

ASX RELEASE

27 July 2023

Activity Report for the Quarter ended June 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 30 June 2023. (“Quarter” or “Reporting Period”).

HIGHLIGHTS

- **Sale completed for LPI’s wholly-owned Australian subsidiary, Western Lithium Ltd (WLI), to Albemarle Lithium Pty Ltd.**
 - Deal for 100% of WLI’s shares, with proceeds comprising all cash-for-shares amounting to A\$30 million.
 - Subdued capital market conditions and an attractive cash offer from Albemarle led LPI’s board to decide that the sale would provide better value and less risk to shareholders.
 - The sale provides significant balance sheet strength as financing progresses for the development of our flagship Maricunga lithium brine project in Chile.

CORPORATE UPDATE

A\$30 MILLION CASH SALE OF WESTERN LITHIUM

LPI announced during the Quarter the completion of the sale of its wholly owned Australian subsidiary, Western Lithium Ltd (WLI), to Albemarle Lithium Pty Ltd (an Australian subsidiary of Albemarle Corporation).

As announced in June, the transaction involved the sale of 100% of WLI’s shares and comprised all cash-for-shares amounting to A\$30 million, subject to a customary price adjustment to reflect WLI’s liabilities at completion. About A\$29 million of the total consideration had been received by 3 July 2023.

The sale provides significant, non-dilutive, balance sheet strength to support the financing process of LPI’s flagship Maricunga lithium brine project in Chile, as the Company moves towards its construction phase. It also provides the immediate realisation of value for the WLI assets.

All Western Australia granted tenements, and those under application, are listed in the Mining Tenements Held table at the end of this report. Completion of the WLI transaction occurred after quarter end, so these will be removed from subsequent quarterly reports.

COMMENTARY ON CHILE'S LATEST LITHIUM POLICY INITIATIVES

LPI commented during the reporting period on the effect of the Company's Maricunga lithium brine project of the new Chilean National Lithium Policy ("**NLP**" or the "**Policy**"). The NLP was released on the evening of 20 April 2023 (Chile time) by the Chilean President, Gabriel Boric.

It outlines plans for the implementation of lithium exploration and exploitation policies that are intended to bring Chile back to the forefront of global lithium production as demand is fuelled by the global 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 Policy's development.

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 provide higher financial returns in a strategic industry. This is particularly the case for lithium resources that 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.

Even though the Policy focus is primarily concentrated 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 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.
- LPI's Maricunga Stage One development serves as an example regarding the inclusion of communities, environmental and technical aspects mentioned on the new Policy. It incorporates all social and community agreements as an integral part of the environmental permit. It is one of the few projects in Chile with a comprehensive indigenous consultation process. The Company has been pro-active 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. 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 regarding both Stage One and Stage Two of the Maricunga Project. There are no current legal processes challenging that position. This is fundamentally different from operations in the Atacama Salar, where the state-owned company, CORFO, is the owner of the properties and concessions. CORFO then leases these concessions to the operators in Atacama for a set period.
- 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 a 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 foundations are set for the development of the Chilean lithium industry. LPI understands that it will be recognised as Chile's next lithium producer, through its wholly-owned MSB. The Board and Management have been active in the lead up to the release of the policy, and have 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.

CHILE OPERATIONAL UPDATE

During the quarter, the Company has continued processing of the main sectorial permits for the start of the construction of Maricunga. Although these permits are the responsibility of the EPC company in charge of the construction, MSB decided to start processing them with the aim of advancing the project once financing has been closed and the EPC contract awarded.

These are specific sectorial permits, such as camp operation, piping and surface flow works and interior roads, which depend on the existence of an Environmental Permit. MSB obtained its mandatory EIA environmental approval in February 2020, with obtaining periods range between one and 120 days. Sectorial permits are usually obtained according to their need as construction progresses.

The following permits have been submitted:

- Excavations, transfer of archaeology, palaeontology or anthropology and historical heritage
- Wildlife Capture Permit
- Capture of Specimens of Protected Species for Research Purposes
- Xerophytic Formation Work Plan
- Approval of the Project of Benefit Plants or Treatment of Minerals
- Approval method of exploitation
- Permit to Establish a Piling of Mining Waste and Waste Dumps
- Personal protection system for hazardous substances
- Closure plan authorisation
- Approval of Internal Regulations for Hygiene and Safety
- Plans and Programs for the Prevention of Occupational Accidents and Illnesses
- General Water Department Permits:
 - Evaporation ponds and contour channels
 - Polyduct
 - Salt collection contour channels
 - Inner paths

Additionally, the process of collecting seeds (xerophytic vegetation) for transplantation was finalised during the Quarter. This is a key activity, as it can only be carried out only during autumn. It is part of the obligations acquired by Maricunga's environmental approval. This conservation work allows our specialists to reproduce local species in nurseries, and later integrate them in areas where they have been lost. It's noted that, during the collection activity, we were accompanied by representatives of the Colla Indigenous Communities within the influence area of the Project.



Figure 1 - Gathering Seeds for replanting on the Maricunga



Figure 2 - Drone Surveys on the Maricunga

PROJECT FINANCING

The announcement of the National Lithium Policy has provided the framework and clarity for financiers and investors in respect of development of Maricunga. LPI continues to have constructive engagement with a number of parties regarding debt and equity financing alternatives, including comprehensive due diligence processes being carried out by interested parties. The Company hopes to provide further information of these discussions in the coming quarter.

CHILE MOVES TOWARDS CONSTITUTIONAL REFORM

Following Chile's national plebiscite on 4 September 2022, when a proposed constitution drafted by the Constitutional Convention was rejected by a 62–38 margin, lawmakers announced in December 2022 a new agreement. The first draft, however, was considered to be too radical and too long by a large majority of Chilean people and a second attempt is now being made.

The draft agreement states that a group of 50 directly elected constitutional advisors will work on changes to the constitution, based on a preliminary draft prepared by a commission of 24 experts appointed by Congress. Additionally, a 14-member body appointed by Congress will ensure that the proposed text aligns with the 12 institutional and fundamental principles outlined in the agreement.

The Council must deliver the draft constitution by 6 November. A mandatory referendum will be held on 17 December 2023 to either approve or reject the new text for the constitution.

The result is expected to have a positive impact on economic recovery and foreign investment in the country. It will eliminate uncertainties created by the previous constitutional process and provide confidence in the long term on Chile's political stability and quality of its institutions.

CORPORATE UPDATE

Capital Structure

As at 30 June 2023, the capital structure of the company was as follows:

- 629.2m (i) Ordinary Shares on issue; and
- 19.5m (ii) 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:

- (i) On 30 May 2023, 140,000 shares were issued during the quarter for the conversion of share options transferred to LPI in the acquisition of Bearing Lithium Corporation, and
- (ii) On 30 June 2023, 12.5m \$0.40 Share Appreciation Rights expired and were removed from the share register.

June 2023 Financial year audited reports and 2023 AGM

The FY23 audit of the financial reports are to commence on the first week of August, with the audit reports to expected to be released in mid-September. The financial reports will incorporate full ownership of MSB, with Western Lithium being held as an Asset for Sale, due to the sale of Western Lithium completing on 3 July 2023.

The Annual General Meeting of Shareholders is tentatively scheduled for Thursday, 16 November 2023.

Marketing Activities

The company presented at several conferences and /or events in Chile and the US during the quarter to promote the advances in development of the Maricunga Lithium brine project and explain the Chilean National Lithium Policy ramifications.

The company participated in the following:

- Invest Chile EXPOMIN 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;

The company has confirmed its participation in the IMAC Sydney Conference 31 October – 2 November 2023.

Appendix 5B

The Appendix 5B quarterly cashflow report for the quarter ended 30 June 2023 is submitted separately.

The Company had a cash balance of A\$11.48m as of 30 June 2023. Total funds in Chile at the end of the quarter totalled US\$1m.

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 30 June 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.

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|--|-----------|--|
| Directors Fees | \$224,999 | 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 30 June 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 | N/A | 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% |
| 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 | Under Application | 100% |
| WA Greenbushes – Nannup #1 | E70/4845 | Western Lithium/CMC | 285 | 12/10/2026 | 100% |

| Location / permit name | Permit / exploration number | Registered holder | Area in hectares | Permit term expiry | Interest contractual right |
|--|-----------------------------|--------------------------|------------------|--------------------|----------------------------|
| WA Greenbushes – Wiliga #1 | E70/4846 | Western Lithium/CMC | 3,993 | 9/04/2027 | 100% |
| WA Greenbushes – Wiliga #2 | E70/5281 | Western Lithium/CMC | 7,421 | Under Application | 100% |
| WA Greenbushes – Nannup #2 | E70/5684 | Western Lithium/CMC | 21,932 | Under Application | 100% |
| WA East Pilbara – Pilgangoora | E45/4610 | Western Lithium | 4,156 | 17/10/2026 | 100% |
| WA East Pilbara – Tabba Tabba | E45/4637 | Western Lithium | 3,848 | 11/05/2027 | 100% |
| WA East Pilbara – Strelley | E45/4638 | Carnaby Resources Ltd | 3,853 | 11/05/2027 | LPI retains all Li rights |
| WA Eastern Gold-fields – White Foil | E15/1772 | Western Lithium/Lysander | 1,124 | 15/09/2027 | 100% |
| WA Eastern Gold-fields –Yerilla | E31/1250 | 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 | 35,040 | Under Application | 100% |
| WA Greenbushes – Wellington | E70/6489 | Western Lithium | 2,001 | Under Application | 100% |
| WA Greenbushes – Nelson #3 | E70/6082 | Titus Minerals | 1,992 | 1/07/2022 | 100% |
| WA Greenbushes – Nelson #4 | E70/6073 | Titus Minerals | 5,137 | Under Application | 100% |
| WA Greenbushes – Nelson #5 | E70/6074 | Titus Minerals | 7,413 | Under Application | 100% |
| WA Greenbushes – Nelson #6 | E70/6081 | Titus Minerals | 1,422 | Under Application | 100% |

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

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