

25 May 2017

## ANNOUNCEMENT

### Lithium Australia (ASX: LIT) and Tin International complete mutual due diligence and execute Joint Venture Agreement

#### HIGHLIGHTS

- Mutual due diligence completed, including:
  - Tin International's due diligence on LIT's Sileach™ process, and
  - Lithium Australia's due diligence on the Sadisdorf Project (Saxony, Germany)
- Lithium Australia can earn up to 50% interest in the Joint Venture
- Joint Venture will be managed by appointed in-country team of Lithium Australia

#### JOINT VENTURE AGREEMENT

Further to the releases made in conjunction with Tin International AG (TIN), a subsidiary of Deutsche Rohstoff AG (ETR: DR0), dated 28 February 2017 and 6 April 2017, Lithium Australia NL (LIT) is pleased to announce that it has signed the Joint Venture Agreement with Tin International following the completion of a due diligence by LIT on the Sadisdorf project and by TIN on the Sileach™ process respectively.

The Joint Venture will initially focus on the Sadisdorf Project which is located in the Erzgebirge ("Ore Mountains") of Saxony, Germany (Figure 1), where tin mining has been widespread since the Middle Ages.

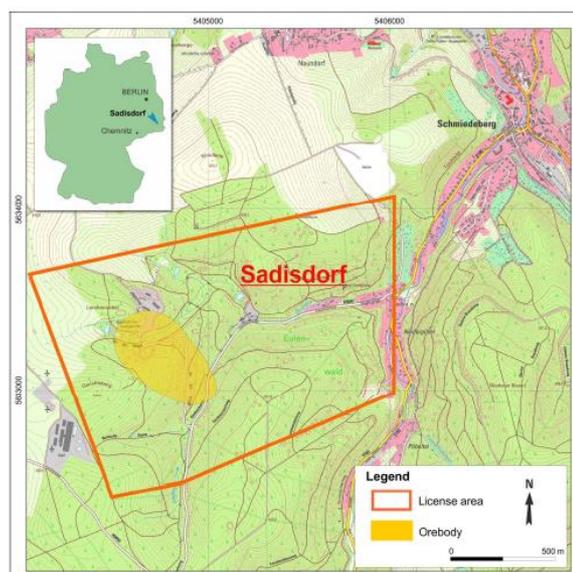


Figure 1 Location of the Sadisdorf Project, Saxony, Germany.

With the signing of the Joint Venture Agreement, Tin International receives a one-time cash payment of EUR 50,000 and 1,723,806 Lithium Australia shares (An Appendix 3B will follow this announcement for the issue of the shares). Lithium Australia can earn a 15% interest in the Joint Venture by spending EUR 750,000 in exploration on Sadisdorf until 30 June 2018. Alternatively the company can elect to pay the outstanding amount in cash to Tin International. A further 35% interest (for a total 50% interest) can be earned by spending an additional EUR 1.25 million in exploration until May 2020. After the completion of the farm-in period, the partners equally bear the project development costs or are diluted accordingly.

Lithium is an important commodity especially in the manufacturing of batteries and according to most analysts the demand for lithium will increase significantly with the growing market for electric vehicles in the coming years.

The historic Sadisdorf tin mine is characterized by pervasive greisens which are known to contain abundant lithium mineralization (Figure 2) in the form of zinnwaldite, a lithium mica ideally suited to processing with LIT's 100% owned Sileach™ process.

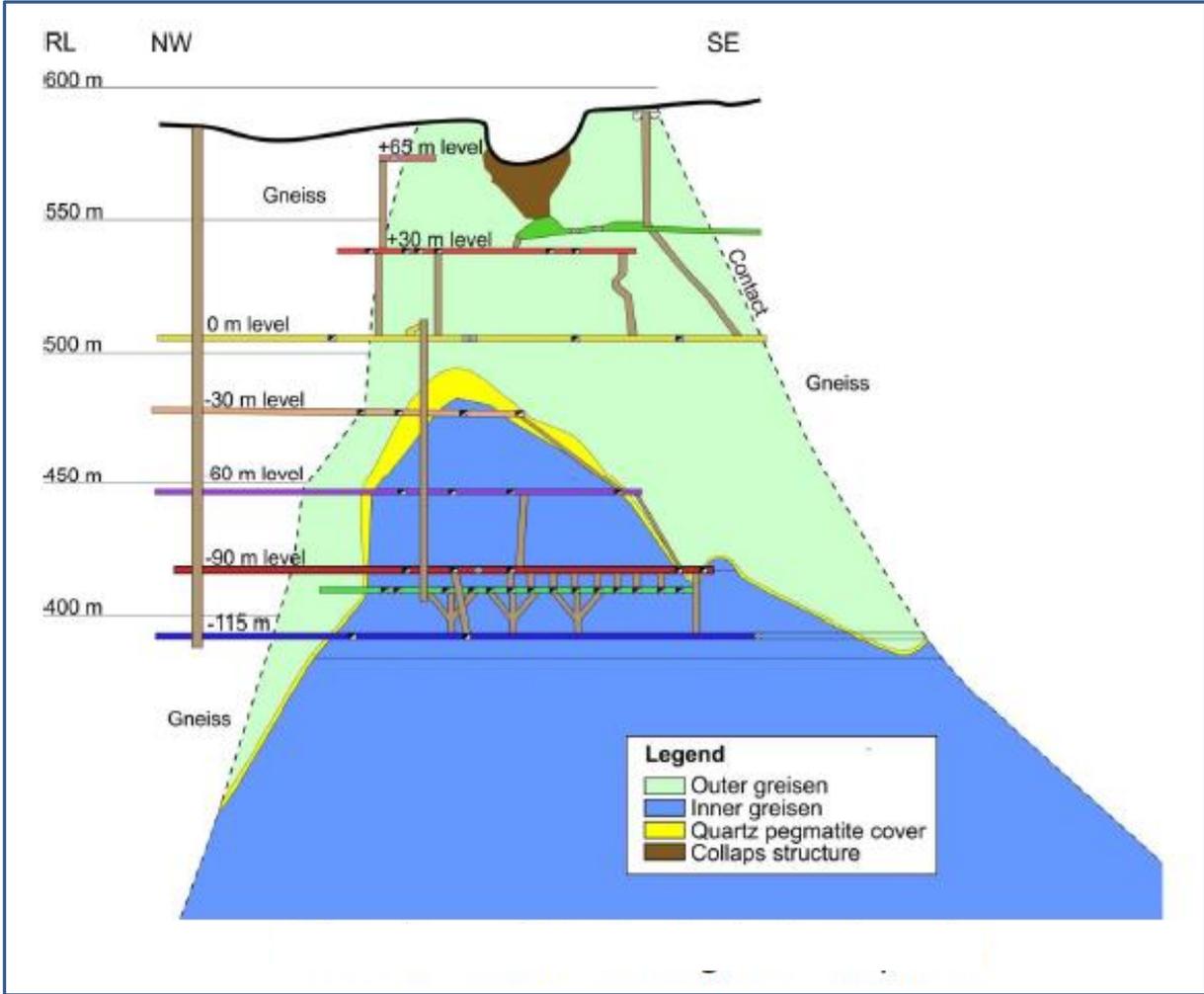


Figure 2 At Sadisdorf the pervasive greisens host zinnwaldite (lithium mica) mineralisation in association with tin. The greisens have not previously been evaluated as a lithium resource.

Lithium Australia will manage the Joint Venture throughout the farm-in period while Tin International will provide administrative and technical assistance.

**ESTABLISHED JORC RESOURCE**

The Joint Venture aims to extend and upgrade the existing Sadisdorf JORC (2012) resource (3.36 Mt inferred resource grading 0.44% Sn at a cutoff of 0.25% Sn) initially by the addition of lithium data to quantify a poly metallic Resource. TIN and LIT intend to expand that resource by further drilling in the first year of the Joint Venture. The tin orebody is thought to contain the order of 15% zinnwaldite. This is a prime target for supply of lithium into the European battery industry.

## COMMENT BY RESPECTIVE MANAGEMENT

**Managing Director of Lithium Australia, Adrian Griffin, commented:**

*“Lithium Australia believes that developing strong European partnerships will be greatly support longer term efforts to supply the European market. Developing a lithium project the caliber of Sadisdorf not only achieves that goal, but also adds to the global lithium mica inventory being accumulated by Lithium Australia.”*

**Thomas Gutschlag, CEO of Deutsche Rohstoff, commented:**

“We are very pleased with the signed Joint Venture Agreement and look forward to further explore and develop the Sadisdorf deposit and its tin-lithium potential together with Lithium Australia as a strong partner over the next years.”

### **Adrian Griffin**

Managing Director

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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.

### **MEDIA CONTACT:**

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