

11 December 2018

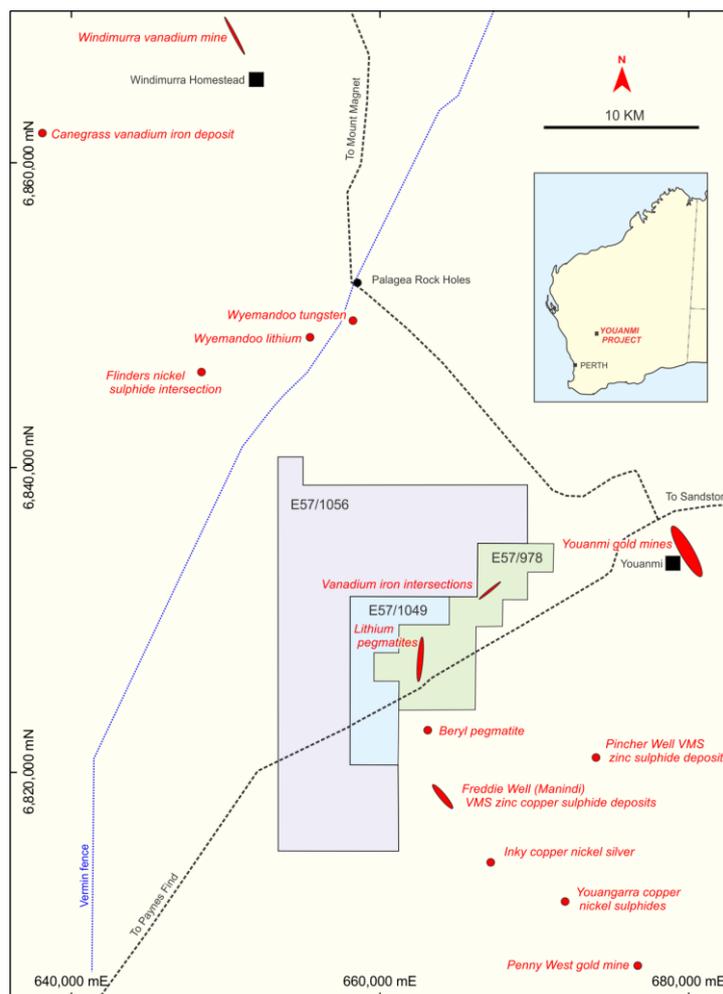
## ASX ANNOUNCEMENT

### LITHIUM AUSTRALIA FORMALISES YOUANMI LITHIUM PROJECT OPTION

#### HIGHLIGHTS

- Option to acquire the Youanmi Lithium Project now formalised
- The project features extensive lithium mineralisation and outcropping pegmatites
- It represents a potential feed source for generation 3 pilot plant operations
- Vanadium mineralisation identified within host greenstone sequence

Lithium Australia NL (ASX: LIT) has expanded its extensive holdings in Western Australia by completing formalities on an option over the Youanmi Lithium Project ([see ASX announcement dated 2 October 2018](#)), located in the Archean Yilgarn Block, 450 kilometres north-east of Perth (see Figure 1 below).



YOUANMI LITHIUM PROJECT LOCATION MAP

FIGURE 1

## BACKGROUND

The project, consisting of three exploration licences, is host to abundant lithium pegmatites that intrude layered mafic rocks (the latter also host vanadium-rich magnetite horizons) – see Figure 2 below.

Those three exploration licences were secured through completion of a binding heads of agreement with private exploration company Diversity Resources Pty Ltd ('Diversity'), which has now been formalised.

Details of the option are outlined in Annexure 1.



**Figure 2. Mineralisation with abundant lepidolite from Lithium Australia's Youanmi Lithium Project.**

## PREVIOUS WORK

The project is at an early stage. Initial work has included prospecting, a 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 creation of a database.

That work 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 both the presence of potentially economic lithium values (up to 4.2% Li<sub>2</sub>O) and anomalous tantalum values. So far, the lithium mineral in the pegmatites inspected is lepidolite. Regional zoning patterns in pegmatites elsewhere suggest that spodumene may also occur there.

Most of the area around the known pegmatite locations is covered by sheetwash and it is likely that the lithium pegmatites are far more extensive than those few outcrops. 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

*“Recent advances in our battery technology demonstrate that materials such as lepidolite, which is abundant at Youanmi, can be processed to produce viable precursors for lithium-ion batteries. We've not only proved the theory but made the batteries – and done so without needing to use lithium carbonate or lithium hydroxide. We're committed to the integration of these advanced battery technologies, to improve the sustainability of the energy storage industry as a whole.”*

**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](http://www.lithium-au.com)

[www.vspc.com](http://www.vspc.com)

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## **Annexure 1**

**Binding Heads of Agreement for Option to Purchase Youanmi Lithium Project**

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

- a. an option to acquire all of Diversity's 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** to extend the option period to 12 months (non-refundable);
- c. a **\$3.1 million** scrip exercise, and
- d. a surviving gross production royalty of 2%, or \$1 per tonne 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 Lithium Australia receiving any regulatory and shareholder approvals required under the Listing Rules or the Corporations Act. Conditions precedent must be satisfied within 60 days of exercise of the option by Lithium Australia or extension of it as agreed in writing by the parties.