

2 October 2018

ASX ANNOUNCEMENT

LITHIUM AUSTRALIA SECURES YOUANMI LITHIUM PROJECT OPTION

HIGHLIGHTS

- **Option to acquire the Youanmi Lithium Project**
- **Extensive lithium mineralisation and outcropping pegmatites**
- **Potential feed source for Generation 3 pilot plant operations**
- **Vanadium mineralisation identified within the host greenstone sequence**

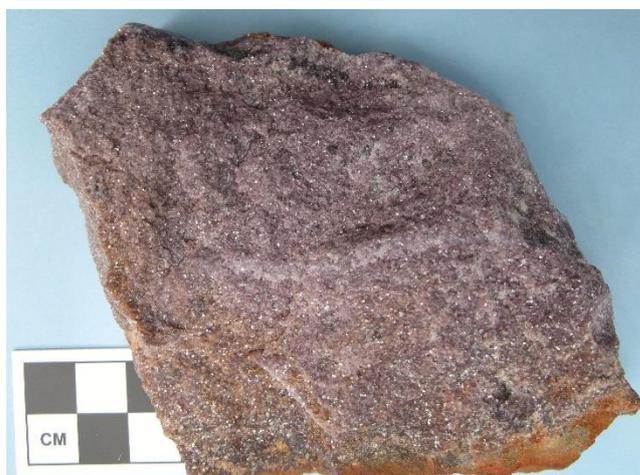
Leading lithium developer, Lithium Australia NL (ASX: LIT) has expanded its extensive lithium holdings throughout Western Australia with the acquisition of additional acreage in the prospective Youanmi region by taking an option over the Youanmi Lithium Project. The Youanmi Lithium Project is located in the Archean Yilgarn Block, 450 kilometres north-east of Perth (Figures 1).

BACKGROUND

The project consists of three exploration licences and hosts abundant lithium pegmatites which intrude layered mafic rocks, which also host vanadium-rich magnetite horizons.

The three exploration licences have been secured by the completion of a binding heads of agreement with private exploration company, Diversity Resources Pty Ltd (Diversity).

Details of the option are outlined in the attached Annexure 1.



**Mineralization with abundant lepidolite
from Youanmi Lithium Project**

PREVIOUS WORK

The project is at an early stage. Initial work has included prospecting, review of past work, geological inspections, geological mapping, rock chip sampling, minor orientation geochemistry, digital terrain modelling, acquisition and interpretation of publicly available aeromagnetic and radiometric images, GPS topographic surveying, CAD drafting and database creation.

This work has revealed occurrences of lithium-bearing pegmatites over a strike length of almost three kilometres and a width of at least 200 metres. Rock sampling has confirmed the presence of potentially economic lithium values (up to 4.2% Li₂O) and also anomalous tantalum values. The lithium mineral in the pegmatites inspected so far is lepidolite. Regional zoning patterns in pegmatites elsewhere suggest the possibility that spodumene could also occur in the area.

Most of the area around the known pegmatite locations is covered by sheetwash, and it is likely that lithium pegmatites are far more extensive than the few outcrops currently known. An unexplained magnetic low beneath the main area of pegmatite dykes suggests the possibility of a larger pegmatite mass beneath.

COMMENT FROM LITHIUM AUSTRALIA MANAGING DIRECTOR ADRIAN GRIFFIN

“The Youanmi Lithium Project has many of the attributes of WA’s other emerging lithium centres. The area has been a focus of past multi metal exploration. Its lithium potential has largely been ignored, but there has been a significant amount of drilling of the vanadium horizons.

The lithium mineralisation style is ideally suited to SiLeach® processing and may be a feed source for Lithium Australia’s Generation 3 pilot plant.”

Adrian Griffin - Managing Director

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About Lithium Australia

Lithium Australia aspires to 'close the loop' on the energy-metal cycle. Its disruptive technologies are designed to furnish the lithium battery industry with ethical and sustainable supply solutions. Lithium Australia’s technology comprises the SiLeach® and LieNA® lithium extraction processes, along with superior cathode material production courtesy of VSPC Ltd (a wholly owned subsidiary of Lithium Australia) and enhanced recycling techniques for battery materials. By uniting resources and the best available technology, Lithium Australia seeks to establish a vertically integrated lithium processing business.

For more information visit:

www.lithium-au.com

www.vspc.com

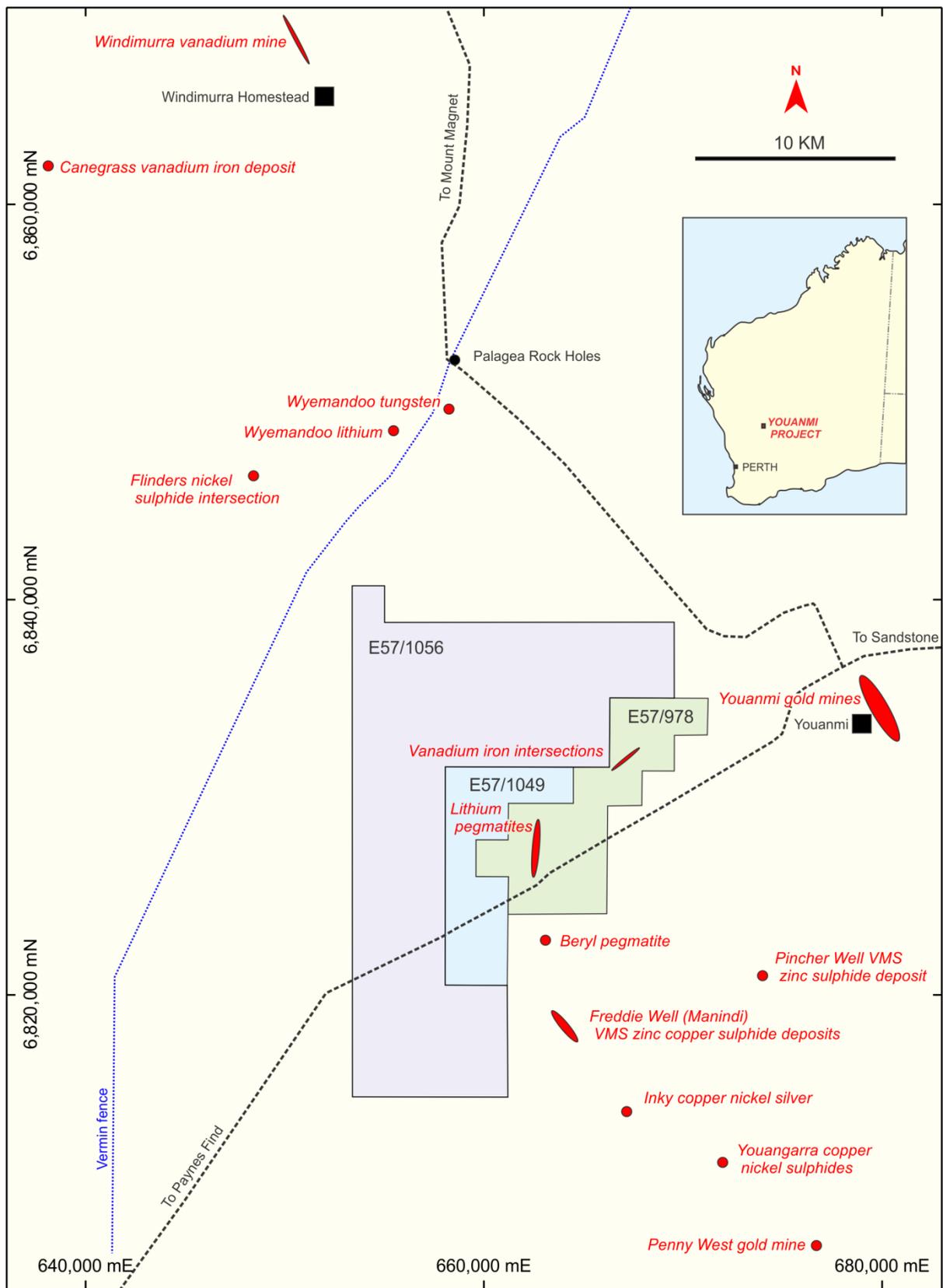
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YOUANMI LITHIUM PROJECT LOCATION MAP

FIGURE 1

Annexure 1

Binding Heads of Agreement for Option to Purchase Youanmi Lithium Project

LIT has secured an option to purchase 100% of the Youanmi Lithium Project for consideration of:

- (a) an option to acquire all of Diversity Resources Pty Ltd rights, interests and title in and to Exploration Licences 57/978 and 57/1049 and 57/1056 for **\$100,000** for an initial 6-month option, non-refundable.
- (b) **\$100,000** for an extension to the option period to 12 months, non-refundable;
- (c) **\$3.1M** scrip exercise; and
- (d) Surviving gross production royalty of 2%, or \$1 per ton of material mined and processed (whichever is greater).

The parties will work towards completion of a formal agreement within 30 days.

The agreement is subject to LIT receiving any necessary regulatory and shareholder approvals required under the Listing Rules or the Corporations Act. Conditions Precedent must be satisfied within 60 days of the exercise by LIT of the option or extended as agreed in writing by the parties.