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ASX ANNOUNCEMENT

Galaxy's investment in lithium processing a boost for Lithium Australia

The decision this week by ASX Top-200 lithium miner, Galaxy Resources Ltd (ASX: GXY), to take a direct stake in Lepidico Ltd (ASX: LPD), owner of L-Max[®], will have multiple positive impacts for Lithium Australia NL (ASX: LIT).

On 11 October 2017 it was announced that Galaxy intended to take a direct 12% stake in Lepidico Ltd, which has developed the L-Max[®] metallurgical process that produces lithium carbonate from non-conventional sources such as mica.

Lithium Australia Managing Director, Mr Adrian Griffin, said the Galaxy move into Lepidico significantly boosts Lithium Australia's leverage to the upside in Australian and global lithium processing R&D as:

- Lithium Australia also holds the rights to three L-Max[®] licences.
- **One of these L-Max[®] licences is for use in Western Australia which is an exclusive right to use LPD's L-Max technology until July 2020, which right will be extended for a further 20 years if Lithium Australian commits to build an L-Max plant anywhere in the world during the initial period.**
- Western Australia is the world's largest single source of hard rock lithium supply - giving Lithium Australia an exclusive commercial opportunity to establish L-Max[®] based processing facilities inside WA from potential supply sources such as Galaxy.
- Lithium Australia received yesterday from Lepidico the proposed licence agreement for Western Australia which Lithium Australia will review to ensure that it complies with the terms of the agreement made in 2015.

Mr Griffin said:

"The investment by Galaxy into Lepidico, which is progressing the commercialisation of L-Max[®], is to be applauded as is LPD's long overdue move to fund finalization of feasibility studies into an L-Max pilot plant.

Lithium Australia will benefit from any improvements made to the L-Max process under its agreement with Lepidico. Lithium Australia holds an exclusive right to utilize L-Max® in Western Australia.

The Galaxy investment highlights the need for processing solutions for alternative lithium supply sources.

There may be synergies and opportunities in Lithium Australia providing a processing route inside Western Australia for Galaxy's surplus mica material at Mt Cattlin to ensure an economic outcome for current waste material."

Lithium Australia's philosophy is to match the best technology available to any given source of lithium process feed. To that extent LIT is in the completion stage of engineering process design and costing for both LMax® and Sileach® processing plants. LIT remains on schedule for a financial investment decision, in early 2018, to construct the first new hydrometallurgical facility for the processing of lithium silicates.

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ABOUT LITHIUM AUSTRALIA NL

LIT is a dedicated developer of disruptive lithium extraction technologies. LIT has strategic alliances with and investments in a number of companies, 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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