



LITHIUMPOWER

INTERNATIONAL LTD

INTERIM REPORT

31 DECEMBER 2022

Corporate Directory

DIRECTORS

Mr David R Hannon
Non-Executive Chairman

Mr Cristobal Garcia-Huidobro R
Managing Director and Chief Executive Officer

Mr Andrew G Phillips
Executive Director and Chief Financial Officer

Mr Richard A Crookes
Executive Director – Corporate Finance

Mr Russell C Barwick
Non-Executive Director

Mr Martin Jose Domingo Borda M
Non-Executive Director

COMPANY SECRETARY

Mr Andrew G Phillips

STOCK EXCHANGE LISTING

Lithium Power International Limited shares are listed on the Australian Securities Exchange (ASX code: **LPI**)

WEBSITE

www.lithiumpowerinternational.com

REGISTERED OFFICE

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

SHARE REGISTRY

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AUDITOR

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BUSINESS OBJECTIVES

Lithium Power International Limited has used cash and cash equivalents held at the time of listing and the time since listing to explore, develop and seek to acquire lithium tenements in South America and Australia, in a way consistent with the business objectives as listed on the Company's website. The Company's focus is the development of its Maricunga Lithium Brine project in Chile, through its 100% owned project company Minera Salar Blanco S.A.

CORPORATE GOVERNANCE STATEMENT

The directors and management are committed to conducting the business of Lithium Power International Limited in an ethical manner and in accordance with the highest standards of corporate governance. Lithium Power International Limited has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Forth Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations.

The Group's Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed and ASX Appendix 4G are released to the ASX on the same day the Annual Report is released. The Corporate Governance Statement and Corporate Governance Compliance Manual has been updated to consider recommended changes by the ASX. These changes have been adopted by the Board and have been uploaded to the company's website and can be found on the 'Who We Are' page at www.lithiumpowerinternational.com.

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Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Lithium Power International Limited (referred to hereafter as the 'Company', 'LPI' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

DIRECTORS

The following persons were directors of Lithium Power International Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr David R Hannon – Non-Executive Chairman

Mr Cristobal Garcia-Huidobro R – Managing Director and Chief Executive Officer

Mr Andrew G Phillips – Executive Director and Chief Financial Officer

Mr Richard A Crookes – Executive Director – Corporate Finance

Mr Russell C Barwick – Non-Executive Director

Mr Martin Jose Domingo Borda M – Non-Executive Director

PRINCIPAL ACTIVITY

During the financial half-year, the principal continuing activity of the consolidated entity consisted of the identification, acquisition, exploration and development of lithium assets in Chile and Australia.

REVIEW OF OPERATIONS

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to \$5,615,324 (31 December 2021: \$7,313,541).

CORPORATE

- Salar Blanco SpA ('MSB SpA') and Bearing Lithium Corp ('Bearing') (collectively, the 'JV Partners'), agreed to a three-party consolidation of ownership of the Maricunga Lithium Brine Project (the 'Project') in Chile (the Maricunga Joint Venture ('JV')), to de-risk the development and to create a simple and transparent investment entity. It involved MSB SpA, which owned a 31.31% stake in the project, and Bearing, with 17.14%, exchanging their interests for shares in LPI. On 23 December 2022, the all-scrip merger was completed.
- These transactions increased the proportionate interest of LPI's previous shareholder base in Maricunga from 51.55% to 57.9%.
- The consolidation was also designed to enhance the ability to raise development capital for the project. A share placement was made in September 2022, raising \$25 million to accelerate progress at Maricunga.
- The financing process for Maricunga continued, with non-binding term sheets being evaluated by interested parties.
- The demerger and subsequent planned listing of LPI's Western Lithium Ltd subsidiary was deferred until after the Maricunga consolidation was completed.

MARICUNGA LITHIUM BRINE PROJECT – CHILE

- An acquisition of water rights was made for the Project.
- Samples of brine from Maricunga were processed, yielding 99.92% pure battery grade lithium carbonate.
- Samples were sent to potential buyers to support financing plans for the development.

WESTERN AUSTRALIA

- LPI became the largest tenement holder in the Greenbushes region of Western Australia, expanding its prospective ground held near the Talison lithium mine.
- Additional tenements were acquired to cover potential lithium projects in the Eastern Goldfields and Pilbara regions of Western Australia.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 5 July 2022, the Company announced that it has signed an agreement with Lysander Lithium Pty Ltd for the acquisition of Eastern Goldfields, Western Australian exploration tenements for cash consideration of \$75,000 and the issue of shares of 389,611 at \$0.39 per share. The shares were issued on 16 September 2022.

On 9 September 2022, the Company announced the commitment from institutional, sophisticated and professional investors to raise \$25,000,000 through a single tranche placement of 41,666,667 fully paid shares at \$0.60 per share before issue costs. The shares were issued on 16 September 2022. The funds raised was intended to progress the development, expansion and acceleration of the Maricunga Project.

On 16 September 2022, the Company issued a total of 6,000,000 Share Appreciation Rights ('SARs') to Chilean-based executives as long-term incentives.

On 28 October 2022, the Company granted a total of 13,500,000 SARs to Executive Directors to incentivise future high performance and the drive to complete the consolidation of Maricunga Lithium Brine Project and the Maricunga Stage 1 Definitive Feasibility Study.

On 28 October 2022, the Company granted 8,000,000 director options to Non-Executive Directors as an incentive for the effort provided in the delivery of the Maricunga Stage 1 Definitive Feasibility Study.

On 23 December 2022, the Company announced the completion of the 100% acquisition of the Maricunga Project.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL HALF-YEAR

There are no significant events since balance date.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration follows this directors' report.

This report is made in accordance with a resolution of directors.

On behalf of the directors



David R Hannon
Chairman

16 March 2023
Sydney



**Building a better
working world**

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Auditor's independence declaration to the directors of Lithium Power International Limited

As lead auditor for the review of the half-year financial report of Lithium Power International Limited for the half-year ended 31 December 2022, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Lithium Power International Limited and the entities it controlled during the financial period.

Ernst & Young

Scott Nichols
Partner
Sydney
16 March 2023



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2022

		CONSOLIDATED	
	Note	31 Dec 2022	31 Dec 2021
		\$	\$
Revenue			
Share of losses of joint ventures accounted for using the equity method		(511,721)	(901,174)
Other income		–	351
Interest revenue calculated using the effective interest method		31,222	106
Expenses			
Exploration expense		(52,227)	–
Employee benefits expense		(1,865,029)	(644,813)
Occupancy costs		(80,826)	(84,460)
Depreciation and amortisation expense		(2,290)	(9,496)
Legal and professional fees		(390,570)	(180,029)
Travel expense		(288,382)	32,893
Administration expense		(993,038)	(450,437)
Net foreign exchange losses	4	(1,441,190)	(6,165,085)
Other expenses		(71,134)	(88,706)
Finance costs		(2,366)	(2,092)
Loss before income tax expense from continuing operations		(5,615,324)	(8,492,942)
Income tax expense		–	–
Loss after income tax expense from continuing operations		(5,615,324)	(8,492,942)
Profit after income tax expense from discontinued operations	5	–	1,530,261
Loss after income tax expense for the half-year		(5,615,324)	(6,962,681)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(2,359,443)	2,401,038
Other comprehensive income for the half-year, net of tax		(2,359,443)	2,401,038
Total comprehensive income for the half-year		(7,974,767)	(4,561,643)
Loss for the half-year is attributable to:			
Non-controlling interest		–	350,860
Owners of Lithium Power International Limited		(5,615,324)	(7,313,541)
		(5,615,324)	(6,962,681)
Total comprehensive income for the half-year is attributable to:			
Continuing operations		–	–
Discontinued operations		–	183,026
Non-controlling interest		–	183,026
Continuing operations		(7,974,767)	(5,532,426)
Discontinued operations		–	787,757
Owners of Lithium Power International Limited		(7,974,767)	(4,744,669)
		(7,974,767)	(4,561,643)
		Cents	Cents
Earnings per share for loss from continuing operations attributable to the owners of Lithium Power International Limited			
Basic earnings per share	16	(1.44)	(2.54)
Diluted earnings per share	16	(1.44)	(2.54)
Earnings per share for profit/ from discontinued operations attributable to the owners of Lithium Power International Limited			
Basic earnings per share	16	–	0.35
Diluted earnings per share	16	–	0.35
Earnings per share for loss attributable to the owners of Lithium Power International Limited			
Basic earnings per share	16	(1.44)	(2.19)
Diluted earnings per share	16	(1.44)	(2.19)

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

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

		CONSOLIDATED	
	Note	31 Dec 2022	30 June 2022
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		19,974,987	6,428,908
GST and other receivables		2,944,965	138,663
Other assets		450,787	1,125,729
		23,370,739	7,693,300
Assets of disposal groups classified as held for sale	6	5,233,759	4,585,737
Total current assets		28,604,498	12,279,037
Non-current assets			
Investments accounted for using the equity method	7	–	30,378,797
Property, plant and equipment		12,970	6,164
Exploration and evaluation	8	151,880,525	–
Total non-current assets		151,893,495	30,384,961
Total assets		180,497,993	42,663,998
Liabilities			
Current liabilities			
Trade and other payables	9	7,521,360	666,426
Employee benefits		149,986	94,584
		7,671,346	761,010
Liabilities directly associated with assets classified as held for sale	10	15,180	36,582
Total current liabilities		7,686,526	797,592
Total liabilities		7,686,526	797,592
Net assets		172,811,467	41,866,406
Equity			
Issued capital	11	215,300,008	89,392,042
Reserves	12	21,878,306	11,225,887
Accumulated losses		(64,366,847)	(58,751,523)
Total equity		172,811,467	41,866,406

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2022

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2021	77,402,542	8,977,351	(47,147,839)	(183,026)	39,049,028
Profit/(loss) after income tax expense for the half-year	–	–	(7,313,541)	350,860	(6,962,681)
Other comprehensive income for the half-year, net of tax	–	2,568,872	–	(167,834)	2,401,038
Total comprehensive income for the half-year	–	2,568,872	(7,313,541)	183,026	(4,561,643)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	11,764,500	–	–	–	11,764,500
Transfer from reserves to accumulated losses on disposal of subsidiary (note 12)	–	(1,283,458)	1,283,458	–	–
Share-based payments	–	160,363	–	–	160,363
Balance at 31 December 2021	89,167,042	10,423,128	(53,177,922)	–	46,412,248
Balance at 1 July 2022	89,392,042	11,225,887	(58,751,523)	–	41,866,406
Loss after income tax expense for the half-year	–	–	(5,615,324)	–	(5,615,324)
Other comprehensive income for the half-year, net of tax	–	(2,359,443)	–	–	(2,359,443)
Total comprehensive income for the half-year	–	(2,359,443)	(5,615,324)	–	(7,974,767)
<i>Transactions with owners in their capacity as owners:</i>					
Issue of share capital through share placement (note 11)	23,462,500	–	–	–	23,462,500
Issue of shares to acquire MSB SpA and Bearing (note 11), (note 15)	102,445,466	–	–	–	102,445,466
Derecognition of investment in joint venture	–	6,468,506	–	–	6,468,506
Fair value of replacement options and warrants issued to Bearing option and warrant holders (note 12), (note 15)	–	5,087,592	–	–	5,087,592
Share-based payments (note 12), (note 17)	–	1,455,764	–	–	1,455,764
Balance at 31 December 2022	215,300,008	21,878,306	(64,366,847)	–	172,811,467

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

Financial Statements

for the half-year ended 31 December 2022

STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2022

		CONSOLIDATED	
	Note	31 Dec 2022	31 Dec 2021
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(1,484,568)	(1,281,847)
Interest received		31,222	17,231
Interest and other finance costs paid		(2,366)	(9,260)
Income taxes refunded		–	21
Net cash used in operating activities		(1,455,712)	(1,273,855)
Cash flows from investing activities			
Payment for acquisition of control of Maricunga Joint Venture	15	(2,152,023)	–
Payments for additional investment in the Maricunga Joint Venture		(5,878,789)	(2,148,356)
Payments for property, plant and equipment		(9,096)	(121,356)
Payments for exploration and evaluation		(499,849)	(397,867)
Proceeds from disposal of subsidiary, net of cash disposed		–	1,235,064
Net cash used in investing activities		(8,539,757)	(1,432,515)
Cash flows from financing activities			
Proceeds from issue of shares		25,000,000	12,400,000
Share issue transaction costs		(1,537,500)	(635,500)
Net cash from financing activities		23,462,500	11,764,500
Net increase in cash and cash equivalents		13,467,031	9,058,130
Cash and cash equivalents at the beginning of the financial half-year		6,547,081	6,310,876
Effects of exchange rate changes on cash and cash equivalents		–	31,906
Cash and cash equivalents at the end of the financial half-year		20,014,112	15,400,912

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

Notes to the Financial Statements

31 December 2022

NOTE 1. GENERAL INFORMATION

The financial statements cover Lithium Power International Limited as a consolidated entity consisting of Lithium Power International Limited ('Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year (collectively referred to as the 'consolidated entity'). The financial statements are presented in Australian dollars, which is Lithium Power International Limited's functional currency and the consolidated entity's presentation currency.

Lithium Power International Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

**Level 7, 151 Macquarie Street
Sydney NSW 2000**

A description of the nature of the consolidated entity's operations and its principal activity are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 16 March 2023.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

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

Notes to the Financial Statements

31 December 2022

NOTE 3. OPERATING SEGMENTS

IDENTIFICATION OF REPORTABLE OPERATING SEGMENTS

The consolidated entity is organised into one operating segment, being the exploration and evaluation of early stage lithium resources. This is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The operating segment information is the same information as provided throughout the financial statements and therefore not duplicated.

NOTE 4. EXPENSES

	CONSOLIDATED	
	31 Dec 2022	31 Dec 2021
	\$	\$
Loss before income tax from continuing operations includes the following specific expenses:		
NET FOREIGN EXCHANGE LOSS/(GAIN)		
Net foreign exchange loss/(gain)	1,441,190	6,165,085

An exchange gain of \$4,885,483 as at 31 December 2022, (31 December 2021: exchange loss of \$6,002,906) has arisen on an intercompany loan granted by Lithium Power International Limited, which has an Australian Dollar functional currency, to its wholly owned subsidiary, Lithium Power Inversiones Chile S.p.A, which has a US Dollar functional currency. An exchange loss of \$6,468,506 (31:December 2021 \$nil) has been recognised in the statement of profit or loss as at 31 December 2022 from the cumulative changes in the carrying value of the Company's investment in the Maricunga joint venture, which was previously accounted for using the equity method. Upon obtaining control of the Maricunga joint venture and de-recognising the aforementioned equity accounted investment the Company was required to recycle these amounts through income.

NOTE 5. DISCONTINUED OPERATIONS

DEMERGER OF WESTERN LITHIUM LIMITED (FORMERLY LITHIUM POWER WA HOLDINGS PTY LTD)

On 12 January 2022, the Company announced that its wholly owned subsidiary, Western Lithium Limited, will demerge from the consolidated entity and seek to list on the Australian Securities Exchange. Existing shareholders of the Company will receive shares in the newly listed entity on a pro-rata basis via a capital reduction and in-specie distribution, subject to shareholder and regulatory approvals. The demerger is expected to be completed by the end of 2023, subject to market conditions.

DISPOSAL OF LITHIUM POWER HOLDINGS (ARGENTINA) PTY LTD

On 14 May 2021, the consolidated entity entered into an agreement to dispose of its 70% interest in Lithium Power Holdings (Argentina) Pty Ltd and its subsidiary Lithium Power S.A. (Argentina) to Vertex Lithium Corporation ('Vertex'), a Canadian based company. Total consideration of \$1,242,381 was received in cash, comprising of the following components:

- (i) Cash payments of USD\$700,000;
- (ii) USD\$40,000 to cover the costs to execute the transaction; and
- (iii) USD\$198,946, which was received in lieu of CAD\$250,000 worth of fully paid ordinary shares in Vertex which the consolidated entity elected to receive in cash, due to the delay of the initial public offering of Vertex on the Toronto Stock Exchange.

On 24 November 2021, the transaction was completed and control of Lithium Power Holdings (Argentina) Pty Ltd and its subsidiary Lithium Power S.A. (Argentina) was transferred to Vertex.

FINANCIAL PERFORMANCE INFORMATION

	CONSOLIDATED	
	31 Dec 2022	31 Dec 2021
	\$	\$
Interest revenue calculated using the effective interest method	–	17,125
Legal and professional fees	–	(8,442)
Administration expenses	–	(1,810)
Net foreign exchange losses	–	(326,141)
Other expenses	–	(529)
Finance costs	–	(7,168)
Total expenses	–	(344,090)
Loss before income tax expense	–	(326,965)
Income tax expense	–	–
Loss after income tax expense	–	(326,965)
Gain on disposal before income tax	–	1,857,226
Income tax expense	–	–
Gain on disposal after income tax expense	–	1,857,226
Profit after income tax expense from discontinued operations	–	1,530,261

CARRYING AMOUNTS OF ASSETS AND LIABILITIES DISPOSED

	CONSOLIDATED	
	31 Dec 2022	31 Dec 2021
	\$	\$
Cash and cash equivalents	–	7,317
Trade and other receivables	–	60,146
Intangibles	–	94,297
Total assets	–	161,760
Trade and other payables	–	9,912
Total liabilities	–	9,912
Net assets	–	151,848

Notes to the Financial Statements

31 December 2022

NOTE 5. DISCONTINUED OPERATIONS (CONTINUED)

DETAILS OF THE DISPOSAL

	CONSOLIDATED	
	31 Dec 2022	31 Dec 2021
	\$	\$
Total sale consideration	–	1,242,381
Carrying amount of net assets disposed	–	(151,848)
Derecognition of foreign currency reserve	–	598,859
Derecognition of non-controlling interest	–	167,834
Gain on disposal before income tax	–	1,857,226
Gain on disposal after income tax	–	1,857,226

NOTE 6. CURRENT ASSETS – ASSETS OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

	CONSOLIDATED	
	31 Dec 2022	30 Jun 2022
	\$	\$
Cash and cash equivalents	39,125	118,173
Other receivables	22,155	21,624
Property, plant and equipment	112,473	112,473
Exploration and evaluation	5,060,006	4,333,467
	5,233,759	4,585,737

Refer to note 5 for details of disposal groups classified as held for sale.

The assets held for sale represents the assets of Western Lithium Pty Ltd. During the current year the Company announced its intention to divest its interest in Western Lithium Pty Ltd. The transaction is expected to be completed by the end of 2023. Refer to note 5 for further details.

NOTE 7. NON-CURRENT ASSETS – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	CONSOLIDATED	
	31 Dec 2022	30 Jun 2022
	\$	\$
Investment in the Maricunga Joint Venture	–	30,378,797

RECONCILIATION:

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

\$

Opening carrying amount at 1 July 2022	30,378,797
Share of loss after tax	(511,721)
Additional investment	5,878,789
Foreign exchange difference	2,643,937
Derecognition of investment in joint venture (note 15)	(38,389,802)
Closing carrying amount at 31 December 2022	–

On 22 June 2022, the consolidated entity announced its intention to consolidate 100% ownership of the Maricunga lithium brine project ('Maricunga') by a three-party all-scrip merger with its JV Partners to acquire the remaining 48.45% of the JV company. The Company holding 100% ownership of the project will simplify decision-making and provides the optimal structure to oversee the rapid development of the Maricunga.

On 23 December 2022, the consolidated entity announced the completion of the acquisition of 100% of Maricunga.

The investment in the Maricunga Joint Venture, historically accounted for using the equity accounting method, was considered to be part of the cost of acquiring control of Maricunga. Accordingly, the investment in the equity accounted associate balance as at 23 December 2022 was combined with the fair value of consideration paid to the JV Partners in order to determine the total cost of the asset acquisition.

NOTE 8. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION

	CONSOLIDATED	
	31 Dec 2022	30 Jun 2022
	\$	\$
Exploration and evaluation expenditures – at cost	151,880,525	–

CONSOLIDATED:

	Exploration and evaluation expenditures
	\$
Balance at 1 July 2022	–
Additions through acquisition of the minority shareholdings of MSB (note 15)	151,880,525
Balance at 31 December 2022	151,880,525

Notes to the Financial Statements

31 December 2022

NOTE 9. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	31 Dec 2022	30 Jun 2022
	\$	\$
Trade payables	1,110,428	586,771
Accrued expenses	6,410,932	79,655
	7,521,360	666,426

NOTE 10. CURRENT LIABILITIES – LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

	CONSOLIDATED	
	31 Dec 2022	30 Jun 2022
	\$	\$
Trade payables	–	17,380
Accrued expenses	15,180	17,002
Accrued expenses	–	2,200
	15,180	36,582

Refer to note 5 for details of disposal groups classified as held for sale.

The liabilities directly associated with assets classified as held for sale represent the liabilities of Western Lithium Pty Ltd. During the current year the Company announced its intention to divest its interest in Western Lithium Pty Ltd. The transaction is expected to be completed by 30 June 2023. Refer to note 5 for further details.

NOTE 11. EQUITY – ISSUED CAPITAL

	CONSOLIDATED			
	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022
	Shares	Shares	\$	\$
Ordinary shares – fully paid	629,097,560	349,144,848	215,300,008	89,392,042

MOVEMENTS IN ORDINARY SHARE CAPITAL

Details	Date	Shares	Issue price	\$
Balance	1 July 2022	349,144,848		89,392,042
Issue of shares on acquisition of assets	16 September 2022	389,611	\$0.39	150,000
Issue of shares on placement	16 September 2022	41,666,667	\$0.60	25,000,000
Issue of shares on acquisition of MSB SpA (note 15)	20 December 2022	161,556,061	\$0.43	69,469,106
Issue of shares on acquisition of Bearing (note 15)	21 December 2022	76,340,373	\$0.43	32,826,360
Share issue costs				(1,537,500)
Balance	31 December 2022	629,097,560		215,300,008

NOTE 12. EQUITY – RESERVES

	CONSOLIDATED	
	31 Dec 2022 \$	30 Jun 2022 \$
Foreign currency reserve	8,113,873	4,004,810
Share-based payments reserve	5,478,288	4,022,524
Options reserve	8,286,145	3,198,553
	21,878,306	11,225,887

FOREIGN CURRENCY RESERVE

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

SHARE-BASED PAYMENTS RESERVE

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

OPTIONS RESERVE

The reserve is used to recognise the value of equity benefits provided to shareholders who receive a one for one attaching option for each share acquired in the Company.

MOVEMENTS IN RESERVES

Movements in each class of reserve during the current financial half-year are set out below:

CONSOLIDATED	Foreign currency \$	Share-based payments \$	Options \$	Total
Balance at 1 July 2022	4,004,810	4,022,524	3,198,553	11,225,887
Foreign currency translation	(2,359,443)	–	–	(2,359,443)
Derecognition of investment in joint venture	6,468,506	–	–	6,468,506
Share-based payments	–	1,455,764	–	1,455,764
Fair value of replacement options and warrants issued to Bearing option and warrant holders (note 15)	–	–	5,087,592	5,087,592
Balance at 31 December 2022	8,113,873	5,478,288	8,286,145	21,878,306

NOTE 13. EQUITY – DIVIDENDS

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

NOTE 14. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2022 and 30 June 2022.

Notes to the Financial Statements

31 December 2022

NOTE 15. ASSET ACQUISITION

A subsidiary of the Company domiciled in Chile, Lithium Power Inversiones Chile S.p.A ('LPI Chile'), had a 51.55% interest in the Maricunga Lithium Brine Project (the 'Project') in Chile (the Maricunga Joint Venture ('JV')). The remaining two joint venture participants, Salar Blanco SpA ('MSB SpA') and Bearing Lithium Corp ('Bearing') (collectively, the 'JV Partners'), had 31.31% and 17.14% interests, respectively. MSB SpA is a private company domiciled in Chile and Bearing is domiciled in Canada and its shares were publicly traded on the Toronto Stock Exchange (TSX: BRZ).

The JV was constituted by the JV Shareholder Agreement of the Joint Venture Company, Minera Salar Blanco S.A. ('MSB'). The Company's interest in MSB was deemed to be a joint venture pursuant to the Australian Accounting Standards as the appointment of MSB's directors and the allocation of voting rights for key business decisions requires the joint approval of its venturers.

On 22 June 2022, the Company announced its intention to consolidate 100% ownership of MSB by a three-party all-scrip merger with its JV Partners to acquire the remaining 48.45% of the JV company. The Company will acquire all of the issued and outstanding capital of Bearing and MSB SpA and as a result, will hold 100% ownership of the Project.

On 28 September 2022, the Company announced that it has entered into definitive binding agreement to consolidate 100% ownership of the Project via two all scrip merger with its JV Partners through the following:

- Issue of 161,556,061 ordinary shares of the Company to MSB SpA as a consideration for the Company merging with MSB SpA's wholly owned subsidiary, a newly formed Delaware limited liability company called Salar Blanco LLC ('SBD'), that will hold MSB SpA's 31.31% interest in Maricunga; and
- Issue of 76,340,373 ordinary shares of the Company to Bearing shareholders and issue of 11,764,799 warrants and 9,200,000 options to Bearing warrants and option holders.

On 23 December 2022, the Company announced the completion of the 100% acquisition of the Project.

The acquisition of Bearing and MSB SpA did not represent a business combination in accordance with AASB 3 'Business Combinations' on the basis that the activities of Bearing, MSB SpA nor MSB constitute a business. Instead, the acquisition of Bearing, MSB SpA (and as a consequence of MSB) is treated as an acquisition of assets. At the date of acquisition the assets and liabilities are recognised and measured at their relative fair values.

Details of the acquisition are as follows:

	Fair value
	\$
Cash and cash equivalents	556,853
GST and other receivables	2,726,135
Other current assets	144,102
Exploration and evaluation	151,880,525
Trade payables	(438,008)
Other payables	(5,330,847)
Employee benefits	(57,024)
Acquisition-date fair value of the total consideration transferred	149,481,736
Representing:	
Lithium Power International Limited shares issued to vendors	102,295,466
Carrying value of investment accounted for using the equity method	38,389,802
Fair value of replacement options and warrants issued to Bearing option and warrant holders	5,087,592
Transaction costs	3,708,876
	149,481,736
Cash used, net of cash acquired:	
Total consideration transferred	149,481,736
Less: cash and cash equivalents acquired	(556,853)
Less: payments to be made in future periods	(1,000,000)
Less: shares issued by Company as part of consideration (note 11)	(69,469,106)
Less: shares issued by Company as part of consideration (note 11)	(32,826,360)
Less: options and warrants issued by Company as part of consideration	(5,087,592)
Less: investment accounted for using the equity method	(38,389,802)
Net cash used	2,152,023

NOTE 16. EARNINGS PER SHARE

	CONSOLIDATED	
	31 Dec 2022 \$	31 Dec 2021 \$
EARNINGS PER SHARE FOR LOSS FROM CONTINUING OPERATIONS		
Loss after income tax attributable to the owners of Lithium Power International Limited	(5,615,324)	(8,492,942)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	388,701,579	334,254,797
Weighted average number of ordinary shares used in calculating diluted earnings per share	388,701,579	334,254,797
	Cents	Cents
Basic earnings per share	(1.44)	(2.54)
Diluted earnings per share	(1.44)	(2.54)

8,000,000 (31 December 2021: 750,000) options and 32,000,000 (31 December 2021: 12,500,000) share appreciation rights on issue have been excluded from the weighted average number of ordinary shares used in calculating diluted earnings per share for loss from continuing operations as they are considered anti-dilutive.

	CONSOLIDATED	
	31 Dec 2022 \$	31 Dec 2021 \$
EARNINGS PER SHARE FOR PROFIT FROM DISCONTINUED OPERATIONS		
Profit after income tax	–	1,530,261
Non-controlling interest	–	(350,860)
Profit after income tax attributable to the owners of Lithium Power International Limited	–	1,179,401
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	388,701,579	334,254,797
Adjustments for calculation of diluted earnings per share:		
Share appreciation rights over ordinary shares	–	109,601
Weighted average number of ordinary shares used in calculating diluted earnings per share	388,701,579	334,364,398

Notes to the Financial Statements

31 December 2022

NOTE 16. EARNINGS PER SHARE (CONTINUED)

	CONSOLIDATED	
	31 Dec 2022 Cents	31 Dec 2021 Cents
Basic earnings per share	–	0.35
Diluted earnings per share	–	0.35
	CONSOLIDATED	
	31 Dec 2022 \$	31 Dec 2021 \$
EARNINGS PER SHARE FOR LOSS		
Loss after income tax	(5,615,324)	(6,962,681)
Non-controlling interest	–	(350,860)
Loss after income tax attributable to the owners of Lithium Power International Limited	(5,615,324)	(7,313,541)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	388,701,579	334,254,797
Weighted average number of ordinary shares used in calculating diluted earnings per share	388,701,579	334,254,797
	Cents	Cents
Basic earnings per share	(1.44)	(2.19)
Diluted earnings per share	(1.44)	(2.19)

750,000 (31 December 2021: 37,256,668) options and 12,500,000 (31 December 2021: 12,500,000) share appreciation rights on issue have been excluded from the weighted average number of ordinary shares used in calculating diluted earnings per share for loss as they are considered anti-dilutive.

NOTE 17. SHARE BASED PAYMENTS

SHARE APPRECIATION RIGHTS ('SARS') GRANTED TO EXECUTIVES

On 16 September 2022, the Company issued a total of 6,000,000 SARs to Chilean-based executives as long-term incentives. Half of the SARs will vest on 16 September 2023 and the balance will vest on 16 September 2024. The SARs will expire on 16 September 2025 and will lapse if not exercised by the expiration date.

On 28 October 2022, the Company granted a total of 13,500,000 SARs to Executive directors. Half of the SARs will vest 12 months after the date of issue and the balance will vest 24 months after the date of issue. The SARs were issued on 6 January 2023 and will expire on 6 January 2026. The SARs will be subject to a service condition that the holder must be a director at the relevant vesting date or a good leaver, or otherwise as determined by the Board.

The total number of SARs as at 31 December 2022 is 32,000,000.

DIRECTOR OPTIONS

On 28 October 2022, the Company granted 8,000,000 director options as approved by shareholders at the meeting held on 28 October 2022. The exercise price is \$0.55. Half of the director options vests 12 months after the date of issue and the balance 24 months after the date of issue. The director options were issued on 28 November 2022 and will expire on 28 November 2025.

The share-based payment expense for the half-year ended 31 December 2022 is \$1,455,764 (31 December 2021: \$nil).

For the SARs and director options granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
16/09/2022	16/09/2025	\$0.61	\$0.40	87.70%	–	3.41%	\$0.41
28/10/2022	28/10/2025	\$0.59	\$0.55	87.70%	–	3.08%	\$0.35

NOTE 18. EVENTS AFTER THE REPORTING PERIOD

There are no significant events since balance date.

Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



David R Hannon

Chairman

16 March 2023

Sydney



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Independent auditor's review report to the members of Lithium Power International Limited

Conclusion

We have reviewed the accompanying half-year financial report of Lithium Power International Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.





A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A stylized, handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Scott Nichols'.

Scott Nichols
Partner
Sydney
16 March 2023







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