ASX RELEASE

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LITHIUM PEGMATITE DRILL TARGETS IDENTIFIED AT PILGANGOORA TENEMENT IN PILBARA

- **Detailed geochemical soil sampling now completed across the Pilgangoora tenement in Pilbara**
- **370 samples collected and assayed, along 19km of soil survey lines**
- **Multiple areas of interpreted lithium pegmatite mineralisation identified within tenement**
- **RC drilling program planned for 1Q 2017 as next stage of exploration**

Lithium Power International Limited ("LPI" or "the Company") is pleased to advise that it has completed the first phase of the lithium exploration program across its Pilgangoora tenement in the Pilbara region of Western Australia. The tenement is located directly adjacent to the pre-production lithium spodumene projects owned by Pilbara Minerals (PLS) and Altura Mining (AJM).

Pilgangoora Project

Since the granting of an exploration licence for its Pilgangoora tenement (E45/4610) on 18 October 2016, the Company has undertaken a detailed geochemical analysis of the project area. This Phase 1 exploration program consisted of an extensive soil survey which covered 19km on 10 survey lines, and collected a total of 370 soil samples for analysis.

The soil survey lines were determined using the results of an aeromagnetic survey completed earlier in 2016, which was flown with a 50m line spacing. This data was subsequently interpreted to identify target areas which could host potential lithium pegmatites buried under alluvial cover, particularly in the southern section of the tenement.

LPI has recently developed an in-house geochemical process, which uses key element associations from multi-element assays to target buried lithium pegmatites. This process relies upon complex element associations, and as a result, the Company has not released individual soil assays in this announcement. These associations were defined during orientation sampling, and have identified multiple zones of interpreted lithium pegmatites within LPI's Pilgangoora tenement (see Figure 1). This analysis was also assisted by AJM providing LPI with access to complete a soil sampling program within their lithium pegmatite project on the adjacent tenement.

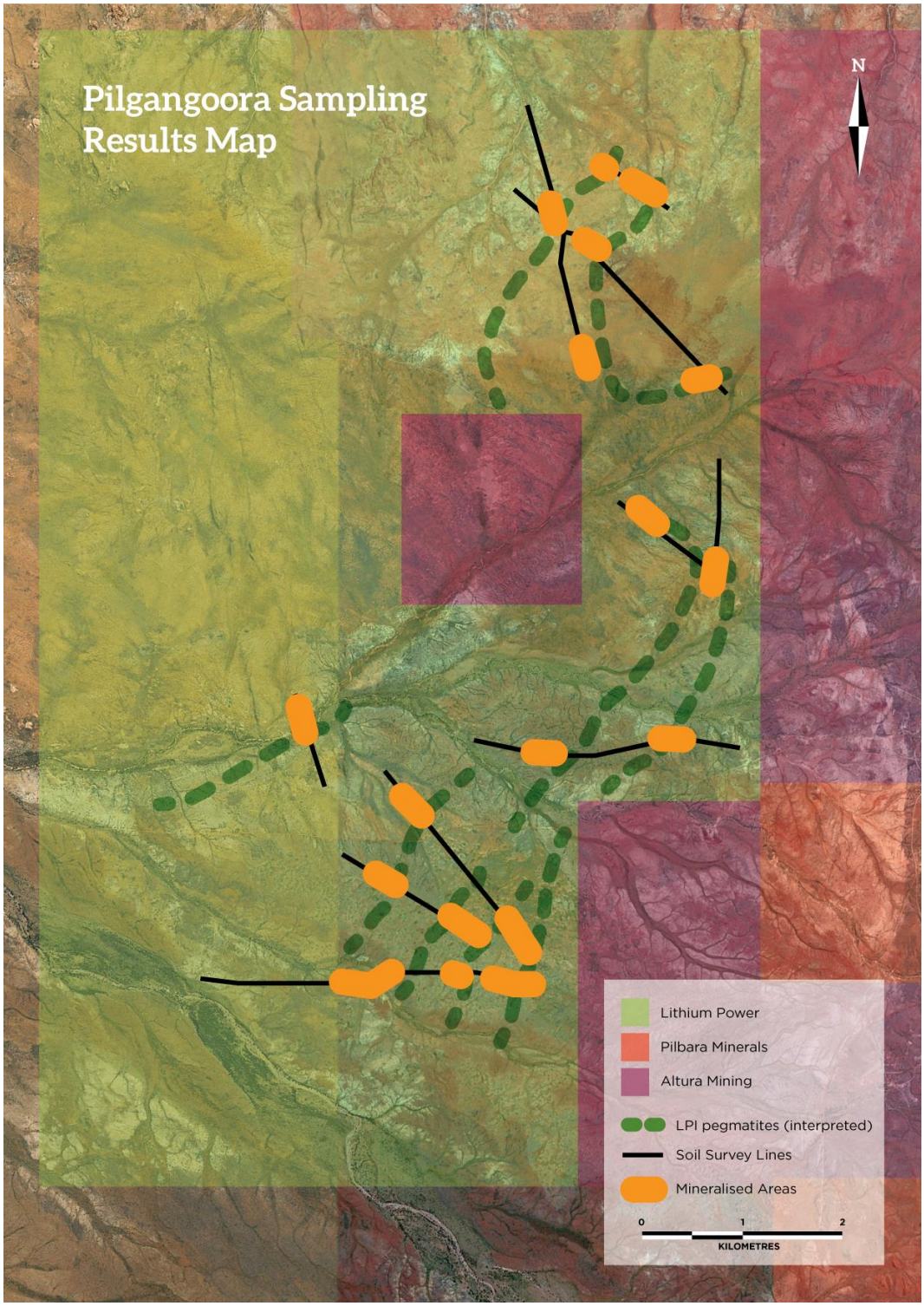

Figure 1: LPI's Pilgangoora tenement – showing interpreted lithium pegmatites

Phase 2 of the exploration program will commence in 1Q 2017 with a reverse circulation (RC) drilling program targeting the interpreted lithium pegmatites identified so far. This RC program will drill up to 3,000m, following the completion of WA Department of Mines approvals and heritage clearance.

In terms of background, LPI's Pilgangoora tenement (E45/4610) covers 75km², and includes highly prospective greenstone belts with an interpreted strike length of approximately 12km from north to south. The tenement has excellent infrastructure, located 120km from Port Hedland, and close to the Great Northern Highway for road access. The tenement is 100% owned by LPI.

LPI's Pilgangoora tenement is located directly adjacent to the pre-development lithium pegmatite projects owned by PLS and AJM, which lie approximately 3km to the east (see Figure 2).

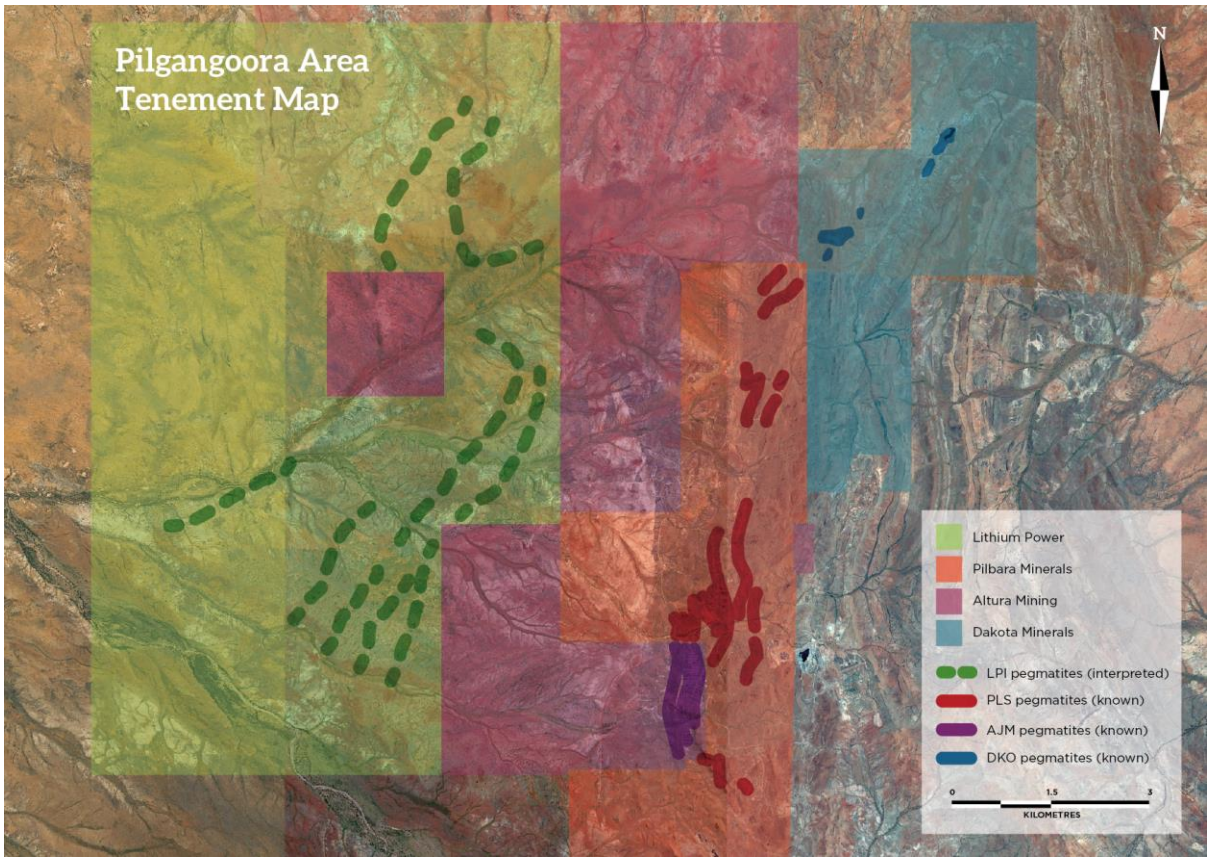

Figure 2: Lithium pegmatites in the Pilgangoora region

***Source** - The location of the AJM pegmatites is sourced from an announcement made by that company on 21st November 2016 (page 3). The location of the PLS pegmatites is sourced from announcements made by that company on 13th October 2016 (page 4) and 22nd November 2016 (pages 4 & 5). The location of the Dakota Minerals (DKO) pegmatites is sourced from an announcement made by that company on 14th September 2016 (page 4). DKO's Lynas Find project was acquired by PLS as announced on 1st December 2016. This information has not been verified by LPI, who relies on these companies for this information.*

Lithium Power International's Chief Executive Officer, Martin Holland, commented:

"LPI's wholly-owned Pilgangoora tenement is favourably located directly adjacent to the lithium pegmatite projects of Altura Mining and Pilbara Minerals, and includes similar host greenstone rocks. LPI's initial geochemical survey has identified some promising targets, and the Company looks forward to drill testing these in the New Year."

For further information, please contact:

Martin C Holland – CEO
Lithium Power International
E: info@lithiumpowerinternational.com
Ph: +612 9276 1245
www.lithiumpowerinternational.com
@LithiumPowerLPI

Media enquiries to Sam Burns, Six Degrees Investor Relations, M: +61 400 164 067

Competent Person's Statement – PILGANGOORA LITHIUM PROJECT

The information contained in this ASX release relating to Exploration Results has been approved by Mr Murray Brooker. Mr Brooker is a Geologist and Hydrogeologist and is a Member of the Australian Institute of Geoscientists. Murray 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.

Murray Brooker is an employee of Hydrominex Geoscience Pty Ltd and an independent consultant to Lithium Power International. It should be noted that Mr Brooker was awarded a number of shares and options at the recent lithium Power International AGM and Mr Brooker hereby declares this ownership. Murray 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 soil sampling at the Pilgangoora project.

JORC Code, 2012 Edition - Table 1 - Pilgangoora Lithium Project

Section 1 - Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	Samples were soil samples. Samples were obtained on a nominal 50m spacing and taken from the sub surface depth of approximately 300mm using non-metallic tools. A representative sample of 200g was collected. Samples were dried and sieved to <5mm and then a sub sample was pulverised (total prep) to produce a sample for analysis. These samples underwent aqua regia ICP assay. Duplicate and Standard testing was performed under LPI protocols and QAQC procedures as per industry best practice. No drilling was conducted.
Drilling techniques	Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	No drilling was conducted.
Drill sample recovery	Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample	No drilling was conducted in the program, only soil sampling.

	recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	
Logging	Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged.	Geological logging of soil samples was at recorded. Notations were made when outcrops were intercepted along tracks (lines) during the surface sampling program.
Sub-sampling techniques and sample preparation	If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. For all sample types, the nature, quality and appropriateness of the sample preparation technique. Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. Whether sample sizes are appropriate to the grain size of the material being sampled.	The sample preparation follows industry best practice in sample preparation involving oven drying, sieving of the whole sample down to <5mm before crushing a sub sample for assay purposes. Field QC procedures involve the use of certified reference material as assay standards. No field duplicates have been taken. Samples are collected to weigh less than 250g to ensure total preparation at the pulverisation stage. The sample sizes are considered to be appropriate to correctly detect Lithium mineralisation based on: the style of mineralisation, the thickness and consistency of the intersections, the sampling methodology and percent value assay ranges for the primary elements.
Quality of assay data and laboratory tests	The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. For geophysical tools, spectrometers, handheld XRF instruments, etc, the	The method used for all Soil Samples was the Aqua Regia Digest Method with an Inductively coupled plasma (ICP) assay. The ICP method delivers highly accurate and precise results across the full range of Lithium mineralisation types and associated

	parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	minerals. No geophysical tools were used to determine any element concentrations. Sample preparation checks for fineness were carried out by the laboratory as part of their internal procedures Laboratory QAQC involves the use of internal lab standards using certified reference material, blanks, splits and replicates as part of the in house procedures. Umpire laboratory campaigns with two other laboratories will be carried out as independent checks of the assays. Certified reference materials, having a range of values, were inserted blindly and randomly. Results highlight that sample assay values are accurate. Repeat or duplicate analysis for samples reveals that precision of samples is within acceptable limits
Verification of sampling and assaying	The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data.	This is a soil sampling program, used to identify areas of mineralisation, and identifies low levels of mineralisation as typical of soil sampling programs compared to rock chip sampling and drilling. LPI management and geological staff identified significant intercepts within the Soil samples based on previous training and assay correlation. There was no drilling or twining of holes in this sampling program. All samples were logged into the hand held GPS and noted in a field log book. No adjustment to the assays was made.
Location of data points	Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control.	Soil sample locations were surveyed using a hand held Garmin GPS C78s with an accuracy of +/-4 m. The grid system used is MGA_GDA94, zone 51. Topographic surface uses Aster Satellite data contours.
Data spacing	Data spacing for reporting of Exploration	Nominal soil spacing for the program ranges

and distribution	Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied.	from 40m to 100m depending on the prospective nature of the ground determined by the exploration manager. No compositing of the sample was done.
Orientation of data in relation to geological structure	Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	All Soil Lines were setup to be perpendicular to the geological structure interpreted from the Aeromagnetic imagery to maximize the number of samples across prospective structures.
Sample security	The measures taken to ensure sample security.	Chain of custody is managed by LPI. Samples for the Soil program are stored on site and delivered by LPI personnel to Regal Transport in Port Hedland, then transported to the assay laboratory. Whilst in storage, they are kept on a locked yard. Tracking sheets were set up to track the progress of batches of samples.
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	No independent audits have been carried out on the data at this early stage of exploration. The current methods and database software is considered to be of sufficient quality to carry out a sampling program.

Section 2 - Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.	The sampling is located wholly within the exploration licence E45/4610. The tenement is 100% owned by Lithium Power International. The tenement sits on the Nyamal native claim The tenement is in good standing and no

	• The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	known impediments exist.
Exploration done by other parties	• Acknowledgment and appraisal of exploration by other parties.	No previous systematic exploration has been undertaken.
Geology	• Deposit type, geological setting and style of mineralisation.	The tenement lies within the East Pilbara Granite–Greenstone Terrane of the Pilbara Craton. The terrane comprises deformed and metamorphosed c 3510-2830 Ma volcanic, sedimentary and granitic rocks. The volcanic and sedimentary rocks form strongly deformed greenstone belts between very large, oval-shaped, multi-component granitic complexes. These granitic rocks are intruded by several suites of dolerite dykes.
Drill hole Information	• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: ○ easting and northing of the drill hole collar ○ elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar ○ dip and azimuth of the hole ○ down hole length and interception depth ○ hole length. • If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	No drilling was conducted.
Data aggregation methods	• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. • Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the	All assays have not been truncated or length weighted. No selective procedures were used to skew the results. No metal equivalent values are used for reporting exploration results. Multi-element assays have been used to interpret the location of possible pegmatite mineralisation, based on an

	procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. • The assumptions used for any reporting of metal equivalent values should be clearly stated.	orientation survey carried out by the company over known pegmatite mineralization.
Relationship between mineralisation widths and intercept lengths	• These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').	There is no known relationship to sample locations and intercept depth.
Diagrams	• Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	Refer to body of text.
Balanced reporting	• Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	The multi-element assays (49 elements) collected from the soil sampling program were interpreted for element associations which were interpreted to represent possible lithium pegmatite. The element associations defined targets for future drilling to test for lithium pegmatite mineralisation within interpreted greenstone belt rocks.
Other substantive exploration data	• Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	Relevant results have been reported .
Further work	• The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).	All further planned exploration activities were explained in the main body of the text.

	• Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	

Sections 3, 4 and 5 of the 2012 JORC code do not apply to the exploration sampling results at the current project stage.