

**13 September 2017**

## **ASX ANNOUNCEMENT**

### **Lithium Australia-Poseidon Nickel in lithium exploration-processing MoU over Lake Johnston project in southern WA**

#### **HIGHLIGHTS**

- **LIT and POS sign an MoU to evaluate joint exploration and lithium processing opportunities at Lake Johnston and Ravensthorpe in southern Western Australia**
- **Enhances progress towards establishing Lake Johnston as a central lithium processing hub**
- **Region's exploration upside shows potential for a low capital cost entry into the global lithium market**
- **LIT-POS's joint focus to include assessment of lithium concentrate production at Lake Johnston**

#### **MEMORANDUM OF UNDERSTANDING WITH POSEIDON NICKEL**

A strategic move to jointly evaluate the known lithium potential of the Lake Johnston region in southern WA as a source for feedstock supplying into a locally-sited lithium concentrate plant, has been announced by advanced lithium processing technology developer, Lithium Australia NL (ASX: LIT) and Poseidon Nickel Ltd (ASX: POS).

Under a Memorandum of Understanding (MoU) announced today, LIT and POS will undertake due diligence and negotiate key commercial terms to underpin a proposed final agreement to jointly explore for lithium hosted pegmatites on tenements held by both Poseidon and LIT at Lake Johnston and Ravensthorpe.

The parties will also assess the viability of utilising Poseidon's 1.5 Mtpa Lake Johnston concentrator (which is currently on care and maintenance) to process lithium ores and produce a saleable lithium concentrate and downstream lithium chemical production.

An aerial view of POS Lake Johnston operations is shown in Figure 1. The facility was placed onto care and maintenance by Norilsk Nickel in 2013 and tenements, plant and equipment remain in good standing. The Lake Johnston operation is a 1.5 million tonne per annum (Mtpa) processing facility that includes 3 ball mills, 2 flotation circuits, multiple thickeners, filters and a large concentrate storage facility.



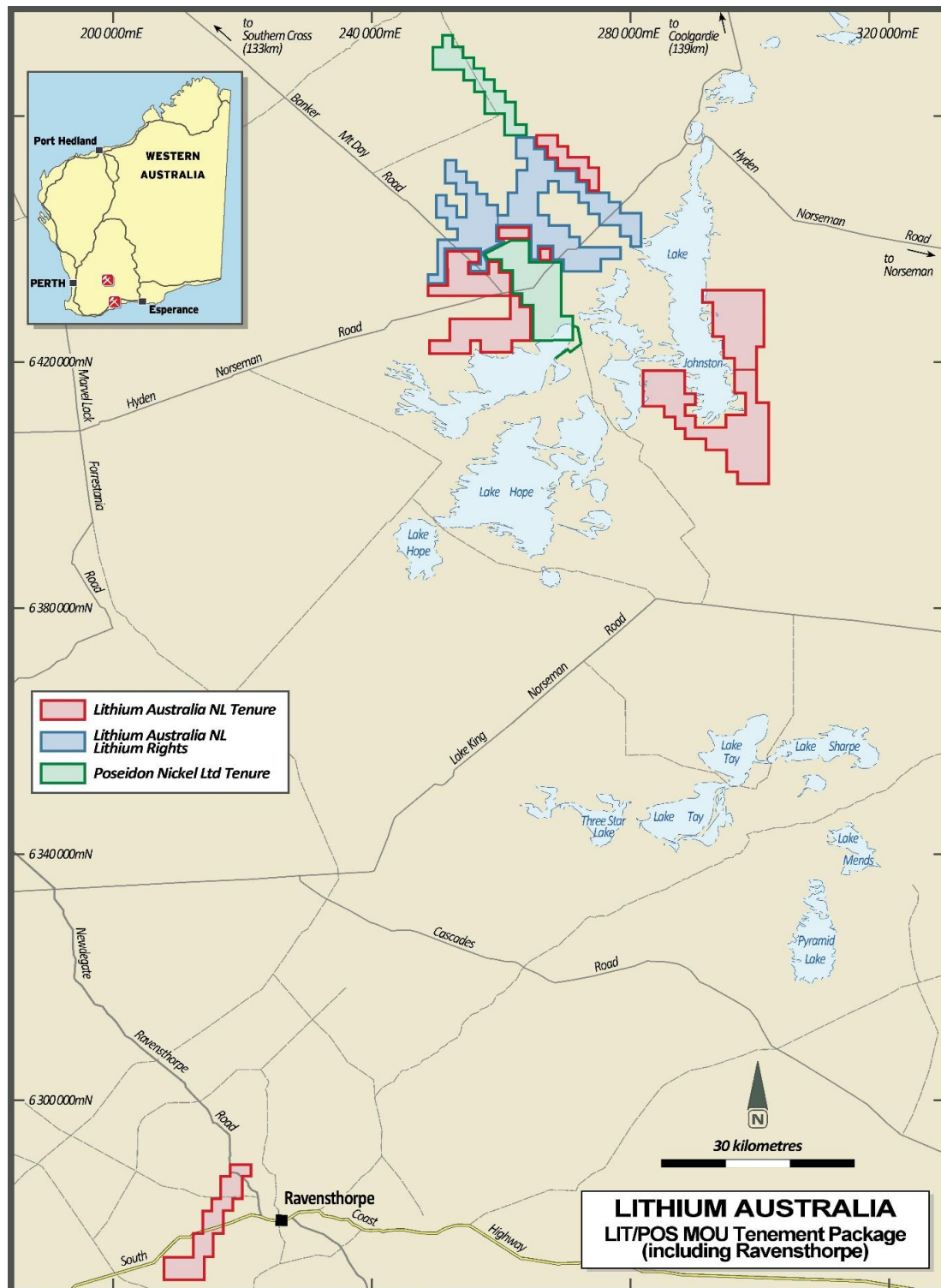


**Figure 1: Poseidon Nickel's Lake Johnston concentrator.**

Additional infrastructure at Lake Johnston includes existing tailings disposal cells, a bore field and water treatment plant, large mine workshop and maintenance facilities, administration buildings, functional laboratory and metallurgical laboratory, plant stores and workshop areas, medical centre and emergency response control centre. The site power is supplied by a local power station.

LIT and POS combined tenement package at Lake Johnston and Ravensthorpe covers an area of ~1,000km<sup>2</sup> (Figure 2), significantly improving each company's prospectivity for discovering lithium mineralisation.

The move is the latest under LIT's strategy to underpin lithium chemical production from all lithium silicates, including lithium micas and spodumene. The Company has developed the SiLeach<sup>®</sup> process to capitalise on lithium sources not previously exploited for the production of lithium chemicals. The principal focus for future potential lithium chemical production is lithium minerals rejected by industrial processes, including off-specification materials rejected by lithium mineral producers.



**Figure 2: Lithium Australia and Poseidon Nickel MoU Tenement Package including Ravensthorpe.**

In parallel with its processing technology, LIT's exploration program is designed to develop long-term lithium supply assurance, regardless of the variability of future third party supply.

The Company says that under this strategy, the new MoU with POS announced today is structured to lead to a stronger position for both companies through:

- Increased exploration acreage in a region of identified lithium pegmatites;
- A low-capital entry into concentrate production; and
- The establishment of lithium chemical production through a local WA SiLeach® facility.

**Lithium Australia Managing Director, Mr Adrian Griffin:**

“Longer term, this strategy may result in both parties capitalising on the value-add that can be achieved by processing third party ore through to lithium chemicals and cathode materials by applying SiLeach® and VSPC technologies.”

“LIT has great confidence in the resource potential of the Lake Johnston area, and indeed WA’s broader Dundas region. We are striving towards reduced exploration risk, access to ore concentration facilities and access to third-party ore sources to feed a lithium chemical plant based on our 100%-owned SiLeach® process and downstream into a VSPC-based cathode manufacturing facility. Together with Poseidon Nickel, we hope to take a very cost effective first step into the lithium ion battery manufacturing chain.”

**Poseidon Nickel Chief Operating Office, Mr Michael Rodriguez:**

“Poseidon Nickel is keen to explore the unique opportunity LIT’s Sileach® process represents towards establishing the Lake Johnston facility as a central processing hub. Joining forces with Lithium Australia increases the possibility of discovering a commercial lithium deposit, as LIT’s Sileach® technology creates the opportunity to commercialise all lithium minerals, not just spodumene. Ready access to plant, equipment and infrastructure at the Lake Johnston Operations compliments the application of SiLeach® technology, which we believe is an important development for the lithium industry in Western Australia.”

**Adrian Griffin**

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**About Lithium Australia NL:**

LIT is a dedicated developer of disruptive lithium extraction technologies. LIT has strategic alliances with and investments in a number of companies, potentially providing access to a diversified lithium mineral inventory. LIT aspires to create the union between resources and the best available technology and to establish a global lithium processing business.

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