Lithium Australia NL

ACN: 126 129 413
ASX: LIT

Level 1
675 Murray St
West Perth WA 6005

PO Box 1088
West Perth WA 6872

Phone +61 (0) 8 6145 0288
Fax +61 (0) 8 9475 0847

info@lithium-au.com
lithium-au.com

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ASX ANNOUNCEMENT

LITHIUM AUSTRALIA ACQUIRES SIGNIFICANT RESOURCE ON THE DOORSTEP OF THE EUROPEAN EV INDUSTRY

HIGHLIGHTS

- **Lithium Australia to purchase the Sadisdorf lithium/tin project from Tin International AG**
- **Acquisition provides 100% equity in a substantial resource close to expanding LIB production capacity**
- **100% owned SiLeach® provides the path for unlocking resource value**
- **Target completion for scoping study – October 2018**
- **Synergistic supply opportunity with cobalt and other energy metals**

THE ACQUISITION

Lithium Australia (ASX:LIT) will, subject to regulatory requirements, acquire 100% of the Sadisdorf lithium/tin resource from Tin International AG (see Figure 1). Consultant CSA Global has estimated that the Sadisdorf Project has an Inferred Mineral Resource of 25 million tonnes grading 0.45% Li_2O[1] (ASX announcement 7 December 2017). Significantly the lithium is contained within lithium micas within alteration around tin mineralization, the latter being the subject of historic mining. The lithium micas can be readily concentrated after the removal of tin by conventional gravity separation. Lithium has been very successfully extracted from Sadisdorf mica concentrates using LIT's SiLeach® process.

BACKGROUND

Asia, primarily China, South Korea and Japan have lead the world in lithium ion (LIB) cell production but things are changing. Today Europe has only one factory, located in the UK, manufacturing lithium-ion (LIB) cells for electric vehicle (EV) batteries. Big plans are on foot to change that in what has become one of the fastest growing precincts of LIB consumption.

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[1] *Reporting in accordance with JORC 2012 and ASX listing rule 5.8.1 is included in Appendix A of the announcement dated 7 December 2017.*

Recently China's BYD announced plans to establish a battery factory in Europe while Northvolt, together with Siemens and Scania, through an investment of €4 billion, will do likewise.

CATL, Samsung SDI, and LG Chem are following suit to establish European production capacity and SK Innovations will establish a factory in Hungary.

The planned capacity in Europe will dwarf the much-publicized Tesla Gigafactory and Europe may well become the highest concentration of energy metal consumption outside China. The major consumers are already competing for offtake, and the establishment of raw material supply will be a critical aspect of their success. Major European auto manufacturers are forming strong alliances with the battery producers to ensure security of supply.

With resources already well established at Sadisdorf, and Lithium Australia well down the track of commercializing its 100% owned Sileach® process, there is a great opportunity to develop a domestic European supply chain.

FUTURE PLANS

The acquisition of Sadisdorf provides a unique opportunity with the potential to develop a domestic European lithium supply, synchronously with the establishment of LIB production capacity on the Continent. On completion of the Sadisdorf acquisition, Lithium Australia will accelerate its development plans with a view of completing a scoping study by October 2018.

The scoping study will run in parallel with evaluation of nearby cobalt mineralization (ASX announcement, 7 June 2018), SiLeach® development programs (ASX announcement, 27 April 2018) and downstream processing to LIB cathode materials (ASX announcement 23 May, 2018).

TRANSACTION DETAILS

LIT was actively farming into a joint venture (JV) with Tin International AG (ASX announcement, 25 May 2017) having spent approximately €750,000 on exploration activity to date. LIT and TIN have signed a binding Agreement in which TIN has agreed to sell its interest in the project, including the nearby Hegelshöhe exploration licence, also held by TIN (see Figure 1).

TIN will, subject to consent of the responsible German Mining Authority, transfer 100% interest in the two exploration licences for a total consideration of €2 million of which €500,000 will be cash, and €1.5 million payable in LIT shares valued at 105% of VWAP. The initial JV agreement will terminate on completion of the transfer.

Managing Director of Lithium Australia, Adrian Griffin:

" Acquisition of Sadisdorf is a key component of our European energy metal supply strategy. SiLeach® is the only practical means of realizing the full potential of deposits of this type where value can be recovered from the lithium, tin, potassium and other valuable by-products. Our recent cobalt exploration success in the region is testimony to the latent potential of Saxony as a supply centre of the European battery industry."

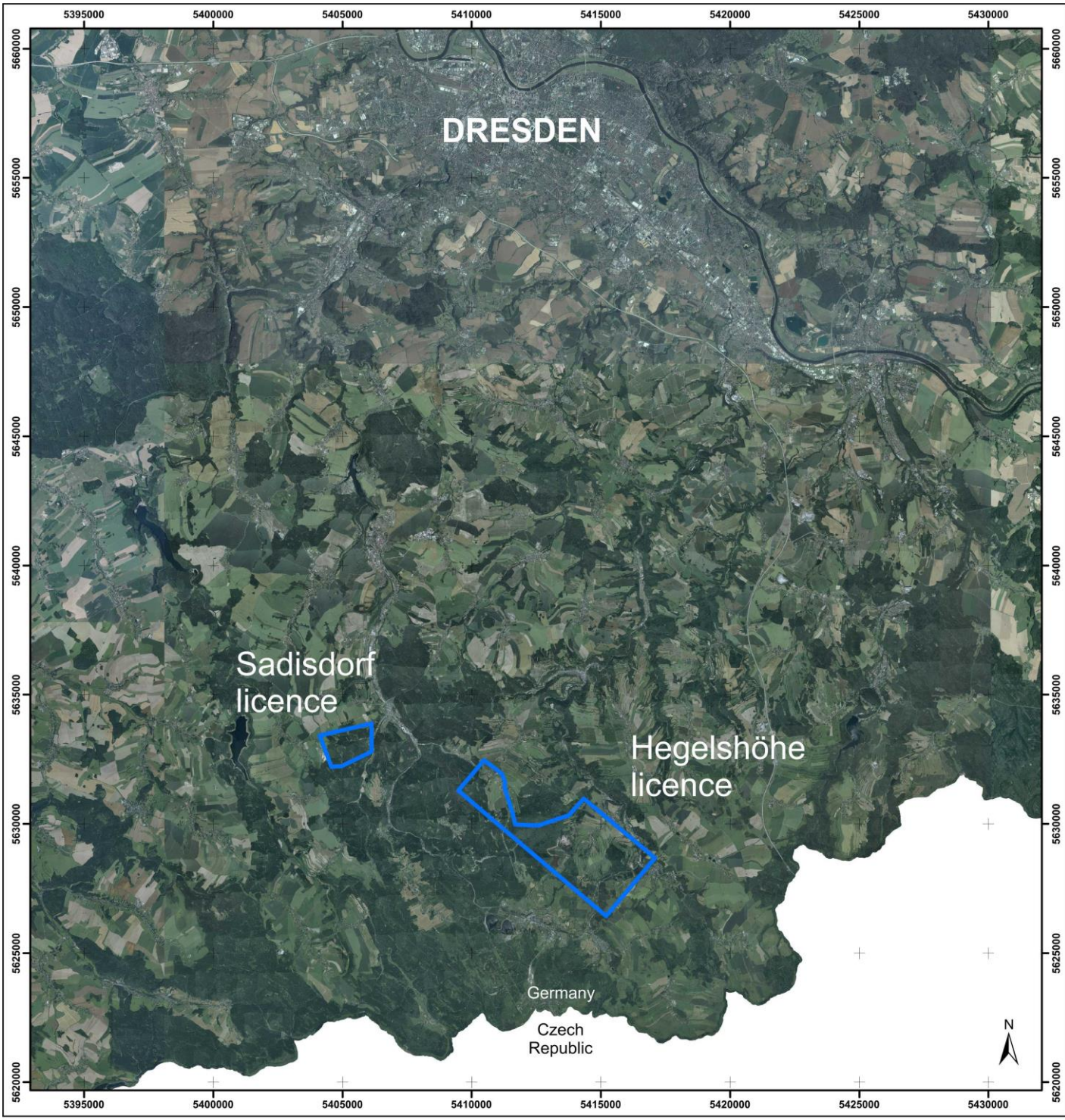
Adrian Griffin - **Managing Director**
Mobile +61 (0) 418 927 658
Adrian.Griffin@lithium-au.com

About Lithium Australia NL
Lithium Australia aspires to 'close the loop' on the energy-metal cycle. Its disruptive extraction processes are designed to convert *all* lithium silicates to lithium chemicals, from which advanced components for the battery industry can be created. By uniting resources and the best available technology, Lithium Australia seeks to establish a vertically integrated lithium processing business.

MEDIA CONTACTS

Adrian Griffin, Lithium Australia NL	08 6145 0288 | 0418 927 658
Kevin Skinner, Field Public Relations	08 8234 9555 | 0414 822 631

Competent Persons' Statement – Lithium Mineral Resources
The information in this announcement that relates to in situ lithium Mineral Resources for Sadisdorf is based on and fairly represents information compiled by Mr Thomas Branch under the direction and supervision of Dr Andrew Scogings, as outlined in Lithium Australia's ASX announcement 7 December 2017. Dr Scogings takes overall responsibility for the report. Dr Scogings is a Member of both the Australian Institute of Geoscientists and Australasian Institute of Mining and Metallurgy and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code 2012). Dr Scogings consents to the inclusion of such information in this announcement in the form and context in which it appears.



Source: ESRI aerial map. Coordinates: DHDN (3° meridian, GK5)

Figure 1 – Location of the Sadisdorf and Hegelshöhe Project in Germany