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Galan Lithium to acquire 80% of Lithium Australia's Greenbushes South Lithium Project

HIGHLIGHTS

- **Galan Lithium set to acquire 80% of the Greenbushes South Lithium Project from Lithium Australia NL**
- **The Project is located 3 kilometres ('km') south of the world-class Greenbushes Lithium Mine (described as the one of the world's largest hard-rock spodumene deposits, and with the highest grade), which is owned and managed by Talison Lithium Pty Ltd.**

Lithium Australia NL (ASX: LIT, '**Lithium Australia**' or 'the **Company'**) is pleased to announce that it has entered into an acquisition and joint venture agreement with Galan Lithium Limited (ASX: GLN) ('**Galan'),** which will purchase an 80% interest in the Greenbushes South Lithium Project.

About Greenbushes South

The Greenbushes South Lithium Project ('the **Project'**) is located 200 km south of Perth, the capital of Western Australia. With an area of 353 km^2, Lithium Australia was initially attracted to the Project due to its proximity to the world-class Greenbushes Lithium Mine ('**Greenbushes'**), and tenure that covered the southern strike projection of the geological structure that hosts Greenbushes. The Project area commences approximately 3km south of the Greenbushes open pit mining operations (Figure 1).

Greenbushes is currently the largest hard-rock lithium mine in the world. Operated since May 2014 by Talison Lithium Pty Ltd, an incorporated joint venture between Tianqi Lithium Corporation (51%) and Albemarle Corporation (49%), Greenbushes produces a concentrate of the lithium mineral, spodumene to feed both Chinese- and Western Australian- based mineral conversion plants, or consumers of technical-grade spodumene concentrates in Europe, North America and China. Australian mining company, IGO Limited recently signed a deal to acquire a 24.99% stake in Greenbushes from Tianqi Lithium.

Reports of work by earlier explorers within the Project record the presence of pegmatites – a rock type that may host spodumene – and so provides immediate exploration targets. Much of this earlier work focused on the discovery of the minerals cassiterite (tin) and tantalite (tantalum), as Greenbushes was at different times mined for these minerals before spodumene (lithium) became the major driver of revenue.

Comment from Lithium Australia managing director Adrian Griffin

"The Company's divestment of a majority interest in the Greenbushes South Lithium Project to Galan is consistent with our ongoing strategy, to advance proprietary, downstream lithium and battery technologies and to deliver an ethical and sustainable

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supply of energy metals for batteries through innovative minerals processing and battery recycling techniques, thus creating an energy-metals loop.

Lithium Australia is pleased to partner with Galan, a dedicated explorer that will drive the Greenbushes South Lithium Project forward.

This transaction means that the Company reduces its financial commitment and exploration risk yet retains significant lithium commodity exposure by way of both Galan shares and 20% Project equity."

Pl

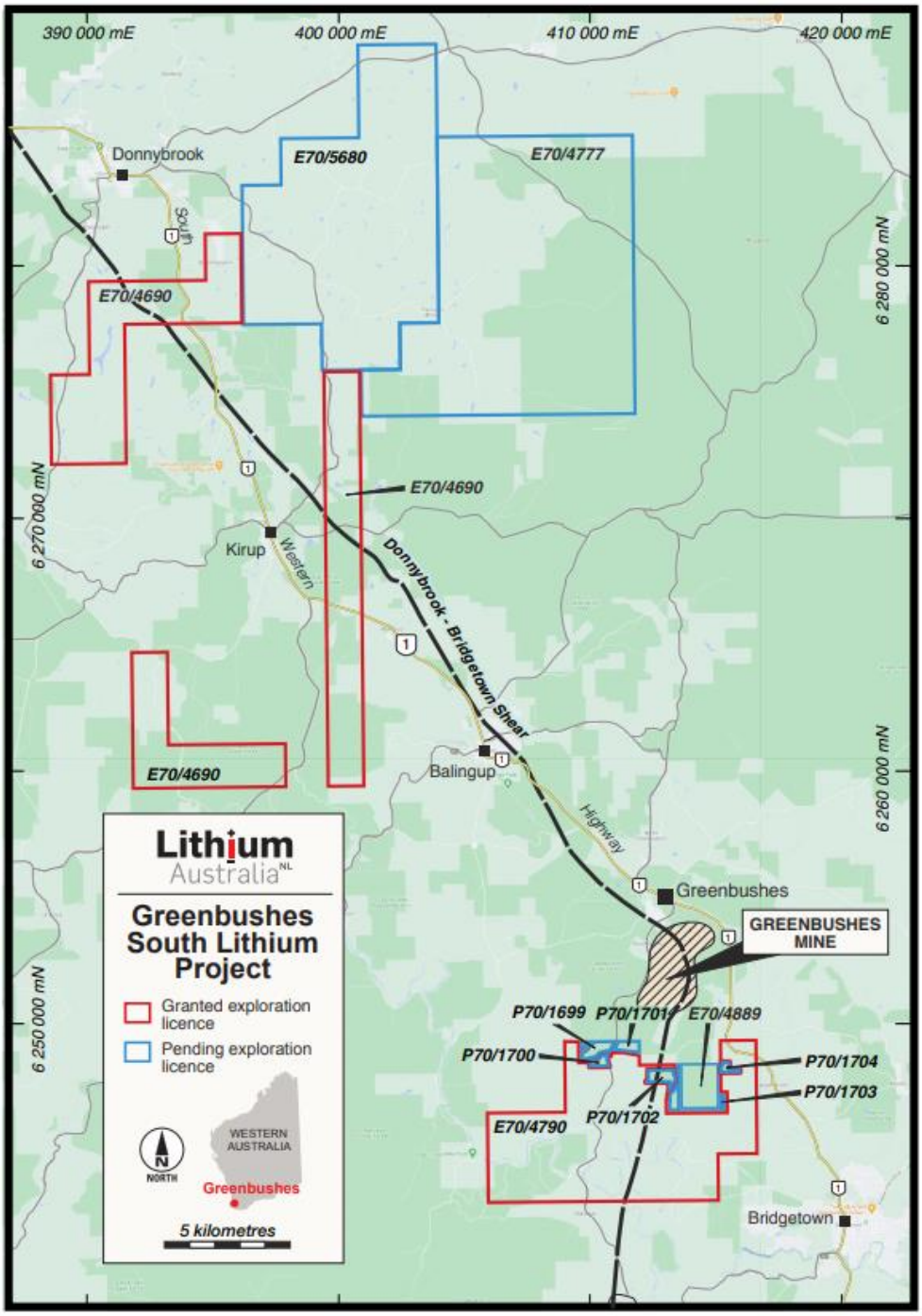


Figure 1. Location plan of the Greenbushes South Lithium Project.

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Terms of the transaction

- Unincorporated joint venture formed between Galan (80%) and the Company (20%) ('the Parties') by the issue of 1,221,000 fully paid ordinary shares in the capital of Galan;
- Galan to pay the Company's joint-venture expenditure share until completion of a preliminary feasibility study;
- Thereafter the Parties to contribute on a pro-rata basis or the Company may dilute out but retain a 2% net smelter royalty;
- It is expected that the acquisition will be completed within five business days, or at such later date as the Parties agree; and
- Sale of the exploration license and prospecting license applications are subject to regulatory approvals.

Authorised for release by the Board.

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About Lithium Australia NL

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 within Australia.

By uniting resources and innovation, the Company seeks to vertically integrate lithium extraction, processing and recycling.

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Competent Person's Statement

The information in this announcement that relates to exploration geology and processes is based on information provided to and compiled by 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 services of Manager – Raw Materials to Lithium Australia NL.

Mr Crook has sufficient experience relevant to the style of mineralisation and exploration processes as reported herein 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.

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