LITHIUMPOWER
INTERNATIONAL LTD

ANNUAL REPORT

to 30 JUNE 2023

Corporate Directory

DIRECTORS

Mr David R Hannon – Non-Executive Chairman

Mr Cristobal Garcia-Huidobro R

Mr Andrew G Phillips

Mr Russell C Barwick

Mr Richard A Crookes

Mr Martin Jose Domingo Borda M

COMPANY SECRETARY

Mr Andrew G Phillips

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STOCK EXCHANGE LISTING

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

WEBSITE

www.lithiumpowerinternational.com

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.

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 (Fourth 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.

Cover photo: Maricunga drilling program

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Chairman’s Letter

Dear Shareholders,

Lithium Power International enjoyed a landmark year in 2022-23 in many important ways, thanks to critical advances towards development of our world class Maricunga Lithium Brine Project in Chile and decisive moves to rationalise other company assets. Also, we completed a significant expansion of the geological resources of the Maricunga project and delivered a revised and comprehensive Definitive Feasibility Study. Important moves resulting in the consolidation of the ownership of the Maricunga project under one owner were completed, and we realised a substantial return with the sale of our non-core Western Australian projects to support the funding of the Maricunga development. We are moving forward at pace.

LPI remains a lithium development company, but we are now focussing our full attention on developing the world class Maricunga project. The ownership of this substantial resource now rests solely in our hands. A three-party, scrip merger has been completed with our venture partners – Minera Salar Blanco SpA and Bearing Lithium Corp – to form a united management entity to more effectively develop this shovel-ready asset.

The new structure shifts the focus of directors and management solely on Maricunga. In the longer term, this will benefit investors as we source development capital and commence on-site development. Under this consolidation process, the proportionate interest owned by current and pre-consolidation LPI shareholders rose from 51.55% to 57.9% after new shares were issued to buy out our joint venture partners, giving original LPI shareholders a premium of 6.35% of the consolidation of the Chile joint venture company.

Based on an updated Definitive Feasibility Study released in January 2023, the Maricunga project is expected to provide shareholders with impressive returns in future years. Stage One of the project development should yield a $US1.4B net present value and an internal rate of return of almost 40 per cent. Pay back should take just two-years from first production, with estimated operating cash costs of US$3,718 for each tonne of lithium carbonate equivalent produced. This is expected to place the Maricunga project in the lowest quartile of global lithium producers. Average annual earnings before interest and tax are expected to be US$324 million.

Your company has also substantially increased Measured and Indicated Resource by 90 per cent after completing a drilling program to test the Maricunga Salar’s lithium mineralisation up to depths of 400m. An exploration target has been set for possible lithium mineralisation extending to depths of 550m, indicating the opportunity for us to pursue future project expansions.

Important advances were made with our lithium exploration assets in Western Australia, particularly in the south-west Greenbushes region where exploration activity boosted the potential of our tenements near the world-class Talison Greenbushes lithium mine, which is owned by a partnership of Albemarle Corp, Tianqi Lithium and IGO Limited. New tenements were acquired to make LPI the largest single lease holder in this world-renowned Greenbushes region.

However, a pragmatic decision was taken to divest our West Australian hard rock exploration assets of subsidiary company Western Lithium and these holdings, allowing us to focus solely on Maricunga. This transaction was agreed in June 2023 and completed in July 2023.

Your directors decided that it was more important to prioritise development of our Chilean project, so that we could more quickly deliver returns to all our shareholders, many of whom who have provided us with significant support for many years.

I owe thanks to everyone who has contributed to these significant achievements – including fellow Board members, our management team, advisors, contractors, suppliers and also our loyal shareholders. Exciting times lie ahead in moving the Maricunga project to the development phase this year and beyond.

We are truly excited by the challenge and opportunity that lies in front of us which we soon expect to realise.

Yours sincerely,

David R Hannon
Chairman

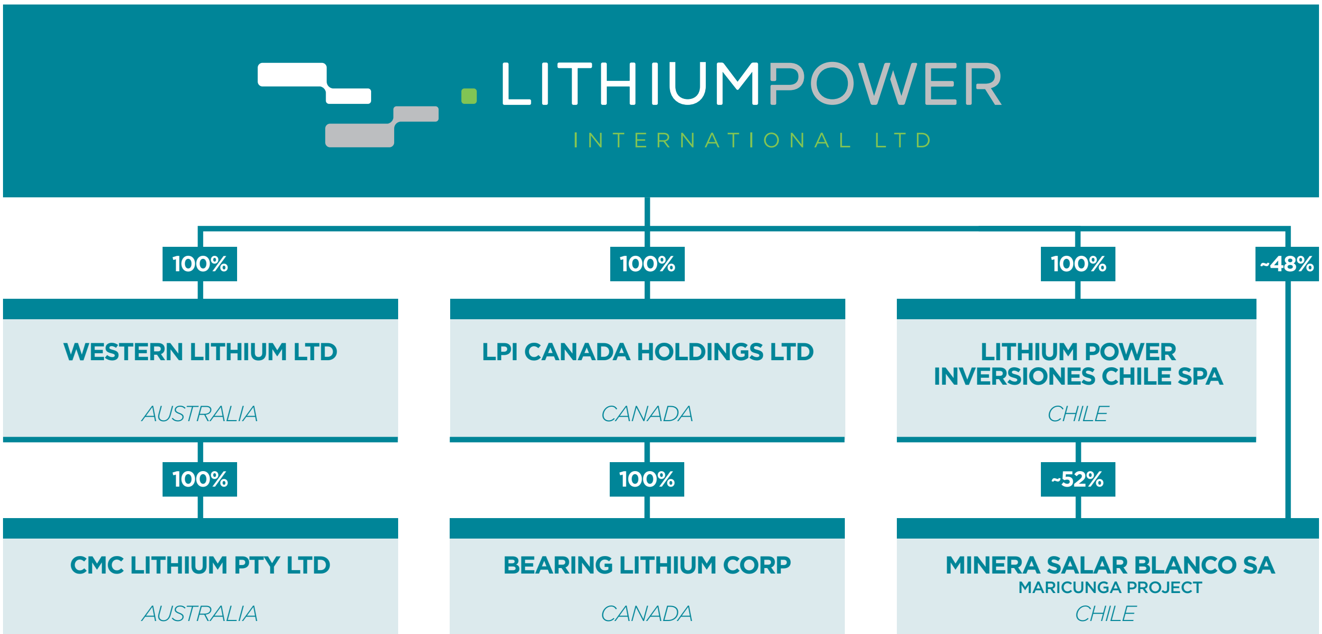
28 September 2023
Sydney

Maricunga DFS drilling program

CEO's Report

COMPANY OVERVIEW

Lithium Power International Limited (ASX.LPI) ("LPI" or the "Company") is a pure play lithium company with a focus on one core project, the large and low-cost Maricunga brine development in Chile's Lithium Triangle. The Company has rationalised its assets by selling its spodumene hard rock projects in Western Australia, held by Western Lithium Limited, for A$30 million cash. That deal, with Albemarle Lithium Pty Ltd, was agreed to in June 2023 but completed subsequent to the end of the financial year.



MARICUNGA LITHIUM BRINE PROJECT – CHILE

PROPERTY DESCRIPTION AND OWNERSHIP

The Maricunga Project ("Maricunga" or the "Project") is located 170km north-east of Copiapó in the III Region of northern Chile at an elevation of 3,750 metres above sea level. The Project covers 1,125ha of mineralised ground in Salar de Maricunga ("the Salar"). A camp and evaporation test facilities are sited 10ha to the north-east of the Salar, and an additional 1,800ha is set aside some 8km to the north for the construction of evaporation ponds, processing and plant facilities.

The ownership of the Maricunga Project was consolidated fully within LPI in December 2022, with the aim of providing a sound footing on which to finance and develop an operation within a unified corporate structure. The Project had been owned and operated through a Chilian joint venture company, Minera Salar Blanco S.A ("MSB"), in which LPI owned a 51.55% interest, along with its JV Partners Salar Blanco SpA ("MSB SpA") holding 31.31% and Bearing Lithium Corp (BRZ:TSXV) ("Bearing") holding 17.14%. LPI now owns 100% of MSB. This helps to streamline decision making, de-risk the funding pathway, enhance the ability to source capital from a wider range of providers and potentially delivers higher returns to shareholders.

The Company is strongly positioned with the optimal ownership structure to deliver additional value to shareholders by allowing management and the board of directors to more quickly make critical decisions. This will simplify and de-risk the funding of the Maricunga development by attracting wider interest from groups that could potentially provide development funds.

FIGURE 1: LOCATION OF LPI/MSB MARICUNGA LITHIUM BRINE PROJECT – CHILE

MARICUNGA UPDATED DEFINITIVE FEASIBILITY STUDY

LPI released in January 2023 an updated Definitive Feasibility Study for the Project, which included the latest optimisations incorporated into the planned lithium carbonate production process. Lithium carbonate with a 99.92% purity was achieved from original, concentrated brine from test evaporation ponds. This significantly exceeded specifications for battery grade lithium carbonate of 99.5%. Another test, to measure the Loss of Ignition (LOI) returned an encouraging 0.2%. As a result, the purity after LOI was determined to be 99.72%, which confirmed the high quality and consistency of LPI's product and processes.

MARICUNGA PROJECT FUNDING

Strong interest has been shown from financial groups for the provision of equity and debt funding, including some from strategic investors and government bodies. This is expected to cover most of the equity and debt required for development of the mine and processing facilities. Funding negotiations are being assisted by Canaccord. Non-binding terms sheets have been evaluated by the Company and by Canaccord, and due diligence is being conducted by several interested parties.

The proposed medium-term project financing is expected to deliver a low capital cost structure compared with alternatives. Strategic investors and governmental bodies are increasingly prioritising their support to secure strategic minerals like lithium. This is particularly the case where it can also be shown that significant environmental, social, and governance (ESG) benefits can be realised, including when care is taken to support stakeholders such as with indigenous communities. The Maricunga project is also expected to achieve ambitious clean energy objectives. There is confidence that the competitive nature of our project, its advanced development, its strong ESG outcomes and the interest of international lenders positions the Company favourably.

LPI has been evaluating a range of financing options, from strategic equity investments with potential offtake partners to debt/equity financing alternatives.

CHILE'S NATIONAL LITHIUM POLICY

The new National Lithium Policy (NLP) outlines means for the implementation of lithium exploration and exploitation requirements intended to bring Chile to the forefront of global lithium production. It is aided by significant global lithium demand growth brought about by the megatrend towards electrification. LPI and its subsidiary, Minera Salar Blanco, have been in constant dialogue with the Chilean government and private institutions that have participated in the development of this Policy.

It should be clearly understood that the Policy does not constitute a nationalisation of the lithium industry in Chile. Its objective, as clarified by the country's Mining Minister, is to set the conditions and parameters for the nation to have a more active involvement and gather higher financial returns from an industry regarded as being strategic to the nation. This can be facilitated particularly when large lithium resources are located on concessions already owned by the Chilean State on the Atacama Salar. The NLP also seeks to accelerate the development of new projects in the country.

The core factors about the NLP in relation to LPI are:

- Maricunga Stage One is fully permitted for construction. Its Environmental Permit was approved in 2020 and ratified in 2022 by the Committee of Ministers of the Chilean Government. All objections submitted by third parties were rejected. Maricunga also has the necessary Chilean Nuclear Energy Commission (CCHEN) permit so that lithium can be exported.
- The development is one of Chile's few projects that has undertaken a comprehensive indigenous consultation process. LPI has incorporated all social and community agreements into its environmental permit.
- The project has established broad ranging and sustainable development initiatives, including a vision to make Maricunga one of the first lithium operations globally to reach carbon neutrality.
- LPI's wholly-owned subsidiary, MSB, is now the sole owner of the property and holds concessions for the Stage One and Stage Two developments.
- The pre-1979 Old Code concessions held by the Company do not require a Special Lithium Operation Contract (CEOL) for exploitation.
- LPI embraces the possibilities for future public-private alliances, as declared by the NLP, for development of Stage Two of the Maricunga project. The Company will work closely with the Chilean Government to ensure that Stage Two becomes the first public-private alliances under the parameters established by the new policy.

BATTERY GRADE LITHIUM PURITY

LPI reported in early 2023 that it had produced lithium carbonate from concentrated brine sourced at Maricunga to a level of 99.92 per cent purity. This significantly exceeded industry standard specifications for battery grade lithium carbonate of 99.5 per cent. A Loss of Ignition test was conducted for 30 minutes and 500 degrees C, returning a low 0.2 per cent. The purity after LOI was 99.72 per cent.

WATER RIGHTS ACQUISITION

LPI has completed the acquisition of freshwater rights to cover the needs for the Maricunga project. The rights will replace a long-term lease that had previously been held for only part of the project's needs. Water supply is now secure for Maricunga's Stage One project and also for any future expansions. Water usage is projected to be an average 8 litres per second during Stage One.

WESTERN AUSTRALIA

The Company continued its exploration work in Western Australia by conducting its maiden drilling program in the Greenbushes region. This program provided the Company a better understand of the geological composition of the tenements held.

The intended demerger of the Western Australia subsidiary company Western Lithium Ltd (WLI) from LPI and subsequent new listing of WLI on ASX was well advanced. Significant work was done in preparation for this including seeking rollover relief with the ATO. However due to the subdued market conditions the Company reconsidered whether an IPO for a small cap lithium explorer would be attractive to the current capital markets.

Upon receiving an unsolicited offer to sell WLI, the 100% owner of a number of tenements, including through its subsidiary, CMC Lithium Pty Ltd to Albemarle Lithium Pty Ltd, a sales transaction was agreed in June 2023.

The sale agreement was all cash-for-shares transaction amounting to AUD$30,000,000 (thirty million Australian dollars), subject to a customary price adjustment to reflect WLI's liabilities as at completion. Out of the total consideration, approximately AUD$29,000,000 was received at completion, on 3 July 2023, while the balance of AUD$1,000,000 will only be received if certain tenement applications are granted within 18 months of completion.

SUMMARY

The priority of the Board and Management of LPI continues to be to deliver the significant potential of the Maricunga Lithium Brine Project within well-defined timelines. The objective is for the Project to become Chile's next high-grade, low-cost lithium producer.

FIGURE 2: LOCATION OF LPI'S PROPERTIES IN THE GREENBUSHES REGION, PILBARA CRATON AND EASTERN GOLDFIELDS OF WESTERN AUSTRALIA

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 period ended 30 June 2023.

DIRECTORS

The following persons were directors of Lithium Power International Limited during the whole of the financial 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 Russell C Barwick – Non-Executive Director

Mr Richard A Crookes – Executive Director – Corporate Finance

Mr Martin Jose Domingo Borda M – Non-Executive Director

PRINCIPAL ACTIVITY

During the financial year the principal activity of the Company consisted of the identification, acquisition, exploration and development of lithium assets in Chile and Australia.

DIVIDENDS

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

REVIEW OF OPERATIONS

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to $962,227 (30 June 2022: $12,887,142).

KEY BUSINESS RISKS

A number of specific risk factors that may impact the business strategies, future performance and financial position of the consolidated entity are described below.

It is not possible to identify every risk that could affect the consolidated entity's business, and whilst the consolidated entity implements risk mitigation measures to the extent possible, actions taken by the consolidated entity to mitigate the risks described below cannot provide absolute assurance that a risk will not materialise.

ON-SITE HEALTH AND SAFETY

The actions or in-actions of the consolidated entity and the Chilean 100% owned subsidiary company, Minera Salar Blanco S.A. ('MSB'), put the safety of staff and contractors at risk.

The consolidated entity and MSB have implemented health and safety systems and processes, including safety risk assessments, to mitigate the risk of health and safety incidents occurring.

CLIMATE CHANGE AND ADVERSE WEATHER RISKS

The operations of the consolidated entity may experience adverse impacts due to climate change (either direct or indirect) or adverse weather events.

At an appropriate time prior to commencement of construction at Maricunga, the consolidated entity will undertake a detailed climate risk assessment to help determine further actions necessary to adapt the business to climate change.

ENVIRONMENTAL RISKS

The consolidated entity is subject to environmental risks in conducting its current and intended future operations at Maricunga.

MSB has prepared a detailed Environmental Impact Assessment ('EIA') which details the actions to be taken to reduce Maricunga's impact on the environment. The EIA has been approved by the relevant Chilean authorities for the life of the project.

GOVERNMENT AND COMMUNITY RELATIONS

Actual or perceived concerns affect the consolidated entity's 'social licence' to operate, which may be challenged by government or community members.

The consolidated entity's and MSB's community relationships in Chile have been built over a number of years of positive engagement, supported by the consolidated entity's Code of Conduct and focus on delivering for local communities.

POLITICAL RISK IN CHILE

Changes in the Chilean political, regulatory or fiscal framework may impact on MSB and the consolidated entity.

MINING PROPERTIES

Loss of title to exploration and mining properties due to non-fulfillment of compliance obligations, defective title or changes to regulations.

The consolidated entity and MSB have an established program to ensure compliance with required permits and obligations.

SUPPLY CHAIN DISRUPTION

Providers of critical services to existing or future operations may be disrupted.

STAFFING AND KEY MANAGEMENT PERSONNEL

The consolidated entity and MSB may fail to attract and retain adequate technical, operational and management personnel.

Employee management is a key priority and the consolidated entity is focused on creating a diverse and inclusive work environment and delivering benefits to the local community.

FRAUD, CORRUPTION OR MISCONDUCT

Actual or alleged fraudulent or corrupt actions involving employees of the consolidated entity of MSB or assets may take place. The consolidated entity has internal processes and controls and policies and a Code of Conduct to seek to address these risks.

LITHIUM PRODUCT PRICE RISK

The price of lithium fluctuates and is outside the control of the consolidated entity. Lithium prices may decline to lower than those forecast in the consolidated entity's Definitive Feasibility Study.

ABILITY TO OBTAIN PROJECT FINANCE

Assuming a final investment decision is made to proceed to develop the Maricunga Project, the consolidated entity will be required to raise significant debt and/or equity funding to finance the Project. The Company is proactively addressing its potential future financing needs, however there is no certainty that project finance will be available on commercially acceptable terms, or at all, at the desired time.

MACRO RISK

The consolidated entity is subject to a range of external macro factors including inflation, interest rates, foreign exchange rates, geopolitical turmoil, logistics issues and recessionary risks.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 5 July 2022, the Company announced that it had 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 as a long-term incentive.

On 28 October 2022, the Company granted 8,000,000 director options to Non-Executive Directors as a long-term incentive.

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

On 23 December 2022, the Company contractually took over all options and warrants held by Bearing Lithium shareholders at the time of the Company takeover of Bearing. As per the terms of the transaction any 1 option or warrant when exercised would convert into 0.7 share in the Company.

On 19 June 2023, the Company announced that it has entered into a binding sale agreement with Albemarle Lithium Pty Ltd ('Albemarle') for the sale of the Company's subsidiary, Western Lithium Ltd ('WLI') including its subsidiary, CMC Lithium Pty Ltd ('CMC') for total cash consideration of $30,000,000. The $29,000,000 will be received upon completion and the remaining $1,000,000 will be received if certain tenement applications are granted within 18 months of completion. The sales transaction was completed on 3 July 2023.

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

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 3 July 2023, the Company completed the sale of the Company's subsidiary, Western Lithium Ltd ('WLI') including its subsidiary, CMC Lithium Pty Ltd ('CMC') to Albemarle Lithium Pty Ltd for total cash consideration of $30,000,000. The $29,000,000 have been received upon completion and the remaining $1,000,000 will be received if certain tenement applications are granted within 18 months of completion.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Further information on the future strategies is detailed in the Chairman's letter and CEO's Report which precedes the Directors' Report and Annual Financial Statements.

ENVIRONMENTAL REGULATION

The Company is subject to and compliant with all aspects of environmental regulation of its exploration and mining activities.
The directors are not aware of any environmental law that is not being complied with.

INFORMATION ON DIRECTORS

DAVID R HANNON

***Non-Executive Chairman,** appointed director of LPI on 9 February 2017*

Mr 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 (Atlas) 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 $2 billion. 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.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: Chairman of the Audit and Risk Committee and member of the Nominations and Remuneration Committee
Interests in shares: 22,686,797 ordinary shares
Interests in options: 4,000,000 options over ordinary shares

CRISTOBAL GARCIA-HUIDOBRO R

***Managing Director and Chief Executive Officer,** appointed director of LPI on 3 September 2018*

In addition to this role in the Company, Mr Garcia-Huidobro is currently Chief Executive Officer and Director of LPI's Chilean 100% owned subsidiary, MSB. He has led the MSB team in the exploration and development program of the Maricunga salar. Mr Garcia-Huidobro is a qualified Civil Engineer with 18 years' experience in developing and financing of Mining, Energy, Infrastructure, Finance and Property projects. He is formerly CIO of investment company Centinela and Board or committee member of several mining, property and agricultural funds in North and South America.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: Chief Executive Officer and Director on the Maricunga Project Board, member of the Audit and Risk Committee
Interests in shares: 613,636 ordinary shares
Interests in options: None
Interests in rights: 8,000,000 rights over ordinary shares

ANDREW G PHILLIPS

***Executive Director, Company Secretary and Chief Financial Officer (CFO),** appointed director of LPI on 24 July 2015*

Mr Phillips has over 25 years' international commercial experience previously working in senior financial and commercial management positions with a number of public and multinational companies in Australia and New Zealand with extensive networks throughout Asia. He has served in the past as a director and/or company secretary for a number of ASX listed Companies.

Other current directorships: Donaco International Ltd (ASX: DNA) (appointed on 2 September 2020)
Former directorships (last 3 years): None
Special responsibilities: Director on the Maricunga Project Board, member of the Audit and Risk Committee and member of the Nominations and Remuneration Committee
Interests in shares: 2,396,136 ordinary shares
Interests in options: None
Interests in rights: 4,000,000 rights over ordinary shares

RUSSELL C BARWICK

***Non-Executive Director,** appointed director of LPI on 6 April 2017*

Mr Barwick is an internationally renowned mining executive and engineer with extensive technical, managerial and corporate experience in various commodities. Mr Barwick has an extremely strong development, operational and corporate background, particularly in Latin America. He was also formally CEO of Newcrest and COO of GoldCorp.

Other current directorships: Red Metal Limited (ASX: RDM) (appointed on 12 June 2003)
Former directorships (last 3 years): Regis Resources Ltd (ASX: RRL) (appointed on 11 March 2020 - resigned 14 January 2022) and Mount Gibson Iron Limited (ASX: MGX) (appointed on 16 November 2011 – resigned 23 August 2023)
Special responsibilities: Chairman of the Maricunga Project Board; Chairman of the Nominations and Remuneration Committee and member of the Audit and Risk Committee
Interests in shares: 753,588 ordinary shares
Interests in options: 4,000,000 options over ordinary shares

RICHARD A CROOKES

Executive Director – Corporate Finance, *appointed director of LPI on 1 November 2018*

Mr Crookes is a geologist by profession, starting his career in the minerals sector. He has been deeply involved in all aspects of mining projects, including exploration, mineral resource development, mine operations, environmental management, mine fleet selection, project finance and project management.

Other current directorships: Black Rock Mining (ASX: BKT) (appointed on 16 October 2017) and Vital Metals Ltd – (ASX:VML) (appointed 10 August 2022)
Former directorships (last 3 years): Highfield Resources Ltd (ASX: HFR) (appointed on 16 May 2013 – Resigned on 25 March 2022)
Special responsibilities: Director on the Maricunga Project Board
Interests in shares: 113,636 ordinary shares
Interests in options: None
Interests in rights: 1,500,000 rights over ordinary shares

MARTIN JOSE DOMINGO BORDA M

Non-Executive Director, *appointed director of LPI on 3 September 2018*

Experience and expertise: Mr Borda owns, through his private company, 30.98% of the Maricunga Joint Venture Company, MSB. Mr Borda is Chairman and major shareholder of Santiago stock exchange listed company Multiexport Foods S.A. (Multifoods) which is one of the largest salmon farmers and exporters in Chile.

Other current directorships: Multiexport Foods S.A. (Multifoods.SN on the Santiago stock exchange)
Former directorships (last 3 years): None
Special responsibilities: Director on the Maricunga Project Board
Interests in shares: 177,783,334 ordinary shares
Interests in options: None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

COMPANY SECRETARY

Mr Andrew G Phillips is an experienced company secretary and occupies this role along with being an executive director of the Company. Refer to Information on Directors for further details on Mr Phillips.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors (the Board) held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Full Board		Nominations and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
David R Hannon	4	4	1	1	1	1
Cristobal Garcia-Huidobro R	4	4	–	–	1	1
Andrew G Phillips	4	4	1	1	1	1
Russell C Barwick	4	4	1	1	1	1
Richard A Crookes	4	4	–	–	–	–
Martin Jose Domingo Borda M	4	4	–	–	–	–

Held: represents the number of meetings held during the time the director held office.

REMUNERATION REPORT (AUDITED)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors (the Board) ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Company has a Nominations and Remuneration Committee ('the Committee'). Russell C Barwick as Chairman and David R Hannon and Andrew G Phillips as members. The Committee also engages external advisors as required.

The Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Company, and from time to time, will consult with external remuneration consultants.

The reward framework is designed to align executive reward to shareholders' interests. The Committee has considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

NON-EXECUTIVE DIRECTORS' REMUNERATION

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Committee. The Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. Under the Company's Constitution and an increase approved at the Annual General Meeting of Shareholders on 27 November 2019, the total aggregate remuneration available to non-executive directors was set at $750,000 per annum. The proposed fees for non-executive directors for the year ended 30 June 2024 remain unchanged and are summarised as follows:

Name	FY 2024 Fees
David R Hannon	$150,000
Russell C Barwick	$150,000
Martin Jose Domingo Borda M	$100,000

From time to time options are awarded to newly appointed non-executive directors. Such options are issued to attract high calibre directors to the Board.

EXECUTIVE REMUNERATION

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has three components:

- base pay and non-monetary benefits;
- short-term incentives;
- long-term incentives incentives; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The long-term incentives ('LTI') includes share-based payments. Shares are awarded to executives at the discretion of the Committee and based on long-term incentive measures. All other options granted to key management personnel vest immediately when granted and expire between 1 and 3 years from the grant date. The Committee reviewed the long-term equity-linked performance incentives specifically for executives for the period ended 30 June 2023.

USE OF REMUNERATION CONSULTANTS

During the financial year ended 30 June 2023, the consolidated entity did not engage remuneration consultants to review its existing remuneration policies and provide recommendations on how to improve both the LTI programs.

VOTING AND COMMENTS MADE AT THE COMPANY'S 2022 ANNUAL GENERAL MEETING (AGM)

At the 2022 AGM, 98.28% of the votes received supported the adoption of the remuneration report for the year period 30 June 2022. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

DETAILS OF REMUNERATION

AMOUNTS OF REMUNERATION

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the Company consisted of the following directors of Lithium Power International Limited:

- **David R Hannon –** Non-Executive Chairman
- **Cristobal Garcia-Huidobro R** – Managing Director and Chief Executive
- **Andrew G Phillips –** Executive Director, Company Secretary and Chief Financial Officer
- **Russell C Barwick –** Non-Executive Director
- **Richard A Crookes –** Executive Director – Corporate Finance
- **Martin Jose Domingo Borda M –** Non-Executive Director

	Short-term benefits	Post-employment benefits	Share-based payments	
	Cash salary and fees $	Superannuation $	Equity-settled $	Total $
2023				
Non-Executive Directors:				
David R Hannon	150,000	14,750	660,027	824,777
Russell C Barwick	150,000	14,750	660,027	824,777
Martin Jose Domingo Borda M*	409,462	–	–	409,462
Executive Directors:				
Cristobal Garcia-Huidobro R**	318,842	–	1,320,054	1,638,896
Andrew G Phillips	250,000	26,250	660,027	936,277
Richard A Crookes	150,000	14,750	247,510	412,260
	1,428,304	**70,500**	**3,547,645**	**5,046,449**

* *Martin Borda's cash salary and fees includes $100,000 director fees and $309,462 (US$201,150) for the 6 months 1 January 2023 – 30 June 2023 for MSB advisory and strategy fees.*

** *Cristobal Garcia-Huidobro's cash salary and fees includes $100,000 director fees and $218,842 (US$142,248) MSB CEO fees for the 6 months 1 January 2023 – 30 June 2023.*

	Cash salary and fees $	Superannuation $	Equity-settled $	Total $
2022				
Non-Executive Directors:				
David R Hannon	150,000	15,000	–	165,000
Russell C Barwick	116,666	11,667	–	128,333
Martin Jose Domingo Borda M	100,000	–	–	100,000
Reccared P Fertig*	50,000	5,000	–	55,000
Executive Directors:				
Cristobal Garcia-Huidobro R	100,000	–	153,948	253,948
Andrew G Phillips	250,000	25,000	64,145	339,145
Richard A Crookes	100,000	10,000	102,632	212,632
	866,666	**66,667**	**320,725**	**1,254,058**

* *represents remuneration up to the date of resignation of 21 October 2021.*

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk – LTI	
Name	**2023**	**2022**	**2023**	**2022**
Non-Executive Directors:				
David R Hannon	20%	100%	80%	–
Russell C Barwick	20%	100%	80%	–
Martin Jose Domingo Borda M	100%	100%	–	–
Reccared P Fertig	–	100%	–	–
Executive Directors:				
Cristobal Garcia-Huidobro R	20%	39%	80%	61%
Andrew G Phillips	30%	81%	70%	19%
Richard A Crookes	40%	52%	60%	48%

SERVICE AGREEMENTS

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

CRISTOBAL GARCIA-HUIDOBRO R

Managing Director and Chief Executive Officer

Agreement commenced: 16 October 2018

Term of agreement: No fixed term

Details: Base salary of $100,000 per annum for LPI representation for non-Chilean joint venture responsibilities, equal to approximately 25% of a full-time equivalent role. An amount of US$281,476 (AU$433,040) is paid directly in Chile for Leadership responsibilities for MSB. 2,000,000 sign-on options at a strike price of $0.60 were granted following shareholder approval at the 2018 AGM which expired on 28 November 2021. 6,000,000 Share Appreciation Rights ('SARs') at a strike price of $0.40 were granted on 27 November 2019 following shareholder approval at the 2019 AGM. The 6,000,000 SARs lapsed on 30 June 2023. 8,000,000 SARs at $0.55 were granted following the shareholder approval at the EGM on 28 October 2022 which will expire on 28 November 2025.

Base salary is to be reviewed from time to time by the Board in accordance with the constitution and policies and/or should the time commitment alter. Mr Garcia-Huidobro and the Company may terminate the agreement at any time and for any reason by giving 6 months' written notice. Mr Garcia-Huidobro's employment may otherwise be terminated at any time for cause by notice to Mr Garcia-Huidobro from the Company.

ANDREW G PHILLIPS

Executive Director, Company Secretary and Chief Financial Officer

Agreement commenced: 1 August 2015

Term of agreement: No fixed term

Details: Base salary, reviewed on 1 January 2018, of $250,000 plus superannuation. 2,500,000 Share Appreciation Rights at a strike price of $0.40 were granted on 27 November 2019 following shareholder approval at the 2019 AGM. The 2,500,000 SARs lapsed on 30 June 2023. 4,000,000 SARs at $0.55 were granted following the shareholder approval at the EGM on 28 October 2022 which will expire on 28 November 2025.

Base salary is to be reviewed from time to time by the Board in accordance with constitution and policies. Mr Phillips and the Company may terminate the agreement at any time and for any reason by giving 12 months' written notice to the other party. Mr Phillips' employment may otherwise be terminated at any time for cause by notice to Mr Phillips from the Company.

RICHARD A CROOKES

Executive Director – Corporate Finance

Agreement commenced: 25 October 2018

Term of agreement: No fixed term

Details: Base salary $150,000 plus superannuation, equal to approximately 40% of a full-time equivalent role. 2,000,000 sign-on options at a strike price of $0.60 were issued following shareholder approval at the 2018 AGM which expired on 28 November 2021. 4,000,000 Share Appreciation Rights at a strike price of $0.40 were issued on 27 November 2019 following shareholder approval at the 2019 AGM. The 4,000,000 SARs lapsed on 30 June 2023. 1,500,000 SARs at $0.55 were granted following the shareholder approval at the EGM on 28 October 2022 which will expire on 28 November 2025.

Base salary is to be reviewed from time to time by the Board in accordance with the constitution and policies and should the time commitment alter. Mr Crookes and the Company may terminate the agreement at any time and for any reason by giving 6 months' written notice. Mr Crookes' employment may otherwise be terminated at any time for cause by notice to Mr Crookes from the Company.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

SHARE-BASED COMPENSATION

ISSUE OF SHARES

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2023.

OPTIONS

The following options over ordinary shares granted to directors and other key management personnel as part of their remuneration during 30 June 2023:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Mr David R Hannon	2,000,000	28/10/2022	28/11/2023	28/11/2025	$0.55	$0.350
	2,000,000	28/10/2022	28/11/2024	28/11/2025	$0.55	$0.350
Mr Russell C Barwick	2,000,000	28/10/2022	28/11/2023	28/11/2025	$0.55	$0.350
	2,000,000	28/10/2022	28/11/2024	28/11/2025	$0.55	$0.350

No options vested or exercised during the year ended 30 June 2023.

SHARE APPRECIATION RIGHTS

The terms and conditions of each grant of share appreciation rights over ordinary shares affecting remuneration of directors and other key management personnel in future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Cristobal Garcia Huidobro R	4,000,000	28/10/2022	28/11/2023	28/11/2025	$0.55	$0.350
	4,000,000	28/10/2022	28/11/2024	28/11/2025	$0.55	$0.350
Richard A Crookes	750,000	28/10/2022	28/11/2023	28/11/2025	$0.55	$0.350
	750,000	28/10/2022	28/11/2024	28/11/2025	$0.55	$0.350
Andrew G Phillips	2,000,000	28/10/2022	28/11/2023	28/11/2025	$0.55	$0.350
	2,000,000	28/10/2022	28/11/2024	28/11/2025	$0.55	$0.350

Share appreciation rights granted carry no dividend or voting rights.

No share appreciation rights were exercised during the year ended 30 June 2023.

Details of share appreciation rights over ordinary shares granted to directors and other key management personnel as part of their remuneration that lapsed and expired during the year ended 30 June 2023 are as follows:

Name	Number of rights granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per right at grant date
Cristobal Garcia Huidobro R	3,000,000	27/11/2019	31/12/2020	30/06/2023	$0.40	$0.133
	3,000,000	27/11/2019	30/06/2022	30/06/2023	$0.40	$0.133
Richard A Crookes	2,000,000	27/11/2019	31/12/2020	30/06/2023	$0.40	$0.133
	2,000,000	27/11/2019	30/06/2022	30/06/2023	$0.40	$0.133
Andrew G Phillips	1,250,000	27/11/2019	31/12/2020	30/06/2023	$0.40	$0.133
	1,250,000	27/11/2019	30/06/2022	30/06/2023	$0.40	$0.133

WARRANTS

There were no warrants over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2023.

There were no warrants over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2023.

ADDITIONAL DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL

SHAREHOLDING

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
David R Hannon	22,686,797	–	–	–	22,686,797
Cristobal Garcia-Huidobro R	613,636	–	–	–	613,636
Andrew G Phillips	2,396,136	–	–	–	2,396,136
Russell C Barwick	753,588	–	–	–	753,588
Richard A Crookes	113,636	–	–	–	113,636
Martin Jose Domingo Borda M	16,227,273	–	161,556,061	–	177,783,334
	42,791,066	**–**	**161,556,061**	**–**	**204,347,127**

OPTION HOLDING

The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
David R Hannon	–	4,000,000	–	–	4,000,000
Russell C Barwick	–	4,000,000	–	–	4,000,000
	–	**8,000,000**	**–**	**–**	**8,000,000**

SHARE APPRECIATION RIGHTS HOLDING

The number of share appreciation rights over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Vested	Expired/ forfeited/other	Balance at the end of the year
Share appreciation rights over ordinary shares					
Cristobal Garcia Huidobro R	6,000,000	8,000,000	–	(6,000,000)	8,000,000
Richard A Crookes	4,000,000	1,500,000	–	(4,000,000)	1,500,000
Andrew G Phillips	2,500,000	4,000,000	–	(2,500,000)	4,000,000
	12,500,000	13,500,000	–	(12,500,000)	13,500,000

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

During the year ended 30 June 2023, the consolidated entity paid $156,000 (2022: $156,000) (exclusive of GST) to DHJPM Pty Ltd (a director related entity of David R Hannon) for the rental of office space. No amounts remain outstanding at 30 June 2023 or 30 June 2022.

THIS CONCLUDES THE REMUNERATION REPORT, WHICH HAS BEEN AUDITED.

SHARES UNDER OPTION

Unissued ordinary shares of Lithium Power International Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
28 October 2022	28 November 2025	$0.55	8,000,000
28 October 2022	27 January 2026	$0.55	1,250,000
23 December 2022	11 October 2023	$0.27	455,000
23 December 2022	20 November 2023	$0.18	140,000
23 December 2022	27 March 2025	$0.12	1,575,000
23 December 2022	3 December 2025	$0.14	1,190,000
23 December 2022	16 March 2026	$0.16	1,400,000
23 December 2022	24 September 2026	$0.25	700,000
23 December 2022	21 December 2026	$0.27	350,000
23 December 2022	15 January 2027	$0.27	490,000
			15,550,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

SHARES UNDER WARRANT

Unissued ordinary shares of Lithium Power International Limited under share appreciation rights at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under warrants
23 December 2022	30 November 2023	$0.19	4,266,472
23 December 2022	14 January 2024	$0.26	6,340,250
23 December 2022	30 November 2023	$0.19	202,577
23 December 2022	14 January 2024	$0.26	174,300
23 December 2022	28 February 2024	$0.44	501,200
23 December 2022	7 March 2024	$0.38	280,000
			11,764,799

No person entitled to exercise the warrants had or has any right by virtue of the retention right to participate in any share issue of the Company or of any other body corporate.

SHARES UNDER SHARE APPRECIATION RIGHTS

Unissued ordinary shares of Lithium Power International Limited under share appreciation rights at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under rights
16 September 2022	16 September 2025	$0.40	6,000,000
28 October 2022	28 November 2025	$0.55	13,500,000
			19,500,000

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

The following ordinary shares of Lithium Power International Limited were issued during the year ended 30 June 2023 and up to the date of this report on the exercise of options granted:

Grant date	Exercise price	Number of shares issued
23 December 2022	$0.18	140,000

SHARES ISSUED ON THE EXERCISE OF WARRANTS

There were no ordinary shares of Lithium Power International Limited issued on the exercise of warrants during the year ended 30 June 2023 and up to the date of this report.

SHARES ISSUED ON THE EXERCISE OF SHARE APPRECIATION RIGHTS

There were no ordinary shares of Lithium Power International Limited issued on the exercise of share appreciation rights during the year ended 30 June 2023 and up to the date of this report.

INDEMNITY AND INSURANCE OF OFFICERS

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 23 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 23 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

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

28 September 2023
Sydney

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

As lead auditor for the audit of the financial report of Lithium Power International Limited for the financial year ended 30 June 2023, 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 audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Scott Nichols
Partner
28 September 2023

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

	Note	Consolidated 2023 $	2022 $
Revenue			
Other income		**–**	349
Interest revenue calculated using the effective interest method		**90,785**	207
Expenses			
Share of losses of joint ventures accounted for using the equity method		**(537,467)**	(2,731,859)
Employee benefits expense	5	**(5,086,985)**	(1,191,010)
Occupancy costs		**(229,140)**	(167,560)
Depreciation and amortisation expense		**(2,012)**	(3,313)
Legal and professional fees		**(1,290,577)**	(431,593)
Travel expense		**(683,138)**	(71,582)
Administration expense		**(2,905,650)**	(900,396)
Net foreign exchange gains/(loss)		**5,793,079**	(6,894,921)
Other expenses		**(336,915)**	(250,025)
Finance costs		**(3,177)**	(3,215)
Loss before income tax benefit from continuing operations		**(5,191,197)**	(12,644,918)
Income tax benefit	6	**6,832,350**	–
Profit/(loss) after income tax benefit from continuing operations		**1,641,153**	(12,644,918)
(Loss)/profit after income tax expense from discontinued operations	7	**(2,603,380)**	108,636
Loss after income tax (expense)/benefit for the year		**(962,227)**	(12,536,282)
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	18	**(5,671,598)**	3,273,443
Other comprehensive (loss)/income for the year, net of tax		**(5,671,598)**	3,273,443
Total comprehensive loss for the year		**(6,633,825)**	(9,262,839)
Loss for the year is attributable to:			
Non-controlling interest		**–**	350,860
Owners of Lithium Power International Limited		**(962,227)**	(12,887,142)
		(962,227)	(12,536,282)
Total comprehensive loss for the year is attributable to:			
Continuing operations		**–**	–
Discontinued operations		**–**	413,034
Non-controlling interest		**–**	413,034
Continuing operations		**(6,633,825)**	(9,042,006)
Discontinued operations		**–**	(633,867)
Owners of Lithium Power International Limited		**(6,633,825)**	(9,675,873)
		(6,633,825)	(9,262,839)

		Consolidated	
		2023	2022
	Note	Cents	Cents
Earnings per share for profit/(loss) from continuing operations attributable to the owners of Lithium Power International Limited			
Basic earnings/(loss) per share	32	**0.323**	(3.702)
Diluted earnings per share	32	**0.323**	(3.702)
Earnings per share for profit from discontinued operations attributable to the owners of Lithium Power International Limited			
Basic loss per share	32	**(0.513)**	(0.071)
Diluted loss per share	32	**(0.513)**	(0.071)
Loss per share for loss attributable to the owners of Lithium Power International Limited			
Basic loss per share	32	**(0.189)**	(3.773)
Diluted loss per share	32	**(0.189)**	(3.773)

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 30 June 2023

	Note	Consolidated 2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	8	**11,501,120**	6,428,908
Receivables	9	**117,221**	138,663
Other	10	**384,915**	1,125,729
		12,003,256	7,693,300
Assets of disposal groups classified as held for sale	11	**6,534,226**	4,585,737
Total current assets		**18,537,482**	12,279,037
Non-current assets			
GST receivable		**3,194,047**	–
Investments accounted for using the equity method	12	**–**	30,378,797
Property, plant and equipment	13	**4,152**	6,164
Exploration and evaluation	14	**157,911,110**	–
Deferred tax	6	**6,832,350**	–
Total non-current assets		**167,941,659**	30,384,961
Total assets		**186,479,141**	42,663,998
Liabilities			
Current liabilities			
Trade and other payables	15	**6,442,625**	666,426
Income tax		**2,130,968**	
Employee benefits		**187,270**	94,584
		8,760,863	761,010
Liabilities directly associated with assets classified as held for sale	16	**17,077**	36,582
Total current liabilities		**8,777,940**	797,592
Total liabilities		**8,777,940**	797,592
Net assets		**177,701,201**	41,866,406
Equity			
Issued capital	17	**215,324,539**	89,392,042
Reserves	18	**22,090,412**	11,225,887
Accumulated losses		**(59,713,750)**	(58,751,523)
Total equity		**177,701,201**	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 year ended 30 June 2023

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 year	–	–	(12,887,142)	350,860	(12,536,282)
Other comprehensive income for the year, net of tax	–	3,211,269	–	62,174	3,273,443
Total comprehensive (loss)/income for the year	–	3,211,269	(12,887,142)	413,034	(9,262,839)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 17)	11,989,500	–	–	–	11,989,500
Share-based payments (note 18), (note 33)	–	320,725	–	–	320,725
Derecognition of non-controlling interests on disposal of subsidiary	–	–	–	(230,008)	(230,008)
Transfer from reserves to accumulated losses on disposal of subsidiary (note 18)	–	(1,283,458)	1,283,458	–	–
Balance at 30 June 2022	**89,392,042**	**11,225,887**	**(58,751,523)**	**–**	**41,866,406**

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Non–controlling interest $	Total equity $
Balance at 1 July 2022	89,392,042	11,225,887	(58,751,523)	–	41,866,406
Loss after income tax benefit for the year	–	–	(962,227)	–	(962,227)
Other comprehensive loss for the year, net of tax	–	(5,671,598)	–	–	(5,671,598)
Total comprehensive loss for the year	–	(5,671,598)	(962,227)	–	(6,633,825)
Transactions with owners in their capacity as owners:					
Share-based payments (note 18), (note 33)	-	4,980,025	-	-	4,980,025
Issue of share capital through share placement net of issue costs (note 17)	23,462,500	-	-	-	23,462,500
Issue of shares to acquire MSB SpA and Bearing (note 17)	102,445,466	-	-	-	102,445,466
Issue of shares on conversion of Bearing options and warrants (note 17)	24,531	-	-	-	24,531
Derecognition of investment in joint venture (note 18)	-	6,468,506	-	-	6,468,506
Fair value of replacement options and warrants issued to Bearing option and warrant holders (note 18)	-	4,665,092	-	-	4,665,092
Fair value of options issued on MSB acquisition (note 18)	-	422,500	-	-	422,500
Balance at 30 June 2023	**215,324,539**	**22,090,412**	**(59,713,750)**	**–**	**177,701,201**

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

STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

	Note	Consolidated 2023 $	2022 $
Cash flows from operating activities			
Payments to suppliers (inclusive of GST)		**(6,653,481)**	(3,612,082)
Interest received		**90,785**	17,332
Other revenue		**3,008**	18,574
Interest and other finance costs paid		**(3,177)**	(10,383)
Income taxes refunded		**–**	21
Net cash used in operating activities	30	**(6,562,865)**	(3,586,538)
Cash flows from investing activities			
Payment for acquisition of control of Maricunga Joint Venture, net of cash acquired	27	**(3,274,022)**	–
Payment for purchase of subsidiary, net of cash acquired		**–**	(230,801)
Payments for joint venture capital invested	12	**(5,878,789)**	(8,361,029)
Payments for property, plant and equipment	13	**–**	(121,356)
Payments for exploration and evaluation	14	**(1,034,508)**	(738,089)
Payments relating to assets held for sale	11	**(1,782,808)**	–
Proceeds from sale of subsidiary, net of cash disposed	7	**–**	1,235,064
Net cash used in investing activities		**(11,970,127)**	(8,216,211)
Cash flows from financing activities			
Proceeds from issue of shares	17	**25,024,531**	**12,625,000**
Share issue transaction costs	17	**(1,537,500)**	**(635,500)**
Net cash from financing activities		**23,487,031**	**11,989,500**
Net increase in cash and cash equivalents		**4,954,039**	186,751
Cash and cash equivalents at the beginning of the financial year		**6,547,081**	6,310,876
Effects of exchange rate changes on cash and cash equivalents		**–**	49,454
Cash and cash equivalents at the end of the financial year	8	**11,501,120**	6,547,081

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

Notes to the Financial Statements

for the period ended 30 June 2023

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 period (collectively referred to as the consolidated entity). The financial statements are presented in Australian dollars, which is Lithium Power International Limited's functional and 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 is:

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 28 September 2023. The directors have the power to amend and reissue the financial statements.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The consolidated entity has adopted all of the new, revised 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.

BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

HISTORICAL COST CONVENTION

The financial statements have been prepared under the historical cost convention.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

PARENT ENTITY INFORMATION

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 26.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Lithium Power International Limited as at 30 June 2023 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

OPERATING SEGMENTS

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers (CODM). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

FOREIGN CURRENCY TRANSLATION

The financial statements are presented in Australian dollars, which is Lithium Power International Limited's functional and presentation currency.

FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

FOREIGN OPERATIONS

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

REVENUE RECOGNITION

The consolidated entity recognises revenue as follows:

INTEREST

Interest revenue is recognised as interest accrued using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

OTHER REVENUE

Other revenue is recognised when it is received or when the right to receive payment is established.

INCOME TAX

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

DISCONTINUED OPERATIONS

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

CURRENT AND NON-CURRENT CLASSIFICATION

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

TRADE AND OTHER RECEIVABLES

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

NON-CURRENT ASSETS OR DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

JOINT VENTURES

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Distributions received or receivable from joint venture entities reduce the carrying amount of the investment.

INVESTMENTS AND OTHER FINANCIAL ASSETS

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

IMPAIRMENT OF FINANCIAL ASSETS

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

The loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	3–7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

LEASES

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss on a straight-line basis.

EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the period in which the decision is made.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

FINANCE COSTS

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

OTHER LONG-TERM EMPLOYEE BENEFITS

The liability employee benefits not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

DEFINED CONTRIBUTION SUPERANNUATION EXPENSE

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

SHARE-BASED PAYMENTS

Equity-settled share-based compensation benefits are provided to employees and/or advisors.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees and/or advisors in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined by using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

FAIR VALUE MEASUREMENT

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

ISSUED CAPITAL

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

EARNINGS PER SHARE

BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to the owners of Lithium Power International Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

DILUTED EARNINGS PER SHARE

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming conversion of all dilutive potential ordinary shares.

GOODS AND SERVICES TAX (GST) AND OTHER SIMILAR TAXES

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies, if disclosed, are net of the amount of GST recoverable from, or payable to, the tax authority.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET MANDATORY OR EARLY ADOPTED

The new and amended standards and interpretations applicable to the consolidated entity that are issued, but not yet effective, up to the date of issuance of the consolidated entity's financial statements are disclosed below. The consolidated entity intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Title	Description	Effective date	Operating year	Note
AASB 2021-2	Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	1 January 2023	30 June 2024	(i)
AASB 2020-1	Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current	1 January 2024	30 June 2025	(ii)

(i) The amendments are not expected to have a material impact on the consolidated entity's financial statements.

(ii) The consolidated entity will assess the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

NOTE 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

SHARE-BASED PAYMENT TRANSACTIONS

The consolidated entity measures the cost of equity-settled transactions with employees and/or advisors by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted.

IMPAIRMENT OF NON-FINANCIAL ASSETS OTHER THAN GOODWILL AND OTHER INDEFINITE LIFE INTANGIBLE ASSETS

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

EXPLORATION AND EVALUATION COSTS

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

NOTE 4. 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 5. EXPENSES

	Consolidated	
	2023 $	2022 $
Loss before income tax from continuing operations includes the following specific expenses:		
Leases		
Short-term lease payments	**174,434**	167,560
Superannuation expense		
Defined contribution superannuation expense	**93,430**	74,936
Share-based payments expense		
Share-based payments expense	**3,558,254**	320,725
Net foreign exchange loss/(gain)		
Net foreign exchange loss/(gain)	**(5,793,079)**	6,761,955

An exchange gain of $10,909,348 as at 30 June 2023 (30 June 2023: exchange loss of $6,588,891) 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 has been recognised in the statement of profit or loss as at 30 June 2023 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 6. INCOME TAX

	Consolidated 2023 $	Consolidated 2022 $
Income tax benefit		
Current tax	**2,130,968**	–
Deferred tax – origination and reversal of temporary differences	**(6,832,350)**	–
Aggregate income tax benefit	**(4,701,382)**	–
Income tax benefit is attributable to:		
Loss from continuing operations	**(6,832,350)**	–
Profit/(loss) from discontinued operations	**2,130,968**	–
Aggregate income tax benefit	**(4,701,382)**	–
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax benefit from continuing operations	**(5,191,197)**	(12,644,918)
Profit/(loss) before income tax expense from discontinued operations	**(472,412)**	108,636
	(5,663,609)	(12,536,282)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Tax at the statutory tax rate of 30%	**(1,699,083)**	(3,760,885)
Adjustment on tax rate of different jurisdiction	**(79,592)**	–
Recognition of previously unrecognised tax losses	**(6,623,204)**	–
Recognition on temporary differences on disposal of WLI	**1,921,822**	–
Non-deductible share-based payments	**1,494,008**	96,218
Share of losses – joint venture	**161,240**	819,558
Non-deductible meals and entertainment	**15,158**	4,284
Other items	**108,269**	–
	(4,701,382)	(2,840,825)
Current period tax losses not recognised	**–**	2,840,825
Income tax benefit	**(4,701,382)**	–

	Consolidated 2023 $	Consolidated 2022 $
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	**–**	22,314,770
Potential tax benefit at statutory tax rates	**–**	6,694,431

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

	Consolidated 2023 $	Consolidated 2022 $
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Exploration and evaluation assets	**–**	76,877
Accrued expenses	**–**	23,896
Tax losses	**–**	6,694,431
Capital expenditure deductible over 5 years	**–**	764,152
Total deferred tax assets not recognised	**–**	7,559,356

NOTE 6. INCOME TAX CONTINUED

The above potential tax benefit, which includes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

As described in note 27, the Group completed its acquisition of MSB on 23 December 2022. Accordingly, the management is still assessing the unused tax losses of MSB as at 30 June 2023.

	Consolidated	
	2023 $	2022 $
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Temporary differences on investment in WLI	**6,832,350**	–
Deferred tax asset	**6,832,350**	–
Movements:		
Opening balance	**–**	–
Credited to profit or loss	**6,832,350**	–
Closing balance	**6,832,350**	–

NOTE 7. DISCONTINUED OPERATIONS

Discontinued operations comprise:

- the sale of Western Lithium Pty Ltd; and
- the disposal of Lithium Power Holdings (Argentina) Pty Ltd.

SALE OF WESTERN LITHIUM PTY LTD

As previously announced on 12 January 2022, it was the intention to demerge Western Lithium Pty Ltd ('WLI,) from the consolidated entity and subsequent list of WLI on ASX. However, due to the subdued capital market conditions and an attractive cash offer received from Albemarle, the Board decided that the sale transaction would better value the risk to the Company's shareholders than continuing with the WLI listing.

On 19 June 2023, the Company announced that it has entered into a binding sale agreement with Albemarle Lithium Pty Ltd ('Albemarle') for the sale of the Company's subsidiary, Western Lithium Ltd ('WLI') including its subsidiary, CMC Lithium Pty Ltd ('CMC') for total cash consideration of $30,000,000. The $29,000,000 will be received upon completion and the remaining $1,000,000 will be received if certain tenement applications are granted within 18 months of completion. The sales transaction was completed subsequent to the end of financial year on 3 July 2023.

The assets of WLI are disclosed in note 11 and the liabilities in note 16.

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 2023 $	2022 $
Interest revenue	3	17,125
Other income	3,008	18,225
Legal and professional fees	(252,513)	(239,404)
Administration expenses	(159,227)	(1,810)
Net foreign exchange losses	–	(784,605)
Other expenses	(63,683)	(529)
Finance costs	–	(7,168)
Total expenses	(475,423)	(1,033,516)
Loss before income tax expense	(472,412)	(998,166)
Income tax expense	(2,130,968)	–
Loss after income tax expense	(2,603,380)	(998,166)
Gain on disposal before income tax	–	1,106,802
Income tax expense	–	–
Gain on disposal after income tax expense	–	1,106,802
Profit/(loss) after income tax expense from discontinued operations	(2,603,380)	108,636

CASH FLOW INFORMATION	Consolidated 2023 $	2022 $
Net cash used in operating activities	–	(287,436)
Net cash (used in)/from investing activities	(1,782,808)	144,818
Net decrease in cash and cash equivalents from discontinued operations	(1,782,808)	(142,618)

CARRYING AMOUNTS OF ASSETS AND LIABILITIES DISPOSED	Consolidated 2023 $	2022 $
Cash and cash equivalents	–	7,317
Trade and other receivables	–	60,146
Exploration and evaluation	–	844,721
Total assets	–	912,184
Trade and other payables	–	9,912
Total liabilities	–	9,912
Net assets	–	902,272

NOTE 7. DISCONTINUED OPERATIONS CONTINUED

DETAILS OF THE DISPOSAL	Consolidated 2023 $	Consolidated 2022 $
Total sale consideration	–	1,242,381
Carrying amount of net assets disposed	–	(902,272)
Reclassification of foreign currency reserve	–	536,685
Derecognition of non-controlling interest	–	230,008
Gain on disposal before income tax	–	1,106,802
Gain on disposal after income tax	–	1,106,802

NOTE 8. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	Consolidated 2023 $	Consolidated 2022 $
Cash at bank	**2,501,120**	6,428,908
Cash on deposit	**9,000,000**	–
	11,501,120	6,428,908
Reconciliation to cash and cash equivalents at the end of the financial year		
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:		
Balances as above	**11,501,120**	6,428,908
Cash and cash equivalents – classified as held for sale (note 11)	**–**	118,173
Balance as per statement of cash flows	**11,501,120**	6,547,081

Cash on deposit has a term of 12 months with an interest of 4.25% per annum.

NOTE 9. CURRENT ASSETS – RECEIVABLES

	Consolidated 2023 $	Consolidated 2022 $
Trade receivables	**38**	–
GST receivable	**117,183**	138,663
	117,221	138,663

NOTE 10. CURRENT ASSETS – OTHER

	Consolidated 2023 $	Consolidated 2022 $
Prepayments	**292,674**	1,053,714
Other current assets	**92,241**	72,015
	384,915	1,125,729

NOTE 11. CURRENT ASSETS – ASSETS OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

	Consolidated 2023 $	Consolidated 2022 $
Cash and cash equivalents	**–**	118,173
Receivables	**–**	21,624
Property, plant and equipment	**128,154**	112,473
Exploration and evaluation	**6,406,072**	4,333,467
	6,534,226	4,585,737

As at 30 June 2023 and 30 June 2022, assets held for sale represents the assets of Western Lithium Pty Ltd ('WLI'). During the 30 June 2022 year the Company announced its intention to divest its interest in Western Lithium Pty Ltd. During 30 June 2023, the Company announced it had entered into a binding sale agreement to sell WLI. Refer to note 7 for further details.

NOTE 12. NON-CURRENT ASSETS – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Consolidated 2023 $	Consolidated 2022 $
Investment in the Maricunga Joint Venture	**–**	30,378,797
Reconciliation		
Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:		
Opening carrying amount	**30,378,797**	28,594,937
Share of loss after tax	**(537,467)**	(2,731,859)
Additional investment	**5,878,789**	8,361,029
Foreign exchange differences	**2,669,683**	(3,845,310)
Derecognition of investment in joint venture (note 27)	**(38,389,802)**	–
Closing carrying amount	**–**	30,378,797

Refer to note 29 for further information on interests in joint venture.

NOTE 12. NON-CURRENT ASSETS – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD CONTINUED

As at 30 June 2022, the consolidated entity, through the Company's subsidiary 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. The consolidated entity's interest in the Maricunga JV was deemed to be a joint venture pursuant to accounting standards as the appointment of the Maricunga JV's directors and the allocation of voting rights for key business decisions requires the unanimous approval of its venturers.

On 22 June 2022, the consolidated entity announced its intention to consolidate 100% ownership of the Maricunga JV 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 its rapid development.

On 23 December 2022, the consolidated entity announced the completion of the acquisition of 100% of the Project. The investment in the Maricunga JV historically accounted for using the equity accounting method. In accounting for the acquisition of the remaining interest, management has used a cost accumulation approach. Accordingly, the investment in the equity accounted joint venture 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 27).

NOTE 13. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2023 $	2022 $
Plant and equipment – at cost	**22,707**	22,707
Less: Accumulated depreciation	**(18,555)**	(16,543)
	4,152	6,164

RECONCILIATIONS

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Plant and equipment $
Balance at 1 July 2021	24,180
Additions	121,356
Classified as held for sale	(112,473)
Depreciation – transferred to exploration and evaluation	(23,586)
Depreciation expense	(3,313)
Balance at 30 June 2022	6,164
Depreciation expense	(2,012)
Balance at 30 June 2023	**4,152**

NOTE 14. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION

	Consolidated 2023 $	Consolidated 2022 $
Exploration and evaluation expenditures – at cost	**157,911,110**	–

RECONCILIATIONS

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Exploration and evaluation expenditures $
Balance at 1 July 2021	3,326,785
Additions	1,006,652
Classified as held for sale* (note 11)	(4,333,437)
Balance at 30 June 2022	–
Additions through acquisition of the minority shareholdings of MSB (note 27)	152,002,524
Additions	2,456,279
Exchange differences	3,452,307
Balance at 30 June 2023	**157,911,110**

* *During the year ended 30 June 2022, following the Company's announcement to demerge its operations in Western Australia, all exploration and evaluation expenditures relating to operations in Western Australia have been classified as assets of disposal groups classified as held for sale (refer to note 11).*

NOTE 15. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Consolidated 2023 $	Consolidated 2022 $
Trade payables	**712,662**	586,771
Accrued expenses	**5,729,963**	79,655
	6,442,625	666,426

Refer to note 20 for further information on contractual maturities.

NOTE 16. CURRENT LIABILITIES – LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

	Consolidated	
	2023 $	**2022** $
Trade payables	–	17,380
Other payables	**17,077**	17,002
Accrued expenses	–	2,200
	17,077	36,582

As at 30 June 2023 and 30 June 2022, liabilities directly associated with assets classified as held for sale represent the liabilities Western Lithium Pty Ltd('WLI'). During the 30 June 2022 year the Company announced its intention to divest its interest in Western Lithium Pty Ltd. During 30 June 2023, the Company announced it has entered into a binding sale agreement to sell WLI. Refer to note 7 for further details.

NOTE 17. EQUITY – ISSUED CAPITAL

	Consolidated			
	2023 Shares	**2022** Shares	**2023** $	**2022** $
Ordinary shares – fully paid	**629,237,560**	349,144,848	**215,324,539**	89,392,042

MOVEMENTS IN ORDINARY SHARE CAPITAL

Details	Date	Shares	Issue price	$
Balance	1 July 2021	301,077,539		77,402,542
Issue of shares	26 August 2021	47,692,309	$0.26	12,400,000
Issue of shares on exercise of options	24 March 2022	375,000	$0.60	225,000
Less issue costs net of taxation		–	$0.00	(635,500)
Balance	30 June 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	20 December 2022	161,556,061	$0.43	69,469,106
Issue of shares on acquisition of Bearing	21 December 2022	76,340,373	$0.43	32,826,360
Issue of shares on conversion of Bearing options and warrants	30 May 2023	140,000	$0.18	24,531
Share issue costs				(1,537,500)
Balance	**30 June 2023**	**629,237,560**		**215,324,539**

ORDINARY SHARES

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

CAPITAL RISK MANAGEMENT

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the Company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short-term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is not subject to any financing arrangement covenants.

The capital risk management policy remains unchanged from the 30 June 2022 Annual Report.

NOTE 18. EQUITY – RESERVES

	Consolidated	
	2023 $	2022 $
Foreign currency translation reserve	**4,801,718**	4,004,810
Share-based payments reserve	**9,425,049**	4,022,524
Options reserve	**7,863,645**	3,198,553
	22,090,412	11,225,887

FOREIGN CURRENCY TRANSLATION 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 and advisors as part of their compensation for services.

OPTIONS RESERVE

The reserve is used to recognise the value of equity benefits provided to shareholders who received a one for one attaching option for each share acquired in the Company and the value of warrants and options from the acquisition of Bearing (note 27).

OTHER RESERVE

This reserve is used to recognise the difference between the fair value of consideration received and the carrying value of the net assets and foreign currency translation reserve transferred to non-controlling interests.

NOTE 18. EQUITY – RESERVES CONTINUED

MOVEMENTS IN RESERVES

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

Consolidated	Foreign currency $	Share-based payments $	Options $	Other $	Total $
Balance at 1 July 2021	793,541	3,701,799	3,198,553	1,283,458	**8,977,351**
Foreign currency translation	3,747,954	–	–	–	**3,747,954**
Derecognition of foreign currency reserve on disposal of subsidiary	(536,685)	–	–	–	**(536,685)**
Share-based payments	–	320,725	–	–	**320,725**
Transfer to accumulated losses on disposal of subsidiary with non-controlling interests	–	–	–	(1,283,458)	**(1,283,458)**
Balance at 30 June 2022	4,004,810	4,022,524	3,198,553	–	**11,225,887**
Foreign currency translation	(5,671,598)	–	–	–	**(5,671,598)**
Derecognition of foreign currency reserve on disposal of subsidiary	6,468,506	–	–	–	**6,468,506**
Share-based payments	–	4,980,025	–	–	**4,980,025**
Fair value of options issued on MSB acquisition	–	422,500	–	–	**422,500**
Fair value of replacement options and warrants issued to Bearing option and warrant holders	–	–	4,665,092	–	**4,665,092**
Balance at 30 June 2023	**4,801,718**	**9,425,049**	**7,863,645**	**–**	**22,090,412**

NOTE 19. EQUITY – DIVIDENDS

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

NOTE 20. FINANCIAL INSTRUMENTS

FINANCIAL RISK MANAGEMENT OBJECTIVES

The consolidated entity's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives (finance) under policies approved by the Board of Directors (the Board). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units.

MARKET RISK

FOREIGN CURRENCY RISK

The consolidated entity operates internationally and is exposed to foreign currency risk from various currency exposures, primarily with respect to the US dollar.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency and US dollar denominated loans between the parent entity and its subsidiaries. The risk is measured using sensitivity analysis and cash flow forecasting and the consolidated entity does not have a hedging policy.

As at 30 June 2023 , there exists a US dollar denominated intercompany loan granted by Lithium Power International Limited to its wholly owned subsidiary, Lithium Power Inversiones Chile S.p.A and Maricunga. The loan balance at 30 June 2023 is US$56.825 million (30 June 2022: US$49.7 million).

The sensitivity analysis for foreign exchange risk of the consolidated entities intercompany loans is as follows:

	AUD strengthened			AUD weakened		
	% change	Effect on profit before tax	Effect on equity	% change	Effect on profit before tax	Effect on equity
Consolidated – 2023						
US Dollar	5%	(2,841,250)	(2,841,250)	5%	2,841,250	2,841,250
Consolidated – 2022						
US dollar	5%	(3,435,428)	(3,435,428)	5%	3,797,053	3,797,053

PRICE RISK

The consolidated entity is not exposed to any significant price risk.

INTEREST RATE RISK

The consolidated entity is not exposed to any significant interest rate risk.

CREDIT RISK

The consolidated entity is not exposed to any significant credit risk.

LIQUIDITY RISK

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

REMAINING CONTRACTUAL MATURITIES

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated – 2023	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives					
Non-interest bearing					
Trade payables	712,662	–	–	–	712,662
Other payables	5,747,040	–	–	–	5,747,040
Total non-derivatives	**6,459,702**	**–**	**–**	**–**	**6,459,702**

Consolidated – 2022	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives					
Non-interest bearing					
Trade payables	604,151	–	–	–	604,151
Other payables	96,657	–	–	–	96,657
Total non-derivatives	**700,808**	**–**	**–**	**–**	**700,808**

NOTE 21. FAIR VALUE MEASUREMENT

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

NOTE 22. KEY MANAGEMENT PERSONNEL DISCLOSURES

COMPENSATION

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2023 $	2022 $
Short-term employee benefits	**1,428,304**	866,666
Post-employment benefits	**70,500**	66,667
Share-based payments	**3,547,645**	320,725
	5,046,449	1,254,058

NOTE 23. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by Ernst & Young, the auditor of the Company, and its network firms:

	Consolidated	
	2023 $	2022 $
Audit services – Ernst & Young		
Audit or review of the financial statements	**162,000**	69,000
Other services – Ernst & Young		
Other assurance services	**-**	160,000
Tax compliance and advisory services	**119,839**	125,000
	119,839	285,000
	281,839	354,000
Audit services – network firms		
Audit or review of the financial statements	**35,962**	26,000
Other services – network firms		
Tax compliance and advisory services	**15,110**	111,000
	51,072	137,000

NOTE 24. CONTINGENT LIABILITIES

There were no contingent liabilities as at 30 June 2023 and 30 June 2022.

NOTE 25. RELATED PARTY TRANSACTIONS

PARENT ENTITY

Lithium Power International Limited is the parent entity.

SUBSIDIARIES

Interests in subsidiaries are set out in note 28.

JOINT VENTURES

Interests in joint ventures are set out in note 29.

KEY MANAGEMENT PERSONNEL

Disclosures relating to key management personnel are set out in note 22 and the remuneration report included in the directors' report.

TRANSACTIONS WITH RELATED PARTIES

The following transactions occurred with related parties:

	Consolidated	
	2023 $	2022 $
Payment for other expenses:		
Rental expense paid to director related entity*	**156,000**	156,000
Other expense paid to director related entity**	**323,077**	–

* *This relates to rental expenditure for 4 offices in a shared office space. Rent is charged at $12,000 (excluding GST) per month and the lease may be cancelled or the terms varied on 3 months' notice.*

** *This relates to Government liaison and media support fee to an entity related to Martin Borda.*

RECEIVABLE FROM AND PAYABLE TO RELATED PARTIES

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

LOANS TO/FROM RELATED PARTIES

There were no loans to or from related parties at the current and previous reporting date.

TERMS AND CONDITIONS

All transactions were made on normal commercial terms and conditions and at market rates.

NOTE 26. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Parent	
	2023 $	2022 $
Loss after income tax	**(2,910,654)**	(3,792,420)
Total comprehensive loss	**(2,910,654)**	(3,792,420)

NOTE 26. PARENT ENTITY INFORMATION CONTINUED

STATEMENT OF FINANCIAL POSITION	Parent 2023 $	Parent 2022 $
Total current assets	**94,849,146**	78,865,924
Total assets	**215,781,146**	80,331,882
Total current liabilities	**3,875,701**	1,515,897
Total liabilities	**3,875,701**	1,515,897
Equity		
Issued capital	**215,324,539**	89,392,042
Share-based payments reserve	**9,425,049**	4,022,524
Options reserve	**7,863,645**	3,198,553
Accumulated losses	**(20,707,788)**	(17,797,134)
Total equity	**211,905,445**	78,815,985

GUARANTEES ENTERED INTO BY THE PARENT ENTITY IN RELATION TO THE DEBTS OF ITS SUBSIDIARIES

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2023 and 30 June 2022.

CONTINGENT LIABILITIES

The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

CAPITAL COMMITMENTS – PROPERTY, PLANT AND EQUIPMENT

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

NOTE 27. ASSET ACQUISITION

30 JUNE 2023 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 had 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 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.

For every Bearing option outstanding of 9,200,000 and Bearing warrants outstanding of 16,806,855, these options and warrants were replaced with 6,440,000 options and 11,764,799 warrants over the shares of LPI. The fair value of the replacement options and warrants was estimated using the black-scholes valuation methodology. The resulting fair value of $4,665,092 is deemed to form part of the total purchase consideration for the acquisition of Bearing. The terms of the options and warrants follow.

Type	BRZ number outstanding	LPI number replacement	Grant date	Expiry date	Exercise price	Fair value	Total Fair value $
Options	650,000	455,000	23/12/2022	11/10/2023	$0.270	$0.198	90,090
Options	200,000	140,000	23/12/2022	20/11/2023	$0.180	$0.267	37,380
Options	2,250,000	1,575,000	23/12/2022	27/03/2025	$0.120	$0.329	518,175
Options	1,700,000	1,190,000	23/12/2022	03/12/2025	$0.140	$0.326	387,940
Options	2,200,000	1,540,000	23/12/2022	16/03/2026	$0.160	$0.321	494,340
Options	1,000,000	700,000	23/12/2022	24/09/2026	$0.250	$0.299	209,300
Options	500,000	350,000	23/12/2022	21/12/2026	$0.270	$0.297	103,950
Options	700,000	490,000	23/12/2022	15/01/2027	$0.270	$0.299	146,510
Total	9,200,000	6,440,000					1,987,685
Warrants	6,094,960	4,266,472	23/12/2022	30/11/2023	$0.190	$0.257	1,096,483
Warrants	9,057,500	6,340,250	23/12/2022	14/01/2024	$0.260	$0.216	1,369,494
Warrants	289,395	202,577	23/12/2022	30/11/2023	$0.190	$0.257	52,062
Warrants	249,000	174,300	23/12/2022	14/01/2024	$0.260	$0.216	37,649
Warrants	716,000	501,200	23/12/2022	28/02/2024	$0.440	$0.149	74,679
Warrants	400,000	280,000	23/12/2022	07/03/2024	$0.380	$0.168	47,040
Total	16,806,855	11,764,799					2,677,407
Grand total	**26,006,855**	**18,204,799**					**4,665,092**

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

NOTE 27. ASSET ACQUISITION CONTINUED

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:

	Relative Fair value $
Cash and cash equivalents	556,853
GST and other receivables	2,726,135
Other current assets	144,102
Exploration and evaluation	152,002,524
Trade payables	(438,008)
Other payables	(5,330,847)
Employee benefits	(57,024)
Acquisition-date relative fair value of the total consideration transferred	**149,603,735**
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 (note 18)	4,665,092
Fair value of options issued on MSB acquisition (note 18)	422,500
Transaction costs	3,830,875
	149,603,735
Cash used, net of cash acquired:	
Total consideration transferred	149,603,735
Less: cash and cash equivalents acquired	(556,853)
Less: shares issued by Company as part of consideration (note 17)	(69,469,106)
Less: shares issued by Company as part of consideration (note 17)	(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	**3,274,022**

30 JUNE 2022 ACQUISITION

On 30 June 2022, the consolidated entity, through Lithium Power WA Holdings Pty Ltd, acquired 100% of the ordinary shares of CMC Lithium Pty Ltd ('CMC') for the total consideration transferred of $290,615. CMC has Lithium mining tenements in Western Australian, which will add an extra 365km2 of prospective ground to the consolidated entity's existing tenements in Western Australia. The transaction did not represent a business combination in accordance with AASB 3 'Business Combinations', on the basis that the activities of CMC do not constitute a business. Instead, the acquisition of CMC is treated as an acquisition of assets. At the date of acquisition the assets and liabilities are recognised and measured are at their carrying value rather than at fair value.

Details of the acquisition are as follows:

	Carrying value of assets acquired $
Cash and cash equivalents	90,612
Receivables	5,374
Exploration and evaluation	214,209
Trade payable	(17,380)
Accrued expenses	(2,200)
Net assets acquired	290,615
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	290,615
Less: cash and cash equivalents	(90,612)
Net cash used	**200,003**

NOTE 28. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

		Ownership interest	
Name	**Principal place of business/ Country of incorporation**	**2023** %	**2022** %
Lithium Power Inversiones Chile S.p.A	Chile	**100%**	100%
Western Lithium Pty Ltd*	Australia	**100%**	100%
CMC Lithium Pty Ltd*	Australia	**100%**	100%
Minera Salar Blanco S.A.	Chile	**100%**	–
Salar Blanco LLC	USA	**100%**	–
Bearing Lithium Corp	Canada	**100%**	–

* *Sold subsequent to 30 June 2023.*

NOTE 29. INTERESTS IN JOINT VENTURE

Interests in joint venture is accounted for using the equity method of accounting. Information relating to joint ventures that are material to the consolidated entity are set out below:

Name	Principal place of business/ Country of incorporation	Ownership interest 2023 %	Ownership interest 2022 %
Maricunga Joint Venture	Chile	–	51.55

The investment in the Maricunga Joint Venture, accounted for using the equity accounting method as of 30 June 2022, 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 as disclosed in note 27.

SUMMARISED FINANCIAL INFORMATION	Maricunga Joint Venture 2023 $	Maricunga Joint Venture 2022 $
Summarised statement of financial position		
Cash and cash equivalents	–	1,142,522
Other current assets	–	2,327,287
Exploration and evaluation assets	–	40,788,591
Other non-current assets	–	41,128
Total assets	–	44,299,528
Current liabilities	–	7,440,655
Total liabilities	–	7,440,655
Net assets	–	36,858,873
Summarised statement of profit or loss and other comprehensive income		
Expenses	–	(5,299,909)
Loss before income tax	–	(5,299,909)
Other comprehensive income	–	–
Total comprehensive loss	–	(5,299,909)
Reconciliation of the consolidated entity's carrying amount		
Opening carrying amount	–	28,594,937
Share of loss after income tax	–	(2,731,859)
Additional investment	–	8,361,029
Exchange differences	–	(3,845,310)
Closing carrying amount	–	30,378,797

CONTINGENT LIABILITIES

The consolidated entity has no contingent liabilities relating to the joint venture as at 30 June 2022.

COMMITMENTS

The consolidated entity has no commitments relating to the joint venture as at 30 June 2022 other than those disclosed in note 12.

SIGNIFICANT RESTRICTIONS

As at 30 June 2022, there are no significant restrictions on the ability of the joint venture to transfer funds to the consolidated entity.

NOTE 30. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES

	Consolidated 2023 $	Consolidated 2022 $
Loss after income tax (expense)/benefit for the year	**(962,227)**	(12,536,282)
Adjustments for:		
Depreciation and amortisation	**2,012**	3,313
Share of loss – joint ventures	**537,467**	2,731,859
Share-based payments	**3,558,254**	320,725
Foreign exchange differences	**(5,793,079)**	7,606,189
Net gain on disposal of investments	**–**	(1,106,802)
Change in operating assets and liabilities:		
Increase in receivables	**(446,470)**	(148,695)
Decrease in income tax refund due	**–**	21
Decrease/(increase) in prepayments	**905,142**	(937,305)
Increase in deferred tax assets	**6,832,350**	–
Decrease/(increase) in other operating assets	**(138,399)**	141,859
Increase/(decrease) in trade and other payables	**440,155**	326,061
Increase in provision for income tax	**2,130,968**	–
Increase in employee benefits	**35,662**	12,519
Net cash used in operating activities	**(6,562,865)**	(3,586,538)

NOTE 31. NON-CASH INVESTING AND FINANCING ACTIVITIES

	Consolidated 2023 $	Consolidated 2022 $
Shares issued in relation to asset acquisition	**102,295,466**	–
Additions to Exploration and evaluation assets	**150,000**	23,586
	102,445,466	23,586

NOTE 32. EARNINGS PER SHARE

	Consolidated 2023 $	Consolidated 2022 $
Earnings per share for profit/(loss) from continuing operations		
Profit/(loss) after income tax attributable to the owners of Lithium Power International Limited	**(1,641,153)**	(12,644,918)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	**507,923,915**	341,554,384
Weighted average number of ordinary shares used in calculating diluted earnings per share	**507,923,915**	341,554,384

	Cents	Cents
Basic earnings/(loss) per share	**0.323**	(3.702)
Diluted earnings per share	**0.323**	(3.702)

NOTE 32. EARNINGS PER SHARE CONTINUED

	Consolidated 2023 $	Consolidated 2022 $
Earnings per share for profit/(loss) from discontinued operations		
Profit/(loss) after income tax	**(2,603,380)**	108,636
Non-controlling interest	**–**	(350,860)
Loss after income tax attributable to the owners of Lithium Power International Limited	**(2,603,380)**	(242,224)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	**507,923,915**	341,554,384
Weighted average number of ordinary shares used in calculating diluted earnings per share	**507,923,915**	341,554,384

	Cents	Cents
Basic loss per share	**(0.513)**	(0.071)
Diluted loss per share	**(0.513)**	(0.071)

	Consolidated 2023 $	Consolidated 2022 $
Loss per share for loss		
Loss after income tax	**(962,227)**	(12,536,282)
Non-controlling interest	**–**	(350,860)
Loss after income tax attributable to the owners of Lithium Power International Limited	**(962,227)**	(12,887,142)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	**507,923,915**	341,554,384
Weighted average number of ordinary shares used in calculating diluted earnings per share	**507,923,915**	341,554,384

	Cents	Cents
Basic loss per share	**(0.189)**	(3.773)
Diluted loss per share	**(0.189)**	(3.773)

15,550,000 (30 June 2022: nil) options, 11,764,799 warrants (30 June 2022: nil) and 19,500,000 share appreciation rights (30 June 2022: 12,500,000) on issue have been excluded from the weighted average number of ordinary shares used in calculating diluted loss per share as they are considered anti-dilutive

NOTE 33. SHARE BASED PAYMENTS

OPTIONS GRANTED TO DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL AND EXTERNAL PARTIES

- 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.
- On 28 October 2022, the Company granted 1,250,000 advisor options to Treadstone Resource Partners Pty Ltd ('Treadstone') as approved by shareholders at the meeting held on 28 October 2022. The exercise price is $0.55. Half of the advisor options vests 12 months after the date of issue and the balance 24 months after the date of issue. The advisor options were issued on 28 November 2022 and will expire on 28 November 2025.
- On 23 August 2019, the Company granted 750,000 options to RK Equities. The options vested immediately, had an exercise price of $0.60 and 375,000 were exercised with the remaining 375,000 expiring on 31 March 2022.
- On 28 November 2018, the Company granted 2,000,000 options to each of the newly appointed directors Cristobal Garcia-Huidobro R, Richard A Crookes and Martin Jose Domingo Borda M as a sign-on incentive. The options vested immediately, had an exercise price of $0.60 and expired on 27 November 2021.

SHARE APPRECIATION RIGHTS GRANTED TO EXECUTIVES

- 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.
- 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 27 November 2019, 6,000,000; 4,000,000 and 2,500,000 share appreciation rights ('SARs') were granted to Cristobal Garcia-Huidobro R, Richard A Crookes and Andrew G Phillips respectively. The SARs are equally allocated to 2 tranches, the first tranche vests on 31 December 2020 and the second tranche vests on 30 June 2022. The SARs have an exercise price of $0.40 and can be converted into ordinary shares of the Company or cash at the discretion of the Company. These SARs expired on 30 June 2023.

Set out below are summaries of options granted:

2023 Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
28/10/2022	28/11/2025	$0.55	–	8,000,000	–	–	8,000,000
28/10/2022	28/11/2025	$0.55	–	1,250,000	–	–	1,250,000
			–	9,250,000	–	–	9,250,000
Weighted average exercise price			$0.00	$0.55	$0.00	$0.00	$0.55

2022 Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
28/11/2018	27/11/2021	$0.80	6,000,000	–	–	(6,000,000)	–
23/08/2019	31/03/2022	$0.60	750,000	–	(375,000)	(375,000)	–
			6,750,000	–	(375,000)	(6,375,000)	–
Weighted average exercise price			$0.78	$0.00	$0.60	$0.79	$0.00

The weighted average remaining contractual life of options outstanding at the end of the financial period was nil years (2022: 0.8 years).

NOTE 33. SHARE BASED PAYMENTS CONTINUED

Set out below are summaries of share appreciation rights granted:

2023 Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
27/11/2019	30/06/2023	$0.40	12,500,000	–	–	(12,500,000)	–
16/09/2022	16/09/2025	$0.55	–	6,000,000	–	–	6,000,000
28/10/2022	28/11/2025	$0.55	–	13,500,000	–	–	13,500,000
			12,500,000	19,500,000	–	(12,500,000)	19,500,000

2022 Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
27/11/2019	30/06/2023	$0.40	12,500,000	–	–	–	12,500,000
			12,500,000	–	–	–	12,500,000

Set out below are the performance rights exercisable at the end of the financial year:

Grant date	Expiry date	2023 Number	2022 Number
27/11/2019	30/06/2023	–	12,500,000
		–	12,500,000

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 1 year (2022: 2 years).

For the options and share appreciation rights granted during the current financial 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%	$0.410
28/10/2022	28/10/2025	$0.59	$0.55	87.70%	–	3.08%	$0.350

NOTE 34. EVENTS AFTER THE REPORTING PERIOD

On 3 July 2023, the Company completed the sale of the Company's subsidiary, Western Lithium Ltd ('WLI') including its subsidiary, CMC Lithium Pty Ltd ('CMC') to Albemarle Lithium Pty Ltd for total cash consideration of $30,000,000. The $29,000,000 have been received upon completion and the remaining $1,000,000 will be received if certain tenement applications are granted within 18 months of completion.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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 comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial 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.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

David R Hannon
Chairman

28 September 2023

Sydney

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

Report on the audit of the financial report

Opinion

We have audited the financial report of Lithium Power International Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2023 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Acquisition accounting for Maricunga Salar Blanco S.A

Why significant	How our audit addressed the key audit matter
On 22 December 2022, the Group obtained a 100% interest in Maricunga Salar Blanco S.A (MSB) and its wholly-owned Maricunga Lithium Brine Project (Project). This was achieved through the combination of the existing 51.55% interest in MSB (previously accounted for as an equity accounted investment), and the acquisition of Salar Blanco S.p.A (SBD) and Bearing Lithium Corp (Bearing), which hold the remaining interests in MSB as disclosed in Note 27 of the financial statements. The Group determined the transaction was an asset acquisition under the requirements of Australian Accounting Standards, as the acquired interest in MSB did not meet the definition of a business under AASB 3 *Business Combinations*. In undertaking the asset acquisition accounting, the Group is required to estimate the purchase consideration and allocate purchase consideration based on the relative fair values of identifiable assets and liabilities acquired at the date of the acquisition.	Our audit procedures included the following: ▸ Assessed the Group's determination of the acquisition date of the asset acquisition ▸ Read the purchase agreements to understand the key terms and conditions ▸ Evaluated the Group's determination of the purchase consideration with reference to the requirements of Australian Accounting Standards including the treatment of contingent consideration payable and transaction costs ▸ Recalculated the purchase consideration of SBD and Bearing, which included assessment of the fair value of ordinary shares, warrants and options issued and transaction costs on the date of acquisition ▸ Evaluated whether the valuation methodology used by the Group to measure fair value was in accordance with the requirements of Australian Accounting Standards

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Why significant	How our audit addressed the key audit matter
The fair value measurement of identifiable assets and liabilities requires significant judgement and complex estimation, including: • The identification and measurement of all assets and liabilities. • The fair valuation of exploration and evaluation assets which are dependent upon, amongst other factors, the existence and extent of underlying lithium reserves and resources and key forecast assumptions such as discount rates, commodity prices and operating and capital costs. As a result, we considered the Group's asset acquisition accounting and the related disclosures in the financial statements to be a key audit matter.	▸ Tested the working capital balances, including cash, trade and other receivables and payables at the acquisition date ▸ Performed valuation cross checks on the acquired exploration and evaluation assets ▸ Assessed the adequacy of the disclosures in the Notes to the financial report

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Lithium Power International Limited for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Scott Nichols
Partner
Sydney
28 September 2023

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Shareholder Information

The shareholder information set out below was applicable as at 31 August 2023.

DISTRIBUTION OF EQUITABLE SECURITIES

Analysis of number of equitable security holders by size of holding:

	Ordinary shares		Number of holders of options over ordinary shares		Number of holders of rights over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total options issued	Number of holders	% of total rights issued
1 to 1,000	782	0.07	–	–	–	–
1,001 to 5,000	2,715	1.15	–	–	–	–
5,001 to 10,000	1,324	1.68	–	–	–	–
10,001 to 100,000	2,160	11.12	–	–	–	–
100,001 and over	336	85.98	3	100.00	6	100.00
	7,317	100.00	3	100.00	6	100.00
Holding less than a marketable parcel	2,065	0.40	–	–	–	–

EQUITY SECURITY HOLDERS

TWENTY LARGEST QUOTED EQUITY SECURITY HOLDERS

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
MINERA SALAR BLANCO SPA	177,783,334	28.25
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	52,132,439	8.29
CITICORP NOMINEES PTY LIMITED	45,142,135	7.17
BNP PARIBAS NOMS PTY LTD	30,690,989	4.88
TREASURY SERVICES GROUP PTY LTD	23,385,981	3.72
CHIFLEY PORTFOLIOS PTY LIMITED	21,485,888	3.41
UBS NOMINEES PTY LTD	21,300,754	3.39
BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	10,932,539	1.74
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,708,441	1.07
G HARVEY NOMINEES PTY LTD	6,498,576	1.03
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	4,998,719	0.79
BNP PARIBAS NOMINEES PTY LTD	3,939,876	0.63
MR MICHAEL ANTHONY STARKEY	2,900,000	0.46
MS CHEN ZHANG	2,800,000	0.44
MR JONATHAN JAMES KENT	2,764,000	0.44
SHARESIES NOMINEE LIMITED	2,603,940	0.41
MR HENRY THESMAN THEOS	2,574,000	0.41
POSCO CANADA LTD	2,547,082	0.40
MR ANDREW PHILLIPS	2,396,136	0.38
ALLOWAH HH PTY LTD	2,201,667	0.35
	425,786,496	**67.66**

UNQUOTED EQUITY SECURITIES

	Number on issue	Number of holders
Share appreciation rights over ordinary shares	19,500,000	6
Options over ordinary shares	15,550,000	32
Warrants over ordinary shares	11,764,799	27

The following person holds 20% or more of unquoted equity securities:

Name	Class	Number held
Cristobal Garcia-Huidobro R	Share appreciation rights over ordinary shares	8,000,000

Shareholder Information

SUBSTANTIAL HOLDERS

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
MINERA SALAR BLANCO SPA	177,783,334	28.25
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	52,132,439	8.29
CITICORP NOMINEES PTY LIMITED	45,142,135	7.17

VOTING RIGHTS

The voting rights attached to ordinary shares are set out below:

ORDINARY SHARES

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

COMPETENT PERSON STATEMENTS

The information contained in this Annual Report for the year ended 30 June 2023, relating to Exploration Targets, Exploration Results and Resources has been compiled by Murray R Brooker. Mr Brooker is a Geologist and Hydrogeologist and is a Member of the Australian Institute of Geoscientists (AIG) and the International Association of Hydrogeologists (IAH). Mr Brooker has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). The Resource estimation was undertaken by Atacama Waters Consultants of Santiago, Chile (formally FloSolutions).

Mr Brooker is an employee of Hydrominex Geoscience Pty Ltd and an independent consultant to the Company. Mr Brooker consents to the inclusion in this announcement of this information in the form and context in which it appears. The information in this announcement is an accurate representation of the available data from initial drilling at the Maricunga project.

The information contained in this Annual Report for the year ended 30 June 2023, relating to Reserves has been compiled by Frits Reidel. Mr Reidel is a Hydrogeologist and is a Certified Professional Geologist of the American Institute of Professional Geologists (AIPG). Mr Reidel is the Principal Hydrogeologist of Atacama Waters Consultants (Chile) (formally FloSolutions) and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). The Reserve estimation was undertaken by Atacama Waters Consultants of Santiago, Chile (formally FloSolutions) working with DHI of Lima, Peru.

The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original release.

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