

ASX RELEASE

29 January 2021

Activity Report for the Quarter ended December 2020

Lithium Power International Limited (ASX: LPI) (LPI or the Company) is pleased to submit its quarterly Activity Report for the period ended 31 December 2020.

HIGHLIGHTS

- A staged development approach was announced for our flagship Maricunga Lithium Project in Chile, with Stage One to fast-track the properties known as “Old Code” concessions.
- Stage One has a name plate capacity of 15,000 tonnes-per-year of very high purity lithium carbonate over a 20-year mine life. Significant expansion potential exists from subsequent stages.
- LPI raised A\$8.0 million in a placement to sophisticated and global institutional investors, with Directors participating for A\$0.3 million in a second tranche of the placement.
- Maricunga Stage One is now fully funded through the working program established for 2021. Financing activities for off-take agreements and equity and debt funding are to be sped-up via our financial adviser, Treadstone Resource Partners, to ensure continuity in the fast-tracking of a sustainable and fully permitted project.
- A work program involving a comprehensive internal review of the project’s technical and economic design is underway. It includes further drilling to expand resources, as well as an update of the existing Definitive Feasibility Study prepared by Worley and GEA Messo in accordance with JORC and NI 43-101 international standards.
- An exploration plan has been finalised at the Greenbushes tenements in Western Australia, located adjacent to the world-scale Greenbushes Lithium mine, and activities are underway. The prime focus is on targets identified during prior field work. Completion is expected by the end of Q1 2020.

MARICUNGA PROJECT - CHILE

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

STRATEGY UPDATE

The Company announced it would advance the low cost Maricunga Lithium Brine Project in a number of stages by fast-tracking a Stage One development – announced on 9 December 2020 and further on 27 January 2021.

Stage One will have a name plate capacity of 15,000 tonnes-per-year of very high-purity lithium carbonate over a 20-year mine life. It will be based on brine extraction from the Company's properties known as "Old Code" concessions, which do not require any further significant permitting for lithium production under Chilean legislation.

Most importantly, having received all of the required Chilean Government development and environmental approvals necessary for the start of construction, key decisions for the development of Stage One now lie solely in the hands of LPI and its partner, Minera Salar Blanco (MSB). This results in a potentially lower capital expenditure, fully permitted project that can take advantage of future developments in the global lithium industry.

In parallel with Stage One, the Company will continue to evaluate and progress alternative development plans for subsequent development stages with Codelco, potential other parties and the Chilean authorities. The aim of these subsequent stages is to advance the original development strategy to consolidate the Maricunga Salar by developing the Company's remaining mining concessions, known as "New Code" concessions, to provide substantial further output growth for the project.

STAGE ONE WORK PROGRAM

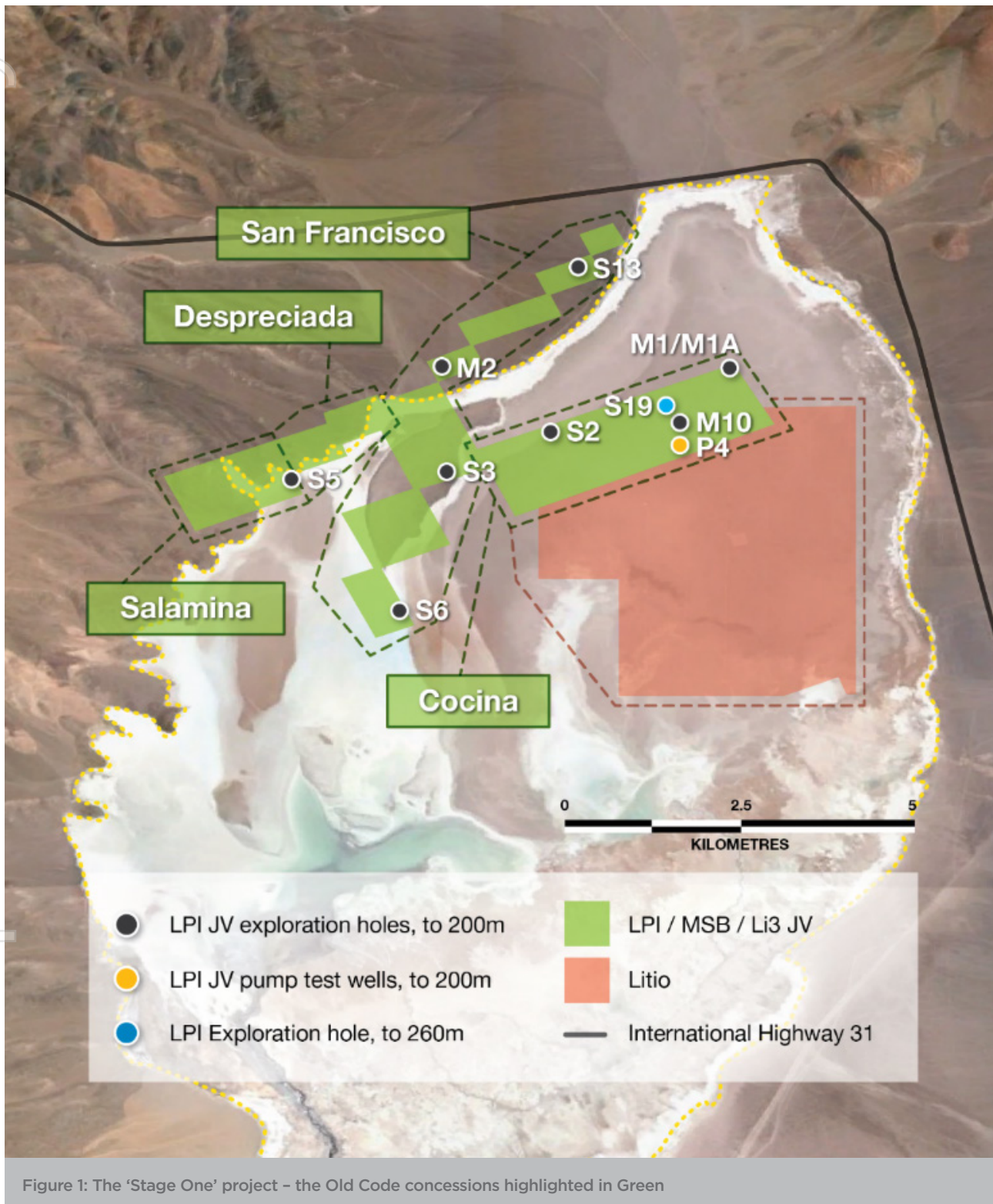
A new field program has been scoped and will be undertaken from February 2021 to update detailed engineering work to re-size and optimise the revised Maricunga Stage One development. The program consists of 2,400m of drilling, along with sampling and hydraulic testing activities.

The target is to expand the current reported mineral resource that exists from near surface to 200m depth, to potentially include the interval between 200m and 400m. Drilling for the project's 2019 Definitive Feasibility Study established that there was a thick sequence of volcanoclastic material (established by MSB's historical S-19 exploration hole drilled to 362m, Figure 2) beneath gravel and near surface clay units in the "Old Code" concessions. This zone has high drainable porosity and permeability that is considerably higher than near surface units. Expansion of the resource would lead to an increase in the project's brine reserve, potentially supporting a 20 year-plus mine life.

Drilling contracts have been awarded to international companies Major Drilling and Andinor, and all drilling equipment has been mobilised to site.

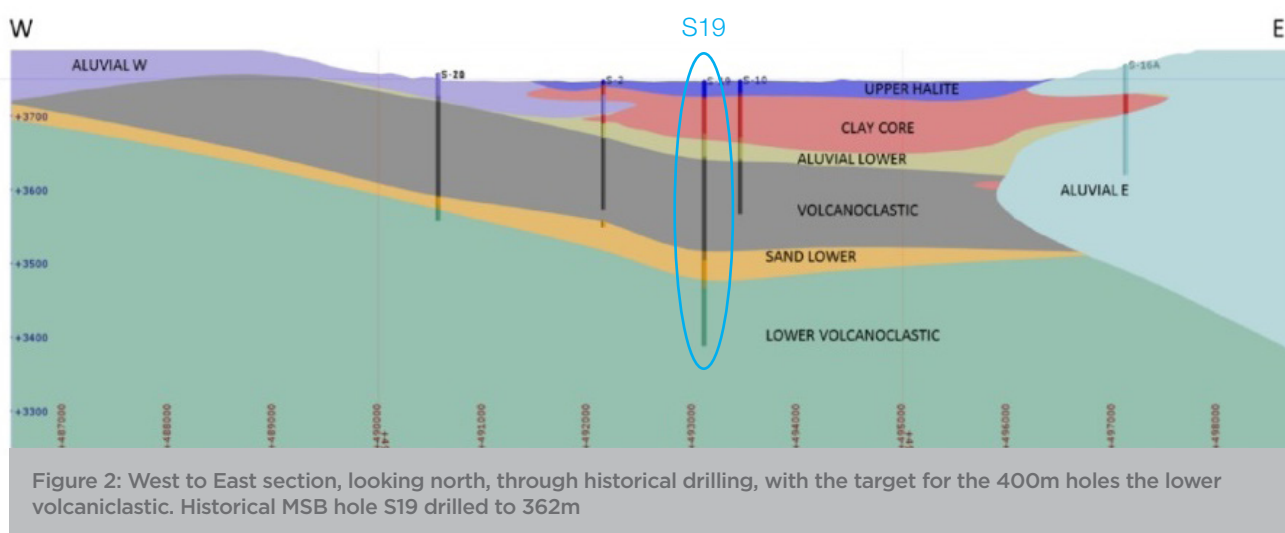


Drilling team on site during the 2018-19 exploration program



Conceptual and numerical hydro-geological models, including LEAPFROG, SGeMS and FEFLOW, will be updated by Atacama Waters (formerly FloSolution) using the new exploration information and all existing information from the Definitive Feasibility Study. That would allow current resources and reserves within the “Old Code” concessions to be fully revised.

An updated Definitive Feasibility Study will then be prepared by Worley and GEA Messo in accordance with JORC and NI 43-101 international standards.



WORKING PLAN SUMMARY

Drilling Program

- Five diamond core exploration holes to be drilled to 400m depth. The boreholes once completed will be rehabilitated as monitoring wells, with 76mm diameter slotted and blank PVC casing to selected depth intervals.
- Brine porosity samples will be collected during the core drilling at 24m depth intervals in the 0–200m interval and 12m intervals between 200–400m.

Drainable Porosity and Brine Chemistry Analysis

- 140 core samples, including QA/QC samples, will be analysed for drainable porosity and other hydraulic parameters by international laboratories, GeoSystem and Corelab.
- A Magnetic Resonance Register (BMR) will be also used to confirm drainable porosity parameters.
- 150 brine samples, including QA/QC samples, from the exploration boreholes will be analysed by Universidad de Antofagasta and Alex Steward Assayers.

Production wells and pumping test

- One production well of 432mm diameter will be drilled using rotary methods at to a depth of 400m. It will be complemented by a 300mm, 316 SS production casing for the 0–200m interval and an 203mm, 316 SS production casing for the 200–400m interval.
- One 30-day, 24/7 pumping test will be carried out on the new production well to evaluate hydraulic parameters of the area and monitor lithium concentrations during the test.



Update of the Conceptual and Numerical models

- The conceptual hydro-geological model for the Salar will be updated with the new information obtained from the field program. It will include the LEAPFROG geological model for the updated resource estimate and the updated numerical model configuration.
- The SGeMS 3D lithium concentrations distribution model will be updated with the new drainable porosity data and brine chemistry analyses, and will be used to prepare an update on the Resource estimate from the 2019 DFS for the “Old Code” concessions to a depth of up to 400m. Reporting will be done according to JORC and NI 43-101 international standards.
- The FEFLOW hydro-geological model will be updated with the new LEAPFROG geological model and the updated 3D distribution of drainable porosity. The bottom of the FEFLOW model will be extended to the bedrock contact, based on the exiting geophysical data form the 2019 DFS (AMT and gravity). The model will be re-calibrated in Steady State and in Transient State using the results of the P-5 pumping test. The updated 3D distribution of lithium concentrations from the SGeMS model will be used as the initial condition for the transport simulations. The updated model will then be used to carry out predictive simulations for brine production scenarios from the “Old Code” concessions only, optimise wellfield configurations and production schedules and to evaluate potential effects from the brine production within the restrictions set out in the Project’s RCA environmental permit awarded in February 2020.
- Finally, a new lithium reserve estimate will be prepared according to JORC and NI 43-101 international standards for the “Old Code” concessions targeting 15,000 tonnes per annum production of lithium carbonate for a minimum of 20 years.

Definitive Feasibility Study (DFS) update

- GEA Messo will update the Basic Engineering (BE) for a 15,000 tonnes per annum capacity plant and reconfirm the process plant equipment flowsheet.
- Worley will update for all the other disciplines of the plant, evaporation ponds, utilities and facilities incorporating GEA’s BE information.
- Economics for the Stage One will include an update of the lithium price estimates and will complete the DFS Report expected to be released in Q4 2021.

CAMP OPERATION

To support drilling and other future site activities, the existing MSB camp has been expanded to accommodate all contractors. The temporary camp will continue to operate until project construction activities begin.

ADDITIONAL WATER EXPLORATION

A new water supply exploration well is to be drilled in the area to potentially have an alternative supply to the existing CAN-6 well. Despite fresh water supply being secured with the existing CAN-6 well, it is strategically important to explore for further water sources as an alternative or back-up. The well will be drilled as a large diameter

production well, with an installed surface casing diameter of 609mm. The water well will be drilled to a depth of up to 200m. Following installation and cleaning, the well will undergo a 30 day pumping test to confirm the aquifer characteristics and the size of the optimum pump for operation of this new well.



Existing Camp to be expanded for the commencing of the exploration program.

MSB Level 1 Schedule 2021 Exploration and DFS Report
15,000 tonne/year Lithium Carbonate Plant

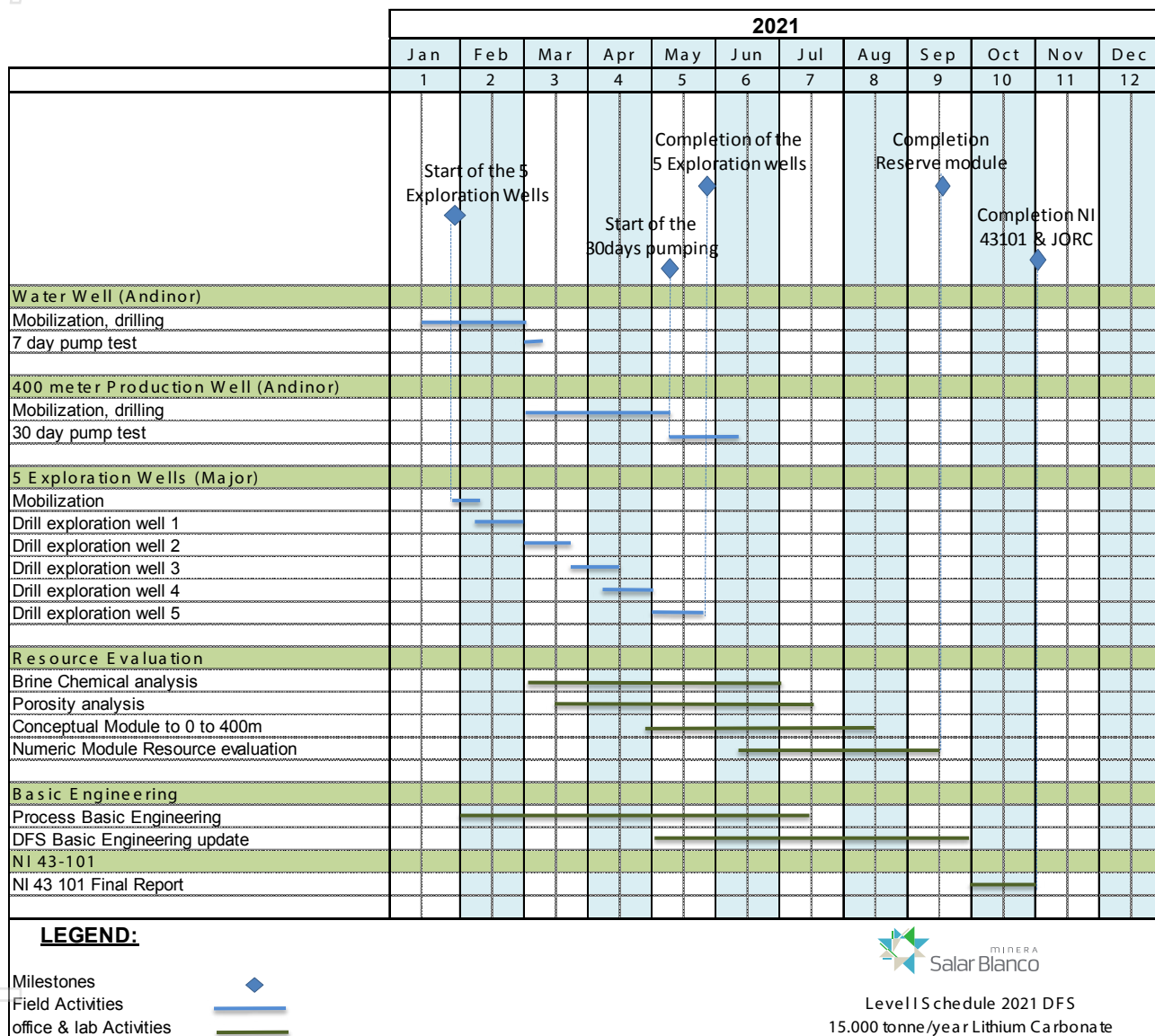


Figure 3: Stage One Timeline for the updated Exploration and DFS Report

PROJECT FUNDING

Financing activities for off-take and equity/debt funding have been advanced with the Company's financial adviser Treadstone Resource Partners and also with potential financiers.

Indicative financial offers are to be agreed in conjunction with the Stage One works program, with the objective being to have a financial closing by the end of 2021. A construction decision is expected to be made shortly thereafter.

ARGENTINA

CENTENARIO PROJECT – SALTA PROVINCE, ARGENTINA

The Centenario project is a 70:30 Joint Venture between LPI and Marquee Resources Ltd, and is located in the Centenario salar in Salta Province, Argentina, one of the Argentine provinces most in favour of mining development.

The project is immediately north of a 24,000 t/a lithium carbonate plant being developed by the French company Eramet, and is in the vicinity of both the Millennial Lithium and Pluspetrol Pastos Grandes feasibility projects.

LPI is finalising a strategic relationship to unlock the project's value, with the expectation of an agreement in Q1 2021.

WESTERN AUSTRALIA

Due to market conditions and COVID restrictions, no work was undertaken on the properties during the quarter. However, with a more positive outlook for lithium prices, LPI is recommencing exploration in Western Australia at the beginning of 2021. The primary focus is the 100% owned Greenbushes project in the State's south-west..

PILBARA PROJECTS – NORTH-WEST WA

No work was carried out on the Tabba Tabba and the Pilgangoora projects during the period.

GREENBUSHES PROJECT – SOUTH-WEST WA

The Greenbushes tenements extend over 398 km² in the South West of WA are located close to international port facilities and to an experienced workforce, electricity infrastructure, paved roads and potential water supplies.

As LPI's Greenbushes tenements cover WA State Forest land, there was the completed additional requirement for an Environmental Management Plan to be approved by the WA Department of Conservation, Biodiversity and Attractions and the WA Department of Mines, Industrial Regulations and Safety. Exploration activities commenced in late 2019 and extended until early 2020, when the decision was made to suspend all WA exploration works until the effects of Covid-19 were clear.

The exploration work included an extensive laterite sampling campaign and surface mapping over the Balingup tenement, with samples taken at 300m centres along east-west lines separated by between 1-2km in a north to south direction. Sampling identified additional zones with significantly elevated geochemistry. Of particular interest is the Balingup East target within the LPI tenement, with strongly elevated arsenic in laterite (to >500 ppm) along the Donnybrook-Bridgetown (DB) Shear Zone.

More detailed laterite sampling and additional mapping is planned for the areas with elevated geochemistry to identify the primary targets prior to undertaking drilling. This additional field work is to commence in February 2021, and is expected to conclude by the end of Q1 2021.



LPI field team onsite at the Greenbushes project Balingup tenement, conducting the laterite sampling campaign

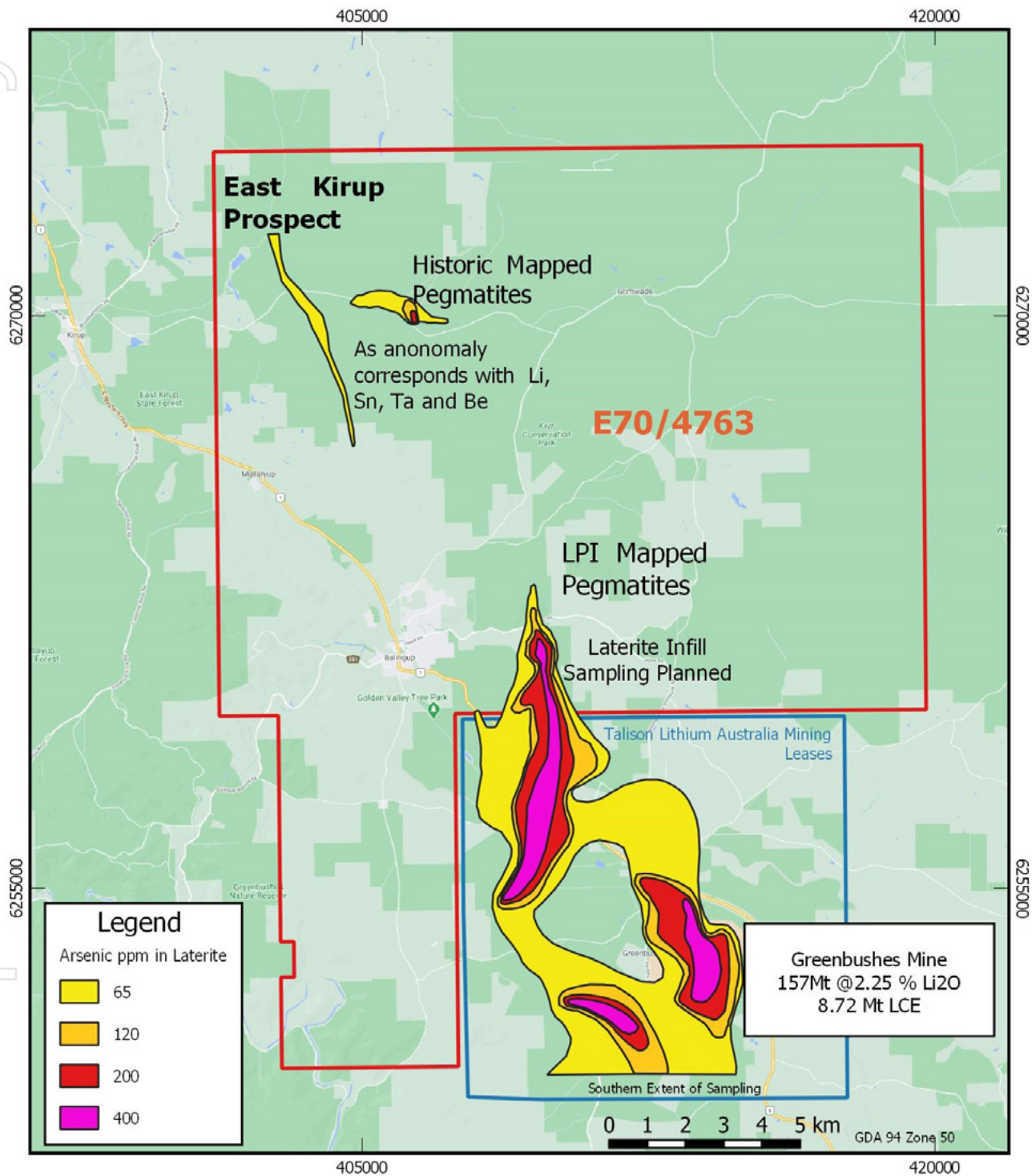


Figure 4: Greenbushes project Balingup tenement, showing arsenic indicator anomalies detected from LPI sampling combined with public information from the Greenbushes mine tenement (Smith *et al*, 1987)

Subject to favourable results from this field work, and receipt of the necessary approvals for drilling in this area, a drilling program will likely commence in Q2 2021. It is noted that a condition of the approved Environmental Management Plan is that no field work be conducted during the wetter winter months due to the risk of the spread of the Dieback pathogen throughout the forest areas.



Pegmatite outcrop in the area of interest from the Greenbushes 2019-20 field work

CORPORATE UPDATE

Appendix 5B

The Appendix 5B quarterly cashflow report for the quarter ended 31 December 2020, is submitted separately.

The Company had a cash balance of A\$11.1m as at 31 December 2020, which includes the net proceeds of A\$7.1m from the capital raising completed in late December and the payment of a capital call to MSB for the equivalent of A\$2.7m.

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 calculated using the closing foreign exchange spot rate on 31 December 2020.

Total funds within the Maricunga Joint Venture at the end of the quarter totaled US\$2.1m.

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	\$148k	Fees/Salaries paid for the quarter via company payroll system or via invoice
DHJPM Pty Ltd Rental for the Company's Sydney Office	\$30k	Mr Hannon is a Director and shareholder of DHJPM Pty Ltd
Total	\$178k	

Executive and Non-Director Salaries

As announced in the Quarterly Activities Report for the March 2020 quarter, all executive and non-executive salaries were reduced by at least 30% due to the uncertainty surrounding COVID-19. After nine months at these reduced rates all salaries are to be reverted to their former levels, as from 1 January 2021.

Annual General Meeting (AGM)

The Company's AGM was at 10am, 25 November 2020, with the Notice of Meeting sent to shareholders on the 23 October 2020. Shareholders dialled in to the meeting, or could attend in person, following COVID protocols.

AGM Resolutions

There were four Resolutions put forward to the Shareholders at the AGM:

- Resolution 1. To Adopt the Remuneration Report
- Resolution 2. Approval of 10% Placement Facility
- Resolution 3. Re-election of Richard Crookes as Director
- Resolution 4. Re-election of Martin Borda as Director

All Resolutions were unanimously passed by a show of hands, which complemented the extremely strong voting support from shareholders via valid proxy votes received prior to the AGM.

Audited Interim Report

The audit of the interim report will commence late February 2021 and will be released within the timeframe prescribed by ASX Listing Rules.

Capital Structure

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

- 298.26 million Ordinary Shares on issue;
- 37.25 million Unlisted Options on issue; and
- 12.5 million Share Appreciation Rights on Issue

Changes from the previous quarter was the issuing of 35 million Ordinary Shares as part of the December 2020 Capital Raise and the conversion of 250,000 Unlisted Options.

For further information, please contact:

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