

ASX RELEASE

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**MARICUNGA LITHIUM BRINE JV
UPDATE ON CODELCO PARTNERING PROCESS**

- **LPI is the most advanced company in lithium development in the Maricunga salar, progressing with the project PFS for 4Q17 and having recently significantly expanded the project resource**
- **LPI has old mining code properties, which allow for the immediate exploitation of lithium**
- **The winner of the partnership with Codelco is required to expand their property holding in the Maricunga salar, via acquisition making LPI an obvious target partner**

Lithium Power International Limited (ASX: LPI) (“LPI” or “the Company”) wishes to provide an update on the tender process being conducted by Codelco for properties it holds in the south of the Maricunga salar, in northern Chile.

Codelco partner selection process

In late 2016 the government of Chile announced that Codelco would seek a partner for development of lithium assets held by that state-owned company in the south of the Maricunga salar (salt lake) and in the adjacent Pedernales salar.

LPI, through the Maricunga Joint Venture Company Minera Salar Blanco (“MSB”) prepared a submission to participate in the selection process and was accepted to the “short list” of companies for the second stage of selection.

Documentation required for the second stage of the selection process contained a number of restrictive conditions which prevent the MSB from advancing with the current project assessment and development. Consequently, as Codelco has declined to modify these conditions, MSB made the decision not to proceed with the second stage of the selection process.

The clauses formulated by Codelco for participation in the second stage of the selection are complex. One of the conditions is that Codelco’s selected partner must have, or guarantee the acquisition, of at least 2,000 hectares of properties in the Maricunga salar.

MSB is the most advanced party and one of only two parties having this area of properties, with a total property holding of 2,563 hectares. These properties are in the core of the salar, where drilling has confirmed they have excellent lithium values and porosity and permeability characteristics. In contrast the properties held by Codelco are further south in the salar, with lower lithium concentrations.

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Major international companies that participated in the tender process include Albemarle, one of two major lithium producers in Chile and other international companies such as Posco and Mitsui. Albemarle has been mentioned in the Chilean news media today 15th August 2017 as the potential front-runner, due to their history of operating in Chile. They have publicly stated that they are interested in new acquisitions.

Lithium Power International's Chief Executive Officer, Martin Holland, commented:

"Although LPI has decided not to participate in the second stage of the Codelco partnership process this does not affect the company's plans. Prior to announcement of the Codelco process LPI had a clear development plan, delivering a substantial resource upgrade in July and progressing with the project PFS for delivery in 4Q17. The project contains sufficient resources for a competitively sized lithium carbonate plant and the JV owns old mining code properties in the north of the salar that allow for lithium exploitation, unlike for other property owners."

"Indeed, the requirement that the successful partner to Codelco must guarantee the acquisition of at least 2,000 hectares of properties puts LPI in an unrivalled position for project development, as the most advanced company in the salar".

For further information, please view the below link which was released in the Chilean press today in Spanish.

<http://www.mch.cl/2017/08/14/codelco-se-vera-obligado-negociar-sqm-martin-borda-explotar-litio-maricunga/#>

Maricunga JV Background

The Maricunga JV is 50%-owned by LPI. The project is regarded by LPI management as one of the highest quality undeveloped pre-production lithium brine project globally, with a very high lithium grade and strong flow rates. The company completed a substantial JORC compliant resource estimate in July 2017, based on results of the drilling & pump testing program, with the project progressing to a PFS in 4Q17. The reader is referred to the announcement by LPI on 12th July 2017 for details of the resource.

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