**ASX RELEASE**

**LPI.ASX**

**28 July 2016**

# CLARIFICATION OF PREVIOUS MARICUNGA ANNOUNCEMENT

Lithium Power International Limited ("LPI" or "the Company") is pleased to provide further clarification to previous announcements in relation to the Maricunga Lithium Project.

The following announcements lodged on the the ASX Market Announcements Platform titled:

1. *Lithium Power enters agreement to develop world-class Maricunga lithium brine project in Chile* (20 July 2016);
2. *LPI to develop the World Class Maricunga Lithium Project – Investor Presentation* (20 July 2016); and
3. *LPI Noosa Mining & Exploration Conference - Investor Presentation* (22 July 2016),

(together, the "Announcements") contain the following statement:

"Maricunga has a measured resource of more than 574,000 tonnes of lithium carbonate, at a very high grade of 1,250mg/l (NI- 43-101 basis). It also contains 1,500,000 tonnes of potash. Together this would support a 20yr+ expected mine life (at 15ktpa). *"

## Additional information

The Company wishes to provide clarification to this statement:

1. NI43-101 is the Canadian technical reporting regime for exploration and mining companies, with the required information disclosure similar to that required under the JORC code and ASX rules, with the use of a Competent/Qualified person. The quoted measured resource, detailed above, was included in an announcement by Li3 Energy Inc ("Li3") on 20 April 2012;
2. The resource referred to by LPI was disclosed in the 20 April 2012 Li3 Energy announcement and the amended technical report of 23 May 2012.
3. The measured resource of 574,000 tonnes of lithium carbonate (Li2CO3) is calculated from the Li tonnage using a conversion factor of 5.32. Li3 Energy estimated an average grade of 50 g/m$^3$ of lithium in the NI43-101 report of 23 May 2012. For reference the average lithium brine value in drilling is 1250 mg/l (Table 1.1 of the NI43-101 report). The foreign resource has been estimated without the use of a cut-off grade, which is considered appropriate for brine mineralisation. Lithium carbonate is a common saleable lithium product that can be produced at different levels of purity, depending on end user requirements and processing capability.
4. LPI based disclosure on the possible mine life for the project on the 20 April 2012 Li3 Energy announcement and related technical report. ASX considers this constitutes a production target, requiring disclosure consistent with the ASX listing rules, with information provided

below. The Li3 Energy information on mine life was based on the mineral resource estimated by Li3 Energy and annual production at similar rates proposed by other companies in production or at the pre-production stage, with extraction using conventional process technology. The mineral resources were prepared by a qualified person but were not prepared compliant with JORC 2012.

5. A process flow sheet was prepared by a specialist process consultant for this conventional technology as part of the 2012 NI43-101 report by Li3 Energy.
6. The stated potash resource of 1,500,000 tonnes is also classified in the measured category, and reflects rounding of the resource figure published by Li3Energy. For reference the average potassium value in drilling is 8970 mg/l (Table 1.1 of the NI43-101 report). The resource was estimated without a cut-off. Potash is a widely used term for potassium fertilisers. In this case the reference is to potassium chloride (KCl), also referred to as MOP (Muriate of potash). The conversion factor from potassium to KCl is 1.91.
7. Statement of material assumptions on which the production target is based, in accordance with Listing Rule 5.16.1. The relevant information consists of the resource estimated by Li3 Energy, the brine chemistry and the assessment that conventional brine processing and evaporation ponds could be used to produce lithium carbonate. Li3 Energy did not provide any information on lithium carbonate sale price assumptions or other information related to product sale, plant construction and operation – due to the relatively early stage of the project. Recommendations in the Li3 Energy report included completing pilot scale testing and completing feasibility-level design for project infrastructure.
8. The foreign resource by Li3 Energy contains 574,064 tonnes of lithium carbonate equivalent (rounded by LPI to 574,000) in the measured category underpinning what ASX considers to be the basis of a production target. The resource classification used for this resource is the same classification system used in the JORC code. This does not include any reserves (proved or probable) or an exploration target.
9. The company considers release of the foreign estimate is a relevant and material part of disclosure regarding the Maricunga joint venture.

Potash (potassium chloride) is a valuable co-product that initial evaluation by Li3 Energy suggests could be produced in addition to lithium carbonate. This is a widely saleable agricultural product, for which there is important demand in South America, with limited local supply.

The historical work leading to the 2012 resource estimate by Li3 Energy was conducted under the Canadian CIM reporting requirements, which require release of NI43-101 technical reports for minerals projects. Consequently, the estimate is considered a foreign estimate by ASX and verification of the estimate is required. Information on work undertaken to collect data and estimate the resource is outlined in Table 1 below.

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 announced by LPI on 20/07/16. 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 3Q16 drilling and assaying program on the Maricunga project. This will be funded by current cash on hand. Work will consist of drilling diamond and detailed sampling and analysis in certified laboratories. Future reporting will be under the JORC code.

**Post-resource land acquisition**

In addition to clarification of the above details LPI wishes to advise the Maricunga project comprises a number of additional properties acquired by the owners subsequent to the 2012 resource estimate. These properties constitute a 78% increase in the project area (relative to the 1438 hectares of the Litio claims at the time of the 2012 resource), with approximately 700 hectares of the additional properties located on the Maricunga salar (with the remaining properties on the surrounding alluvial fans). None of these properties was part of the 2012 resource. They will be subject to exploration by the joint venture in the coming months.

**Summary of the Maricunga Lithium Brine Project resource as stated in JORC Table 1 of the LPI July 20 announcement:**

- Geology and Geological interpretation

The Altiplano-Puna is a large high altitude plateau in Chile, Argentina and Bolivia hosting numerous brine bodies containing high concentrations of lithium of economic interest. The evaporite salt pans, known locally as salars, form in topographic depressions with no drainage outlets and they generally represent the end product of a basin infill process that starts with the erosion of the surrounding relief, initially depositing colluvial talus and fan gravels, grading upwards into sheet sands, and playa silts and clays as the basin fills. Lithium brine is present in sediments deposited in the Maricunga mountain basin in Chile. The lithium brine is present in the pore spaces in the semi-consolidated sediments.

- Sampling and sub-sampling techniques

Representative samples were taken from the Sonic Core drilling program over a 3m interval. Core subsamples were cut from the plastic core splits, and preserved using plastic end caps, to ensure they maintained as near to natural moisture content and condition as possible. Brine samples were collected by down hole sampling every 3 metres.

The Reverse Circulation (RC) drilling samples were taken as a 2m composite. During RC drilling, rock chip and brine were collected directly from the cyclone. Both drilling techniques followed best industry standards for this type of exploration.

- Drilling techniques

Sonic core drilling was used as this technique allows the highest sample recovery with minimal core loss or disturbance. RC drilling was used to install pumping wells which allowed for recovery of drill cuttings and basic geological description.

- The criteria used for resource classification

58 vertical drill holes were drilled at a spacing of 500m x 500m with each hole drilled to 20m depth. 232 samples were collected and sent to the Cesmec lab in Antofagasta for analysis. An additional six sonic drill holes and three RC holes were drilled to define the measured and inferred resources, based on published industry benchmarks for drill spacing and resource classification. The lithium and potassium resource was estimated from the individual lithium and potassium assays and porosity data using both a kriging and a stochastic estimation method. There was no upper or lower cut-off grade used in the resource estimate. The Salar de Maricunga brine is suitable for conventional processing, which principally consists in solar evaporation of the brine to a suitable concentration where the brine can be treated in a lithium carbonate plant.

- Sample analysis method

The primary laboratory used for the analysis of brine was the University of Antofagasta, which used the Atomic Absorption Spectrometry analytical technique for the determination of lithium and other elements. The Alex Stuart laboratory was used for check analyses, utilizing Inductively Coupled Plasma Spectometry. Chloride was analysed with the Argentometric technique and sulphate by a gravimetric method.

- Estimation methodology

The estimation methodology utilised by Li3 Energy in the 2012 NI43-101 report and resource estimate comprised a stochastic and a kriging methodology, with the stochastic estimate considered by LI3 Energy the preferred methodology and that included in announcements associated with the NI43-101 report.

- Cut-off grade

No cut-off grade has been used in the resource estimate. This is not considered appropriate for a brine resource.

- Mining and metallurgical methods and parameters, and other material modifying factors considered to date

The project comprises a brine resource which could be exploited by pumping from wells/bore holes, with conventional evaporation of brine in ponds and a process plant to produce lithium carbonate.

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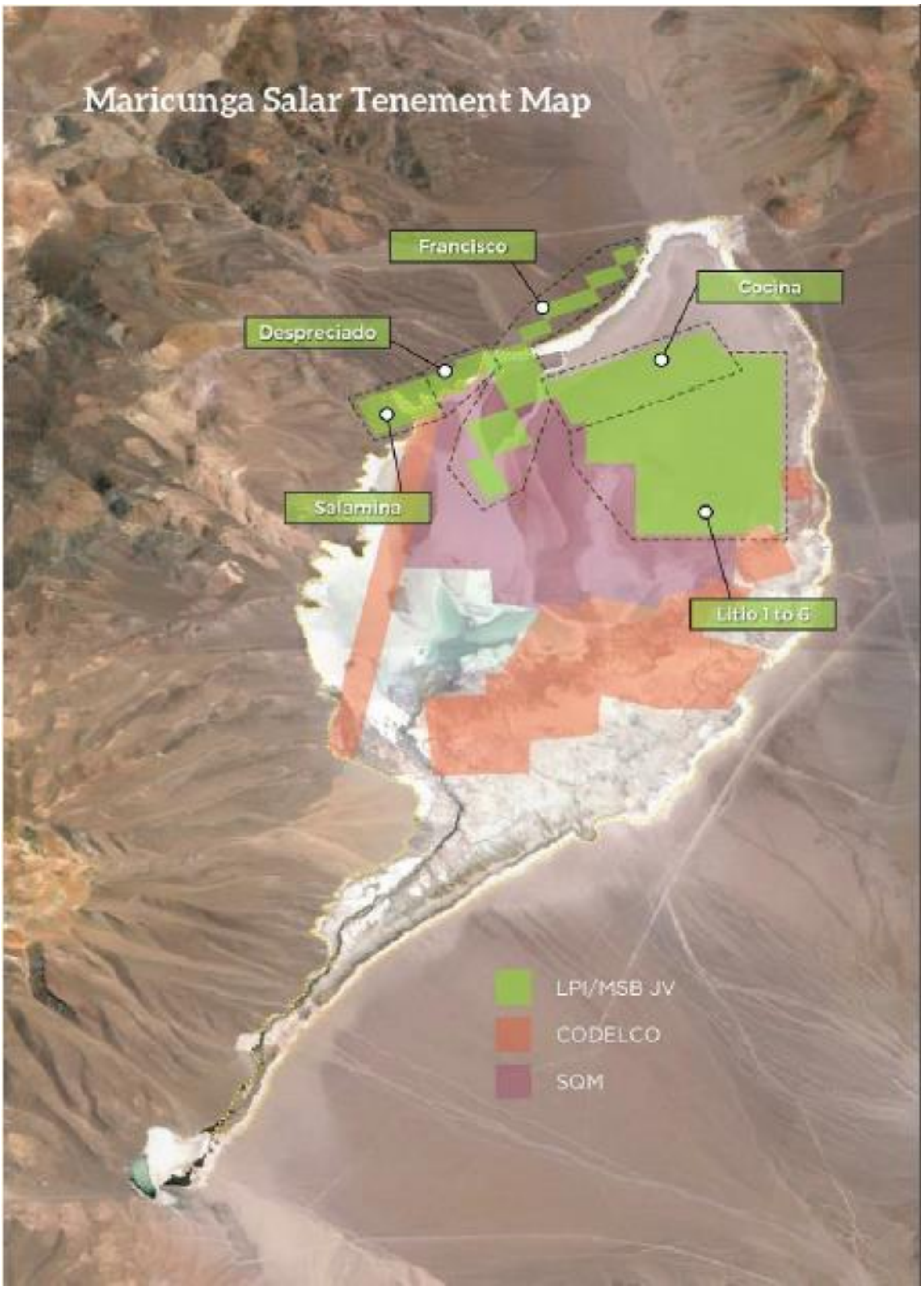


Figure 1: Maricunga project properties, with the Litio properties hosting the existing resource and other properties acquired since the resource was publicly released

**Competent Person's Statement – MARICUNGA LITHIUM BRINE PROJECT**

The information contained in this ASX release relating to Exploration Results/Mineral Resources/Reserves 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. Murray has sufficient relevant experience 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. Murray Brooker is an employee of Hydrominex Geoscience Pty Ltd and an independent consultant to Lithium Power International. Murray 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 and studies for the Maricunga project.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

**APPENDIX 1 - JORC Code, 2012 Edition**

**Table 1 Report: Maricunga Salar**

| Criteria | Section 1 - Sampling Techniques and Data |
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| *Sampling techniques* | • Lithological samples were taken from cores drilled using the sonic drilling technique, which allows for complete core recovery with minimal disturbance.<br>• Core subsamples were cut from the plastic core splits, and preserved using plastic end caps, to ensure they maintained as near to natural moisture content and condition as possible. End caps were taped to the core tubes to prevent any fluid loss. The samples were labelled with the borehole number and depth interval. See below for details on core analysis. Prior to shipping each sample was wrapped in bubble plastic to prevent disturbance during shipping.<br>• Brine samples were collected at three-metre intervals during the sonic drilling where possible. In some cases where the formation permeability was low, it was not possible to collect a brine sample after a one hour waiting period.<br>• The borehole was purged by bailing at least one well volume of brine from the drill casing as calculated from the water level measurement prior to collecting the final brine sample from the bottom of the hole.<br>• The final brine sample was discharged from the bailer into a 20 liter clean bucket from which three one-liter sample bottles were rinsed and filled with brine. Each bottle was taped and marked with the borehole number and depth interval. A small sub-sample from the bucket was used to measure field parameters (density, electric conductivity, pH and temperature) at the wellhead<br>• Brine samples were collected at three-meter intervals during the RC drilling where possible. In some cases where the formation permeability was low, it was not possible to collect a brine sample. Brine samples were collected in three one-litre (rinsed) sample bottles. Each bottle was taped and marked with the borehole number and depth interval. |

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| | • A small sub-sample from the cyclone was used to measure field parameters (density, electric conductivity, pH and temperature) at the wellhead. |
| *Drilling technique* | • Sonic drilling – which allows for close to complete recovery of sample with minimal core loss or disturbance. Six sonic boreholes were completed to a depth of 150 m.<br>• Each sonic hole was drilled without the use of any drilling additives/fluids to a total depth (TD) of 150 m.<br>• RC drilling – which allowed for recovery of drill cuttings and basic geological description. During RC drilling, rock chip and brine were collected directly from the cyclone. A total of 915 m of exploration RC drilling was carried out. Drill cuttings were collected over two metre intervals in plastic bags that were marked with the borehole number and depth interval. Sub-samples were collected from the plastic bag by the site geologist to fill chip trays (also at two meter interval).<br>• RC holes were drilled to install wells for pump testing. |
| *Drill sample recovery* | • Sonic core recovery consistently exceeded 99%.<br>• RC cuttings were recovered from the cyclone when this technique was used. |
| *Logging* | • A total of 915 m of exploration RC drilling was carried out for the collection of chip samples for geologic logging, brine samples for chemistry analyses and airlift data. RC cuttings were Drill cuttings were logged by a geologist.<br>• The sonic cores were logged by geologists in the plastic tubes |
| *Sub-sampling techniques and sample preparation* | • 10 cm core subsamples were cut from the plastic tubes (triple tubes) collected during sonic drilling. These were immediately sealed for transportation to the laboratory. Undisturbed samples were collected from the sonic core at three metre intervals for porosity analyses (318 samples).<br>• Brine samples were collected during the sonic drilling at three meter intervals for chemistry analyses.<br>• The final brine sample was discharged from the bailer into a 20 liter clean bucket from which three one-liter sample bottles were rinsed and filled with brine. Each bottle was taped and marked with the borehole number and depth interval. A small sub-sample from the bucket was used to measure field parameters (density, electric conductivity, pH and temperature) at the wellhead |
| *Quality of assay data and laboratory tests* | • The University of Antofagasta in northern Chile was selected as the primary laboratory to conduct the assaying of the brine samples collected as part of the drilling program. They also analyzed blanks and standards specially prepared by Li3 Energy, with blind control samples in the analysis chain. In total, there were 431 primary samples and 192 QA/QC samples.<br>• 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.<br>• 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.<br>• Seventy external duplicates (check samples), including control samples, were shipped to Alex Stewart Argentina in Mendoza, Argentina. This laboratory is accredited to ISO 9001 and operates according to Alex Stewart Group standards consistent with ISO 17025 methods at other laboratories.<br>• Standard analyses at the University of Antofagasta indicate very acceptable accuracy. |
| *Verification of sampling and assaying* | • A full QA/QC program for monitoring accuracy, precision and potential contamination of the entire brine sampling and 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.<br>• Approximately 31% of the 623 samples submitted for chemical analysis were quality control samples. The QA/QC procedures adopted for the Project included:<br>• Three standards (A, B and C), or reference samples, were inserted at a frequency of1 in 15 |

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| | samples<br>• Duplicate samples at a frequency of 1 in 10 samples in the analysis chain were submitted to the University of Antofagasta as unique samples (blind duplicates)<br>• Stable blank samples (distilled water) were inserted at a frequency of 1 in 30 samples to measure cross contamination<br>• Duplicates at a frequency of 1 in 10 samples, and including blind control samples (a total of 70 samples), were submitted to the secondary laboratory (Alex Stewart in Mendoza) as check samples (external duplicates).<br>• The anion-cation balance was used as a measure of analytical accuracy. The performance of the University of Antofagasta in the analyses of 431 primary samples and 61 duplicates show a balance within 2%, i.e. much less than the maximum acceptable difference of 5%.<br>• All the check samples analyzed by Alex Stewart had a balance within a value of 5%. |
| *Location of data points* | • The wells are believed to have been located with a hand held GPS.<br>• The location is in UTM Zone 19, with the Provisional South American 1956 datum |
| *Data spacing and distribution* | • Lithological data was collected continuously from 1.5 m core runs interval throughout the sonic drill holes<br>• Brine samples were collected every 3 metres during sonic and RC drilling<br>• During RC drilling chip (geological) samples were collected every 2 m<br>• 6 sonic holes were drilled with a spacing of one well per 2.4 $km^2$ over the 2012 land holding, which has subsequently been expanded |
| *Orientation of data in relation to geological structure* | • The salar deposits that host lithium-bearing brines consist of subhorizontal beds and lenses of halite, sand, silt and clay. The vertical wells are essentially perpendicular to these units, intersecting their true thickness |
| *Sample security* | • Samples were transported to the University of Antofagasta (primary and duplicate samples) and Alex Stewart in Mendoza (check samples) for chemical analysis in sealed 1-litre rigid plastic bottles with sample numbers clearly identified.<br>• 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. One sample bottle was stored as a permanent back-up sample in the on-site warehouse. One sample bottle was prepared for shipment and the third bottle is either used as a duplicate or discarded. |
| *Review (and Audit)* | • No audit of data has been conducted to date. |

| **Section 2 - Mineral Tenement and Land Tenure Status** | |
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| *Mineral tenement and land tenure status* | • The Maricunga property is located approximately 160 km northeast of Copiapo in the III Region of northern Chile at an elevation of approximately 3,800 masl.<br>• The property comprises 1,438 ha in six mineral claims known as Litio 1 through Litio 6, the Cocina 19-27 properties, San Francisco, Salamina, Despreciada and the Blanco and Camp1 properties<br>• The properties are located in the northern section of the Salar de Maricunga.<br>• The tenements are believed to be in good standing, with payments made to relevant government departments |
| *Exploration by other parties* | • 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.<br>• 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.<br>• 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.<br>• Prior to this the salar was evaluated by Chilean state organization Corfu, using hand dug pit samples. |
| *Geology* | • The sediments within the salar consist of halite, sands, gravels, silts and clays deposits that have accumulated in the salar from terrestrial sedimentation and evaporation of brines within the salar. |

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| | • Brines within the salar are formed by solar concentration, with brines hosted within the different sedimentary units<br>• Drilling to 192m, the deepest hole in the salar to 192 m. did not insect bedrock.<br>• A seismic tomography survey was carried out (23 line km) to help define basin lithology and basin geometry, penetrating to a depth of approximately 250 m. This does not appear to have detected the basement beneath the sediments. |
| *Drill hole data* | • The company has drilled 6 sonic drill holes, and three test production wells with sets of monitoring wells installed to different depths<br>• In 1997 Litio SLM drilled 58 holes to 20 m deep on 500 m centres |
| *Data aggregation* | • Data used for the resource consisted of individual 3 m assays from the sonic drilling<br>• No cut-off was used for the resource estimate |
| *Relationship between mineralisation widths and intercept lengths* | • The lithium-bearing brine deposits extend across the tenements and over a thickness of > 150 m, limited by the depth of the sonic and RC drilling<br>• The drill holes are vertical and perpendicular to the horizontal sediment layers in the salar |
| *Diagrams* | • Diagrams are provided in Technical report on the Maricunga Lithium Project Region III, Chile<br>• NI 43-101 report prepared for Li3 Energy ()April 17, 2012 |
| *Balanced reporting* | • This announcement presents key results of the original April 17, 2012 report for Li3 Energy |
| *Other substantive exploration data* | • There is no other substantive exploration data available |
| *Further work* | • The company will consider additional drilling on the properties which have been added to the project since the 2012 public report |

| **Section 3 - Estimation and Reporting of Mineral Resources** | |
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| *Database integrity* | • The database used for the 2012 resource estimate was considered by the authors of that NI43-101 report to be fit for resource estimation, based on the QA/QC procedures and data management implemented as part of the project. |
| *Site visits* | • The QP/CP's of the NI43-101 report visited the Maricunga project multiple times during the project drilling |
| *Geological interpretation* | • Lithium brine is present in sediments deposited in the Maricunga mountain basin in Chile. The lithium brine is within pore spaces in the semi-consolidated sediments. |
| *Dimensions* | • The brine covers the area of the Litio tenements to a depth of >150 metres. The extent of lithium brine in properties purchased since the 2012 resource estimate is to be confirmed by future drilling |
| *Estimation and modelling techniques* | • The lithium and potassium resources were estimated from the individual lithium and potassium assays and porosity data using both a kriging and a stochastic estimation method<br>• The grades determined by the stochastic simulations are considered the preferred estimate.<br>• It should be noted that the resource is open at depth and beyond the 2012 project boundaries.<br>• A simple check estimate was made with the average results of the drill holes. |
| *Moisture* | • Moisture content was determined for the porosity samples. As the resource estimate is for a liquid the specific yield is regarded as the key porosity/moisture information |
| *Cut-off parameters* | • No cut-off was applied to the resource |
| *Mining factors and assumptions* | • As the resource is a fluid the mining factors are different to those considered for hard rock mining situations. Of particular consideration is the ability to extract the fluid (brine) by pumping |
| *Metallurgical factors and assumptions* | • The Salar de Maricunga brine is suitable for conventional processing, which principally consists in solar evaporation of the brine to a suitable concentration where the brine can be treated in a lithium carbonate plant. The concentrated Maricunga brine will require a solvent extraction stage in order to remove the boron, a calcium removal stage with the addition of sodium sulfate, and 2 magnesium removal stages, where magnesium is removed as magnesium carbonate and magnesium hydroxide. Finally, a soda ash solution will be added to the concentrated purified lithium brine to precipitate lithium carbonate. |

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| | • Potassium chloride can be produced by conventional processes. |
| *Environmental factors or assumptions* | • Initial environmental assessment has been undertaken. Preparation of an Environmental Impact Assessment (EIA) is required for the construction, operation and closure phases of a brine mining operation. |
| *Bulk density* | • Bulk density is not recorded as this is a brine pumping project |
| *Classification* | • The resource is classified as measured to the depth of sonic drilling at 150 m, with additional inferred resource defined to the depth of the deepest RC drill hole at 192 m. The base of the sediments was not intersected in the drilling |
| *Review and audit* | • LPI is in the process of conducting a due diligence review of the project data |
| *Discussion of relative accuracy/confidence* | • Accuracy and relative confidence is within best industry standards |