

ASX RELEASE

30 July 2019

Activity Report for the Quarter ended June 2019

Lithium Power International Limited (ASX: LPI) (LPI or the Company) is pleased to submit its quarterly Activity Report for the period ended 30 June 2019.

HIGHLIGHTS

- The Maricunga project's Environmental Impact Assessment (EIA) is in its final stage of formal assessment by Chilean government agencies, with MSB responding to further questions from agencies by providing additional documentation in support of the monitoring and analysis completed as part of the EIA. EIA approval is still forecasted in 4Q19.
- International bidding process for the EPC contract of the project commenced and is expected to be finalised by the end of October.
- The Company is in discussions with a number of international companies for the financing of the project. Approaches have been received from international companies for possible off-take deals and equity participation.
- Exploration activities in Western Australia are underway. LPI has properties in key locations including tenements adjacent to the Greenbushes and Pilgangoora mines and at Tabba Tabba in the Pilbara. Initial results from these activities are expected in 3Q19.
- Geological mapping and drill hole planning on the Tabba Tabba project confirmed the presence of extensive pegmatites through the greenstone belts on the property and 30 drill holes are planned for drilling. The drilling program commenced at Tabba Tabba in July with an initial drilling program of up to 4,000 m planned.

MARICUNGA PROJECT - CHILE

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

The Maricunga Joint Venture project (the Project) is operated under the Joint Venture Company, Minera Salar Blanco S.A. (MSB). LPI currently owns 51% of MSB.

Maricunga has been confirmed as Chile's highest grade and most advanced lithium project outside the Salar de Atacama (Figure 1). MSB's project is the only project on the Maricunga salt lake with a completed DFS and is the most advanced in the EIA approval process. The Project also has potential for future expansion, as the resource extends to only 200 m in depth. Exploratory drilling beneath this level indicates significant additional brine, with the potential for brine to continue to depths exceeding 400 m.

PROJECT EIA

The Project's Environmental Impact Assessment (EIA) study was submitted to the Chilean Government environmental assessment authorities in November 2018. LPI provided information in response to initial questions by the authorities and progressed to the second stage of the EIA assessment.

Further questions were subsequently received as required under the EIA process. Preparation of supporting documentation in response will be submitted shortly. As previously advised, finalisation of the EIA process is expected to be completed by 4Q19.

Continued engagement with the indigenous communities has been an important component of the process. The final agreement protocol has been signed by MSB and is an integral part of the EIA.



Figure 1: The Maricunga Project's location within the Lithium Triangle in Chile.

PROJECT FUNDING

Given the quality of the Project, the advanced status of the EIA assessment, the excellent relationship with the Chilean government departments and corporate bodies, the solid mining jurisdiction and the global demand for lithium, the Company is confident that the required development funding will be obtained.

Discussions are ongoing with various institutions and major lithium users regarding project funding and potential off-take and equity partnerships, which continue to be a major focus for the Company. LPI presented at a recent international lithium conference in Chile which was well received and confirmed the high level of interest in the Project from various international entities.

ARGENTINA

CENTENARIO - SALTA PROVINCE, ARGENTINA

The Centenario project is a 70:30 Joint Venture between LPI and Centenario Lithium. During June, the latter advised that Marquee Resources Ltd (ASX:MQR) has agreed to acquire Centenario Lithium and raise not less than AUD500,000 as part of the transaction.

Discussions are continuing with other potential partners to progress the project to drilling. A drilling program would target the large conductive zone identified in the TEM electrical geophysical survey undertaken previously by LPI. The geophysical target is believed to represent a significant body of brine, covering an area of approximately 12 km by 4 km, based on the compilation of all available geological data.

WESTERN AUSTRALIA

The Company's WA exploration properties (Figure 2) were subject to little or no exploration for lithium in the past. These tenements have the potential to create significant additional value for LPI as shown by changes in the market capitalisation of other companies making attractive pegmatite discoveries in Western Australia.

During the quarter LPI opened a small office in Perth as a cost-effective base for exploration. Additional staff have been hired to support further exploration and the upcoming drilling programs in the Pilbara. All WA properties are 100% owned by LPI and are located a short distance from the ports of Port Hedland or Bunbury.

TABBA TABBA - PILBARA, WA

LPI's Tabba Tabba project is located along the highly productive Tabba Tabba Shear Zone (Figure 3), which hosts the historical Tabba Tabba tantalum mine and the Strelley pegmatites and a lithium discovery made by FMG directly adjacent to LPI's property. There is known spodumene mineralisation with lithium oxide concentrations of up to 1.2% within greenstone belts in which pegmatites have intruded along the Tabba Tabba shear zone. With recent and historical discoveries, this shear zone is shaping up as one of the most interesting areas for lithium in Australia.

LPI previously conducted an extensive soil survey over the three greenstone belts that are identified in the Tabba Tabba property. The soil program identified an area of elevated lithium, tantalum and other elements over 4.3 km, directly along strike from the FMG project and extending directly from the property boundary with that company. The highest result in soils was 689 ppm Li₂O. The survey was completed over the three north-east trending greenstone belts, comprised lines that were nominally on 200 m spacing, with samples taken every 25 m along lines. A total of 1,661 primary samples were taken during this program, with 184 duplicate samples taken and analysed.

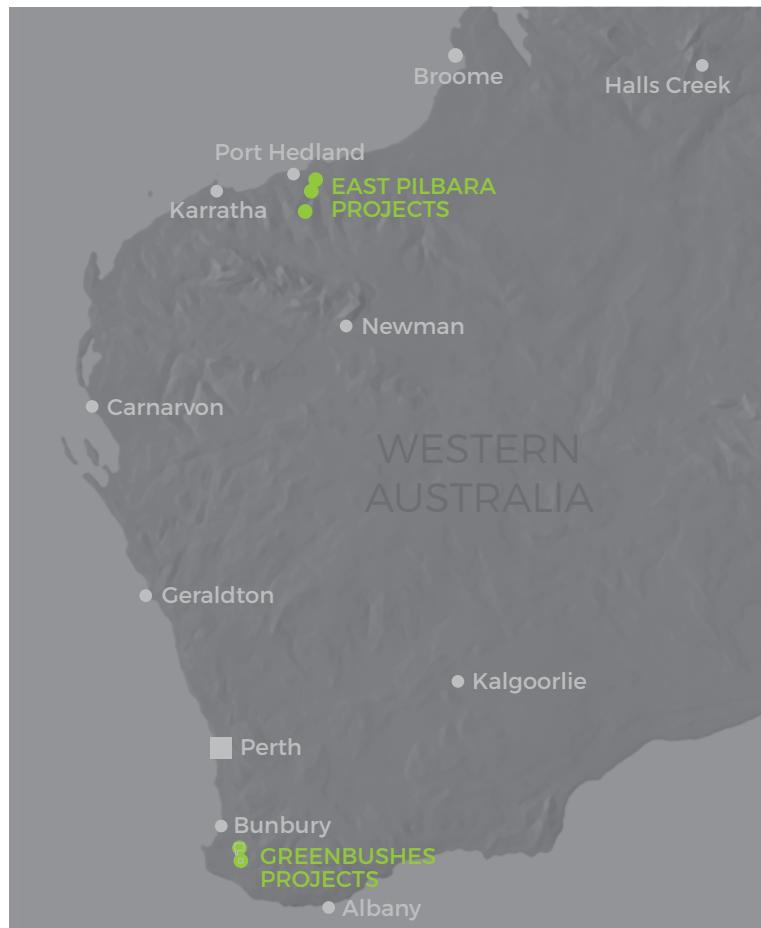


Figure 2: Location of LPI's properties in the Pilbara and south west region of Western Australia.

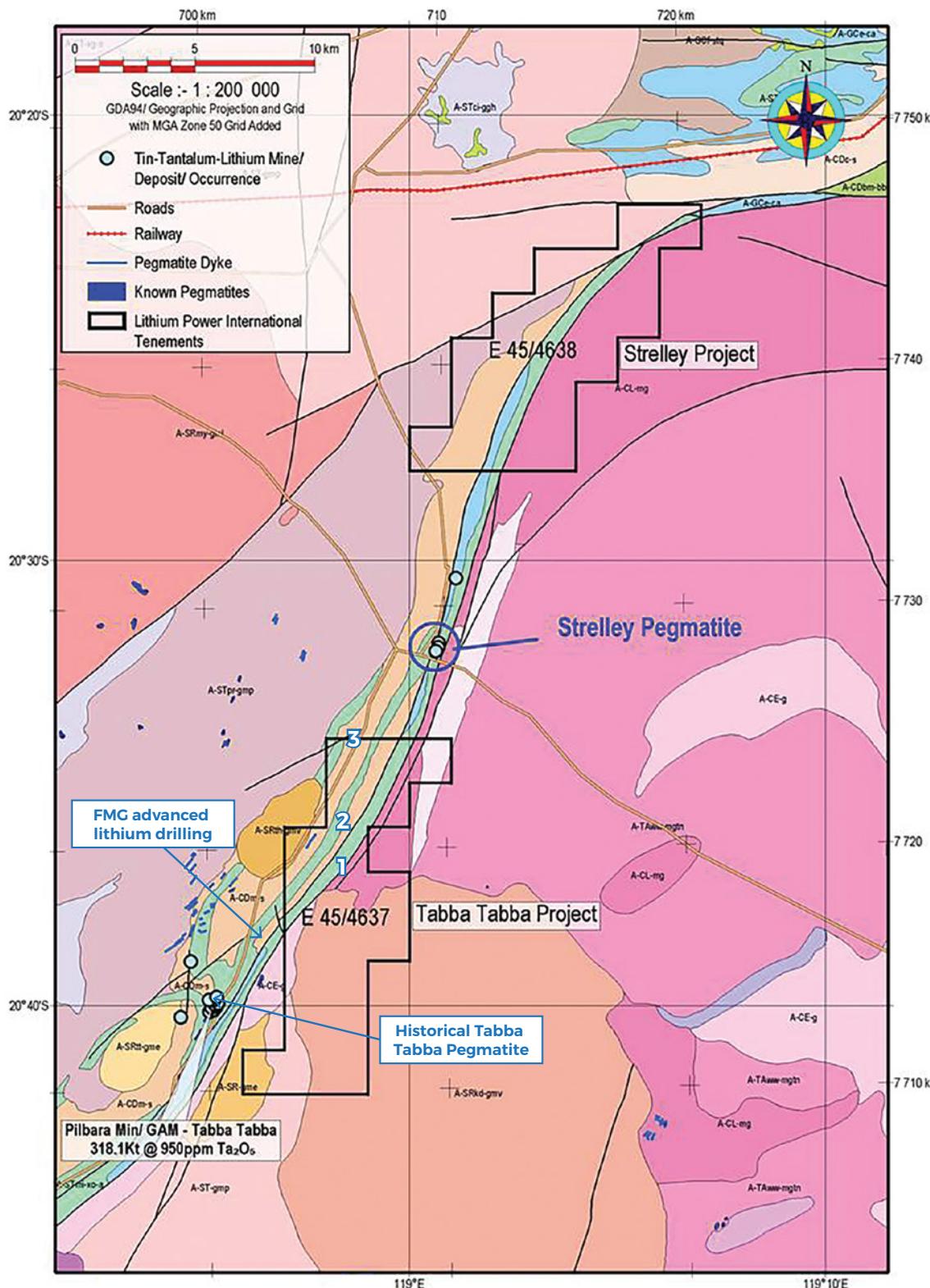


Figure 3: Map showing the Tabba Tabba and Strelley projects on the regional Tabba Tabba Shear Zone and greenstone belts (mafic and ultramafic units in pale green and blue), surrounded by granite and gneiss units. The three greenstone belts along the shear zone are labelled 1 to 3.

Field mapping has confirmed the 4.3 km zone of elevated soil geochemistry. This zone contains numerous outcrops of pegmatite intrusives that vary in width and length.

Drill pads have been marked in the field to begin the initial drilling program of up to 4,000 m. The heritage clearance has been completed over the area and the program of works has been approved by the Mines Department. The drilling aims to test pegmatites in the upper 100 m of the target area. Positive drilling results would lead to resource definition, potentially followed by a Scoping Study and additional resource drilling.

The property is easily accessed by road, and is approximately 70 km south of Port Hedland, a major port through which lithium concentrates are regularly shipped. The closeness to existing infrastructure enhances the project by reducing potential C1 cost.

STRELLEY - PILBARA, WA

The Strelley project has a similar structural setting to the Tabba Tabba project. It is located 15 km to the north along the Tabba Tabba Shear Zone (Figure 3), where the greenstone belt with the highest lithium in soil geochemistry on the LPI Tabba Tabba project (Belt 1) continues. This area has shallow, wind-blown recent sand cover.

An initial 1000 m of systematic aircore drilling may be undertaken to obtain samples for geochemistry and mapping of the rock type. Targets in the greenstone belt include structures considered to potentially host pegmatites. The Strelley drilling program may follow the completion of the Tabba Tabba drilling program.

PILGANGOORA - PILBARA, WA

The Pilgangoora project is approximately 110 km south-south-east of Port Hedland. The property abuts and is immediately west of the mining properties held by Pilbara Minerals and Altura Mining, where lithium is being mined from one of the world's largest lithium pegmatite deposits.

No work was undertaken during the quarter.

GREENBUSHES - SOUTH-WEST WA

The Greenbushes lithium project is located 250 km south of Perth and comprises two properties located immediately north and south of the block hosting the Greenbushes mine. Greenbushes is owned by major international lithium producers Tianqi Lithium and Albemarle.

LPI's properties are considered to be highly prospective for the discovery of lithium pegmatites along the same geological units and faults as the Greenbushes pegmatite. The properties cover extensive areas of forestry land, and LPI is seeking access to these areas for surface geochemical sampling and subsequent drilling. An Environmental Management Plan has been submitted to the Western Australian Department of Biodiversity, Conservation and Attractions in order to obtain access to forest areas and conduct exploration, following ministerial approval. Areas of historical exploration and new areas in the properties are considered to be prospective and will be evaluated once approvals are received.

PROJECT ACQUISITIONS

During the quarter, LPI continues to evaluate third party lithium projects that would be highly prospective additions to the WA project portfolio. A number of projects are currently under evaluation.

CORPORATE UPDATE

Appendix 5B

The Appendix 5B quarterly cashflow report for the quarter ended 30 June 2019, is submitted separately.

The Company had a cash balance of AUD15.3m at 30 June 2019.

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 converted at the closing foreign exchange spot rate.

Total funds within the Maricunga Joint Venture at the end of the quarter totalled USD1.6m.

Capital Structure

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

- 262.5m Ordinary Shares on issue,
- 34.6m Listed Options on issue at 55cp – these have since expired on 6 July 2019; and
- 46.3m Unlisted Options on issue averaging 25cps.