

MEDIA RELEASE

LPI.AX

1 September 2016

MARICUNGA LITHIUM PROJECT JOINT VENTURE DUE DILIGENCE COMPLETED

- **Minera Salar Blanco and Li3 Energy unanimously approve vending of all Maricunga lithium assets into a joint venture NewCo and confirm LPI as 50% shareholder at a shareholder meeting held in Santiago, Chile on 30 August 2016**
- **Strategic exploration and resource drilling program scheduled to commence at Maricunga project this month, with initial results expected soon thereafter**
- **Maricunga project is regarded as the highest quality pre-production lithium asset in Chile – with characteristics comparable to the world-leading Atacama lithium brine deposit**
- **Maricunga JV ratifies LPI's position as a diversified pure-play lithium company with assets in key jurisdictions of South America and Western Australia**

Lithium Power International Limited (ASX: LPI) ("LPI" or "the Company") is pleased to advise that the legal and technical due diligence regarding the Maricunga Joint Venture ("JV") with Minera Salar Blanco ("MSB") has now been satisfactorily completed.

As previously announced, LPI has entered into a binding and exclusive agreement with Chilean-based MSB for the exploration and development of the high-grade Maricunga lithium brine project in Chile, through the formation of new JV entity NewCo (refer to ASX announcements dated 20 July and 28 July 2016 respectively).

Following a meeting of shareholders on 30 August 2016, the existing Maricunga partners, MSB and Li3 Energy Inc. ("Li3"), have voted 100% unanimously in favour of vending all their Maricunga assets, both jointly-owned and directly-owned, into the new JV entity NewCo.

The resulting ownership structure of NewCo will be LPI 50.0%, MSB 32.3%, and Li3 17.7%, with MSB and Li3 free-carried until the completion of a Definitive Feasibility Study in late 2018. Preparation of the long-form JV documents is well under way, along with the creation of the NewCo entity. Final documents are due to be executed next week, well ahead of the Company's initial timeline.

Maricunga Lithium Project - Exploration Program

The first diamond drill hole in the proposed Maricunga exploration campaign is scheduled to be drilled later this month, with the aim of expanding the current lithium carbonate resource.

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The Maricunga drilling program will comprise of 16 diamond drill holes and two pumping wells to be completed from late September to late December this year. The Company expects to release drilling results from the program throughout Q3/Q4 2016, with a new JORC report and a resource upgrade anticipated for H1 2017.

As previously announced, LPI will provide NewCo with a US\$2 million secured loan, from current cash reserves, in order to fund initial site preparation and long lead-time items. This short-term loan will enable the fast-tracking of the drilling and exploration program.

Maricunga Lithium Project - Background Overview

The Maricunga lithium brine project is regarded as the highest quality pre-production lithium project in Chile, with characteristics comparable to the world-leading Atacama lithium brine deposit (which sits at the bottom of the global lithium cost curve). The salar is located 170km north-east of the mining town of Copiapo and 250km from the Chilean coast. In addition, it is adjacent to International Highway 31, which connects northern Chile and Argentina.

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

"We are very pleased to have completed the due diligence process, and the LPI Board would like to thank MSB and Li3 for their support and cooperation in recent weeks. Importantly, the unanimous decision to proceed with the formation of NewCo ensures all parties are aligned with the same vision to develop the world-class Maricunga project.

Furthermore, LPI and MSB have assembled a highly experienced technical team who will play a key role in the upcoming exploration program at Maricunga, and the Company is now firmly focused on the commencement of our resource drilling program later this month.

The Company looks forward to providing our shareholders with additional operational updates in the coming weeks."

Minera Salar Blanco CEO, Cristóbal Garcia-Huidobro, commented:

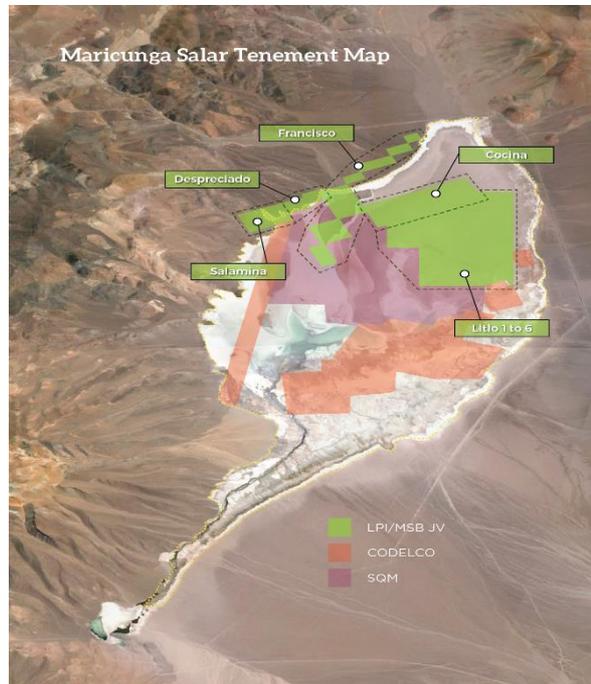
"MSB is pleased to align with LPI as our JV partner of choice to develop the Maricunga lithium project. The combination of our local business knowledge, brine technical experience, and long-term relationships with the Chilean Government, provides a strong foundation upon which to develop this exciting lithium project with our new partners."

Li3 Energy CEO, Luis Saenz, also commented:

"Li3 is pleased to see the Maricunga lithium brine project progressing given its excellent prospects. The management of Li3 looks forward to working with both LPI and MSB in order to bring this world-class lithium project into production."

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LPI Investor Conference Call

LPI will hold an investor conference call hosted by CEO Martin Holland at **11:00am today** (EST Thursday 1st September).

Conference call dial in numbers are as follows:

Australian dial-in: 1800 804 595

International dial-in: +61 3 8687 0650

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