

ASX RELEASE

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**ADDITIONAL THICK HIGH-GRADE LITHIUM INTERSECTIONS
AT MARICUNGA BRINE PROJECT**

- Further high-grade assay results received from the fifth and sixth drill holes at the Maricunga lithium brine project in Chile.
- Drill hole S3, drilled in the centre of the San Francisco tenement, recorded 1,040 mg/l lithium grade (average) over the 186m test interval, with a peak assay of 1,240 mg/l lithium.
- Drill hole S13, drilled in the northern end of the San Francisco tenement, recorded 999 mg/l lithium grade (average) over the 186m test interval, with a peak assay of 1,260 mg/l lithium.
- Both drill holes finished in high-grade lithium brine at depth, similar to all other drill holes at the Maricunga project to date.
- These positive assay results confirm that high lithium grades extend to the west and north of the existing lithium resource* previously identified within the Litio tenement.

Lithium Power International Limited (ASX: LPI) ("LPI" or "the Company") is pleased to advise the results of the fifth and sixth holes drilled in the Maricunga lithium brine project in northern Chile.

Drill Hole S3

Drill hole S3 was drilled near the centre of the "old code" San Francisco tenement, which was acquired by LPI as part of the recent JV formation. The hole was completed to 200m by rotary drilling, and sampled every 6m, over a 186m test interval (from 12m to 198m). S3 is located approximately 2km south from hole M2, and 3km west from hole M10 (see Figure 1).

The drilling at S3 returned excellent lithium brine grades, similar to those from the other assay results released at Maricunga to date. Brine samples from S3 averaged 1,040 mg/l lithium and 7,708 mg/l potassium over the 186m test interval. The peak individual assays were 1,240 mg/l lithium and 9,870 mg/l potassium (both at 174m). As for previous drill holes, S3 finished in high-grade lithium brine at depth, hosted within a favourable sand and gravel sequence.

The positive assay results for S3 confirm that elevated lithium grades extend all the way across the northern section of the Maricunga salar, from Litio in the east to San Francisco/Salamina in the west.

Drill Hole S13

Drill hole S13 was drilled in the northern section of the “old code” San Francisco tenement. The hole was completed to 200m by rotary drilling, and sampled every 6m, over a 186m test interval (from 12m to 198m). S13 is located approximately 2.5km north east from hole M2, and 3km north of hole M10 (see Figure 1).

The drilling at S13 also returned excellent lithium brine grades, similar to those from hole S3 above, and other assay results released at Maricunga to date. Brine samples from S13 averaged 999 mg/l lithium and 7,294 mg/l potassium over the 186m test interval. The peak individual assays were 1,260 mg/l lithium and 9,480 mg/l potassium (both at 102m). As with all previous drill holes, S13 finished in high-grade lithium brine at depth.

The positive assay results for S13 provides evidence that high-grade lithium brine extends all the way to the northern end of the Maricunga salar. In addition, together with previous assay results for hole M2 (announced 7/12/16) and hole S5 (announced 21/12/16), these results also demonstrate that high lithium grades extend to the extremities of the salar, and potentially beyond the surface shoreline.

Exploration Drilling Update

Drilling is continuing at Maricunga with two drill rigs on site (one rotary and one sonic). The sonic rig will obtain high quality core samples in order to provide permeability and porosity data for the upcoming new JORC lithium resource estimate. Assays from completed holes at sites S6, M1A, and S2 are pending, and will be reported as they become available. In addition, drilling of the final two exploration wells (at sites S18 and S19) is currently underway. The drilling campaign at Maricunga is expected to be completed at the end of January, with a new JORC report on the lithium and potassium resource due in 1H17.

Exploration Hole Number/Name		Total Depth (m)	Assay Interval (m)	Lithium (mg/l avg)	Potassium (mg/l avg)	Drilling method	Elevation mean sea level (m)	Coordinates (WGS 84 zone 19S)		Azimuth	Dip
								UTM mN	UTM mE		
1	M10	200	40	1,239	8,611	Rotary	3,760	7,027,170	493,450	0	-90
2	M1	77	66	1,447	9,903	Rotary	3,760	7,028,190	494,270	0	-90
3	M2	198	190	931	6,605	Rotary	3,765	7,028,210	490,570	0	-90
4	S5	200	186	1,005	6,934	Rotary	3,765	7,026,390	488,540	0	-90
5	S3	200	186	1,040	7,708	Rotary	3,765	7,026,300	490,560	0	-90
6	S13	200	186	999	7,294	Rotary	3,765	7,030,020	492,310	0	-90
7	S6	200	Results Pending			Rotary	3,760	7,024,000	489,900	0	-90
8	M1A	200	Results Pending, redrill M1			Sonic	3,760	7,028,180	494,260	0	-90
9	S2	200	Results Pending			Sonic	3,760	7,027,145	492,131	0	-90
10	S18		Drilling Underway			Sonic	3,760	7,024,140	494,050	0	-90
11	S19		Drilling Underway			Rotary	3,760	7,027,380	493,100	0	-90
pump	P4	180	Pump Test Underway			Rotary	3,760	7,027,180	493,440	0	-90

Table 1: Details of drill hole locations & assay results at the Maricunga project. Drill hole locations will be confirmed by a surveyor at the completion of the drilling program. All coordinates are in WGS84 zone 19S.

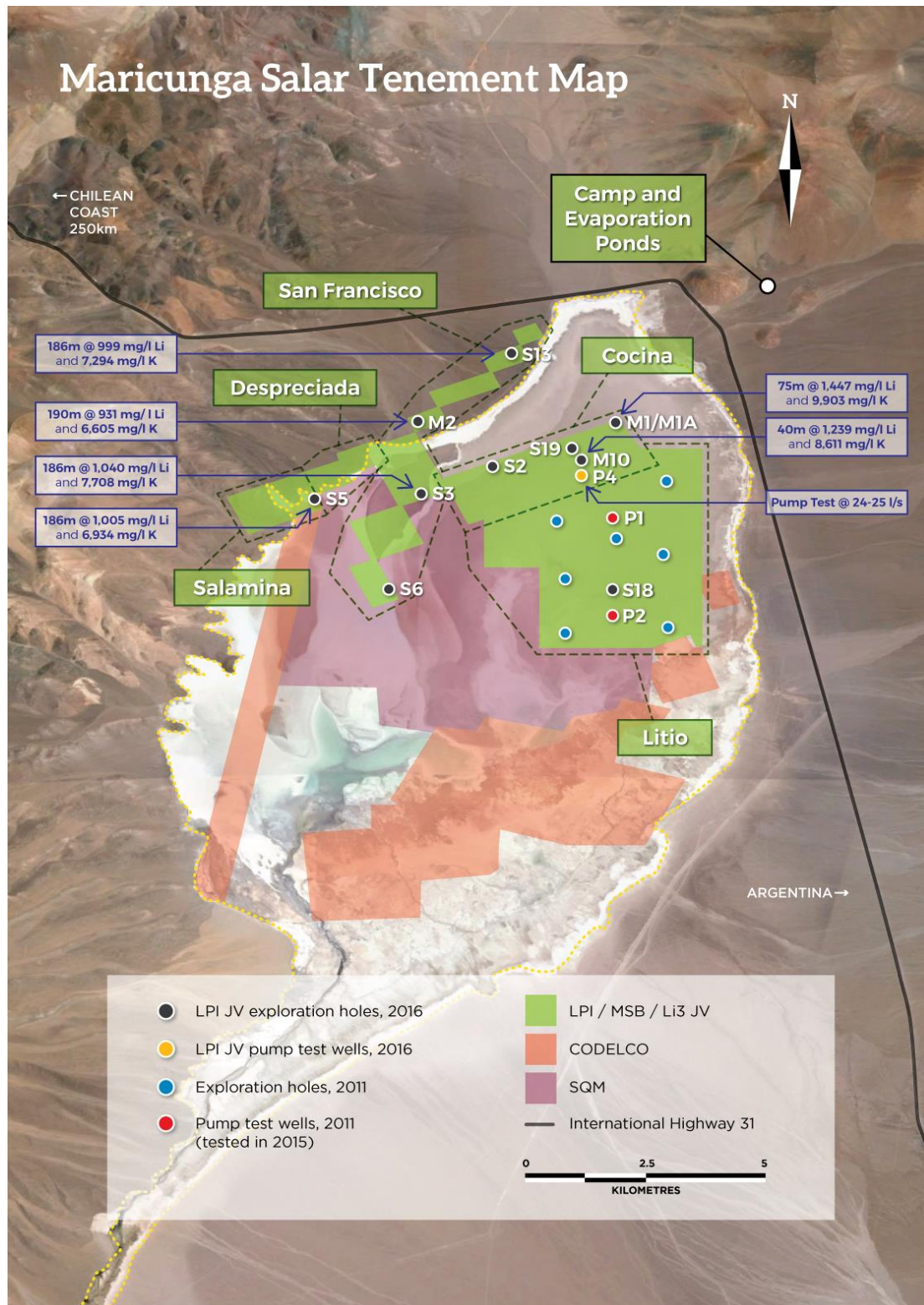


Figure 1: Maricunga lithium brine project tenements - with location of exploration drill holes

Pump Test Update

The pump test located at well P4 within the “old code” Cocina tenement is continuing on schedule (refer announcement on 22/12/16). The flow rate has remained consistent at approximately 24-25 litres per second for the duration of the pump test to date. The test has approximately one week to complete, with assay results to follow.

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

“The positive assay results from drill holes S3 and S13 validate LPI’s assessment of the high quality of the Maricunga lithium brine project. The drilling campaign is now well past the halfway point, and all the drill holes to date have exhibited high-grade lithium brine intercepts. This is tremendous news for LPI as we progress towards an update of the lithium resource and subsequent feasibility studies.”

Maricunga JV Background

The Maricunga JV is 50%-owned by LPI. The project is regarded by LPI management as one of the highest quality undeveloped pre-production lithium project globally, with a very high grade of both lithium and potassium. The Litio properties in the salar has been subject to significant past exploration by our JV partners, Minera Salar Blanco and Li3 Energy, in order to generate the existing lithium and potassium resource*. The current drilling program and pump test are targeting an expansion of that resource on both the existing properties and additional properties (which have been acquired since), with a new JORC compliant resource estimate due in 1H17.

For further information, please contact:

Martin C Holland – CEO

Lithium Power International

E: info@lithiumpowerinternational.com

Ph: +612 9276 1245

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

www.lithiumpowerinternational.com

@LithiumPowerLPI

* The reader is referred to the previous announcement by LPI on 28 July 2016, which provided details of the Maricunga project resource and information regarding what is considered by ASX as a production target. With regards to the resource LPI confirms that it is not in possession of any new information or data relating to the resource (which is considered by ASX to be a foreign estimate) that materially impacts on the reliability of the estimate or the mining entity's ability to verify the foreign estimate as mineral resources in accordance with Appendix 5A (JORC Code). LPI confirms that all the material assumptions underpinning the production target provided in that announcement continue to apply. LPI confirms that the supporting information provided in the announcement by LPI on 28 July 2016 continues to apply and has not materially changed. LPI cautions that the foreign estimate was not reported in accordance with the JORC code.

This work was completed prior to three years before the joint venture on the project was announced by LPI on 20 July 2016. A competent person has not done sufficient work to classify the foreign estimate as mineral resources or ore reserves in accordance with the JORC Code. It is uncertain that following evaluation and/or further exploration work that the foreign estimate will be able to be reported as mineral resources or ore reserves in accordance with the JORC Code. As the Maricunga resource estimate was not undertaken under the JORC code, LPI intends to verify this foreign estimate as part of the current drilling and assaying program at the Maricunga project. Work will consist of sonic and rotary diamond drilling and detailed sampling and analysis, with an accompanying QA/QC program. Future reporting will be under the JORC code.

Competent Person's Statement – MARICUNGA LITHIUM BRINE PROJECT

The information contained in this ASX release relating to Exploration Results has been compiled by Mr Murray Brooker. Mr Brooker is a Geologist and Hydrogeologist and is a Member of the Australian Institute of Geoscientists and the International Association of Hydrogeologists. 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. He is also a "Qualified Person" as defined by Canadian Securities Administrators' National Instrument 43-101.

Mr 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. 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.

Hole S3			Hole S13		
Depth m	Li mg/l	K mg/l	Depth m	Li mg/l	K mg/l
12	953	7,423	12	1,167	7,930
18	853	6,290	18	1,143	7,630
24	1,100	7,920	24	1,030	7,890
30	980	7,100	30	1,007	7,630
36	1,137	8,500	36	657	4,630
42	1,163	8,780	42	697	4,920
48	903	6,310	48	973	7,540
54	837	5,990	54	807	5,920
60	890	6,550	60	990	7,700
66	637	4,460	66	877	6,780
72	1,073	7,970	72	1,137	8,460
78	1,043	7,710	78	1,213	8,960
84	1,223	9,240	84	1,180	8,630
90	1,207	9,240	90	987	7,150
96	1,193	9,040	96	753	5,200
102	1,217	9,290	102	1,260	9,480
108	1,153	8,950	108	1,107	8,220
114	997	7,320	114	1,163	8,870
120	1,055	7,700	120	1,117	8,360
126	1,093	7,880	126	1,237	9,290
132	1,073	7,540	132	1,187	8,740
138	1,113	8,020	138	830	5,860
144	1,100	8,000	144	783	5,490
150	963	6,710	150	773	5,160
156	1,020	7,270	156	807	5,380
162	1,197	9,300	162	1,197	8,960
168	1,150	8,770	168	1,030	7,350
174	1,240	9,870	174	870	6,100
180	873	6,430	180	760	5,270
186	817	5,840	186	793	5,490
192	1,217	9,420	192	1,227	9,210
198	807	5,830	198	1,213	9,200
Average	1,040	7,708	Average	999	7,294

Table 2: Summary of assay results from drill holes S3 and S13 at the Maricunga project

APPENDIX 1 - JORC Code, 2012 Edition - Table 1 Report: Maricunga Salar

Criteria	Section 1 - Sampling Techniques and Data
<i>Sampling techniques</i>	<ul style="list-style-type: none"> • Drill cuttings were taken during rotary drilling. These are low quality drill samples, but provide sufficient information for lithological logging and for geological interpretation. • Brine samples were collected at 6 m intervals during drilling. This involved purging brine from the drill hole and then taking a sample corresponding to the interval between the rods and the bottom of the hole. • The brine sample was collected in a clean plastic bottle and filled to the top to minimize air space within the bottle. Each bottle was taped and marked with the sample number and details of the hole.
<i>Drilling technique</i>	<ul style="list-style-type: none"> • Rotary drilling – This method was used with the natural formation brine for lubrication during drilling, to minimize the development of wall cake in the holes that could reduce the inflow of brine to the hole and affect brine quality. • Rotary drilling allowed for recovery of drill cuttings and basic geological description. During rotary drilling, cuttings were collected directly from the outflow from the drill collar. Drill cuttings were collected over one metre intervals in cloth bags that were marked with the drill hole number and depth interval. Sub-samples were collected from the cloth bag by the site geologist to fill chip trays (also at a one metre interval).
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> • Rotary drill cuttings were recovered from the hole in porous cloth bags to retain drilling fines, but to allow brine to drain from the sample bags (brine is collected by purging the hole every 6 m and not during the drilling directly, as this uses recirculated brine for drilling fluid).
<i>Logging</i>	<ul style="list-style-type: none"> • Rotary drilling was carried out for the collection of drill cuttings for geologic logging and for brine sampling. Drill cuttings were logged by a geologist.
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> • Brine samples collected following the purging of the holes are homogenized as brine is extracted from the hole using a bailer device. No sub-sampling is undertaken in the field. • The brine sample was collected in one-litre sample bottles, rinsed and filled with brine. Each bottle was taped and marked with the drill hole number and details of the sample. Prior to sending samples to the laboratory they were assigned unique sequential numbers with no relationship to the hole number.
<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"> • The University of Antofagasta in northern Chile is used as the primary laboratory to conduct the assaying of the brine samples collected as part of the drilling program. They also analyzed blanks, duplicates and standards, with blind control samples in the analysis chain. The laboratory of the University of Antofagasta is not ISO certified, but it is specialized in the chemical analysis of brines and inorganic salts, with extensive experience in this field since the 1980s, when the main development studies of the Salar de Atacama were begun. • The quality control and analytical procedures used at the University of Antofagasta laboratory are considered to be of high quality and comparable to those employed by ISO certified laboratories specializing in analysis of brines and inorganic salts.

<i>Verification of sampling and assaying</i>	<ul style="list-style-type: none"> A full QA/QC program for monitoring accuracy, precision and to monitor potential contamination of samples and the analytical process was implemented. Accuracy, the closeness of measurements to the “true” or accepted value, was monitored by the insertion of standards, or reference samples, and by check analysis at an independent (or umpire) laboratory. Duplicate samples in the analysis chain were submitted to the University of Antofagasta as unique samples (blind duplicates) following the drilling process. Stable blank samples (distilled water) were inserted to measure cross contamination during the drilling process. The anion-cation balance was used as a measure of analytical accuracy and was always considerably less than +/-5%, which is considered to be an acceptable balance.
<i>Location of data points</i>	<ul style="list-style-type: none"> The hole was located with a hand held GPS. The location is in WGS84 Zone 19 south.
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> Lithological data was collected throughout the drilling. Drill holes have a spacing of approximately 2 km. Brine samples have a 6 m vertical separation and lithological samples are on 1 m intervals.
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> The salar deposits that host lithium-bearing brines consist of subhorizontal beds and lenses of halite, sand, gravel and clay. The vertical holes are essentially perpendicular to these units, intersecting their true thickness.
<i>Sample security</i>	<ul style="list-style-type: none"> Samples were transported to the University of Antofagasta (primary, duplicate and QA/QC samples) for chemical analysis in sealed 1-litre rigid plastic bottles with sample numbers clearly identified. The samples were moved from the drill site to secure storage at the camp on a daily basis. All brine sample bottles are marked with a unique label.
<i>Review (and Audit)</i>	<ul style="list-style-type: none"> No audit of data has been conducted to date.

Section 2 - Mineral Tenement and Land Tenure Status

<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> The Maricunga property is located approximately 170 km northeast of Copiapo in the III Region of northern Chile at an elevation of approximately 3,800 masl. The property comprises 1,438 ha in six mineral claims known as Litio 1 through Litio 6. In addition the Cocina 19-27 properties, San Francisco, Salamina and Despreciada properties have been added since the resource estimate on the Litio properties. The properties are located in the northern section of the Salar de Maricunga. The tenements/properties are believed to be in good standing, with payments made to relevant government departments.
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<i>Exploration by other parties</i>	<ul style="list-style-type: none"> • SLM Litio drilled 58 vertical holes in the Litio properties on a 500 m x 500 m grid in February, 2007. Each hole was 20 m deep. The drilling covered all of the Litio 1 – 6 property holdings. • Those holes were 3.5" diameter and cased with either 40 mm PVC or 70 mm HDPE pipe inserted by hand to resistance. Samples were recovered at 2 m to 10 m depth and 10 m to 20 m depth by blowing the drill hole with compressed air and allowing recharge of the hole. • Subsequently, samples were taken from each drill hole from the top 2 m of brine. In total, 232 samples were collected and sent to Cesmec in Antofagasta for analysis. • Prior to this the salar was evaluated by Chilean state organization Corfu, using hand dug pit samples.
<i>Geology</i>	<ul style="list-style-type: none"> • The sediments within the salar consist of halite, sand, gravel and clay which have accumulated in the salar from terrestrial sedimentation and evaporation of brines within the salar. • Brines within the salar are formed by solar concentration, with brines hosted within the different sedimentary units • Geology was recorded during drilling to of all the holes.
<i>Drill hole data</i>	<ul style="list-style-type: none"> • Lithological data was collected from the holes as they were drilled as drill cuttings, with the field parameters (electrical conductivity, density, pH) measured on the brine samples taken on 6 m intervals. • Brine samples were collected at 6 m intervals and sent for analysis to the University of Antofagasta, together with quality control/quality assurance samples.
<i>Data aggregation</i>	<ul style="list-style-type: none"> • Brine samples taken from the holes every 6 m represent composite samples over the sample interval.
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> • The lithium-bearing brine deposits extend across the properties and over a thickness of > 150 to 200m (depending on the depth of drilling), limited by the depth of the drilling • The drill holes are vertical and perpendicular to the horizontal sediment layers in the salar.
<i>Diagrams</i>	<ul style="list-style-type: none"> • Diagrams were provided in Technical report on the Maricunga Lithium Project Region III, Chile NI 43-101 report prepared for Li3 Energy May 23, 2012. See attached location map.
<i>Balanced reporting</i>	<ul style="list-style-type: none"> • This announcement presents representative key results from drilling at the Maricunga salar. Further information will be provided following additional drilling and field activities.
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> • Refer to the information provided in Technical report on the Maricunga Lithium Project Region III, Chile. NI 43-101 report prepared for Li3 Energy May 23, 2012.
<i>Further work</i>	<ul style="list-style-type: none"> • The company will consider additional drilling on the properties which have been added to the project since the 2012 public report.