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LITHIUMPOWER

INTERNATIONAL LTD

INTERIM REPORT

31 DECEMBER 2020

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Corporate Directory

DIRECTORS

Mr David R Hannon
Non-Executive Chairman

Mr Cristobal Garcia-Huidobro R
Managing Director and Chief Executive Officer

Mr Andrew G Phillips
Executive Director and Chief Financial Officer

Mr Richard A Crookes
Executive Director – Corporate Finance

Mr Reccared P Fertig
Non-Executive Director

Mr Russell C Barwick
Non-Executive Director

Mr Martin Jose Domingo Borda M
Non-Executive Director

COMPANY SECRETARY

Mr Andrew G Phillips

STOCK EXCHANGE LISTING

Lithium Power International Limited shares are listed on the Australian Securities Exchange (ASX code: **LPI**)

WEBSITE

www.lithiumpowerinternational.com

REGISTERED OFFICE

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Telephone: +61 2 9089 8723

Facsimile: +61 2 9276 1284

Website: www.lithiumpowerinternational.com

SHARE REGISTRY

Boardroom Pty Limited

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Telephone: +61 2 9290 9600

Facsimile: +61 2 9279 0664

Website: www.boardroomlimited.com.au

AUDITOR

Ernst & Young

The EY Centre

Level 34, 200 George Street, Sydney NSW 2000

Telephone: +61 2 9248 5555

Website: www.ey.com/au

SOLICITORS

Clarendon Lawyers

Level 29, 55 Collins Street, Melbourne VIC 3000

Telephone: + 61 3 8681 4400

Website: www.clarendonlawyers.com.au

Ashurst Australia

5 Martin Place, Sydney NSW 2000

Telephone: +61 2 9258 6000

Website: www.ashurst.com

BUSINESS OBJECTIVES

Lithium Power International Limited (“LPI”) is a pure play lithium development company. LPI’s primary focus is for the development of its lithium brine project in Chile. LPI has a clear path towards becoming Chile’s next low-cost, high-grade lithium producer.

CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Statement was approved by the Board of Directors at the same time as the 2020 Annual Report and can be found on our website at <https://lithiumpowerinternational.com/corporate-governance/>

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Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Lithium Power International Limited (referred to hereafter as the 'Company', 'LPI' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

DIRECTORS

The following persons were directors of Lithium Power International Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr David R Hannon – Non-Executive Chairman

Mr Cristobal Garcia-Huidobro R – Managing Director and Chief Executive Officer

Mr Andrew G Phillips – Executive Director and Chief Financial Officer

Mr Richard A Crookes – Executive Director – Corporate Finance

Mr Reccared P Fertig – Non-Executive Director

Mr Russell C Barwick – Non-Executive Director

Mr Martin Jose Domingo Borda M – Non-Executive Director

PRINCIPAL ACTIVITY

During the financial half-year, the principal continuing activity of the consolidated entity consisted of the identification, acquisition, exploration and development of lithium assets in Chile, Argentina and Australia.

REVIEW OF OPERATIONS

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to \$1,091,781 (31 December 2019: \$6,165,685).

CORPORATE

- In December 2020, LPI raised a total of A\$8 million from a share placement comprised of two tranches: a first tranche of A\$7.7 million (before costs) was raised from sophisticated and global institutional investors; and a second tranche of A\$0.3 million was raised from Directors, subject to Shareholder approval.
- The consolidated entity is now fully funded for the 2021 Maricunga project work program, as detailed below.

MARICUNGA JOINT VENTURE – CHILE

- The consolidated entity's main focus during the financial half year was to continue development of its flagship Maricunga Lithium Brine Project ('the Maricunga') through the Maricunga joint venture ('JV') company, Minera Salar Blanco S.A. (MSB).
- 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.
- Maricunga Stage One is now fully funded through the working program established for 2021.

- 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 for the re-sized project prepared by Worley and GEA Messo in accordance with JORC and NI 43-101 international standards.
- 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.
- The consolidated entity will continue to evaluate and progress alternative development plans for subsequent development stages with Codelco, potential other parties and the Chilean authorities.

CENTENARIO - ARGENTINA

- Due to COVID conditions in Argentina, no work was carried out on the Centenario project during this period.
- LPI is finalising a strategic relationship to unlock the project's value, with the expectation of an agreement in H1 2021.

WESTERN AUSTRALIA

- Due to COVID conditions, no work was carried out on the Western Australian projects during this period.
- Field work is to commence on the Greenbushes tenement in February 2021, adding to the field work completed during Q4 2019 & Q1 2020. This field work is expected to conclude by the end of Q1 2021. Subject to results, further field work will commence in Q2 2021.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL HALF-YEAR

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

The new field program for Stage One – Maricunga has commenced in February 2021 to update, re-size and optimise the revised development of the Old Code concessions. The program consists of 2,400m of drilling, along with sampling and hydraulic testing activities. Drilling contracts have been awarded to international companies Major Drilling and Andinor. All drilling equipment was mobilised to site during the week commencing 25 January 2021.

A field program commenced in the week commencing 8 February 2021, adding to the field work completed on the Greenbushes tenements in Q4 2019 and Q1 2020. Detailed laterite sampling and mapping is planned for the areas with elevated geochemistry, to identify the primary targets prior to drilling.

On 12 March 2021 the Company issued a Notice of Meeting for an Extraordinary General Meeting. To be held on 14 April 2021.

The Resolutions to be considered under the Notice of Meeting are to:

- (1) Ratify the issue of new shares under Tranche 1 of the placement for the purposes of ASX Listing Rule 7.1; and
- (2) Approve the issue of new shares to related parties under Tranche 2 of the placement.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration follows this directors' report.

This report is made in accordance with a resolution of directors.

On behalf of the directors



David R Hannon
Chairman

12 March 2021
Sydney

Auditor's independence declaration to the directors of Lithium Power International Limited

As lead auditor for the review of the half-year financial report of Lithium Power International Limited for the half-year ended 31 December 2020, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Lithium Power International Limited and the entities it controlled during the financial period.



Ernst & Young



Scott Nichols
Partner
Sydney
12 March 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2020

		CONSOLIDATED	
	Note	31 Dec 2020 \$	31 Dec 2019 \$
Revenue			
Share of losses of joint ventures accounted for using the equity method		(1,851,237)	(2,004,295)
Other income	4	296,328	–
Interest revenue calculated using the effective interest method		7,046	120,449
Expenses			
Employee benefits expense		(849,695)	(662,364)
Occupancy costs		(50,549)	(72,000)
Depreciation and amortisation expense		(4,083)	(5,135)
Legal and professional fees		(120,432)	(159,385)
Travel expense		(7,311)	(187,230)
Administration expense		(112,779)	(324,246)
Net foreign exchange gains/(losses)		1,658,310	(2,358,273)
Other expenses		(999)	(114,924)
Finance costs		(1,827)	(1,799)
Loss before income tax expense		(1,037,228)	(5,769,202)
Income tax expense		–	(277,271)
Loss after income tax expense from continuing operations		(1,037,228)	(6,046,473)
Loss after income tax expense from discontinued operations	5	(77,933)	(170,303)
Loss after income tax expense for the half-year		(1,115,161)	(6,216,776)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		159,733	(87,668)
Other comprehensive income for the half-year, net of tax		159,733	(87,668)
Total comprehensive income for the half-year		(955,428)	(6,304,444)
Loss for the half-year is attributable to:			
Non-controlling interest		(23,380)	(51,091)
Owners of Lithium Power International Limited		(1,091,781)	(6,165,685)
		(1,115,161)	(6,216,776)
Total comprehensive income for the half-year is attributable to:			
Continuing operations		–	–
Discontinued operations		21,301	(49,617)
Non-controlling interest		21,301	(49,617)
Continuing operations		(1,026,431)	(6,140,528)
Discontinued operations		49,702	(114,299)
Owners of Lithium Power International Limited		(976,729)	(6,254,827)
		(955,428)	(6,304,444)
		Cents	Cents
Earnings per share for loss from continuing operations attributable to the owners of Lithium Power International Limited			
Basic earnings per share	17	(0.39)	(2.30)
Diluted earnings per share	17	(0.39)	(2.30)
Earnings per share for loss from discontinued operations attributable to the owners of Lithium Power International Limited			
Basic earnings per share	17	(0.02)	(0.05)
Diluted earnings per share	17	(0.02)	(0.05)
Earnings per share for loss attributable to the owners of Lithium Power International Limited			
Basic earnings per share	17	(0.41)	(2.35)
Diluted earnings per share	17	(0.41)	(2.35)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Financial Statements

for the half-year ended 31 December 2020

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

		CONSOLIDATED	
	Note	31 Dec 2020 \$	30 Jun 2020 \$
Assets			
Current assets			
Cash and cash equivalents		11,070,186	7,141,558
GST and other receivables		61,601	74,708
Income tax refund due		–	32
Other		178,096	175,477
Assets of disposal groups classified as held for sale	6	11,309,883 206,010	7,391,775 –
Total current assets		11,515,893	7,391,775
Non-current assets			
Investments accounted for using the equity method	7	27,961,599	25,074,882
Property, plant and equipment		22,357	26,440
Exploration and evaluation	8	3,928,884	4,199,446
Total non-current assets		31,912,840	29,300,768
Total assets		43,428,733	36,692,543
Liabilities			
Current liabilities			
Trade and other payables	9	235,251	293,767
Employee benefits		42,238	42,238
Liabilities directly associated with assets classified as held for sale	10	277,489 6,501	336,005 –
Total current liabilities		283,990	336,005
Total liabilities		283,990	336,005
Net assets		43,144,743	36,356,538
Equity			
Issued capital	11	76,812,542	69,612,965
Reserves	12	8,623,523	7,964,415
Accumulated losses		(42,125,546)	(41,033,765)
Equity attributable to the owners of Lithium Power International Limited		43,310,519	36,543,615
Non-controlling interest		(165,776)	(187,077)
Total equity		43,144,743	36,356,538

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2020

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2019	69,512,965	7,202,147	(28,061,588)	(153,829)	48,499,695
Loss after income tax expense for the half-year	–	–	(6,165,685)	(51,091)	(6,216,776)
Other comprehensive income for the half-year, net of tax	–	(89,142)	–	1,474	(87,668)
Total comprehensive income for the half-year	–	(89,142)	(6,165,685)	(49,617)	(6,304,444)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments	–	118,500	–	–	118,500
Balance at 31 December 2019	69,512,965	7,231,505	(34,227,273)	(203,446)	42,313,751
Balance at 1 July 2020	69,612,965	7,964,415	(41,033,765)	(187,077)	36,356,538
Loss after income tax expense for the half-year	–	–	(1,091,781)	(23,380)	(1,115,161)
Other comprehensive income for the half-year, net of tax	–	115,052	–	44,681	159,733
Total comprehensive income for the half-year	–	115,052	(1,091,781)	21,301	(955,428)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 11)	7,199,577	–	–	–	7,199,577
Share-based payments	–	544,056	–	–	544,056
Balance at 31 December 2020	76,812,542	8,623,523	(42,125,546)	(165,776)	43,144,743

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Financial Statements

for the half-year ended 31 December 2020

STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2020

	CONSOLIDATED	
	31 Dec 2020 \$	31 Dec 2019 \$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(785,358)	(1,359,153)
Interest received	27,927	120,449
Interest and other finance costs paid	(11,134)	(12,370)
Income taxes refunded	8	97,549
Net cash used in operating activities	(768,557)	(1,153,525)
Cash flows from investing activities		
Payments for additional investment in the Maricunga Joint Venture	(2,604,418)	(3,248,503)
Payments for exploration and evaluation	(54,244)	(1,208,000)
Proceeds from disposal of investment in shares	458,828	–
Net cash used in investing activities	(2,199,834)	(4,456,503)
Cash flows from financing activities		
Proceeds from issue of shares	7,750,000	–
Share issue transaction costs	(550,423)	–
Net cash from financing activities	7,199,577	–
Net increase/(decrease) in cash and cash equivalents	4,231,186	(5,610,028)
Cash and cash equivalents at the beginning of the financial half-year	7,141,558	15,341,488
Effects of exchange rate changes on cash and cash equivalents	(280,174)	(1,870)
Cash and cash equivalents at the end of the financial half-year	11,092,570	9,729,590

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

31 December 2020

NOTE 1. GENERAL INFORMATION

The financial statements cover Lithium Power International Limited as a consolidated entity consisting of Lithium Power International Limited ('Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year (collectively referred to as the 'consolidated entity'). The financial statements are presented in Australian dollars, which is Lithium Power International Limited's functional currency and the consolidated entity's presentation currency.

Lithium Power International Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

**Level 7, 151 Macquarie Street
Sydney NSW 2000**

A description of the nature of the consolidated entity's operations and its principal activity are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 12 March 2021.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

NOTE 3. OPERATING SEGMENTS

IDENTIFICATION OF REPORTABLE OPERATING SEGMENTS

The consolidated entity is organised into one operating segment, being the exploration and evaluation of early stage lithium resources. This is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The operating segment information is the same information as provided throughout the financial statements and therefore not duplicated.

Notes to the Financial Statements

31 December 2020

NOTE 4. OTHER INCOME

	CONSOLIDATED	
	31 Dec 2020	31 Dec 2019
	\$	\$
Net gain on disposal of shares in Carnaby Resources Ltd	296,328	–

On 15 July 2020 the consolidated entity completed a sales transaction with Carnaby Resources Ltd (ASX: CNB) ('Carnaby') with respect to its the Strelley tenement, E45/4638, in the north of Western Australia. The consolidated entity received 1,250,000 fully paid CNB ordinary shares as consideration for the sale, with a fair value to \$0.13 per share at the date of sale. No gain or loss was recognised on disposal of the Strelley tenement. In addition to receiving CNB shares the consolidated entity will also receive a 1% Net Smelter Return royalty for any gold produced from the tenement by Carnaby and the consolidated entity retains all mineral rights for lithium, caesium, tantalum and tin contained within the tenement.

The consolidated entity subsequently sold all CNB shares at various dates during the half-year ended 31 December 2020.

NOTE 5. DISCONTINUED OPERATIONS

DESCRIPTION

The consolidated entity is currently looking to divest its interest in Lithium Power S.A. (Argentina) and is actively seeking potential acquirers.

FINANCIAL PERFORMANCE INFORMATION

	CONSOLIDATED	
	31 Dec 2020	31 Dec 2019
	\$	\$
Interest revenue calculated using the effective interest method	20,881	–
Legal and professional fees	(26,227)	(43,633)
Administration expenses	(3,688)	(5,193)
Net foreign exchange losses	(59,196)	(110,352)
Other expenses	(396)	(554)
Finance costs	(9,307)	(10,571)
Total expenses	(98,814)	(170,303)
Loss before income tax expense	(77,933)	(170,303)
Income tax expense	–	–
Loss after income tax expense from discontinued operations	(77,933)	(170,303)

NOTE 6. CURRENT ASSETS - ASSETS OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

	CONSOLIDATED	
	31 Dec 2020 \$	30 Jun 2020 \$
Cash and cash equivalents	22,384	–
Other receivables	50,864	–
Income tax receivable	24	–
Other current assets	29,087	–
Exploration and evaluation	103,651	–
	206,010	–

Refer to note 5 for details of disposal groups classified as held for sale.

NOTE 7. NON-CURRENT ASSETS - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	CONSOLIDATED	
	31 Dec 2020 \$	30 Jun 2020 \$
Investment	27,961,599	25,074,882

RECONCILIATION:

Reconciliation of the carrying amounts at the beginning and end of the financial period are set out below:

Opening carrying amount at 1 July 2020	25,074,882
Share of loss after tax	(1,851,237)
Additional investment	2,604,418
Foreign exchange difference	2,133,536
Closing carrying amount at 31 December 2020	27,961,599

The consolidated entity, through the Company's subsidiary entity Lithium Power Inversiones Chile S.p.A ('LPI Chile'), has a 51.43% (30 June 2020: 51%) interest in the Maricunga Lithium Brine Project in Chile (the Maricunga Joint Venture ('JV')). The JV is constituted by the JV Shareholder Agreement of the Joint Venture Company, Minera Salar Blanco S.A. ('MSB'). The consolidated entity's interest in MSB is deemed to be a joint venture pursuant to accounting standards as the appointment of MSB's directors and the allocation of voting rights for key business decisions requires the unanimous approval of its venturers.

The funds contributed by the consolidated entity to date (US\$36.4 million) have been used by MSB to acquire additional tenements and to fund the exploration and development of the Maricunga Lithium Brine Project to the Definitive Feasibility Study ('DFS') stage (DFS issued during January 2019).

During the financial half-year ended 31 December 2020, the MSB JV partners, LPI Chile and Minera Blanco, contributed to 2 separate capital calls. The consolidated entity's pro rata share of the capital calls was US\$1,866,317 (AUD\$2,604,418) in total, comprising of:

- (i) US\$1,530,001 paid on 4 November for LPI's pro rata share of the US\$3,000,000 MSB capital call; and
- (ii) US\$336,316 paid between 30 October 2020 and 7 December 2020 for Bearing Lithium's pro rata share of the capital call in return for 0.43% of MSB (from 51% to 51.43%)*.

* As part of the above calls, the MSB JV partners contributed capital, on a pro rata basis, that was owing by the third JV partner, Bearing Lithium, in relation to their share of the capital call. The ownership interest of the consolidated entity increased from 51% to 51.43%.

Notes to the Financial Statements

31 December 2020

NOTE 8. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION

	CONSOLIDATED	
	31 Dec 2020	30 Jun 2020
	\$	\$
Exploration and evaluation expenditures – at cost	3,928,884	4,199,446

Capitalised exploration and evaluation expenditures are comprised of the costs incurred to acquire the consolidated entity's lithium tenements in Western Australia and Argentina and exploration and evaluation activities incurred to date.

NOTE 9. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	31 Dec 2020	30 Jun 2020
	\$	\$
Trade payables	186,182	209,623
Accrued expenses	49,069	84,144
	235,251	293,767

NOTE 10. CURRENT LIABILITIES – LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

	CONSOLIDATED	
	31 Dec 2020	30 Jun 2020
	\$	\$
Trade payables	3,615	–
Accrued expenses	2,886	–
	6,501	–

NOTE 11. EQUITY – ISSUED CAPITAL

	CONSOLIDATED			
	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020
	Shares	Shares	\$	\$
Ordinary shares – fully paid	298,263,903	263,013,903	76,812,542	69,612,965

MOVEMENTS IN ORDINARY SHARE CAPITAL

Details	Date	Shares	Issue price	\$
Balance	1 July 2020	263,013,903		69,612,965
Issue of shares	16 December 2020	35,000,000	\$0.2200	7,700,000
Issue of shares on exercise of options	22 December 2020	250,000	\$0.2000	50,000
Less issue costs net of taxation		–	\$0.0000	(550,423)
Balance	31 December 2020	298,263,903		76,812,542

ORDINARY SHARES

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

NOTE 12. EQUITY – RESERVES

	CONSOLIDATED	
	31 Dec 2020	30 Jun 2020
	\$	\$
Foreign currency reserve	598,757	483,705
Share-based payments reserve	3,542,755	2,998,699
Options reserve	3,198,553	3,198,553
Other reserve	1,283,458	1,283,458
	8,623,523	7,964,415

FOREIGN CURRENCY RESERVE

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

SHARE-BASED PAYMENTS RESERVE

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

OPTIONS RESERVE

The reserve is used to recognise the value of equity benefits provided to shareholders who receive a one for one attaching option for each share acquired in the Company.

OTHER RESERVE

This reserve is used to recognise the difference between the fair value of consideration received and the fair value of the net assets and foreign currency translation reserve transferred to non-controlling interests.

MOVEMENTS IN RESERVES

Movements in each class of reserve during the current financial half-year are set out below:

CONSOLIDATED	Foreign currency \$	Share-based payments \$	Options \$	Other \$	Total
Balance at 1 July 2020	483,705	2,998,699	3,198,553	1,283,458	7,964,415
Foreign currency translation	115,052	–	–	–	115,052
Share-based payments	–	544,056	–	–	544,056
Balance at 31 December 2020	598,757	3,542,755	3,198,553	1,283,458	8,623,523

Notes to the Financial Statements

31 December 2020

NOTE 13. EQUITY – DIVIDENDS

There were no dividends paid, recommended or declared during the current or previous financial half-year.

NOTE 14. FAIR VALUE MEASUREMENT

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

NOTE 15. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2020 and 30 June 2020.

NOTE 16. RELATED PARTY TRANSACTIONS

PARENT ENTITY

Lithium Power International Limited is the parent entity.

TRANSACTIONS WITH RELATED PARTIES

The following transactions occurred with related parties:

	CONSOLIDATED	
	31 Dec 2020	31 Dec 2019
	\$	\$
Payment for goods and services:		
Rental expense paid to director related entity	45,000	72,000

RECEIVABLE FROM AND PAYABLE TO RELATED PARTIES

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

LOANS TO/FROM RELATED PARTIES

There were no loans to or from related parties at the current and previous reporting date.

TERMS AND CONDITIONS

All transactions were made on normal commercial terms and conditions and at market rates.

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Notes to the Financial Statements

31 December 2020

NOTE 17. EARNINGS PER SHARE (CONTINUED)

	CONSOLIDATED	
	31 Dec 2020	31 Dec 2019
	\$	\$
EARNINGS PER SHARE FOR LOSS		
Loss after income tax	(1,115,161)	(6,216,776)
Non-controlling interest	23,380	51,091
Loss after income tax attributable to the owners of Lithium Power International Limited	(1,091,781)	(6,165,685)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	266,070,969	262,513,903
Weighted average number of ordinary shares used in calculating diluted earnings per share	266,070,969	262,513,903
	Cents	Cents
Basic earnings per share	(0.41)	(2.35)
Diluted earnings per share	(0.41)	(2.35)

37,256,668 (31 December 2019: 45,006,668) options (listed and non-listed) on issue have been excluded from the weighted average number of ordinary shares used in calculating diluted earnings per share as they are considered anti-dilutive.

NOTE 18. EVENTS AFTER THE REPORTING PERIOD

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

The new field program for Stage One – Maricunga has commenced in February 2021 to update, re-size and optimise the revised development of the Old Code concessions. The program consists of 2,400m of drilling, along with sampling and hydraulic testing activities. Drilling contracts have been awarded to international companies Major Drilling and Andinor. All drilling equipment was mobilised to site during the week commencing 25 January 2021.

A field program commenced in the week commencing 8 February 2021, adding to the field work completed on the Greenbushes tenements in Q4 2019 and Q1 2020. Detailed laterite sampling and mapping is planned for the areas with elevated geochemistry, to identify the primary targets prior to drilling.

On 12 March 2021 the Company issued a Notice of Meeting for an Extraordinary General Meeting. To be held on 14 April 2021.

The Resolutions to be considered under the Notice of Meeting are to:

- (1) Ratify the issue of new shares under Tranche 1 of the placement for the purposes of ASX Listing Rule 7.1; and
- (2) Approve the issue of new shares to related parties under Tranche 2 of the placement.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



David R Hannon

Chairman

12 March 2021

Sydney

Independent auditor's review report to the members of Lithium Power International Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Lithium Power International Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2020 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Ernst & Young



Scott Nichols
Partner
Sydney
12 March 2021

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