

ASX RELEASE

31 January 2023

Activity Report for the Quarter ended December 2022

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 December 2022 ("Quarter", "Reporting Period"), including subsequent events that might have a significant impact between 31 December 2022 and the issuance date of this Report.

HIGHLIGHTS

- **Completed consolidating ownership of 100% of Maricunga Lithium Project.**
 - Merger with Salar Blanco LLC to acquire its 31.31% of Maricunga completed on 20 December 2022.
 - Completed the Plan of Agreement with JV partner Bearing Lithium to acquire its 17.14% interest in Maricunga on 22 December 2022.
- **Battery grade lithium carbonate produced with 99.92% purity from Maricunga.**
 - Significantly exceeds industry standard specifications for battery grade lithium carbonate of 99.5%.
 - Samples sent to potential lithium buyers for analysis as part of LPI's financing plans for mine development at Maricunga.
- **Completed the acquisition of water rights for Maricunga.**

Purchased 62 litres/second CAN 6 rights replace a long-term lease that was previously held for only part of Maricunga's requirements.¹
- **Commenced RC and diamond drilling at East Kirup lithium prospect, Western Australia.**

Several zones encountered indicated the potential for pegmatites at part of the LPI's Greenbushes project in the south-west of Western Australia.
- **MSB continues with its project financing process.**

Non-binding terms sheets being evaluated from parties interested in providing both equity and debt for Maricunga development. Progress as expected during upcoming months.

1 LPI had a 23-year lease for up to 28 l/s from the CAN 6 water rights.

COMPLETION OF 100% OWNERSHIP OF THE MARICUNGA PROJECT

LPI advised during the reporting period that it had successfully completed the transactions to consolidate its ownership of the Maricunga Lithium Brine Project in Chile (“the Maricunga”, “Project”).

As announced on 20 December 2022, the Company completed a merger with Salar Blanco, LLC to acquire the 31.31% of Maricunga, which was held by joint venture partner Minera Salar Blanco SpA. This involved merging Salar Blanco, LLC into LPI. As a result, Mr Martin Borda, the sole shareholder of Salar Blanco, became the largest shareholder of the Company holding some 28% of LPI’s issued ordinary shares.

On 22 December 2022, it was announced that the Plan of Arrangement with joint venture partner Bearing Lithium Corp (BRZ:TSXV), which held a 17.14% interest in Maricunga, had been concluded. All BRZ shareholders received 0.7 LPI share for every 1 BRZ share owned, on or around 23 December 2022. BRZ has now been delisted from the TSXV.

As a result of the transactions, LPI has consolidated ownership of 100% of the Maricunga project.

The company is now well positioned to deliver additional value to shareholders. The consolidation:

- Provides the optimal ownership structure to oversee the development of Maricunga by streamlining decision making for management and the board of directors; and
- Simplifies and de-risks the funding pathway for Maricunga, enhancing the ability to source capital from a wider range of providers to fund project development, in the lead up to Final Investment Decision, and potentially deliver enhanced returns to shareholders.

The reviewed corporate structure is shown in Figure 2.

PRODUCTION OF BATTERY GRADE LITHIUM CARBONATE

LPI provided results during the Quarter on the Maricunga project’s updated Definitive Feasibility Study to include the latest optimisations introduced to the planned lithium carbonate production process.

Lithium carbonate with a 99.92%² purity was produced from original, concentrated brine from LPI’s test evaporation ponds at Maricunga. This significantly exceeded industry standard specifications for battery grade lithium carbonate of 99.5%.

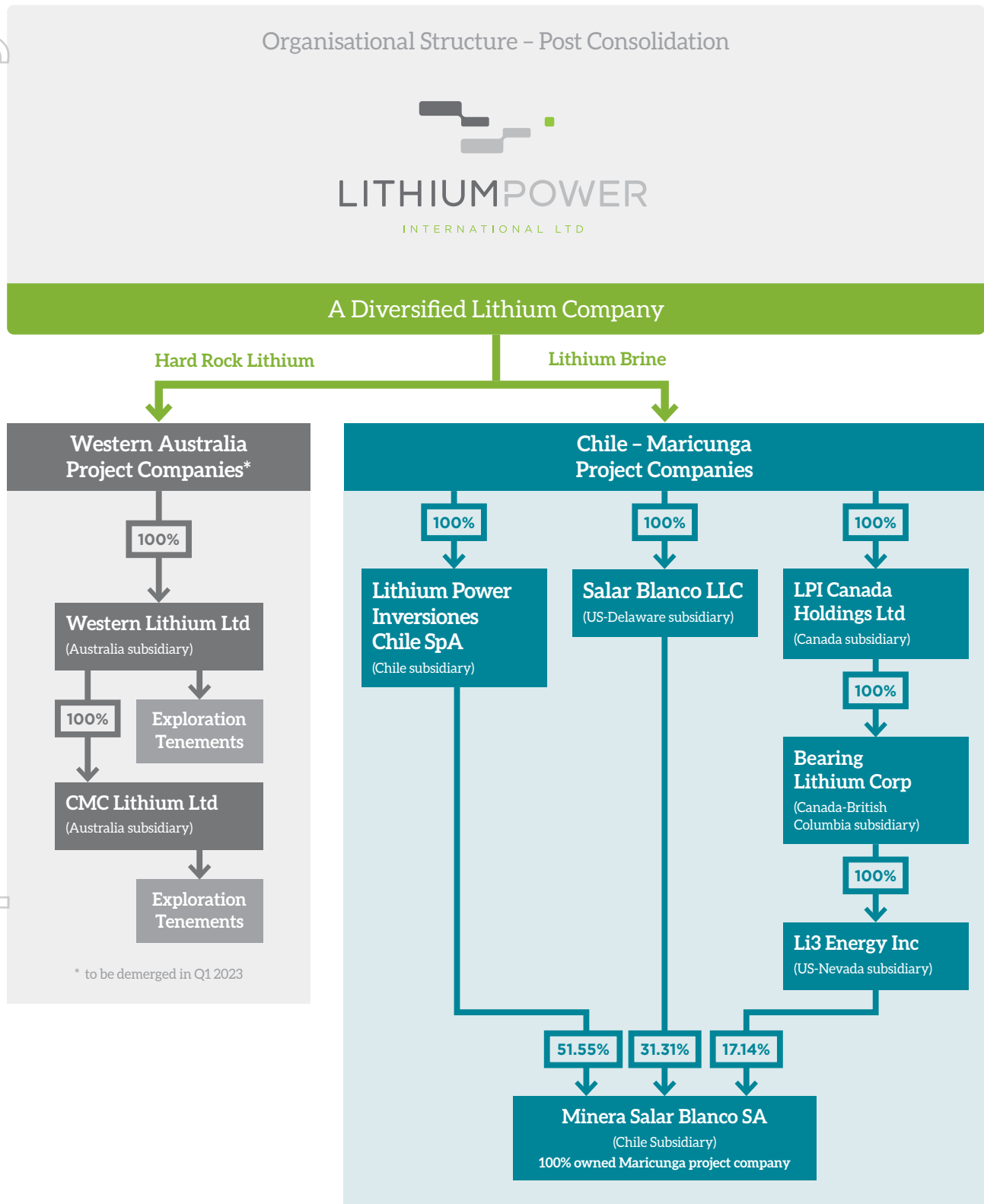
A relevant test to measure the Loss of Ignition (“LOI”) was also conducted for 30 minutes at 500 °C, showing a low LOI of 0.2%. As a result, the purity after LOI was 99.72%.

Figure 1: An LPI-produced lithium carbonate sample



2 Purity after Loss of Ignition – LOI for 30 minutes at 500 °C – of 99.72%.

Figure 2: LPI's Corporate Structure post Consolidation



The results confirm the high quality and consistency of LPI's product. The chemical analysis and detailed composition of impurities were as follows:

Table 1: Maricunga produced lithium carbonate chemical analysis

Chemical Analysis: Compound	Method	Unit	Sample
Li ₂ Co ₃	%	99.92	
Li ₂ Co ₃ with LOI	%	99.72	
Al	DIN EN ISO 11885 E22 2009-09	mg/kg	< 1
B	DIN EN ISO 11885 E22 2009-09	mg/kg	< 1
Ca	DIN EN ISO 11885 E22 2009-09	mg/kg	57
Cr	DIN EN ISO 11885 E22 2009-09	mg/kg	< 1
Cu	DIN EN ISO 11885 E22 2009-09	mg/kg	< 1
Fe	DIN EN ISO 11885 E22 2009-09	mg/kg	4
K	DIN EN ISO 11885 E22 2009-09	mg/kg	< 10
Mg	DIN EN ISO 11885 E22 2009-09	mg/kg	9.3
Na	DIN EN ISO 11885 E22 2009-09	mg/kg	500
Ni	DIN EN ISO 11885 E22 2009-09	mg/kg	< 1
Pb	DIN EN ISO 11885 E22 2009-09	mg/kg	0.83
Sr	DIN EN ISO 11885 E22 2009-09	mg/kg	2
Zn	DIN EN ISO 11885 E22 2009-09	mg/kg	1
Cl	DIN 38405 Part 1	mg/kg	125
Br	DIN EN ISO 10304-1 2009-07	mg/kg	< LoQ
SO ₄	DIN EN ISO 10304-1 2009-07	mg/kg	100
Si	DIN EN ISO 11885 E22 2009-09	mg/kg	12.6
Li	DIN EN ISO 11885 E22 2009-09	mg/kg	187'739
C	EN ISO 15350 2010-08	mg/kg	160'000
LOI	30 minutes at 500 °C	%	0.2

Source: IBZ-Salzchemie GmbH & Co. KG

WATER RIGHTS ACQUISITION

During the quarter, the Company completed the acquisition of essential freshwater rights covering the needs of the Maricunga project.

The 62 litres/second CAN 6 rights will allow the Company to replace a long-term lease it previously held for just part of its water requirements. The purchase secures the supply for future needs of both the LPI's Stage One project and any future expansions.

It also allows LPI to control its future consumption without the risk of external disturbance from third parties.

The Stage One project is projected to produce an average of 15,200 tonnes per year of highly pure, battery grade lithium carbonate, with an estimated freshwater consumption rate through the process plant of just 8 litres per second.

Figure 3: Freshwater borehole testing



MARICUNGA PROJECT FUNDING

Project Financing

The Company continues its project financing process assisted by Canaccord. Strong interest has been shown by different parties for the provision of equity and debt, including from strategic investors, ECAs and governmental bodies. This is estimated to cover most of the expected capex required for the project. Non-binding terms sheets are being evaluated by the company and by Canaccord.

The proposed medium-term project financing is expected to deliver a low capital cost structure. Strategic investors and governmental bodies are increasingly prioritising their support to secure strategic minerals like lithium, from the Maricunga project. This is particularly the case where it can also be shown that significant environmental, social, and governance (ESG) benefits are key, including the care taken supporting stakeholders especially in the case of indigenous communities. The Maricunga project is also attractive due to its credentials that will contribute to the global clean energy objectives.

Upcoming stages in the Company's financial efforts will include progressing with due diligence processes, as well as advancing commercial discussions with potential off-takers. Product qualification will be based on LPI's latest test sample production. The process will progress over the coming months, with updates provided to shareholders as we are able.

Mitsui Memorandum of Understanding (MOU)

The Mitsui due diligence process has been completed. Discussions continue on the final terms and structure of a definitive agreement, in line with the financing needs of the project when all financial and commercial conditions are agreed.

Lithium Power International's Chief Executive Officer, Cristobal Garcia-Huidobro, commented:

"We are confident that the competitive nature of our project, combined with our strong ESG principles and stage of advanced development, positions LPI favourably with strategic investors and international lenders. The interest received thus far underscores the strong technical and ESG profile of the Maricunga project."

DRILLING COMMENCES AT THE GREENBUSHES LITHIUM PROJECT

Subsequent to the reporting period, LPI commenced a drilling program at its East Kirup lithium prospect, part of the company's 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, which is operated by Talison Lithium.

LPI's inaugural drilling program at East Kirup is being undertaken in accordance with an approved Conservation Management Plan (CMP). It aligns with LPI's sustainable exploration and development practices. It also requires the work to be completed in dry conditions to prevent any spread of phytophthora dieback, to minimise the impact on native trees.

LPI is currently engaging two drilling contractors with experience in completing work in forested areas under tight environmental conditions.

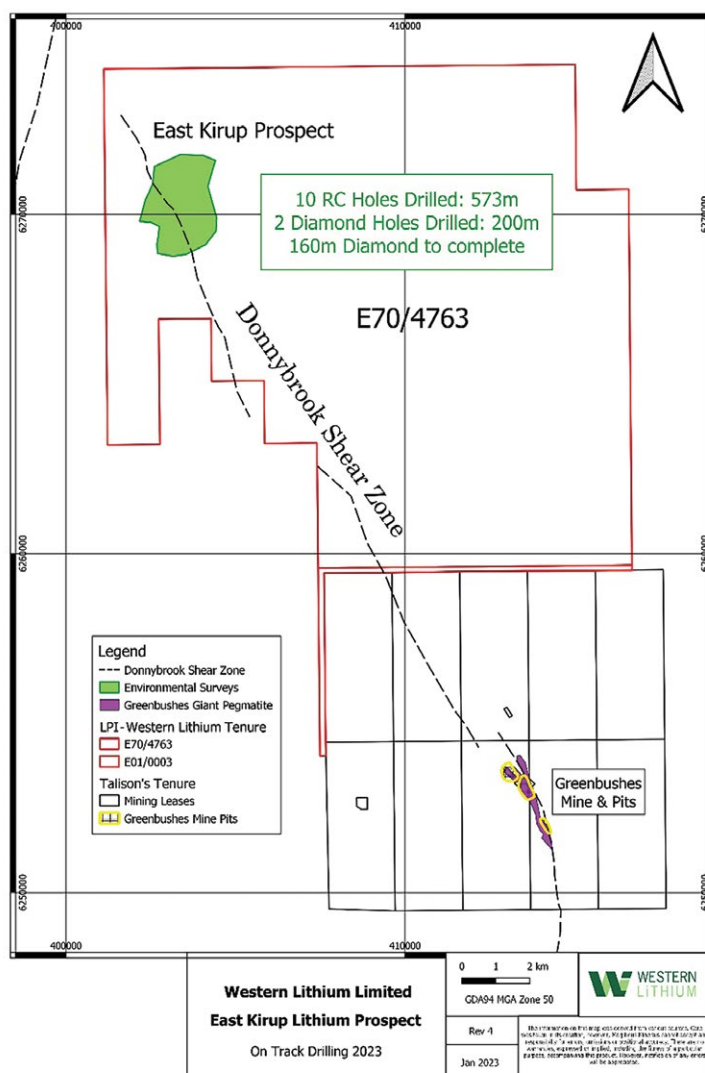
The planned 960m of reverse circulation (RC) drilling was completed, as announced on 25 January. The average daily drilling was just 58m/d due to the care needed navigating the narrow forest tracks, thereby avoiding damaging trees or the need to prune them. As much time and effort was spent in accessing the holes as was spent drilling. The samples from RC drillings have been sent for assay, with results likely in early Q2 2023.

A 400m HQ core diamond drilling program commenced on 13 January, and is expected to be completed by the first week in February.

This area has not previously been drilled, so the objectives are broad. It is aimed toward sourcing pegmatites, defining the water table, assessing water quality and determining flow rates. Stratigraphy and geochemical anomalies along the Donnybrook Shear Zone are a focus, after having previously been defined only by laterite and soil sampling.

The Company has completed detailed, two-season flora and fauna surveys on a defined area of the prospect. All planned drill holes were located with reference to these surveys, on existing tracks with sufficient cleared space to allow drilling without further clearing.

Figure 4: Location of the drilling program north-west of the giant Greenbushes lithium mine



In preparation for a demerger of Western Lithium from LPI, additional work is also planned on other exploration projects in the portfolio.

Mapping and soil sampling will be scheduled to occur at the Eastern Goldfields exploration projects in Q2 2023. A further drilling program at Tabba Tabba is likely to occur in H2 2023, to provide additional information to what was obtained from the 2019 drilling program, which was previously suspended due to Covid.

Figure 5: RC drilling underway on an existing track at the East Kirup Lithium Prospect



Figure 6: Diamond drilling underway at Greenbushes



Figure 7: Completed RC holes at East Kirup Lithium Prospect

East Kirup RC Drilling 2023

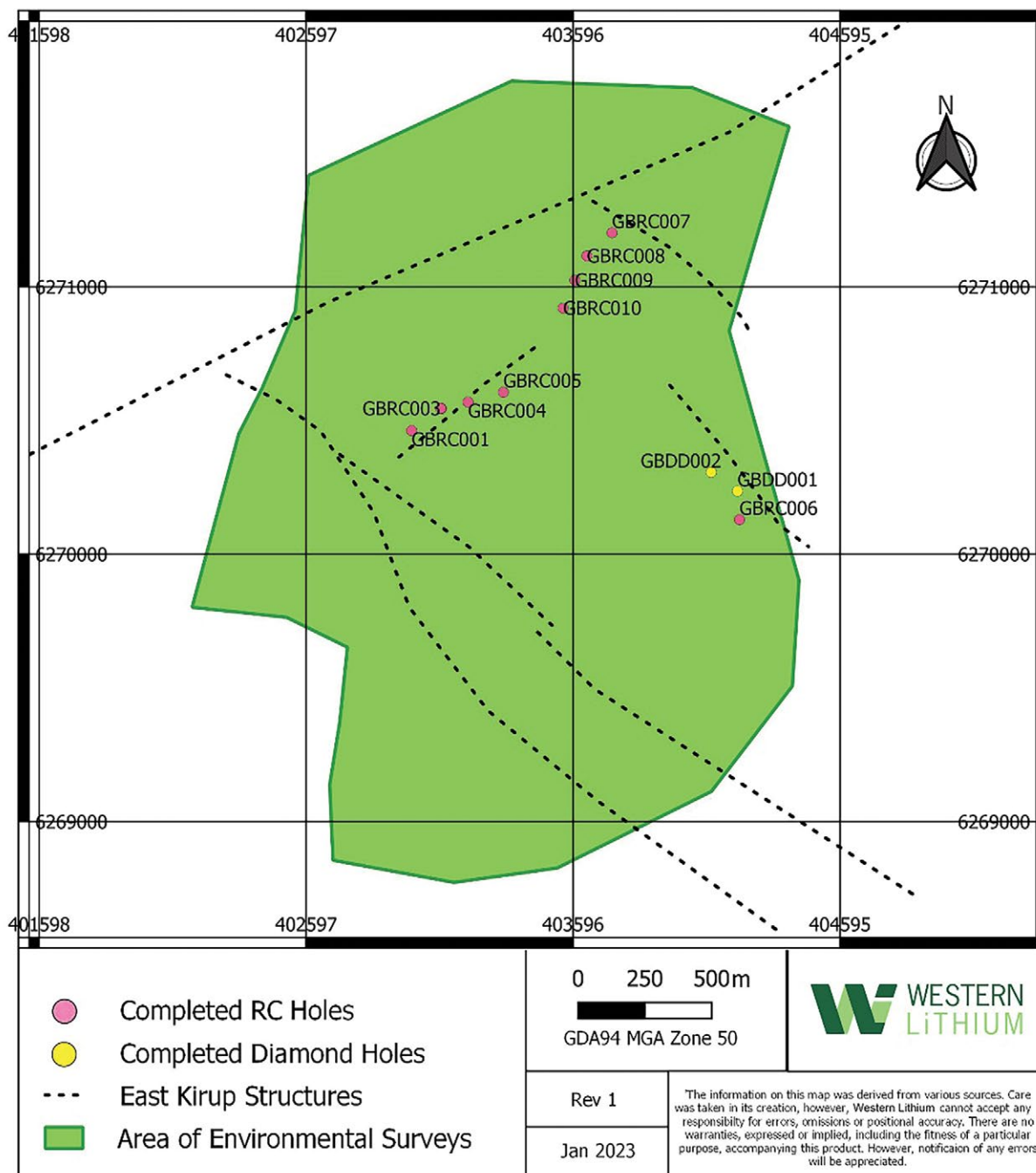
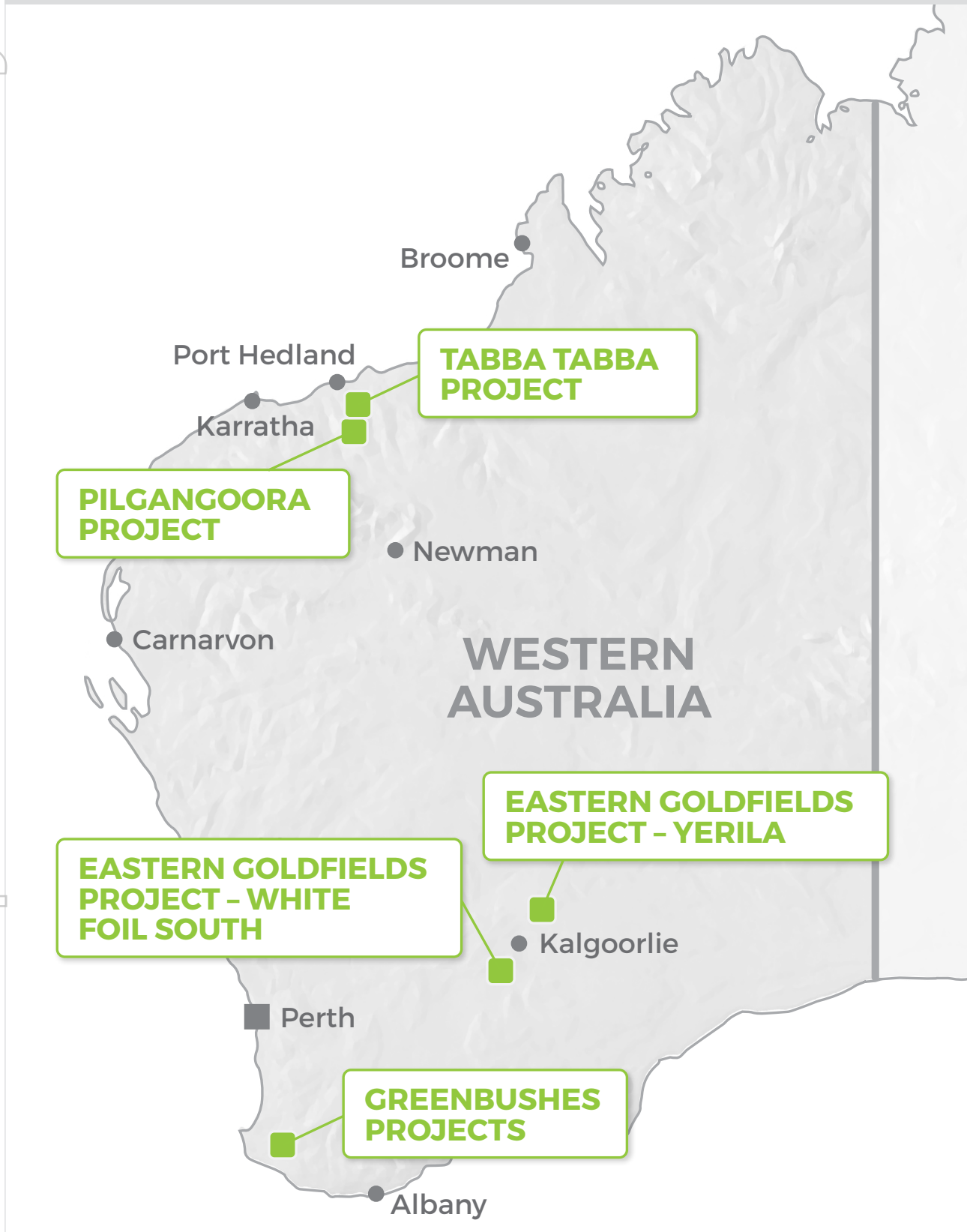


Figure 8: Location of Western Lithium's properties in the Greenbushes, Pilbara Craton and Eastern Goldfields regions of WA.



CORPORATE UPDATE

Capital Structure

As at 31 December, 2022, 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:

- 161,556,061 fully paid ordinary shares in the Company issued to Minera Salar Blanco SpA under the Merger Agreement for the acquisition of its shareholding in the Maricunga joint venture company;
- 76,340,373 fully paid ordinary shares in the Company issued to Bearing Lithium Corp pursuant to a Canadian plan of arrangement for the acquisition of its shareholding in the Maricunga joint venture company;
- 8,000,000 Options @ \$0.55 expiring 28 November 2025 issued to the Non-Executive Directors, David Hannon and Russell Barwick as approved by Shareholders at the EGM on 28 October 2022;
- Subsequent to the end of this Quarter, on 11 January 2023, 13.5M Share Appreciation Rights were issued to Cristobal Garcia-Huidobro, Richard Crookes and Andrew Phillips as approved by Shareholders at the EGM on 28 October 2022; and
- Subsequent to the end of this Quarter, on 27 January 2023, 1.25M Options @ \$0.55 expiring 27 January 2026 were issued to Treadstone Resource Partners Pty Ltd as approved by Shareholders at the EGM on 28 October 2022.

Attached to this report, as Appendix A, is the current Top 20 shareholder report from the company's share register.

Extraordinary General Meeting (EGM)

An EGM of shareholders was held on 28 October 2022. Eight ordinary resolutions were presented to LPI shareholders, and were passed with significant support from shareholders. The resolutions were passed as follows:

Resolution 1	Approval of SBD Transaction and the issue of Consideration Shares to Minera Salar Blanco SpA
Resolution 2	Approval for the issue of Share Appreciation Rights to an Executive Director – Mr Cristóbal Garcia-Huidobro
Resolution 3	Approval for the issue of Share Appreciation Rights to an Executive Director – Richard Crookes
Resolution 4	Approval for the issue of Share Appreciation Rights to an Executive Director – Mr Andrew Phillips
Resolution 5	Approval for the issue of Director Options to a Non-Executive Director – Mr David Hannon
Resolution 6	Approval for the issue of Director Options to a Non-Executive Director – Mr Russel Barwick
Resolution 7	Approval of the issue of Employee SARs to the Participating Executives
Resolution 8	Approval for the issue of Adviser Options to Treadstone

Annual General Meeting (AGM)

The AGM of shareholders was held on 14 November 2022.

Five ordinary and one special resolution were presented to the LPI's shareholders. All resolutions were passed with significant support from shareholders. The resolutions were:

Resolution 1	Remuneration Report
Resolution 2	Re-election of Russell Barwick as Director
Resolution 3	Re-election of Martin Borda as Director
Resolution 4	Ratification of issue of Shares under the Placement
Resolution 5	Ratification of issue of Shares to Lysander Lithium
Resolution 6	Adoption of a New Constitution (Special Resolution)

Marketing Activities

The company presented conducted marketing programs in the quarter including:

- the 121 Mining Investment conference in New York on 5–6 October 2022,
- the IMARC Mines and Money conference in Sydney on 17–19 October 2022,
- the 121 Mining Investment conference in London on 22–23 November 2022; and
- the Mines and Money conference in London on 29 November–1 December 2022.

The company is in the process of finalising its participation in conferences in 2023, however the company has confirmed its participation in:

- the 121 Mining conference in Hong Kong on 29–30 March 2023,
- the Fastmarkets Asian Battery Mineral conference in Singapore on 1–3 May 2023,
- the Fastmarkets Lithium Supply and Battery Raw Materials conference in Las Vegas on 20–22 June 2023; and
- the Diggers and Dealers Forum in Kalgoorlie on 7–9 August 2023.

Appendix 5B

The Appendix 5B quarterly cashflow report for the quarter ended 31 December 2022 is submitted separately.

The Company had a cash balance of AU\$20m as of 31 December 2022. 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\$385,000.

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 December 2022.

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	\$242,500	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 December 2022 quarter. This includes two new tenements under application in the Greenbushes region in WA.

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	19,132	17/03/2026	100%
WA Greenbushes – Brockman Hwy	E70/4774	Western Lithium	5,052	21/03/2026	100%
WA Greenbushes – Greenbushes	E01/0003	Western Lithium	2,851	Application pending	100%
WA Greenbushes – Wellington	E70/6093	Western Lithium	2,002	Application pending	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	6,850	Extension Pending	100%
WA Greenbushes – Wiliga #2	E70/5281	Western Lithium/CMC	7,426	Application Pending	100%
WA Greenbushes – Nannup #2	E70/5684	Western Lithium/CMC	21,944	Application Pending	100%
WA East Pilbara – Pilgangoora	E45/4610	Western Lithium	6,714	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	10,390	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%

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

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Appendix A

TOP 20 HOLDINGS

Lithium Power International Limited

SECURITY CLASSES

Fully Paid Ordinary Shares

Holder Name	Securities	%
MINERA SALAR BLANCO SPA	177,783,334	28.260%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	47,369,857	7.530%
CITICORP NOMINEES PTY LIMITED	41,184,970	6.547%
BNP PARIBAS NOMS PTY LTD <DRP>	25,838,150	4.107%
CHIFLEY PORTFOLIOS PTY LIMITED <DAVID HANNON RETIREMENT A/C> (GROUPED)	21,485,888	3.415%
TREASURY SERVICES GROUP PTY LTD <NERO RESOURCE FUND A/C>	18,135,981	2.883%
NABIDE PTY LIMITED <THE GRIFFITH FAMILY A/C>	11,833,132	1.881%
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	11,729,169	1.864%
BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	7,479,138	1.189%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,528,525	1.038%
G HARVEY NOMINEES PTY LTD <HARVEY 1995 DISC A/C>	6,498,576	1.033%
UBS NOMINEES PTY LTD	6,177,585	0.982%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	5,760,641	0.916%
BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD <DRP A/C>	5,311,000	0.844%
COMPUTERSHARE INVESTOR SERVICES INC TR FORMER SHAREHOLDERS OF BEARING LITHIUM CORP	4,763,693	0.757%
TD WATERHOUSE CANADA INC	4,335,282	0.689%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	3,814,802	0.606%
RIGI INVESTMENTS PTY LIMITED <THE CAPE A/C>	3,500,000	0.556%
MR HENRY THESMAN THEOS	2,844,436	0.452%
SARAH GUY PTY LTD <PHILLIPS FAMILY A/C> (GROUPED)	2,396,136	0.381%
TOTALS	414,770,295	65.931%

Total Securities of Top 20 Holdings: 414,770,295 | Total Securities: 629,097,560