

Lithium Power International Limited
ACN 607 260 328

For personal use only

Notice of Annual General Meeting
Explanatory Statement

Date of Meeting
Monday, 28 November 2016

Time of Meeting
11.00am, Sydney time

Place of Meeting
Offices of Kemp Strang
Level 17,
175 Pitt Street
Sydney 2000

LETTER TO SHAREHOLDERS

Dear Shareholder

It gives me great pleasure to invite you to attend the Annual General Meeting of Lithium Power International Limited and I enclose the Notice of Meeting, which sets out the items of business, and the Explanatory Statement, which explains each of the resolutions to be considered at the Annual General Meeting.

The meeting will be held at 11.00am (Sydney time) on Monday, 28 November 2016 at the offices of Kemp Strang, Level 17, 175 Pitt Street, Sydney NSW 2000.

The Board considers the Annual General Meeting to be an important event on our calendar and we look forward to the opportunity to update you on the Company's recent performance and answer any questions you may have.

Since the listing of the Company on the Australian Securities Exchange on 24 June 2016, the Board and Management have achieved significant advancements in the execution of the Company's strategy of being a diversified pure-play lithium company. The significant announcement of the Maricunga Lithium Brine Joint Venture in Chile, adding to the Company's existing holding in the Centenario salar in Argentina, provides a strong footing in the lithium brine environment in South America. In addition, the Company's hard rock lithium properties in the Greenbushes and Pilbara regions of Western Australia provide Shareholders with exposure to both forms of lithium mineralisation.

If you have questions in relation to the upcoming Annual General Meeting, please contact Andrew Phillips, Director and Company Secretary, on +61 2 9276 1245.

If you are not able to attend the meeting to vote in person, the Board encourages you to complete the enclosed Proxy Form and return it by mail or fax in accordance with the instructions provided.

As Chairman, I will vote all undirected proxies in favour of all resolutions (subject to any restrictions or exclusions).

Finally, the Board of Directors and members of the Company's Management would like to invite you to join us for light refreshments following the Annual General Meeting.

I look forward to welcoming you to the 2016 Annual General Meeting.

Yours faithfully

By order of the Board of Directors

Ricky Fertig
Chairman

Lithium Power International Limited ACN 607 260 328

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of the Shareholders of Lithium Power International Limited ACN 607 260 328 (**LPI** or the **Company**) will be held as follows:

Time: 11.00am (Sydney time).

Date: Monday, 28 November 2016.

Place: The offices of Kemp Strang. Level 17, 175 Pitt Street, Sydney NSW 2000.

The business to be considered at the Annual General Meeting is set out below.

This Notice of Meeting should be read in its entirety in conjunction with the accompanying Explanatory Statement, which contains information in relation to the following Resolutions. If you are in any doubt as to how you should vote on the proposals set out in this Notice of Meeting, you should consult your financial or other professional adviser.

Capitalised terms used in this Notice of Meeting and Explanatory Statement are defined in the Glossary and throughout this Notice of Meeting and Explanatory Statement.

BUSINESS

Financial Statements and Report

To receive and consider the Company's financial statements and reports of the Directors and auditor for the financial year ended 30 June 2016.

Resolution 1. Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, in accordance with Section 250R(2) of the Corporations Act, the Remuneration Report as set out in the Company's annual report for the financial year ended 30 June 2016 be adopted."

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 1 (in any capacity) by or on behalf of any of the following:

(a) Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or

(b) Closely Related Parties of Key Management Personnel,

however, the Company need not disregard a vote if it is cast:

(c) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

(d) by the person chairing the Annual General Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Chairman will vote all undirected proxies in favour of Resolution 1, however the Chairman will not vote undirected proxies in relation to this resolution unless the shareholder expressly authorises the Chairman to vote in accordance with the Chairman's stated voting intentions.

Resolution 2. Ratification of issue of Shares under Placement Tranche 1

To consider and if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.4 and for all other purposes, the issue of 16,756,437 Shares to sophisticated and professional investors under Placement Tranche 1, details of which are set out in the Explanatory Statement, be ratified by Shareholders."

Voting Exclusion: The Company will disregard any votes cast on this resolution by any person or entity who participated in the issue of Shares under Placement Tranche 1 and any Associates of those persons, unless the vote is cast:

- (a) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) by the person chairing the Annual General Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

The Chairman intends to vote all undirected proxies in favour of Resolution 2.

Resolution 3. Approval to issue Shares under Placement Tranche 2

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of Listing Rule 7.1 and for all other purposes, the issue of 14,822,510 Shares to sophisticated and professional investors under Placement Tranche 2, details of which are set out in the Explanatory Statement, be authorised and approved by Shareholders."

Voting Exclusion: The Company will disregard any votes cast on this resolution by any person or entity who may participate in the proposed issue of Shares under Placement Tranche 2 and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if this resolution is passed, and any Associates of those persons. However, the Company need not disregard a vote if it is cast:

- (a) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) by the person chairing the Annual General Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

The Chairman intends to vote all undirected proxies in favour of Resolution 3.

Resolution 4. Approval to issue Options to Placement participants

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to and conditional on the passing of Resolutions 2 and 3, for the purpose of Listing Rule 7.1 and for all other purposes, the issue of up to 31,578,947 free attaching Options to sophisticated and professional investors who participate in the Placement, details of which are set out in the Explanatory Statement, be authorised and approved by Shareholders."

Voting Exclusion: The Company will disregard any votes cast on this resolution by any person or entity who may participate in the proposed issue of free Options attaching to Shares issued under the

Placement and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if this resolution is passed, and any Associates of those persons. However, the Company need not disregard a vote if it is cast:

- (a) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) by the person chairing the Annual General Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

The Chairman intends to vote all undirected proxies in favour of Resolution 4.

Resolution 5. Approval to issue Shortfall Shares and attaching Options in connection with the Share Purchase Plan

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of Listing Rule 7.1 and for all other purposes, the issue of up to 5,263,158 Shares comprising shortfall from the Share Purchase Plan (**Shortfall Shares**), and up to 5,263,158 free Options attaching to the Shortfall Shares, details of which are set out in the Explanatory Statement, be authorised and approved by Shareholders.”*

Voting Exclusion: The Company will disregard any votes cast on this resolution by Blue Ocean Equities Pty Limited and any other sophisticated or professional who may participate in the proposed issue of Shortfall Shares and free attaching Options, including any proposed underwriter or sub-underwriter of the Share Purchase Plan, and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if this resolution is passed, and any Associates of those persons. However, the Company need not disregard a vote if it is cast:

- (a) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) by the person chairing the Annual General Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

The Chairman intends to vote all undirected proxies in favour of Resolution 5.

Resolution 6. Approval to issue Options to Shareholders in connection with Share Purchase Plan

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.1 and for all other purposes, the issue of up to 5,263,158 free attaching Options to Shareholders who subscribe for Shares under the Share Purchase Plan (excluding investors who subscribe for the Shortfall Shares), details of which are set out in the Explanatory Statement, be authorised and approved by Shareholders.”

Voting Exclusion: The Company will disregard any votes cast on this resolution by any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if this resolution is passed, and any Associates of those persons. However, the Company need not disregard a vote if it is cast:

- (a) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) by the person chairing the Annual General Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

The Chairman intends to vote all undirected proxies in favour of Resolution 6.

Note: Eligible Shareholders who participate in the Share Purchase Plan are entitled to subscribe for up to the same number of free attaching Options as the number of Shares they are entitled to subscribe for under the Share Purchase Plan. The Share Purchase Plan is available to all Shareholders as at the SPP Record Date with registered addresses in Australia or New Zealand (see section 2 of the Explanatory Statement for further details). Accordingly, the benefit received from this resolution is a benefit received by all eligible Shareholders solely in their capacity as holders of ordinary securities.

Resolution 7. Approval to issue Options to Blue Ocean

To consider and if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.1 and for all other purposes, the issue of 2,000,000 Options to Blue Ocean Equities Pty Ltd (or its nominee) in consideration for services provided to the Company, details of which are set out in the Explanatory Statement, be authorised and approved by Shareholders."

Voting Exclusion: The Company will disregard any votes cast on this resolution by Blue Ocean Equities Pty Limited or its nominee and any of their Associates, unless the vote is cast:

- (a) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) by the person chairing the Annual General Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

The Chairman intends to vote all undirected proxies in favour of Resolution 7.

Resolution 8. Approval to issue Shares and attaching Options to Ricky Fertig on the same terms as the Placement

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, the issue to Director Ricky Fertig or his nominee(s) of 1,052,632 Shares and up to 1,052,632 free attaching Options (on the same terms as Shares and Options are issued under the Placement), details of which are set out in the Explanatory Statement, be authorised and approved by Shareholders."

Voting Exclusion: The Company will disregard any votes cast on this resolution by Ricky Fertig or his nominee and any of their Associates, unless the vote is cast:

- (a) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) by the person chairing the Annual General Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

The Chairman intends to vote all undirected proxies in favour of Resolution 8.

Note: If Shareholder approval is obtained under Listing Rule 10.11, Shareholder approval is not required under Listing Rule 7.1.

Resolution 9. Approval to issue Shares and attaching Options to Andrew Phillips on the same terms as the Placement

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, the issue to Director Andrew Phillips or his nominee(s) of 263,158 Shares and up to 263,158 free attaching Options (on the same terms as Shares and Options are issued under the Placement), details of which are set out in the Explanatory Statement, be authorised and approved by Shareholders."

Voting Exclusion: The Company will disregard any votes cast on this resolution by Andrew Phillips or his nominee and any of their Associates, unless the vote is cast:

- (a) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) by the person chairing the Annual General Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

The Chairman intends to vote all undirected proxies in favour of Resolution 9.

Note: If Shareholder approval is obtained under Listing Rule 10.11, Shareholder approval is not required under Listing Rule 7.1.

Resolution 10. Approval to issue Shares to MSB

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.1 and for all other purposes, the issue of 16,000,000 Shares to Minera Salar Blanco SpA, details of which are set out in the Explanatory Statement, be approved by Shareholders."

Voting Exclusion: The Company will disregard any votes cast on this resolution by MSB and any of its Associates, unless the vote is cast:

- (a) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) by the person chairing the Annual General Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

The Chairman intends to vote all undirected proxies in favour of Resolution 10.

Resolution 11. Approval of 10% Placement Facility

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, for the purposes of Listing Rule 7.1A, the issue of Equity Securities comprising up to 10% of the Company's share capital, calculated in accordance with Listing Rule 7.1A, details of which are set out in the Explanatory Statement, be authorised and approved by Shareholders."

Voting Exclusion: The Company will disregard any votes cast on this resolution by any person who may participate in the proposed issue of Equity Securities under this Resolution 11, and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if this resolution is passed, and any Associates of those persons. However, the Company need not disregard a vote if it is cast:

- (a) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) by the person chairing the Annual General Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

The Chairman intends to vote all undirected proxies in favour of Resolution 11.

Note: In accordance with Listing Rule 14.11.1 and the relevant note under that rule concerning Listing Rule 7.1A, as at the date of this Notice of Meeting it is not known who may participate in the proposed issue (if any). On that basis, no Shareholders are currently excluded.

Resolution 12. Approval of Lithium Power International Limited Option Plan

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 7.2 Exception 9, section 260C(4) of the Corporations Act and for all other purposes, the Lithium Power International Limited Option Plan (**Option Plan**) and any grants of Options (as defined in the Option Plan) and any resultant issues of Shares, as well as any financial assistance resulting from the operation of the Option Plan, details of which are set out in the Explanatory Statement, be authorised and approved by Shareholders.”*

Voting Exclusion: The Company will disregard any votes cast on this resolution by any person eligible to participate in the Option Plan (including any Director, except for any Director who is ineligible to participate in the Plan) or their nominees and any of their Associates. However, the Company need not disregard a vote if it is cast:

- (a) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) by the person chairing the Annual General Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Further, the Company will disregard any votes cast on this resolution by proxy by:

- (c) a person who is either:
- a member of Key Management Personnel for the Company; or
 - a Closely Related Party of such a member; and
- (d) the appointment does not specify the way the proxy is to vote on the resolution.

However, the Company need not disregard a vote if:

- (e) the person is the chair of the meeting at which the resolution is voted on; and
- (f) the appointment expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of the Key Management Personnel for the Company.

The Chairman intends to vote all undirected proxies in favour of Resolution 12, however the Chairman will not vote undirected proxies in relation to this resolution unless the Shareholder expressly authorises the Chairman to vote in accordance with the Chairman's stated voting intentions.

Resolution 13. Issue of Shares to Murray Brooker

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.1 and for all other purposes, the issue of 1,000,000 Shares to Mr Murray Brooker (or his nominee), details of which are set out in the Explanatory Statement, be approved by Shareholders."

Voting Exclusion: The Company will disregard any votes cast on this resolution by Murray Brooker and any of his Associates, unless the vote is cast:

- (c) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (d) by the person chairing the Annual General Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

The Chairman intends to vote all undirected proxies in favour of Resolution 13, however the Chairman will not vote undirected proxies in relation to this resolution unless the Shareholder expressly authorises the Chairman to vote in accordance with the Chairman's stated voting intentions.

Resolution 14. Re-election of Andrew Phillips as Director

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That Mr Andrew Phillips, being a Director who retires by rotation in accordance with clause 4.3(c) of the Company's Constitution, and being eligible for re-election, be re-elected as a Director."

Details of the qualifications and experience of Mr Phillips and the recommendation of the Board in relation to his election are set out in the Explanatory Statement.

The Chairman intends to vote all undirected proxies in favour of Resolution 14.

OTHER BUSINESS

To consider any other business which may be properly and lawfully brought before the Annual General Meeting in accordance with the Company's Constitution and the Corporations Act.

Explanatory Statement

Shareholders are referred to the Explanatory Statement accompanying and forming part of this Notice of Meeting. All Shareholders should read the Explanatory Statement carefully and in its entirety. If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice of Meeting, please contact the Company, your accountant or investment adviser.

DATED THIS 28TH DAY OF OCTOBER 2016

By order of the Board of Directors

Andrew Phillips
Director and Company Secretary

Important Information

“Snap-shot” time

In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Board has determined that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 7:00pm (Sydney time) on 26 November 2016.

Venue

The Annual General Meeting will be held at Kemp Strang, Level 17, 175 Pitt Street, Sydney NSW 2000 commencing at 11.00am (Sydney time) on Monday, 28 November 2016.

How to vote

You may vote by attending the meeting in person, by proxy or duly authorised representative.

You may also lodge your vote online by visiting www.votingonline.com.au/lithiumagm2016 and entering your Postcode or Country of Residence (if outside of Australia) and your Voting Access Code (VAC), which are provided on your proxy form.

Voting in person

To vote in person, attend the Annual General Meeting at the time, date and place set out above.

Voting by proxy

Any Shareholder entitled to attend and vote at this Annual General Meeting is entitled to appoint a proxy to attend and vote instead of that Shareholder. The proxy does not need to be a Shareholder of the Company.

A Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes.

To vote by proxy, please complete and sign the proxy form enclosed with this Notice of Meeting, so that it is received no later than 11.00am (Sydney time) on 26 November 2016. Proxy forms received later than this time will be invalid. Proxy forms should be delivered to Boardroom, the Company's share registry, as follows:

Postal address: Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001
Australia

In person: Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000
Australia

Alternatively, you can fax your proxy form so that it is received no later than 11.00am (Sydney time) on 26 November 2016 at the following fax number: +61 2 9290 9655.

Your Proxy Form is enclosed

This is an important document. Please read it carefully. If you are unable to attend the Annual General Meeting, please complete the enclosed proxy form and return it in accordance with the instructions set out on that form.

Corporate representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Annual General Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that corporate Shareholder's representative.

The authority may be sent to the Company and/or Boardroom (address above) in advance of the meeting, or handed in at the meeting when registering as a corporate representative.

An "Appointment of Corporate Representative" form is available on request from the Company Secretary.

For personal use only

Lithium Power International Limited
ACN 607 260 328

Explanatory Statement

This Explanatory Statement and all attachments (if any) are important documents. They should be read carefully.

If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice, please contact the Company, your stockbroker or other professional adviser.

This Explanatory Statement has been prepared for the Shareholders of Lithium Power International Limited ACN 607 260 328 in connection with the Annual General Meeting of the Company to be held on Monday, 28 November 2016.

Financial Statements and Reports

The Corporations Act requires that the report of the Directors, the auditor's report and the financial report be laid before the Annual General Meeting. In addition, the Company's Constitution provides for such reports to be received and considered at the Annual General Meeting. Neither the Corporations Act nor the Company's Constitution requires a vote of Shareholders at the Annual General Meeting on such reports or statements. However, Shareholders will be given a reasonable opportunity to raise questions with respect to these reports and statements at the Annual General Meeting.

In accordance with the Corporations Act the Company is not required to provide a hard copy of the Company's Annual Report to shareholders unless a shareholder has specifically elected to receive a printed copy. Shareholders may view the Company's Annual Report on the Company's website at <http://www.lithiumpowerinternational.com/> or may request a copy from the Company at any time.

1. Resolution 1 – Adoption of Remuneration Report

Under sections 249L and 250R of the Corporations Act, public companies are required to meet disclosure requirements in respect of Director and executive remuneration, and to include a Remuneration Report in the Director's Report to Shareholders. The Remuneration Report for the 12 months ended 30 June 2016 is included in the 2016 Annual Report.

Further, the Corporations Act requires that adoption of the Remuneration Report be included as a resolution on which shareholders are given the opportunity to vote at the Annual General Meeting.

The vote on Resolution 1 is advisory only, and will not be binding on the Board or the Company.

Notwithstanding the non-binding nature of the vote, the Board will take note of the outcome of the vote when considering future remuneration matters.

Under the Corporations Act, if at least 25% of the votes cast on the Resolution are against the adoption of the relevant Remuneration Report at two consecutive annual general meetings (with any such potential 25% or more vote 'against' commonly referred to as a "first strike" or "second strike"), the Company will be required to put to shareholders a resolution at the later of those annual general meetings proposing that an extraordinary general meeting (**Spill Meeting**) be called to consider the election of directors of the company (**Spill Resolution**).

The Spill Meeting must be held within 90 days of the date of the second annual general meeting. For a Spill Resolution to be passed, more than 50% of the votes cast on the resolution must be in favour of it. If a Spill Resolution is passed, all of the directors (other than any managing director) will cease to hold office immediately before the end of the Spill Meeting unless re-elected at that meeting.

As this is the Company's first Annual General Meeting, a Spill Resolution is not relevant for this Annual General Meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 1.

2. Capital Raising

2.1 Overview

On 14 October 2016, the Company announced a capital raising and issue of Shares and Options comprising the following components ("**Capital Raising**").

Placement

- (a) A placement to professional and sophisticated investors to raise approximately \$12 million ("**Placement**") through the issue of 31,578,947 new Shares at an offer price of \$0.38 (38 cents) per Share ("**Offer Price**").
- (b) On Thursday, 20 October 2016, 16,756,437 new Shares were issued under tranche 1 of the Placement ("**Placement Tranche 1**"), utilising the Company's existing placement capacity under ASX Listing Rule 7.1, to raise a total of \$6,367,446.
- (c) The Company seeks to ratify the issue of Shares under Placement Tranche 1 at the Annual General Meeting – see Resolution 2.
- (d) On or about Thursday, 1 December 2016, 14,822,510 new Shares are proposed to be issued on under tranche 2 of the Placement ("**Placement Tranche 2**") to raise \$5,632,554.
- (e) The issue of new Shares under Placement Tranche 2 is conditional on Shareholder approval at the Annual General Meeting - see Resolution 3.
- (f) The Company engaged the services of Blue Ocean Equities Pty Limited ("**Blue Ocean**") to lead manage the Placement and partially underwrite the SPP (see below).

Share Purchase Plan

- (g) A share purchase plan to accompany the Placement ("**Share Purchase Plan or SPP**"), under which eligible Shareholders (ie Shareholders with an address in Australia or New Zealand who are on the register as at 7pm on 13 October 2016) will be entitled to acquire up to \$15,000 worth of new Shares at the Offer Price. The Company is seeking to raise \$2,000,000 under the SPP, subject to the Board's discretion to scale back applications or raise additional funds under the SPP.
- (h) The first \$1,000,000 worth of Shares to be issued under the SPP is underwritten by Blue Ocean. Accordingly, if no subscriptions are received for Shares under the SPP, Blue Ocean will be required to subscribe for \$1,000,000 worth of Shares, subject to the passing of Resolution 5 at the Annual General Meeting. Likewise, if subscriptions are received for \$1,000,000 worth of Shares under the SPP, Blue Ocean will not have any obligation to subscribe for Shares.
- (i) The Directors have reserved the right to place all of the Shortfall Shares under the SPP to Blue Ocean, any sub-underwriter appointed by Blue Ocean and any other sophisticated or professional investors (to the extent that the Shortfall Shares are not underwritten), as a separate placement.
- (j) Accordingly, Resolution 5 seeks Shareholder approval to issue up to the maximum of \$2,000,000 worth of Shortfall Shares (up to 5,263,158 new Shares), to Blue Ocean and other sophisticated and professional investors who are not related parties of the Company. This assumes that no Shareholders subscribe for Shares under the SPP.

Options

- (k) Shares issued under the Placement and SPP (including the Shortfall Shares) will be offered with free attaching options, exercisable before 24 November 2017 at an exercise price of \$0.55 ("**Options**"). The terms of issue of the Options are set out in Schedule 2.
- (l) The Options have been allocated at a ratio of 1 Option for every 1 new Share issued under the Placement and SPP.
- (m) The Options will be offered under a transaction-specific prospectus issued by the Company before the date of the Annual General Meeting ("**Prospectus**"), with the issue of Options subject to Shareholder approval at the Annual General Meeting. The Company will apply for quotation of the Options on ASX, the grant of which will be subject to satisfaction of the minimum spread requirements under the Listing Rules.
- (n) The Prospectus will be sent to:
- (i) each sophisticated and professional investor who participates in the Placement;
 - (ii) Blue Ocean, any sub-underwriter and other investor who subscribes for Shortfall Shares; and
 - (iii) each Shareholder, however only those Shareholders who are eligible to participate in the SPP will be entitled to subscribe for Options under the Prospectus.
- (o) Resolution 4 seeks approval for the issue of up to 31,578,947 Options to participants in the Placement and is conditional on the passing of Resolutions 2 and 3.
- (p) Resolution 5 also seeks approval for the issue of up to 5,263,158 Options to Blue Ocean, any sub-underwriter and any other sophisticated or professional investor who subscribes for Shortfall Shares (assuming that no Shareholder subscribes for Shares under the SPP, and thus no Shareholder is entitled to subscribe for Options).
- (q) Resolution 6 seeks approval for the issue of up to 5,263,158 Options to Shareholders who participate in the SPP (assuming that all of the 5,263,158 Shares offered under the SPP are subscribed for by Shareholders, and thus that Shareholders are entitled to subscribe for all of the 5,263,158 Options).

Issue of Options to Blue Ocean

- (r) Resolution 7 seeks approval for the issue of 2,000,000 Options to Blue Ocean in part-payment for services provided by Blue Ocean to the Company in connection with the Capital Raising.

Issue of Shares and Options to Related Parties

- (s) Resolutions 8 and 9 seek approval for the issue of:
- (i) \$400,000 worth of Shares (1,052,632 new Shares) and up to 1,052,632 Options to Director Ricky Fertig (or his nominee(s)); and
 - (ii) \$100,000 worth of Shares (263,158 new Shares) and up to 263,158 Options to Director Andrew Phillips (or his nominee(s)).
- (t) The issue of Shares and Options to Directors will, if approved, be undertaken on exactly the same terms as the issue of Shares and Options to participants in the Placement.
- (u) The total value of new Shares (at the Offer Price) proposed to be issued to the above-named Directors is \$500,000, as disclosed in the Company's announcement of 14 October 2016.

2.2 Use of funds raised under the Capital Raising

The proceeds of the Capital Raising will be used to fund the Company's commitments with respect to the Maricunga Lithium Brine Joint Venture and for working capital purposes.

2.3 Timetable of the Capital Raising

The timetable for the Capital Raising, assuming the passing of all of the Resolutions set out in the Notice of Meeting which relate to the Capital Raising, is set out below. The dates that have not yet passed as at the date of the Notice of Meeting and Explanatory Statement are indicative only and subject to change at the Company's complete discretion.

Event	Date
SPP Record Date	Thursday, 13 October 2016
Announcement of Placement and SPP and re-commencement of trading of shares on ASX	Friday, 14 October 2016
Settlement of Placement Tranche 1	Wednesday, 19 October 2016
Issue and trading of Shares under Placement Tranche 1	Thursday, 20 October 2016
Dispatch of Notice of Meeting and Explanatory Statement	Tuesday, 25 October 2016
Lodgment of Prospectus in connection with offer of Options	Monday, 31 October 2016
Dispatch of SPP offer booklet and Prospectus	Monday, 31 October 2016
SPP offer opens	Monday, 31 October 2016
SPP offer closes	Friday, 18 November 2016
Last date for receipt of applications for Options from SPP participants	Friday, 18 November 2016
Annual General Meeting	Monday, 28 November 2016
Settlement of Placement Tranche 2 and SPP	Wednesday, 30 November 2016
Offer of Options under prospectus closes	Wednesday, 30 November 2016
Issue and trading of Shares under Placement Tranche 2 and SPP and issue of Shares to MSB and Directors	Thursday, 1 December 2016
Trading of all Shares and Options	Monday, 5 December 2016

2.4 Impact of the Capital Raising on the capital structure of the Company

Assuming completion of the issue of:

- For personal use only
- (a) 31,578,947 Shares under the Placement, together with the issue of 31,578,947 free attaching Options;
 - (b) 5,263,158 Shares under the SPP, together with the issue of 5,263,158 free attaching Options;
 - (c) 2,000,000 Options to Blue Ocean;
 - (d) a total of 1,315,790 new Shares and 1,315,790 Options to Ricky Fertig and Andrew Phillips (or their nominees);
 - (e) the MSB Shares to MSB; and
 - (f) 1,000,000 Shares to Murray Brooker (see section 13 below),

on or around 1 December 2016, the capital structure of the Company will comprise:

- (g) 166,867,477 Shares;
- (h) 31,356,668 unlisted options issued in accordance with the terms of issue set out in the Company's replacement prospectus dated 26 April 2016, 95% of which are escrowed until 24 June 2018; and
- (i) 40,157,895 Options.

3. Resolution 2 – Ratification of issue of Shares under Placement Tranche 1

Resolution 2 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of Shares under the Placement Tranche 1. See section 2 above for further details on the Capital Raising.

3.1 Background

On 20 October 2016 the Company completed the issue of 16,756,437 Shares under Placement Tranche 1.

The prior approval of Shareholders was not required in respect of the issue of the Placement Tranche 1 Shares as the issue did not exceed 15% of the Company's available capacity under Listing Rule 7.1 and no Shares were issued to any related party of the Company.

3.2 Listing Rules 7.1 and 7.4

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12 month period without the approval of holders of ordinary security than the amount which represents 15% of the number of fully paid ordinary securities on issue at the start of the 12 month period.

Listing Rule 7.1B.4 provides that, in working out the number of fully paid ordinary securities on issue 12 months before the relevant issue date, if first quotation of the entity's securities occurred less than 12 months before the issue date then the number of securities will be the number of fully paid ordinary securities on issue on the date of first quotation.

Listing Rule 7.4 provides that an issue of securities made without the approval of holders of ordinary securities under Listing Rule 7.1 is treated as having been made with approval for the purposes of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and holders of ordinary securities subsequently approve the issue pursuant to a notice of meeting which complies with Listing Rule 7.5.

The effect of Resolution 2 will be to ratify the issue of 16,756,437 Shares under Placement Tranche 2 for the purposes of Listing Rule 7.1.

3.3 Information provided in accordance with Listing Rule 7.5

The following information is provided in relation to the issue of the Tranche 1 Shares in Resolution 3 in accordance with Listing Rule 7.5:

- (a) The number of Shares issued under Placement Tranche 1 was 16,756,437 Shares.
- (b) The price at which Shares were issued under Placement Tranche 1 was the Offer Price of \$0.38 (38 cents) per Share.
- (c) Shares issued under Placement Tranche 1 are fully paid and rank equally in all respects with the Company's other Shares on issue, save for the fact that, subject to the passing of Resolution 4, each Share issued under Placement Tranche 1 will be entitled to subscribe for 1 free attaching Option.
- (d) Shares issued under Placement Tranche 1 were issued to sophisticated and professional investors who are clients of Blue Ocean or who were otherwise identified by the Company.
- (e) The funds raised from the issue of the Shares under Placement Tranche 1 will be used by the Company to fund its obligations in respect of the Maricunga Lithium Brine Project.
- (f) A voting exclusion statement in relation to Resolution 2 is included in the Notice of Meeting.

3.4 Recommendation and undirected proxies

The Directors unanimously recommend that Shareholders vote in favour of Resolution 2.

The Chairman intends to vote undirected proxies in favour of Resolution 2.

4. Resolution 3 – Approval to issue Shares under Placement Tranche 2

Resolution 3 seeks Shareholder approval for the purposes of Listing Rule 7.1 to permit the Company to issue 14,822,510 Shares to sophisticated and professional investors under the Placement Tranche 2. Subject to the passing of this Resolution, it is expected that these Shares will be issued on 1 December 2016.

See section 2 above for further details on the Capital Raising.

4.1 Listing Rules 7.1 and 7.3

Listing Rule 7.1 is described in section 3.2 above.

Listing Rule 7.3 provides that, for the holders of ordinary securities to approve an issue or agreement to issue under Listing Rule 7.1, an entity must provide certain specified information in relation to the issue (or agreement to issue) to its security holders.

The Company was not permitted to issue the Shares under Placement Tranche 2 at the time of issue of Shares under Placement Tranche 1 as it did not have the requisite capacity under Listing Rule 7.1.

The effect of Resolution 3 will be to permit the Company to issue 14,822,510 Shares under Placement Tranche 2 in compliance with Listing Rule 7.1.

4.2 Information provided in accordance with Listing Rule 7.3

Listing Rule 7.3 provides that, for the holders of ordinary securities to approve an issue or agreement to issue under Listing Rule 7.1, the Company must provide the following information in relation to Resolution 3:

- For personal use only
- (a) The maximum number of Shares to be issued under Placement Tranche 2 is 14,822,510 Shares.
 - (b) The Shares will be issued under Placement Tranche 2 on or around 1 December 2016 and no Shares will be issued under Placement Tranche 2 later than 3 months after the date of the Annual General Meeting.
 - (c) The price at which Shares will be issued under Placement Tranche 2 is the Offer Price of \$0.38 (38 cents) per Share.
 - (d) Shares issued under Placement Tranche 2 will be issued to sophisticated and professional investors who are clients of Blue Ocean or who were otherwise identified by the Company.
 - (e) Shares issued under Placement Tranche 2 will be fully paid and rank equally in all respects with the Company's other Shares on issue, save for the fact that, subject to the passing of Resolution 4, each Share issued under Placement Tranche 2 will be entitled to subscribe for 1 free attaching Option.
 - (f) The funds raised from the issue of the Shares under Placement Tranche 1 will be used by the Company to fund its obligations in respect of the Maricunga Lithium Brine Project.
 - (g) A voting exclusion statement in relation to Resolution 3 is included in the Notice of Meeting.

4.3 Recommendation and undirected proxies

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4.

The Chairman intends to vote undirected proxies in favour of Resolution 4.

5. Resolution 4 – Approval to issue Options to Placement participants

Resolution 4 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of up to 31,578,947 attaching Options for nil consideration as part of the Placement. Resolution 4 is subject to and conditional on the passing of Resolutions 2 and 3.

The Options will be issued under the Prospectus, which is a transaction-specific prospectus to be issued by the Company on or around 28 October 2016 pursuant to section 713 of the Corporations Act. It is expected that the Options will be issued on or around 1 December 2016.

See section 2 above for further details on the Capital Raising.

5.1 Listing Rules 7.1 and 7.3

Listing Rules 7.1 and 7.3 are described in section 4.1 above.

The effect of Resolution 4 will be to allow the Company to issue the Options to participants in the Placement in compliance with Listing Rule 7.1.

5.2 Information provided in accordance with Listing Rule 7.3

Pursuant to Listing Rule 7.3, the following information is provided in relation to Resolution 4:

- (a) The maximum number of Options to be issued is 31,578,947 Options.
- (b) The Options will be issued on or around 1 December 2016 and no Options will be issued later than 3 months after the date of the Annual General Meeting.
- (c) The issue price of the Options will be nil as they will be issued free attaching with the Shares issued pursuant to the Placement (under the Prospectus).

- For personal use only
- (d) The Options will be issued to subscribers under the Placement on the basis of an entitlement to 1 Option for every 1 Share subscribed for and issued under the Placement.
 - (e) The Options will be issued in accordance with the Option Terms of Issue set out in Schedule 2.
 - (f) No funds will be raised from this Resolution 4 as the Options are being issued for nil consideration.
 - (g) A voting exclusion statement in relation to Resolution 4 is included in the Notice of Meeting.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4.

The Chairman intends to vote undirected proxies in favour of Resolution 4.

6. Resolution 5 – Approval to issue Shortfall Shares and attaching Options in connection with the Share Purchase Plan

6.1 Background

The Company is seeking to raise \$2,000,000 under the Share Purchase Plan, subject to the Board's discretion to scale back applications or raise additional funds under the SPP depending on the level of demand.

The number of Shares representing the difference between \$2,000,000 and the value of valid applications received from eligible Shareholders under the SPP, calculated at the Offer Price of \$0.38 (38 cents) is referred to as the "**Shortfall Shares**".

The first \$1,000,000 worth of Shares to be issued under the SPP is underwritten by Blue Ocean. Accordingly, if no subscriptions are received for Shares under the SPP, Blue Ocean will be required to subscribe for \$1,000,000 worth of Shares, subject to the passing of Resolution 5 at the Annual General Meeting. Likewise, if subscriptions are received for \$1,000,000 or more worth of Shares under the SPP, Blue Ocean will not have any obligation to subscribe for Shares.

The Directors have reserved the right to place all of the Shortfall Shares to Blue Ocean, any sub-underwriter appointed by Blue Ocean and any other sophisticated or professional investors (to the extent that the Shortfall Shares are not underwritten), as a separate placement.

The Shares issued under the SPP, including the Shortfall Shares, will be issued with up to 5,263,158 free attaching Options for nil consideration as part of the SPP.

Accordingly, Resolution 5 seeks Shareholder approval to issue:

- (a) up to the maximum of \$2,000,000 worth of Shortfall Shares at the Offer Price of \$0.38 (up to 5,263,158 new Shares), to Blue Ocean and other sophisticated and professional investors who are not related parties of the Company; and
- (b) up to the maximum of 5,263,158 Options to persons who are issued Shortfall Shares.

In each case, this assumes that no Shareholders subscribe for Shares under the SPP. The number of Shortfall Shares and Options issued will decrease proportionately for each Share and Option subscribed for by Shareholders.

6.2 Listing Rule 7.2, Exception 15

Listing Rule 7.2, Exception 15 provides an exception to the requirement to seek the approval of holders of ordinary securities for the issue of securities (or the requirement to count the

securities issued in the entity's 15% capacity under Listing Rule 7.1) where the entity undertakes a security purchase plan in accordance with the terms of Exception 15.

Exception 15 will not apply to any Shortfall Shares issued in connection with the SPP, or any attaching Options issued in connection with such Shortfall Shares.

The effect of Resolution 5 will be to allow the Company to issue the Shortfall Shares, together with free attaching Options, to Blue Ocean and other sophisticated and professional investors who are not Related Parties of the Company in compliance with Listing Rule 7.1.

6.3 Information provided in accordance with Listing Rule 7.3

Pursuant to Listing Rule 7.3, the following information is provided in relation to Resolution 5:

- (a) The maximum number of:
 - (i) Shortfall Shares to be issued is 5,263,158 Shares; and
 - (ii) Options attaching to Shortfall Shares to be issued is up to 5,263,158 Options.
- (b) The Shortfall Shares and attaching Options will be issued on or around 1 December 2016 and no Shortfall Shares or attaching Options will be issued later than 3 months after the date of the Annual General Meeting.
- (c) The issue price of the Shortfall Shares will be the Offer Price of \$0.38 (38 cents) and the issue price of the attaching Options will be nil as they will be issued free attaching with the Shortfall Shares.
- (d) The Options will be issued to subscribers of Shortfall Shares, potentially including Blue Ocean, on the basis of an entitlement to 1 Option for every 1 Shortfall Share for which the subscriber has subscribed.
- (e) Shortfall Shares issued in connection with the SPP will be fully paid and rank equally in all respects with the Company's other Shares on issue, save for the fact that each Share issued under Placement Tranche 2 will be entitled to subscribe for 1 free attaching Option.
- (f) The Options will be issued for nil consideration in accordance with the Option Terms of Issue set out in Schedule 2.
- (g) A maximum of \$2,000,000 may be raised by the issue of Shortfall Shares under this Resolution 5. The funds raised from the issue of the Shortfall Shares will be used by the Company to fund its obligations in respect of the Maricunga Lithium Brine Project.
- (h) No funds will be raised from the issue of Options attaching to Shortfall Shares issued under this Resolution 5 as the Options are being issued for nil consideration.
- (i) A voting exclusion statement in relation to Resolution 4 is included in the Notice of Meeting.

6.4 Recommendation and undirected proxies

The Directors unanimously recommend that Shareholders vote in favour of Resolution 5.

The Chairman intends to vote undirected proxies in favour of Resolution 5.

7. Resolution 6 – Approval to issue Options to Shareholders in connection with the Share Purchase Plan

7.1 Background

Resolution 6 seeks approval for the issue of up to 5,263,158 Options to Shareholders who participate in the SPP (assuming that all of the 5,263,158 Shares offered under the SPP are subscribed for by Shareholders, and thus that Shareholders are entitled to subscribe for all of the 5,263,158 Options). To the extent that available Shares are not subscribed by Shareholders under the SPP, the number of Options issued to Shareholders will decrease proportionately for each available Share that is not subscribed for by Shareholders.

7.2 Listing Rule 7.2, Exception 15

Listing Rule 7.2, Exception 15 is described at section 6.2 above.

While the issue of Shares is contemplated by Exception 15 of Listing Rule 7.2, the exception does not apply to the Options (and there are no other relevant exceptions which apply to the issue of Options attaching to Shares issued to Shareholders under the SPP). Accordingly, absent available capacity under Listing Rule 7.1, or approval of Shareholders, the Company would not be permitted to issue the free Options attaching to the Shares issued to be issued to Shareholders under the SPP.

In the event that the requisite demand exists and the Company elects to issue more than 5,263,158 Shares under the SPP, any free attaching Options issued in connection with such Shares will be issued utilising the Company's available capacity under Listing Rule 7.1.

The offer of Options to Shareholders who participate in the SPP will be made under the Prospectus.

7.3 Information provided pursuant to Listing Rule 7.3

Pursuant to Listing Rule 7.3, the following information is provided in relation to Resolution 6:

- (a) The maximum number of Options to be issued is 5,263,158 Options.
- (b) The Options will be issued to eligible Shareholders who participate in the SPP.
- (c) The Options will be issued on or around 1 December 2016 and no Options will be issued later than 3 months after the date of the Annual General Meeting.
- (d) The issue price of the Options will be nil as they will be issued as free Options attaching to the Shares issued to Shareholders under the SPP.
- (e) The Options will be issued in accordance with the Option Terms of Issue set out in Schedule 2.
- (f) No funds will be raised from this Resolution 6 as the Options are being issued for nil consideration.
- (g) A voting exclusion statement in relation to Resolution 6 is included in the Notice of Meeting.

7.4 Recommendation and undirected proxies

The Directors unanimously recommend that Shareholders vote in favour of Resolution 6.

The Chairman intends to vote undirected proxies in favour of Resolution 6.

8. Resolution 7 – Approval to issue Options to Blue Ocean Equities Pty Limited

8.1 Background

The Company has agreed, subject to the passing of Resolution 7, to issue 2,000,000 Options to Blue Ocean (“**Blue Ocean Options**”) in part-payment for services provided by Blue Ocean in connection with the Capital Raising.

In addition to the Blue Ocean Options, the Company will pay fees to Blue Ocean in connection with funds raised in the Placement and SPP on normal commercial terms.

8.2 Listing Rules 7.1 and 7.3

Listing Rules 7.1 and 7.3 are described in section 4.1 above.

The effect of Resolution 7 is to permit the Company to issue the Blue Ocean Options in compliance with Listing Rule 7.1.

8.3 Information provided in accordance with Listing Rule 7.3

Pursuant to Listing Rule 7.3, the following information is provided in relation to Resolution 7:

- (a) The maximum number of Blue Ocean Options to be issued is 2,000,000 Options.
- (b) The Blue Ocean Options will be issued to Blue Ocean Equities Pty Limited or its nominee.
- (c) The Blue Ocean Options will be issued on or around 1 December 2016 and no Options will be issued later than 3 months after the date of the Annual General Meeting.
- (d) The issue price of the Blue Ocean Options will be nil as they will be issued in consideration for services provided by Blue Ocean in connection with the Capital Raising.
- (e) The Blue Ocean Options will be issued in accordance with the Option Terms of Issue set out in Schedule 2.
- (f) No funds will be raised from this Resolution 7 as the Blue Ocean Options are being issued for nil consideration.
- (g) A voting exclusion statement in relation to Resolution 7 is included in the Notice of Meeting.

8.4 Recommendation and undirected proxies

The Directors unanimously recommend that Shareholders vote in favour of Resolution 7.

The Chairman intends to vote undirected proxies in favour of Resolution 7.

9. Resolutions 8 and 9 – Approval to issue Shares and Options to Directors

9.1 Background

The Company has agreed, subject to the passing of Resolutions 8 and 9, to issue a total of 1,315,790 Shares at the Offer Price of \$0.38 (38 cents), together with up to 1,315,790 free attaching Options (on the basis of an entitlement of 1 Option for every issued Share), to raise a total of \$500,000 from each of the following Directors (and in the following amounts):

- (a) Ricky Fertig (or his nominee(s)), to be issued \$400,000 worth of Shares (1,052,632 Shares), together with up to 1,052,632 Options; and
- (b) Andrew Phillips (or his nominee(s)), to be issued \$100,000 worth of Shares (263,158 Shares) together with up to 263,158 Options,

(the “**Relevant Persons**”).

Shares and Options issued to the Relevant Persons will be issued on exactly the same terms as Shares and Options are issued to participants in the Placement.

9.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months of such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of Shares and Options to the Relevant Persons under Resolutions 8 and 9 constitutes giving a financial benefit as each of the Relevant Persons are related parties for the purposes of Chapter 2E of the Corporations Act.

The Directors, other than:

- (a) Ricky Fertig, in relation to Resolution 8; and
- (b) Andrew Phillips, in relation to Resolution 9,

(given their material personal interests in the relevant Resolutions), consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Shares and Options under Resolutions 8 and 9 because the Shares and Options are being issued on arm's length terms on the basis that they are being issued on exactly the same terms as Shares issued to investors under the Placement Tranche 2.

9.3 Listing Rule 10.11

Listing Rule 10.11 requires the approval of holders of ordinary securities to be obtained where an entity issues, or agrees to issue, securities to a Related Party or to a person whose relationship with the entity is, in ASX's opinion, such that approval should be obtained.

Certain exceptions to Listing Rule 10.11 are set out in Listing Rule 10.12, none of which permits the issue of Shares and Options to the Relevant Persons as set out above without first obtaining Shareholder approval.

Accordingly, the effect of Resolutions 8 and 9 will be to permit the Company to issue the Shares and Options to the Relevant Persons as described above in compliance with Listing Rule 10.11.

9.4 Information required by Listing Rule 10.13

In accordance with Listing Rule 10.13, the following information is provided in relation to Resolutions 8 and 9:

- (a) The Shares and Options will be issued to each of the Relevant Persons.
- (b) 1,052,632 Shares at the Offer Price of \$0.38 (38 cents), together with up to 1,052,632 free attaching Options (on the basis of an entitlement of 1 Option for every issued Share) will be issued to Director Ricky Fertig.
- (c) 263,158 Shares at the Offer Price of \$0.38 (38 cents), together with up to 263,158 free attaching Options (on the basis of an entitlement of 1 Option for every issued Share) will be issued to Director Andrew Phillips.

- (d) The Shares and Options will be issued to each of the Relevant Persons on or around 1 December 2016 and will not be issued any later than 1 month after the date of the Annual General Meeting.
- (e) In the event that any of Ricky Fertig or Andrew Phillips instruct the Company to issue Shares or Options to a nominee, each such nominee will be a Related Party of the Director and thus approval under Listing Rule 10.11 will be required.
- (f) The Shares issued will be fully paid and rank equally in all respects with the Company's other Shares on issue, save for the fact that each Share issued will be entitled to subscribe for 1 free attaching Option.
- (g) The Options will be issued for nil consideration in accordance with the Option Terms of Issue set out in Schedule 2.
- (h) The funds raised from the issue of the Shares will be used by the Company to fund its obligations in respect of the Maricunga Lithium Brine Project.
- (i) No funds will be raised from the issue of Options attaching to the Shares as the Options are being issued for nil consideration.
- (j) A voting exclusion statement in relation to each of Resolutions 8 and 9 is included in the Notice of Meeting.

Approval pursuant to Listing Rule 7.1 is not required for the issue of Shares and Options under Resolutions 8 and 9 as approval is being obtained under Listing Rule 10.11. Accordingly, the issue of Shares and Options to the Relevant Persons will not be included in the use of the Company's 15% annual placement capacity pursuant to Listing Rule 7.1.

10. Resolution 10 – Issue of Shares to MSB

10.1 Background to Maricunga Lithium Brine Joint Venture

As announced to ASX on 13 September 2016 and 14 October 2016, a wholly-owned Chilean based subsidiary of LPI, Lithium Power Inversiones Chile SpA ("**LPI Chile**"), has entered into a joint venture agreement ("**JV Agreement**") with two Chilean-based companies, Minera Salar Blanco SpA ("**MSB**") and Minera Li SpA ("**MLi**"), for the acquisition, exploration and development of the high-grade Maricunga Lithium Brine Project in Chile.

The key terms of the JV Agreement are as follows:

- (a) LPI Chile is a 50% shareholder of the newly formed Maricunga joint venture entity ("**NewCo**"), with MSB and MLi holding 32.3% and 17.7% respectively.
- (b) The Cocina 19-27 tenements, Lito 1-6 tenements, Blanco tenement and Camp1 tenement ("**Initial Tenements**"), formerly owned by MSB and MLi, have been transferred to NewCo.
- (c) LPI Chile has acquired from MSB the three options ("**Option Rights**") over the San Francisco, Salamina and Despreciada tenements ("**Optional Tenements**"). The Initial Tenements and Optional Tenements together comprise the Maricunga Lithium Brine Project.
- (d) As consideration for the acquisition of the Option Rights, LPI is required to issue to MSB 16 million ordinary shares in LPI ("**the MSB Shares**"), subject to LPI shareholder approval at the Annual General Meeting.
- (e) The MSB Shares will be voluntarily escrowed until 24 June 2018.
- (f) LPI Chile has exercised the Option Rights and paid the exercise price of USD\$5,220,000.
- (g) LPI Chile has transferred the Optional Tenements to NewCo.

Further details of the exploration and development program, and corresponding earn-in amounts and milestones under the JV Agreement, are set out in the Company's announcement of 14 October 2016.

10.2 Listing Rules 7.1 and 7.3

Listing Rules 7.1 and 7.3 are described at section 4.1 above.

As required under the terms of the JV Agreement, the Company intends to undertake an issue of 16,000,000 Shares to MSB in consideration for the acquisition by the Company of the Option Rights from MSB. Resolution 10 requires Shareholder approval in accordance with Listing Rule 7.1.

No Options will attach to the issue of the MSB Shares.

The Company will not realise any cash proceeds for the issue of the MSB Shares and the MSB Shares will be subject to voluntary escrow until 24 June 2018 (subject to standard carve-outs relating to control transactions).

The effect of Resolution 10 will be to allow the Company to issue the MSB Shares to MSB (or its nominee), which is not a related party of the Company, in compliance with Listing Rule 7.1.

10.3 Information provided in accordance with Listing Rule 7.3

Pursuant to Listing Rule 7.3, the following information is provided in relation to Resolution 10:

- (a) The maximum number of Shares to be issued is 16,000,000 Shares.
- (b) The MSB Shares will be issued by the Company on or around 1 December 2016 and will not be issued later than 3 months after the date of the Annual General Meeting.
- (c) The MSB Shares will be issued for nil cash consideration. The consideration received by the Company for the issue of the MSB Shares is the transfer to the Company of the Option Rights.
- (d) The MSB Shares will be issued to MSB, who is a sophisticated or professional investor.
- (e) The MSB Shares will comprise fully paid ordinary shares in the capital of the Company and will rank equally with the Company's existing Shares.
- (f) No funds will be raised from the issue of the MSB Shares as the MSB Shares are being issued by the Company as consideration for the acquisition by the Company of the Option Rights.
- (g) A voting exclusion statement is included in the Notice of Meeting.

10.4 Recommendation and undirected proxies

The Directors unanimously recommend that Shareholders vote in favour of Resolution 10.

The Chairman intends to vote undirected proxies in favour of Resolution 10.

11. Resolution 11 – Approval of 10% Placement Facility

11.1 Listing Rule 7.1A

Listing Rule 7.1A provides that an eligible entity may seek approval of holders of its ordinary securities by special resolution (which requires 75% of the votes cast by shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative)) at its annual general meeting to issue Equity Securities equivalent to an additional 10% of the number of ordinary securities on issue over

For personal use only

a period of 12 months after the annual general meeting ("**10% Placement Facility**"). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

Listing Rule 7.1B.4 (described at section 3.2 above), and the exceptions in Listing Rule 7.2, also apply to Listing Rule 7.1A.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (available on the ASX website at www.asx.com.au).

11.2 Further requirements of Listing Rule 7.1A

10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (a) the date that is 12 months after the date of the annual general meeting at which the approval is obtained (which, in the case of Resolution 11 will be 28 November 2017); or
- (b) the date of the approval by holders of ordinary securities of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking), or such longer period if allowed by ASX,

("10% Placement Period").

Class of Equity Securities issued under Listing Rule 7.1A

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company. The Company, as at the date of the Notice of Meeting, has only one quoted class of Equity Security, being Shares. The Company intends on applying for quotation of the Options, subject to the terms of the Listing Rules.

Issue price of Equity Securities issued under Listing Rule 7.1A3

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- (a) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (b) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (a) above, the date on which the Equity Securities are issued,

(the "**Minimum Price**").

Listing Rule 7.1A4

Listing Rule 7.1A.4 requires the Company to give to ASX the information required by Listing Rule 3.10.5A when it issues Equity Securities under Listing Rule 7.1A.

11.3 Effect of Resolution 11

The effect of Resolution 11 will be to allow the Company to issue Equity Securities under the 10% Placement Facility Listing during the 10% Placement Period in addition to the Company's 15% placement capacity under Listing Rule 7.1.

For personal use only

Resolution 11 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

While the Company does not have any immediate plans to issue Equity Securities under the 10% Placement Facility, purposes for which Equity Securities may be issued pursuant to Resolution 11 may include the raising of capital to expedite the development of the Company's projects.

11.4 **Specific information required by Listing Rule 7.3A**

Pursuant to Listing Rule 7.3, the following information is provided in relation to Resolution 11:

Minimum Price

- (a) The Equity Securities will be issued at an issue price of not less than the Minimum Price (defined above).

Dilution

- (b) Shareholders should be aware that there is a risk of economic and voting dilution that may result from an issue of Equity Securities under the 10% Placement Facility, including the risk that:
 - (i) the market price for Equity Securities in that class may be significantly lower on the issue date than on the date of the meeting where approval is sought (ie the date of this Annual General Meeting); and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for those Equity Securities on the date of issue.
- (c) Any issue of Equity Securities under the 10% Placement Facility will dilute the interests of Shareholders who do not receive any Equity Securities under the issue, unless the only Equity Securities issued are Options (assuming quotation of the Options) and the Options are not exercised.
- (d) The table below shows the potential dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A.2 on the basis of the market price of Shares (as at close of trade on Friday, 21 October 2016) ("**Issue Price**") and the current number of Shares on issue as at the date of this Notice of Meeting. The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Facility.

Number of Shares on issue: Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.175 50% decrease in Issue Price	\$0.35 Issue Price	\$0.70 100% increase in Issue Price
Current Variable A 128,466,019	10% voting dilution	12,846,602 Shares	12,846,602 Shares	12,846,602 Shares
	Funds raised	\$2,248,155	\$4,496,311	\$8,992,621
50% increase in current Variable A 192,699,029	10% voting dilution	19,269,903 Shares	19,269,903 Shares	19,269,903 Shares
	Funds raised	\$3,372,233	\$6,744,466	\$13,488,932
100% increase in current Variable A 256,932,038	10% voting dilution	25,693,204 Shares	25,693,204 Shares	25,693,204 Shares
	Funds raised	\$4,496,311	\$8,992,621	\$17,985,243

- (e) The table also shows two examples of where:
- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of Shares the Company has on issue. The number of Shares on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval, for example, a pro rata entitlement offer or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
 - (ii) two examples of where the issue price of Shares has decreased by 50% and increased by 100% as against the Issue Price.
- (f) The table above has been prepared on the following additional assumptions:
- (i) The Company issues the maximum number of Shares available under the 10% Placement Facility.
 - (ii) The table shows only the effect of issues of Shares under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

Placement Period

- (g) If Shareholder approval is granted for Resolution 11, that approval will expire at the end of the 10% Placement Period.
- (h) The approval under Listing Rule 7.1A will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 or Listing Rule 11.2.

Purpose

- (i) The Company may seek to issue the Equity Securities for the following purposes:

- (i) as non-cash consideration for the acquisition of new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
- (ii) for cash consideration, in order to raise funds for the acquisition of new assets or investments (including expenses associated with such acquisitions), to expedite development of the Company's projects and for general working capital.

Allocation

- (j) The allottees of the Equity Securities to be issued under the 10% Placement Facility have not yet been determined. However the allottees could consist of current Shareholders or new investors (or both), none of whom will be Related Parties.
- (k) The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to a range of factors including:
 - (i) the purpose of the issue;
 - (ii) the methods of raising funds that are available to the Company, including but not limited to, a rights issue or other issue in which existing security holders can participate;
 - (iii) the effect of the issue of the Equity Securities on the control of the Company;
 - (iv) the circumstances of the Company, including the financial situation and solvency of the Company;
 - (v) prevailing market conditions; and
 - (vi) advice from corporate, financial and broking advisers (if applicable).
- (l) The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.
- (m) Further, if the Company is successful in acquiring new assets or investments, it is possible that the allottees under the 10% Placement Facility will be the vendors of the new assets or investments.

Prior approval

- (n) The Company has not previously obtained Shareholder approval under Listing Rule 7.1A.

Voting exclusion statement

- (o) A voting exclusion statement is included in the Notice of Meeting. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

11.5 Recommendation and undirected proxies

The Directors unanimously recommend that Shareholders vote in favour of Resolution 11.

The Chairman intends to vote undirected proxies in favour of Resolution 11.

12. Resolution 12 – Approval of the Lithium Power International Limited Option Plan

Resolution 12 seeks Shareholder approval for the Lithium Power International Limited Option Plan (“**Option Plan**”) for the purposes of Listing Rule 7.2, Exception 9.

References to options in this section 12 are references to options to be issued under the Option Plan, and not to the Options to be issued in connection with the Capital Raising.

12.1 Listing Rule 7.2, Exception 9 and sections 260A and 260C of Corporations Act

If passed, the effect of Resolution 12 is to exclude issues made under the Option Plan from the Company’s 15% limit on the issue of new Equity Securities made without approval of holders of ordinary securities under Listing Rule 7.1.

Section 260A of the Corporations Act restricts the circumstances in which financial assistance may be provided to a person for the purposes of acquiring Shares. Section 260C (exemption 4) exempts assistance that arises under a shareholder approved employee share scheme. Accordingly, LPI also seeks that approval from Shareholders.

12.2 Overview of the Option Plan

Director, contractor and employee remuneration is determined by the members of the Board, having regard to relevant market practices and the circumstances of the Company.

It is the view of the Board that it is in the interests of Shareholders for directors, contractors and employees (“**Eligible Persons**”) to receive part of their total remuneration packages in the form of options.

The Option Plan is therefore designed to form a significant component of at-risk remuneration and to create alignment between Shareholder benefit and the remuneration of Eligible Persons who participate in the Plan.

If approved, grants under the Option Plan will facilitate the Company providing appropriate, competitive and performance-linked remuneration to Eligible Persons.

As at the date of the Notice of Meeting, no options have been issued under the Option Plan.

A summary of the main features of the Option Plan is set out in the table below:

Aspect	Details
Instrument	<p>The Option Plan uses options, which are an entitlement (on exercise and payment of the exercise price) to a fully paid ordinary share in the Company.</p> <p>The term of the options will be 5 years from the date of grant (“Term”) unless otherwise determined by the Board. If not exercised within their Term the options will lapse.</p>
Eligibility	<p>Subject to receiving an invitation and to any other approval required under the Listing Rules (for example, Listing Rule 10.11) or the Corporations Act, all Directors, employees and contractors of LPI are eligible to participate in the Option Plan.</p> <p>The Board will select those Eligible Persons to be invited to participate in the Option Plan.</p>
Terms & conditions	<p>The Board has the discretion to set the terms and conditions on which it will offer options under the Option Plan, including the vesting conditions and modification of the terms and conditions as appropriate to ensure the Option Plan operates as intended.</p>

For personal use only

Aspect	Details
Number of options	<p>The number of options to be offered will be at the discretion of the Board.</p> <p>However, options granted relying upon ASIC Class Order 14/1000 will be limited to 5% of issued shares over a rolling 3 year period.</p>
Exercise price	<p>Each option will have an exercise price (amount to be paid on exercise to convert an option into a Share).</p> <p>The Board has discretion to set the exercise price as part of each invitation but it is currently intended that exercise prices will be set at or above the market value of a Share when the option is granted. Thus, the benefit inherent in an option will be the extent, if any, to which the price of Shares exceeds the exercise price. If vesting conditions are attached, such as service or performance conditions, the benefit will also vary with the extent of fulfilment of those conditions.</p> <p>The exercise price for options proposed to be granted to Directors is 167% of the market value of a Share at the time the options are granted. Such grants will be subject to further Shareholder approval (which are not being sought at this Meeting). In this case, Shareholders will have accrued significant benefit before the Directors commence to benefit from the options.</p>
Vesting conditions	<p>The Board is of the view that by setting the exercise price above the market value of a Share, sufficient incentive to grow Shareholder value will be provided to participants. Thus, it is currently not intended to attach performance based vesting conditions to options although the Option Plan allows for them to be attached to future grants of options.</p> <p>For some grants it is intended to attach service based vesting conditions to ensure that participants cannot benefit from options until they have delivered significant service to the Company.</p>
Exercise of vested options	<p>Vested options may be exercised at any time within their Term by completing an exercise form and submitting it along with payment of the exercise price to the Company Secretary.</p> <p>On exercise, Shares will be issued or transferred to the relevant option holder. The Shares may be provided directly to the participant by a new issue or may be transferred via an Employee Share Trust which may be established by the Company.</p>
Cessation of employment	<p>The Option Plan contains provisions concerning the treatment of vested and unvested options in the event that a participant ceases to be engaged by the Company.</p> <p>If engagement of a participant ceases other than in Special Circumstances (defined below), all unvested options held by the participant will lapse unless otherwise determined by the Board.</p> <p>If engagement of a participant ceases in Special Circumstances (death, total and permanent disablement, retirement, redundancy, retrenchment and other company initiated terminations for other than cause) the options that were granted to the participant during the financial year in which the cessation occurred will be forfeited in the same proportion as the remainder of the financial year bears to the full year. All remaining options will remain “on foot”, subject to their original terms and conditions.</p>

Aspect	Details
Change of control of the Company	In the event of a change of control of the Company, unvested options will vest.
Voting and dividends	Options do not carry voting or dividend entitlements. Shares issued when Options are exercised will carry dividends and voting etc. entitlements.
No transfer of options	Options may not be sold, transferred, mortgaged, charged or otherwise dealt with or encumbered except where the transfer is effected by operation of law unless otherwise determined by the Board and specified in the invitation.
Quotation	Options issued under the Option Plan will not be quoted on ASX. The Company will apply for official quotation of any Shares issued on exercise of options issued under the Option Plan, in accordance with the Listing Rules.
Variation of terms and conditions	To the extent permitted by the Listing Rules, the Board retains the discretion to vary the terms and conditions of the Option Plan. This includes varying the number or terms of securities to which a participant is entitled in the case of a reorganisation of capital or bonus issue such that the participant will neither be advantaged nor disadvantaged.
Issue or acquisition of Shares	Shares allocated to a participant when options are exercised may be issued by the Company or acquired on or off-market by the Company or its nominee. The nominee may be a trust, the purpose of which is to facilitate the operation of the Option Plan.
Cost and administration	The Company will pay all costs in excess of the exercise price of issuing and acquiring Shares for the purposes of satisfying exercised options, as well as any brokerage on acquisitions of Shares for this purpose and all costs of administering the Option Plan.
Other terms of the Option Plan	The Option Plan also contains customary and usual terms having regard to Australian law for dealing with winding up, administration, variation, suspension and termination of the Option Plan.
Hedging	The Company prohibits the hedging of options and Shares subject to dealing restrictions by participants.
Lapse and forfeiture of option	Options will lapse if they are unvested and there is no possibility for them to vest. They will also lapse if not exercised prior to the expiry of their Term.

12.3 Recommendation and undirected proxies

Given their potential interest in Resolution 12, the Directors make no recommendation to Shareholders with respect to this resolution.

The Company will disregard any votes cast on Resolution 12 cast by any Directors who are eligible to participate in the Plan, and any Associates of those Directors.

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 12, however the Chairman will not vote undirected proxies in relation to this resolution unless the Shareholder expressly authorises the Chairman to vote in accordance with the Chairman's stated voting intentions.

13. Resolution 13 – Issue of Shares to Murray Brooker

13.1 Background

Murray Brooker is the Company's technical director and exploration manager and provides his services as a contractor to Company. Mr Brooker is a geologist specialising in lithium, with 20 years' experience in lithium prospecting and exploration. He has led teams in Argentina, Chile and Australia throughout his career and is a well respected and connected lithium expert in South America. Most recently, Mr Brooker was the JORC Competent Person to Orocobre Limited for its lithium brine project in Argentina along with completing the initial reports for LPI's Argentina properties.

Given his importance to the Company's operations, LPI has agreed to issue to Mr Brooker (or his nominee) 1,000,000 Shares in consideration for Mr Brooker agreeing to a 3 year contract arrangement with the Company under which Mr Brooker will manage the operations of the Maricunga Lithium Brine Joint Venture.

No Options will attach to the issue of Shares to Mr Brooker.

The Company will not realise any cash proceeds for the issue of Shares to Mr Brooker and the Shares will be subject to voluntary escrow for a period of 2 years from the date of their issue (subject to standard carve-outs relating to control transactions).

The Company also intends to make a grant of 1,000,000 options to Mr Brooker under the Option Plan, subject to the satisfaction of certain conditions relating to continuity of tenure, and a further grant of 1,000,000 options under the Option Plan, subject to definition of a JORC-compliant resource at the Maricunga Lithium Brine Joint Venture.

Mr Brooker is not a Related Party of the Company.

13.2 Listing Rules 7.1 and 7.3

Listing Rules 7.1 and 7.3 are described at section 4.1 above.

The effect of Resolution 13 will be to allow the Company to issue Shares to Murray Brooker (or his nominee) in compliance with Listing Rule 7.1 and without counting those shares in its 15% placement capacity under Listing Rule 7.1.

13.3 Information provided in accordance with Listing Rule 7.3

Pursuant to Listing Rule 7.3, the following information is provided in relation to Resolution 13:

- (a) The maximum number of Shares to be issued is 1,000,000 Shares.
- (b) The Shares will be issued by the Company on or around 1 December 2016 and will not be issued later than 3 months after the date of the Annual General Meeting.
- (c) The Shares will be issued for nil cash consideration.
- (d) The Shares will be issued to Mr Murray Brooker (or his nominee).
- (e) The Shares will comprise fully paid ordinary shares in the capital of the Company and will rank equally with the Company's existing Shares.
- (f) No funds will be raised from the issue of Shares to Mr Brooker as the Shares are being issued by the Company as consideration for services provided.
- (g) A voting exclusion statement is included in the Notice of Meeting.

13.4 Recommendation and undirected proxies

The Directors unanimously recommend that Shareholders vote in favour of Resolution 13.

The Chairman intends to vote undirected proxies in favour of Resolution 13.

14. Resolution 14 – Re-election of Andrew Phillips as Director

Andrew Phillips was appointed as a director of the Company on 24 July 2015, upon incorporation of the Company.

14.1 Constitution and Listing Rule 14.4

Clause 4.3(c) of the Constitution provides for the retirement of one-third of the Directors (or the whole number nearest to one third) from office at each annual general meeting of the Company.

Listing Rule 14.4 provides that a director must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is longer.

The note to Listing Rule 14.4 states that a director appointed:

- (a) prior to an entity's admission to the Official List must not hold office (without re-election) past the third annual general meeting following the entity's admission to the Official List or 3 years following the entity's admission to the Official List, whichever is longer; and
- (b) as an addition to the board prior to an entity's admission to the Official List is not required to stand for re-election at the next annual general meeting following the entity's admission to the Official List, provided he or she does not hold office past the time limits mentioned in (a) above and at least one director stands for re-election at each annual general meeting.

In accordance with Clause 4.3(c) of the Constitution and Listing Rule 14.4, Andrew Phillips retires as Director and offers himself for re-election as a Director at this Annual General Meeting.

14.2 Biography of Andrew Phillips

Mr Phillips has over 25 years' international commercial experience. He is currently an Independent Director for ASX listed companies Longreach Oil Ltd and Southern Cross Exploration NL. Mr Phillips also currently serves as a director of a number of Australian proprietary registered companies and acts for a number of overseas entities as their local director or public officer.

14.3 Recommendation and undirected proxies

The Directors (other than Mr Phillips) unanimously recommend that Shareholders vote in favour of Resolution 14.

The Chairman intends to vote undirected proxies in favour of Resolution 14.

ENQUIRIES

Shareholders are invited to contact the Company Secretary, Andrew Phillips, on (02) 9276 1245 if they have any queries in respect of the matters set out in this Notice of Meeting or Explanatory Statement.

Schedule 1 – Glossary

In the Notice of Meeting and this Explanatory Statement the following defined terms have the following meanings:

10% Placement Facility has the meaning given to that term in Section 11.1 of the Explanatory Statement.

10% Placement Period has the meaning given to that term in Section 11.2 of the Explanatory Statement.

Annual General Meeting or **Meeting** means the annual general meeting of Shareholders convened by this Notice of Meeting.

ASIC means Australian Securities and Investments Commission.

Associate has the meaning given in the Listing Rules.

ASX means ASX Limited or the securities exchange market operated by it, as the context requires.

ASX Listing Rules or **Listing Rules** means the official listing rules of ASX.

Blue Ocean means Blue Ocean Equities Pty Limited ACN 151 186 935.

Board means the board of Directors of the Company.

Business Days means a day that is not a Saturday, Sunday, bank holiday or public holiday in Sydney, Australia.

Capital Raising has the meaning given in section 2.1 of this Explanatory Statement.

Chair or **Chairman** means the chairman of the Annual General Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or members' spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth).

Company and **LPI** means Lithium Power International Limited ACN 607 260 328.

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Equity Securities has the meaning given in the Listing Rules.

Explanatory Statement means this explanatory statement.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

For personal use only

MSB means Minera Salar Blanco SpA, a company incorporated under the laws of Chile.

MSB Shares means the 16,000,000 Shares proposed to be issued to MSB in accordance with Resolution 10.

Notice of Meeting or **Notice** means the notice of Annual General Meeting which accompanies this Explanatory Statement.

Offer Price has the meaning given in section 2.1 of this Explanatory Statement.

Official List means the official list of ASX.

Option means an option to subscribe for a Share issued in accordance with the Option Terms of Issue.

Option Plan has the meaning given in section 12 of this Explanatory Statement.

Option Terms of Issue means the terms of issue of the Options, as set out in Schedule 2 of this Explanatory Statement.

Placement has the meaning given in section 2.1 of this Explanatory Statement.

Placement Tranche 1 has the meaning given in section 2.1 of this Explanatory Statement.

Placement Tranche 2 has the meaning given in section 2.1 of this Explanatory Statement.

Option Plan has the meaning given in section 12 of this Explanatory Statement.

Related Party has the meaning given in the Listing Rules.

Resolution means a resolution contained in the Notice of Meeting.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Share Purchase Plan has the meaning given in section 2.1 of this Explanatory Statement.

Shortfall Shares has the meaning given in section 6.1 of this Explanatory Statement.

SPP means the Share Purchase Plan.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

VWAP means volume weighted average market price.

Schedule 2 – Option Terms of Issue

The Options to be issued under the Prospectus pursuant to the Capital Raising entitle the holder to subscribe for Shares on the following terms and conditions.

- (a) The Options are exercisable at a price of 55 cents (\$0.55) each at any time from the date of issue of the Options (on or around 1 December 2016) up to their expiry on 24 November 2017 (inclusive) (“**Option Exercise Period**”), but not thereafter.
- (b) Each Option entitles the holder to subscribe for one Share.
- (c) No amount is payable on issue of the Options.
- (d) The Company must give each Option holder a certificate or statement stating:
 - (i) the number of Options issued to the Option holder;
 - (ii) the exercise price of the Options; and
 - (iii) the date of issue of the Options and the Option Expiry Period.
- (e) The Company will maintain a register of holders of Options in accordance with section 168(1)(b) of the *Corporations Act 2001* (Cth).
- (f) The Options will be fully transferrable in accordance with the Constitution of the Company and, for such time as the Company is listed, the Listing Rules of the ASX will apply.
- (g) Options do not carry any dividend entitlement until they are exercised. Subject to the Constitution, Shares issued on exercise of Options rank equally with other issued Shares from the date they are issued by the Company.
- (h) An Option holder is not entitled to participate in any new issue of securities to existing Shareholders unless the Option holder has exercised its Options before the record date for determining entitlements to the new issue of securities and participates as a result of holding Shares.
- (i) If listed, the Company must give an Option holder, in accordance with the Listing Rules, notice of:
 - (i) the proposed terms of the issue or offer proposed under paragraph (h); and
 - (ii) the right to exercise the Option holder's Options under paragraph (h).
- (j) If the Company makes a bonus issue of Shares or other securities to Shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) and no Share has been issued in respect of an Option before the record date for determining entitlements to the issue, then the number of underlying Shares over which the Option is exercisable is increased by the number of Shares which the Option holder would have received if the option holder had exercised the Option before the record date for determining entitlements to the issue, in accordance with the Listing Rules.
- (k) If the Company makes a pro rata issue of Shares (except a bonus issue) to existing Shareholders (except an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of the Option before the record date for determining entitlements to the issue, the exercise price of each Option is reduced in accordance with the Listing Rules.

- (l) If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the Option holder (including the number of Options to which each option holder is entitled and the exercise price) is changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (m) Any calculations or adjustments which are required to be made under these Option Terms of Issue will be made by the Board and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Option holder.
- (n) The Company must within a reasonable period give to each Option holder notice of any change under paragraphs (h) to (l) (inclusive) to the exercise price of any Options held by an Option holder or the number of Shares for which the Option holder is entitled to subscribe on exercise of an Option.
- (o) When exercising Options, an Option holder must give the Company or its share registry a Notice of Exercise of Options form (substantially similar to the one below), together with payment of the exercise monies payable to the Company in connection with the Options being exercised (being \$0.55 per Option) and the Option holder statement.

<p>Notice of Exercise of Options</p> <p>To the Directors of Lithium Power International Ltd (the Company),</p> <p>I,</p> <p>of</p> <p>being the registered holder of options in the capital of the Company hereby exercise such options to subscribe for ordinary shares and enclose application monies payable of \$0.55 (55 cents) per option exercised.</p> <p>I authorise you to register me as the holder of the shares to be allotted to me and agree to accept such shares subject to the constitution of the Company.</p> <p>Dated the day of 20</p> <p>Signed by the holder of the Options</p>

- (p) The Options are exercisable on any business day during the Option Exercise Period. An Option holder may only exercise Options in multiples of 1,000, unless the Option holder exercises all of its Options.
- (q) If an Option holder exercises less than the total number of its Options, the Company must cancel the Option certificate (if any) and issue the Option holder a new certificate or holding statement for the remaining number of Options held by the Option holder.

- (r) Options will be deemed to be exercised on the date that the Notice of Exercise of Option Form is received by the Company in accordance with paragraphs (o) and (p). The Company shall within 10 days after the receipt of such Notice and cleared funds, issue Shares in respect of the Options exercised and dispatch a shareholder statement to the holder.
- (s) If applicable, the Company will apply to ASX for official quotation of the Shares issued on exercise of the Options.
- (t) The Company will advise holders at least 20 Business Days before the impending expiry of their Options and will advise the due date for payment, the amount of money payable on exercise, the consequences of non-payment and such other details as the Listing Rules then prescribe, so as to enable holders to determine whether or not to exercise their Options during the Option Exercise Period.
- (u) These Option Terms of Issue and the rights and obligations of Option holders are governed by the laws of New South Wales. Each Option holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales.