

ASX RELEASE

29 January 2024

Activity Report for the Quarter ended December 2023

Lithium Power International Limited (ASX:LPI) (“LPI” or “the Company”) is pleased to provide shareholders with an overview of quarterly activities for the period ending 31 December 2023. (“Quarter” or “Reporting Period”).

HIGHLIGHTS

- LPI entered into a binding scheme implementation deed with Chilean mining company Codelco, pursuant to which it is proposed that a wholly-owned subsidiary of Codelco will acquire 100 percent of the share capital of LPI by way of a Scheme of Arrangement (“Scheme”).
- The terms of the Scheme stipulate that LPI shareholders will receive A\$0.57 in cash per LPI share upon implementation of the Scheme, which is expected to occur on 23 February 2024 (assuming the Scheme is approved by the Court and other conditions to the Scheme are satisfied or waived).
- Subsequent to the Reporting Period, the resolution to approve the Scheme was passed by the requisite majorities of LPI shareholders at the Scheme meeting held on 23 January 2024.

CODELCO’S ACQUISITION OF LPI VIA SCHEME OF ARRANGEMENT

On 18 October 2023, LPI announced that it had entered into a binding scheme implementation deed with Corporación Nacional del Cobre de Chile (“**Codelco**”) under which it is proposed that a wholly-owned subsidiary of Codelco, Salar de Maricunga SpA, will acquire 100 per cent of the share capital of LPI (“**Scheme**”).

If the Scheme is implemented, each LPI shareholder on the record date (currently expected to be 5:00pm (AEDT) on 16 February 2024) will receive A\$0.57 in cash per LPI share pursuant to the Scheme (“**Scheme Consideration**”).

The Scheme Consideration implies a fully diluted equity value for LPI of ~A\$385 million¹ and represents a significant premium of:

- 119% to the undisturbed closing share price of A\$0.26 per LPI share on 26 September 2023, which was the trading day prior to the Company’s response to media speculation regarding discussions with Codelco (“**Undisturbed Date**”);
- 136% to the undisturbed 30-day volume weighted average price (“**VWAP**”) of A\$0.242 per LPI share up to, and including, the Undisturbed Date; and
- 6% to the closing share price of A\$0.54 per LPI share on 15 December 2023, being the last practicable date before the release of the Scheme Booklet.

¹ Based on 629,237,560 fully paid ordinary shares + 19,500,000 Share Appreciation Rights + 9,250,000 Director and Adviser Options + 8,350,000 Bearing Options + 16,806,855 Bearing Warrants on issue at 18 October 2023 (the date of announcement of the Scheme) multiplied by the Scheme consideration of A\$0.57 per LPI share (and, in respect of the Bearing Options and Bearing Warrants, converting into 0.7 LPI shares per security).

On 18 December 2023, the Federal Court of Australia (“**Court**”) made orders that LPI convene a meeting of LPI shareholders to consider and vote on the proposed Scheme (“**Scheme Meeting**”), and approved the despatch to LPI shareholders of an explanatory statement providing information about the Scheme, together with the Notice of Scheme Meeting (together, the “**Scheme Booklet**”).

On 19 December 2023, the Australian Securities and Investments Commission (“**ASIC**”) registered the Scheme Booklet and the Scheme Booklet was despatched to LPI shareholders on 22 December 2023.

The Scheme Booklet includes a copy of the independent expert’s report prepared by BDO Corporate Finance Ltd, which concluded that the Scheme is fair and reasonable, and in the best interests of LPI shareholders, in the absence of a superior proposal.

Subsequent to the Reporting Period, the resolution to approve the Scheme was passed by the requisite majorities of LPI shareholders at the Scheme Meeting, which was held on 23 January 2024.

In summary:

- 94.51% of LPI shareholders present and voting (in person or by proxy, attorney or corporate representative) voted in favour of the Scheme; and
- 99.54% of the votes cast by LPI shareholders were in favour of the Scheme.

Next steps

The Scheme remains subject to approval by the Court at a hearing scheduled for 13 February 2024 (“**Second Court Hearing**”) and certain other customary conditions precedent as previously announced and described in the Scheme Booklet, including Codelco obtaining approval from Australia’s Foreign Investment Review Board.

If the outstanding conditions precedent are satisfied or waived (as applicable) prior to the Second Court Hearing, and the Court approves the Scheme, LPI intends to lodge a copy of the orders of the Court with ASIC on 14 February 2024, so that the Scheme will become effective on that date. If this occurs, it is expected that LPI shares will be suspended from trading on the ASX with effect from close of trading on 14 February 2024.

Implementation of the Scheme is expected to occur on 23 February 2024.

CORPORATE UPDATE

Capital Structure

The capital structure of the Company at 31 December 2023 was as follows:

- 637,543,658 Ordinary Shares on issue;
- 6,000,000 Share Appreciation Rights @ \$0.40 on issue
- 13,500,000 Share Appreciation Rights @ \$0.55 on issue; and
- 9,250,000 Options @ \$0.55 each on issue.

In addition, at 31 December 2023 there were 7.9m Bearing Lithium, Corp. (“**BRZ**”) Options outstanding and 5.3m BRZ Warrants outstanding at various prices ranging from CAD\$0.11 to CAD\$0.40, each converting into 0.7 LPI shares per security.

2023 Annual General Meeting of Shareholders

The Annual General Meeting of Shareholders was held on 10 November 2023, at the Company’s premises – Level 10 Kyle House 27 Macquarie Place, Sydney, NSW 2000.

Three resolutions were tabled at the meeting for shareholder approval:

- Resolution 1 – Remuneration Report;
- Resolution 2 – Re-election of Richard Crookes as Director; and
- Resolution 3 – Approval of the 10 per cent Placement Facility.

All three resolutions were duly passed by shareholders.

Appendix 5B

The Appendix 5B quarterly cashflow report for the quarter ended 30 December 2023 is submitted separately.

The Company had a cash balance of AU\$28.9m as of 31 December 2023. Total funds in Chile at the end of the quarter totalled were US\$1.2m.

These funds are currently held in the Company's bank accounts in Australia and Chile, in Australian dollars, US dollars and Chilean pesos. The Australian dollar equivalents were calculated using the closing foreign exchange spot rate on 31 December 2023.

Payments to Related Parties of the Company and Their Associates

Section 6.1 Appendix 5B description of payments to related parties of the Company is as follows:

| | | |
|---|-----------|--|
| Directors Fees | \$264,817 | Three months' salary and superannuation paid to the Australian based Directors via the Company payroll plus three months' fees for the Chile based LPI Directors paid via LPI's Chile subsidiary company |
| DHJPLM Pty Ltd Rental for Sydney office | \$40,000 | Mr Hannon is a Director of LPI and shareholder of DHJPM Pty Ltd |

Mining Tenements Held

The table below lists the mining tenement interests held by the Company at the end of the 31 December 2023 quarter.

| Location / permit name | Permit / exploration number | Registered holder | Area in hectares | Permit term expiry | Interest contractual right |
|---|----------------------------------|-------------------|------------------|--------------------|----------------------------|
| Maricunga, Chile – Cocina – 10/27 | Old Code (1932) 03201-2110-19 | MSB/LPISPA | 450 | N/A | 100% |
| Maricunga, Chile – San Francisco – 1/10 | Old Code (1932) 03201-0006-2 | MSB/LPISPA | 425 | N/A | 100% |
| Maricunga, Chile – Despreciada – 6/7 | Old Code (1932) 03201-0007-0 | MSB/LPISPA | 100 | N/A | 100% |
| Maricunga, Chile – Salamina – 1/3 | Old Code (1932) 03201-0005-4 | MSB/LPISPA | 150 | N/A | 100% |
| Maricunga, Chile – Litio 1 – 1/29 | New Code (1983) 03201-6516-4 | MSB | 131 | N/A | 100% |
| Maricunga, Chile – Litio 2 – 1/30 | New Code (1983) 0321-6517-2 | MSB | 143 | N/A | 100% |
| Maricunga, Chile – Litio 3 – 1/30 | New Code (1983) 03201-6518-0 | MSB | 286 | N/A | 100% |
| Maricunga, Chile – Litio 4 – 1/60 | New Code (1983) 03201-6519-9 | MSB | 300 | NA | 100% |
| Maricunga, Chile – Litio 5 – 1/60 | New Code (1983) 03201-6520-2 | MSB | 297 | N/A | 100% |
| Maricunga, Chile – Litio 6 – 1/60 | New Code (1983) 03201-6521-0 | MSB | 282 | N/A | 100% |

| Location / permit name | Permit / exploration number | Registered holder | Area in hectares | Permit term expiry | Interest contractual right |
|-------------------------------------|-----------------------------|-------------------|------------------|--------------------|----------------------------|
| Maricunga, Chile – Blanco | New Code (1983) – N/A | MSB | 1,800 | N/A | 100% |
| Maricunga, Chile – Camp | New Code (1983) – N/A | MSB | 100 | N/A | 100% |

Authorised for release by the Board of Directors of Lithium Power International Limited.

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