

ASX RELEASE

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EARLY PAYMENTS WILL FINALISE LPI'S MARICUNGA EARN-IN

Highlights

- ✓ **Final three Joint Venture (JV) earn-in payments of US\$7.53M to be brought forward on or before 1 March 2018 for LPI's 13.8% unpaid shareholding of the Maricunga Lithium Brine Project in Chile**
 - ✓ **US\$27.2M in total payments made by LPI to Minera Salar Blanco (MSB) secures LPI's 50% ownership of the JV company**
 - ✓ **Fast tracking of development to the Definitive Feasibility Study in 4Q18 will be advantaged**
 - ✓ **Future capital will be contributed to the JV on a proportionate shareholder basis**
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Lithium Power International Limited (ASX: LPI) ("LPI" or "the Company") advised today that it would lift its shareholding in the high grade, low cost Maricunga Lithium Brine Project by up to six months ahead of the agreed joint venture schedule.

LPI will pay US\$7.53M to the Maricunga JV Company, Minera Salar Blanco ("MSB"), on or before 1 March 2018 to complete the final 13.8% earn-in payment into MSB.

This payment will take LPI to the agreed and issued 50% shareholding of MSB, with the other JV partners, the Chilean JV Partner and Bearings Lithium owning 32.33% and 17.67% respectively.

Under the MSB Shareholders Agreement, LPI's scheduled earn in was US\$2M on or before 1 March 2018, US\$2M on or before 1 May 2018 and US\$3.53M or before 1 September 2018.

LPI will retain a strong cash position after the payment, with circa AUD\$24.4M in its own bank accounts and circa US\$9.7M in MSB's JV accounts.

The initiative to fast-track the payments comes after LPI last month reported outstanding results from its Preliminary Economic Assessment (PEA) of Maricunga, including an ungeared IRR of 23.4% and a project NPV of \$US1.05B before tax at an 8% discount rate over a project life of 20 years; and

results confirmed the Maricunga brine can now produce battery grade lithium carbonate from the pilot plant. The process route is based on conventional technology and comes with the know how to be able to scale up to commercial scale.

LPI raised AUD\$34M in December 2017 via a private placement and conversion of LPIO Listed Options has elected to bring forward these final three payments to complete its earn in of 50% of MSB, with all conditions under the MSB Investment Agreement now been fully completed by LPI.

The Company took advantage of the stronger AU\$ against the US\$ in January 2019 and converted the funds at an average exchange rate of US\$0.8055.

This will now allow the company to further fast track the development of the project to production.

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

"The finalisation of the Maricunga purchase is another significant milestone for the Company, as 50% shareholder of one of the world best pre-production lithium projects. Our management team continue to meet the agreed works program and we expect to meet all key milestones on the dates set by the MSB Board. It is worth noting that LPI has 50% of the MSB board, including the Chairman position and 50% of the technical team".

Maricunga JV Background

Minera Salar Blanco (MSB) is 50%-owned by Lithium Power International. The project is regarded as one of the highest quality pre-production lithium brine project globally, with very high grades and exceptional porosity essential for high flow rates. The company released a Preliminary Economic Assessment for the project on 4 January 2018, which confirmed strong economic returns for production of 20,000t/a of lithium carbonate with production of 74,000t/a of potassium chloride from year +3 of the project. In addition, the company has now produced its first batch of battery grade lithium carbonate.

For further information, please contact:

Martin C Holland – CEO

Lithium Power International

E: info@lithiumpowerinternational.com

Ph: +612 9276 1245

www.lithiumpowerinternational.com

@LithiumPowerLPI