

Lithium Power International Limited
ACN 607 260 328

Share Purchase Plan Booklet 2016

This document is dated 31 October 2016

This is an important document. Please read it carefully before making an investment decision in relation to the Share Purchase Plan. If you have any doubts as to what you should do, please consult your stockbroker, accountant or other professional adviser.

If you have any questions in relation to how to participate in the Share Purchase Plan after reading this booklet, please contact Boardroom Pty Limited, the Company's share registry, from 9.00am to 5.00pm, Monday to Friday, on 1800 655 325 (callers within Australia) or +612 9290 9600 (callers outside Australia). If you have any questions in relation to whether an investment in Lithium Power International Limited through the Share Purchase Plan is appropriate for you, please contact your stockbroker, accountant or other professional adviser.

This document does not provide financial advice and has been prepared without taking into account your particular objectives, financial situation or needs.

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IMPORTANT NOTICE AND DISCLAIMER

This Booklet does not provide financial advice and has been prepared without taking account of any person's investment objectives, financial situation or particular needs. You should consider the appropriateness of participating in the SPP having regard to your investment objectives, financial situation or particular needs. Shareholders should seek independent financial and taxation advice before making any investment decision in relation to these matters.

The offer of New Shares under the SPP is made in accordance with ASIC Class Order 09/425, which grants relief from the requirement for the Company to provide prospectus disclosure in relation to the SPP. This Booklet is not a prospectus under Chapter 6D of the Corporations Act.

The laws of some countries prohibit or make impracticable participation in the SPP by certain overseas Shareholders. Shareholders who are not resident in Australia or New Zealand will not be able to participate in the SPP. The SPP does not constitute an offer of Shares for sale in any other jurisdiction.

New Zealand

The New Shares and Attaching Options are not being offered or sold to the public within New Zealand other than to existing Shareholders at the Record Date with registered addresses in New Zealand to whom the offer of New Shares and Attaching Options is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This Booklet has not been registered, filed with or approved by any New Zealand regulatory authority. This Booklet is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

United States

This Booklet may not be released or distributed in the United States. The New Shares and Attaching Options have not been and will not be registered under the US Securities Act of 1933 (the "**Securities Act**") or the securities laws of any state or other jurisdiction of the United States. The New Shares and Attaching Options may not be offered, sold or otherwise transferred in the United States except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and the applicable securities laws of any state or other jurisdiction in the United States.

LETTER TO SHAREHOLDERS

Dear Shareholder

Lithium Power International Limited Share Purchase Plan

On behalf of the Board, I am pleased to offer you the opportunity to apply for new, fully paid ordinary shares ("**New Shares**") in Lithium Power International Limited ("**LPI**" or the "**Company**") under a share purchase plan ("**SPP**").

The SPP allows Eligible Shareholders the opportunity to subscribe for up to \$15,000 worth of New Shares without paying brokerage or other transaction costs. Eligible Shareholders will also be entitled to apply for one free attaching option ("**Attaching Option**") for each New Share subscribed for under the SPP. The Attaching Options will be issued for nil consideration and will be exercisable at \$0.55 (55 cents), expiring on 24 November 2017. Each Attaching Option gives the holder the right to subscribe for 1 Share upon exercise.

The New Shares will be issued under the SPP at \$0.38 (38 cents) per New Share ("**Offer Price**"), which is the same price as the price at which Shares have been issued under the successful \$12 million placement to institutional investors announced by LPI on 14 October 2016 ("**Placement**"). The Placement is being undertaken in two tranches, the first of which raised approximately \$6.4 million and completed on 20 October 2016 and the second of which will raise approximately \$5.6 million and is expected to complete on 1 December 2016. Participants in the Placement are also entitled to apply for Attaching Options on the same terms as they are being offered to Eligible Shareholders in connection with the SPP.

Completion of the second tranche of the Placement is conditional on shareholder approval at the Company's annual general meeting to be held in Sydney at 11.00am (Sydney time) on Monday, 28 November 2016 ("**AGM**"). A separate notice of meeting has been dispatched to Shareholders in connection with the AGM, and I encourage all Shareholders to carefully read the notice of meeting and vote at the AGM.

The terms and conditions of the SPP and your personalised Application Form are provided in this Booklet. You should read this Booklet (under which the SPP is being undertaken) and the enclosed Prospectus (under which LPI is offering the Attaching Options) in its entirety before deciding whether to participate in the SPP and offer of Attaching Options.

The offer of Attaching Options is conditional on LPI obtaining Shareholder approval at the AGM. If Shareholder approval is not obtained, Shareholders who subscribe for New Shares under the SPP will be issued New Shares but will not be issued Attaching Options.

The Company is seeking to raise \$2 million under the SPP, however the Company reserves the right to raise more or less than this amount. The first \$1,000,000 worth of New Shares to be issued under the SPP is underwritten by Blue Ocean Equities Pty Limited ("**Blue Ocean**"). Accordingly, if no subscriptions are received for New Shares under the SPP, Blue Ocean will be required to subscribe for \$1,000,000 (or more) worth of New Shares, subject to approval at the AGM. Likewise, if subscriptions are received for \$1,000,000 worth of New Shares under the SPP, Blue Ocean will not have any obligation to subscribe for New Shares.

The Directors have reserved the right to place the New Shares and Attaching Options not subscribed for by Shareholders under the SPP to Blue Ocean, any sub-underwriter appointed by Blue Ocean and any other sophisticated or professional investors, as a separate placement (subject to approval at the AGM).

Proceeds from the Placement and the SPP (and any funds raised on the exercise of the Attaching Options) will be used to fund the Company's ongoing obligations at the Maricunga Lithium Brine Project, and for working capital purposes.

Eligibility

Participation in the SPP is optional and open to Eligible Shareholders, being holders of Shares in LPI at 7.00pm (Sydney time) on Thursday, 13 October 2016 (“**Record Date**”) and whose address on the Company’s share register is in Australia or New Zealand (provided that such Shareholder is not in the United States, or acting for the account or benefit of a person in the United States).

The SPP is also being extended to Eligible Shareholders who are Custodians for them to participate in the SPP on behalf of certain Eligible Beneficiaries (who are Australian and New Zealand residents and not in the United States, or acting for the account or benefit of a person in the United States) on the terms and conditions provided in this Booklet.

Your right to participate in the SPP is not transferrable.

All New Shares issued under the SPP will rank equally with existing Shares.

How to apply

The SPP opens on Monday, 31 October 2016 and closes on Friday, 18 November 2016, subject to the Company’s discretion to vary the dates of the SPP.

To apply for New Shares you must either:

- complete and return the enclosed Application Form, together with payment via cheque or money order; or
- make a payment directly via BPAY® (you do not need to return an Application Form under this option).

The Application Form allows you to apply for both New Shares (offered under this SPP) and Attaching Options (offered under the Prospectus).

You may apply for a parcel of New Shares valued at \$1,000, \$2,000, \$5,000, \$10,000 or \$15,000 (subject to discretionary scale back). Cleared funds must be received by no later than 5.00pm (Sydney time) on Friday, 18 November 2016.

Queries

If you have any questions in relation to how to participate in the SPP, please contact the Company’s share registry, Boardroom Pty Limited, on 1800 655 325 (callers within Australia) or +612 9290 9600 (callers outside Australia). If you have any questions in relation to whether an investment in LPI through the SPP is appropriate for you, please contact your stockbroker, accountant or other professional adviser.

Thank you for your continued support of Lithium Power International Limited.

Yours sincerely,

Ricky Fertig
Chairman

KEY DATES IN RESPECT OF SPP, PLACEMENT AND AGM

Event	Date
SPP Record Date	Thursday, 13 October 2016 (7.00pm)
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	Friday, 28 October 2016
Lodgment of Prospectus in connection with offer of Attaching 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 (5.00pm)
Annual General Meeting	Monday, 28 November 2016
Settlement of Placement Tranche 2 and SPP	Wednesday, 30 November 2016
Offer of Attaching Options under Prospectus closes	Wednesday, 30 November 2016
Issue of Shares under Placement Tranche 2 and SPP	Thursday, 1 December 2016
Trading of all Shares and Attaching Options (subject to ASX Listing Rules)	Monday, 5 December 2016

LPI reserves the right to vary these times and dates in its absolute discretion by sending a revised timetable to ASX. All times are Sydney times.

KEY SPP INFORMATION

What is the SPP?

The SPP provides Eligible Shareholders with the opportunity to subscribe for up to \$15,000 worth of New Shares without paying any brokerage or other charges.

Applications may be scaled back at the absolute discretion of LPI.

How much will the Company raise under the SPP?

LPI is seeking to raise \$2 million under the SPP. The Company reserves the right to raise more or less than this amount in its absolute discretion.

LPI may, at its absolute discretion, scale back the number of New Shares that will be allotted to individual Shareholders under the SPP.

What is the Offer Price of New Shares under the SPP?

The New Shares will be issued under the SPP at the Offer Price of \$0.38 (38 cents) per New Share, which is the price at which shares were issued to investors under the Placement.

There is a risk that the market price of Shares may rise or fall between the Record Date, the date of this Booklet, the date on which a Shareholder makes a payment for New Shares or sends in an Application Form, and the time of issue of New Shares under the SPP. This means that the price you pay for the New Shares issued to you may be less than or more than the market price of Shares at the date of this Booklet or the time of issue of the New Shares.

Your application is unconditional and may not be withdrawn even if the market price of Shares is less than the Offer Price.

The current LPI share price can be obtained from the ASX and is listed in the financial and business section of major daily newspapers circulating in Australia.

Is the SPP underwritten?

Yes, the first \$1,000,000 worth of New Shares to be issued under the SPP is underwritten by Blue Ocean. Accordingly, if no subscriptions are received for New Shares under the SPP, Blue Ocean will be required to subscribe for \$1,000,000 worth of New Shares, subject to approval at the AGM. Likewise, if subscriptions are received for \$1,000,000 worth of New Shares under the SPP, Blue Ocean will not have any obligation to subscribe for New Shares.

How much can I invest under the SPP?

Eligible Shareholders may apply for a parcel of New Shares under the SPP in accordance with the application amounts set out below. The maximum investment amount under the SPP is \$15,000 or 39,474 New Shares, subject to scaleback at the absolute discretion of LPI.

The number of New Shares issued to an applicant will be rounded up to the nearest whole number after dividing the application monies by the Offer Price.

Application amount	\$1,000	\$2,000	\$5,000	\$10,000	\$15,000
Number of New Shares (and Attaching Options)	2,632	5,264	13,158	26,316	39,474

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Am I an Eligible Shareholder?

Participation in the SPP is optional and is available exclusively to Shareholders who are registered holders of Shares at the Record Date with a registered address in Australia or New Zealand provided that such Shareholder is not in the United States, or acting for the account or benefit of a person in the United States (“**Eligible Shareholder**”).

The SPP is also being extended to Eligible Shareholders who are Custodians for them to participate in the SPP on behalf of certain Eligible Beneficiaries (who are Australian and New Zealand residents and not in the United States, or acting for the account or benefit of a person in the United States) on the terms and conditions provided in this Booklet.

How do I apply for New Shares?

If you wish to participate in the SPP, you need to do one of the following.

Option 1: Pay by BPAY®

Make payment by BPAY® as shown on the enclosed Application Form. To apply via BPAY® you must have an Australian bank account. If you apply via BPAY® there is no need to return the enclosed Application Form, but you will be taken to have made the statements and certifications that are set out in the Application Form.

Payment must be received in cleared funds by no later than 5.00 pm (Sydney time) on Friday, 18 November 2016.

Option 2: Pay by cheque or money order

Complete and return the enclosed Application Form together with a cheque or money order made payable to “Lithium Power International Corporate Actions Account” as shown on the Application Form. Application Forms and payment must be received by no later than 5.00 pm (Sydney time) on Friday, 18 November 2016 and should be sent in the enclosed reply paid envelope or mailed to Boardroom Pty Ltd at the following address:

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

The Application Form allows Eligible Shareholders to apply for both New Shares (offered under this SPP) and the Attaching Options (offered under the Prospectus).

Do I have to participate in the SPP?

No, participation in the SPP is entirely voluntary.

If you do not wish to participate in the SPP (and the offer of Attaching Options), do nothing.

Can my offer under the SPP be transferred to a third party?

No, the offer cannot be transferred.

What are the rights attached to New Shares issued under the SPP?

New Shares issued under the SPP will rank equally with other fully paid ordinary shares of LPI as at the date of issue of the New Shares.

What are the Attaching Options and what is my entitlement to them?

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The Attaching Options are a free attaching option, offered to participants in the Placement and SPP.

Eligible Shareholders will be entitled to apply for one Attaching Option for each New Share subscribed for under the SPP. The Attaching Options will be issued for nil consideration and will be exercisable at \$0.55 (55 cents), expiring on 24 November 2017. Each Attaching Option gives the holder the right to subscribe for 1 Share upon exercise.

The offer of New Shares under the SPP is made in accordance with ASIC Class Order 09/425 and therefore does not require a prospectus for the purposes of Chapter 6D of the Corporations Act. However, given that ASIC Class Order 09/425 does not provide relief for an offer of options, LPI has issued the enclosed Prospectus for the offer of Attaching Options. Please refer to the enclosed Prospectus for further details on the offer of Attaching Options.

The offer of Attaching Options (which is governed by the Prospectus) is conditional on LPI obtaining Shareholder approval at the AGM. If Shareholder approval is not obtained, Shareholders who subscribe for New Shares under the SPP will be issued New Shares but will not be issued Attaching Options.

In the event of a scale-back, the number of Attaching Options issued to you will be scaled back in the same proportion as the number of New Shares applied for is scaled back (so that you will be issued the same number of Attaching Options and New Shares).

Will the Attaching Options be quoted on ASX?

LPI intends to seek quotation of the Attaching Options on ASX, subject to satisfaction of ASX Listing Rule 2.5, condition 6, which requires that there are at least 100,000 Attaching Options on issue and 50 holders of Attaching Options with a marketable parcel (excluding restricted securities). If this condition is not satisfied, the Attaching Options will not be quoted.

Where can I get more information on the SPP?

If you have questions in relation to how to participate in the SPP, please contact the Company's share registry, Boardroom Pty Limited, on 1800 655 325 (callers within Australia) or +612 9290 9600 (callers outside Australia). If you have any questions in relation to whether an investment in LPI through the SPP is appropriate for you, please contact your stockbroker, accountant or other professional adviser.

What do I do if I am a Custodian?

The SPP is being extended to Eligible Shareholders who are Custodians and who wish to apply for New Shares on behalf of certain Eligible Beneficiaries.

The SPP is being offered to Custodians as the registered Shareholder. Custodians are not required to participate on behalf of their Eligible Beneficiaries. Custodians may choose whether or not to extend the SPP to their Eligible Beneficiaries.

If you wish to apply as a Custodian under the SPP to receive New Shares for one or more Eligible Beneficiaries, you must complete and submit an additional Custodian Certificate before your application will be accepted. Applications by Custodians that are not accompanied by a duly completed Custodian Certificate will be rejected. By applying as a Custodian on behalf of Eligible Beneficiaries to purchase New Shares, you certify (amongst other things) that each Eligible Beneficiary has not exceeded the \$15,000 limit.

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TERMS AND CONDITIONS OF THE SPP

SPP Offer

- 1.1 Lithium Power International Limited (“LPI” or “Company”) offers Eligible Shareholders (defined in clause 2 below) the opportunity to purchase up to \$15,000 worth of fully paid ordinary shares in LPI (“New Shares”) at an Offer Price per New Share as determined under clause 1.2 below under the Share Purchase Plan (“SPP”), subject to and in accordance with the terms and conditions set out in this Booklet.
- 1.2 The Offer Price will be \$0.38 (38 cents) per New Share, which is the same price at which Shares have been issued to investors under the Placement. The Offer Price is a 11.0% discount to the 10 day volume weighted average price of Shares trading on ASX up to and including 11 October 2016 (the last trading day of the Shares before announcement of the Placement).
- 1.3 Each person who applies to participate in the SPP accepts the risk that the market price of Shares may change between the Record Date, the date of the SPP Offer, the date on which the applicant makes a BPAY[®] payment or sends in an Application Form and the date on which New Shares are issued to the applicant under the SPP. The effect of this is that the Offer Price may be higher or lower than the market price of Shares at any given time and that Shares could be bought on-market at a lower price than the Offer Price.
- 1.4 In these terms and conditions, the “SPP Offer” means the offer in clause 1.1.
- 1.5 Only persons who are Eligible Shareholders may participate in the SPP. If you are an Eligible Shareholder, your rights under the SPP Offer and SPP are personal to you and cannot be transferred to another person.
- 1.6 Directors and employees of LPI who are Eligible Shareholders may participate in the SPP.
- 1.7 All references to \$ or dollars in this booklet are references to Australian dollars unless indicated otherwise.
- 2. Eligible Shareholders**
- 2.1 Subject to the remaining paragraphs of this clause 2, an “Eligible Shareholder” means a registered holder of LPI Shares as at the “Record Date” (being 7:00 pm Sydney time on Thursday, 13 October 2016) whose address, as recorded in LPI’s register of members, is in Australia or New Zealand.
- 2.2 The SPP Offer is not made to Shareholders with registered addresses outside Australia or New Zealand.
- 2.3 The New Shares to be issued under the SPP have not been and will not be registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction in the United States. The New Shares may not be offered, sold or otherwise transferred in the United States except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and the applicable securities laws of any state or other jurisdiction in the United States. Accordingly, Shareholders who are located in the United States or who are, or are acting for the account or benefit of, persons in the United States, are not Eligible Shareholders and are not entitled to participate in the SPP.
- 2.4 Shareholders who are joint holders of Shares are taken to be a single registered holder of Shares for the purposes of determining whether they are an Eligible Shareholder, and the certification in the Application Form by one joint holder will be taken to have been given by all joint holders.
- 2.5 Where a Custodian (as defined in ASIC Class Order 09/425) is a registered holder of Shares on the Record Date and holds Shares on behalf of one or more persons with a registered address in Australia or New Zealand who is not in the United States, or acting for the account or benefit of a person in the United States (“Eligible Beneficiaries”), the SPP Offer is made to the Custodian and the Custodian has the discretion whether to extend the SPP Offer to the Eligible Beneficiaries. If you are a Custodian who wishes to apply for New Shares on behalf of an Eligible Beneficiary, LPI will not issue New Shares unless you submit an additional Custodian

Certificate that contains further certifications and details (required by the terms of ASIC Class Order 09/425). Applications by Custodians that are not accompanied by a duly completed Custodian Certificate will be rejected.

- 2.6 Custodians must request a Custodian Certificate when making an application on behalf of Eligible Beneficiaries. To request a Custodian Certificate or further information about the custodian application process, please contact Boardroom Pty Limited, the Company's share registry, from 9.00am to 5.00pm Monday to Friday on 1800 655 325 (callers within Australia) or +612 9290 9600 (callers outside Australia).
- 2.7 A Shareholder or Custodian will be ineligible to participate in the SPP if their participation would be in breach of ASIC Class Order 09/425.

3 Application to Participate

Applying for New Shares

- 3.1 Participation in the SPP is optional.
- 3.2 Eligible Shareholders may participate in the SPP by applying to purchase a parcel of New Shares in the following amounts, up to a maximum amount of \$15,000 per Eligible Shareholder:
- (a) \$1,000 (2,632 New Shares);
 - (b) \$2,000 (5,264 New Shares);
 - (c) \$5,000 (13,158 New Shares);
 - (d) \$10,000 (26,316 New Shares); or
 - (e) \$15,000 (39,474 New Shares).

The number of New Shares issued to an applicant will be rounded up to the nearest whole number after dividing the application monies by the Offer Price.

- 3.3 If you are an Eligible Shareholder and wish to participate in the SPP, you must either:
- (a) make payment by BPAY[®] in the appropriate amount in Australian dollars using your customer reference number (which is required to identify your holding) and the biller code, both of which are set out on your personalised Application Form, so that payment is received by LPI's share registry by no later than 5.00 pm (Sydney time) on Friday, 18 November 2016. If you make a payment by BPAY[®] you do not need to send your completed Application Form as receipt of your BPAY[®] payment will be taken by LPI as your application;
- OR
- (b) complete and submit your personalised Application Form in accordance with the instructions on it and make payment for the New Shares by enclosing a cheque or money order for the appropriate amount in Australian dollars made payable to "Lithium Power International Corporate Actions Account" and sending the cheque or money order with the Application Form:
 - (i) in the enclosed reply paid envelope; or
 - (ii) by mail to
Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

so that they are received by LPI's share registry no later than 5.00 pm (Sydney time) on Friday, 18 November 2016.

Receipts for payment will not be issued.

- 3.4 If an Eligible Shareholder has more than one holding, the Eligible Shareholder may not apply for New Shares with an aggregate value of more than \$15,000 under the SPP. Accordingly, an

Eligible Shareholder may only make an application for the maximum amount with respect to one holding.

- 3.5 You should be aware that your own financial institution may implement earlier cut off times for electronic payments and you should take this into consideration when making payment of application monies via BPAY[®]. Your financial institution may have a set limit on the amount that you can pay via BPAY[®]. It is your responsibility to ensure that the amount you wish to pay via BPAY[®] is received by LPI's share registry by 5.00 pm (Sydney time) on Friday, 18 November 2016.

If you make a payment via BPAY[®] you represent and warrant that the total of the application price for the following does not exceed \$15,000:

- (i) the New Shares the subject of your application;
- (ii) any other Shares issued to you under an arrangement similar to the SPP in the 12 months before the date of your application under the SPP;
- (iii) any other New Shares which you have instructed a Custodian to acquire on your behalf under the SPP; and
- (iv) any other Shares issued to a Custodian under an arrangement similar to the SPP in the 12 months before the date of your application for New Shares as a result of an instruction given by you to the custodian or another custodian and which resulted in you holding beneficial interests in such Shares, even though you may have received more than one offer or received offers in more than one capacity.

LPI's discretion with regard to applications

- 3.6 LPI may accept or reject any application under the SPP, including where:
- (a) you are not making a BPAY[®] payment, your Application Form is incorrectly completed, incomplete or the application is otherwise determined by LPI to be invalid;
 - (b) you make your payment by cheque or money order and the cheque or money order is dishonoured or has otherwise not been completed correctly;
 - (c) the amount of your BPAY[®] payment or cheque or money order is not equal to \$1,000, \$2,000, \$5,000, \$10,000 or \$15,000. If this occurs, LPI may either:
 - (i) refund in full your application monies and not allot any New Shares to you; or
 - (ii) allot you the number of New Shares that would have been allotted had you applied for the highest designated amount that is less than the amount of your payment and refund to you the excess of your application monies;
 - (d) it appears that you are applying to purchase more than \$15,000 worth of New Shares in aggregate (including as a result of any Shares you hold directly, jointly or through a custodian or nominee arrangement);
 - (e) your application Form, BPAY[®] payment or cheque or money order is received after 5.00 pm (Sydney time) on Friday, 18 November 2016;
 - (f) payment of the application monies is not submitted in Australian currency or, if payment is made by cheque or money order, the cheque or money order is not drawn on an Australian financial institution; or
 - (g) LPI reasonably believes that you are not eligible to participate in the SPP (subject to compliance with any applicable ASIC or ASX requirements).

Refund

- 3.7 If you are entitled to a refund of all or any of your application monies the refund will be paid to you, without interest, as soon as is practicable:
- (a) by direct credit to your nominated bank account (as recorded by LPI's share registry) or cheque; or

- (b) by returning your Application Form and cheque or money order, if not processed, to your registered address as recorded in LPI's register of members.

4. Effect of Making an Application

If you submit a BPAY[®] payment or complete and return an Application Form together with a cheque or money order:

- (a) you warrant that you are an Eligible Shareholder and are eligible to participate in the SPP;
- (b) you are deemed to have accepted the SPP Offer and you irrevocably and unconditionally acknowledge and agree to the terms and conditions of the SPP and the terms of the Application Form and agree not to do any act or thing that would be contrary to the spirit, intention or purpose of the SPP;
- (c) you acknowledge that your application will be irrevocable and unconditional;
- (d) you agree to pay the Offer Price per New Share up to the maximum of:
 - (i) the value you have selected on the Application Form; or
 - (ii) the maximum value of your BPAY[®] payment or cheque or money order;
- (e) you certify and represent to LPI that you have not directly or indirectly, including through a Custodian, applied for more than \$15,000 worth of New Shares;
- (f) you certify that the total of the application price for the following does not exceed \$15,000:
 - (i) the New Shares the subject of your application;
 - (ii) any other Shares issued to you under an arrangement similar to the SPP in the 12 months before the date of your application under the SPP;
 - (iii) any other New Shares which you have instructed a Custodian to acquire on your behalf under the SPP; and
 - (iv) any other Shares issued to a Custodian under an arrangement similar to the SPP in the 12 months before the date of your application for New Shares as a result of an instruction given by you to the custodian or another custodian and which resulted in you holding beneficial interests in such Shares, even though you may have received more than one offer or received offers in more than one capacity;
- (g) you accept the risk associated with any refund that may be sent to your address (as shown on LPI's register of members) or to your nominated bank account (as recorded by LPI's share registry);
- (h) you acknowledge that no interest will be paid on any application monies held pending the allotment of New Shares or subsequently refunded to you for any reason;
- (i) you acknowledge that neither LPI nor its share registry has provided any investment advice or financial product advice and that neither of them has any obligation to provide this advice in relation to your consideration as to whether or not to participate in the SPP;
- (j) you acknowledge that LPI (and each of its officers and agents) is not liable for any consequences of the exercise or non-exercise of its discretions referred to in these terms and conditions;
- (k) you acknowledge that the New Shares to be issued under the SPP have not, and will not be, registered under the Securities Act or the securities laws of any other jurisdiction outside Australia or New Zealand and, accordingly, the New Shares to be issued under the SPP may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws;

- (l) you agree not to send this Booklet or any other material relating to the SPP to any person in the United States or any other country outside Australia and New Zealand;
- (m) you agree to be bound by LPI's constitution;
- (n) you authorise LPI (and each of its officers and agents) to correct any error in, or omission from, the Application Form and complete the Application Form by inserting any missing details;
- (o) you acknowledge that LPI may at any time irrevocably determine that your application is valid, in accordance with the terms and conditions of the SPP, even if the Application Form is incomplete, contains errors or is otherwise defective; and
- (p) you are responsible for any dishonour fees or other costs LPI may incur in presenting a cheque that is dishonoured.

5. Scale-Back and Increase in SPP Offer Size

- 5.1 LPI may in its discretion undertake a scale-back to the extent and in the manner it sees fit.
- 5.2 If there is a scale-back you may receive less than the parcel of New Shares for which you have applied.
- 5.3 If a scale-back produces a fractional number of New Shares when applied to your parcel, the number of New Shares you will be allotted will be rounded up to the nearest whole number of New Shares.
- 5.4 If there is a scale-back, the difference between the application monies received from you, and the number of New Shares allocated to you multiplied by the Offer Price, will be refunded to you in accordance with clause 3.7.
- 5.5 While the Company is seeking to raise \$2,000,000 under the LPI, LPI reserves the absolute discretion to raise more than or less than this amount.

6. The New Shares

- 6.1 New Shares issued under the SPP will rank equally in all respects with existing Shares quoted on the ASX, with the same voting rights, dividend rights and other entitlements (other than the right to subscribe for free attaching Options on a 1:1 basis, which right will have expired at the point of issue of New Shares).
- 6.2 LPI will apply for the New Shares issued under the SPP to be quoted on the ASX.

7. No Transaction Costs

Eligible Shareholders who participate in the SPP will not pay any brokerage, commissions or other transaction costs in respect of the issue and allotment of New Shares.

8. Timetable

- 8.1 Subject to clause 8.2, the timetable for the key events relating to the SPP is as set out in the Key Dates section of this Booklet ("**Timetable**").
- 8.2 LPI may, at its discretion, vary any of the dates in the Timetable or in these terms and conditions by lodging a revised timetable with the ASX.

9. Dispute Resolution

LPI may settle in any manner it thinks fit, any difficulties, anomalies or disputes that may arise in connection with or by reason of the operation of the SPP, whether generally or in relation to any participant or application. Any determinations by LPI will be conclusive and binding on all Eligible Shareholders and other persons to whom the determination relates. LPI's rights may be exercised by its board or any delegate of the board.

10. Variation, Suspension and Termination

- 10.1 LPI may at its discretion and at any time:

- (a) vary, suspend or terminate the SPP. If LPI does this, it will make an announcement to the ASX. Failure to notify Shareholders of variations to or the suspension or termination of the SPP will not invalidate the variation, suspension or termination; or
- (b) to the extent permitted by law, waive compliance with any provision of the SPP or these terms and conditions.

10.2 LPI reserves the right to issue no New Shares under the SPP or fewer New Shares under the SPP than applied for under the SPP at its complete discretion, including if LPI believes the issue of those New Shares would contravene ASIC requirements or policy, any law or any ASX Listing Rule.

11. ASIC Class Order 09/425 compliance

11.1 The SPP is offered in compliance with ASIC Class Order 09/425. ASIC Class Order 09/425 provides relief from the requirement for LPI to provide prospectus disclosure in relation to the SPP. This booklet is not a prospectus under the Corporations Act.

11.2 ASIC Class Order 09/425 also provides relief to allow clients of second or subsequent level custodians to participate in the SPP. Any additional or varied ASIC requirements in the class order will apply to participation on behalf of such clients.

12. Underwriting

The first \$1,000,000 worth of New Shares to be issued under the SPP is underwritten by Blue Ocean Equities Pty Limited. Accordingly, if no subscriptions are received for New Shares under the SPP, Blue Ocean will be required to subscribe for \$1,000,000 worth of New Shares, subject to approval at the AGM. Likewise, if subscriptions are received for \$1,000,000 worth of New Shares under the SPP, Blue Ocean will not have any obligation to subscribe for New Shares.

13. Governing Law

These SPP terms and conditions are governed by the laws in force in New South Wales. Any dispute arising out of, or in connection with, these terms and conditions, or the SPP Offer, will be determined by the courts of New South Wales. By accepting the SPP Offer, you agree to submit to the non-exclusive jurisdiction of the courts in New South Wales. Other terms and conditions, rights and obligations of New Shares are contained in the constitution of the Company. The terms and conditions of the SPP prevail to the extent of any inconsistency with the Application Form.

GLOSSARY

The following terms apply throughout this Booklet unless the context requires otherwise.

Defined term	Meaning
AGM	the annual general meeting of the Company, to be held in Sydney at 11.00am (Sydney time) on Monday, 28 November 2016.
Application Form	your personalized application form enclosed with this Booklet.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited or the market operated by it, as the context requires.
ASX Listing Rules	the listing rules of ASX.
Attaching Option	a free attaching option, offered to participants in the Placement and SPP for nil consideration on the basis of an entitlement to 1 option for every 1 Share issued, the offer of which is being made by the Company through the Prospectus (which also sets out the terms of issue of the options).
Beneficiary	a person on whose behalf a Custodian is holding Shares on the Record Date.
Blue Ocean	Blue Ocean Equities Pty Limited.
Booklet	this booklet, which sets out the terms of the SPP Offer.
Corporations Act	the <i>Corporations Act 2001 (Cth)</i> .
Custodian	a custodian as defined in paragraph 14 of ASIC Class Order 09/425.
Custodian Certificate	a certificate complying with paragraph 9 of ASIC Class Order 09/425.
Eligible Beneficiary	as defined in section 2.1 of the terms and conditions.
Eligible Shareholder	Shareholders who are registered holders of Shares at the Record Date with a registered address in Australia or New Zealand provided that such Shareholder is not in the United States, or acting for the account or benefit of a person in the United States.
LPI or Company	Lithium Power International Limited ACN 607 260 328.
New Shares	a Share to be issued (at the Offer Price) to successful applications under the SPP Offer.
Offer Price	the price per New Share as determined under clause 1.2 of the terms and conditions.

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Defined term	Meaning
Placement	the placement of Shares to sophisticated and professional investors announced by the Company on 14 October 2016 which will raise \$12 million in two tranches, the second tranche of which is conditional on Shareholder approval at the AGM.
Prospectus	the transaction-specific issued by the Company on the date of this Booklet in connection with the offer of Attaching Options.
Record Date	7.00pm (Sydney time) on Thursday, 13 October 2016.
Securities Act	the US Securities Act of 1933.
Share	a fully paid ordinary share in LPI.
Shareholder	a registered holder of Shares.
SPP	as defined in clause 1.1 of the terms and conditions.
SPP Offer	as defined in clause 1.3 of the terms and conditions.

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PROSPECTUS

LITHIUM POWER INTERNATIONAL LTD
ACN 607 260 328

PROSPECTUS

For an offer of up to 31,578,947 free attaching Options for nil consideration, exercisable at \$0.55 each and expiring on 24 November 2017, on the basis of 1 free Option for every 1 Share issued to investors under the Placement (**Placement Offer**);

and

For an offer of up to 1,315,790 free attaching Options for nil consideration, exercisable at \$0.55 each and expiring on 24 November 2017, on the basis of 1 free Option for every 1 Share issued to Directors Ricky Fertig and Andrew Phillips (**Director Offer**);

and

For an offer of up to 2,000,000 free attaching Options for nil consideration, exercisable at \$0.55 each and expiring on 24 November 2017, to Blue Ocean Equities Pty Limited (**Blue Ocean Offer**);

and

For an offer of up to 5,263,158 free attaching Options for nil consideration, exercisable at \$0.55 each and expiring on 24 November 2017, on the basis of 1 free Option for every 1 Share issued to investors under the SPP and SPP Shortfall (**SPP Option Offer**).

The Offers are each conditional upon the Company obtaining Shareholder approval at the Company's Annual General Meeting scheduled to be held on 28 November 2016, for which a notice of meeting was dispatched on Friday, 28 October 2016. Refer to Section 3.1 for further details.

IMPORTANT INFORMATION

This Prospectus is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Options offered by this Prospectus should be considered as speculative.

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CONTENTS

Section	Page
Important Notice	2
1. Key Dates	4
2. Corporate Directory	5
3. Details of the Offers	6
4. Purpose and Effect of the Offers	10
5. Rights and Liabilities Attaching to Securities	13
6. Risk Factors	19
7. Additional Information	24
8. Glossary	28

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IMPORTANT NOTICE

Prospectus

This Prospectus relates to the offer of Options by Lithium Power International Limited (**LPI or Company**) under the Offers.

This Prospectus is dated 31 October 2016 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. The expiry date of the Prospectus is 5.00pm (Sydney time) on the date that is 13 months after the date of this Prospectus (**Expiry Date**). No Options will be issued on the basis of this Prospectus after the Expiry Date.

This Prospectus is a transaction specific prospectus for an offer of options to acquire continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and their professional advisers.

None of ASIC and ASX, and their respective officers, take any responsibility for the contents of this Prospectus or the merits of the securities to which this Prospectus relates.

Applications for Options offered pursuant to this Prospectus can only be submitted on an Application Form.

No representation other than in this Prospectus

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

Except as required by law, and only to the extent so required, neither LPI nor any other person warrants or guarantees the future performance of the Company or any return on any investment made pursuant to this Prospectus, or on the exercise of the Options issued under this Prospectus.

Prospectus does not contain investment advice

The information provided in this Prospectus is not investment advice and has been prepared without taking into account your investment objectives, financial situation or particular circumstances. It is important that you read and consider the information in this Prospectus in full before deciding to apply for Options and consider the risks that could affect the performance of Options and Shares issued on exercise of the Options.

If you have any questions, you should seek advice from your financial or other professional adviser.

Obtaining a Prospectus and Application Form

Paper copies of this Prospectus and an Application Form can be obtained free of charge during the offer period (as set out in Section 3.11 of this Prospectus) by calling Boardroom Pty Limited, the Company's share registry (**Share Registry**), from 9.00am to 5.00pm, Monday to Friday, on 1800 655 325 (callers within Australia) or +612 9290 9600 (callers outside Australia).

Risk Factors

Potential investors should be aware that subscribing for and exercising Options involves a number of risks. The key risk factors which investors should be aware are set out in Section 6 of this Prospectus. These risks, together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Options, and underlying Shares, in the future.

Restrictions on Foreign Jurisdictions

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

No action has been taken to register or qualify the Options being offered under the Offers or otherwise permit a public offering of the Options in any jurisdiction other than Australia and New Zealand. This Prospectus may not be distributed to or relied on by persons outside Australia or New Zealand.

In particular, this Prospectus, the Offers and the Options to be issued under the Prospectus have not been, and will not be, registered under the US Securities Act of 1933 (as amended) and the Offers may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

Information for New Zealand investors

The Offers to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and Regulations. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings-Australia) Regulations 2013. The Offers and the content of this Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 and Regulations (Australia) set out how the Offers must be made.

There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime. The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies and compensation arrangements for New Zealand securities. Both the Australian and New Zealand securities regulators have enforcement responsibilities in

relation to the Offers. If you need to make a complaint about the Offers, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint. The taxation treatment of Australian securities is not the same as for New Zealand securities. If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial investor.

The Offers may involve a currency change risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant. If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand and in New Zealand dollars.

If the securities are able to be traded on a securities market and you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

Financial information and forward looking statements

Section 4 sets out in detail the financial information referred to in this Prospectus and the basis of preparation of that information.

Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

This Prospectus contains forward looking statements which are identified by words such as “may”, “could”, “believes”, “estimates”, “expects”, “intends” and other similar words that involve risks and uncertainties. Any forward looking statements are subject to various risk factors that could cause the Company’s actual results to differ materially from the results expressed or anticipated in these statements. Forward looking statements should be read in conjunction with risk factors as set out in Section 6, and other information in this Prospectus.

Defined words and expressions

Some words and expressions used in this Prospectus have defined meanings. These words and expressions are capitalised and are defined throughout the Prospectus or in the Glossary in Section 8.

A reference to \$ or cents in this Prospectus is a reference to Australian currency (unless otherwise stated). A reference to time in this Prospectus is a reference to Sydney, Australia time.

Privacy

If you apply for Options, you will provide personal information to the Company and the Share Registry. The Company and the Share Registry collect, hold and use your personal information in order to assess your application, service your needs as a Shareholder and Option holder, provide facilities and services that you request and carry out appropriate administration. Company and tax laws require some of the information to be collected. If you do not provide the information requested, your application may not be able to be processed efficiently, or at all.

Each of the Company and the Share Registry may disclose your personal information for purposes related to your shareholding or optionholding to each other and to their respective agents and services providers including those listed below or as otherwise authorised under the *Privacy Act 1988* (Cth) (**Privacy Act**):

- In the case of the Company, to the Share Registry for ongoing administration of the share register.
- In the case of the Company and the Share Registry, to printers and mailing houses for the purposes of preparation and distribution of Optionholder information and for handling of mail.

Under the Privacy Act, you may request access to your personal information held by (or on behalf of) the Company or the Share Registry. You can request access to your personal information by telephoning or writing to the Company through the Share Registry as follows:

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000

1 KEY DATES

The key dates in respect of the Offers are as follows.

Event	Date
SPP Record Date	Thursday, 13 October 2016 (7.00pm)
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	Friday, 28 October 2016
Lodgement of Prospectus in connection with offer of Options with ASIC	Monday, 31 October 2016
Dispatch of SPP booklet and Prospectus	Monday, 31 October 2016
SPP opens	Monday, 31 October 2016
SPP closes Closing Date for receipt of applications for Options under the SPP Option Offer (other than in relation to the SPP Shortfall)	Friday, 18 November 2016 (5.00pm)
Annual General Meeting	Monday, 28 November 2016
Settlement of Placement Tranche 2 and SPP	Wednesday, 30 November 2016
Closing Date for receipt of applications for Options under the Placement Offer, Director Offer, Blue Ocean Offer and SPP Option Offer (but only in relation to the SPP Shortfall)	Wednesday, 30 November 2016
Issue of Shares under Placement Tranche 2 and SPP and issue of Options	Thursday, 1 December 2016
Trading of all Shares and Options (subject to ASX Listing Rules)	Monday, 5 December 2016

LPI reserves the right to vary these times and dates (other than in respect of events that have already occurred) in its absolute discretion by sending a revised timetable to ASX. All times are Sydney times.

2 CORPORATE DIRECTORY

Directors Mr Reccared (Ricky) P Fertig (Non-Executive Chairman) Mr Martin Holland (Managing Director and Chief Executive Officer) Mr Andrew G Phillips (Executive Director and Chief Financial Officer) Dr Luis Ignacio Silva P (Non-Executive Director and Latin America Regional Manager)	Registered Office Level 7, 151 Macquarie Street, Sydney, New South Wales, Australia 2000 Telephone: + 61 2 9276 1245 Facsimile: +61 2 9276 1284 Website: www.lithiumpowerinternational.com
Company Secretary Mr Andrew G Phillips	Technical Advisory Board Mr Murray Brooker Dr Luis Ignacio Silva P
Share Registry Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000 Telephone: +61 2 9290 9600 Facsimile: +61 2 9279 0664 Website: www.boardroomlimited.com.au	Australian Legal Adviser Clarendon Lawyers Level 29, 55 Collins Street MELBOURNE VIC 3000 Website: www.clarendonlawyers.com.au
Auditor* Ernst & Young The EY Centre, Level 34, 200 George Street Sydney NSW 2000	ASX Code: LPI

*The Auditor is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

3 DETAILS OF THE OFFERS

3.1 Background

As announced on 14 October 2016, LPI is undertaking an issue of Shares and Options comprising the following components:

- (a) A successful two-tranche Placement to sophisticated and professional investors to raise approximately \$12 million, through the issue of 31,578,947 Shares at the Offer Price of \$0.38 per Share. The first tranche of the Placement completed on 20 October 2016 and raised approximately \$6.4 million. Completion of the second tranche of the Placement is conditional on Shareholder approval at the Company's annual general meeting (**AGM**), to be held at the offices of Kemp Strang Lawyers at 11.00am (Sydney time) at Level 17, 175 Pitt Street, Sydney. If approved, this tranche will raise approximately \$6.4 million.
- (b) A placement of a total of \$500,000 worth of Shares (1,315,790 Shares) to Directors Ricky Fertig and Andrew Phillips, on exactly the same terms as Shares were offered under the Placement (**Director Placement**). Completion of the Director Placement is subject to Shareholder approval at the AGM.
- (c) A Share Purchase Plan to accompany the Placement, under which Eligible Shareholders (ie Shareholders with an address in Australia or New Zealand who are on the register as at the SPP Record Date) 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.
- (d) Shares issued under the Placement, Director Placement and SPP (including the SPP Shortfall) have been offered with free attaching Options, exercisable at \$0.55 each and expiring on 24 November 2017, on the basis of 1 free Option for every 1 Share issued to investors under the Placement, Director Placement and SPP.
- (e) An offer of 2,000,000 Options to Blue Ocean Equities Pty Limited (Blue Ocean), in part-payment for services provided in connection with the Placement and SPP.

In conjunction with the offers of Shares and Options, 16,000,000 Shares will be issued to Minera Salar Blanco SpA (subject to Shareholder approval at the AGM) as part-consideration for the acquisition of options to acquire key tenements in the Maricunga Lithium Brine Project in Chile.

3.2 Placement Offer

Investors under the Placement (**Placement Subscribers**) have been offered, subject to Shareholder approval, 1 free attaching Option, for nil consideration, for every Share issued to each investor under the Placement.

The offer of Options to Placement Subscribers (the **Placement Offer**) is being made in this Prospectus and will result in the issue of up to 31,578,947 Options to the Placement Subscribers.

3.3 Director Offer

Directors Ricky Fertig and Andrew Phillips (**Director Subscribers**) have been offered, subject to Shareholder approval, 1 free attaching Option, for nil consideration, for every Share issued to them under the Director Placement. The offer of Options to Director Subscribers (the **Director Offer**) is being made in this Prospectus and may result in the issue of up to:

- (a) 1,052,632 Options to Ricky Fertig; and
- (b) 263,158 Options to Andrew Phillips.

3.4 Blue Ocean Offer

Blue Ocean has been offered 2,000,000 Options, for nil consideration, in part-payment for services provided by Blue Ocean in connection with the Placement and SPP.

The offer of Options to Blue Ocean (**Blue Ocean Offer**) is being made in this Prospectus.

3.5 SPP Option Offer

Eligible Shareholders who subscribe for Shares under the SPP, and any investors who subscribe for Shares under the SPP Shortfall (together **SPP Subscribers**), are also being offered, subject to Shareholder approval, 1 free attaching Option, for nil consideration, for every 1 Share issued to them in connection with the SPP and the SPP Shortfall.

The offer of these Options (the **SPP Option Offer**) is being made in this Prospectus and may result in the issue of up to 5,263,158 Options to the SPP Subscribers.

3.6 The Offers and Subscribers

The Placement Offer, Director Offer, Blue Ocean Offer and SPP Option Offer together comprise the **Offers**.

Placement Subscribers, Director Subscribers, Blue Ocean and SPP Subscribers are referred to as the **Subscribers**.

3.7 Conditional Offers

The Offers are each conditional on Shareholder approval at the AGM.

3.8 Ranking of Shares on exercise of Options

All of the Shares issued upon the future exercise of the Options offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 5.2 for further information regarding the rights and liabilities attaching to the Shares.

3.9 Minimum and maximum subscription

Other than in respect of the SPP Option Offer, there is no minimum subscription under any of the Offers.

Other than in respect of the Blue Ocean Offer, no person may apply for (and LPI will not issue) Options under any of the Offers in excess of the number of Shares applied for in the accompanying offer of Shares.

3.10 Consideration payable

The Options will be issued to the Subscribers for nil cash consideration.

The Offers are non-renounceable. Accordingly, a Subscriber may not sell or transfer all or part of their entitlement to subscribe for Options.

3.11 Offer Period

Each of the Offers will open on 31 October 2016 (**Opening Date**).

Applications for Options under the Offers close on the following dates (respectively, the **Closing Dates**):

- (a) applications by Eligible Shareholders participating in the SPP Option Offer close at 5.00pm (Sydney time) on Friday, 18 November 2016 (ie, at the same time as the SPP closes);
- (b) applications by:
 - (i) Placement Subscribers participating in the Placement Offer;
 - (ii) Director Subscribers participating in the Director Offer;
 - (iii) Blue Ocean participating in the Blue Ocean Offer; and
 - (iv) investors applying for the SPP Shortfall in the SPP Option Offer (but not Eligible Shareholders participating in the SPP Option Offer),

each close on Wednesday, 30 November 2016.

The Opening Date and Closing Dates for the Offers are indicative only and subject to change without notice. The Company may vary these dates, including to close the Offers early or extend the Closing Dates, at any time prior to the issue of Options.

If any of the dates are changed, subsequent dates may also change. You are encouraged to lodge your Application Form as soon as possible after the Opening Date.

3.12 How to apply for Options

If you are eligible to subscribe for Options pursuant to the Placement Offer, Director Offer, Blue Ocean Offer or SPP Shortfall and wish to subscribe, please complete an Investor Application Form.

If you are an Eligible Shareholder who wishes to subscribe for Shares pursuant to the SPP and Options pursuant to the SPP Option Offer, and wish to subscribe, please complete an SPP Offer Application Form.

If the number Options subscribed for is less than the number of Options to which the relevant Subscriber is entitled under the Offer, LPI reserves the right to reject the application and not allot any Options to the Subscriber, or accept it in respect of the lesser number of Options to which the Subscriber is entitled. Once an application has been made it cannot be revoked. No notice of acceptance of an application will be provided.

Completed Application Forms must be received, in accordance with the instructions on the Application Form, by no later than the applicable Closing Date in respect of each respective Offer.

3.13 Withdrawal

Subject to the Corporations Act, the ASX Listing Rules and any other requirements of ASX or the law, the Directors may decide to withdraw this Prospectus and the Offers at any time prior to the allotment of Options or to waive strict compliance with any provision of the terms and conditions of the Offers.

3.14 Underwriting

The Offers are not underwritten.

The first \$1,000,000 worth of Shares (2,631,579 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 approval at the AGM. 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 New Shares.

Accordingly, if Blue Ocean is required to subscribe for the maximum 2,631,579 Shares as part-underwriter of the SPP, Blue Ocean (or any sub-underwriter appointed by it) will be entitled to, but not obliged to, apply for 2,631,579 Options as part of the SPP Option Offer.

3.15 ASX quotation

The Company will apply for quotation of the Options on ASX within 7 days after the date of this Prospectus, however there is no guarantee that the Options will be quoted and the Company expressly states that the Options may not be quoted on ASX.

Quotation of the Options on ASX is dependent on the satisfaction of ASX Listing Rule 2.5, condition 6, which requires that there are at least 100,000 Options on issue and 50 holders of Options with a marketable parcel (excluding restricted securities).

As at the date of this Prospectus, the Company cannot guarantee that this condition will be satisfied. If this condition is not satisfied, the Options will not be quoted, however the issues of Options under this Prospectus (which are issues made for nil cash consideration) will be made.

The fact that ASX may grant official quotation to the Options is not to be taken in any way as an indication of the merits of the Company or the Options.

3.16 Allotment and holding statements

The Company anticipates issuing Options subscribed for under the Offers on 1 December 2016, at the same time as it completes the issue of Shares for tranche 2 of the Placement, the Director Placement, the SPP and any SPP Shortfall.

Holding statements for Options granted under the Offers will be mailed as soon as reasonably practicable after the Options are granted.

3.17 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing option certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Instead of Option certificates, investors will be provided with a holding statement that sets out the number of Options allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number.

3.18 Enquiries

Any questions concerning the Offers should be directed to the Share Registry on 1300 737 760 (callers within Australia) or +61 2 9290 9600 (callers outside Australia), from 9.00am to 5.00pm (Sydney time), Monday to Friday.

4 PURPOSE AND EFFECT OF THE OFFERS

4.1 Purpose of the Offer

The Offers are being made in accordance with the Company's announced intention to offer free attaching Options to Subscribers under the Placement, Director Placement and SPP, and its obligation to offer Options to Blue Ocean under the Blue Ocean Offer.

No funds will be raised from the Offers.

4.2 Effect of the Offer

The principal effect of the Offers, assuming all Options offered under the Prospectus are subscribed for and granted, will be to issue a total of 40,157,895 Options.

See Section 4.4 for further details on the effect of the Offers on the capital structure of the Company.

4.3 Pro-forma Balance Sheet

The audited balance sheet for the Company as at 30 June 2016, as per the annual report for the part financial year (24 July 2015 to 30 June 2016), and the unaudited and unreviewed pro-forma balance sheet shown below, have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared on the basis of the following key assumptions:

- (a) an amount of \$2,000,000 is raised by the issue of 5,263,158 Shares under the SPP;
- (b) all Options offered under the Prospectus are subscribed for and granted; and
- (c) all of the resolutions in the AGM in connection with the Company's issue of Shares and Options are approved by Shareholders.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	30 June 2016 (Audited) (\$'000)	30 June 2016 (Pro forma) (\$'000)
CURRENT ASSETS		
Cash and cash equivalents	7,237	21,439
GST receivable	103	103
Other	4	4
TOTAL CURRENT ASSETS	7,344	21,546
NON-CURRENT ASSETS		
Exploration and Evaluation	1,056	7,137
TOTAL NON-CURRENT ASSETS	1,056	7,137
TOTAL ASSETS	8,400	28,683
CURRENT LIABILITIES		
Trade and other payables	956	956
TOTAL LIABILITIES	956	956
NET ASSETS	7,444	27,727
EQUITY		
Issued and paid up capital	8,921	20,955
Share based payment reserve	400	1,035
Options reserve	0	7,614
Accumulated losses	(1,877)	(1,877)
TOTAL EQUITY	7,444	27,727

Notes to the unaudited, unreviewed pro forma balance sheet as at 30 June 2016:

Issued and paid up capital - \$14.5m share capital plus MSB placement & Brooker placement less placement fees & fee options

Options reserve – Placement and SPP Options issued, valued as per Black-Scholes

Share based payment reserve – Blue Ocean Options & Brooker Options valued as per Black-Scholes

Exploration & evaluation – value of Shares issued to MSB for Option Rights

Cash & cash equivalents – total cash raised in Placement and issue of Shares to Directors less fees & costs

4.4 Effect on Capital Structure

Assuming the requisite Shareholder approvals at the AGM and the subsequent completion of the issue of:

- (a) 31,578,947 Shares under the Placement, together with the issue of 31,578,947 free attaching Options under the Placement Offer;

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- (b) 5,263,158 Shares under the SPP, together with the issue of 5,263,158 free attaching Options under the SPP Option Offer;
 - (c) 2,000,000 Options to Blue Ocean under the Blue Ocean Offer;
 - (d) a total of 1,315,790 new Shares and 1,315,790 Options to Ricky Fertig and Andrew Phillips (or their nominees) under the Director Offer;
 - (e) 16,000,000 Shares to Minera Salar Blanco SpA;
 - (f) 1,000,000 Shares to Murray Brooker; and
 - (g) 1,000,000 options to Murray Brooker under the Company's option plan (to be approved at the AGM),

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

- (h) on an undiluted basis:
 - (i) 166,867,477 Shares;
 - (ii) 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;
 - (iii) 1,000,000 unlisted options to be issued to Mr Murray Brooker under the Company's option plan; and
 - (iv) 40,157,895 Options,
- (i) on a fully diluted basis (assuming exercise of all of the unlisted options and Options), 239,382,040 Shares.

5 RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

5.1 Options

The Options to be issued under the Prospectus pursuant to the capital raising and issue of Shares and Options 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.
- (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 style="padding-left: 40px;">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.

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- (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.

5.2 Shares

A summary of the key rights attaching to the Shares is set out below. The provisions of the Constitution relating to the rights attaching to the Shares must be read subject to the Corporations Act, the ASX Listing Rules and ASX Settlement Operating Rules. This summary is not intended to be exhaustive and does not constitute a definitive statement of the rights, liabilities and restrictions attaching to the Shares.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative (where the Shareholder is a body corporate) to speak and to vote at general meetings of the Company. Shareholders may requisition general meetings in accordance with the Corporations Act and the Constitution.

(b) Voting rights

Subject to any rights or restrictions attached to any class or classes of shares in the Company at any time (at present there is only one class of shares), at a general meeting of the Company:

- (i) every ordinary Shareholder present in person, or by proxy, attorney or representative has one vote on a show of hands; and
- (ii) upon a poll every ordinary Shareholder present in person or by proxy, attorney or representative has one vote for every Share held.

(c) Dividend rights and dividend policy

The Directors may declare and authorise the distribution of dividends from the profits of the Company to Shareholders according to their rights and interests, although there is no guarantee that the Company will ever pay a dividend to Shareholders.

The Directors intend to use the Company's current cash reserves and any surplus cash flow to fund the Company's projects, rather than distributing these funds as dividends.

The Directors' intend to review this policy with reference to the Company's cash flows and financial position, and may potentially initiate a revised dividend policy in the future.

The Directors can give no assurance as to the amount, timing, franking or payment of any future dividends by the Company. The capacity to pay dividends will depend on a number of factors including future earnings, capital expenditure requirements and the financial position of the Company.

(d) **Winding-up**

Shareholders will be entitled in a winding up to share in any surplus assets of the Company in proportion to the Shares held by them respectively, less any amount which remains unpaid on their Shares at the time of any such distribution.

(e) **Reports and Notices**

Shareholders are entitled to receive all notices, reports, accounts and other documents required to be furnished to Shareholders under the Constitution and the Corporations Act.

(f) **Transfer of Shares**

Subject to the Constitution and to any restrictions attached to a Shareholder's Shares at any point in time, a Shareholder may transfer any of their Shares by way of a proper ASX Settlement transfer, a written transfer in any usual form or in any other form approved by the Directors.

The Directors may decline to register a transfer of Shares or apply for a holding lock to prevent a transfer in accordance with the Corporations Act or ASX Listing Rules in the event that:

- (i) the Company has a lien on the Shares the subject of the transfer;
- (ii) the Company is served with a court order that restricts a Shareholder's capacity to transfer the Shares;
- (iii) registration of the transfer may break an Australian law;
- (iv) the transfer is lodged during the escrow period for restricted securities;
- (v) the transfer is paper-based and either a law related to stamp duty prohibits the Company from registering it or the Company is otherwise allowed to refuse to register it under the ASX Listing Rules; or
- (vi) if the transfer does not comply with the terms of any employee incentive scheme of the Company where applicable.

(g) **Future increases in capital**

The allotment and issue of Shares is under the control of the Directors of the Company. Subject to the ASX Listing Rules, and restrictions on the allotment of Shares to Directors or their associates contained in the Constitution and the Corporations Act, the Directors may allot or otherwise dispose of Shares on such terms and conditions as they see fit.

(h) **Variation of rights**

The rights, privileges and restrictions attaching to Shares can be altered with the approval of a resolution passed at a separate general meeting of the holders of Shares by a 75% majority of those holders who, being entitled to do so, vote at that meeting, or with the written consent of the holders of at least 75% of the Shares on issue.

(i) **Directors**

The Constitution contains provisions relating to the rotation of Directors (other than the Managing Director).

(j) **Application of ASX Listing Rules**

On admission to the official list, despite anything in the Constitution, if the ASX Listing Rules prohibit an act being done, then the act must not be done. Nothing in the Constitution prevents an act being done that the ASX Listing Rules require to be done. If the ASX Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the ASX Listing Rules require a constitution to contain a provision or not to contain a provision, the Constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the Constitution is or becomes inconsistent with the ASX Listing Rules, the Constitution is deemed not to contain that provision to the extent of that inconsistency.

(k) **Constitution**

A summary of the key provisions of the Constitution is set out below.

- (i) Transfer of Shares: A Shareholder may transfer any of the Shareholder's Shares by a written transfer in any usual form or in any other form approved by the Directors. However, the Directors may decline to register a transfer of Shares or apply for a holding lock to prevent a transfer in accordance with the Corporations Act or ASX Listing Rules:
- (a) if the transfer does not comply with the Constitution;
 - (b) if the Company has a lien on the Shares the subject of the transfer;
 - (c) if a court order restricts a Shareholder's capacity to transfer the Shares;
 - (d) if registration of the transfer may break an Australian law;
 - (e) if the Shareholder has agreed in writing to the application of a holding lock which does not breach the ASX Listing Rules;
 - (f) during the escrow period of restricted securities;
 - (g) if the transfer is paper-based, registration of the transfer will create a new holding which at the time the transfer is lodged is less than a marketable parcel as defined in the ASX Listing Rules;
 - (h) if the transfer does not comply with the terms of any employee incentive scheme of the Company; or
 - (i) if otherwise permitted by the ASX Listing Rules.
- (ii) Quorum at general meetings: A quorum at a general meeting consists of three Shareholders present.
- (iii) Chairperson: In the case of an equality of votes on a show of hands or on a poll, the chairperson of the meeting does not have a casting vote in addition to any vote to which that chairperson may otherwise be entitled.
- (iv) Directors – appointment and removal: The Company may at any time by resolution passed in general meeting appoint any person to be a Director or remove any Director from office.

- (v) Remuneration of Directors: The remuneration paid to Directors shall be consistent with the Corporations Act and the ASX Listing Rules. The Company may at any time by resolution passed in general meeting determine the maximum aggregate cash remuneration to be paid to all Directors.
- (vi) Quorum at meeting of Directors: At a meeting of Directors, the number of Directors whose presence is necessary to constitute a quorum is two.
- (vii) Dividends: The Directors may declare and authorise the distribution, from the profits of the Company, of dividends to be distributed to Shareholders according to their rights and interests.
- (viii) Reports and Notices: Shareholders are entitled to receive all notices, reports, accounts and other documents required to be furnished to Shareholders under the Constitution and the Corporations Act.
- (ix) Winding Up: Shareholders will be entitled in a winding up to share in any surplus assets of the Company in proportion to the Shares held by them respectively, less any amount which remains unpaid on their Shares at the time of distribution.

6 RISK FACTORS

The business activities of the Company are subject to risks and there are many risks which may impact on the Company's future performance. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but many are outside of the control of the Company and cannot be mitigated. There are also general risks associated with any investment. Investors should consider all of these risks before they make a decision whether or not to acquire, and exercise, Options.

The Options offered under this Prospectus are considered speculative. An investment in the Company is not risk free and the Directors strongly recommend that potential investors consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding to apply for Options pursuant to this Prospectus.

The principal risk factors include, but are not limited to, the following.

6.1 Company-specific risks

(a) Environmental Approvals Risk

The Company is reliant on environmental approvals in Chile, Western Australia and Argentina to enable it to proceed and develop its projects. There is no guarantee that the required approvals will be granted in order to allow the Company to proceed and develop and operate the projects. Failure by the Company to obtain the relevant approvals, or any delay in the award or transfer of the approvals, may materially and adversely affect the ability of the Company to develop and operate one or more of the projects.

(b) Exploration and evaluation risk

The business of exploration, project development and mining contains risks by its very nature. To prosper, it depends on the successful exploration and/or acquisition of reserves, design and construction of efficient production/processing facilities, competent operation and managerial performance and proficient marketing of the product. In particular, exploration is a speculative endeavour and force majeure circumstances, cost over runs and other unforeseen circumstances can hamper mining operations.

Whilst the Company has attempted to reduce this risk by selecting projects that have identified mineral targets, there is no guarantee of success. There can be no assurance that exploration of the projects or other exploration properties that may be acquired by the Company in the future will result in the discovery of an economic resource. Even if an apparently viable deposit or economic resource is identified, there is no guarantee that it can be viably or commercially exploited.

(c) Changes in Commodity prices

The Company's possible future revenues will be mainly derived from the sale of lithium and by-products associated with the production of lithium, such as potash or tantalum (**Commodities**) and/or from royalties gained from potential joint ventures or from mineral projects sold. Consequently, the Company's potential future earnings could be closely related to the price of the Commodities.

The prices of the Commodities fluctuate and are affected by numerous industry factors including demand for the Commodities, forward selling by producers, production cost levels in major producing regions and macroeconomic factors (e.g. inflation, interest rates, currency exchange rates and global and regional demand for, and supply of, the Commodities). If the market price of the Commodities sold by the Company were to fall below the costs of production and remain at such a level for any sustained period, the Company would

experience losses and would have to curtail or suspend some or all of its proposed mining activities. In such circumstances, the Company would also have to assess the economic impact of any sustained lower commodity prices on recoverability.

(d) Competition risk

The lithium mining industry internationally is competitive. The actions of an existing competitor or the entry of new competitors into the lithium mining industry may make it difficult for the Company to establish the projects. If the Company is successful in developing the projects, the actions of an existing competitor, or the entry of a new competitor, may make it difficult for the Company to grow or maintain its revenues, which in turn, may have a material adverse effect on the Company's profitability. These actions could include, for example, blocking of access to the tenements, sufficient supply of exploration hardware and sufficient supply to labour resources.

(e) Technical risk

The results of future exploration may not reflect the Company's current understanding of the potential lithium mineralization at each of the projects. Whilst the Company has engaged independent experts to provide geological and technical information, there is insufficient information to establish whether further exploration will result in the determination of a mineral resource.

(f) Geological risk

A portion of the proposed civil works will be underground and therefore subject to faulting, rock stability and other geotechnical issues which may impact construction costs and safe operation of any infrastructure required for the projects. Any geological issue which impacts the construction or operations of the projects could adversely impact LPI.

(g) Limited operating history

The Company has only completed limited due diligence on the projects and has only limited historical operating data and financial information available upon which investors can base their evaluation of the Company's business and prospects. As a result, the Company may not have sufficient experience to address the risks frequently encountered by companies with a limited operating history, including the Company's potential failure to:

- establish and develop the projects;
- conduct profitable mining operations;
- anticipate and adapt to any changes in relation to government regulation, mergers and acquisitions involving the Company's competitors and other significant competitive and market dynamics; or
- maintain adequate control over the Company's costs and expenses.

The prospects of the Company must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stage of feasibility, which have a high level of inherent uncertainty.

(h) Key personnel risk

The Directors' and senior managers' ability to successfully manage the Company's performance and the opportunities identified in this Prospectus will directly affect the success of the Company. The Company may be adversely affected if any of the Directors or senior management leave the Company. The Company may not be able to replace its Directors or key employees with persons of equivalent expertise and experience within a reasonable period of time or at all and the Company may incur additional expenses to recruit, train and

retain personnel. Loss of such personnel may also have an adverse effect on the performance of the Company pending replacements being identified and retained by, or appointed to, the Board of the Company.

(i) **Future financing**

Future financing will be required by the Company to support its proposed construction and development plans. There can be no assurance that such funding will be available on satisfactory terms or at all. Inability to obtain funding will adversely affect the Company and may result in some or all of the projects not proceeding or defaults in licences or permits which, if not remedied, could result in forfeiture.

(j) **Contractual risks**

As a party to contracts, the Company will have various contractual rights in the event of non-compliance by a contracting party. However, no assurance can be given that all contracts will be fully performed by all contracting parties and that the Company will be successful in securing compliance with the terms of each contract by the relevant third party.

(k) **Sustainability of growth margins**

The sustainability of growth and the level of profit margins from operations are dependent on a number of factors including some outside the Company's control. Industry margins in all sectors of the Company's activities are likely to be subject to continuing but varying pressures, including competition from other current or potential suppliers.

(l) **Operational risk**

If the Company is successful in developing the projects, the Company's proposed activities will be subject to numerous operational risks, many of which are beyond the Company's control.

The Company's operations may be curtailed, delayed or cancelled as a result of factors such as adverse weather conditions, mechanical difficulties, shortages in or increases in the costs of consumables, spare parts, plant and equipment, external services failure (such including energy and water supply), industrial disputes and action, difficulties in commissioning and operating plant and equipment, IT system failures, mechanical failure or plant breakdown, and compliance with governmental requirements.

(m) **Exchange rate risk**

The expenditure of the Company is and will be in Australian, United States, Chilean and Argentinian currencies, exposing the Company to fluctuations and volatility of the rates of exchange between the Australian dollar and the United States dollar, Chilean peso and Argentinian peso as determined in international markets.

(n) **Chilean risks and Chilean Government policy**

The Company holds the Chilean Properties through its wholly-owned Chilean subsidiary, Lithium Power Inversiones SpA, located in Chile who in turn has a 50% share in the newly formed Maricunga JV entity. This structure is subject to risks normally associated with the conduct of business in foreign countries along with external joint venture partnership. Risks pertaining to this may include, among other things, earthquakes and severe weather conditions, labour disputes, corruption, uncertain political and economic environments, civil disturbances and crime, arbitrary changes in law or policies, opposition to mining from environmental or other non-governmental organisations or changes in political attitudes towards mining activities, infrastructure and increased financing costs.

(o) **Argentinian risks and Argentinian Government policy**

The Company holds the Argentinian properties through its wholly-owned Argentinian subsidiary, Lithium Power SA, located in Argentina and is subject to risks normally associated with the conduct of business in foreign countries. Risks pertaining to Argentina may include, among other things, earthquakes and severe weather conditions, labour disputes, corruption, uncertain political and economic environments, civil disturbances and crime, arbitrary changes in law or policies, opposition to mining from environmental or other non-governmental organisations or changes in political attitudes towards mining activities, infrastructure and increased financing costs.

6.2 General risks

(a) **Options**

The Options may not be quoted on ASX (refer to Section 3.15 for further details). If the Options are not quoted on ASX there will be no secondary market for the Options. This may adversely affect the Option holder's ability to sell their Options at a desired price, if at all.

(b) **Economic**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(c) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities (and Options) regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(d) **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is

however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(e) **Speculative investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the securities offered under this Prospectus.

Therefore, the Options to be issued pursuant to this Prospectus (and the underlying Shares) carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that an investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for securities pursuant to this Prospectus.

7 ADDITIONAL INFORMATION

7.1 Litigation

As at the date of this prospectus the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company which are likely to have a material adverse effect on the business or financial position of the Company.

7.2 Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a "transaction specific prospectus". In general terms a "transaction specific prospectus" is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been provided to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, the offices of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with ASIC, being the financial report for the year ending 30 June 2016;
 - (ii) if applicable, any half-year financial report lodged by the Company with ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with ASIC.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest full year statutory accounts and before the lodgement of this Prospectus with ASIC are set out in the table below.

Date	Description of Announcement
28/10/2016	Notice of AGM and Explanatory Statement
24/10/2016	Acquisition Completion - Maricunga Lithium Option Tenements
24/10/2016	120 Metre Interval Of Lithium Bearing Sands in First Hole
21/10/2016	Appendix 3B
20/10/2016	Capital Raise Cleansing Notice
20/10/2016	Pilbara Pilgangoora Tenement Granted
19/10/2016	Appendix 3B
14/10/2016	Investor Presentation
14/10/2016	Successful Institutional Capital Raise
12/10/2016	Trading Halt
07/10/2016	Escrow Release
30/09/2016	Release from Escrow - Appendix 3B
29/09/2016	Diamond Drilling Commences – Maricunga Lithium Project Chile
23/09/2016	Appendix 3B
22/09/2016	Appendix 4G & Corporate Governance Statement
21/09/2016	Full Year Statutory Accounts

The announcements are also available through the Company's website www.lithiumpowerinternational.com.

7.3 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:

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- (i) the formation or promotion of the Company; or
- (ii) the Offers.

7.4 Security holdings of Directors

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, assuming completion of the Director Placement and issue of the maximum number of Options under the Director Offer, is set out in the table below.

DIRECTOR	SHARES	OPTIONS WHICH MAY BE ISSUED UNDER THIS PROSPECTUS	OPTIONS
Ricky Fertig	17,642,347	1,056,632	7,750,000
Martin Holland	21,000,001	Nil	10,000,001
Andrew Phillips	598,158	263,158	1,500,000
Luis Ignacio Silva	280,000	Nil	640,000

7.5 Remuneration of Directors

Please refer to the Remuneration Report, which is contained on pages 15 to 20 of the Company's Annual Report for the part financial year 24 July 2015 to 30 June 2016, for full details of the remuneration of the Company's executive and non-executive directors.

The Annual Report was lodged with ASX on 21 September 2016 and is available on the Company's ASX announcements page at www.lithiumpowerinternational.com/asx-announcements. A hard copy of the Annual Report is also available free of charge by contacting the Company at its registered address using the details in Section 2 of this Prospectus.

7.6 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the Offers or a financial services licensee named in this Prospectus as a financial services licensee involved in the Offers,

holds at the date of this Prospectus, or has held within the 2 years preceding lodgement of this Prospectus with ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or

- (ii) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (f) the formation or promotion of the Company; or
(g) the Offers.

Clarendon Lawyers has acted as the Australian legal adviser to the Company in relation to the Offers (except in relation to stamp duty, taxation and tenement matters). The Company has paid or agreed to pay \$20,000 (excluding GST) for these services in connection with the Offers up to the date of the Prospectus. Further amounts may be payable to Clarendon Lawyers in accordance with its time-based charge out rates.

7.7 Consents

Clarendon Lawyers has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Company's Australian legal adviser (except in relation to stamp duty, taxation and tenement matters) in the form and context in which it is named. Clarendon Lawyers takes no responsibility for any part of this Prospectus, other than a reference to its name.

Boardroom Pty Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Company's Share Registry in the form and context in which it is named. Boardroom Pty Limited has not taken part in the preparation of any part of this Prospectus other than the recording of its name as Share Registry. Boardroom Pty Limited takes no responsibility for any part of this Prospectus, other than a reference to its name.

7.8 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

7.9 Governing law

This Prospectus, the Offers and the contracts formed on acceptance of applications under the Offers are governed by the laws applicable in New South Wales, Australia. Each applicant for Options submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

7.10 Directors authorisation

This Prospectus is authorised by each Director, who has given and not withdrawn their consent to the issue of this Prospectus and to its lodgement with ASIC.

GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

AGM means the annual general meeting of Shareholders, to be held on 28 November 2016.

Application Form means the Investor Application Form or the SPP Offer Application Form (as the case applies).

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

Attaching Option means an Option offered under the SPP Option Offer.

Blue Ocean means Blue Ocean Equities Pty Ltd.

Blue Ocean Offer has the meaning given to that term in Section 3.4 of this Prospectus.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except public holidays and any other day that ASX declares is not a business day.

Closing Date means the dates specified in Section 3.10 of this Prospectus (unless extended).

Constitution means the constitution of the Company as amended from time to time.

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

Director Offer has the meaning given to that term in Section 3.3 of this Prospectus.

Director Placement has the meaning given to that term in Section 3.1(b) of this Prospectus.

Director Subscribers has the meaning given to that term in Section 3.3 of this Prospectus.

Director means a director of the Company.

Eligible Shareholders means Shareholders:

- (a) who were registered holders of Shares on the SPP Record Date; and
- (b) whose registered address was in Australia or New Zealand.

Investor Application Form means an individual application form by which participants in the Placement Offer, Director Offer, Blue Ocean Offer and SPP Option Offer (in relation to the SPP Shortfall) apply for Options under this Prospectus.

LPI or the **Company** means Lithium Power International Ltd ACN 607 260 328.

Offer Price means \$0.38 per Share.

Offers means the Placement Offer, Director Offer, Blue Ocean Offer and SPP Option Offer (or any of them, as the case requires).

Option means an option to acquire a Share on the terms and conditions set out in Section 5.1 of this Prospectus.

Placement means the Company's two-tranche share placement to sophisticated and professional investors to raise approximately \$12 million.

Placement Offer has the meaning given to that term in Section 3.2 of this Prospectus.

Placement Subscribers has the meaning given to that term in Section 3.2 of this Prospectus.

Prospectus means this prospectus.

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

Shareholder means a holder of a Share.

Share Purchase Plan or **SPP** means a share purchase plan to accompany the Placement.

Share Registry means Boardroom Pty Ltd.

SPP or **Share Purchase Plan** means the Company's share purchase plan dated on or about the date of this Prospectus.

SPP Offer Application Form means the application form relevant to subscribers under the SPP in relation to the SPP and the SPP Option Offer and either attached to or accompanying this Prospectus.

SPP Option Offer means the offer to SPP Subscribers of up to 5,263,158 free quoted Options exercisable at \$0.55 each, expiring 24 November 2017 on the basis of 1 free Option for every 1 Share subscribed for by investors under the SPP or the SPP Shortfall.

SPP Record Date means 7.00pm (AEST) on 13 October 2016.

SPP Shortfall means the difference between:

- (a) the dollar value of valid applications received from Eligible Shareholders under the SPP plus any applications received from Blue Ocean (or any sub-underwriter or nominee) in connection with Blue Ocean's underwriting obligations in relation to the SPP; and
- (b) the amount sought to be raised under the SPP of \$2,000,000,

calculated in Shares at the Offer Price.

SPP Subscriber has the meaning given to that term in Section 3.5 of this Prospectus.

Subscribers means the Placement Subscribers, SPP Subscribers, Blue Ocean or Director Subscribers (or any of them, as the case requires).

Lithium Power International Limited ACN 607 260 328

Supplementary Prospectus - 31 October 2016

Supplementary Prospectus

This is a supplementary prospectus (**Supplementary Prospectus**) which is intended to supplement, and be read with, a transaction-specific prospectus (**Prospectus**) for the issue of Options by Lithium Power International Limited ACN 607 260 328 (**LPI** or **Company**) dated 31 October 2016. This Supplementary Prospectus is dated 31 October 2016 and was lodged with ASIC on that date. It is an important document and should be read in its entirety. Capitalised terms used but not defined in the Supplementary Prospectus have the meanings given in the Prospectus.

The Prospectus relates to the offer of Options to Eligible Shareholders who participate in the Share Purchase Plan and certain other investors. The Options will be issued for nil consideration and will be exercisable at \$0.55 (55 cents), expiring on 24 November 2017. Each Option gives the holder the right to subscribe for 1 Share upon exercise.

Neither ASIC nor ASX nor any of their officers takes responsibility for the contents of this Supplementary Prospectus.

Paper copies of the Supplementary Prospectus and the Prospectus can be obtained free of charge during the offer period (as set out in Section 3.11 of the Prospectus) by calling Boardroom Pty Limited, the Company's share registry, from 9.00am to 5.00pm, Monday to Friday, on 1800 655 325 (callers within Australia) or +612 9290 9600 (callers outside Australia). The Supplementary Prospectus and Prospectus may also be viewed on the Company's website www.lithiumpowerinternational.com.

Quotation of Options

Section 3.15 of the Prospectus states that the Company will apply for quotation of the Options on ASX within 7 days from the date of the Prospectus and that, in the event that quotation of the Options is not granted by ASX, the Options will not be quoted and the issues of Options under the Prospectus (for nil consideration) will be made.

The Company amends this disclosure by stating that, whilst the Company will apply for quotation of the Options on ASX within 7 days of the date of the Prospectus, in the event that quotation of the Options is not granted by ASX within 3 months of the date of the Prospectus, then the offer of Options under the Prospectus will be voided and no Options will be issued by the Company.

Directors' authorisation

This Supplementary Prospectus is authorised by each Director, who has given and not withdrawn their consent to the issue of this Supplementary Prospectus and to its lodgement with ASIC.

Signed by Andrew Phillips for and on behalf of Lithium Power International Limited for the purposes of section 351 of the Corporations Act 2001 (Cth):



Andrew Phillips, Director and Company Secretary of Lithium Power International Limited
