

**ASX RELEASE**

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**LPI CLARIFIES IMPLICATIONS OF THE CORFO-ALBEMARLE  
LITHIUM NEGOTIATIONS, CHILE**

- **The Corfo-Albemarle negotiation for production from the Atacama Salar does not have application to Lithium Power's Maricunga JV (MJV), as the Maricunga salar properties are 100% owned by the MJV**

Following recent reporting in the Chilean news media Lithium Power International Limited (ASX: LPI) ("LPI" or "the Company") wishes to provide clarification regarding the implications of negotiations between CORFO and Albemarle, regarding expanded production from their Atacama salar lithium brine operation.

**The context of Albemarle negotiations**

CORFO, the Chilean government agency founded to promote economic development in Chile, administers the lithium properties in the Atacama salar and holds special production agreements with major global lithium producers Albemarle and SQM. The properties from which these companies produce lithium are either owned by CORFO or subjected to contractual arrangements for exploitation with the latter. Albemarle announced in January that they had reached agreement with CORFO to expand their production from the Atacama Salar.

As part of that agreement they accepted a new royalty agreement which had progress increases in the royalty related to the price of lithium carbonate sale prices. CORFO is seeking an upper royalty rate of 60% for prices above US\$12,000/tonne of lithium carbonate.

**Important differences with Lithium Power and the Maricunga Project**

It should be noted that geographically the Maricunga and the Atacama Projects are located in two different salars in Chile. These projects are in two different regions and therefore have no interaction between them.

The most significant difference between the situation of Albemarle (and SQM) in the Atacama Salar and Lithium Power's Maricunga Joint Venture (MJV) is that the MJV owns the Litio, Cocina, San Francisco, Salamina, Despreciada and Litio properties outright and CORFO has no ownership rights (or other rights to levy "super royalties") in the Maricunga salar.

Hence, the “super royalty” or the price for the lease negotiated between Albemarle and CORFO does not apply to the properties in the Maricunga salar.

On that basis, production from the MJV properties would involve only the eventual payment of a standard “mining royalty” which is a mining tax applicable to the net operating income deriving from mining operations in Chile, which is vastly different to the situation between Albemarle and CORFO.

### **Maricunga JV Background**

The Maricunga JV is 50%-owned by LPI. The project is widely regarded as one of the highest quality undeveloped pre-production lithium brine project globally, with a very high lithium grade and strong flow rates. The company completed a substantial JORC compliant resource estimate in July 2017, based on results of the drilling & pump testing program, with the project progressing to a PEA in 4Q17. The reader is referred to the announcement by LPI on 12<sup>th</sup> July 2017 for details of the project resource.

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