

27 October 2017

ASX ANNOUNCEMENT

Lithium Australia (ASX: LIT) seeks lithium chemical offtake as part of financing package

HIGHLIGHTS

- Cash reserves in excess of AUD 10 million
- Negotiating the factoring of future research and development (R&D) rebates
- Seeking expressions of interest for offtake of battery-grade lithium chemicals
- Longer-term option for nano-powders for Li-ion battery cathodes
- On track for financial investment decision in early 2018 to execute the SiLeach[®] Large-Scale Pilot Plant (LSPP) program

Expressions of Interest (EOI) are being sought by lithium processing technologist, Lithium Australia NL (ASX: LIT) for product offtake agreements for the LSPP which is designed to produce about 2,500 tpa lithium carbonate equivalent (LCE) suited for the rapidly expanding global lithium ion battery market. It is anticipated the pilot plant will initially produce lithium carbonate as the primary lithium chemical with a longer-term option of nano-powders for application in direct production of Li-ion battery cathodes. The production of these high-value powders will use the Very Small Particle Company (VSPC) technology ([ASX announcement 23 October 2017](#)).

The LSPP is currently in the final stages of design optimization. The decision to implement the project is anticipated early in 2018. The LSPP will employ LIT's 100% owned SiLeach[®] lithium processing technology which eliminates the expensive roasting step otherwise utilized in conventional lithium processing, and can treat all lithium silicates including micaceous and contaminated spodumene concentrates that are currently being disposed of as waste from mining operations around the world.

It is the Company's intention to generate most of the required funding from LIT's balance sheet. The principal components of the pilot plant's funding package are likely to be:

- cash reserves (currently >A\$10 million including cash equivalents)
- future government receivables in the form of R&D rebates, and
- contributions from proceeds of the off-take of lithium chemicals.

LIT is currently negotiating terms for factoring future R&D rebates with financiers specialising in that field, and reviewing all of its investments with a view of augmenting its cash reserves as required.

Lithium Australia Managing Director, Mr Adrian Griffin, said today:

"Global interest in the pilot plant has been significant. Development has now moved to the product offtake negotiations and structuring finance options – both with a completion objective of early in the New Year."

"The commercial opportunity for new battery-focused lithium technologies and products is now well enunciated and a pilot plant of this large-scale is the prelude to a full-scale production plant."

Adrian Griffin

Managing Director

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ABOUT LITHIUM AUSTRALIA NL

LIT is a dedicated developer of disruptive lithium extraction technologies. LIT has strategic alliances, 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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