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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

ASX ANNOUNCEMENT

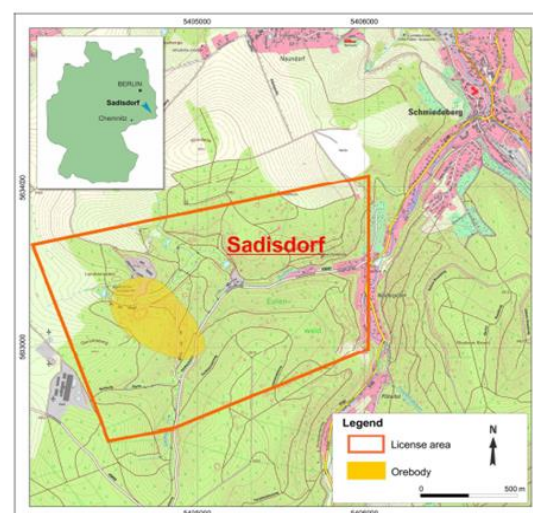
SADISDORF PROJECT UPDATE

Maiden drilling campaign nearing completion today

Lithium Australia NL (ASX: LIT) is progressing the polymetallic tin-lithium Sadisdorf project in Saxony, Germany, and as outlined in the ASX announcement of [28 February 2017](#), is farming into a joint venture (JV) with German company Tin International AG.

The Sadisdorf project has the potential to provide feed to a commercial scale SiLeach[®] lithium carbonate plant and is located on the doorstep of the German automotive industry, which is rapidly gearing up to produce large numbers of electric vehicles.

LIT announced on [7 December 2017](#) a JORC (2012) Inferred Mineral Resource of 25 million tonnes grading 0.45% Li₂O (at a cutoff of 0.3% Li₂O) at the project and Sadisdorf JV partner Tin International AG has previously defined a JORC (2012) tin Inferred Mineral Resource of 3.36 Mt grading 0.44% Sn (at a cutoff of 0.25% Sn).



Sadisdorf license area

Drilling update

As announced on [13 December 2017](#) a diamond-drilling programme was commenced at the Sadisdorf project, with the programme designed to validate historical drilling data and increase confidence in future mineral resource estimates.

Two drill holes were planned as shown in Table 1 below:

Drill hole ID	X (metres)	Y (metres)	Z (metres)	Planned length	Azimuth	Dip
SDDH-17-02T	5404703.4	5633052.3	592.4	150 m	280.2°	-66.6°
SDDH-17-01T	5404692.0	5633054.4	592.6	310 m	88.2°	-86.0°

Coordinate system: DHDN / 3-degree Gauss-Kruger zone 5

Table 1. Holes planned for the JV's maiden drilling programme at Sadisdorf.

Drilling progress at Sadisdorf has been slower than planned due to initial hole deviation issues and exceptionally cold winter weather conditions in Germany, which adversely affected drilling productivity.

Drill hole SDDH-17-02T was stopped at a down-hole depth of 100.8 metres due to deviation from the designed drill path and the requirement to ensure drilling closely matched previous historic drill holes.

Re-drilling of this hole as SDDH-17-02TA is currently ongoing, but it should finish today.

Hole SDDH-17-01T was completed on 10 April 2018 to the target of 310m.

Geological logging of the core has shown encouraging visual indications. Completion of sampling and assaying of the remaining core will be a priority over April and May. LIT expects to provide a further update from Sadisdorf, including assay results from the completed drill programme, in coming weeks.



Figure 1 Drill rig at Sadisdorf

COMMENT FROM THE MANAGING DIRECTOR, ADRIAN GRIFFIN:

“The mineralization encountered in the drilling to date supports our vision of unlocking the value of the historic tin-tungsten mine Sadisdorf by adding lithium as an additional value driver. Further metallurgical evaluation, including SiLeach® testing, will follow the drilling program with results being announced as they become available.”

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