

ASX RELEASE

27 October 2023

Activity Report for the Quarter ended September 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 September 2023. ("**Quarter**" or "**Reporting Period**").

HIGHLIGHTS

- Subsequent to the reporting period, LPI entered into a binding scheme implementation deed with Chilean mining company Codelco, under which Codelco will acquire 100 per cent of the share capital of LPI by way of a scheme of arrangement.
- The terms of the Scheme stipulate that LPI shareholders will receive A\$0.57 in cash per LPI share.
- The sale of LPI's wholly owned Australian subsidiary, Western Lithium Ltd (WLI), has been completed with Albemarle Lithium Pty Ltd. The transaction involved the sale of 100 per cent of WLI's shares and comprises all cash-for-shares amounting to A\$30 million.

CODELCO'S ACQUISITION OF LPI VIA BINDING SCHEME IMPLEMENTATION DEED

Subsequent to the reporting period, LPI announced that it had entered into a binding scheme implementation deed ("**SID**") with Corporación Nacional del Cobre de Chile ("**Codelco**") under which Codelco will acquire 100 per cent of the issued capital of LPI ("**Scheme**").

If the Scheme is implemented, then each LPI shareholder on the record date defined in the SID will receive A\$0.57 in cash per LPI share from Codelco pursuant to the Scheme ("**Scheme Consideration**").

The Scheme implies a fully diluted equity value for LPI of ~A\$385 million¹ and represents a significant premium of:

- 119 per cent to the undisturbed closing share price of A\$0.26 per LPI share on 26 September 2023, which was the trading day prior to the Company's response to media speculation regarding discussions with Codelco ("Undisturbed Date"); and
- 136 per cent to the undisturbed 30-day volume weighted average price ("VWAP") of A\$0.242 per LPI share up to, and including, the Undisturbed Date.

LPI's major shareholder, Minera Salar Blanco SpA², intends to vote its 28.25 per cent shareholding in favour of the Scheme, in the absence of a superior proposal and subject to the Independent Expert concluding, and continuing to conclude, that the Scheme is in the best interests of LPI shareholders. All members of the LPI Board also intend to vote their LPI shares in favour of the Scheme, subject to the same qualifications.

LPI's board unanimously recommends that its shareholders vote in favour at the shareholder meeting to approve the Scheme, in the absence of a superior proposal and subject to the independent expert concluding, and continuing to conclude, that the Scheme is in the best interests of LPI shareholders.

Subject to those same qualifications, each of the Directors of LPI has confirmed that they intend to vote the LPI shares they directly or indirectly own or control in favour of the Scheme³.

ABOUT CODELCO

Codelco is a Chilean State-owned company and is the world's largest copper producer. It controls approximately 5.4% of the world's proven and probable copper reserves as defined by the US Geological Survey.

Codelco also has a lithium division that comprises mining tenements and strategic permits to develop lithium projects in the Maricunga and Pedernales salt flats. The National Lithium Strategy announced by the Chilean Government in April 2023 entrusted Codelco with the development of lithium projects through public-private associations.

CASH SALE COMPLETED FOR WESTERN LITHIUM LTD

During the Quarter, LPI announced 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 previously announced on 19 June 2023, the transaction involved the sale of 100 per cent of WLI's shares. It 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 has been received. The balance is contingent on certain tenement applications being granted within 18 months of completion.

The sale provided significant, non-dilutive, balance sheet strength to support the negotiation and finalisation of the Maricunga transaction with Codelco as detailed above.

1 Based on 629,237,560 fully paid ordinary shares + 19,500,000 Share Appreciation Rights + 9,250,000 Director and Adviser Options + 8,350,000 Bearing Options + 16,806,855 Bearing Warrants on issue at the date of this announcement multiplied by the Scheme Consideration of A\$0.57 per LPI share (and, in respect of the Bearing Options and Bearing Warrants, converting into 0.7 LPI shares per security).

2 Minera Salar Blanco SpA is an entity controlled by LPI Director, Mr Martin Borda.

3 The directors of LPI directly or indirectly own or control, in aggregate, 204,329,127 LPI shares, being 32.5 % of the current LPI's shares on issue.

CORPORATE UPDATE

CAPITAL STRUCTURE

The capital structure of the company at 30 September 2023 was as follows:

- 629.2 million Ordinary Shares on issue;
- 6.0 million Share Appreciation Rights on issue @ A\$0.40;
- 13.5 million Share Appreciation Rights on issue @ A\$0.55; and
- 9.25 million Options on issue @ A\$0.55.

In addition, Bearing Lithium ("BRZ") had issued Option and Warrants, which were converted to LPI shares at a 70 per cent ratio, as per the Scheme of Arrangement entered into in December 2022.

At 30 September 2023, there were 8.4 million BRZ Options on issue and 16.8 million BRZ Warrants on issue at various prices ranging from C\$0.11 to C\$0.40.

JUNE 2023 FINANCIAL YEAR AUDITED REPORTS

The FY23 audited Financial Reports and Corporate Government Statement was released to the ASX on 28 September 2023. 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.

ANNUAL GENERAL MEETING OF SHAREHOLDERS 2023

The Annual General Meeting of Shareholders is scheduled for 10am on Friday 10 November 2023, in the Company premises at Level 10, Kyle House, 27 Macquarie Place, Sydney NSW 2000.

Three resolutions are to be tabled at the meeting for shareholders' approval:

- Resolution 1 – Remuneration Report;
- Resolution 2 – Re-election of Richard Crookes as Director; and
- Resolution 3 – Approval of the 10 per cent Placement Facility.

Shareholders are encouraged either to vote online for these Resolutions or attend the AGM in person.

APPENDIX 5B

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

The Company had a cash balance of A\$36.5m as of 30 September 2023. Total funds in Chile at the end of the quarter totalled were US\$1.1m.

These funds are 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 September 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	A\$244,249	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	A\$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 September 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 – 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%

Titus Minerals remains as owned by LPI but is subject to a Call Option with Albemarle as part of the sale of Western Lithium in July 2023.

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

FOR FURTHER INFORMATION, PLEASE CONTACT:

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