

31 January 2019

Quarterly Activities Report **For the period ending 31 December 2018**

Highlights

Jadar Lithium Limited (ASX: **JDR**) ("**Jadar**" or "**the Company**"), is pleased to provide shareholders with this Quarterly Activities Report for the three (3) months ending 31 December 2018.

- **Jadar enters into a binding agreement to acquire an 80% interest in two Austrian Lithium exploration projects**
- **One of the two Austrian project areas surrounds European Lithium Limited's (ASX-EUR) advanced Wolfsberg lithium deposit. The Company completed its due diligence exercise on the Austrian assets, with completion of the acquisition expected to occur early in the following quarter**
- **The Company held its Annual General Meeting at which all resolutions were approved, including approval of a number of conditions precedent to completion of the acquisition of the Austrian Lithium exploration projects**
- **Phase 2 soil sampling on Vranje-South project in Serbia confirms elevated Li and B soil values**

EXPLORATION ACTIVITIES

Vranje-South Project (Serbia)

On the 14th of November 2018, the Company provided a technical update regarding the results of the phase 2 sampling on the Vranje-South project in Serbia.

The results of the phase two soil sampling program, in conjunction with the results from phase one, defined a number of areas with elevated lithium and boron values. There is generally positive correlation between the two elements in a number of zones, mainly the central and eastern portion of the license area. The lithium values peak at 220ppm, with a number of samples grading above 150ppm.¹ These values cluster in clear trends (refer to Figure 1 for combined phase one and two Li results).

The Boron values peak at 826ppm, while several samples cluster and define targets zones with B values above 300ppm.² Importantly, the two elements appear to define a similar trend and anomalous value distribution.

As soon as the weather conditions improve, the Company plans to commence with follow up field activities which may include;

- Follow up sampling and evaluation of target areas

¹ 14th November 2018 ASX Announcement. The Company is not aware of any new information or data that materially affects the information contained in this original ASX market announcement.

² 14th November 2018 ASX Announcement. The Company is not aware of any new information or data that materially affects the information contained in this original ASX market announcement.

- 3D geological modelling of the basin based on historically available data and remote sensing techniques
- Evaluation of geophysical techniques and options to define basin stratigraphy in further detail
- Preliminary geophysics on target areas to define drill target areas
- Drill testing of target areas

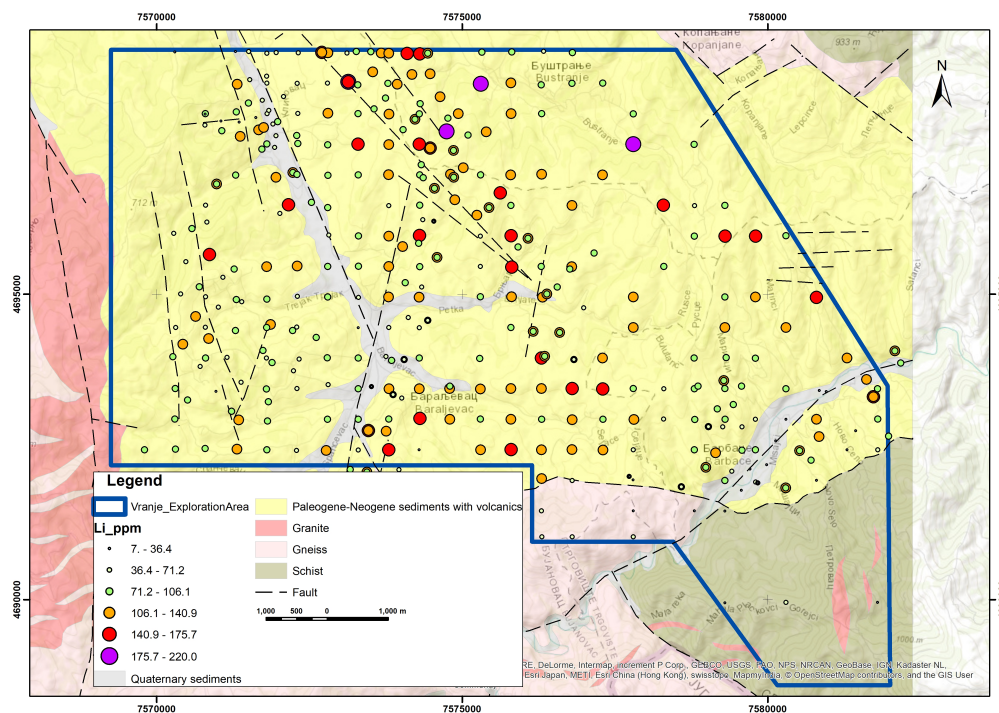


Figure 1- Vranje-South project area with Phase 1 and Phase 2 lithium values from soil sampling³

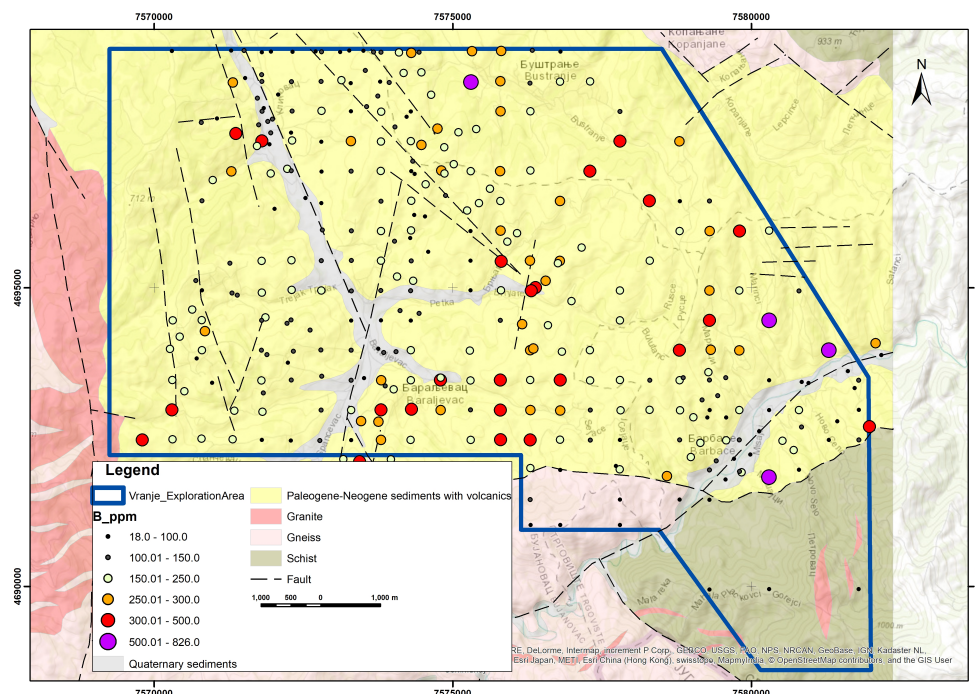


Figure 2 - Vranje South project area with Phase 1 and 2 Boron values from soil sampling⁴

³ 20th August 2018 and 14th November 2018 ASX Announcements. The Company is not aware of any new information or data that materially affects the information contained in this original ASX market announcement.

⁴ 20th August 2018 and 14th November 2018 ASX Announcements. The Company is not aware of any new information or data that materially affects the information contained in this original ASX market announcement.

CORPORATE ACTIVITY

PROPOSED AUSTRIAN LITHIUM PROJECT ACQUISITION

On the 2nd October 2018, the Company announced that it had entered into a binding Agreement pursuant to which it has agreed, subject to satisfaction of certain conditions precedent, to acquire effectively 80% of Austrian Exploration Licences from Exchange Minerals Limited, with a first right of refusal over the remaining 20% (**Acquisition**). The Company considers the Austrian Lithium Exploration Licences to be a suite of attractive exploration assets which will complement the Company's existing business of lithium exploration in Europe.

Project Overview

Location

The Austrian Lithium Exploration Licences are located in Carinthia, ~270 km south of Vienna, Austria and 20 km east of Wolfsberg, an industrial town, with established infrastructure, including access to the European motorway and railway network. Other mining activities are already established in the area.

The Austrian Lithium Project Exploration Licences comprises two exploration areas made up of 99 exploration licences, which together cover a total area of 46.5 km², and are valid until 31 December 2020.

The Austrian Lithium Project Exploration Licences are considered prospective for lithium and other pegmatite hosted minerals. There has been no recent geological exploration for these minerals by any public company or any mine production on any of the project areas.



Figure 3 - Austrian Project Location Map

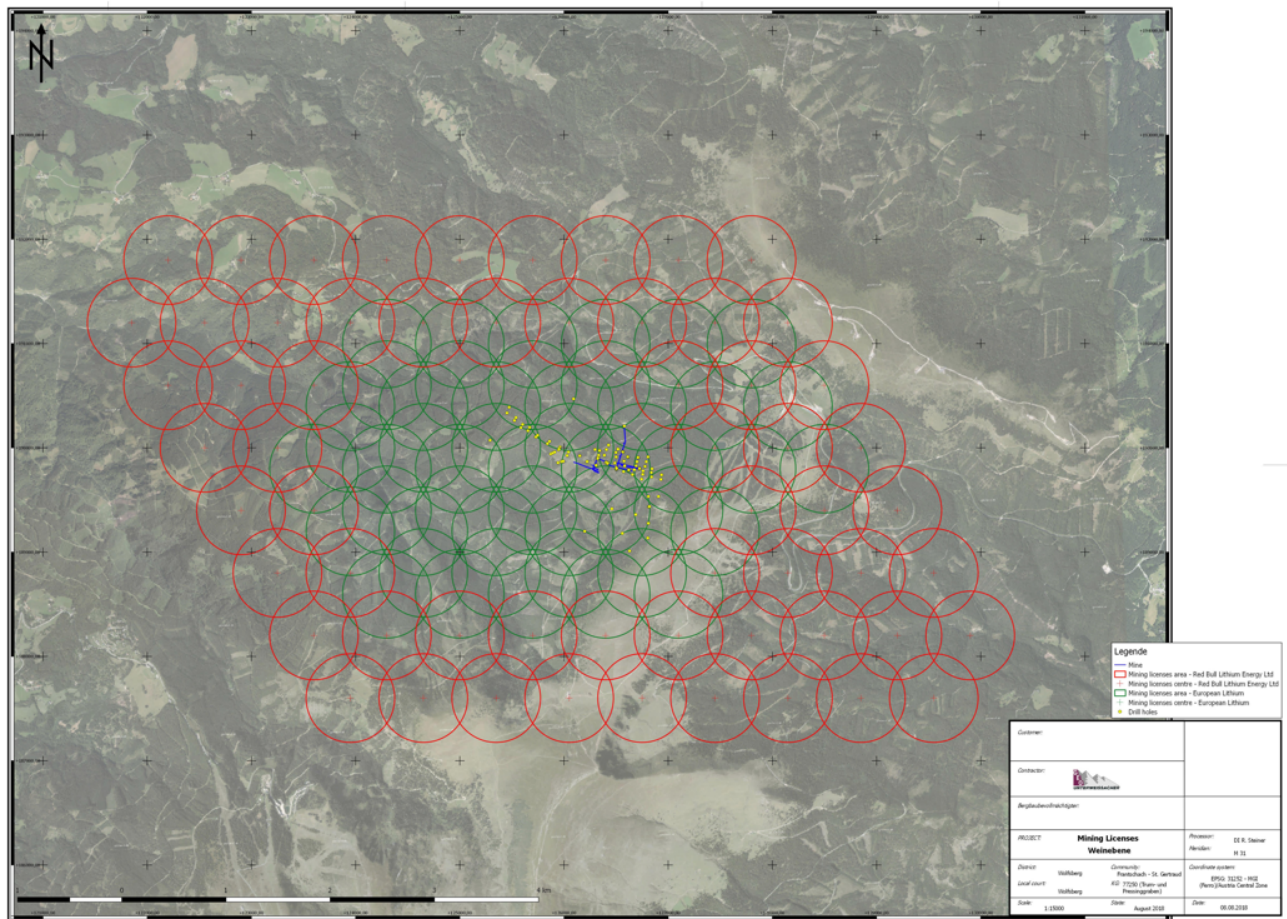


Figure 4 - Exploration Licences to be acquired (red); Exploration Licences held by European Lithium Limited

The Austrian Lithium Exploration Licences surround European Lithium Limited's (ASX: EUR) underground Wolfsberg Lithium project, which has previously announced on 3 July 2017 a JORC total Resource of 10.98MT (comprising Measured, Indicated and Inferred Resources) @ 1.00% Li₂O, with 37 exploration permits (together covering an area of 7.62 km²) overlapping those of Jadar Lithium Limited (see figure 4 above).

Project Geology

The Austrian Alpine Belt consists of three main geological zones forming thrust sheets (nappes) that have been stacked on top of each other and the crystalline basement, Figure 5.

- The oldest of these units is the Helvetic nappe which is composed of detached crystalline basement and metamorphic and igneous rocks that were metamorphosed during the Variscan Orogeny (~390-310 Ma). These rocks are found as thin slivers along a corridor running from Salzburg to Wien, adjacent to the Alpine Front faults bounding the Molasse basin.
- The Penninic nappe has been thrust over the Helvetic nappe and is composed of ophiolitic sequences and deep marine sediments that have been metamorphosed to phyllite, schist and amphibolite.
- The Austroalpine nappe structurally overlies the other two nappes and covers the largest part of Austria and consists of schists, gneiss, granite, limestone and other volcano sedimentary rocks.

The Austrian Lithium Exploration Licences, like the Wolfsberg project, are located within the Koralpe, a NS-trending mountain ridge about 25 km in length forming part of the eastern Alpine crystalline basement.

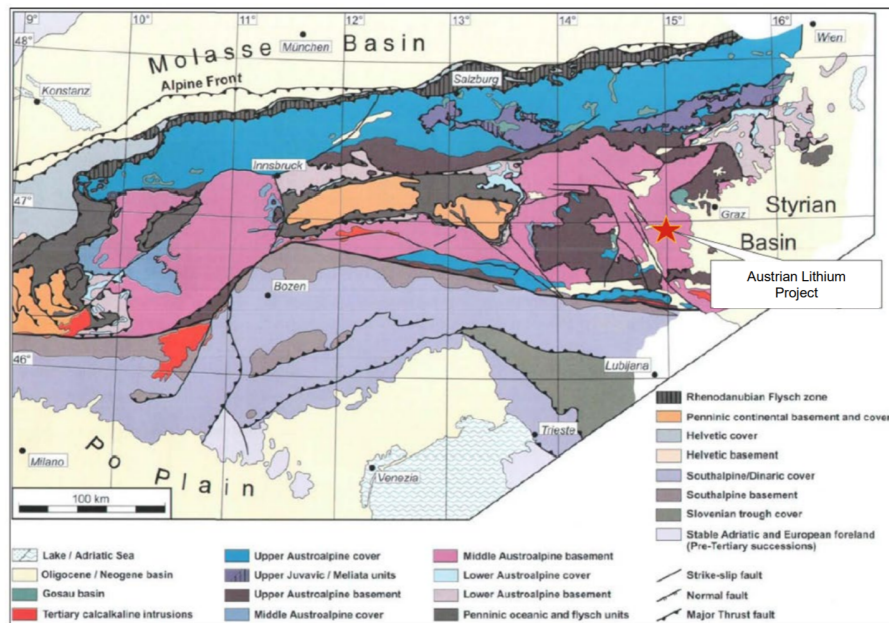


Figure 5 - Geological map of Austrian Region (from Neubauer and Hock, 1999).

The Wolfsberg lithium deposit is a fairly high grade deposit comprising of multiple parallel - spodumene bearing - pegmatite dikes concordantly introduced into the Alpine crystalline complex. The pegmatites most likely represent an anatexis melting phase of metamorphic formations rather than being related to granite bodies. The pegmatite dikes are parallel to the country rocks and show very sharp contacts. The dike width varies from a few centimetres up to several meters. The composition of the pegmatite is predominantly a Quartz-Feldspar-Spodumene mineral association with a minor abundance of pegmatite associated minerals such as cassiterite, scheelite, apatite and tourmaline. The spodumene grain size varies from a few mm up to 15 cm. The coarse grain pegmatites are hosted by eclogite amphibolites and the fine grained pegmatites by mica schist.

Pegmatoids associated with the deposit consist of tourmaline and are free of spodumene. Pegmatoids are coarse crystalline feldspar – quartz-tourmaline rocks which are entirely free of spodumene. The Koralpe pegmatoids are interpreted to belong to the lower stratigraphic sequences - laying below the spodumene-bearing pegmatites. Identifying pegmatoids and their relation to another stratigraphic neighbourhood around Wolfsberg lithium deposit can be used as an exploration guide.

Host rock lithology seems to represent a good pathfinder. The eclogite amphibolite at the Wolfsberg deposit is the upper stratigraphic sequence as well as the host rock of the high-grade lithium bearing pegmatite dikes. The eclogite amphibolite is used to define the stratigraphic position and relation to the other units. Taking into account that the extension of eclogite amphibolite towards east-southeast has not yet been identified, it strongly supports mapping the area which has not been covered by previous mapping programs (see the map below). Also, during the last mapping program, a few samples of lithium bearing pegmatites have been found far east from the deposit (approximately 1km). That information suggests a probable extension of pegmatite veins toward the east. On the other side, previous mapping of the west-northwest area confirms the presence of mica schist hosted pegmatite on the surface, indicating that the deposit remains open on that side as well.

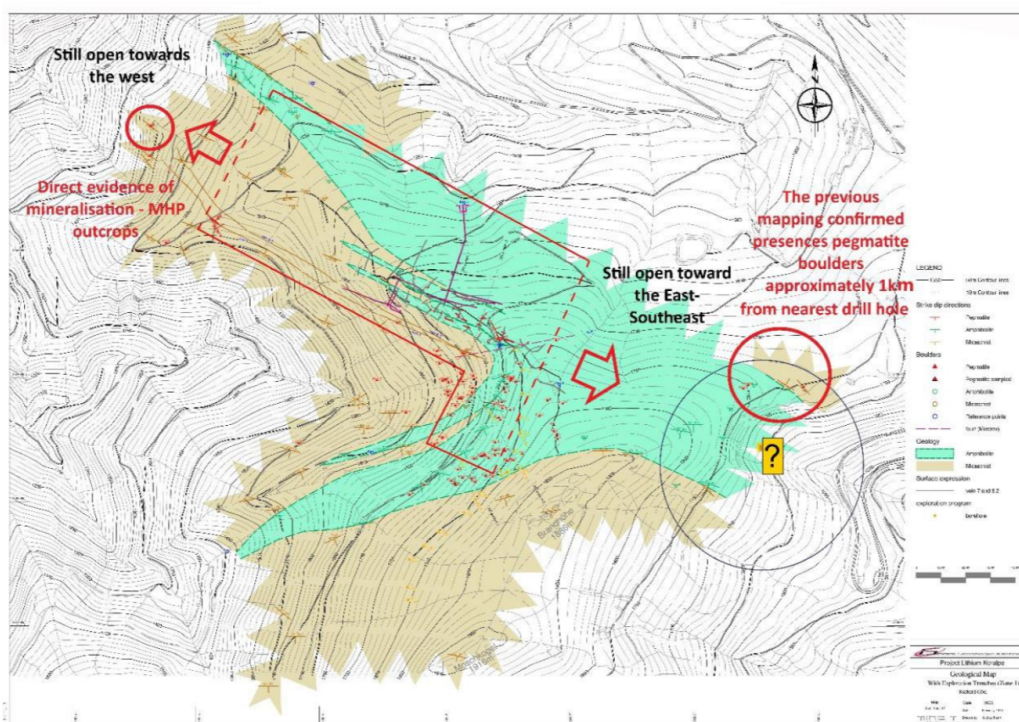


Figure 6 - Geological Map showing the potential extensions of European Lithium Ltd's lithium deposit. (source: European Lithium Limited Corporate Presentation – November 2017. The original has been edited)

Acquisition Terms

The Company has entered into the binding agreement with Exchange Minerals Limited, who holds the licences on behalf of it and other private non-related investors.

The material terms of the Transaction are as follows:

- In consideration for an 80% interest in a Special Purpose Vehicle (SPV) which will hold the Austrian Lithium Exploration Licences, the Company will issue:
 - 90,909,091 fully paid ordinary shares at a deemed issue price of AU\$0.022 per share (AU\$2 million);
 - 25,000,000 Unlisted Options in JDR with an exercise price of AU\$0.03 per option and a 31 July 2020 expiration date.
- Jadar is to be granted first right of refusal over the remaining 20%
- Jadar agrees to spend up to AU\$250,000 on the exploration of the Austrian Lithium Exploration Licences. Once the AU\$250,000 has been spent, each party is to provide funding in proportion to their interests.
- The agreement is subject to a number of conditions precedent including,
 - completion of Due Diligence on the Austrian Lithium Exploration Licences by Jadar;
 - Jadar obtaining all necessary shareholder or regulatory approvals required by the Corporations Act 2001 (Cth) (Corporations Act) or the ASX Listing Rules in relation to the Acquisition;
 - Mr Martin Pawlitcheck resigning from and Mr Steve Dellidis being appointed to the Jadar Board; and
 - the parties obtaining any other necessary third-party consents to allow the parties to lawfully complete the Acquisition;

For further details on the proposed transaction, details about the project and proposed terms, refer to the Companies press release on the 2nd of October 2018, which is available on the Company's website.

The Company has commenced with a field program on the project area consisting of reconnaissance mapping; outcrop and float sampling and soil sampling. The Company will be updating the market with regard to the results of the field program and its decision with respect to the acquisition in the near future.

Resignation of Director

On the 6th November 2018, the Company announced that Mr. Martin Pawlitschek had resigned from the board of Directors. The board thanks Mr. Pawlitschek for his contribution to the Company and wishes him best in future endeavours.

The Group's cash balance as 30 September 2018 was \$2.76 million.

December Quarter Announcements

This Quarterly Activities Report contains information extracted from ASX market announcements reported in accordance with the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("2012 JORC Code"). Further details (including 2012 JORC Code reporting tables, where applicable) of exploration results referred to in this Quarterly Activities Report can be found in the following announcements lodged on the ASX:

Sampling on Vranje-South Project Defines Lithium & Borate Anomalies 14 Nov 2018

Update on Acquisition of Austrian Lithium Exploration Project 06 Nov 2018

Proposed Acquisition of Austrian Lithium Exploration Assets adjacent to the successful Wolfsberg Project 02 Oct 2018

These announcements are available for viewing on the Company's website jadarlithium.com.au under the News and Research tab. Jadar confirms that it is not aware of any new information or data that materially affects the information included in any original ASX announcement.

SCHEDULE OF TENEMENTS

Project	Tenement ID	Location	Interest
Cer	2223	Serbia	100%
Bukulja	2226	Serbia	100%
Rekovac	2224	Serbia	100%
Krajkovac	2209	Serbia	100%
Vranje-South	2225	Serbia	100%

Competent Person Statement

The information contained in this ASX release relating to Exploration Results has been compiled by Mr Jerry L Aiken, who is a Registered Member of the Society for Mining, Metallurgy & Exploration (SME). Mr. Aiken has sufficient experience that is relevant to the style of mineralization 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 2012 JORC Code). Mr. Aiken is a consultant to Jadar Lithium Limited and consents to the inclusion in this announcement of this information in the form and context in which it appears.