

## ASX ANNOUNCEMENT



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## Lithium Australia forms strategic alliance to explore the Coates Mafic Intrusive Complex

### HIGHLIGHTS

- **Lithium Australia NL, Australian Vanadium Ltd and Mercator Metals Pty Ltd hold contiguous tenements – with a combined area of 59 square kilometres – covering the entire Coates Mafic Intrusive Complex.**
- **The Coates Mafic Intrusive Complex lies about 29 kilometres southwest of the recent nickel-copper-platinum group elements discovery by Chalice Gold Mines Ltd (ASX: CHN) at the Julimar project.**
- **A letter of understanding ('LoU') signed by the three above-mentioned parties envisages attracting a senior partner for the project by way of a joint-venture development or combined sale.**

### Creation of strategic alliance

Lithium Australia NL (ASX: LIT), Australian Vanadium Ltd (ASX: AVL) and private company Mercator Metals Pty Ltd have formed a strategic alliance to undertake exploration activities targeting nickel-copper-platinum group elements ('Ni-Cu-PGE') mineralisation at the Coates Mafic Intrusive Complex, 55 kilometres ('km') east-northeast of Perth, the capital of Western Australia.

Collectively, their tenements – which adjoin each other and are known as 'the Coates project' – cover the mafic-ultramafic rock sequences containing the Coates Gabbro and provide the required continuity for efficient exploration (see Figures 1 and 2 below).

Recent significant discoveries of Ni-Cu-PGE mineralisation by Chalice Gold Mines Ltd ('Chalice') at its nearby Julimar project have highlighted the potential of the region. PGE are among the rarest metals on earth. They include ruthenium, rhodium, palladium, osmium, iridium and platinum. All are high value, with elevated melting points, superior corrosion resistance and catalytic qualities. The Julimar project, which hosts the mineralisation discovered by Chalice, is 29 km north-northwest of the Coates project and the geology of both is similar (Figure 1).

Lithium Australia managing director Adrian Griffin says: "Chalice's recent discovery of significant Ni-Cu-PGE mineralisation at the Julimar project highlights the potential for additional discoveries in similar geological environments, and the Coates Mafic Intrusion, being so close, provides a tremendous opportunity."

Australian Vanadium managing director Vincent Algar added that: "The discovery of Ni-Cu-PGE at the Julimar project has generated a lot of interest in the Western Yilgarn region, and the strategic alliance announced today is intended to streamline exploration processes through seamless and efficient use of personnel and capital."

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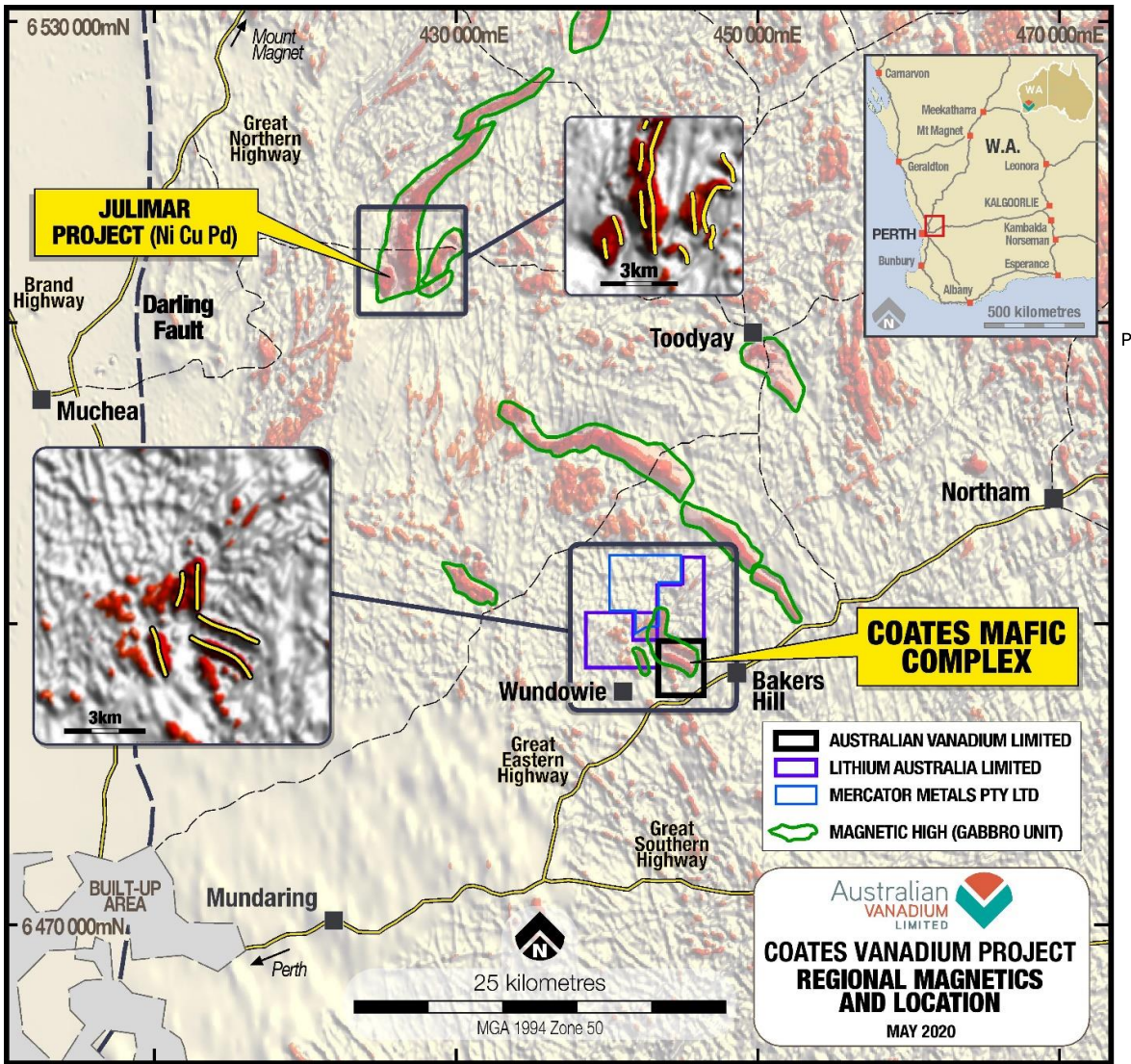


Figure 1. The Coates project lies adjacent to known base-metal and PGE projects.



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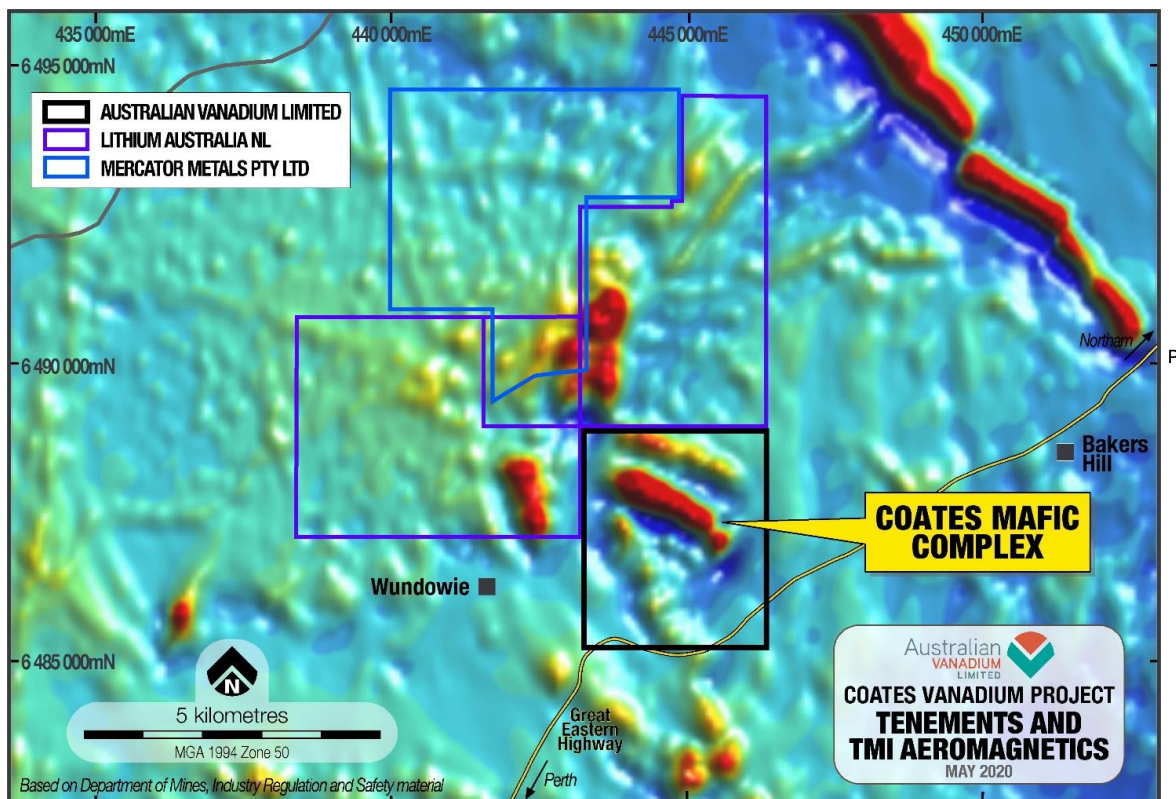


Figure 2. Tenements and total magnetic intensity targets.

### Key conditions of the strategic alliance

- Australian Vanadium holds the registered title to E70/4924-I.
- Lithium Australia holds the registered title to E70/5198 and is the sole applicant for E70/5437.
- Mercator, which holds the registered title to R70/59, is a related body corporate of Mr Griffin, managing director of Lithium Australia. This transaction does not give rise to any disposition or acquisition of any assets of Lithium Australia and in any event does not relate to a substantial asset of Lithium Australia. In the event of an acquisition or disposition, Lithium Australia will comply with all applicable laws. The transaction as currently contemplated is reasonable in the circumstances, since all parties are dealing at arm's length, and would be reasonable in the circumstances if the public company or entity and the related party were dealing at arm's length.
- The parties consider that exploring (and, if warranted, mining) within the Coates project jointly may have benefits. A joint sale may also be considered.
- Each party will generally be responsible for its own costs, including but not limited to rents and rates.
- Each party will use its best endeavours to keep its tenement in good standing for the duration of any agreement resulting from the LoU between the companies.
- At any time, a party, acting reasonably, may terminate its participation under the LoU with 30 days' written notice, notwithstanding the settlement of unpaid contributions to agreed work programmes that have been entered into.

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## Planned exploration

From GSWA regional aeromagnetic data, the magnetic signature indicates that the Coates Mafic Intrusive Complex may be more than 5 km long, with a horizontal width of up to 1 km.

Exploration will commence with compilation and data-sharing of historical information that can assist in targeting potential hosts for Ni-Cu-PGE mineralisation. The objective is the construction and maintenance of a single, modern dataset for use with digital modelling systems.

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Following this initial phase, a laterite-sampling and geological-mapping field exercise will be completed, in order to develop an up-to-date geochemical and geological map.

Jointly, the companies are evaluating the use of ground electro-magnetic ('EM') geophysical surveys to delineate any sulphide-rich horizons at the Coates project prior to drilling.

While the expected timeframe for the initial base-metal exploration is dependent on permitting, it is anticipated that data compilation and geochemical sampling can be completed in the current quarter. EM surveys and drilling will take place in the September quarter.

Future evaluations of geology at the Coates project will include studies into any affinity of the Coates Gabbro with the recently identified Gonnevillite Intrusive that hosts Ni-Cu-PGE mineralisation at Chalice's Julimar project. Investigating the potential for base-metal and PGE mineralisation was recommended in future work programmes by Garrick Agnew Pty Ltd at the Coates deposit in 1971.

Authorised for release by the Board.

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## About Lithium Australia

Lithium Australia aims to ensure an ethical and sustainable supply of energy metals to the battery industry (enhancing energy security in the process) by creating a circular battery economy. The recycling of old lithium-ion batteries to new is intrinsic to this plan. While rationalising its portfolio of lithium projects/alliances, the Company continues with R&D on its proprietary extraction processes for the conversion of *all* lithium silicates (including mine waste), and of unused fines from spodumene processing, to lithium chemicals. From those chemicals, Lithium Australia plans to produce advanced components for the battery industry globally, and for stationary energy storage systems



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within Australia. By uniting resources and innovation, Lithium Australia seeks to vertically integrate lithium extraction, processing and recycling.

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### Competent person's statement – exploration strategy

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The information in this statement that relates to exploration strategy is based on information provided to and compiled by independent consulting geologist David Crook BSc GAICD, who is a member of The Australian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Crook provides the service of Manager – Raw Materials to Lithium Australia through his consultancy, OreSource Pty Ltd.

Mr Crook has sufficient experience relevant to the style of mineralisation and exploration processes under consideration to qualify as a 'Competent Person', as defined in the 2012 edition of the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves*.

Mr Crook consents to the inclusion in the report of the matters based on the information made available to him, in the form and context in which it appears.

### Forward-looking statements

This announcement may contain certain 'forward-looking statements' that may not have been based solely on historical facts but, rather, may be based on Lithium Australia's current expectations about future events and results. Where Lithium Australia expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and is believed to have a reasonable basis. However, forward-looking statements are subject to risks, uncertainties, assumptions and other factors that could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to, resource risk, metal price volatility, currency fluctuations, increased production costs and variances in ore grade or recovery rates from those assumed in mining plans, as well as political and operational risks in the countries and states in which products are sold and government regulation and judicial outcomes. For a more detailed discussion of such risks and other factors, see Lithium Australia's annual reports, as well as its other filings. Readers should not place undue reliance on forward-looking information. Lithium Australia does not undertake any obligation to release publicly any revisions to any forward-looking statement to reflect events or circumstances after the date of this announcement, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.