

ASX RELEASE

30 July 2021

Activity Report for the Quarter ended June 2021

Lithium Power International Limited (ASX: LPI) (“LPI” or “the Company”) is pleased to submit its quarterly Activity Report for the period ended 30 June 2021.

HIGHLIGHTS

- The latest drilling program on the Maricunga Stage One mining concessions has been completed, with five exploration core holes each reaching target depth of 400m.
- Drilling results showed positive average lithium concentrations of 989 mg/l, with a maximum of 3,375 mg/l, confirms Maricunga as one of the richest deposits globally.
- Significant resource expansion is expected for Stage One after the new drilling program tested the 200–400m mineralised zone.
- The Definitive Feasibility Study update continues by Worley, GEA Messo and Atacama Waters.
- MSB entered a Non-binding Memorandum of Understanding with Mitsui & Co., Ltd, for the funding and off-take for the Maricunga project.
- Sale of LPI’s 70% interest in Argentina’s Centenario lithium project.
- Detailed Fauna Survey and Assessment to commence at East Kirup, WA in August 2021.
- An initial 1600m RC Drilling program to commence at the East Kirup lithium anomaly in December 2021.
- A further 1600m RC program is currently pending environmental approval at East Kirup.
- A detailed magnetic survey is planned for September 2021 over Blackwood Prospect, WA.

MARICUNGA PROJECT – CHILE

CHILE JOINT VENTURE COMPANY – MINERA SALAR BLANCO S.A.

STRATEGY UPDATE – MARICUNGA STAGE ONE

The Company has completed the latest drilling program on the Stage One mining concession as announced on 8 July 2021, with five exploration core holes (S-25, S-26, S-27, S-28 and S-29) each reaching target depth of 400m.

Minera Salar Blanco S.A. (“**MSB**”) entered a non-binding Memorandum of Understanding (“**MOU**”) with the Japanese conglomerate Mitsui & Co., Ltd, (“**Mitsui**”), as announced on 8 July 2021, to establish a strategic alliance to advance the development of Stage One of the Project.

Preliminary indications of interest have also been received from international financial institutions and private funds for both debt financing and future equity financing of the project. The company will continue advancing the process, with the Mitsui agreement for off-take and funding serving as a solid base.

DRILLING PROGRAM PROGRESS

As a result of drilling program completion, the resource update for the Stage One mining concessions will be based on:

- 5,257m drilled within 41 wells.
- 3 production wells and 4 long term pumping tests (more than 60 days in total).
- 1,194 brine samples analysed by Andes Analytical Assay, the University of Antofagasta in Chile and Norlab in Argentina.
- 501 undisturbed core samples taken for drainable porosity tests which were sent to Geosystems Analysis (GSA), Daniel B. Stephens and Associates, Corelabs and the British Geological Survey.

Positive results with average lithium concentration of 989 mg/l and maximum value of 3,375 mg/l are shown in Table 1 below (results considers only the Old Code mining concessions for the Stage One).

	B mg/l	Ca mg/l	CL mg/l	Li mg/l	Mg mg/l	K mg/l	Na mg/l	SO ₄ mg/l	Density g/cm ³
Max	1.993	36.950	233.800	3.375	21.800	20.640	105.815	2.820	1.31
Average	499	12.460	194.907	989	6.297	7.118	91.447	700	1.20
Min	234	6.765	145.954	513	3.150	2.940	41.050	259	1.16

Table 1: Average Lithium and Potassium concentrations

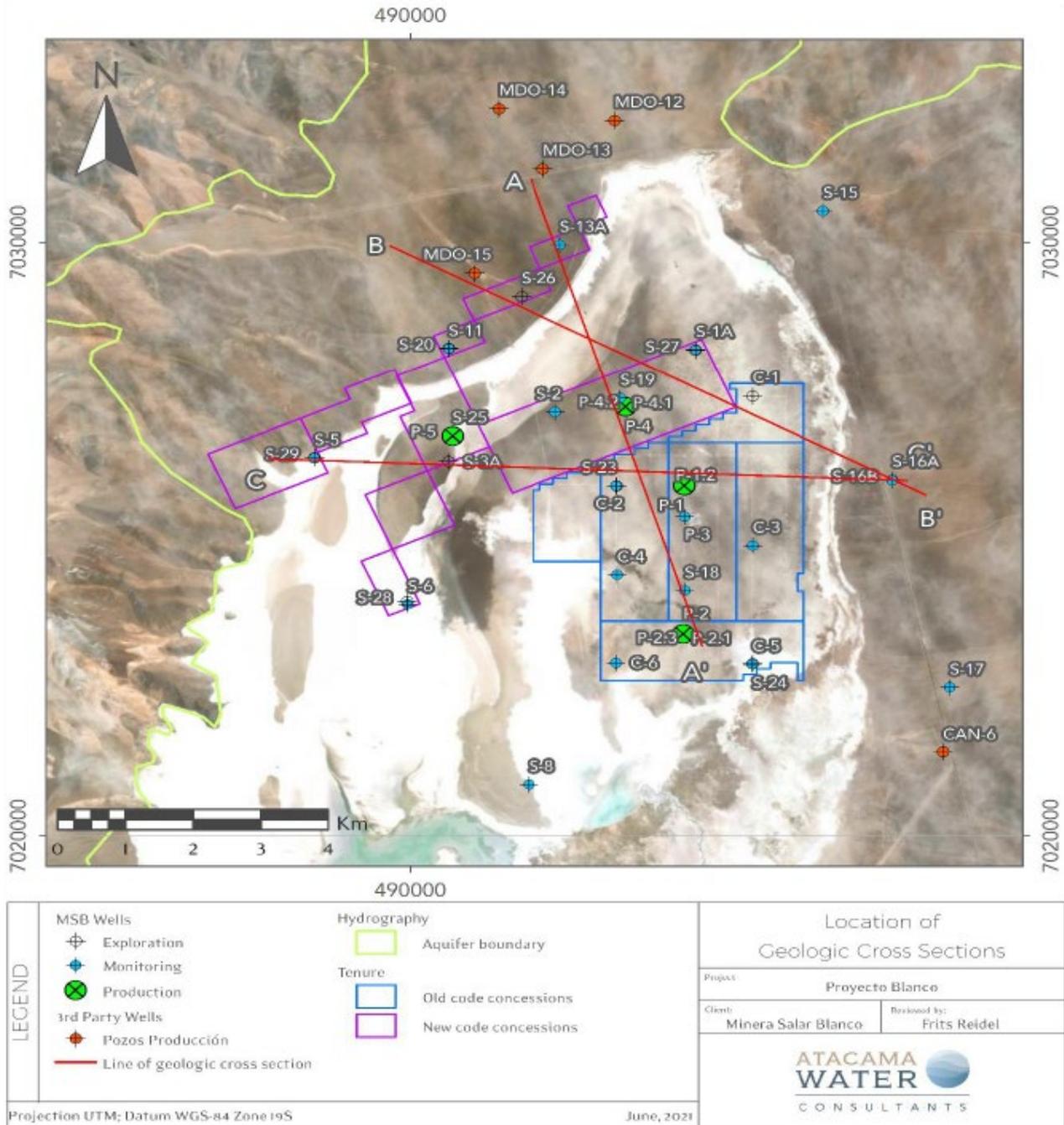


Figure 1: Location of Geological Traces

A new M+1 (Measured and Inferred Resource) estimate is in process, including the additional information to 400m depth. This used SGeMS software as a base for the new Reserve estimate update, which will be part of the updated DFS for Stage One. A significant resource expansion is expected to be between the range of 1.5x to 1.8x the 2019 values.¹

¹ Maricunga Definitive Feasibility Study (DFS), January 22nd 2019

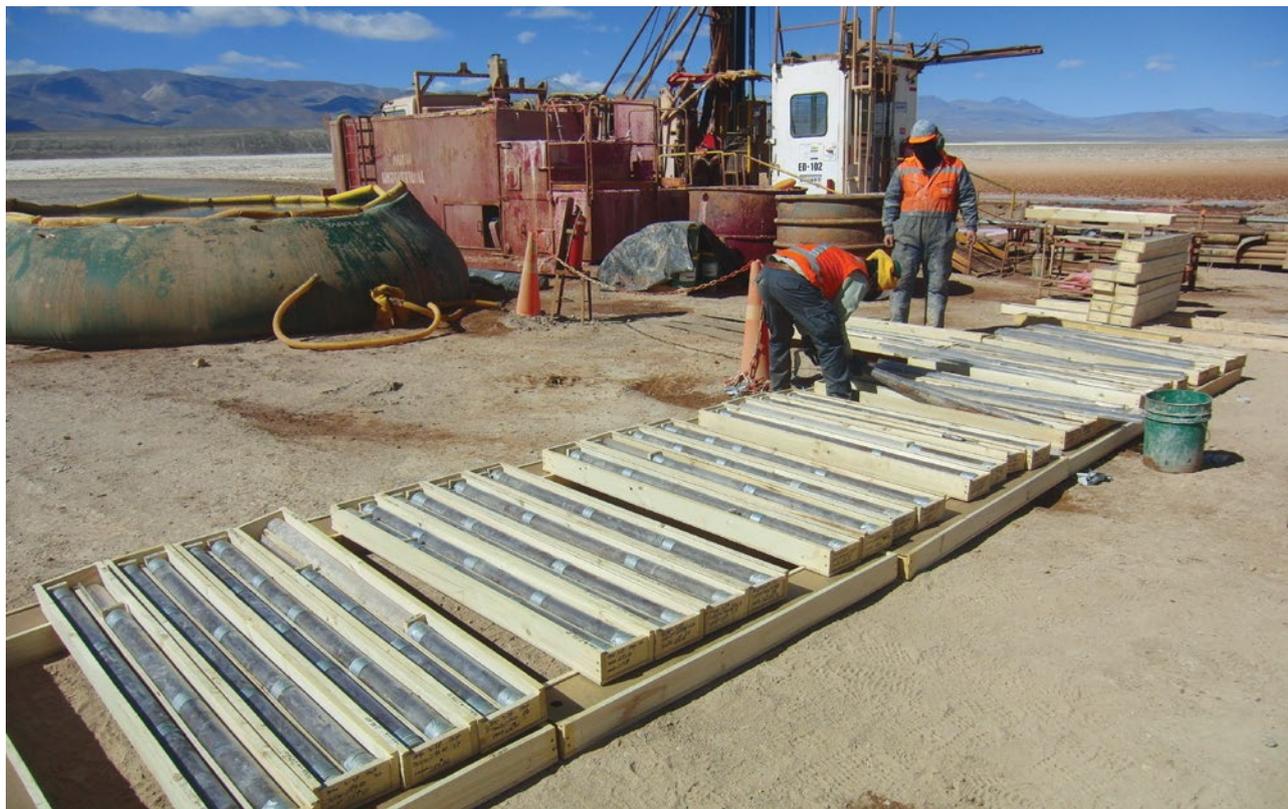


Figure 2: Exploration Diamond Core Holes - Major Drilling

PRODUCTION PROCESS DESIGN

The Company has advanced further on its production process yielding significant efficiency increases. As part of the finance and commercial activities, new samples of high-quality battery grade Lithium Carbonate will be produced at GEA Labs in France for review by off-takers after the basic engineering is completed at the end of September. Purity is expected to be significantly higher compared with the original samples produced in 2018, which indicated a 99.5% purity. Such an outcome would allow the Company to reach a wider spectrum of customers in future with different quality requirements.

The Company has made important efforts to become one of the first Zero Emission lithium brine producers. That includes using electricity only produced by solar generators through long term power purchase agreements; minimising the water consumption in the production process design (self-producing through condensation recovery more than 30 per cent of water used); and having strict protocols to ensure any negative environmental impact on the area provides an opportunity to set a higher standard for the whole industry. Additionally, social aspects have been important to the Maricunga project, receiving open and ongoing support from both indigenous and civilian communities. These initiatives have been widely recognised by the Chilean authorities.

The Company is also reviewing and certifying its Environmental Social and Governance protocols. Proposals from specialised advisors are expected to be received during Q3 for the review of all the project information, along with its minimal carbon footprint metrics.

UPDATED DEFINITIVE FEASIBILITY STUDY (“DFS”)

The DFS update is advancing as planned by Worley (Engineering) and GEA Messo (Production Process). Several opportunities for optimisation have been identified in the engineering, with a potential reduction also in the project's CAPEX. The update is expected to be completed by the end of 2021.



Figure 3: Exploration Diamond Core Holes – Drilling Samples

EXPANSION UPDATE

The strategic agreement includes off-take and financing rights for the Stage One project; participation, off-take and financing rights for future Maricunga expansions, and further strategic collaboration for new developments in Chile based on new technology related to direct lithium extraction (“DLE”) that are currently being studied and tested.

- **Participation on Future Expansions, Off-Take and Funding Rights** – Mitsui will have the right to participate in future expansions of the Maricunga Project. MSB will use its best efforts to utilise new technology related to DLE currently being studied and tested by Mitsui’s technology partners.

Subject to the parties agreeing to a financing proposal, whereby Mitsui provides a relevant portion of the capital expenditure required for the development (in the form of equity, senior debt, mezzanine or other acceptable structures), it will have the first option for an off-take agreement at then-prevailing market prices to purchase a relevant portion of the future production from the expansion.
- **Off-Take Rights** – Mitsui will have the right to purchase up to 15,000 tonnes annually of high purity lithium carbonate battery grade production from Stage One of the Project for over 10 years, extendable for two consecutive 5-year periods. The agreement will schedule a minimum price and a discount and/or ceiling price during the first period, and for extensions to continue at then-prevailing market prices.
- **Funding Rights for Maricunga’s Stage One** – Mitsui will have the right to participate directly in the funding of Stage One of the Project. The parties will consider an optimised funding structure through a combination of equity, debt, streaming, advanced payment against products subject to off-take and other equity-like options to support the ongoing MSB financing efforts.
- **Further Strategic Collaboration** – MSB and Mitsui will create a partnership to expand Mitsui’s lithium businesses in Chile and for the development of other lithium related businesses in the country by introducing other efficient and environmentally friendly processing technologies.

Terms and details of the definitive agreements will be finalised in coming months after completion of all necessary due diligence and transaction structuring.

ARGENTINA

CENTENARIO – SALTA PROVINCE, ARGENTINA

LPI announced the execution in May 2021, of a Share Purchase Agreement with the Canadian-based company, Vertex Lithium Corporation (“**Vertex**”), to acquire LPI’s remaining 70 per cent of lithium exploration properties on the Centenario Salar (“**Centenario**”) in Argentina.

This transaction releases the Company from future annual exploration spending obligations set under Argentinean regulations. It also removes the cost of holding the asset in a foreign jurisdiction in which the Company had no plans to conduct future exploration.

The transaction provides LPI with a realisation of value, the basic details of the transaction being:

- Cash payments of USD\$700,000, plus USD\$40,000 to cover the costs to execute the transaction; and
- The issue of CAD\$250,000 worth of fully paid ordinary shares in Vertex.

Centenario has been held by LPI since the Company was established, and it was part of the asset portfolio for its successful IPO in June 2016. LPI’s focus is now primarily on developing the flagship Maricunga lithium brine project in Chile.

WESTERN AUSTRALIA

GREENBUSHES PROJECT – SOUTH-WEST WA

During the quarter, LPI announced that it would be commencing an extensive exploration and drilling program across the WA lithium tenements, particularly those immediately adjacent to the Greenbushes lithium mine owned by Talison Lithium (which is owned by Albemarle Corp, Tianqi Lithium and IGO Limited).

BLACKWOOD PROSPECT

– DETAILED MAGNETIC SURVEY

The Blackwood Prospect within E70/4774 is the southern of two properties owned by LPI. It is on the regional co-incident magnetic and gravity structure (Figure 5) that hosts the Greenbushes pegmatite mined by Talison. This major geologic feature is part of the Donnybrook Shear Zone (“DSZ”). Pegmatites are known to be emplaced along structural pathways on major faults, and the Greenbushes pegmatite is located along north-west subsidiary structures of the DSZ.

These subsidiary structures are key to locating ore bodies within the Blackwood Prospect (Figures 6 and 7). Sampling and detailed investigation of geophysical data, along with a detailed magnetic survey (ultra-high magnetic 40m line spacing) to be conducted by a drone fly over in September, will pinpoint the scale structures to aid drill targeting on potential blind pegmatite bodies.

As previously announced, LPI has collected samples across the DSZ. The outcropping



Figure 4: A distal pegmatite phase in the Blackwood Prospect, which contains elevated lithium, beryllium, caesium, rubidium, tin and tantalum.

pegmatites within the DSZ (Figure 4) have elevated lithium (253 ppm), rubidium (2048 ppm) and tin (95 ppm), and the mafic host rocks are anomalous in arsenic (110 ppm), which is consistent with the Greenbushes model. These pegmatites are considered to be distal phases of a LCT mineral system, and the potential higher grade phases recessive.

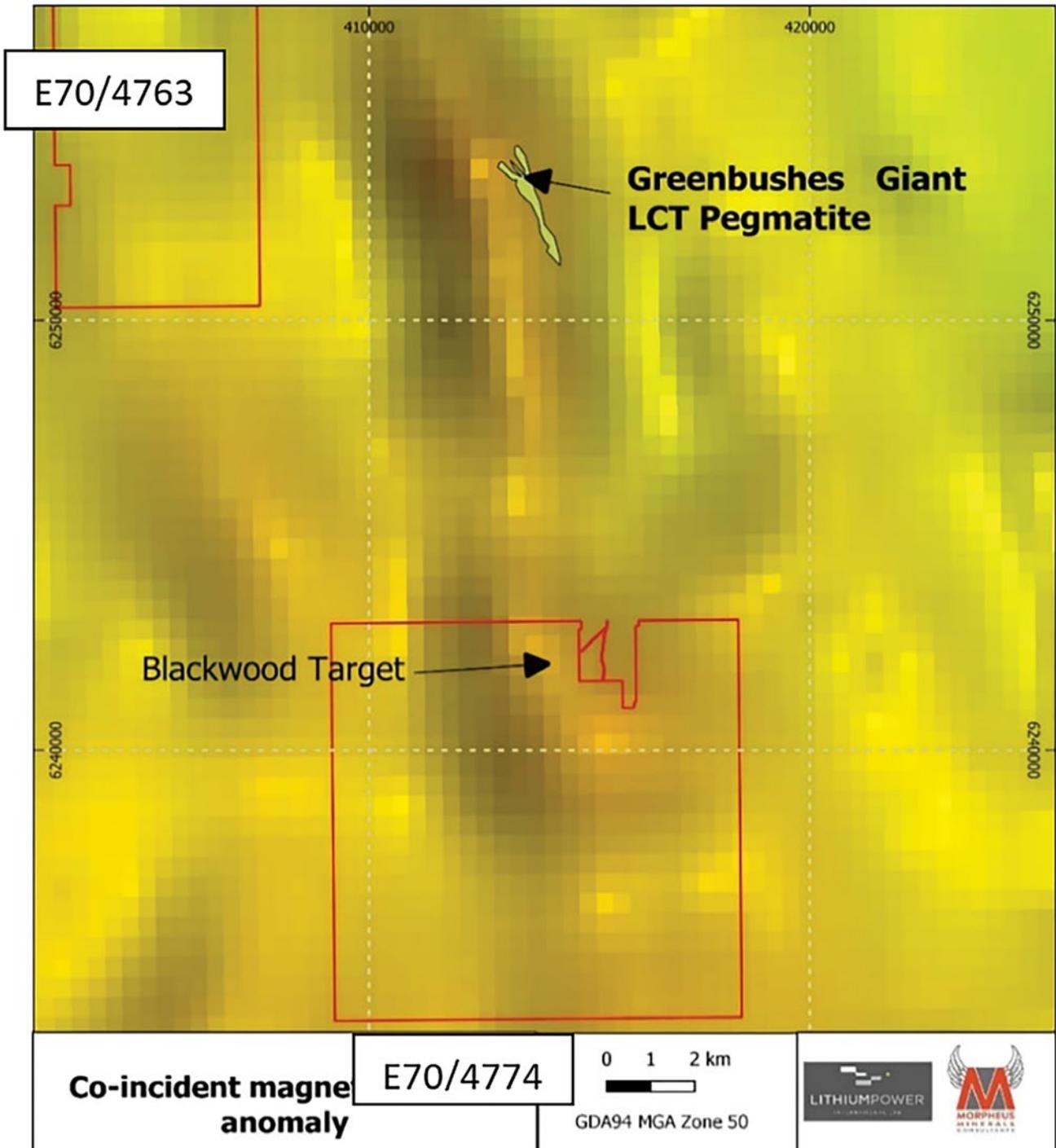


Figure 5: Regional gravity image with gravity highs associated with the Blackwood Prospect and Greenbushes Giant LCT Pegmatite. WA 400m Gravity Merge.

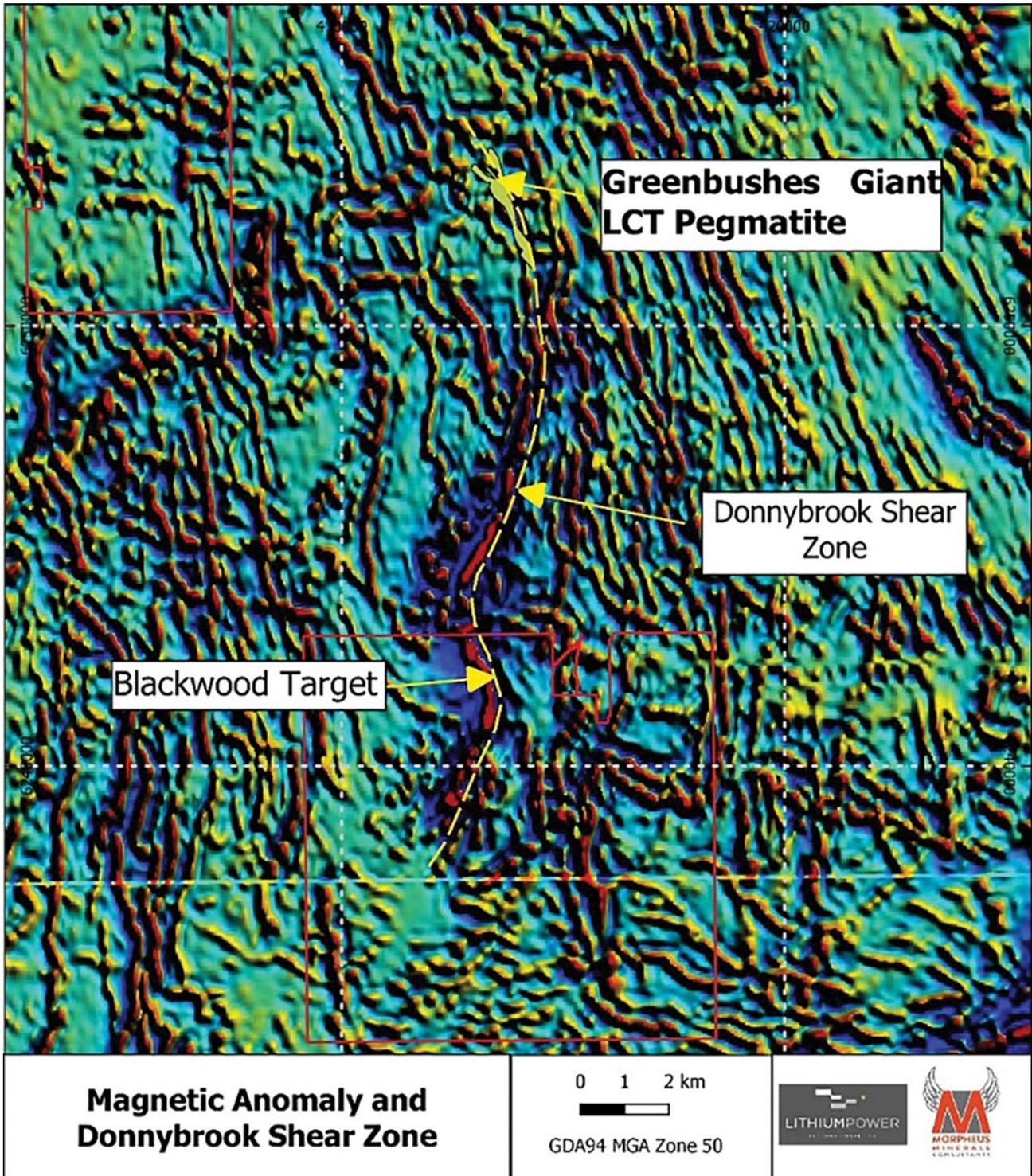


Figure 6: The Blackwood Prospect lies on the Donnybrook Shear Zone, which hosts the Greenbushes Mine, shown over the regional RTP 1VD Collie & Pemberton Magnetic Images.

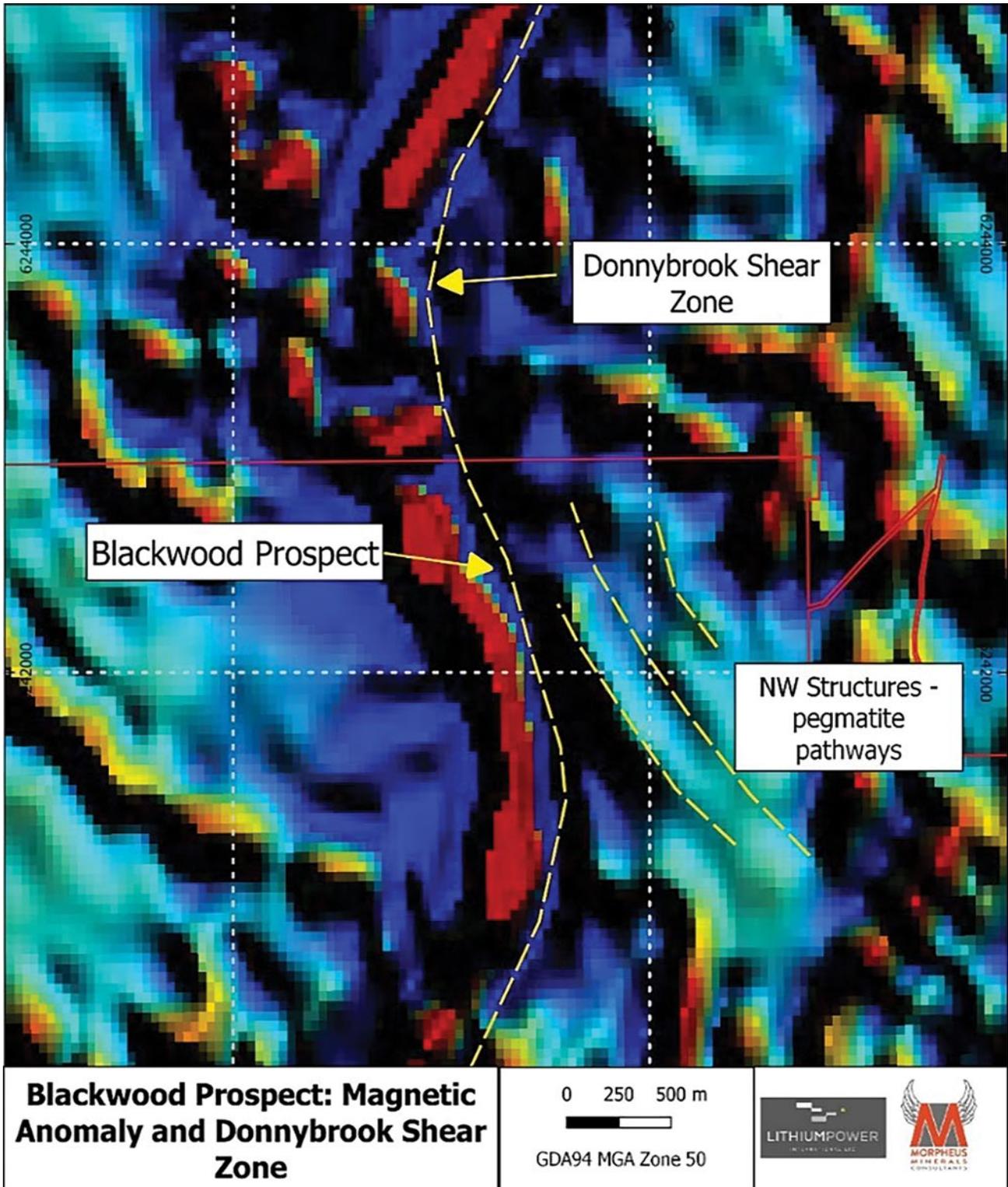


Figure 7: The Blackwood Prospect with NW secondary structures off the Donnybrook Shear Zone, which are likely pegmatite pathways. This is the area of the planned drone survey for September 2021 RTP 1VD Collie Magnetic Image.

FAUNA SURVEY AND DRILLING - EAST KIRUP PROSPECT

An initial 1600m RC drilling program is planned on the East Kirup Prospect for Q4 2021. The timing of this drilling program is to comply with the Company's approved Conservation Management Plan (CMP) over this Prospect, which lies within State Forest. The CMP places limitations on drilling or any other activities that require heavy equipment during wet seasons. These limitations are to counter the risk of spreading dieback flora throughout the area.

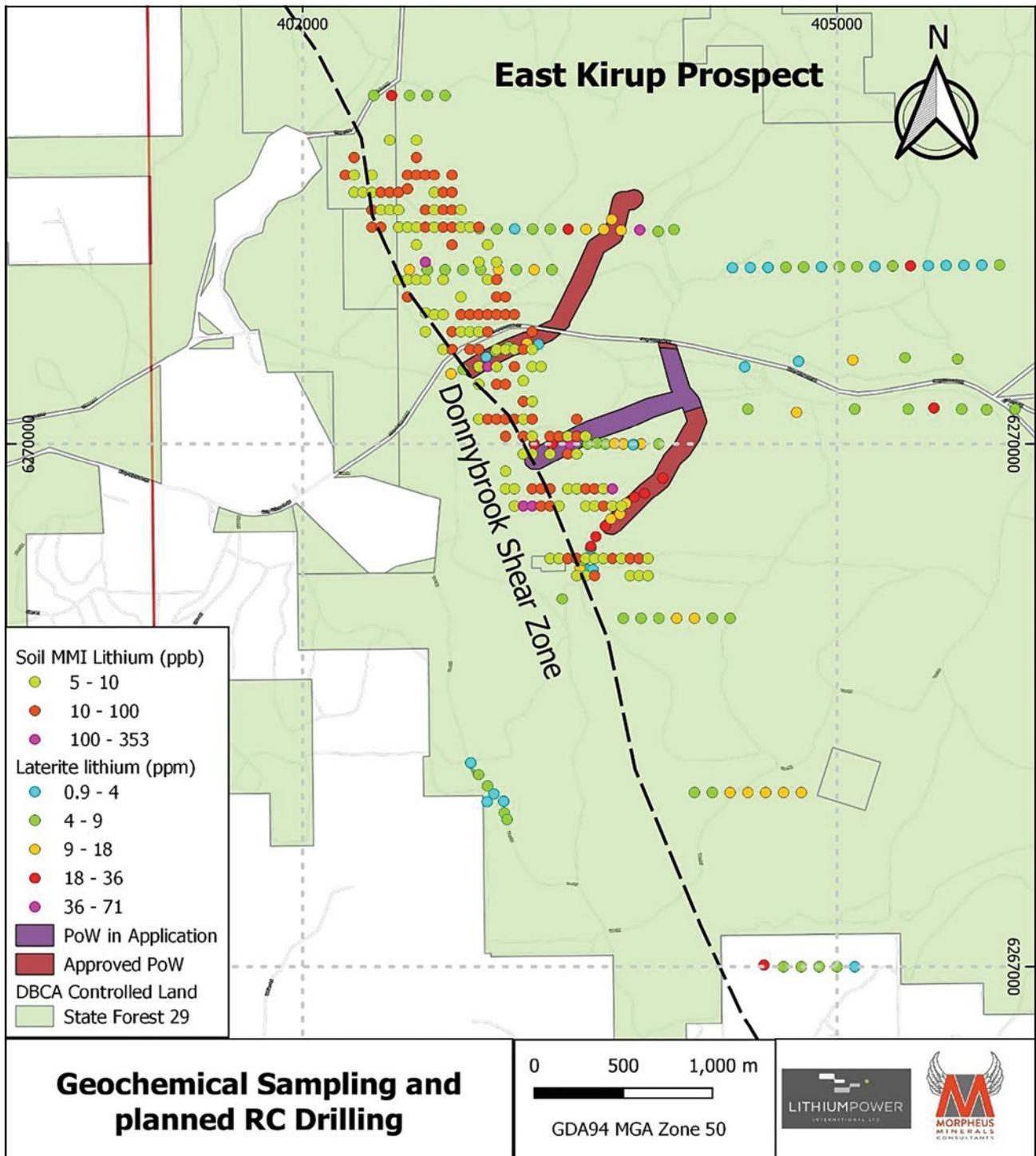


Figure 8: Sampling at East Kirup Prospect and planned and approved PoW for work for Q4 on the DSZ.

CORPORATE UPDATE

Appendix 5B

The Appendix 5B quarterly cashflow report for the quarter ended 30 June 2021, is submitted separately.

The Company had a cash balance of A\$6.28m as at 30 June 2021.

This amount is currently held in the Company's bank accounts in Australia and Chile in Australian dollars or US dollars. The Australian dollar equivalents were calculated using the closing foreign exchange spot rate on 30 June 2021.

The major movement in cash for the period was a capital contribution to MSB of AU\$2.61m, associated with the Stage One drilling program at Maricunga and the DFS update process.

This expenditure was offset by proceeds of A\$300k from the placement of shares to the Directors on 29 April 2021, as per the resolutions approved by the shareholders at the EGM held on 14 April 2021.

Total funds within the Maricunga Joint Venture at the end of the quarter totalled US\$0.4M.

Payments to Related Parties of the Company and Their Associates

Section 6.1 Appendix 5B description of payments to related parties of the Company.

Directors Fees	\$355k	Three months' salary and superannuation paid to the Australian based Directors via the company payroll system and six months' salary paid via invoice to the Chile-based Directors.
DHJPM Pty Ltd Rental for Sydney Office	\$36k	Mr Hannon is a Director and shareholder of DHJPM Pty Ltd

Extraordinary General Meeting (EGM)

The Company held an EGM at 10am, 14 April 2021 in relation to the December 2020 capital raising.

The Notice of Meeting had eight resolutions for the shareholders consideration being:

- Resolution 1** – The ratification of 35,000,000 shares issued under ASX Listing Rule 7.1 in relation to Tranche 1 of the capital raise December 2021: and
- Resolutions 2 to 8** – Seven separate resolutions seeking approval of a total of 1,363,636 shares, to be issued to directors under Tranche 2 of the capital raise December 202, subject to shareholders approval.

All Resolutions, having received significant shareholder support by received proxies, were passed by way of a Poll.

Capital Structure

The Capital Structure at the end of the Quarter is as follows:

- 301.08 M Ordinary Shares on issue; and
- 8.2 M Unlisted Options on issue.
- 12.5 M Share Appreciation Rights on issue.

The changes from the previous quarter capital structure were:

- The issue of 1,363,636 shares under tranche 2 of the capital raise December 2020 to Directors, as approved at the EGM on 14 April 2021, were issued on 30 April 2021; and
- The cancellation of 29.06 M options, which were not taken up by the option holders.

The announcement has been approved by the Board of Directors.

For further information, please contact:

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