

## ASX RELEASE

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# NEW HIGH GRADE LITHIUM INTERSECTIONS AT MARICUNGA LITHIUM BRINE PROJECT

- Drill hole S6, in the southwest of the San Francisco tenement, recorded 1,368 mg/l lithium grade (average) and 9,468 mg/l potassium (average) over the 186m test interval, with a peak assay of 3,375 mg/l lithium and 20,640 mg/l potassium.
- Drill hole M1A, drilled in the northeast of the Cocina tenement, recorded 822 mg/l lithium grade (average) and 6,104 mg/l potassium (average) over the 192m test interval, with a peak assay of 2,006 mg/l lithium and 12,990 mg/l potassium.
- Both holes finished in high-grade lithium brine at depth, similar to all other drill holes at the Maricunga project to date.
- Further to previous drilling these results confirm extremely high lithium grades exist within all the joint venture project properties. This information will be used to update the existing lithium resource\* previously identified within the Litio tenement.

Lithium Power International Limited (ASX: LPI) (“LPI” or “the Company”) is pleased to advise the results of the latest holes drilled in the Maricunga lithium brine project in northern Chile.

### Drill Hole S6

Drill hole S6 was drilled in the south of the “old code” San Francisco tenement, which was acquired by LPI as part of the recent Maricunga JV formation. The hole was completed to 200m by rotary drilling, and sampled every 6m, over a 186m test interval (from 12m to 198m). S6 is located approximately 2.4km south from hole S3, and 4.8km southwest from hole M10 (see Figure 1).

The drilling at S6 returned the highest lithium brine grade intersection of the program to date in a 200 m deep hole. Brine samples from S6 averaged 1,368 mg/l lithium and 9,468 mg/l potassium over the 186m test interval. The peak individual assays were 3,375 mg/l lithium and 20,640 mg/l potassium (both at 12m). As for previous drill holes, S6 finished in high-grade lithium brine at depth, once again hosted within a favourable sand and gravel sequence.

### Drill Hole M1A

Drill hole M1A was drilled in the northeast of the “old code” Cocina tenement. The hole was completed to 200m by sonic drilling, and sampled every 6m, over a 186m test interval (from 12m to

198m) as a replacement for rotary hole M1, which was abandoned at 77m. M1A is located adjacent to M1 and approximately 1.3km north east from hole M10, and 2.7km southeast of hole S13 (see Figure 1).

The drilling at M1A returned attractive lithium brine grades, although these are lower than those in other holes, reflecting the proximity to the north eastern salar boundary. Brine samples from M1A averaged 822 mg/l lithium and 6,104 mg/l potassium over the 186m test interval. The peak individual assays were 2,006 mg/l lithium and 12,990 mg/l potassium (both at 11m). M1A finished in high-grade lithium brine at depth, as did all previous drill holes.

### Exploration Drilling Update

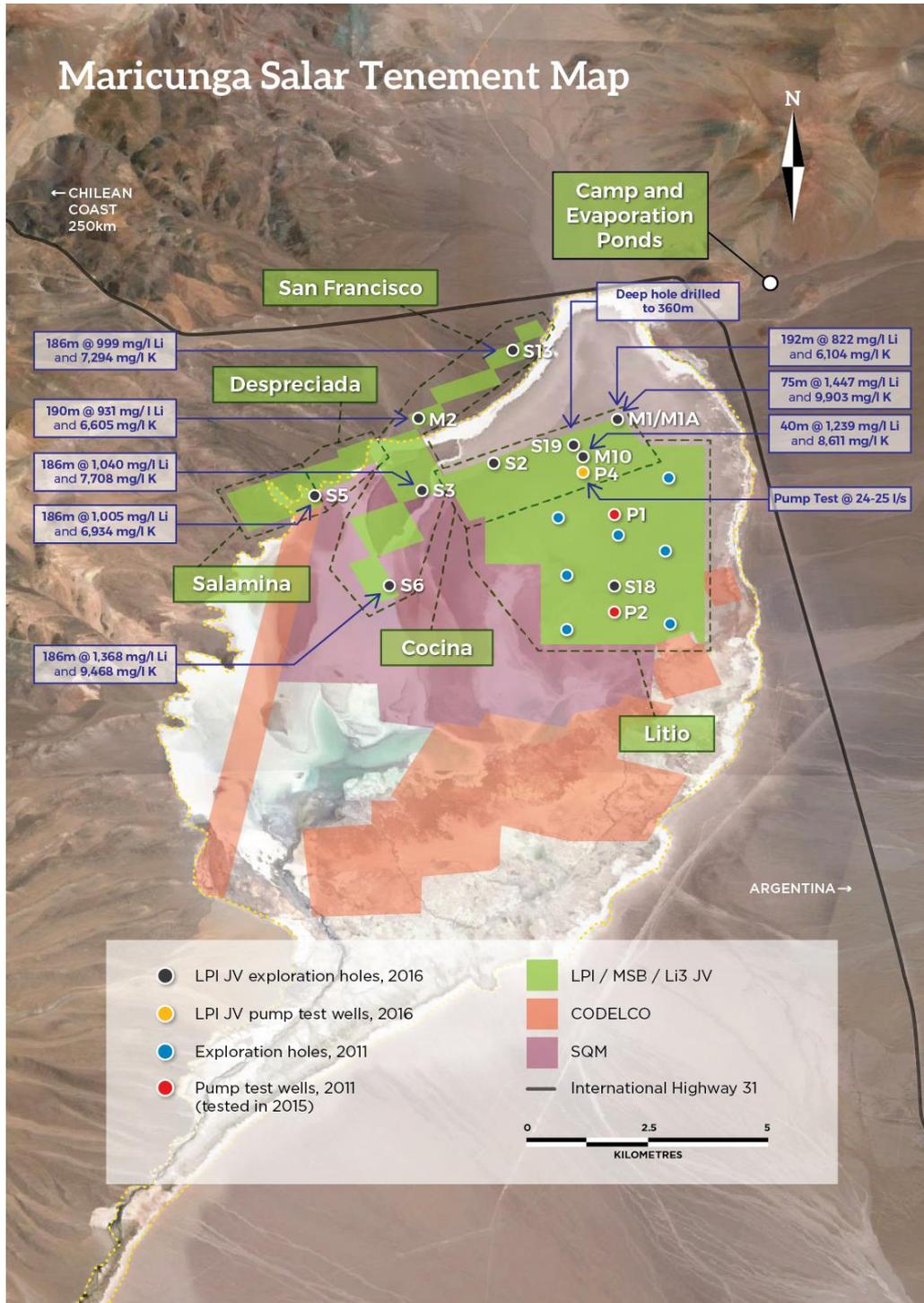
Drilling has now been completed at the Maricunga project with results being collated for the upcoming resource estimate. Drilling comprised a total of 11 holes for the resource estimate, one test production well for pumping (P4) and 8 additional monitoring wells as part of the project baseline monitoring. Assays from completed holes at sites S2, S18 and S19 are pending, and will be reported as they become available. Of the holes with assays yet to report S19 was drilled to a depth of 360 m. This hole is very significant, as it shows the thick sand and gravel sequence in the upper 200m of the joint venture properties continues at depth beneath the area of the upcoming resource estimate.

Exploration Hole Number/Name		Total Depth (m)	Assay Interval (m)	Lithium (mg/l avg)	Potassium (mg/l avg)	Drilling method	Elevation mean sea level (m)	Coordinates (WGS 84 zone 19S)		Azimuth	Dip
								UTM mN	UTM mE		
1	M10	200	40	1,239	8,611	Rotary	3,760	7,027,170	493,450	0	-90
2	M1	77	66	1,447	9,903	Rotary	3,760	7,028,190	494,270	0	-90
3	M2	198	190	931	6,605	Rotary	3,765	7,028,210	490,570	0	-90
4	S5	200	186	1,005	6,934	Rotary	3,765	7,026,390	488,540	0	-90
5	S3	200	186	1,040	7,708	Rotary	3,765	7,026,300	490,560	0	-90
6	S13	200	186	999	7,294	Rotary	3,765	7,030,020	492,310	0	-90
7	S6	200	186	1,368	9,468	Rotary	3,760	7,024,000	489,900	0	-90
8	M1A	200	192	822	6,104	Sonic	3,760	7,028,180	494,260	0	-90
9	S2	200	Results pending			Sonic	3,760	7,027,145	492,131	0	-90
10	S18	173	Results pending			Sonic	3,760	7,024,140	494,050	0	-90
11	S19	360	Results pending			Rotary	3,760	7,027,380	493,100	0	-90
Pump	P4	180	Pumping well 24-25 l/s			Rotary	3,760	7,027,180	493,440	0	-90

**Table 1:** Details of drill hole locations & assay results at the 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.

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

"The exceptional assay results from drill hole S6 complete the results from the western drill holes, which are excellent overall. LPI is now awaiting the results from drilling in the Cocina and Lito properties prior to finalizing the geological model, leading to the new resource estimate."



**Figure 1: Maricunga lithium brine project tenements - with location of exploration drill holes**



**Figure 2:** Maricunga drill core showing sandy material and core trays

### **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 project globally, with a very high grade of both lithium and potassium. The Lito properties in the salar has been subject to significant past exploration by our JV partners, Minera Salar Blanco and Li3 Energy, in order to generate the existing lithium and potassium resource\*. The current drilling program and pump test are targeting an expansion of that resource on both the existing properties and additional properties (which have been acquired since), with a new JORC compliant resource estimate anticipated over 1H17.

### **For further information, please contact:**

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\* The reader is referred to the previous announcement by LPI on 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 prior to three years before the joint venture on the project was announced by LPI on 20 July 2016. 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 current drilling and assaying program at the Maricunga project. Work will consist of sonic and rotary drilling and detailed sampling and analysis, with an accompanying QA/QC program. Future reporting will be under the JORC code.

### **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. Mr Brooker 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.

Mr Brooker is an employee of Hydrominex Geoscience Pty Ltd and an independent consultant to Lithium Power International. It should be noted that Mr Brooker was awarded a number of shares and options at the recent lithium Power International AGM and Mr Brooker hereby declares this ownership. Mr 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.

Hole S6			Hole M1A		
Depth m	Li mg/l	K mg/l	Depth m	Li mg/l	K mg/l
S6	3,375	20,640	M1A	1,854	12,470
S6	2,840	16,580	M1A	2,006	12,990
S6	1,390	10,210	M1A	1,820	11,120
S6	1,273	9,700	M1A	706	5,960
S6	2,006	11,480	M1A	610	5,360
S6	1,216	9,280	M1A	743	6,600
S6	1,040	6,910	M1A	640	5,590
S6	1,173	7,740	M1A	516	3,800
S6	1,260	9,590	M1A	523	2,940
S6	1,243	9,540	M1A	683	4,060
S6	1,123	7,880	M1A	540	3,270
S6	930	6,940	M1A	533	3,420
S6	1,246	9,460	M1A	540	3,860
S6	970	7,430	M1A	676	5,450
S6	1,440	10,050	M1A	776	6,310
S6	1,220	8,870	M1A	806	6,460
S6	1,770	11,970	M1A	766	6,020
S6	1,200	8,260	M1A	680	5,460
S6	1,193	8,180	M1A	696	5,400
S6	1,247	8,950	M1A	730	5,430
S6	1,150	8,073	M1A	756	5,660
S6	1,213	9,010	M1A	736	5,620
S6	1,080	7,690	M1A	746	5,610
S6	1,060	7,340	M1A	746	5,690
S6	983	6,870	M1A	870	6,260
S6	1,407	9,870	M1A	810	5,910
S6	1,547	10,620	M1A	813	6,130
S6	1,590	10,900	M1A	686	6,140
S6	1,177	8,470	M1A	720	6,160
S6	1,117	8,120	M1A	900	6,940
S6	1,120	8,000	M1A	850	6,720
S6	1,167	8,350	M1A	816	6,520
<b>Average</b>	<b>1,368</b>	<b>9,468</b>	<b>Average</b>	<b>822</b>	<b>6,104</b>

**Table 2:** Summary of assay results from drill holes S6 and M1A at the Maricunga project

**APPENDIX 1 - JORC Code, 2012 Edition - Table 1 Report: Maricunga Salar**

Criteria	Section 1 - Sampling Techniques and Data
<i>Sampling techniques</i>	<ul style="list-style-type: none"> <li>• Drill cuttings were taken during rotary drilling. These are low quality drill samples, but provide sufficient information for lithological logging and for geological interpretation.</li> <li>• Drill core was recovered in plastic liners during the sonic drilling.</li> <li>• Brine samples were collected at 6 m intervals during drilling. This involved purging brine from the drill hole and then taking a sample corresponding to the interval between the rods and the bottom of the hole.</li> <li>• 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 hole.</li> </ul>
<i>Drilling technique</i>	<ul style="list-style-type: none"> <li>• Rotary drilling – This method was used with the natural formation brine for lubrication during drilling, to minimize the development of wall cake in the holes that could reduce the inflow of brine to the hole and affect brine quality.</li> <li>• Rotary 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 two metre intervals in cloth bags, that were marked with the drill hole number and depth interval. Sub-samples were collected from the cloth bag by the site geologist to fill chip trays (also at a one metre interval).</li> <li>• Sonic drilling (M1A, S2, S18) produced cores with close to 100% core recovery. This technique uses sonic vibration to penetrate the salt lake sediments and produces cores without the rotation and drilling fluid cooling of the bit required for diamond drilling – which often results in the washing away of more friable unconsolidated sediments, such as sands</li> </ul>
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> <li>• Rotary drill cuttings were recovered from the hole in porous cloth bags to retain drilling fines, but to allow brine to drain from the sample bags (brine is collected by purging the hole every 6 m and not during the drilling directly, as this uses recirculated brine for drilling fluid).</li> <li>• Sonic drill core was recovered in plastic liners, alternating with sample drilled and transferred to purpose-made tubular plastic bags.</li> </ul>
<i>Logging</i>	<ul style="list-style-type: none"> <li>• Rotary drilling was carried out for the collection of drill cuttings for geologic logging and for brine sampling. Drill cuttings were logged by a geologist.</li> <li>• Sonic holes are logged by a geologist who splits the plastic tube (after porosity samples are taken) and geologically logs the core.</li> </ul>
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> <li>• Brine samples collected following the purging of the holes are homogenized as brine is extracted from the hole using a bailer device. No sub-sampling is undertaken in the field.</li> <li>• The brine sample was collected in one-litre sample bottles, rinsed and filled with brine. Each bottle was taped and marked with the drill hole number and details of the sample. Prior to sending samples to the laboratory they were assigned unique sequential numbers with no relationship to the hole number.</li> </ul>

<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"> <li>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 also analyzed blanks, duplicates 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.</li> <li>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.</li> <li>Samples for porosity test work are cut from the base of the plastic drill tubes every 3 m.</li> </ul>
<i>Verification of sampling and assaying</i>	<ul style="list-style-type: none"> <li>A full QA/QC program for monitoring accuracy, precision and to monitor potential contamination of samples and the 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.</li> <li>Duplicate samples in the analysis chain were submitted to the University of Antofagasta as unique samples (blind duplicates) following the drilling process.</li> <li>Stable blank samples (distilled water) were inserted to measure cross contamination during the drilling process.</li> <li>The anion-cation balance was used as a measure of analytical accuracy and was always considerably less than +/-5%, which is considered to be an acceptable balance.</li> </ul>
<i>Location of data points</i>	<ul style="list-style-type: none"> <li>The hole was located with a hand held GPS.</li> <li>The location is in WGS84 Zone 19 south.</li> </ul>
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> <li>Lithological data was collected throughout the drilling. Drill holes have a spacing of approximately 2 km.</li> <li>Brine samples have a 6 m vertical separation and lithological samples are on 1 m intervals. Porosity samples were taken every 3 m in sonic core holes.</li> </ul>
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> <li>The salar deposits that host lithium-bearing brines consist of subhorizontal beds and lenses of halite, sand, gravel and clay. The vertical holes are essentially perpendicular to these units, intersecting their true thickness.</li> </ul>
<i>Sample security</i>	<ul style="list-style-type: none"> <li>Samples were transported to the University of Antofagasta (primary, duplicate and QA/QC samples) for chemical analysis in sealed 1-litre rigid plastic bottles with sample numbers clearly identified.</li> <li>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.</li> </ul>
<i>Review (and Audit)</i>	<ul style="list-style-type: none"> <li>No audit of data has been conducted to date.</li> </ul>

<b>Section 2 - Mineral Tenement and Land Tenure Status</b>	
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> <li>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.</li> <li>The property comprises 1,438 ha in six mineral claims known as Lito 1 through Lito 6. In addition the Cocina 19-27 properties, San Francisco, Salamina and Despreciada properties have been added since the resource estimate on the Lito properties.</li> <li>The properties are located in the northern section of the Salar de Maricunga.</li> <li>The tenements/properties are believed to be in good standing, with payments made to relevant government departments.</li> </ul>
<i>Exploration by other parties</i>	<ul style="list-style-type: none"> <li>SLM Lito drilled 58 vertical holes in the Lito properties on a 500 m x 500 m grid in February, 2007. Each hole was 20 m deep. The drilling covered all of the Lito 1 – 6 property holdings.</li> <li>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.</li> <li>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.</li> <li>Prior to this the salar was evaluated by Chilean state organization Corfu, using hand dug pit samples.</li> </ul>
<i>Geology</i>	<ul style="list-style-type: none"> <li>The sediments within the salar consist of halite, sand, gravel and clay which have accumulated in the salar from terrestrial sedimentation and evaporation of brines within the salar.</li> <li>Brines within the salar are formed by solar concentration, with brines hosted within the different sedimentary units</li> <li>Geology was recorded during drilling to of all the holes.</li> </ul>
<i>Drill hole data</i>	<ul style="list-style-type: none"> <li>Lithological data was collected from the holes as they were drilled as drill cuttings, and at the geological logging facility for sonic cores, with the field parameters (electrical conductivity, density, pH) measured on the brine samples taken on 6 m intervals.</li> <li>Brine samples were collected at 6 m intervals and sent for analysis to the University of Antofagasta, together with quality control/quality assurance samples.</li> </ul>
<i>Data aggregation</i>	<ul style="list-style-type: none"> <li>Brine samples taken from the holes every 6 m represent composite samples over the sample interval.</li> </ul>
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> <li>The lithium-bearing brine deposits extend across the properties and over a thickness of &gt; 150 to 200m (depending on the depth of drilling), limited by the depth of the drilling</li> <li>The drill holes are vertical and perpendicular to the horizontal sediment layers in the salar.</li> </ul>
<i>Diagrams</i>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<i>Balanced reporting</i>	<ul style="list-style-type: none"> <li>This announcement presents representative key results from drilling at the Maricunga salar. Further information will be provided following additional drilling and field activities.</li> </ul>
<i>Other substantive</i>	<ul style="list-style-type: none"> <li>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.</li> </ul>

<i>exploration data</i>	
<i>Further work</i>	<ul style="list-style-type: none"><li>• The company will consider additional drilling on the properties which have been added to the project since the 2012 public report.</li></ul>