

8 May 2023

Lithium Australia to sell 70% of its Lepidolite Hill Lithium Project to Eastern Resources

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HIGHLIGHTS

- **Lithium Australia and Eastern Resources (ASX: EFE) have entered into a binding agreement, with Eastern Resources to acquire 70% of the Lepidolite Hill Lithium Project.**
- **Eastern Resources to pay a total cash consideration of A\$550,000 in three tranches.**
- **A joint venture partnership between Lithium Australia and Eastern Resources will be formed upon completion.**
- **Lithium Australia is free carried until the notification that a DFS has been completed.**
- **Before the DFS notification, Eastern Resources can elect to acquire Lithium Australia's remaining 30% interest by paying A\$1,000,000 in cash or shares.**

Background

Lithium Australia Limited (ASX: LIT) ('**Lithium Australia**', or 'the **Company**') is pleased to announce that it has entered into an acquisition and joint venture agreement with Eastern Resources Ltd (ASX: EFE) ('**Eastern Resources**'), which will purchase a 70% interest in the Lepidolite Hill Lithium Project ('**Agreement**').

Under the Agreement, the Company has agreed to sell, and Eastern Resources has agreed to acquire (through a wholly owned subsidiary), 70% of the Company's interest in the Lepidolite Hill Lithium Project tenements (including the tenements currently subject to a mining lease application).

The Company will receive a total consideration of A\$550,000 in cash from Eastern Resources for the sale of the 70% interest in the Lepidolite Hill Lithium Project payable in three tranches:

- i. Tranche 1: \$50,000 deposit within 10 business days of execution;
- ii. Tranche 2: \$100,000 at Completion (which will take place 20 business days after signing); and
- iii. Tranche 3: \$400,000 within 10 business days of the date that M15/1874 is granted and transferred to Eastern Resources.

Eastern Resources may, up until a notification that a definitive feasibility study has been completed, elect to acquire Lithium Australia's 30% participating interest by paying A\$1,000,000 in cash or Eastern Resources shares (determined on a 20-day VWAP).

Upon Completion, a joint venture will be formed for the purpose of exploration and evaluation and, if warranted, development and exploitation of all minerals within the Tenements. Eastern Resources will hold a 70% interest and the Company will hold a 30% interest. Eastern Resources will be the initial manager of the joint venture. Upon the formation of the joint venture, the Company's 30% interest will be free carried until a definitive feasibility study has been completed.

Under the Agreement, Lithium Australia and Eastern Resources will collaborate towards an offtake agreement of not more than 30% of the lithium product extracted from the Lepidolite Hill Lithium Project.

Other terms are customary for an agreement of this nature, including warranties, liability caps and pre-emption rights in respect of a transfer of the joint venture assets or the joint venture agreement.

Comment from Lithium Australia Chief Executive Officer, Simon Linge

"This divestment of the majority of the Lepidolite Hill Lithium Project further simplifies the Company. Over the past few months, we have defined the commercialisation and growth pathways to deliver customer focused solutions for the lithium-ion circular battery materials industry that will accelerate global electrification for our solutions pathways.

"We are pleased to partner with Eastern Resources who will advance the Lepidolite Hill Lithium Project, while we focus on our technology platforms of lithium extraction, battery materials and battery recycling."

Authorised for release by the Board.

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Forward-looking statements

This announcement contains forward-looking statements. Forward-looking statements are subject to a variety of risks and uncertainties that it is beyond the Company's ability to control or predict and which could cause actual events or results to differ materially from those anticipated in such forward-looking statements.

About Lithium Australia

Lithium Australia Limited (ASX: LIT) (**'Lithium Australia'**, or **'the Company'**) delivers customer focused solutions for the lithium-ion circular battery materials industry that will accelerate global electrification. We will do this through lithium-ion battery recycling at Envirostream, development of leading-edge cathode active materials for e-mobility and energy storage applications at VSPC, and through the development of other novel technology solutions, such as the lithium extractive processing technology LieNA®.

Our values ground our thinking and approach. Our people's capabilities are at the heart of our success. They are focussed on creating a safe and inclusive work environment, working with a people centred approach to build meaningful partnerships, and actively respecting and trusting one another. All with the aim to deliver creative technology solutions to improve sustainability and help decarbonise the world.

Envirostream (100%-owned LIT subsidiary): Recycling of end of life ('EOL') batteries via Envirostream underpins the Company's ESG credentials. Envirostream, which is leading Australia's battery recycling industry, is well-positioned to take advantage of the expected significant increase in volumes of spent batteries available for recycling, particularly as a result of vehicle electrification and Australia's national battery stewardship scheme.

VSPC (100%-owned LIT subsidiary): The production of LFP cathode powder for lithium-ion batteries ('LIBs') via VSPC represents a significant commercial opportunity. An accelerated strategy is being developed to increase production capacity of LFP and lithium manganese ferro phosphate ('LMFP'), both of which are subject to strong industry support for offtake development.

LieNA® (100%-owned LIT technology): The LieNA® processing technology allows a unique method of refining fine or low-grade spodumene to produce high-purity lithium chemicals. With an expected increase in lithium chemicals demand and an industry focus on improving sustainability of lithium chemical production worldwide, the company is now seeking potential partners to commercialise the opportunity.