



LITHIUMPOWER
INTERNATIONAL LTD

LITHIUM POWER INTERNATIONAL LIMITED
(ACN 607 260 328)

PROSPECTUS

FOR THE OFFER OF 35,000,000 SHARES
TO RAISE \$7,000,000 AT AN ISSUE PRICE OF \$0.20 PER SHARE
WITH PROVISION TO ACCEPT OVER-SUBSCRIPTIONS OF UP TO A
FURTHER 5,000,000 SHARES TO RAISE A FURTHER \$1,000,000

Lead Manager



Corporate Authorised Representative (No. 000469074)
of D2MX Pty Limited (ACN 113 959 596, AFSL No 297950)

**AN INVESTMENT IN THE COMPANY'S SECURITIES
SHOULD BE CONSIDERED SPECULATIVE**

This Prospectus is an important document and should be read in its entirety.
You should seek professional guidance from your stockbroker, solicitor,
accountant, tax adviser or other independent and qualified professional adviser
before deciding whether to subscribe for the Shares under this Prospectus.

Prospectus

Important Information

LODGEMENT AND APPLICATION FOR LISTING

This Prospectus is dated 23 May 2016 and was lodged with ASIC on that date. It is a replacement prospectus which replaces the prospectus dated 26 April 2016 which was lodged with ASIC on that date (**Original Prospectus**).

Lithium Power International Limited ACN 607 260 328 (**Company** or **LPI**) has applied to ASX for the Shares offered pursuant to this Prospectus to be listed and quoted on ASX.

OFFER

The Offer contained in this Prospectus is an invitation to apply for fully paid ordinary shares (**Shares**) in LPI.

ALLOTMENT OF SECURITIES

No securities will be issued or allotted on the basis of this Prospectus later than 13 months after the date of the Original Prospectus. Neither ASIC nor ASX nor their respective officers takes any responsibility for the content of this Prospectus or for the merits of the investment to which this Prospectus relates. The fact that the ASX may admit the Company to the Official List is not to be taken in any way as an indication of the merits of the Company or the Shares offered under this Prospectus.

NOTICE TO APPLICANTS

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs.

It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in the Company. In particular, you should consider the risk factors that could affect the performance of the Company. You should carefully consider these risks in light of your investment objectives, financial situation and personal circumstances (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant, tax adviser or other independent and qualified professional adviser before deciding whether to subscribe for Shares under this Prospectus.

FORWARD LOOKING STATEMENTS AND SPECIFIC BUSINESS RISKS

Certain statements in this Prospectus constitute statements relating to intentions, future acts and events. Such statements are generally classified as forward looking statements and involve known and unknown risks, uncertainties and other important factors that could cause those future acts, events and circumstances to differ from the way or manner in which they are expressly or implicitly portrayed in this Prospectus.

Some of the key risk factors that should be considered by prospective investors are set out in Section 1 and Section 3. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital by the Company or the payment of a return on the Shares.

The Company has no intention to update or revise forward looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, other than to the extent required by law.

Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management of the Company. Forward looking statements should therefore be read in conjunction with, and are qualified by reference to, Section 3 and other information in this Prospectus. The Company cannot and does not give any assurance that the results, performance or achievements

expressed or implied by any forward looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward looking statements.

Applicants should carefully consider the risk factors that affect the Company specifically and the mining and exploration industry in which it proposes to operate. Applicants should note that mining projects are high risk in nature. Applicants should understand that mining is both speculative and subject to a wide range of risks and that, even if the Company successfully demonstrates project feasibility, Applicants may lose the entire value of their investment.

SUITABILITY OF INVESTMENT AND GENERAL RISK FACTORS

This Prospectus provides information to help investors decide whether they wish to invest in the Company. Before deciding to invest in the Company, potential investors should read this Prospectus in its entirety, and in particular the technical information and the risk factors that could affect the future operations and activities of the Company. The Offer contained in this Prospectus does not take into account the investment objectives, financial situation and particular needs of individual investors. Professional advice should be sought before deciding to invest in any securities the subject of this Prospectus.

DISCLAIMER

No person is authorised to give any information or to make any representation in connection with the Offer that is not expressly contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied upon as having been authorised by the Company, the Directors or any other person in connection with the Offer. Neither the Company nor any other person warrants the future performance of the Company or any return on any investment made under this Prospectus except as required by law and then only to the extent so required. Investors should be aware of the risks associated with an investment in the Company. Section 3 sets out details of some of the key risk factors.

The Company and the Share Registry disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statement.

JURISDICTION

The Offer under this Prospectus does not constitute a public offer in any jurisdiction outside Australia. This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and any person who comes into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus has been prepared to conform to the securities laws of Australia. No action has been taken to register or qualify the Shares or the Offer, or otherwise to permit a public offering of the Shares, in any jurisdiction outside Australia.

This Prospectus has been prepared for publication in Australia and may not be released or distributed in the United States or otherwise outside Australia. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States, and may not be offered or sold in the United States, or to, or for the account or benefit of a US Person, except in a transaction exempt from the registration requirements of the US Securities Act and applicable United States state securities laws. The Offer is not being extended to any investor outside Australia. This Prospectus does not constitute an offer or invitation to potential investors to whom it would not be lawful to make such an offer or invitation.

EXPOSURE PERIOD

In accordance with Chapter 6D of the Act, this Prospectus is subject to an exposure period of 7 days from the date of lodgement of the Original Prospectus with ASIC. This period may be extended by ASIC for a further period of 7 days. The purpose of the exposure period is to allow this Prospectus to be examined by market participants prior to the acceptance of Applications. If this Prospectus is found to be deficient, Applications received during the exposure period will be dealt with in accordance with section 724 of the Act. Any Applications received prior to the expiration of the exposure period will not be processed until after the expiry of the exposure period. No preference will be conferred on Applications received during the exposure period.

During the exposure period, this Prospectus will be made available to Australian residents, without the Application Forms, at the Company's website at www.lithiumpowerinternational.com/prospectus.

ELECTRONIC FORM PROSPECTUS

This Prospectus will be issued in paper form and as an electronic prospectus, which may be viewed online at the Company's website at www.lithiumpowerinternational.com/prospectus. The Offer is available to persons receiving an electronic version of this Prospectus in Australia. Applications can only be submitted on an Application Form accompanying this Prospectus or in its paper copy form downloaded in its entirety from www.lithiumpowerinternational.com/prospectus. The Act prohibits any person from passing the Application Form on to another person, unless it is attached to, or accompanied by, a complete and unaltered version of this Prospectus. During the Offer Period, any person may obtain a hard copy of this Prospectus free of charge by contacting the Lead Manager, Sequoia Corporate Finance Pty Ltd by telephone on +61 2 8114 2222 or the Share Registry by telephone on +61 2 9290 9600.

CURRENCY

All references to dollars in this Prospectus, unless otherwise stated, are to Australian dollars (**\$A** or **AUD**).

FINANCIAL AMOUNTS

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

INDUSTRY AND MARKET DATA

Industry and market data used throughout this Prospectus is, in most cases, obtained from surveys and studies conducted by third parties and industry or general publications. The Company commissioned an independent industry report into the Lithium market and has included this report in the Prospectus. The Company has no reason to believe that this information is unreliable and believes it provides an independent insight into the international lithium markets and uses of the product.

PHOTOGRAPHS

Certain assets that are the subject of photographs contained in this Prospectus may not be owned by the Company. The inclusion of photographs supplied by persons or entities other than the Company does not constitute an endorsement or recommendation by those persons or entities of the Offer under this Prospectus. Diagrams used in the Prospectus are illustrative only and may not be drawn to scale.

ILLUSTRATIONS

As part of the preparation of this Prospectus, the Company has commissioned and produced illustrations such as maps, schematics and diagrams associated with the Company's projects. The illustrations included in this Prospectus should only be considered as an indication of the Company's current intentions. These intentions may change at the Directors' discretion.

DEFINED TERMS AND ABBREVIATIONS

Capitalised terms and abbreviations used in this Prospectus are defined in Section 17. Unless otherwise stated or implied, references to times in this Prospectus are to Australian Eastern Standard Time (AEST). Unless otherwise stated or implied, references to dates or years are calendar year references.

PRIVACY

By completing an Application Form, you are providing personal information to the Company, and the Share Registry, which is contracted by the Company to manage Applications. The Company, and the Share Registry on their behalf, collect, hold and use that personal information to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration.

Once you become a Shareholder, the Corporations Act and Australian taxation legislation require information about you (including your name, address and details of the Shares you hold) to be included in the Company's public register. The information must continue to be included in the Company's public register if you cease to be a Shareholder. If you do not provide all the information requested, your Application Form may not be able to be processed or accepted. The Company, and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below or as otherwise authorised under the *Privacy Act 1988* (Cth):

- the Share Registry for ongoing administration of the Shareholder register;
- the Lead Manager in order to assess your Application;
- printers and other companies for the purpose of preparation and distribution of documents and for handling mail;
- market research companies for the purpose of analysing the Company's Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, management consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

You may request access to your personal information held by or on behalf of the Company. You can request access to your personal information or obtain further information about the Company's privacy practices by contacting the Share Registry as follows:

Telephone: +61 2 9290 9600

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

The Company aims to ensure that the personal information it retains about you is accurate, complete and up to date. To assist with this, please contact the Company or the Share Registry if any of the details you have provided change.

In accordance with the requirements of the Corporations Act, information on the Shareholder register will be accessible by members of the public.

QUESTIONS

If you have any questions in relation to the Offer, please call the Lead Manager, Sequoia Corporate Finance Pty Ltd on +61 2 8114 2222 (from 9.00 am to 5.00 pm AEST) Monday to Friday during the Offer Period.

**This document is important
and should be read in its
entirety.**



Key Dates & Offer Statistics

INDICATIVE KEY DATES

Original Prospectus lodged with ASIC	26 April 2016
Opening Date of Offer (9.00 am)	24 May 2016
Closing Date of Offer (5.00 pm)	3 June 2016
Expected date for issue and allotment of Shares under the Offer	7 June 2016
Expected date for despatch of holding statements	8 June 2016
Expected date for quotation of the Company's Shares on the ASX	14 June 2016

The above dates are indicative only and may change. The Company reserves the right to vary any and all of the above dates without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the Closing Date, or to accept late Applications, either generally or in particular cases, or to cancel or withdraw the Offer before the Closing Date, in each case without notifying any recipient of this Prospectus or Applicants). If the Offer is cancelled or withdrawn before the allocation of Shares, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offer opens.

HOW TO INVEST

Applications for Shares can only be made by completing and lodging the Application Form attached to or accompanying this Prospectus. Instructions on how to apply for Shares are set out in Section 1.8 and on the back of the Application Form.

OFFER STATISTICS

	Minimum subscription 35,000,000 Shares	Maximum subscription 40,000,000 Shares
Offer price per Share	\$0.20	\$0.20
Gross offer proceeds	\$7,000,000	\$8,000,000
Total number of Shares offered under the Offer	35,000,000	40,000,000
Shares on issue as at the date of the Original Prospectus	70,780,001	70,780,001
Lacus Shares to be issued to Lacus S.A.	929,581	929,581
Total number of Shares on issue at completion of the Offer	106,709,582	111,709,582
Indicative market capitalisation of the Company after completion of the Offer at \$0.20 per Share on an undiluted basis	\$ 21,341,916	\$ 22,341,916
Total number of Options on issue at completion of the Offer	31,356,668	31,356,668
Indicative market capitalisation of the Company after completion of the Offer at \$0.20 per Share on a fully diluted basis	\$ 27,613,250	\$ 28,613,250

Corporate Directory

BOARD OF DIRECTORS

Mr Reccared (Ricky) P Fertig
Non-Executive Chairman

Mr Martin C Holland
Managing Director | CEO

Mr Andrew G Phillips
Executive Director | CFO

Dr Luis Ignacio Silva P
Non-Executive Director |
Latin America Regional Manager

COMPANY SECRETARY

Mr Andrew G Phillips

TECHNICAL ADVISORY BOARD

Mr Murray Brooker

Dr Luis Ignacio Silva P

EXPLORATION MANAGER

Mr Murray Brooker

ASX CODE

LPI

REGISTERED OFFICE

Level 7, 151 Macquarie Street, Sydney NSW 2000

Telephone: +61 2 9276 1245

Facsimile: +61 2 9276 1284

Website: www.lithiumpowerinternational.com

LEAD MANAGER

Sequoia Corporate Finance Pty Ltd

a corporate authorised representative (No. 000469074)
of D2MX Pty Ltd (AFSL No 297950)

Level 36, 50 Bridge Street, Sydney NSW 2000

Telephone: +61 2 8114 2222

Facsimile: +61 2 8114 2200

Website: www.sequoia.com.au

LEGAL ADVISER AND TITLE REPORTING SOLICITOR - AUSTRALIA

Kemp Strang

Level 17, 175 Pitt Street, Sydney NSW 2000

Telephone: +61 2 9225 2500

Facsimile: +61 2 9225 2599

Website: www.kempstrang.com.au

TITLE REPORTING SOLICITOR - ARGENTINA

Holt Abogados

Av. Santa Fe 1592 – 4° piso (C1060 ABO)
Buenos Aires, Argentina

Telephone: +54 11 5235 0200

Facsimile: +54 11 5235 0235

Website: www.holtlegal.com.ar

INDEPENDENT EXPERT - AUSTRALIA**Geko-Co Pty Limited**

38 Gibbs Street, Miranda NSW 2228

Telephone: +61 0411 951 342

Website: www.gekoco.com.au

INDEPENDENT EXPERT - AUSTRALIA**H & S Consultants Pty Limited**

6/3 Trelawney Street, Eastwood NSW 2122

Telephone: +61 2 9858 3863

Website: www.hsconsultants.net.au

INDEPENDENT EXPERT - ARGENTINA**Groundwater Insight Inc**

3 Melvin Road, Halifax, Nova Scotia, Canada B3P 2H5

Telephone: +1 902 223 6743

Website: www.gwinsight.com

INVESTIGATING ACCOUNTANT AND AUDITORS**Ernst & Young**

680 George Street, Sydney NSW 2000

Telephone: +61 2 9248 5555

Website: www.ey.com/au

INDEPENDENT MARKET CONSULTANT**CRU International (Australia) Pty Ltd**

Suite 901, 71 Walker Street, North Sydney NSW 2060

Telephone: +61 2 8412 2800

Website: www.crugroup.com

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

Lithium-ion battery packs



LITHIUMPOWER

INTERNATIONAL LTD



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Letter from the Chairman



Dear Investor,

On behalf of the Board of Directors, it is my pleasure to invite you to become a Shareholder in Lithium Power International Limited (**Company** or **LPI**).

The Company was formed to identify, fund, acquire, explore and develop major lithium projects in Australia and South America.

LPI has an experienced Board of Directors and management team with approximately 100 years combined domestic and international experience in mining, lithium exploration, strategic transactions, technical, legal and financial management.

The listing of LPI on ASX will allow the Company to further explore our prospective tenement portfolio. The IPO allows investors to participate in a "lithium pure-play", with assets diversified by both geography and deposit type. A detailed regional exploration program is planned as shown in the Independent Experts' Reports in Sections 12 and 13 of this Prospectus.

From being used in mobile phones to laptops to electric vehicles and other battery technology, lithium is an increasingly important commodity in the daily lives of people around the world. LPI looks forward to being a part of this new energy environment, and would like to invite prospective shareholders to join us on this journey.

Before deciding to invest in the Company, I urge you to read this Prospectus in its entirety, and in particular the technical information and the risk factors that could affect the future operations and activities of the Company. You should also seek professional advice before making an investment in the Company.

On behalf of the Board of Directors, I look forward to welcoming you as a Shareholder.

Yours faithfully,



Ricky Fertig
Chairman

LITHIUM POWER INTERNATIONAL LIMITED

Tesla Model S at a Supercharger station
Photo courtesy of Steve Jurvetson



Section 1

Investment Overview

1.1 INTRODUCTION

Reference

Who is the issuer of this Prospectus?

Lithium Power International Limited (ACN 607 260 328).

Important Information

What is the Offer?

The Offer is an initial public offering of 35,000,000 Shares that will be issued by the Company at an issue price of \$0.20 per Share to raise a total of \$7,000,000 (before costs).

The Company reserves the right to accept over-subscriptions to raise a further \$1,000,000 through the issue of up to an additional 5,000,000 Shares at \$0.20 per Share. The maximum amount which may be raised under this Prospectus is therefore \$8,000,000 (before costs).

Offer Details

What is the purpose of the Offer and how will the Offer Proceeds be used?

The purpose of the Offer and the proposed use of funds raised from the Offer is to:

- complete the acquisition of the Granted Argentinian Properties, by making a final part-payment, which are subject only to payment of funds from IPO proceeds and issue of Vendor Shares;
- fund exploration of the Granted Tenements and the Pilbara Tenement;
- fund the annual maintenance costs associated with the Granted Tenements;
- fund the expenses of the Offer and the associated costs of listing the Company on ASX;
- meet the ongoing administrative costs of the Company and provide working capital;
- provide a liquid market for Shares and an opportunity for new Shareholders to invest in the Company;
- provide the Company with access to the equity capital markets; and
- provide the next two years of working capital for the Company.

A more detailed exploration budget for the Granted WA Tenements and Pilbara Tenements is set out in table 5.3.2 and Section 12 and for the Granted Argentinian Properties is set out in table 5.3.3 and Section 13.

In conjunction with the Offer, the Company is seeking admission to the Official List of ASX and quotation of its Shares.

Purpose of the Offer and Use of Funds

What is LPI?

LPI is a diversified pure-play lithium explorer with its head office in Sydney, Australia and satellite offices in Buenos Aires, Argentina and Santiago, Chile. The Company is focussed on exploration within three prospective lithium regions in Western Australia and Argentina. The identification of a new economic lithium ore body will be a key driver of future shareholder value.

Company Overview

Section 1

Investment Overview

1.2 KEY FEATURES OF LPI'S BUSINESS MODEL AND STRATEGY

Reference

What does LPI do?

LPI is a pure-play lithium explorer whose business involves the acquisition and advancement of promising lithium projects. The Company is currently pursuing three project regions across Australia and South America in order to provide an asset base which is diversified by both geography and deposit type.

The three project regions that LPI is currently focussed on are:

1. **Greenbushes (Western Australia)** – LPI has two granted exploration tenements covering 398 km² in the Greenbushes area of southern Western Australia. The tenements are adjacent to the world's largest hard rock lithium mine owned and operated by Tianqi/Talison.
2. **Puna Plateau (Argentina)** – Lithium Power S.A. (LPSA), an entity which is 100% beneficially owned by LPI, recently signed binding agreements to acquire (effective transfer is subject only to payment of funds from IPO proceeds and the issue of Vendor Shares) three granted exploration tenements (one of which is subject to approval of an investment plan which has been submitted and is expected to be approved shortly) in the Centenario lithium brine salar within the Salta province of the Puna Plateau. In addition, LPSA has contractual rights to acquire one granted exploration tenement which is currently subject to review by the Argentinian judicial authorities (being the Challenged Argentinian Property), and rights to two pending applications in the same salar. In total, the 6 tenements cover a total area of 61.52 km². The salar is in the same province as other lithium brine operators such as Orocobre Limited, FMC Corporation, and Lithium Americas Corp. (formerly Western Lithium USA Corporation).
3. **Pilbara (Western Australia)** – LPI has three pending exploration applications covering 203 km² in the Pilbara region of northern Western Australia. The largest application at Pilgangoora-Houston Creek is 2–3 km west of the Pilbara Minerals (PLS.ASX) and Altura Mining (AJM.ASX) lithium deposits.

All applications, tenements and rights to applications and tenements in Australia are 100% owned by LPI, while in the case of Argentina, LPSA has the contractual right to acquire 100% interest in such (including rights to the Challenged Argentinian Property which is the subject of review by the Argentinian mining authorities).

What is the current status of, and strategy for, LPI's Tenements?

Granted Tenements

Table 1.2.1 below sets out the Granted Tenements, which are the WA Tenements and the Argentinian Properties for which exploration licences have been granted as at the date of this Prospectus. The Company's strategy at the date of this Prospectus is to explore these Granted Tenements over the next two years based upon the Use of Funds and Exploration Expenditure set out in Sections 2.3.1 and 5.3 respectively.

Table 1.2.1

Tenement	Location	Status	Included in Use of Funds	Notes
Australia				
Balingup Licence No E70/4763	Greenbushes (Western Australia)	Licence granted	Yes	Some access available. Additional access agreements currently being negotiated
Brockman Hwy Licence No E70/4774	Greenbushes (Western Australia)	Licence granted	Yes	Some access available. Additional access agreements currently being negotiated

Company
Overview
The Company's
Projects

Tenement	Location	Status	Included in Use of Funds	Notes
Argentina				
Centenario 4 Mining File No 19478	Puna Plateau (Argentina)	Licence granted. Title in the process of being transferred from Lacus to LPSA	Yes	Final total consideration due to Lacus following the IPO is US\$30,000 cash payment plus the Vendor Shares
Centenario 5 Mining File No 19479	Puna Plateau (Argentina)	Licence granted. Title in the process of being transferred from Lacus to LPSA	Yes	Final total consideration due to Lacus following the IPO is US\$30,000 cash payment plus the Vendor Shares
Centenario 6 Mining File No 19480	Puna Plateau (Argentina)	Licence granted. Title in the process of being transferred from Lacus to LPSA	Yes	Final total consideration due to Lacus following the IPO is US\$30,000 cash payment plus the Vendor Shares

Tenement Applications

Table 1.2.2 sets out the Tenement Applications which are not granted exploration licences as at the date of this Prospectus. Until these Tenement Applications are granted, the Company can undertake only preliminary exploration work and has limited rights.

Other than the Pilbara Tenements, the Company has not specifically allocated any funds from the IPO to be applied toward the other Tenement Applications (comprising the Argentinian Applications). Depending upon the Company's cash position at the time, in order to progress the Argentinian Applications and Pilbara Tenements (when granted) the Company may need to raise additional funds which may be dilutive to Shareholders.

Table 1.2.2

Tenement	Location	Status	Included in Use of Funds	Notes
Australia				
Pilgangoora-Houston Creek Licence Application No E45/4610	Pilbara (Western Australia)	Licence application made	No	Licence anticipated be issued in the first quarter of the next financial year
Tabba Tabba Licence Application No E45/4637	Pilbara (Western Australia)	Licence application made	No	Licence anticipated be issued in the first quarter of the next financial year
Strelley Licence Application No E45/4638	Pilbara (Western Australia)	Licence application made	No	Licence anticipated be issued in the first quarter of the next financial year
Argentina				
Centenario 200 Mining File No 20158	Puna Plateau (Argentina)	Licence application made by Lacus	No	LPSA has a binding option to acquire this property, subject to it being granted to Lacus
Centenario 201 Mining File No 20159	Puna Plateau (Argentina)	Licence application made by Lacus	Yes	LPSA has a binding option to acquire this property, subject to it being granted to Lacus



Section 1

Investment Overview

1.2 KEY FEATURES OF LPI'S BUSINESS MODEL AND STRATEGY continued

Pilbara Tenements

In addition to the expenditure on the Granted Tenements, the Company intends to carry out preliminary exploration work on the Pilbara Tenements as set out in the Use of Funds and Exploration Expenditure in Sections 2.3.1 and 5.3 respectively. Depending upon the Company's cash position at the time, upon grant of the Pilbara Tenements, the Company may need to raise additional funds to carry out further exploration work which may be dilutive to Shareholders.

No access is required to the Pilbara Tenements to carry out this preliminary exploration work. The Company has already started the process for native title approval for the Pilbara Tenements (when granted) and will use a similar strategy and advisors as used for the Granted WA Tenements in relation to obtaining access agreements and access consent (as described below).

Access to Granted WA Tenements

In order to access the entire area of the Granted WA Tenements, the Company will need to enter into access agreements with certain (but not all) Private Land holders and obtain consent for access from the Minister for Mines in relation to Private Land and state forest areas respectively. In addition, both the Granted WA Tenements are subject to an ILUA in relation to native title which requires the Company to enter into a Native Title Agreement or NHSA prior to undertaking exploration activities (see Section 10 for more details).

Given the vast size of the Greenbush areas on which the Granted WA Tenements are located, it is not practical, commercial or recommended by experts in the field to seek to obtain a blanket access agreement with all land holders. As is the approach consistently applied to exploration strategies by similar ASX listed exploration companies, the Company has undertaken the following work in relation to obtaining the relevant access agreements and access consents for the Granted WA Tenements:

- native title – the Company has engaged DLA Piper in Perth, an international law firm with expertise in native title matters, to advise on and assist with negotiation of the necessary Native Title Agreement or NHSA;
- state forest areas and reserves – the Company has engaged McMahon Mining Title Services, a service provider with expertise in the area, to advise on and assist the Company to obtain the necessary access consents. McMahon Mining Title Services has commenced discussions with the Department of Mines and Petroleum (which has delegated authority from the Minister of Mines to grant access to the state forest areas and reserves) on the overall process for access to these tenements. Upon the identification of likely exploration targets, McMahon Mining Title Services will finalise the specific access applications for prospective areas; and
- Private Land – due to the network of public road and other access, based upon the recommendation of McMahon Mining Title Services, the Company has decided to identify through further desktop analysis prospective areas for exploration and then approach Private Land holders with formalised access agreements. Access for surface sampling has in the past been obtained and the Company's advisers have good relationships with the Private Land holders that have been approached already for previous work on these tenements.

The Company is confident it will be able to access the areas necessary for its exploration on the Granted WA Tenements for the following reasons:

- the Greenbushes area hosts the longest standing operating mine in Australia and the region is proud of its mining history. Greenbushes is considered to be supportive of new mining activities which contribute positively to the local economy;
- a significant area of the Granted WA Tenements includes areas on which no access agreements are required. These include all Private Land for aerial surveys, certain Private Land for which no land access is required and a significant network of intersecting road and road reserves for which no access consent is required;
- in granting the Granted WA Tenements to the Company, specific Class A reserves of the state forest areas were specifically excluded from the Granted WA Tenements on the basis that mining would not be permitted on these areas. However, in granting the Granted WA Tenements, the Department of Mines and Petroleum provided an avenue for the Company to explore these Granted WA Tenements with a view to potentially developing them in the future to the benefit of the Company and the State of Western Australia; and
- based upon the work by the Company and its advisors to date (as described above), past exploration data sets on soil sampling and drilling on Private Land and state forest areas on the Granted WA Tenements and the current law in relation to the NHSA to be entered into, the Company is confident it will be able to enter into access agreements and otherwise obtain consent for access in relation to a significant number of areas targeted for exploration on the Granted WA Tenements.

For the reasons set out above, the Company believes it will be able to carry out the exploration proposed on the Granted WA Tenements as set in the Use of Funds and Exploration Expenditure set out in Sections 2.3.1 and 5.3 respectively.

[Reference](#)

What is LPI's business model?

LPI's business model is to identify, fund, acquire, explore and develop major lithium projects in Australia and South America.

[Company Overview](#)
[The Company's Projects](#)

1.3 OFFER STATISTICS AND KEY DATES

What is the Issue Price?

The Issue Price is \$0.20 per Share.

[Offer Details](#)

What is the size of the Offer and what are the gross proceeds of the Offer?

The Company is offering for subscription 35,000,000 Shares at an Issue Price of \$0.20 per Share, to raise a total of \$7,000,000 (before costs).

The Company reserves the right to accept over-subscriptions to raise a further \$1,000,000 through the issue of up to 5,000,000 Shares at \$0.20 per Share. The maximum amount which may be raised under this Prospectus is therefore \$8,000,000 (before costs).

[Offer Details](#)

What will the market capitalisation of the Company be upon listing on ASX?

Based on the Issue Price and a raising of \$7,000,000 (before costs), the market capitalisation of the Company at the date of listing on ASX will be \$21,341,916 on an undiluted basis.

Based on the Issue Price and a raising of \$8,000,000 (before costs), the market capitalisation of the Company at the date of listing on ASX will be \$22,341,916 on an undiluted basis.

[Offer Details](#)

What are the key dates of the Offer?

Original Prospectus lodged with ASIC	26 April 2016
Opening Date of Offer (9.00 am)	24 May 2016
Closing Date of Offer (5.00 pm)	3 June 2016
Expected date for issue and allotment of Shares under the Offer	7 June 2016
Expected date for despatch of holding statements	8 June 2016
Expected date for quotation of the Company's Shares on ASX	14 June 2016

[Key Dates and Offer Statistics](#)

The above dates are indicative only and may change. The Company reserves the right to vary any and all of the above dates without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the Closing Date, or to accept late Applications, either generally or in particular cases, or to cancel or withdraw the Offer before the Closing Date, in each case without notifying any recipient of this Prospectus or Applicants). If the Offer is cancelled or withdrawn before the allocation of Shares, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offer opens.

1.4 KEY INVESTMENT BENEFITS

What are the investment highlights and key investment benefits?

- LPI was formed to identify, fund, acquire, explore and develop major lithium projects in Australia and South America.
- Lithium is a key component of the accelerating growth in battery technology. This includes cell phones, laptops & tablets, electric & hybrid cars, and grid storage.

Section 1

Investment Overview

1.4 KEY INVESTMENT BENEFITS continued

- Based on independent expert CRU (refer Section 6 and Section 9), the demand for lithium across all applications is expected to grow at 8% pa over the next 5 years from 2015 to 2020 (CAGR – Compound Average Growth Rate). Within this, demand for lithium-ion batteries is expected to grow at 13% CAGR over the next 5 years to 2020. Batteries currently represent a 44% share of the global lithium market, however by 2020 this figure will be 55% share based on CRU forecasts.
- This growth is primarily being driven by electric and hybrid car batteries. The total demand for lithium for EVs, hybrid electric vehicles (HEVs) and plug-in hybrid electric vehicles (PHEVs) is expected to grow at 23% pa CAGR over the next 5 years to 2020. Grid storage for renewable energy is also a key growth driver, with CRU forecasting 11% pa CAGR growth in renewable energy generation over the next 5 years.
- At present, there is an oligopoly in lithium supply with over 90% of global production accounted for by five major producers, four of which are in Australia, Chile, China and Argentina.
- Due to strong demand and production issues, lithium spot prices in China have increased from US\$5,000/t in mid-2015 to above US\$20,000/t in March 2016. According to CRU forecasts, the global lithium market will remain tight over the next 5 years, with potential supply deficits should their demand upside scenarios be realised (refer to CRU report in Section 9).
- LPI's strategy is to provide a diversified exposure across both "hard rock spodumene" and "brine" lithium exploration areas.
- The Australian "hard rock spodumene" portfolio covers 601 km² across two regions: the Greenbushes district of southern Western Australia and the Pilbara district of northern Western Australia. The Greenbushes tenements (being the Granted WA Tenements) are located adjacent to the world's largest hard rock lithium mine owned & operated by Tianqi/Talison. The largest Pilbara tenement application, located at Pilgangoora-Houston Creek, is 2–3 km west of the Pilbara Minerals (PLS.ASX) and Altura Mining (AJM.ASX) lithium deposits.
- The Argentinian "brine" portfolio is in the process of being acquired by LPSA, an entity which is beneficially owned by LPI. It includes three granted exploration tenements in the Centenario lithium brine salar within the Salta province of the Puna Plateau. In addition, LPSA has rights to one granted exploration tenement which is currently subject to review by the Argentinian judicial authorities (being the Challenged Argentinian Property), and two pending applications in the same salar. In total the 6 tenements cover a total area of 61.52 km². The salar is in the same province as other lithium brine operators such as Orocobre Limited, FMC Corporation, and Lithium Americas Corp. (formerly Western Lithium USA Corporation).
- All Tenement Applications and Granted tenements in Australia are 100% owned by LPI while in the case of Argentina, LPSA has the contractual right to acquire 100% interest in the tenements and applications in Argentina, subject only to payment of funds from IPO proceeds and the issue of Vendor Shares (including rights to the Challenged Argentinian Property which is the subject of review by the Argentinian judicial authorities).
- LPI has an experienced Board of Directors, management and technical team. Together they have approximately 100 years of combined experience across mining, lithium exploration and strategic transactions, with strong technical, legal, and financial management skills.
- The Company's strategy at the date of this Prospectus is to explore the Granted Tenements and the Pilbara Tenements over the next two years based upon the Use of Funds and Exploration Expenditure set out in Sections 2.3.1 and 5.3 respectively.
- The Tenement Applications described in this Prospectus are not granted exploration licences. Unless and until these Tenement Applications are granted the Company has limited rights and can only undertake preliminary exploration work on these Tenement Applications.
- Other than the Pilbara Tenements, the Company has not specifically allocated any funds from the IPO to be applied toward the other Tenement Applications (comprising the Argentinian Applications). Depending upon the Company's cash position at the time, in order to progress the Argentinian Applications and the Pilbara Tenements (when granted) the Company may need to raise additional funds which may be dilutive to Shareholders.

1.5 KEY RISKS

Reference

Environmental Approvals Risk

Business and
Investment Risks

The Company is reliant on environmental approvals in Western Australia and Argentina to enable it to proceed with the exploration and anticipated development of the Projects. There is no guarantee that the required approvals will be granted in order to allow the Company to proceed with the exploration and anticipated development of 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 proceed with the exploration and anticipated development of one or more of the Projects.

Land Title and Access

Business and
Investment Risks

The right of the Company to develop and explore the Granted WA Tenements is subject to the Company obtaining all necessary consents and approvals to do so. In particular, all or almost all, of the Granted WA Tenements (being approximately 96% of the area of E70/4774 and 100% of the area of E70/4763) encroach on either Private Land, reserves and/or other environmentally sensitive areas.

The Company is in the process of obtaining access agreements or consent to access in relation to areas on the Granted WA Tenements to which it does not have access. The Directors believe that access will be obtained to these areas in relation to areas targeted for exploration. Until these access agreements and consent to access are finalised, the Company's exploration activities are limited to other accessible areas and activities that do not require access.

Title to the WA Tenements and Argentinian Properties are subject to the owner or tenement holder of each property complying with the terms and conditions of the tenements or properties and other relevant legislation.

It is also possible that the WA Tenements in which the Company has an interest, or will in the future have an interest, are areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to the WA Tenements or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

The Directors will continue to closely monitor the potential effect of native title claims and determinations involving tenements in which the Company has or may have an interest.

Certain tenements referred to in this Prospectus are Tenement Applications (including the Pilbara Tenements) awaiting grant and are not granted licences. There is a risk that these applications will not be granted. Unless and until these Tenement Applications are granted the Company has limited rights and can undertake only preliminary exploration work on these Tenement Applications. In particular:

- an objection has been lodged by Global Advanced Metals Wodgina Pty Ltd in respect of the application for E45/4637 and will need to be resolved prior to this application being granted. If this objection is not able to be resolved, there is a risk that the application for E45/4637 will not be granted;
- title to the Challenged Argentinian Property is subject to a review by the judicial authorities in Argentina. Although LPSA has a binding option to acquire the Challenged Argentinian Property, if the title of Lacus to that property is confirmed there is no guarantee that such title will be confirmed or that LPSA will be able to acquire the Challenged Argentinian Property from Lacus; and the Argentinian Property known as Centenario 5 remains subject to approval of an investment plan by the Argentinian mining authorities. The investment plan has been filed and approval for the investment plan is expected to be granted shortly.

Accordingly, the Company has committed only 15–20% of its exploration expenditure in the Use of Funds to the Pilbara Tenements (when granted).

Other than the Pilbara Tenements, the Company has not specifically allocated any funds from the IPO to be applied toward the other Tenement Applications (comprising the Argentinian Applications). Depending upon the Company's cash position at the time, in order to progress the Argentinian Applications and the Pilbara Tenements (when granted) the Company may need to raise additional funds which may be dilutive to Shareholders.

The Title on which the Company proposes to develop the Projects is subject to annual review and periodic renewal by the relevant authorities in each applicable jurisdiction. If the requisite approvals are not granted, it may affect LPI's ability to develop the Projects.

Section 1

Investment Overview

1.5 KEY RISKS continued

Reference

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.

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.

Business and
Investment Risks

Changes in Commodity Price

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 ability to attract funding for the further exploration of the Projects and/or potential future earnings could be closely related to the price of the Commodities.

Business and
Investment Risks

Competition risk

The lithium mining industry both in Australia and abroad 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 attract additional funding for the further exploration of the Projects.

Business and
Investment Risks

Technical risk

The results of future exploration may not reflect the Company's current understanding of the potential lithium mineralisation 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.

Business and
Investment Risks

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 Applicants 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.

Business and
Investment Risks

Future financing

Future financing will be required by the Company to support the further exploration of the Projects including the Pilbara Tenements and Argentinian Tenements (when granted). 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.

Business and
Investment Risks

Exchange Rate Risk

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

Business and
Investment Risks

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.

The shares in Lithium Power S.A. are held on trust for LPI by Andrew Phillips and Martin Holland (**Trustees**), both directors of LPI, as bare trustees pursuant to a Trust Deed (**Trust**).

The Trustees must immediately transfer the shares to LPI upon registration of LPI to act as a foreign shareholder in Argentina or otherwise at any time at the request of LPI.

Although registration to act as a foreign shareholder in Argentina is a standard procedure which must be undertaken by foreign entities, there is a risk that such registration may not be granted. In the event that such registration is not granted, LPI will retain indirect control of the Argentinian Properties in its capacity as beneficiary of the Trust, notwithstanding that it is not a registered shareholder of Lithium Power S.A.

Business and
Investment Risks

1.6 DIRECTORS AND KEY MANAGEMENT

Who are the key people in LPI and what relevant experience do they have?

Mr Reccared (Ricky) P Fertig is a founder and Non-Executive Chairman of LPI.

Mr Fertig is a senior executive with 30 years of international commercial experience across property, healthcare and mining services sectors.

Mr Martin C Holland is a founder, Managing Director and Chief Executive Officer of LPI.

Mr Holland has 11 years of management experience focusing in the mining exploration sector. He was previously CEO of gold explorer Stratum Metals Limited from 2010 to 2014, which listed on ASX in 2011.

Mr Andrew G Phillips is an Executive Director, Company Secretary and Chief Financial Officer of LPI.

Mr Phillips has over 25 years of international commercial experience. He was Company Secretary (and previous CFO) for Sequoia Financial Group Limited, and is also currently Independent Director of Richfield International Limited, Longreach Oil Limited and Southern Cross Exploration NL.

Dr Luis Ignacio Silva P is a Non-Executive Director, and Latin America Regional Manager of LPI.

Dr Silva is a mining geologist with 40 years' experience, including the last 10 years as a lithium specialist. He has worked with Talison Lithium Limited, Freeport McMoRan Gold Corporation, Amax Gold de Chile Ltda., Barrick-IGCI, Lundin, Minera Homestake Chile S.A, Conzinc Rio Tinto Australia Limited, Pegasus Minera de Chile S.A., Chilean Nuclear Energy Commission and Shell-Billiton S.A. He was previously Deputy Manager of Geology at SERNAGEOMIM (the Chilean Geological Survey), and Exploration Manager for Talison's Salares-7 lithium project.

Mr Murray Brooker is a Technical Director and Exploration Manager for LPI.

Mr Brooker is a geologist specialising in lithium, with 20 years' experience in lithium prospecting and exploration. He has led teams in Argentina, Chile and Australia. Most recently, Mr Brooker was the JORC Competent Person to the Orocobre Limited (ORE.ASX) lithium salar project in Argentina.

Directors,
Management,
and Independent
Experts

1.7 SIGNIFICANT INTERESTS OF KEY PEOPLE AND SHAREHOLDING STRUCTURE

Do the key LPI employees have any interest in the business?

Mr Ricky P Fertig and Mr Martin C Holland are substantial Shareholders in the Company, as at the date of the Original Prospectus, and will continue to be substantial Shareholders following the completion of the Offer. Dr Luis Ignacio Silva P is a Shareholder of the Company, but is not considered to be a substantial Shareholder.

Offer Details

Section 1

Investment Overview

1.7 SIGNIFICANT INTERESTS OF KEY PEOPLE AND SHAREHOLDING STRUCTURE *continued*

What is shareholding structure of the Company

	Minimum subscription		Maximum subscription	
	Shares	%	Shares	%
Undiluted Capital Structure				
Shares on issue at the date of the Original Prospectus	70,780,001	66.3%	70,780,001	63.4%
Shares to be issued to Lacus	929,581	0.9%	929,581	0.8%
Shares to be issued under this Prospectus	35,000,000	32.8%	40,000,000	35.8%
Total Shares on Issue on completion of the Offer (undiluted)	106,709,582	100.0%	111,709,582	100.0%
Shareholding structure on completion of the Offer				
Existing shareholders as at the date of the Original Prospectus	70,780,001	66.3%	70,780,001	63.4%
Other investors under this Prospectus	35,929,581	33.7%	40,929,581	36.6%
Total Shares on Issue on completion of the Offer (undiluted)	106,709,582	100.0%	111,709,582	100.0%
Fully Diluted Capital Structure				
Shares on issue at the date of the Original Prospectus	70,780,001	51.3.0%	70,780,001	49.5%
Shares to be issued upon conversion of the Options	31,356,668	22.7%	31,356,668	21.9%
Shares to be issued pursuant to this Prospectus	35,929,581	26.0%	40,929,581	28.6%
Total Shares on Issue on completion of the Offer (fully diluted)	138,066,250	100.0%	143,066,250	100%

1.8 KEY TERMS AND CONDITIONS OF THE OFFER

Reference

How do I apply for Shares?

[Offer Details](#)

By completing and submitting a valid Application Form, a blank copy of which accompanies and forms part of this Prospectus (including, for Australian residents only, the electronic version of this Prospectus), in accordance with the instructions set out on the Application Form.

Is the Offer Underwritten?[Offer Details](#)

Sequoia Corporate Finance Pty Ltd, a corporate authorised representative (No.000469074) of D2MX Pty Ltd (ACN 113 959 596, AFSL No 297950) is Lead Manager to the Offer. The Offer is not underwritten.

Is there a minimum and maximum subscription?[Offer Details](#)

Applications must be for a minimum of 10,000 Shares (i.e. \$2,000.00) and thereafter in multiples of 2,500 Shares (i.e. \$500.00). Applications for less than the minimum accepted application of 10,000 Shares will not be accepted.

What is the allocation policy?[Offer Details](#)

The Lead Manager and Directors reserve the right, in their absolute discretion, to allot the Shares applied for under any Application in full or to allot any lesser number or to decline any Application. The Directors may, in their absolute discretion, give preference to certain Applicants in accepting Applications under the Offer.

Is there any brokerage, commission or stamp duty payable by Applicants?[Offer Details](#)

No brokerage, commission or stamp duty is payable by Applicants on subscription for Shares under the Offer.

What are the costs of the Offer?[Offer Details](#)

The cash costs of the Offer are estimated at approximately \$727,000 (inclusive of GST). The costs of the Offer include broker fees of 6% of the Offer proceeds for allotments above \$5,000 and 8% of the Offer proceeds for allotments below \$5,000 payable to the Lead Manager in accordance with the terms of their engagement. These costs will be paid by the Company out of the Offer Proceeds and existing cash reserves.

What are the tax implications of making an investment in the Company?[Offer Details](#)

The taxation implications of investing in the Company will depend on a Shareholder's individual circumstances. Applicants should obtain their own tax advice prior to making an investment in the Company.

1.9 DIVIDENDS

When will I receive dividends?[Additional Information](#)

The Directors intend to use the Company's current cash reserves and any surplus cash flow to fund the Projects, rather than distributing these funds as dividends. The Directors can give no assurance as to the amount, timing, franking or payment of any future dividends by the Company.

1.10 FURTHER INFORMATION AND WITHDRAWAL OF OFFER

How can further information be obtained?[Offer Details](#)

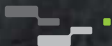
Further information can be obtained by reading this Prospectus in its entirety. For advice on the Offer you should speak to your stockbroker, accountant or other professional adviser. If you require assistance or additional copies of this Prospectus, please contact the Lead Manager on +61 2 8114 2222 or the Share Registry on +61 2 9290 9600.

Contact details[Corporate Directory](#)

For further contact details refer to the Corporate Directory of this Prospectus.

Can the Offer be withdrawn?[Offer Details](#)

The Company may withdraw the Offer at any time before the issue or transfer of Shares to successful Applicants. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest).



Section 2

Offer Details

This Section provides an overview of the Offer and should be read in conjunction with the remainder of this Prospectus.

2.1 THE OFFER

This Prospectus relates to an initial public offering of 35,000,000 Shares by the Company at an Issue Price of \$0.20 per Share to raise a total of \$7,000,000 (before costs).

The Company reserves the right to accept over-subscriptions to raise a further \$1,000,000 through the issue of up to 5,000,000 Shares at \$0.20 per Share. The maximum amount which may be raised under this Prospectus is therefore \$8,000,000 (before costs).

All Shares issued pursuant to this Prospectus will be fully paid and will rank equally in all respects with the Shares currently on issue.

Applications can only be made by completing the Application Form accompanying this Prospectus.

Applications must be for a minimum of 10,000 Shares (i.e. \$2,000.00) and thereafter in multiples of 2,500 Shares (i.e. \$500.00). Applications for less than the minimum accepted application of 10,000 Shares will not be accepted.

2.2 KEY TERMS

The key terms of the Offer are set out as follows:

Table 2.2.1: Offer Terms	Minimum subscription	Maximum subscription
Issue Price per Share	\$0.20	\$0.20
Offer Proceeds	\$7,000,000	\$8,000,000
Total Number of Shares offered under the Offer	35,000,000	40,000,000
Shares on issue as at the date of the Original Prospectus	70,780,001	70,780,001
Shares to be issued to Lacus ⁽¹⁾	929,581	929,581
Total number of Shares on issue at completion of the Offer	106,709,582	111,709,582
Indicative market capitalisation of the Company after completion of the Offer at \$0.20 per Share on an undiluted basis	\$ 21,341,916	\$ 22,341,916

Notes:

- Pursuant with the Asset Sale and Purchase agreement signed between the Company and Lacus Minerals S.A. on 5 February 2016 for the acquisition of the Argentinian Properties a total of USD133.111 (AUD\$185,916) – (converted at the USD\$1.00/AUS\$1.3967, being the spot rate on the day of signing), of LPI shares at the Offer price of \$0.20.

Section 2

Offer Details

2.3 PURPOSE OF THE OFFER AND USE OF FUNDS

The purpose of the Offer is to provide the Company with the necessary funding to develop the Projects and identify other potential acquisition opportunities.

The purpose of the Offer and the proposed use of funds raised from the Offer is to:

- complete the acquisition of the Granted Argentinian Properties, by making a final part-payment, which are subject only to payment of funds from IPO proceeds and the issue of Vendor Shares;
- fund exploration of the Granted Tenements and Pilbara Tenements;
- fund the annual maintenance costs associated with the Granted Tenements;
- fund the expenses of the Offer and the associated costs of listing the Company on ASX;
- meet the ongoing administrative costs of the Company and provide working capital;
- provide a liquid market for Shares and an opportunity for new Shareholders to invest in the Company;
- provide the Company with access to the equity capital markets; and
- provide the next two years of working capital for the Company.

A more detailed exploration budget for the Granted WA Tenements and Pilbara Tenements is set out in Section 12 and for the Granted Argentinian Properties is set out in Section 13.

In conjunction with the Offer, the Company is seeking admission to the Official List of ASX and quotation of its Shares.

Table 2.3.1 provides, as at the date of the Original Prospectus, a summary of the Company's proposed use of funds from the Offer combined with existing cash reserves for the two-year period ending 30 June 2018.

Table 2.3.1: Use of funds

Use of Funds	Minimum subscription \$	Maximum subscription \$
Pre-Offer cash and receivables as at the date of this Prospectus	114,500	114,500
Total to be raised under the Offer	7,000,000	8,000,000
Total Funds Available	7,114,500	8,114,500
Year 1 Expenditure		
Funds to complete acquisition of Argentinian Properties	69,750	69,750
Exploration Expenditure (refer Section 5.3)	1,530,500	1,750,500
Expenses of the Offer	727,097	787,097
Overhead Costs	994,500	994,500
Total Expenditure	3,321,847	3,601,847
Total funds available – end of Year 1	3,792,653	4,512,653
Year 2 Expenditure		
Exploration Expenditure (refer Section 5.3)	2,549,500	3,200,750
Overhead Costs	994,500	994,500
Total Expenditure	3,544,000	4,195,250
Total funds available – end of Year 2	248,653	317,403

Notes:

1. The above table is a statement of current intentions as of the date of lodgement of this Prospectus with ASIC. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied on this basis.
2. Exploration expenditures will be reviewed on an on-going basis, depending upon the nature of results forthcoming from the respective work programmes.

3. It is the Company's intention to increase and accelerate its exploration and drilling programs to achieve results as soon as practicable. The additional proceeds generated by the maximum subscription will allow for the acceleration of the proposed exploration program. The Company may seek to raise additional funds within two years after listing on ASX to the extent required to increase and accelerate the exploration and drilling programs as determined by the Board.
4. The Overhead Costs include the budgeted amounts for obtaining consents and satisfying other legal requirements in relation to the Granted Tenements and Tenement Applications in the the two years from the date of this Prospectus.

The Directors are satisfied that upon completion of the Offer, the Company will have sufficient working capital to carry out its objectives, and in particular, will have sufficient cash reserves to fund the next two years of its working capital.

2.4 CAPITAL STRUCTURE

The pro-forma capital structure of the Company is summarised in the table below.

Table 2.4.1: Pro-forma capital structure

Description	Minimum subscription			Maximum subscription		
	No. of Shares	Total % undiluted	Total % diluted	No. of Shares	Total % undiluted	Total % diluted
Founder Shares	51,000,001	47.8%	36.9%	51,000,001	45.7%	35.6%
Vendor Shares	929,581	0.9%	0.7%	929,581	0.8%	0.6%
Pre-IPO Seed Shares	19,780,000	18.5%	14.3%	19,780,000	17.7%	13.8%
IPO	35,000,000	32.8%	25.4%	40,000,000	35.8%	28.0%
Total Issued Capital on an undiluted basis	106,709,582	100.0%		111,709,582	100%	
Total Options on issue at completion of the IPO	31,356,668		22.7%	31,356,668		21.9%
Total issued capital on a diluted basis	138,066,250		100.0%	143,066,250		100.0%

2.5 STRUCTURE OF THE OFFER

The structure of the Offer is to allocate 35,000,000 fully paid Shares at a price of \$0.20 per Share. This equals to a total of \$7,000,000 (before costs) new capital raised.

The Company reserves the right to accept over-subscriptions to raise a further \$1,000,000 through the issue of up to 5,000,000 Shares at \$0.20 per Share. The maximum amount which may be raised under this Prospectus is therefore \$8,000,000 (before costs).

A minimum allocation of Shares is to the value of \$2,000.00 (10,000 Shares) with increments of \$500.00 (2,500 Shares) being accepted for all valid Share Applications received.

The Board of the Company has the sole right to accept or reject any applications received at its discretion.

2.6 ALLOCATION POLICY

The final allocation of Shares between Applicants will be determined by the Lead Manager in consultation with the Company.

2.7 UNDERWRITING

Sequoia Corporate Finance Pty Ltd, a corporate authorised representative (No. 000469074) of D2MX Pty Ltd (ACN 113 959 596, AFSL No 297950), is the Lead Manager of the Offer. This Offer is not underwritten. For details of the Agreement with the Lead Manager please refer to Section 14.

2.8 OVERSUBSCRIPTIONS

The Company reserves the right to accept over-subscriptions to raise a further \$1,000,000 through the issue of up to 5,000,000 Shares at \$0.20 per Share. The maximum amount which may be raised under this Prospectus is therefore \$8,000,000 (before costs).

Section 2

Offer Details

2.9 DIRECTORS' INTERESTS

Details of the relevant interests in securities of the Company held by the Directors and their related parties (either directly or indirectly) as at the date of the Original Prospectus are set out in table 2.9.1 below.

Table 2.9.1: Directors' interests in securities of LPI on an undiluted basis

Directors' interest	Minimum subscription			Maximum subscription		
	No. Shares	Total	% Shares on Issue	No. Shares	Total	% Shares on Issue
Mr Martin C Holland	20,000,001	106,709,582	18.7%	20,000,001	111,709,582	17.9%
Mr Ricky P Fertig	14,300,000	106,709,582	13.4%	14,300,000	111,709,582	12.8%
Dr Luis Ignacio Silva P	280,000	106,709,582	0.3%	280,000	111,709,582	0.3%
Mr Andrew G Phillips	–	106,709,582	0.0%	–	111,709,582	0.0%
Total Shares on Issue	34,580,001	106,709,582	32.4%	34,580,001	111,709,582	31.0%

Table 2.9.2: Directors' options on issue at the completion of the Offer

Directors' interest	Minimum subscription			Maximum subscription		
	No. Options	Total	% Options on Issue	No. Options	Total	% Options on Issue
Mr Martin C Holland	10,000,001	31,356,668	31.9%	10,000,001	31,356,668	31.9%
Mr Ricky P Fertig	7,550,000	31,356,668	24.1%	7,550,000	31,356,668	24.1%
Dr Luis Ignacio Silva P	640,000	31,356,668	2.0%	640,000	31,356,668	2.0%
Mr Andrew G Phillips	1,500,000	31,356,668	4.8%	1,500,000	31,356,668	4.8%
Total Options on Issue	19,690,001	31,356,668	58.0%	19,690,001	31,356,668	58.0%

Table 2.9.3: Directors' shares and options on issue at the completion of the Offer on a diluted basis¹

Directors' interest	Minimum subscription			Maximum subscription		
	No. Shares	Total	% Shares on Issue	No. Shares	Total	% Shares on Issue
Mr Martin C Holland	30,000,002	138,066,250	21.7%	30,000,002	143,066,250	21.1%
Mr Ricky P Fertig	21,250,000	138,066,250	15.8%	21,250,000	143,066,250	15.3%
Dr Luis Ignacio Silva P	1,020,000	138,066,250	0.7%	1,020,000	143,066,250	0.7%
Mr Andrew G Phillips	1,500,000	138,066,250	1.1%	1,500,000	143,066,250	1.0%
Total Shares and Options on Issue	52,870,002	138,066,250	38.3%	52,870,002	143,066,250	37.0%

Mr Martin Holland and Mr Ricky Fertig are substantial shareholders of the Company as at the date of the Original Prospectus and will continue to be substantial shareholders after completion of the Offer. The Directors may also participate in the Offer pursuant to this Prospectus.

Further details of Directors' interests and remuneration are provided in Section 14 and Section 16 of this Prospectus.

Notes:

¹ This does not include any potential participation in the Offer by Directors.

2.10 ALLOTMENT OF SHARES

Subject to ASX granting approval for the Company to be admitted to the Official List, the Directors will finalise the allotment of Shares as soon as possible after the Closing Date. The Company reserves the right to authorise the issue of a lesser number of Shares than those for which an Application has been made or to reject any Application.

Any Applicants who sell Shares before they receive their transaction confirmation statements do so at their own risk.

No securities will be allotted or issued under this Prospectus later than 13 months after the date of the Original Prospectus.

2.11 SPECULATIVE NATURE OF OFFER AND RISK FACTORS

As with any investment in listed securities, an investment in the Company is subject to a number of risks. Applicants should understand that exploration and mining projects are both speculative and subject to a wide range of risks and that even if the Company successfully demonstrates project feasibility, Applicants may lose the entire value of their investment.

Before deciding to invest in the Company, Applicants should read this document carefully and in its entirety, with a particular emphasis on the risk factors detailed in Sections 1 and 3.

Applicants should consider these matters in light of their personal circumstances (including financial and taxation affairs), their own risk profiles and investment parameters and, where necessary, seek professional advice before deciding whether or not to apply for Shares.

2.12 DISCRETION REGARDING THE OFFER

The Company may withdraw the Offer at any time before the issue or transfer of Shares to successful Applicants. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest).

2.13 ASX LISTING

The Company has applied to the ASX for admission to the Official List and for Official Quotation of its Shares.

The fact that the ASX may admit the Company to the Official List is not to be taken in any way as an indication of the value or merit of the Company or the Shares offered under this Prospectus. Official Quotation, if granted, will commence as soon as practicable after the issue of holding statements to successful Applicants.

If the Company has not been admitted for Official Quotation within 3 months of the date of the Original Prospectus, then the Company will refund all Application Monies received pursuant to this Prospectus in full. Interest will not be paid on Application Monies refunded.

The Directors will not allot Shares unless and until the ASX grants permission for the Shares to be admitted to the Official List.

Subject to certain conditions (including any waivers obtained by the Company from time to time), the Company will be required to comply with the ASX Listing Rules.

2.14 APPLICATIONS OUTSIDE AUSTRALIA

The Offer under this Prospectus does not constitute a public offer in any jurisdiction outside Australia. 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 issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

It is the responsibility of non-Australian resident investors to obtain all necessary approvals for the allotment and issue of Shares pursuant to this Prospectus. The return of a completed Application Form by an Applicant outside Australia will be taken by the Company to constitute a representation and warranty by the Applicant that all approvals have been obtained. Applicants who are nominees or persons proposing to act as nominees should seek independent advice as to whether governmental or other consents are required, or other formalities need to be observed, before taking up Shares pursuant to this Prospectus.

Section 2

Offer Details

2.15 CHESS

The Company will apply to be admitted to participate in the Clearing House Electronic Sub-register System, known as CHESS and will comply with the ASX Listing Rules and the ASX Settlement Rules. ASX Settlement, a wholly owned subsidiary of ASX, operates CHESS in accordance with the ASX Listing Rules and ASX Settlement Rules.

On admission to CHESS, the Company will operate an electronic issuer-sponsored sub-register and electronic CHESS sub-register. The two sub-registers together will make up the Company's principal register of Shares.

The Company will not issue certificates to Shareholders. Shareholders who are allotted Shares under this Prospectus will be provided with a transaction confirmation statement that sets out the number of Shares allotted to the Shareholder. Shareholders who elect to hold Shares on the issuer-sponsored sub-register will be provided with a holding statement (similar to a bank account statement), that sets out the number of Shares allotted to the Shareholder under this Prospectus. For Shareholders who elect to hold their Shares on the CHESS sub-register, the Company will issue an advice that sets out the number of Shares allotted to the Shareholder under this Prospectus. At the end of the month of allotment, CHESS, acting on behalf of the Company, will provide Shareholders with a holding statement that confirms the number of Shares held and any transactions executed by the Shareholder during that month.

A holding statement (whether issued by CHESS or the Company) will also provide details of a Shareholder's Holder Identification Number (**HIN**) in the case of a holding on the CHESS sub-register or Shareholder Reference Number (**SRN**) in the case of a holding on the issuer-sponsored sub-register. Following distribution of these initial holding statements to all Shareholders, a holding statement will also be provided to each Shareholder at the end of any subsequent month during which the balance of that Shareholder's holding of Shares changes.

A Shareholder may request a holding statement at any other time. However, a charge may be made by the Share Registry for additional statements.

2.16 RESTRICTED SECURITIES

As a condition of admitting the Company to the Official List, the ASX may classify certain existing securities in the Company as restricted securities in accordance with the ASX Listing Rules. Any such classification will restrict the transfer of effective ownership or control of any restricted securities without the written consent of the ASX and for such period as the ASX may determine.

Prior to Official Quotation, the parties holding restricted securities must enter into restriction agreements with the Company on the terms set out in the ASX Listing Rules. Details of those restriction agreements will be disclosed to the market on the ASX's announcements platform prior to commencement of Official Quotation of the Shares.

2.17 TAXATION

The acquisition and disposal of Shares will have taxation consequences which will differ depending on the individual circumstances of each investor. All potential investors in the Company should seek their own independent advice in relation to taxation matters.

The Company is unable to give advice on any taxation matter as each Applicant's position will relate to their own specific circumstances.

It is not necessary for Applicants to quote their tax file number on the Application Form. However, Applicants should read the instructions in the Application Form regarding the provision of their tax file number.

2.18 NO FORECASTS IN PROSPECTUS

The Directors believe that they do not have a reasonable basis to forecast future earnings for the Company in view of the fact that mining activities are subject to a number of inherently uncertain influences. Although the Company will seek to ensure that strategies are pursued to further the success of the development of the Projects, revenue generation cannot be reliably predicted. Accordingly, any forecast or projected financial information would contain such a broad range of potential outcomes and possibilities that it is not possible to provide a reliable estimate, forecast or prediction in this Prospectus.

There are statements in this Prospectus concerning the envisaged operations of the Company following completion of the Offer. These retrospective or forward-looking statements are subject to numerous risks. For a discussion of some of the risk factors which could cause actual events or results to differ materially from such retrospective or forward-looking statements, please refer to Section 3.

Any statement on past performance is not a guide to future performance. There are many risks which are likely to materially impact the financial returns of Projects.

2.19 ENQUIRIES REGARDING THE OFFER

If Applicants have any queries about the terms of the Offer or how to apply for Shares, they should contact their financial advisor, the Lead Manager on +61 2 8114 2222 or the Share Registry on +61 2 9290 9600.

The Company is unable to advise Applicants on the suitability or otherwise of an investment in the Company, and for such advice Applicants must contact their own independent professional advisers.

2.20 PRIVACY DISCLOSURE

The Company collects information about each Applicant from the Application Form for the purposes of processing the Application and, if the Application is successful, to administer each Applicant's security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided in the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses, ASX, ASIC and other regulatory authorities.

If an Applicant becomes a security holder in the Company, the Act requires the Company to include information about the security holder (name, address and details of the securities held) in its public register. This information must remain in the register even if that person ceases to be a security holder in the Company. Information contained in the Company's registers is also used to facilitate dividend payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and to comply with legal and regulatory requirements.

If an Applicant does not provide the information required on the Application Form, the Company may not be able to accept or process the Applicant's Application.

2.21 SELLING RESTRICTIONS

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise permit a public offering of the Shares in any jurisdiction outside Australia.

The Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons, except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, and any other applicable securities laws.

Each Applicant will be taken to have represented, warranted and agreed as follows:

- (a) it understands that the Shares have not been, and will not be, registered under the US Securities Act or the securities law of any state of the United States and may not be offered, sold or resold in the United States, or to or for the account or benefit of US Persons, except in a transaction exempt from, or not subject to, registration under the US Securities Act and any other applicable securities laws;
- (b) it is not in the United States or a US Person, and is not acting for the account or benefit of a US Person;
- (c) it has not and will not send the Prospectus or any other material relating to the Offer to any person in the United States or to any person that is, or is acting for the account or benefit of, a US Person; and
- (d) it will not offer or sell the Shares in the United States or to, or for the account or benefit of, any US Person or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration under the US Securities Act and in compliance with all applicable laws in the jurisdiction in which Shares are offered or sold.



Section 3

Business and Investment Risk

3.1 OVERVIEW

There are factors, both specific to the Company and of a general nature, which may affect the future operating and financial performance of the Company and the value of its securities. Some of these risks may be mitigated by the Company, however many of these factors are outside the control of the Directors and management of the Company.

This Section identifies some, but not all, of the risks associated with an investment in the Company. Applicants should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether or not to apply for Shares.

Any potential investor should be aware that subscribing for Shares involves various risks, and an investment in the Company should be considered speculative.

The Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, return of capital or the market value of those Shares, and the future performance of the Shares may be influenced by a range of factors, some of which are set out below.

Before applying for Shares, you should satisfy yourself that you have a sufficient understanding of these matters and should consider whether Shares are a suitable investment for you, having regard to your own investment objectives, financial situation and particular needs (including financial and tax issues). If you do not understand any part of this Prospectus or are in any doubt as to whether to invest in Shares, you should seek professional guidance from your stockbroker, solicitor, accountant, tax adviser or other independent and qualified professional adviser before deciding whether to subscribe for Shares under this Prospectus.

3.2 SPECIFIC BUSINESS RISKS

3.2.1 Environmental Approvals Risk

The Company is reliant on environmental approvals in Western Australia and Argentina to enable it to proceed with the exploration and anticipated development of the Projects. There is no guarantee that the required approvals will be granted in order to allow the Company to proceed with the exploration and anticipated development of 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 proceed with the exploration and anticipated development of one or more of the Projects.

Each environmental approval may be issued for a specified term and may be subject to conditions that must be complied with and which may be periodically reviewed. Consents that expire may not be renewed, or may be renewed on terms that are less favourable to the Company.

In the event that the Company obtains the required environmental approvals, any changes to these approvals that arise out of a review process could restrict or stop the Company from developing and operating one or more of the Projects. There is also a risk that the Company may breach the conditions of one of its approvals which may result in the approval being revoked or the Company being prosecuted.

Section 3

Business and Investment Risk

3.2.2 Land Title and Access

The right of the Company to develop and explore the Granted WA Tenements is subject to the Company obtaining all necessary consents and approvals to do so. In particular, all or almost all, of the Granted WA Tenements (being approximately 96% of the area of E70/4774 and 100% of the area of E70/4763) encroach on either Private Land, reserves and/or other environmentally sensitive areas.

The Company is in the process of obtaining access agreements or consent to access in relation to areas on the Granted WA Tenements to which it does not have access. The Directors believe that access will be obtained to these areas in relation to areas targeted for exploration. Until these access agreements and consent to access are finalised, the Company's exploration activities are limited to other accessible areas and activities that do not require access.

Title to the WA Tenements and Argentinian Properties are subject to the owner or tenement holder of each property complying with the terms and conditions of the tenements or properties and other relevant legislation.

It is also possible that the WA Tenements in which the Company has an interest, or will in the future have an interest, are areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to the WA Tenements or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

The Directors will continue to closely monitor the potential effect of native title claims and determinations involving tenements in which the Company has or may have an interest.

Certain tenements referred to in this Prospectus are Tenement Applications (including the Pilbara Tenements) awaiting grant and are not granted licences. There is a risk that these applications will not be granted. Unless and until these Tenement Applications are granted the Company has limited rights and can undertake only preliminary exploration work on these Tenement Applications. In particular:

- an objection has been lodged by Global Advanced Metals Wodgina Pty Ltd in respect of the application for E45/4637 and will need to be resolved prior to this application being granted. If this objection is not able to be resolved, there is a risk that the application for E45/4637 will not be granted;
- title to the Challenged Argentinian Property is subject to a review by the judicial authorities in Argentina. Although LPSA has a binding option to acquire the Challenged Argentinian Property, if the title of Lacus to that property is confirmed there is no guarantee that such title will be confirmed or that LPSA will be able to acquire the Challenged Argentinian Property from Lacus; and
- the Argentinian Property known as Centenario 5 remains subject to approval of an investment plan by the Argentinian mining authorities. The investment plan has been filed and approval for the investment plan is expected to be granted shortly.

Accordingly, the Company has committed only 15–20% of the total exploration expenditure for the WA Tenements in the Use of Funds to the Pilbara Tenements. Other than the Pilbara Tenements, the Company has not specifically allocated any funds from the IPO to be applied toward the other Tenement Applications (comprising the Argentinian Applications). Depending upon the Company's cash position at the time, in order to progress the Argentinian Applications and the Pilbara Tenements (when granted) the Company may need to raise additional funds which may be dilutive to Shareholders.

The Title on which the Company proposes to develop the Projects is subject to annual review and periodic renewal by the relevant authorities in each applicable jurisdiction. If the requisite approvals are not granted, it may affect LPI's ability to develop the Projects.

For further information on the Title refer to the Solicitor's Reports on Title in Section 10 and Section 11.

3.2.3 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.

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.

The exploration costs of the Company identified in Section 5.3, and the Company's preliminary evaluation of the economic and technical viability of the Projects, are based on certain price, cost and other assumptions with respect to the method and timing of exploration and other market related assumptions. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from the estimates and assumptions. No assurance can be given that the costs estimates and assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

3.2.4 Changes in Commodity Price

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 and tantalum (**Commodities**) and/or from royalties gained from potential joint ventures or from mineral projects sold. Consequently, the Company's ability to attract funding for the further exploration of the Projects and/or 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.

3.2.5 Competition Risk

The lithium mining industry both in Australia and abroad 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 attract additional funding for the further exploration of 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, the blocking of access to the tenements, sufficient supply of exploration hardware and sufficient supply to labour resources.

3.2.6 Technical Risk

The results of future exploration may not reflect the Company's current understanding of the potential lithium mineralisation 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.

3.2.7 Delays in Exploration

Exploration and development costs (including, without limitation, administration overheads if the Company continues to incur these costs for a significant period before it can commence any exploration) will reduce the cash reserves of the Company, which may not be replaced through the successful development of mining operations. The Company would then be dependent on seeking exploration capital elsewhere, through equity, debt or joint venture financing, to support long term exploration and evaluation of the Projects. There is no guarantee that the Company will be able to find exploration capital on satisfactory terms or at all. Inability to find exploration capital 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.

3.2.8 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 Applicants 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.

3.2.9 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 leaves the Company. Although Mr Martin Holland, Managing Director and Chief Executive Officer, and Mr Andrew Phillips, Executive Director, Company Secretary and Chief Financial Officer are each retained under an Executive Services Agreement (see Section 14), there can be no assurance that their services will continue to be available to the Company on an indefinite basis. 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.

3.2.10 Management Actions

The Directors of the Company will, to the best of their knowledge, experience and ability (in conjunction with their management) endeavour to anticipate, identify and manage the risks inherent in the activities of the Company with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of the Company and its security.

3.2.11 Future Financing

Future financing will be required by the Company to support the further exploration of the Projects including the Pilbara Tenements and Argentinian Tenements (when granted). 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.

Section 3

Business and Investment Risk

3.2.12 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.

3.2.13 Risk of Shareholder Dilution

In the future, the Company may elect to issue Shares in connection with fundraisings, including to raise proceeds, to fund further exploration of the Projects. While the Company will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital it is able to issue within a 12 month period (other than where exceptions apply), Shareholders may be diluted as a result of such issues of Shares and fundraisings. Further, the Company has a number of Options that are on issue which, if exercised, will further dilute Shareholders.

3.2.14 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 as 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.

Industrial and environmental accidents could lead to substantial claims against the Company for injury or loss of life, and damage or destruction to property, as well as regulatory investigations, clean up responsibilities, penalties and the suspension of operations. Industrial disruptions, work stoppages and accidents in the course of the Company's operations could result in losses and delays which may significantly affect profitability.

The occurrence of any one or a combination of these events may have a materially adverse effect on the Company's performance and the value of its assets.

3.3 GENERAL RISKS

Most of the general risks discussed below are outside the control of the Company and the Directors and cannot be mitigated.

3.3.1 Share Market Risk

The price of Shares may rise or fall depending upon a range of factors beyond the Company's control and which are unrelated to the Company's operational performance. Investors who decide to sell their Shares after Listing may not receive the entire amount of their original investment. The price of Shares listed on ASX may also be affected by a range of factors including the Company's financial performance, and by changes in the business environment specifically affecting the Australian and South American resources sector and exploration companies.

The Shares carry no guarantee in respect of profitability, dividends, return on capital, or the price at which they may trade on the ASX.

There are a number of national and international market factors that may affect the Share price including movements in international stock markets, economic conditions and the general economic outlook, interest rates and exchange rates, inflation rates, commodity supply and demand, government taxation and royalties, legislation, monetary and other policy changes, and general investor perception. Neither the Company nor its Directors has control over any of these factors nor can they guarantee that the price of Shares will not be affected by one or more of these factors.

3.3.2 General Economic Conditions

Factors affecting the general economic climate may affect the performance of the Company. These factors include the general level of international and domestic economic activity, inflation and interest rates, commodity pricing and the general level of activity within the energy industry. These factors are beyond the control of the Company and their impact cannot be predicted.

3.3.3 Currency Exchange Rate Risk

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

Future exchange rate fluctuations may subject LPI to unpredictable variations in the cost of capital equipment required for the Projects.

3.3.4 Changes in Laws and Government Policy

The availability and rights to explore and mine, as well as industry profitability generally, can be affected by changes in government policy. Changes in government regulations and policies may adversely affect the financial performance of the operations of the company. The impact of actions by governments may affect the Company's activities, including in relation to access to infrastructure, compliance with environmental regulations, taxation and royalties.

In the different jurisdictions in which the Company holds rights to the WA Tenements and Argentinian Properties, the responsible government authority will conduct reviews from time to time of policies in connection with the granting and administration of mining concessions. At present the Company is not aware of any proposed changes to policy that would affect the Concessions.

Changing attitudes to environmental, land care cultural heritage and indigenous land rights issues, together with the nature of the political process, provide the possibility of future policy changes. There is a risk that such changes may affect the Company's exploration plans or, indeed, its rights and/or obligations with respect to the WA Tenements and/or the Argentinian Properties.

3.3.5 Argentinian Risks and Argentinian Government Policy

The Company holds the Argentinian Properties through its wholly-owned Argentinian subsidiary, Lithium Power S.A., 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.

The shares in Lithium Power S.A. are held in trust for LPI by Andrew Phillips and Martin Holland (Trustees), both directors of LPI, as bare trustees pursuant to a Trust Deed (**Trust**).

The Trustees must immediately transfer the shares to LPI upon registration of LPI to act as a foreign shareholder in Argentina or otherwise at any time at the request of LPI.

The Company intends to apply for registration to act as a foreign shareholder in Argentina forthwith following the Official Quotation and expects registration to be granted within 6 months thereto.

Until the Company is registered to act as a foreign shareholder in Argentina, the Company has indirect control of the Argentinian Properties in its capacity as beneficiary of the Trust.

Although registration to act as a foreign shareholder in Argentina is a standard procedure which must be undertaken by foreign entities, there is a risk that such registration may not be granted. In the event that such registration is not granted, LPI will retain indirect control of the Argentinian Properties in its capacity as beneficiary of the Trust, notwithstanding that it is not a registered shareholder of Lithium Power S.A.

3.3.6 Sovereign Risk

The Company has an interest in the Argentinian Properties. Future government actions in Argentina concerning the economy, ownership of the Argentinian Properties, repatriation of profits, corporate policies, taxation policies, environment policies, change in political conditions or the operation and regulation of mining exploration and development could affect the company and its financial performance generally.

3.3.7 Emerging Market Risk

Emerging markets such as Argentina are potentially subject to more volatility and greater risk than more mature markets. It should be noted that the emerging markets are frequently subject to change and therefore some of the information set out in this Prospectus may become outdated.

The political climates in Argentina are currently stable and generally held to offer a favourable outlook for foreign investments. There are no guarantees that they will remain so in the future. Changes in government, regulatory and legislative regimes, potentially leading to expropriation of mining rights cannot be ruled out. The Argentinian government may alter its regulatory framework for exploration and mining, environmental management, land title and royalties.

3.3.8 Unforeseen Expenses

The proposed expenditure on the Projects may be adversely affected by any unforeseen expenses which arise in the future and which have not been considered in this Prospectus. While the Company is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were incurred, the expenditure proposals of the Company may be adversely affected.

3.3.9 General Risks

Any combination of the above factors may materially affect any individual mineral project assets, operations or the financial performance of the Company and the value of its securities. To that extent the Shares offered in this Prospectus are subject to significant risk and uncertainty with respect to return or preservation of capital, the price (if any) at which the Shares may trade and the payment of dividends in any future time.

Diamond core samples from Centenario Salar



Section 4

Company Overview

4.1 BUSINESS DESCRIPTION

The Company was formed to identify, fund, acquire, explore and develop major lithium projects in Western Australia and South America.

LPI is a pure-play lithium explorer whose business involves the acquisition and advancement of promising lithium projects. The company is currently pursuing three project regions across Australia and South America in order to provide an asset base which is diversified by both geography and deposit type.

4.2 THE COMPANY'S PROJECTS

The three project regions that LPI is currently focussed on are:

1. Greenbushes (Western Australia) – LPI has two granted tenements, being the Granted WA Tenements covering 398 km² in the Greenbushes area of southern Western Australia. The tenements are adjacent to the world's largest hard rock lithium mine owned and operated by Tianqi/Talison.
2. Pilbara (Western Australia) – LPI has three pending exploration applications covering 203 km² in the Pilbara region of northern Western Australia. The largest tenement application, located at Pilgangoora-Houston Creek, is 2–3 km west of the Pilbara Minerals (PLS.ASX) and Altura Mining (AJM.ASX) lithium deposits.
3. Puna Plateau (Argentina) – Lithium Power S.A. (LPSA), an entity which is beneficially owned by LPI, recently signed binding agreements to acquire three granted exploration tenements in the Centenario lithium brine salar within the Salta province of the Puna Plateau. In addition, LPSA has contractual rights to acquire one granted exploration tenement which is currently subject to review by the Argentinian judicial authorities, and rights to two pending applications in the same salar. In total the 6 tenements cover a total area of 61.52 km². The salar is in the same province as other lithium brine operators such as Orocobre Limited, FMC Corporation and Lithium Americas Corp. (formerly Western Lithium USA Corporation).

Details of the Argentinian Properties in respect of which LPI has an interest in through its beneficial shareholding in LPSA are as follows:

- LPSA has a binding agreement to acquire (effective transfer is subject only to payment of funds from IPO proceeds and issue of Vendor Shares) three granted properties, being the Granted Argentinian Properties;
- LPSA has a binding option to acquire two properties which are currently at application stage, being the Argentinian Applications, subject to those properties being granted; and
- LPSA has a binding option to acquire one granted property to which title of Lacus has been challenged, being the Challenged Argentinian Property, subject to the Lacus' title being confirmed. In the event that the vendor's title to the Challenged Argentinian Property is not confirmed, it is intended that LPSA will apply for the Challenged Argentinian Property on its own behalf.

All applications, tenements and rights to applications and tenements in Australia are 100% owned by LPI, while in the case of Argentina, LPSA has the contractual right to acquire 100% interest in such (including rights to the Challenged Argentinian Property which is the subject of review by the Argentinian mining authorities).

Section 4

Company Overview



Projects Summary

Area	Location	Size	Exploration To Date	Post IPO
Australia				
Greenbushes	Balingup / Brockman Hwy	398 km ²	Gravity Survey	Magnetic Survey + MMI
Pilbara	Pilgangoora-Houston Ck	75 km ²	Magnetic Survey	MMI + RC Drilling
Pilbara	Strelley / Tappa Tappa	128 km ²	Field Recon	Magnetic Survey
Argentina				
Puna Plateau	Centenario Salar	62 km ²	Diamond Drilling	GeoChem + Drilling

4.3 PROJECT PIPELINE

The listing of LPI on the ASX is expected to provide greater access to the equity capital markets and will allow the Company to pursue exploration and acquisition opportunities that exist across Australia and South America.

4.4 STRATEGY

The Company's strategy at the date of this Prospectus is to explore the Granted Tenements and the Pilbara Tenements over the next two years based upon the Use of Funds and Exploration Expenditure set out in Sections 2.3.1 and 5.3 respectively.

The Tenement Applications described in this Prospectus are not granted exploration licences. Unless and until these Tenement Applications are granted the Company has limited rights and can undertake only preliminary exploration work on these Tenement Applications. Other than the Pilbara Tenements, the Company has not specifically allocated any funds from the IPO to be applied toward the other Tenement Applications (comprising the Argentinian Applications). Depending upon the Company's cash position at the time, in order to progress the Argentinian Applications and the Pilbara Tenements (when granted) the Company may need to raise additional funds which may be dilutive to Shareholders.

4.5 EXPERIENCED BOARD AND MANAGEMENT

LPI's Board and management bring a diversified mix of skills to the Company, with approximately 100 years commercial and business experience in the following areas:

- Domestic and international experience in a range of business sectors including:
 - lithium exploration and appraisal;
 - mining development and production;
 - commodity research;
 - strategic transactions;
 - business development and management;
 - professional services; and
 - financial markets.
- Commercial, legal and financial management.
- Listed Company management and compliance.

4.6 LPSA

Under Argentinian law, foreign companies are required to register in Argentina (either by opening a branch or by registering to act as a foreign shareholder of a local company) in order to acquire and own mining rights in Argentina.

Argentinian law requires that where a shareholder of a local company is a foreign entity, that foreign entity must be registered to act as a foreign shareholder in Argentina. If the foreign entity is not listed on a stock exchange, the shareholders of the foreign entity must be identified and their personal information (address/registered office; type and number of ID or passport/registration data; amount of shares; amount of voting rights and percentage of the capital stock of the company held by each shareholder) disclosed to the Argentinian authorities before registration to act as a foreign shareholder is granted.

LPSA was incorporated on 3 February 2016 by the directors of LPI to act as LPI's local vehicle (and wholly owned subsidiary) in Argentina to acquire the Argentinian Properties and carry out local business.

Given the time constraints, it was not possible for the identification of all of LPI's shareholders to be provided. Accordingly, in order to incorporate LPSA and ensure execution of the Asset Sale and Purchase Agreement, LPI appointed Andrew Phillips and Martin Holland (both directors of LPI) to hold all of the issued share capital in LPSA (**LPSA Shares**) in a bare trust for LPI, pending registration of LPI to act as a foreign shareholder in Argentina. The trustee appointment was recorded in a trust deed dated 28 January 2016 between Andrew Phillips, Martin Holland and LPI (**Trust Deed**).

The Trust Deed requires, among other things, that each of Andrew Phillips and Martin Holland must:

- immediately upon registration of LPI to act as a foreign shareholder in Argentina; and
- otherwise at any time at the request of LPI,

transfer the LPSA Shares to LPI or otherwise deal with the LPSA Shares as LPI directs.

Please refer to Section 14 for a summary of the key terms of the Trust Deed.

LPI intends to commence the process for registration to act as a foreign shareholder in Argentina forthwith following the Official Quotation and such process is expected to be finalised within 6 months thereto. Upon the transfer of the LPSA to LPI in accordance with the Trust Deed, LPSA will become a wholly owned subsidiary of LPI.



Section 5

The Company's Projects

5.1 AUSTRALIA

LPI's Australian application and tenement portfolio covers 601km² across two well-known lithium bearing areas located in Western Australia. All applications and tenements in Western Australia are 100% owned by LPI.

GREENBUSHES

The portfolio consists of two separate granted tenements located in the Greenbushes district of southern Western Australia.

The licence details for the Greenbushes tenements, being the Granted WA Tenements are as follows:

- Exploration Licence No E70/4763
Project name: **Balingup**
Area 315 km²
- Exploration Licence No E70/4774
Project name: **Brockman Hwy**
Area 83 km²

PILBARA

The portfolio consists of three separate application areas in the Pilbara district of northern Western Australia.

The licence application details for the Pilbara tenements are as follows:

- Exploration Licence Application No E45/4610
Project name: **Pilgangoora-Houston Creek**
Area 75 km²
- Exploration Licence Application No E45/4637
Project name: **Tabba Tabba**
Area 64 km²
- Exploration Licence Application No E45/4638
Project name: **Strelley**
Area 64 km²



Section 5

The Company's Projects

Greenbushes Project

Project Summary

These tenements are adjacent to the world's largest hard rock lithium mine, owned and operated by Tianqi/Talison. The Greenbushes area was first discovered as a resource of alluvial tin in the late 19th century. Subsequently, the source of the tin was recognised to be a series of pegmatites, which also contain tantalite and spodumene (lithium). The Talison hard rock mine was established in 1983, initially focused on tantalum production, however the primary product is now lithium. The most recent public lithium resource statement for the Talison mine was 119.4mt @ 2.42% Li₂O as at 30 September 2013. Talison was taken over by Chinese lithium producer Chengdu Tianqi in 2012.

LPI's tenement portfolio at Greenbushes comprises the Balingup project, a large tenement extending north and west of Talison's mine and the Brockman Highway project, which is south of Talison's mine and divided by the Brockman Highway.

Key highlights of these tenements are as follows:

1. The combined Balingup-Brockman Highway areas surround the Talison Greenbushes lithium mine to the north, west and south.
2. Previous exploration of these tenements has identified anomalous lithium mineralisation, however they have only been lightly explored to date. According to the observations contained in the Independent Expert's Report – Australia, only 1.5% of LPI's Greenbushes project area has been explored for lithium mineral occurrences.
3. The map opposite (Figure 5.1.2) highlights that several pegmatites have been recorded within LPI's project areas. However, surface geology mapping indicates that

approximately 70% of the Balingup Project and 50% of the Brockman Highway Project has tertiary surface cover.

4. LPI has identified a gravity feature below (Figure 5.1.1) similar to that of the Talison mine. This open source gravity image indicates two circular anomalies in the Greenbushes area. One feature is coincident with the Talison mine, and the other is located within LPI's Brockman Highway Project area. Both features are orientated on the same north-north-east geological structure.

While the Independent Expert's Report identifies similar geological features between Talison's mine and the Brockman Highway Project area, there can be no certainty that the Brockman Highway project area will have similar lithium deposits to the Talison mine. The reference to the "Greenbushes Mine" in diagram 5.1.2 below is a reference to Talison's mine, which is also located in the Greenbushes area.

Pegmatites are known to be emplaced along structural pathways, and the early stage exploration program will include a geophysics-based study to interpret likely structures across the project areas. Once target areas are identified, LPI will then undertake a detailed systematic field exploration program. This exploration program will be determined following advice from the Company's expert geologist and may be subject to any necessary consents or authorisations that may be required based upon the program that is recommended. Until the exact nature of the exploratory program has been established, the Company is not in a position to determine what specific consents or authorisations may be required.

For more detail on the Greenbushes Project areas, please refer to the Independent Expert's Report - Australia in Section 12.

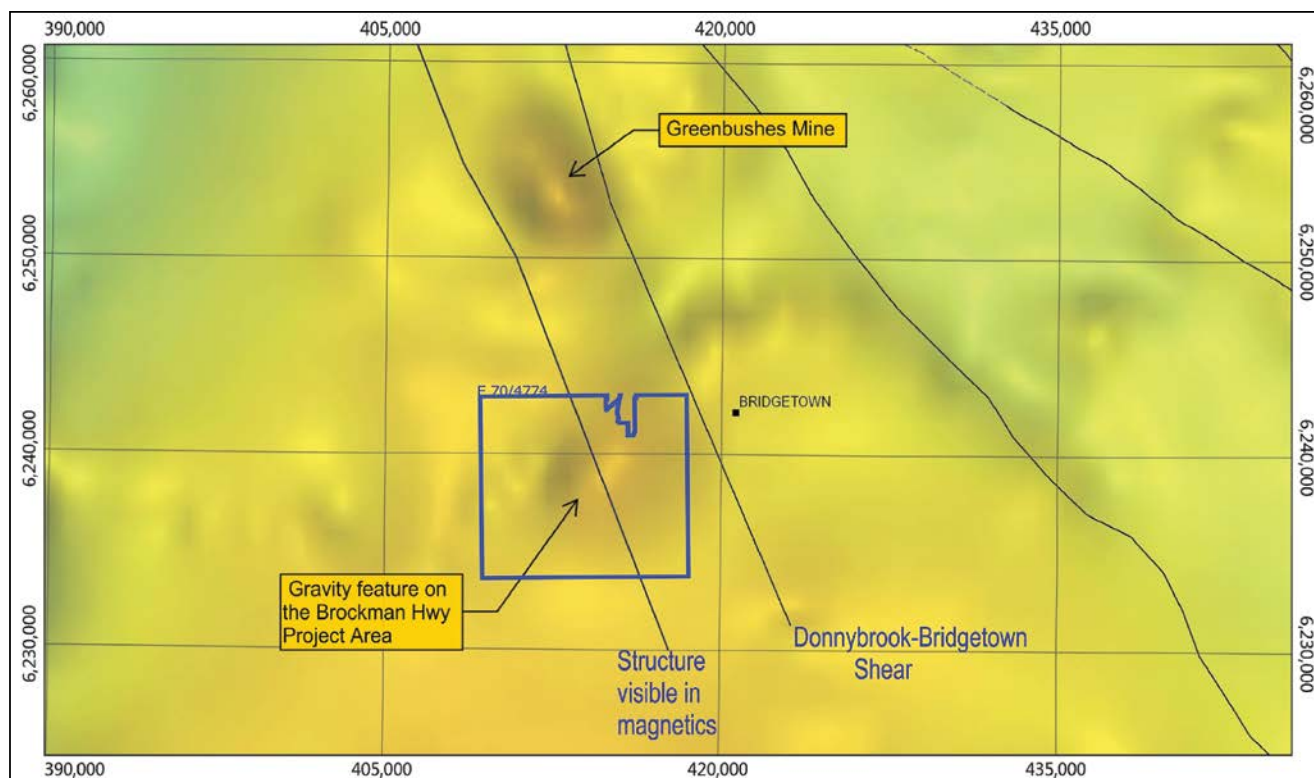


Figure 5.1.1: Gravity imagery related to Brockman Highway Project

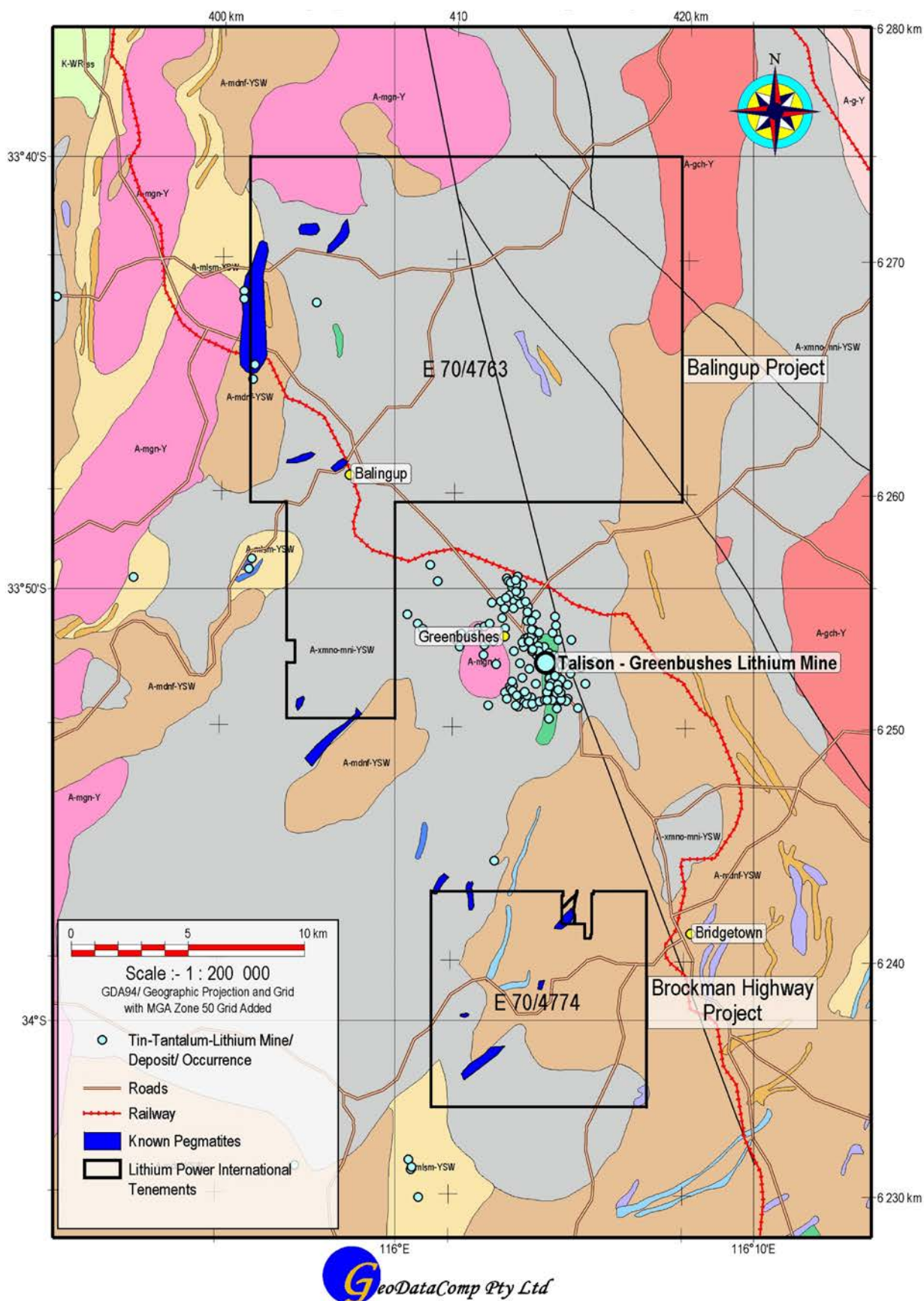


Figure 5.1.2: Greenbushes - Balingup & Brockman Highway Projects - Geology

Section 5

The Company's Projects

Access and Approvals

The Company's strategy at the date of this Prospectus is to explore the Granted Tenements and Pilbara Tenements over the next two years based upon the Use of Funds and Exploration Expenditure set out in Sections 2.3.1 and 5.3 respectively.

The Tenement Applications described in this Prospectus are not granted exploration licences. Unless and until these Tenement Applications are granted the Company has limited rights and can undertake only preliminary exploration work on these Tenement Applications.

No access is required to the Pilbara Tenements to carry out this preliminary exploration work. The Company has already started the process for native title approval for the Pilbara Tenements (when granted) and will use a similar strategy and advisors as used for the Granted WA Tenements in relation to obtaining access agreements and access consent (as described below).

Below in this Section 5.2 sets out the requirements for, and steps being taken by the Company to obtain, access to the Granted Tenements to conduct the exploration activities set out in Use of Funds and Exploration Expenditure set out in Sections 2.3.1 and 5.3 respectively.

Greenbushes – Background on the Region

Greenbushes is an historic mining/timber town situated 250 km south of Perth and located in a state forest that adjoins agricultural land used for cattle and sheep grazing, vineyards and tree plantations. Greenbushes has a rich mining history which expands from the discovery of a pound of tin in a creek in 1888 through to the development of a mining industry that now supplies the strategic minerals lithium and tantalum to the world.

The Greenbushes Lithium Mine is located directly south and immediately adjacent to the town of Greenbushes in Western Australia and has been operating for more than 25 years and the surrounding area is regarded as being the longest continuously mined area in Western Australia that began with mining for tin in 1888. Greenbushes is considered to be supportive of new mining activities which contribute positively to the local economy.

Private Land

As set out in Section 10, under the Mining Act, except with the consent of the owner and the occupier of the land, a tenement will not be granted in respect of Private Land unless the tenement is granted only in respect of that part of the Private Land which is not less than 30 metres from the natural surface of that Private Land. That is, in respect of those specified areas only sub-surface rights can be granted without the consent of the owner and the occupier of that land.

The specified areas of Private Land are set out in section 29(2) of the Mining Act, and comprise land:

- which is in bona fide and regular use as a yard, stockyard, garden, orchard, vineyard, plant nursery or plantation or is land under cultivation;
- which is the site of a cemetery or burial ground;
- which is the site of a dam, bore, well or spring;
- on which there is erected a substantial improvement;
- which is situated within 100 m of any private land referred to in paragraphs (a) – (d) above; or
- which is a separate parcel of land and has an area of 2,000 m² or less.

The Granted Tenements encroach upon certain Private Land (approximately 76% of E70/4774 and 37% of E70/4763). Where consent of the owner and occupier of Private Land is given it is commonly given under the terms of an access agreement whereby the tenement holder also agrees to pay compensation to the owner and/or occupier for losses including loss of use of the land, damage or disturbance caused to the surface of the land, damage to improvements or loss of earnings. Once such agreement is entered into, the tenement holder may then apply for the top 30 metres of the Private Land to be included in the tenement. The Company is in the process of obtaining access agreements from the owners and occupiers of Private Land targeted for exploration on the Granted Tenements.

State Forest and Reserves

The Granted Tenements partially overlap land which is classified as reserves as well as other types of environmentally sensitive areas such as state forests, water catchment areas, parklands, recreation reserves, timber reserves, conservation parks, etc. The terms of grant of mining tenements over these types of land will contain stringent conditions relating to ground disturbing activities and access to and from the area.

In relation to the Granted Tenements, approximately 20% of the area of E70/4774 and 64% of the area of E70/4763 are over areas of reserves or other environmentally sensitive areas.

Under the Mining Act, the consent of the Minister for Mines (who will consult with other responsible Ministers and government bodies) will be required before any exploration may be conducted on such encroached areas, which consent the Minister may refuse or give subject to conditions. The conditions of the Granted Tenements also include the requirement of obtaining the written consent of the appropriate government Minister prior to the commencement of any exploration in these areas. Permission from the relevant government Minister may commonly include additional conditions to prevent damage to the environmentally sensitive areas.

The Department of Mining and Petroleum has delegated authority to grant the consents. These consents do not take the form of access agreements but rather conditions which are added directly to the tenements. The Company is in the process of obtaining consents to access areas targeted for exploration on the Granted Tenements.

ILUAs relating to Granted Tenements

The Granted Tenements are subject to conditions relating to the areas covered by the ILUAs requiring a heritage agreement or Noongar Standard Heritage Agreement (**NSHA**) to be executed before any rights, powers or duties under the Granted Tenements in respect of those areas can be exercised. Accordingly, the Company will need to execute a NSHA or heritage agreement in respect of the Gnaala Karla Booja People ILUA and the South West Boorah #2 People ILUA before it can commence operations or exercise any rights on the Granted Tenements.

If the Company is unable to agree a heritage agreement within 20 business days of having commenced negotiations, the parties will enter into a NSHA in the form prescribed in the ILUA. Once the Company has executed the NSHA, if the native title party does not execute the NSHA in the following 20 business day period, the Company may sign a statutory declaration and submit such declaration to the Department of Mines and Petroleum, following which the Company will be deemed to have complied with these requirements.

The Company is in the process of negotiating this agreement with the native title holders.

Environmental Approvals

There are no environmental approvals required for the Granted Tenements other than those customary for exploration licences of their nature and the Company will comply with these as they arise in its ordinary course of operations.

Exploration Expenditure and Use of Funds

It is not customary to obtain all necessary consents and access upon the granting of tenements until preliminary exploration work is undertaken to determine the areas upon which any exploration programme is to target. There is no requirement, nor is it customary, to have an entire tenement the subject of a heritage survey or to have access to the entire area of the tenement. Work is conducted following a tenement being granted that then allows for the explorer to seek access to the area of the target. Any consents required from a Private Land holder, native title holder or government department are customarily only considered following the granting of such tenements.

In order to access the entire area of the Granted Tenements, the Company will need to enter into access agreements with certain (but not all) Private Land holders and obtain consent for access from the Minister for Mines and Petroleum in relation to Private Land and state forest areas respectively. In addition, both the Granted Tenements are subject to an ILUA in relation to native title which requires the Company to enter into a Native Title Agreement or NHSA prior to undertaking exploration activities (see Section 10 for more detail).

Given the vast size of the Greenbush areas on which the Granted WA Tenements are located, it is not practical, commercial or recommended by experts in the field to seek to obtain a blanket access agreement with all land holders. As is the approach consistently applied to exploration strategies by similar ASX listed exploration companies, the Company has undertaken the following work in relation to obtaining the relevant access agreements and access consents for the Granted WA Tenements:

- **Native Title** – the Company has engaged DLA Piper in Perth, an international law firm with expertise in native title matters, to advise on and assist with negotiation of the necessary Native Title Agreement or NHSA;
- **State Forest Areas and Reserves** – the Company has engaged McMahon Mining Title Services, a service provider with expertise in the area, to advise on and assist the Company to obtain the necessary access consents. McMahon Mining Title Services has commenced discussions with the Department of Mines and Petroleum (which has delegated authority from the Minister of Mines to grant access to the state forest areas and reserves) on the overall process for access to these tenements. Upon the identification of likely exploration targets, McMahon Mining Title Services will finalise the specific access applications for prospective areas; and
- **Private Land** – due to the network of public road and other access, based upon the recommendation of McMahon Mining Title Services, the Company has decided to identify through further desktop analysis prospective areas for exploration and then approach Private Land holders with formalised access agreements. Access for surface sampling has in the past been obtained and the Company's

advisers have good relationships with the Private Land holders that have been approached already for previous work on these tenements.

The Company is confident it will be able to access the areas necessary for its exploration on the Granted Tenements for the following reasons:

- the Greenbushes area hosts the longest standing operating mine in Australia and the region is proud of its mining history. Greenbushes is considered to be supportive of new mining activities which contribute positively to the local economy;
- a significant area of the Granted Tenements includes areas on which no access agreements are required. These include all Private Land for aerial surveys, certain Private Land for which no land access is required and a significant network of intersecting road and road reserves for which no access consent is required;
- in granting the Granted Tenements to the Company, specific Class A reserves of the state forest were specifically excluded from the Granted Tenements on the basis that mining would not be permitted on these areas. However, in granting the Granted Tenements, the Department of Mines and Petroleum provided an avenue for the Company to explore these Granted Tenements with a view to potentially developing them in the future to the benefit of the Company and the State of Western Australia; and
- based upon the work by the Company and its advisors to date (as described above), past exploration data sets on soil sampling and drilling on Private Land and state forest areas on the Granted Tenements and the current law in relation to the NHSA to be entered into, the Company is confident it will be able to enter into access agreements and otherwise obtain consent for access in relation to a significant number of areas targeted for exploration on the Granted Tenements.

As discussed in this Section 5.3, the Company is in the process of obtaining access agreements and consent to access in relation to areas on the Granted WA Tenements to which it does not have access. The Directors believe that access will be obtained to these areas in relation to areas targeted for exploration. Until these access agreements are entered into, the Company's exploration activities are limited to other accessible areas and activities that do not require access. Until access agreements and consents to access are finalised the Company's exploration activities on the Granted Tenements are limited to activities that do not require access.

For the reasons set out above, the Company believes it will be able to carry out the exploration proposed on the Granted WA Tenements as set in the Use of Funds and Exploration Expenditure set out in Sections 2.3.1 and 5.3 respectively. The costs associated with obtaining the access agreements, consents and approvals required in this Section 5.1 are included in the Use of Funds and Exploration Expenditure set out in Sections 2.3.1 and 5.3 respectively.

Section 5

The Company's Projects



Pilgangoora-Houston Creek Project

Pilgangoora-Houston Creek Project

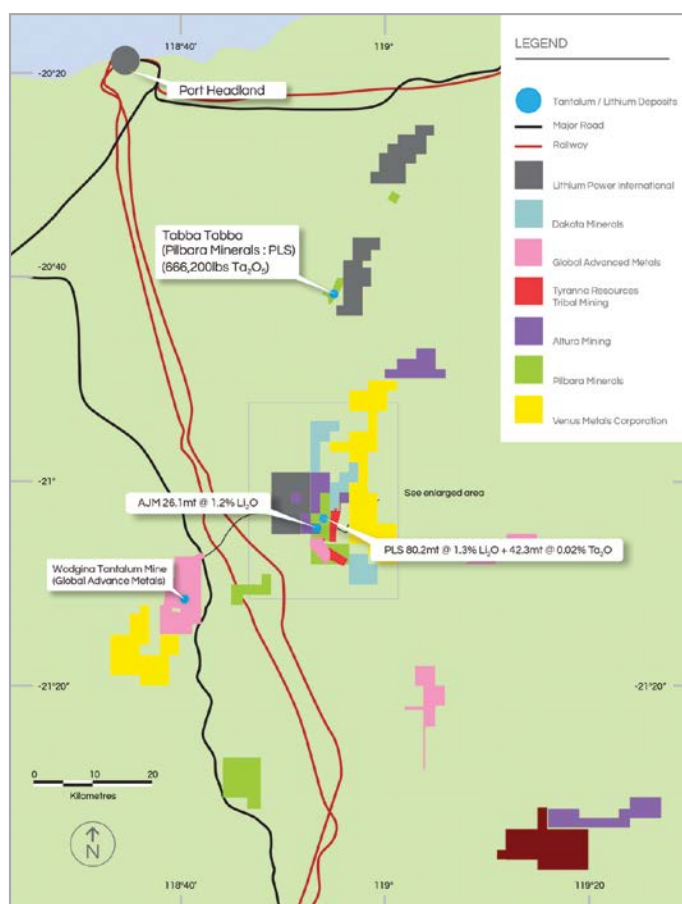
The Pilbara Pilgangoora-Houston Creek Project is the largest of LPI's three Pilbara tenement applications. Historically, the Pilgangoora area has been recognised for tin, tantalum, and gold mining. In recent times the area has been reconsidered for lithium ore potential.

Pilbara Minerals (PLS.ASX) recently defined a mineral resource of 80.2mt @ 1.26% Li_2O , and Altura Mining (AJM.ASX) have also defined a significant rare metal pegmatite resource of 35.7mt at 1.05% Li_2O in the Pilgangoora area. These two deposits lie just 2.5 km and 3.5 km east from LPI's Pilgangoora-Houston Creek tenement application.

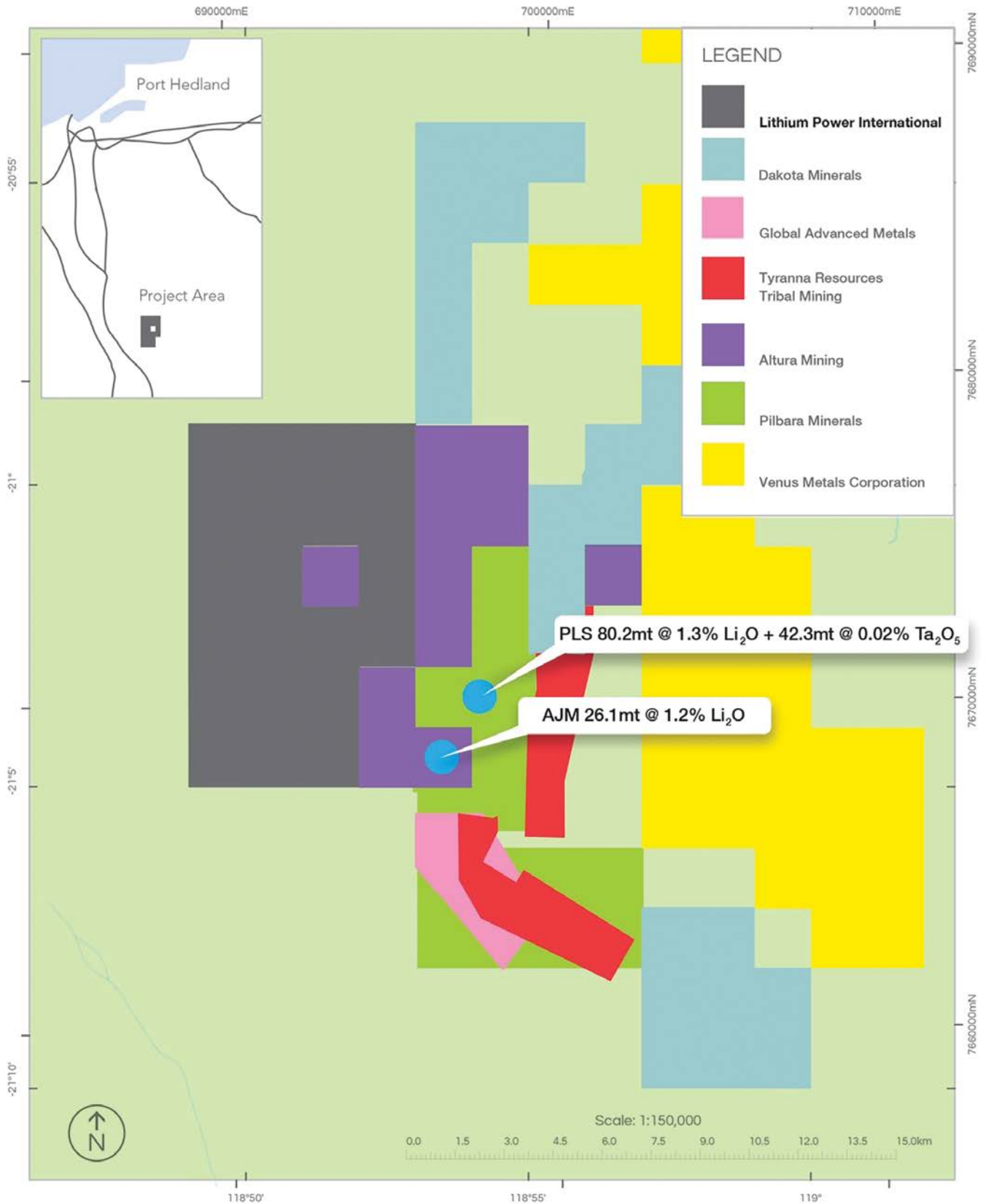
Global Advanced Metals' Wodgina tantalum mine is located approximately 20 km west-south-west of the Pilgangoora-Houston Creek Project. The area is host to pegmatites rich in tantalum, with niobium extracted as a by-product. Further south of the main deposit, pegmatite composition varies to include spodumene.

In the Pilgangoora region, specialty metals are typically found in pegmatites, and as alluvial and eluvial deposits, which have accumulated as a result of the erosion of the primary pegmatite host rocks. In terms of extraction, these pegmatites are mined using modern open pit hard rock methods, as evidenced by projects at Pilgangoora, Wodgina and Tabba Tabba.

In January 2016, LPI commissioned Magspec Airborne Surveys to conduct a detailed aeromagnetic survey across the Pilgangoora-Houston Creek application area. The survey was conducted on 50 m line spacing.



Lithium Power International Ltd Pilgangoora location map



Section 5

The Company's Projects

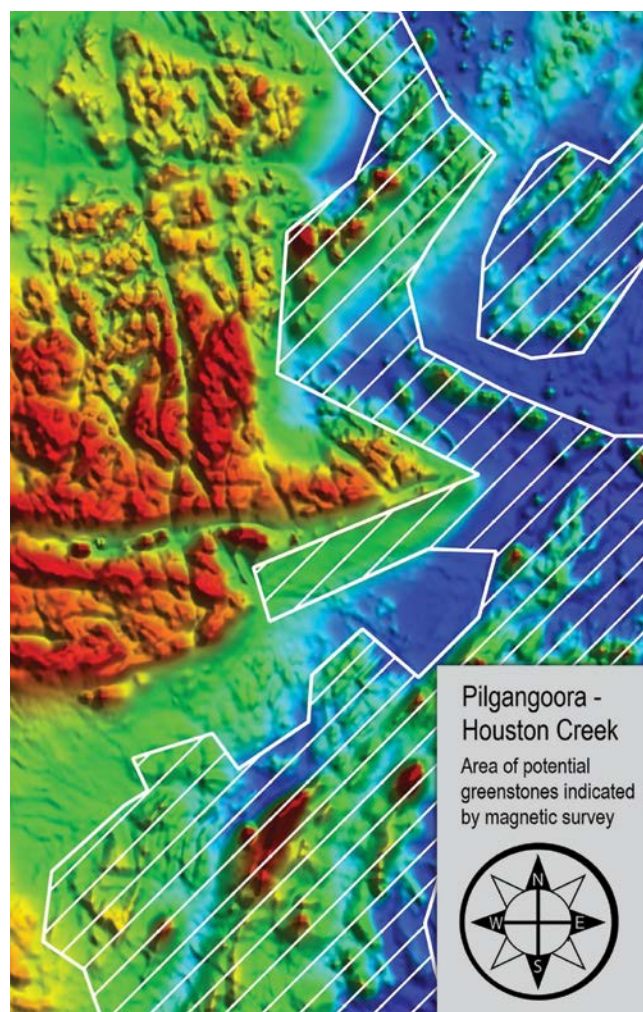
In February 2016, LPI appointed Core Geophysics (**Core**) to interpret the aeromagnetic data. This included geophysical, geological and structural interpretation of the application area, with a view to identifying potential lithium-bearing pegmatites.

Highlights from Core's interpretation included some interesting potential:

- A. The shaded area in the image below highlights a region of interpreted greenstones extending north to south across the application area.
- B. Any greenstone in this area may be part of the neighbouring greenstone belt hosting the Pilgangoora lithium pegmatite deposits.
- C. The estimated strike length of the greenstone area within the application is 12 km north to south.

While these results from Core do not in any way confirm that the Pilbara Tenements share the lithium characteristics of the adjoining tenements, the Company believes these results are encouraging.

Upon the applications for exploration licences, consents and other approvals being granted, LPI will undertake a detailed exploration program to explore the high priority targets in the Pilgangoora-Houston Creek application area, as identified by the aeromagnetic survey. The Company will engage relevant experts to provide advice in order to identify suggested locations for exploration targets.



Tabba Tabba – Strelley Project

The area around LPI's Tabba Tabba and Strelley tenement applications has historically been a source of alluvial/eluvial tin and tantalum. Small scale mining of the host pegmatites has also occurred. In recent times, the area has been explored for gold, base metals and iron ore. As is set out in the Independent Expert's Report in Section 12, while encouraging results from previous exploration have been generated, resource definition has been limited to a small low grade iron ore resource at Lena, north of Strelley, and the updating of the Tabba Tabba pegmatite resource (318,000t @ 950ppm Ta_2O_5).

LPI's exploration strategy in relation to Tabba Tabba and Strelley revolves around systematic application of proven exploration techniques to assess areas of known rare element pegmatites for the presence of lithium bearing pegmatites below both surficial cover and the bedrock surface, while also being open to identification of outcropping and/or alluvial mineralisation.

For more detail on the Pilbara Project areas, please refer to the Independent Expert's Report – Australia in Section 12.



5.2 ARGENTINA

On 5 February 2016, LPSA entered into an Asset Sale and Purchase Agreement with Argentinian company Lacus and Argentinian individual Gonzalo Fernandez Sabate to acquire 100% of the rights to the Argentinian Properties located in the Centenario Salar. This salar is located in the province of Salta on the Puna Plateau region of the central Andes. The six Argentinian Properties comprise a total area of 61.52 km², out of a total of 35 tenements across the whole salar, previously explored and evaluated by Lacus. The majority of the other tenements in the Centenario salar are owned by Eramet, a public French mining and chemical company.

The details of the Argentinian Properties are as follows:

- Mining File No 19478 – **Centenario 4**
Status: Licence granted – Area 8 km²
- Mining File No 19479 – **Centenario 5**
Status: Licence granted (subject to approval of an investment plan which has been submitted and is expected to be approved shortly) – Area 8 km²
- Mining File No 19480 – **Centenario 6**
Status: Licence granted – Area 8 km²
- Mining File No 20158 – **Centenario 200**
Status: Licence application made by Lacus (LPSA has a binding option to acquire this property, subject to it being granted to Lacus) – Area 15 km²
- Mining File No 20159 – **Centenario 201**
Status: Licence application made by Lacus (LPSA has a binding option to acquire this property, subject to it being granted to Lacus) – Area 14.52 km²
- Mining File No 19475 – **Centenario 1**
Status: Title of Lacus has been challenged and is undergoing review with the relevant mining authorities in Argentina – Area 8 km²

The Centenario Salar is approximately 165 km west of the city of Salta, the provincial capital, and 180 km east of the Chilean border. Figure 5.2.1 shows a map of the location of the Centenario Salar. The Salar is approximately 60 km in length, with its long axis trending approximately north-south.



Centenario Salar

Section 5

The Company's Projects

The Centenario Salar watershed is a closed drainage basin, meaning there is no flow out of the salar. Over long periods of time, this type of salar basin will accumulate sediment and mineral-rich waters from the surrounding uplands. When the water in the salar basin is near the surface, high evaporation rates can cause concentration of elements such as sodium, calcium, boron, potassium, magnesium and lithium. Typically, salars in the Puna

region have high evaporation rates, due to the combination of dry air, high winds, low precipitation and high solar radiation.

From 2010 to 2012, Lacus (the prior owner of the Argentinian Properties) conducted a series of exploration activities, which were focused on areas to the south and west of the six tenements outlined above. The scope of work completed included

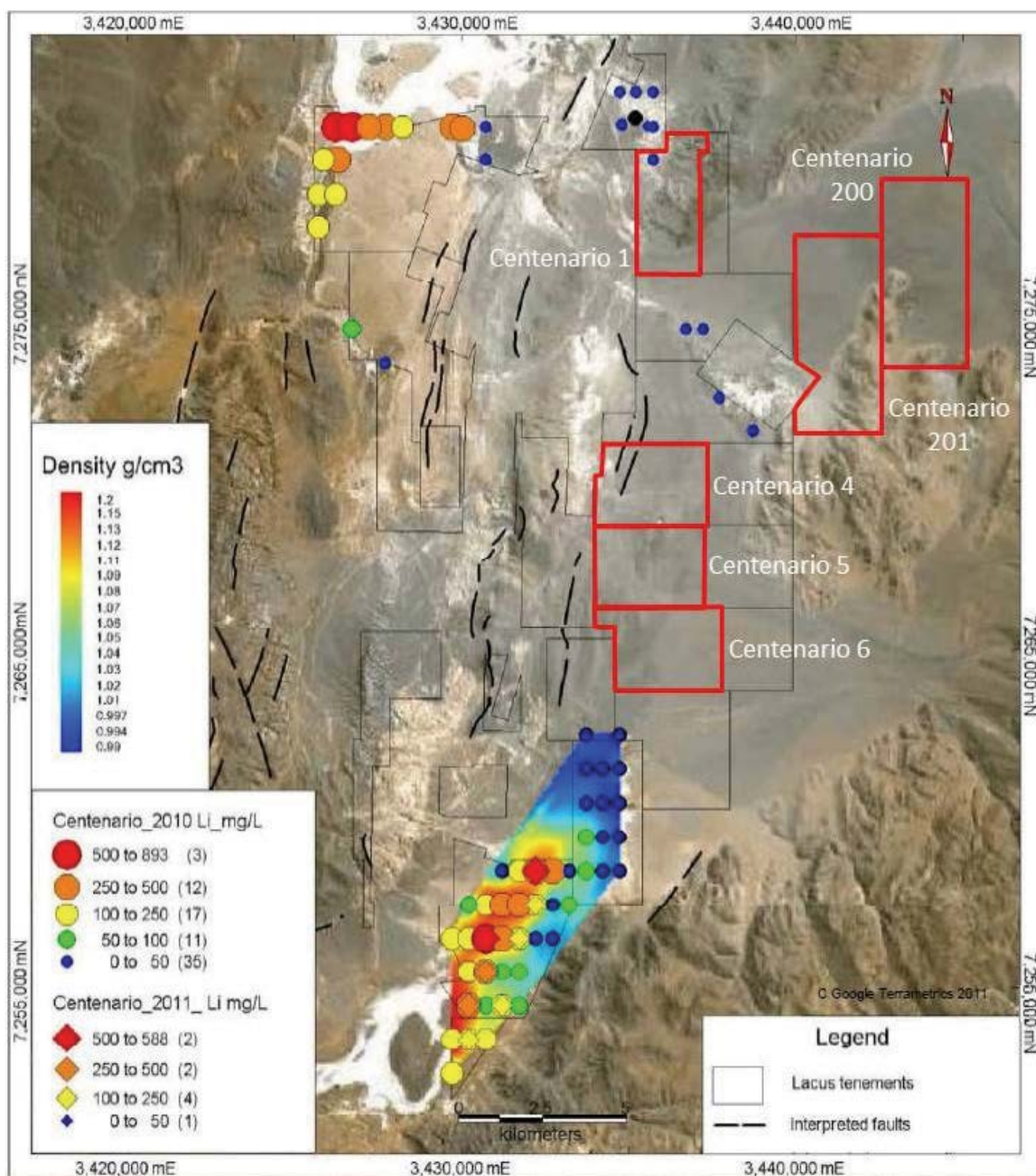


Figure 5.2.1: Centenario project location map.

mapping, geophysical surveys, drilling, and the calculation of a preliminary resource estimate. This included a 43-101 compliant technical report prepared by Murray Brooker in 2011 (who is now Technical Director and Exploration Manager for LPI).

Subsequently, Lacus conducted a diamond drilling program in 2012, supervised by Energold. The program consisted of three diamond drill boreholes and installation of monitoring wells. Two of these diamond holes (CDDH1 and CDDH2) were drilled to the south of the Argentinian Properties, however the third hole (CDDH4) was within the Argentinian Property known as Centenario 4. Comparison of preliminary drill results with the other deposits indicates that the Centenario Salar has low to moderate lithium grades, and a magnesium to lithium ratio that is moderate relative to the other salars.

To further evaluate the potential of the Argentinian Properties, a three-phase exploration program is proposed by the Independent Expert's Report – Argentina in Section 13. The first phase of exploration would involve geophysical surveys to better define brine distribution, structural controls, and viable drilling targets. In the second phase, drilling would be conducted to establish stratigraphy and structural controls and provide an opportunity for brine and aquifer porosity sampling. The third phase would involve a pumping test, to evaluate aquifer permeability.

The Centenario Salar is one of a number of salars in the Puna region, with several others under active production or exploration for lithium brines:

- FMC Corporation has been in full-scale production at Salar de Hombre Muerto since 1997, less than 100 km south of the Centenario Salar.
- Orocobre Limited's Salar de Olaroz project is located 140 km north of the Centenario Salar and is nearing completion of full-scale production facilities.

- A third project, the Salar de Cauchari-Olaroz owned by Lithium Americas Corp. (formerly Western Lithium USA Corporation), is located immediately south of Salar de Olaroz and is in pilot-scale operation using a patented and undisclosed recovery process developed by POSCO.

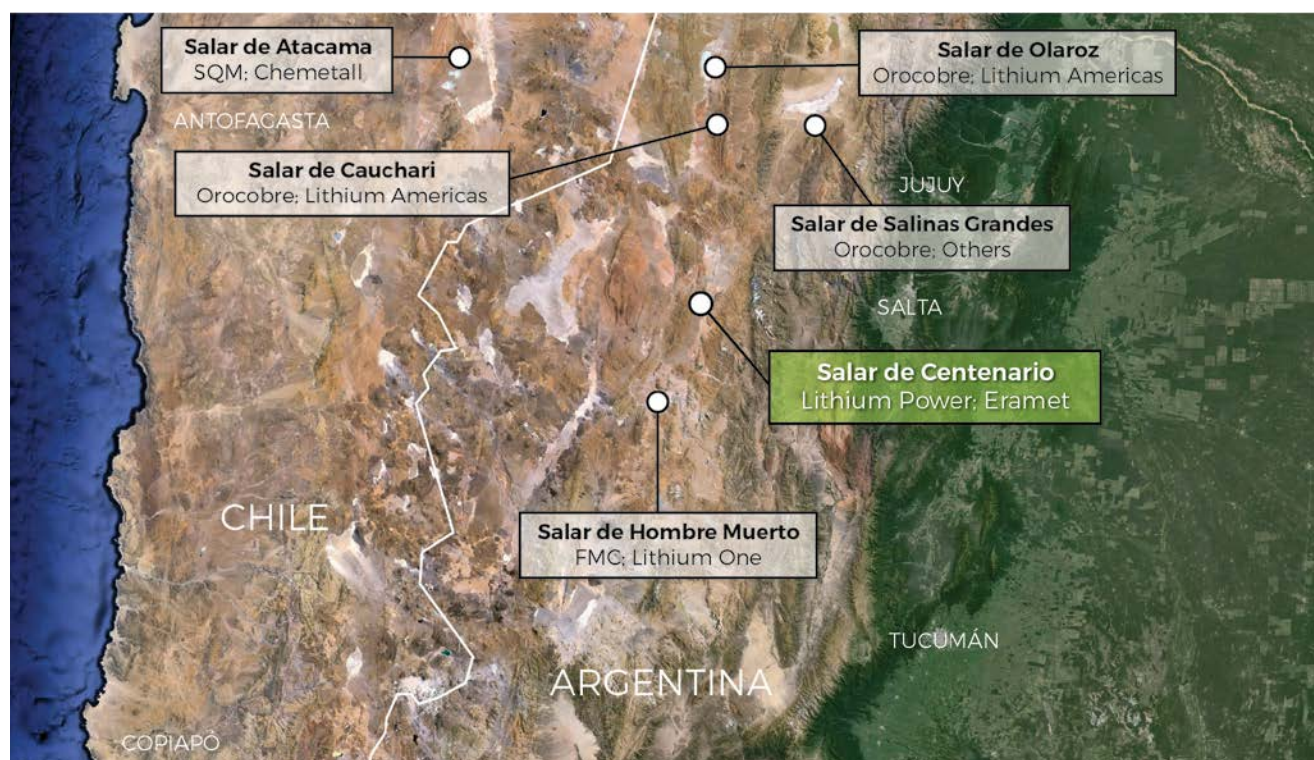
According to the Independent Expert's Report – Argentina, the Centenario Salar brines sampled by Lacus have a composition similar to the three salars referred to above.

In summary, a review of the areas comprising the Argentinian Properties indicates that there is potential for lithium grades of economic interest to be located on the properties given:

- the Centenario Salar is located in an area of lithium brine salar deposits of confirmed economic interest;
- the geology of the Centenario Salar is relatively similar to some of the other nearby deposits;
- potentially economic lithium grades have already been detected in zones of the Centenario Salar that are proximal to the Argentinian Properties;
- Lacus only drilled to 150 m previously, allowing the possibility of identifying a second aquifer at depth, as has been the case in other nearby salars.

Finally, it is important to note recent political developments within Argentina. In November 2015, the country elected a new President, Mauricio Macri, who was previously a businessman and two-term Buenos Aires mayor. President Macri's win marks a decisive shift for Argentina, which is expected to significantly improve international ties, as well as increase trade and foreign investment. As evidence of these developments, the Argentinian mining export tax was dropped from 5% to 0% in February 2016. Refer to the Independent Consultants' Industry Report in Section 9 for more details on the Argentinian political landscape.

For more detail on the Puna Plateau Project, please refer to the Independent Expert's Report – Argentina in Section 13.



Section 5

The Company's Projects



5.3 PROPOSED EXPLORATION BUDGET FOR GRANTED TENEMENTS

The Company proposes to fund its intended activities as outlined in the tables below from the proceeds of the Offer. It should be noted that the budgets will be subject to modification on an ongoing basis depending on the results obtained from exploration undertaken. This will involve an ongoing assessment of the Company's project interests and may lead to increased or decreased levels of expenditure on certain interests, reflecting a change in emphasis. Subject to the above, the following expenditure is proposed. The additional proceeds generated by the maximum subscription will allow for acceleration of the proposed exploration program:

Table 5.3.1: Proposed Total Exploration Budget for Granted Tenements and Pilbara Tenements

Expenditure	Minimum subscription			Maximum subscription		
	Year 1 \$	Year 2 \$	Total \$	Year 1 \$	Year 2 \$	Total \$
Wages, salaries and contractors	242,500	197,500	440,000	308,750	320,750	629,500
Mapping	197,500	92,500	290,000	222,500	92,500	315,000
Geophysical survey	510,000	–	510,000	520,000	–	520,000
Metallurgical testing	72,500	–	72,500	72,500	–	72,500
RAB/AC drilling	–	770,000	770,000	–	1,013,000	1,013,000
RC Drilling	–	940,000	940,000	–	1,178,750	1,178,750
Geochemical sampling / Assays	316,000	245,000	561,000	357,250	255,000	612,250
Field costs and consumables	72,500	246,500	319,000	145,000	282,750	427,750
Tenement administration	119,500	58,000	177,500	124,500	58,000	182,500
Total	1,530,500	2,549,500	4,080,000	1,750,500	3,200,750	4,951,250

This proposed budget takes into account the proposed expense over the next two years to complete initial exploration of the Granted Tenements and Pilbara Tenements in WA and Argentina. The breakdown of these those by geography is as follows:

Table 5.3.2: Proposed Exploration Budget for WA Tenements

Expenditure	Minimum subscription			Maximum subscription		
	Year 1 \$	Year 2 \$	Total \$	Year 1 \$	Year 2 \$	Total \$
Wages, salaries and contractors	170,000	125,000	295,000	200,000	212,000	412,000
Mapping	125,000	20,000	145,000	150,000	20,000	170,000
Geophysical survey	75,000	–	75,000	85,000	–	85,000
Metallurgical testing	–	–	–	–	–	–
RAB/AC drilling	–	190,000	190,000	–	288,000	288,000
RC Drilling	–	215,000	215,000	–	345,000	345,000
Geochemical sampling/ Assays	258,000	100,000	358,000	263,000	110,000	373,000
Field costs and consumables	–	–	–	–	–	–
Tenement administration	47,000	–	47,000	52,000	–	52,000
Total	675,000	650,000	1,325,000	750,000	975,000	1,725,000

Of the total exploration expenditure for the WA Tenements set out in Table 5.3.2 above 15–20% is allocated to the Pilbara Tenements depending upon the Minimum Subscription or Maximum Subscription. Depending upon the Company's cash position at the time, upon grant of the Pilbara Tenements, the Company may need to raise additional funds to carry out further exploration work which may be dilutive to Shareholders.

Table 5.3.3: Proposed Exploration Budget for Granted Argentinian Properties

Expenditure	Minimum subscription			Maximum subscription		
	Year 1 \$	Year 2 \$	Total \$	Year 1 \$	Year 2 \$	Total \$
Wages, salaries and contractors	72,500	72,500	145,000	108,750	108,750	217,500
Mapping	72,500	72,500	145,000	72,500	72,500	145,000
Geophysical survey	435,000	–	435,000	435,000	–	435,000
Metallurgical testing	72,500	–	72,500	72,500	–	72,500
RAB/AC drilling	–	580,000	580,000	–	725,000	725,000
RC Drilling	–	725,000	725,000	–	833,750	833,750
Assays	58,000	145,000	203,000	94,250	145,000	239,250
Field costs and consumables	72,500	246,500	319,000	145,000	282,750	427,750
Tenement administration	72,500	58,000	130,500	72,500	58,000	130,500
Total	855,500	1,899,500	2,755,000	1,000,500	2,225,750	3,226,250



Section 6

Industry Overview

Given the recent rapid increase in demand for lithium and the associated battery technology, LPI has commissioned an independent commodity consultant, CRU Consulting (**CRU**), to provide an overview of the lithium industry and its outlook.

The key highlights from the Independent Consultant's Industry Report, prepared by CRU, are summarised below. The full report is set out in Section 9.

DEMAND FOR LITHIUM

- In 2015, the global demand for lithium reached 220 kt pa. Of this amount, 56% was used for industrial applications and the remaining 44% was used for lithium-ion rechargeable batteries. On CRU forecasts, total lithium demand across all applications globally is forecast to grow at 8% pa (CAGR) over the 5 years from 2015 to 2020 (Refer to Figure 6.1).
- With the development of electric vehicles (EVs) and hybrid electric vehicles (HEVs) and plug-in hybrid electric vehicles (PHEVs), coupled with renewable energy technology, battery demand for lithium is expected to grow by 13% pa (CAGR) over the five years to 2020, based on CRU forecasts. By this point, batteries will represent 55% of the global lithium demand by usage.
- Within battery demand, EVs are already the largest user of lithium, closely followed by laptop computers and HEVs. Battery demand for EVs, HEVs and PHEVs is expected to grow at 23% pa (CAGR) until 2020 on CRU forecasts. By that point, EVs, HEVs and PHEVs will represent approximately two-thirds of total battery demand.
- Grid storage for renewable energy is another key driver of battery demand, with CRU forecasting 11% pa (CAGR) growth in renewable energy generation over the five years to 2020.
- Asia currently represents 50% of the world's demand for lithium. Of this, China is the largest consumer at 30% of the global total, and it is expected to reach 40% by 2020 on CRU forecasts. In terms of lithium battery manufacturing capacity, more than 85% is currently located in China, Japan and Korea. Chinese capacity is expected to almost double over the next five years, based on facilities either under construction or announced. This is before considering the impact of Tesla's gigafactory.
- Lithium batteries have become the dominant cell type for rechargeable batteries since the early 2000s. With increasing scale and improved chemistry, manufacturing costs for lithium batteries have dropped significantly in recent years. As a result, CRU does not envision a high risk of substitution for lithium batteries over the forecast period to 2020.

Section 6

Industry Overview

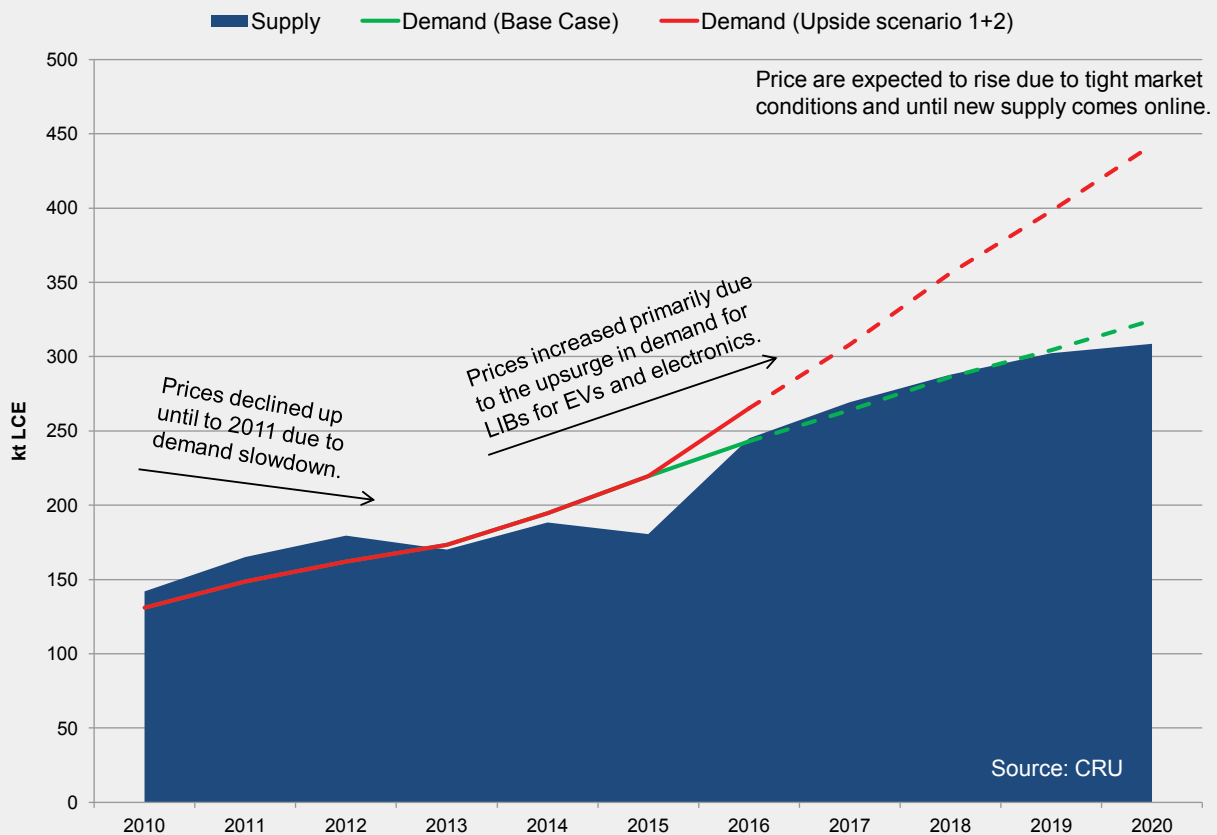


Figure 6.1: Demand increase in Lithium carbonate

SUPPLY OF LITHIUM

- Lithium does not occur freely in nature due to its high reactivity, but rather exists in the form of brines (salars) and hard rock (spodumene).
- Brine-based lithium is predominately located in South America, particularly in Argentina, Chile and Bolivia. China also has reserves of lithium brines. Lithium is extracted from the brine by placing the solution in evaporation ponds.
- Spodumene-based lithium is the most abundant lithium-bearing mineral found in igneous rock. Spodumene lithium is more geographically widespread than brine.
- Lithium resources are concentrated in a handful of countries including Australia, Chile, China, Argentina. These lithium resources are also concentrated in a handful of companies, with the five largest producers controlling over 90% of the global lithium market. The concentrated nature of the lithium market and the need for supply security has recently led to a number of new off-take agreements between producers and consumers.
- CRU expects an additional ~60ktpa in new lithium production in 2016, based on four new projects starting up or expanding in Australia, Chile and Argentina.

PRICE OUTLOOK

- The price of lithium had surged over the past 2 years as demand has outstripped supply, coupled with production issues in South America. In particular, over the last 9 months, the lithium price has rallied from ~US\$5,000/t in mid-2015 (contract) to ~US\$20,000/t currently (spot). Refer to Figure 6.2.
- The combination of continued growth in battery demand, with limited new lithium supply in the short term, will continue to see a tight global market for lithium over the next 5 years, according to CRU.
- CRU's upside demand forecast predicts that the lithium market will remain in deficit over the forecast period of 5 years. Given the lead times to develop new projects, this scenario will likely result in price increases, as there will be insufficient supply to meet demand.

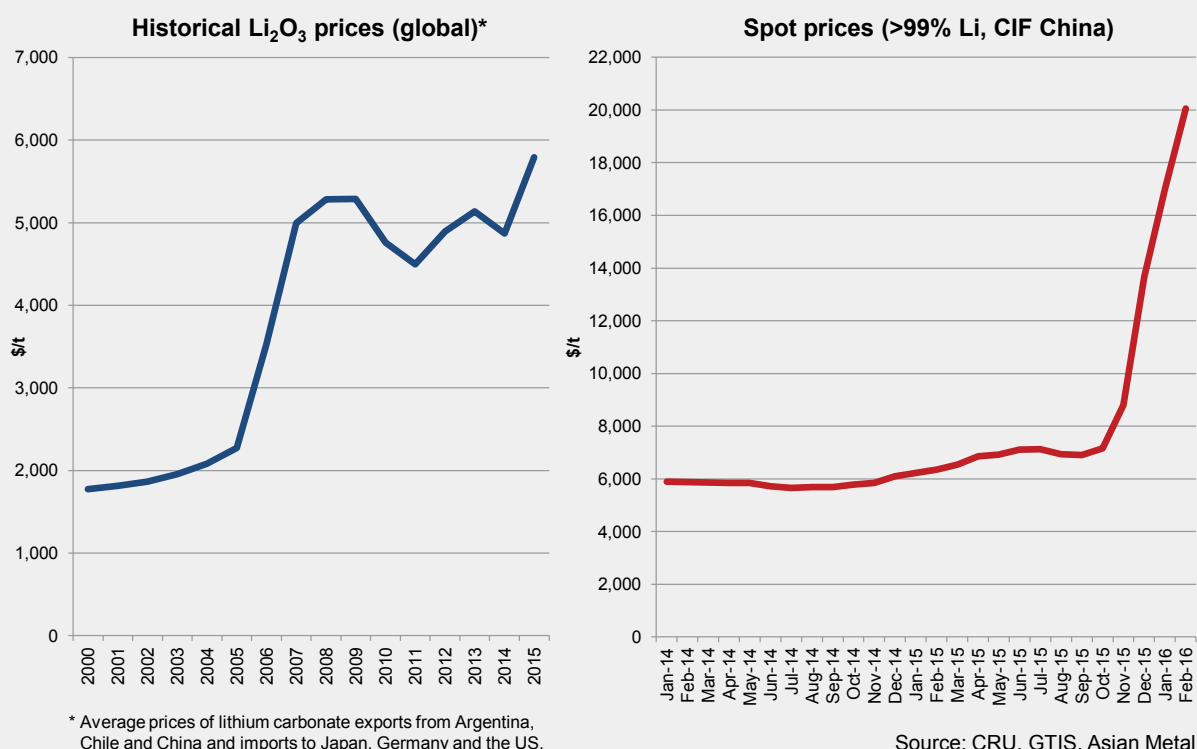


Figure 6.2: Price increases in Lithium carbonate

For a more in-depth analysis of the global lithium market please refer to the Independent Consultant's Industry Report in Section 9 of this Prospectus.

Note: This section draws on and should be read in conjunction with the Independent Consultant's Industry Report prepared by CRU International (Australia) Pty Ltd set out under Section 9 of this Prospectus.



Section 7

Directors and Management

7.1 DIRECTORS



Mr Reccared (Ricky) P Fertig
Non-Executive Chairman

Mr Fertig is a senior executive with 30 years' international commercial experience across the property, healthcare and mining services sector. Mr Fertig is the Chief Executive Officer of Adrenna Property Group Limited, a property fund listed on the Johannesburg Stock Exchange. He was also chairman of Quyn International Outsource, a South African-based human resource group that has over 3,000 employees in Southern Africa, servicing the mining, construction and commercial industries; RMS Corporate Solutions, one of the leading property and facilities management companies in Southern Africa; and East Sydney Private Hospital in Sydney, Australia, which he co-founded.



Mr Martin C Holland
Managing Director/Chief Executive Officer

Mr Holland has 11 years' management experience focusing on the mining exploration sector. Previously he was CEO of gold explorer Stratum Metals Limited from 2010 to 2014, which listed on the ASX in 2011. Mr Holland is Chairman of Sydney based private investment company, Holland International Pty Limited, which has strong working relationships with leading institutions and banks across Australia and the Asia Pacific region.

Section 7

Directors and Management



Mr Andrew G Phillips

*Executive Director, Company Secretary
and Chief Financial Officer*

B.B.S. (Applied Management)

Mr Phillips has over 25 years' international commercial experience. He is currently Company Secretary (and previously CFO) for Sequoia Financial Group Limited, and is an Independent Director for ASX listed Companies: Richfield International Ltd, Longreach Oil Ltd and Southern Cross Exploration NL. Mr Phillips also currently serves as a director of a number of Australian proprietary registered companies along with acting for a number of overseas entities as their local director or public officer.



Dr Luis Ignacio Silva P

*Non-Executive Director and
Latin America Regional Manager*

PGeo, Ph.D., CEng

Dr Silva has over 40 years' experience in mining exploration and environmental studies, which includes the lithium sector over the last 10 years. He has managed projects in Chile and Panama and has additional experience in Argentina, Bolivia, Costa Rica and Peru. He was previously Deputy Manager of Geology at SERNA-GEOMIM (the Chilean Geological Survey) for two years, from February 2012 to April 2014. Prior to that he was the Exploration and General Manager for Talison's Salares-7 lithium project from December 2009 to December 2011. He has worked with some of the largest mining companies in the world, including Talison Lithium Limited, Freeport McMoRan Gold Corporation, Amax Gold de Chile Ltda., Barrick-IGCI, Lundin, Minera Homestake Chile S.A, Conzinc Rio Tinto Australia Limited, Pegasus Minera de Chile S.A., Chilean Nuclear Energy Commission and Shell-Billiton S.A.

7.2 MANAGEMENT

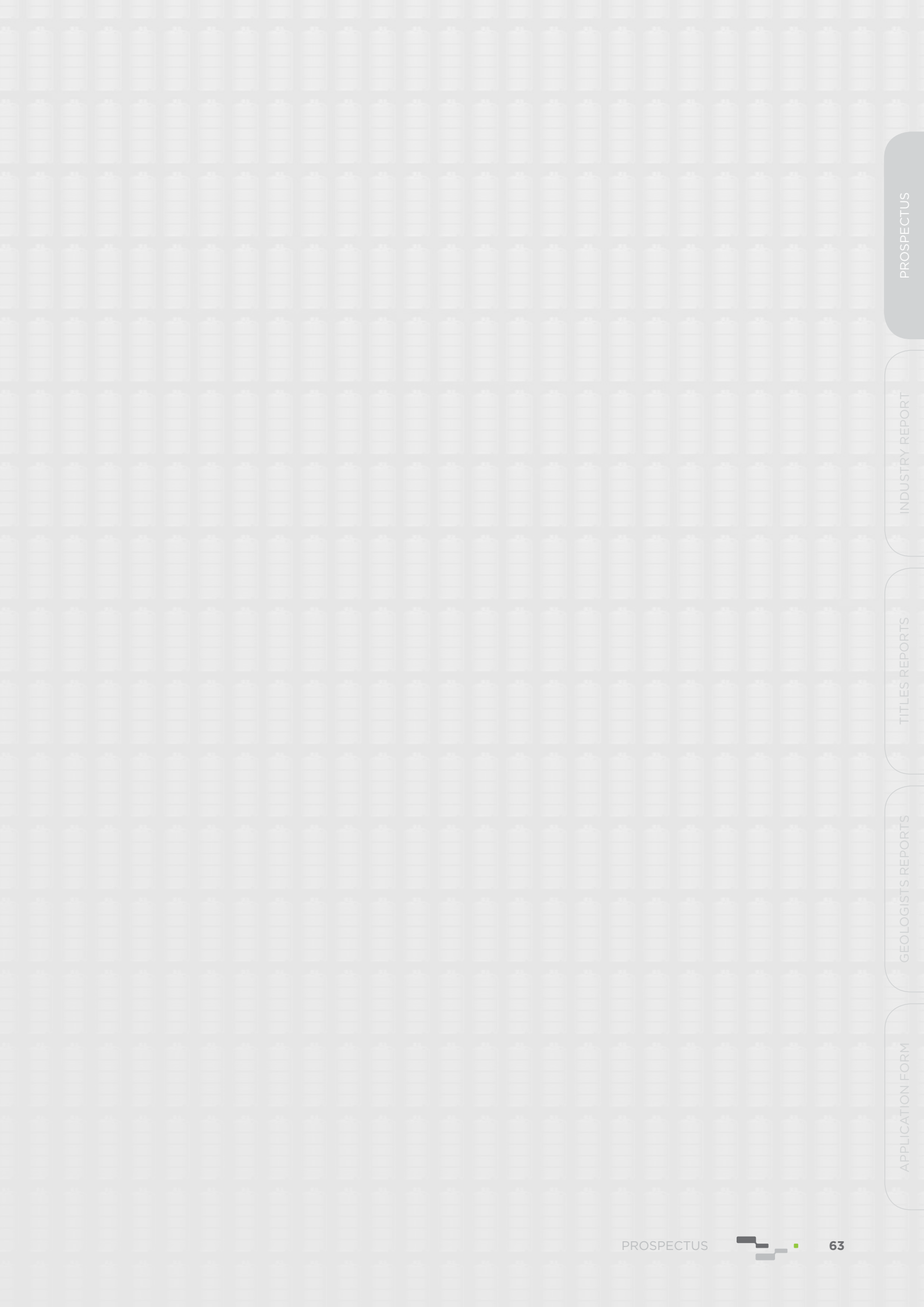


Mr Murray Brooker

Technical Director and Exploration Manager

BSc (Hons), MSc (Geology), MSc (Hydrogeology)

Mr Brooker is a Technical Director and Exploration Manager for LPI. Mr Brooker is a geologist specialising in lithium, with 20 years' experience in lithium prospecting and exploration. He has led teams in Argentina, Chile and Australia throughout his career, and is a very well respected and connected lithium expert in South America. Most recently Mr Brooker was the JORC Competent Person to Orocobre Limited for their lithium brine project in Argentina along with completing the initial reports for the Argentinian Properties, which LPI has now acquired. Mr Brooker is a principal geoscientist with experience in managing groups of geoscientists, project management for development projects, conducting project evaluations, project generation, CP/QP reporting and interpretation of satellite imagery, geological and geophysical data. Projects he has worked on include regional and country scale project generation and targeting, advanced project assessments to feasibility level, evaluation of large tenement packages including existing prospects and successfully generating new prospects.





Section 8

Financial Information

8.1 INTRODUCTION

This section contains the historical and pro forma historical financial information for LPI, including:

- the historical statement of financial position as at 29 February 2016 as set out in Section 1.2 below ('Historical Statement of Financial Position' or 'Historical Financial Information'); and
- the pro forma historical statement of financial position as at 29 February 2016 on the basis of a minimum subscription of \$7 million and the pro forma historical statement of financial position as at 29 February 2016 on the basis of a maximum subscription of \$8 million as set out in Section 1.2 below ('Pro Forma Historical Statements of Financial Position' or 'Pro Forma Historical Financial Information').

collectively referred to as the 'Financial Information'.

The Financial Information is presented in an abbreviated form, insofar as it does not include all of the presentation, statements and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

The Financial Information set out in this Section should be read in conjunction with the accounting policies included within the historical financial statements for the period ended 29 February 2016 included in Section 1.4. In addition, applicable notes to the Financial Information have been included to assist the reader to better understand a number of items from a financial perspective. The financial information should also be considered in conjunction with the risk factors included in Section 3 and other information contained in this Prospectus.

The Financial Information as defined above has been reviewed by Ernst & Young in accordance with the Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information, as stated in its Independent Limited Assurance Report set out at the end of this Section 8. Investors should note the scope and limitations of that report.

Section 8

Financial Information

8.2 UNAUDITED HISTORICAL AND PRO FORMA HISTORICAL STATEMENTS OF FINANCIAL POSITION

		Minimum Subscription \$7 million		Maximum Subscription \$8 million	
A\$	Historical as at 29 February 2016	Pro forma Adjustments	Pro Forma Historical as at 29 February 2016	Pro forma Adjustments	Pro Forma Historical as at 29 February 2016
CURRENT ASSETS					
Cash and Cash Equivalents	339,703	6,273,000	6,612,703	7,212,000	7,551,703
Trade and other Receivables	44,285	66,000	110,285	72,000	116,285
Other	53,368	–	53,368	–	53,368
Total Current Assets	437,356	6,339,000	6,776,356	7,284,000	7,721,356
NON CURRENT ASSETS					
Exploration and Evaluation	845,323	–	845,323	–	845,323
Total Non Current Assets	845,323	–	845,323	–	845,323
TOTAL ASSETS	1,282,679	6,339,000	7,621,679	7,284,000	8,566,679
CURRENT LIABILITIES					
Trade and Other Payables	760,730	(94,000)	666,730	(94,000)	666,730
Total Current Liabilities	760,730	(94,000)	666,730	(94,000)	666,730
TOTAL LIABILITIES	760,730	(94,000)	666,730	(94,000)	666,730
NET ASSETS	521,949	6,433,000	6,954,949	7,378,000	7,899,949
EQUITY					
Issued Capital	1,215,101	6,783,000	7,998,101	7,765,000	8,980,101
Share Based Payments Reserve	–	450,000	450,000	450,000	450,000
Accumulated Losses	(693,152)	(800,000)	(1,493,152)	(837,000)	(1,530,152)
TOTAL EQUITY	521,949	6,433,000	6,954,949	7,378,000	7,899,949

8.3 BASIS OF PREPARATION OF THE FINANCIAL INFORMATION

8.3.1 BASIS OF PREPARATION

The unaudited Pro Forma Historical Statements of Financial Position as at 29 February 2016 have been included for illustrative purposes to reflect the financial position of LPI on the basis that LPI completed the transactions outlined in this Prospectus as at 29 February 2016.

The directors of the Company are responsible for the preparation and presentation of the Financial Information.

The Historical Financial Information has been extracted from the financial statements of LPI for the period 24 July 2015 to 29 February 2016, which was audited by Ernst & Young in accordance with Australian Auditing Standards. Ernst & Young issued an unqualified audit opinion, including an emphasis of matter with respect to going concern, on the financial report. The historical financial statements were prepared from incorporation to 29 February 2016 as the directors believe this provided the most recent and relevant financial information for the purpose of the Prospectus.

The Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards issued by the Australian Accounting Standards Board, which are consistent with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board.

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information of LPI, and adjusted for the effects of pro forma transactions described in Section 1.3.2 of the Prospectus.

Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position.

Going Concern

The Financial Information has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Company incurred a net loss after tax of \$693 thousand for the period from incorporation to 29 February 2016 and had a net current liability position of \$323 thousand as at 29 February 2016. Based on this and the reasons described below, conditions exist that indicate there is a material uncertainty as to the Company's ability to continue as a going concern.

The directors believe that the current cash resources will not be sufficient to fund planned exploration expenditure, other principal activities and working capital requirements without raising additional capital. As noted throughout this prospectus, the directors are currently pursuing an initial public offering on the ASX and aim to raise a minimum of \$7 million up to a maximum of \$8 million through the IPO process. The directors expect that these funds will be sufficient to allow for exploration and evaluation of the Company's tenements and to provide the necessary working capital for the next few years. The Company will also look to complete future equity offerings in order to raise additional capital as the business progresses.

Should the Company be unable to raise sufficient capital under the Prospectus, there is a significant uncertainty whether the Company will be able to continue as a going concern and therefore, whether it will be able to pay its debts as and when they become due and payable and to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the Historical and Pro Forma Historical Statements of Financial Position. The Historical and Pro Forma Historical Statements of Financial Position do not include adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

8.3.2 PRO FORMA TRANSACTIONS

The unaudited Pro Forma Historical Statement of Financial Position as at 29 February 2016 has been included for illustrative purposes to reflect the financial position of LPI on the basis that LPI has issued the number of shares subject to this Prospectus:

- i. **Minimum subscription** – the issue of 35 million Shares at \$0.20 per Share totalling \$7.0 million to investors participating in the Offer.
Maximum subscription – the issue of 40 million Shares at \$0.20 per Share totalling \$8.0 million to investors participating in the Offer on the basis of a maximum subscription.
- ii. **Minimum subscription** – Share Issue Costs of \$661 thousand (plus GST of \$66 thousand), relating to the capital raising activity in (i) above. The costs associated with the listing of existing shares total \$444 thousand (GST exclusive) and are required to be expensed. The costs relating to the issue of new shares total \$217 thousand (GST exclusive) and have been charged against equity. The GST charged on the invoices associated with these costs has been recognised as a GST receivable in Other Receivables. A portion of offering costs (\$94 thousand) had already been incurred as at 29 February 2016.
Maximum subscription – Share Issue Costs of \$715 thousand (plus GST of \$72 thousand), relating to the capital raising activity in (i) above. The costs associated with the listing of existing shares total \$481 thousand (GST exclusive) and are required to be expensed. The costs relating to the issue of new shares total \$235 thousand (GST exclusive) and have been charged against equity. The GST charged on the invoices associated with these costs has been recognised as a GST receivable in Other Receivables. A portion of offering costs (\$94 thousand) had already been incurred as at 29 February 2016.
- iii. **Minimum and maximum subscription** – the issue of 3,916,667 options granted at the time of the IPO to four individuals for services provided or to be provided under the terms below. \$450 thousand has been recorded in the share based payments reserve, with a corresponding charge to retained earnings.

Andrew G Phillips – Executive Director, Company Secretary & CFO

- 1,500,000 options to acquire one common share at an exercise price of 0.20, which fully vest upon the Company successfully completing its IPO on the ASX; and
- expiry date of five years from completion of listing on the ASX.

L Ignacio Silva – Non-Executive Director & South American Regional Manager

- 500,000 options to acquire one common share at an exercise price of 0.20, which fully vest upon the Company successfully completing its IPO on the ASX; and
- expiry date of five years from completion of listing on the ASX.

Brendan Lyons – Consultant assisting with the IPO process

- 1,000,000 options to acquire one common share at an exercise price of 0.20, which fully vest upon the Company successfully completing its IPO on the ASX; and
- expiry date of five years from completion of listing on the ASX.

Murray Brooker – Technical Director & Exploration Manager

- 500,000 options to acquire one common share at an exercise price of 0.20, 250,000 options to acquire one common share at an exercise price of 0.40 and 166,667 options to acquire one common share at an exercise price of 0.60; and
- all of these options fully vest two years from the Company successfully completing its IPO on the ASX and expire five years from completion of the listing on the ASX.

Section 8

Financial Information

8.4 HISTORICAL FINANCIAL STATEMENTS FOR THE PERIOD FROM INCEPTION TO 29 FEBRUARY 2016

The directors present their report, together with the financial statements, on the company for the period ended 29 February 2016.

DIRECTORS

The following persons were directors of the company during the whole of the financial period and up to the date of this report, unless otherwise stated:

Reccard P Fertig – <i>Chairman</i>	Appointed 24 July 2015
Martin C Holland – <i>Chief Executive Officer</i>	Appointed 24 July 2015
Andrew G Phillips – <i>Director and Company Secretary</i>	Appointed 24 July 2015
L Ignacio Silva – <i>Director and Regional Manager Latin America</i>	Appointed 16 September 2015

PRINCIPAL ACTIVITY

During the financial period the principal activity of the company consisted of the identification and acquisition of lithium assets in Australia and Argentina.

REVIEW OF OPERATIONS

The loss for the company after providing for income tax amounted to \$693,152.

The company was incorporated on 24 July 2015 and therefore the results are for the period from incorporation to 29 February 2016.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The company was incorporated on 24 July 2015.

Since the establishment of Lithium Power International Ltd ('LPI') in July 2015 the company has secured 100% ownership of lithium tenement licenses, pending final approvals, in Australia and Argentina as follows:

Australia

LPI's Australian tenement portfolio covers 601 km² across two well-known lithium bearing areas located in Western Australia.

Pilbara (Western Australia) – LPI has three pending exploration applications covering 203 km² in the Pilbara region of northern Western Australia. The licence details for the Pilbara tenements are as follows:

- Exploration Licence Application No E45/4610 – Project name: Pilgangoora-Houston Creek – Area 75 km²
- Exploration Licence Application No E45/4637 – Project name: Tabba Tabba – Area 64 km²
- Exploration Licence Application No E45/4638 – Project name: Strelley – Area 64 km² The company expects these licences to be granted in due course.

Greenbushes (Western Australia) – LPI has two granted exploration tenements covering 398 km² in the Greenbushes area of southern Western Australia. The licence details for the Greenbushes tenements are as follows:

- Exploration Licence No E70/4763 – Project name: Balingup – Area 315 km²
- Exploration Licence No E70/4774 – Project name: Brockman Hwy – Area 83 km²

Argentina

LPI has acquired six tenements covering a total of 61.52 km², in the Centenario salar in the Puna Plateau, Argentina.

Puna Plateau – Lithium Power S.A. ('LPSA'), an entity established in February 2016, which is beneficially owned by LPI, recently acquired three granted exploration tenements in the Centenario lithium brine salar within the Salta province of the Puna Plateau. In addition, LPSA has rights to one granted exploration tenement which is currently subject to review by the Argentinian Mining authorities, and two pending applications in the same salar. In total, the 6 tenements cover a total area of 61.52 km².

- Mining File No 19478 – Centenario 4 – Status: Licence granted – Area 8 km²
- Mining File No 19479 – Centenario 5 – Status: Licence granted – Area 8 km²
- Mining File No 19480 – Centenario 6 – Status: Licence granted – Area 8 km²
- Mining File No 20158 – Centenario 200 – Status: Licence application made by Lacus (LPSA has a binding option to acquire this property, subject to it being granted to Lacus) – Area 15 km²
- Mining File No 20159 – Centenario 201 – Status: Licence application made by Lacus (LPSA has a binding option to acquire this property, subject to it being granted to Lacus) – Area 14.52 km²
- Mining File No 19475 – Centenario 1 – Status: Title of Lacus has been challenged and is undergoing review with the relevant mining authorities in Argentina – Area 8km²

There were no other significant changes in the state of affairs of the company during the financial period.

This report is made in accordance with a resolution of directors.

On behalf of the directors,



Reccard Fertig
Chairman

12 April 2016
Sydney

Section 8

Financial Information

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended 29 February 2016

	Note	2016 \$
Interest revenue		1,879
Expenses		
Employee benefits expense		(352,782)
Occupancy costs		(31,700)
Legal and professional fees		(182,302)
Travel and entertainment expense		(78,915)
Administration expense		(43,801)
Finance costs		(5,531)
Loss before income tax expense		(693,152)
Income tax expense		–
Loss after income tax expense for the period attributable to the owners of Lithium Power International Limited		(693,152)
Other comprehensive income for the period, net of tax		–
Total comprehensive income for the period attributable to the owners of Lithium Power International Limited		(693,152)
		Cents
Basic earnings per share	11	(1.40)
Diluted earnings per share	11	(1.40)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

As at 29 February 2016

	Note	2016 \$
Assets		
Current assets		
Cash and cash equivalents	3	339,703
Trade and other receivables	4	44,285
Other	5	53,368
Total current assets		437,356
Non-current assets		
Exploration and evaluation	6	845,323
Total non-current assets		845,323
Total assets		1,282,679
Liabilities		
Current liabilities		
Trade and other payables	7	760,730
Total current liabilities		760,730
Total liabilities		760,730
Net assets		521,949
Equity		
Issued capital	8	1,215,101
Accumulated losses		(693,152)
Total equity		521,949

The above statement of financial position should be read in conjunction with the accompanying notes

Section 8

Financial Information

STATEMENT OF CHANGES IN EQUITY

For the period ended 29 February 2016

	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 24 July 2015	–	–	–
Loss after income tax expense for the period	–	(693,152)	(693,152)
Other comprehensive income for the period, net of tax	–	–	–
Total comprehensive income for the period	–	(693,152)	(693,152)
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs (note 8)	1,215,101	–	1,215,101
Balance at 29 February 2016	1,215,101	(693,152)	521,949

The above statement of changes in equity should be read in conjunction with the accompanying notes

STATEMENT OF CASH FLOWS

For the period ended 29 February 2016

	Note	2016 \$
Cash flows from operating activities		
Payments to suppliers (inclusive of GST)		(433,247)
Interest received		1,879
Interest and other finance costs paid		(5,531)
Net cash used in operating activities		(436,899)
Cash flows from investing activities		
Payments for exploration and evaluation		(438,499)
Net cash used in investing activities		(438,499)
Cash flows from financing activities		
Proceeds from issue of shares	8	1,152,001
Loans repaid to related parties		(132,450)
Loans received from related parties		195,550
Net cash from financing activities		1,215,101
Net increase in cash and cash equivalents		339,703
Cash and cash equivalents at the beginning of the financial period		–
Cash and cash equivalents at the end of the financial period		339,703

The above statement of cash flows should be read in conjunction with the accompanying notes

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 29 February 2016

NOTE 1. GENERAL INFORMATION

The financial statements cover Lithium Power International Limited as an individual entity. The financial statements are presented in Australian dollars, which is Lithium Power International Limited's functional and presentation currency.

Lithium Power International Limited is a unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Level 7, 151 Macquarie Street
Sydney, NSW 2000

A description of the nature of the company's operations and its principal activity are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 12 April 2016.

The company was incorporated on 24 July 2015 and therefore the results are for the period from incorporation to 29 February 2016.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the interim half-year reporting period ended 29 February 2016 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

NEW, REVISED OR AMENDING ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

GOING CONCERN

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The company has incurred a net loss after tax of \$693,152 for the period ended 29 February 2016 and had a net current liability position of \$323,374 as at 29 February 2016. Based on this and the reasons described below, conditions exist that indicate there is a material uncertainty as to the company's ability to continue as a going concern.

The directors have prepared cash flow forecasts which indicate that the current cash resources will not be sufficient to fund planned exploration expenditure, other principal activities and working capital requirements without raising additional capital. The directors are currently pursuing an initial public offering on the ASX and expect to lodge the prospectus in April 2016. The directors aim to raise approximately \$7,000,000 through the IPO process and expect that these funds will be sufficient to allow for exploration and evaluation of the company's tenements and to provide the necessary working capital for the next few years. The company will also look to complete future equity offerings in order to raise additional capital as the business progresses.

Should the company be unable to raise capital, there is a material uncertainty whether the company will be able to continue as a going concern and therefore, whether it will be able to realise its assets and discharge its liabilities in the normal course of business. The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

OPERATING SEGMENTS

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

REVENUE RECOGNITION

Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

INCOME TAX

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

CURRENT AND NON-CURRENT CLASSIFICATION

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

TRADE AND OTHER RECEIVABLES

Other receivables are recognised at amortised cost, less any provision for impairment.

Section 8

Financial Information

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

INVESTMENTS AND OTHER FINANCIAL ASSETS

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the period in which the decision is made.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial period and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

FINANCE COSTS

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

EMPLOYEE BENEFITS

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability employee benefits not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the company receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the company or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

FAIR VALUE MEASUREMENT

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

ISSUED CAPITAL

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Section 8

Financial Information

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Lithium Power International Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the financial period.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

GOODS AND SERVICES TAX ('GST') AND OTHER SIMILAR TAXES

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies, if disclosed, are net of the amount of GST recoverable from, or payable to, the tax authority.

NOTE 3. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	2016 \$
Cash at bank	339,703

NOTE 4. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

Receivable from key management personnel	3,458
GST receivable	40,827
	44,285

NOTE 5. CURRENT ASSETS – OTHER

Prepayments	53,368
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NOTE 6. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION

Exploration and evaluation expenditures – at cost	845,323
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Capitalised exploration and evaluation expenditures are comprised of the costs incurred to acquire the company's lithium tenements in Western Australia and Argentina and exploration and evaluation activities incurred to date.

Deferred consideration of US\$133,111 (A\$185,916) remains payable to the vendors of the Argentinian tenements and has been accounted for within trade payables as at 29 February 2016. This amount will be settled through the issuance of shares, with the share price used to determine the number of shares issued being determined by reference to the price in effect at completion of the company's Initial Public Offering (IPO). If the IPO is unsuccessful for any reason, the deferred consideration must be settled via cash payment.

NOTE 7. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	2016 \$
Trade payables	418,603
Accrued expenses	342,127
	760,730

NOTE 8. EQUITY – ISSUED CAPITAL

	2016	
	Shares	\$
Ordinary shares – fully paid	70,780,001	1,215,101

MOVEMENTS IN ORDINARY SHARE CAPITAL

Details	Date	Shares	Issue price	\$
Balance	24 July 2015	1	\$1.0000	1
Issue of shares	21 September 2015	20,000,000	\$0.0001	2,000
Conversion of loan	21 September 2015	31,000,000	\$0.0001	3,100
Issue of shares	25 September 2015	3,880,000	\$0.0250	97,000
Issue of shares	21 October 2015	14,900,000	\$0.0700	1,043,000
Conversion of loan	21 October 2015	714,286	\$0.0700	50,000
Issue of shares	27 November 2015	285,714	\$0.0700	20,000
Balance	29 February 2016	70,780,001		1,215,101

ORDINARY SHARES

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

NOTE 9. EQUITY – DIVIDENDS

There were no dividends paid, recommended or declared during the current financial period.

NOTE 10. FAIR VALUE MEASUREMENT

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

Section 8

Financial Information

NOTE 11. EARNINGS PER SHARE

	2016
	\$
Loss after income tax attributable to the owners of Lithium Power International Limited	(693,152)
	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	49,511,312
Weighted average number of ordinary shares used in calculating diluted earnings per share	49,511,312
	Cents
Basic earnings per share	(1.40)
Diluted earnings per share	(1.40)

27,440,001 options on issue have been excluded from the weighted average number of ordinary shares used in calculating diluted earnings per share as they are considered anti-dilutive.

NOTE 12. UNLISTED OPTIONS

As an incentive for agreeing to provide initial funding to the company, the company granted each founder and pre-seed equity purchaser with 1 option for every 2 shares acquired. Each option entitles the holder to purchase one ordinary share for \$0.20 per share. All of the options were granted at the time the shares were initially issued and become exercisable upon any time from formal listing on the Australian Securities Exchange, with an expiry five years from listing, without restrictions.

UNLISTED OPTIONS

2016							
Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
21/09/2015	5 years from listing	\$0.20	–	25,500,001	–	–	25,500,001
25/09/2015	5 years from listing	\$0.20	–	1,940,000	–	–	1,940,000
			–	27,440,001	–	–	27,440,001
Weighted average exercise price			\$0.00	\$0.20	\$0.00	\$0.00	\$0.20

NOTE 13. OPERATING SEGMENTS

IDENTIFICATION OF REPORTABLE OPERATING SEGMENTS

The company is organised into one operating segment, being the exploration and evaluation of early stage Lithium resources. This is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The operating segment information is the same information as provided throughout the financial statements and therefore not duplicated.

NOTE 14. EVENTS AFTER THE REPORTING PERIOD

The company plans to finalize its prospectus for listing on the Australian Securities Exchange prior to May 2016. The company plans to issue 35,000,000 shares and raise \$7,000,000 during the initial public offering ('IPO'). The company also has agreed to accept, at the Board's discretion, over-subscriptions to raise up to a further \$1,000,000, through the issue of up to 5,000,000. If full over-subscriptions are taken up, the total raise at the IPO will be \$8,000,000 equalling 40,000,000 shares.

Sequoia Corporate Finance Pty Ltd has been appointed lead manager for the IPO.

Subsequent to 29 February 2016 the Board of Directors resolved to issue a total of 3,916,667 options to four individuals for services provided or to be provided. Terms of the options to be granted at successful completion of the IPO are as follows:

Andrew G Phillips – Executive Director, Company Secretary & CFO

- 1,500,000 options to acquire one common share at an exercise price of 0.20, which fully vest upon the company successfully completing its IPO on the ASX; and
- expiry date of five years from completion of listing on the ASX.

L Ignacio Silva – Non-Executive Director & South American Regional Manager

- 500,000 options to acquire one common share at an exercise price of 0.20, which fully vest upon the company successfully completing its IPO on the ASX; and
- expiry date of five years from completion of listing on the ASX.

Brendan Lyons – Consultant assisting with the IPO process

- 1,000,000 options to acquire one common share at an exercise price of 0.20, which fully vest upon the company successfully completing its IPO on the ASX; and
- expiry date of five years from completion of listing on the ASX.

Murray Brooker – Technical Director & Exploration Manager

- 500,000 options to acquire one common share at an exercise price of 0.20, 250,000 options to acquire one common share at an exercise price of 0.40 and 166,667 options to acquire one common share at an exercise price of 0.60; and
- all of these options fully vest two years from the company successfully completing its IPO on the ASX and expire five years from completion of the listing on the ASX.

No other matter or circumstance has arisen since 29 February 2016 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 29 February 2016 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.

On behalf of the directors,

Reccard Fertig
Chairman

12 April 2016
Sydney

INDEPENDENT AUDITOR'S REPORT



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GPO Box 2646 Sydney NSW 2001

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To the members of Lithium Power International Limited

Report on the Interim Financial Report

We have audited the accompanying interim financial report of Lithium Power International Limited, which comprises the statement of financial position as at 29 February 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the interim period ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Interim Financial Report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and for such controls as the directors determine are necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the interim financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the Australian professional accounting bodies.





Opinion

In our opinion the interim financial report of Lithium Power International Limited gives a true and fair view of the company's financial position as at 29 February 2016 and of its performance for the period ended on that date and is in accordance with Accounting Standard AASB 134 *Interim Financial Reporting*.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the financial report which describes the principal conditions that raise doubt about the entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Ernst & Young

Ryan Fisk
Partner
Sydney
12 April 2016



INDEPENDENT LIMITED ASSURANCE REPORT



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Independent Limited Assurance Report

26 April 2016

The Directors
Lithium Power International Limited
Level 7, 151 Macquarie Street
Sydney NSW 2000

Dear Directors

INDEPENDENT LIMITED ASSURANCE REPORT ON HISTORICAL FINANCIAL INFORMATION AND PRO FORMA HISTORICAL FINANCIAL INFORMATION

1. Introduction

We have been engaged by Lithium Power International Limited ('LPI' or the 'Company') to report on the historical financial information and pro forma historical financial information for inclusion in the Prospectus to be lodged in conjunction with the proposed initial public offering ("Prospectus") to be dated on or about 26 April 2016, and to be issued by LPI, in respect of the initial public offering being contemplated by LPI ("the Offer").

Expressions and terms defined in the Prospectus have the same meaning in this report.

2. Scope

Historical Financial Information

You have requested Ernst & Young to review the following historical financial information of LPI:

- the historical statement of financial position as at 29 February 2016 as set out in Note 1.2 to Section 8 of the Prospectus ("Historical Statement of Financial Position").

(Hereafter 'the Historical Financial Information')

The Historical Financial Information has been extracted from the financial report of LPI for the period 24 July 2015 to 29 February 2016, which was audited by Ernst & Young in accordance with Australian Auditing Standards. Ernst & Young issued an unqualified audit opinion, including an emphasis of matter with respect to going concern, on the financial report.

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards issued by the Australian Accounting Standards Board, which are consistent to International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board..

A member firm of Ernst & Young Global Limited



Pro Forma Historical Financial Information

You have requested Ernst & Young to review the following pro forma historical financial information of LPI:

- the pro forma historical statement of financial position as at 29 February 2016 set out in Note 1.2 to Section 8 of the Prospectus (“Pro Forma Historical Statement of Financial Position”).

(Hereafter the ‘Pro Forma Historical Financial Information’).

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information of LPI, and adjusted for the effects of pro forma adjustments described in Note 1.3.2 to Section 8 of the Prospectus.

The stated basis of preparation used in the preparation of the Pro Forma Historical Financial Information is, in a manner consistent with the recognition and measurement principles contained in Australian Accounting Standards, which are consistent to International Financial Reporting Standards, applied to the Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in Note 1.3.2 to Section 8 of the Prospectus, as if those events or transactions had occurred as at 29 February 2016.

Due to its nature, the Pro Forma Historical Financial Information does not represent the Company’s actual or prospective financial position.

The Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

3. Directors’ Responsibility

The directors of LPI are responsible for the preparation and presentation of the Historical Financial Information and Pro Forma Historical Financial Information, including the basis of preparation, selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

4. Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information and Pro Forma Historical Financial Information based on the procedures performed and the evidence we have obtained.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.



Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other limited assurance procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the Financial Information.

5. Conclusions

Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information comprising:

- the historical statement of financial position as at 29 February 2016 as set out in Note 1.2 to Section 8 of the Prospectus.

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Note 1.3.1 to Section 8 of the Prospectus.

Pro Forma Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information comprising:

- the pro forma historical statement of financial position as at 29 February 2016 set out in Note 1.2 to Section 8 of the Prospectus.

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Note 1.3.1 to Section 8 of the Prospectus.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualification to the limited assurance conclusion expressed above, attention is drawn to the following matter. As disclosed in Note 1.3.1 to Section 8 of the Prospectus, if the capital raising under the prospectus is unsuccessful, there is significant uncertainty whether the Company will be able to continue as a going concern and therefore whether it will be able to pay its debts as and when they become due and payable and realise its assets and extinguish its liabilities in the normal course of operations and at the amounts stated in the Historical and Pro forma Statements of Financial Position. The Historical and Pro forma Statements of Financial Position do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

6. Restriction on Use

Without modifying our conclusions, we draw attention to Section 8 of the Prospectus, which describes the purpose of the Financial Information. As a result, the Financial Information may not be suitable for use for another purpose.

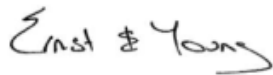
7. Consent

Ernst & Young has consented to the inclusion of this limited assurance report in the Prospectus in the form and context in which it is included.

8. Independence or Disclosure of Interest

Ernst & Young does not have any interests in the outcome of the Proposed Offer other than in the preparation of this report for which normal professional fees will be received.

Yours faithfully



Ernst & Young

Image by APM Graphics Management



Section 9 Independent Consultant's Industry Report



CRU reference number: ST431221-15

March 2016

Chapter 1 – Industry structure and supply chain

This chapter provides an introduction to the lithium industry, a description of key products and end uses, and processing methods. It also discusses the structure of the lithium supply chain and key players.

1.1 Metal properties and description of end uses

Lithium (chemical symbol Li) is a soft, silver-white metal and, under standard conditions, it is the lightest of all the alkali metals on the periodic table. Lithium metal is highly reactive and therefore it does not occur freely in nature. It has a low thermal expansion coefficient, a high specific heat capacity and high electrochemical potential. Lithium also has the lightest density of all elements being solid at room temperature, with density of 0.53g/cm³ at 20° C. Lithium can exist as lithium metal, carbonate, hydroxide, bromide and other complex compounds.

Given the properties of lithium, such as its high specific heat capacity, high electrochemical potential and low density, it can be used in a wide range of chemical and technical market applications.

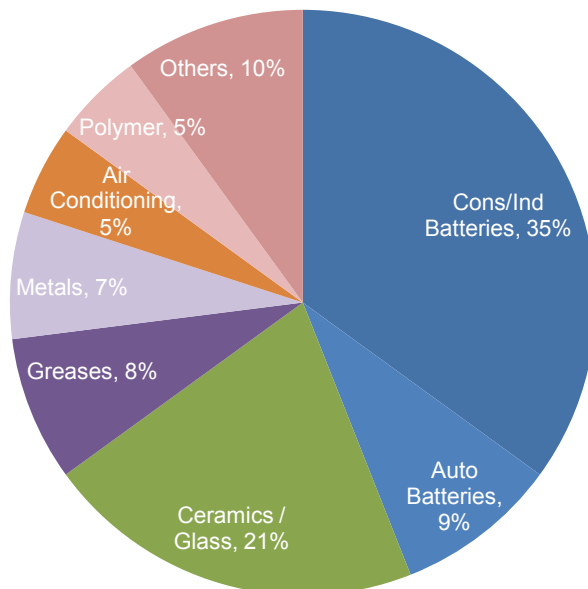
The major end uses of lithium in chemical applications are primary (non-rechargeable) and secondary (rechargeable) battery cathodes and electrolytes. Others include:

- Automotive applications – as a fusing agent for aluminium alloy production.
- Lubricating greases – as a thickening agent.
- Air-conditioning (A/C) – for refrigeration, humidity control and in drying systems.
- Polymer production - as a reduction agent.

The major end use of lithium in technical applications for the production of ceramics and glass, where it is used as a thermal resistant viscosity modifier. Other technical applications include metallurgical processes such as steel and iron castings.

As shown in the chart below, the main use of lithium is in the production of primary and secondary batteries (44% market share). Examples of primary batteries include coin and cylindrical batteries, while secondary batteries can be found in consumer electronics. Mobile phones now account for approximately 40% of the Lithium Ion Battery (LIB) market (by MWh) in the consumer electronics sector. In 2015, mobile phones became the largest consumer of LIBs.

Estimated consumption of lithium by end-use, 2015.



Source: CRU

2

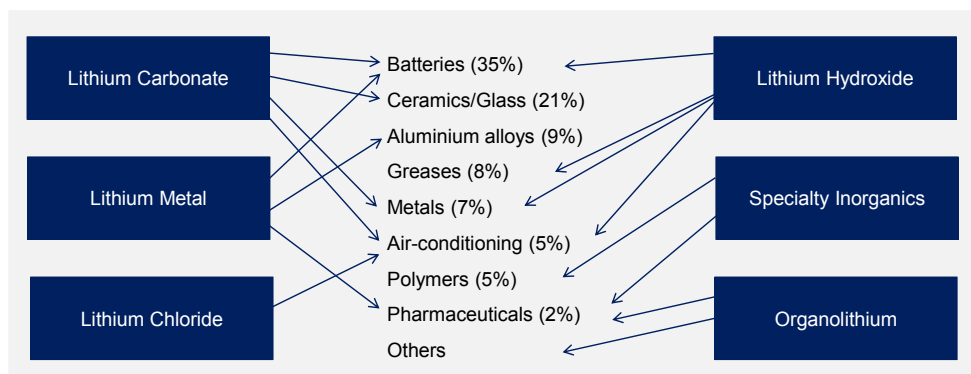
The second largest end use for lithium is the ceramics and glass industry (21%) to enhance resistance to high and changing temperature conditions. It is used to produce container, flat, pharmaceutical, fibre and specialty glasses. They are valued for their toughness, resistance to erosion, and for withstanding high temperatures, where thermal shock resilience is important. In the ceramics industry, lithium is used to lower the melting point and act as a glazing agent in ceramic bodies and frits, and to enhance produce quality.

Lithium is also used in oils and greases to work in high and changing temperature conditions. Most lubricating greases are mixtures of oil and soap. The soaps are scattered into oils to frame the stable gel, called greases. Because of the lithium content in the oil it adheres particularly well to metal. Likewise, it is non-corrosive, water resistant and can be utilised under pressure while retaining high temperature resistance – its melting point is between 190 to 220°C, so it is often used as a lubricant in automotive applications.

1.2 Product description and applications

The figure below shows the six broad classifications of lithium products. Lithium carbonate (Li_2O_3) accounts for approximately 50% of lithium products globally, followed by Lithium hydroxide monohydrate ($\text{LiOH}\cdot\text{H}_2\text{O}$) with around 16% market share. The balance consists of lithium metal, lithium bromide (LiBr), lithium chloride (LiCl), specialty inorganics and organolithium in various chemical forms.

Lithium product forms and key applications, 2015.



Battery type	End use	Product form
LCO (Lithium cobaltite)	Portable devices	Lithium Carbonate
NCA (Lithium nickel cobalt aluminium oxide)	EVs (Tesla, Toyota Prius), Grid storage	Lithium Hydroxide
NMC (Lithium nickel manganese cobalt)	Portable PCs, EVs (GM Volt, Nissan Leaf)	Lithium Hydroxide
LFP (Lithium iron phosphate)	Tools, Evs, e-buses, e-bikes, Grid storage	Lithium Hydroxide
LMO (Lithium manganese oxide)	EVs (GM Volt, Nissan Leaf, BMW i3), Grid storage	Lithium Carbonate

Source: CRU

3

LIBs are typically produced from high-purity lithium carbonate and lithium hydroxide, which are then processed into five different types of lithium cathodes, as shown in the chart above.

The cathodes are then combined with an anode and a liquid electrolyte comprising lithium salts. The exact chemistry of LIBs varies depending on the manufacturer and application, and is the subject of ongoing research in the race to find the most efficient, lowest-cost battery. The two drivers of the changes that are taking place in the evolution of cathode materials are firstly, the move to reduce the cost of manufacture and secondly, efforts to increase storage capacity. However, all LIBs have similar properties such as low discharge rates, high specific energy density and relatively lower weight. These properties make them suitable batteries for portable devices, EVs and energy storage applications.

1.3 Substitution

In the greases sector, lithium-based greases are the most commonly used, due to their higher melting point than calcium-based greases. Sodium-based greases are a key substitute although their water resistance properties are not as good as the lithium-based greases. Aluminium greases can also be used as a substitute for lithium yet they are generally more expensive to manufacture.

Greases consist of approximately 70-90% oil, 10% additives and 5-10% thickener including metal. Therefore an increase in the lithium price will be relatively small compared to the total

manufactured cost, and so the risk of lithium substitution will be reduced. In the ceramics and glass sector, there are various fluxes that can be used as a substitute to lithium, such as sodium and potassium-based fluxes, although lithium properties are superior so favour the demand remaining with lithium.

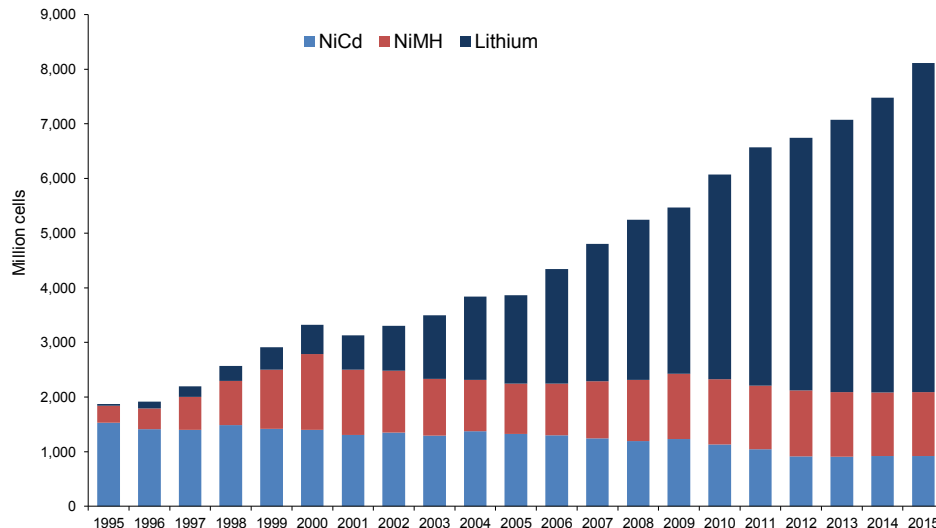
It is fairly difficult to replace the lithium in glass and ceramics manufacturing given the chemical characteristics of glass, substitutes including soda ash and potash fluxes can be used.

The key substitutes for LIBs are sodium sulphur (NaS), metal-air batteries and flow batteries.

- NaS batteries include a sulphur cathode and a sodium anode in a sodium alumina electrolyte. NaS batteries benefit from long discharge times and fast response times, making them suitable for renewable energy integration applications. However safety concerns and only one manufacturer (globally), restrict their wide scale deployment.
- Metal air batteries include zinc and aluminium air batteries. They typically have high energy densities and high recharge rates. However, the technologies are still in the early stages of development and are yet to be fully commercialised.
- Flow (or redox flow) batteries involve the two electrolyte tanks separated by a membrane. Vanadium redox and zinc bromide are the most common types of flow batteries. The electrolyte tanks offer advantages in terms of storage capacity and discharge rates however their large size and safety issues (associated with liquids) has restricted their ability to compete with LIBs.

As discussed in Chapter 2, LIBs have become the dominant cell type for rechargeable batteries since the early 2000s. With continued commercialisation, in both scale and refining of chemistries and performance, LIB manufacturing costs have dropped significantly in recent years. A range of new battery cathode chemistries and cell types are also under development, such as aluminium-ion batteries. However, LIBs maintain the highest market share for EVs and electronic applications, and are expected to maintain this high market share into the medium term. Therefore while we see continued evolution of lithium chemistry over the coming decades, we do not see a high risk of substitution for LIBs over the forecast period to 2020.

The LIB has become the dominant cell type for EVs and electronic applications.



Source: Avicenne, CRU

4

1.4 Description of processing routes

Lithium is widely distributed in trace amounts in rocks, salts and natural waters, as shown in the figure below. However, most of the commercial reserves are contained in continental brines (salt flats) and hard rock minerals (generally in the form of spodumene).

- Brines, such as continental brines (salars) are mainly found in Argentina, Chile, while geothermal and oilfield brines are located in the US. Brines can be used to produce lithium carbonate, lithium hydroxide and lithium chloride.
- Hard rock mineral deposits are mainly found in Australia, the US, China and also in Africa. They mainly produce mineral concentrates for direct technical market sales or conversion into other lithium chemicals, mainly in China.

Chapter 3 includes a detailed description of lithium reserves, resources, and the production outlook for lithium contained in both brines and hard rock minerals.

Lithium operations by location and type, 2015.



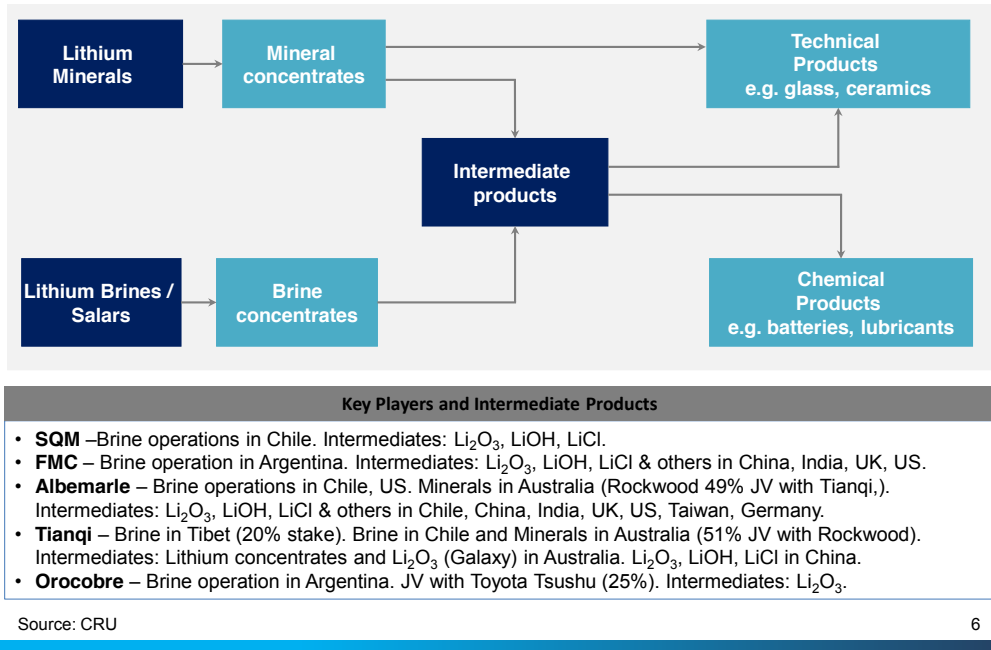
Source: CRU

5

1.5 Structure of the lithium industry, its supply chain and key players

The following figure shows the structure of the lithium industry from raw materials (lithium minerals and brines) to intermediate products (including lithium carbonate and lithium hydroxide) and finally end use products for both the technical and chemical markets. Historically, the raw material sector has been an oligopoly, and largely dominated by a few large lithium brine deposits in Latin America, otherwise known as the ‘Lithium Triangle’. The deposits are owned by Sociedad Quimica y Minera de Chile (SQM), FMC and Rockwood Lithium, a subsidiary of a global chemicals manufacturer Albemarle. China’s largest lithium converter, Sichuan Tianqi is the fourth major player in the oligopoly with mineral (predominately) and brine deposits in Australia and South America. As discussed in Chapter 3, SQM, FMC, Albemarle and Tianqi Lithium accounted for around 86% of global lithium production in 2015. However, we expect the oligopoly structure to change over the coming decade as higher lithium prices create an environment for new projects to be developed.

Lithium supply chain and key players.



The battery supply chain has changed considerably over the past five years and continues to evolve as new players enter the market and battery chemistry continue to change in the desire for more efficient and lower cost batteries. The most notable trend has been the increase in battery production facilities in Asia, and specifically in Japan, Korea and China. We estimate that around 85% of the world’s LIB production is in Japan, Korea and China. Based on the current projects under construction and announced, China is set to more than double its production capacity from around 17MWh to 40MWh over the forecast period. Outside of Asia, the US has maintained a relatively low market share of around 5% however this is set to change with Tesla’s announcement that it is constructing a battery plant with an annual capacity of 35MWh. Going forward, we expect Japan and Korea to maintain around 20-30% market share due to their production knowledge and experience, and JVs and alliances with major lithium producers. We do not expect to see a significant number of new entrants due to the high barriers to entry around technology, safety, performance and cost.

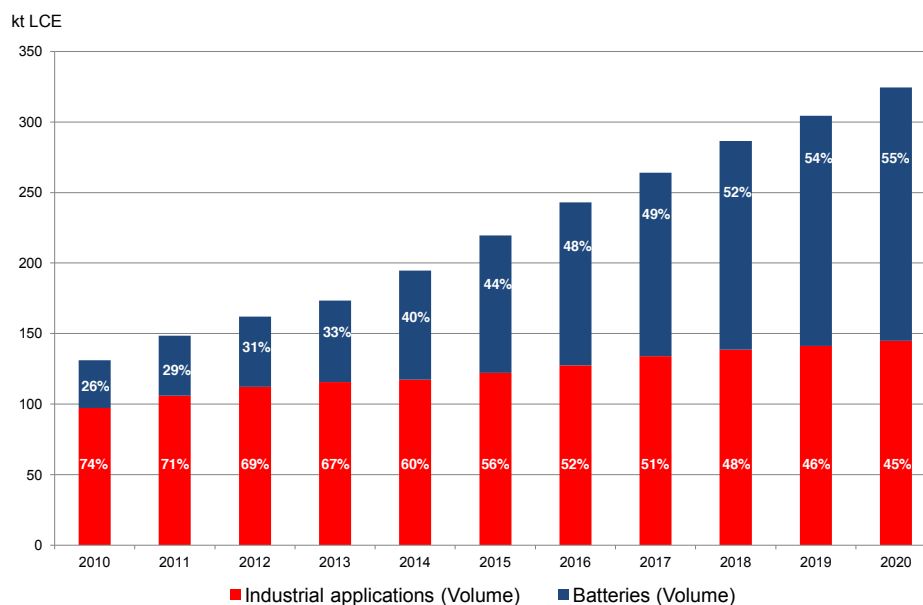
Chapter 2 – Demand

This chapter provides an overview of the key drivers in end-use industries and expected growth in lithium over the forecast period (2010-2020). It also discusses the outlook for lithium consumption by region and end-use, focussing on batteries.

2.1 Overview of lithium demand

The demand for lithium has attracted considerable interest in recent years. The most attractive feature of the outlook of lithium demand is the degree of potential demand from LIBs. The global demand for lithium reached 220kt of Lithium Carbonate Equivalent (LCE) in 2015, of which 56% was accounted for by industrial applications and the remaining 44% by LIBs. Across all applications, total lithium demand is expected to grow at CAGR of 8% from 2015 to 2020 on our forecasts. Within this, lithium demand for batteries is expected to grow at CAGR of 13% from 2015 to 2020, and will equate to approximately 55% of the total lithium demand by that point.

The share of battery demand from lithium increased from 27% in 2010 to 40% in 2015, driven by growth in electric vehicles.



Source: CRU

7

2.2 Lithium consumption for batteries

By 2018, LIBs are expected to become the largest lithium consuming sector. Since 1990, the number of cells manufactured on an annual basis has increased at rates averaging around 16%

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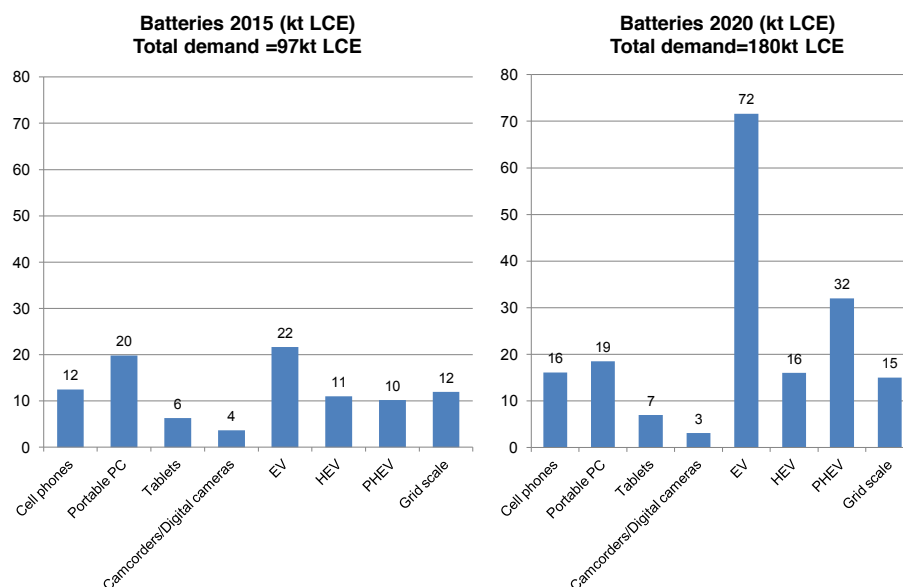
per year. In terms of increased storage capacity, battery development has not kept pace with the development of electronic devices and the development of EVs is being constrained by the limitations of available batteries. Improving the performance of cells across the LIB market is a complex process. Charge time, energy density, size and weight, cycle life, safety and cost are noted as key areas which require improvement.

Within the battery sector, the major driver for the additional use of lithium will be the anticipated surge in the use of EVs, hybrid electric vehicles (HEV) and plug-in hybrid electric vehicles (PHEV). Acceptance of EVs has so far been slow, due to the limited range permitted by current battery technology and by the lack of charging infrastructure. However, the impetus to develop a better battery and an acceptable EV is considerable and continues to attract financial support from the public and private sectors.

Despite the rapid decline in oil prices over the past year, EVs are expected to remain as the primary driver for LIB demand. The uptake in EVs, HEVs and PHEVs, collectively, is expected to increase at a CAGR of 11% between 2015 and 2020 (with 23% for EVs, 8% for HEVs and 19% for PHEVs). As such, the total demand for lithium for EVs, HEVs and PHEVs is expected to grow at a CAGR of 23% from 2015 to 2020, reaching approximately 120kt of LCE by 2020.

The figure below illustrates the share of LIB demand by end use in 2015 and 2020. While the share of lithium demand for EVs (triples), HEV (increases by ~50%) and PHEV (triples) from 2015 to 2020, the share from electronic applications is expected to decline. Therefore, the major area of growth is EVs and PHEVs.

LIB demand by end use. The share of lithium demand for EVs is projected to increase from 22% in 2015 to 40% in 2020.



Source: CRU

8

Along with EVs, the demand for lithium in cell phones, tablets and grid scale storage is expected to grow at CAGR of 5.2%, 2.0% and 4.6%, respectively by 2020. In particular, lithium demand for cell phones is projected to reach 16kt by 2020 and will be the main area of growth for lithium demand in the electronics sector.

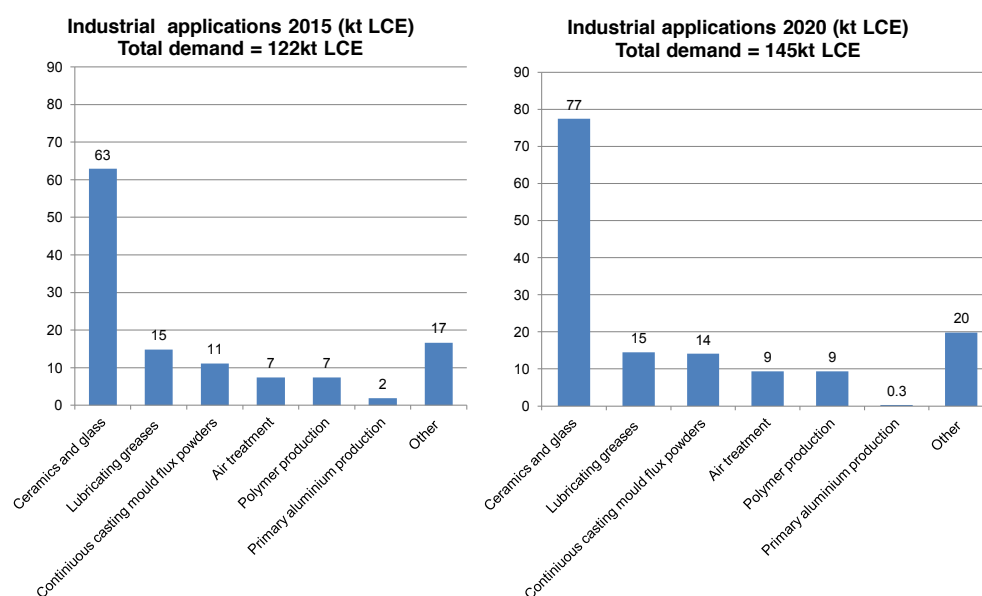
However, lithium demand for portable PCs and camcorders/digital cameras are expected to decline at CAGR of -1.4% and -3.1%, respectively over the next five years as demand for portable PCs and camcorders/digital cameras are projected to decline by 6% and 14% on its 2015 level. However, all portable devices and laptops have changed from nickel-cadmium or nickel-metal-hydrate batteries to LIBs over recent years given the attractiveness of lithium's properties including light weight, higher energy density and ability to be recharged. This has a flow-on effect to other hand-held devices including power tools. Overall, the key trends going forward are the desire for usage of smaller devices which provide features including extended range, longer battery life and reduction in greenhouse gas emissions.

Lithium demand for grid scale storage is expected to increase by 25% from 2015 to 2020 as the demand for LIBs increases to integrate, store and manage the anticipated increase in renewable energy power generation. China currently has 85MW of energy storage installed of which LIBs comprise approximately 75%. This is set to increase further as LIBs benefit from further cost reduction and technology development. This is discussed in more detail in section 2.5.2.

2.3 Lithium consumption for industrial applications

In 2015, the consumption of lithium in the industrial applications sector reached 122kt of LCE and is expected to reach 145kt LCE by 2020. As discussed in Chapter 1, the largest end-use sector for lithium demand in industrial applications is the production of ceramic and glasses (51%). Over the forecast period, ceramics and glasses are expected to remain as the major end use sector of lithium consumption within the industrial applications and grow at CAGR of 4.2% from 2015 to 2020. The figure below illustrates the share of lithium consumption in industrial applications by end-use in 2015 and 2020. Others include medical/pharmaceutical applications.

Lithium demand for industrial applications is expected to grow at CAGR of 3.5% between 2015 and 2020, reaching 144kt LCE.



Source: CRU

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Overall, while the lithium consumption within industrial applications sector is projected to grow at CAGR of 3.5%, lithium demand for batteries is expected to overtake lithium demand for industrial applications over the forecast period.

2.4 Lithium consumption by region

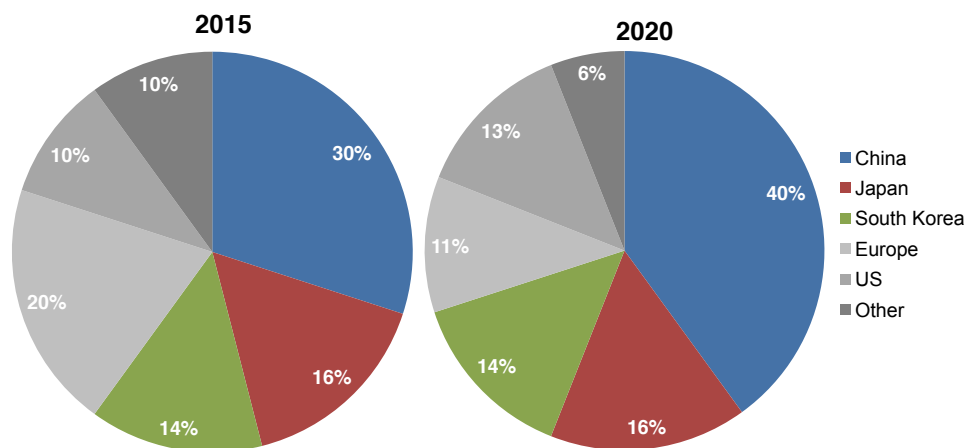
Since 2010, the consumption of lithium has been fairly evenly dispersed across Europe, North America and Asia. From 2010 to 2015, Asia has seen the highest growth in lithium demand primarily due to the production of LIBs for electronics and EVs. In China, Japan and Korea, lithium demand increased by 29kt, 11kt and 24kt between 2010 and 2015, respectively. There is 80-90GWh/y of LIB production capacity globally, of which more than 85% is located in China, Japan and Korea.

In 2015, more than 50% of fully commissioned LIB manufacturing capacity was located in China, equivalent to more than 40GWh/yr. Further, China has more than 35GWh/yr of LIB cell manufacturing projects that are partially commissioned, under construction or announced.

Japan's LIB manufacturing capacity was established in the 1990s by the consumer and electronics industries, and government support. As such, the industry is very well established (around 15% global market share) and benefits from advanced manufacturing processes.

The Korean LIB manufacturing industry was established in the early 2000s, largely with government support, and now has around 20% global market share. As such, LIB manufacturing capacity is highly concentrated in Asia. We expect this to increase over the forecast period particularly as new Chinese manufacturing plants come online such as the 35GWh/yr LIB cell manufacturing projects that are partially commissioned, under construction or announced, along with other unannounced projects. Outside of Asia, the US has around 7% global market share of LIB manufacturing capacity followed by Europe (2%) and the rest of the world (3%). However, in the US, Tesla is currently constructing a 35GWh/y LIB manufacturing plant in Nevada which will increase the US market share. The factory will require approximately 21kt of LCE per year when it reaches full production.

The share of lithium demand in Asia is expected to increase from 50% in 2015 to 60% of the total global market in 2020.



Source: CRU

10

2.5 Upside scenarios for lithium consumption

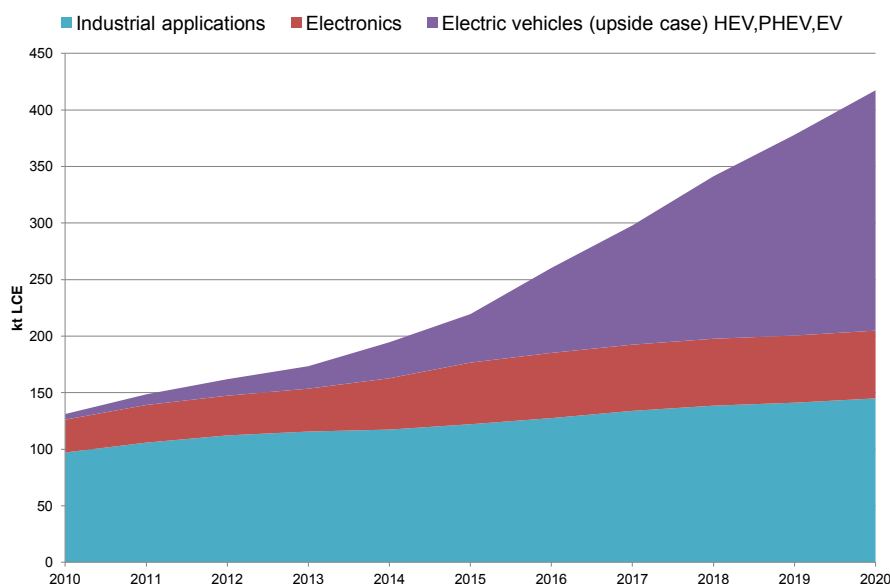
2.5.1 Growth in China

The basis of our first upside scenario is an increase in the uptake of EVs in China. This scenario is primarily driven by Chinese government incentives such as subsidies and financial support for electric transportation. In 2012, the market share of global EV sales was approximately 47% in the US, 20% in Japan, 15% in Europe, 11% in China and 7% in other countries. Since then there has been significant growth in the uptake of EVs in China. In 2015, the market share of global EV sales has changed to 43% in China, 27% in Europe, 24% in the US, 5% in Japan and 1% in other countries. Based on monthly EV sales to date, more than 50% of global EV sales are expected to be in China in 2016. The Chinese government's incentives to support the roll out of EVs are part of the plan to tackle pollution in China. Going forward, these incentives will be a key enabler for the growth in EVs, e-buses and e-bikes to offset the relatively higher cost compared to conventional vehicles. Examples of incentives include:

- Development of industry value chain from key components to auto production.
- The Chinese government's roadmap announced in 2015 to support the growth in EVs.
- The Chinese government's 'Made in China' 2025 policies to develop China's manufacturing industry over the next 10 years. The government will support innovation and technology upgrades to boost high technology industrial sector including EVs and advance transportation.
- Financial support including tax incentives to invest in research and development of EVs
- Procurement policy: the proportion of EVs on total purchased vehicles by government organisations and public institutions should be no less than 15% in 2014, and the proportion should be no less than 20% in 2015 and 30% in 2016.

Our upside scenario is based on the Chinese government incentives as detailed above. In our upside scenario, we forecast 750,000 units of EVs, 150,000 units of HEVs and 480,000 units of PHEVs to be added to our Chinese base case EV forecast by 2020. As such, the total demand for lithium in our upside scenario is projected to reach 417kt of LCE by 2020. Within this scenario, we forecast demand for EVs, HEV and PHEV to grow at CAGR of 38%, 9% and 39%, respectively between 2015 and 2020 which is mainly driven by growth in China. As such, total lithium demand for batteries is expected to reach approximately 272kt of LCE in 2020 from 97kt in 2015.

Upside scenario: An increase in the demand for EVs in China.



Source: CRU

11

2.5.2 Growth in the renewable energy sector

The basis of our second upside scenario is an increase in renewable energy power generation and smart grid systems which involve the development of low cost grid storage systems including LIBs. Renewable energy generation is expected to grow at a CAGR of 11% from 2015 to 2020. We expect an additional 2.5 million units of grid scale storage to be added to the market over this period compared to our base case of 1.5 million units. As such, if our upside forecast is realised, the LCE demand will increase by 28kt from 2015 to 2020 for grid scale storage. The higher proportion of intermittent renewable energy power generation resources will require integration with existing distribution networks and which can be provided by large scale LIBs. Examples of major energy storage announcements and government initiatives include:

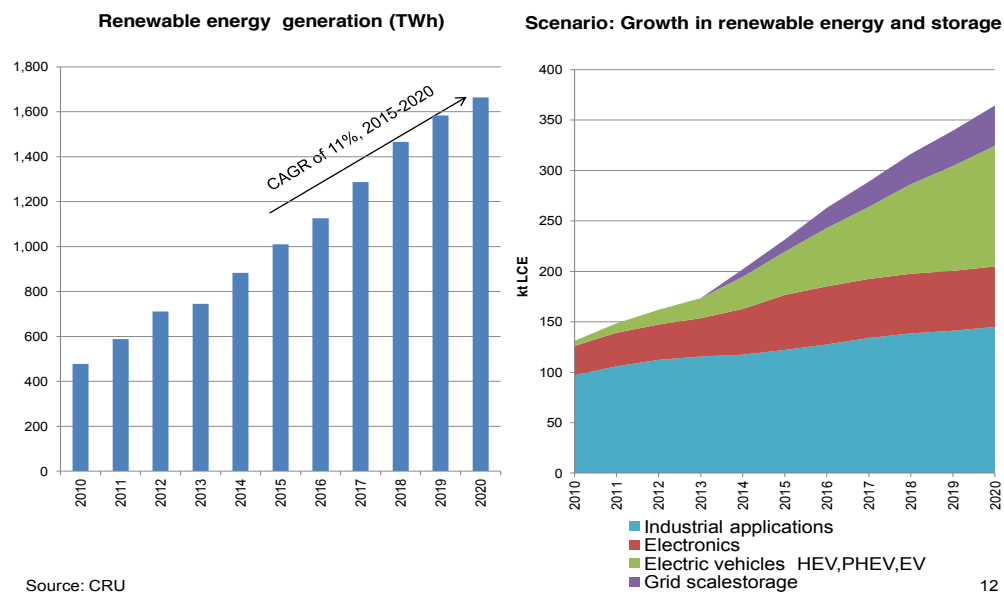
- The announcement by Advanced Energy Storage to install 400MWh auxiliary power solutions in California and a 100MWh LIB array in Northern Island.
- SMA Solar Technology AG is commissioned by KEPCO to supply 24 of its storage battery inverters and system technology to a 24MW energy storage project in South Korea.
- The announcement by Invenergy to start commercial operation of 31.5 MW Grand Ridge Energy Storage in Illinois in 2014.
- A 1,325 MW procurement target for electricity storage adopted by California Public Utilities Commission (CPUC) by 2020.

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- Other major energy storage projects include Auwahi Wind farm (11 MW) and Southern California Edison Tehachapi wind energy project (8 MW).
- The Korean government has added over 50MW of storage capacity in 2014 and is expected to double its capacity by 2019. By 2025, approximately 40,000 energy efficient smart plants are expected to be built in South Korea.
- In the US, President Obama's Clean Power Act authorises \$US1billion incentives for initiatives including energy storage adoption.
- The Japanese government announcement in 2015 to invest 81 billion Yen (\$US 700 million) to support development of energy storage technologies.
- Collectively, Korea, the US, Japan are expected to install 1,400MW of energy storage between 2015 and 2016. A significant proportion of this will be LIBs given that they are more commercially mature than other energy storage technologies. We estimate that lithium demand from energy storage will increase from 12kt LCE in 2015 to 40kt LCE in 2020 in this scenario.

Upside scenario: Growth in renewable energy and energy storage.



Chapter 3 – Supply

This chapter provides an overview of the supply of lithium, identify major producing countries and companies, and discuss the outlook for future production and major projects under development (2010-2020). It also discusses the political risks in Argentina and its potential impact on supply.

3.1 Geology and sources of lithium

According to the US Geological Survey (USGS), identified global lithium resources and reserves are estimated to be around 40 Mt and 14 Mt of lithium (Li) content, respectively. At current consumption levels this would be sufficient to satisfy demand for more than 180 years. Around 60-65% of those reserves are located in the ‘Lithium Triangle’ spanning Chile, Argentina and Bolivia.¹ The majority of the remainder is located in China and Australia, with reserves estimated at more than 3.5 Mt and 1.5 Mt of Li content respectively.

The location of lithium production is principally determined by geological factors. As discussed in Chapter 1, lithium does not occur freely in nature due to its high reactivity but instead appears in compounds in brines and igneous rocks, of which spodumene ($\text{LiAlSi}_2\text{O}_6$) is the most abundant.

Brines – exploitable brine deposits, generally formed in closed and arid basins, are predominantly located in South America with smaller deposits found in the US and China. Chile, Argentina and China are the leading producers of brine based lithium carbonate. Several brine operations remain under development in Argentina, Bolivia, and Chile. Brine is extracted from the deposit by placing the solution in evaporation ponds. This increases the concentration from around 0.1-0.2%, depending on the deposit, to around 6% lithium. This upgraded material is then used as feedstock in the production of lithium carbonate, hydroxide and chloride. The concentrations of lithium in the brine, access to water and high evaporation rates are all important factors in having a viable industrial scale operation. The presence of elements such as potassium and boron, generally considered valuable co-products, is favourable whereas elements such as magnesium and calcium create problems during processing and are considered deleterious.

Mineral – Spodumene ($\text{LiAlSi}_2\text{O}_6$) is the most abundant lithium bearing mineral found in the igneous rock pegmatite. Spodumene deposits are more geographically dispersed than brines.

¹ Reserve estimates in Bolivia are not known and not accounted for in the reserve estimate statistics.

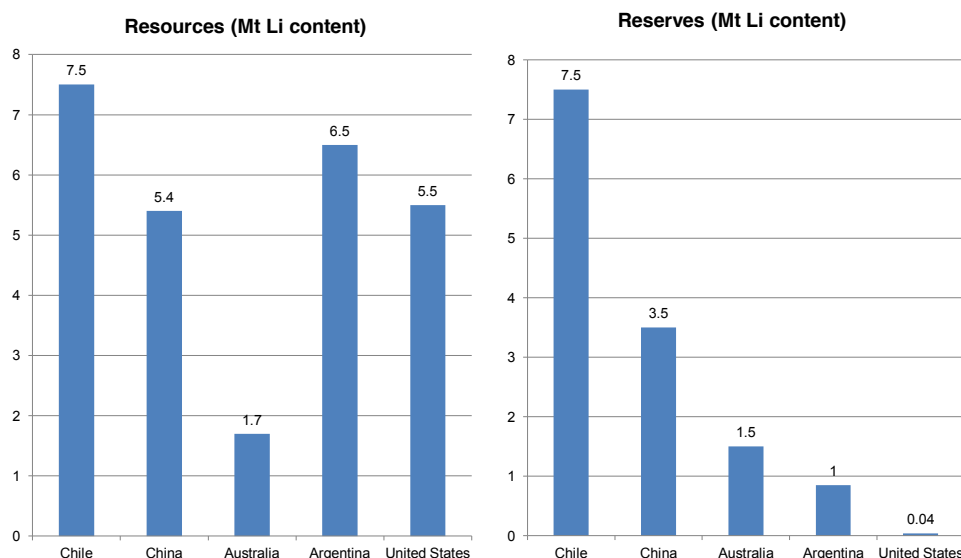
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Australia is the leading producer of spodumene based lithium compounds and concentrates. Other operational hard rock mining locations are China, Brazil, Portugal, and Zimbabwe. Several spodumene mining operations are currently under development in Australia, Canada, China, and Finland. A jadarite mining project in Serbia is under consideration by Rio Tinto. Other lithium minerals such as pegmatites have been identified in countries such as Afghanistan, Austria, France, India, Ireland, Mozambique, Spain, Sweden and the DRC but have not been developed to date.

Relative to brine based lithium operations, spodumene deposits have higher in-situ concentrations of lithium, with concentrations above 1% common. Following mining of the raw ore, the spodumene rock is concentrated and, in a pure form, can contain up to 8% Li₂O. The concentrations and dispersion of lithium in the deposit, the presence of valuable co-products and absence of deleterious elements and favourable logistics (concentrates are generally shipped to converters that can be located far away) are all important factors in having a viable industrial scale operation. Petalite (LiAlSi₄O₁₀) can also be found in coarse-grained igneous rock but is a less common source of lithium and generally considered less commercially viable.

Lithium resources and reserves are concentrated in a handful of countries – current reserves are sufficient for 180+ years at current consumption levels.



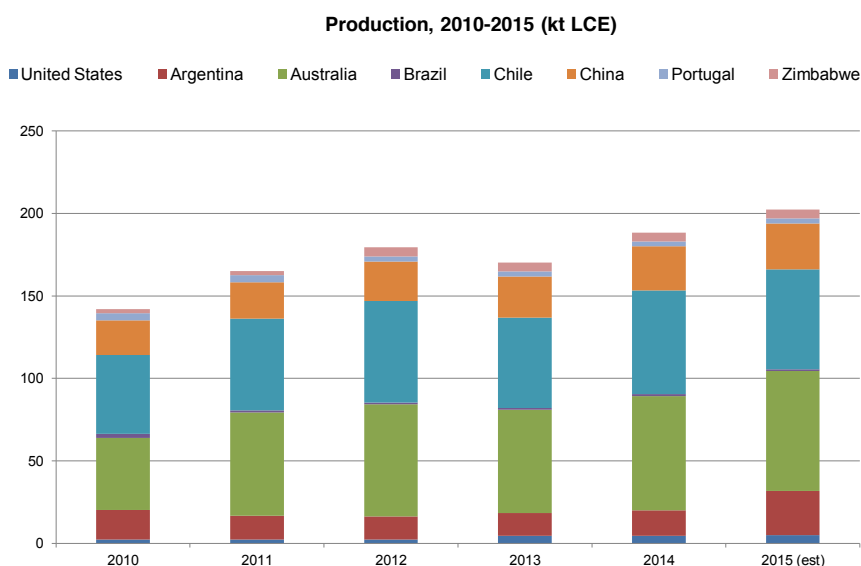
Source: USGS, CRU

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3.2 Lithium production by region and processing route

In 2015, Chile, Australia, Argentina and China accounted for 90-95% of global lithium production with Chile and Australia dominating. In 2015, global lithium production is estimated to have increased significantly to 203kt LCE, up 7.5% from 188kt LCE in 2014. Argentina was responsible for the majority of the production gain, almost doubling lithium output from around 15kt LCE in 2014 to around 27kt LCE in 2015 as Orocobre's Salar de Olaroz started production. Lithium production in Australia and China is estimated to have also increased in 2015, albeit at a slightly lower rate. Production in Chile however was down for the year as a result of heavy rainfall and floods that hit northern Chile. LCE production figures by country are listed in Table 3.1.

Chile, Australia, Argentina and China account for 90-95% of global lithium production.



Source: CRU

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Table 3.1: World lithium production, 2010-15 (kt LCE)

	2010	2011	2012	2013	2014	2015 (est)
United States	2	2	2	5	5	5
Argentina	18	14	14	14	15	27
Australia	44	63	68	63	69	73
Brazil	2	1	1	1	1	1
Chile	48	56	62	55	63	60
China	21	22	24	25	27	28
Portugal	4	4	3	3	3	3
Zimbabwe	3	3	6	5	5	5
Total	142	165	180	170	188	202

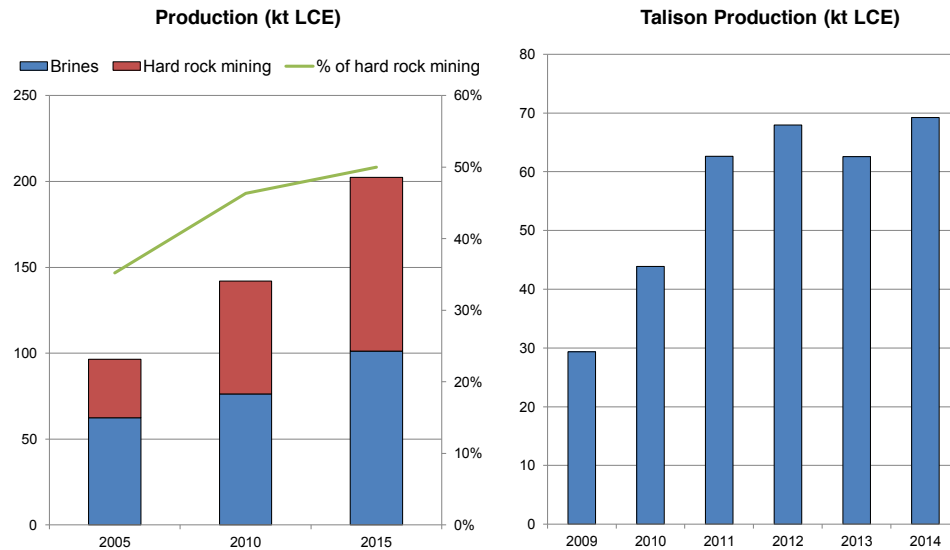
Source: CRU, USGS, Company reports

In 2014, brine based production in Chile and Argentina was approximately 69kt LCE and 15kt LCE of lithium carbonate, lithium chloride and lithium hydroxide, respectively. Some brine based production was also present in China and the US. Brine based production has been the dominant source of lithium given its relatively lower production costs compared to hard rock mining.

More recently, lithium production from hard rock mining has increased from 35% of global production in 2005 to 44% in 2010 and 50% in 2015. This was primarily driven by double digit growth in demand and the inability of brine based operations to ramp up production or bring on-line new capacity quickly enough to satisfy increasing demand. Prices increased and encouraged investment in production from hard rock mines which, due their lower lead times and lower capital intensity, were able to respond quickly to structural changes in demand.

Talison, the world's largest lithium hard rock mine, has driven much of this growth in hard rock mining. The operation has seen a number of expansions in the last few years. In late 2010, the nameplate capacity was increased to around 315kt of lithium concentrate, up from around 200kt. In mid 2012 capacity was doubled to around 740kt (108kt LCE), where it stands today.

Hard rock mining has gained significant share over brine based production in the last 10-20 years. Australian-based Talison has driven the majority of this growth.



Source: CRU

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3.3 Major lithium producers

Today the lithium industry is highly consolidated and consists of only a handful of large operations, in turn owned by even fewer major players. We estimate that in 2015, Tianqi Lithium, Albermarle, SQM, FMC and Orocobre, which started commercial production in 2015, accounted for around 90-95% of global production, or 185-190kt LCE in absolute terms.

With a current output of more than 20kt LCE from its Salar de Atacama operation in Chile, Talison's operation in Australia (49% ownership through Rockwood) and Silver Peak operation in the US, Albemarle is the world's largest producer of lithium. Tianqi is the second largest producer with a global market share of around 28%. SQM is the third largest producer with an estimated 22% global market share from its Salar de Atacama operation in Chile. FMC has a share of around 8-10% of global production from its Salar del Hombre Muerto operation in Argentina. Orocobre, which was in the process of ramping up production in 2015, is expected to increase its share in 2016 to around 8%.

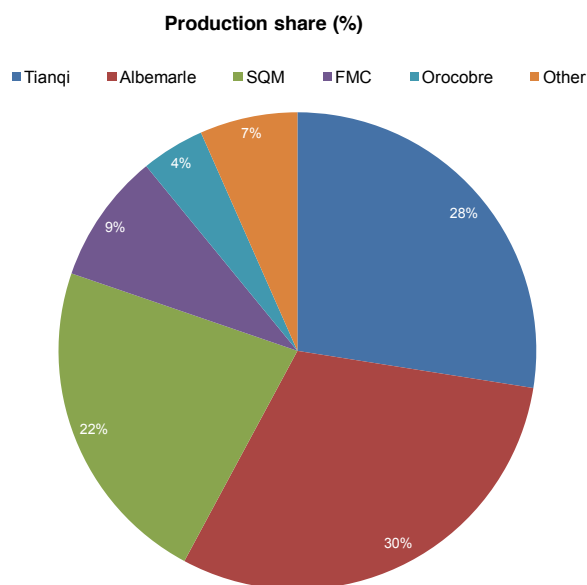
The companies listed in the following chart supply to the international markets for lithium. As discussed in Chapter 1, the oligopolistic structure in the lithium industry today is expected to gradually disappear as higher prices have encouraged new entrants, such as Orocobre. Another trend in the industry has been driven by the need for supply security. Reliable and affordable supply has become a key priority for technology and battery companies. Going forward we expect strategic alliances, joint ventures and long term off-take agreements between consumers

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and prospective producers to continue in the lithium space. An example is the announced pre-financing offtake agreement between Nemaska Lithium in Canada and Johnson Matthey Battery Materials in Quebec (19th Nov 2015).

Lithium production is dominated by 5 producers today (counting Orocobre), with a combined share of 90-95% in 2015.



Source: CRU

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3.4 Lithium projects and their potential impact on the market

Recent growth in lithium production capacity has been significant. The construction and commissioning of Orocobre's Salar de Olaroz project in 2015, located in Jujuy province in Argentina, has been the most significant development. The project is currently ramping up production of lithium carbonate to its nameplate capacity of 17.5ktpa LCE in 2016. It is the first greenfield brine based project to come on-stream in more than a decade.

In 2016 and 2017, the following major new projects, in addition to minor expansions such as Nemaska's Whabouchi phase pilot and Heyuan Lihui rock mine, are expected to come on stream. We expect around 60kt LCE of new projects in 2016.

- **Mt Marion** – the project, located in Australia, received new capital injection and concluded an off-take with China's second largest lithium producer. In Q3 2015, Jiangxi Ganfeng Lithium Co. Ltd signed a MoU for off-take of 100% of the projects production and a 25% equity share. Construction on the project started in Q3 2015 and production was expected by mid 2016. In February 2016, Ganfeng requested to exercise of its options to acquire an

additional 18.1% interest in the JV vehicle, Reed Industrial Minerals, taking its shareholding in the JV to 43.1%. The project has a nameplate capacity of approximately 200ktpa of Li₂O at 6% chemical grade spodumene concentrate.

- **Mt Cattlin** – operation at Mt Cattlin was halted in July 2012 to focus at its Jiangsu lithium carbonate plant. In February 2015, Galaxy Resources announced a lease agreement over the mine with General Mining. General Mining and Galaxy have signed a sales and distribution agreement with Mitsubishi Corporation in late 2015 and are planning for first production in late Q1 2016.
- **La Negra expansion** - production from Albemarle is likely to increase as the company intends to finish construction on a 20kt LCE plant in La Negra. This would lift the company's lithium production capacity in Chile to around 45kt LCE.
- **Cauchari Olaroz project** – of Western Lithium is a brine based project, which will use POSCO's proprietary lithium extraction technology and is expected to produce 2,500t LCE in late 2016 as part of a first phase before ramping up to 20kt LCE in 2017.

Further greenfield projects, now under way or under consideration, could come on stream in 2018 and beyond, though their timing and even their completion are less certain. This includes large projects such as Salar del Rincon and Salar de Diablillos in the lithium triangle, Kings Valley, Salton Sea and Whabouchi Phase 2 in North America and Pilbara Minerals in Australia – among others. We estimate cumulative potential production from projects currently at various stages of development to be higher than 400kt LCE, of which around 250kt could feasibly be in operation by 2020. Realistically, not all these new projects will receive the necessary permitting and financing and materialise over the next five years. Other companies may downscale projects or prioritise their most important lithium development. The biggest unknown is the timing and the amount of capacity that will be added from hard rock mining projects post-2018 as lead times are shorter and they are more responsive to prices. Hard rock mining projects generally produce lithium concentrate for third party converters, mainly in China, which removes the need for additional processing and therefore reduces the development time and complexity.

Table 3.2: LPI advantages and disadvantages relative to other projects

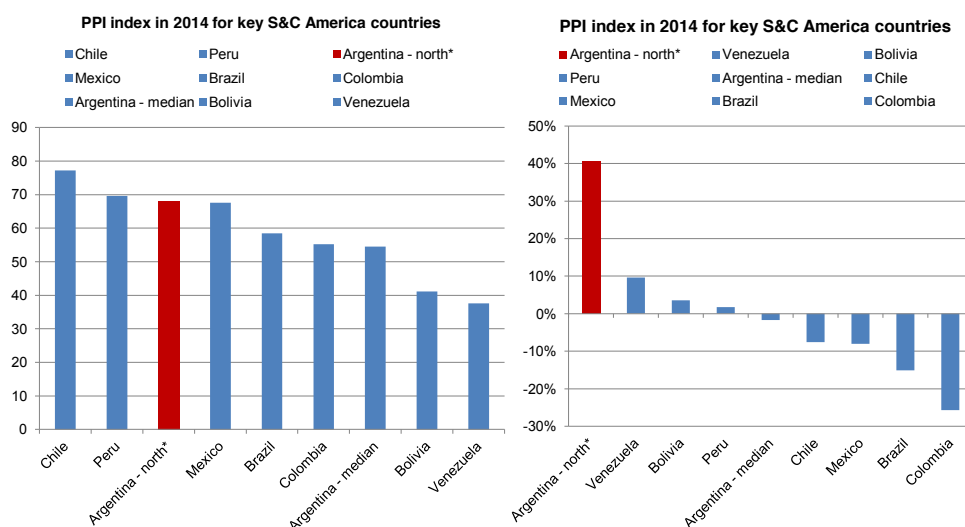
	Advantages	Disadvantages	Guide
Pilbara project	<ol style="list-style-type: none"> 1. Close proximity to Port Hedland (100-120km) and access to power. 2. Close to recently discovered lithium resources by Pilbara Minerals and Altura Mining. 3. Likely to have other lithium mining infrastructure close by. 	<ol style="list-style-type: none"> 1. Speculative with drilling still on the way. There are 8 lithium projects in the speculative stage which have already disclosed planned production. 2. Very sensitive to future lithium prices and demand in Asia. There will be competition among producers within the region to gain market share. 	Hard-rock spodumene tenements (generally shorter lead times) and may be able to respond to prices more quickly.
Greenbushes project	<ol style="list-style-type: none"> 1. High quality grades (one of the highest grade lithium deposits in the world) and higher than other speculative projects. 2. Close proximity to Bunbury port (90 km). 3. Close to existing Talison/Tianqi lithium mine site. 	<ol style="list-style-type: none"> 1. Speculative with drilling still on the way. There are 8 lithium projects in the speculative stage which have already disclosed planned production. 2. Very sensitive to future lithium prices and demand in Asia. There will be competition among producers within the region to gain market share. 	New hard rock operations have higher operating costs relative to Brine.
Argentina assets	<ol style="list-style-type: none"> 1. Located in same region as other major lithium producers. 2. FMC is located 100km to South. Orocobre is located 140km in north and Western Lithium's Cauchari Salar project located immediately south of Orocobre 3. Targeting 600kt of lithium metal at 500 ppm. 4. Eramine Sudamerica (An Eramet subsidiary) controls the surrounding tenements. 5. Low capital intensity. 6. Lithium grades, that are sufficiently high to be of potential economic interest, have been detected in zones of the Centenario Salar and in close proximity to the Project site. 7. Mining tax in Argentina. New government has recently scrapped 5% mining tax imposed by previous government. 	<ol style="list-style-type: none"> 1. Political stability in Argentina. 2. Potential competition among producers within the region to gain market share. 3. Geological survey indicates the potential for exploitation would likely depend on co-development with additional suitable properties, given the moderate size of the project tenements. 	Brines typically have a greater lead time to production. The Mg/Li ratio from existing drilling is moderates and is comparable to Albermarle's Salar de Atacama.

Data: CRU

3.5 A review of Argentina

According to the annual Fraser Institute Survey of Mining Companies, the most comprehensive survey for mining investment attractiveness, the average investment attractiveness and Policy Perception Index (PPI) of Argentina improved markedly in 2014.^{2 3} In 2013, five of Argentina's 10 mining jurisdictions came in the bottom 10 for mining investment globally – next to countries such as Niger, Uruguay and Kyrgyzstan. Investor confidence in the country was shaken by state interventions and nationalisations of administration at the time and failures to comply with the rulings of the International Centre for Settlement of Investment Disputes.

Jurisdictions in Catamarca, Salta and Jujuy have seen the largest improvement over the past 5 years. In S&C America they rank only behind Chile and Peru and ahead of Mexico, Brazil, other jurisdictions in Argentina and Venezuela in terms of investment attractiveness.



* Catamarca, Salta and Jujuy only

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In 2014, the country saw marked improvements as all Argentinean provinces increased their investment attractiveness scores as a result of improved ratings for environmental regulations, geological databases and political stability. Of the 10 provinces surveyed, Salta, Catamarca and Jujuy, which host the majority of lithium deposits, ranked in the top 4 in terms of mining investment attractiveness and were well above the Argentinean median. In a global context, the

² Fraser Institute Survey of Mining Companies 2014

³ The Policy Perception Index (PPI) is a composite index, measuring the overall policy attractiveness of various jurisdictions. The index is composed of survey responses to policy factors that affect investment decisions.

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three jurisdictions ranked in the top quarter in terms of mining investment attractiveness, behind states in the US, Canada and Western Australia but ahead of most other Latin American mining jurisdictions and Asian countries.

More recently, Argentina has seen a change in government, with a Liberal leading the Right to power for the first time in twelve years. The new administration is expected to bring about a further improvement in investment sentiment but the new government does not have a majority in Congress and will likely face hurdles in pushing through reform - despite suggestions of fragmentation in the opposition camp.

A key challenge for the new government will be to restore confidence in the economy, regain access to external financial markets and capital, downscale state interventionism, trade restrictions and subsidies and reinstate independence for the central bank. Since taking office, the country has seen the introduction of an economic 'normalization' process. The most notable development has been an alteration in electricity and gas tariffs, reversing subsidies introduced by the previous government - a key factor behind the increase in the budget deficit. Other measures have yet to be announced and are expected to involve a realignment of public spending and modifications to the tax code and social programmes. Although some progress has been made with US and Italian investors with regard to bond talks, it is understood that the biggest players behind negotiations for Argentina to regain access to global credit markets remain reluctant to accept the latest proposal.

The Argentine Peso depreciated following the Macri government's decision to remove capital controls in mid-December 2015. It is currently trading around 15.2/\$, which is 55% below its value prior to that announcement. There has been more volatility in the Peso than in the other major currencies in the region and we anticipate that will continue as the new Macri government begins to make strides in restructuring the economy. The weaker peso, together with rising wages, will fuel inflation which is expected to stay high at around 30% during 2016. GDP is expected to grow at around 0.3% in 2016 as confidence over reforms and structural changes by the new government persists. The outlook for Argentina's political and economic reforms and investment attractiveness remains uncertain, but has markedly improved in the past 18 months. Geologically, the region has potential to emerge as one of the key low cost suppliers of lithium over the forecast period. Brine assets, including LPI's project in Puna Plateau, are located in favourable mining jurisdictions in Argentina.

Catamarca, Salta and Jujuy host the vast majority of lithium reserves in Argentina. These regions have seen marked improvement in investment attractiveness over the past 5 years as a result of improved environmental regulations, geological databases and political stability. A number of large international players have invested in the region in the recent past including:

- Posco, Toyota and Mitsubishi have already started production in the province of Jujuy.
- French group Eramet through its subsidiary Eramine Sudamerica acquired mining rights of a lithium deposit in Salta province in Argentina. While Eramet has not started production yet, the mine life is expected to be around 40 years.

Historically, competing lithium projects located in Chile would have been considered significantly lower risk for investment than those in Argentina. Chile is widely considered to have the best investment climate in Latin America. However, recent government policies in Chile such as the production quota imposed by governments for lithium producers and ongoing labour disputes, union strikes, water shortages and stricter environmental regulations have affected the investment climate in the country. While Chile is still considered to be one of the most attractive countries for mining investments, lithium projects in Argentina have become comparatively more attractive. Bolivia, another country with large reserves, ranks significantly below northern Argentina in mining attractiveness which will impact on its potential to become a player in the lithium space.

Chapter 4 – Price outlook

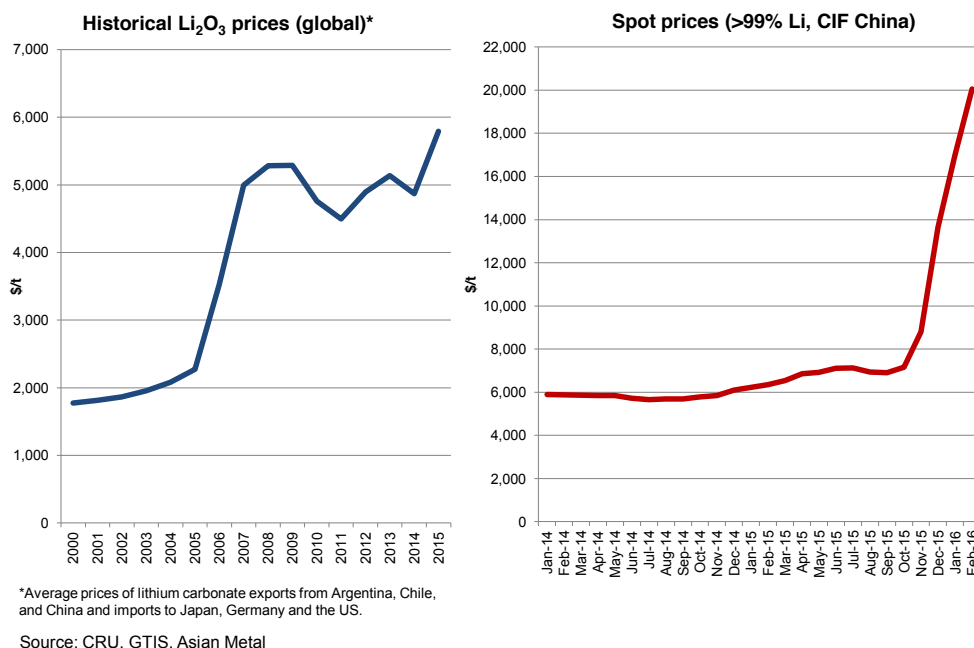
This chapter brings together our demand and supply outlooks, and presents a directional price forecast for key lithium products to 2020. Currently, lithium prices are based on the contracts that are negotiated between major producers and buyers. There is no exchange traded market for lithium products. Lithium carbonate is widely regarded as the mostly traded lithium product followed by lithium hydroxide (monohydrate). The latter is becoming more important for production of modern lithium cathodes for batteries using a lower cost processing method.

4.1 Historical prices

The price of lithium carbonate first started rising from 2005 as the growth in LIB demand was greater than lithium supply in the market. Given the higher costs involved in bringing new lithium projects online, there was a gap between supply and demand up until 2008. Over this period, lithium prices more than doubled to over US\$5,000/t. Following the global financial crisis, the demand for lithium slowed down and prices dropped. The price of lithium hydroxide on average declined at CAGR of -8% between 2010 and 2012. Over the same period, the prices for lithium carbonate declined by 5% reaching \$US 4,757/t.

Since 2010, average lithium prices have increased as demand has increased (primarily due to an increase in LIB production) and there has been an imbalance in the market. Between 2011 and 2013, lithium carbonate imports into China and South Korea increased by 66% and 14%, respectively. As such, producers put upward pressure on prices and average lithium carbonate prices by increased by 14% over the period, as shown in the chart below. This increase (except for a short period in 2014) has been driven by demand for LIBs for EVs, portable electronics and grid storage. In 2015, lithium prices increased significantly due to an upsurge in demand and interruptions with brine production as a result of floods and earthquakes. The following chart illustrates the trend in lithium carbonate prices between 2000 and 2015.

Lithium carbonate prices (\$/t) increased by around 114% from 2005-2014. Spot prices in China have surged in Q1 2016 and continue an upward trend.



4.2 Price outlook

Given the continued growth of EVs, lithium carbonate prices are expected to increase over the forecast period as demand growth continues to outstrip supply growth. While we expect a slight decline in demand for lubricant and greases over the forecast period (-2% growth in demand for lithium carbonate 2015-2020), the overall demand is expected to increase due to the growth in EVs. Furthermore, major projects such as Tesla's Gigafactory are still under construction and their impact on lithium demand and prices is yet to be realised. One advantage of lithium hydroxide relative to lithium carbonate is that newer and higher energy batteries use lithium hydroxide. This coupled with the fact that lithium hydroxide can be sourced relatively more easily from spodumene than brines highlights the importance of lithium hydroxide over the forecast period.

While the demand for lithium hydroxide is expected to be driven by battery production, it is also used in industrial applications including greases. As discussed in Chapter 2, lithium demand for the production of grease is inelastic and we do not expect to see any substitution of lithium regardless of market conditions.

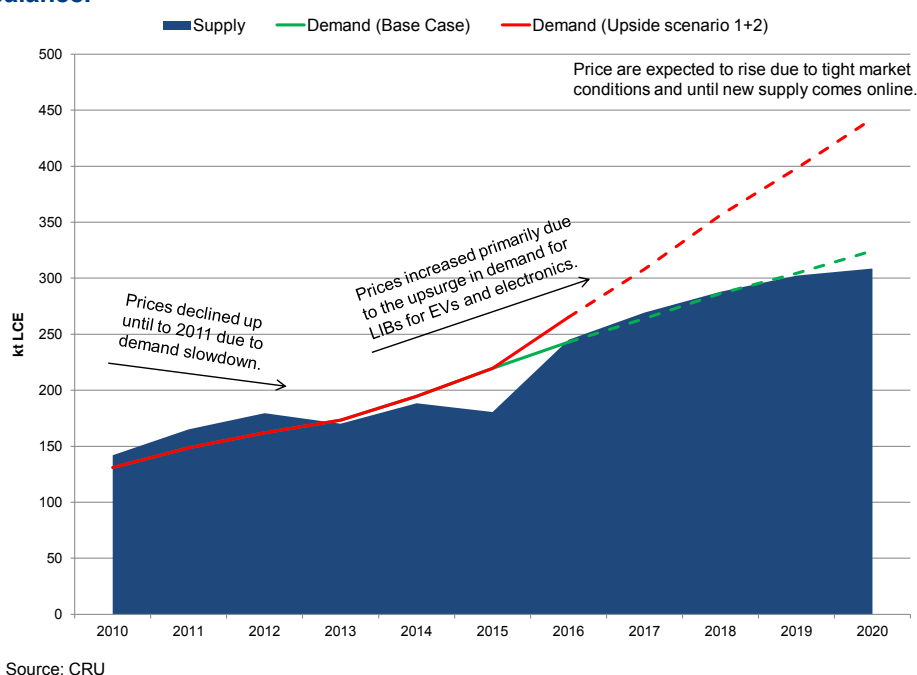
The following chart shows our global lithium supply and demand balance, and directional price forecast to 2020. Our base case demand indicates that the market is currently undersupplied, hence recent price increases. In the first two months of 2016, average LCE prices (>99% lithium) in China have increased significantly (36%) due to the anticipated surge in lithium

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demand for EVs coupled with supply shortages. According to our supply and demand balance (base case), the lithium market will remain tight until 2020, with supply deficits into the longer term if new projects are not developed. If lithium demand grows according to our upside scenarios (incorporating upside demand in LIBs for China, plus increased grid storage for renewables, as per Section 2.5) we forecast the market to remain in deficit over the forecast period. Given the lead times to develop new projects, our upside scenarios are likely to result in price increases as there will be insufficient supply to meet demand.

The market will remain tight until 2020 according to our supply and demand balance.



The key drivers behind our price forecasts are:

- An upward surge in demand for EVs and HEVs.
- Substantial investment of industrial countries including China, Japan and Korea in renewable energy generation, and the flow on effect for power smoothing, integration and storage provided by LIBs.
- Global pressure to reduce pollution levels coupled with Chinese government subsidies to support EVs which are driven by environmental pressures.
- Continual growth in the demand for lithium for industrial applications including ceramics and greases, as there are limited substitutes.
- Major producers including Albemarle have recently revealed their plan to build their own battery factory in China which sources their lithium from Albemarle's Greenbushes mine.

Key risks to our price outlook include:

- Slower than expected uptake in EVs in China (specifically) due to low oil prices, technical/manufacturing or safety issues.
- Higher than expected substitution in LIBs due to technology innovation, rapid technology development and/or a reduction in manufacturing costs.
- A surge in lithium production causing supply to outpace demand growth.
- Substitution of LIBs with another battery or storage technology.
- Macroeconomic and regulatory conditions – particularly in China.



Section 10 Solicitor's Report on Title – Australia



Kemp Strang Lawyers
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Sydney Australia 2000
14 April 2016

Section 10

Solicitor's Report on Title – Australia



Our Ref: AOU:656119
Contact: Alina Oussova
Direct Line: 02 9225 2631
Partner: David Nolan

14 April 2016

The Board of Directors
Lithium Power International Limited
Level 7
151 Macquarie Street
SYDNEY NSW 2000

Dear Sirs

SOLICITOR'S REPORT ON TENEMENTS

This Report is prepared for inclusion in a prospectus for the initial public offer of up to 35,000,000 fully paid ordinary shares (**Shares**) in the capital of Lithium Power International Limited ACN 607 260 328 (**Company** or **LPI**) at an issue price of \$0.20 per Share to raise up to \$7,000,000 with provision to accept over-subscriptions of up to a further 5,000,000 Shares to raise a further \$1,000,000.

1. SCOPE

We have been requested to report on five (5) exploration tenements in which the Company has an interest, being:

- (a) E45/4610, E45/4637 and E45/4638 (the **Applications**); and
- (b) E70/4763 and E70/4774 (the **Granted Tenements**),

(collectively the **Tenements**).

The Tenements are located in Western Australia. Key details of the Tenements are set out in the Tenement Schedule in Annexure A of this Report.

Kemp Strang has conducted the due diligence investigations on the Tenements in the manner described in this Report in accordance with the instructions of the Company. We have been instructed to prepare this Report, relying solely on the results of publicly obtained Searches (as defined below) referred to in section 3 of this Report, on the following matters:

- (a) ownership of the Tenements; and
- (b) native title and cultural heritage issues as they may apply to the Tenements,

on a by exception basis.

The scope of our review in this Report is limited to the matters listed above and we have not been requested to consider any other matters. In particular, this Report does not consider the commercial viability of the Tenements or all issues that may arise in respect of the Tenements.



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The review undertaken by Kemp Strang in preparing this Report has been limited to the results of the Searches referred to in Section 3 of this Report. We note that records disclosed by such Searches may not be complete or up to date and we have not made any independent investigations or enquiries in relation to those Searches. We express no opinion as to the accuracy of those Searches or any factual matter contained in those Searches. We express no opinion on the status of the Tenements after the date of the relevant Search in respect of the subject matter of the relevant Search.

We are informed that the Company has not entered into any agreements in respect of any of the Tenement as at the date of this Report.

No additional work was performed in preparing this Report, except as specifically stated in this Report and we have not conducted enquiries in relation to legal matters which may impact the Tenements beyond the scope of work described in this Report. This Report does not comment on the existence of or the terms of any access agreements in respect of the Tenements.

This Report only relates to the relevant laws of Western Australia and the Commonwealth of Australia in force at the date of this Report.

If any of the assumptions set out in this Report (including in particular those set out in Sections 1 and 10 of this Report) are not correct, this Report will need to be reviewed and may need to be amended.

2. Benefit and Reliance

This Report is given solely for the benefit of the Company in connection with the issue of the Prospectus. This Report is not to be relied on or used for any other purpose or quoted or referred to in any other public document or filed with any government body or other person without our prior written consent. To the maximum extent permitted by law, Kemp Strang Lawyers expressly disclaims any liability in respect of this Report to any person other than the Company.

3. SEARCHES

For the purposes of this Report, we have conducted searches and made enquiries in respect of all of the Tenements as follows (**Searches**):

- (a) we have obtained mining tenement register searches of the Tenements from the registers maintained by the Western Australian Department of Mines and Petroleum (**DMP**)(**Tenement Searches**). These searches were conducted on 31 March 2016. Key details on the status of the Tenements are set out in Annexure A of this Report;
- (b) we have obtained results of searches of the schedule of native title applications, register of native title claims, national native title register, register of indigenous land use agreements and national land use agreements as maintained by the National Native Title Tribunal (**NNTT**) for any native title claims (registered or unregistered), native title determinations and indigenous land use agreements (**ILUAs**) that overlap or apply to the Tenements. This material was obtained on 10 February 2016. Details of any native title claims (registered or unregistered), native title determinations and ILUAs are set out in Section 8 of this Report and Annexure B of this Report.
- (c) we have obtained searches from the online Aboriginal Heritage Enquiry System maintained by the Department of Indigenous Affairs (**DIA**) for any Aboriginal sites registered on the Western Australian Register of Aboriginal sites over the Tenements (**Heritage Searches**). These searches were conducted on 10 February 2016. Details of any Aboriginal Sites are set out in Annexure B of this Report; and

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- (d) we have obtained quick appraisal user searches of the Tengraph system maintained by the DMP. These searches were conducted on 31 March 2016.

4. OPINION

As a result of our Searches, but subject to the assumptions and qualifications set out in this Report, we are of the view that, as at the date of the relevant Searches this Report provides an accurate statement as to:

- (a) **Company's interest:** the Company's interest in the Tenements;
- (b) **good standing:** the validity and good standing of the Tenements; and
- (c) **third party interests:** third party interests, including encumbrances, in relation to the Tenements.

5. EXECUTIVE SUMMARY

Subject to the qualifications and assumptions in this Report, we consider the following to be material issues in relation to the Tenements:

- (a) all or almost all of the Granted Tenements (being approximately 96% of the area of E70/4774 and 100% of the area of E70/4763) encroach on either private land, reserves and/or other environmentally sensitive areas. In relation to the private land, to the extent that land is within the areas specified by section 29(2) of the *Mining Act 1978* (WA) (**Mining Act**) (see section 6.3 of this Report) it has been excluded from the grant of these Tenements except to the extent it is below 30 metres from the natural surface of the land. The consent of the owners and the occupiers of that private land will be required in order for those Tenements to be granted over the first 30 metres of those areas. In relation to the reserves and other environmentally sensitive areas, the consent of the Minister for Mines (who will consult with other responsible Ministers and government bodies) will be required before any exploration may be conducted on such encroached areas, which consent the Minister may refuse or give subject to conditions;
- (b) approximately 16% of E45/4638 encroaches upon Private Land and unless the written consent of the owner and the occupier of that land is obtained that area will be excluded from the grant of this Tenement except to the extent it is below 30 metres from the natural surface of the land;
- (c) the right to mine bauxite is excluded from the rights granted under E70/4763 in respect of certain areas;
- (d) the Applications comprise applications for exploration licences by the Company, which have not been granted as at the date of this Report. The Applications must be granted before the Company may exercise its rights in respect of those Applications;
- (e) an objection has been lodged by Global Advanced Metals Wodgina Pty Ltd in respect of E45/4637 and will need to be resolved prior to this Application being granted;
- (f) a native title claim or determination affects the land underlying all Tenements. It is possible that native title claims could be made in respect of the Tenements in the future. Accordingly, native title issues will need to be considered by the Company when dealing with the Tenements;

- (g) Tenements E45/4638, E70/4763 and E70/4774 are subject to ILUAs. Accordingly, the Company will need to consider matters relating to the ILUAs when dealing with these Tenements;
- (h) the ILUAs which affect Granted Tenements E70/4763 and E70/4774 bind the parties to enter into a Noongar Standard Heritage Agreement. Accordingly, the Company will need to execute a NHSA in respect of both ILUAs which affect these Granted Tenements as a condition before it may exercise any rights, powers or duties on these Granted Tenements and will need to comply with the terms of the NHSA when dealing with these Granted Tenements; and
- (i) registered Aboriginal heritage sites or other heritage places and objects appear on Granted Tenements E70/4763 and E70/4774. Additional Aboriginal heritage sites, places or objects may exist in areas covered by these and other Tenements. Accordingly, heritage reporting and protection issues will need to be considered by the Company when dealing with the Tenements.

6. DESCRIPTION OF THE TENEMENTS

6.1 Results of Searches

The Applications comprise applications for exploration licenses by the Company, which have not yet been granted. The Tenement Searches indicate that the Company is the sole registered applicant of each Application.

The Granted Tenements comprise explorations licences granted to the Company and the Tenement Searches indicate that the Company is the sole registered holder of the Granted Tenements.

The Tenement Searches also indicate that:

- (a) an objection has been lodged by Global Advanced Metals Wodgina Pty Ltd on 24 November 2015 in respect of the Company's application for Tenement E45/4637;
- (b) the Applications have been referred to the Expedited Procedure (see Section 8.4 of this Report); and
- (c) no current encumbrances are registered against the Granted Tenements, E45/4538 and E45/4610.

Based on our Searches and enquiries and subject to the matters contained in this Report, we confirm that at the date of the Searches:

- (d) the details of the Tenements referred to in Annexure A are accurate as to the status and registered holders of those Tenements;
- (e) all applicable rents due in respect of the Tenements have been paid; and
- (f) the Granted Tenements are subject to a number of usual conditions as well as the unusual conditions described in this Report.

Details of the results of the Searches are summarised in Annexure A and Section 6, 7 and 8 of this Report. Section 6.2 also sets out the key terms of exploration licences.

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6.2 Objection to Tenement E45/4637

All mining tenement applications are subject to a 35 day objection period. If there is no objection to a tenement application during the 35-day period the Mining Registrar makes a recommendation to the Minister for Mines, who makes the final decision whether or not to grant the application. In most cases, application are also subject to the Future Act Provisions under the Native Title Act (See section 8.4 of this Report).

If an objection is lodged to a tenement application, the matter will be referred to the Mining Warden for hearing. At the conclusion of the hearing, the Warden makes a recommendation to the Minister for grant or refusal of the tenement.

Alternatively, the tenement applicant may seek to settle the conflict underlying the objection directly with the person lodging the objection, such that the objector agrees to withdraw their objection.

The timeframe for resolving objections varies on a case by case basis and will depend on a range of factors including the complexity of the hearing and whether the parties are able to settle the conflict by mutual consent prior to the conclusion of the hearing.

The Minister will then determine the application after all other matters have been finalised, including any clearance required under the Native Title Act. The Minister may grant or refuse the application irrespective of the Warden's recommendation.

The Tenement Searches indicate that the four month objection period in respect of each Application has expired as at the date of this Report.

The Tenement Searches indicate that an objection has been lodged by Global Advanced Metals Wodgina Pty Ltd (**GAMW**) on 24 November 2015 in respect of the Company's application for E45/4637 (**Objection**). The Objection will need to be resolved before this Application may be granted. We have not been provided with, or obtained, any details of the Objection.

In the event that the Company proceeds to defend the Objection, it is likely to incur costs (including in particular, legal costs) in doing so. These costs may be mitigated if the Company is able to agree a resolution with GAMW. We have not been provided with details of estimated legal or other costs that are likely to be incurred in defending or otherwise resolving the Objection.

If the Company is not able to resolve the dispute the subject of the Objection with GAMW, there is a risk that the Objection will be upheld and that E45/4637 may not be granted.

As at the date of this Report the Company has not entered into an agreement with GAMW in respect of the Objection.

6.3 Private land

As noted in the Tenement Schedule in Annexure A, the Searches indicate that:

- (a) approximately 76% of E70/4774 and 37% of E70/4763 encroach upon land that is classified as private land for the purposes of the Mining Act (**Private Land**); and
- (b) approximately 16% of E45/4638 encroaches upon Private Land.

Under the Mining Act, except with the consent of the owner and the occupier of the land, a tenement will not be granted in respect of specified areas of Private Land unless the tenement is granted only in

respect of that part of the Private Land which is not less than 30 metres from the natural surface of that Private Land. That is, in respect of those specified areas only sub-surface rights can be granted without the consent of the owner and the occupier of that land.

The specified areas of Private Land are set out in section 29(2) of the Mining Act, and comprise land:

- (i) which is in bona fide and regular use as a yard, stockyard, garden, orchard, vineyard, plant nursery or plantation or is land under cultivation;
- (ii) which is the site of a cemetery or burial ground;
- (iii) which is the site of a dam, bore, well or spring;
- (iv) on which there is erected a substantial improvement;
- (v) which is situated within 100m of any private land referred to in paragraphs (i) – (iv) above; or
- (vi) which is a separate parcel of land and has an area of 2,000m² or less.

The Tenement Searches indicate that no consent has been obtained from the owners and the occupiers of the Private Land encroached on by the Granted Tenements and accordingly, state that the grant of the Granted Tenements does not include any Private Land referred to in section 29(2) of the Mining Act except below 30 metres from the natural surface of the land. As E45/4638 is not yet granted it is not possible to determine from the Searches if any consents have been obtained from the owners and the occupiers of the Private Land encroached on by that Application.

It is possible for a holder of a tenement to subsequently obtain the consent of the owner and the occupier of the relevant land and then apply to the Minister for Mines for that tenement to be amended by granting it in respect of those surface areas that were not originally included.

It is not possible to determine from the Searches the extent to which the Private Land encroached upon by the Tenements falls within the specified areas of Private Land referred to in section 29(2) of the Mining Act. However, given the percentage of encroachment on Private Land by the Granted Tenements in particular is substantial, it is possible that significant parts of those areas have been excluded from the Granted Tenements. Further, as the number of private land lots is large, it is possible that there are numerous different parties that would be required to give consent before the surface rights to those areas could be obtained by the Company.

Until that occurs, the Company will need to identify the areas covered by section 29(2) of the Mining Act and ensure that it does not conduct any mining activities within them, except below 30m.

Where the consent of the owner and occupier of Private Land is given it is commonly given under the terms of an access agreement whereby the tenement holder also agrees to pay compensation to the owner and/or occupier for losses including loss of use of the land, damage or disturbance caused to the surface of the land, damage to improvements or loss of earnings.

6.4 Pastoral lease land

As noted in the Tenement Schedule in Annexure A, the Searches indicate that:

- (a) approximately 83% of E45/4638 encroaches on land the subject of a pastoral lease; and
- (b) approximately 100% of each of E45/4610 and E45/4637 encroaches upon land the subject of a pastoral lease.

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In relation to land the subject of a pastoral lease, a granted tenement does not entitle the holder to conduct activities on or interfere with specified areas of land without the written consent of the occupier of that land, unless the Mining Warden otherwise directs or the mining activities are carried out not less than 30m below the natural surface of the land. The specified areas in this case comprise land that is:

- (i) for the time being under crop, or which is situated within 100m of such land;
- (ii) used as or situated within 100m of a yard, stockyard, garden, cultivated field, orchard, vineyard, plantation, airstrip or airfield;
- (iii) situated within 100m of any land that is in actual occupation and on which a house or other substantial building is erected;
- (iv) the site of or situated within 100m of any cemetery or burial ground;
- (v) the site of, or is situated within 400m of the outer edge of, any water works, race, dam, well or bore, not being an excavation previously made and used for mining purposes by a person other than a lessee of that pastoral lease.

As the Applications encroach on pastoral lease land those Tenements, if granted, will give limited rights of access to the specified areas set out above without the consent of the occupiers of those leased areas. As with Private Land, where the consent of the occupier is given it is commonly given under the terms of an access agreement whereby the tenement holder also agrees to pay compensation to the occupier for losses including loss for damage to improvements or any substantial loss of earnings.

It is not possible to determine from the Searches the extent to which the pastoral lease land encroached upon by the Applications falls within the specified areas above or therefore determine the extent or significance of these restrictions on access. In carrying out its activities on those Tenements (once granted) the Company will need to identify those areas and ensure that it does not conduct any mining activities on them, except below 30m, unless it obtains the consent of the occupier.

6.5 Restrictions in reserves and environmentally sensitive areas

The Granted Tenements partially overlap land which is classified as reserves as well as other types of environmentally sensitive areas such as State Forests, Water Catchment Areas, Parklands, Recreation Reserves, Timber Reserves, Conservation Parks, etc. The terms of grant of mining tenements over these types of land will contain stringent conditions relating to ground disturbing activities and access to and from the area.

In relation to the Granted Tenements, approximately 20% of the area of E70/4774 and 64% of the area of E70/4763 are over areas of reserves or other environmentally sensitive areas. Under the Mining Act, the consent of the Minister for Mines (who will consult with other responsible Ministers and government bodies) will be required before any exploration may be conducted on such encroached areas, which consent the Minister may refuse or give subject to conditions. The conditions of the Granted Tenements also include the requirement of obtaining the written consent of the appropriate government Minister prior to the commencement of any exploration in these areas. Permission from the relevant government Minister may commonly include additional conditions to prevent damage to the environmentally sensitive areas.

More stringent restrictions apply to certain reserves, in particular in relation to reserves classified as Class A reserves. Pursuant to section 24(4) of the Mining Act, a mining lease or a general purpose lease will only be granted in relation to areas classified as Class A, if both Houses of Parliament

consent to such grant. The Class A reserves upon which E70/4763 encroach comprise less than 0.01% of the area of that Tenement so we have not considered these further in this Report.

6.6 Bauxite mining

E70/4763 partially encroaches on areas that are subject to restrictions and/or exclusions related to bauxite mining. These restrictions and exclusions are endorsements on the licence and are noted in the Tenement Schedule in Annexure A.

6.7 Water

Certain conditions relating to exploration in water management areas and designated waterways have also been imposed on the Granted Tenements.

6.8 Townsites

Approximately 3.9% of the area of E70/4774 and 0.6% of the area of E70/4673 has been classified as being within the boundaries of a townsite. Under the Mining Act, if the Minister considers that the land within these boundaries is required for community purposes, the Minister may require the mining tenement holder to surrender such land to a depth of 15 metres below the natural surface of the land.

6.9 Other conditions

There are a number of other improvements on the land the subject of the Granted Tenements such as roads, pipelines, aerial landing grounds, railways and survey stations, and conditions imposed on the Granted Tenements restrict the right to explore on or near the areas of such improvements. These conditions are summarised in the Tenement Schedule in Annexure A.

6.10 Key terms of exploration licences

A description of the nature of the key terms of exploration licenses as set out in the Mining Act is set out below:

- (a) **Rights:** the holder of an exploration licence is entitled to enter and re-enter the land with such agents, employees, vehicles, machinery and equipment as may be necessary or expedient for the purpose of exploring for minerals in, on or under the land and to carry on such operations and carry out such works as are necessary for that purpose;
- (b) **Term:** an exploration licence has a term of 5 years from the date of the grant. The Minister may extend the term by a further period of 5 years followed by a further period or periods of 2 years;
- (c) **Retention Status:** The holder of an exploration licence may apply for approval of retention status for the exploration licence. The Minister may approve the application where there is an identified mineral resource in or under the land the subject of the exploration licence but it is impractical to mine the resource for prescribed reasons. Where retention status is granted, the minimum expenditure requirements are reduced in the year of grant and cease in future years. However, the Minister has the right to impose a program of works or require the holder to apply for a mining lease (or demonstrate why an application for a mining lease should not be made);
- (d) **Conditions:** Exploration licences are granted subject to various standard conditions, including conditions relating to minimum expenditure, payment of prescribed rent and royalties and observance of environmental protection and reporting requirements. A failure to comply with these conditions or obtain an exemption from compliance may lead to forfeiture of the exploration licence;

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- (e) **Relinquishment:** The holder of an exploration licence must relinquish not less than 40% of the blocks comprising the licence on or before the date that is 6 years after the licence is granted. A failure to lodge the required partial surrender could render the tenement liable for forfeiture;
- (f) **Priority to apply for mining lease:** the holder of an exploration licence has priority to apply for a mining lease over any of the land subject to the exploration licence. Any application for a mining lease must be made prior to the expiry of the exploration licence. The exploration licence remains in force until the application for the mining lease is determined. Mining leases are granted for a period of 21 years, which may be extended for a further 21 years and successive periods of 21 years at the Minister's discretion; and
- (g) **Transfer:** No legal or equitable interest in an exploration licence can be directly or indirectly transferred or otherwise dealt with during the first year of its term without the prior written consent of the Minister. Thereafter, there is no restriction on transfer or other dealings.

7. ABORIGINAL HERITAGE

7.1 Overview

The principal legislation which applies to the Tenements to protect any Aboriginal cultural heritage in Western Australia is the *Aboriginal Heritage Act 1972* (WA) (**Aboriginal Heritage Act**). It is an offence under the Aboriginal Heritage Act for a person to damage or in any way alter an Aboriginal site or any object on or under an Aboriginal site. Consent from the Minister of Indigenous Affairs is required pursuant to section 18 of the Aboriginal Heritage Act in the event that any use of land is likely to result in the excavation, destruction, concealment of, or alteration or damage to, an Aboriginal site or object.

Other statutory obligations that relate to the preservation and protection of Aboriginal areas and objects apply under the *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (Cth) (**Commonwealth Heritage Act**). If an interim or permanent declaration has been made under that Act, the terms of the declaration must be adhered to.

When undertaking activities on the Tenements, the Company must ensure that it does not breach the Commonwealth and applicable State legislation relating to Aboriginal heritage. Any interference with protected sites or objects and the conduct of any operations must occur in compliance with the provisions of the applicable legislation, any applicable declarations and any applicable agreements.

Agreements are commonly made between representative groups and tenement holders to regulate the management of Aboriginal heritage issues on the tenement area.

7.2 Aboriginal Heritage Search Results

The Heritage Searches obtained by us indicate that the Granted Tenements contain areas of Aboriginal heritage and Aboriginal cultural sensitivity which are located within the boundaries of those Tenements. Details of the registered sites and objects of Aboriginal significance on the Granted Tenements are set out in Annexure B.

There is no obligation under the relevant legislation to register sites or object and the Heritage Searches may not reflect the actual number of Aboriginal heritage sites located on the Granted Tenements.

The existence of areas of Aboriginal heritage and Aboriginal cultural sensitivity within the Granted Tenements may restrict the Company's ability to explore and mine within the affected areas.

It is an offence to excavate, destroy or damage conceal or otherwise alter an Aboriginal site unless authorised to do so. Where a land user proposes a development that may impact an Aboriginal site, they must seek the consent of the Minister for Indigenous Affairs.

8. NATIVE TITLE

8.1 Native Title

This section of the Report examines the effect of native title on the Tenements.

In *Mabo v Queensland (No 2)* (1992 175 CLR 1) the Australian common law recognised a form of native title giving Aboriginal people certain rights to their traditional lands. The rights recognised in native title may vary from place to place and from people to people but in each case will originate in customary rights and the Aboriginal group claiming the rights must have maintained a traditional connection with the land.

Native title rights may be extinguished voluntarily or by legislative or executive action inconsistent with the native title such as the grant of a freehold interest in land. Native title may also be partially extinguished by the grant of rights over native title land not wholly inconsistent with native title rights. Where native title has been partially extinguished, it will co-exist with other rights to the land.

The *Native Title Act 1993* (Cth) (**Native Title Act**) was enacted in response to the common law recognition of native title in Australia. Among other things, the Native Title Act:

- (a) provides a for the recognition and protection of native title rights;
- (b) provides a process by which Aboriginal people can lodge claims for native title rights over land, for those claims to be registered by the NNTT and for Australian Courts to assess native title claims and determine if native title rights exist;
- (c) confirms the validity of titles granted by the Federal Government prior to the commencement of the Native Title Act and provides for the States and Territories to validate such titles;
- (d) provides a framework within which certain acts (such as the grant of a mining tenement or exploration licence where certain conditions are satisfied) (**Future Acts**) that are carried out after 23 December 1996 and which may affect native title must comply in order to be valid under the Native Title Act (**Future Act Provisions**); and
- (e) specifies the procedure for the grant of mining tenements which may affect native title rights.

The Native Title Act was amended in 1998 by the *Native Title Amendment Act 1998* (Cth). The Western Australian Parliament has enacted the *Titles (Validation) and Native Title (Effect of Past Acts) Act 1995* (WA) which adopts the Native Title Act in Western Australia.

8.2 Native Title Claims

A person claiming to hold native title may lodge an application for determination of native title with the Federal Court. The Federal Court will refer a native title claim to the NNTT for the purposes of determining the claim. If the Native Title Registrar is satisfied that the claim satisfies the registration test set out in the Native Title Act (**Registration Test**) it will be entered on the Register of Native Title Claims maintained by the NNTT. Registered native title claimants are afforded certain procedural

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rights, including rights to negotiation, consultation and compensation. Claims which fail the Registration Test are, nevertheless heard by the Federal Court.

8.3 Native Title and the Tenements

To ascertain whether native title may be successfully claimed in relation to the land underlying any of the Tenements, it is first necessary to determine whether there is current or former land tenure (e.g. freehold) or use made of the land which has already extinguished native title. Native title is extinguished in respect of land the subject of freehold, public works and other previous "exclusive possession" acts.

We have not undertaken searches in respect of the underlying land tenure of the Tenements in order to determine the extent of the extinguishment of native title for the purposes of this Report. It follows that we are unable to determine whether or not native title has been extinguished in relation to any part of the land underlying the Tenements.

Further, we have not undertaken the considerable historical, anthropological or ethnographic work that would be required to determine whether any native title finding over the land the subject of the Tenements could be challenged or if any further native title claims in respect of such land could be made in the future.

Unless it is clear that native title does not exist, the usual practice of the State Government is to comply with the Future Act Provisions when granting a tenement. This provides the State and the applicant with a degree of certainty that the grant will be valid in the event that it is determined that native title rights do exist over the land the subject of the tenement and the Future Acts Provisions apply.

Where a tenement has been retrospectively validated or validity granted under the Native Title Act, the rights conferred by the tenement prevail over any inconsistent native title rights.

8.4 Future Act Provisions

Certain Future Acts done by the Commonwealth or a State government after 23 December 1996, such as the grant of a mining tenement or exploration licence, may be valid to the extent that certain procedures set out in the Native Title Act are followed. These include (but are not limited to):

- (a) following the right to negotiate process or an expedited procedure; and
- (b) performing the Future Act pursuant to an ILUA.

Right to negotiate

The right to negotiate process gives the registered native title claimants (or claimants who lodge a native title claim within three months of the State giving notices of the proposed grant of a mining tenement, which is subsequently registered with the NNTT within four months of receiving such notice) a right to negotiate with a tenement applicant and the relevant State government, with the view to obtaining an agreement to the grant of the relevant tenement. The parties to a negotiation may agree on conditions that apply to activities that are to be carried out on the Tenements and any compensation arrangements. If an agreement cannot be reached (usually within six months of the commencement of negotiations), the matter may be referred to the NNTT for arbitration.

Expedited procedure

In addition, the Native Title Act establishes a simplified process from the carrying out of a Future Act that is unlikely to adversely affect native title holders or registered claimants (**Expedited Procedure**). This Expedited Procedure can apply to applications for exploration titles, but does not preclude parties from reaching separate agreement.

The grant of a tenement can occur under the Expedited Procedure if:

- (a) the grant is not likely to interfere directly with the carrying of the community or social activities of the persons who are the holders of native title in relation to the land or waters;
- (b) the grant is not likely to interfere with areas or sites of particular significance, in accordance with their traditions, to the persons who are holders of native title in relation to the land or waters; and
- (c) the grant is not likely to involve major disturbances to any land or waters concerned or create rights whose exercise is likely to involve major disturbance to any land or waters.

If the State considers the above criteria satisfied, it commences the Expedited Procedure by giving notice of the proposed grant of the tenement in accordance with the Native Title Act. Persons have until three months after the notification date to take steps to become a registered native claimant or native title holder in relation to the land the subject of the tenement.

If there is no objection lodged by a registered native title claimant or a native title holder within four months of the notification date, the State may grant the tenement.

If one or more registered native title claimants or registered native title holders object within that four month notice period, the NNTT must determine whether the grant is an act attracting Expedited Procedure. If the NNTT determines that the Expedited Procedure applies, the State may grant the tenement. Otherwise, the Future Act Provisions (e.g. right to negotiate or ILUA) must be followed before the tenement can be granted.

The Tenement Searches indicate that the Granted Tenements were granted under the Expedited Procedure.

The Tenement Searches indicate that the Applications have been referred for Expedited Procedure and that the four month notification period expires:

- (a) in respect of E45/4610, on 27 May 2016;
- (b) in respect of E45/4637, on 9 July 2016; and
- (c) in respect of E45/4638, on 24 June 2016.

If there are no objections lodged in respect of the above Applications by the end of each applicable notification period, these Applications will be granted. If any objection is lodged in respect of any of the Applications during this period, it will need to be resolved before the relevant Application can be granted.

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ILUA

An ILUA is a contractual arrangement that must be agreed by all registered native title holders in the relevant area. The State and the applicant for the tenement are usually parties to an ILUA. Once agreed, an ILUA must be registered under the Native Title Act.

An ILUA must set out the terms on which a tenement can be granted. An ILUA will also specify conditions on which activities may be carried out within the tenement. The applicant for a tenement is usually liable for any compensation that the parties agree to pay to the registered native title claimants and holders of native title in return for the grant of the tenement being approved. These obligations pass to a transferee on the tenement.

Once an ILUA is agreed and registered, it binds the whole native title claimant group and all holders of native title in the area (including future claimants), even though they may not be parties to it.

8.5 Native Title Search Results

Our searches of the register maintained by the NNTT indicate that the Tenements are within the boundaries of the following native title claims, determinations and ILUAs:

Tenement	Native Title Claim	Native Title Determination	ILUA
E45/4610	WC1999/008	Not yet determined	None Registered
E45/4637	WC1999/008 WC2000/005	Not yet determined	None Registered
E45/4638	WC2000/005	WCD2007/003 WCD2013/001	WI2006/002
E70/4763	WC1998/058 WC2003/006 WC2006/004	Not yet determined	WI2015/005 WI2015/006
E70/4773	WC2003/006 WC2006/004	Not yet determined	WI2015/006

The status of any native title claims, native title determinations and ILUAs is summarised in Annexure B. We have not reviewed the terms of any ILUA which applies to the Tenements.

Native title claimants, holders of native title under the determinations and native title parties under the ILUAs are entitled to certain rights under the Future Act Provisions.

Given that all of the Tenements were or will be granted after 23 December 1996, we have assumed that the Tenements were or will be granted in accordance with the Future Act Provisions and as such are valid under the Native Title Act.

8.6 ILUAs relating to Granted Tenements

The Heritage Searches conducted by us indicate that the ILUAs which apply to the Granted Tenements were executed on 8 June 2015.

These ILUAs bind the parties to those agreements to enter into a Noongar Standard Heritage Agreement (**NSHA**) when conducting Aboriginal Heritage Surveys in the ILUA areas, unless they have an existing heritage agreement. The Granted Tenements are subject to conditions relating to the areas covered by the ILUAs requiring a heritage agreement or NSHA to be executed before any rights, powers or duties under those Tenements in respect of those areas can be exercised.

Accordingly, the Company will need to execute a NSHA or heritage agreement in respect of the Gnaala Karla Booja People ILUA and the South West Boojarah #2 People ILUA before it can commence operations or exercise any rights on the Granted Tenements. We are instructed that the Company has not executed a NSHA in respect of either ILUA which applies to the Granted Tenements as at the date of this Report.

Entry into the NHSAs is likely to result in costs being incurred by the Company, including costs related to the conduct of a Survey, in the event that a Survey is required to be carried out under the NSHA (refer to section 8.7 below).

If a Survey conducted pursuant to a NSHA identifies any areas of Aboriginal heritage and/or Aboriginal cultural sensitivity within the Granted Tenements, such identification may restrict the Company's ability to explore and mine within the affected area.

8.7 Noongar Standard Heritage Agreement

Under the NSHA, the Company will need to issue a notice (**Activity Notice**) to the South West Aboriginal Land & Sea Council Aboriginal Corporation (**SWALSC**) in respect of any physical works or operations it intends to undertake in the area covered by the NSHA (whether on the surface of the land or waters, or under or over that surface) (**Activities**) before it undertakes the Activities.

To facilitate early exchange of information under the NSHA, the Company will also be required to provide SWALSC with a program of proposed works for which Activity Notices are likely to be provided in the foreseeable future.

The main purposes of the Activity Notice are:

- (a) to provide adequate information to assist SWALSC to make an assessment as to whether a survey to assess the potential impacts of the Activities on the cultural heritage value of Aboriginal sites and objects, including anthropological, ethnographic or archaeological investigations (**Survey**), is required; and
- (b) if a Survey is required, to provide information relevant to the conduct of that Survey.

The NSHA provides for consultation and discussion between the Company and SWALSC in respect of matters relating to conduct of the Survey, including Survey methodology, engagement of the person or entity to carry out the Survey (**Service Provider**) and costs.

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The purpose of the Survey is to:

- (a) identify any Aboriginal sites in the relevant area or determine the area to be avoided due to presence of an Aboriginal site;
- (b) obtain sufficient information to record and mark the boundaries of all Aboriginal sites (or the area to be avoided due to the presence of an Aboriginal site);
- (c) make recommendations for protection and management of any identified Aboriginal site; and
- (d) prepare a survey report that complies with the NHSA to allow the Company to:
 - (i) conduct the Activities;
 - (ii) seek any necessary or desirable approvals relevant to the Activities, including under the Aboriginal Heritage Act; or
 - (iii) enforce, defend or establish its rights, and complying with its obligations, under the NHSA or any relevant statutory approvals.

The costs and expenses of the Survey will be borne by the Company in accordance with the NHSA.

On completion of the Survey, the Service Provider must provide the Company and SWALSC with:

- (a) preliminary advice (if requested by the Company or SWALSC) as soon as reasonably practicable and in any event, provide such advice to the Company (taking into account any comments from SWALSC) within 12 business days of the last day of fieldwork for the Survey (**Last Fieldwork Day**). The preliminary advice should provide the Company with sufficient information to know whether to proceed with the Activities (with or without conditions). Upon receipt of, and subject to any reasonable recommendations in, the preliminary advice, the Company may commence the Activities, other than any Activities indicated in the preliminary advice as potentially resulting in a breach of the Aboriginal Heritage Act;
- (b) a draft survey report (if requested by the Company or SWALSC) as soon as reasonably practicable and in any event, provide the draft report to the Company (taking into account any comments from SWALSC) within 25 business days after the Last Fieldwork Day; and
- (c) a final survey report, taking into account any comments from the Company within 35 business days after the Last Fieldwork Day.

9. ROYALTIES

We understand, based on our discussions with the Company's officers, that the Company has not entered into any royalty agreements in respect of the Tenements.

10. QUALIFICATIONS AND ASSUMPTIONS

This Report is subject to the following qualifications and assumptions:

- (a) we have assumed the accuracy and completeness of all Searches, register extracts and other information or responses which were obtained from the relevant department or authority. In

particular, we have assumed that the information provided to us by the DMP, the NNTT and the DIA is correct, accurate, complete and up to date as at the date of it was received by us;

- (b) we assume that the registered holder of a Tenement has valid legal title to the Tenement;
- (c) this Report does not cover any third party interests, including encumbrances, in relation to the Tenements that are not apparent from our Searches and the information provided to us;
- (d) we have assumed that any agreements provided to us in relation to the Tenements are authentic, were within the powers and capacity of those who executed them, were duly authorised, executed and delivered and are binding on the parties to them;
- (e) with respect to the granting of the Tenements, we have assumed that the State and the applicant for the Tenements have complied with, or will comply with, the applicable Future Act Provisions;
- (f) we have assumed the accuracy and completeness of any instructions or information which we have received from the Company or any of its officers, agents and representatives;
- (g) unless apparent from our Searches or the information provided to us, we have assumed compliance with the requirements necessary to maintain a Tenement in good standing;
- (h) with respect to the application for the grant of a Tenement, we express no opinion as to whether such application will ultimately be granted and that reasonable conditions will be imposed upon grant, although we have no reason to believe that any application will be refused or that unreasonable conditions will be imposed;
- (i) we have assumed that none of the Private Land that the Tenements encroach upon is "minerals to owner" land. Most grants of freehold which were made prior to 1899 in Western Australia included the grant of minerals other than gold, silver and precious metals, which were reserved to the Crown. This land is commonly referred to as "minerals to owner" land, as the landowner owns all other minerals and has the right to deal with those minerals as it sees fit. We have not undertaken the detailed land searches and investigations required to determine whether any of the Private Land that the Tenements encroach upon was granted prior to 1899 and is "minerals to owner" land;
- (j) references in Annexures A and B of this Report to any area of land are taken from details shown on searches obtained from the relevant department. It is not possible to verify the accuracy of those areas without conducting a survey;
- (k) the information in Annexures A and B of this Report is accurate as at the date the relevant Searches were obtained. We have assumed that the relevant registers have been properly and accurately recorded and maintained. We cannot comment on whether any changes have occurred in respect of the Tenements between the date of the Searches and the date of this Report;
- (l) where Ministerial consents is required, we express no opinion as to whether such consent will be granted, or the consequences of consent being refused, although we are not aware of any matters which would cause consent to be refused;
- (m) we have not conducted searches of the Database of Contaminated Sites maintained by the Department of the Environment Conservation;

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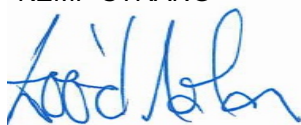
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- (n) native title may exist in the areas covered by the Tenements. Whilst we have conducted searches to ascertain that native title claims and determinations, if any, have been lodged in the Federal Court in relation to the areas covered by the Tenements, we have not conducted any research on the likely existence or non-existence of native title rights and interests in respect of those areas. Further, the NTA contains no sunset provisions and it is possible that native title claims could be made in the future;
- (o) Aboriginal heritage sites or objects (as defined in the WA Heritage Act or under the Commonwealth Heritage Act) may exist in the areas covered by the Tenements regardless of whether or not that site has been entered on the Register of Aboriginal Sites established by the WA Heritage Act or is the subject of a declaration under the Commonwealth Heritage Act. We have not conducted any legal, historical, anthropological or ethnographic research regarding the existence or likely existence of any such aboriginal heritage sites or objects within the area of the Tenements; and
- (p) This is a high level Report covering material legal issues affecting the Tenements and does not purport to cover all possible issues which may affect the Tenements.

11. CONSENT

This Report is given for the benefit of the Company and the directors of the Company in connection with the issue of the Prospectus and is not to be disclosed to any other person or used for any other purpose or quoted or referred to in any public document or filed with any government body or other person without our prior consent

Yours faithfully
KEMP STRANG



David J Nolan
Partner
Email: noland@kempstrang.com.au

ANNEXURE A – TENEMENT SCHEDULE

Tenement	Applicant	Shares held	Status	Application date/ Commence ment date	Expiry date	Objection closing date	Registered dealings/ encumbrances	Rent payment for 2016 / Expenditure commitment	Native Title Claims/ ILUAs	Aboriginal Heritage Sites	Notes
E45/4610	LPI	100/100	Pending	Application date: 7 August 2015	N/A	11 September 2015	Objection previously lodged by Pilbara Minerals Ltd on 13 August 2015 was withdrawn on 17 November 2015. There are no other material registered dealings or encumbrances but note that most dealings and encumbrances cannot be registered against applications	\$2,630.25 (paid on 7 August 2015)	NNTT No: WC1999/008	None registered	1a and 1b
E45/4637	LPI	100/100	Pending	Application date - 20 October 2015	N/A	24 November 2015	Objection lodged by Global Advanced Metals Wodgina Pty Ltd on 24 November 2015 There are no other material registered dealings or encumbrances but note that most	\$2,505.00 (paid on 20 October 2015)	NNTT No: WC1999/008 WC2000/005	None registered	1a and 1b

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Tenement	Applicant	Shares held	Status	Application date/Commencement date	Expiry date	Objection closing date	Registered dealings/encumbrances	Rent payment for 2016 / Expenditure commitment	Native Title Claims/ILUAs	Aboriginal Heritage Sites	Notes
E45/4638	LPI	100/100	Pending	Application date - 20 October 2015	N/A	24 November 2015	No material registered dealings or encumbrances but note that most dealings and encumbrances cannot be registered against applications	\$2,505.00 (paid on 20 October 2015)	NNTT No: WC2000/005 WC2007/003 WCD2013/001 WI2006/002	None registered	1a, 1b, and 1c

Tenement	Applicant	Shares held	Status	Application date/Commencement date	Expiry date	Objection closing date	Registered dealings/encumbrances	Rent payment for 2016 / Expenditure commitment	Native Title Claims/ILUAs	Aboriginal Heritage Sites	Notes
E70/4763	LPI	100/100	Live	Application date - 31 July 2015 Commencement date - 18 March 2016	17 March 2021	N/A	No material registered dealings or encumbrances	\$13,902.75 (paid on 31 July 2015) Expenditure commitment for current year ending 17 March 2017: \$111,000	NNTT No: WC1998/058 WC2003/006 WC2006/004 WI2015/005 WI2015/006	Site ID: 18442 (Artefacts/Scatter, Historical) Site ID: 18443 (Artefacts/Scatter, Historical) Site ID: 20434 (Mythological)	1d, 1e, 2a, 2b, 2c, 2d, 2e, 2f, 2g, 2h, 2i, 2j, 2k, 2l, 2m, 2n and 2p
E70/4774	LPI	100/100	Live	Application date - 7 September 2015 Commencement date - 22 March 2016	21 March 2021	N/A	No material registered dealings or encumbrances	\$3,757.50 (paid on 7 September 2015) Expenditure commitment for current year ending 21 March 2017: \$30,000	NNTT No: WC2003/006 WC2006/004 WI2015/006	Site ID: 20434 (Mythological)	1d, 1e, 1f, 2e, 2h, 2j, 2k, 2n, 2o and 2p

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Notes used in Annexure A

Please note that we have included in the Notes section below only the key conditions and endorsements extracted from the Searches and encroachments derived from quick appraisals.

1 Encroachments

- a. All or almost all of this Application (approximately 94% of E45/4610, 100% of E45/4637 and 100% of E45/4638) encroaches on historical leases. We understand from DMP that these historical leases are now dead and that they will not affect the rights of the tenement holder, but we were not able to obtain any further information on these historical leases.
- b. All or almost all of this Application (approximately 100% of E45/4610, 100% of E45/4637 and 83% of E45/4638) encroaches on pastoral lease land. The Company will require the written consent of the occupier of the pastoral lease in order to access areas that are within the first 30 metres from the natural surface of the land and within a certain distance from certain activities, infrastructure or improvements (see also section 6.4 of this Report).
- c. Part of this Application (approximately 16%) encroaches on Private Land and to the extent that land is within the areas specified by section 29(2) of the Mining Act (see section 6.3 of the Report) it will be excluded from the grant of this Tenement except to the extent it is below 30 metres from the natural surface of the land unless the written consent of the owner and the occupier of that land is obtained.
- d. Part of this Tenement (37% of E70/4763 and 76% of E70/4774) encroaches on Private Land and to the extent that land is within the areas specified by section 29(2) of the Mining Act (see section 6.3 of the Report) it has been excluded from the grant of this Tenement except to the extent it is below 30 metres from the natural surface of the land.
- e. Part of the Tenement (approximately 64% of E70/4763 and 20% of E70/4774 (including the Bridgetown Townsite area referred to in paragraph 1f below)) encroaches on reserves and other environmentally sensitive areas. See also section 6.5 of the Report and the relevant conditions below.
- f. Approximately 3.9% of this Tenement encroaches on the Bridgetown Townsite. See also section 6.8 of the Report and the relevant conditions below.

2 Endorsements and Conditions

- a. An endorsement provides that consent will be required from the lessee of Mineral Lease 1SA prior to mining bauxite on the area designated as file notation area 2874 (which constitutes 63.5% of this Tenement) and if consent is not obtained any mining lease over that area will not authorise the holder of the mining lease to mine or remove bauxite from the land the subject of the mining lease.
- b. An endorsement provides that the tenement does not confer any right to mine bauxite over the area designated as file notation area 2894 (which constitutes 8.1% of this Tenement).
- c. An endorsement limits the activities within a defined waterway and within a certain distance of water dependent vegetation of any perennial or seasonal waterway.

- d. An endorsement provides that the tenement affects heritage places number 705, 707 and 734 registered pursuant to the *Heritage of WA Act* 1990.
- e. The prior written consent of the Minister for Mines will have to be obtained prior commencement of any exploration in relation to area which are reserves and other environmentally sensitive areas (approximately 64% of E70/4763 and 20% of E70/4774).
- f. The prior written consent of the Minister for Mines, with the concurrence of the Minister for Environment will have to be obtained prior commencement of any prospecting or exploration activity on conservation of flora and fauna reserve 46390, which is an area which abuts this Tenement.
- g. No exploration activities are permitted on a cemetery reserve area and is confined to below a depth of 50 metres from the natural surface of the land on adjacent areas.
- h. Mining within 20 metres of any pipeline is confined to below a depth of 31 metres from the natural surface of the land.
- i. No interference with the use of the aerial landing ground and mining is confined to below a depth of 15 metres from the natural surface of the land.
- j. The depth of excavation approaching various highways or road reserves is limited and mining on the South Western Highway or Brockman Highway or highway verges (as applicable) is confined to below a depth of 30 metres from the nature surface of the land.
- k. No interference with geodetic survey stations and mining within 15 metres is confined to below a depth of 15 metres from the natural surface of the land.
- l. Prospecting, exploration or mining activities that will interfere or endanger the construction or operation of the gas/petroleum pipeline and associated facilities in respect to 3 different file notation areas (10610, 10614 and 10615) is not permitted .
- m. Mining or surface excavation is not permitted near and within the applicable safety zone surrounding the rail corridor land without the prior consent of the Minister for Mines, the State Mining Engineer or the operator of the railway on corridor land (as applicable). No explosives to be stored within 150 metres of rail corridor land without DMP consent.
- n. Before exercising any of the rights, power or duties pursuant to this Tenement over the areas the subject of the relevant ILUA, an Aboriginal heritage agreement or NSHA must be executed in accordance with the conditions attached to the tenement and the Company must provide the DMP with a statutory declaration in a specified form as evidence of compliance with this condition. See also section 8.6 of this Report.
- o. Interference with transmission lines or the installations in connection therewith is not permitted.
- p. In areas of native vegetation, no exploration commencing until the licensee provides a plan of management to prevent the spread of dieback disease to the DMP for assessment and approval. All exploration must comply with that plan.

ANNEXURE B – NATIVE TITLE CLAIMS AND DETERMINATIONS, ILUAs AND ABORIGINAL HERITAGE SITES
STATUS OF NATIVE TITLE CLAIMS

NNTT Number	Federal Court number	Application Name	Registered	Status
WC1999/008	WAD6028/1998	Johnson Taylor & Ors and State of Western Australia & Others (Njama)	Registered from 3 June 1999	Active
WC2000/005	WAD6003/2000	PC, Teddy Allen, Doris Monaghan and others v the State of Western Australia (Njama People #10)	Registered from 7 July 2000	Active
WC1998/058	WAD6274/1998	Lorraine Belotti & Ors and State of Western Australia & ors (Gnaala Karla Booja)	Registered from 17 September 1998	In mediation
WC2003/006	WAD6006/2003	Anthony Bennell & Ors v State of Western Australia (Single Noongar Claim (Area 1))	Not accepted for registration – application filed 6 October 2003	In mediation
WC2006/004	WAD253/2006	William Webb & Ors and State of Western Australia & Ors (South West Bojarah #2)	Registered from 6 October 2006	In mediation

STATUS OF NATIVE TITLE DETERMINATIONS

NTT Number	Federal Court Number(s)	Determination Name	Date of effect	Determination outcome	Registered Native Title Body Corporate	Common law holder(s) of native title
WCD2013/001	WAD185/1998; WAD77/2005	AB (deceased) & Ors on behalf of the Ngarla People v State of Western Australia & Ors	19 February 2013	Native title exists in the entire determination area	Wanparta Aboriginal Corporation RNTBC	Ngarla People
WCD2007/003	WAD77/2005; WAD6003/2000; WAD6185/1998	Brown (on behalf of the Ngarla People) v State of Western Australia	30 May 2007	Native title exists in parts of the determination area	Wanparta Aboriginal Corporation RNTBC	Ngarla People

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ILUAs

NTT number	Short Name	ILUA type	Registered	Parties to ILUA	Period within which ILUA will operate
WI2006/002	Ngarla Pastoral ILUA	Body Corporate	21 November 2007	1. John J Bettini, Ethel M Bettini, Anthony B Bettini, Mary E Bettini, Mark J Bettini, David F Bettini and Paul D Bettini (Lessees of the De Grey Pastoral State) 2. Graham E Rogers and Judith A Rogers (Lessee of the Pardoo Pastoral Station) 3. Wanparta Aboriginal Corporation	Not specified
WI2015/005	Gnaala Karta Boolja People ILUA	No details available – not yet registered	No details available – not yet registered	No details available – not yet registered	No details available – not yet registered
WI2015/006	South West Booljarah #2 People ILUA	No details available – not yet registered	No details available – not yet registered	No details available – not yet registered	No details available – not yet registered

ABORIGINAL HERITAGE SITES

Site ID	Site Name	Boundary Restricted	Site Type	Status	Tenements
18442	Mullalyup One	No	Artefacts/ Scatter, Historical	Registered Site	E70/4763
18443	Mullalyup Two	No	Artefacts/ Scatter, Historical	Registered Site	E70/4763
20434	Blackwood River	No	Mythological	Registered Site	E70/4763 E70/4774





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HOLT ABOGADOS

Holt Abogados
City of Buenos Aires
Argentina

13 April 2016

PROSPECTUS

INDUSTRY REPORT

TITLES REPORTS

GEOLOGISTS REPORTS

APPLICATION FORM

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City of Buenos Aires, Argentina, April 13th, 2016

To: **LITHIUM POWER INTERNATIONAL LIMITED**
Level 7 / 151 Macquarie Street,
Sydney, NSW 2000 - Australia.

Attn: Martin Holland / Andrew G. Phillips

Ref.: **Legal Opinion on Mining Rights**

Dear Sirs:

We act as Argentinean counsel to **LITHIUM POWER INTERNATIONAL LIMITED** ("**LPIL**") and **LITHIUM POWER S.A.** ("**LPSA**").

As such counsel, at your request, we hereby provide you with a legal opinion (the "**Legal Opinion**") on the items depicted hereinbelow:

- (a) Incorporation, ownership and good standing of LPSA;
- (b) Existence, status and enforceability of the asset sale and purchase agreement;
and
- (c) Ownership and good standing of the mining rights' listed in **Section 5** hereto.

This Legal Opinion is being delivered pursuant to your requirement and is given for purposes of the forthcoming initial public offering of shares that LPIL intends to conduct in the Australian Securities Exchange, and with the purposes of being included in the prospectus that LPIL shall present in connection thereto.

We enclose as **Schedule I** hereto, an introductory summary of the main applicable provisions set forth under the AMC and other applicable laws, in connection with mining property in Argentina.

1.- DEFINITIONS

Unless the context otherwise requires, in this Legal Opinion the following terms shall have the meanings set out below:

"**AMC**" means the Argentinean Mining Code.

"**Asset Sale and Purchase Agreement**" or "**ASPA**", means the asset sale and purchase agreement, dated February 5th, 2016, entered into by and among LPSA, as buyer, and Lacus together with GFS, as sellers.

"**GFS**" means Gonzalo Fernandez Sabaté, Argentine individual, ID 31,338,402.

Av. Santa Fe 1592 piso 4º > C1060ABO > Ciudad de Buenos Aires > Argentina
Tel. (54 11) 5235 0200 > www.holtlegal.com.ar



“Gordon” means Daniel B. Gordon, Argentine individual, ID 13,653,972, former chairman of Lacus and current shareholder of Lacus (holder of 22.35% of the capital stock of Lacus).

“Irrevocable POA” means the irrevocable POA granted by Sellers (and including the spousal consent granted by GFS wife), passed before deed Nro. 47, dated February 5th, 2016.

“Lacus” means Lacus Minerals S.A., a company incorporated in accordance with the laws of Argentina, with commercial address at Florida 890, 18th floor, City of Buenos Aires, Argentina.

“Larotonda” means Claudio A. Larotonda, Argentine individual, ID 13,433,000, current chairman and shareholder of Lacus (holder of 20.64% of the capital stock of Lacus).

“Seller” means each of Lacus and/or GFS, and collectively the **“Sellers”**.

2.- SOURCES

We have based our Legal Opinion in the following:

- (a) Information verbally provided by and emails exchanged with GFS, Gordon and Larotonda;
- (b) Review of the following original mining files, during our on-site confirmatory due diligence conducted at the Mining Court of the Province of Salta, Argentina on February 25th, 2016: Centenario #4; Centenario #5; Centenario #6; and Centenario #201.
- (c) Copies of the mining file pertaining to Centenario #200¹ and Centenario #1², made available to us by the title holders of the properties.
- (d) Copy of the wire transfer instructions and deposit tickets, evidencing payment of the annual mining fee (year 2015 and 2016) pertaining to Centenario #4, Centenario #5, and Centenario #6.
- (e) Copy of the new investment plans dated March 3rd, 2016, submitted to files Centenario #4 and #5, made available to us by titleholders.
- (f) Copy of the resolution of the mining authority, dated March 17th, 2016, approving -acknowledgment- the plan submitted under Centenario #4, based on the report provided by the Sub-program of Cannon, Royalties and Statistics³; and fixing the relevant schedule for filling the affidavits on plan compliance, when due.
- (g) Copy of the internal report issued by the Sub-program of Cannon, Royalties and Statistics, dated April 6th, 2016, in respect to the plan submitted under Centenario #5.

¹ As at the date of our on-site due diligence, the mining court had submitted the original file on a formal standard procedure to another agency (the pension fund dependant of the Bar of attorneys of Salta); thus the original file could not be reviewed.

² We were informed by GFS, that the original file was at the Chambers of Appeals, at the judge office ready for a judgement, and therefore would not be available to be reviewed until the judgment is issued.

³ Technical department within the Provincial Secretary of Mines.

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- (h) Copy of the affidavit on investments incurred during year #1 of the plan, dated March 3rd, 2016, submitted to file Centenario #6, made available to us by titleholders.
- (i) Copy of the internal report issued by the Sub-program of Cannon, Royalties and Statistics, dated March 16th, 2016, in respect to the affidavit of investments incurred in year #1 of the plan submitted under Centenario #6; and approval thereto –acknowledgment- by the mining authority dated March 17th, 2016, made available to us by titleholders.
- (j) Copy of the Deed of Transfer Nro. 22, dated February 22nd, 2010, passed before the public notary Jorge Alberto Ricciardi (Registry Nr. 958), of the City of Buenos Aires, Argentina; pursuant to which Gordon and Larotonda transferred and assigned Centenario #4; Centenario #5; Centenario #6 –among other mining properties- to Lacus.
- (k) Copy of the assignment registration certificate dated March 9th, 2010, evidencing registration of the transfer and assignment agreed under Deed of Transfer Nro. 22 (dated February 22nd, 2010), as entry nbr. 7 of the book of sales, assignments and transfers kept by the mining authority of the Province of Salta.
- (l) Original copy of Public Deed Nro. 20, dated January 18th, 2016, passed before the public notary Silvina F. Gonzalez (Registry Nr. 1948), of the City of Buenos Aires, Argentina, corresponding to the deed of incorporation and by-laws of LPSA.
- (m) Original copy of the evidence of registration of LPSA before the Public Registry of Commerce on February 3rd, 2016.
- (n) Certified copy of the shareholders' meeting minute of Lacus, held on November, 30th, 2015, approving the transaction contemplated by the Asset Sale and Purchase Agreement.
- (o) Original copy of the shareholders' meeting minute of LPSA, held on February, 5th, 2016, approving the transaction contemplated by the Asset Sale and Purchase Agreement.
- (p) Original Asset Sale and Purchase Agreement (which includes as exhibit thereto the template royalty agreement to be entered into by and among LPSA, Lacus and GFS at closing of the transaction).
- (q) Original Irrevocable POA, granted by means of Public Deed Nro. 47, dated February 5th, 2016, passed before the public notary Silvina F. González (Registry Nr. 1947), of the City of Buenos Aires, Argentina.
- (r) Copy of the mining certificate dated April 7th, 2016, issued by the auxiliary attorney of the Mining Court of the Province of Salta, in connection with Centenario #4, #5 and #6⁴, requested by public notary Juan Antonio Astudillo of the City of Salta, Argentina.

⁴ Due to the current stage of proceedings of the applications for Centenario #200 and #201 (non-awarded yet), these certificates could not be requested and obtained for these properties. Also, given the dispute existing with regards to Centenario #1 and the fact that the file pertaining to such mining property is at the Chambers of Appeals, a certificate could not be requested and obtained.

- (s) Copy of the non-inhibitions certificate, dated March 29th, 2016, issued by the General Registry of Real Estate of the Province of Salta, in connection with Centenario #4, #5 and #6, requested by public notary Juan Antonio Astudillo of the City of Salta, Argentina.
- (t) Free-of-debt certificate dated February 25th, 2016, issued by the Cadastral Mining Program dependant of the Mining Secretary of Salta, in connection with Centenario #4, Centenario #5 and Centenario #6, provided to us by public notary Federico Raúl Alurralde (Registry Nr. 117) of the City of Salta, Argentina.
- (u) Customary standards in the mining industry in Argentina, and certain positions followed by the Mining Court of the Province of Salta.

3.- QUALIFICATIONS

- 3.1** We are attorneys admitted and licensed to practice law in the City of Buenos Aires, Argentina. This Legal Opinion is restricted to matters related to the laws of Argentina, and we are expressing no opinion as to the effect of the laws of any other jurisdiction. For any and all purposes, this Legal Opinion shall be governed by and construed in accordance with the law of Argentina exclusively.
- 3.2** In rendering the opinion hereto, we have assumed without any investigation on our part:
- (a) The authenticity, genuineness, completeness and accuracy of all documents submitted to us as originals and the conformity to the originals of all documents submitted to us as copies;
 - (b) The truthfulness in the representations and warranties made and the affidavits filed by the titleholders;
 - (c) That the making and performance of each of the documents is within the power and authority of, and each of the documents has been duly authorized, executed and delivered by each party thereto, as the case may be (as to whom we make no such assumption);
 - (d) The veracity of certain factual matters upon information obtained from public officials, officers and legal counsels of Lacus and other sources believed by us to be responsible;
 - (e) That the signatures on all documents examined by us are genuine; and
 - (f) That verbally provided information and explanations were true, correct, complete and not misleading.
 - (g) Whenever our opinion with respect to the existence or absence of facts or circumstances is qualified by the phrase “to our knowledge”, it is intended to indicate that no information has come to our attention that would give us actual knowledge of the existence of such facts or circumstances. However, we have not undertaken any special or independent investigation to determine the existence or absence of such facts or circumstances, and no inference as to our knowledge of the existence of such facts or circumstances should be drawn merely from this report.

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- 3.3** No opinion is rendered regarding measurements, technical data or graphic information related to the mining properties referred to herein, neither to the completeness and content of the environmental information submitted.
- 3.4** We express no opinion on accounting confirmatory information and tax support documents.
- 3.5** We express no opinion or assurances upon whether the applications for vacant mines currently undergoing proceeding will ultimately be granted in favor of the relevant applicant, notwithstanding that should the granting proceeding continue its normal process and the applicant complies with the relevant steps and requirements in due time and manner, the vacant mines should be granted to the applicant.
- 3.6** We express no opinion or assurances upon filings made by the titleholder which are pending of resolution, would finally obtain a favorable resolution.
- 3.7** We express no opinion or assurances upon a possible outcome on the appeal undergoing proceeding before the Civil and Commercial Chamber of Appeals of the Province of Salta with regards to Centenario #1.

4.- CORPORATE – LPSA

- (a) Incorporation: Lithium Power S.A. is a corporation ("*sociedad anónima*") duly incorporated in and governed by the laws of Argentina, pursuant to Public Deed Nro. 20, dated January 18th, 2016, passed before the public notary Silvina F. Gonzalez (Registry Nr. 1948), of the City of Buenos Aires, Argentina.
- (b) Registration: LPSA is registered in Argentina, before the Public Registry under the number 1392, Book 77, of Companies of Shares, on February 3rd, 2016. General Inspection of Corporations' correlative number: 1897208.
- (c) Corporate purpose: LPSA's corporate purpose is the exploration and exploitation of mineral resources.
- (d) Shareholders: The following are LPSA's shareholders and their respective ownership in the capital stock represented by 100,000 ordinary nominative non endorsable shares of one Argentine Pesos and one vote each:

#	Shareholders	Ownership	%
1	Martin Christopher HOLLAND (Australian Passport M8499883)	50,000	50%
2	Andrew Guy PHILLIPS (NZ Passport LH451672)	50,000	50%
	Total of shares	100,000	100%

- (e) Governance. The following are the current members of the Board of Directors and their respective positions:

#	Position	Name
1	Director (President)	Daniel Boris GORDON (Argentine ID 13,653,972)
2	Alternate Director	Fernando Martín HANNA

	(Argentine ID 31,576,880)
--	---------------------------

5.- LIST AND INFORMATION OF THE MINING RIGHTS

Below is a list of the six (6) mining files related to mining properties existing in the Province of Salta, Argentina (the “**Mining Properties**” or the “**Applications for Vacant Mines**”, as it may correspond) we have analyzed:

(a) Mining Properties

#	Mine	File #	Concession	Surveyed	Area (Has)	Claims	Titleholder
1	Centenario 4	19,478	Granted	Yes	800	8	Lacus
2	Centenario 5	19,479	Granted	Yes	800	8	Lacus
3	Centenario 6	19,480	Granted	Yes	800	8	GFS

(b) Application for Vacant Mines

#	Mine	File #	Concession	Surveyed	Area (Has)	Claims	Applicant
1	Centenario 200	20,158	Pending	No	1,500 ⁵	15	Lacus
2	Centenario 201	20,159	Pending	No	1,452	15	Lacus

(c) Challenged Mining Property

#	Mine	File #	Concession	Surveyed	Area (Has)	Claims	Applicant
1	Centenario 1	19,475	Granted	Yes	800	8	Lacus

6.- ASSET SALE AND PURCHASE AGREEMENT

On February 5th, 2016, LPSA -as buyer- and Lacus together with GFS -as sellers- entered into an Asset Sale and Purchase Agreement, pursuant to which Sellers agreed to sell and assign to Buyer the Mining Properties, the rights arising from the Applications for Vacant Mines Centenario #200 and Centenario #201 –in their then current stage of proceedings- along with any and all reports, samples, studies and data related to all work performed on the Mining Properties.

Closing of the transaction is subject to the satisfaction by Sellers of certain closing conditions set forth in the ASPA for the benefit of LPSA, which may be waived by LPSA at any time.

Sellers have granted an Irrevocable POA to LPSA for purposes of securing compliance of Seller’s obligations under the ASPA. This Irrevocable POA authorizes LPSA and certain LPSA’s nominees to sign on behalf of Sellers the documentation required to transfer the mining rights in favor of LPSA (including the deed of transfer to assign title to Centenario #4, #5 and #6; and any additional deed of transfer to assign title to Centenario #200 and #201, once such are granted and awarded to Lacus), and

⁵ The exclusive zone, as registered and graphed by the cadastral department comprises an area of 1,503 Has (6,355 m2). This notwithstanding, the survey request filed by the prior titleholder made reference to 1,500 hectares only, in order not to exceed the 15 claims.

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exercise any actions that may be required to keep the mining rights in good standing and/or to cure any omission incurred by Sellers in connection with such actions.

At closing, Sellers and LPSA will enter into a deed of transfer, for purposes of assigning and transferring title to the Centenario #4, Centenario #5 and Centenario #6. The deed of transfer shall reflect the terms and conditions of the ASPA.

LPSA has the right to request that the effective transfer of: (a) Centenario #200 and Centenario #201 is made once the concession of the relevant vacant mine has been effectively granted to Lacus; and (b) Centenario #1, once the revocation resolution is left with no effect, in such a manner that title to the Centenario #1 is confirmed and in good standing. Upon the granting of the concession of Centenario #200 and Centenario #201; or the once the revocation resolution of Centenario #1 is left with no effect (or earlier in any case, if waved by LPSA), Lacus and LPSA will execute additional deeds of transfer for purposes of assigning and transferring title to the Centenario #200, Centenario #201 and/or Centenario #1 to LPSA.

The purchase price payable by LPSA to Sellers in consideration for the sale of the assets is **US\$ 198,599** plus the right to receive a Royalty, in accordance with the schedule below:

- (a) **US\$ 30,000** payable to Lacus, amount which has already been paid and collected by Lacus.
- (b) On or prior to the closing date:
 - (i) **US\$ 19,116** payable to Lacus;
 - (ii) **US\$ 16,372** payable to GFS;
 - (iii) The granting of a royalty agreement, in the terms and conditions set forth in **Exhibit III** to the ASPA, which will correspond 75% to Lacus and 25% to GFS. The royalty agreement would entitle Sellers to receive **US\$10.65** (ten US dollars and sixty-five cents) per tonne of (a) lithium carbonate, and (b) salts or other concentrates containing lithium in a degree of at least 10% weight, that are extracted, mined and removed from the Mining Properties; *provided however* that the obligation of LPSA to pay the royalty accrues upon the receipt and collection of the revenue derived from the sale or other disposal of the products (neither the extraction and recovery of products, nor the sole sale or disposal of such triggers the obligation to pay the royalty).
- (c) As at the later to occur between: (i) the closing date, or (ii) the listing of the LPIL's shares on the ASX: **US\$ 133,111**, payable to Lacus, in lieu, by delivering quoted LPIL shares.
- (d) If Centenario #1, Centenario #200, Centenario #201 or any other potential vacant mine is transferred to LPSA after closing, LPSA will enter into an assumption agreement, adding and including such to the royalty agreement.

If closing occurs before the listing of the LPIL's shares on the ASX, LPSA shall –at closing- grant a mortgage over Centenario #4, Centenario #5 and Centenario #6 for the benefit of Lacus, to secure the payment obligation set forth in Section (c) above, plus default interest thereon, calculated at a rate of LIBOR plus 2%, cost and fees. The

mortgage will be automatically extinguished once the payment obligation is satisfied. Additionally, the Irrevocable POA authorizes LPSA (and LPSA's nominees) to execute the relevant document for purposes of seeking the de-registering of the Mortgage from the relevant registry.

Upon the payment set forth in Section (c) above, the mortgage will be released and Lacus shall within two business days thereof execute and draw a cancellation deed of receipt, evidencing the total and complete fulfillment of payment of the purchase price, in terms and conditions satisfactory to LPSA.

7.- OPINION

Based on (a) the applicable legislation that governs the mining property in Argentina and (b) the documentation provided to us, and subject to the qualifications and assumptions detailed hereto, we are of the opinion that:

(a) CORPORATE

- (i) Lithium Power S.A. has been duly incorporated in accordance with the laws of Argentina, it legally exists and is in good standing condition.
- (ii) Mr. Martin Christopher HOLLAND (Australian Passport M8499883) and Mr. Andrew Guy PHILLIPS (NZ Passport LH451672) are the sole registered shareholders of 100% of the capital stock of LPSA.

(b) ASSET SALE AND PURCHASE AGREEMENT

- (i) The ASPA constitutes a valid and binding agreement, is in good standing, and all obligations thereunder are enforceable against the parties thereto.
- (ii) The only material precedent condition for closing and assigning and transferring title to Centenario #4, Centenario #5 and Centenario #6 that remains pending as of the date hereof (which may be waived by LPSA at any time) would be the obtaining of the resolution of the mining authority approving -acknowledgment- the new investment plan submitted under Centenario #5.
- (iii) Provided that the Sub-program of Cannon, Royalties and Statistics (as technical department) has already issued an internal report, dated April 6th, 2016, stating that the plan submitted under Centenario #5 is correct, satisfaction of the precedent condition depicted in (ii) above would be expected to be completed shortly.
- (iv) The Irrevocable POA granted by Sellers to LPSA for purposes of securing compliance of Sellers' obligations under the ASPA, is valid, binding, in good standing, and enforceable against Sellers. The Irrevocable POA expressly authorizes to execute the relevant deeds of transfer for purposes of assigning and transferring title to the mining properties to LPSA.

(c) MINING RIGHTS

- (i) **Centenario #4, Centenario #5 and Centenario #6:**

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- (1) Lacus Minerals S.A. is the registered title holder of Centenario #4 and Centenario #5⁶; and Gonzalo Fernandez Sabaté is the registered title holder of Centenario #6⁷.
- (2) Concession of these mining properties has been granted and registered.
- (3) The mining properties have been surveyed, and the survey data would have been registered in the relevant books.
- (4) The mining properties have been applied and awarded for Salt & Lithium.
- (5) The mining properties are in general terms in good standing.
- (6) The mining fee (*canon*) 2015 and 2016 has been paid.
- (7) Investment plans:
 - (a) Centenario #4: A new investment plan compliant with the minimum level of investments required by Section 217 of the AMC was submitted on March 3rd, 2016 to the mining file. The investment plan, as submitted, was approved – by means of acknowledgment- by the mining authority on March 17th, 2016, based on the report provided by the Sub-program of Cannon, Royalties and Statistics.
 - (b) Centenario #5: A new investment plan compliant with the minimum level of investments required by Section 217 of the AMC was submitted on March 3rd, 2016 to the mining file. Approval of the plan -as submitted by the titleholder- is pending of resolution, though since the Sub-program of Cannon, Royalties and Statistics (as technical department) has already issued an internal report, dated April 6th, 2016, stating that the plan submitted is correct; it would be expected that such approval would be granted shortly.
 - (c) Centenario #6: The titleholder submitted an investment plan –in the form of a reactivation plan- on September 2015.

Though there would be room for different interpretations and criteria⁸ about the value of the mining fee that is to be taken into

⁶ Lacus acquired these mining properties pursuant to deed of transfer N°22, dated February 22, 2010, entered into by and between Gordon and Larotonda, as sellers, and Lacus as buyer. In accordance to the information arising from the files, this transfer was duly registered in the mining authorities' registries on March 9th, 2010.

⁷ GFS acquired this mining property as a vacant mine. On October 31, 2013 GFS filed an application for the vacant mine, and the vacant mine was awarded to him pursuant to Resolution dated April 16, 2014. We note that Lacus was the former titleholder of this mining property, which concession was revoked to Lacus pursuant to Resolution dated April 5, 2013 due to the title holder's failure to comply with a good standing condition. It is important to remark that the AMC establishes that the former concessionaire of a vacant mine is not allowed to apply for and be awarded a vacant mine prior to the expiry of one year counted as from the registration of the vacancy. In this regard, we note that GFS is Lacus' counsel in the Province in Salta, and therefore it may be construed and alleged that when he applied for this vacant mine, he did so acting on behalf of Lacus, thus may be considered as a intermediate person (straw-man). GFS has expressly represented and guaranteed to LPSA under the ASPA that when he applied for the vacant mine, he did so acting on his own name and behalf; and not as an agent or acting on behalf of the previous title holder. In line with the foregoing, GFS will receive a portion of the purchase price under the ASPA in consideration for the transfer of the mining property he owns.

⁸ The figures denounced in the investment plan would be in line with the mining fee amount that was in force prior to the enactment of Law 27,111 (this is AR\$ 800 per claim, instead of AR\$3,200 per claim, as required pursuant to Law

account for purposes of projecting the investment plan, we note that GFS's criteria on how the investments were projected in the plan submitted would be shared by the Mining Authorities, and in line with that, the relevant technical department issued a report stating the plan filed is correct as it complies with the requirement set forth in the AMC.

On March 3rd, 2016 GFS submitted the affidavit on investments incurred during year #1 of the investment plan. The affidavit, as submitted, was approved –by means of acknowledgment- by the mining authority on March 17th, 2016, based on the report provided by the Sub-program of Cannon, Royalties and Statistics..

- (8) To our knowledge, based on the information denounced in the mining rights applications, all the mining properties would be located in fiscal lands. This is quite standard in mining properties located over salars.
- (9) To our knowledge, based on the information arising from the files and the mining certificates, there are no: (a) opposition filed by third parties; (b) registration of encumbrances and mortgages against the mining properties, and (c) royalty agreement registered against the mining properties.

(ii) Centenario #200 and Centenario #201:

- (1) Lacus Minerals S.A submitted on December 2015 vacant mines applications, requesting the granting of these mining properties⁹. These applications are undergoing the regular granting proceeding.
- (2) Resolution granting concession of these vacant mines is pending, though would be expected that such would be granted shortly.
- (3) These mining properties have not been surveyed yet.
- (4) The mining properties have been applied and awarded for Salt & Lithium.
- (5) As the concession have not been granted yet, and no monies were owed in concept of mining fee as at the moment of the revocation of the previous concession and declaration of such mining properties as vacant mines, payment of mining fee is not yet due and owed by the applicant.
- (6) If the concessions are granted to the titleholder, titleholder will have to submit, under each mining file, an investment plan compliant with the minimum level of investments required by Section 217 of the AMC.

27,111). Provided that Law 27,111 entered into force once year 2015 had already started, the Mining Court would have adopted a position whereby it would accept that investment plans filed during year 2015 are made based on the mining fee amount in force prior to Law 27,111; while the new fee amount will be mandatorily required for the investment plans filed as of 2016. This position has not been passed into any kind of general and/or particular resolution. It is just a "de facto" position that would be followed by the Court.

⁹ We note that La Sifrina S.A. was the former titleholder of these mining properties. Resolution dated July 11th, 2013 declared the proceedings desisted, due to La Sifrina's non-compliance with certain requirements made by the authority, and ordered the registration of these mines as vacant. Such resolution was published in the official gazette dated October 21st, 2013, and the mine was registered as vacant in the registries on October 31st, 2013.

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- (7) To our knowledge, based on the information denounced in the mining rights applications, these mining properties would be located in fiscal lands. This is quite standard in mining properties located over salars.
- (8) To our knowledge, based on the information arising from the files, there are no: (a) opposition filed by third parties; (b) registration of encumbrances and mortgages against the mining property, and (c) royalty agreement registered against the mining property.

(iii) **Centenario #1:**

- (1) Lacus Minerals S.A. is the registered title holder¹⁰.
- (2) Concession has been granted and registered.
- (3) The mining property has been surveyed, and the survey data would have been registered in the relevant books.
- (4) The mining property has been applied and awarded for Salt & Lithium.
- (5) Title to this mining property has been declared revoked by the Judge of Mines, due to the title holder's failure to pay the mining fee. The above resolution has been challenged and is undergoing proceeding at a judicial level before the Civil and Commercial Chamber of Appeals of the Province of Salta. Without conducting an in-depth analysis of the case, we would not foresee high chances of success for the title holder. Should this resolution be confirmed, title holder would have no title over this mining property.
- (6) As a result of the resolution adopted by the Judge of Mines resolving to revoke the concession of this mining property, the titleholder has ceased paying the mining fee. Since the recourse of appeal filed by the title holder would bear suspension effects (this meaning that the effects that derive from the resolution that resolves revoking the concession would be suspended until the appeal is resolved by the Civil and Commercial Chamber of Appeals) the obligation to pay the mining fee would still be current and in force, and therefore the title holders should be paying the relevant mining fees. We note however that there is no evidence of any request made by the Mining Authority claiming for the payment of these mining fees.

If title is confirmed, titleholder will have to forthwith pay the mining fee owed in order to keep the mining property in good standing.

- (7) The investment plan filed in 2011 by the titleholder is not compliant with the minimum level of investments required by Section 217 of the AMC. If title is confirmed, titleholder will have to forthwith submit a new investment plan compliant with the law requirements.
- (8) To our knowledge, based on the information denounced in the mining rights applications, the mining property would be located in fiscal lands. This is quite standard in mining properties located over salars.

¹⁰ Lacus acquired these mining properties pursuant to deed of transfer N° 22, dated February 22, 2010, entered into by and between Gordon and Larotonda, as sellers, and Lacus as buyer. In accordance to the information arising from the files, this transfer was duly registered in the mining authorities' registries on March 9th, 2010.

- (9) To our knowledge, based on the information arising from the file, there are no (a) opposition filed by third parties; (b) registration of encumbrances and mortgages against the mining property, and (c) royalty agreement registered against the mining property.

Sincerely,



Matías Olcese

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SCHEDULE I

BASIC MINING LEGAL FRAMEWORK

We include hereinbelow a summarized reference to some basic constitutional concepts as well as a general comprehensive overview of the Argentine mining regime, relevant to construe the findings depicted in this Legal Opinion.

1. GOVERNMENTAL SYSTEM IN THE REPUBLIC OF ARGENTINA

Argentina is a federal republic consisting of twenty three autonomous provinces and the Autonomous City of Buenos Aires, organized under a national constitution similar to that of the United States of America.

Argentina's national government is organized into three separate branches. The executive branch is headed by a democratically elected President. The President and Vice-president are elected on the same ticket by popular vote for four-year terms. The National Congress is comprised of a bicameral legislature: the House of Deputies and the Senate. Both, Deputies and Senators are also democratically elected. The judicial branch is lead by the National Supreme Court of Justice, which is comprised of five justices appointed by the President subject to Senate approval. Beneath the Supreme Court is a hierarchy of federal courts.

Each of the provinces has its own government and courts, the organization of which mirrors the federal system. The National Constitution establishes that each of the provinces determines their own local institutions by which they will be governed. The national government may not intervene in the election of their governors, legislators and other provincial officers. Each province also enacts its own provincial constitution.

Argentina's Constitution divides the respective jurisdictions of the national and provincial governments by empowering the provinces to delegate to the national legislature the authority to enact laws of national scope concerning civil, commercial, and other matters, such as mining. It is important to note, however, that federal action on an issue does not necessarily preempt concurrent action on the provincial level. Some powers (referred to as concurrent powers) can be exercised by both the national government and the provincial governments. On the other hand, it should also be noted that: (i) the national government is not empowered to exercise any of the powers reserved by the provinces, which have not been delegated to the federal authorities; and (ii) the provinces are not empowered to exercise the powers delegated by them to the federal government. In this sense, they cannot enact laws dealing with commerce, inland or foreign navigation, establish provincial customs, coin money, establish banks with power to issue money without the prior authorization from the National Congress, enact civil, commercial, criminal or mining codes, enact special laws regarding citizenship and naturalization, or any other power expressly or implicitly delegated to the national government. As a result, the provinces may enact their own specific provisions, but only with respect to issues concerning their reserved or concurrent powers.

Finally, please note that Argentina is a civil law country, meaning that its courts rely on laws, mostly compiled in codes, rather than on precedent established in prior judicial decisions.

2. GENERAL INTRODUCTION TO THE ARGENTINEAN MINING REGIME

Mining regulations in Argentina are mainly established under the AMC, although

regulation in such regard may also be found in local laws and certain special federal laws, such as the Mining Investment Law 24,196, as amended by Law 25,161.

Specifically, the AMC governs the rights, obligations and procedures referring to the exploration, exploitation and use of mineral substances. These regulations create the legal framework that governs the relationship between the State and miner (through an exploration permit or a mining concession); and between the miner and third parties.

In general terms, mining properties are governed by the same principles of common ownership. However, and although they have the nature of a real estate property, mining properties form a different property from the land in which they are located.

Any individual or legal entity with capacity to legally purchase and own a real estate property may purchase and own a mine. The ownership of a mine is acquired through a legal concession granted for unlimited time and subject to the compliance of certain maintenance conditions (mainly related to the payment of mining fees and the implementation of an investment plan). In this sense, it can be said that the mining property is always in jeopardy of being revoked by failure in the fulfillment of these conditions.

The provinces are -according to our National Constitution- the original owners of the natural resources existing within their territories, but they are not allowed to exploit such resources directly. Therefore, the provinces have to grant to those individuals / legal entities interested in mining exploration and exploitation, the so called right of "mining property" by means of a legal concession¹¹.

Taking into account the rights acknowledged by the AMC, mines are divided into three (3) different categories:

- 1st. Mines which surface land is an accessory and belong exclusively to the State¹² and which may only be tapped or exploited under a legal concession granted by the relevant provincial authority. Mines of the first category include: (i) The following metal substances: gold, silver, platinum, mercury, copper, iron, lead, tin, zinc, nickel, cobalt, manganese, aluminium, lithium and potassium, among others; (ii) Fuels such as: coal, brown coal and solid hydrocarbons; (iii) Arsenic, quartz, feldspar, mica, pear spar, limestone, bearing phosphates, sulphur and borates; (iv) Precious stones; and (v) Endogenous steam.
- 2nd. Mines which, based on their importance are preferentially licensed to the surface landowner; and mines which, as a result of the conditions of deposits, are used on a shared basis. Mines of the second category include: (i) Metallic sand and precious stones which are found in the river beds, flowing waters and diggings; (ii) Burrows and tailing of former mining works, provided such borrows and tailings remain unprotected, as well as burrows and tailings of abandoned or open-pit mining facilities, provided they are not recovered by their owner; (iii) saltpetre, salt and peat; (iv) Any such metal which is not included in the first category; and (v) Different types of mineral earths.
- 3rd. Mines which belong solely to the surface landowner and which cannot be exploited by anybody without the owner's consent; except in case of public benefit or good. Mines of the third category comprise deposits of mineral stone and materials, which are used for construction and ornamentation.

¹¹ Please note that the original public domain pre-exists the mining property granted, coexists during the concession and subsists, still remains and continues even after the concession becomes void.

¹² According to the territory where mines are located, they are a national or provincial private property.

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From a different standpoint the categories of mineral substances foreseen by the AMC can be summarised as follows:

- Those that belong to the States and not to the surface landowner (i.e. mines corresponding to the first and second categories); and
- Those that belong to the owner of the surface land in which they are located.

Please note that Lithium and borates deposits are considered substances of the first category.

3. MINING RIGHTS. GRANTING PROCESS

Find next a brief review of the main provisions that rule the granting and existence of mining rights of the first and second category of minerals, in accordance with the AMC.

Do note that all these provisions shall be complemented with the local procedural rules and the administrative case law of the mining granting authority.

3.1. EXPLORATION PERMITS

Any individual or legal entity may apply for an exclusive permit to explore a certain area during the time and to the extent provided by the AMC. The exploration permit is granted on an exclusive basis and is opposable to any individual or legal entity.

During the life term of an exploration permit, its holder have the exclusive right to apply for and obtain the granting of one or more mining exploitation concessions within the areas covered by such.

Any discovery by a third party without the explorer's prior consent within the area of the permit, shall belong to the explorer from the date of submission of the permit's application. Such provision reinforces the priority rights that an exploration permit grants, notwithstanding the fact, that the holder of the exploration permit may waive its priority in the area in favor of a third party discoverer.

3.2. EXPLOITATION CONCESSION ("MINA")

Mines are acquired by means of a legal concession granted by the relevant mining authority under the provisions of the AMC. Mining exploitation concessions are granted on: (i) mine discoveries; and (ii) vacant mines on account of expired licenses.

(a) Statement of Discovery

To obtain a mining concession, the discoverer must submit a written application to the mining authority (a Statement of Discovery), enclosing a sample of the mineral and stating, among other things: (i) the name, status and address of the discoverer (and associated discoverers, if any); (ii) the name to be given to the mine; (iii) the site of the discovery; (iv) the name and type of mineral of adjacent mines; and (v) who the owner of the surface land is.

The discoverer must also indicate an area not exceeding twice the maximum possible extension of an exploitation concession, within which the exploration works shall be conducted and mining "Claims" ("*Pertenencias*") shall be confined to. This area shall include the discovery site and will remain unavailable until the survey is duly approved and authorized. When filing the application, it is customary to make reference to the exploration permit within

which such discovery is encompassed, so that any overlap with existing rights is already anticipated.

The Notary of Mines shall indicate in each of the copies of the application, the day and time of application. Furthermore, the Notary of Mines shall certify if there is any other petition or record in relation to the same area or deposit and, if applicable, the applicant shall be duly notified. One of the counterparts of the application shall be returned to the discoverer, and the other one shall be kept by the Notary of Mines for the administrative mining file.

Then, the application shall be chronologically and consecutively numbered and the mining cadastral register authorities shall immediately consider such application in order to determine whether it refers or not to a free area¹³. Then, the Notary of Mines shall issue a discovery report based on the information provided by the Mining Cadastral Registry. With this report, the Mining Authority -if applicable- will order the registration of the discovery and the publication legal notices.

(b) Survey and demarcation

Any area of land within which boundaries the holder of a mining concession is allowed to conduct exploration works is called a claim ("*Claim*").

Each Claim of disseminated deposits of first category's minerals, where the mineralization is evenly distributed and allows large-scale exploitation by non-selective methods, will be of one hundred (100) hectares.

By virtue of a petition in writing duly submitted by the interested party, Claims shall be surveyed and demarcated. Both, the request of survey filed in writing by the applicant, and the Mining Authority's resolution in such regard must be published in the Official Gazette and notified to the owners of adjacent mines, if known. If no opposition is filed, or finally settled those which have been filed, the Mining Authority shall order the survey.

Once the survey and demarcation has been performed, the Mining Authority shall order the registration of the Claims before the relevant registry, and a copy evidencing such registration shall be provided to the applicant as a definitive title of ownership.

Within twenty (20) days following the survey, the applicant shall place milestones in the boundaries of his/her Claims, provided that non-compliance with the foregoing would result in the imposition of a fine.

After the completion of this proceeding, the holder of the exploitation concession owns all the in-place deposits within the boundaries of such Claim, no matter the mineral substance therein contained. That notwithstanding, the concessionaire shall, for record purposes, be obliged to report to the Mining Authority the finding of any substance different from the ones listed in the record and registration of his/her mine and, as the case may be, reflect any consequent effect on the royalty and the investment of capital.

(c) Concession Conditions

¹³ If the area is not fully free, the applicant shall inform, within fifteen (15) days, if he/she is interested or not in the remaining free area. In case there is no express pronouncement, the petition shall be rejected.

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The mining property, though perpetual in nature, is subject to the fulfilment of certain specific conditions or obligations known as “*Amparo Minero*”, consistent, basically in: the payment of a mining fee; and the fulfilment of an investment plan.

- (i) *Mining Fee*: The AMC establishes the obligation of the titleholder to pay an annual fee per *Claim*, which is to be periodically fixed as required by National law¹⁴; and foresees that the concession shall terminate ipso facto, due to lack of payment of the annual fee, following two (2) months of expiration date.

The applicable fee for minerals corresponding to the first category is as of 2015 of AR\$ 320 per *Claim* or measurement unit¹⁵. In case of disseminated deposits of first category's minerals (100 Hectares' Claims) will be ten times the regular mining fee (this meaning a fee of AR\$ 3,200 per claim of a lithium disseminated deposit).

The mining fee shall accrue from the date of registration of the statement of discovery, provided that such fee shall be paid in advance and in equal parts in two (2) semesters, which shall expire on December 31st and June 30th every year, and any fraction of a period of six (6) months shall be considered as a full period of six (6) months¹⁶.

Section 224 of the AMC also states that discoverers shall be exempted, for a three (3) year period, from paying the mining fee in connection with those mining properties that they are awarded.

- (ii) *Investments Plan*: Within one (1) year from the date of request of survey (and despite the fact that the mining property has been surveyed or not), the applicant/concessionaire must submit to the Mining Authority an estimate of the plan and amount of capital investment that it intends to perform in connection with: (i) the execution of mining works; (ii) the construction of camps, buildings, roads and other related works; and (iii) the acquisition of machinery, stations, parts and equipment, indicating its production or treatment capacity.

The investment for a particular mining property cannot be less than three hundred (300) times the annual fee that corresponds to such mining property according to its category and number of Claims provided that such investment shall be fully completed within five (5) years from its filing.

It is also required that an amount not lower than twenty percent (20%) of the estimated aggregate amount is invested in each of the first two (2) years.

Furthermore, within a term of three (3) months following the expiration of each annual period, a sworn statement on the compliance status of the investments must be submitted to the Mining Authority.

(d) Termination of the Concession

¹⁴ Section 213 of the AMC.

¹⁵ Prior to the come into force of Law 27,111 in February 2015, the canon had been fixed for approximately 20 years in AR\$ 80 per Claim.

¹⁶ Section 216 of the AMC.

Although the concessionaire has full proprietorship right on the granted mining property, at any time thereafter the mining concession may be terminated by the State upon the occurrence of any of the legal causes set forth in the AMC.

In this regard, the AMC provides that the mining concession shall be terminated upon the following events: (i) Failure to pay the mining fee; (ii) Failure to comply with the investments plan; and (iii) Inactivity of the mine¹⁷.

Please note that these items do not have all the same origin and effect. In this regard, compliance with the obligations under (i) and (ii) are the two essential commitments that a mining concessionaire has to comply with in accordance with the AMC's structure of rights and obligations. These two obligations are considered by the AMC as the "*Amparo Minero*" conditions (old Spanish word related to the mining work). Non compliance with such provides for the termination of the concession by the Mining Authority.

Regarding (i), Section 216 of the AMC sets forth that the concession terminates if failure to comply with the annual payment of the mining fee is not cured within two (2) months of the due date. The Mining Authority shall notify the concessionaire of such situation.

In connection with (ii), Sections 217 and 218 of the AMC refer to this matter. As stated above, the concessionaire is requested to file with the Mining Authority an investment plan for the mine. Purpose of such is to evidence the investment intentions on the mine, and such investment plan shall have to be approved by the Mining Authority and monitored for its compliance. The concession can therefore, be in general terms cancelled or become void (declared "*caduca*") if no plan is filed or if such is not complied with. The AMC provides the concessionaire with the right to cure the referred non-compliances.

Regarding concessionaire's right to cure non-compliances related to the investment plan, the AMC provides, under Section 218, for different curing periods, depending on the type of non compliance:

- There is a period of thirty (30) days to be counted as of the notice provided by the Mining Authority which applies when (a) the estimated investments do not fulfil the purpose indicated by the concessionaire; (b) the investments are below the parameters set forth by the AMC; (c) no presentation of estimated investments is made and (d) no sworn statements related to (c) are made.
- With respect to the second category of curing rights, there is a period of fifteen (15) days to be counted as of notice provided by the Mining Authority, which applies when: (a) the statements made regarding the investment plan are false or untrue; (b) the estimated and stated investments are not made; (c) amendments reducing the investments are made by the concessionaire without prior notice to the authority; (d) certain assets are removed from the concession and thereby the investments already stated are reduced or negatively affected in this way.

Please note that in this second category a proceeding is initiated since the

¹⁷ Section 225 of the AMC sets forth certain parameters to avoid inactivity in a mine. In this sense, a mine is to be considered inactive when there are no regular works of exploration or production for more than four (4) years. If such a term elapses then the authority can demand the filing of a reactivation plan.

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grounds that trigger this situation are always of a factual nature.

With regards to (iii), according to Section 225 of the AMC, when a mining property has been inactive for more than four (4) years, the Mining Authority may require the submission of a Plan for Activation or Reactivation within six (6) months, under penalty of declaring the concession expired. Once the Reactivation Plan has been filed, the concessionaire must comply with each of its stages within the period specified therein. The whole plan shall be completed in five (5) years, under penalty of revocation of the mining right.

In Addition to the above-referred situations of mining concession's termination, a reference should also be made regarding: (i) abandonment and (ii) lack of payment of royalties. With reference to (i), Section 226 of the AMC sets forth that if the concessionaire elects to legally abandon the mine, the concession shall be cancelled (declared *caduca*) and thereafter granted to a third party only once the Mining Authority approves the abandonment, provided that in the meantime the concessionaire will remain as the responsible party for the mine.

Finally, and in connection with (ii), please note that no specific provision exists regarding the cancellation (*caducidad*) of the concession due to lack of payment of the provincial royalties. The only consequences of such situation would relate to the payment of fines and penalties. However, due to the application of public law (fiscal foreclosures) principles, the Province could seize the mine or file for an attachment on such due to the lack of payment of the royalties. In any event, due notice has to be provided to the concessionaire.

Compliance with these obligations is essential for the maintenance of the mining concession right; however, it is important to note that mining authorities have not had a restrictive criterion in the application and enforcement of this provision, though we note that this trend is currently changing.

(e) Vacant Mine

According to Section 219 of the AMC, when a mining concession is cancelled, the mining rights return to the State and the mine is declared and registered as vacant. Once a mining property is registered as vacant, any third party may apply for its concession¹⁸. If the former concession has been cancelled for failure in paying the mining fee, the applicant shall pay any amounts due, when submitting the application form. If such payment is not evidenced, the application will be rejected. The new concessionaire will step in the position of the former concessionaire, and will continue the procedure of the mining file according to its status. The new concessionaire will have a one-year-term to comply or complete, as applicable, the obligations referred to the committed investment plan.

4. GRANTING AUTHORITY

Depending on the regulation of each Province, the relevant mining authority of each jurisdiction may either be a Mining Direction ("*Dirección de Minería*") or a Mining Court ("*Juzgado de Minas*"). The Mining Direction is a body of the provincial executive branch, and its main authority is generally vested on the Mining Director. The Mining Court belongs to the provincial judiciary organization, and its authority is vested on the Judge of Mines.

¹⁸ The former concessionaire will not be entitled to request the concession of the vacant mine within one year following its registration as vacant mine.

In the Province of Salta, the granting authority and mining authority is of judicial nature and vested in the Judge of Mines depending on the provincial judiciary power.

5. MINING INVESTMENTS LAW REGIME

As of 1992 the Argentinean Government decided to promote investments in the mining sector. In this sense, Law 24,196 (as amended), which is commonly referred to as the “Mining Investments Law” provides for important tax benefits and has proven to be very relevant and useful for developing mining projects, specially large scale ones.

We briefly describe hereinbelow some of the main features and/or benefits of the law:

5.1. TAX STABILITY

This means that companies covered by these regulations may not have their overall tax obligations, as determined at the time of presentation, affected by reason of tax modifications, regardless of their denomination and whether they have been made at a national, provincial or municipal level (provided Provinces and Municipalities have adhered to this law). The Province of Salta as most of the provinces has adhered to this law (Salta’s provincial Law 6712 and Santiago del Estero Provincial Law 6062).

Exchange and customs duties regulations are likewise included in the law (except for exchange rate, reimbursements and refunding of taxes as a result of exports which are governed by different specific laws).

The value added tax has been excluded from tax stability.

Stability shall be in force over a thirty (30) year period, as from the date of filing of the feasibility report. Any alteration to the tax stability benefit shall entitle the damaged registered persons/entities to file claims before the national and provincial authorities (as applicable), such persons having the right to request co-participation funds to be withheld in such amount as it would be necessary to return all overpaid amounts to the damaged party .

The National Mining Secretary shall issue a certificate stating all national, provincial and municipal taxes, contributions and rates applicable to the project as are in force at the time of filing of the feasibility report. Such information shall also be forwarded to the respective tax authorities.

There are specific provisions regarding income tax treatment in terms of benefits for the registered companies under this regime.

5.2. ROYALTIES

Provinces who adhere to these regulations may not charge royalties over 3% on the pithead value (*valor “boca mina”*) of the mineral obtained. As stated below most of the provinces have adhered to this law and, therefore, they would not be entitled to receive royalties in an amount over 3% of the pithead value. In addition, the provinces have their particular royalties regulation and can set specific rules within the referred to percentage.

5.3. ENVIRONMENT

For environmental protection purposes within the context of mineral exploitation activities a fund provided by the companies has been foreseen specifically

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therefore. Accordingly up to 5% of the extraction operating costs and profits may be deducted from the income tax payment, the unused amounts to be re-entered in the income tax balance at the end of the productive cycle.

6. MINING ENVIRONMENTAL REGIME

Protection of the environment and preservation of natural and cultural heritage within the scope of mining activity are subject: (i) to the specific regulations of the AMC –as amended by National Law 24,585 of Environmental Protection for Mining Activity–; (ii) to those federal laws and regulations enacted with general character by the National Government; and also (iii) to all relevant provincial law and/or regulation in force in the jurisdictions where the mining properties are located.

As for mining activity specifically, National Law 24,585 provides that prior to the commencement of any activity comprehended within the scope of the Complementary Title of the Environmental Protection for Mining Activity of the AMC, an Environmental Impact Report (“EIR”)¹⁹ shall be submitted to the Enforcement Authority that, as set forth under such legislation, is the authority that each Province determines within the scope of its jurisdiction. The filed EIR, should then be assessed with a technical, scientific and legal-administrative process of analysis and valuation, through which its components, doubts and omissions should be identified, related and ranked, in accordance with policies, judgments and parameters assumed by the Enforcement Authority²⁰.

Once assessment of the EIR has concluded, the Enforcement Authority shall issue the Environmental Impact Statement (“EIS”) which is the final document of the assessment, containing the terms under which the activity shall be performed in connection with the environment, the community and the authority.

The Enforcement Authority shall have a sixty (60) business day's term counted as of the date of the filing of the EIR to expressly pronounce for the approval or rejection of the EIR. Within this term, upon grounded decision, the Enforcement Authority can also request the responsible party to complete the EIR if its content is deemed insufficient.

The EIS shall be updated every two (2) years –maximum– through the filing of a new report containing the results of executed environmental actions, as well as the new facts that have been generated.

National Law 24,585 also makes all persons performing mining activities²¹ liable, of every environmental damage caused due to the unfulfillment of its regulations, whether the damage is caused directly or by his/her employees, or by contractors or subcontractors, or if caused by risk or defect associated to a thing in itself. The owner of a mining right is jointly liable in the same cases for the damage caused by persons authorized by him/her for the exercise of such right. Moreover, and notwithstanding administrative and criminal sanctions that may correspond, anyone causing present or residual damage to the environmental heritage, shall be obliged to mitigate, rehabilitate, restore or recompose it, as may correspond.

7. OTHER REGULATORY REGIMES THAT IMPACT MINING ACTIVITIES

¹⁹ The content of the EIR is expressly specified within the AMC.

²⁰ These provisions also need to be complemented with the relevant provincial regulations.

²¹ This includes: (i) prospection, exploration, exploitation, development, preparation, extraction and storage of mineral substances; (ii) processes of grinding, milling, benefit, pelletization, sintering, briquetting, primary working, calcination, melting, refining, serrating, carving, polishing; and others that may arise from new technologies; and (iii) disposal of wastes of any nature.

As a very preliminary comment we may finally highlight the following two regimes to keep also in mind:

- **Border Zone restrictions**: There is a regulation that affects and restricts the ownership and acquisition of properties in border zone or areas (this is geographically defined) by foreigners or foreign companies. However, there is an exceptional regime for mining activities that excludes the application of this regime to mining rights.
- **Rural Lands**: This piece of legislation enacted by the end of 2011 restricts the ownership and transfer of rural lands by foreigners and foreign companies. A system of quotas in each province and municipalities has been created in order to control and limit the access of foreigners to the ownership of land in the country.



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May 2016

PROSPECTUS

INDUSTRY REPORT

TITLES REPORTS

GEOLOGISTS REPORTS

APPLICATION FORM

Section 12

Independent Expert Report – Australia



17 May 2016

The Directors
Lithium Power International Ltd
L7/151 Macquarie St
Sydney NSW, 2000

RE: Independent Expert Report: Western Australian Projects

Dear Sirs,

Please find enclosed a copy of the report commissioned in relation to Lithium Power International Ltd's Western Australian exploration projects.

The objectives of this report are to:

- Provide an overview of the regional and local geology of the broader project areas encompassing LPI's WA mineral exploration projects, encompassing two granted Exploration Licences (E70/4763 & E70/4774) in the Greenbushes area and three Exploration Licence applications (E45/4610, E45/4637 & E45/4638) in the East Pilbara region.
- Provide an opinion on the exploration potential of the project areas.
- Provide a summary of the current and previous exploration undertaken on and around the project areas.
- Outline the exploration strategy and proposed work programmes, giving consideration to current tenure status.

Geko-Co Pty Ltd understands this report will form part of an Initial Public Offering (IPO) and prospectus document to be lodged with the Australian Securities and Investment Commission (ASIC) for a proposed listing on the Australian Stock Exchange (ASX). The use of the report, or any part of the report, for any other purpose can only be done with the express written consent of Geko-Co Pty Ltd.

The report was authored by the undersigned, Principal Geologist Mr Todd Axford. Todd is a member of the AIG (number: 4238) and of the AusIMM (number: 220883).

Sincerely,

A handwritten signature in blue ink, appearing to read 'T. Axford', is positioned above the printed name and title of the signatory.

Todd Wayne Axford
Principal Geologist and Director

Geko-Co Pty Ltd PO Box 1012, Caringbah, NSW, 1495

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1 EXECUTIVE SUMMARY

1.1 PURPOSE OF REPORT

Lithium Power International Ltd (LPI) has acquired mineral exploration projects in Western Australia for the purpose of exploration for Lithium bearing rare element pegmatites.

Geko-Co Pty Ltd (Geko) has provided an Independent Expert Report (IER) for LPI. This report represents a Competent Persons (CP) report and independent assessment of the geology, exploration data and exploration potential of those assets located in Western Australia (WA).

Geko understands this report will form part of an Initial Public Offering (IPO) and prospectus document to be lodged with the Australian Securities and Investment Commission (ASIC) for a proposed listing on the Australian Stock Exchange (ASX).

1.2 EXPLORATION STRATEGY AND PROPOSED WORK PLANS

A total of \$1.325 million has been allocated by LPI for exploration of the WA projects. The budget covers work in the first two years for granted tenements in the Greenbushes Area as well as preliminary work on the yet to be granted tenements of the Pilbara area. The budget has been divided as follows:

Balingup/Brockman Highway¹ \$1,065 K

Pilgangoora-Houston Creek² \$86.5 K

Tabba Tabba² \$86.5 K

Strelley² \$86.5 K

The strategy and budgets are considered reasonable.

Footnotes: 1. tenure status is granted, 2. tenure status is secured under application.

2 INTRODUCTION

2.1 TERMS OF REFERENCE

Geko has prepared an IER describing LPI's projects located in WA. The projects are exploration targets at early stages of development. The most advanced are the Balingup Project where previous exploration has defined a lithium geochemical anomaly covering 4km x 1.5km, and the Pilgangoora-Houston Creek Project where LPI has completed an airborne magnetics survey identifying prospective geology.

2.2 PURPOSE

This report represents a Competent Person's report and independent assessment of the exploration potential of LPI's WA mineral assets.

The objectives of this report are to:

- Provide an overview of the regional and local geology of the broader project areas encompassing LPI's WA mineral exploration projects, encompassing two granted Exploration Licences (E70/4763 & E70/4774) in the Greenbushes area and three Exploration Licence applications (E45/4610, E45/4637 & E45/4638) in the East Pilbara region.
- Provide an opinion on the exploration potential of the project areas.
- Provide a summary of the current and previous exploration undertaken on and around the project areas.
- Outline the exploration strategy and proposed work programmes, giving consideration to current tenure status.

2.3 EXPLORATION ASSETS

LPI has mineral exploration assets in the form of Exploration Licences and Exploration Licence applications located in WA (Figure 1). These assets are located in two parts of WA traditionally prospective for rare metal bearing pegmatites; the Greenbushes area and the East Pilbara region.

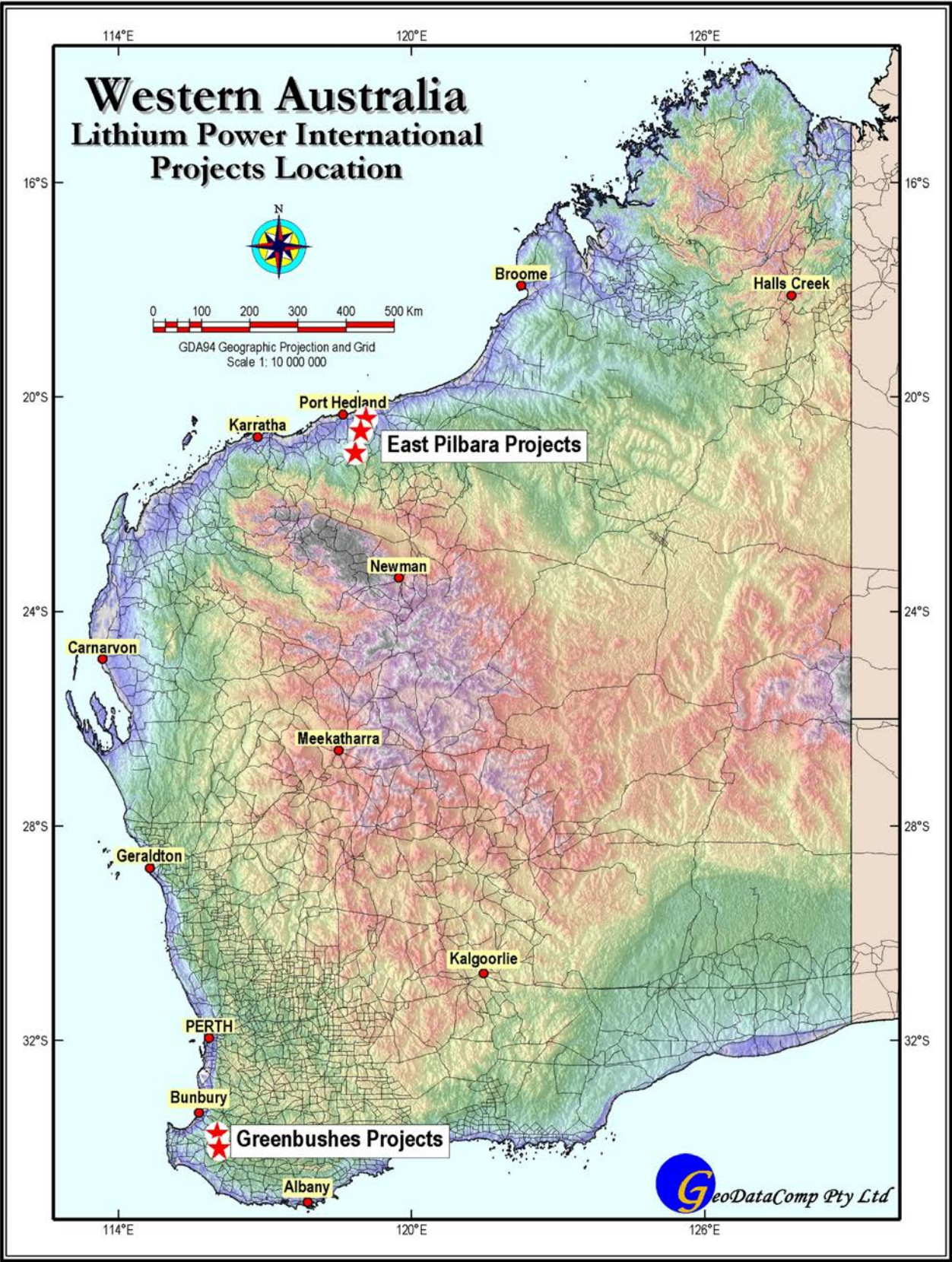


Figure 1: Project Locations

A list of the tenements currently held or secured under application is provided in Table 1. The information in Table 1 was provided by LPI's tenement manager McMahon Mining Title Services Pty Ltd.

Table 1: LPI's Western Australian Tenements

Licence No.	Grant date*	Expiry date*	Area (km ²)	Owner	Ownership %	Commodity	Project
E70/4763	18/03/16	17/03/21	315	LPI	100	Lithium	Balingup
E70/4774	22/03/16	21/03/21	83	LPI	100	Lithium	Brockman Hwy
E45/4610	TBA	TBA	75	LPI	100	Lithium	Pilgangoora-H. Ck.
E45/4637	TBA	TBA	64	LPI	100	Lithium	Tabba Tabba
E45/4638	TBA	TBA	64	LPI	100	Lithium	Strelley

*at the time of writing three tenements remain as applications.

2.3.1 Greenbushes area

In the Greenbushes area LPI has two project areas, Balingup located west and north of the Greenbushes Mine area, and Brockman Highway located south of Greenbushes and west of Bridgetown (Figure 2). These project areas are considered to have potential for rare metal pegmatites and to have been poorly tested by past exploration.

2.3.2 East Pilbara area

In the East Pilbara LPI has three project areas, Pilgangoora-Houston Creek located south of Port Headland and north-west of Wodgina, plus Tabba Tabba and Strelley located east of Port Headland (Figure 3). These project areas are considered to have potential for rare metal pegmatites and to have been poorly tested by past exploration.

2.4 LEGAL TENURE

Geko has compiled this report on the basis of tenement information provided by LPI's tenement manager McMahon Mining Title Services Pty Ltd (MMTS). Geko has not independently verified LPI's legal tenure.

Comment on the legal status of the tenements will be included in a legal opinion in the prospectus by Kemp Strang.

2.5 SOURCES OF INFORMATION

This IER is based on information provided by LPI and in discussions with LPI's personnel. Further information was generated via observation when Geko visited the project areas as well as open source information acquired independently by Geko primarily from the Western Australian Department of Mines and Petroleum.

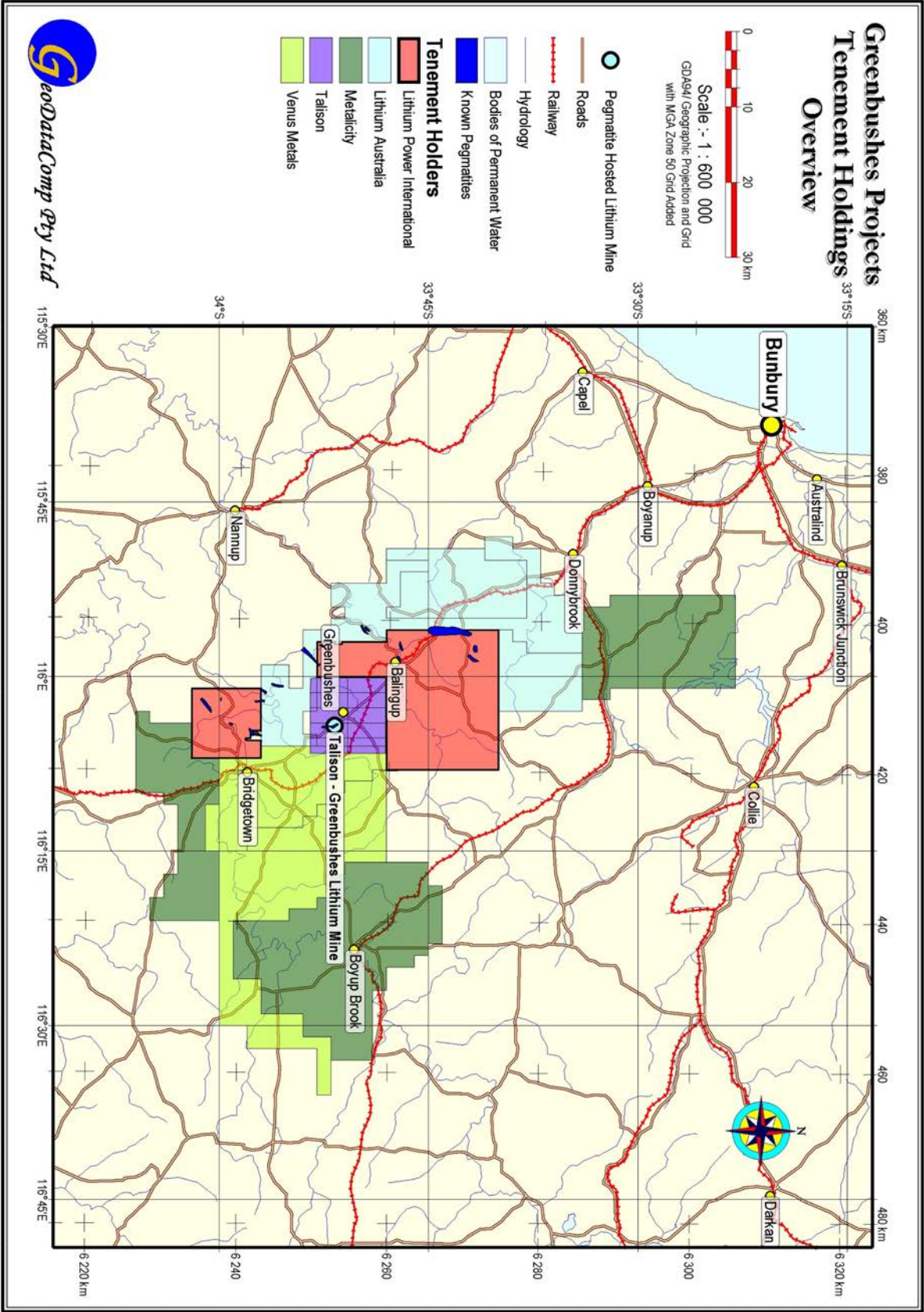


Figure 2: Greenbushes area project locations and known pegmatites

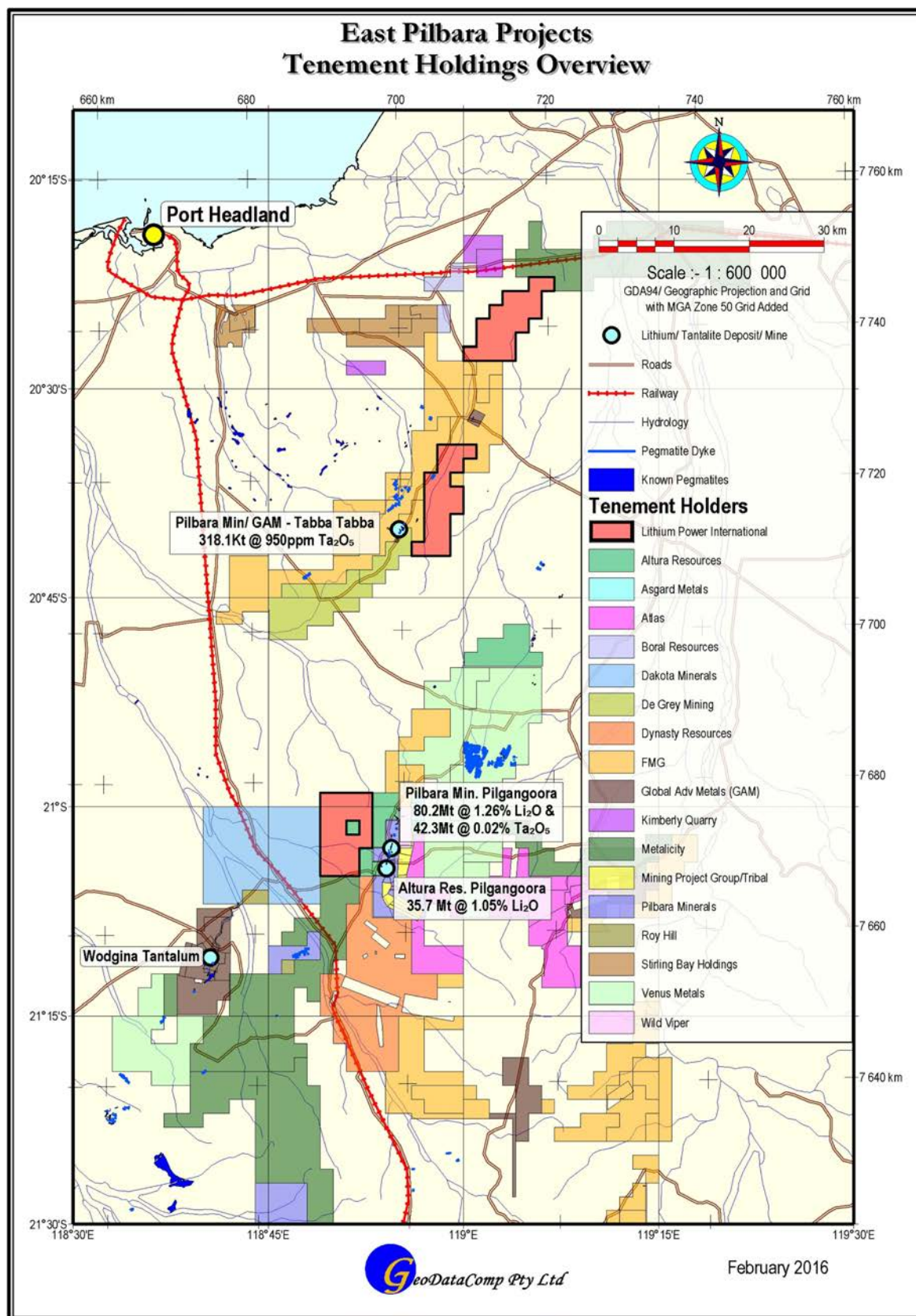


Figure 3: East Pilbara area project locations and known pegmatites

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2.6 QUALIFICATIONS AND EXPERIENCE

This report has been prepared in accordance with the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (VALMIN Code, 2015). The reporting of exploration results has been undertaken in accordance with the Australasian Code for the reporting of Exploration Results, Mineral Resources, and Ore Reserves (the JORC Code, 2012).

The principal author of this report is Mr Todd Axford. Todd is Principal at Geko and a geologist with over 20 years' experience in the mining industry. Todd is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and of the Australian Institute of Geoscientists (AIG). Todd visited LPI's WA tenements in the periods 27/10/2015 to 5/11/2015 (East Pilbara) and 3/12/2015 to 8/12/2015 (Greenbushes area). Todd has the relevant qualifications and experience to be considered a specialist and competent person for the purpose of this report as defined by the VALMIN and JORC codes respectively.

2.7 INDEPENDENCE

Geko is an independent consulting and geological services provider to the minerals industry. Geko's office is located at 38 Gibbs Street, Miranda, NSW, 2228.

Geko or the author hold no interest in LPI and/or associated parties or in any of the properties which are the subject of this report. Fees for the preparation of this report are being charged on commercial terms, which include the reimbursement of costs. Payment of fees is in no way contingent on the conclusions of this report.

Geko was previously engaged by LPI to assist in the formulation of an exploration strategy for rare metal pegmatites in Western Australia. To ensure appropriate peer review and independent specialist assessment of the exploration strategy and associated exploration budgets H&S Consultants Pty Ltd were engaged by LPI to provide a specialist opinion on the strategy and budgets outlined in this IER. A letter from H & S Consultants is included separately in the prospectus.

2.8 RISK AND OPPORTUNITIES

LPI's projects are generally early stage/greenfields in nature. The nature of exploration provides no guarantee of success and there is risk associated with being able to successfully apply the exploration strategy and identify rare metal pegmatite mineralisation of economic significance. LPI intend to manage this risk by systematic assessment of results as programmes progress, with budgets diverted to prospects showing continued potential for exploration success.

Where tenements are yet to be granted, tenure can also be considered as an area of risk. In Geko's experience the process of tenement application and grant in Western Australia is well established and systematic. Western Australia is considered to be a jurisdiction supportive of mineral exploration and extraction, and to hold low levels of sovereign risk. If LPI enter in to standard and appropriate access agreements where required, there is no reason to believe tenure will not progress from application status to grant. In Geko's opinion the greatest risk associated with the current application status relates to potential delays in being able to implement the field exploration programmes on the three

tenements that are yet to be granted. LPI expect those tenements to be granted through mid-2016 (MMTS, 2016); in Geko's view this is a reasonable expectation.

LPI has selected project areas that demonstrate potential to host rare metal pegmatites and intend to take an opportunity to apply techniques, successful in other parts of the world, to the exploration of pegmatites undercover. This represents a significant opportunity for the company.

3 PROJECT LOCATIONS

3.1 GREENBUSHES AREA

The Greenbushes area is located in the South West of Western Australia, and serviced by the South Western Highway running from the port town of Bunbury to Walpole some 182 km to the south. Economically the area is supported by agriculture, forestry and mining as well as tourism.

The area has a mild temperate climate, with lower temperatures and higher rainfall in winter compared to summer, transitioning through autumn and spring. Average monthly day time temperatures range from 14 degrees in winter to 28 degrees in summer. While average monthly rainfall varies from >160mm in winter to <20mm in summer. Influenced by the weather systems of the Southern Ocean, the area can experience extreme changes in weather from one day to the next.

The town of Greenbushes is located adjacent to the Greenbushes rare metal mine, which is exploiting one of the world's premium rare metal deposits. LPI hold two projects within the Greenbushes area, the Balingup Project and the Brockman Highway Project (Figure 2).

3.2 EAST PILBARA REGION

The Pilbara region located in the north of Western Australia is commonly divided as the East, Central and West Pilbara. LPI's projects are located in the western part of the East Pilbara Region, and in relatively close proximity to the town of Port Headland. Economically the region is supported by mining and agriculture (cattle stations), along with a limited amount of tourism.

The area has an extremely continental climate, influenced by large desert areas along with the tropical rainfall systems typical of northern Australia as well as southern weather systems that can bring winter rain. By far the most rain occurs in the summer months in association with tropical systems, including cyclones. December and January are typically the hottest months with day time temperatures regularly exceeding 35 degrees and often exceeding 45 degrees. Coolest months occur in winter, when night time temperatures can drop to single digits. All months demonstrate high diurnal temperature variation.

The East Pilbara is serviced by a reasonably good road network and railway infrastructure associated with iron ore mining.

The region hosts large iron ore deposits and from a rare metals perspective, the Wodgina Mining Centre. Wodgina is one of the world's major rare metal deposits (predominantly tin and tantalum) owned by Global Advanced Metals.

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LPI hold three projects within the East Pilbara region, Pilgangoora-Houston Creek, Tappa Tappa and Strelley (Figure 3).

4 WESTERN AUSTRALIAN MINING ACT (1978)

Geko-Co is not an expert in the Western Australian Mining Act (1978), the following is provided as an overview. LPI's projects are operated under the jurisdiction of the Western Australian Mining Act (1978). Under the Act tenure is granted for five years with the capacity to renew (subject to meeting tenement conditions). Once a tenement application is received and processed by the Department of Mines and Petroleum (DMP) tenure is reserved but not granted. Granting of the tenement may require the applicant to enter into access agreements with existing land users.

5 GEOLOGY AND MINERALISATION

5.1 GREENBUSHES AREA

5.1.1 Regional geology

Geologically the area is part of the Archaean Yilgarn Craton, and on a more local scale is dominated by the Balingup Metamorphic Belt.

The Balingup Metamorphic Belt, bound by the Darling Fault to the west, forms a wedge of ortho and paragneiss, metasediments, and some intrusive mafics and ultramafics extending from Harvey in the north to beyond Nannup and Bridgetown in the south (Figure 4). Migmatite and deformed quartz monzonite is found on the eastern margin, separating the Balingup Metamorphic Belt from the Wheatbelt granite batholith further west (Wilde & Walker, 1982).

The following description of the area is paraphrased from Partington, 1995:

The metamorphic belt is characterized by the tectonically controlled emplacement of masses of orthogneiss into an already deformed layered sequence of paragneiss and metasediments. In general terms, there is a southward decrease in the amount of orthogneiss and a corresponding southward increase in the amount of quartzite, schist and ultramafic rock within the paragneiss.

Two distinct groups of pegmatite have been distinguished: a foliated variety that is extensively developed in the gneissic terrain along the Darling Scarp and late-stage intrusives in the post-tectonic granites in the eastern part of the area. Large, foliated bodies of pegmatite are a characteristic feature of the southern part of the Balingup Metamorphic Belt. Dykes up to 50 m wide are common and can be traced for up to 10 km. They consist of quartz, microcline, albite, and muscovite, with local concentrations of tourmaline, beryl, garnet and other rarer minerals. The rare element bearing pegmatites at Greenbushes are distinctive in containing much more albite than microcline and in being weathered to depths of 30 to 50 m. All these pegmatites are subparallel to the regional foliation and are variously deformed and folded.

The main rock types in the pegmatite district include diorite gneiss, which appears to be basement to Archean greenstone like sequences of fine-grained amphibolite and associated

banded iron formation, ultramafic schist, coarse-grained amphibolite, and felsic massive to banded paragneiss.

The granitoid rocks in the Greenbushes pegmatite district can be subdivided on the basis of field relations and geochronology into an older suite, which predates the pegmatites at Greenbushes, and a younger suite which appears to be synchronous with intrusion of the mineralized pegmatites. The younger granitoids are aligned parallel to the Donnybrook-Bridgetown shear zone and are associated with linear belts of migmatite, and they are believed to form part of the Wheatbelt batholith.

The second generation of pegmatites in the Greenbushes mineral field includes the Late Proterozoic Ferndale and Mullalyup pegmatites, which are only weakly mineralized. These pegmatites were intruded during Proterozoic reactivations along the Donnybrook-Bridgetown shear zone, which was accompanied by amphibolite facies metamorphism.

Four phases of non-coaxial deformation have been recognized in the pegmatite district, resulting from movements along the Donnybrook-Bridgetown shear zone. Fabric and structural analyses suggest that D1 predates pegmatite intrusion, D2 predates but is also synchronous with pegmatite intrusion and crystallization, D3 postdates pegmatite intrusion but predates intrusion of the east-west dolerite dykes that cut the Greenbushes pegmatite, and D4 postdates east-west dolerite dyke intrusion.

A parent granite for the Greenbushes pegmatites has not been identified, with some considering it existing below the modern land surface. Research by Partington (1987) drew the conclusion that the Greenbushes Pegmatites were emplaced in the crustal scale (Donnybrook-Bridgetown) shear zone rather than pushed in with an associated parent granite. Major ductile movements into the root zone of the shear created the opportunity for the magma to rapidly migrate along pressure gradients in the shear. These pegmatites developed circa 2.53 Ga, while the Ferndale Pegmatite Group was emplaced circa 0.7-0.5 Ga (Partington, 1987).

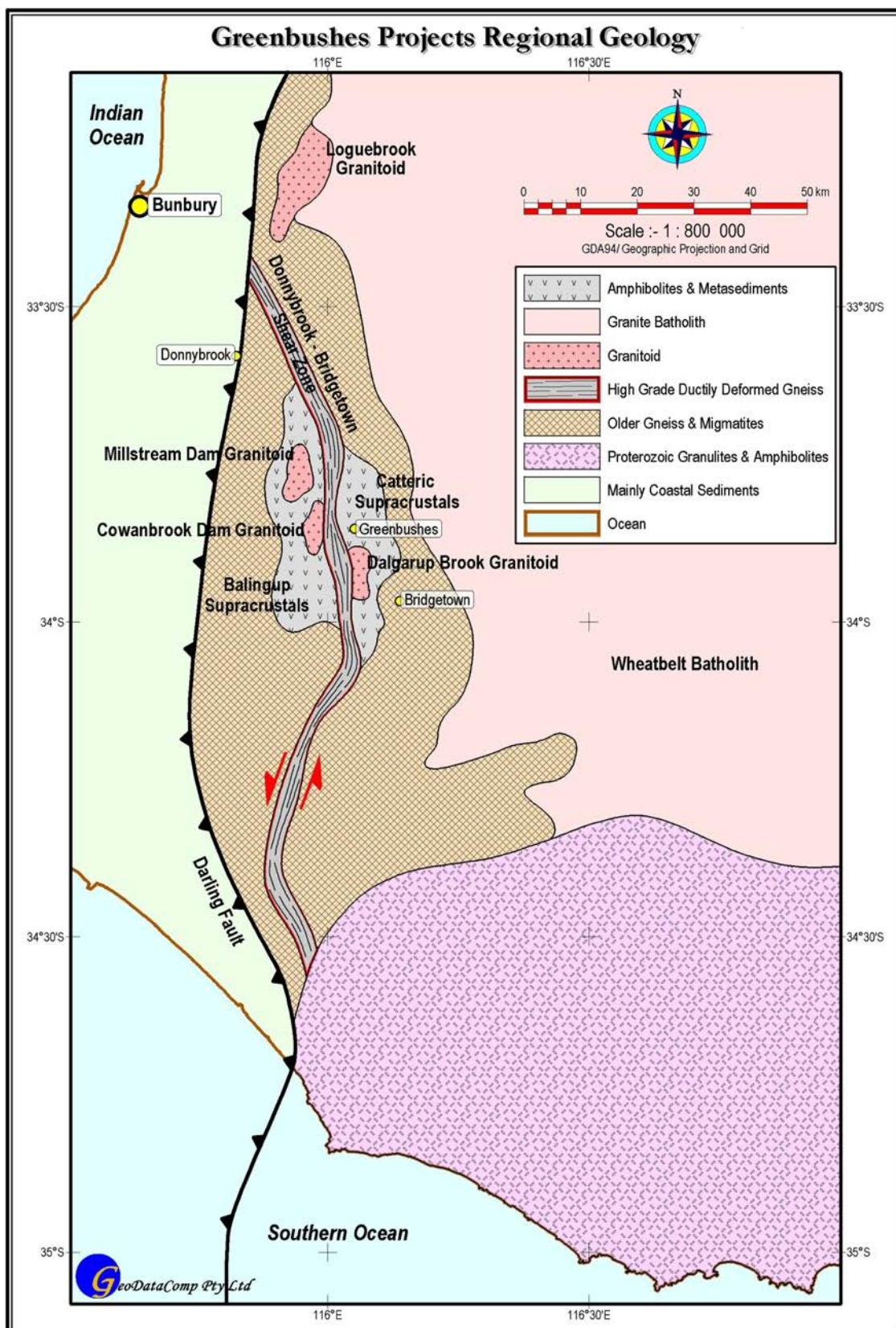


Figure 4: Regional geology of Greenbushes Area (after Partington, 1995)

5.1.2 Economic geology

The rare metal pegmatite mineralisation at Greenbushes is by far the most significant known mineralisation in the region, however bauxite (predominantly to the north), kaolin and talc are also known to occur in the area along with sources of industrial aggregate and dimension stone.

The Greenbushes mine, now operated by Talison Lithium Ltd (Talison), is considered one of the world's premium rare metal mines. The area was first discovered as a resource of alluvial tin in the late 19th Century, subsequently the source of the tin was recognized to be a series of pegmatites, which also contain tantalite and spodumene (lithium). The modern hard rock mine was established in 1983, initially focused on tantalum production, the primary product is now lithium. The Greenbushes Lithium Resource at 30 September 2013 was 119.41 Mt @ 2.42% Li₂O (Perenzin and Green, 2014).

5.1.3 Local geology and mineralisation

5.1.3.1 Greenbushes area mineralisation

Significant mining of rare metal pegmatite mineralisation is limited to the Greenbushes Mine. The most recently published resource indicates the mine has decades of ore supply; in 2013 the lithium resource stood at 119.41 Mt @ 2.42% Li₂O (Perenzin and Green, 2014).

Pegmatites of the Greenbushes group vary from a series of linear dykes, 2-3 km long and 10 to 300 m thick, to small individual pods only a few metres across. The pegmatite bodies are concentrated in sheared boundaries between major sequences of granofels, ultramafic schists, and amphibolites. The pegmatites have been variably impacted by post emplacement deformation (Partington, 1990).

While there are pegmatites mapped outside of the main Greenbushes group, such as the Ferndale and Mullalyup pegmatites there has been no recognition of significant rare metal mineralisation.

5.1.3.2 Geology of Brockman Highway and Balingup

The local GSWA interpreted bedrock geology, shown on Figure 5, shows LPI's project areas to be dominantly granulite, migmatite and metasedimentary gneiss. The map also shows several pegmatites have been recorded on the project areas. The GSWA surface geology mapping shows a large proportion of Tertiary aged cover across the region, approximately 70% of the Balingup Project and 50% of the Brockman Highway Project.

The Donnybrook-Bridgetown Shear extends from the north through the Balingup Project, to the east of the Greenbushes Mine and passes just east of the Brockman Highway tenement. In reviewing available geophysical data LPI have noted signs of a similarly orientated structure extending north-northeast through the Brockman Highway tenement and to the west of the Greenbushes Mine, while the gravity data suggests a feature on LPI's tenement similar to one coincident with the Greenbushes Mine (Figure 6).

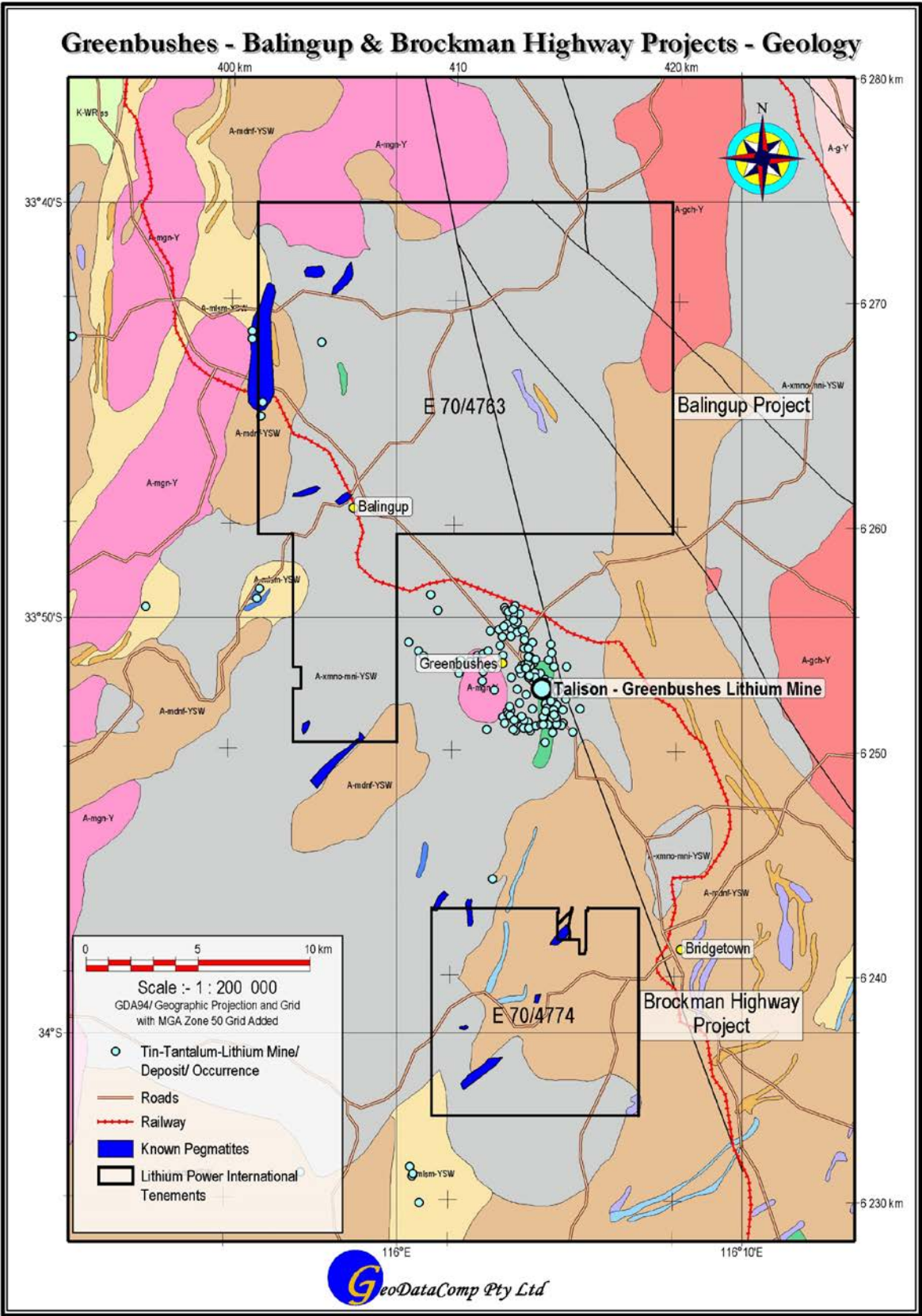


Figure 5: Balingup & Brockman Highway Geology

Greenbushes - Balingup & Brockman Highway Projects Geology Legend








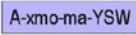






	Fault or shear zone		A-mdnf-YSW	A-mdnf-YSW; South West Terrane greenstones; Quartz-feldspar-biotite gneiss (predominantly metasedimentary in origin; may include orthogneiss)
	A-g-Y		A-mlsm-YSW	A-mlsm-YSW; South West Terrane greenstones; Quartz-mica schist; includes sillimanite, andalusite, kyanite, graphite, and staurolite-bearing varieties
	A-gch-Y		A-xmno-mni-YSW	A-xmno-mni-YSW; South West Terrane greenstones; Granulite and migmatite
	A-gp-Y		A-xmo-ma-YSW	A-xmo-ma-YSW; South West Terrane greenstones; Metagabbro and metaperidotite; includes mafic-ultramafic igneous complexes
	A-ge-gp		A-mwa-YSW	A-mwa-YSW; South West Terrane greenstones; Amphibolite
	A-mgn-Y		K-WR-ss	K-WR-ss; Warnbro Group; Interbedded sandstone, siltstone, and shale; minor conglomerate
	A-mi-YSW		A-mtq-YSW	A-mtq-YSW; South West Terrane greenstones; Quartzite



Figure 5: Balingup & Brockman Highway Geology

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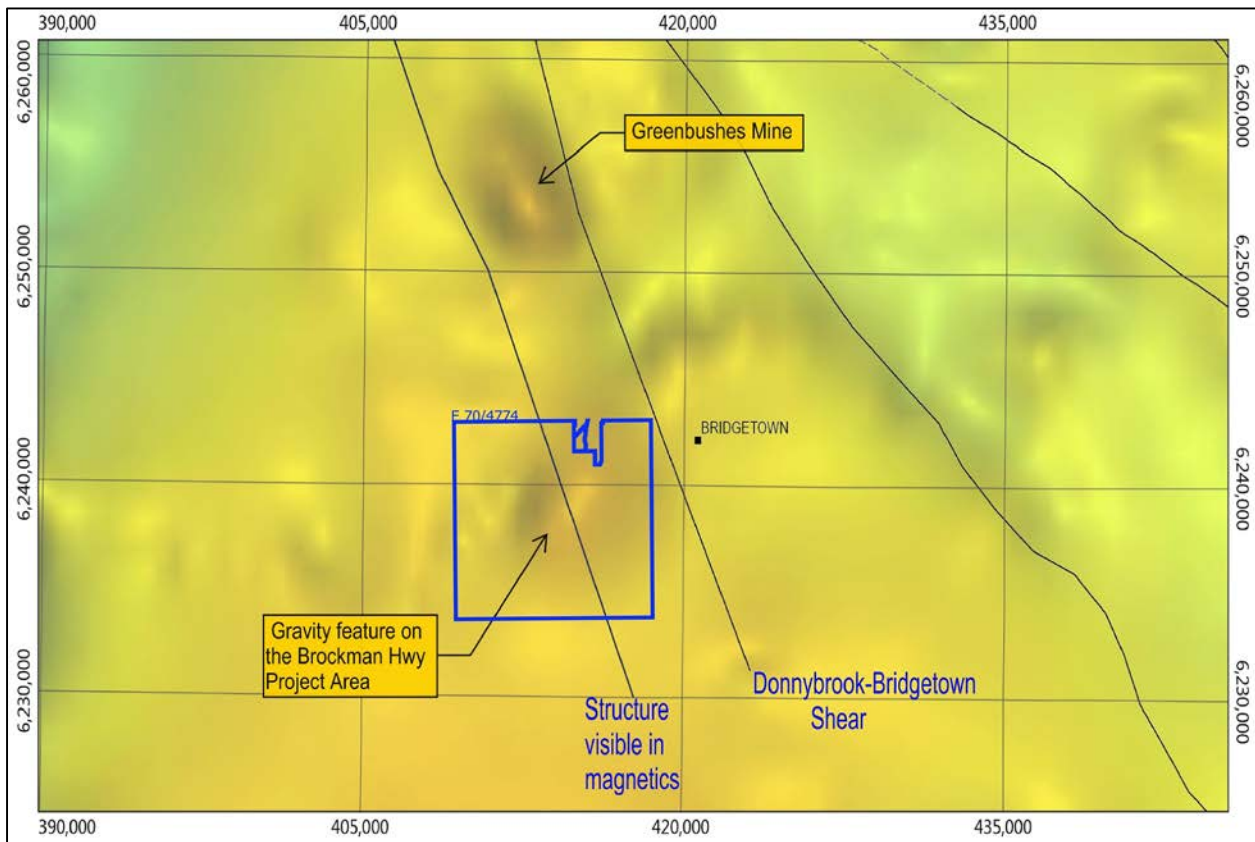


Figure 6: Gravity imagery related to Brockman Highway Project

5.2 EAST PILBARA REGION

5.2.1 Regional geology

LPI's projects are located within the East Pilbara Terrane of the Pilbara Craton (Figure 7). The terrane comprises of deformed and metamorphosed volcanic and sedimentary sequences along with several granitic suites. The volcanic and sedimentary rocks form a set of strongly deformed greenstone belts between very large granitic complexes. Pilgangoora-Houston Creek is located on one such complex, the Carlindi granitoid complex, which comprises the Callina Supersuite (locally Motherin Monzogranite) and the Sisters Supersuite (Hickman, 2010; and Blewett and Champion, 2005). These granitic complexes have been intruded by several suites of dolerite dykes. The Tabba Tabba and Strelley area is located along the Turner River Greenstone Belt (gabbro, ultramafics, sediments and cherts) and Tabba Tabba shear zone. The Turner River Greenstone Belt separates the Pippingarra and Carlindi Granitoid Complexes which are located to the NW and SE respectively.

The rocks forming the greenstone belts are dated, or inferred, in the range 3,520 to 2,930 Ma, with most of the granitic suites emplaced over the same timeframe. Some younger granitoids, such as the Minnamonica Monzogranite, Pooatche Monzogranite, Kimmys Bore Monzogranite and rocks of the Sisters Supersuite, could be considered as a group of younger granitoids being dated/inferred to have been emplaced in the period 2,941 to 2,831 Ma (GSWA).

All of the Archean rocks of the East Pilbara Granite–Greenstone Terrane were overlain by Paleogene to Neogene consolidated sedimentary deposits, and Quaternary unconsolidated alluvium and colluvium. The older consolidated deposits include the Eocene Robe Pisolite, which comprises pisolitic limonite, goethite, and hematite deposits (Hickman, 2010).

5.2.2 Economic geology

The Pilbara region is most well known as an area of iron ore production, in addition to iron ore deposits the East Pilbara has a history of discovery and mining (on various scales) of manganese, industrial minerals, precious metals, base metals, and specialty metals including Niobium, Tin, Tantalum, and Lithium (DMP-MINEDEX).

Rare or specialty metals such as Lithium, Tin and Tantalum are found in pegmatites and as alluvial and eluvial deposits, which have accumulated as a result of the erosion of the primary pegmatite host rocks.

From a specialty metals perspective Tin and Tantalum have historically been the most significant, associated with East Pilbara mining centres including Cooglegong, Moolyella, Pilgangoora, Pinga Creek, Shaw River, Strelley, Tabba Tabba, Wodgina, and Woodstock (Sweetapple, 2000) (Figure 7). The majority of mining activity occurred during or before the 1950's and was of a relatively small scale often focused purely on the alluvial and eluvial accumulations. Primary mineralisation in pegmatites has been mined with modern open pit hard rock methods at Pilgangoora and Wodgina, with plans underway by Pilbara Minerals Ltd to commence mining and commercial production at Tabba Tabba in 2016 (Pilbara Minerals Ltd, 29/10/2015).

Demand for specialty metals has varied over time, which appears to have guided the focus of past explorers and miners. In recent times demand for Lithium has significantly increased, while the value of Tantalum has declined; areas that were previously only explored for Tin and Tantalum potential have been shown to hold significant Lithium mineralisation (refer section 5.2.3.1). The Wodgina mining centre is by far the most significant deposit from a specialty metals mining perspective. The primary products have been Tin and Tantalum with secondary Niobium. Current resources are not published, however Wodgina is recognised as one of the world's largest hard rock tantalum resources (Global Advanced Metals, 2010).

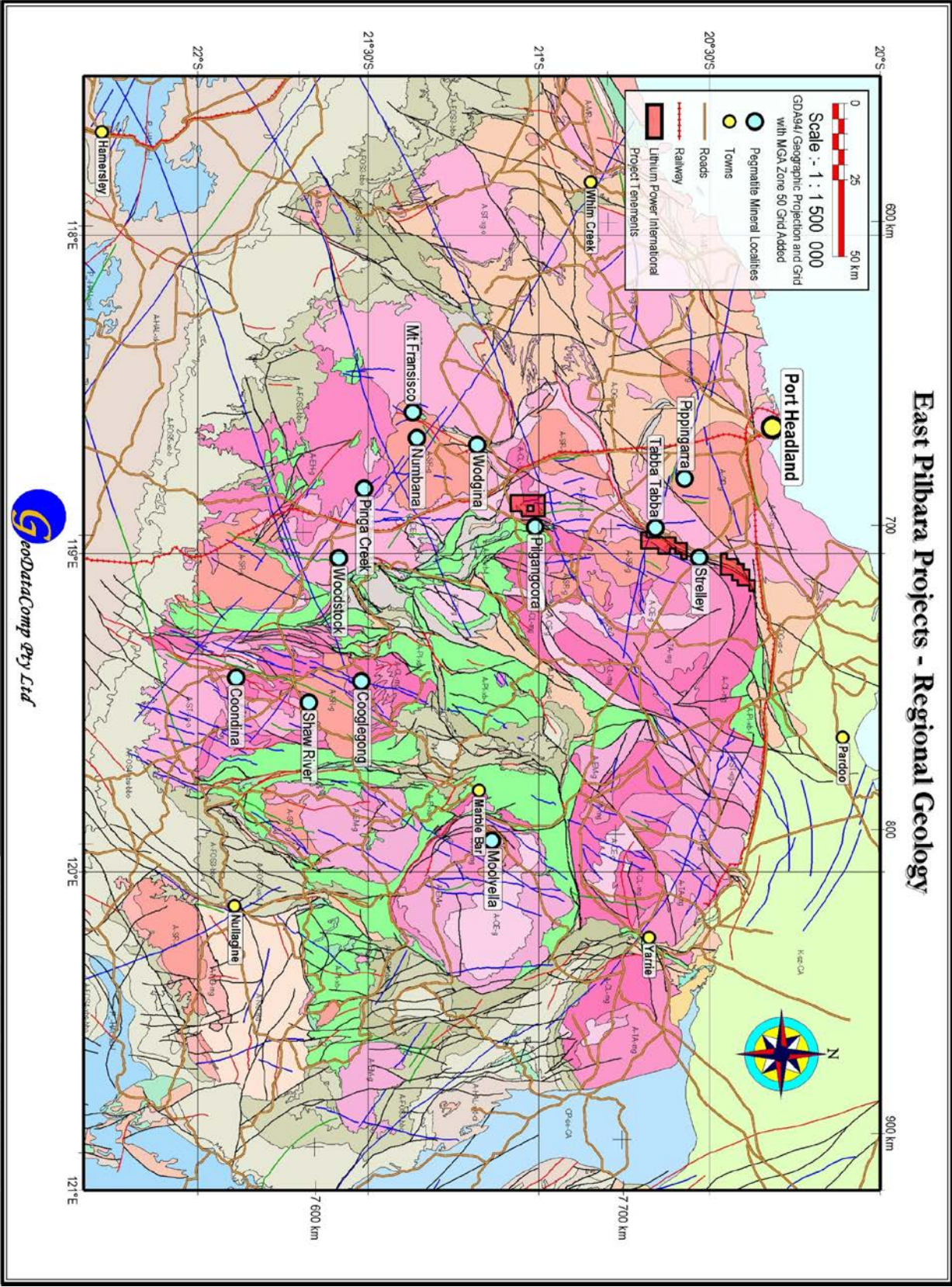


Figure 7: East Pilbara Geology

East Pilbara Projects - Regional Geology Legend

—	Fault or shear zone	P_-HAU-xci-f	Banded iron-formation, chert, mudstone, siltstone, rhyolite, and numerous dolerite sills; metamorphosed
—	Fold axial trace	A-FOS1-xbb-s	Basaltic volcanic and siliciclastic sedimentary rocks; metamorphosed. Includes Bellary Formation and Mount Roe Basalt
—	Dyke, Concealed	A_-ne-gftb	Biotite(–tourmaline)-bearing leucogranite; undeformed
—	Dyke, Exposed	A-HAL-xkt-ci	Carbonate sedimentary rocks, shale, siltstone, chert, and banded iron-formation; metamorphosed
A-CE-g	Monzogranite, granodiorite, and tonalite; local gabbro and dolerite; variably metamorphosed	A-DG-xs-c	Clastic sedimentary rocks, banded iron-formation and chert, and subordinate mafic and felsic volcanic rocks; weakly metamorphosed
A-FOS3-bbo	Pillowed and massive basaltic flows with basaltic breccia, siltstone and mudstone; minor chert; local komatiitic basalt, dacite, and rhyolite; metamorphosed. Includes Kylenea and Boongal Formations	CP-se-CA	Diamictite and other siliciclastic rocks, minor limestone, in part glaciogene
A-mtq-P	Quartzite, including metamorphosed quartz arenite	A-FO-od	Dolerite dyke or sill
K-sz-CA	Sandstone, lesser siltstone and conglomerate	A-ST-xg-o	Granitic and ultramafic to mafic intrusive rocks; metamorphosed
P_-TH-xs-kx	Sandstone, shale, limestone, and dolomite	P_-WK-xo-f	Layered mafic–ultramafic intrusions, massive gabbro, granite, and associated mafic to felsic volcanic rocks
P_-TA-sk	Sandstone, siltstone, mudstone, and stromatolitic and non-stromatolitic dolomite; minor conglomerate	A-PI-xb-f	Mafic and felsic volcanic rocks, with minor sedimentary and intrusive rocks; metamorphosed
P_-MN-s	Sandstone, siltstone, mudstone, conglomerate, chert, and dolostone	A-DA-xo-a	Mafic and ultramafic intrusive rocks; metamorphosed
A-FOS2-xs-f	Sedimentary and felsic volcanic rocks; local intrusive rocks. Includes Hardey Formation	A-DGc-b	Massive and pillowed basalt and komatiitic basalt; local silicified basaltic andesite and hyaloclastic breccia; metamorphosed
A-SO-xs-ca	Siliciclastic sedimentary rocks, iron formation and shale; local volcanic rocks; metamorphosed	A-CL-mg	Metadiorite to metasyenogranite; massive to gneissic
A-FOS5-xs-b	Siliciclastic sedimentary rocks, mafic volcanic rocks and minor felsic volcanic rocks; local carbonate rocks, chert, and dolerite sills. Includes Jeerinah Formation	A-NU-md	Metasedimentary siliciclastic rock; minor metamorphosed mafic igneous rocks
A-EH-g	Tonalite to syenogranite; local greenstone xenoliths; metamorphosed, with minor orthogneiss	A-TA-mg	Metatonalite and metagranodiorite; gneissic to massive; local leucocratic monzogranite
A-MR-g	Tonalite, granodiorite, and monzogranite; K-feldspar phenocrysts in most intrusions; variably foliated; metamorphosed	A-RA-mg	Metatonalite, metagranodiorite, and metamonzogranite; gneissic and with greenstone xenoliths; local ultramafic–mafic intrusive rocks
A-SR-g	Undivided granitic rocks including monzogranite, syenogranite, and pegmatite	A-EM-g	Monzogranite and granodiorite; minor trondhjemite; metamorphosed



Figure 7: East Pilbara Geology

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5.2.3 Local geology and mineralisation

5.2.3.1 Pilgangoora-Houston Creek area mineralisation

The Pilgangoora area is recognised for past Tin, Tantalum and Gold mining. In recent times the area has been reconsidered for Lithium ore potential. Pilbara Minerals acquired access to tenements in the area via a deal with Global Advanced Metals (Pilbara Minerals Ltd, 28/07/2014). In assessing data related to the area Pilbara noted 100 holes had been drilled on their Pilgangoora Project area over three drilling programmes; while all samples were assayed for Tantalum, not all drilling was assayed for Lithium (Pilbara Minerals Ltd, 30/05/2014). Subsequently Pilbara Minerals has completed several drilling programmes and defined a Mineral Resource of 80.2 Mt @ 1.26% Li₂O, inc. 42.3 Mt @ 0.02% Ta₂O₅, (Pilbara Minerals Ltd, 1/02/2016). Altura Mining Ltd have also defined a significant rare metal pegmatite resource of 35.7 Mt at 1.05% Li₂O (Altura Mining Ltd, 11/02/2016) in the Pilgangoora area.

Global Advanced Metals' Wodgina Tantalum mine is located ~ 20 km west-south-west of the Pilgangoora-Houston Creek Project. The area is host to pegmatites rich in tantalum, with niobium extracted as a by-product. Further south of the main deposit, pegmatite composition varies to include Spodumene. In the Wodgina area, Tantalum has been mined from two areas. The Mount Tinstone–Mount Cassiterite area consists of a swarm of albite–spodumene pegmatites (Fetherston 2004), whereas, in the main Wodgina mine area, Tantalum occurs in albite pegmatites that are interpreted to having been derived from the albite–spodumene pegmatites (Sweetapple, 2000).

5.2.3.2 Geology of Pilgangoora-Houston Creek

A mix of greenstones, granites and surface deposits make up the Pilgangoora area. The East Strelley Greenstone Belt forms the dominant topographical feature rising up to the east of the Pilgangoora-Houston Creek Project area. To the west the topography flattens and is dominated by granites of the Carlindi Granitoid Complex and surface cover.

The outcropping greenstones are a mix of predominantly mafic to ultramafic metavolcanics and metaintrusives along with metasediments, which in places have been intruded by highly fractionated pegmatites. To the east of the outcropping GSB, while rafts of greenstones are recognised the dominant geology is granitic.

The Motherin Monzogranite, part of the Callina Supersuite, intruded the greenstones before the intrusion of biotite monzogranite of the Sister Supersuite. The age of the Sisters Supersuite rocks is considered coincident with the time of emplacement of the rare metal pegmatites.

Much of the project area consists of surface cover, meaning the underlying geology has been interpreted. Figure 14, shows the interpretation of the recently acquired high resolution magnetics and radiometrics data (refer section 7.1.2), which indicates the north-west corner of LPI's tenement consists of Sisters Supersuite monzogranites, with the rest of the tenement a mix of remnant greenstones and Motherin monzogranite.

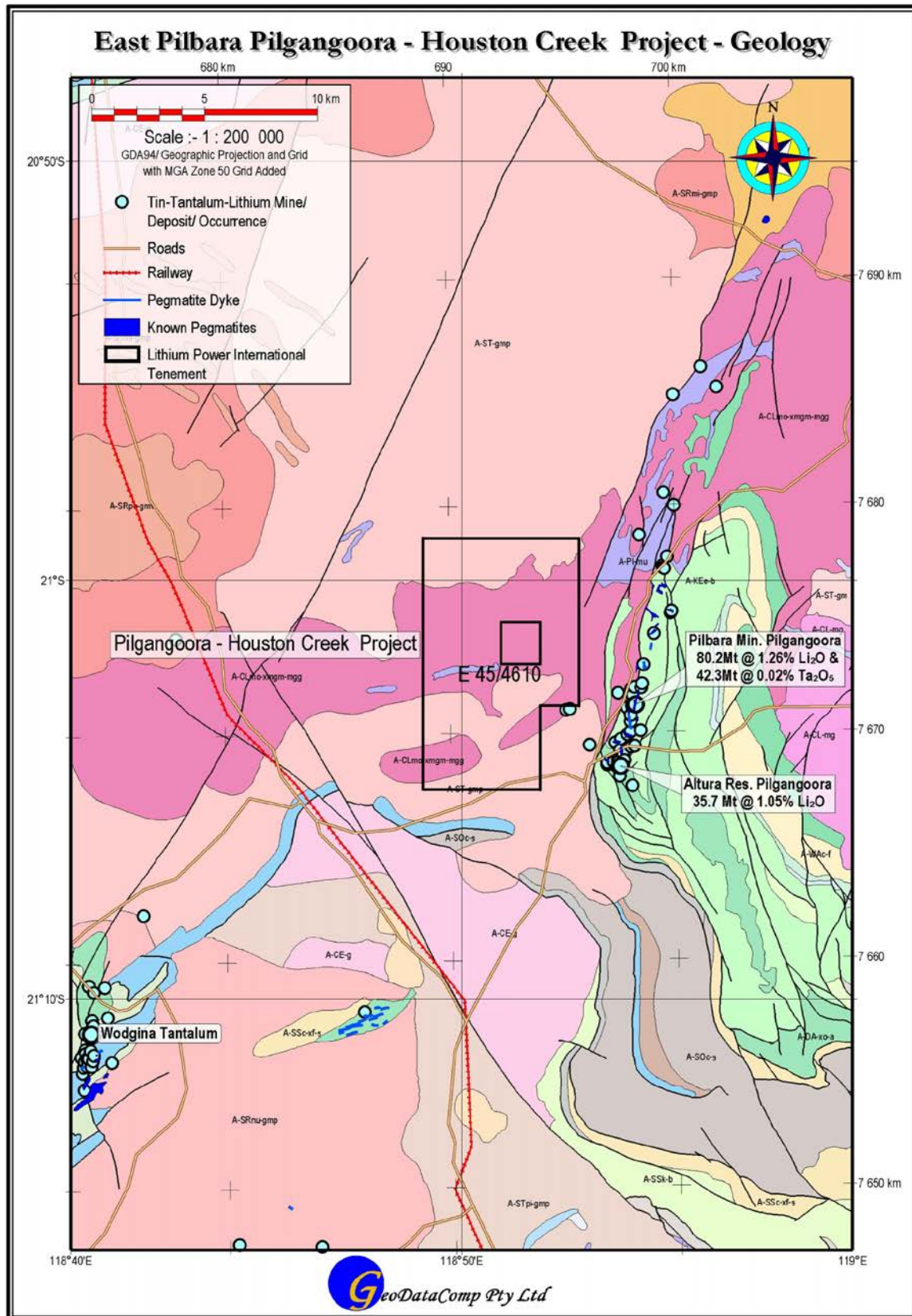


Figure 8: Pilgangoora-Houston Creek Geology

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East Pilbara Pilgangoora - Houston Creek Project - Geology Legend	
—	Fault or shear zone
A-a-P	A-a-P; Pilbara Craton greenstones; Ultramafic intrusive rocks; metamorphosed
A-CDm-s	A-CDm-s; Mallina Formation; Interbedded shale, siltstone, sandstone, and medium- to fine-grained wacke; metamorphosed
A-CE-g	A-CE-g; Cleland Supersuite; Monzogranite, granodiorite, and tonalite; variably metamorphosed; includes granitic orthogneiss
A-CL-mg	A-CL-mg; Callina Supersuite; Metadiorite to metasyenogranite; massive to gneissic
A-CLmo-xmgm-mgg	A-CLmo-xmgm-mgg; Motherin Monzogranite; Interleaved metamonzogranite, metagranodiorite, gneiss, and pegmatite; moderately to strongly foliated; intruded by abundant sheets of massive to weakly foliated muscovite-bearing metamonzogranite and pegmatite
A-DA-xo-a	A-DA-xo-a; Dalton Suite; Mafic and ultramafic intrusive rocks; metamorphosed
A-GCe-ca	A-GCe-ca; Cleaverville Formation; Banded iron-formation, ferruginous chert, sandstone, siltstone and shale; minor grey-white chert and felsic volcanoclastic rock; metamorphosed
A-GCf-stq	A-GCf-stq; Farrel Quartzite; Quartz sandstone and quartzite; locally fuchsite; minor conglomerate and chert; metamorphosed
A-KEe-b	A-KEe-b; Euro Basalt; Basalt, komatiitic basalt, serpentinized peridotite; local dolerite and gabbro sills; minor felsic volcanoclastic rocks and chert; metamorphosed
A-ma-P	A-ma-P; Pilbara Craton greenstones; Metamorphosed ultramafic intrusive rock
A-mty-P	A-mty-P; Pilbara Craton greenstones; Mylonitized metasandstone
A-Pl-ma	A-Pl-ma; Pilbara Supergroup; Metamorphosed ultramafic intrusive rock
A-Pl-mu	A-Pl-mu; Pilbara Supergroup; Metamorphosed ultramafic rock
A-Pls-xs-c	A-Pls-xs-c; Strelley Pool Formation; Silicified carbonate rocks, sandstone, conglomerate, chert, and dolomite; stromatolitic; metamorphosed
A-SOc-s	A-SOc-s; Corboy Formation; Siliciclastic sedimentary rocks; metamorphosed
A-SOh-b	A-SOh-b; Honeyeater Basalt; Massive and pillowed basalt and komatiitic basalt; locally vesicular; metamorphosed
A-SOp-xca-f	A-SOp-xca-f; Paddy Market Formation; Banded iron-formation, chert, siliciclastic sedimentary rocks, and local felsic volcanic rocks; metamorphosed
A-SRgi-gmp	A-SRgi-gmp; Gillam Monzogranite; Weakly feldspar-porphyritic biotite(–muscovite) monzogranite; locally with magnetite phenocrysts; massive to weakly foliated; weakly metamorphosed
A-SRkd-gmv	A-SRkd-gmv; Kadjewarrina Monzogranite; Muscovite–biotite(–garnet) monzogranite; equigranular to weakly porphyritic; massive to layered
A-SRmi-gmp	A-SRmi-gmp; Minnamonica Monzogranite; Quartz and K-feldspar porphyritic muscovite(–biotite) monzogranite; fine to coarse grained; massive to weakly foliated
A-SRnu-gmp	A-SRnu-gmp; Numbana Monzogranite; Medium- to coarse-grained feldspar(–quartz) porphyritic monzogranite; massive to weakly foliated; local flow-aligned feldspar phenocrysts; local garnet-bearing pegmatite and granite dykes
A-SRpo-gmv	A-SRpo-gmv; Poocatche Monzogranite; Muscovite–biotite monzogranite; seriate to porphyritic; massive to weakly foliated; locally abundant pegmatite
A-SSc-xf-s	A-SSc-xf-s; Kangaroo Caves Formation; Felsic and mafic volcanic rocks, and siliciclastic sedimentary rocks; metamorphosed
A-SSk-b	A-SSk-b; Kunagunarra Formation; Basaltic volcanic rocks, with minor komatiite, siliciclastic sedimentary rocks, and chert; metamorphosed
A-SSI-s	A-SSI-s; Leilira Formation; Siliciclastic sedimentary rocks, minor felsic volcanic rocks, and chert; metamorphosed
A-ST-gm	A-ST-gm; Sisters Supersuite; Biotite monzogranite; seriate to K-feldspar porphyritic; fine to medium grained; massive to weakly foliated; local strong flow-alignment; weakly metamorphosed
A-ST-gmp	A-ST-gmp; Sisters Supersuite; Biotite monzogranite with K-feldspar and local quartz phenocrysts; leucocratic; massive to weakly foliated; weakly metamorphosed
A-STmi-xo-a	A-STmi-xo-a; Millindinna Intrusion; Gabbro, pyroxenite, and peridotite; metamorphosed
A-STpi-gmp	A-STpi-gmp; Pincunah Monzogranite; Feldspar(–quartz) porphyritic, (hornblende–)biotite monzogranite; weakly to moderately foliated with characteristic phenocryst alignment; minor pegmatite and leucogranite
A-TAww-mgtn	A-TAww-mgtn; Wilson Well Gneiss; Heterogeneous, migmatitic, tonalitic orthogneiss and schlieric hornblende granodiorite
A-WAc-f	A-WAc-f; Coucal Formation; Felsic volcanic rocks; local felsic volcanic breccia; metamorphosed
A-WAo-b	A-WAo-b; Double Bar Formation; Basalt; massive or pillowed; locally schistose; metamorphosed
A-WAt-mwa	A-WAt-mwa; Table Top Formation; Amphibolite; metamorphosed mafic volcanic and intrusive rocks; locally schistose



Figure 8: Pilgangoora-Houston Creek Geology

5.2.3.3 *Tabba Tabba – Strelley area mineralisation*

The area around LPI's Tabba Tabba and Strelley tenements has historically been a source of alluvial/eluvial Tin and Tantalum. Small scale mining of the host pegmatites has also occurred. In recent times the area has been explored for gold, base metals and iron ore. While encouraging exploration results have been generated resource definition has been limited to a small low grade iron ore resource at Lena north of Strelley (Stone, 2013), and the updating of the Tabba Tabba pegmatite resource (318,000t @ 950ppm Ta₂O₅: Pilbara Minerals Ltd, 19/01/2015).

Pilbara Minerals have commenced site works and mining at Tabba Tabba is expected in 2016 (Pilbara Minerals Ltd, 29/10/2015).

5.2.3.4 *Geology of Tabba Tabba – Strelley*

The Tabba Tabba and Strelley pegmatites are hosted in the Turner River greenstone belt (GSB), a thin GSB that extends in a NE-SW arc for over 100 kms (northern end undercover). The arc extends from a point ~50 km east of Port Headland to a point ~70km SSW of Port Headland. The Tabba Tabba shear zone, a major structure separating the East Pilbara from the Mallina Basin to the west (Central Pilbara), is generally coincident with the GSB (Beintema, 2003). The identified rare metal pegmatites are found in the central to northern part of the GSB. The greenstones are of Archaean age and include metagabbro and metavolcanics assigned to the Warrawoona Group of the Pilbara Supergroup. The GSB is associated with granitoids of the Calina Supersuite (3493-3462Ma) in the north and Cleland Supersuite (3274-3224Ma) in the south, while bracketed by younger granitoids of the Sisters Supersuite (2954-2831Ma).

LPI's Tabba Tabba tenement covers mixed geology including rocks of the Turner River GSB, Callina and Sisters Supersuite granites; and the Kadgawarrina Monzogranite a setting similar to that of the Tabba Tabba and Strelley pegmatites. The greenstones typically stand above the flanking granitoids on the east side of Tabba Tabba Creek.

Moving north to the Strelley tenement the greenstones of the Turner River GSB sink below the current ground surface. The presence is recognised in geophysical data and confirmed in recent drilling by Shaw River Resources. The Tabba Tabba shear continues along the line of the GSB, while the Tabba Tabba Creek turns to the west at the south end of the tenement. With the exception of a small outcrop of purple-blue banded quartz in the south the, tenement is dominated by Tertiary age cover.

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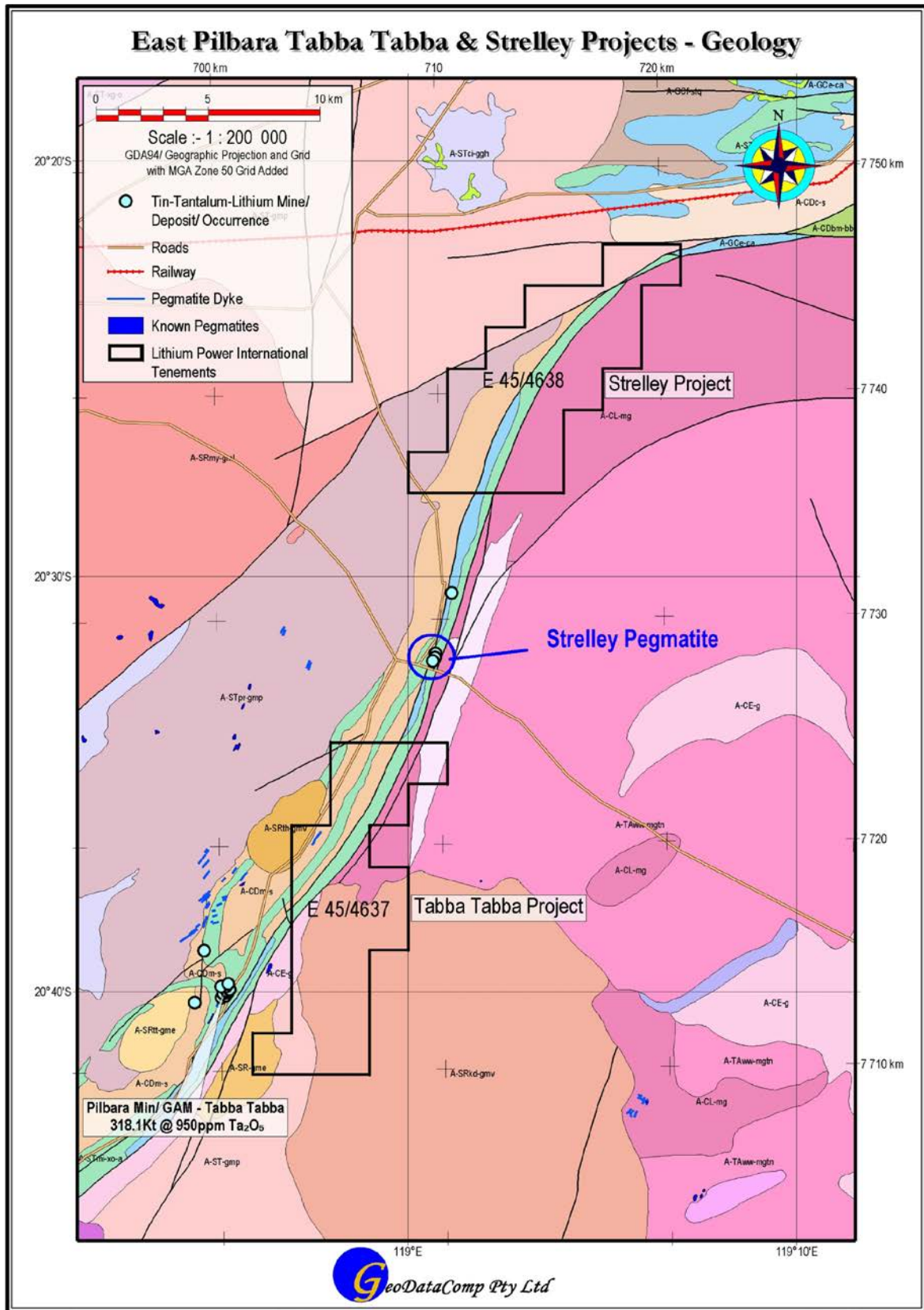


Figure 9: Tabbata Tabbata and Strelley bedrock geology

East Pilbara Tabba Tabba & Strelley Projects - Geology Legend		
	Fault or shear zone	
A-CDbm-bb	A-CDbm-bb; South Mallina Basalt Member; Siliceous high-Mg basalt; typically variolitic, commonly pyroxene spinifex-textured, and pillowed	A-SRmy-gml A-SRmy-gml; Myanna Leucogranite; Biotite-muscovite monzogranite; locally with quartz and K-feldspar phenocrysts; massive to weakly foliated
A-CDc-s	A-CDc-s; Constantine Sandstone; Sandstone and wacke, locally arkosic; local conglomerate; includes quartzite; metamorphosed	A-SRth-gmv A-SRth-gmv; Thelma Monzogranite; Muscovite-biotite(-garnet) monzogranite; equigranular to weakly porphyritic; fine to medium grained; massive to weakly foliated; weakly metamorphosed
A-CDm-s	A-CDm-s; Mallina Formation; Interbedded shale, siltstone, sandstone, and medium- to fine-grained wacke; metamorphosed	A-SRtt-gme A-SRtt-gme; Tabba Tabba Leucogranite; Biotite(-muscovite) granite; seriate to equigranular; fine to medium grained; massive to weakly foliated and metamorphosed
A-CE-g	A-CE-g; Cleland Supersuite; Monzogranite, granodiorite, and tonalite; variably metamorphosed, includes granitic orthogneiss	A-ST-gm A-ST-gm; Sisters Supersuite; Biotite monzogranite; seriate to K-feldspar porphyritic; fine to medium grained; massive to weakly foliated; local strong flow-alignment; weakly metamorphosed
A-CL-mg	A-CL-mg; Callina Supersuite; Metadiorite to metasyenogranite; massive to gneissic	A-ST-gmp A-ST-gmp; Sisters Supersuite; Biotite monzogranite with K-feldspar and local quartz phenocrysts; leucocratic; massive to weakly foliated; weakly metamorphosed
A-GCe-ca	A-GCe-ca; Cleaverville Formation; Banded iron formation, ferruginous chert, sandstone, siltstone and shale; minor grey-white chert and felsic volcanoclastic rock; metamorphosed	A-ST-xg-o A-ST-xg-o; Sisters Supersuite; Granitic and ultramafic to mafic intrusive rocks; metamorphosed
A-GCf-stq	A-GCf-stq; Farrel Quartzite; Quartz sandstone and quartzite; locally fuchsitic; minor conglomerate and chert; metamorphosed	A-STci-ggh A-STci-ggh; Chillerina Granodiorite; Hornblende biotite granodiorite to K-feldspar porphyritic monzogranite; massive to moderately foliated; weakly metamorphosed
A-ma-P	A-ma-P; Pilbara Craton greenstones; Metamorphosed ultramafic intrusive rock	A-STmi-xo-a A-STmi-xo-a; Millindinna Intrusion; Gabbro, pyroxenite, and peridotite; metamorphosed
A-SR-gme	A-SR-gme; Split Rock Supersuite; Biotite(-muscovite) monzogranite; equigranular to weakly K-feldspar porphyritic; locally highly leucocratic and ghost-banded; massive to weakly foliated	A-STpr-gmp A-STpr-gmp; Petermarer Monzogranite; Biotite monzogranite; seriate to strongly K-feldspar porphyritic; weakly metamorphosed
A-SRkd-gmv	A-SRkd-gmv; Kadgewarina Monzogranite; Muscovite-biotite(-garnet) monzogranite; equigranular to weakly porphyritic; massive to layered	A-TA-jmgg-mwa A-TA-jmgg-mwa; Tambina Supersuite; Metagranodiorite with amphibolite xenoliths along contacts of amphibolite rafts; equigranular, meso- to melanocratic
A-SRmi-gmp	A-SRmi-gmp; Minnamonica Monzogranite; Quartz and K-feldspar porphyritic muscovite(-biotite) monzogranite; fine to coarse grained; massive to weakly foliated	A-TAww-mgtn A-TAww-mgtn; Wilson Well Gneiss; Heterogeneous, migmatitic, tonalitic orthogneiss and schlieric hornblende granodiorite
		K-ca-sp K-ca-sp; Callawa Formation; Very fine grained to coarse grained sandstone, and conglomerate



Figure 9: Tabba Tabba and Strelley bedrock geology

6 RARE METAL PEGMATITES EXPLORATION MODEL

While much of the historically mined tin and tantalum in Western Australia was identified within alluvial environments and productively separated by early miners due to the high density of ore minerals, the source of these secondary deposits has been found to be pegmatites. In some cases the pegmatites are also host to lower density lithium minerals.

Pegmatites are simply very coarse grained igneous rocks, with crystals ranging in size from centimetre to metre scale. In many cases the mineral composition of pegmatites is of little economic interest, being a mix of mainly quartz and feldspar. In some cases however, pegmatites are of economic significance, containing significant quantities of Rare Earth Elements (REE), tin, tantalum, lithium, caesium, and beryllium. These are referred to as Rare Metal Pegmatites.

Rare Metal Pegmatites have been identified in Africa, Australia, Europe, North America, and South America (Linnen et al, 2014), with a significant amount of research completed in Europe post WWII and then in more recent times by P. Cerny and others (Sweetapple – no date).

Associated with productive mines, the North American pegmatites have been a focus of much research including the development of modern exploration models (Galeschuk and Vanstone, 2007).

It is the potential for rare metal pegmatites that LPI plans to focus on when exploring the company's project areas.

6.1 PEGMATITES OF THE GREENBUSHES REGION

6.1.1 Location and tenure

As for the east Pilbara, the broader Greenbushes area contains many known pegmatites, (Figure 2). As noted in section 5.2.1 there are known to be pegmatites of two ages, with the much younger Ferndale and Mullalyup pegmatites located west and southwest of Greenbushes considered to be poorly mineralised (Partington, 1995).

Pegmatites are recognised on both the Brockman Highway and Balingup Project areas of LPI. It is likely those in the northwest of the Brockman Highway Project are related to the Mullalyup pegmatites, while those in the southwest of the Balingup Project may bear a relationship to the Ferndale pegmatite.

The pegmatites in the north-west of the Balingup Project are related to the East Kirup prospect, where OneMet Minerals identified a significant lithium anomaly using partial leach geochemistry (section 7.1).

While the Mullalyup and Ferndale pegmatites were considered poorly mineralised by Partington there has been little reported exploration in these areas focused on pegmatite hosted lithium. Both project areas are considered to be located in areas favourable to hosting both mineralised and non-mineralised pegmatites.

6.2 PEGMATITES OF THE PILBARA REGION

6.2.1 Location and tenure

Identified pegmatites are spread across the eastern Pilbara, however lithium and other rare metals are not associated with all pegmatites. Figure 3, shows a significant number of pegmatites to be located outside areas of exploration tenure when compared with the historic and current rare metal mining centres shown on Figure 7.

LPI's tenure in the Eastern Pilbara, shaded in red on Figure 3, is located in proximity to identified rare metal bearing pegmatites; considering the local geology and models of pegmatite emplacement LPI's tenure is considered prospective for these pegmatites.

6.3 EXPLORATION MODEL

LPI's planned exploration strategy revolves around systematic application of proven exploration techniques to assess regions of known rare element pegmatites for the presence of lithium bearing pegmatites primarily below both surficial cover and the bedrock surface, while also being open to identification of outcropping mineralisation.

Work on rare element pegmatites in the Burnic Lake area near Winnipeg in Canada provides support for the intended strategy. Burnic Lake has been the subject of tantalum and lithium bearing rare element pegmatite mining since 1969. Several decades of exploration around Burnic Lake has shown, in the search for buried pegmatites, identification of alteration halos around mineralized pegmatites can lead to exploration success. The application of partial leach geochemistry and whole rock geochemistry has been used to successfully identify, and vector in to, mineralized pegmatites below ground surface (Galeschuk and Vanstone, 2007). A similar approach is considered warranted on LPI's projects in the Greenbushes and Pilbara areas.

With past exploration focused on an essentially 2D surface environment, and pegmatites intruded and emplaced in 3D crustal space, LPI believes significant opportunity exists for unidentified pegmatites to be present below the surface. Figure 10, below, displays this concept, showing a large proportion of pegmatite bodies present below surface compared to those that are exposed. This concept combined with the significant areas of bedrock masked by surface cover, implies significant untested exploration potential on LPI's projects.

Schematic section showing the distribution of pegmatite swarms relative to the current ground surface

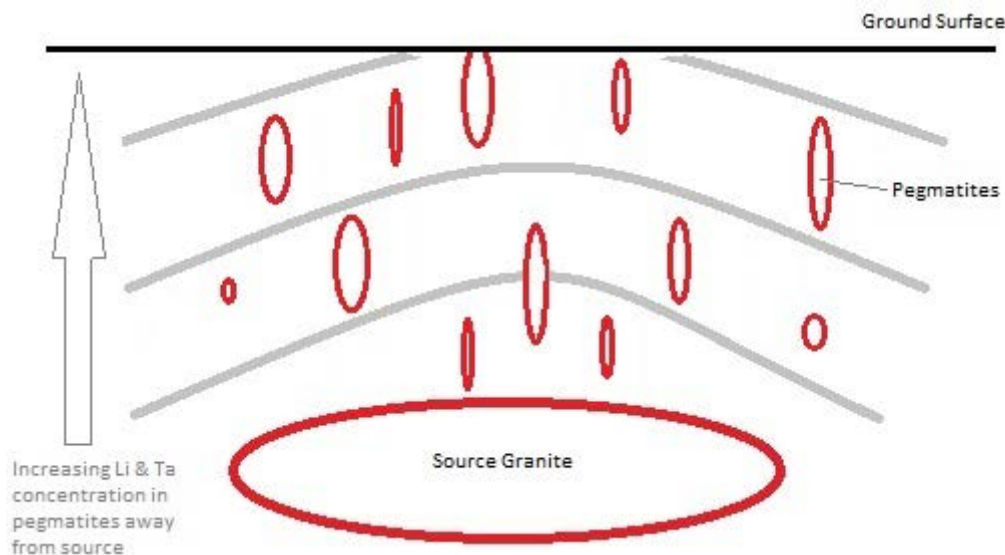


Figure 10: Pegmatite distribution schematic

LPI's systematic exploration process is outlined below in Figure 11. The first stages of exploration for all project areas will involve detailed desktop work, planning, and liaison to ensure access to freehold and reserve land (Greenbushes area) for subsequent field exploration activities. Pegmatites are known to be emplaced along structural pathways and the early stage exploration programme will include a geophysics based study to interpret likely structures across the project areas, in conjunction with a detailed study of existing data generated by past research and exploration. Regolith maps will be generated to assist in determining area appropriate geochemical sampling once priority exploration areas are defined. LPI also plans to run an orientation soil survey to: 1) confirm partial leach methods demonstrated to be effective in North America are also effective in Australia, and 2) to compare partial leach methods with alternate geochemical methods to ensure the most appropriate method is applied to all field exploration.

LPI have already completed a detailed geophysics based assessment of the Pilgangoora-Houston Creek Project area utilising 50 metre line spaced data. For other project areas the existing geophysics datasets, generated on line spacings of 100 to 200 metres, are considered reasonable to interpret significant structure and structural trends.

Once target areas are identified the systematic field exploration process is staged with work progressing through stages based on positive results. In this way LPI expects to focus expenditures on areas with greatest potential to ultimately generate resources.

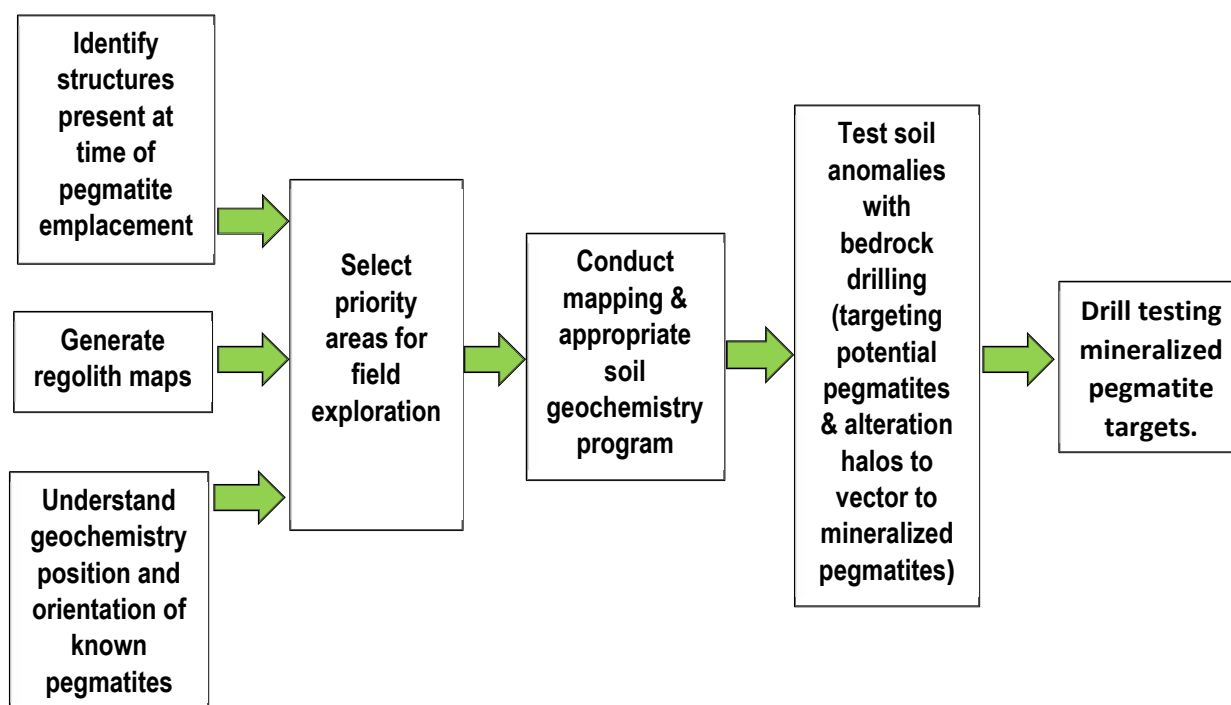


Figure 11: General Exploration Process:

6.3.1 Adaption of exploration techniques

In adapting exploration techniques applied in North America, it will be prudent for LPI to ensure the techniques are transferable to the conditions local to the company's Western Australian projects.

Identification of bedrock geochemistry via drilling is a proven technique in Western Australia and throughout the world. The interpretation of geophysical data is also common practice, and utilising a practitioner experienced in the geographic area can be expected to give LPI reliable results. The most critical technique is the adaption of partial leach soil geochemistry as the North American regolith can be significantly different to that found in Western Australia.

As a means of ensuring a geochemical sampling and analysis technique is applied that will generate; 1) the expected results, and 2) is the most cost effective option, LPI plans to complete an orientation soil survey in an area of known buried rare metal pegmatites.

The orientation survey will be designed to determine the ideal:

- sample spacing,
- soil horizon to be sampled,
- soil fraction to be sampled and analysed, and
- method of sample digestion and analysis.

Without having a known buried rare metal pegmatite on the company's tenure LPI will need to complete the orientation soil survey on tenements held by third parties. Areas that have been identified as potential sites for a survey include areas around known deposits at Mt Cattlin, Greenbushes, Pilgangoora and Wodgina. In Geko's experience it is reasonable to assume LPI will be able to negotiate

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access to an appropriate site to complete the orientation survey. Allocations totalling \$15,000 towards the cost of the survey are included in the initial soil geochemistry budget.

7 PAST EXPLORATION

7.1 GREENBUSHES AREA

A review of historic work based on information extracted from the DMP's WAMEX report database shows, the Balingup Metamorphic Belt has been the subject of explorers for decades, primarily focused on tin and bauxite, then tantalum. Exploration has also occurred for gold, heavy mineral sands, talc and kaolin, and in more recent times potential for iron ore, nickel and PGE's has been considered. While lithium can be expected to be present in association with tin and tantalum, it appears lithium has only become a focus in more recent times as demand has increased.

A large proportion of past work that relates to tin, tantalum and/or lithium exploration has been completed outside LPI's project boundaries. Following is a summary of exploration targeting tin, tantalum and/or lithium conducted on parts of the current tenements:

- 1988-1991: Greenbushes: Extensive laterite sampling.
- 1991-1994: Pancontinental Mining: Extensive laterite sampling, lack of positive results lead to tenement surrender.
- 2007-2013: Red River Resources: 36 stream sediment samples, 662 MMITM samples, 532 Laterite samples, 5 RC drill holes. A 4 km x 1.5 km Li-Ta-Sn soil anomaly was defined (East Kirup). Drilling was restricted to five of 20 planned holes and ground conditions limited hole depths to 50 metres, pegmatites were not detected, leading to tenure relinquishment. A large proportion of Red River's exploration occurred within the north western portion of LPI's E70/4763 tenement.
- 2010-2014: OneMet Minerals: Were targeting lithium, bauxite, iron ore, gold plus nickel and PGE's. Preliminary work included mapping, stream sediment sampling, geophysical data acquisition and interpretation, and rock chip samples of BIFs. The company identified an alluvial tin target north-north-east of Greenbushes and a bedrock tin/lithium target at East Kirup (same as Red River), both on LPI's E70/4763 tenement. To progress the project OneMet planned to raise capital via an IPO at the beginning of 2012, however economic downturn halted this process and the tenements were ultimately surrendered.

Historically exploration strategies have generally centred on identification of alluvial and eluvial tin and tantalum deposits followed by a search for the pegmatite source to those deposits or direct search for outcropping pegmatites. While a valid exploration approach, this strategy relates purely to pegmatites exposed and eroded at the earth's surface. Red River Resources and OneMet Minerals gave consideration to buried pegmatites, however both companies were unable to complete comprehensive work.

7.2 PILGANGOORA-HOUSTON CREEK AREA

7.2.1 Work pre-LPI

A review of historic work based on information extracted from the DMP's WAMEX report database shows, the area was recognized as a source of, predominantly alluvial, tin from late in the 19th century. Over time alluvial sources have been traced to eluvial sources and bedrock pegmatite hosts. In the last half century LPI's tenement area has been included within many exploration projects. In that time exploration has focused on; Channel Iron Deposits, Banded Iron Formations, Tantalum, Lithium, Tin and Gold. Below is a brief history of exploration on projects that were at least partially coincident with the current tenement:

- 1970-1979:** Exploration for tin and tantalum occurred in the greater Wodgina Mineral field.
- 1980-1989:** Pancontinental explored a broad area, sampling a large extent of stream sediments, and identifying areas of high lithium signatures. A total of 188 pegmatite samples were collected (not on the current tenement).
- 1990-1999:** Yamarna Goldfields NL interpreted aeromagnetic survey data and compared this with existing IP data, related to their Indee project. The company also carried out reconnaissance field visits; and planned rotary air blast (RAB) and air core (AC) drilling to test historic surface anomalies (no drilling on the current tenement).
- Lynas Gold NL used reverse circulation (RC) to drill test gold in soil anomalies on its Pilgan Project, results included an intersection of one metre at 4.77 g/t Au (no drilling on the current tenement). The company also conducted soil and stream sampling, but results were generally low, with a peak value of 38 ppb Au. Ultimately Lynas defined and mined gold resources on the east side of the East Strelley GSB.
- 2000-2009:** Sons of Gwalia Ltd acquired satellite imagery to support its tantalum exploration for the Pilgangoora project. Stockdale Prospecting Ltd's fieldwork for diamond exploration included heavy mineral stream sampling, deflation loam sampling and rock sampling, as well as a remote sensing targeting study. Stream sediment samples returned spinel grains, but most were interpreted to have been derived from non-kimberlitic source rocks.
- Australian Tantalum Ltd., owned by Haddington Resources (now Altura Mining Ltd), operated in the area from 2005 exploring for lithium & tantalum. Several programmes of geochemical sampling and drilling were completed (no drilling on the current tenement). Work ultimately focused on the mineral resource at Pilgangoora to the south-east of LPI's tenement.
- 2010-2014:** Atlas Iron Ltd intersected a zone of magnetic sulphides when drilling a combined ground gravity/aeromagnetic anomaly. No significant base metal assays were returned, with the best values being 4 metres at 0.41g/t Au and 2 metres at 0.115g/t Au (no drilling on the current tenement).

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FMG explored this area primarily for base metals with consideration given to lithium and tantalum through 2012-2014, completing a stream sediment sample programmes prior to relinquishing part of the tenement holding.

With the exception of some stream sampling work on the Houston Creek Project, explorers have focused on areas of outcropping geology predominantly outside the current project boundary to the east. Altura Mining Ltd and Pilbara Minerals Ltd both hold advanced lithium projects close by, these projects have focused on outcropping pegmatites.

In the last four years significant progress in defining lithium resources has been made. Altura Mining Ltd have recently completed a pre-feasibility study including an updated resource estimate for their Pilgangoora Lithium Project of 35.7 Mt of mineralized spodumene pegmatites at 1.05% Li₂O (Altura Mining Ltd 11/02/2016). While Pilbara Minerals Ltd also has a project named Pilgangoora, with a resource of 80.2 Mt @ 1.26% Li₂O; including 42.3 Mt @ 0.02% Ta₂O₅ (Pilbara Minerals Ltd, 1/02/2016). Altura's project is at development stage, while Pilbara Minerals has made a decision to proceed to feasibility studies (Pilbara Minerals Ltd 11/1/16).

7.2.2 Work post LPI

After securing the tenement application at Pilgangoora-Houston Creek LPI assessed the available exploration data including available geophysical datasets. Of significance was the lack of useful magnetics and radiometrics data. With interpretation of geophysical data to identify potential structural trends a key in LPI's exploration strategy a decision was made to acquire high resolution magnetics (Figure 12 & Figure 13) and radiometrics data and complete an interpretation of the new data (Figure 14).

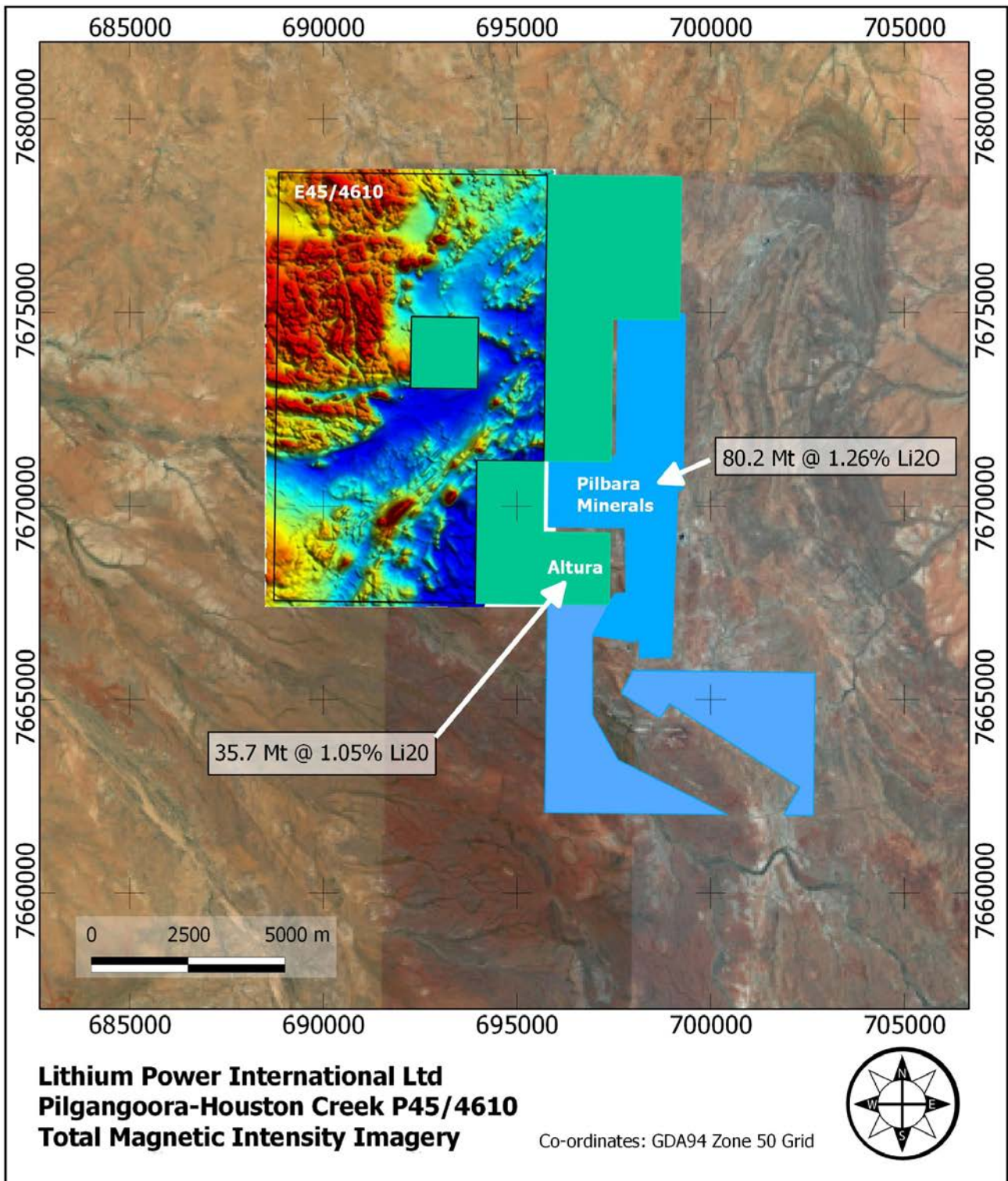


Figure 12: Location of new geophysical survey

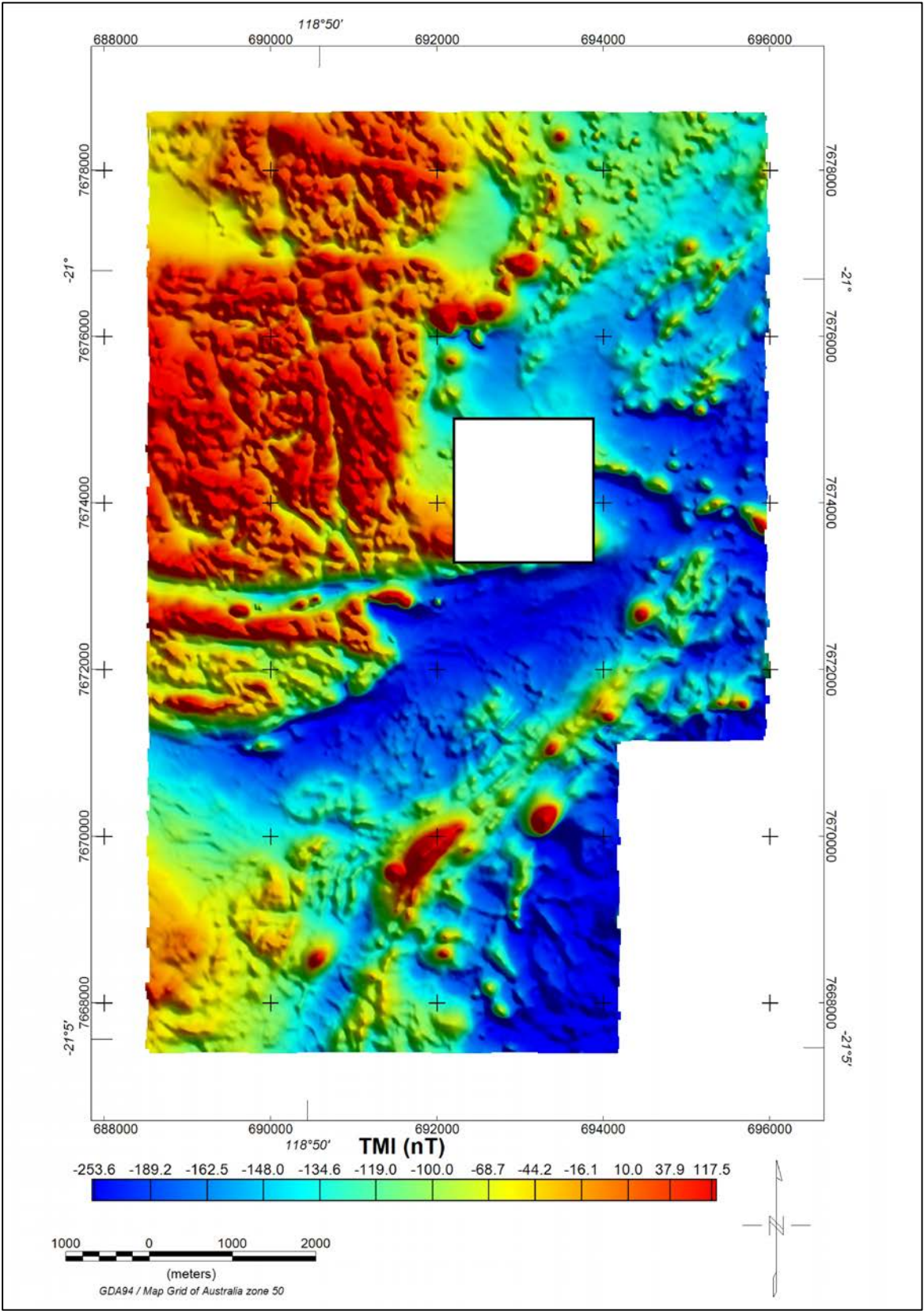


Figure 13: Pilgangoora-Houston Creek Total Magnetic Intensity imagery



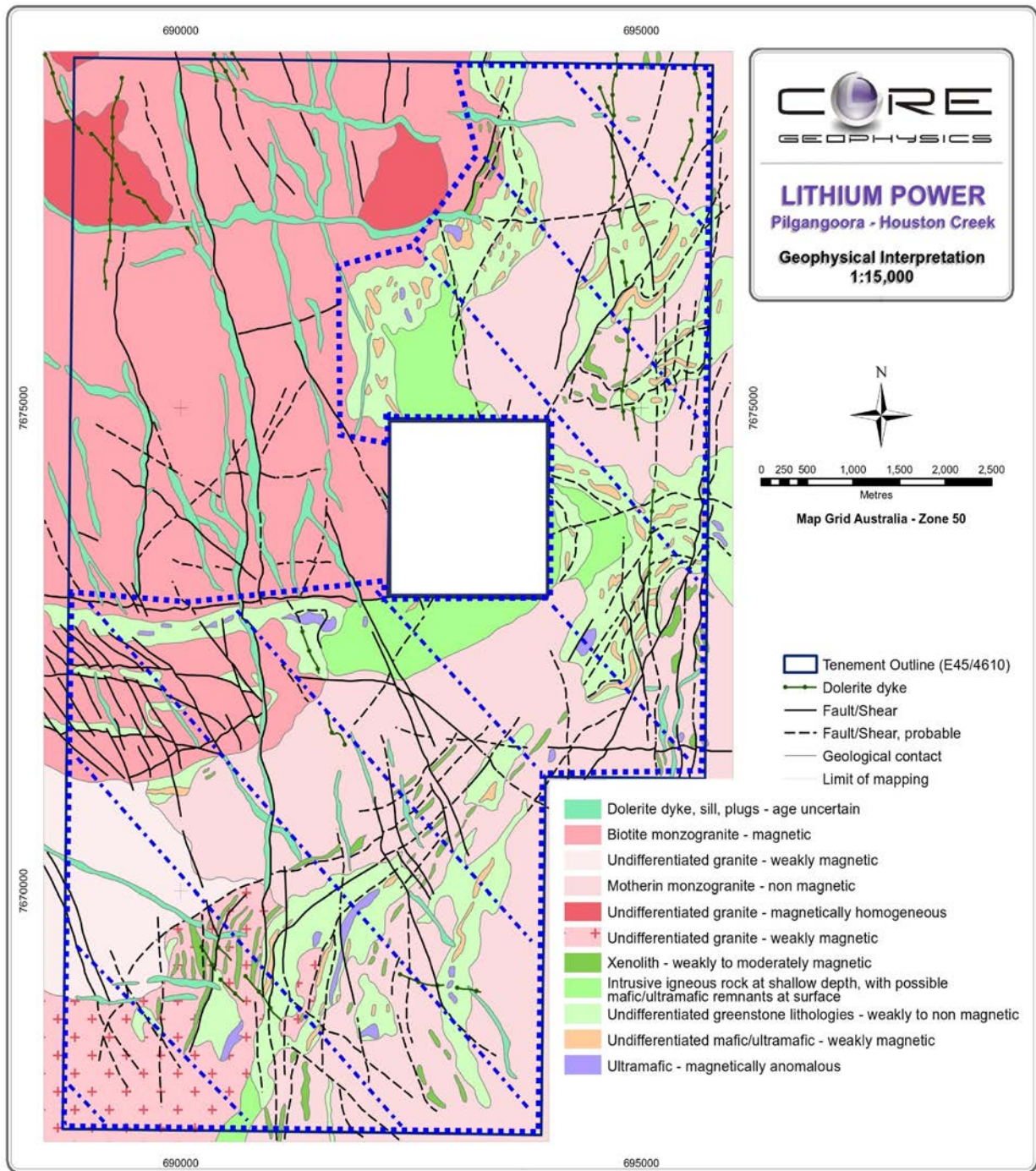


Figure 14: Pilgangoora-Houston Creek geophysical based interpretation

Results of the geophysical survey show significantly more detail than the GSWA mapping and interpreted bedrock geology in areas obscured by surface cover. Figure 14, shows significant amounts of remnant greenstones intruded by the Palaeoarchaeon Motherin Monzogranite. The granites depicted in darker tones are interpreted to be the younger granites of the Mesoarchaeon Sisters Supersuite considered to have intruded around the same time as rare metal pegmatites were developed through

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the east Pilbara. On this interpretation approximately 60% of the tenement can be considered prospective for rare metal pegmatites; depicted by dotted blue hatching on Figure 14.

7.3 TABBA TABBA - STRELLEY AREA

LPI's two project areas have not historically been held and explored by the same entity, for this reason the past work is summarised separately.

7.3.1 Tabba Tabba

Reports extracted from the DMP's WAMEX database show a mixed focus for past explorers. The documented work related to rare metal pegmatites seems to be limited to historic mining centre at Tabba Tabba.

- 1988-1991: Pancontinental explored for tin and tantalum in the Tabba Tabba area. Channel sampling, drilling, and metallurgical work lead to the definition of a tantalum mineral resource (now being developed by Pilbara Minerals Ltd).
- 2005-2010: De Grey Mining Ltd explored ground surrounding the Tabba Tabba Pegmatite with a focus on gold and base metals. Work included geophysics, acquisition and interpretation, mapping, soil sampling and drilling.
- 2005-2012: Shaw River and Sunrise Exploration explored ground coincident with the northern part of LPI's tenement. The focus was on gold and base metals as well as iron. Work included detailed geophysics acquisition and interpretation, rock and soil sampling and finally drilling of two RC holes targeting EM anomalies. Drilling intersected iron sulphides coincident with modelled anomalies and the following lithologies: mafics, quartzite and micaceous phyllite and lesser pegmatite.
- 2011-2013: Atlas Iron Ltd focused work on assessing the Cleaverville Formation for economic iron mineralisation.
- 2012-2014: FMG Exploration held ground along the east side of the GSB, which was partially coincident with LPI's application. No field work was completed, desktop reviews determined some potential for pegmatite related mineralisation and no potential for iron ore.

7.3.2 Strelley

DMP records show the current project area was not subject to any significant exploration interest until recent times. In 2001 a tenement was applied for by Geotech International Ltd for the purpose of tantalum exploration, however with a decline in tantalum prices the tenement was surrendered before exploration was completed.

- 2005 – 2013: Areas coincident with LPI's tenement were explored by Shaw River and Atlas Iron. The primary focus was base metals and gold, with Shaw River completing geophysical data acquisition (magnetic & electromagnetic), extensive soil geochemical sampling followed by RAB, Aircore and RC drilling. Assaying was completed for selected elements. Atlas focused on the Lena iron ore deposit progressing work to a resource estimate and preliminary beneficiation test work. Lena did not meet criteria to progress towards

production and while the gold and base metals exploration had generated positive results Shaw River had changed focus to manganese and could not justify continued work on a non-core project.

2005-2010: Ground immediately south of LPI's tenement explored by De Grey Mining Ltd as part of the extensive Turner River Project. Gold and base metals were the focus of exploration, which included geophysical data acquisition (magnetic & electromagnetic), geological mapping, soil geochemical sampling, plus Aircore and RAB drilling. Assaying was completed for selected elements. Geological mapping identified outcropping pegmatites in the south of the tenement.

On the field visit in 2015 Geko noted recent RC drilling had been completed around the Strelley pegmatite. To Geko's knowledge results of this work have not been publicly reported.

Available details on past exploration in the area, show a very limited focus on rare metal pegmatites, with related work seemingly limited to the immediate vicinity of historically mined outcropping pegmatites at Tabba Tabba and Strelley. The Strelley pegmatite has been held in conjunction with the Tabba Tabba deposit since 1988 and is currently held by Global Advanced Metals.

8 PLANNED EXPLORATION: LPI PROJECTS

The company has developed an exploration plan aimed at focusing on the most prospective project while progressing systematic exploration across all projects as tenement granting allows. The nature of exploration revolves around investigating the unknown and new results can significantly change prospectivity of any particular project area. For this reason the budgets that have been developed are generally not prescriptive with respect to location but are prescriptive for activity, in line with the systematic exploration strategy. With the Pilbara area tenements currently in application stage, while having formulated a general exploration plan, LPI have limited budgeted work (Section 9) to preliminary activities. Upon formal tenement grant the company will put detailed field exploration budgets in place (refer to Section 9) in line with the plan below and the findings from preliminary activities.

8.1 BALINGUP/BROCKMAN HIGHWAY

8.1.1 Planned exploration

The Balingup tenement covers a very large area and includes over 15 kilometres of the Donnybrook-Bridgetown Shear Zone. Bedrock lies under cover on approximately 70% of the tenement, indicating significant areas potentially untested for pegmatites. Similarly, the Brockman Highway tenement has limited bedrock exposure and untested potential. The areas showing on the 250K scale map as outcrop in practice will variably be covered in soil, which may also conceal pegmatites. Application of appropriate soil geochemical sampling will provide an indication of underlying bedrock geochemistry and anomalous elements that could be associated with pegmatites of economic interest.

LPI will operate the Greenbushes area projects under a single two year budget of \$1.065 million, outlined in Table 2. Funding to implement a comprehensive geochemical survey of the entire tenement

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will not be available, instead priority areas will be identified. The position of the Greenbushes pegmatites are known to have been controlled by structure, and are often emplaced on lithological contacts. LPI will utilize geophysical datasets as a basis for interpreting variability in geology and structure in bedrock; application of these techniques will allow areas with structures most likely to host pegmatites to be identified. Generation of regolith maps and geochemical sampling activities will be focused on these areas as a priority.

Exploration is planned to occur in stages and the plan assumes positive results at one stage will justify moving to the next stage. Areas showing highest prospectivity will become the focus of the budget as the exploration process moves forward. The timeline is aimed at systematic assessment and development and the first year budget equates to \$415 K. In the second year, assuming results warrant continued work, expenditure of \$650 K will see drilling completed to support future resource estimation, and assessment of the second round of targets will progress.

The first stages of the exploration plan will be a geophysics based interpretation of geology and structure, along with a comprehensive study of the past work and research relevant to the project. Upon completion LPI will be able to identify and prioritize target areas to be tested by soil geochemistry.

The exploration budget allows for collection, analysis and interpretation of 2,500 soil samples as a test of higher priority target areas. With capacity to complete a further 700 follow up soil samples to help define areas of initial positive response. The budget also accommodates production of regolith maps and time to allow some geological mapping to be completed while the field crew traverses the soil sample lines. The orientation of the sampling will be dependent on the structural interpretation; a nominal grid of 200 m x 200 m has been utilized in budgeting. Given alteration around rare element pegmatites has been demonstrated to extend from 80 to 300 meters this nominal spacing is considered sufficient to identify any areas of pegmatites capable of hosting economically viable resources.

Early in the second year RAB/Aircore drilling will be used to test anomalies identified in the soil geochemistry, a nominal 100 m x 200 m grid has been considered for the budget. While it would be ideal to intersect pegmatites with this drilling the primary aim will be to generate bedrock sample, which will be assessed for aureole alteration. Positive results will allow LPI to vector to mineralized pegmatites, and test with RC drilling later in the second year.

Second year work will also involve applying soil geochemistry and mapping to target areas not tested in the first year. The budget allows for collection of 1,400 soil samples.

8.2 PILGANGOORA-HOUSTON CREEK

8.2.1 Planned exploration

LPI's exploration strategy aims to leverage off the information generated in the recent geophysical work (section 7.12) via a systematic application of proven exploration techniques to assess areas of indicated rare element pegmatite potential for the presence of lithium bearing pegmatites. A preliminary exploration budget of \$86.5 K has been developed as outlined in Table 3, with a detailed field work budget to be developed once the tenement is granted (refer to section 9).

LPI has not planned to implement a comprehensive geochemical survey of the entire tenement, instead preliminary work will build on the results of the recent acquisition of high resolution magnetics and radiometrics data over the Pilgangoora-Houston Creek project. This work has allowed LPI to identify first priority areas covering approximately 33 km² and second priority areas of ~17 km². The first priority covers the areas of interpreted greenstones shown on Figure 14, while the second pass covers areas of potentially older granites defined by Core Geophysics (refer section 7.1.2 and Figure 14).

The budgeted first stages of the exploration plan will include desktop integration of available datasets with the recent geophysical survey, acquisition and interpretation of other remotely sensed datasets, generation of a regolith map, followed by field truthing, reconnaissance and mapping prior to development of an initial soil sampling programme.

In addition to the budgeted initial programme, a general exploration programme has been developed, the work occurs in stages and the plan assumes positive results at one stage will justify moving to the next stage. The timeline is aimed at establishing drill targets followed by rapid assessment and development. This allows for field mapping and geochemical sampling programmes with the aim of establishing geochemical anomalies for follow up with a programme of Aircore drilling. Following the Aircore drilling, assuming results warrant, RC drilling to test identified pegmatite targets would be completed, while geochemical assessment of the second round of targets will also progress.

Geochemical sampling will be completed on a set sample spacing, with capacity to follow up positive results with closer spaced infill sampling. While the orientation of the sampling will be dependent on the local structural interpretation, a nominal grid of 200 m x 200 m is expected to provide adequate coverage. Given alteration around rare element pegmatites has been demonstrated to extend from 80 to 300 meters this nominal spacing is considered sufficient to identify any areas of pegmatites capable of hosting economically viable resources.

RAB/Aircore drilling will be planned to test anomalies identified in the soil geochemistry, a nominal 100 m x 200 m grid is expected to provide adequate coverage. While it would be ideal to intersect pegmatites with this drilling the primary aim will be to generate bedrock sample, which will be assessed for aureole alteration. Positive results will allow LPI to vector to mineralized pegmatites, and test with RC drilling.

The plan allows for a second round of soil geochemistry and mapping to target areas not tested in the first programme and ensure ongoing assessment of broader tenement potential.

8.3 TABBA TABBA AND STRELLEY

8.3.1 Planned exploration

LPI's exploration strategy revolves around systematic application of proven exploration techniques to assess areas of known rare element pegmatites for the presence of lithium bearing pegmatites below both surficial cover and the bedrock surface, while also being open to identification of outcropping and/or alluvial mineralisation. The Tabba Tabba and Strelley tenements have each had preliminary exploration budgets of \$86.5 K developed as outlined in Table 4 and Table 5, with a detailed field work budget to be developed once the tenement is granted (refer to section 9).

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The budgeted first stages of the exploration plan will include structural/litho boundary interpretation based on available geophysical data, desktop integration of available datasets with the geophysical interpretation, acquisition and interpretation of other remotely sensed datasets, generation of a regolith map, followed by field truthing, reconnaissance and mapping prior to development of an initial soil sampling programme.

In addition to the budgeted initial work the company has defined a general exploration plan to be implemented once tenements are granted. LPI does not expect to have the budget capacity to implement a comprehensive geochemical survey of the entire area of tenure, instead the preliminary work is expected to identify priority areas. In addition to assessing other available datasets, LPI plan to utilize geophysical datasets as a basis for interpreting variability in geology and structure in bedrock; application of these techniques will allow areas with structures most likely to host pegmatites to be identified. Geochemical sampling will then focus on these areas as a priority. Positive geochemical sampling will be followed up with RAB/Aircore drilling and if results warrant, RC drilling will then be completed.

While the Strelley tenement is dominated by surface cover, the Tabbatabba project area has a relatively high proportion of outcropping geology. For this reason field mapping is planned to assess the validity of interpreted structure and check for indications of outcropping pegmatites prior to finalising priority targets. Regolith maps will also be produced for both tenements. Where outcrop is dominant LPI will be able to bypass soil geochemical testing, while RAB/Aircore drilling, aimed at identifying mineralisation alteration halos, will be replaced by surface rock chip sampling. From Geko's field visit it is estimated in the order of 40% of the tenement may be suited to surface rock chip sampling. The initial budgeted work will confirm this estimate and allow LPI to develop detailed budgets for field exploration upon tenement grant.

The general exploration plan, that will guide detailed field exploration budgets, allows for collection, analysis and interpretation of soil (or rock chip) samples as a test of higher priority target areas. With follow up infill sampling to help define areas of initial positive response. While the orientation of the sampling will be dependent on the local structural interpretation, a nominal grid of 200 m x 200 m is expected to provide adequate coverage. Given alteration around rare element pegmatites has been demonstrated to extend from 80 to 300 meters this nominal spacing is considered sufficient to identify any areas of pegmatites capable of hosting economically viable resources.

RAB/Aircore drilling will be used to test anomalies identified in the soil geochemistry, a nominal 100 m x 200 m grid is expected to provide adequate coverage. While it would be ideal to intersect pegmatites with this drilling the primary aim will be to generate bedrock sample, which will be assessed for aureole alteration. Positive results will allow LPI to vector to mineralized pegmatites, and test with RC drilling.

In areas where sufficient outcrop allows a broad programme of rock chip sampling the results would be expected to provide similar information to those generated from RAB/Aircore drilling in areas of cover and or deep weathering. In these cases, the exploration programme will be able to schedule RC drilling immediately after rock chip sampling, assuming appropriate anomalism is defined.

9 EXPLORATION BUDGET

The company has developed proposed exploration budgets to progress work on the Greenbushes area projects for a period of two years as well as budgets for preliminary works on the East Pilbara area projects. The combined budgets including contingency equates to \$1.325 Million. With the Pilbara Area tenements currently in application status, these budgets cover early stage works aimed at positioning the projects for immediate development and implementation of detailed field exploration budgets upon grant. LPI advised Geko the intent is to reassess allocated budgets and/or raise additional capital upon grant of the Pilbara tenements. While LPI plan to follow a systematic exploration process the nature of exploration incorporates a level of uncertainty, as a result the company intends to assess results at each step in the exploration process and modify plans as technically appropriate.

Table 2: Balingup/Brockman Highway Exploration Budget.

Activity	Amount	Timing
Geophysics based structural interpretation	\$35 K	Year 1
Desktop study to understand past work & relevant research as it applies to the project and generate field targets	\$25 K	Year 1
Development of Management Plans for exploration in State Forest and freehold land	\$30 K	Year 1
Soil geochemistry & mapping – First pass targets. Samples collected, assayed & interpreted (inc. \$15 K to ori survey)	\$ 226.5 K	Year 1
Drill Programme design, government approvals, & Heritage survey	\$45 K	Year 1
Contingency @ 15% ²	\$53.5 K	
Total for Year 1	\$415 K	
Aircore Drill testing of anomalies 3,000 m (inc. drilling, field geologist, assaying, site preparation & rehabilitation). ¹	\$190 K	Year 2
Review results and identify pegmatite targets for RC drill testing	\$15 K	Year 2
Soil geochemistry & mapping – second pass targets. Samples collected, assayed & interpreted.	\$100 K	Year 2
Drill Programme design, government approvals, & Heritage survey	\$45 K	Year 2
RC drilling of pegmatite targets 1,750 m (inc. drilling, field geologist, assaying, site preparation & rehabilitation).	\$215 K	Year 2
Contingency @ 15% ²	\$85 K	
Total for Year 2	\$650 K	
Combined total	\$1,065 K	

Footnotes: **1.** if first pass soil geochemistry fails to identify targets suitable for drilling, drill budget will be directed to second pass soil geochemistry. **2.** Drilling costs applied for the Greenbushes area are slightly higher than those applied to the East Pilbara to ensure any additional requirements associated with working in State Forest areas or freehold land are covered. **3.** Budget is high level and indicative of costs at January 2016, contingency included to ensure sufficient funds are available at the time exploration is undertaken. **4.** While the majority of work on the Greenbushes projects in Year 1 is not expected to require third party approvals some access approval will be required for soil sampling and other matters. The work to be conducted on the Greenbushes projects in Year 2 will require Government and other approvals as set out in the conditions of grant for these tenements.

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Table 3: Pilgangoora-Houston Creek preliminary works exploration budget.

Activity ¹	Amount	Timing
Desktop study to understand past work & relevant research as it applies to the project, and incorporate the recent geophysical interpretation.	\$15 K	Preliminary works
Acquisition of remote sensing datasets and generation of regolith maps.	\$20 K	Preliminary works
Field checking of regolith interpretation, general reconnaissance and mapping followed by planning initial soil geochemical sampling program.	\$40 K	Preliminary works
Contingency @ 15% ²	\$11.5	
Preliminary Works Total	\$86.5	

Footnotes: **1.** The budget defines preliminary works LPI plans to undertake while the tenement application progresses to grant, upon grant a detailed field exploration budget will be defined. **2.** Budget is high level and indicative of costs at January 2016, contingency included to ensure sufficient funds are available at the time exploration is undertaken.

Table 4: Tabba Tabba preliminary works exploration budget.

Activity ¹	Amount	Timing
Geophysics based structural interpretation	\$15 K	Preliminary works
Desktop study to understand past work & relevant research as it applies to the project and generate preliminary field targets.	\$15 K	Preliminary works
Acquisition of remote sensing datasets and generation of regolith maps.	\$15 K	Preliminary works
Field checking of regolith interpretation, general reconnaissance and mapping followed by planning initial soil geochemical sampling program.	\$30 K	Preliminary works
Contingency @ ~15% ²	\$11.5 K	
Preliminary Works Total	\$86.5 K	

Footnotes: **1.** The budget defines preliminary works LPI plans to undertake while the tenement application progresses to grant, upon grant a detailed field exploration budget will be defined. **2.** Budget is high level and indicative of costs at January 2016, contingency included to ensure sufficient funds are available at the time exploration is undertaken.

Table 5: Strelley preliminary works exploration budget.

Activity ¹	Amount	Timing
Geophysics based structural interpretation	\$15 K	Preliminary works
Desktop study to understand past work & relevant research as it applies to the project and generate preliminary field targets.	\$15 K	Preliminary works
Acquisition of remote sensing datasets and generation of regolith maps.	\$15 K	Preliminary works
Field checking of regolith interpretation, general reconnaissance and mapping followed by planning initial soil geochemical sampling program.	\$30 K	Preliminary works
Contingency @ ~15% ²	\$11.5 K	
Preliminary Works Total	\$86.5 K	

Footnotes: **1.** The budget defines preliminary works LPI plans to undertake while the tenement application progresses to grant, upon grant a detailed field exploration budget will be defined. **2.** Budget is high level and indicative of costs at January 2016, contingency included to ensure sufficient funds are available at the time exploration is undertaken.

10 GLOSSARY OF TERMS

aeromagnetic	A survey undertaken by helicopter or fixed-wing aircraft for the purpose of recording magnetic characteristics of rocks by measuring deviations of the earth's magnetic field.
airborne geophysical data	Data pertaining to the physical properties of the earth's crust at or near surface and collected from an aircraft.
aircore (AC)	Drilling method employing a drill bit that yields sample material which is delivered to the surface inside the rod string by compressed air.
albite	A white colourless feldspar mineral commonly found in metamorphic and igneous rocks.
alluvial	Pertaining to silt, sand and gravel material, transported and deposited by a river.
alluvium	Clay silt, sand, gravel, or other rock materials transported by flowing water and deposited in comparatively recent geologic time as sorted or semi-sorted sediments in riverbeds, estuaries, and flood plains, on lakes, shores and in fans at the base of mountain slopes and estuaries.
alteration	The change in the mineral composition of a rock, commonly due to hydrothermal activity.
amphibolite facies	An assemblage of minerals formed at moderate to high temperatures (450°C to 700°C) during regional metamorphism.
anomaly	An area where exploration has revealed results higher than the local background level.
Archaean	The oldest rocks of the Precambrian era, older than about 2,500 million years.
assay	The testing and quantification of metals of interest within a sample, or the value determined by the process of assaying.
Au	Chemical symbol for gold.
auger sampling	A drill sampling method using an auger to penetrate upper horizons and obtain a sample from lower in the hole.
aureole	A zone of altered country rock around an igneous intrusion.
axial plane	The plane that intersects the crest or trough of a fold, about which the limbs are more or less symmetrically arranged.
banded iron formation (BIF)	A rock consisting essentially of iron oxides and cherty silica, and possessing a marked banded appearance.
basalts	A volcanic rock of low silica (<55%) and high iron and composition, composed primarily of plagioclase and pyroxene.
magnesium	
base metals	A common metal that is not considered precious, such as copper, lead, tin, or zinc.
basin	A large low lying area, which is or has accumulated large volumes of sediment.
batholith	A large emplacement of igneous intrusive rock.
bauxite	An amorphous clayey rock that is the chief commercial ore of aluminium. It consists largely of hydrated alumina with variable proportions of iron oxides.

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bedrock	Any solid rock underlying unconsolidated material.
beryl	A mineral composed of beryllium aluminium cyclosilicate with the chemical formula $\text{Be}_3\text{Al}_2(\text{Si}_3\text{O}_6)_3$. Gem quality Beryl is commonly referred to as emerald.
Cainozoic	An era of geological time spanning the period from 65 million years ago to the present.
channel sampling	A sampling method whereby a continuous linear sample is collected, usually from surface exposed rock or rock faces.
chert	Fine grained sedimentary rock composed of cryptocrystalline silica.
chlorite	A green coloured hydrated aluminium-iron-magnesium silicate mineral (mica) common in metamorphic rocks.
clastic	Pertaining to a rock made up of fragments or pebbles (clasts).
clay	A fine-grained, natural, earthy material composed primarily of hydrous aluminium silicates.
colluvium	A loose, heterogeneous and incoherent mass of soil material deposited by slope processes.
conglomerate	A rock type composed predominantly of rounded pebbles, cobbles or boulders deposited by the action of water.
craton	A piece of continental crust that has been stable for over 1 billion years.
crystallization	The act or process of forming crystals from molten rock.
deflation loam sampling	Method of soil sampling.
deformation	The action or process of deforming or distorting a group of rocks.
deposit	A natural accumulation of minerals.
diamond drill hole	Mineral exploration hole completed using a diamond set or diamond impregnated bit for retrieving a cylindrical core of rock.
dolerite	A medium grained mafic intrusive rock composed mostly of pyroxenes and sodium-calcium feldspar.
DMP	Department of Mines and Petroleum, WA.
drilling	The mechanised process of creating a hole in the earth, primarily for the purpose of collecting material from below the earth's surface for analysis.
ductile	Deformation of rocks or rock structures involving stretching or bending in a plastic manner without breaking.
dyke	A tabular body of intrusive igneous rock, crosscutting the host strata at a high angle.
eluvial	Geological deposits and soils that are derived by in situ weathering or weathering plus gravitational movement or accumulation.
EM	Electromagnetic based geophysical survey method.
Eocene	Period of geological time from 55 to 40 Ma.
erosional	The group of physical and chemical processes by which earth or rock material is loosened or dissolved and removed from any part of the earth's surface.
exploration	The act or instance of investigating and/or examining an area for the presence of minerals.
fault	A planar or gently curved fracture in the rocks of the Earth's crust, where compressional or tensional forces cause relative displacement of the rocks on the opposite sides of the fracture.
fault zone	A wide zone of structural dislocation and faulting.

feldspar	A group of rock forming minerals.
felsic	An adjective indicating that a rock contains abundant feldspar and silica.
folded	A term applied to strata or a planar feature bent about an axis.
foliated	Banded rocks, usually due to crystal differentiation as a result of metamorphic processes.
foliation	The linear arrangement of minerals in a foliated rock.
follow-up	A term used to describe more detailed exploration work over targets generated by previous exploration.
g/t	Grams per tonne, a standard volumetric unit for demonstrating the concentration of precious metals in a rock.
Ga	Abbreviation for billion years ago, as in 2Ga = 2 billion years ago.
gabbro	A fine to coarse grained, dark coloured, igneous rock composed mainly of calcic plagioclase, clinopyroxene and sometimes olivine.
garnet	A group of silicate minerals that have been used since the Bronze Age as gemstones and abrasives.
geochemical	Pertains to the concentration of an element.
geochemistry	The chemical makeup of geological samples.
geochronology	Determination of the age of rock units
geophysical	Pertains to the physical properties of a rock mass.
goethite	Iron oxide mineral mined as a source of iron for the steel industry.
gneissic	Coarse grained metamorphic rocks characterised by mineral banding of the light and dark coloured constituent minerals.
granite	A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas.
granoblastic	A term describing the texture of a metamorphic rock in which the crystals are of equal size.
granofels	A field name for a medium- to coarse-grained granoblastic metamorphic rock with little or no foliation or lineation.
greenfields	Refers to an area or project lacking in information from prior work, or previously under explored for the commodity of interest.
greenschist	A metamorphosed basic igneous rock which owes its colour and schistosity to abundant chlorite.
greenstone belt	A broad term used to describe an elongate belt of rocks that have undergone regional metamorphism to greenschist facies.
GSB	Abbreviation for greenstone belt.
GSWA	Geological Survey of Western Australia.
hematite	Iron oxide mineral, Fe_2O_3 , major source of iron for the steel industry.
igneous	Rocks that have solidified from a magma.
Industrial mineral	Geological materials which are mined for their commercial value, which are not fuel (fuel minerals or mineral fuels) and are not sources of metals (metallic minerals).
infill	Refers to sampling or drilling undertaken between pre-existing sample points or drill holes.
insitu	In the natural or original position.
intermediate	A rock unit which contains a mix of felsic and mafic minerals.

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intrusion/intrusive	A body of igneous rock which has forced itself into pre-existing rocks.
intrusive contact	The zone around the margins of an intrusive rock.
IP	Induced Polarisation. A type of geophysical survey.
ironstone	A rock formed by cemented iron oxides.
kaolin	A fine soft white clay, resulting from the natural decomposition of other clays or feldspar. It is used for making porcelain and china, as a filler in paper and textiles, and in medicinal absorbents.
laterite	A cemented residuum of weathering, generally leached in silica with a high alumina and/or iron content.
limonite	Iron oxide mineral mined as a source of iron for the steel industry.
lineament	A significant linear feature of the earth's crust, usually equating a major fault or shear structure.
lithological contacts	The contacts between different rock types.
lithology	Rock types.
Ma	Abbreviation for million years ago, as in 2Ma = 2 million years ago.
mafic	Relating to or denoting a group of dark-coloured, mainly ferromagnesian minerals such as pyroxene and olivine.
magnetite	A mineral comprising iron and oxygen which commonly exhibits magnetic properties.
Manganese	A hard grey metal and an important component of special steels and magnetic alloys.
Mesoarchaeon	The middle part of the Archaean period of geological time.
metagabbro	A metamorphic rock formed by alteration of gabbro.
metallurgy	A domain of materials science and engineering that studies the physical and chemical behaviour of metallic elements, their intermetallic compounds, and their mixtures, an important science related to the extraction of metals from ore.
metamorphic	A rock that has been altered by physical and chemical processes involving heat, pressure and derived fluids.
metamorphic belt	A package of metamorphic rocks.
metasediment	A rock formed by metamorphism of sedimentary rocks.
metavolcanics	A rock formed by metamorphism of volcanic rocks.
microcline	An aluminosilicate mineral found in plutonic felsic rocks, pegmatites, high grade metamorphic veins, and hydrothermal veins.
migmatite	A rock that is a mixture of metamorphic rock and igneous rock.
mineralisation	An occurrence of naturally accumulated minerals that may be of economic value.
mineral sands	Sands that contain concentrations of economically important minerals.
MMI	A partial leach method of soil analysis, using weak extractive reagents, to determine the relative abundance of loosely attached trace elemental ions, which frequently define the position of primary mineralization.
monzogranite	A granular plutonic rock containing approximately equal amounts of orthoclase and plagioclase feldspar, but usually with a low quartz content.
monzonite	a plutonic igneous rock intermediate in composition containing less quartz and more plagioclase than granite.

muscovite	A sheet silicate and most common mineral of the mica group.
Mt	Million Tonnes.
mylonite	A hard compact rock with a streaky or banded structure produced by extreme granulation of the original rock mass in a fault or thrust zone.
Neogene	The later period of the Tertiary geological time period, from 23 to 2.58 Ma.
nickel (Ni)	Silvery-white metal used in alloys.
niobium	A lustrous light gray ductile metallic element that resembles tantalum chemically and is used in alloys.
open pit	A mine working or excavation open to the surface.
orthogneiss	Rocks formed by the metamorphism of igneous rocks.
outcrop	Surface expression of underlying rocks.
Palaeoarchaeon	The early part of the Archaean period of geological time .
Palaeogene	The early period of the Tertiary geological time period, from 65 to 25 Ma.
paragneiss	Rocks formed by the metamorphism of sedimentary rocks.
pegmatite	A very coarse grained intrusive igneous rock which commonly occurs in dyke-like bodies and can be a significant source of rare metal bearing minerals.
PGE's	Platinum Group Elements: six transitional metal elements that are chemically, physically and anatomically similar. Includes Iridium, Platinum, and Palladium.
phyllite	A fine-grained metamorphic rock with a well-developed laminar structure, intermediate between slate and schist.
pisolitic	Describes the prevalence of rounded manganese, iron or alumina-rich chemical concretions, frequently comprising the upper portions of a laterite profile.
ppb	Parts per billion; a measure of low level concentration.
ppm	Parts per million; a measure of concentration.
precious metal	A classification of metals that are considered to be rare and/or have a high economic value such as gold, silver & platinum.
Prospective	Existing data/knowledge is supportive of the potential for minerals of interest.
Proterozoic	An era of geological time spanning the period from 2,500 million years to 570 million years before present.
pyroxenite	A coarse grained igneous intrusive rock dominated by the mineral pyroxene.
quartz	A mineral composed entirely of silica dioxide, quartz is the most common mineral found on the surface of the Earth. A significant component of many igneous, metamorphic and sedimentary rocks.
quartzite	A metamorphic rock which was originally pure quartz sandstone.
quartz reefs	Old mining term used to describe large quartz veins.
quartzofeldspathic	Compositional term relating to rocks containing abundant quartz and feldspar, commonly applied to metamorphic and sedimentary rocks.
quartzose	Quartz-rich, usually relating to clastic sedimentary rocks.
Quaternary	An era of geological time ranging from 2.58 Ma to the present.

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RAB drilling	A relatively inexpensive and less accurate drilling technique involving the collection of sample returned by compressed air from outside the drill rods.
raft	A relatively large block of foreign rock incorporated into an intrusive magma.
rare metal pegmatite	A pegmatitic rock containing minerals rich in elements such as; Caesium, Lithium, Niobium and Tantalum.
RC drilling	A drilling method in which the fragmented sample is brought to the surface inside the drill rods, thereby reducing contamination.
regolith	The layer of unconsolidated and/or weathered material which overlies or covers insitu basement rock.
residual	Soil and regolith which has not been transported from its point or origin.
resource	Insitu mineral occurrence from which valuable or useful minerals may be recovered.
rock chip sampling	The collection of rock specimens for mineral analysis.
satellite imagery	The images produced by photography of the earth's surface from satellites.
schist	A crystalline metamorphic rock having a foliated or parallel structure due to the recrystallisation of the constituent minerals.
scree	The rubble composed of rocks that have formed down the slope of a hill or mountain by physical erosion.
sedimentary	A term describing a rock formed from sediment.
sericite	A white or pale apple green potassium mica, very common as an alteration product in metamorphic and hydrothermally altered rocks.
shale	A fine grained, laminated sedimentary rock formed from clay, mud and silt.
shear	A zone in which rocks have been deformed primarily in a ductile manner in response to applied stress.
sheet wash	Referring to sediment, usually sand size, deposited over broad areas characterised by sheet flood during storm or rain events.
silts	Fine-grained sediments, with a grain size between those of sand and clay.
soil sampling	The collection of soil specimens for mineral analysis.
soil survey	A programme of soil sampling.
specialty metal	A group of relatively rare metals with special industrial uses such as Antimony, Caesium, Lithium, Niobium, and Tantalum.
spodumene	A translucent, typically greyish-white aluminosilicate mineral which is an important source of lithium.
strata	Sedimentary rock layers.
stratigraphic	Composition, sequence and correlation of stratified rocks.
stream sediment sampling	The collection of samples of stream sediment with the intention of analysing them for trace elements.
strike	Horizontal direction or trend of a geological structure.
sub-crop	Poorly exposed bedrock.
sulphide	A general term to cover minerals containing sulphur and commonly associated with mineralization.
supergene	Process of mineral enrichment produced by the chemical

supersuite	remobilisation of metals in an oxidised or transitional environment. A grouping of groups of igneous rock units with common textural, mineralogical and compositional characteristics, or a sequence of such characteristics.
talc	A hydrous magnesium silicate, usually formed due to weathering of magnesium silicate rocks.
tantalite	A rare, dense black mineral consisting of a mixed oxide of iron and tantalum. A major source of industrial tantalum.
tectonic	Pertaining to the forces involved in or the resulting structures of movement in the earth's crust.
tenement	Area of land over which the state grants a right, to the tenement holder, to explore for and develop mineral resources under particular conditions imposed by the Western Australian Mining Act (1978).
terrane	A fault-bounded area or region with a distinctive stratigraphy, structure, and geological history.
tourmaline	A mineral group of complex borosilicates. Common accessory mineral in igneous and metamorphic rocks, very common in pegmatites.
ultramafic	Igneous rocks consisting essentially of ferromagnesian minerals with trace quartz and feldspar.
vein	A thin infill of a fissure or crack, commonly bearing quartz.
volcanic	Formed or derived from a volcano.
WAMEX report database	Publicly accessible database of Western Australian Mineral Exploration Reports maintained by the DMP.

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RESOURCE ESTIMATION | FEASIBILITY STUDIES | DUE DILIGENCE

RESOURCE SPECIALISTS TO THE MINERALS INDUSTRY

17 May 2016

The Directors
Lithium Power International Ltd
L7/151 Macquarie St
Sydney NSW 2000

Dear Sirs,

Independent Technical Report by Geko-Co Pty Ltd
Summary of H&S Consultants' Assessment

H&S Consultants Pty Ltd ("H&S") has been commissioned by Geko Co Pty Ltd ("Geko") to undertake a review of the Independent Technical Report ("ITR") by Geko date-stamped 17 May, 2016. The ITR is to be included in an Initial Public Offering by Lithium Power International Ltd ("LPI") dated on or about 18 May 2016. The H&S Review is of limited scope and only assesses the recommended exploration strategy as contained in the ITR and does not consider other issues such as tenement status. The Prospectus has not been provided and, accordingly, this review does not take into account the context of the Geko ITR. This letter is a summary of the H&S Review and has been commissioned by LPI.

The H&S Review is authored by Mr Mark Arundell (MA), Mr Steve Collins (SC) and Dr Phillip Hellman (PLH). The authors are all independent of both Geko and LPI and will receive professional fees for the preparation of both the Review and this summary letter. The payment of these fees is not contingent upon the success or otherwise of the proposed capital raising pursuant to the prospectus in which the Geko report will be contained. The authors have extensive experience in mineral exploration and mineral resource evaluation and have specific experience in geochemistry (MA, PLH), geology (MA, SC and PLH), geophysics (SC) and resource delineation of lithium pegmatites (PH).

The Geko ITR includes an exploration strategy for the expenditure of \$1.325 million by LPI during a two year program directed at three areas in Western Australia; Pilgangoora-Houston Ck, Tabba Tabba-Strelly and Balingup-Brockman Highway. There are three tenement applications over the first two areas and two granted tenements over the Balingup-Brockman Highway (Greenbushes) area. Geko advises, on the basis of legal advice received from LPI, that the lack of granted tenements is not an issue for the two areas in the East Pilbara.

The areas are considered prospective for hard-rock lithium mineralisation as evidenced by the presence of a number of features such as pegmatites, alkali granites, tin/tantalum mineralisation and proximity to lithium and rare metal resources.

The Pilgangoora-Houston Ck area is a historic tin, tantalum and gold mining centre. Recently, the lithium potential of the area has been recognised. Pilbara Minerals have defined a Mineral Resource of 80.2 Mt @ 1.26% Li₂O and Altura Mining Ltd have also defined a significant rare metal pegmatite resource of 35.7 Mt at 1.05% Li₂O in the Pilgangoora area. Geko has proposed a staged exploration approach that will build on a recent geophysical magnetic and radiometric survey. Soil sampling and mapping with delineation of drilling targets is planned to culminate in aircore drill testing in the first year. If suitable anomalies are delineated, an RC drilling program will follow in Year 2 along with further soil testing and mapping. A total of \$86.5K is budgeted for the area.

The Tappa Tappa-Strelley area has historically been a source of alluvial/eluvial tin and tantalum. Recent exploration of the pegmatites in the area has defined tantalum prospects which are considered promising for the presence of lithium mineralisation. Geko proposes that the work concentrate on interpretation of existing geophysical results, soil sampling and mapping in the first year. Aircore drill testing and follow-up soil sampling is planned for Year 2. A total of \$173K is budgeted for the area.

The Balingup-Brockman Highway area surrounds the Greenbushes lithium-tantalum mine. Previous exploration has identified anomalous lithium mineralisation which requires further follow up. Geko proposes a program of soil sampling, mapping and geophysical interpretation in Year 1. Year 2 work will largely be directed at aircore and RC drilling, and soil sampling. A total of \$1.065m is budgeted for the area.

The staged exploration approach for each area is considered logical and designed to focus on areas of greatest prospectivity. Undertaking an orientation survey will enable validation of the proposed partial leach soil sampling technique. Compilation of a regolith map for each area will enable an appropriate sampling strategy to be devised. Completion of initial soil and/or rock sampling will enable targets to be generated for initial infill soils and then follow up drill testing.

The references to geochemistry are all appropriate and the report summarises what appears to be an efficient approach to exploration for the desired target. The success of the geochemical program will be dependent upon the existence of, and the ability to recognise, geochemical anomalies defined by suites of elements associated with lithium mineralisation that disperse within the regolith and also within primary host rocks. The proposed subsequent work programs and budgets, to a large extent, depend upon the success of this phase of exploration.

The geophysical work done at Pilgangoora appears to be of high quality and has been effective in defining the broad scale areas of interest. No discussion of the radiometric data is provided, probably because it is of limited help due to regolith cover material. The resolution of the geophysical survey is 'high resolution' at a line spacing of 50m which is appropriate for anomaly definition. For the other project areas, the existing line spacings are from 100 to 200 metres and are considered reasonable for the interpretation of structure and structural trends.

There are several mentions of geophysical work by previous explorers on the other exploration licences but no details are provided. It is assumed that the lack of information is because much of the geophysics was undertaken for gold, base-metals or other commodities apart from rare metals and lithium and is, therefore, not relevant to searching for pegmatites. However, budgets have been allowed for the use of existing geophysics in other areas for geological mapping purposes.

The rather intriguing gravity results from Greenbushes are noted though no further explanation or suggestions for how this should be followed up have been made.

The references to geophysics are all appropriate and the report summarises what is an efficient approach to exploration for the desired target.

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Yours Faithfully,

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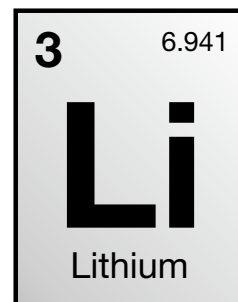


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Executive Summary

Groundwater Insight Inc. (GWI) was contracted by Lithium Power International (LPI) to prepare an Independent Expert's Report (IER) for the Centenario Project (Project), located in the Salta province of Argentina. GWI has prepared this report to document the potential of the Centenario Project for further exploration. The Centenario Project is located in the Centenario Salar which is on the Puna Plateau, between the Eastern and Western Cordillera of the Central Andes. Six properties, or tenements, are included in the Project. When the term "Centenario Project" is used in this IER, it is intended to refer to these six tenements.

LPI is an Australian lithium explorer whose business involves the acquisition and advancement of promising lithium projects in Australia and South America. LPI currently holds properties targeting lithium (in the form of spodumene) in Australia. The company has recently acquired the Centenario Project properties from Lacus Minerals (Lacus). LPI holds these properties through an Argentinian subsidiary, known as Lithium Power SA (LPSA). The six tenements (total area 6152 ha) in the Centenario Project are a subset of the 35 properties (total area 30,319.48 ha) previously evaluated by Lacus.

The Centenario Project is in the early stages of exploration, but has the potential to host economic concentrations of lithium in subsurface brine. The scope of previous work conducted within the Centenario Salar by Lacus included mapping, geophysical surveys, drilling, and the calculation of a preliminary and unpublished Resource Estimate. Much of this previous work was performed outside the Centenario Project area. It is mentioned herein to provide geological context for future assessment work on the Centenario Project. Future exploration should focus on delineation of brine and lithium distributions and further evaluation of salar permeability.

In the Puna region, salars are typically associated with thrust faulting. Salar basins accumulate sediment and mineral-rich waters from the surrounding uplands. When the water in the salar basin is at or near the surface, high evaporation rates may cause concentration of elements such as sodium, calcium, boron, potassium, magnesium and lithium. In some periods of accumulation within a given salar, halite precipitation may be the primary process of salar in-filling, leading to evaporite-dominant zones.

In other periods, in-filling may be mainly attributable to clastic material (i.e., gravel, sand silt and clay), giving rise to clastic-dominant zone with interstitial brines. Some salars (for example, Salar Atacama, in Chile) are dominated by evaporites throughout their entire extent. Others (for example Clayton Valley Playa in Nevada) are clastic-dominant throughout. Still others (for example Salar Olaroz in Argentina) may have evaporite-dominant cores of various extents and outer zones that are clastic-dominant. All three types of salars can support economic production of lithium brines.

Available data indicate that the Centenario Salar has an evaporite-dominant core located south of the Project properties, and a clastic-dominant outer zone. Brines of potential economic interest have been identified (by Lacus) on properties adjacent to the Centenario Project. Centenario Salar brines sampled by Lacus have a composition similar to Olaroz Salar, Cauchari Salar, and Hombre Muerto.

To further evaluate the potential of the Centenario Project, a three-phase exploration program is proposed. The first phase of exploration would involve geophysical surveys to better define brine distribution, structural controls, and viable drilling targets. In the second phase, drilling would be conducted to establish stratigraphy and structural controls, and provide an opportunity for brine and aquifer porosity sampling. The third phase would involve a pumping test, to evaluate aquifer permeability.

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Independent Expert Report – Argentina

1.0 Introduction

Groundwater Insight Inc. (GWI) was contracted by Lithium Power International (LPI) to prepare an Independent Expert's Report (IER) for the Centenario Project (Project), located in the Salta province of Argentina. The Centenario Project contains a portion of a lithium brine deposit within the Centenario Salar. The Project contains six tenements with a total area of 6152 ha.

GWI has prepared this report to document the suitability of the Centenario Project for further study. To this end, a review of previous work on adjacent properties was undertaken to provide geological context and to assist in the design a suitable exploration program. This report has been prepared in accordance with the regulations established in the Australian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves, as established by the Joint Ore Reserves Committee (JORC, 2012). It was also prepared in accordance with the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (VALMIN Code, 2015).

Information related to previous work has been obtained from Lacus Minerals (Lacus), and has not been designated confidential. Background information has been obtained from publicly available sources such as El Servicio Geologico Minero Argentino (SEGEMAR), Google Earth, and scholarly journals. The information received from Lacus was collected before the evaluation of the Project by GWI. Field programs conducted by Lacus were therefore not witnessed and only post-program data evaluation was possible.

This report was prepared by Dr. Mark King, President of GWI. Dr. King is a Professional Geoscientist registered in Canada (Province of Nova Scotia). He is a Hydrogeologist with a doctorate in Earth Science from University of Waterloo and a Masters of Applied Science in Civil Engineering from the Technical University of Nova Scotia. He has worked on at least nine different lithium brine projects, in a variety of roles including: signing authority for resource and reserve estimates, due diligence reviewer, and Technical Director of numerical brine modeling. Consequently, for the mineralization and deposit style at the Salar Centenario, he is a Competent Person as defined in the JORC Code (2012) and a Qualified Person as defined by the Canadian National Instrument 43-101 (NI 43-101).

GWI is a consulting firm, owned by Dr. King, and operating since 1998. Neither Dr. King nor GWI hold any material interests in the Centenario Project or LPI. GWI was retained by LPI to provide an independent project assessment to satisfy requirements set forth under JORC (2012). LPI's role was to facilitate the transfer of technical information (geology, hydrogeology, drilling and sampling results, etc.) from Lacus to GWI. The results of this report were arrived at by the author, independently of LPI.

2.0 Information Sources

GWl reviewed information from the following sources, while preparing this IER:

- A 43-101 compliant technical report describing the Lacus tenement package, prepared for Lacus by Brooker (2011), was reviewed. The current Project contains six tenements (area of 6152 ha) of the former package of 35 tenements (total area 30,319.48 ha) explored by Lacus and evaluated in the Brooker report.
- Methods and results from field data collection activities conducted by Lacus subsequent to the 43-101 were reviewed.
- A preliminary Resource Estimate prepared by Lacus was evaluated. The Estimate is contained in a spreadsheet and has not been formally documented.
- Diamond drill cores from a three borehole drilling program conducted by Lacus were reviewed. One of the boreholes was located on one of the six Project tenements. The other two are on other nearby tenements that were also explored by Lacus.

Also, as part of this IER, Dr. King reviewed the cores from the Lacus Centenario diamond drilling program and visited the Centenario Project Site. All cores from the three diamond drill boreholes were reviewed, with the following objectives:

- To become familiar with the salar in-fill lithologies;
- To determine if the distribution of the lithologies represented in the cores was in reasonable agreement with the borehole logs provided by Lacus; and, in particular
- To evaluate whether there was any systematic over-estimation of the more permeable (i.e., sandy) materials in the cores.

The cores were viewed on October 16th, 2015 in Mendoza, where they had been stored since the 2012 drilling program. Photographs of the core review are shown in Photo section at the end of this IER. Based on the core review, it was concluded that the cores were in very good agreement with the borehole logs provided by Lacus. Similarly, it was concluded that there was no systematic over-estimation of sandy materials in the cores.

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Independent Expert Report – Argentina

The Centenario Project Site was visited on October 18th and 19th, 2015, with the following objectives:

- To become generally familiar with the site layout and surface lithologies; and
- To confirm the surface locations of primary investigations locations (particularly the diamond drill boreholes).

The visit was led by Mr. Daniel Boggetti of P y T Consultoras, who supervised the construction of a site stratigraphic (Petrel) model on behalf Lacus. Photographs from the site visit are shown in Attachment 1.

3.0 General Site Description

3.1 Location and Access

The Centenario Salar is located in the Puna region of Salta Province in northwestern Argentina. The Site is approximately 165 km west of the city of Salta, the provincial capital, and 180 km east of the Chilean border. The most straightforward route to access the site is from the city of Salta, which has an international airport and a range of hotels and amenities. To drive from Salta, one follows paved Route 51 northwest from Salta to the town of San Antonio de los Cobres (Figure 1), and then the gravel RP 129 southwest for approximately 45 km.

3.2 Layout

The layout of the Centenario Salar is shown in Figure 2. The salar is approximately 60 km in length, with its long axis trending approximately north-south. The width of the basin is variable, ranging between 10km and 30km. The average surface elevation of the salar is approximately 3,900 m above sea level (masl). The basin is bounded by mountains, ranging in height from 500 m to 800 m above the salar surface. The extinct Nevado Queva volcano, (elevation 6140 masl) is immediately northeast of the Centenario Salar, and is the highest peak in the immediate area.

Centenario is one of numerous salars in the region, with several under active production or exploration for lithium brines. Presently, there are three projects producing lithium from salars in the Puna region:

- FMC Corporation has been in full-scale production at Salar Del Hombre Muerto since 1997, less than 100 km south of Centenario.
- The Salar Olaroz project is located 140 km north of Centenario and is nearing completion of full-scale production facilities.
- A third project, at Cauchari Salar located immediately south of Salar Olaroz is in pilot-scale operation using a patented and undisclosed recovery process developed by POSCO.

Several companies are actively exploring for lithium brine deposits in the Puna region, with the closest work being conducted by Eramine in the southern zone of Centenario Salar.

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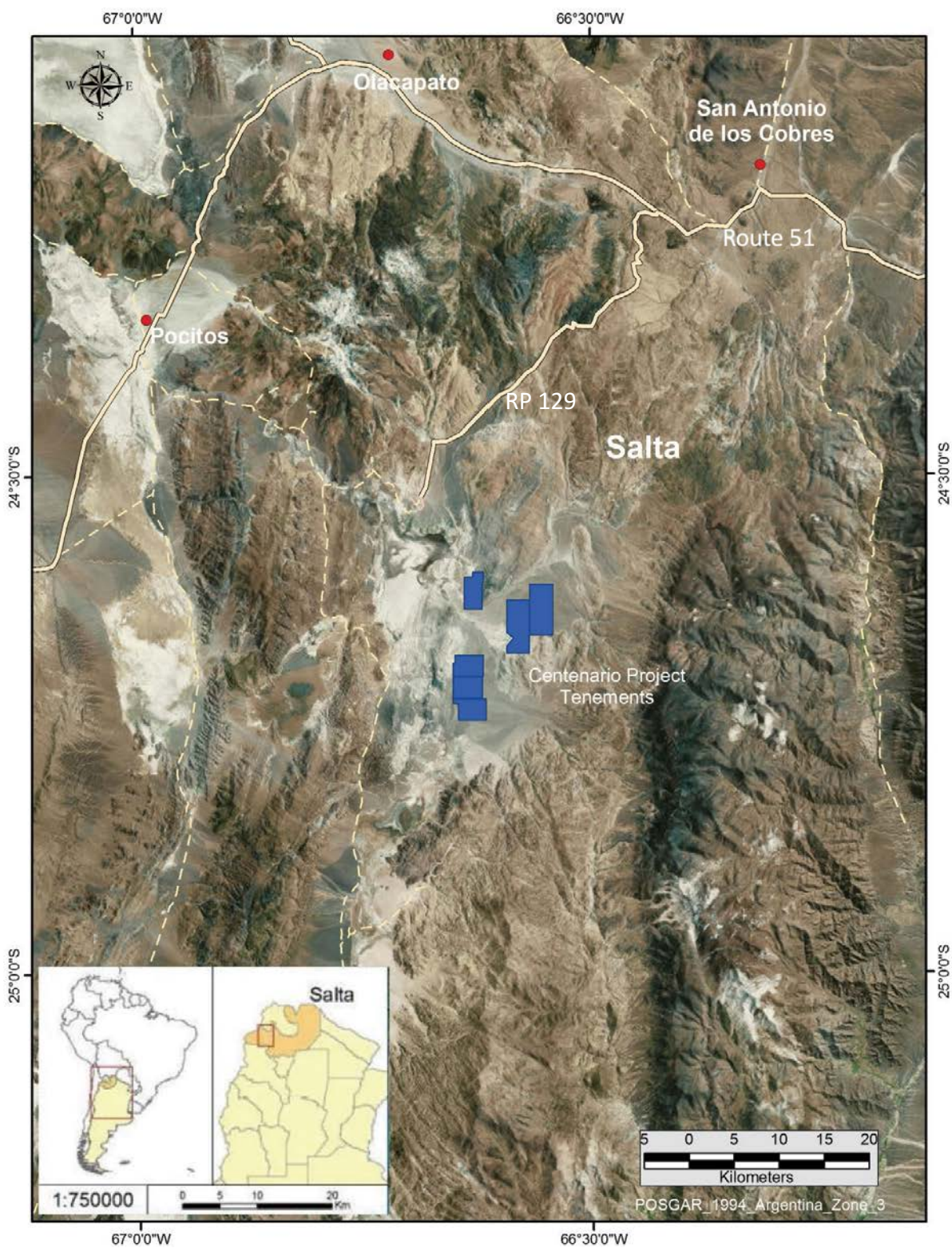


Figure 1. Centenario Project Location Map.

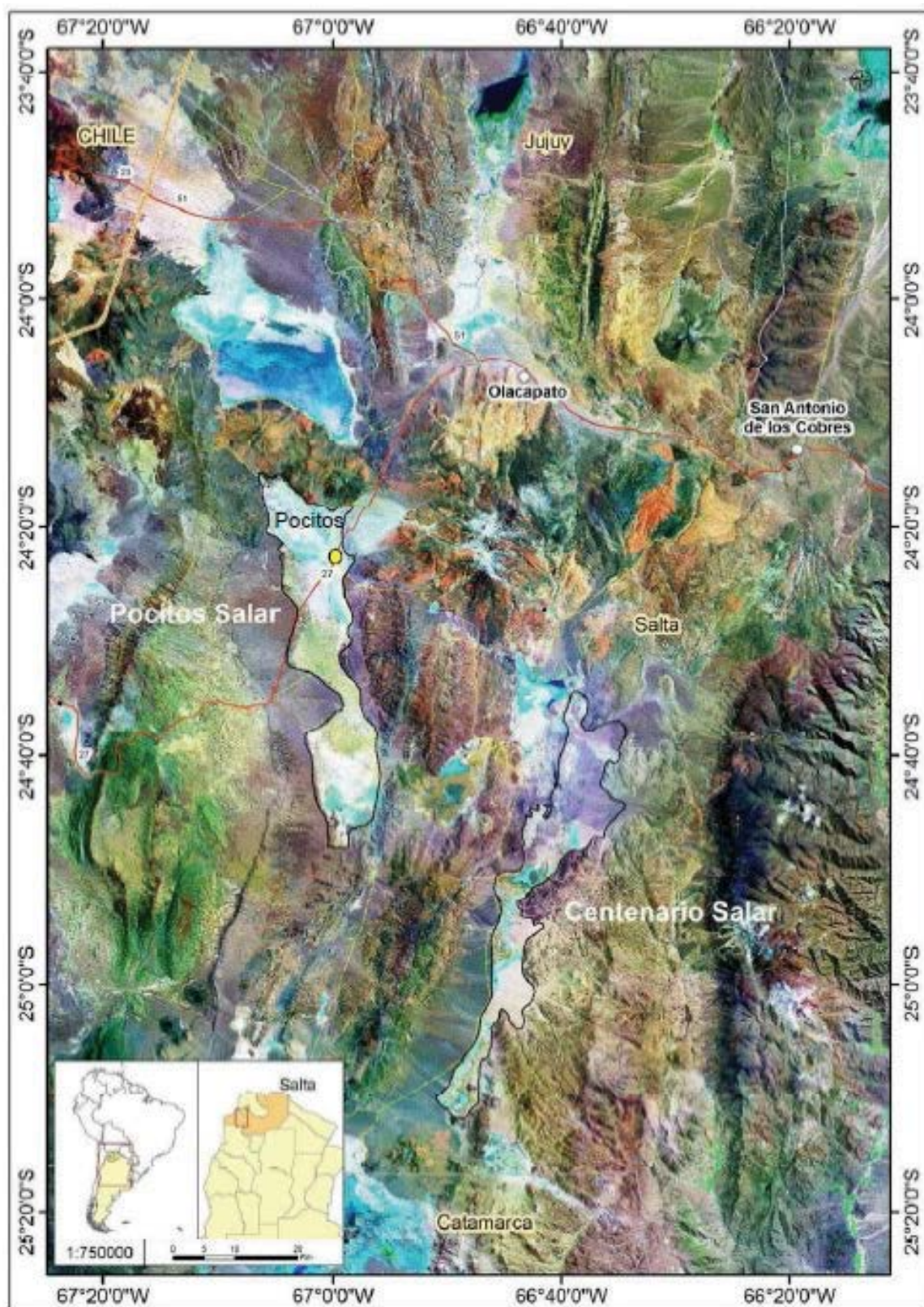


Figure 2. Layout of the Centenario Salar.

3.3 Climate

The Centenario Project is located in a severe climate with winds reaching 80 km/h, temperatures ranging between sub-zero and 14°C, extremely arid conditions, and intense solar radiation. These conditions lead to high rates of evaporation, especially during summer, which can be used to concentrate brines. The “winter” months are considered to be from May to August and the warmer “summer” months are November to February. Since no climate data are available for the Centenario Salar, data from other Puna sites is used below to illustrate expected trends at the Site

Precipitation – A general indication of average seasonal precipitation in the Puna is shown in Figure 3. The two closest locations to Centenario Salar are Salar de Pocitos (approximately 50 km west) and Olacapato (80 km north). As shown in the figure, precipitation is negligible from May to September, and maximum rainfall occurs in December, January and February.

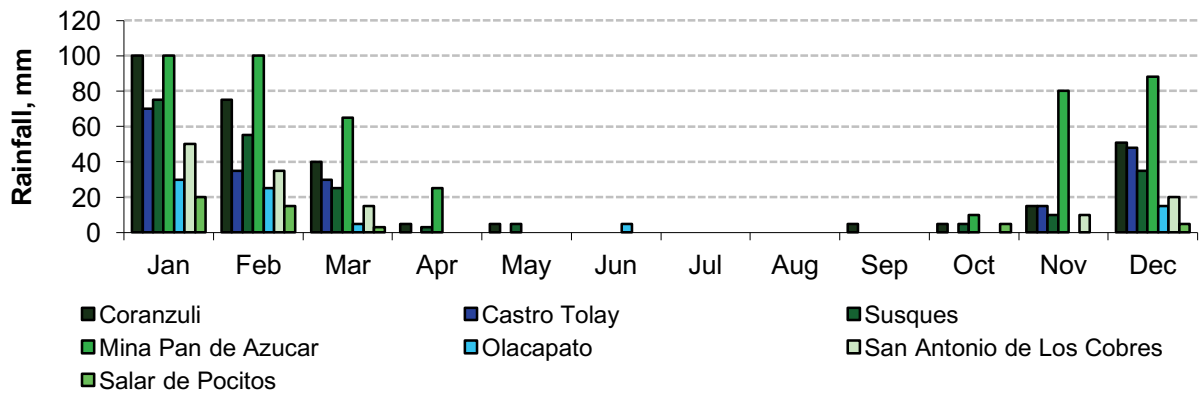


Figure 3. Average precipitation from other Puna Sites (from LAC, 2012).

Wind – Measurements from a monitoring station at Cauchari Salar (Figure 4), located approximately 100 km north of Centenario can be used to illustrate expected wind trends at the Site. Strong annual trends are not apparent, with relatively strong winds occurring in all months. The short term fluctuations in the figure are indicative of a typical daily increase in wind speed during the day and a decrease at night, although strong winds may persist even after dark.

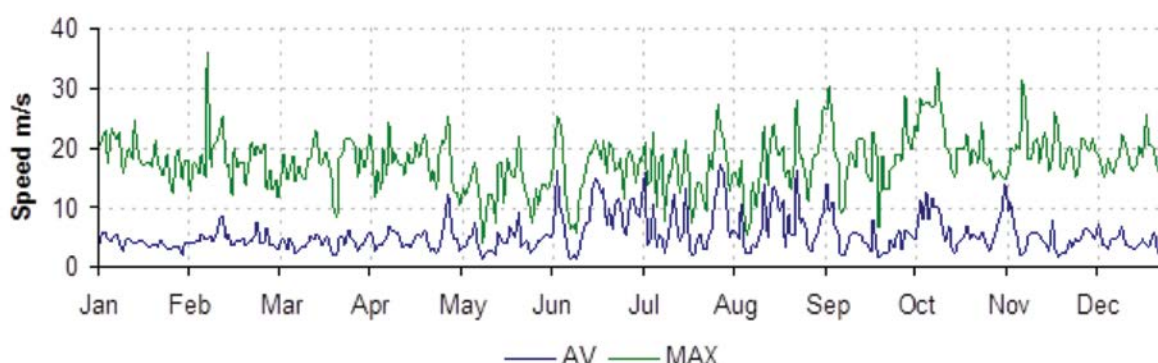


Figure 4. Wind monitoring results from the Vaisala Station at Cauchari Salar (LAC, 2012).

Temperature – A general indication of average seasonal temperatures in the Puna is shown in Figure 5. The two closest locations to Centenario Salar are Salar de Pocitos (approximately 50 km west) and Olacapato (80 km north). As shown in the figure, the coldest months are June and July, and the warmest time of the year is from November to February.

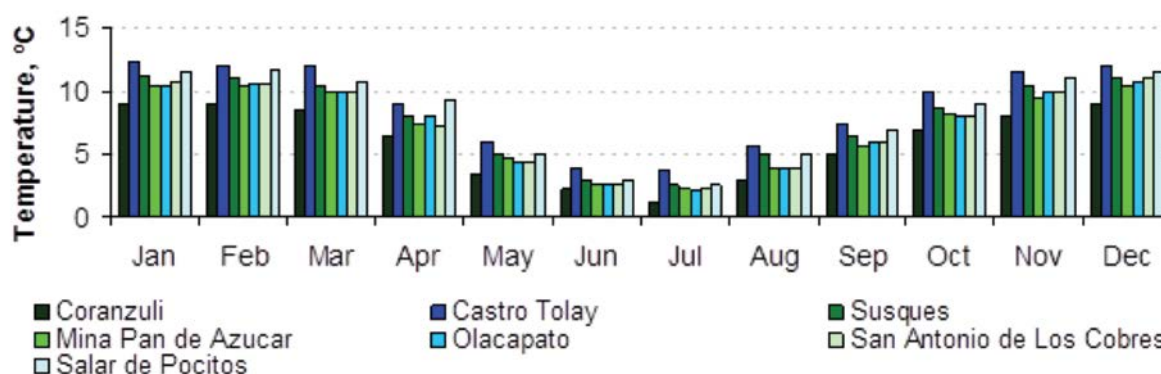


Figure 5. Average temperature from other Puna Sites (from LAC, 2012).

Evapotranspiration – Salars in the Puna region have high potential evaporation rates, due to the combination of dry air, high winds, low precipitation, and high solar radiation. A general indication of expected potential evaporation rates at the Centenario Salar can be inferred with results from two nearby salars: Salar Diablillos located approximately 40 km south, and Cauchari Salar approximately 100 km to the north. Using the estimation methods of Houston (2006), Larrondo et al. (2011) calculated a series of site-specific potential evaporation estimates for Diablillos, including the following:

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- A freshwater pan evaporation rate of 2004 mm/yr was calculated, with the maximum amount occurring in January (230 mm) and the minimum in July (105 mm).
- The Rodinia estimates help to illustrate the differences between freshwater and brine evaporation. They estimated a brine pan evaporation rate of 1304 mm/yr. The maximum (149 mm in January) and minimum (68 mm in July) amounts of evaporation occur in the same months as estimated for freshwater.
- They estimated the amount of evaporation that would occur from a brine pond by decreasing the brine pan rate by a factor of 0.7.

In drawing conclusions from a year of pan measurements at two different locations on Cauchari Salar, LAC (2012) reported that they expect an average evaporation rate of 2554 mm/yr from freshwater pans and 1273 mm/yr from brine pans.

The rates noted above are *potential* rates, in that they would only occur if water is continuously available for evaporation, such as in a pan, pond, or lagoon. In a natural salar setting, actual evaporation rates are highly variable, as a function of water availability. Rates are highest where water occurs on the ground surface. They decrease with water table depth, becoming negligible when the water is deeper than approximately two metres below the surface. In conducting numerical modelling of brine flow at Cauchari Salar, LAC (2012) simulated this phenomenon of spatially variable evaporation. A maximum evaporation rate of 4.3 mm/d was specified to occur where the water table coincided with the ground surface. The rate was simulated as inversely proportional to water table depth, and was zero below a depth of two to four metres, depending on the composition of shallow soils.

4.0 Description of Tenements

A summary of tenement legal information is provided in Table 1. All information regarding the legal status of the Centenario tenements was provided by Matias Olcese, legal counsel for LPI. It has not been independently verified by GWI. As indicated in the table, the process of transferring the tenements to LPSA is finalized only for Centenario 4, Centenario 5 and Centenario 6, as of the issuing of this report.

Additional details related to the tenements are as follows:

- According to information provided in the applications for mining rights, all of the Project tenements are located on Fiscal Lands. Fiscal Lands have no registered surface land owners.
- All claims within a given tenement must be surveyed, and the maximum claim area is 100 ha.
- Investment Plans, including detailed expenditures, must be filed with the granting authority. Expenditure commitment must be met within five years of filing. Twenty percent of the aggregated forecasted investments shall be incurred in each of the 1st and 2nd year of the plan.
- The Annual Mining Fee must be paid in two equal installments on December 31st and June 30th.
- The total required fees and expenditures are shown in the table using an exchange rate of AR \$15.600 = 1 USD. Exchange rate provided by Banco de la Nación Argentina, as published on its website (<http://www.bna.com.ar/>) at the close of business of February 23, 2016 (information provided by Matías Olcese, personal communication)
- An Environmental Impact Report (EIR) must be submitted before exploration work commences and updated every 2 years. In December, 2015, applications for vacant mines, requesting the granting of Centenario 200 and Centenario 201, were submitted by Lacus. These applications are pending approval. Once approved, the titleholder will have one year (from the date of approval) in which to submit an investment plan compliant with legal requirements.
- On February 23, 2016, Lacus submitted the environmental impact reports for Centenario 200 and Centenario 201. Approval of these reports, by means of an environmental impact statement, is pending.
- The exclusive zone of Centenario 200, as registered with the cadastral department, comprises an area of 1,503 Ha (6,355 m²). This notwithstanding, the survey request filed by the prior titleholder made reference to 1,500 hectares only, in an effort to not exceed the 15 claim maximum.
- For tenements with a disputed title, the titleholder has ceased paying the annual mining fee, complying with the investment plan, and submitting the environmental impact report updates. If title is confirmed, the titleholder will have to forthwith pay the mining fee owed, submit a new investment plan compliant with law, and submit an update of the environmental impact report.
- In February, 2016, Lacus submitted new investment plans compliant with the minimum level of investment, required by law, to Centenario 4 and Centenario 5. Approval of these plans is pending.

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- The figures submitted in the investment plan for Centenario 6 differ from the other plans. This plan was filed in 2015, prior to the enactment of Law 27 111 (when the fee structure stipulated AR\$ 800 per claim, instead of the current AR\$ 3200 per claim). The criteria used by the titleholder to project required expenditures for an investment plan could be questioned. It is believed, however, that the criteria followed by the titleholder would be shared by the Mining Authorities. Indeed, the relevant technical department issued a report stating the plan filed is correct and complies with the requirement set forth in the AMC.

Table 1. Centenario Project tenement details.

Tenement Name	Transfer to Lithium Power SA is Finalized	Mining File No.	Tenement Type	Mineral	Registered Title Holder	% Interest	Area (ha)	EIR Expiry	Approved Survey
Centenario 1	No	19475	Minas	Salt+Li; disseminated	Lacus Minerals S.A.	100	800	Expired	Yes
Centenario 4	Yes	19478	Minas	Salt+Li; disseminated	Lacus Minerals S.A.	100	800	Sept. 2016	Yes
Centenario 5	Yes	19479	Minas	Salt+Li; disseminated	Lacus Minerals S.A.	100	800	Sept. 2016	Yes
Centenario 6	Yes	19480	Minas	Salt+Li; disseminated	Gonzalo Fernandez Sabate	100	800	Apr. 2016	Yes
Centenario 200	No	20158	Application for Vacant Mine	Salt+Li; disseminated	Lacus Minerals S.A.	100	1500	N/A	No
Centenario 201	No	20159	Application for Vacant Mine	Salt+Li; disseminated	Lacus Minerals S.A.	100	1452	N/A	No

Tenement Name	Investment Plan		Investment Requirement (\$AR)	Annual Mining Fee (\$AR)			Fees Paid in Full	
	Date Submitted	Accepted		No. of Claims	Fee per Claim	Total	2015	2016
Centenario 1	30-Mar-2011	No	\$7,680,000	8	\$3,200	\$25,600	No	No
Centenario 4	February 216	Pending	\$7,680,000	8	\$3,200	\$25,600	Yes	1st Semester
Centenario 5	February 216	Pending	\$7,680,000	8	\$3,200	\$25,600	Yes	1st Semester
Centenario 6	10-Sep-2015	Yes	\$1,920,000	8	\$800	\$6,400	Yes	1st Semester
Centenario 200	Not due yet	N/A	\$14,400,000	15	\$3,200	\$48,000	N/A	Not due yet
Centenario 201	Not due yet	N/A	\$14,400,000	15	\$3,200	\$48,000	N/A	Not due yet
Total Investment Commitment			\$53,760,000	Total Annual Mining Fee		\$179,200		

5.0 Geology

5.1 Regional Geology

A regional geology map that includes the Centenario Salar and several other salars is shown in Figure 6. The Centenario Salar is located in the Puna region of the Altiplano-Puna plateau of the Andes Mountains. The plateau is bounded by the two longitudinal ridges of the Andes: the active arc of the Western Cordillera and the thrust belt of the Eastern Cordillera (Barra et al., 2002). It extends from Cusco, Peru, to Mendoza, Argentina, a distance of nearly 3000 km. The average elevation of the plateau is in excess of 3000 masl, and is approximately 300km wide at the latitude of the Project area.

The tectonic evolution of the region began in the Jurassic period and continued into the late Miocene epoch, with periods of extension and compression, and intermittent volcanism. A convergent episode began in the late Jurassic period, forming the La Negra Island arc and associated back arc Tarapaca Basin (Mpodozis and Ramos, 1990).

The ensuing extension episode, beginning in the late Cretaceous, produced extensive rifting and grabens in the Tarapaca Basin (Salfity and Marquillas, 1994), which subsequently became a repository for marine sediments into the Pliocene epoch. This marine sequence was uplifted during the late Cretaceous to Paleocene, to form the Cordillera de Domeyko (CdeD) (Mpodozis and Ramos, 1990). The CdeD lies between the present day locations of the Western Cordillera and Atacama Bench. Erosion of the CdeD deposited red bed sequences, of the Purilactis Formation, in basins east of this range (ibid) which now partly underlie the Western Cordillera arc system.

In the late Eocene, a period of crustal compression and uplift produced the Eastern Cordillera (Allmendinger et al., 1997) and a series of associated rift inversion basins within the plateau region. These basins formed along approximately north-south axial trends and were mostly isolated by bounding uplands (Allmendinger et al., 1997). It is in these basins that salar environments developed in an increasingly arid climate.

As the active volcanic arc continued its eastward migration during the late Cenozoic and Paleogene periods, volcanism and intrusive activity were prevalent throughout the Central Andes. The occurrence of porphyry copper deposits in the CdeD is due to this intrusive activity, particularly during the late Eocene to Oligocene time period (Ramos and Alleman, 2000). Continued convergence of the Nazca and South American plates caused formation of large strike-slip features and volcanism, which diminished in the late Oligocene (ibid). The Western Cordillera contains numerous andesitic to dacitic stratovolcanoes thought to be associated with these crustal mega fractures (de Silva, 1989). The decrease in volcanism was followed by a period of sedimentary deposition, causing the red-bed layers that can now be observed in early to mid-Miocene aged strata (Jordan and Alonso, 1987).

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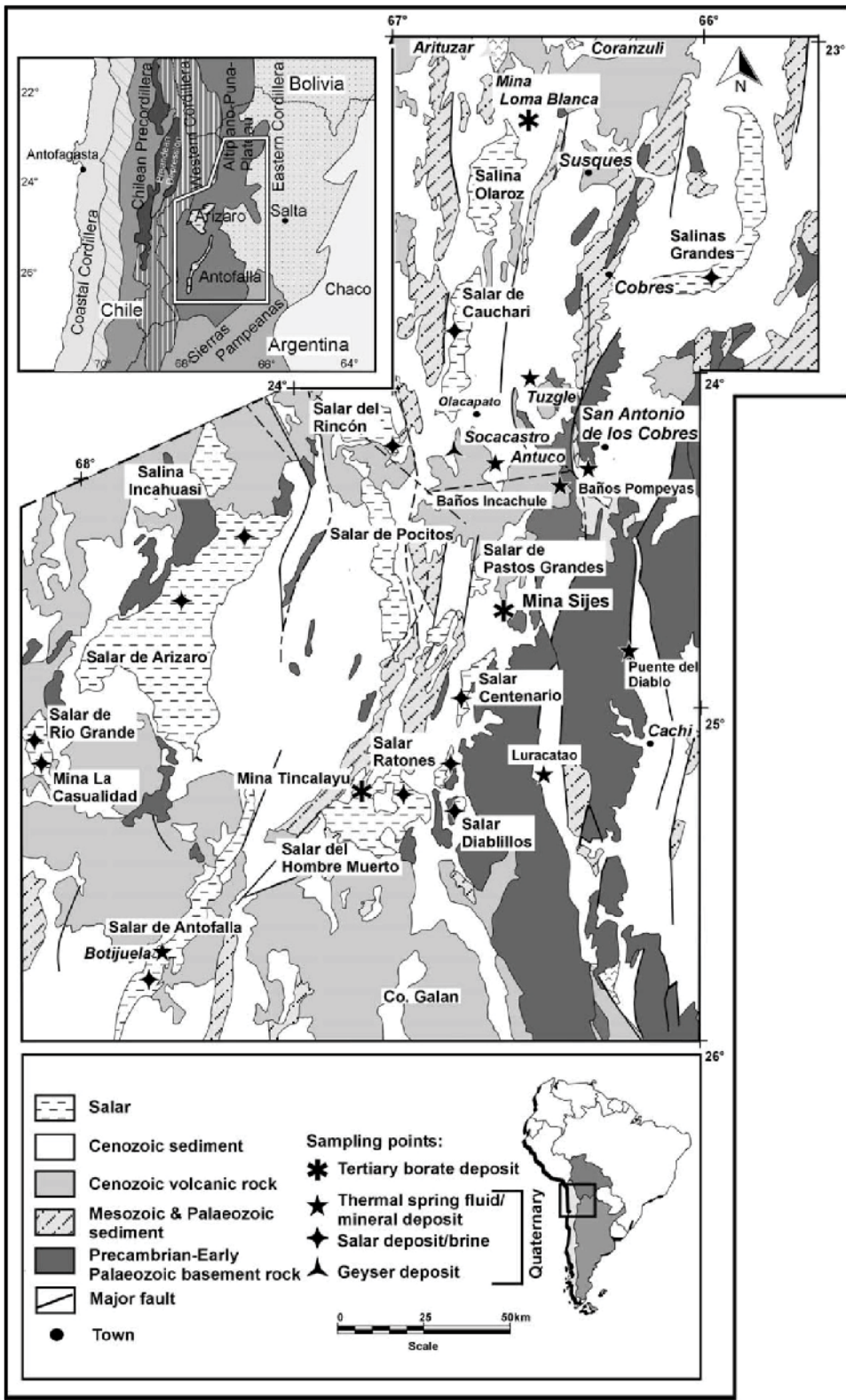


Figure 6. Simplified Regional Geology Map (from Kasemann et al, 2004).

By the mid to late Miocene, the active volcanic arc had settled in its current location in the Western Cordillera, and a major episode of uplift pushed the Altiplano-Puna plateau to near its present height of 3000-4000 m (Garizzone et al., 2008). It is likely that during this episode, the earlier rift inversions were reactivated. This period of renewed volcanism produced the Altiplano-Puna Volcanic Complex (APVC) which consists of andesite-dacite volcanic flows and ignimbrite sheets (de Silva, 1989). The APVC is prevalent immediately north of the Centenario Salar basin. Several authors (e.g., Gajardo and Carrasco, 2010; Kay et al., 2008) have suggested that these volcanic sequences are the source of lithium and potassium found concentrated in salar brines.

The Central Andes has experienced approximately the same semi-arid to arid climatic regime since the late Jurassic period (Hartley et al., 2005). Aridity increased throughout the Cenozoic, with the growth of the Eastern Cordillera and uplift of the Altiplano-Puna plateau. Uplift of the Eastern Cordillera restricted moisture from the Amazon Basin, to the east, resulting in reduced precipitation and increased evaporation rates by the mid-Miocene. These conditions promoted salar formation (Alonso et al, 1991), including the accumulation of evaporites (Figure 7).

Salars that contain brine deposits are of two principal lithologic types: clastic-dominant and evaporite-dominant. Evaporite-dominant salars contain mostly halite deposits, which can reach hundreds of meters in thickness (Houston et al., 2011). Within approximately 50m of the surface, the porosity and permeability of halite is amenable to economic extraction of brines. However, deposit permeability may decrease rapidly with depth due to evaporite cementation and recrystallization. Classic examples of evaporate-dominant salars include Salar Hombre Muerto (Argentina) and Salar Atacama (Chile).

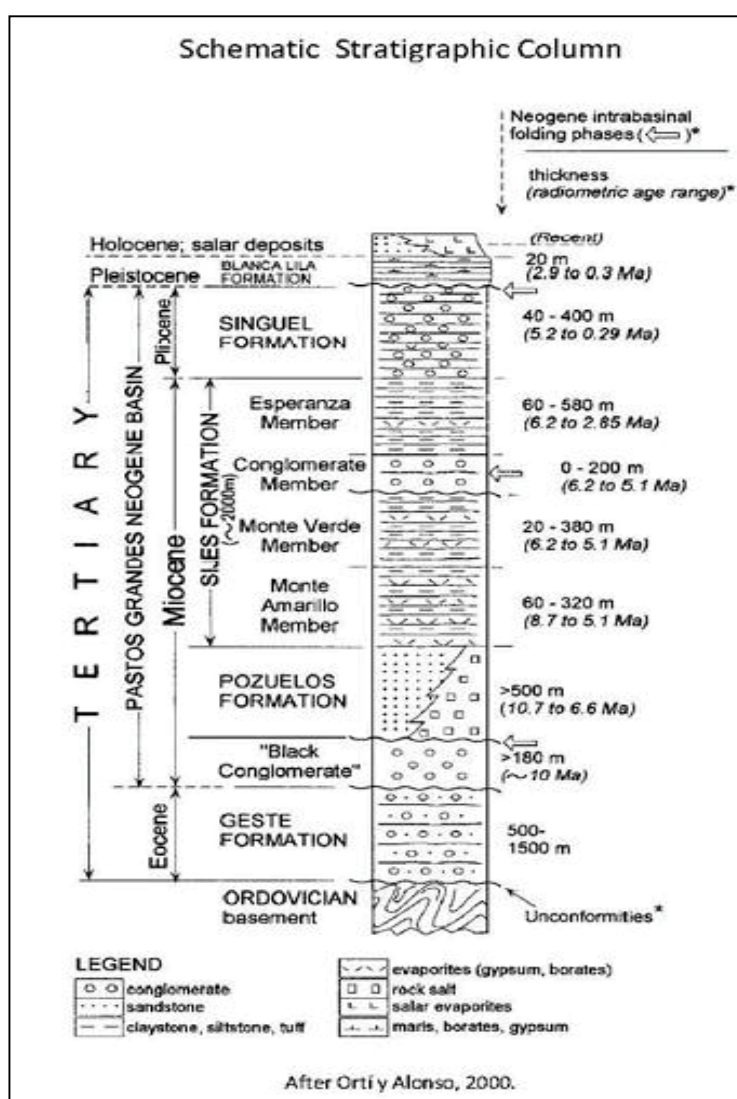


Figure 7. Generalized stratigraphic section of the Cenozoic-Quaternary geology of the Puna region (after Alonso, 2000).

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Clastic-dominant salars are characterized by predominantly clastic strata interbedded with minor evaporites, particularly halite. Porosity and permeability are controlled by lithology, stratigraphy and structural controls such as faults. Clastic-dominant salars are exemplified by the Silver Peak deposit in Nevada and Argentina's Cauchari Salar.

5.2 Project Geology

The north-south trending Centenario Salar basin lies at approximately 3900 masl, between bounding ridges of uplifted basement rocks of Pre-Cambrian to Ordovician age. These ridges stand between 500 and 800 m above the basin floor. The eastern margin of the Centenario basin is composed of an Ordovician metamorphic sequence and Pre-Cambrian granites (Figures 6 and 8). The northern extent of the basin is defined by Cenozoic-Quaternary volcanic rocks with occasional Ordovician metamorphic bedrock. Folded and faulted Neogene continental sediments (including the Sijes and Singuel Formations) compose the western margin of the basin and separate the Centenario from the adjacent Pozuelos Salar basin.

The Sijes Formation is composed of sandstones, clay stones, and volcanic tuff units interbedded with evaporites and a thick conglomerate horizon marking the middle of the formation (Alonso, 1999). Gypsum and borates of the Sijes formation are mined along the margins of Centenario and other salars of the Puna region (Brooker, 2011). Within the Sijes Formation, the Monte Amarillo and Monte Verde Members comprise a greater proportion of evaporite beds than the younger Esperanza Member (Figure 7). The latter is separated from the older members by a thick conglomerate unit suggesting a period of significantly increased precipitation and sedimentation. Upper Miocene stratigraphy suggests a return to more arid conditions and the typical salar facies that prevailed in the lower Miocene.

The Singuel Formation overlies the Sijes Formation, and is composed of moderately to well-sorted terrestrial conglomerates and sandstones. Brooker (2011) identified these sandstones as potential brine hosts, due to their highly porous and friable nature. Outcrops of the Singuel Formation are visible to the northwest of Centenario Salar, and the unit may extend beneath the salar basin (Alonso 1999; Ortiz and Alonso 2000), the depth of which is uncertain. Drilling conducted in 2012 penetrated to a maximum depth of 250 m and did not encounter these basement rock units. Figure 9 shows the interpreted stratigraphic relationship between salar infill materials and units that underlie the salar basin.

Quaternary salar sediments show a distinct progression from fine clastic sediments and evaporite-dominated facies near the salar centre, to coarse alluvial clastic-dominated facies near the salar margins. In the lowest lying parts of the basin, typically near the centre of the basin, standing water will accumulate in permanent lagoons. These lagoons represent a modern analog of the evaporite horizons noted in older salar strata.

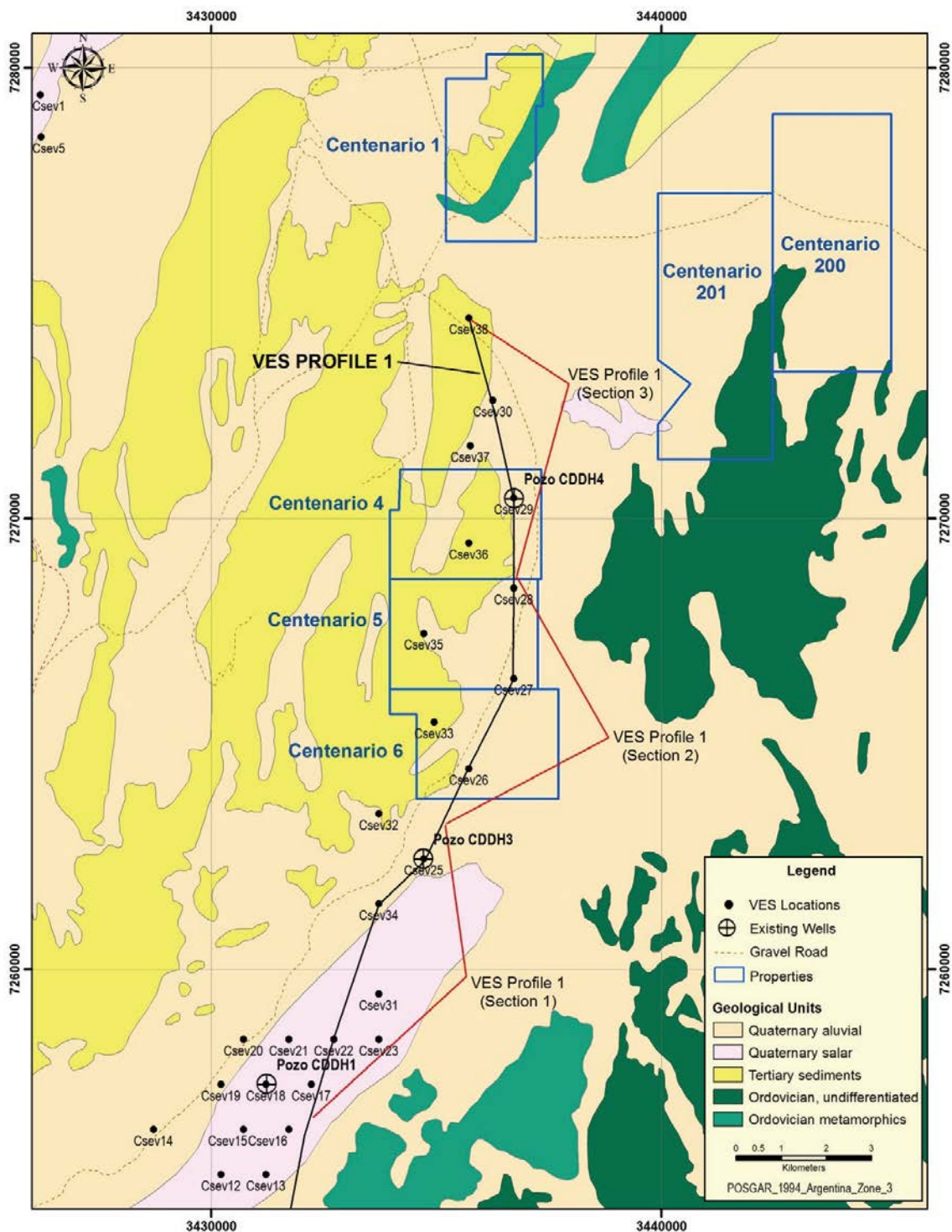


Figure 8. Project Area Geology Map (geology is from the Segemar San Antonio de las Cobres 1:250,000 sheet; exploration features were provided by Lacus).

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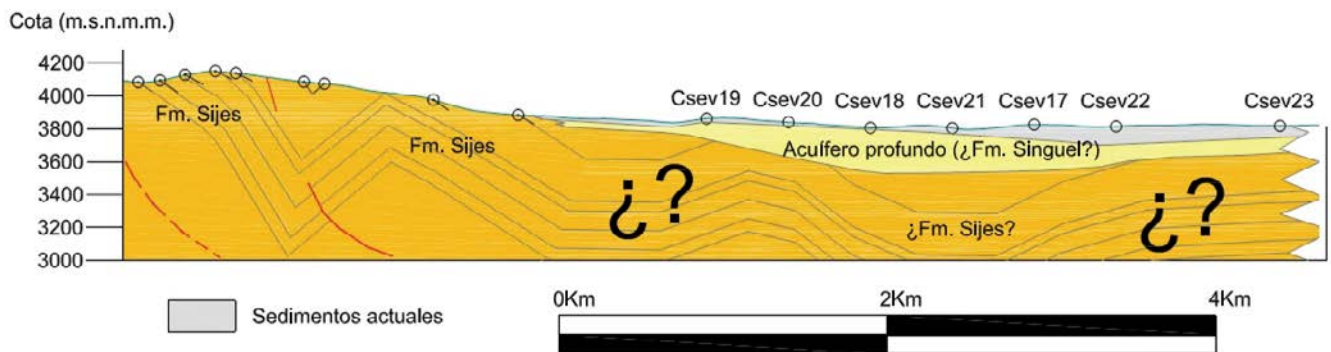


Figure 9. Interpreted section constructed by PyT Consultora on behalf of Lacus, from information gathered at Csev points 19-23 shown in Figure 8. The Sijes Formation (orange), with inferred folding, is unconformably overlain by Singuel Formation (light yellow). Unconsolidated salar sediments (grey) overlie the Singuel Formation.

Surficial sediments, near the center of the salar, are dominated by stiff, brown clays (<2m thickness) overlying intercalated sequences of clay with occasional sand beds of variable thickness. Auger sampling performed in 2010 showed that sand beds can be in excess of 4m in thickness (Brooker, 2011). There is a facies change to increasingly coarse clastic sediments away from the lagoon area and toward the margins of salar basins, where alluvial deposits of unknown thickness dominate. The lateral extent of alluvial deposits varies across the salar. In some places these deposits extend into the salar a few hundred metres while in others they span the entire width of the salar. It is assumed that alluvial deposits are thicker where they have greater lateral extent. Unconsolidated aeolian sand is also present in some areas of the salar.

The results of drilling performed in 2012 provide some information on salar infill geology. Figure 10 is a summary of the geologic logs from three boreholes drilled by Lacus, with locations shown in Figure 8. This diagram shows salar lithologies across a distance of approximately 14 km, between CDDH1 and CDDH4. The latter borehole (CDDH4) is located on one of the Project tenements (Centenario 4) and CDDH3 is located immediately south of Project tenement Centenario 6. The borehole information summarized in Figure 10 indicates that the fraction of evaporites increases to the south. Similar, the fraction of coarse clastics (i.e., sands and gravels) increases to the north.

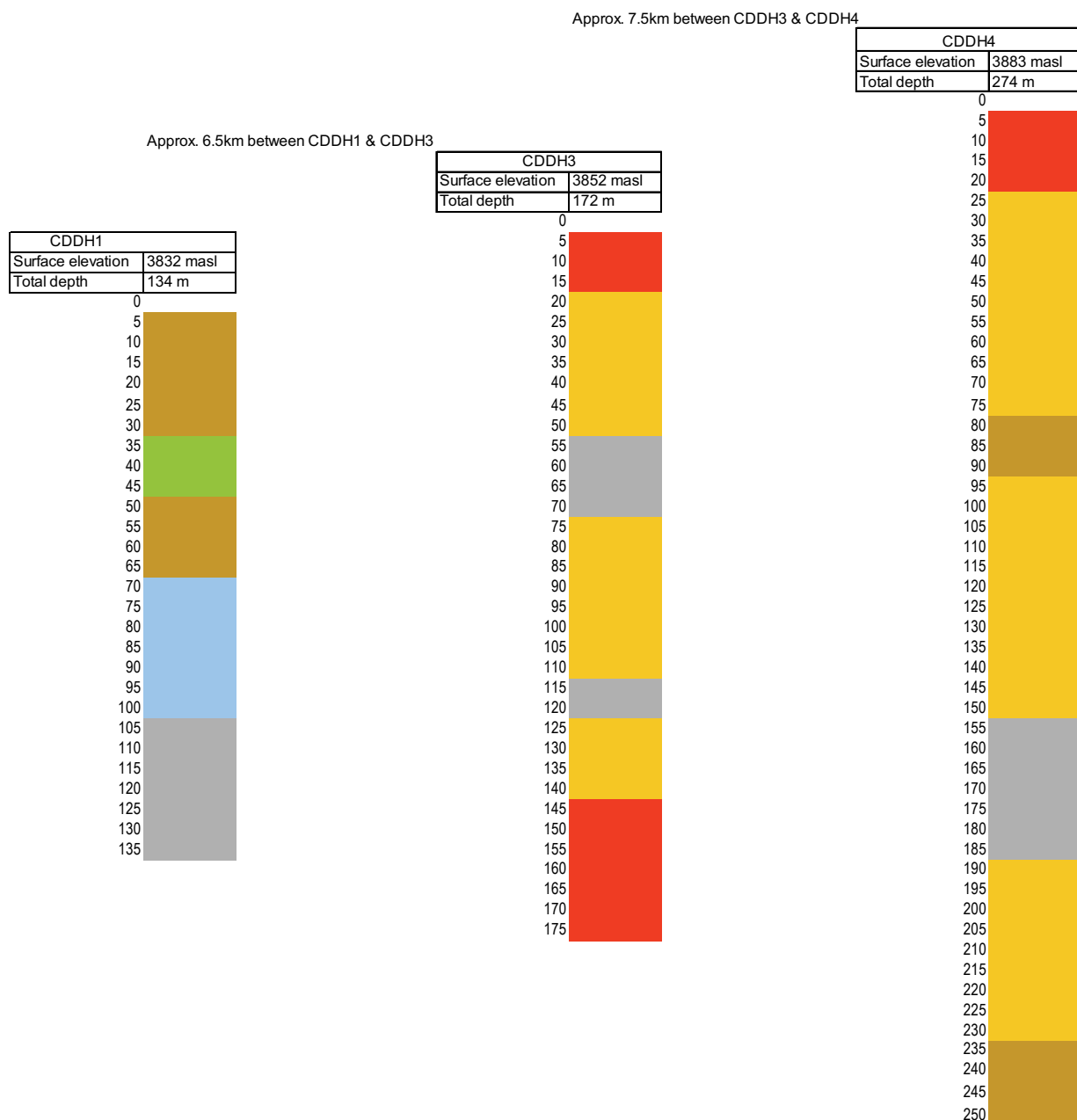
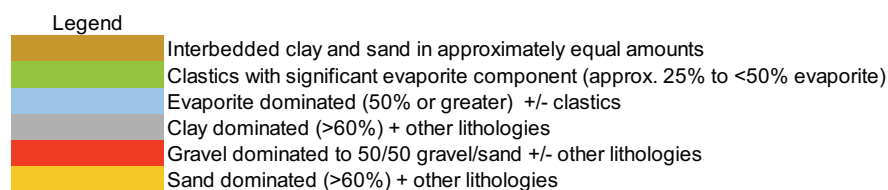


Figure 10. Generalized stratigraphic logs of CDDH1, CDDH3 and CDDH4. Borehole locations are shown in Figure 8.

5.2.1 Hydrogeology

The Centenario Salar watershed is a closed drainage basin, meaning there is no flow out of the salar. The largest surface water bodies in the vicinity of the salar are the lagoons in the central area of the (South Lagoon) and to the northwest (North Lagoon). There are no significant surface water exposures within the Project tenements.

Water entering the Centenario Salar originates from either direct input of precipitation, surface runoff from the surrounding uplands, or subsurface inflow from the surrounding uplands. Subsurface flow through the large alluvial fans extending into the salar are expected to be the primary route of salar inflow. Inflow through the fans is expected to be somewhat proportional to the size of the fan.

An interpretation of a Vertical Electrical Sounding (VES) survey, conducted in 2010 is shown in Figure 11, with additional details provided in Section 6.3. VES interpretation indicates three distinct hydrogeological units underlying the survey area (Castiglione, 2012). The uppermost unit has a relatively high electrical conductivity, which is interpreted to indicate the presence of fine grained sediments and potentially, brine. This unit appears to extend to a depth of approximately 40 m. The middle unit is more electrically resistive, and may be composed of coarser-grained sediments with higher permeability. This unit is interpreted to be approximately 50 m thick. The thickness of the third (bottom) unit is highly variable due to the faults in the basement rock. It has a relatively high electrical conductivity and is interpreted as showing significant variability in basement elevation across the survey area.

Comparison of the general borehole logs in Figure 10 with the VES interpretations in Figure 11 indicates the following:

- The log of CDDH1 indicates that it is dominated by fine-grained sediments and evaporites from surface to a depth of 100 m. This interval appears to correspond to the upper conductive layer indicated in Figure 11. Sediments become coarser below 100 m to the bottom of the borehole, corresponding with the coarse brine-bearing unit defined by the dark green line in Figure 11.
- CDDH3, located north of CDDH1, is dominated by coarse-grained sediments for much of its length which appears to support the interpretation in Figure 11. Brine results from CDDH3 are consistent with the VES interpretation of brine in coarse-grained sediments.
- Moving further north, to CDDH4, the log indicates a dominance of coarse-grained sediments to a depth of approximately 150 m. Below this depth, fine-grained sediments become more prevalent. The borehole is interpreted to end in the 'Fine grained lower unit & brine' as indicated in Figure 11. While there are no samples to confirm the presence of brine at that depth, the grain size is consistent with the VES interpretation.

Formation samples from the boreholes indicates that porosity values in sand-dominated units are high, ranging from approximately 30% to 40%. The accompanying intrinsic permeability measurements suggest that the sampled media is anisotropic, with horizontal permeability measurements higher than vertical permeability measurements. Horizontal permeability measurements vary over a wide range, from a low of 0.008 Darcy in CDDH1 to a high of 99.971 Darcy in CDDH4. Vertical permeability measurements are also highly variable, ranging from a low of 0.0001 Darcy in CDDH1 to a high of 1.369 Darcy in CDDH4. A trend of increasing permeability with increasing distance from the salar center can be seen in the drilling data. This trend appears to be related to the occurrence of a significant thickness of alluvial fan deposits in the most northerly borehole (CDDH4).

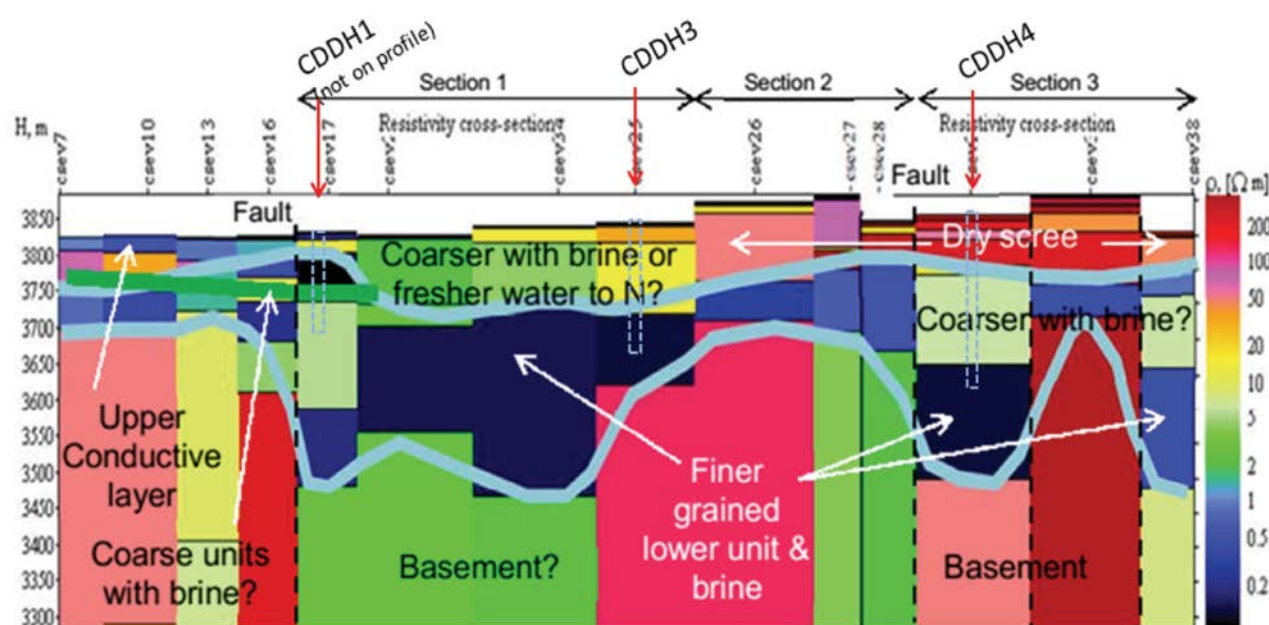


Figure 11. Composite section of VES locations along Profile 1 as shown in Figure 8 (from Brooker, 2011).

5.2.2 Mineralization

On a global basis, economically extractable lithium-bearing brine resources are rare (Garrett, 2004), because they depend on the occurrence of suitable inflow chemistry, high rates of evaporation, adequate permeability, and hydrologic isolation. Brine composition can vary considerably among different deposits owing to variations in these factors.

6.0 Previous Work

6.1 Overview

From 2010 to 2012, Lacus conducted a series of exploration activities in the northern area of the Centenario Salar, including the following:

- Shallow Brine (hand auger) Sampling, Lacus (2010)
- Vertical Electric Sounding Survey (2010)
- 43-101 Technical Report and JORC Compliant Exploration Target definition, Lacus (2011)
- Diamond Drilling and Brine Sampling, Lacus (2012)
- Follow-up Brine Sampling, Lacus (2012)
- Re-Inversion of Geophysics, Lacus (2102)
- Unpublished Preliminary Resource Estimate, Lacus (2012)

This exploration work covered 35 tenements, six of which form the Centenario Project. The Lacus exploration primarily focused on areas to the south and west of the six Centenario Project tenements. However, the results are useful for assessing the potential of the six subject properties. A summary of the Lacus exploration work is provided in the following sections.

6.2 Shallow Brine (Hand Auger) Sampling

In 2010, Lacus performed their first exploration program in Centenario. They collected 78 brine samples close to the water table, through shallow hand auger boreholes of up to five metres in depth (Figure 12). Only one sample was collected from a tenement associated with Centenario Project (Centenario 1). The samples were analyzed for lithium and a range of other inorganic parameters.

The depth to the water table was measured at each sample location, indicating a modal depth of <1 m and a maximum depth of 3 m. The maximum, minimum and average lithium concentrations were 892, <1, and 133 mg/L, respectively. The results of this program defined two areas of elevated lithium and dissolved salts in shallow brine. Shallow brine sampling locations are shown in Figure 12. The results of this program justified additional exploration work in the salar.

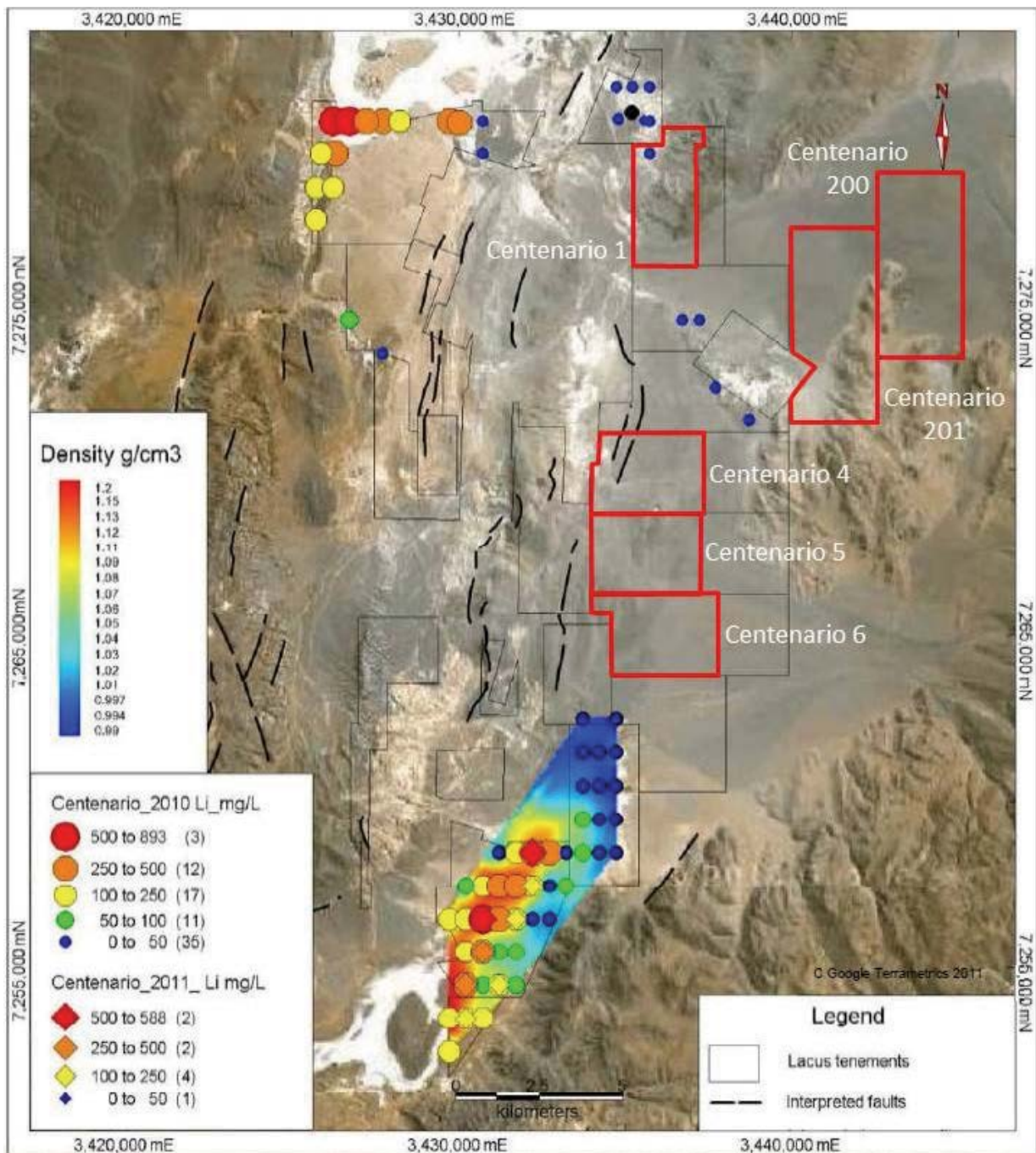


Figure 12. Lithium results from the 2012 Lacus shallow brine sampling program (from Brooker, 2011). The six Centenario Project tenements are outlined in red.

6.3 Vertical Electric Sounding (VES)

In 2010, the Faculty of Engineering at the University of Mendoza conducted a geophysical survey of the Centenario salar (Castiglione, 2010). The study was composed of 33 Vertical Electrical Sounding (VES) measurements taken throughout the Lacus tenements. The results of the study indicate that the salinity of the subsurface water increases near the northern and southern lagoons. A large zone of freshwater is inferred in the central salar, where alluvial deposits dominate the surficial sediments to an unknown depth.

Using the VES survey results, a profile of brine thickness was developed and is presented in Figure 11 (Castiglione, 2010). The profile indicates the presence of both shallow and deep saline aquifers in the southern salar. Interpretation of the survey results suggests the presence of brine between 100 m and 350 m below surface in this area.

Information from the VES survey was used to guide further exploration work in the salar. Seven VES measurement locations are within the six Centenario Project tenements.

6.4 Technical Report (43-101)

A 43-101 compliant technical report of the Lacus tenement package was prepared by Brooker (2011). This report documents exploration activities conducted prior to the report date, including the shallow brine sampling and VES geophysics programs. It also summarized the results of mapping performed by PyT Consultora and defined an Exploration Target. An Exploration Target is a zone where, based on the available geological evidence, there is the possibility of defining a mineral resource with future exploration results. It is not a resource or reserve.

Brooker makes several recommendations for further work including securing of permits, upgrading of access roads, and more invasive exploration programs. In addition to further auger sampling of shallow brine, Brooker recommends at least five diamond drill holes to test the deep brines indicated by the geophysical survey.

Brooker concluded that the information available for the Centenario Salar make it a reasonable target for further exploration. With reference to the six Centenario Project tenements, portions of Centenario 1, 4, 5 and 6 are within the Exploration Target zone defined by Brooker. However, the great majority of the Exploration Target zone is outside the six Centenario Project tenements.

6.5 Diamond Drilling and Brine Sampling

Following Brooker's recommendations, Lacus conducted a diamond drilling program in 2012, supervised by Energold. The program consisted of three diamond drill boreholes (CDDH1, CDDH3 and CDDH4) with subsequent installation of monitoring wells, at the locations shown in Figure 8 (existing well locations). CDDH4 is located within Centenario 4 and the other two boreholes are located to the south of the Centenario Project tenements, but are close enough to make some inferences about subsurface conditions on the Project tenements.

A summary of the lithologies encountered in the boreholes is presented in Figure 10. Data and results from the drilling program were provided to GWI by Lacus in spreadsheets and graphic logs, and have not been documented in a formal report. The program is summarized as follows:

- Core logging defined lithologies and stratigraphy that are broadly consistent with the results of the VES survey.
- The three diamond drill boreholes were completed as monitoring wells to facilitate brine sampling at a later date.
- Following the drilling program, cores and preliminary geological logs were provided to PyT Consultora to generate final logs.

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- During drilling, brine samples were collected using a drive point technique. A total of 16 brine samples were collected from drive points driven into the bottom of the boreholes as they were advanced.
- Formation samples were collected from the cores, for hydrogeological testing (hydraulic conductivity and porosity). A total of 20 formation samples were collected from the three boreholes. All samples were analyzed for permeability and 11 were analyzed for porosity.

Brine results from the Lacus diamond drilling program are summarized as follows:

- The average lithium concentrations for drive-point samples collected from CDDH1, CDDH3 and CDDH4 are 578 mg/l, 461 mg/l, and 14.8 mg/L, respectively.
- Results indicate that the concentrations decrease with distance from the South Lagoon, with the lowest concentrations detected at CDDH4.
- Analytical results and core observations indicate that CDDH4 is located in an alluvial fan and that the water chemistry is influenced by freshwater inputs through the fan.
- There is a possibility that brine underlies the fan and the freshwater.

From the available drilling data, several observations can be made about spatial trends in porosity permeability:

- Porosity increases with distance from the Southern Lagoon. Average porosity values for CDDH1, 3, and 4 are 19.55%, 19.35%, and 35.60% respectively.
- Porosity and permeability are variable and do not appear to be related to depth.
- Permeability measurements suggest that sample media are anisotropic with much higher horizontal permeability than vertical permeability.
- Like porosity, the average of both horizontal and vertical permeability increases towards the north. Horizontal permeability ranges from 0.1518 Darcy in CDDH1 to 49.176 Darcy in CDDH4. Likewise, vertical permeability ranges from 0.01426 Darcy to 0.457 Darcy. This increase is considered to be related to the granular nature of the fan materials that dominate the stratigraphy observed in CDDH4.

6.6 Follow-up Brine Sampling

In addition to the drive point brine samples collected during drilling (see Section 6.5), the following two sets of brine samples were collected:

- In April 2012, a single brine sample was collected from each well, by SGS Mineral Services on behalf of Lacus. CDDH3 and CDDH4 were sampled with a low flow pump and CDDH1 was sampled with a bailer.
- A set of nine brine samples was collected by Eramine, to evaluate whether Eramine may be interested in acquiring the Lacus tenements. Eramine is conducting a lithium brine exploration project on nearby properties in Centenario Salar.

Lithium results from the drive point method are generally higher than those from the other two methods. Lacus attributes this to a freshwater horizon in the wells. They suggest that both the bailer and pump sampling methods allowed freshwater to mix with the water sample horizon during sampling, but that the drive point prevented freshwater mixing. This explanation is considered reasonable. The drive point sampling method should promote the extraction of samples from a discrete depth at the bottom of the borehole as it is drilled. Both the bailer and pumping methods provide minimal hydraulic isolation of the sampled zone. Consequently, the drive point method results should be the most reliable of the three brine sampling methods. However, additional verification work should be conducted to evaluate the higher concentrations in samples collected by the drive point method.

6.7 1D Re-Inversion of Geophysics

In 2012, Bibiana Castiglione, of Universidad Nacional de Cuyo, re-processed and re-interpreted the results of the VES survey, taking into consideration the drilling results from CDDH1 and CDDH3 (Castiglione, 2012). This work was conducted to enable the mapping of lithologic layers, to support the Lacus preliminary Resource Estimate, discussed in the next Section.

6.8 Preliminary Resource Estimate by Lacus

A preliminary Resource Estimate was developed by Lacus for the area immediately south of Centenario 6. The Estimate has not been documented in a formal report. It was based on a stratigraphic model developed in Petrel, and subsequent calculations based on the results of brine sampling, geotechnical sampling, and other site data. The Estimate is mentioned herein only as background for previous work conducted on adjacent properties. It does not pertain directly to the six Centenario Project tenements, since it is located to the south.

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The preliminary Resource Estimate developed by Lacus is qualitatively relevant to the six Centenario Project tenements, due to its close proximity. However, it is not transferable to the tenements in any quantitative manner. Resource Estimates have not been prepared for the Centenario Project tenements.

7.0 Exploration Potential

Review of the available information from the vicinity of the Centenario Project properties indicates that there is potential for lithium grades of economic interest to be located on the properties. The following observations from this review support this conclusion:

- The Centenario Salar is located in an area of lithium brine salar deposits of confirmed economic interest.
- The geology of the Centenario Salar is relatively similar to some of these other deposits.
- Lithium grades that are sufficiently high to be of potential economic interest have been detected in zones of the Centenario Salar that are proximal to the Project properties. In these proximal zones, elevated grades were detected in both near-surface brines and to depths in excess of 100 m. In the only borehole drilled within the Project properties (CDDH4), freshwater was detected to a depth of almost 50 m. Depending on the depth of the salar at this location, there is potential to encounter brine under this alluvial fan material.

Given the moderate areal extent of the Centenario Project properties, the potential for exploitation would likely depend on co-development with additional suitable properties, in addition to the identification of favourable grades.

8.0 Proposed Exploration Program and Budget

Future near-term work at the Centenario Project should include the following:

- A shallow brine sampling program, similar to the one conducted by Lacus, should be extended throughout all Project areas where the water table is shallow enough to be reached with a hand auger.
- Geophysical surveys should be conducted to identify brine zones and stratigraphic layers, including the bottom of the basin. These surveys could include seismic and VES.
- A surface mapping program should be conducted to identify surficial salar infill materials and the configuration and geology of basement rocks that outcrop around the properties.
- A borehole program should be conducted to enable brine sampling, formation sampling, and stratigraphic logging. Borehole locations would be finalized based on results from the other site work.

A budget for the proposed exploration work is provided in Table 2. This work pertains only to Centenario 4, Centenario 5, and Centenario 6, and not to Centenario 1, Centenario 200, and Centenario 201. Costs only pertain to the former three tenements because, as indicated in Section 4, the process of transferal to LPSA is finalized only for those three tenements, as of the time of this report.

Table 2. Exploration Budget for the Centenario Project – Years 1 and 2.

Exploration Activity	Year 1 (USD)	Year 2 (USD)	TOTAL (USD)
Mapping and Surveying	50,000	50,000	\$100,000
Geochemical Analysis	40,000	100,000	\$140,000
Geophysics	300,000	0	\$300,000
Surficial Geology	50,000	0	\$50,000
Drilling	0	900,000	\$900,000
Refining Plant	0	0	\$0
Machinery	0	120,000	\$120,000
Camps	100,000	40,000	\$140,000
Roads	50,000	100,000	\$150,000
TOTAL (USD)	\$590,000	\$1,310,000	\$1,900,000

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ATTACHMENT 1

Photos from Core Review and Project Visit – October 16-19, 2015



Photo 1: Lacus core boxes laid out for review at a warehouse in Mendoza, Argentina.



Photo 2: Lacus borehole logs laid out for comparison with cores.

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Photo 3: Lacus cores.



Photo 4: Looking eastward, on the shore of the North Lagoon.



Photo 5: Flamingos in the North Lagoon.



Photo 6: Looking southward at CDDH4, located on sand and gravel of alluvial fan.

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Photo 7: Looking northward at CDDH3.



Photo 8: Looking southward at CDDH1, with view of muddy salar surface.



Photo 9: Trenching associated with borate mining in the central area of the Centenario Salar (south of the Centenario Project properties). The blue-green colour of the water is due to the high salt content.

ATTACHMENT 2
List of Abbreviations

Abbreviated Units of Measurement

atm - Atmosphere
C – Celsius
cP - Centipoise
cm – centimetre
Darcy - A unit of intrinsic permeability
g – gram
g/cm³ - Grams per cubic centimetre
g/l – Grams per litre
ha - Hectare
km - Kilometre
km² - Square kilometer
km/h – Kilometres per hour
l - Litre
m - Metre
m² - Square metre
m³ - Cubic metre
masl - Metres above sea level
mg - Milligram
mg/l – Milligrams per litre
mm – Millimeter
mm/d – Millimetres per day
mm/yr – Millimetres per year
tonne – Metric tonne
wt% - Weight percent

Abbreviated Terms

3D – Three dimensional
AR – Argentinian peso
CDDH - Centenario Diamond Drill Hole
E - East
GW - Groundwater Insight Inc.
IER - Independent Expert's Report
JORC - Joint Ore Reserves Committee
K – Potassium
KCl – Potassium chloride
K Conc. – Potassium concentration
Lacus - Lacus Minerals S.A.
Li – Lithium
Li Conc. – Lithium concentration
Li₂CO₃ – Lithium carbonate
LPI - Lithium Power International
LPSA - Lithium Power SA
mob/demob – Mobilisation/demobilization of drilling equipment
N - North
NI 43-101 – Canadian National Instrument 43-101. A set of standards governing the reporting of technical information regarding mineral projects.
RC - Reverse Circulation
S - South
SEGEMAR - El Servicio Geologico Minero Argentino
US SEC – United States Securities and Exchange Commission
USD – United States dollar
VES – Vertical electrical sounding
W - West

Mendoza, Argentina due diligence of diamond core samples from Centenario Salar – Argentina 2015



Section 14

Material Contracts

This Section contains a summary of contracts which have been entered into by the Company and which have been identified as being material and relevant to potential investors in the Company.

Copies of all material contracts, the Constitution of the Company and consents referred to in this Section may be inspected, free of charge, at the registered office of the Company during normal business hours.

ASSET SALE AND PURCHASE AGREEMENT FOR THE ACQUISITION OF THE ARGENTINIAN PROPERTIES

On 5 February 2016, Lithium Power S.A. (**LPSA**), Lacus and Gonzalo Fernandez Sabate (together the **Sellers**) entered into an Asset Sale and Purchase Agreement (**Asset Sale and Purchase Agreement**), pursuant to which the Sellers agreed to sell, and LPSA agreed to purchase the Argentinian Properties from the Sellers.

PRICE

The price payable for the Argentinian Properties under the Asset Sale and Purchase Agreement is USD\$198,599 plus the right to receive a royalty, and comprised of the following:

- cash payment of US\$65,488;
- the granting of a royalty agreement, in the terms and conditions outlined below; and
- the amount of US\$133,111 to be satisfied by the Company issuing Shares equivalent to US\$133,111 to Lacus on IPO at the Issue Price (**Lacus Shares**).

The Lacus Shares will be valued as follows:

- if the Lacus Shares are issued as part of the IPO, at the issue price of all other Shares issued under the IPO; and
- if the Lacus Shares are issued following the IPO, at the 30-day volume weighted average market price of the Shares when traded on the ASX.

If the Company is not able to issue the Lacus Shares to Lacus pursuant to the Asset Sale and Purchase Agreement, LPSA may elect to instead pay the amount of US\$133,111 to Lacus directly. Lacus does not have an option to elect to receive the funds in cash or Lacus Shares.

CHALLENGED ARGENTINIAN PROPERTY

The mining concessions in respect of Argentinian Property known as Centenario 1 (file number 19,475), being the Challenged Argentinian Property, is undergoing a judicial review and the transfer of the Challenged Argentinian Property is subject to the success of these proceedings and confirmation that the title of Lacus to the Challenged Argentinian Property is in good standing. In the event that such confirmation is not obtained in respect of the Challenged Argentinian Property, the Challenged Argentinian Property will not be transferred to LPSA.

WARRANTIES

The Asset Sale and Purchase Agreement contains additional provisions, including warranties which are customary for an agreement of this nature.

FEE LETTER

On 5 February 2016, LPSA and Lacus executed a letter agreement (**Fee Letter**), pursuant to which LPSA agreed to pay to Lacus a 'structuring fee' in the amount of US\$133,111 (**Structuring Fee**), in connection with the Asset Sale and Purchase Agreement. The Structuring Fee does not form part of the purchase price under the Asset Sale and Purchase Agreement.

The Structuring Fee is payable by the Company issuing Shares equivalent to US\$133,111 to Lacus upon the earlier of:

- LPSA completing a bankable feasibility study in respect of the Argentinian Properties which, at LPSA's sole discretion, produces a positive result; or
- LPSA commencing the construction of a commercial scale lithium beneficiation plant (not a pilot plant) within the area of mutual interest.

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The Shares issued to Lacus in respect of the Structuring Fee will be valued in accordance with the provisions in the Asset Sale and Purchase Agreement as follows:

- (a) if the Shares are issued as part of the IPO, at the issue price of all other Shares issued under the IPO; and
- (b) if the Shares are issued following the IPO, at the 30-day volume weighted average market price of the Shares when traded on the ASX.

ROYALTY AGREEMENT

LPSA, Lacus and Gonzalo Fernandez Sabate (together the **Royalty Holders**) have agreed the terms and conditions (Exhibit III to the ASPA) of the Royalty Agreement (**Royalty Agreement**) to be entered into by and among them at closing of the transaction documented in the ASPA, pursuant to which LPSA has agreed to grant the Royalty Holders the right to receive a royalty of US\$10.65 per tonne of:

- (a) lithium carbonate; and
- (b) salts or other concentrates containing lithium in a degree of at least 10% weight

(**Product**) mined and removed from the following Argentinian Properties:

- (a) Centenario 4 (file # 19478);
- (b) Centenario 5 (file # 19479);
- (c) Centenario 6 (file # 19480); and
- (d) any other properties acquired by LPSA from the Royalty Holders within an agreed area over and adjacent to the Centenario Salar.

ROYALTY

PAYMENT OF ROYALTY

The royalty will be paid by LPSA on a quarterly basis, and the obligation to pay the Royalty arises on receipt and collection by LPSA of revenue derived from the sale or other disposal of the Product (neither the extraction and recovery of Products, nor the sole sale or disposal of such triggers the obligation to pay the royalty).

BUY OUT OPTION

LPSA may at any time acquire the rights of the Royalty Holders under the Royalty Agreement by paying to the Royalty Holders an amount equal to US\$300 per hectare of each property subject to the Royalty Agreement.

WARRANTIES

The Royalty Agreement contains additional provisions, including warranties which are customary for an agreement of this nature.

TRUST DEED – LPSA

On 28 January 2016 LPI entered into a Trust Deed with Martin Christopher Holland and Andrew Guy Phillips (**Trustees**), under which the Trustees hold the entire share capital of LPSA in a bare trust (**Trust**) on behalf of LPI (**Trust Deed**).

The key terms of the Trust Deed are as follows:

- (a) Andrew Phillips and Martin Holland (both directors of LPI) (together, the **Trustees**) together hold all of the right, title and interest in all of the issued share capital in LPSA (**LPSA Shares**), in equal shares, on trust for LPI absolutely;
- (b) each Trustee must:
 - (i) immediately upon registration of LPI to act as a foreign shareholder in Argentina; and
 - (ii) otherwise at any time at the request of LPI, transfer the LPSA Shares to LPI or otherwise deal with the LPSA Shares as LPI directs, and the Trustees must do all things reasonably required by LPI to vest the LPSA Shares in LPI;
- (c) each Trustee irrevocably appoints LPI as its agent and attorney for the purpose of effecting the transfer of the LPSA Shares to LPI as contemplated by the Trust Deed;
- (d) nothing in the Trust Deed entitles any Trustee to beneficial ownership of the LPSA Shares, or operates to deprive LPI of the rights of beneficial ownership of the LPSA Shares;
- (e) the Trustees have no authority to mortgage, charge, sell, transfer or otherwise deal with the LPSA Shares except as directed by LPI;
- (f) each Trustee is obliged to deal with the LPSA Shares and all benefits derived from the LPSA Shares as directed by LPI;
- (g) LPI has the following additional rights under the Trust Deed:
 - (i) the right to be provided with any notice of information to shareholders of LPSA;
 - (ii) the right to receive any distributions or dividends made or paid to shareholders of LPSA;
 - (iii) the right to appoint an individual as LPI's attorney to exercise votes attached to the LPSA Shares in the manner directed by LPI (and neither Trustee is permitted to cast a vote on any resolution at a meeting of shareholders of LPSA other than through LPI's attorney under the Trust Deed);
 - (iv) the right to appoint and nominate persons to attend and speak, and demand a poll or join in demanding a poll, at a meeting of shareholders of LPSA and to consent to short notice of a meeting of shareholders of LPSA; and
 - (v) the power to remove the Trustees and appoint new trustees; and
- (h) the Trust Deed is governed by the laws of New South Wales.

AGREEMENT WITH LEAD MANAGER

On 10 March 2016, LPI entered into an agreement to appoint Sequoia Corporate Finance Pty Ltd a corporate authorised representative (No.000469074) of D2MX Pty Limited (AFSL No 297950) (together **Sequoia**) as Lead Manager for the IPO process.

The terms of the agreement are customary for the size and risk associated with the transaction proposed under the Offer. The following is a summary of the key provisions of the engagement:

1. SERVICES

Sequoia have agreed to provide the following services to LPI including assistance and support with:

- Offer pricing and structure;
- due diligence requirements;
- compliance obligations with ASX Listing Rules;
- marketing strategy and implementation;
- managing applications and demand;
- oversight and administration of settlement processes; and
- engagement with LPI's other professional advisers

2. FEES AND EXPENSES

LPI have agreed to pay Sequoia:

- an ongoing monthly retainer and out of pocket expenses for their advice and assistance with the IPO for a minimum period of 3 months;
- fixed fees of up to \$80,000 in total, upon completion of the Offer with respect to the management and allocation process for applications subject to certain performance conditions being met; and
- brokerage fees of 6% of the Offer proceeds for allotments above \$5,000 and 8% of the Offer Proceeds for allotments below \$5,000 from which it will facilitate brokerage payments in accordance with the Prospectus and on behalf of LPI to those AFSL entities that have had applications accepted at the end of the Offer. Sequoia and other related entities may be entitled to receive all or part of these brokerage fees. The actual amount of brokerage fees retained by Sequoia will not be known until the allocation of shares under the Offer is determined.

3. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

LPI has given various representations, warranties and undertakings to Sequoia including that the documents issued or published in respect to the Offer comply with all applicable laws.

4. INDEMNITY

LPI has agreed to a broad indemnity in favour of Sequoia and related entities, directors, officers, employees and agents against all claims, demands, damages, losses, costs, expenses, liabilities or damages incurred by them in connection with the Offer and the Offer documents (subject to limited exclusions).

5. TERMINATION EVENTS

Each of Sequoia and LPI may, at any time, by one month's written notice given to the other, terminate its obligations under the agreement unless LPI causes Sequoia to breach its AFSL authorisations, in which case the engagement can be terminated immediately.

EXECUTIVE SERVICES AGREEMENT (MR MARTIN CHRISTOPHER HOLLAND)

On 1 April 2016, the Company entered into an Executive Services Agreement with Mr Martin Christopher Holland with respect to his engagement as Managing Director and Chief Executive Officer of the Company. A summary of this agreement is set out below.

- **Term:** The appointment commenced on 1 August 2015 and is ongoing subject to the termination provisions.
- **Service:** Mr Holland will provide the following services for the Company:
 - manage of all aspects of operations of the Company's business within the policy and delegated authority frameworks established by the Board;
 - manage of overall profitability and future growth of the Company's business;
 - develop strategic plans for Board consideration setting out how corporate performance objectives will be achieved and shareholder wealth maximised;
 - manage financial sustainability of the company through the preparation of long term financial plans for operations and capital expenditure with due regard to economic and market trends;
 - ensure that the Company's controls and reporting are in place to meet regulatory and statutory compliance;
 - lead the executive team including monitoring and developing performance across management;
 - manage dispute resolution processes including representation of the Company and Board in all industrial, legal and commercial matters;
 - lead negotiations and represent the Company in public and private activities including media liaison, annual general meetings and any other commercial announcements; and
 - perform such other and additional duties and responsibilities which are consistent with the Mr Holland's role as Chief Executive Officer.
- **Remuneration:** Mr Holland will receive a gross salary of \$240,000.00 (plus superannuation) per annum.
- **Back payment:** The actual remuneration paid to Mr Holland from the date of engagement until the completion of the IPO will be reduced to allow for cashflow constraints, with the unpaid balance accrued and paid following the successful completion of the IPO.
- **Entitlement:** Mr Holland is entitled to employee entitlements that are customary for an agreement of this nature.
- **Termination:** Both Mr Holland and the Company may terminate the agreement at any time and for any reason by giving twelve months' written notice to the other party. Mr Holland's employment may otherwise be terminated at any time for cause by notice to Mr Holland from the Company.

Section 14

Material Contracts

EXECUTIVE SERVICES AGREEMENT (MR ANDREW GUY PHILLIPS)

On 1 April 2016, the Company entered into an Executive Services Agreement with Mr Andrew Guy Phillips with respect to his engagement as an Executive Director, Company Secretary and Chief Financial Officer. A summary of this agreement is set out below.

- **Term:** The appointment commenced on 1 August 2015 and is ongoing subject to the termination provisions.
- **Services:** Mr Phillips will provide the following services for the Company:
 - assume responsibility for controlling the financial systems and administrative services of the Company, and providing financial information to the Board;
 - manage the financial operations of the Company in line with legal and corporate requirements;
 - manage legal and general commercial risk exposure and insurance;
 - act as the external and compliance reporting and liaison;
 - coordinate the development of the Company's budgets at business levels and corporate level;
 - manage the Company's accounting systems;
 - assume responsibility for the Company's tax planning and management;
 - provide Company Secretarial requirements to the Company; and
 - manage the overall corporate and governance requirements of LPSA.
- **Remuneration:** Mr Phillips will receive a gross salary of \$180,000.00 (plus superannuation) per annum.
- **Back payment:** The actual remuneration paid to Mr Phillips from the date of engagement until the completion of the IPO will be reduced to allow for cashflow constraints, with the unpaid balance accrued and paid following the successful completion of the IPO.
- **Entitlements:** Mr Phillips is entitled to employee entitlements that are customary for an agreement for this nature.
- **Termination:** Both Mr Phillips and the Company may terminate the agreement at any time and for any reason by giving twelve months' written notice to the other party. Mr Phillips's employment may otherwise be terminated at any time for cause by notice to Mr Phillips from the Company.

DEEDS OF ACCESS, INDEMNITY AND INSURANCE

The Company has entered into a Deed of Access, Indemnity and Insurance (**Deed**) with each Director. Under each Deed, the Company indemnifies the Directors to the extent permitted by law against any loss, cost, expense or liability which the Director may incur, or be liable for arising from, or in connection with, their position as an officer of the Company.

During the term of the Director's appointment and for a period of 7 years from the date that the Director ceases to be a Director, the Company must obtain a contract of insurance to insure the Director against all liabilities to which the Director is exposed in providing services in the capacity as an officer of the Company for which insurance may be legally obtained.

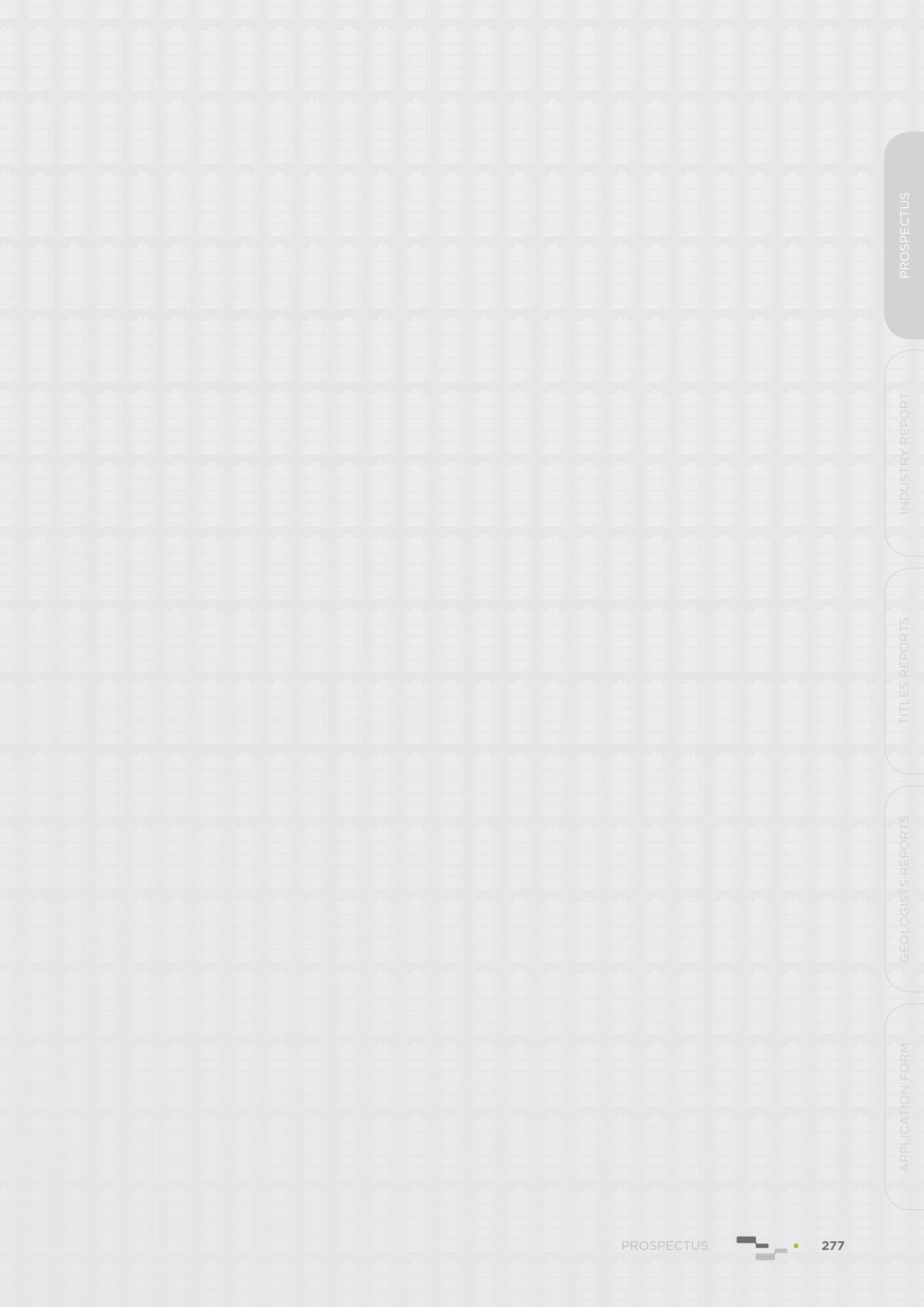
The Deed also provides that the Company must pay to the Director a sum equal to the estimate of the Director's legal costs prior to such legal costs being incurred, if the Director has requested that such costs and expenses be advanced, loaned or otherwise provided to the Director to prepare for or to conduct and proceedings, actions or investigations. If the Company reasonably believes that a claim under the indemnity for any legal costs is prohibited by section 199A of the Corporations Act, the Company may advance or loan the Director a sum of money equal to those legal costs.

For a period of 7 years from the date that the Director ceases to be a Director, the Company must provide access to all Board papers, which the Director may only use for the purposes of defending an action or proceeding, appearing before an inquiry or hearing of a government agency, or conducting or preparing to conduct an action or proceeding, which relates to an act or omission of the Director in providing services in his capacity as an officer of the Company.

ESCROW AGREEMENTS

The existing Shareholders are subject to compulsory escrow agreements with the Company under the ASX Listing Rules which restrict them from dealing with their Shares for a period of 12–24 months from the original date of issue or the date of Listing (as applicable).

The form of the restriction agreement in each case is based on Appendix 9A of the ASX Listing Rules. Under the terms of each agreement, during the applicable restriction period, the Shareholder (and any controller of the shareholder) must not dispose of, or create a security interest in, those Shares (or offer or agree to do so), or otherwise transfer effective ownership or control of those Shares. However the ASX may consent to those Shares being sold under a takeover bid or under a merger by way of a scheme of arrangement under the Corporations Act.



Section 15

Corporate Governance

The Board has adopted the following corporate governance charters:

- Board Charter;
- Audit & Risk Committee Charter;
- Code of Conduct – Obligations to Stakeholders;
- Code of Conduct for Directors and Key Officers;
- Continuous Disclosure Policy;
- Remuneration Committee Charter;
- Securities Trading Policy – Directors and Key Executives; and
- Diversity Policy.

These policies set out the framework for the management of the Company and the standard of conduct expected of the Company, the Board and certain committees of the Board.

A summary of the key terms of each policy is set out below.

BOARD CHARTER

The purpose of the Board Charter is to govern the functions and responsibilities of the Board and senior executives of the Company.

FUNCTIONS OF THE BOARD

The Board Charter sets out the specific functions and responsibilities of the Board. Some of the main functions of the Board are as follows:

- approving the strategic objectives of the Company and establishing goals to promote their achievement;
- monitoring the operational and financial position and performance of the Company;
- establishing investment criteria including acquisitions and divestments, approving investments, and implementing ongoing evaluations of investments against such criteria;
- considering and approving the Company's budgets;
- establishing written policies on compliance, risk oversight and management;

- reviewing and ratifying and monitoring systems of risk management and internal compliance and control, codes of conduct and legal compliance, in conjunction with the Board committees, and ensuring they are operating effectively;
- ensuring that business risks facing the Company are, where possible, identified and that appropriate monitoring and reporting internal controls are in place to manage such risks;
- ensuring the Company complies with its responsibilities under the Act, the Company's Constitution, the ASX Listing Rules and other relevant laws; and
- exercising due care and diligence and sound business judgment in the performance of those functions and responsibilities.

COMPOSITION OF THE BOARD

The Board is to be comprised of a minimum of three and a maximum of ten Directors and while this may change from time to time, there must always be a minimum of three Directors. Subject to the needs of the Company, a majority of the Directors on the Board should be independent Directors.

EXPERTISE

The Board Charter ensures that the Board always has an appropriate range of skills and expertise to fulfill its responsibilities. The Board is to regularly review the range of expertise of its members to ensure it has the necessary relevant knowledge.

INDUCTION AND CONTINUING EDUCATION

The Board Charter ensures that the Board has an induction and education process for all new Board members and senior executives to make sure they have a thorough understanding of their roles and responsibilities. The induction and education process also ensures that Board members and senior executives have a good understanding of the Company's financial, strategic, operational and risk management position.

Section 15

Corporate Governance

ROLES AND RESPONSIBILITIES

The Board Charter provides a detailed explanation of the roles and responsibilities of the Chairman, individual Directors, the Managing Director and the Company Secretary.

AUDIT & RISK COMMITTEE CHARTER

The Audit & Risk Committee Charter governs the roles, responsibilities, composition and membership of the Audit & Risk Committee. The key terms of the Audit & Risk Committee Charter are:

- **Objectives:** the purpose of the Audit & Risk Committee is to monitor and review the Company's financial statements, risk management and the independence and competency of its internal and external auditors. The Audit & Risk Committee is also responsible for making recommendations to the Board in relation to the appointment and appropriate remuneration of the Company's external auditors;
- **Members:** the Audit & Risk Committee must only comprise or consist of non-executive Directors and must have a minimum of three members;
- **Meetings:** the Audit & Risk Committee must meet at least twice a year but is required to meet as frequently as required to undertake its role effectively;
- **Powers:** the Audit & Risk Committee has broad powers and has unrestricted access to management, the Company's internal and external auditors and all of the Company's records. The Audit & Risk Committee will meet with the external auditors, in the absence of management, as often as required, but not less than once per year;
- **Risk Oversight:** the Audit & Risk Committee is responsible for providing the Board with advice and recommendations regarding the risk oversight and management policies of the Company relating to the Board, the Audit & Risk Committee, management and the internal auditors. The Audit & Risk Committee is responsible for:
 - maintaining an up-to-date understanding of areas in which the Company is exposed to risk to ensure that management is effectively managing those issues;
 - receiving reports regarding material incidents and ensuring that macro risks are reported to the Board;
 - reviewing the adequacy of the Company's risk management and compliance policies and procedures;
 - reviewing material documents and reports to be lodged with regulators;
 - making recommendations to the Board on appropriate risk and risk management reporting requirements to the Board and the Audit & Risk Committee;
 - providing advice to the Board on corporate level performance indicators and targets for risk management and compliance activities;
 - undertaking an annual review of the Company's risk management policy; and
 - reviewing the adequacy of the Company's insurance coverage;

- **Internal Audit Function:** the Audit & Risk Committee is also responsible for establishing an internal audit function. In this regard, the Audit & Risk Committee must:

- review the internal auditor's role and responsibilities;
- review the results and effectiveness of the internal audit programs;
- recommend the scope of the internal audit to the Board for approval;
- approve the appointment and dismissal of senior internal audit executives;
- review and approve the internal audit plan and work program;
- ensure that the internal auditor reports directly to the Managing Director or the Chief Financial Officer and the Audit & Risk Committee;
- ensure that no restrictions are placed on the internal auditors; and
- ensure that the internal auditors are adequately resourced;

- **External Auditors:** in relation to the Company's external auditors, the Audit & Risk Committee is responsible for:

- reviewing the performance and independence of the external auditors;
- reviewing procedures for the selection, appointment and rotation of the external auditors;
- agreeing on the terms of engagement of the external auditor before the commencement of each audit;
- reviewing the external auditor's fee;
- reviewing and providing oversight of the audit reports prepared and issued by the external auditors;
- monitoring and examining management's response to the external auditor's findings and recommendations; and
- ensuring that no management or other restrictions are placed on the external auditors;

- **Financial Reports:** the Audit & Risk Committee must review the Company's financial statements for accuracy, adequacy and compliance with the accounting standards, ASX Listing Rules and the Act; and

- **Related Party Transactions:** the Audit & Risk Committee is responsible for reviewing and monitoring the propriety of all related party transactions.

CODE OF CONDUCT - OBLIGATIONS TO STAKEHOLDERS (STAKEHOLDER CODE)

The Stakeholder Code seeks to ensure that the Company maintains high standards of professional conduct and ethics in dealing with all of its stakeholders, and underlines its commitment to complying with all applicable state, national and international laws.

The Company considers that its stakeholders include employees, Shareholders, creditors, customers, suppliers, contractors, consultants, governmental and non-governmental organisations, the communities where the Company operates and other parties that have influence over or are influenced by the Company.

PRINCIPLES

The Stakeholder Code sets out the following key principles:

- in addition to complying with the requirements of the Constitution, the Act and the ASX Listing Rules, ensuring that all Shareholders of the Company are treated equally, and that the Company will make full, fair and timely disclosure of all relevant information to Shareholders and the ASX;
- encouraging diversity and equal opportunity at all levels of the Company whilst providing a safe and hazard free workplace;
- ensuring that employees do not use Company funds, property, equipment or other resources for their personal benefit or purposes;
- ensuring that proprietary, commercial and other information that is confidential to the Company is protected, and ensuring information that is not publicly available is used only for authorised purposes;
- prohibiting the acquisition or sale of Shares in the Company by employees who are aware of material non-public information about the Company, and prohibiting them sharing that information with others;
- ensuring employees avoid actual and perceived conflicts of interest, both in the performance of their duties for the Company and their outside activities;
- observing the requirements of the Competition and Consumer Act 2010 (Cth) and corresponding state legislation;
- prohibiting employees from receiving payment or gifts in any form (or making such payments) for the purpose of obtaining or retaining business or to obtain any other favourable action;
- prohibiting employees from making formal or informal arrangements with competitors which seek to limit or restrict competition (including agreements which seek to fix or control prices, allocate products, markets or territories, or boycott certain customers or suppliers);
- prevention or minimisation of any harmful effects which its operations may have on the environment and ensuring compliance with all environmental laws and regulations;
- prohibiting employees from seeking confidential information in relation to its competitors, from any new employee who recently worked for a competitor, or from misrepresenting their identity in order to obtain confidential information from a competitor; and
- compliance with both local and international laws (where it operates outside Australia).

CODE OF CONDUCT FOR DIRECTORS AND KEY OFFICERS (CONDUCT CODE)

The Conduct Code sets out the ethical standards for Directors and key officers of the Company, and sets out the principles which govern their conduct. The Conduct Code also takes into account recommendations of Principle 3 of the ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations, Second Edition.

The key principles governing the conduct of the Company's Directors and key officers are that they:

- will act with honesty and integrity in all their dealings for the Company;
- will be truthful, and not mislead or make false statements nor mislead by omission, and will not make promises or commitments the Company does not intend or would be unable to honour;
- will comply with the law at all times;
- will fully disclose any business interest (public or private) and any other matters which may lead to potential or actual conflicts of interest;
- will seek approval from the Chairman in relation to any other role outside their position as a Director or key officer of the Company which potentially conflicts with the Company's interests;
- must maintain and observe their obligation of confidentiality to the Company even after leaving their position with the Company;
- must not use inside information (being price sensitive information, information not in the public domain or information about any entity related to the Company or a strategic partner of the Company which has come to their knowledge through their employment with the Company) for personal gain, and must not deal in that entity's securities or pass information on to another person or encourage another person to deal in that entity's securities; and
- must not use their position to seek personal gain from those doing business or seeking to do business with the Company, and must not accept payments, gifts or entertainment beyond normal business practice.

The Company's Directors and key officers are also expected to report and record any behaviour that does not comply with the Conduct Code.

CONTINUOUS DISCLOSURE POLICY

The purpose of the Company's Continuous Disclosure Policy is to impose obligations and procedures on all Directors, employees and consultants of the Company to ensure that all materials concerning the Company are disclosed in a timely and balanced way.

The objectives of the policy are to ensure that the Company is able to meet its continuous disclosure obligations under the ASX Listing Rules and the Act. In addition, the policy aims to establish internal procedures so that all Directors, employees and consultants understand their obligations to disclose material information ensuring:

- all investors and participants in the market have equal and timely access to material information concerning the Company;
- all Company announcements are factual and presented in a clear and balanced way; and
- only material information is disclosed to the market.

POLICY

Under the policy, the Board is required to appoint a Disclosure Officer to administer the Company's continuous disclosure policy. According to this policy, this will be the Company Secretary.

Section 15

Corporate Governance

As soon as Directors, employees or consultants become aware of information:

- that is not generally available (i.e. the information in question has not been included in any annual report, ASX release or other publication of the Company); and
- which may be price sensitive (i.e. it is likely to have a financial or reputation impact upon the Company that may be considered material),

they must provide to the Disclosure Officer the following information:

- a general description of the matter;
- details of the parties involved;
- the relevant date of the event or transaction;
- the status of the matter (e.g. final/negotiations still in progress/preliminary negotiations only);
- the estimated value of the transaction;
- the estimated effect on the Company's finances or operations; and
- the names of any in-house or external advisers involved in the matter.

DISCLOSURE OFFICER

The role of the Disclosure Officer is to ensure the Company is compliant with its disclosure obligations, ensure relevant disclosures are made to the ASX and be responsible for all communications with the ASX in relation to ASX Listing Rule matters.

The role of the Disclosure Officer, in conjunction with the managing director includes:

- periodically monitoring disclosure processes and reporting and periodically reviewing the effectiveness of disclosure and materiality guidelines;
- deciding what information must be disclosed to the ASX;
- conducting all disclosure discussions with management;
- conducting all disclosure discussions with the ASX; and
- maintaining a disclosure file.

The Disclosure Officer must immediately decide in respect of information that comes to his or her attention (either directly or from a Director) whether:

- the information must be disclosed to the ASX;
- an exception which allows non-disclosure to apply; or
- an alternative procedure, such as whether a notice pending, trading halt or suspension of Shares is appropriate in all the circumstances.

REMUNERATION COMMITTEE CHARTER

The purpose of the Remuneration Committee is to provide advice, recommendations and assistance to the Board in fulfilling its corporate governance and oversight responsibilities by:

- putting in place remuneration policies which are designed to attract and retain senior managers and Directors with the expertise to enhance the performance and growth of the Company;
- putting in place remuneration policies that clearly distinguish the structure of non-executive Directors' remuneration from that of executive Directors and senior executives; and
- ensuring that the level and composition of remuneration packages are fair, reasonable and adequate.

Ultimate responsibility for the Company's remuneration policy rests with the full Board, notwithstanding the establishment of the Remuneration Committee.

The Remuneration Committee must have a minimum of three members, with a majority of members being independent Directors. The Remuneration Committee should be chaired by an independent Director.

MEETINGS

- The Remuneration Committee will meet as frequently as required in order to undertake its role effectively but must, at a minimum, meet once a year.
- A quorum for Remuneration Committee meetings will be at least 2 members.
- A member of the Remuneration Committee is not entitled to be present at a Remuneration Committee meeting, nor give advice or recommendations to the Board, regarding:
 - the level or composition of his or her remuneration; and
 - the evaluation of his or her performance as a Director of the Company.

OTHER RESPONSIBILITIES OF THE REMUNERATION COMMITTEE

- The Remuneration Committee is responsible for reviewing and providing recommendations to the Board with respect to the remuneration packages of senior management and executive Directors.
- The Remuneration Committee is responsible for reviewing and providing recommendations to the Board with respect to the Company's policies with respect to incentive schemes and the incentive schemes of senior managers and executive Directors. The Remuneration Committee will also assist the Board in the development of appropriate benchmarks for use in designing incentive schemes.
- The Remuneration Committee is responsible for providing advice to the Board with respect to non-executive Directors' remuneration.
- The Remuneration Committee must review and make recommendations to the Board on the Company's remuneration, recruitment, retention and termination policies and procedures for senior executives.
- The Remuneration Committee is responsible for providing advice and recommendations to the Board on the Company's termination and redundancy policies and the payments made to outgoing Directors and senior managers.
- The Remuneration Committee must report to the Board, at the first Board meeting subsequent to each Remuneration Committee meeting, regarding the proceedings of each meeting, the outcomes of the Remuneration Committee's reviews and recommendations and any other relevant issues.
- The Remuneration Committee must provide the Board with advice and recommendations regarding the appropriate material and disclosures to be included in the corporate governance section of the Company's annual report which relates to the Company's remuneration policies and procedures, information concerning the Directors and the performance evaluation of the Board and senior executives.

SECURITIES TRADING POLICY - DIRECTORS AND KEY EXECUTIVES

The purpose of the Securities Trading Policy is to impose constraints on Directors and executives of the Company dealing in the Company's Shares or Options, warrants, futures or other derivative financial products issued over the Company's Shares or options.

The objectives of the policy are to minimise the risk of contravening insider trading laws, to ensure that the Company is able to meet its reporting obligations under the ASX Listing Rules and increase transparency with respect to trading in securities of the Company by Directors and executives.

DEALING IN SECURITIES

Directors and executives should not deal in securities of the Company unless:

- they have satisfied themselves that they are not in possession of any price sensitive information that is not generally available to the public;
- they have contacted the Chairman or Managing Director (or, in their absence, the Company Secretary) and notified them of their intention to do so and the relevant party indicates that there is no impediment to them doing so; and
- where the Managing Director or Chairman wish to deal in securities, he or she has contacted the Chair of the Audit and Risk Management Committee and notified them of his or her intention to do so and the Chair of the Audit and Risk Management Committee indicates that there is no impediment to him or her doing so.

The Chairman and Managing Director will generally not allow Directors or executives to deal in securities of the Company as a matter of course where there is in existence price sensitive information that has not been disclosed because of an ASX Listing Rule exception.

Directors and executives should wait at least until the beginning of the next trading day after any relevant release before dealing in securities so that the market has had time to absorb the information. In specific circumstances however, such as financial hardship, the Chairman and/or Managing Director may waive the requirement of a Director or executive to deal in securities outside the above periods on the condition that the Director or executive can demonstrate to the Chairman and/or Managing Director that they are not in possession of any price sensitive information that is not generally available to the public.

ADDITIONAL POLICY REQUIREMENTS

- Directors and executives must not at any time engage in short-term trading in securities of the Company.
- Directors and executives must not communicate price sensitive information to a person who may deal in securities of the Company. In addition, a Director or executive should not recommend or otherwise suggest to any person (including a spouse, relative, friend, trustee of a family trust or directors of a family company) the buying or selling of securities in the Company.
- Directors and executives must ensure that external advisers who may receive price sensitive information are bound by confidentiality agreements or other enforceable confidentiality obligations.

NOTIFICATION OF DEALING IN SECURITIES

Directors and executives must notify the Company Secretary immediately on acquiring or disposing of a relevant interest in any securities in the Company.

CONFIRMATION OF DEALING

If a person covered by the Policy undertakes dealing then, within 2 days of the dealing taking place, they should provide the details of the dealing to the Company Secretary.

PENALTIES

A contravention of the policy by an executive may result in summary dismissal.

DIVERSITY POLICY

The purpose of the Diversity Policy is to demonstrate a commitment by the Board to equality and respect and in recognising and valuing the unique contribution people can make because of their individual background and different skills, experiences and perspectives. The Company considers that fostering diversity improves workplace culture and leads to better company performance.

The Company recognises that a talented and diverse workforce is a key competitive advantage. The wide array of perspectives that results from such diversity promotes innovation and business success.

The Board is responsible for the selection of new board members and in accordance with its Board Charter and the ASX Corporate Governance Principles and Recommendations (including all subsequent amendments), the Board must ensure that the selection process is formal and transparent. High quality female candidates should be considered as part of any recruitment process.

The Company will establish measurable objectives for achieving gender diversity when it has grown to a point where it is appropriate to do so.

Lithium evaporation ponds in the Atacama desert.
Photo © 2016 CNES/Astrium and DigitalGlobe

Section 16

Additional Information

16.1 RIGHTS AND LIABILITIES ATTACHING TO SHARES IN THE COMPANY

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 Act, the ASX Listing Rules and ASX Settlement 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.

RANKING

The Shares issued pursuant to this Prospectus will be fully paid ordinary shares and will rank equally in all respects with the existing fully paid ordinary shares in the Company.

REPORTS AND NOTICES

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

GENERAL MEETINGS

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

VOTING

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:

- every ordinary member present in person, or by proxy, attorney or representative has one vote on a show of hands; and
- upon a poll every ordinary member present in person or by proxy, attorney or representative has one vote for every fully paid share held.

DIVIDENDS

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

WINDING UP

Members 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.

Section 16

Additional information

TRANSFER OF SHARES

Subject to the Constitution and to any restrictions attached to a member's Shares at any point in time, a member may transfer any of the member's 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 Act or ASX Listing Rules in the event that:

- the Company has a lien on the Shares the subject of the transfer;
- the Company is served with a court order that restricts a member's capacity to transfer the Shares;
- registration of the transfer may break an Australian law;
- the transfer is lodged during the escrow period for restricted securities;
- 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
- if the transfer does not comply with the terms of any employee incentive scheme of the Company where applicable.

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 Act, the Directors may allot or otherwise dispose of Shares on such terms and conditions as they see fit.

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.

DIRECTORS

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

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.

16.2 TERMS AND CONDITIONS OF EXISTING OPTIONS

The Company has a total of 31,356,668 Unlisted Options on issue as at the date of the Original Prospectus. Subject to the below, the Unlisted Options have the same terms, as set out below.

TABLE 16.2.1: UNLISTED OPTIONS

Number of Unlisted Options	Optionholders	Option Exercise Period	Exercise Price
27,440,001	Founding and pre-seed capital shareholders	Period commencing on the date of Listing and ending on the date that is 5 years from the date of Listing	\$0.20
3,000,000	Directors and Contractors	Period commencing on the date of Listing and ending on the date that is 5 years from the date of Listing	\$0.20
916,667	Contractor to be engaged after Listing	Period commencing on the date that is 2 years after the date of Listing and ending on the date that is 5 years after the date of Listing	500,000 Unlisted Options – \$0.20 250,000 Unlisted Options – \$0.40 166,667 Unlisted Options – \$0.60

TERMS APPLICABLE TO ALL UNLISTED OPTIONS

Subject to any amendments required by ASX and agreed between the parties, the terms and conditions of the Unlisted Options are as follows:

- a) Subject to clause k), each Unlisted Option gives the Optionholder the right to subscribe for one (1) Share.
- b) The Unlisted Options are exercisable at any time during the Option Exercise Period. Any Unlisted Options not exercised during the Option Exercise Period will automatically lapse on the last date of the Option Exercise Period.
- c) The amount payable upon exercise of each Unlisted Option will be the Exercise Price.
- d) The Unlisted Options held by the Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- e) An Optionholder may exercise their Unlisted Options by lodging with the Company, before the Expiry Date:
 - a. a written notice of exercise of Unlisted Options specifying the number of Unlisted Options being exercised; and
 - b. a cheque or electronic funds transfer for the Exercise Price for the number of Unlisted Options being exercised, **(Exercise Notice)**.
- f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- g) Within 2 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Unlisted Options specified in the Exercise Notice.
- h) The Unlisted Options are freely transferable in whole or part up to expiry.
- i) All Shares allotted upon the exercise of the Unlisted Options will upon allotment rank pari passu in all respects with other Ordinary Shares.
- j) The Company will not apply for quotation of the Unlisted Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of Unlisted Options on ASX within 2 Business Days after the date of allotment of those Ordinary Shares.
- k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- l) There are no participating rights or entitlements inherent to the Unlisted Options and the Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Unlisted Options. However, the Company will ensure that for the purposes of determining the entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Unlisted Options prior to the date for determining entitlements to participate in any such issue.
- m) Subject to clause k), an Unlisted Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Unlisted Option can be exercised.

16.3 CONSTITUTION

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

- **Transfer of Shares:** A member may transfer any of the member'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 Act or ASX Listing Rules:
 - i. if the transfer does not comply with the Constitution;
 - ii. if the Company has a lien on the Shares the subject of the transfer;
 - iii. if a court order restricts a member's capacity to transfer the Shares;
 - iv. if registration of the transfer may break an Australian law;
 - v. if the member has agreed in writing to the application of a holding lock which does not breach the ASX Listing Rules;
 - vi. during the escrow period of restricted securities;
 - vii. 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;
 - viii. if the transfer does not comply with the terms of any employee incentive scheme of the Company; or
 - ix. if otherwise permitted by the ASX Listing Rules.
- **Quorum at general meetings:** A quorum at a general meeting consists of three members present.
- **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.
- **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.
- **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.

Section 16

Additional information

- **Quorum at meeting of Directors:** At a meeting of Directors, the number of Directors whose presence is necessary to constitute a quorum is two.
- **Dividends:** The Directors may declare and authorise the distribution, from the profits of the Company, of dividends to be distributed to members according to their rights and interests.
- **Reports and Notices:** Shareholders are entitled to receive all notices, reports, accounts and other documents required to be furnished to members under the Constitution and the Act.
- **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.

16.4 DIVIDEND POLICY

The Directors intend to use the Company's current cash reserves and any surplus cash flow to fund the 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.

16.5 CONSENTS

Each party referred to in this Section:

- does not make, or purport to make, any statement in this Prospectus or any statement on which a statement made in the Prospectus is based other than as specified in this Section; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Each of the following parties has consented to being named in the Prospectus in the capacity as noted below and has not withdrawn such consent prior to the lodgement of this Prospectus with ASIC:

- Sequoia Corporate Finance Pty Ltd a corporate authorised representative (No. 000469074) of D2MX Pty Limited (AFSL No 297950) as Lead Manager to the Offer;
- Kemp Strang as legal adviser to the Company and title reporting solicitor for the WA Tenements;
- Holt Abogados as title reporting solicitor for the Argentinian Properties;
- Geko Co Pty Limited as independent geologist for the WA Tenements;
- H&S Consultants Pty Limited as independent verification of the independent geologist report for the WA Tenements;
- Groundwater Insight Inc. as independent geologist for the Argentinian Properties;
- Ernst & Young as investigating accountant and as auditor to the Company;
- CRU International (Australia) Pty Ltd as independent consultants; and
- Boardroom Pty Limited as the Share Registry.

CRU International (Australia) Pty Ltd has also given its consent to the inclusion of the Industry Report in the form and context in which it is included in Section 9 of this Prospectus and to all statements attributed to it in this Prospectus.

Kemp Strang has also given its consent to the inclusion of the Solicitor's Report on Title – Australia in Section 10 in the form and context in which it is included in this Prospectus and to all statements attributed to it in this Prospectus.

Holt Abogados has also given its consent to the inclusion of the Solicitor's Report on Title – Argentina in Section 11 in the form and context in which it is included in this Prospectus and to all statements attributed to it in this Prospectus.

Groundwater Insight Inc. has also given his consent to the inclusion of the Independent Expert's Report – Argentina in Section 13 in the form and context in which it is included in this Prospectus and to all statements attributed to it in this Prospectus.

Geko Co Pty Limited has also given its consent to the inclusion of the Independent Expert's Report – Australia in Section 12 in the form and context in which it is included in this Prospectus and to all statements attributed to it in this Prospectus.

H&S Consultants Pty Limited has also given its consent to the inclusion of statements made by it in the Independent Expert's Report – Australia in Section 12 in the form and context in which it is included in this Prospectus and to all statements attributed to it in this Prospectus.

Ernst & Young has also given its consent to the inclusion of the Independent Limited Assurance Report in Section 8 in the form and context in which it is included in this Prospectus and to all statements attributed to it in this Prospectus.

16.6 INTERESTS OF ADVISERS AND NAMED PERSONS

This Section applies to persons named in the Prospectus as performing a function as a financial services licensee or in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus or promoters of the Company (collectively referred to as prescribed persons). Except as otherwise set out in this Prospectus, no prescribed person has, or during the last two years has had, any interest in the formation or promotion of the Company, or any property proposed to be acquired by the Company in connection with its formation or promotion of the Offer.

16.7 EXPENSES OF THE OFFER

No sums have been paid or agreed to be paid to a prescribed person for services rendered by the prescribed person in connection with the promotion or formation of the Company or the Offer except as set out below:

TABLE 16.7.1: OFFER EXPENSES

Offer Expenses and Listing costs (inclusive of GST)	Min Raise (\$000)	Max Raise (\$000)
Lead Manager or other party equity raising fees and ASX listing fees	465	525
Legal and Title Reporting Solicitor fees	56	56
Investigating Accountant's fees	20	20
Audit fees	13	13
Independent Consultant fees	135	135
Printing, marketing, public relations and distributions	14	14
ASIC lodgement fees and Share Registry fees	10	10
Other expenses	15	15
Offer Expenses (cash settled)	727	787

16.8 INTERESTS OF DIRECTORS

Other than as set out below or elsewhere in this Prospectus, no Director (whether individually or as a consequence of a Director's association with any company or firm or any material contract entered into by the Company) has now, or has had, in the 2-year period prior to the date of the Original Prospectus, any interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- the Offer.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, options or otherwise) have been paid or agreed to be paid to any Director or to any company or firm with which a Director is associated to induce him to become, or to qualify as, a Director, or otherwise for services rendered by him or his company or firm with which the Director is associated in connection with the formation or promotion of the Company or the Offer.

REMUNERATION OF DIRECTORS

The Constitution provides that the non-executive Directors may be paid for their services as Directors, however the sum payable must not exceed such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the Directors and in default of agreement then in equal shares. The sum fixed by the Company as the aggregate limit for the payment of non-executive Directors is \$500,000 per annum.

A Director may be paid fees or other amounts as the Directors determine where a Director renders or is called upon to perform extra services or to make any special exertions in connection with the affairs of the Company. A Director may also be reimbursed for any disbursements or any other out of pocket expenses properly incurred as a result of their directorship or any special duties.

DIRECTORS' FEES AND REMUNERATION RECEIVED

Director fees paid since 24 July 2015 (being the date of incorporation of the Company) to 29 February 2016, or payable annually to the Directors upon listing on ASX as remuneration for their services as Directors are set out in Table 16.8.1 below.

Section 16

Additional information

TABLE 16.8.1 DIRECTORS' REMUNERATION

	24 July 2015 to 29 February 2016	Annual Salary
Mr Reccard Fertig	\$52,500.00 plus GST	\$120,000.00 plus GST
Mr Martin C Holland	\$140,000.00 plus superannuation	\$240,000.00 plus superannuation
Mr Andrew Phillips	\$105,000.00 plus superannuation	\$180,000.00 plus superannuation
Dr Luis Ignacio Silva	\$49,000.00	\$84,000.00

DIRECTORS' HOLDINGS

Details of Directors' relevant interests in securities of the Company (held directly or indirectly) as at the date of the Original Prospectus are outlined in Section 2 of this Prospectus.

The Directors may participate in the Offer pursuant to this Prospectus.

16.9 GOVERNING LAW

This Prospectus and the contracts that arise from the acceptance by the Company of the Applications are governed by the laws applicable in New South Wales and each Applicant under this Prospectus submits to the exclusive jurisdiction of the courts of New South Wales.

16.10 DIRECTORS RESPONSIBILITY STATEMENT

The Directors of the Company state that for the purposes of section 731 of the Act, they have made all enquiries that were reasonable in the circumstances and have reasonable grounds to believe that any statements by them in this Prospectus are true and not misleading or deceptive, and that with respect to any other statements made in this Prospectus by persons other than the Directors, the Directors have made reasonable enquiries and have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, and that those persons have given the consent required by section 716(2) of the Act and have not withdrawn that consent before lodgement of the Original Prospectus with ASIC.

Each Director consents to the lodgement of this Prospectus with ASIC, and has not withdrawn that consent prior to this Prospectus being lodged.

This Prospectus is prepared on the basis that:

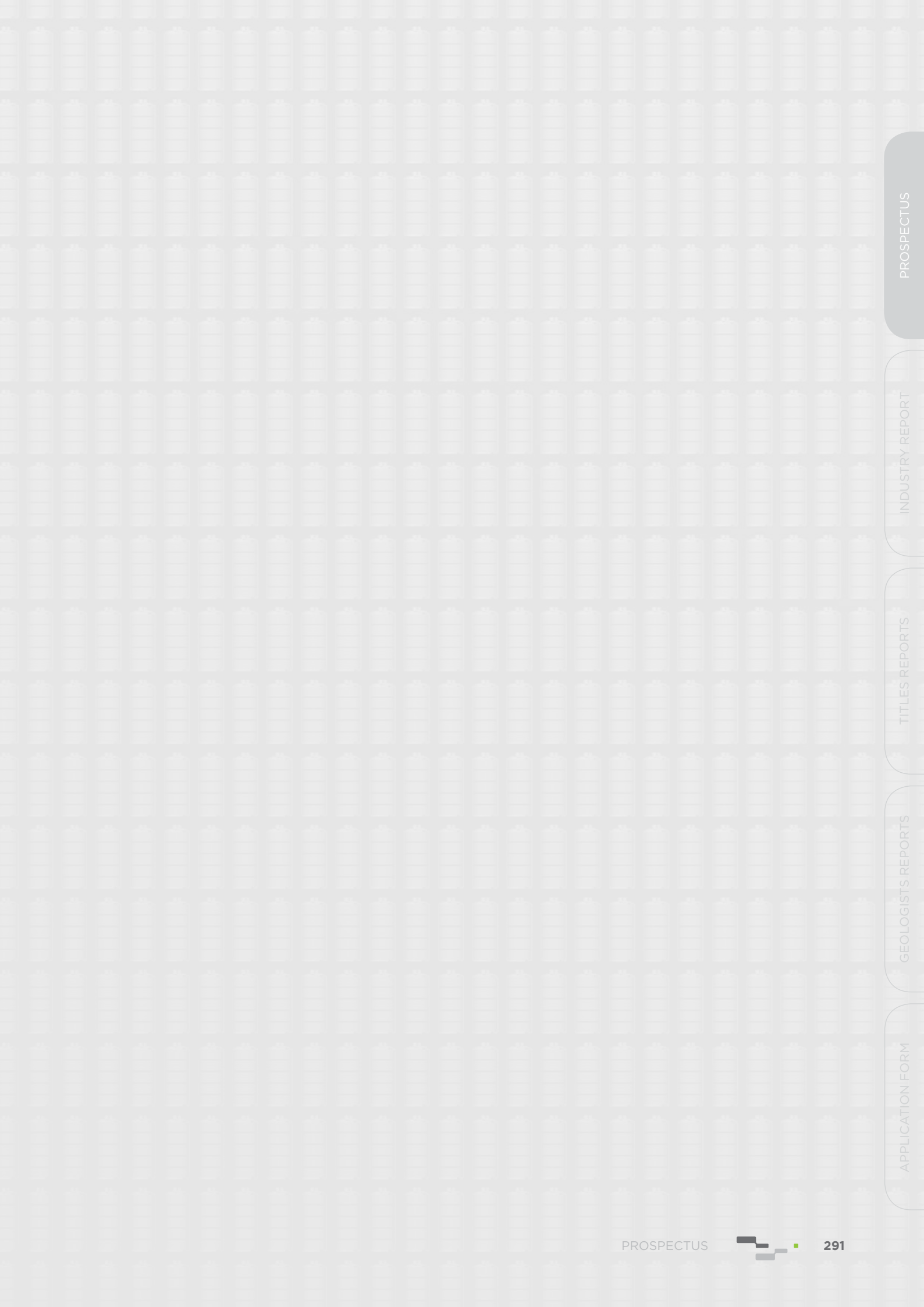
- certain matters may be reasonably expected to be known to professional advisers of the kind with whom Applicants may reasonably be expected to consult; and
- information is known to Applicants or their professional advisers by virtue of any legislation or laws of any State or Territory of Australia or the Commonwealth of Australia.

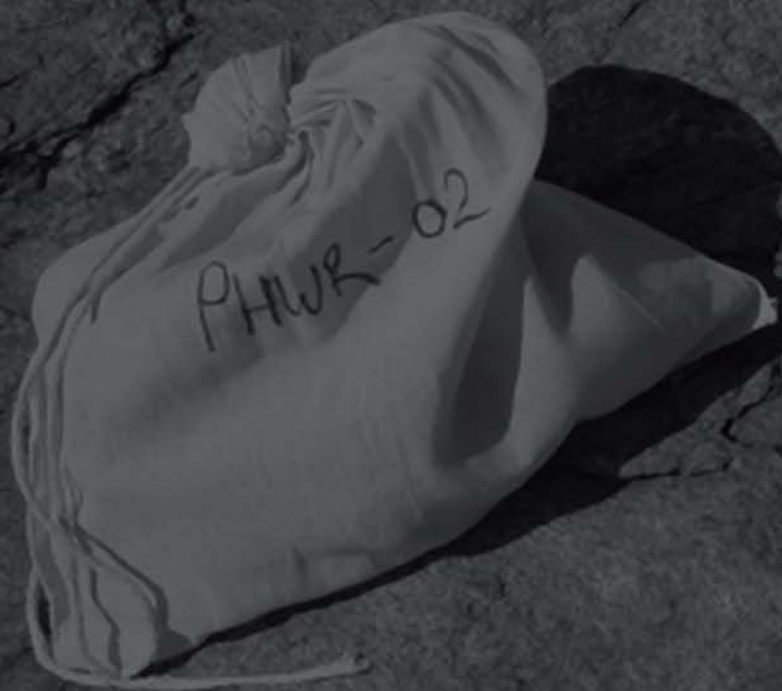
This Prospectus is dated 23 May 2016.

Signed for and on behalf of Lithium Power International Limited



Mr Martin C Holland
Managing Director





Section 17

Definitions

Terms defined in the Reports have the meanings therein ascribed to them throughout this Prospectus unless otherwise stated or unless inconsistent with the context in which the expression is used. Other expressions are used throughout this Prospectus that are not defined in the Reports and, unless otherwise stated or unless inconsistent with the context in which the expression is used, each of the following expressions have the meaning set out below:

\$ or A\$ or AUD means references to dollar amounts in Australian currency.

Act or Corporations Act means the Corporations Act 2001 (Cth) as in force within Australia, including as amended from time to time.

AEST means Australian Eastern Standard Time.

Applicant means a person who makes an application for Shares under this Prospectus.

Application means an application for Shares under this Prospectus made by an Applicant under an Application Form.

Application Form means the form accompanying and forming part of this Prospectus by which an Applicant may apply for Shares under the Offer.

Application Monies means monies received by the Company from Applicants with respect to Applications.

Argentinian Properties means the following mining properties located in the province of Salta, Argentina:

- (a) Centenario 1 (file # 19475);
- (b) Centenario 4 (file # 19478);
- (c) Centenario 5 (file # 19479);
- (d) Centenario 6 (file # 19480);
- (e) Centenario 200 (file # 20158); and
- (f) Centenario 201 (file # 20159).

Argentinian Tenements means the following, which are not Granted Tenements:

- (a) Centenario 1 (file # 19475);
- (b) Centenario 200 (file # 20158); and
- (c) Centenario 201 (file # 20159).

ASIC means the Australian Securities and Investments Commission.

Associates has the meaning given to that term in the Act.

ASX means the Australian Securities Exchange operated by ASX Limited (ACN 008 624 691).

ASX Listing Rules means the listing rules of ASX.

ASX Settlement means ASX Settlement Pty Limited (ACN 008 504 532) (formerly known as ASX Settlement and Transfer Corporation Limited).

Section 17

Definitions

ASX Settlement Rules means the operating rules of ASX Settlement.

Board means the board of Directors of the Company.

Business Day means a day that is not a Saturday, Sunday or a public holiday in Sydney, New South Wales.

Chairman means the chairman of LPI which at the date of this Prospectus is Mr Reccard (Ricky) P Fertig.

Challenged Argentinian Property means the Argentinian Property known as Centenario 1 (file # 19475).

CHES means the Clearing House Electronic Subregister System operated by ASX Settlement.

Chief Financial Officer means the chief financial officer of the Company.

Closing Date means 5:00pm (AEST) on the date the Offer closes, which is set out in Key Dates and Offer Statistics section of this Prospectus.

Company or **LPI** means Lithium Power International Limited (ACN 607 260 328).

Company Secretary means the company secretary of LPI which at the date of this Prospectus is Mr Andrew G Phillips.

Constitution means the constitution of the Company adopted on incorporation on 24 July 2015.

Directors means the directors of the Company.

Disclosure Officer means the person appointed as the disclosure officer pursuant to the Company's continuous disclosure policy.

Exercise Price has the meaning given to that term in Section 16.2.

Granted Argentinian Properties means the following Argentinian Properties:

- (a) Centenario 4 (file # 19478);
- (b) Centenario 5 (file # 19479); and
- (c) Centenario 6 (file # 19480).

Granted Tenements means the Granted Argentinian Properties and the Granted WA Tenements.

Granted WA Tenements means the following WA Tenements:

- (a) Balingup – Licence No. E470/4763; and
- (b) Brockman Highway – Licence No. E70/4774.

HIN means the holder identification number provided to Shareholders for holdings registered on the CHES sub-register.

ILUA has the meaning given in the Solicitor's Report on Title – Australia in Section 10 of this Prospectus.

Independent Consultant's Industry Report means the report in Section 9.

Independent Experts' Reports means the reports in Section 12 and Section 13.

Independent Limited Assurance Report means the report prepared by Ernst and Young in Section 8.

IPO means the initial public offering of the Shares contemplated by this Prospectus.

Issue Price means \$0.20 per Share.

Lacus means Lacus Minerals S.A., a company incorporated under the laws of Argentina, being the vendor of the Argentinian Properties.

Lacus Shares has the meaning given to that term in Section 14.

Lead Manager means Sequoia Corporate Finance Pty Ltd (ACN 091 744 884) a corporate authorised representative (No 000469074) of D2MX Pty Limited (ACN 113 959 596, AFSL No 297950).

Listing means the official quotation of the Shares on ASX.

LPSA means Lithium Power S.A., a company incorporated under the laws of Argentina and which is indirectly controlled by LPI through the Trust.

Material Contract means an agreement described in Section 14.

Mining Act means *Mining Act 1978* (WA).

NHSA has the meaning given in the Solicitor's Report on Title – Australia in Section 10.

Offer means the offer to the public to apply for 35,000,000 Shares under this Prospectus with a provision to accept over-subscriptions of up to a further 5,000,000 Shares.

Offer Period means the period from 24 May 2016 to 3 June 2016.

Offer Proceeds means the total proceeds of the offer of 35,000,000 Shares under this Prospectus, being an aggregate amount of \$7,000,000 (before costs) with a provision to accept over-subscriptions of up to a further \$1,000,000 through the issue of a further 5,000,000 Shares.

Official List means the official list of ASX.

Official Quotation means official quotation of the Shares on ASX.

Opening Date means the date the Offer opens, which is set out in the Key Dates and Offer Statistics section of this Prospectus and may be varied by the Company.

Option means any option in the company including Unlisted Options.

Option Exercise Period has the meaning given to that term in Section 16.2.

Option holder means a person who holds one or more Options.

Pilbara Funds means the funds budgeted for expenditure on the Pilbara Tenements (when granted) as set out in the Use of Funds and Exploration Expenditure set out in Sections 2.3.2 and 5.3 respectively.

Pilbara Tenements means the following applications by the Company for exploration licences located in Western Australia:

- (a) Pilgangoora-Houston Creek – Licence No. E45/4610 (application);
- (b) Tabba Tabba – Licence No. E45/4637 (application); and
- (c) Strelley – Licence No. E45/4638 (application).

Private Land means areas classified as private land for the purposes of the *Mining Act 1978* (WA).

Projects means the Argentinian Properties and the WA Tenements.

Prospectus means this prospectus as modified or varied by any supplementary or replacement prospectus prepared by the Company and lodged with ASIC from time to time.

Reports means the Solicitors' Reports on Title, Independent Experts' reports, Independent Consultant's Industry Report and the Investigating Accountant's Report.

Section means a section of this Prospectus.

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

Share Registry means Boardroom Pty Limited (ACN 003 209 836).

Shareholder means a person who holds one or more Shares.

Solicitors' Reports on Title means the solicitors' reports on title in Section 10 and Section 11.

SRN means the security holder reference number provided to Shareholders in the case of holdings registered on the issuer sponsored sub-register.

Tenement Applications means the Argentinian Properties and WA Tenements which are not Granted Tenements.

Title means the title to the land comprising the WA Tenements and the Argentinian Properties.

Trust has the meaning given to that term in Section 14.

Use of Funds means the Use of funds set out in Section 2.3.1.

Unlisted Options means unlisted options over Shares in the Company currently on issue on the terms and conditions set out in Section 16.

Unlisted Option Holder means a person who holds one or more Unlisted Options.

US\$ means a reference to dollar amounts in the currency of the United States of America.

US Person has the meaning given in rule 902(k) of Regulation S under the US Securities Act.

US Securities Act means the US Securities Act 1933, as amended.

Vendor Shares means 929,581 Shares being issued to Lacus in part consideration for the Argentinian Properties.

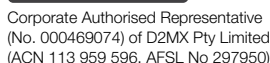
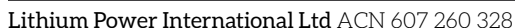
WA Tenements means the following applications by the Company for exploration licences located in Western Australia:

- (a) Pilgangoora-Houston Creek – Licence No. E45/4610;
- (b) Tabba Tabba – Licence No. E45/4637;
- (c) Strelley – Licence No. E45/4638;
- (d) Balingup – Licence No. E470/4763; and
- (e) Brockman Highway – Licence No. E70/4774.

Section 18

Application Form

The following two Public Offer Application Forms are important. If you are in doubt as to how to deal with them, please contact your stockbroker or professional adviser without delay. You should read the entire prospectus for Lithium Power International Ltd dated 23 May 2016 (**Prospectus**) carefully before completing this form. To meet the requirements of the Corporations Act, this Public Offer Application Form must not be distributed unless included in, or accompanied by, the Prospectus.



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This Public Offer Application Form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional adviser without delay. You should read the entire prospectus for Lithium Power International Ltd dated 23 May 2016 (Prospectus) carefully before completing this form. To meet the requirements of the Corporations Act, this Public Offer Application Form must not be distributed unless included in, or accompanied by, the Prospectus.

[illegible]

A\$

Number of Ordinary Shares (Shares) in Lithium Power International Ltd (the Company) at \$0.20 per Share.

Name in full or Company Name

[illegible]

Joint Applicant 2 or Account Designation

[illegible]

Joint Applicant 3 or Account Designation

[illegible]

Unit	Street Number	Street Name or PO Box /Other Information
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[illegible][illegible]

City / Suburb / Town

State

Postcode

[illegible]

Page 10

[illegible]

F Contact Name

[illegible]

Telephone Number – Business Hours / After Hours

()

G Holder Identification Number (HIN)

X									
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Please note that if you supply a CHESS HIN but the name and address details on your form do not correspond exactly with the registration details held at CHESS, your application will be deemed to be made without the CHESS HIN, and any securities issued as a result of the Company's initial public offer will be held on the Company's Issuer Sponsored subregister.

II Drawer

Cheque Number

BSB Number

Account Number

Amount of cheque

10/10/2019

Page 10

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A\$

By submitting this Public Offer Application Form, I/we declare that this application is completed and lodged according to the Prospectus and the declarations/statements on the reverse of this Public Offer Application Form and I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Public Offer Application Form) are complete and accurate. I/we agree to be bound by the Constitution of the Company.

How to complete this form

A

Shares Applied for

Enter the number of Shares you wish to apply for. The application must be for a minimum of 10,000 Shares (\$2,000). Applications for greater than 10,000 Shares must be in multiples of 500 Shares (\$100).

B

Application Monies

Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares by the price per Share.

C

Applicant Name(s)

Enter the full name you wish to appear on the statement of share holding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHES) participants should complete their name identically to that presently registered in the CHES system.

D

Postal Address

Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E

Email Address

Enter your email address. This is not compulsory but will assist us if we need to contact you in relation to the offer or the Company generally.

F

Contact Details

Enter your contact details. These are not compulsory but will assist us if we need to contact you.

G

CHES

Lithium Power International Ltd (the Company) will apply to the ASX to participate in CHES, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of ASX Limited. In CHES, the Company will operate an electronic CHES Subregister of security holdings and an electronic Issuer Sponsored Subregister of security holdings. Together the two Subregisters will make up the Company's principal register of securities. The Company will not be issuing certificates to applicants in respect of Shares and Attaching Options allotted. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold Shares and Options allotted to you under this Application on the CHES Subregister, enter your CHES HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Company and allocated a Securityholder Reference Number (SRN).

H

Payment

Make your cheque or bank draft payable to Lithium Power International Ltd – Share Offer Account in Australian currency and cross it Not Negotiable. Your cheque or bank draft must be drawn on an Australian Bank. Complete the cheque details in the boxes provided. The total amount must agree with the amount shown in box B. Please note that funds are unable to be directly debited from your bank account.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the Public Offer Application Form where indicated. Cash will not be accepted. Receipt for payment will not be forwarded.

Before completing the Public Offer Application Form the Applicant(s) should read the Prospectus. **Paper copies of the Prospectus (and any replacement or supplementary Prospectus) will be made available on request, free of charge.** By lodging the Public Offer Application Form, the Applicant(s) agrees that this application for Shares in the Company is upon and subject to the terms of the Prospectus and the Constitution of the Company, agrees to take any number of Shares that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Public Offer Application Form.

Lodgement of Application

Public Offer Application Forms must be received by the Melbourne office of Boardroom Pty Limited by no later than 5.00pm (Sydney time) on 3 June 2016 unless varied by the company. You should allow sufficient time for this to occur. Return the Public Offer Application Form with cheque(s) attached to:

Lithium Power International Ltd

c/- Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

Neither Boardroom Pty Limited nor the Company accepts any responsibility if you lodge the Application Form at any other address or by any other means.

Privacy Statement

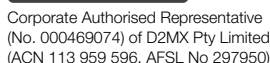
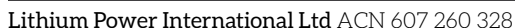
Personal information is collected on this form by Boardroom Pty Limited, as registrar for securities of the Company, for the purpose of maintaining registers of security-holders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Boardroom Pty Limited, or you would like to correct information that is inaccurate, incorrect or out of date, please contact Boardroom Pty Limited. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the Company in addition to general corporate communications. You may elect not to receive marketing material by contacting Boardroom Pty Limited. You can contact Boardroom Pty Limited using the details provided below.

If you have any enquiries concerning your application, please contact the Boardroom Pty Limited on 1300 737 760 (within Australia) or +61 2 9290 9600.

Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold securities. Applications must be made in the name(s) of natural persons, companies or other legal entities in accordance with the Corporations Act. At least one full given name and the surname is required for each natural person. The name of the beneficial owner or any other registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable title(s) below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual – Use given name(s) in full, not initials	Mr John Alfred Smith	J.A Smith
Joint – Use given name(s) in full, not initials	Mr John Alfred Smith & Mrs Janet Marie Smith	John Alfred & Janet Marie Smith
Company – Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts – Use trustee(s) personal name(s) – Do not use the name of the trust	Ms Penny Smith <Penny Smith Family A/C>	Penny Smith Family Trust
Deceased Estates – Use executor(s) personal name(s) – Do not use the name of the deceased	Mr Michael Smith <Est John Smith A/C>	Estate of Late John Smith
Minor (a person under the age of 18) – Use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Peter Smith
Partnerships – Use partners personal name(s) – Do not use the name of the partnership	Mr John Smith & Mr Michael Smith <John Smith & Son A/C>	John Smith & Son
Clubs/Unincorporated Bodies/Business Names – Use office bearer(s) personal name(s) – Do not use the name of the club etc	Mrs Janet Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds – Use the name of trustee of the fund – Do not use the name of the fund	John Smith Pty Ltd <Super Fund A/C>	John Smith Pty Ltd Superannuation Fund



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This Public Offer Application Form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional adviser without delay. You should read the entire prospectus for Lithium Power International Ltd dated 23 May 2016 (Prospectus) carefully before completing this form. To meet the requirements of the Corporations Act, this Public Offer Application Form must not be distributed unless included in, or accompanied by, the Prospectus.

A									
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A\$

Number of Ordinary Shares (Shares) in Lithium Power International Ltd (the Company) at \$0.20 per Share.

 Name in full or Company Name

[illegible]

Joint Applicant 2 or Account Designation

[illegible]

Joint Applicant 3 or Account Designation

[illegible]

Unit	Street Number	Street Name or PO Box /Other Information
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[illegible][illegible]

City / Suburb / Town

State

Postcode

[illegible]

Page 10

[illegible]

F Contact Name

[illegible]

Telephone Number – Business Hours / After Hours

()

G Holder Identification Number (HIN)

X									
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Please note that if you supply a CHESS HIN but the name and address details on your form do not correspond exactly with the registration details held at CHESS, your application will be deemed to be made without the CHESS HIN, and any securities issued as a result of the Company's initial public offer will be held on the Company's Issuer Sponsored subregister.

Payment details – Please note that funds are unable to be directly debited from your bank account

11

Cheque Number

11/11/2019

BSB Number

11/11/2019

Account Number

11/11/2019

Amount of cheque

A\$

Make your cheque or bank draft payable to: **Lithium Power International Ltd – Share Offer Account**

By submitting this Public Offer Application Form, I/we declare that this application is completed and lodged according to the Prospectus and the declarations/statements on the reverse of this Public Offer Application Form and I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Public Offer Application Form) are complete and accurate. I/we agree to be bound by the Constitution of the Company.

How to complete this form

A

Shares Applied for

Enter the number of Shares you wish to apply for. The application must be for a minimum of 10,000 Shares (\$2,000). Applications for greater than 10,000 Shares must be in multiples of 500 Shares (\$100).

B

Application Monies

Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares by the price per Share.

C

Applicant Name(s)

Enter the full name you wish to appear on the statement of share holding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHES) participants should complete their name identically to that presently registered in the CHES system.

D

Postal Address

Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E

Email Address

Enter your email address. This is not compulsory but will assist us if we need to contact you in relation to the offer or the Company generally.

F

Contact Details

Enter your contact details. These are not compulsory but will assist us if we need to contact you.

G

CHES

Lithium Power International Ltd (the Company) will apply to the ASX to participate in CHES, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of ASX Limited. In CHES, the Company will operate an electronic CHES Subregister of security holdings and an electronic Issuer Sponsored Subregister of security holdings. Together the two Subregisters will make up the Company's principal register of securities. The Company will not be issuing certificates to applicants in respect of Shares and Attaching Options allotted. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold Shares and Options allotted to you under this Application on the CHES Subregister, enter your CHES HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Company and allocated a Securityholder Reference Number (SRN).

H

Payment

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LITHIUMPOWER
INTERNATIONAL LTD

REGISTERED OFFICE

Level 7, 151 Macquarie Street, Sydney NSW 2000

Telephone: +61 2 9276 1245

Facsimile: +61 2 9276 1284

Website: www.lithiumpowerinternational.com