

27 February 2018

ASX ANNOUNCEMENT

LITHIUM AUSTRALIA NL AND THE VERY SMALL PARTICLE COMPANY LTD REACH FORMAL AGREEMENT

HIGHLIGHTS

- **Lithium Australia NL (ASX: LIT) advances acquisition of Brisbane battery cathode developer the Very Small Particle Company Ltd ('VSPC').**
- **LIT and major VSPC shareholders execute a binding Share Sale and Purchase Agreement that remains subject to a minimum acceptance of 75%.**
- **Batteries produced from VSPC cathode materials outperform industry benchmarks.**
- **Acquisition of VSPC will enable LIT to 'close the loop' on the energy-metal cycle through application of a range of LIT-owned processing technologies.**

Introduction

Further to ASX releases dated 30 August 2017 and 29 September 2017, LIT provides this update on the acquisition of Brisbane-based unlisted public company VSPC.

The VSPC leading edge

VSPC has researched and developed some of the world's most innovative and respected new-era cathode material production technology. The VSPC process – which is both simple and cost effective – can potentially deliver a wide range of cathode materials for lithium-ion batteries (LIBs), with superior control of product particle size and chemistry. The process is capable of generating superior cathode powders over a wide range of cathode chemistries. The ability of batteries manufactured from VSPC cathode materials to out-perform industry benchmarks was recently confirmed by independent testing at a leading battery laboratory in Germany.

Share purchase agreement

LIT and a number of major VSPC shareholders have executed a binding Share Sale and Purchase Agreement, including lodgement of a transaction-specific prospectus with ASIC to facilitate the consideration payable for the acquisition of VSPC.

VSPC assets

These include intellectual property and a decommissioned pilot plant in Brisbane (Qld, Australia) designed to produce complex metal oxides/phosphate powders for the production of LIBs. The plant incorporates not only Australia's most advanced LIB laboratory/testing facility but also equipment for cathode coating and battery-cell production.

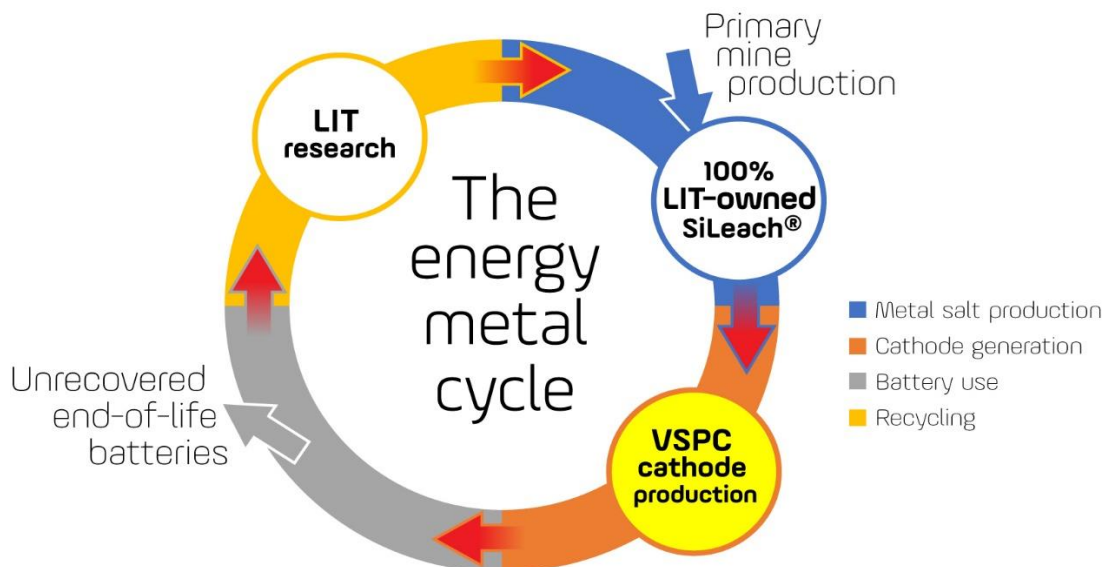


Alternative sources of energy metals equate to sustainability

The proposed VSPC acquisition will provide LIT with the ability to deliver cathode materials into the global LIB supply chain from a number of sources. The initial feed sources include the following:

- unconventional silicates such as micas contained in mine waste,
- low-grade and contaminated spodumene concentrates,
- waste materials from battery manufacturers, and
- Used LIBs.

Integration of compatible technologies will 'close the loop' on energy-metal usage and re-birth waste materials as superior cathode powders for the manufacture of LIBs.



From managing director Adrian Griffin ...

"The ability to utilise mine waste, unconventional lithium minerals and waste batteries in the production of high-quality cathode materials is the ultimate test of sustainability. This approach will help reduce the pressure on primary sources of energy metals. The integrated technologies available to LIT will allow for better resource utilisation, reduce the quantity of valuable materials going to landfill and enable the rebirth of many materials as new generation LIBs."

For and on behalf of the Board

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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.

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