

ASX RELEASE

28 April 2023

Activity Report for the Quarter ended March 2023

Lithium Power International Limited (ASX:LPI) (“LPI” or “the Company”) is pleased to provide shareholders with an overview of quarterly activities for the period ending 31 March 2023. (“Quarter” or “Reporting Period”).

HIGHLIGHTS

- Completion of the MSB ownership consolidation enabled LPI to increase its presence in Chile. A major public relations program is underway in Chile to explain development plans for LPI’s Maricunga lithium brine project.
- The Chilean Government recently announced the long awaited National Lithium Policy for the country, that outlines the plans intended to bring Chile back to the forefront of global lithium production. The Company is pleased to provide comments on the impacts it will have on its Maricunga lithium brine project.
- LPI is currently evaluating a number of financing options for the Maricunga Stage One project, ranging from strategic equity investments from potential offtake partners to debt/equity financing alternatives.
- Work at Maricunga continues to meet high ESG standards, on the back of the fully approved and awarded environmental permit.
- LPI commenced and completed its inaugural drilling program at its East Kirup lithium prospect, located in the Greenbushes region of Western Australia.
- The WA demerger process continues to be advanced and will be continually accessed in relation to capital market conditions.

POST CONSOLIDATION OF MINERA SALAR BLANCO

As previously advised, LPI completed the consolidation of its ownership of the Maricunga lithium project in late December 2022 by taking 100% ownership of the Chilean project company Minera Salar Blanco (“MSB”). Work was undertaken during this quarter on post consolidation corporate matters, particularly relating to the Plan of Agreement associated with the acquisition of Bearing Lithium. Associated companies, along with Bearing Lithium, were delisted from the Canadian TSXV exchange.

The new optimal ownership structure will allow LPI to oversee the development of Maricunga by streamlining decision making and simplifies and de-risks the funding pathway for Maricunga which will enhance the Company’s ability to source capital from a wider range of providers to fund development in the lead up to Final Investment Decision. This in turn can potentially deliver enhanced returns to shareholders.

This has already been evident by the promotional and liaison activities undertaken by MSB in Chile during the quarter. The Company has positioned itself to become the third lithium company in Chile along with current producers SQM and Albemarle. MSB's project is recognised as being the most advanced and fully permitted project in the pre-construction phase.



Figure 1: MSB's Chairman Russell Barwick with LPI/MSB CEO Cristobal Garcia-Huidobro during a meeting in March in Santiago with Mining Minister Hernando.

Figure 2: MSB is regarded as a core player in Chile's lithium sector, along with SQM and Albemarle. (Picture: After the session at the Senate with Mining Minister Hernando).

COMMENTARY ON CHILE'S LATEST LITHIUM POLICY INITIATIVES

As previously released on 24 April 2023, the Company includes a commentary on the effect on its Maricunga lithium brine project of the new Chilean National Lithium Policy ("NLP" or the "Policy"), which was released on the evening of 20 April 2023 (Chile time) by the Chilean President, Gabriel Boric.

The NLP outlines plans for the future implementation of lithium exploration and exploitation policies that are intended to bring Chile back to the forefront of global lithium production as demand grows thanks to the megatrend towards electrification. LPI and its subsidiary Minera Salar Blanco have been in constant dialogue with the Chilean government and private institutions that have participated in the development of the Policy.

The Policy does not constitute a nationalisation of the lithium industry in Chile. Its objective, as clarified by the Mining Minister, is to set the conditions and parameters for the country to have a more active involvement and higher financial returns in a strategic industry, particularly where those lithium resources are located on concessions already owned by the Chilean State on the Atacama Salar. The NLP also seeks to accelerate the development of new projects in the country.

Figure 3: A prominent Chilean newspaper's interview with MSB's Chairman Russell Barwick.

Even though the Policy has primarily concentrated its focus on the huge lithium resource within the Atacama salar, LPI wishes to clarify some core elements as they relate to the Company's Maricunga project and assets:

- The Maricunga Stage One project is fully permitted for construction. Its Environmental Permit ("EIA") was approved in 2020 by the Servicio de Evaluación Ambiental ("SEA"), and was ratified in 2022 by the Committee of Ministers of the Chilean Government. All objections submitted by third parties were rejected. It also obtained in 2018 the necessary Chilean Nuclear Energy Commission ("CCHEN") permit, which allows LPI to export lithium products from Chile.
- With regards to the inclusion of communities and the environmental and technical aspects mentioned on the new Policy, LPI's Maricunga Stage One project development serves as an example by incorporating all social and community agreements as an integral part of its environmental permit. It is one of the few projects in Chile with a comprehensive indigenous consultation process. The Company is proud of these achievements in promoting community participation over the long-term.
- The Maricunga project has established broad ranging sustainable development initiatives, which set a unique and complete ESG profile standard for the project. LPI's corporate vision aims to make the Maricunga Project one of the first lithium operations globally to achieve carbon neutrality.
- The Company confirms that its wholly-owned subsidiary, Minera Salar Blanco ("MSB"), is the sole owner of the property and concessions of both Stage One and Stage Two of the Maricunga Project. There are no current legal processes which challenge that position. This is a fundamental difference from operations in the Atacama Salar, where state-owned company CORFO is the owner of the properties and concessions. CORFO then leases these concessions to the current operators in Atacama for a set period of time.
- The Maricunga Stage One concessions, because of their pre-1979 Old Code status, do not require a CEOL (Special Lithium Operation Contract) for exploitation. The Stage One project is shovel ready, and is awaiting finalisation of its financing to begin construction.
- It is important also to clarify that a CEOL does not provide any claim to ownership over the area included under the CEOL contract. CEOLs explicitly establish that holders have no rights to enter the area, or execute any activity, exploration or exploitation, without previous negotiation with the owners of the mining concessions.
- LPI embraces the possibilities for future public-private alliances, as declared by the NLP, for the development of Stage Two for the Maricunga project. That involves its post-1979 or New Code concessions. The Company will continue to work closely with the Chilean Government to transform the Maricunga Stage Two project into the first example of a public-private alliance under the parameters established by the new Policy.

With the release of the NLP, and its official clarification, the structure is now set for the future development of the Chilean lithium industry. LPI understands that it will be recognised as Chile's next lithium producer, through MSB, as it continues with the execution of the development of the Maricunga Stage One project. The Board and Management have been active in the lead up to the release of the policy, and has engaged with the Mining Ministry, Foreign Affairs Ministry, Invest Chile and indigenous communities. LPI expects to continue working with the public sector to jointly participate in developing the lithium industry in Chile.

PROJECT FINANCING

The announcement and future implementation of the NLP is timely. It provides the clarity and certainty required by financiers/investors on the parameters that the Maricunga project will be developed.

LPI is evaluating a number of financing options, ranging from strategic equity investments from potential offtake partners to debt/equity financing alternatives. Initial Letters of Intent for debt financing have been received covering, in some cases, up to 70 per cent of capital expenditure. LPI, along with its financial advisor, Canaccord, will continue to evaluate financial alternatives during this process.

Due diligence has been or is being conducted by several parties that are reviewing project data and undertaken site visits.

OTHER ACTIVITIES

Activities at Maricunga are underway preparing for the start of construction by the end of the year when project financing is expected to be completed. The company is also working closely with its ESG advisor and auditor, Deloitte, on other certifications, including with indigenous communities. The project is aggressively aiming to be the first carbon neutral lithium producer in Chile.

GREENBUSHES EXPLORATION

A drilling program was completed during the quarter at LPI's **East Kirup lithium prospect**, part of the Greenbushes Project in the south-west of Western Australia. East Kirup is located 20km north-west along the Donnybrook Shear Zone from Greenbushes, Australia's largest lithium mine.

The combined RC and diamond drilling program demonstrated lithium anomalism in the soil, with results up to 232 ppm lithium (GS10448) near GBRC001. It has the same metamorphic grade and rock types as pegmatite mined by Talison at the Greenbushes mining operation. The host rocks are metabasites – amphibolites and granofels – with coarse grained garnet and amphibolite.

Ten holes for a total of 573 metres of RC drilling were completed along existing tracks. The majority of the RC holes were completed to 54m. Four holes, for a total of 360m metres of diamond core, were completed along existing tracks. Three holes were drilled to 100m, and one hole was drilled to 60m. All work was completed safely and in accordance with the strict environmental and dieback hygiene protocols as outlined in the Conservation Management Plan. All sites were rehabilitated on completion of drilling, but the holes remain accessible for further surveying or re-entry as required, pending thin section petrography and RC assay results.



Figure 4: A solar generation project is being evaluated on indigenous community land to complement, and later replace, other energy supplies to the Maricunga project.



Figure 5: The MSB team, along with local indigenous people, have been collecting seeds for transplantation before construction commences.

Several 2m zones of quartz pink, potassic feldspar biotite and tourmaline were intercepted in both the RC and diamond holes. These were within the overall package of gneiss and granofels, and are potentially pegmatites.

All drill holes were logged in their entirety and samples selected for thin-section petrography. Whole rock geochemical analysis is to be done to help characterise the host units and assess for lithium pathfinders.

Encouraging rock types, mineral assemblages and zones of structural deformation were observed, which provide confidence of the setting within the Donnybrook shear zone. These indicators are analogous to the known host rock lithologies at the nearby Greenbushes deposit.

Assays from the RC program are pending.

A detailed Ultra Fine soil sampling program was completed over the main area of the East Kirup Prospect to aid the definition of targets and area to seek approval for future drill pads and tracks in the State Forest. Sampling was conducted on a 100m x 250m grid, and 199 samples were collected. The results showed three areas of anomalism including lithium, cesium, rubidium, and tin.

Anomalies in the east and north showed that mineralisation was open to the east to the Thomas A prospect and further north. A sampling program commenced on the Thomas A area in February, in order to fully define the lithium anomalism. The assays of this partially completed program are pending.



Figure 6: Diamond drilling in January-February 2023 at the East Kirup Lithium Prospect

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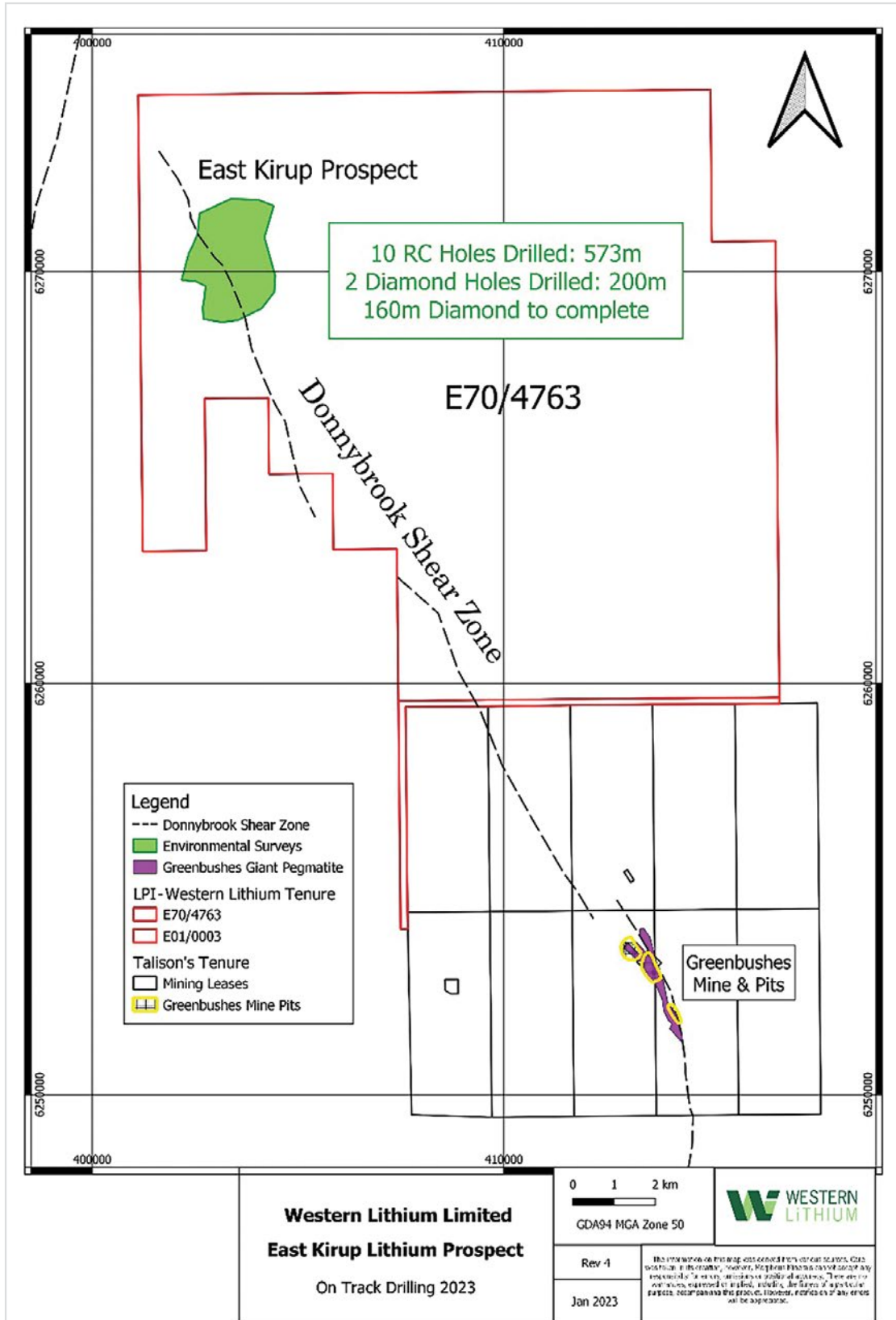


Figure 7: Location of the drilling program at East Kirup Lithium Prospect north-west of the Greenbushes lithium mine.

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East Kirup RC Drilling 2023

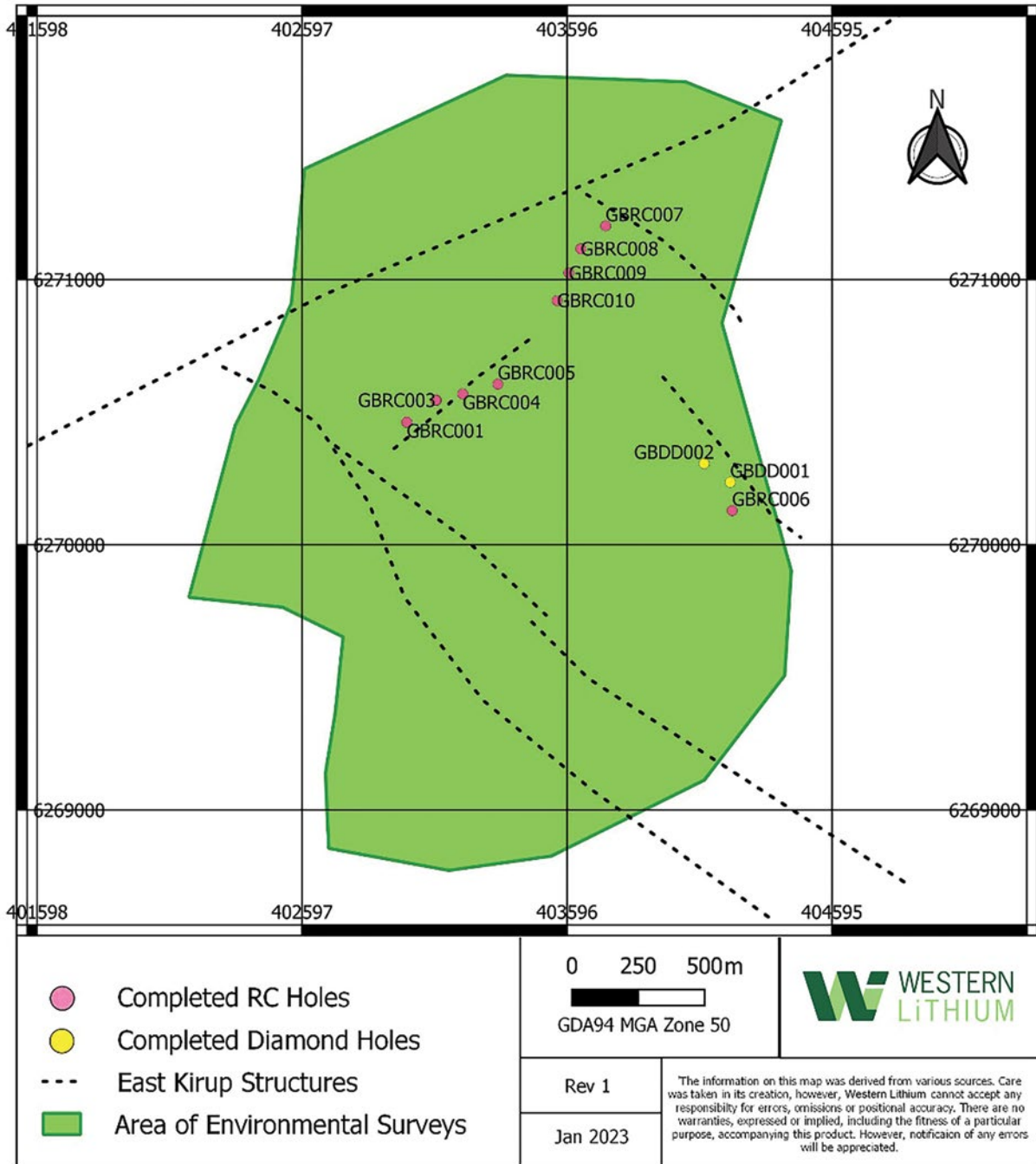


Figure 8: Completed RC and Diamond holes at East Kirup Lithium Prospect

OTHER EXPLORATION PROSPECTS

No exploration activities took place on Pilbara or Kalgoorlie east prospects during the quarter.

WESTERN LITHIUM LTD DEMERGE

Work continues on the demerge process of Western Lithium. A Prospectus, with associated independent supporting documentation and a draft Notice of Meeting have been drafted. The Board is mindful of the current capital market conditions and will access, with its advisors the appropriate time to progress the demerger of Western Lithium from the Company.

CORPORATE UPDATE

Capital Structure

As at 31 March 2023, the capital structure of the company was as follows:

- 629.1M Ordinary Shares on issue; and
- 32M Share Appreciation Rights on Issue
- 9.25M Options @ \$0.55

There were changes to the Capital Structure at the end of the Quarter from the previous quarter as follows:

- 13.5M Share Appreciation Rights were issued to Cristobal Garcia-Huidobro, Richard Crookes and Andrew Phillips on 11 January 2023 as approved by Shareholders at the EGM on 28 October 2022; and
- 1.25m Options @ \$0.55 were issued to Treadstone Resource Partners on 27 January 2023, expiring 27 January 2026, as approved by Shareholders at the EGM on 28 October 2022.

December 2022 half year audited reports

The audited financial reports were released to the ASX on 16 March 2023, as per the listing rule requirements. The financial reports, for the first time incorporated full ownership of MSB, due to its consolidation having been completed.

Marketing Activities

The company presented at several conferences and /or events in Chile and the US during the quarter to promote the group consolidation, following the merger with MSB, and advances in development of the Maricunga Lithium brine project.

The company has confirmed its participation in:

- Invest Chile ExfoMin in Santiago 24–27 April 2023;
- Fastmarkets Asian Battery Mineral conference in Singapore on 1–3 May 2023;
- Fastmarkets Lithium Supply and Battery Raw Materials conference in Las Vegas on 20–22 June 2023;
- Noosa Mining Conference 19–21 July 2023; and
- IMAC Sydney Conference 31 October – 2 November 2023.

Appendix 5B

The Appendix 5B quarterly cashflow report for the quarter ended 31 March 2023 is submitted separately.

The Company had a cash balance of AU\$15.1m as of 31 March 2023. This includes the balance in the 100% owned Maricunga project company, MSB. Total funds within the Maricunga Joint Venture at the end of the quarter totalled US\$2m.

This amount is currently held in the Company's bank accounts in Australia and Chile, in Australian dollars, US dollars and Chilean pesos. The Australian dollar equivalents were calculated using the closing foreign exchange spot rate on 31 March 2023.

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	\$206,499	Three months' salary and superannuation paid to the Australian based Directors via the company payroll plus three months' fees for the Chile based LPI Directors paid via LPI's Chile subsidiary company
DHJPLM Pty Ltd Rental for Sydney office	\$36,000	Mr Hannon is a Director of LPI and shareholder of DHJPM Pty Ltd

Mining Tenements Held

The table below lists the mining tenement interests held by the Company at the end of the 31 March 2023 quarter.

Location / permit name	Permit / exploration number	Registered holder	Area in hectares	Permit term expiry	Interest contractual right
Chile					
Maricunga, Chile – Cocina – 10/27	Old Code (1932) 03201-2110-19	MSB / LPISPA	450	N/A	100%
Maricunga, Chile – San Francisco – 1/10	Old Code (1932) 03201-0006-2	MSB / LPISPA	425	N/A	100%
Maricunga, Chile – Despreciada – 6/7	Old Code (1932) 03201-0007-0	MSB / LPISPA	100	N/A	100%
Maricunga, Chile – Salamina – 1/3	Old Code (1932) 03201-0005-4	MSB / LPISPA	150	N/A	100%
Maricunga, Chile – Litio 1 – 1/29	New Code (1983) 03201-6516-4	MSB	131	N/A	100%
Maricunga, Chile – Litio 2 – 1/30	New Code (1983) 0321-6517-2	MSB	143	N/A	100%
Maricunga, Chile – Litio 3 – 1/30	New Code (1983) 03201-6518-0	MSB	286	N/A	100%
Maricunga, Chile – Litio 4 – 1/60	New Code (1983) 03201-6519-9	MSB	300	NA	100%
Maricunga, Chile – Litio 5 – 1/60	New Code (1983) 03201-6520-2	MSB	297	N/A	100%
Maricunga, Chile – Litio 6 – 1/60	New Code (1983) 03201-6521-0	MSB	282	N/A	100%
Maricunga, Chile – Blanco	New Code (1983) – N/A	MSB	1,800	N/A	100%
Maricunga, Chile – Camp	New Code (1983) – N/A	MSB	100	N/A	100%

Location / permit name	Permit / exploration number	Registered holder	Area in hectares	Permit term expiry	Interest contractual right
Australia					
WA Greenbushes – Balingup	E70/4763	Western Lithium	19,120	17/03/2026	100%
WA Greenbushes – Brockman Hwy	E70/4774	Western Lithium	5,049	21/03/2026	100%
WA Greenbushes – Greenbushes	E01/0003	Western Lithium	231	15/09/2027	100%
WA Greenbushes – Wellington	E70/6093	Western Lithium	2,001	Application pending	100%
WA Greenbushes – Nannup #1	E70/4845	Western Lithium/CMC	285	12/10/2026	100%
WA Greenbushes – Wiliga #1	E70/4846	Western Lithium/CMC	6,846	9/04/2027	100%
WA Greenbushes – Wiliga #2	E70/5281	Western Lithium/CMC	7,421	Application Pending	100%
WA Greenbushes – Nannup #2	E70/5684	Western Lithium/CMC	21,932	Application Pending	100%
WA East Pilbara – Pilgangoora	E45/4610	Western Lithium	4,156	17/10/2026	100%
WA East Pilbara – Tabba Tabba	E45/4637	Western Lithium	6,412	11/05/2027	100%
WA East Pilbara – Strelley	E45/4638	Carnaby Resources Ltd	6,421	11/05/2027	LPI retains all Li rights
WA Eastern Goldfields – White Foil	E15/1772	Western Lithium/ Lysander	1,124	15/09/2027	100%
WA Eastern Goldfields –Yerilla	E1250	Western Lithium/ Lysander	10,385	22/08/2026	100%
WA Greenbushes – Nelson #1	E70/6274	Western Lithium	12,557	Under Application	100%
WA Greenbushes – Nelson #2	E70/6278	Western Lithium	25,040	Under Application	100%

Authorised for release by the Board of Directors of Lithium Power International Limited.

For further information, please contact:

Cristobal Garcia-Huidobro, CEO or **Andrew Phillips – CFO Lithium Power International**

E: info@lithiumpowerinternational.com

Ph: +612 9276 1245

www.lithiumpowerinternational.com

@LithiumPowerLPI

Jane Morgan – Investor and Media Relations

Ph: + 61 (0) 405 555 618

E: jm@janemorganmanagement.com.au

For U.S. and other international investor relations enquiries:

Arrowhead Business and Investment Decisions, LLC

Thomas Renaud | Managing Director

42 Broadway, 17th Floor, New York, NY 10004

Ph: +1 212 619 6889

E: enquire@arrowheadbid.com

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