MEDIA RELEASE

LPI.AX

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LITHIUM POWER ENTERS AGREEMENT TO DEVELOP WORLD-CLASS MARICUNGA LITHIUM BRINE PROJECT IN CHILE

Highlights:

- **Lithium Power enters into a binding and exclusive agreement with Minera Salar Blanco regarding a joint venture to develop the world-class Maricunga lithium brine project**
- **Maricunga is regarded as the highest quality pre-production lithium project in Chile – with characteristics comparable to the world-leading Atacama lithium brine deposit**
- **Maricunga has an initial measured resource of 574,064 tonnes of lithium carbonate, and 1.5 million tonnes of potash, with a 20+ year expected mine life (at 15ktpa lithium, based on NI 43-101 amended reported dated 23 May 2012)**
- **Maricunga is a high-grade lithium deposit containing circa 1250mg/l lithium – with a similar magnesium-lithium ratio to the Atacama lithium brine deposit (refer table below)**
- **Continuation of exploration program to comprise of 16 diamond drill holes and 2 pumping wells, aimed at expanding the existing resource – scheduled to start in September 2016**
- **Maricunga is located within the "Lithium Triangle" in northern Chile, and close to critical road and port infrastructure**
- **Maricunga JV solidifies LPI's position as a diversified pure-play lithium company with assets in the key jurisdictions of Western Australia and South America**

Lithium Power International Limited ("LPI" or "the Company") is pleased to advise that it has entered into a binding and exclusive agreement with Chilean-based Minera Salar Blanco ("MSB") to undertake due diligence on the exploration and development of the high-grade Maricunga lithium brine project in Chile.

Maricunga is regarded as the highest quality pre-production lithium project in Chile, with characteristics comparable to the world-leading Atacama lithium brine deposit, which sits at the bottom of the cost curve. Maricunga possesses a very high grade of both lithium (1250mg/l) and potassium (8970mg/l), with a Mg/Li ratio similar to the Atacama deposit (see table below). The salar is located 170km north-east of the mining town of Copiapo and 250km from the Chilean coast. In addition, it is adjacent to International Highway 31, which connects northern Chile and Argentina.

	Salar de Maricunga[1]	Salar de Atacama[2]	Salar de Centenario[4]	Salar de Hombre Muerto[2]	Salar de Olaroz[2]	Salar de Cauchari[3]
Country	Chile	Chile	Argentina	Argentina	Argentina	Argentina
Owner	LPI/MSB	SQM/ Albemarle	LPI/Eramet	FMC/ Lithium One	Orocobre/ Lithium Americas	Orocobre/ Lithium Americas
Lithium (g/l)	1.25	1.84	0.56	0.74	0.69	0.59
Potassium (g/l)	8.97	22.63	5.11	7.40	5.73	4.85
Magnesium (g/l)	8.28	11.74	3.26	1.02	1.66	1.42
Mg/Li	6.63	6.40	5.87	1.40	2.40	2.43
K/Li	7.18	12.33	9.20	9.95	8.30	8.30
K/Mg	1.08	1.93	1.57	7.26	3.46	3.58

(1) NI 43-101 amended report prepared for Li3 Energy Inc. dated 23 May, 2012
(2) NI 43-101 report prepared for Orocobre Ltd. dated 13 May, 2011
(3) NI 43-101 report prepared for Lithium Americas Corp. dated 11 July, 2012
(4) S area – from Lacus preliminary resource estimate (which is outside of LPI tenements) dated Jan/Feb 2012

Previous exploration work undertaken by MSB at Maricunga has identified an initial measured resource of 574,064 tonnes of lithium carbonate, and 1.5 million tonnes of potash with a 20+ year mine life based on 15ktpta lithium production (source: NI 43-101 amended report, dated 23 May 2012).

The Company's Phase 1 exploration program will include the drilling of 16 diamond drill holes and 2 pumping wells within the Maricunga tenements, aimed at further expanding the existing resource. Significantly, a number of these tenements are classified under the pre-1979 mining code, allowing immediate exploitation, starting with additional drilling from September this year.

Proposed Joint Venture Terms:

- LPI and MSB (and its controlled entities) have commenced discussions on the formation of a new JV entity in Chile ("NewCo"), with contracts to be finalised by end October, subject to satisfactory due diligence by LPI.
- LPI to fund exploration and development costs over the next 2.5yrs to earn a 50% equity interest in NewCo, with the target of completing a Definitive Feasibility Study by late 2018. LPI will hold 50% voting rights from the start of the JV.
- Concurrently with the formation of the JV, MSB will sell to LPI the options over the San Francisco, Salamina and Despreciada tenements in exchange for 16m ordinary shares in LPI (14.3% of current issued capital), as well as one LPI Board seat. The share issue will be subject to LPI shareholder approval.
- LPI to provide a US$2m secured loan to MSB in order to fund the initial exploration activities (16 diamond drill holes starting in September) during the due diligence period, funded from current cash on hand.
- The Board and Technical Committee for NewCo will be split 50/50 between LPI and MSB representatives.

Background on Minera Salar Blanco (MSB)
MSB is a Chilean private company which was formed in 2013 to explore and develop the Maricunga Salar. It is controlled by Chilean businessman Martin Borda, who is involved in a wide range of industries including the automotive, aquaculture and food sectors.

Minera Salar Blanco Chief Executive Officer, Cristobal Garcia-Huidobro, commented:
"MSB is delighted to have LPI join the Maricunga project as our partner. By combining our efforts and expertise, we look forward to fast tracking the development of the world-class Maricunga Salar. The period ahead will be exciting for both companies, with the next phase of exploration drilling set to commence in September this year."

Lithium Power International Chief Executive Officer, Martin Holland, commented:
"Lithium Power is pleased to have entered this strategic partnership with Minera Salar Blanco in regards to the development of what we believe is one of the highest quality pre-production lithium assets in the world. Importantly, the JV has the potential to rapidly transform Lithium Power into a near-term production company, such is the advanced nature of the Maricunga lithium brine project.

In addition, the Maricunga JV helps to further underpin the Company's position as a leading diversified pure-play lithium company with assets located in Western Australia and South America. We look forward to providing our shareholders with further operational updates from our exploration activities across both our Western Australia and South American projects shortly."

Summary of the Maricunga Lithium Brine Project resource as stated in the Table 1 below:

- Geology and Geological interpretation

The Altiplano-Puna is a large high altitude plateau in Chile, Argentina and Bolivia hosting numerous brine bodies containing high concentrations of lithium of economic interest. The evaporite salt pans, known locally as salars, form in topographic depressions with no drainage outlets and they generally represent the end product of a basin infill process that starts with the erosion of the surrounding relief, initially depositing colluvial talus and fan gravels, grading upwards into sheet sands, and playa silts and clays as the basin fills. Lithium brine is present in sediments deposited in the Maricunga mountain basin in Chile. The lithium brine is present in the pore spaces in the semi-consolidated sediments.

- Sampling and sub-sampling techniques

Representative samples were taken from the Sonic Core drilling program over a 3m interval. Core subsamples were cut from the plastic core splits, and preserved using plastic end caps, to ensure they maintained as near to natural moisture content and condition as possible. Brine samples were collected by down hole sampling every 3 metres.

The Reverse Circulation (RC) drilling samples were taken as a 2m composite. During RC drilling, rock chip and brine were collected directly from the cyclone. Both drilling techniques followed best industry standards for this type of exploration.

- Drilling techniques

Sonic core drilling was used as this technique allows the highest sample recovery with minimal core loss or disturbance. RC drilling was used to install pumping wells which allowed for recovery of drill cuttings and basic geological description.

- The criteria used for resource classification

58 vertical drill holes were drilled at a spacing of 500m x 500m with each hole drilled to 20m depth. 232 samples were collected and sent to the Cesmec lab in Antofagasta for analysis. An additional six sonic drill holes and three RC holes were drilled to define the measured and inferred resources, based on published industry benchmarks for drill spacing and resource classification. The lithium and potassium resource was estimated from the individual lithium and potassium assays and porosity data using both a kriging and a stochastic estimation method. There was no upper or lower cut-off grade used in the resource estimate. The Salar de Maricunga brine is suitable for conventional processing, which principally consists in solar evaporation of the brine to a suitable concentration where the brine can be treated in a lithium carbonate plant.

CONFERENCE CALL DETAILS:

LPI will conduct a conference call today at **11:00am EST** to further discuss the Maricunga JV.

Dial-in Number: 1800 804 595 (Australia only)

-ENDS-

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Competent Person's Statement – MARICUNGA LITHIUM BRINE PROJECT

The information contained in this ASX release relating to Mineral Resources has been compiled by Mr Murray Brooker. Mr Brooker is a Geologist and Hydrogeologist and is a Member of the Australian Institute of Geoscientists and has sufficient relevant experience to qualify as a competent person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. He is also a "Qualified Person" as defined by Canadian Securities Administrators' National Instrument 43-101. Murray Brooker consents to the inclusion in this announcement of this information in the form and context in which it appears. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

APPENDIX 1 - JORC Code, 2012 Edition

Table 1 Report: Maricunga Salar

Criteria	Section 1 - Sampling Techniques and Data
Sampling techniques	• Lithological samples were taken from cores drilled using the sonic drilling technique, which allows for complete core recovery with minimal disturbance. • Core subsamples were cut from the plastic core splits, and preserved using plastic end caps, to ensure they maintained as near to natural moisture content and condition as possible. End caps were taped to the core tubes to prevent any fluid loss. The samples were labelled with the borehole number and depth interval. See below for details on core analysis. Prior to shipping each sample was wrapped in bubble plastic to prevent disturbance during shipping. • Brine samples were collected at three-metre intervals during the sonic drilling where possible. In some cases where the formation permeability was low, it was not possible to collect a brine sample after a one hour waiting period. • The borehole was purged by bailing at least one well volume of brine from the drill casing as calculated from the water level measurement prior to collecting the final brine sample from the bottom of the hole. • The final brine sample was discharged from the bailer into a 20 liter clean bucket from which three one-liter sample bottles were rinsed and filled with brine. Each bottle was taped and marked with the borehole number and depth interval. A small sub-sample from the bucket was used to measure field parameters (density, electric conductivity, pH and temperature) at the wellhead • Brine samples were collected at three-meter intervals during the RC drilling where possible. In some cases where the formation permeability was low, it was not possible to collect a brine sample. Brine samples were collected in three one-litre (rinsed) sample bottles. Each bottle was taped and marked with the borehole number and depth interval. • A small sub-sample from the cyclone was used to measure field parameters (density, electric conductivity, pH and temperature) at the wellhead.
Drilling technique	• Sonic drilling – which allows for close to complete recovery of sample with minimal core loss or disturbance. Six sonic boreholes were completed to a depth of 150 m. • Each sonic hole was drilled without the use of any drilling additives/fluids to a total depth (TD) of 150 m.

	• RC drilling – which allowed for recovery of drill cuttings and basic geological description. During RC drilling, rock chip and brine were collected directly from the cyclone. A total of 915 m of exploration RC drilling was carried out. Drill cuttings were collected over two metre intervals in plastic bags that were marked with the borehole number and depth interval. Sub-samples were collected from the plastic bag by the site geologist to fill chip trays (also at two meter interval). • RC holes were drilled to install wells for pump testing.
Drill sample recovery	• Sonic core recovery consistently exceeded 99%. • RC cuttings were recovered from the cyclone when this technique was used.
Logging	• A total of 915 m of exploration RC drilling was carried out for the collection of chip samples for geologic logging, brine samples for chemistry analyses and airlift data. RC cuttings were logged by a geologist. • The sonic cores were logged by geologists in the plastic tubes
Sub-sampling techniques and sample preparation	• 10 cm core subsamples were cut from the plastic tubes (triple tubes) collected during sonic drilling. These were immediately sealed for transportation to the laboratory. Undisturbed samples were collected from the sonic core at three metre intervals for porosity analyses (318 samples). • Brine samples were collected during the sonic drilling at three meter intervals for chemistry analyses. • The final brine sample was discharged from the bailer into a 20 liter clean bucket from which three one-liter sample bottles were rinsed and filled with brine. Each bottle was taped and marked with the borehole number and depth interval. A small sub-sample from the bucket was used to measure field parameters (density, electric conductivity, pH and temperature) at the wellhead
Quality of assay data and laboratory tests	• The University of Antofagasta in northern Chile was selected as the primary laboratory to conduct the assaying of the brine samples collected as part of the drilling program. They also analyzed blanks and standards specially prepared by Li3 Energy, with blind control samples in the analysis chain. In total, there were 431 primary samples and 192 QA/QC samples. • The laboratory of the University of Antofagasta is not ISO certified, but it is specialized in the chemical analysis of brines and inorganic salts, with extensive experience in this field since the 1980s, when the main development studies of the Salar de Atacama were begun. • The quality control and analytical procedures used at the University of Antofagasta laboratory are considered to be of high quality and comparable to those employed by ISO certified laboratories specializing in analysis of brines and inorganic salts. • Seventy external duplicates (check samples), including control samples, were shipped to Alex Stewart Argentina in Mendoza, Argentina. This laboratory is accredited to ISO 9001 and operates according to Alex Stewart Group standards consistent with ISO 17025 methods at other laboratories. • Standard analyses at the University of Antofagasta indicate very acceptable accuracy.
Verification of sampling and assaying	• A full QA/QC program for monitoring accuracy, precision and potential contamination of the entire brine sampling and analytical process was implemented. Accuracy, the closeness of measurements to the "true" or accepted value, was monitored by the insertion of standards, or reference samples, and by check analysis at an independent (or umpire) laboratory. • Approximately 31% of the 623 samples submitted for chemical analysis were quality control samples. The QA/QC procedures adopted for the Project included: • Three standards (A, B and C), or reference samples, were inserted at a frequency of1 in 15 samples • Duplicate samples at a frequency of 1 in 10 samples in the analysis chain were submitted to the University of Antofagasta as unique samples (blind duplicates) • Stable blank samples (distilled water) were inserted at a frequency of 1 in 30 samples to measure cross contamination • Duplicates at a frequency of 1 in 10 samples, and including blind control samples (a total of

	70 samples), were submitted to the secondary laboratory (Alex Stewart in Mendoza) as check samples (external duplicates). • The anion-cation balance was used as a measure of analytical accuracy. The performance of the University of Antofagasta in the analyses of 431 primary samples and 61 duplicates show a balance within 2%, i.e. much less than the maximum acceptable difference of 5%. • All the check samples analyzed by Alex Stewart had a balance within a value of 5%.
Location of data points	• The wells are believed to have been located with a hand held GPS. • The location is in UTM Zone 19, with the Provisional South American 1956 datum
Data spacing and distribution	• Lithological data was collected continuously from 1.5 m core runs interval throughout the sonic drill holes • Brine samples were collected every 3 metres during sonic and RC drilling • During RC drilling chip (geological) samples were collected every 2 m • 6 sonic holes were drilled with a spacing of one well per 2.4 km^2 over the 2012 land holding, which has subsequently been expanded
Orientation of data in relation to geological structure	• The salar deposits that host lithium-bearing brines consist of subhorizontal beds and lenses of halite, sand, silt and clay. The vertical wells are essentially perpendicular to these units, intersecting their true thickness
Sample security	• Samples were transported to the University of Antofagasta (primary and duplicate samples) and Alex Stewart in Mendoza (check samples) for chemical analysis in sealed 1-litre rigid plastic bottles with sample numbers clearly identified. • The samples were moved from the drill site to secure storage at the camp on a daily basis. All brine sample bottles are marked with a unique label. One sample bottle was stored as a permanent back-up sample in the on-site warehouse. One sample bottle was prepared for shipment and the third bottle is either used as a duplicate or discarded.
Review (and Audit)	• No audit of data has been conducted to date.

Section 2 - Mineral Tenement and Land Tenure Status	
Mineral tenement and land tenure status	• The Maricunga property is located approximately 160 km northeast of Copiapo in the III Region of northern Chile at an elevation of approximately 3,800 masl. • The property comprises 1,438 ha in six mineral claims known as Litio 1 through Litio 6, the Cocina 19-27 properties, San Francisco, Salamina, Despreciada and the Blanco and Camp1 properties • The properties are located in the northern section of the Salar de Maricunga. • The tenements are believed to be in good standing, with payments made to relevant government departments
Exploration by other parties	• SLM Litio drilled 58 vertical holes in the Litio properties on a 500 m x 500 m grid in February, 2007. Each hole was 20 m deep. The drilling covered all of the Litio 1 – 6 property holdings. • Holes were 3.5" diameter and cased with either 40 mm PVC or 70 mm HDPE pipe inserted by hand to resistance. Samples were recovered at 2 m to 10 m depth and 10 m to 20 m depth by blowing the drill hole with compressed air and allowing recharge of the hole. • Subsequently, samples were taken from each drill hole from the top 2 m of brine. In total, 232 samples were collected and sent to Cesmec in Antofagasta for analysis. • Prior to this the salar was evaluated by Chilean state organization Corfu, using hand dug pit samples.
Geology	• The sediments within the salar consist of halite, sands, gravels, silts and clays deposits that have accumulated in the salar from terrestrial sedimentation and evaporation of brines within the salar. • Brines within the salar are formed by solar concentration, with brines hosted within the different sedimentary units • Drilling to 192m, the deepest hole in the salar to 192 m. did not insect bedrock. • A seismic tomography survey was carried out (23 line km) to help define basin lithology and basin geometry, penetrating to a depth of approximately 250 m. This does not appear to have detected the basement beneath the sediments.

Drill hole data	• The company has drilled 6 sonic drill holes, and three test production wells with sets of monitoring wells installed to different depths • In 1997 Litio SLM drilled 58 holes to 20 m deep on 500 m centres
Data aggregation	• Data used for the resource consisted of individual 3 m assays from the sonic drilling • No cut-off was used for the resource estimate
Relationship between mineralisation widths and intercept lengths	• The lithium-bearing brine deposits extend across the tenements and over a thickness of > 150 m, limited by the depth of the sonic and RC drilling • The drill holes are vertical and perpendicular to the horizontal sediment layers in the salar
Diagrams	• Diagrams are provided in Technical report on the Maricunga Lithium Project Region III, Chile • NI 43-101 report prepared for Li3 Energy ()April 17, 2012
Balanced reporting	• This announcement presents key results of the original April 17, 2012 report for Li3 Energy
Other substantive exploration data	• There is no other substantive exploration data available
Further work	• The company will consider additional drilling on the properties which have been added to the project since the 2012 public report

Section 3 - Estimation and Reporting of Mineral Resources	
Database integrity	• The database used for the 2012 resource estimate was considered by the authors of that NI43-101 report to be fit for resource estimation, based on the QA/QC procedures and data management implemented as part of the project.
Site visits	• The QP/CP's of the NI43-101 report visited the Maricunga project multiple times during the project drilling
Geological interpretation	• Lithium brine is present in sediments deposited in the Maricunga mountain basin in Chile. The lithium brine is within pore spaces in the semi-consolidated sediments.
Dimensions	• The brine covers the area of the Litio tenements to a depth of >150 metres. The extent of lithium brine in properties purchased since the 2012 resource estimate is to be confirmed by future drilling
Estimation and modelling techniques	• The lithium and potassium resources were estimated from the individual lithium and potassium assays and porosity data using both a kriging and a stochastic estimation method • The grades determined by the stochastic simulations are considered the preferred estimate. • It should be noted that the resource is open at depth and beyond the 2012 project boundaries. • A simple check estimate was made with the average results of the drill holes.
Moisture	• Moisture content was determined for the porosity samples. As the resource estimate is for a liquid the specific yield is regarded as the key porosity/moisture information
Cut-off parameters	• No cut-off was applied to the resource
Mining factors and assumptions	• As the resource is a fluid the mining factors are different to those considered for hard rock mining situations. Of particular consideration is the ability to extract the fluid (brine) by pumping
Metallurgical factors and assumptions	• The Salar de Maricunga brine is suitable for conventional processing, which principally consists in solar evaporation of the brine to a suitable concentration where the brine can be treated in a lithium carbonate plant. The concentrated Maricunga brine will require a solvent extraction stage in order to remove the boron, a calcium removal stage with the addition of sodium sulfate, and 2 magnesium removal stages, where magnesium is removed as magnesium carbonate and magnesium hydroxide. Finally, a soda ash solution will be added to the concentrated purified lithium brine to precipitate lithium carbonate. • Potassium chloride can be produced by conventional processes.
Environmental factors or assumptions	• Initial environmental assessment has been undertaken. Preparation of an Environmental Impact Assessment (EIA) is required for the construction, operation and closure phases of a brine mining operation.
Bulk density	• Bulk density is not recorded as this is a brine pumping project
Classification	• The resource is classified as measured to the depth of sonic drilling at 150 m, with

	additional inferred resource defined to the depth of the deepest RC drill hole at 192 m. The base of the sediments was not intersected in the drilling
Review and audit	• LPI is in the process of conducting a due diligence review of the project data
Discussion of relative accuracy/confidence	• Accuracy and relative confidence is within best industry standards