

ASX RELEASE**LPI.ASX****10 March 2017****LITHIUM POWER INTERNATIONAL LIMITED
INTERIM REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2016**

Lithium Power International Limited (ASX: LPI) ("LPI" or "the Company") is pleased to submit its audited interim report for the six months ended 31 December 2016.

A copy of this report is attached and can be downloaded from the Company's website at www.lithiumpowerinternational.com.

For further information, please contact:**Martin C Holland**

Chief Executive Officer

Lithium Power International Limited

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LITHIUMPOWER

INTERNATIONAL LTD

INTERIM REPORT

31 DECEMBER 2016

Corporate Directory

DIRECTORS

Mr David R Hannon
Chairman

Mr Reccared (Ricky) P Fertig
Non Executive Director

Mr Martin C Holland
Managing Director | Chief Executive Officer

Mr Andrew G Phillips
Executive Director | Chief Financial Officer

Dr Luis Ignacio Silva P
Non-Executive Director

COMPANY SECRETARY

Mr Andrew G Phillips

STOCK EXCHANGE LISTING

Lithium Power International Limited shares
are listed on the Australian Securities
Exchange (ASX code: **LPI**)

WEBSITE

www.lithiumpowerinternational.com

REGISTERED OFFICE

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Telephone: +61 2 9276 1245

Facsimile: +61 2 9276 1284

Website: www.lithiumpowerinternational.com

SHARE REGISTRY

Boardroom Pty Limited

Level 12, 225 George Street, Sydney NSW 2000

Telephone: +61 2 9290 9600

Facsimile: +61 2 9279 0664

Website: www.boardroomlimited.com.au

AUDITOR

Ernst & Young

The EY Centre

Level 34, 200 George Street, Sydney NSW 2000

Telephone: +61 2 9248 5555

Website: www.ey.com/au

SOLICITORS

Baker and McKenzie

Level 27/50 Bridge St, Sydney NSW 2000

Telephone: +61 2 9225 0200

Website: www.bakermckenzie.com

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BUSINESS OBJECTIVES

Lithium Power International Limited has used cash and cash equivalents held at the time of listing and the time since listing to secure, explore and seek to acquire lithium tenements in Australia and South America, in a way consistent with its stated business objectives listed in the prospectus dated 24 May 2016 and as listed on the company's website.

CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Statement was approved by the Board of Directors at the same time as the Annual Report and can be found on our website at www.lithiumpowerinternational.com/constitution-and-corporate-governance

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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' or 'parent entity') and the entities it controlled at the end of, or during, the period ended 31 December 2016.

DIRECTORS

The following persons were directors of Lithium Power International Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

David R Hannon – Non-Executive Chairman (appointed 9 February 2017)

Martin C Holland – Chief Executive Officer/ Managing Director

Andrew G Phillips – Chief Financial Officer/ Executive Director

Reccared P Fertig – Non-Executive Director (Non-Executive Chairman until 9 February 2017)

Dr Luis Ignacio Silva – Non-Executive Director

PRINCIPAL ACTIVITY

During the financial period the principle activity of the consolidated entity consisted of the identification, acquisition and exploration of lithium assets in Chile, Argentina and Australia.

REVIEW OF OPERATIONS

The loss for the consolidated entity after providing for income tax amounted to \$978,624 (31 December 2015: \$278,276).

The six months ended 31 December 2016 saw the consolidated entity complete its first six months since successfully completing the IPO of the company on the Australian Securities Exchange ('ASX').

In this time the consolidated entity has made significant advances in the execution of its strategy.

MARICUNGA – CHILE JOINT VENTURE

During the half-year ended 31 December 2016, the consolidated entity, through its newly formed subsidiary entity Lithium Power Inversiones Chile SpA ('LPI Chile') completed the formation of the Maricunga Joint Venture ('JV') to acquire 50% of the Maricunga lithium brine project in Chile.

The formation of the JV was completed during the period, and the final closing and the constitution of the NewCo Shareholders Agreement occurred in Santiago, Chile on 13 January 2017 ('Closing') including constituting the JV Shareholder Agreement for the JV company, Minera Salar Blanco SA ('NewCo').

As at 31 December 2016 the status of the JV was as follows:

- The consolidated entity provided a secured loan of US\$2.7m to NewCo via LPI Chile on 17 October 2016 to fund the recently completed drilling program.
- The consolidated entity, via LPI Chile, acquired the tenements, San Francisco, Salamina & Despreciada, directly from the landowners for US\$5.22m on 21 October 2016. These titles were transferred to LPI Chile on this date and are recorded as an exploration and evaluation asset as at 31 December 2016. These titles were then vended at cost into NewCo at Closing.
- The consolidated entity transferred to LPI Chile's bank account US\$4.25m on 5 December 2016, as part of the completion process. This amount was in LPI Chile's bank account as at 31 December 2016. This amount was transferred to NewCo at Closing and converted to equity as per the requirements of the JV agreement. This amount is to fund the next stages of the Maricunga development program.
- As per the JV agreement the consolidated entity is allocated 50% of the share capital in NewCo at Closing. The consolidated entity, via LPI Chile has paid for 26.37% of its interest in NewCo through its funding contributions to date. The liability for the remaining US\$15m is to be paid in installments up until the completion of DFS to earn the remaining 23.63%.

The JV has recently completed the drilling program at the Maricunga joint venture project in Chile with the completion of:

- 8 rotary and 3 sonic drill holes for the resource estimate;
- 1 hole installed as a test production well; and
- 7 holes installed as monitoring wells for the project Environmental Impact Assessment.

The sonic drilling was undertaken to obtain high quality cores for porosity test work, an important input to the upcoming resource estimate. All 11 holes have produced excellent results, with heightened lithium levels through-out the drill test area. The results of the drilling tests have been disclosed on the ASX as results have been received, in compliance with the Company's continuous disclosure obligations.

CENTENARIO – ARGENTINA

During the period the consolidated entity was granted 3 further licenses in the Centenario salar to bring the total to 6 properties licensed by the consolidated entity. Desktop analysis of data and samples has continued throughout the period.

PILGANGOORA – WESTERN AUSTRALIA

During the period licences and other miscellaneous agreements have been finalised for the Pilgangoora project in Western Australia. The consolidated entity has lodged, having completed its desktop analysis of the project area, its Project of Works Statement for the Pilgangoora exploration drilling program, expected to commence in the last quarter of the financial year.

CAPITAL RAISING

During the period the consolidated entity, as approved at the Annual General Meeting on 28 November 2016, raised a total of AU\$13.5m new share capital (less costs), by way of a Private Placement. These funds were raised to provide funding for the acquisition of the Maricunga Joint Venture.

This capital raise was made up of:

- private placement of AU\$12m to sophisticated and institutional investors at a placement price of \$0.38 per share;
- an underwritten Share Purchase Plan of AU\$1m to existing shareholders at a placement price of \$0.38 per share;
- a Placement to the Directors, as approved by shareholders at the Annual General meeting for AU\$500k at a placement price of \$0.38 per share; and
- all new shares issued under the placement had a one for one attaching option. The options expire on 24 November 2017 and have an exercise price of \$0.55.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

As detailed in the review of operations the significant state of affairs during the period were:

- the completion the Maricunga Joint Venture, with a total US\$12.7m paid, to date, for the acquisition and exploration of the Maricunga asset;
- the issue of 52.6m shares in relation to the capital raising process along with shares issued to the Maricunga JV partners in relation the transaction. Also issued was 37.5m listed options as part of the overall capital raise process; and
- on 9 February 2017, the consolidated entity engaged Mr David Hannon as Non-Executive Chairman. Mr Hannon brings significant Australian public company experience to the Chairman's role. Mr Reccared Fertig resigned as Chairman, to be appointed Chairman on the Maricunga JV entity Minera Salar Blanco S.A. Mr Fertig remains a Non-Executive Director of the consolidated entity.

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

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


10 March 2017
Sydney

Auditor's Independence Declaration to the Directors of Lithium Power International Limited

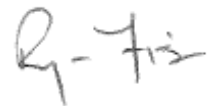
As lead auditor for the review of Lithium Power International Limited for the half-year ended 31 December 2016, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Lithium Power International Limited and the entities it controlled during the financial period.



Ernst & Young



Ryan Fisk
Partner
10 March 2017

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended 31 December 2016

		CONSOLIDATED	
		From 1 Jul 2016 to 31 Dec 2016	From 24 Jul 2015 to 31 Dec 2015
	Note	\$	\$
Interest revenue		16,013	2,793
Other income	4	800,506	–
Expenses			
Exploration expenses		(84,513)	–
Employee benefits expense		(803,609)	(139,430)
Occupancy costs		(37,655)	(20,550)
IPO transaction costs		–	(17,500)
Legal and professional fees		(487,553)	(17,479)
Travel expense		(131,058)	(73,047)
Administration expense		(210,170)	(11,919)
Other expenses		(33,126)	–
Finance costs		(7,459)	(1,144)
Loss before income tax expense		(978,624)	(278,276)
Income tax expense		–	–
Loss after income tax expense for the period attributable to the owners of Lithium Power International Limited		(978,624)	(278,276)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation		(2,407)	–
Other comprehensive income for the period, net of tax		(2,407)	–
Total comprehensive income for the period attributable to the owners of Lithium Power International Limited		(981,031)	(278,276)
		Cents	Cents
Basic earnings per share	14	(0.79)	(0.67)
Diluted earnings per share	14	(0.79)	(0.67)

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

Financial Statements

for the period ended 31 December 2016

STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

		CONSOLIDATED	
	Note	31 Dec 2016	30 Jun 2016
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		7,260,525	7,236,696
GST receivable		22,493	102,792
Other		66,650	4,115
Total current assets		7,349,668	7,343,603
Non-current assets			
Receivables	5	3,750,000	–
Investments	6	6,080,000	–
Exploration and evaluation	7	8,583,969	1,056,365
Total non-current assets		18,413,969	1,056,365
Total assets		25,763,637	8,399,968
Liabilities			
Current liabilities			
Trade and other payables	8	260,227	955,878
Total current liabilities		260,227	955,878
Total liabilities		260,227	955,878
Net assets		25,503,410	7,444,090
Equity			
Issued capital	9	26,268,719	8,920,643
Reserves	10	2,090,215	400,347
Accumulated losses		(2,855,524)	(1,876,900)
Total equity		25,503,410	7,444,090

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2016

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 24 July 2015	–	–	–	–
Loss after income tax expense for the period	–	–	(278,276)	(278,276)
Other comprehensive income for the period, net of tax	–	–	–	–
Total comprehensive income for the period	–	–	(278,276)	(278,276)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	1,213,100	–	–	1,213,100
Balance at 31 December 2015	1,213,100	–	(278,276)	934,824
Balance at 1 July 2016	8,920,643	400,347	(1,876,900)	7,444,090
Loss after income tax expense for the period	–	–	(978,624)	(978,624)
Other comprehensive income for the period, net of tax	–	(2,407)	–	(2,407)
Total comprehensive income for the period	–	(2,407)	(978,624)	(981,031)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of share capital	900,000	–	–	900,000
Issue of share capital through private placement	13,000,002	–	–	13,000,002
Shares issued to acquire initial interest in Maricunga JV	6,080,000	–	–	6,080,000
Fair value of options attached to private placement	(1,666,169)	1,666,169	–	–
Share issue costs	(965,757)	–	–	(965,757)
Share based payments	–	26,106	–	26,106
Balance at 31 December 2016	26,268,719	2,090,215	(2,855,524)	25,503,410

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Financial Statements

for the period ended 31 December 2016

STATEMENT OF CASH FLOWS

For the period ended 31 December 2016

	Note	CONSOLIDATED	
		From 1 Jul 2016 to 31 Dec 2016	From 24 Jul 2015 to 31 Dec 2015
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(921,442)	(314,488)
Interest received		16,013	2,793
Interest and other finance costs paid		(7,459)	(1,144)
Net cash used in operating activities		(912,888)	(312,839)
Cash flows from investing activities			
Payments for exploration and evaluation		(7,527,604)	(298,216)
Net cash used in investing activities		(7,527,604)	(298,216)
Cash flows from financing activities			
Proceeds from issue of shares		13,020,002	1,213,100
Share issue transaction costs		(965,757)	–
Loans provided to related parties		(3,547,097)	–
Net cash from financing activities		8,507,148	1,213,100
Net increase in cash and cash equivalents		66,656	602,045
Cash and cash equivalents at the beginning of the financial period		7,236,696	–
Effects of exchange rate changes on cash and cash equivalents		(42,827)	–
Cash and cash equivalents at the end of the financial period		7,260,525	602,045

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

31 December 2016

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 are:

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 10 March 2017.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the interim half-year reporting period ended 31 December 2016 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The consolidated entity has adopted all of the new 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 during the financial half-year ended 31 December 2016 and are not expected to have any significant impact for the full financial year ending 30 June 2017.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

NOTE 3. 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.

Notes to the Financial Statements

31 December 2016

	CONSOLIDATED	
	From	From
	1 Jul 2016 to 31 Dec 2016	24 Jul 2015 to 31 Dec 2015
	\$	\$
NOTE 4. OTHER INCOME		
Net foreign exchange gain	800,506	–

The exchange gain has arisen on the US dollar denominated inter company loan granted by Lithium Power International Limited, which has an Australian Dollar functional currency, to its newly established subsidiary, Lithium Power Inversiones Chile SpA, which has a US Dollar functional currency. The loan balance at 31 December 2016 is US\$12,170,000.

	CONSOLIDATED	
	31 Dec 2016	30 Jun 2016
	\$	\$
NOTE 5. NON-CURRENT ASSETS – RECEIVABLES		
Loan to Maricunga joint venture	3,750,000	–

Refer to note 6 for details of the loan to Maricunga joint venture.

NOTE 6. NON-CURRENT ASSETS – INVESTMENTS		
Investment	6,080,000	–

During the half-year ended 31 December 2016, the consolidated entity, through the company's newly formed subsidiary entity Lithium Power Inversiones Chile SpA ('LPI Chile') began the process of completing the Maricunga Joint Venture ('JV') to acquire 50% of the Maricunga lithium brine project in Chile. The JV was completed in Santiago, Chile on 13 January 2017 ('Closing') with constituting the JV Shareholder Agreement for the JV Company, Minera Salar Blanco SA ('NewCo').

As at 31 December 2016, the consolidated entity had contributed US\$12.17m for a 26.37% interest in the JV.

As at 31 December 2016 the following funds were allocated to the JV via LPI Chile:

- A secured loan of US\$2.7m to NewCo via LPI Chile to fund the recently completed drilling program.
- The acquisition of tenements directly from the landowners for US\$5.22m by LPI Chile (note 7).
- The company transferred to LPI Chile's bank account US\$4.25m on 5 December 2016, as part of the completion process. This amount was in LPI Chile's bank account as at 31 December 2016 and was invested in NewCo at closing.
- Refer to note 15 for further information on the Closing of the JV Agreement on 13 January 2017.

NOTE 7. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION		
Exploration and evaluation expenditures – at cost	8,583,969	1,056,365

RECONCILIATIONS

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

Consolidated	Exploration and evaluation expenditures \$	Total \$
Balance at 1 July 2016	1,056,365	1,056,365
Additions	7,527,604	7,527,604
Balance at 31 December 2016	8,583,969	8,583,969

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

US\$5.22M (AU\$7.25M) of the additions made in the period were contributed into the Maricunga JV at cost upon Closing of the JV agreement on 13 January 2017. Accordingly, these amounts will form part of the investment in the Maricunga JV in future periods.

	CONSOLIDATED	
	31 Dec 2016 \$	30 Jun 2016 \$
NOTE 8. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES		
Trade payables	196,457	900,440
Accrued expenses	63,770	53,200
Other payables	–	2,238
	260,227	955,878

	CONSOLIDATED			
	31 Dec 2016 Shares	30 Jun 2016 Shares	31 Dec 2016 \$	30 Jun 2016 \$
NOTE 9. EQUITY – ISSUED CAPITAL				
Ordinary shares – fully paid	164,335,905	111,709,582	26,268,719	8,920,643

Notes to the Financial Statements

31 December 2016

NOTE 9. EQUITY – ISSUED CAPITAL (continued)

MOVEMENTS IN ORDINARY SHARE CAPITAL

Details	Date	Shares	Issue price	\$
Balance	1-Jul-16	111,709,582		8,920,643
Issue of shares	20-Oct-16	16,756,437	\$0.38	6,367,446
Issue of shares	2-Dec-16	14,822,517	\$0.38	5,632,556
Issue of shares	2-Dec-16	2,631,579	\$0.38	1,000,000
Issue of shares to Directors	2-Dec-16	263,158	\$0.38	100,000
Issue of shares to Directors	2-Dec-16	1,052,632	\$0.38	400,000
Issue of shares to key personnel	2-Dec-16	1,000,000	\$0.38	380,000
Issue of shares on acquisition of interest in Joint Venture	2-Dec-16	16,000,000	\$0.38	6,080,000
Conversion of options	16-Dec-16	100,000	\$0.20	20,000
Less fair value of options attached to private placement		–	\$0.00	(1,666,169)
Less issue costs net of taxation		–	\$0.00	(965,757)
Balance	31-Dec-16	164,335,905		26,268,719

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.

All shares issued on 20 October 2016 and 2 December 2016 except those issued to key personnel and those issued in connection with the joint venture, had a one for one attaching option. Each option entitles the holder to subscribe for one share in the Company. The options vested immediately, have an exercise price of \$0.55 and expire on 24 November 2017. Included in the share transaction costs is \$1,666,169 which represents the fair value of options vested on the day they were granted.

The fair value of the attaching options is independently determined using either 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.

	CONSOLIDATED	
	31 Dec 2016	30 Jun 2016
	\$	\$
NOTE 10. EQUITY – RESERVES		
Foreign currency reserve	(2,113)	294
Share-based payments reserve	426,159	400,053
Options reserve	1,666,169	–
	2,090,215	400,347

FOREIGN CURRENCY 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 receive an one for one attaching option for each share acquired in the Company.

MOVEMENTS IN RESERVES

Movements in each class of reserve during the current financial period are set out below:

Consolidated	Foreign currency \$	Share-based payments \$	Options \$	Total \$
Balance at 1 July 2016	294	400,053	–	400,347
Foreign currency translation	(2,407)	–	–	(2,407)
Share-based payments	–	26,106	–	26,106
Options reserve	–	–	1,666,169	1,666,169
Balance at 31 December 2016	(2,113)	426,159	1,666,169	2,090,215

NOTE 11. EQUITY – DIVIDENDS

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

NOTE 12. 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.

NOTE 13. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2016.

	CONSOLIDATED	
	From 1 Jul 2016 to 31 Dec 2016 \$	From 24 Jul 2015 to 31 Dec 2015 \$
NOTE 14. EARNINGS PER SHARE		
Loss after income tax attributable to the owners of Lithium Power International Limited	(978,624)	(278,276)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	123,912,246	41,535,554
Weighted average number of ordinary shares used in calculating diluted earnings per share	123,912,246	41,535,554
	Cents	Cents
Basic earnings per share	(0.79)	(0.67)
Diluted earnings per share	(0.79)	(0.67)

68,900,000 options on issue have been excluded from the weighted average number of ordinary shares used in calculating diluted earnings per share as they are considered anti-dilutive.

Notes to the Financial Statements

31 December 2016

NOTE 15. EVENTS AFTER THE REPORTING PERIOD

The Maricunga Joint Venture ('JV') was completed in Santiago, Chile on 13 January 2017 with the constituting of the JV Shareholder Agreement for the JV Company, Minera Salar Blanco SA ('NewCo'). As a result of the following occurred:

- The US\$2.7M (AU\$3.75m) loan from LPI Chile to the JV was converted to equity in the JV.
- LPI made a cash payment of US\$4.25m in exchange for equity in the JV.
- LPI Chile contributed Exploration and Evaluation assets acquired for US\$5.22m (AU\$7.25m) to the JV in exchange for equity in the JV.
- The JV granted LPI an additional interest of 23.63% in the JV, bringing LPI's total interest to 50%, in exchange for LPI committing to make payment of US\$15m by November 2017.
- The Investment agreement granted LPI the first right of refusal to acquire a further 32.3% interest in the JV, from the Chilean corporate JV partner.

On 9 February 2017, the consolidated entity engaged Mr David Hannon as Non-Executive Chairman. Mr Hannon brings significant Australian public company experience to the Chairman's role. Mr Reccared Fertig resigned as Chairman, to be appointed Chairman on the Maricunga JV entity Minera Salar Blanco S.A. Mr Fertig remains a Non-Executive Director of the consolidated entity.

No other matter or circumstance has arisen since 31 December 2016 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 give a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the financial period 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.

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

10 March 2017

Sydney

To the members of Lithium Power International Limited

Report on the half year financial report

We have reviewed the accompanying half-year financial report of Lithium Power International Limited, which comprises the statement of financial position as at 31 December 2016, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Lithium Power International and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

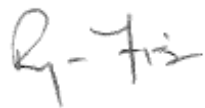
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Lithium Power International Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



Ryan Fisk
Partner
Sydney
10 March 2017



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