

# **Lithium Power International Limited**

## **ACN 607 260 328**

---

### **Notice of Annual General Meeting Explanatory Statement**

---

#### **Date of Meeting**

Wednesday, 28 November 2018

#### **Time of Meeting**

2.00pm, Sydney time

#### **Place of Meeting**

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

## LETTER TO SHAREHOLDERS

Dear Shareholder

I'm pleased to invite you to attend the Annual General Meeting of Lithium Power International Limited and I enclose the Notice of Meeting, which sets out the items of business, and the Explanatory Statement, which explains each of the resolutions to be considered at the Annual General Meeting.

The meeting will be held at 2.00pm (Sydney time) on Wednesday, 28 November 2018 at the offices of Boardroom Pty Limited, Grosvenor Place, Level 12, 225 George Street, Sydney NSW 2000.

The Board considers the Annual General Meeting to be an important event on our calendar and we look forward to the opportunity to update you on the Company's recent performance and answer any questions you may have. It will be my second Annual General Meeting as Chairman of the Company.

The Company has contributed significant funds throughout the year to the Maricunga Joint Venture Company, Minera Salar Blanco S.A ("MSB"). In January 2018 we released the Preliminary Economic Assessment Study ("PEA"). Due to the excellent results documented in the PEA and previous reports, the decision was made to bring forward the Company's final earn-in payments, under the Investment Agreement. This, in effect, allowed the Company to complete its earn-in obligations and make us a fully paid up 50% shareholder of MSB in February 2018. In August 2018 LPI acquired an additional 1% of MSB, bringing our interest to 51%. The ownership of MSB is now LPI 51%, Minera Salar Blanco SpA ("Minera Blanco") 30.98% and Bearing Lithium Corp 18.02%.

MSB submitted the Environmental Impact Assessment ("EIA") for Maricunga in September 2018 and is on track to complete the Definitive Feasibility Study ("DFS") in December 2018. In addition, MSB has made positive steps toward the awarding of all required licences, with the issue of these pending.

Given our strategic focus on the Maricunga Project, LPI decided to divest its Argentine lithium brine asset. However, the purchaser was unable to complete the transaction in the extended time frame provided, resulting in the Company retaining the approximately A\$1.15m deposit and forming a 70/30 joint venture with the purchaser, Centenario Lithium Limited. The Company also conducted a pre-drilling exploration program and other permitting requirements relating the Centenario Project.

In October 2018 we were pleased to announce the appointment of Non-Executive Director Cristobal Garcia-Huidobro as Managing Director and Chief Executive Officer of the Company. Mr Garcia-Huidobro will continue as the CEO and Director of MSB. Mr Garcia-Huidobro has an excellent reputation and a strong network in Chile and his appointment has been approved by LPI's joint venture partners in MSB.

Mr Garcia-Huidobro was instrumental in the finalisation of the joint venture shareholder and investment agreements for the Maricunga Project. He leads MSB's exploration and development program at Maricunga.

We were also delighted to announce the appointment of Richard Crookes as Executive Director – Corporate Finance in October 2018. Mr Crookes is a highly regarded and well-known resource industry and investment professional in Australia, with more than 30 years' experience in the mining and finance sectors. He has a unique blend of broad resource industry operations experience coupled with a successful career in mining finances and investment management.

The Company also added Mr Martin Borda to its Board in September 2018, in order to further enhance its relationship with MSB. Mr Borda is the owner of LPI's Chilean joint venture partner, Minera Blanco. LPI

will continue to put the right people in the right place at the right time as the Company advances the Maricunga Project and its other assets.

I would like to acknowledge the efforts of our founding CEO, Martin Holland, who departed the Company in June 2018. Martin was instrumental to the growth and success of the Company. I would also like to acknowledge the efforts of Dr Luis Ignacio Silva, who resigned from the Board in September 2018.

If you have questions in relation to the upcoming Annual General Meeting, please contact Andrew Phillips, Director and Company Secretary, on +61 2 9276 1245.


If you are not able to attend the meeting to vote in person, the Board encourages you to complete the enclosed Proxy Form and return it by mail or fax in accordance with the instructions provided.

As Chairman, I will vote all undirected proxies in favour of all Resolutions (subject to any restrictions or exclusions).

Finally, the Board of Directors and members of the Company's management would like to invite you to join us for light refreshments following the Annual General Meeting.

I look forward to welcoming you to the 2018 Annual General Meeting.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'D Hannon', with a stylized, cursive flourish at the end.

David Hannon  
Chairman

## **Lithium Power International Limited ACN 607 260 328**

### **Notice of Annual General Meeting**

---

Notice is given that the Annual General Meeting of the Shareholders of Lithium Power International Limited ACN 607 260 328 (**LPI** or the **Company**) will be held as follows:

**Time:** 2.00pm (Sydney time).

**Date:** Wednesday, 28 November 2018.

**Place:** Boardroom Pty Limited, Grosvenor Place, Level 12, 225 George Street, Sydney NSW 2000.

The business to be considered at the Annual General Meeting is set out below.

This Notice of Meeting should be read in its entirety in conjunction with the accompanying Explanatory Statement, which contains information in relation to the following Resolutions. If you are in any doubt as to how you should vote on the proposals set out in this Notice of Meeting, you should consult your financial or other professional adviser.

Capitalised terms used in this Notice of Meeting and Explanatory Statement are defined in the Glossary and throughout this Notice of Meeting and Explanatory Statement.

---

## **BUSINESS**

### ***Financial Statements and Report***

To receive and consider the Company's financial statements and reports of the Directors and auditor for the financial year ended 30 June 2018.

#### **Resolution 1. Remuneration Report**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, in accordance with section 250R(2) of the Corporations Act, the Remuneration Report as set out in the Company's annual report for the financial year ended 30 June 2018 be adopted."*

---

#### **Resolution 2. Approval of 10% Placement Facility**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*"That, for the purposes of Listing Rule 7.1A, the issue of Equity Securities comprising up to 10% of the Company's share capital, calculated in accordance with Listing Rule 7.1A as set out in the Explanatory Statement, be authorised and approved by Shareholders."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of Resolution 2 by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of Equity Securities under this Resolution (except a benefit solely by reason of being a holder of ordinary securities in the Company), and any Associates of those persons. However, the Company need not disregard a vote if it is cast:

- (a) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

- (b) by the person chairing the Annual General Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

The Chairman intends to vote all undirected proxies in favour of Resolution 2.

**Note:** In accordance with Listing Rule 14.11.1 and the relevant note under that rule concerning Listing Rule 7.1A, as at the date of this Notice of Meeting it is not known who may participate in the proposed issue (if any). On that basis, no Shareholders are currently excluded from voting.

---

### **Resolution 3. Ratification of issue of 3,000,000 Options to Canaccord – Listing Rule 7.1 capacity**

To consider and if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, the issue of 3,000,000 Unlisted Options to Canaccord, details of which are set out in the Explanatory Statement, be ratified by Shareholders.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of Canaccord and any Associates of Canaccord, however the Company need not disregard a vote if it is cast:

- (a) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) by the person chairing the Annual General Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

The Chairman intends to vote all undirected proxies in favour of Resolution 3.

---

### **Resolution 4. Ratification of issue of 1,800,000 Shares to MSB Staff – Listing Rule 7.1 capacity**

To consider and if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, the issue of 1,800,000 Shares to MSB Staff, details of which are set out in the Explanatory Statement, be ratified by Shareholders.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of the MSB Staff and any Associates of the MSB Staff, however the Company need not disregard a vote if it is cast:

- (a) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) by the person chairing the Annual General Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

The Chairman intends to vote all undirected proxies in favour of Resolution 4.

---

### **Resolution 5. Re-election of Richard Crookes as Director**

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That Richard Crookes, being a Director who retires in accordance with clause 4.2(a)(ii) of the Company's Constitution and Listing Rule 14.4, and being eligible for re-election, be re-elected as a Director."*

Details of the qualifications and experience of Mr Crookes and the recommendation of the Board in relation to his election are set out in the Explanatory Statement.

The Chairman intends to vote all undirected proxies in favour of Resolution 5.

---

#### **Resolution 6. Re-election of Martin Borda as Director**

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That Martin Borda, being a Director who retires in accordance with clause 4.2(a)(ii) of the Company's Constitution and Listing Rule 14.4, and being eligible for re-election, be re-elected as a Director."*

Details of the qualifications and experience of Mr Borda and the recommendation of the Board in relation to his election are set out in the Explanatory Statement.

The Chairman intends to vote all undirected proxies in favour of Resolution 6.

---

#### **Resolution 7. Re-election of Andrew Phillips as Director**

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That Andrew Phillips, being a Director who retires by rotation in accordance with clause 4.3(c) of the Constitution, and being eligible for re-election, be re-elected as a Director."*

Details of the qualifications and experience of Mr Phillips and the recommendation of the Board in relation to his election are set out in the Explanatory Statement.

The Chairman intends to vote all undirected proxies in favour of Resolution 7.

---

#### **Resolution 8. Re-election of David Hannon as Director**

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That David Hannon, being a Director who retires by rotation in accordance with clause 4.3(c) of the Constitution, and being eligible for re-election, be re-elected as a Director."*

Details of the qualifications and experience of Mr Hannon and the recommendation of the Board in relation to his election are set out in the Explanatory Statement.

The Chairman intends to vote all undirected proxies in favour of Resolution 8.

---

## **Resolution 9. Approval of issue of Director Options to Martin Borda**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, the issue of 2,000,000 Director Options to Martin Borda (or nominee), details of which are set out in the Explanatory Statement, be approved by Shareholders."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of Resolution 9 by or on behalf of Martin Borda, his nominee(s) and any of their Associates, however the Company need not disregard a vote if it is cast:

- (a) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
  - (b) by the person chairing the Annual General Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.
- 

## **Resolution 10. Approval of issue of Director Options to Cristobal Garcia-Huidobro**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, the issue of 2,000,000 Director Options to Cristobal Garcia-Huidobro (or nominee), details of which are set out in the Explanatory Statement, be approved by Shareholders."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of Resolution 10 by or on behalf of Cristobal Garcia-Huidobro, his nominee(s) and any of their Associates, however the Company need not disregard a vote if it is cast:

- (a) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
  - (b) by the person chairing the Annual General Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.
- 

## **Resolution 11. Approval of issue of Director Options to Richard Crookes**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, the issue of 2,000,000 Director Options to Richard Crookes (or nominee), details of which are set out in the Explanatory Statement, be approved by Shareholders."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of Resolution 11 by or on behalf of Richard Crookes, his nominee(s) and any of their Associates, however the Company need not disregard a vote if it is cast:

- (a) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
  - (b) by the person chairing the Annual General Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.
-

## **VOTING PROHIBITION – RESOLUTIONS 1, 9, 10 & 11**

The Company will disregard any votes cast on Resolutions 1, 9, 10 and 11 (in any capacity) by or on behalf of any of the following:

- (a) Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) Closely Related Parties of Key Management Personnel,

however the Company need not disregard a vote on Resolution 1, 9, 10 or 11 if it is cast:

- (c) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (d) by the person chairing the Annual General Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Chairman will vote all undirected proxies in favour of Resolutions 1, 9, 10 and 11 however the Chairman will not vote undirected proxies in relation to this Resolution unless the Shareholder expressly authorises the Chairman to vote in accordance with the Chairman's stated voting intentions.

## **OTHER BUSINESS**

To consider any other business which may be properly and lawfully brought before the Annual General Meeting in accordance with the Company's Constitution and the Corporations Act.

### **Explanatory Statement**

Shareholders are referred to the Explanatory Statement accompanying and forming part of this Notice of Meeting. All Shareholders should read the Explanatory Statement carefully and in its entirety. If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice of Meeting, please contact the Company, your accountant or investment adviser.

DATED THIS 26<sup>th</sup> DAY OF OCTOBER 2018

By order of the Board of Directors



Andrew Phillips  
Director and Company Secretary



## **Important Information**

### **“Snap-shot” time**

In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Board has determined that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 7:00pm (Sydney time) on Monday, 26 November 2018.

### **Venue**

The Annual General Meeting will be held at Boardroom Pty Limited, Grosvenor Place, Level 12, 225 George Street, Sydney NSW 2000 commencing at 2.00pm (Sydney time) on Wednesday, 28 November 2018.

### **How to vote**

You may vote by attending the meeting in person, by proxy or duly authorised representative.

You may also lodge your vote online by visiting <https://www.votingonline.com.au/lithiumagm2018> and entering your Postcode or Country of Residence (if outside of Australia) and your Voting Access Code (VAC), which are provided on your proxy form.

### **Voting in person**

To vote in person, attend the Annual General Meeting at the time, date and place set out above.

### **Voting by proxy**

Any Shareholder entitled to attend and vote at this Annual General Meeting is entitled to appoint a proxy to attend and vote instead of that Shareholder. The proxy does not need to be a Shareholder of the Company.

A Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes.

To vote by proxy, please complete and sign the proxy form enclosed with this Notice of Meeting, so that it is received no later than 2.00pm (Sydney time) on Monday, 26 November 2018. Proxy forms received later than this time will be invalid. Proxy forms should be delivered to Boardroom, the Company's share registry, as follows:

Postal address: Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001  
Australia

In person: Boardroom Pty Limited  
Level 12, 225 George Street  
Sydney NSW 2000  
Australia

Alternatively, you can fax your proxy form so that it is received no later than 2.00pm (Sydney time) on Monday, 26 November 2018 at the following fax number: +61 2 9290 9655.

### **Your proxy form is enclosed**

This is an important document. Please read it carefully. If you are unable to attend the Annual General Meeting, please complete the enclosed proxy form and return it in accordance with the instructions set out on that form.

**Corporate representative**

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Annual General Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that corporate Shareholder's representative.

The authority may be sent to the Company and/or Boardroom (address above) in advance of the meeting or handed in at the meeting when registering as a corporate representative.

An "Appointment of Corporate Representative" form is available on request from the Company Secretary.

## **Explanatory Statement**

---

This Explanatory Statement and all attachments are important documents. They should be read carefully.

If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice, please contact the Company, your stockbroker, lawyer or other professional adviser.

This Explanatory Statement has been prepared for the Shareholders of Lithium Power International Limited ACN 607 260 328 in connection with the Annual General Meeting of the Company to be held on Wednesday, 28 November 2018.

## **Financial Statements and Reports**

The Corporations Act requires that the report of the Directors, the auditor's report and the financial report be laid before the Annual General Meeting. In addition, the Constitution provides for these reports to be received and considered at the Annual General Meeting. Neither the Corporations Act nor the Constitution requires a vote of Shareholders at the Annual General Meeting on these reports or statements. However, Shareholders will be given a reasonable opportunity to raise questions with respect to the auditor's report and the financial report at the Annual General Meeting.

In accordance with the Corporations Act the Company is not required to provide a hard copy of the Company's Annual Report to Shareholders unless a Shareholder has specifically elected to receive a printed copy. Shareholders may view the Company's Annual Report on the Company's website at <http://www.lithiumpowerinternational.com/> or may request a copy from the Company at any time.

### **1. Resolution 1 – Adoption of Remuneration Report**

Under sections 249L and 250R of the Corporations Act, public companies are required to meet disclosure requirements in respect of Director and executive remuneration, and to include a remuneration report in the Director's Report to Shareholders. The Company's remuneration report for the 12 months ended 30 June 2018 (**Remuneration Report**) is included in the 2018 Annual Report.

Further, the Corporations Act requires that adoption of the remuneration report be included as a resolution on which shareholders are given the opportunity to vote at the annual general meeting of a company.

The vote on Resolution 1 is advisory only and will not be binding on the Board or the Company.

Notwithstanding the non-binding nature of the vote, the Board will take note of the outcome of the vote when considering future remuneration matters.

Under the Corporations Act, if at least 25% of the votes cast on a remuneration report are against the adoption of the relevant remuneration report at two consecutive annual general meetings (with any such potential 25% or more vote 'against' commonly referred to as a "first strike" or "second strike", respectively), the relevant company will be required to put to its shareholders a resolution at the later of those annual general meetings proposing that an extraordinary general meeting (**Spill Meeting**) be called to consider the election of the directors of the company (**Spill Resolution**).

The Spill Meeting must be held within 90 days of the date of the second annual general meeting. For a Spill Resolution to be passed, more than 50% of the votes cast on the resolution must be in favour of it. If a Spill Resolution is passed, all of the directors (other than any managing director) will cease to hold office immediately before the end of the Spill Meeting unless re-elected at that meeting.

At the Company's 2017 Annual General Meeting, a "first strike" was **not** recorded in respect of the Remuneration Report. Accordingly, a Spill Resolution is not relevant for this Annual General Meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 1.

## **2. Listing Rules – Chapter 7**

### **2.1 Listing Rules 7.1 and 7.2**

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12-month period without the approval of holders of ordinary securities than the amount which represents 15% of the number of fully paid ordinary securities on issue at the start of the 12 month period.

Listing Rule 7.2 sets out the exceptions to Listing Rules 7.1 and 7.1A.

### **2.2 Listing Rule 7.1A**

Listing Rule 7.1A provides that an eligible entity may seek approval of holders of its ordinary securities by special resolution (which requires 75% of the votes cast by shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative)) at its annual general meeting to issue Equity Securities equivalent to an additional 10% of the number of ordinary securities on issue (based on the number of ordinary securities on issue 12 months before the date of issue or date of agreement to issue) over a period of 12 months after the annual general meeting ("**10% Placement Facility**").

The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

The exceptions in Listing Rule 7.2, also apply to Listing Rule 7.1A.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

### **2.3 Listing Rule 7.4**

Listing Rule 7.4 provides that an issue of securities made without the approval of holders of ordinary securities under Listing Rule 7.1 is treated as having been made with approval for the purposes of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and holders of ordinary securities subsequently approve the issue pursuant to a notice of meeting which complies with Listing Rule 7.5. Listing Rule 7.4 also permits the ratification of issues of securities under Listing Rule 7.1A.

## **3. Resolution 2 – Approval of 10% Placement Facility under Listing Rule 7.1A**

The Company is seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility in Listing Rule 7.1A. The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (available on the ASX website at [www.asx.com.au](http://www.asx.com.au)).

### **3.1 Further requirements of Listing Rule 7.1A**

#### 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (a) the date that is 12 months after the date of the annual general meeting at which the approval is obtained (which, in the case of Resolution 2 will be 28 November 2018); or

- (b) the date of the approval by holders of ordinary securities of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking), or such longer period if allowed by ASX,

(“**10% Placement Period**”).

*Class of Equity Securities issued under Listing Rule 7.1A*

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company. The Company, as at the date of the Notice of Meeting, has the following quoted classes of Equity Securities:

- (a) Shares; and
- (b) listed options with an exercise price of \$0.55 and expiring on 6 July 2019 (which trade under the code LPIOA).

*Issue price of Equity Securities issued under Listing Rule 7.1A.3*

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- (a) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (b) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (a) above, the date on which the Equity Securities are issued,

(the “**Minimum Price**”).

*Listing Rule 7.1A.4*

Listing Rule 7.1A.4 requires the Company to give to ASX the information required by Listing Rule 3.10.5A when it issues Equity Securities under Listing Rule 7.1A.

### **3.2 Effect of Resolution 2**

The effect of Resolution 2 will be to allow the Company to issue Equity Securities under the 10% Placement Facility during the 10% Placement Period in addition to the Company’s 15% placement capacity under Listing Rule 7.1.

Resolution 2 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

While the Company does not have any immediate plans to issue Equity Securities under the 10% Placement Facility, purposes for which Equity Securities may be issued pursuant to Resolution 2 may include the raising of capital to expedite the development of the Company’s projects.

### **3.3 Specific information required by Listing Rule 7.3A**

Pursuant to Listing Rule 7.3A, the following information is provided in relation to Resolution 2:

*Minimum Price*

- (a) The Equity Securities will be issued at an issue price of not less than the Minimum Price (defined above).

*Dilution*

- (b) Shareholders should be aware that there is a risk of economic and voting dilution that may result from an issue of Equity Securities under the 10% Placement Facility, including the risk that:

- (i) the market price for Equity Securities in that class may be significantly lower on the issue date than on the date of the meeting where approval is sought (i.e. the date of this Annual General Meeting); and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for those Equity Securities on the date of issue.
- (c) Any issue of Equity Securities under the 10% Placement Facility will dilute the interests of Shareholders who do not receive any Equity Securities under the issue, unless the only Equity Securities issued are listed options and such options are not exercised.
- (d) The table below shows the potential dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A.2 on the basis of the market price of Shares (as at close of trade on Friday, 5 October 2018) ("**Issue Price**") and the current number of Shares on issue as at that date. The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Facility.

Number of Shares on issue: Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.1375 (13.75 cents) 50% decrease in Issue Price	\$0.275 (27.5 cents) Issue Price	\$0.55 (55 cents) 100% increase in Issue Price
<b>Current Variable A</b>  <b>262,513,903 Shares</b>	10% voting dilution	26,251,390 Shares	26,251,390 Shares	26,251,390 Shares
	Funds raised	\$3,609,566	\$7,219,132	\$14,438,265
<b>50% increase in current Variable A</b>  <b>393,770,855 Shares</b>	10% voting dilution	39,377,085 Shares	39,377,085 Shares	39,377,085 Shares
	Funds raised	\$5,414,349	\$10,828,698	\$21,657,397
<b>100% increase in current Variable A</b>  <b>525,027,806 Shares</b>	10% voting dilution	52,502,781 Shares	52,502,781 Shares	52,502,781 Shares
	Funds raised	\$7,219,132	\$14,438,265	\$28,876,530

- (e) The table also shows two examples of where:
- (i) variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of Shares the Company has on issue. The number of Shares on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval, for example, a pro rata entitlement offer or future placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
  - (ii) the issue price of Shares has decreased by 50% and increased by 100% as against the Issue Price.
- (f) The table above has been prepared on the following additional assumptions:

- (i) the Company issues the maximum number of Shares available under the 10% Placement Facility; and
- (ii) the table shows only the effect of issues of Shares under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

Placement Period

- (g) If Shareholder approval is granted for Resolution 2, that approval will expire at the end of the 10% Placement Period. Approval will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 or Listing Rule 11.2.

Purpose

- (h) The Company may seek to issue the Equity Securities for the following purposes:
  - (i) as non-cash consideration for the acquisition of new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
  - (ii) for cash consideration, in order to raise funds for the acquisition of new assets or investments (including expenses associated with such acquisitions), to expedite development of the Company's projects and for general working capital.

Allocation

- (i) The allottees of the Equity Securities to be issued under the 10% Placement Facility have not yet been determined. However, the allottees could consist of current Shareholders or new investors (or both).
- (j) The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to a range of factors including:
  - (i) the purpose of the issue;
  - (ii) the methods of raising funds that are available to the Company, including but not limited to, a rights issue or other issue in which existing security holders can participate;
  - (iii) the effect of the issue of the Equity Securities on the control of the Company;
  - (iv) the circumstances of the Company, including the financial situation and solvency of the Company;
  - (v) prevailing market conditions; and
  - (vi) advice from corporate, financial and broking advisers (if applicable).
- (k) Further, if the Company is successful in acquiring new assets or investments, it is possible that the allottees under the 10% Placement Facility will be the vendors of the new assets or investments.

Prior approval

- (l) The Company previously obtained Shareholder approval under Listing Rule 7.1A at the 2017 Annual General Meeting held on 15 November 2017.
- (m) As the Company has previously obtained Shareholder approval under Listing Rule 7.1A, the following information is provided to Shareholders, in accordance with Listing Rule 7.3A.6, regarding the Equity Securities issued by the Company in the 12 months preceding the date of this Annual General Meeting:
  - (i) *Listing Rule 7.3A.6(a): Total Equity Securities issued in previous 12 months*

Number of Equity Securities on issue at the commencement of the previous 12 month period	303,276,790, of which 195,914,852 are ordinary shares and 107,361,938 are options
Equity Securities issued during the previous 12 month period	71,599,051, of which 66,599,051 are ordinary shares and 5,000,000 are options
Percentage that the Equity Securities issued during the previous 12 months represent of the total number of Equity Securities on issue at commencement of 12 month period	23.61%

(ii) *Listing Rule 7.3A.6(b): Details of Equity Securities issued in previous 12 months*

The details of Equity Securities issued during the previous 12 months preceding the date of this Annual General Meeting are set out in the Annexure to this Notice of Meeting.

Voting exclusion statement

- (n) A voting exclusion statement is included in the Notice of Meeting. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

### 3.4 Recommendation and undirected proxies

The Directors unanimously recommend that Shareholders vote in favour of Resolution 2.

The Chairman intends to vote undirected proxies in favour of Resolution 2.

## 4. Resolution 3 – Ratification of issue of 3,000,000 Unlisted Options to Canaccord (Listing Rule 7.1 capacity)

### 4.1 Purpose

On 2 March 2018, the Company issued 3,000,000 unlisted options (**Unlisted Options**) to Canaccord Genuity (Australia) Pty Ltd (**Canaccord**) as consideration in respect of corporate finance and advisory services provided by Canaccord.

Resolution 3, which is an ordinary resolution, seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the 3,000,000 Unlisted Options to Canaccord under Listing Rule 7.1.

### 4.2 Information provided in accordance with Listing Rule 7.5

The following information is provided in relation to the issue of the Unlisted Options to Canaccord in accordance with Listing Rule 7.5:

- (a) The number of Unlisted Options issued under Listing Rule 7.1 was 3,000,000 options.
- (b) The Unlisted Options were issued for nil cash consideration.
- (c) The key terms of issue of the Unlisted Options are:
  - (i) 2,000,000 options exercisable at 60 cents (\$0.60) each at any time from their date of issue up to their expiry on 6 July 2020; and
  - (ii) 1,000,000 options exercisable at 80 cents (\$0.80) each at any time from their date of issue up to their expiry on 6 July 2020.
- (d) The Unlisted Options were issued to Canaccord (or its nominee).



- (e) No funds were raised from the issue of the Unlisted Options to Canaccord as the Unlisted Options were issued by the Company as consideration in respect of corporate finance and advisory services provided by Canaccord.
- (f) A voting exclusion statement in relation to Resolution 3 is included in the Notice of Meeting.

#### **4.3 Recommendation and undirected proxies**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3.

The Chairman intends to vote undirected proxies in favour of Resolution 3.

### **5. Resolution 4 – Ratification of issue of 1,800,000 Shares to MSB Staff (Listing Rule 7.1 capacity)**

#### **5.1 Purpose**

On 30 August 2018, the Company issued 1,800,000 Shares to seven key employees and contractors of MSB, the Maricunga Joint Venture Company, in order to further align the interests of MSB and the MSB Staff with the Company and cement the strong relationship between the two groups.

Resolution 4, which is an ordinary resolution, seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of 1,800,000 Shares to MSB Staff under Listing Rule 7.1.

None of the MSB Staff are related parties of the Company.

#### **5.2 Information provided in accordance with Listing Rule 7.5**

The following information is provided in relation to the issue of Shares to the MSB Staff in accordance with Listing Rule 7.5:

- (a) The number of Shares issued under Listing Rule 7.1 was 1,800,000 Shares.
- (b) The Shares were issued for nil cash consideration.
- (c) The Shares are fully paid and rank equally in all respects with the Company's other Shares on issue.
- (d) The Shares were issued to the MSB Staff.
- (e) No funds were raised from the issue of the Shares to the MSB Staff as the Shares were issued by the Company as remuneration and incentives under employment and contractor arrangements and in order to further align the interests of MSB and the Company and cement the strong relationship between the two groups
- (f) A voting exclusion statement in relation to Resolution 4 is included in the Notice of Meeting.

#### **5.3 Recommendation and undirected proxies**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4.

The Chairman intends to vote undirected proxies in favour of Resolution 4.

### **6. Resolution 5 – Re-election of Richard Crookes as Director**

Richard Crookes was appointed as Executive Director on 1 November 2018 under clause 4.2(a)(i)(1) of the Constitution.

#### **6.1 Constitution and Listing Rule 14.4**

Clause 4.2(a)(ii) of the Constitution provides that any Director appointed under clause 4.2(a)(i) must retire from office at the conclusion of, and will be eligible for re-election at, the next annual general meeting following his or her appointment.

Listing Rule 14.4 provides that a director who is appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting following the director's appointment.

In accordance with clause 4.2(a)(ii) of the Constitution and Listing Rule 14.4, Richard Crookes retires as Director and offers himself for re-election as a Director at this Annual General Meeting.

## **6.2 Biography of Richard Crookes**

Mr Crookes is a highly regarded Australian resource industry and investment professional and has more than 30 years' experience in the mining and finance sectors. He combines experience in resources industry operations with mining finance and investment expertise and has considerable experience in the South American resource sector.

Mr Crookes is a geologist with deep involvement in all aspects of mining projects, including exploration, mineral resource development, operations, project finance and project management.

After 15 years in the resource industry, Mr Crookes worked for 12 years at Macquarie Bank, where he originated and managed many of the bank's principal investments in exploration and mining companies as well as leading several project finance transactions. His most recent role as an Investment Director for the mining specialist private equity fund manager, EMR Capital, includes significant contributions to the success of two EMR funds during the past six years. These mining finance roles include several investments and transactions in Chile.

Mr Crookes is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM,) a Fellow of the Financial Services Institute of Australia (FINSIA) and a Member of the Australian Institute of Company Directors (AICD).

## **6.3 Recommendation and undirected proxies**

The Directors (other than Richard Crookes) unanimously recommend that Shareholders vote in favour of Resolution 5.

The Chairman intends to vote undirected proxies in favour of Resolution 5.

## **7. Resolution 6 – Re-election Martin Borda as Director**

Martin Borda was appointed as a Director on 3 September 2018 under clause 4.2(a)(i)(1) of the Constitution.

### **7.1 Constitution and Listing Rule 14.4**

In accordance with Clause 4.2(a)(ii) of the Constitution and Listing Rule 14.4 (described above), Martin Borda retires as Director and offers himself for re-election as a Director at this Annual General Meeting.

### **7.2 Biography of Martin Borda**

Mr Borda is a successful and well-known businessman in Chile, having more than 40 years' experience in a range of industries in that country and internationally. He was a major stakeholder from the early development stages of the Maricunga Lithium Brine Project. That included the establishment of the joint venture company, MSB, of which he owns 30.98% through a private investment entity (Minera Blanco). Mr Borda is also the fourth largest shareholder of LPI.

An economist from Roosevelt University in Chicago, Mr Borda has served on many boards in Chile, including as a Non-Executive Director of Banco Scotiabank and Compania Molinera San Cristobal. He was a founding Director and Executive Chairman of the Santiago Stock Exchange-listed, Multiexport Foods S.A. Multiexport is Chile's second largest salmon farmer and processor and is a major exporter of whole and processed raw and smoked salmon with a focus on the US, Japan and Russia.

### **7.3 Recommendation and undirected proxies**

The Directors (other than Martin Borda) unanimously recommend that Shareholders vote in favour of Resolution 6.

The Chairman intends to vote undirected proxies in favour of Resolution 6.

## **8. Resolution 7 – Re-election of Andrew Phillips as Director**

Andrew Phillips was appointed as a director of the Company on 24 July 2015, upon its incorporation.

### **8.1 Constitution and Listing Rule 14.4**

Clause 4.3(c) of the Constitution provides for the retirement of one-third of the Directors (or the whole number nearest to one third) from office at each annual general meeting of the Company, with the Directors to retire being those who have been longest in office since their last election.

In accordance with Clause 4.3(c) of the Constitution and Listing Rule 14.4, Andrew Phillips retires as Director and offers himself for re-election as a Director at this Annual General Meeting.

### **8.2 Biography of Andrew Phillips**

Mr Andrew Phillips has over 25 years' experience working in senior financial and commercial management positions with several public and multinational companies based in Australia and New Zealand. Mr Phillips has a thorough knowledge of international finance and corporate services and has an extensive network of contacts throughout Asia and the Americas.

He is currently an Executive Director, Chief Financial Officer and Company Secretary of the Company and is a Director of MSB. In addition he is currently an Independent Director for ASX listed companies Longreach Oil Ltd and Southern Cross Exploration NL.

Mr Phillips has sat on a number of ASX listed Boards, was previously Group Financial Controller for Aristocrat Leisure Limited (ASX: ALL), a Director of Aristocrat (NZ) Limited, Executive Director for the Recovre Group (a former division of Allianz Insurance) and CFO and Executive Director for Hoya Lens Australia Pty Ltd and Hoya Lens NZ Ltd (a subsidiary of Tokyo listed Hoya Corporation (TSE: 77410)).

### **8.3 Recommendation and undirected proxies**

The Directors (other than Mr Phillips) unanimously recommend that Shareholders vote in favour of Resolution 7.

The Chairman intends to vote undirected proxies in favour of Resolution 7.

## **9. Resolution 8 – Re-election of David Hannon**

David Hannon was appointed as a director of the Company on 24 July 2015, upon its incorporation.

### **9.1 Constitution and Listing Rule 14.4**

In accordance with Clause 4.3(c) of the Constitution and Listing Rule 14.4 (described above), David Hannon retires as Director and offers himself for re-election as a Director at this Annual General Meeting.

## **9.2 Biography of David Hannon**

David Hannon holds a Bachelor of Economics from Macquarie University and is a Fellow of the Financial Services Institute of Australia (FINSIA).

Mr Hannon commenced his commercial career as a stockbroker / investment banker in 1985. He later became a Director of a private investment bank specialising in venture capital with a focus on the mining sector. Mr Hannon has operated a private investment group, Chifley Investor Group Pty Limited, for over 15 years.

Mr Hannon's other listed mining company experience involves being a founding Director of Atlas Iron Limited in 2004. Mr Hannon remained a member of the Atlas Board for 10 years and was Chairman while it maintained its position as a member of the ASX 100 Index with a market capitalisation of over A\$2b. Throughout this period Mr Hannon held various positions including Chairman of the Audit Committee and Chairman of the Nominations and Remunerations Committee. While Atlas embarked upon an iron ore growth strategy of its Pilbara assets it became the fourth largest iron ore producer in Australia.

## **9.3 Recommendation and undirected proxies**

The Directors (other than Mr Hannon) unanimously recommend that Shareholders vote in favour of Resolution 8.

The Chairman intends to vote undirected proxies in favour of Resolution 8.

## **10. Resolutions 9, 10 and 11 – Issue of Director Options to Martin Borda, Cristobal Garcia-Huidobro and Richard Crookes**

### **10.1 Background**

The Board has agreed, subject to obtaining Shareholder approval, to allot and issue 2,000,000 Director Options to each of Directors Martin Borda, Cristobal Garcia-Huidobro and Richard Crookes (or their nominees), on the terms and conditions set out in Schedule 2.

The Director Options are exercisable at 60 cents (\$0.60) each at any time from their date of issue up to their expiry on 28 November 2021 (i.e. a 3 year term).

Under Chapter 2E of the Corporations Act, for a public company to give a financial benefit to a related party of the public company, the public company must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

In addition, Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

The issue of Director Options to Directors Martin Borda, Cristobal Garcia-Huidobro and Richard Crookes (or their nominees) requires the Company to obtain Shareholder approval because the Director Options constitute giving a financial benefit and, as Directors, Messrs Martin Borda, Cristobal Garcia-Huidobro and Richard Crookes are related parties of the Company.

It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of the Director Options to the Directors as contemplated by Resolutions 9, 10 and 11.

## 10.2 Shareholder approval under Chapter 2E and Listing Rule 10.13

Pursuant to and in accordance with the requirements of Sections 217 to 227 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of Director Options to the Directors as contemplated by Resolutions 9, 10 and 11:

- (a) the related parties are Directors Martin Borda, Cristobal Garcia-Huidobro and Richard Crookes and they are related parties by virtue of being Directors;
- (b) the maximum number of Director Options (being the nature of the financial benefit being provided) to be allocated to the related parties is:
  - (A) 2,000,000 Director Options to Martin Borda (or his nominee);
  - (B) 2,000,000 Director Options to Cristobal Garcia-Huidobro (or his nominee); and
  - (C) 2,000,000 Director Options to Richard Crookes (or his nominee);
- (c) the Director Options will be granted to the relevant Directors no later than 1 month after the date of the Annual General Meeting and it is anticipated the Director Options will be allocated on one date;
- (d) the Director Options will be issued for nil cash consideration and accordingly no funds will be raised;
- (e) Shares issued on exercise of the Director Options will rank equally with fully paid ordinary shares;
- (f) the Director Options will be issued on the terms set out in Schedule 2;
- (g) the Director Options have been valued by management in accordance with the Black Scholes valuation methodology as set out below. The value is not necessarily the market price that the Director Options could be sold at and is not automatically the market price for taxation purposes;

Assumptions:	
Valuation date	5 October 2018
Market price of shares	\$0.275 (27.5 cents)
Exercise price of Director Options	\$0.60
Expiry date	28 November 2021
Risk free interest rate	1.75
Volatility	80
Dividend yield	Continuous
Indicative value per Director Option	\$0.096

<b>Assumptions:</b>	
Total value of Director Options issued to Directors in aggregate	\$576,000
Value of Director Options issued to each Director	\$192,000

- (h) the relevant interests of the Directors in securities of the Company as at 5 October 2018, and assuming that all of the security issuances contemplated by this Notice of Meeting are approved and occur, and that no securities are purchased or sold by any Director, will be as set out below:

<b>Director</b>	<b>Shares (as at 5 October 2018)</b>	<b>Options (as at 5 October 2018)</b>	<b>Shares post-General Meeting</b>	<b>Options post-General Meeting</b>
David Hannon	21,576,800	2,000,000, \$0.60 unlisted options expiring July 2020  7,750,000, \$0.20 unlisted options expiring June 2021	No change	No change
Cristobal Garcia-Huidobro	500,000	Nil	No change	2,000,000, \$0.60 unlisted options expiring November 2021
Ricky Fertig	17,823,347	7,750,000, \$0.20 unlisted options expiring June 2021	No change	No change
Andrew Phillips	735,000	1,500,000, \$0.20 unlisted options expiring June 2021	No change	No change
Russell Barwick	526,315	526,315 LPIOA quoted options  2,000,000, \$0.60 unlisted options expiring July 2020	No change	No change
Martin Borda	16,000,000	Nil	No change	2,000,000, \$0.60 unlisted options expiring November 2021
Richard Crookes	Nil	Nil	Nil	2,000,000, \$0.60 unlisted options expiring November 2021

- (i) the remuneration from the Company to the Directors and their associates (for their roles as Directors) for the previous financial year and the proposed remuneration for the current financial year are set out below:

Director	Current Financial Year (FY2019)	Previous Financial Year (FY2018)
David Hannon	\$150,000	\$122,500
Cristobal Garcia-Huidobro	\$66,666	N/A
Ricky Fertig	\$150,000	\$122,500
Andrew Phillips	\$250,000	\$215,000
Russell Barwick	\$100,000	\$81,667
Martin Borda	\$75,000	N/A
Richard Crookes	\$100,000	N/A

\* Expected remuneration in FY2019 (excludes the value of any Director Options issued under Resolutions 9, 10 and 11).

- (j) if the Director Options granted to the relevant Directors are exercised, a total of 6,000,000 Shares would be allotted and issued for total consideration received by the Company of \$3,600,000. This would increase the number of Shares on issue from 262,513,903 to 268,513,903 (assuming that no other options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of approximately 2.29%.

If only one grant of Director Options is approved and subsequently exercised, 2,000,000 Shares would be allotted and issued for total consideration received by the Company of \$1,200,000. This would increase the number of Shares on issue from 262,513,903 to 264,513,903 (assuming that no other options are exercised and no other Shares are issued) with the effect that the shareholding of existing shareholders would be diluted by an aggregate of approximately 0.76%.

The market price of Shares during the term of the Director Options would normally determine whether or not the Director Options are exercised. If, at any time any of the Director Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Director Options, there may be a perceived cost to the Company;

- (k) the trading history of the Shares on ASX over the 12 months up to and including 5 October 2018 is set out below:

	Price	Date
Highest	\$0.675	17/11/2017

	Price	Date
Lowest	\$0.255	02/10/2018
Last (as at 5 October 2018)	\$0.275	05/10/2018

- (l) in respect of Resolutions 9, 10 and 11:
- (A) the primary purpose of the grant of the Director Options is to provide cost effective consideration to the relevant Directors for agreeing to join the Board and to reward their commitment and contribution to the Company in their roles as Directors, whilst allowing the Company to maintain cash reserves for its operations. In addition, the Board (other than Mr Borda in relation to Resolution 9, Mr Garcia-Huidobro in relation to Resolution 10 and Mr Crookes in relation to Resolution 11) considers the grant of the Director Options to the Directors to be reasonable, given the necessity to attract high calibre professionals to the Company whilst maintaining the Company's cash reserves;
  - (B) the Board (other than Mr Borda in relation to Resolution 9, Mr Garcia-Huidobro in relation to Resolution 10 and Mr Crookes in relation to Resolution 11) considered the extensive experience and reputation of the relevant persons within the industry, the current market price of Shares, the implied value of the Director Options, current market practices and the prior grants of options to Directors when determining the number and exercise price of the Director Options to be issued under Resolutions 9, 10 and 11. Relevantly, the exercise price of the Director Options is \$0.60, which is approximately 118.2% more than the closing price of the Shares as at 5 October 2018 of \$0.275;
  - (C) the Board (other than Mr Borda in relation to Resolution 9, Mr Garcia-Huidobro in relation to Resolution 10 and Mr Crookes in relation to Resolution 11) does not consider there are any significant opportunity costs to the Company in issuing the Director Options to the Directors; and
- (m) commentary relating to ASX Corporate Governance Principles and Recommendation Policy 8.2 states (inter alia) that non-executive directors should normally be remunerated by way of fees in the form of cash, non cash benefits, superannuation contributions or salary sacrifice into equity and that it is generally acceptable for non-executive directors to receive securities as part of their remuneration to align their interests with the interests of other security holders. The Board (other than Mr Borda in relation to Resolution 9, Mr Garcia-Huidobro in relation to Resolution 10 and Mr Crookes in relation to Resolution 11) considers the issue of Director Options to Directors Borda, Garcia-Huidobro and Crookes is an effective method available to Shareholders to consider in remunerating these Directors as opposed to a cash payment, given the Company's cash position and the development program at the Maricunga Project and the Company's other projects. Shareholders should consider the above matters carefully before deciding how to vote on Resolutions 9, 10 and 11.

### 10.3 Recommendation in relation to Resolution 9

Martin Borda declines to make a recommendation to Shareholders in relation to Resolution 9 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material personal interest in the outcome of Resolution 9, recommend



that Shareholders vote in favour of Resolution 9. The Board is not aware of any other information that would reasonably be required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 9.

The Chairman intends to vote undirected proxies in favour of Resolution 9.

#### **10.4 Recommendation in relation to Resolution 10**

Cristobal Garcia-Huidobro declines to make a recommendation to Shareholders in relation to Resolution 10 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material personal interest in the outcome of Resolution 10, recommend that Shareholders vote in favour of Resolution 10. The Board is not aware of any other information that would reasonably be required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 10.

The Chairman intends to vote undirected proxies in favour of Resolution 10.

#### **10.5 Recommendation in relation to Resolution 11**

Richard Crookes declines to make a recommendation to Shareholders in relation to Resolution 11 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material personal interest in the outcome of Resolution 11, recommend that Shareholders vote in favour of Resolution 11. The Board is not aware of any other information that would reasonably be required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 11.

The Chairman intends to vote undirected proxies in favour of Resolution 11.

## Schedule 1 – Glossary

---

In the Notice of Meeting and this Explanatory Statement the following defined terms have the following meanings:

**10% Placement Facility** has the meaning given to that term in Section 2.2 of the Explanatory Statement.

**10% Placement Period** has the meaning given to that term in Section 3.1 of the Explanatory Statement.

**Annual General Meeting** or **Meeting** means the annual general meeting of Shareholders convened by this Notice of Meeting.

**ASIC** means Australian Securities and Investments Commission.

**Associate** has the meaning given in the Listing Rules.

**ASX** means ASX Limited or the securities exchange market operated by it, as the context requires.

**ASX Listing Rules** or **Listing Rules** means the official listing rules of ASX.

**Board** means the board of Directors of the Company.

**Business Days** means a day that is not a Saturday, Sunday, bank holiday or public holiday in Sydney, Australia.

**Canaccord** means Canaccord Genuity (Australia) Limited.

**Chair** or **Chairman** means the chairman of the Annual General Meeting.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or members' spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth).

**Company** and **LPI** means Lithium Power International Limited ACN 607 260 328.

**Constitution** means the Company's constitution.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Director** means a director of the Company.

**Equity Securities** has the meaning given in the Listing Rules.

**Explanatory Statement** means this explanatory statement.

**Key Management Personnel** has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

**MSB** has the meaning given to that term in Section 5.1 of the Explanatory Statement.

**MSB Staff** has the meaning given to that term in Section 5.1 of the Explanatory Statement.

**Notice of Meeting or Notice** means the notice of Annual General Meeting, which accompanies this Explanatory Statement.

**Official List** means the official list of ASX.

**Related Party** has the meaning given in the Listing Rules.

**Remuneration Report** has the meaning given to that term in Section 2.2 of the Explanatory Statement

**Resolution** means a resolution contained in the Notice of Meeting.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**Trading Day** means a day determined by ASX to be a trading day in accordance with the Listing Rules.

**Unlisted Options** has the meaning given to that term in Section 4.1 of the Explanatory Statement.

**VWAP** means volume weighted average market price.

---

## Schedule 2 – Director Option terms of issue

---

The Director Options to be issued (“**Options**”) entitle the holder to subscribe for Shares on the following terms and conditions.

- (a) The Options are exercisable at a price of 60 cents (\$0.60) each at any time from the date of issue of the Options (on or around 28 November 2018) up to the expiry of the period ending 3 years after the date of issue of the Options (“**Option Exercise Period**”), but not thereafter.
- (b) Each Option entitles the holder to subscribe for one Share.
- (c) No amount is payable on issue of the Options.
- (d) The Company must give each Option holder a certificate or statement stating:
  - (i) the number of Options issued to the Option holder;
  - (ii) the exercise price of the Options; and
  - (iii) the date of issue of the Options and the Option Expiry Period.
- (e) The Company will maintain a register of holders of Options in accordance with section 168(1)(b) of the Corporations Act 2001 (Cth).
- (f) The Options will be fully transferrable in accordance with the Constitution of the Company and, for such time as the Company is listed, the Listing Rules of the ASX will apply.
- (g) Options do not carry any dividend entitlement until they are exercised. Subject to the Constitution, Shares issued on exercise of Options rank equally with other issued Shares from the date they are issued by the Company.
- (h) An Option holder is not entitled to participate in any new issue of securities to existing Shareholders unless the Option holder has exercised its Options before the record date for determining entitlements to the new issue of securities and participates as a result of holding Shares.
- (i) If listed, the Company must give an Option holder, in accordance with the Listing Rules, notice of:
  - (i) the proposed terms of the issue or offer proposed under paragraph (h); and
  - (ii) the right to exercise the Option holder's Options under paragraph (h).
- (j) If the Company makes a bonus issue of Shares or other securities to Shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) and no Share has been issued in respect of an Option before the record date for determining entitlements to the issue, then the number of underlying Shares over which the Option is exercisable is increased by the number of Shares which the Option holder would have received if the option holder had exercised the Option before the record date for determining entitlements to the issue, in accordance with the Listing Rules.
- (k) If the Company makes a pro rata issue of Shares (except a bonus issue) to existing Shareholders (except an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of the Option before the record date for determining entitlements to the issue, the exercise price of each Option is reduced in accordance with the Listing Rules.

- (l) If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the Option holder (including the number of Options to which each option holder is entitled and the exercise price) is changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (m) Any calculations or adjustments which are required to be made under the Option terms of issue will be made by the Board and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Option holder.
- (n) The Company must within a reasonable period give to each Option holder notice of any change under paragraphs (j) to (l) (inclusive) to the exercise price of any Options held by an Option holder or the number of Shares for which the Option holder is entitled to subscribe on exercise of an Option.
- (o) When exercising Options, an Option holder must give the Company or its share registry a Notice of Exercise of Options form (to be obtained from the share registry), together with payment of the exercise monies payable to the Company in connection with the Options being exercised (being \$0.60 per Option) and the Option holder statement.
- (p) The Options are exercisable on any business day during the Option Exercise Period. An Option holder may only exercise Options in multiples of 100,000, unless the Option holder exercises all of its Options.
- (q) If an Option holder exercises less than the total number of its Options, the Company must cancel the Option certificate (if any) and issue the Option holder a new certificate or holding statement for the remaining number of Options held by the Option holder.
- (r) Options will be deemed to be exercised on the date that the Notice of Exercise of Option Form is received by the Company in accordance with paragraphs (o) and (p). The Company shall within 10 days after the receipt of such Notice and cleared funds, issue Shares in respect of the Options exercised and dispatch a shareholder statement to the holder.
- (s) If applicable, the Company will apply to ASX for official quotation of the Shares issued on exercise of the Options.
- (t) The Company will advise holders at least 20 Business Days before the impending expiry of their Options and will advise the due date for payment, the amount of money payable on exercise, the consequences of non-payment and such other details as the Listing Rules then prescribe, so as to enable holders to determine whether or not to exercise their Options during the Option Exercise Period.
- (u) These Option Terms of Issue and the rights and obligations of Option holders are governed by the laws of New South Wales. Each Option holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales.

## ANNEXURE

### DETAILS OF EQUITY SECURITIES ISSUED FOR THE PURPOSES OF LISTING RULE 7.3A.6

	Date of issue	Number issued	Class/Type of equity security and summary of terms	Names of persons who received securities or basis on which those persons were determined	Issue Price and discount to market price (if any)	Issue for cash consideration, cash spent, intended use for remaining cash	Issue for non-cash consideration and current value of non-cash consideration
1.	29 November 2017	47,484,290	<ul style="list-style-type: none"> <li>27,254,546 ordinary shares issued under a share placement to professional and sophisticated investors announced on 22 November 2017 (<b>Placement</b>).</li> <li>20,229,744 ordinary shares issued on exercise of the Company's quoted LPIO options that expired on 24 November 2017.</li> </ul>	<ul style="list-style-type: none"> <li>The Placement shares were issued to sophisticated or otherwise exempt investors under section 708 of the <i>Corporations Act 2001</i> (Cth) under the Placement.</li> <li>The shares issued on exercise of the LPIO option were issued to the holders of those options.</li> </ul>	<ul style="list-style-type: none"> <li>In respect of the shares issued under the Placement, \$0.55 (55 cents) per share. This issue price represented a 15.4% discount to the closing market price on the date of the issue of shares.</li> <li>The LPIO options were exercisable into shares at \$0.55 (55 cents) per share. This price represented a 1.8% premium to the closing market price on the date prior to the issue of shares.</li> </ul>	<p>The funds raised from the share placement were used to fund further development costs to expedite development of the Maricunga Lithium Brine Project Joint Venture and for general working capital.</p> <p>All of this cash has been spent or to be allocated against future working capital and Joint Venture requirements</p>	N/A
2.	4 December 2017	17,314,761	<ul style="list-style-type: none"> <li>18,182 ordinary shares issued under the Placement.</li> <li>1,098,855 ordinary shares issued on exercise of the Company's quoted LPIO</li> </ul>	<ul style="list-style-type: none"> <li>The Placement shares were issued to sophisticated or otherwise exempt investors under section 708 of the <i>Corporations Act 2001</i> (Cth) under the Placement.</li> <li>The shares issued on exercise of the LPIO option</li> </ul>	<ul style="list-style-type: none"> <li>In respect of the shares issued under the Placement, \$0.55 (55 cents) per share. This issue price represented a 15.4% discount to the closing market price on the date of the issue of shares.</li> <li>The LPIO options were exercisable into shares at</li> </ul>	<p>The funds raised from the share placement were used to fund further development costs to expedite development of the Maricunga Lithium Brine Project Joint Venture and for</p>	N/A

	Date of issue	Number issued	Class/Type of equity security and summary of terms	Names of persons who received securities or basis on which those persons were determined	Issue Price and discount to market price (if any)	Issue for cash consideration, cash spent, intended use for remaining cash	Issue for non-cash consideration and current value of non-cash consideration
			<p>options that expired on 24 November 2017.</p> <ul style="list-style-type: none"> <li>16,197,724 ordinary shares issued pursuant to LPIO option underwriting arrangements announced on 22 November 2017.</li> </ul>	<p>were issued to the holders of those options.</p> <ul style="list-style-type: none"> <li>The shares issued pursuant to the LPIO option underwriting arrangements announced on 22 November 2017 were issued to Canaccord Genuity (Australia) Limited.</li> </ul>	<p>\$0.55 (55 cents) per share. This price represented a 7.8% premium to the closing market price on the date of the issue of shares.</p>	<p>general working capital.</p> <p>All of this cash has been spent or to be allocated against future working capital and Joint Venture requirements</p>	
3.	2 March 2018	See breakdown in next column	<ul style="list-style-type: none"> <li>2,000,000 unlisted options exercisable at 55 cents (\$0.55) each, exercisable from their date of issue up to their expiry on 7 July 2019 (<b>Employee Options</b>).</li> <li>2,000,000 unlisted options exercisable at 60 cents (\$0.60) each, exercisable from their date of issue up to their expiry on 6 July 2020 (<b>\$0.60 Options</b>).</li> <li>1,000,000 unlisted options exercisable at 80 cents (\$0.80) each, exercisable from their date of issue up to their</li> </ul>	<ul style="list-style-type: none"> <li>The Employee Options were issued to Murray Brooker or his nominee. Murray Brooker is not subject to approval under the notice</li> <li>The \$0.60 Options and \$0.80 Options were issued to Canaccord Genuity (Australia) Pty Ltd</li> </ul>	<p>No cash consideration was payable on the issue of the options. The consideration provided in respect of the:</p> <ul style="list-style-type: none"> <li>Employee Options is services provided by Murray Brooker;</li> <li>\$0.60 Options and \$0.80 Options is corporate finance and advisory services provided by Canaccord Genuity (Australia) Limited.</li> </ul>	N/A	<p>The options are not tradeable and do not have a market value. As at the date of the notice of meeting for the approval of their issue, the Company:</p> <ul style="list-style-type: none"> <li>valued the Employee Options (using Black-Scholes) at a total of \$213,400;</li> <li>valued the \$0.60 Options (using Black-Scholes) at a total of \$290,200; and</li> </ul>

	Date of issue	Number issued	Class/Type of equity security and summary of terms	Names of persons who received securities or basis on which those persons were determined	Issue Price and discount to market price (if any)	Issue for cash consideration, cash spent, intended use for remaining cash	Issue for non-cash consideration and current value of non-cash consideration
			expiry on 6 July 2020 ( <b>\$0.80 Options</b> ).				<ul style="list-style-type: none"> <li>valued the \$0.80 Options (using Black-Scholes) at a total of \$106,700.</li> </ul>
4.	30 August 2018	1,800,000	Fully paid ordinary shares ranking pari passu with all existing ordinary shares of the Company from the date of issue.	These shares were issued to key employees and contractors of Minera Salar Blanco S.A (the Maricunga Joint Venture Company).	No cash consideration – issued as remuneration under employment and contractor arrangements.	N/A	The value of the 1,800,000 shares as at 5 October 2018 is \$495.000.



## All Correspondence to:

- ✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia
- 📠 **By Fax:** +61 2 9290 9655
- 💻 **Online:** [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)
- ☎ **By Phone:** (within Australia) 1300 737 760  
(outside Australia) +61 2 9290 9600

## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 2.00pm (Sydney time) on Monday 26 November 2018.**

### 🖥 TO VOTE ONLINE

- STEP 1:** VISIT <https://www.votingonline.com.au/lithiumagm2018>
- STEP 2:** Enter your Postcode OR Country of Residence (if outside Australia)
- STEP 3:** Enter your Voting Access Code (VAC):

### 📱 BY SMARTPHONE



Scan QR Code using smartphone  
QR Reader App

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

##### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

#### STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

##### Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

#### STEP 3 SIGN THE FORM

The form **must** be signed as follows:

**Individual:** This form is to be signed by the securityholder.

**Joint Holding:** where the holding is in more than one name, all the securityholders should sign.

**Power of Attorney:** to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

#### STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore **by 2.00pm (Sydney time) on Monday 26 November 2018.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

💻 **Online** [www.votingonline.com.au/lithiumagm2018](http://www.votingonline.com.au/lithiumagm2018)

📠 **By Fax** + 61 2 9290 9655

✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993,  
Sydney NSW 2001 Australia

👤 **In Person** Boardroom Pty Limited  
Level 12, 225 George Street,  
Sydney NSW 2000 Australia

#### Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

☐**Your Address**

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

**Please note, you cannot change ownership of your securities using this form.**

**PROXY FORM****STEP 1 APPOINT A PROXY**

I/We being a member/s of **Lithium Power International Limited** (Company) and entitled to attend and vote hereby appoint:

☐

the **Chair of the Meeting** (mark box)

**OR** if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at the **Offices of Boardroom Pty Limited, Grosvenor Place, Level 12, 225 George Street, Sydney NSW 2000 on Wednesday, 28 November 2018 at 2.00pm (Sydney time)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

**Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters:** If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 1, 9, 10 & 11, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolutions 1, 9, 10 & 11 are connected with the remuneration of a member of the key management personnel for the Company.

**The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 1, 9, 10 & 11).** In exceptional circumstances, the Chair of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made. If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

**STEP 2 VOTING DIRECTIONS**

\* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	To Adopt the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of issue of 3,000,000 Options to Canaccord – Listing Rule 7.1 capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification of issue of 1,800,000 Shares to MSB Staff – Listing Rule 7.1 capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Re-election of Richard Crookes as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Re-election of Martin Borda as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Re-election of Andrew Phillips as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Re-election of David Hannon as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Approval of issue of Director Options to Martin Borda	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Approval of issue of Director Options to Cristobal Garcia-Huidobro	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Approval of issue of Director Options to Richard Crookes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**STEP 3 SIGNATURE OF SHAREHOLDERS**

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2018