

**13 March 2017**

## **ASX ANNOUNCEMENT**

### **Lithium Australia responds to LPD statements made on 1 & 10 March 2017**

Shareholders of Lithium Australia (ASX: LIT) and Lepidico Ltd (ASX: LPD) may be aware that the Board of Lepidico has recently chosen to make statements in public forums that seek to discredit Lithium Australia's Sileach™ technology. A separate letter is being sent to Lepidico's lawyers.

Regrettably, the Lepidico Board has:

- made statements calculated to discredit Sileach™ that are false, misleading and designed to invent safety concerns without any proper basis.
- expressed mock outrage that Lithium Australia has not disclosed all of its proprietary and confidential technology on the key Sileach™ process to the world at large, which of course no owner of valuable intellectual property would ever contemplate.

**The statements made by the Lepidico board are untrue and appear to have been manufactured with the sole purpose of attempting to inflict commercial harm on Lithium Australia. Sileach™ poses no greater level of safety concern than Lepidico's L-Max® process.**

Lepidico does not have a detailed understanding of the confidential Sileach™ process or reagents used and the Lepidico Board continues to demonstrate poor judgment and a potentially damaging path for Lepidico shareholders in an attempt to distract from Lithium Australia's compelling value proposition to Lepidico shareholders. This reflects poorly on the Lepidico Board's duty to its shareholders.

#### **To correct the public record in relation to Sileach™**

Lithium Australia's 100% owned Sileach™ process, is designed for the recovery of lithium from silicates. Lithium Australia advises that Sileach™ **does not use hydrofluoric acid (HF)** and the main fluorine product produced is hexafluorosilicic acid which is commonly used as a source of fluoride for fluoridation of domestic water supplies.

ANSTO Minerals (a division of the Australian Nuclear Science and Technology Organisation (ANSTO)) has been conducting pilot testing of the Sileach™ process on both lepidolite and spodumene feed materials. Prior to commissioning these pilot plants, ANSTO conducted thorough investigations of the processes and safety aspects and approved operation on the basis of negligible HF risk (none in the case of processing lepidolite, a common lithium mica).

Lithium Australia has undertaken all Sileach™ pilot tests under stringent safety conditions and has monitored for HF and confirmed that negligible concentrations of HF are present during processing.



Both L-Max® and Sileach™ processes use concentrated acids during the extraction of lithium from lithium ores without the need for the expensive roasting step. Lithium Australia has confirmed, during the successful piloting of Sileach™ at ANSTO, that this requires similar occupational, health and safety procedures and requirements that are comparable to many operating plants in Australia and internationally.

### **Why should Lepidico shareholders accept Lithium Australia's Takeover Offer?**

Lithium Australia believes its Takeover Offer provides a unique opportunity to bring Sileach™ and L-Max® into a single, ownership structure, thereby fast-tracking both technologies in parallel and:

- provides a cheaper route to commercialisation (looking to build a single pilot plant to test Sileach™ and L-Max® in parallel, rather than two separate plants);
- creates a better platform to attract necessary development capital; and
- potentially creates a 'one-stop-shop' for hydrometallurgical lithium extraction and production, using both Sileach™ and L-Max® processing streams on a fit-for-product basis.

The Lithium Australia Board believes that by exchanging LPD Shares for LIT Shares under the Takeover Offer Lepidico shareholders will, in addition to receiving the implied premium for their LPD Shares, become shareholders in a combined group that is stronger and more diversified, with attractive prospects in one of the world's most exciting and important growth sectors – the lithium battery market.

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#### **About Lithium Australia**

Lithium Australia NL is a dedicated developer of disruptive lithium extraction technologies, and 100% owner of the Sileach™ process for the recovery of lithium from silicates. LIT has strategic alliances with 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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