stock exchange in Canada on which such shares are listed and posted for trading or any other regulatory body having jurisdiction as may be selected for such purpose by the Board;
- (g) **“Exercise Notice”** means the notice in writing signed by the Participant or the Participant’s legal personal representatives addressed to the Company specifying an intention to exercise all or a portion of the Option;
- (h) **“Expiry Time”** means the time at which the Options will expire, being 4:00 p.m. (Toronto time) on a date to be fixed by the Board at the time the Option is granted, which date will not be more than ten years from the date of grant;
- (i) **“Insider”** has the meaning ascribed thereto in the Exchange Corporate Finance Manual;
- (j) **“Option”** means an option to purchase Common Shares from treasury granted by the Company to a Participant, subject to the provisions contained herein;
- (k) **“Option Price”** means the price per share at which Common Shares may be purchased under the Option, as the same may be adjusted herein;
- (l) **“Participants”** means the directors, officers and employees of, and consultants to, the Company or its Subsidiaries, as defined by the relevant Exchange and, subject to compliance with the applicable

requirements of the Exchange, the Personal Holding Companies of such persons, to whom an Option has been granted by the Board pursuant to the Plan and which Option or a portion thereof remains unexercised;

- (m) **“Personal Holding Company”** means a company of which 100% of the voting shares are beneficially owned, directly or indirectly, by a director, officer or employee of, or consultant to, the Company or its Subsidiaries and such entity shall be bound by the Plan in the same manner as if the Options were held directly;
- (n) **“Plan”** means this stock option plan of the Company, as the same may be amended or varied from time to time;
- (o) **“Subsidiary”** means any Company that is a subsidiary of the Company, as such term is defined under the *Business Corporations Act* (British Columbia), as such provision is from time to time amended, varied or re-enacted, or a “related entity” as defined in Section 2.22 of National Instrument 45-106; and
- (p) **“Take-Over Bid”** has the meaning ascribed thereto in the *Securities Act* (Ontario), as such provision is from time to time amended, varied or re-enacted.

3. Administration of the Plan

3.1 The Board shall administer this Plan. Options granted under the Plan shall be granted in accordance with determinations made by the Board pursuant to the provisions of the Plan as to: (a) the Participants to whom and the time or times at which the Options will be granted; (b) the number of Common Shares which shall be the subject of each Option; (c) any vesting provisions attaching to the Option; and (d) the terms and provisions of the respective stock option agreements, provided however, that each director, officer, employee or consultant shall have the right not to participate in the Plan and any decision not to participate therein shall not affect the employment by or engagement with the Company. The Board shall ensure that Participants under the Plan are eligible to participate under the Plan, and, if required by the Exchange, shall represent and confirm that the Participant is a bona fide employee, consultant or management company employee (as defined in the policies of the Exchange).

3.2 The Board may, from time to time, adopt such rules and regulations for administering the Plan as it may deem proper and in the best interests of the Company and may, subject to applicable law, delegate its powers hereunder to administer the Plan to a committee of the Board (the **“Committee”**). The Committee shall be comprised of two or more members of the Board who shall serve at the pleasure of the Board. Vacancies occurring on the Committee shall be filled by the Board.

3.3 The Committee (or the Board where the Committee has not been constituted) shall have the power to delegate to any member of the Board or officer so designated (the **“Administrator”**), the power to determine which Participants are to be granted Options and to grant such Options, the number of Common Shares purchasable under each Option, the Option Price and the time or times when and the manner in which Options are exercisable, and the Administrator shall make such determinations in accordance with the provisions of this Plan and with applicable securities and stock exchange regulatory requirements, subject to final approval by the Committee or Board.

4. Granting of Option

4.1 Participants may be granted Options from time to time. The grant of Options will be subject to the conditions contained herein and may be subject to additional conditions determined by the Board from time to time. Each Option granted hereunder shall be evidenced by an agreement in writing, signed on behalf of the Company and by the Participant, in such form as the Board shall approve from time to time. Each such agreement shall recite that it is subject to the provisions of this Plan.

4.2 The aggregate number of Common Shares of the Company allocated and made available to be granted to Participants under the Plan shall not exceed 10% of the issued and outstanding Common Shares of the Company as at

the date of grant (on a non-diluted basis). Any issuance of Common Shares from treasury pursuant to the exercise of Options shall automatically replenish the number of Common Shares available for Option grants under the Plan. Common Shares in respect of which Options are cancelled or not exercised prior to expiry, for any reason, shall be available for subsequent Option grants under the Plan. No fractional shares may be purchased or issued hereunder.

4.3 The Company shall at all times, during the term of the Plan, reserve and keep available such number of Common Shares as will be sufficient to satisfy the requirements of the Plan.

4.4 Any grant of Options under the Plan shall be subject to the following restrictions:

- (a) the aggregate number of Common Shares reserved for issuance pursuant to Options granted to any one Participant, other than a Consultant, in any 12 month period may not exceed 5% of the Company's total issued and outstanding Common Shares, unless disinterested shareholder approval is obtained;
- (b) the aggregate number of Common Shares issuable pursuant to Options granted to Insiders pursuant to the Plan and other security based compensation arrangements may not exceed 10% of the Company's total issued and outstanding Common Shares, unless disinterested shareholder approval is obtained;
- (c) the aggregate number of Common Shares issued to Insiders pursuant to the Plan and other security based compensation arrangements in any 12 month period may not exceed 10% of the Company's total issued and outstanding Common Shares, unless disinterested shareholder approval is obtained;
- (d) no more than 2% of the total issued and outstanding Common Shares at the time of grant may be granted to any one Consultant in any 12 month period; and
- (e) no more than an aggregate of 2% of the total issued and outstanding Common Shares at the time of grant may be granted to all persons engaged to conduct Investor Relations Activities in any 12-month period.

4.5 All Options granted pursuant to this Plan shall be subject to rules and policies of the Exchange and any other regulatory body having jurisdiction.

4.6 A Participant who has been granted an Option may, if otherwise eligible, and if permitted under the policies of the Exchange, be granted an additional Option if the Board so determines.

5. Option Price

5.1 Subject to applicable Exchange approval, the Option Price shall be fixed by the Board at the time the Option is granted to a Participant. In no event shall the price be less than the Discounted Market Price (as defined in the policies of the Exchange). If a press release fixing the price is not issued, the Discounted Market Price is the closing price per Common Share on the Exchange on the last trading day preceding the date of grant on which there was a closing price (less the applicable discount) or, if the Common Shares are not listed on any stock exchange, a price determined by the Board; provided that, if the Board, in its sole discretion, determines that the closing price on the last trading day preceding the date of grant would not be representative of the market price of the Common Shares, then the Board may base the price on the greater of the closing price and the weighted average price per share for the Common Shares for five (5) consecutive trading days ending on the last trading day preceding the date of grant on which there was a closing price on the Exchange. The weighted average price shall be determined by dividing the aggregate sale price of all Common Shares sold on the Exchange during the said five (5) consecutive trading days, by the total number of Common Shares so sold.

5.2 Once the Option Price has been determined by the Board, accepted by the Exchange and the Option has been granted, if the Optionee is an Insider, the Option Price may only be reduced if disinterested shareholder approval is

obtained; provided that such disinterested shareholder approval is then a requirement of the Exchange or other regulatory body having jurisdiction.

6. Term of Option

6.1 The term of the Option shall be a period of time fixed by the Board, not to exceed ten years from the date of grant. Unless the Board determines otherwise, Options shall be exercisable in whole or in part at any time during this period in accordance with such vesting provisions, conditions or limitations (including applicable hold periods) as are herein contained or as the Board may from time to time impose, or as may be required by the Exchange or under applicable securities law.

6.2 Each Option and all rights thereunder shall be expressed to expire at the Expiry Time, but shall be subject to earlier termination in accordance with Section 11 hereof.

6.3 Subject to any specific requirements of the Exchange, the Board shall determine the vesting period or periods within the Option term, during which a Participant may exercise an Option or a portion thereof.

6.4 In addition to any resale restriction under securities laws, an Option may be subject to a four month Exchange hold period commencing on the date the Option is granted.

6.5 Except in the case of a Participant's Option that terminates pursuant to Section 11.3 below, in the event that the term of any Option expires within or immediately following a "blackout period" imposed by the Company, the Option shall expire on the date (the "**Blackout Expiration Date**") that is ten Business Days following the end of such blackout period. The Blackout Expiration Date shall not be subject to the discretion of the Board.

7. Exercise of Option

7.1 Subject to the provisions of the Plan and the terms of any stock option agreement, an Option or a portion thereof may be exercised, from time to time, by delivery of the Exercise Notice to the Company's principal office in Toronto, Ontario. The Exercise Notice shall state the intention of the Participant or the Participant's legal personal representative to exercise the said Option or a portion thereof and specify the number of Common Shares in respect of which the Option is then being exercised, and shall be accompanied by the full purchase price of the Common Shares which are the subject of the exercise. Such Exercise Notice shall contain the Participant's undertaking to comply, to the satisfaction of the Company, with all applicable requirements of the Exchange and any applicable regulatory authorities.

8. Adjustments in Shares

8.1 If the outstanding shares of the Company are increased, decreased, changed into or exchanged for a different number or kind of shares or securities of the Company through a re-organization, plan of arrangement, merger, re-capitalization, re-classification, stock dividend, subdivision or consolidation, an appropriate and proportionate adjustment shall be made by the Board, in its discretion, in the number or kind of shares optioned and the exercise price per share with respect to: (a) previously granted and unexercised Options or portions thereof; and (b) Options which may be granted subsequent to any such change in the Company's capital.

8.2 Determinations by the Board as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. The Company shall not be obligated to issue fractional securities in satisfaction of any of its obligations hereunder.

9. Accelerated Vesting

9.1 In the event that certain events such as a liquidation or dissolution of the Company or a re-organization, plan of arrangement, merger or consolidation of the Company with one or more Company's, as a result of which the Company is not the surviving corporation, or the sale by the Company of all or substantially all of the property and assets of the Company to another Company prior to the Expiry Time, are proposed or contemplated, the Board may,

notwithstanding the terms of this Plan or any stock option agreements issued hereunder, exercise its discretion, by way of resolution, to permit accelerated vesting of Options on such terms as the Board sees fit at that time. If the Board, in its sole discretion, determines that the Common Shares subject to any Option granted hereunder shall vest on an accelerated basis, all Participants entitled to exercise an unexercised portion of Options then outstanding shall have the right at such time, upon written notice being given by the Company, to exercise such Options to the extent specified and permitted by the Board and within the time period specified by the Board, which shall not extend past the Expiry Time.

9.2 An Option may provide that whenever the Company's shareholders receive a Take-Over Bid and the Company supports this bid, pursuant to which the "offeror" would, as a result of such Take-Over Bid being successful, beneficially own in excess of 50% of the outstanding Common Shares, the Participant may exercise the Acceleration Right. The Acceleration Right shall commence on the date of the mailing of the Board circular recommending acceptance of the Take-Over Bid and end on the earlier of:

- (a) the Expiry Time; and
- (b) (i) in the event the Take-Over Bid is unsuccessful, the expiry date of the Take-Over Bid; and (ii) in the event the Take-Over Bid is successful, the tenth (10th) day following the expiry date of the Take-Over Bid.

9.3 At the time of the termination of the Acceleration Right, the original vesting terms of the Options shall be reinstated with respect to the Common Shares issuable thereunder which were not acquired by the holders of such Options pursuant to the terms thereof. Notwithstanding the foregoing, the Acceleration Right may be extended for such longer period as the Board may resolve.

10. Decisions of the Board

All decisions and interpretations of the Board respecting the Plan or Options granted thereunder shall be conclusive and binding on the Company and the Participants and their respective legal personal representatives and on all directors, officers, employees and consultants of the Company who are eligible to participate under the Plan.

11. Ceasing to be a Director, Officer, Employee or Consultant

11.1 Subject to the terms of the applicable stock option agreements and subject to Section 11.4 hereof, in the event of the Participant ceasing to be a director, officer, employee or consultant of the Company or a Subsidiary for any reason other than death, including the resignation or retirement of the Participant or the termination by the Company or a Subsidiary of the employment of the Participant, prior to the Expiry Time, such Option (including an Option held by a Participant's Personal Holding Company) may be exercised as to such Common Shares in respect of which the Option has not previously been exercised (and as the Participant would have been entitled to exercise) at any time up to and including (but not after) the earlier of: (a) the Expiry Time; and (b) a date that is ninety (90) days (or such other period as may be determined by the Board, provided that such period is not more than one year) following the effective date of such resignation or retirement or a date that is ninety (90) days (or such other period as may be determined by the Board, provided that such period is not more than one year) following the date notice of termination of employment is given by the Company or a Subsidiary, whether such termination is with or without reasonable notice, and subject to such shorter period as may be otherwise specified in the stock option agreement, after which date the Option shall forthwith expire and terminate and be of no further force or effect whatsoever.

11.2 In consideration of the Option hereby granted, in the event of the resignation or retirement of the Participant or the termination of employment by the Company without cause, the Participant hereby covenants not to sue the Company for damages arising from the loss of rights granted hereunder and releases the Company from any damages.

11.3 Notwithstanding the foregoing, in the event of termination for cause, such Option (including an Option held by a Participant's Personal Holding Company) shall expire and terminate immediately at the time of delivery of notice

of termination of employment for cause to the Participant by the Company or a Subsidiary and shall be of no further force or effect whatsoever as to the Common Shares in respect of which an Option has not previously been exercised.

11.4 In the event of the death of a Participant on or prior to the Expiry Time, such Option (including an Option held by a Participant's Personal Holding Company) may be exercised as to such of the Common Shares in respect of which such Option has not previously been exercised (and as the Participant would have been entitled to purchase), by the legal personal representatives of the Participant at any time up to and including (but not after) a date one (1) year from the date of death of the Participant, after which date the Option shall forthwith expire and terminate and be of no further force or effect whatsoever.

11.5 Options shall not be affected by any change of employment of the Participant where the Participant continues to be employed by the Company or any of its Subsidiaries.

12. Transferability

All benefits, rights and options accruing to any Participant in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein or to the extent, if any, permitted by the Exchange.

13. Amendment or Discontinuance of Plan

- 13.1 (a) The approval of the Board and the requisite approval from the Exchange and the shareholders or the disinterested shareholders, as required pursuant to the policies of the Exchange, shall be required for any of the following amendments to be made to the Plan:
- (i) any increase to the fixed maximum percentage of Common Shares issuable under the Plan;
 - (ii) a reduction in the exercise price or purchase price of an Option (other than for standard anti-dilution purposes) held by or benefiting an Insider (note, this amendment requires approval of the disinterested shareholders);
 - (iii) an increase in the maximum number of Common Shares that may be issued to Insiders within any one year period or that are issuable to Insiders at any time (note, this amendment requires approval of the disinterested shareholders);
 - (iv) an extension of the term of an Option held by or benefiting an Insider;
 - (v) any change to the definition of "Participants" which would have the potential of broadening or increasing Insider participation;
 - (vi) the addition of any form of financial assistance;
 - (vii) any amendment to a financial assistance provision which is more favourable to Participants;
 - (viii) the addition of a deferred or restricted share unit or any other provision which results in Participants receiving securities while no cash consideration is received by the Company; and
 - (ix) any other amendments that may lead to significant or unreasonable dilution in the Company's outstanding securities or may provide additional benefits to Participants, especially Insiders, at the expense of the Company and its existing shareholders.

- (b) The Board may, without shareholder approval but subject to receipt of requisite approval as required by the Exchange, in its sole discretion make all other amendments to the Plan that are not of the type contemplated in Subsection 13.1(a) above including, without limitation:
 - (i) amendments of a housekeeping nature;
 - (ii) a change to the vesting provisions of an Option or the Plan; and
 - (iii) a change to the termination provisions of an Option or the Plan which does not entail an extension beyond the original expiry date, except as contemplated in Section 6.5 above.

14. Participants' Rights

14.1 A Participant shall not have any rights as a shareholder of the Company until the issuance of a certificate for Common Shares upon the exercise of an Option or a portion thereof, and then only with respect to the Common Shares represented by such certificate or certificates.

14.2 Nothing in the Plan or any Option shall confer upon any Participant any rights to continue in the employ of the Company or any Subsidiary or affect in any way the right of the Company or any such Subsidiary to terminate the employment of the Participant at any time; nor shall anything in the Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Company or any such Subsidiary to extend the employment of any Participant beyond the time such Participant would normally retire pursuant to the provisions of any present or future retirement plan of the Company or any Subsidiary, or beyond the time at which he would otherwise be retired pursuant to the provisions of any contract of employment with the Company or any Subsidiary.

15. Approvals

15.1 The Plan shall be subject, if applicable, to the approval of the Exchange or other regulatory body having jurisdiction at that time and, if so required thereby, to the approval of the shareholders of the Company.

15.2 Any Options granted prior to such approval and acceptance shall be conditional upon such approval and acceptance being given and no such Options may be exercised unless such approval and acceptance is given.

16. Government Regulation

16.1 The Company's obligation to issue and deliver Common Shares under any Option is subject to:

- (a) the satisfaction of all requirements under applicable securities laws in respect thereof and obtaining all regulatory approvals as the Company shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
- (b) the admission of such Common Shares to listing on any stock exchange on which such Common Shares may then be listed; and
- (c) the receipt from the Participant of such representations, warranties, agreements and undertakings as to future dealings in such Common Shares as the Company determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

16.2 In this regard, the Company shall take all reasonable steps to obtain such approvals and registrations as may be necessary for the issuance of such Common Shares and for the listing of such Common Shares on the Exchange, in compliance with applicable securities laws. If any shares cannot be issued to any Participant for whatever reason, the obligation of the Company to issue such shares shall terminate and the Option Price paid to the Company will be returned to the Participant.

17. Costs

17.1 The Company shall pay all costs of administering the Plan.

18. Interpretation

18.1 This Plan shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

19. Compliance with Applicable Law

19.1 If any provision of the Plan or any Option contravenes any law or any order, policy, bylaw or regulation of any regulatory body or the Exchange, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.