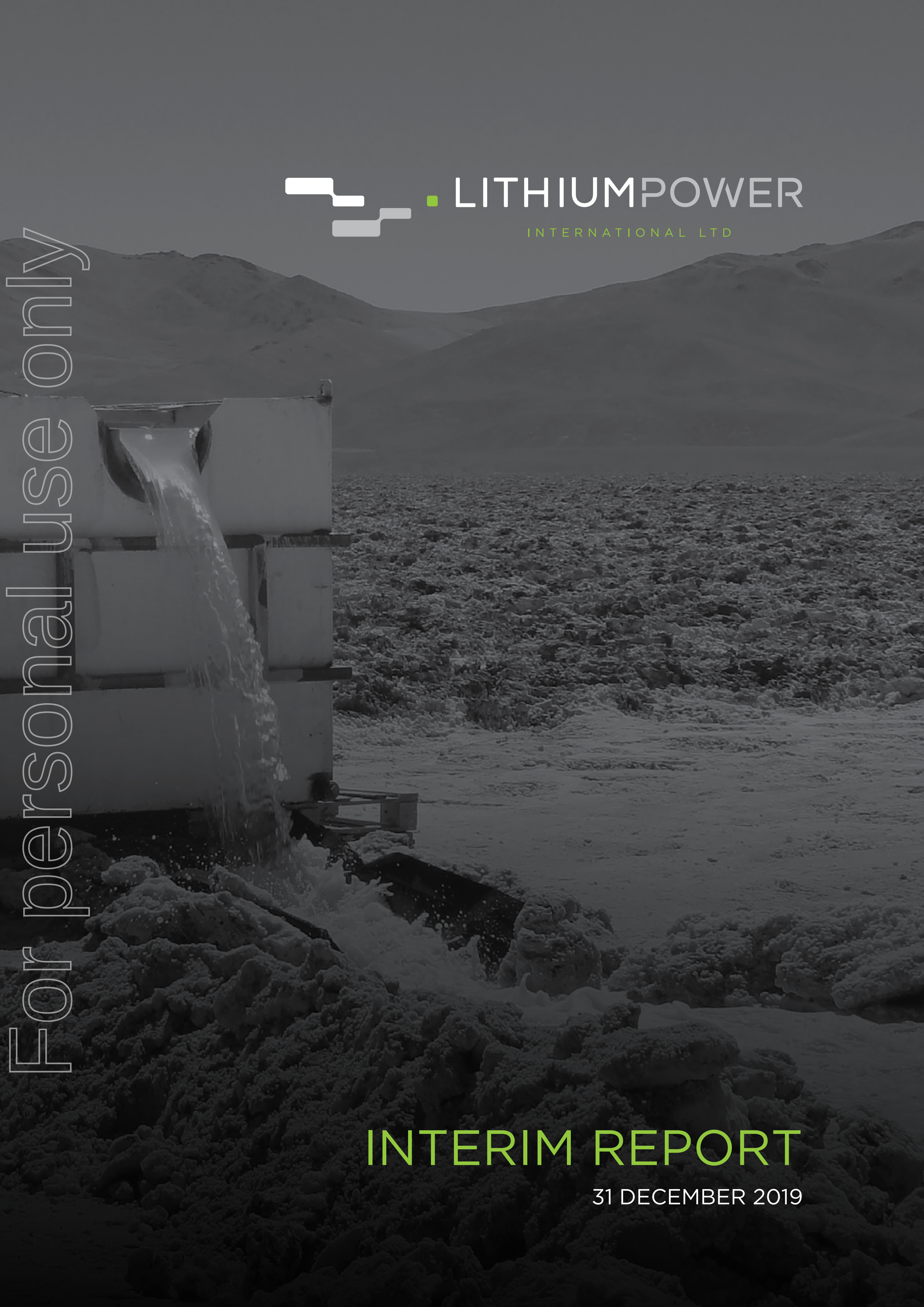

LITHIUM POWER
INTERNATIONAL LTD

INTERIM REPORT

31 DECEMBER 2019

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

Level 7, 151 Macquarie Street, Sydney NSW 2000

Telephone: +61 2 9089 8723
Facsimile: +61 2 9276 1284
Website: **www.lithiumpowerinternational.com**

SHARE REGISTRY

Boardroom Pty Limited
Level 12, 225 George Street, Sydney NSW 2000

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 Chiles 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 2019 Annual Report and can be found on our website at https://lithiumpowerinternational.com/corporate-governance/

Contents

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 2019.

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 $6,165,685 (31 December 2018: $7,851,694).

Significant milestones occurred in the development of the Maricunga Lithium Brine Project in Chile during the financial half-year included:

MARICUNGA JOINT VENTURE – CHILE

- During the financial half-year, the consolidated entity's main focus was, through the Maricunga joint venture ('JV') company, Minera Salar Blanco S.A. ('MSB'), to continue the development of its flagship Maricunga Lithium Brine Project ('the Maricunga').
- A non-binding Memorandum of Understanding ('MOU') was entered into with the Chilean State-owned mining company, Codelco. The MOU sets out the basic terms to jointly develop the Maricunga salar lithium project. The MOU is currently progressing through its Due Diligence stage.
- LPI and MSB continued to work with the Chilean government services to progress the Maricunga's Environmental Impact Assessment. On 4 February 2020, MSB received environmental approval for the Maricunga Project following a 15-month review process.
- Discussions have advanced with a number of well-established companies regarding product off-take agreements and project finance for the construction of the project.
- In-depth discussions with a number of competing international engineering Contractors for the EPC bidding process continued throughout the last quarter of 2019.
- US$1 million was advanced to MSB in December as part of the Company's US$1.3 million pro rata share of a capital call from MSB due to be made in January 2020.

CENTENARIO – ARGENTINA

- Early stage discussions commenced to engage with a third party company to jointly develop the Centenario lithium brine project.
- Further geophysical data was collected over the project which shows the basin within the properties reaches a depth of approximately 500 metres.

GREENBUSHES – WESTERN AUSTRALIA

- Ministerial approval was received for an Environmental Management Plan for exploration activities in the Western Australian State Forests, encompassed in the Greenbushes project.
- An initial program has been conducted with 174 laterite and soil samples taken in the forestry areas. This data was used to update the geological map for the area.
- A survey was also undertaken for the mapping of vegetation types in the area and for identification of fauna types, to comply with the Management Plan.
- Agreements have been reached with two separate native title holders that cover the area which will allow the plan of works to commence.

TABBA TABBA – WESTERN AUSTRALIA

- 31 holes were drilled for 3,081 metres, targeting mapped pegmatites in greenstone belts on the property.
- Drilling returned maximum values of 0.47% Li_2O.
- Exploration was suspended with the seasonal high temperatures prohibiting safe field work. This area will be reassessed in the future for new possible targets.

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

On 4 February 2020, MSB received environmental approval for the Maricunga Project following a 15-month review process. The Environmental Impact Assessment ('EIA') was initially submitted to the Chilean Environmental Authority, Servicio de Evaluación Ambiental ('SEA'), in September 2018 and was the result of more than two years of field and desk work.

The Company will now focus on finalising the financial structuring for the construction of the project.

A capital call was made by MSB in January 2020, with the Company's pro rata share being US$1.3m. The US$1m advance made to MSB in December 2019, was assigned to this capital call, with LPI and the other two shareholders in MSB fully paying each of their capital call contributions in January 2020.

No other matter or circumstance has arisen since 31 December 2019 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

10 March 2020, Sydney

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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 2019, 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
10 March 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2019

		CONSOLIDATED	
		31 Dec 2019	**31 Dec 2018**
	Note	$	$
Revenue			
Share of losses of joint ventures accounted for using the equity method		**(2,004,295)**	(6,573,167)
Interest revenue calculated using the effective interest method		**120,449**	119,472
Expenses			
Employee benefits expense		**(662,364)**	(1,310,674)
Occupancy costs		**(72,000)**	(61,772)
Depreciation and amortisation expense		**(5,135)**	(1,940)
Legal and professional fees		**(203,018)**	(285,487)
Travel expense		**(187,230)**	(113,450)
Administration expense		**(329,439)**	(209,739)
Net foreign exchange (losses)/gains		**(2,468,626)**	733,165
Other expenses		**(115,477)**	(14,686)
Finance costs		**(12,370)**	(20,945)
Loss before income tax expense		**(5,939,505)**	(7,739,223)
Income tax expense		**(277,271)**	(144,720)
Loss after income tax expense for the half-year		**(6,216,776)**	(7,883,943)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		**(87,668)**	60,894
Other comprehensive income for the half-year, net of tax		**(87,668)**	60,894
Total comprehensive income for the half-year		**(6,304,444)**	(7,823,049)
Loss for the half-year is attributable to:			
Non-controlling interest		**(51,091)**	(32,249)
Owners of Lithium Power International Limited		**(6,165,685)**	(7,851,694)
		(6,216,776)	(7,883,943)
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		**(49,617)**	(12,103)
Owners of Lithium Power International Limited		**(6,254,827)**	(7,810,946)
		(6,304,444)	(7,823,049)

		Cents	Cents
Basic earnings per share	13	**(2.35)**	(3.00)
Diluted earnings per share	13	**(2.35)**	(3.00)

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

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	CONSOLIDATED 31 Dec 2019 $	30 Jun 2019 $
Assets			
Current assets			
Cash and cash equivalents		**9,729,590**	15,341,488
GST receivable		**87,618**	125,239
Income tax refund due		**37**	67,783
Other		**197,031**	116,117
Total current assets		**10,014,276**	15,650,627
Non-current assets			
Investments accounted for using the equity method	4	**28,796,320**	30,124,002
Property, plant and equipment		**135,071**	147,906
Exploration and evaluation	5	**4,093,805**	2,885,805
Total non-current assets		**33,025,196**	33,157,713
Total assets		**43,039,472**	48,808,340
Liabilities			
Current liabilities			
Trade and other payables	6	**349,229**	250,374
Income tax		**273,086**	–
Employee benefits		**69,418**	58,271
Total current liabilities		**691,733**	308,645
Non-current liabilities			
Deferred tax		**33,988**	–
Total non-current liabilities		**33,988**	–
Total liabilities		**725,721**	308,645
Net assets		**42,313,751**	48,499,695
Equity			
Issued capital	7	**69,512,965**	69,512,965
Reserves	8	**7,231,505**	7,202,147
Accumulated losses		**(34,227,273)**	(28,061,588)
Equity attributable to the owners of Lithium Power International Limited		**42,517,197**	48,653,524
Non-controlling interest		**(203,446)**	(153,829)
Total equity		**42,313,751**	48,499,695

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 2019

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Non-controlling interest $	Total equity $
Balance at 1 July 2018	69,512,965	6,573,498	(17,907,149)	(110,726)	58,068,588
Loss after income tax expense for the half-year	–	–	(7,851,694)	(32,249)	(7,883,943)
Other comprehensive income for the half-year, net of tax	–	40,748	–	20,146	60,894
Total comprehensive income for the half-year	–	40,748	(7,851,694)	(12,103)	(7,823,049)
Transactions with owners in their capacity as owners:					
Adjustment to share issue costs in respect of previous period	(921)	–	–	–	(921)
Share-based payments	–	576,600	–	–	576,600
Balance at 31 December 2018	**69,512,044**	**7,190,846**	**(25,758,843)**	**(122,829)**	**50,821,218**
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)
Transactions with owners in their capacity as owners:					
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**

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

STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2019

	CONSOLIDATED	
	31 Dec 2019 $	**31 Dec 2018** $
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	**(1,359,153)**	(549,212)
Interest received	**120,449**	119,472
Interest and other finance costs paid	**(12,370)**	(20,945)
Income taxes refunded	**97,549**	–
Income taxes paid	**–**	(1,253)
Net cash used in operating activities	**(1,153,525)**	(451,938)
Cash flows from investing activities		
Payments for additional investment in the Maricunga Joint Venture	**(3,248,503)**	(5,296,978)
Payments for exploration and evaluation	**(1,208,000)**	(486,014)
Net cash used in investing activities	**(4,456,503)**	(5,782,992)
Net cash from financing activities	**–**	–
Net decrease in cash and cash equivalents	**(5,610,028)**	(6,234,930)
Cash and cash equivalents at the beginning of the financial half-year	**15,341,488**	23,364,477
Effects of exchange rate changes on cash and cash equivalents	**(1,870)**	2,547
Cash and cash equivalents at the end of the financial half-year	**9,729,590**	17,132,094

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

Notes to the Financial Statements

31 December 2019

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 10 March 2020.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 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 2019 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.

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

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

INTERPRETATION 23 UNCERTAINTY OVER INCOME TAX

The consolidated entity has adopted Interpretation 23 from 1 July 2019. The interpretation clarifies how to apply the recognition and measurement requirements of AASB 112 'Income Taxes' in circumstances where uncertain tax treatments exists. The interpretation requires: the consolidated entity to determine whether each uncertain tax treatment should be treated separately or together, based on which approach better predicts the resolution of the uncertainty; the consolidated entity to consider whether it is probable that a taxation authority will accept an uncertain tax treatment; and if the consolidated entity concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates, measuring the tax uncertainty based on either the most likely amount or the expected value. In making the assessment it is assumed that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations. Interpretation 23 was adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact of adoption on opening accumulated losses as at 1 July 2019.

AASB 16 LEASES

The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The adoption of AASB 16 'Leases' did not have any significant impact on the financial performance or position of the consolidated entity during the financial half-year ended 31 December 2019 and is not expected to have any significant impact for the full financial year ending 30 June 2020. As at 1 July 2019 and during the half-year ended 31 December 2019, the consolidated entity had one short-term lease agreement and elected not to apply the recognition and measurement requirements of AASB 16.

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.

NOTE 4. NON-CURRENT ASSETS - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investment	**28,796,320**	30,124,002
Reconciliation		
Reconciliation of the carrying amounts at the beginning and end of the current and previous financial period are set out below:		
Opening carrying amount at 1 July 2019	**30,124,002**	
Share of loss after tax	**(2,004,295)**	
Additional investment	**3,248,503**	
Foreign exchange difference	**(2,571,890)**	
Closing carrying amount at 31 December 2019	**28,796,320**	

The consolidated entity, through the Company's subsidiary entity Lithium Power Inversiones Chile S.p.A ('LPI Chile'), has a 51% (30 June 2019: 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$33.3 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 2019, all MSB shareholders contributed to a capital call. The consolidated entity's pro rata share of the total capital call was US$1.3m.

In addition, on 11 December 2019, an advance of $1.5m (US$1.0m) was made to the JV, which represented part payment of a capital call made by MSB in January 2020. The consolidated entity's pro rata share of the total capital call was US$1.3m. The consolidated entity's remaining share of the capital call was paid in January 2020 and the other two shareholders in MSB fully paid each of their capital call contributions during the same period.

NOTE 5. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION

	CONSOLIDATED	
	31 Dec 2019 $	**30 Jun 2019** $
Exploration and evaluation expenditures – at cost	**4,093,805**	2,885,805

Reconciliation

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

	Exploration & evaluation expenditures $
Balance at 1 July 2019	**2,885,805**
Additions	**1,208,000**
Balance at 31 December 2019	**4,093,805**

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 6. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	31 Dec 2019 $	**30 Jun 2019** $
Trade payables	**213,139**	225,017
Accrued expenses	**136,090**	25,357
Closing carrying amount	**349,229**	250,374

NOTE 7. EQUITY – ISSUED CAPITAL

	CONSOLIDATED			
	31 Dec 2019 Shares	30 Jun 2019 Shares	31 Dec 2019 $	30 Jun 2019 $
Ordinary shares – fully paid	**262,513,903**	262,513,903	**69,512,965**	69,512,965

ORDINARY SHARES

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. 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 8. EQUITY – RESERVES

	CONSOLIDATED	
	31 Dec 2019 $	30 Jun 2019 $
Foreign currency reserve	**389,469**	478,611
Share-based payments reserve	**2,360,025**	2,241,525
Options reserve	**3,198,553**	3,198,553
Other reserve	**1,283,458**	1,283,458
	7,231,505	7,202,147

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 an 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 2019	**478,611**	2,241,525	**3,198,553**	1,283,458	7,202,147
Foreign currency translation	**(89,142)**	–	**–**	–	(89,142)
Share-based payments	**–**	118,500	**–**	–	118,500
Balance at 31 December 2019	**389,469**	2,360,025	**3,198,553**	1,283,458	7,231,505

NOTE 9. EQUITY – DIVIDENDS

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

NOTE 10. 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 11. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2019 and 30 June 2019.

NOTE 12. 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 2019 $	31 Dec 2018 $
Payment for goods and services:		
Payment for services from key management personnel	**72,000**	54,000

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.

NOTE 13. EARNINGS PER SHARE

	CONSOLIDATED	
	31 Dec 2019 $	31 Dec 2018 $
Loss after income tax	**(6,216,776)**	(7,883,943)
Non-controlling interest	**51,091**	32,249
Loss after income tax attributable to the owners of Lithium Power International Limited	**(6,165,685)**	(7,851,694)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	**262,513,903**	261,920,390
Weighted average number of ordinary shares used in calculating diluted earnings per share	**262,513,903**	261,920,390
	Cents	Cents
Basic earnings per share	**(2.35)**	(3.00)
Diluted earnings per share	**(2.35)**	(3.00)

45,006,668 (31 December 2018: 74,835,615) 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 14. EVENTS AFTER THE REPORTING PERIOD

On 4 February 2020, MSB received environmental approval for the Maricunga Project following a 15-month review process. The Environmental Impact Assessment ('EIA') was submitted to the Chilean Environmental Authority, Servicio de Evaluación Ambiental ('SEA'), in September 2018 and was the result of more than two years of field and desk work.

The Company will now focus on finalising the financial structuring for the construction of the project.

A capital call was made by MSB in January 2020, with the Company's pro rata share being US$1.3m. The US$1m advance made to MSB in December 2019, was assigned to this capital call, with LPI and the other two shareholders in MSB fully paying each of their capital call contributions.

No other matter or circumstance has arisen since 31 December 2019 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 2019 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 295(5)(a) of the Corporations Act 2001.

On behalf of the directors.

David R Hannon
Chairman
10 March 2020
Sydney

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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 2019, the statement of profit and 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 summary 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 2019 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 2019 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.

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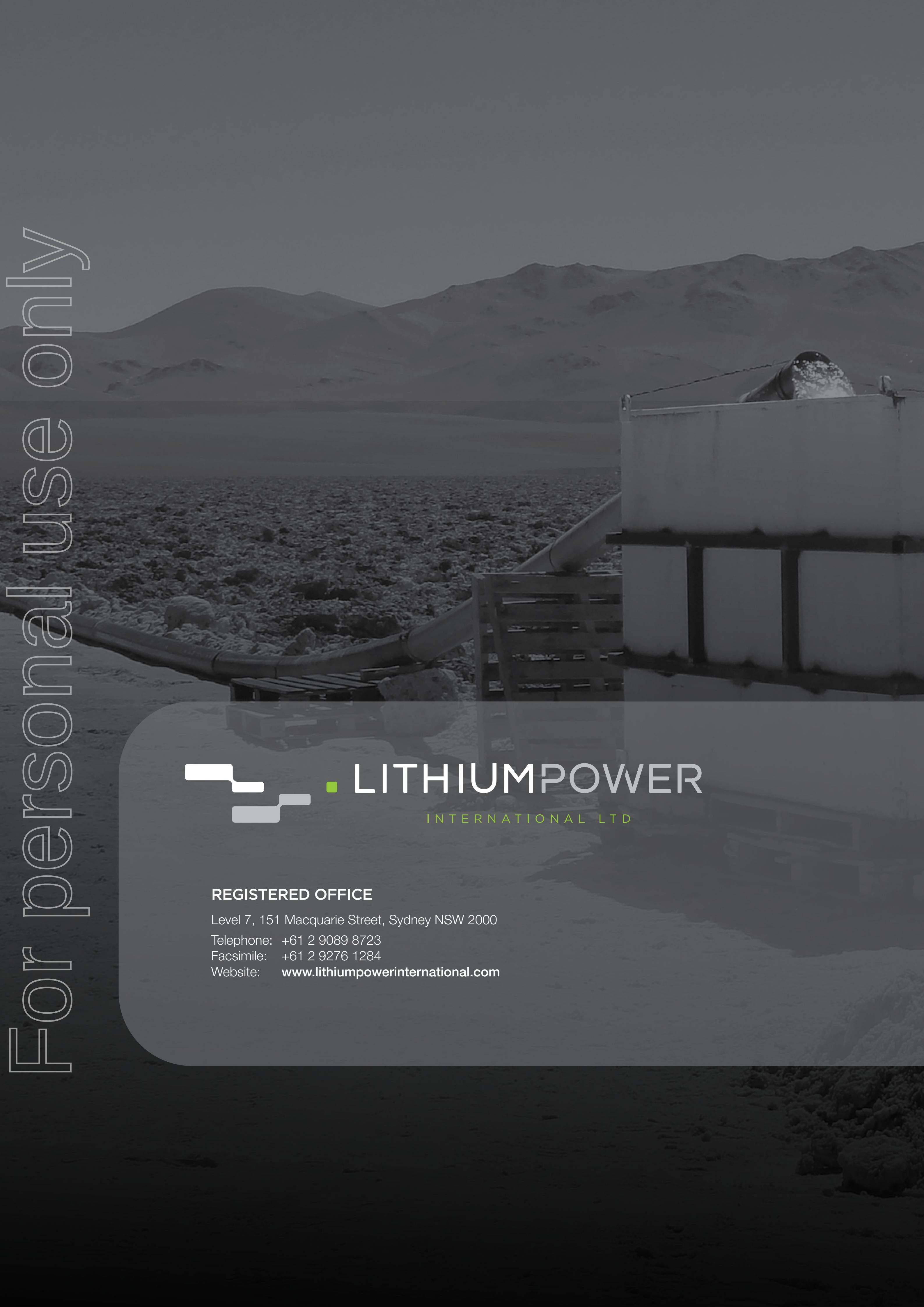
Independence

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

Ernst & Young

Scott Nichols
Partner
Sydney
10 March 2020



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