ASX RELEASE

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HIGH-GRADE LITHIUM INTERCEPT IN FIRST DRILL HOLE AT MARICUNGA BRINE PROJECT

- **Assay results from the first of 16 exploration drill holes at the Maricunga lithium brine project have produced a high grade of 1,239 mg/l lithium and 8,611 mg/l potassium over the 40m test interval (average), with the maximum grade sample at 1,571 mg/l lithium.**
- **This first hole was drilled in the unexplored Cocina tenement, which is classified as "old 1932 mining code", and located north of the JV's existing foreign lithium resource estimate* at Litio.**
- **A new pump test well is now completed as a twin hole to the first exploration hole, with a 30-day brine flow test to start imminently. In addition, a second exploration hole is now completed within the San Francisco tenement, with samples undergoing assay currently.**
- **Trial evaporation ponds are now built and filled with the JV's brine, and associated laboratory test work is underway, as part of the lithium processing evaluation at Maricunga.**
- **Success with the first exploration hole gives LPI management confidence in the quality of the high-grade Maricunga lithium brine project, with a new JORC resource estimate due 1H 2017.**

Lithium Power International Limited (ASX: LPI) ("LPI" or "the Company") is pleased to provide assay results from the first exploration hole drilled at the Maricunga lithium brine joint venture ("JV") in Chile, as part of the previously announced appraisal & development program.

Exploration Drill Hole M10

The first exploration drill hole (M10) was drilled to 200m depth near the centre of the JV's Cocina tenement (see Figure 1 & Table 2). Cocina is an "old 1932 mining code" tenement which was acquired by LPI's JV partners in 2013, and has not been explored previously. Hole M10 is approximately 0.5km north from the Litio property boundary, which contains the JV's existing foreign lithium resource estimate* (please refer to the note on the foreign resource estimate included in page 6 of this announcement).

M10 recorded a high lithium grade of 1,239mg/l (average) over the 150-190m test interval, with an individual sample at 160m measuring 1,571mg/l lithium. The drill hole also recorded a potassium grade of 8,611mg/l (average) over the same test interval, with a maximum potassium sample grade of 11,090mg/l (see Table 1). Note that M10 was only sampled at depth, from 150m onwards, with a new pump test well (P4) now drilled to 180m alongside it. The pump test at P4 will commence imminently, and provide further data on lithium grade and brine flow rates for this site.

Hole M10	150 m	160 m	170 m	180 m	190 m	Average 150-190 m
Li mg/l	990	1,571	1,450	1,033	1,150	**1,239**
K mg/l	7,500	11,090	10,097	7,120	7,250	**8,611**

Table 1: Summary of sampling results from exploration drill hole M10 at Maricunga project

The lithium grade of 1,239mg/l (average) encountered at M10 in Cocina is similar to the 1,250mg/l (average) lithium previously reported for the JV's foreign resource estimate* in the Litio tenements next door. This lithium grade compares favourably with grades at other lithium brine projects in South America including: Olaroz (Orocobre, 690mg/l), Cauchari (SQM/Lithium Americas, 590mg/l), and Hombre Muerto (FMC/Lithium One, 740mg/l) – source: Company Reports; refer LPI presentation of 14/10/16+

During drilling, M10 encountered a thick sandy intercept over 120m from 80-200m depth. For reference, this is substantially larger than the neighbouring 68m sandy interval (124-192m depth) measured in the P3 drill hole at the centre of the Litio tenement in 2013. In addition, early observations indicate that sand units are more common within the Cocina tenement, suggesting this area may yield more brine per unit volume of sediment than at Litio. Overall, the drill results and sample observations to date suggest extension of the existing Litio resource northwards into Cocina is likely, subject to further drilling & testing over coming weeks.

At M10, brine samples were taken every 10m from 140-190m using a steel bailer device, as per best practice. Prior to each sample, all the brine was extracted from the hole, to allow inflow of fresh brine in the sample interval. This process removes the risk of lithium contamination between intervals. See the Appendix in this announcement for more information on the sampling procedure.

Exploration Drilling Progress

The next exploration drill hole (M2) has now been completed on the north-west perimeter of the Maricunga salar. M2 is located 3.4km from M10 (see Table 2), and within the San Francisco tenement recently acquired by LPI as part of the JV formation. It was drilled to 198m depth, with brine samples collected every 6m. Field measurements suggest brine densities of approximately 1.2g/cc, which are comparable to those at M10. Samples have now been submitted for assay. Well-heads have also been installed at 3 other locations as part of the JV's ongoing exploration program.

Pump Test Wells P4

Pump test well P4 reached a depth of 180m from the same drilling platform as M10, with a 12 inch well casing installed (see Table 2). The well is now being finalised ahead of a 30 day pump test due to commence imminently. The test will provide data on brine flow rates and permeability of this unit.

Monitoring Wells

Monitoring wells are being installed as part of the drilling program to provide hydrogeological baseline data as required for the Environmental Impact Assessment. The first of these wells has been completed and installed to 40m, with the rig now drilling the second monitoring well.

Hole No	Coordinates (WGS 84 zone 19S)		Elevation m above mean sea level	Total Depth (m)	Azimuth	Dip	Drilling method
	UTM mN	UTM mE					
M2	7,028,210	490,570	3,765	198	0	-90	Core/Rotary
M10	7,027,170	493,450	3,760	200	0	-90	Rotary
P4	7,027,180	493,440	3,760	180	0	-90	Rotary

Table 2: Details of drill hole locations at Maricunga project Drill locations will be confirmed by a surveyor at the completion of the drilling program. All coordinates are in WGS84 Zone 19 south coordinates. The intercept reported in M10 is from 150-190m. No samples were collected above 150m or at 200m. Brine sample results from P4 will be reported as part of the imminent pump test, with M2 to be reported when results become available.

Infrastructure Update

The construction of site infrastructure is now well underway (see Figures 1, 3 & 4). A total of 10 trial evaporation ponds have been built, and filled with JV brine from the existing P1 pump well. These ponds will measure the precipitation of salts, the evolution of brine, and evaporation rates over the next 12 months as part of the lithium processing evaluation. Further to this, a weather station has also been constructed on site, in order to monitor temperature, wind, rainfall, and solar radiation over the development period.

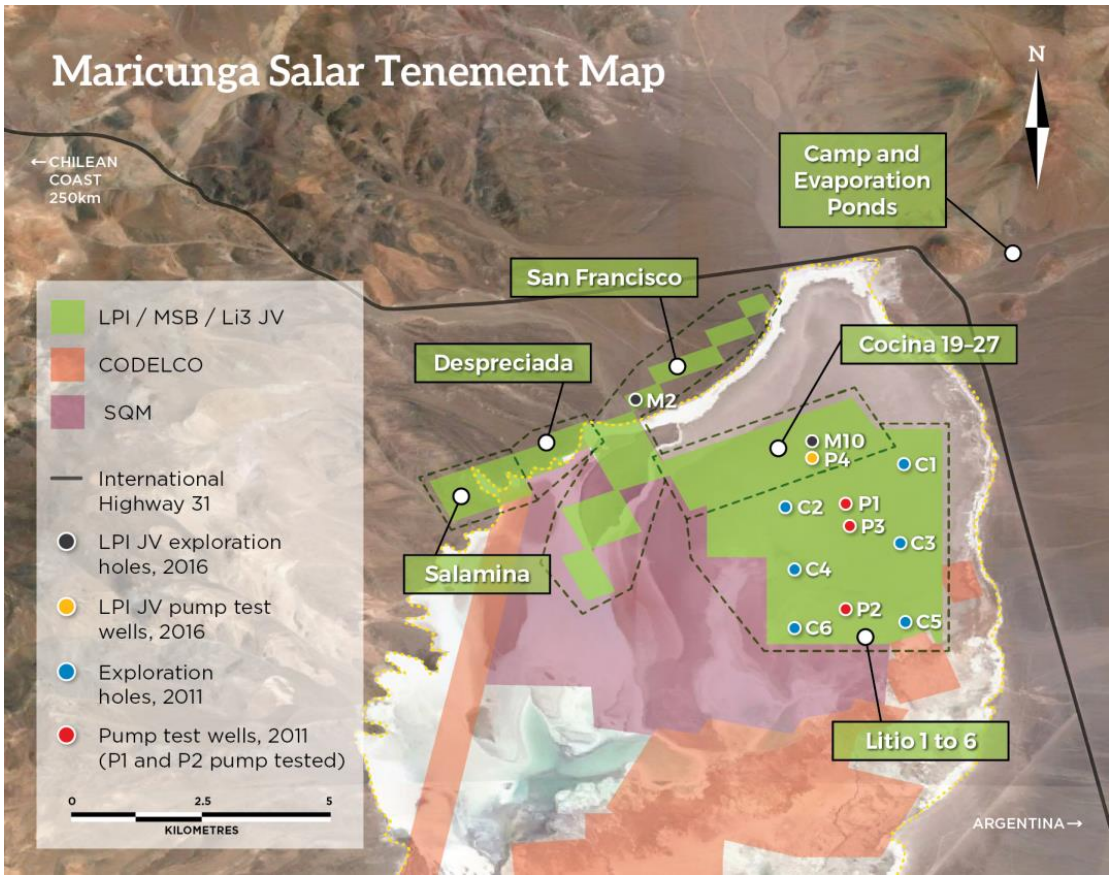

Figure 1: Maricunga JV property map showing drill hole locations

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

"The Company is encouraged by the high-grade lithium assays encountered in our first of 16 drill holes at Maricunga, in an area that had been previously unexplored. These positive grades further reinforce our view that the Maricunga lithium brine project has the potential to host a world-class lithium resource which would sit on the bottom of the global lithium cost curve.

We look forward to results from the upcoming pump test program at P4, as this will provide further technical information on both the lithium grade and brine flow rate within the Cocina tenement.

We are continuing the exploration drilling program at pace, with two rigs currently in operation at Maricunga, and assays expected to be received at regular intervals. In addition, work is advancing on the trial evaporation ponds and other monitoring facilities, which are all important steps towards the future development of the Maricunga Project."

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 projects in South America, with a very high grade of both lithium & potassium (see Figure 2). The Litio tenements in the salar have been subject to significant past exploration by our JV partners, Minera Salar Blanco and Li3 Energy, in order to generate the existing foreign lithium resource estimate*. The current drilling program is targeting an expansion of that resource, with a new JORC compliant resource estimate anticipated for 1H17.

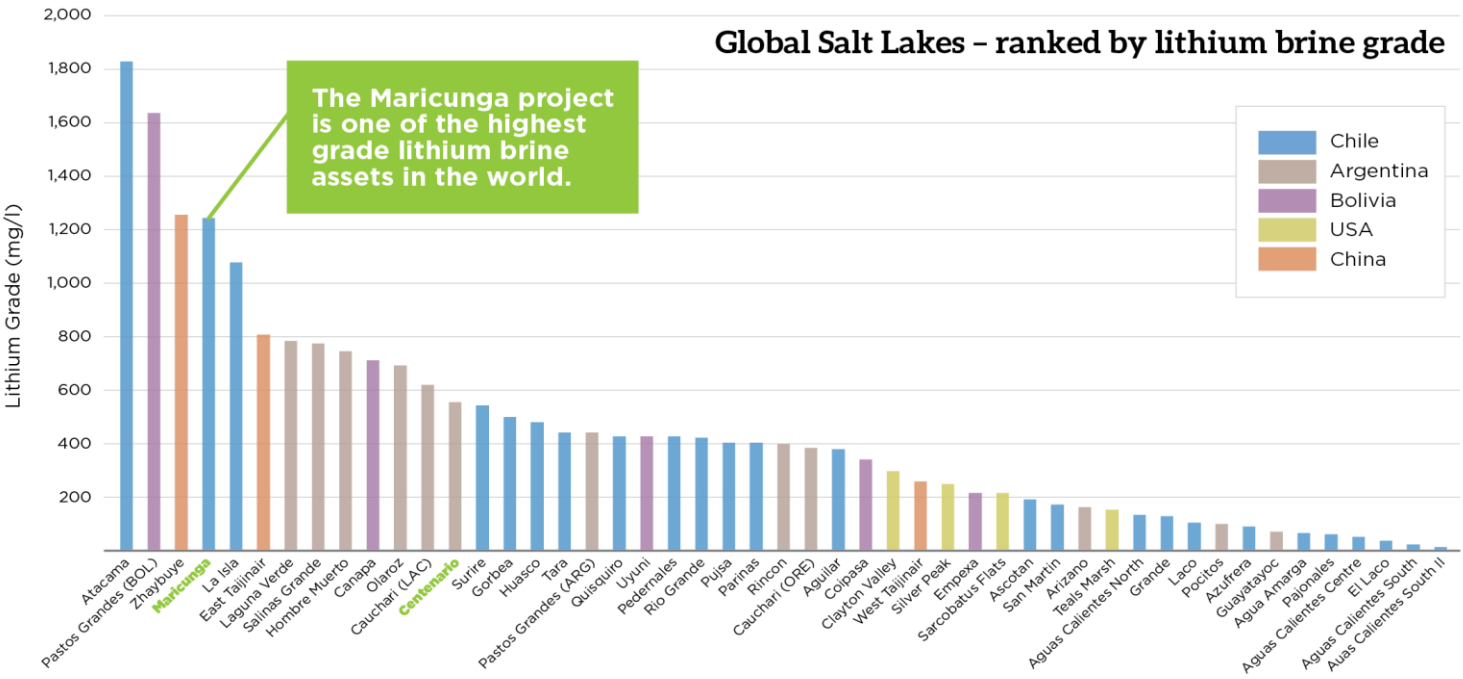

Figure 2: Ranking of global salt lakes by lithium grade (sourced from: Company Reports, USGS, SERNAGEOMIM)*

Figure 3: Evaporation test ponds at the Maricunga project

Figure 4: Weather station at the Maricunga project

For further information, please contact:

Martin C Holland – CEO
Lithium Power International
E: info@lithiumpowerinternational.com
Ph: +612 9276 1245

Media enquiries to Sam Burns, Six Degrees Investor Relations, M: +61 400 164 067

www.lithiumpowerinternational.com
@LithiumPowerLPI

* **Note on Foreign Resource Estimate:** The reader is referred to the previous announcement by LPI on the 28 July, 2016, which provided details of the Maricunga project resource and information regarding what is considered by ASX as a production target. With regards to the resource LPI confirms that it is not in possession of any new information or data relating to the resource, (which is considered by ASX to be a foreign estimate), that materially impacts on the reliability of the estimate or the mining entity's ability to verify the foreign estimate as mineral resources in accordance with Appendix 5A (JORC Code). LPI confirms that all the material assumptions underpinning the production target provided in that announcement continue to apply. LPI confirms that the supporting information provided in the announcement by LPI on 28 July, 2016 continues to apply and has not materially changed. LPI cautions that the foreign estimate was not reported in accordance with the JORC code.

This work was completed three years before the joint venture on the project was announced by LPI on 20/07/16. A competent person has not done sufficient work to classify the foreign estimate as mineral resources or ore reserves in accordance with the JORC Code. It is uncertain that following evaluation and/or further exploration work that the foreign estimate will be able to be reported as mineral resources or ore reserves in accordance with the JORC Code. As the Maricunga resource estimate was not undertaken under the JORC code LPI intends to verify this foreign estimate as part of the 4Q16 drilling and assaying program on the Maricunga project. Work will consist of drilling diamond and detailed sampling and analysis with an accompanying QA/QC program. Future reporting will be under the JORC code.

+ Comparison references for the Maricunga project as provided by LPI in the presentation of 14 October, 2016:

- Lithium Americas Corporation: NI 43 – 101 Technical Report Feasibility Study Reserve Estimation and Lithium Carbonate and Potash Production at the Cauchari-Olaroz Salars, Jujuy Province, Argentina. King et. al., 11 July 2012. Table 1-1, page 1-6.
- Orocobre Limited: Technical Report On The Salar De Olaroz Lithium-Potash Project Jujuy Province, Argentina. Ni 43-101 Report Prepared For Orocobre Ltd. Houston and Gunn. 13 May 2011. Table 19.2, page 150.

Competent Person's Statement – MARICUNGA LITHIUM BRINE PROJECT

The information contained in this ASX release relating to Exploration Results 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 the International Association of Hydrogeologists. Murray has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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 is an employee of Hydrominex Geoscience Pty Ltd and an independent consultant to Lithium Power International. Murray Brooker consents to the inclusion in this announcement of this information in the form and context in which it appears. The information in this announcement is an accurate representation of the available data from initial drilling at the Maricunga project.

APPENDIX 1 - JORC Code, 2012 Edition

Table 1 Report: Maricunga Salar

Criteria	Section 1 - Sampling Techniques and Data
Sampling techniques	• Drill cuttings were taken during rotary drilling of M10 and P4. These are low quality drill samples, but provide sufficient information for lithological logging. • Core samples were recovered from the core barrel inside a plastic tube in place of the triple tube splits typically used for diamond drilling. • Brine samples are to be collected at different times during the pump testing undertaken. Water levels are monitored extensively during and following the test period using data loggers. • Brine samples were taken with a bailing device. A plug with a valve allowing brine flow through the plug is lowered to the base of the hole and the valve closed. The plug is then gentle raised using the wireline. Closing the valve expands the plug to fit tightly against the walls of the rods, allowing the plug to purge brine from the hole in a continuous manner. The brine sample is then taken with a standard bailer device with a no return valve at the base of the tube to ensure brine is retained in the tube as it is winched to surface. • A fluorescent dye is added to the brine (sourced from pits at the drill site) that is used as drilling lubricant, with the purpose of making even small quantities of drilling brine highly visible. All drilling brine with the fluorescent dye is to be purged from the hole before the depth sample is taken. Samples were taken every 10 m, with the drilling casing advanced down the hole following the drill bit, isolating the sediments outside the casing and only leaving a short (m) section at the bottom of the hole where brine can inflow from the sediments, to be purged and sampled from the base of the hole. • The brine sample was collected in a clean plastic bottle and filled to the top to minimize air space within the bottle. Each bottle was taped and marked with the sample number and details of the bore and the time of the sample were noted.
Drilling technique	• Rotary drilling – This method was used to install the pump well, with the use of brine for lubrication during drilling, to minimize the development of wall cake in the holes that could reduce the bore flow rate. • Drilling allowed for recovery of drill cuttings and basic geological description. During rotary drilling, cuttings were collected directly from the outflow from the drill collar. Drill cuttings were collected over one 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 a two metre interval). • Diamond core drilling used surface brine at the drill site for lubrication, with brine recycled during the drilling process and red fluorescence dye added to the drilling brine, to allow recognition of any contamination of samples by drilling brine. This dye can be observed in very low concentrations, providing a check for contamination of brine samples (specific to different depths in a hole) by the drilling brine (sourced from a pit at the surface of the salar). • Core runs were of different lengths, due to differing ground conditions – with shorter core runs used in friable sand and gravel units which are more difficult to recover. Due to the presence of friable gravels and sands it was necessary in some intervals to change to rotary drilling, as core was not successfully recovered. • Refer to LPI release of 28 July, 2016 for further information regarding the drilling previously conducted in the Litio properties
Drill sample recovery	• Rotary drill cuttings were recovered from the well head. • Diamond core samples were recovered in plastic tubes used as a diamond core triple tube.

Logging	• Rotary drilling was carried out for the collection of drill cuttings for geologic logging. Drill cuttings were logged by a geologist. • Core samples were recovered in plastic tubes, to which tight-fitting plastic end caps were attached and taped in position. Samples were logged by the project geologist, splitting open the plastic tubes, except for intervals from which porosity samples were taken.
Sub-sampling techniques and sample preparation	• Brine samples were collected by bailing brine from the well (using a bailing cylinder on the rig wire line), which collects brine at the base of the hole, with a non-return valve preserving the sample in the bailer. This homogenizes samples and no sub-sampling is undertaken in the field. • The brine sample was collected in one-litre sample bottles, rinsed and filled with brine. Each bottle was taped and marked with the borehole number and details of the pump test.
Quality of assay data and laboratory tests	• The University of Antofagasta in northern Chile is used as the primary laboratory to conduct the assaying of the brine samples collected as part of the drilling program. They will also analyzed blanks and standards, with blind control samples in the analysis chain. 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. No QA samples were included with this initial small batch, but will be included in all further batches of analyses. • 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.
Verification of sampling and assaying	• A full QA/QC program for monitoring accuracy, precision and to monitor potential contamination of samples and the analytical process is part of the drilling program. Accuracy, the closeness of measurements to the "true" or accepted value, will be monitored by the insertion of standards, or reference samples, and by check analysis at an independent (or umpire) laboratory. • Duplicate samples in the analysis chain will be submitted to the University of Antofagasta as unique samples (blind duplicates) during the drilling process • Stable blank samples (distilled water) will be inserted to measure cross contamination during the drilling process • The anion-cation balance was used as a measure of analytical accuracy and was observed to be well within acceptable limits at <1% for the samples.
Location of data points	• The wells were located with a hand held GPS. • The location is in UTM Zone 19
Data spacing and distribution	• Lithological data was collected throughout the drilling. Brine samples were collected at 10 m intervals in M10
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, gravel, silt and clay. The vertical bores are essentially perpendicular to these units, intersecting their true thickness
Sample security	• Samples were transported to the University of Antofagasta 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 not related to the hole number.
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 170 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. In addition the Cocina 19-27 properties, San Francisco, Salamina and Despreciada properties have been added since the resource estimate on the Litio properties. • The properties are located in the northern section of the Salar de Maricunga.

	• The properties 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. • Those 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 • Geology was recorded during drilling to of all the holes
Drill hole data	• The well P4 was installed near hole M10 to act as an observation well for changes in water level, in addition to the information collected from the logging of drill cutting
Data aggregation	• Samples taken from M10 represent composite samples over metre intervals every 10 m
Relationship between mineralisation widths and intercept lengths	• The lithium-bearing brine deposits extend across the properties and over a thickness of > >190 m, limited by the depth of the drilling • The drill holes are vertical and perpendicular to the horizontal sediment layers in the salar
Diagrams	• Diagrams were provided in Technical report on the Maricunga Lithium Project Region III, Chile NI 43-101 report prepared for Li3 Energy May 23, 2012. See attached location map
Balanced reporting	• This announcement presents representative key results from drilling and sampling of hole M10 and an update on other drilling and project advances. Further information will be provided upon completion of the P4 pump test
Other substantive exploration data	• Refer to the information provided in Technical report on the Maricunga Lithium Project Region III, Chile. NI 43-101 report prepared for Li3 Energy May 23, 2012
Further work	• The company will consider additional drilling on the properties which have been added to the project since the 2012 public report