# ASX ANNOUNCEMENT 31 JULY 2018

# QUARTERLY ACTIVITIES REPORT FOR JUNE QUARTER 2018


**COMPANY DETAILS**
**LITHIUM AUSTRALIA NL**
**ABN**: 29 126 129 413
**ASX CODE:** LIT & LITCE

**PRINCIPAL AND REGISTERED OFFICE**
Level 1, 675 Murray Street
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**POSTAL ADDRESS**
PO Box 1088
West Perth WA 6872


**CORPORATE INFORMATION**
(31 July 2018)
436M Ordinary Shares
168M Listed Partly Paid Shares
45M Unlisted Options
34M Performance Rights
5.7M Convertible Notes

**BOARD OF DIRECTORS**
George Bauk
(Non-executive Chairman)
Adrian Griffin
(Managing Director)
Bryan Dixon
(Non-executive Director)

**For further information, contact:**


Lithium Australia NL
Adrian Griffin (MD)

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**LITHIUM AUSTRALIA**
**SUSTAINABLE AND ETHICAL SUPPLY SOLUTIONS**
**FOR THE BATTERY INDUSTRY**

HIGHLIGHTS

- Drilling completed at the Sadisdorf (Germany) lithium/tin project with positive results.
- VSPC resumes production of lithium-ion cathode materials with key appointments completed
- Abundant lithium in mine waste at Lepidolite Hill (WA)
- Acquisition of Moolyella project (WA)
- Sileach® pilot plant design nears completion
- LIT discovers lithium pegmatites at Medcalf (WA)
- LIT discovers cobalt mineralization at its Eichigt licence in Saxony Germany
- LIT to acquire balance of Sadisdorf Project from Tin International AG.
- LIT lodges two new patent applications including “process to produce lithium phosphate” and “process of recovering lithium phosphate and/or lithium sulphate from lithium bearing silicates”
- LIT commits to SiLeach® large scale pilot plant.
- Acquisition of Moolyella project.
- VSPC cathode material shown to be of superior quality.

**SUBSEQUENT EVENTS**

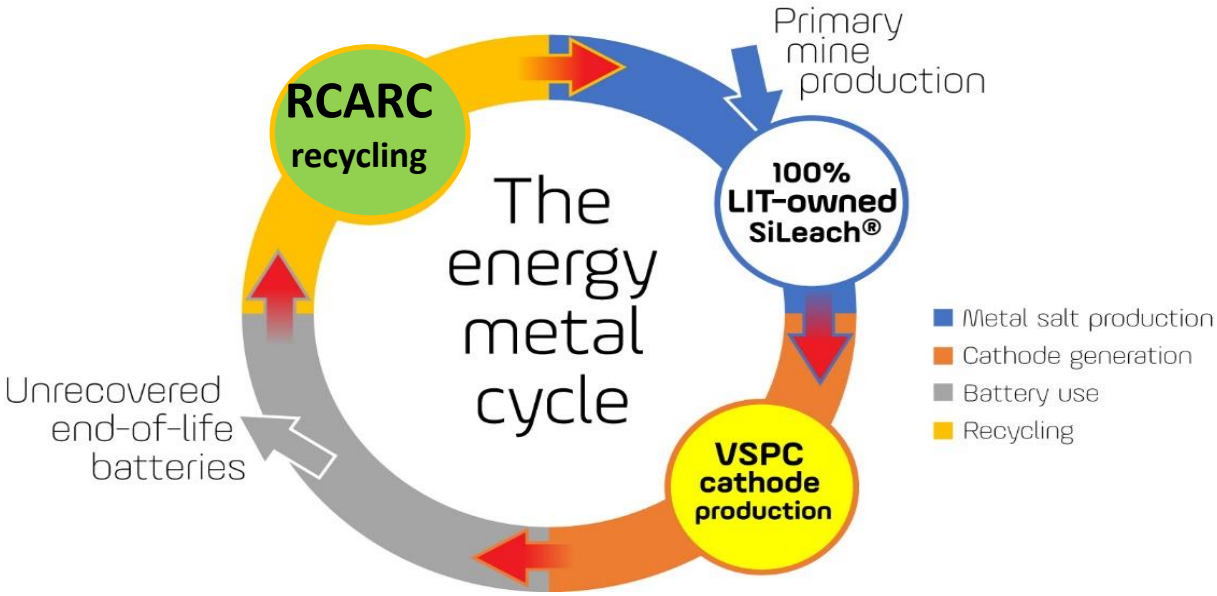
- Brisbane pilot-plant commences production of lithium-ion cathode material.
- LIT to pilot-test mica concentrates sourced from WA.

MEDIA CONTACTS

| | | |
|---|---|---|
| **Adrian Griffin** | Lithium Australia NL | 08 6145 0288 \| 0418 927 658 |
| **Kevin Skinner** | Field Public Relations | 08 8234 9555 \| 0414 822 631 |

## DEVELOPMENT STRATEGY

Lithium Australia NL (ASX: LIT) has advanced its goal of developing an integrated lithium company with the capability of capitalising on all major sectors of the lithium supply chain, and in so doing closing the loop on the lithium production cycle.




Key elements of LIT's strategy include the following:

- 100% owned SiLeach® technology is capable of converting mine waste to lithium chemicals;
- VSPC technology can convert lithium chemicals to superior quality lithium-ion battery cathode materials; and
- Recycling technology will recover valuable metals, including lithium and cobalt, from spent batteries, closing the loop on the energy metal cycle.

LIT's technology development is supported by a growing resource base, which – coupled with its SiLeach® process – can breathe new life into otherwise stranded assets. A prime example is the association of tin with lithium mineralisation, as exemplified by the Sadisdorf deposit in Germany (see below).

Patent authorities have confirmed that SiLeach® is novel, inventive and has industry application. LIT has supported a significant research and development programme to achieve this goal and is now packaging the funding necessary to implement a large-scale pilot plant ('LSPP'). The latter, which is likely to be the world's first hydrometallurgical facility for the production of lithium chemicals from silicates, will be fed by mine waste.

During the June quarter, LIT lodged a number of patents including process to produce lithium phosphate" and "process of recovering lithium phosphate and/or lithium sulphate from lithium bearing silicates". The innovations covered by the patents provide LIT's SiLeach® process with an unprecedented advantage, that of lithium recovery from the process liquors without the requirement for extensive evaporation. This remarkable breakthrough may also have application to process streams other than those generated by SiLeach®, such as, conventional spodumene conversion, mica sulfation roasting or lithium-containing waste waters.

LIT's acquisition of VSPC LTD (formerly Very Small Particle Company Ltd) (VSPC) provides access to the most lucrative part of the lithium-ion battery (LIB) production cycle – the production of cathode powders. This process can be integrated with SiLeach® to provide a path from mine waste to LIB production. This is soon to be achieved with lithium micas from Western Australia which will be used to generate cathode powders.

## LARGE-SCALE SILEACH® PILOT PLANT

LIT is committed to scale-up of its revolutionary SiLeach® process in the form of a large-scale pilot plant (LSPP). LIT is negotiating site access and infrastructure contracts for construction of the plant, and is preparing Lepidolite Hill (80% LIT and 20% Focus Minerals Ltd) as a source of Lepidolite. LIT is also in the process of procuring third party lepidolite (a lithium mica) feed, for planned operation of the LSPP.

Engineering design studies and financial modelling have shown that LIT's proposed SiLeach® process can produce lithium chemicals from waste micas on a competitive basis. Further, the studies have identified multiple avenues for more capital and operating-cost reductions – key findings by LIT and CPC Project Design Pty Ltd. Design studies for the LSPP were based on nominal annual production of 2,500 tonnes of lithium carbonate equivalent (~1/10th the scale of a full-scale production plant).

Significant design advances have been made to improve water management in the circuit and reduce operating cost (see ASX announcement 27 April 2018) . The plant design includes a module to enable L-Max® (owned by Lepidico Ltd) operation if required.

At present, LIT's preferred supply model is that of obtaining lithium mica from the waste streams (historical dumps and tailings) of currently operating mines; that said, other supply opportunities are also being evaluated.

## CATHODE MATERIALS FROM VSPC

LIT has completed the 100% acquisition of advanced cathode material producer VSPC. VSPC is capable of producing superior quality LIB cathode powders by precise control of particle size and chemistry. The manufacturing technique produces nanoparticles significantly smaller than those produced by competing processes subsequently improving battery performance.

VSPC owns the following:

- Proprietary processes for the production of lithium-ion battery cathode materials;
- A comprehensive pilot plant; and
- Advanced laboratory and testing facilities.

VSPC technology begins with cathode metals in a solution from which the cathode nanoparticles are precipitated. The VSPC process is compatible with solutions produced during the processing of hard-rock minerals to recover lithium as carbonate or lithium hydroxide. Potentially, production of cathode materials direct from such solutions removes two steps involved in the manufacture of cathode materials, resulting in a revolutionary process that capitalises on the value-add generated by progressing from lithium chemicals to cathode materials. LIT is currently investigating the seamless production of cathode materials from hard-rock minerals using hydrometallurgical front-end processes, including both its own 100%-owned SiLeach® process and the L-Max® process of Lepidico Ltd, for which LIT has exclusive rights in Western Australia. LIT's LSPP design will enable this opportunity for both the SiLeach® and L-Max® processes providing a path through to the greatest value uplift in the LIB production cycle.

## EXPLORATION ACTIVITIES – JUNE 2018 QUARTER

## SADISDORF – GERMANY

### LIT to acquire the Sadisdorf Project

LIT was earning an interest in a joint venture ('JV') with Tin International AG (see ASX announcement 25 March 2017). However, LIT advised terms had been agreed in relation to the acquisition of 100% of the Sadisdorf lithium/tin resource from Tin International AG on 11 June 2018, subject to any required regulatory approvals.

The style of mineralisation at Sadisdorf – an historic tin mine in Saxony, Germany, close to the border with the Czech Republic – is a greisen (altered granite). The tin mineralisation is enveloped by a pervasive lithium-mica alteration. Application of LIT's SiLeach® technology provides an opportunity to combine the value of the tin with that of the lithium, the latter contained within minerals otherwise considered waste.

### A source of lithium for the European EV industry

Significantly the resource at Sadisdorf is close to proposed LIB battery production facilities planned to service the rapidly growing EV industry in Europe. The site is also well serviced by established infrastructure and reagent supplies. These features will enable development not only to the stage of lithium chemicals, but with the addition of VSPC technology, cathode powders to the European LIB industry.

### Maiden lithium resource estimate completed

CSA Global, a leading international mining consultancy, has estimated an Inferred Mineral Resource at Sadisdorf of 25 million tonnes grading 0.45% $Li_2O$ (see Table 1 below), based on re-analysis and re-interpretation of historical drilling and underground sampling. Reporting was in accordance with JORC 2012 (see ASX announcement 7 December 2017 and Retraction Statement on 1 June 2018 in regard to Production Target).

Work is currently underway to better define this Production Target.

| Classification | Domain | Tonnes (Mt) | Li (%) | $Li_2O$ (%) |
|---|---|---|---|---|
| Inferred | Inner greisen | 17 | 0.22 | 0.47 |
| Inferred | Outer greisen | 8 | 0.20 | 0.43 |
| Inferred | Total | 25 | 0.21 | 0.45 |
| Note: the Mineral Resource was estimated within constraining wireframe solids defined above (with a nominal 0.15% Li cut-off). The Mineral Resource is reported from all blocks within these wireframe solids. Differences may occur due to rounding. | | | | |

**Table 1. Inferred Mineral Resource estimate for Sadisdorf.**

Resource modelling has confirmed that the dormant tin mine, which contains significant lithium mineralisation, can be considered a polymetallic deposit with value contributions from lithium, tin and tungsten. Moreover, application of SiLeach® has the potential to provide significant by-product credits (e.g. potassium sulphate fertiliser, sodium silicate).


**Figure 1 LIT managing director Adrian Griffin observes preparations for drilling at Sadisdorf.**

LIT completed drilling at Sadisdorf which aims to improve resource definition and progress to a resource upgrade. Three drill holes have been completed as shown in Table 2 below:

| Drill hole ID | X (metres) | Y (metres) | Z (metres) | Planned Azimuth | Planned Dip | Planned length | Actual length |
|---|---|---|---|---|---|---|---|
| SDDH-17-01T | 5404692.0 | 5633054.4 | 592.6 | 88.2° | -86.0° | 310 m | 310.0 m |
| SDDH-17-02T | 5404703.4 | 5633052.3 | 592.4 | 280.2° | -66.6° | 150 m | 100.8 m |
| SDDH-17-02TA | 5404703.4 | 5633052.3 | 592.4 | 280.2° | -66.6° | 150 m | 150.0 m |
| Coordinate system: DHDN / 3-degree Gauss-Kruger zone 5 | | | | | | | |

**Table 2. Holes completed for the JV's maiden drilling programme at Sadisdorf.**

**QUARTERLY ACTIVITIES REPORT**

**June 2018**

## EICHIGT PROJECT

The Eichigt Project lies on the border between Germany and the Czech Republic in Saxony, slightly over 100km from the Sadisdorf project.

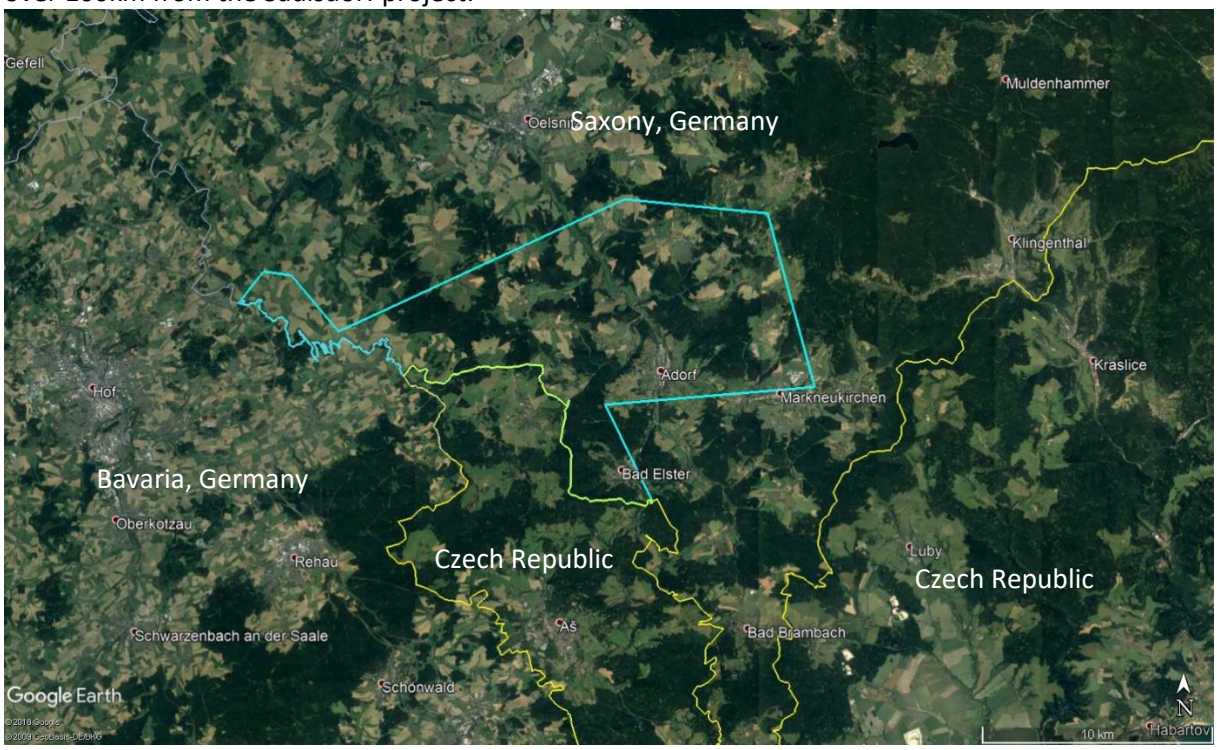


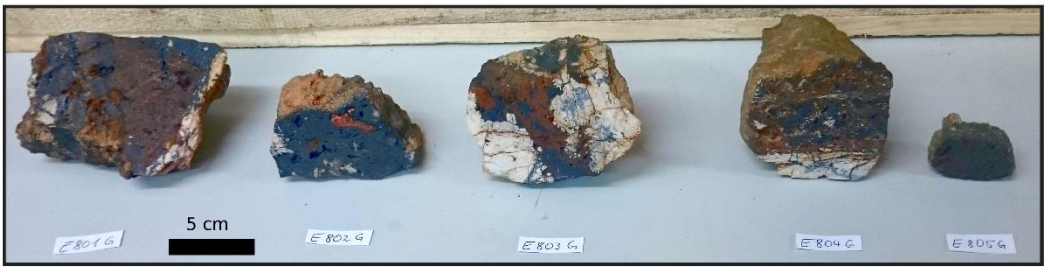

**Figure 2 - The Eichigt Project, on the German/Czech border in Saxony, Germany**

The licence area contains a buried granite cupola similar to the lithium- and tin-bearing cupola at Sadisdorf, but initial exploration focussed on gossans in veins that outcrop at surface. These veins were historically mined for copper but no production has been recorded since the 17th century.

Results showed high levels of cobalt and copper. The first five grab samples are shown in Table 3.

Lithium Australia NL

Eichigt




| Location | E03G | E03G | E04G | E07G | E08G |
|---|---|---|---|---|---|
| Weight (kg) | 1.06 | 0.36 | 0.70 | 0.81 | 0.08 |
| Li2O (%) | 0.23 | 0.26 | 0.19 | 0.21 | 0.26 |
| Co (%) | 0.18 | 0.60 | 0.24 | 0.18 | 0.60 |
| Cu (%) | 0.17 | 0.48 | 0.20 | 0.38 | 0.26 |
| Ni (ppm) | 541 | 506 | 344 | 719 | 495 |
| | | | | | |
| As (ppm) | 35.4 | 30.1 | 32.1 | 534 | 796 |
| U (ppm) | 35.5 | 20.8 | 11.0 | 48.2 | 53.5 |

**Table 3: Results of the initial five grab samples at Eichigt.**

This is very early data at the first stages of exploration but is highly encouraging and more work is in progress.

## LAKE JOHNSTON PROJECT - WA

Work at the Lake Johnston Project between Norseman and Hyden in WA's Goldfields included detailed mapping of known pegmatites at the Mt Day project, and reconnaissance mapping and sampling of priority target areas of the southern Lake Johnston area. The priority targeting had been done using GIS and GSWA data.

Two further tenements in the project were granted late in the quarter, E63/1866 and E 63/1870. These lie adjacent to the existing E63/1809 licence, in the same mix of granites, granitic gneisses and greenstone bedrock typifying the rest of the project.

At the Medcalf prospect, the highest priority greenfields target at Lake Johnston, spodumene bearing pegmatites were located in a swarm outcropping over an area 250m x 500m in size, as pegmatites between 2m and 10m wide and separated by only a few metres of greenstones.

The results at Medcalf, while considered very preliminary, give great encouragement to the prospectivity of the project area. Detailed mapping and sampling of the ground is in planning.

Results from selected spodumene bearing rock chip samples are shown below in Table 4.

| Sample I.D. | $Li_20$ % | Easting (mE) | Northing (mN) | Grid* | Sample description |
|---|---|---|---|---|---|
| ME3 | 4.17 | 298764 | 6407465 | MGA-94, z51 | weathered spodumene-qtz(-feldspar) rock |
| ME4 | 4.78 | 298765 | 6407463 | MGA-94, z51 | weathered spodumene-qtz(-feldspar) rock |
| ME5 | 7.15 | 298765 | 6407463 | MGA-94, z51 | fragments of slightly weathered spodumene |
| ME6 | 3.13 | 298773 | 6407458 | MGA-94, z51 | unidirectional growth qtz-spodumene |
| ME7 | 3.07 | 298765 | 6407470 | MGA-94, z51 | qtz-spodumene rock |
| **MGA: Map Grid of Australia, for use in Australia between longitudes 120°E and 126°E* | | | | | |

**Table 4: Selected rock chip samples from Medcalf lithium prospect.**

Note: - results are presented as indicative only. Field Duplicates or Certified Reference Materials were not submitted with the samples due to the preliminary reconnaissance nature of the programme. Laboratory QAQC was completed, comprising laboratory standards and repeats**.**

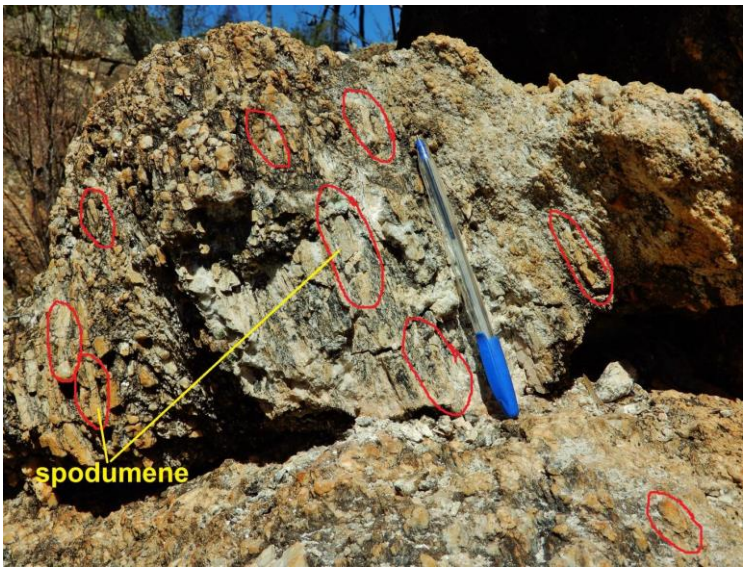



**Figure 3 close-up view of spodumene in pegmatite outcrop at LIT's Medcalf project at Lake Johnston.**

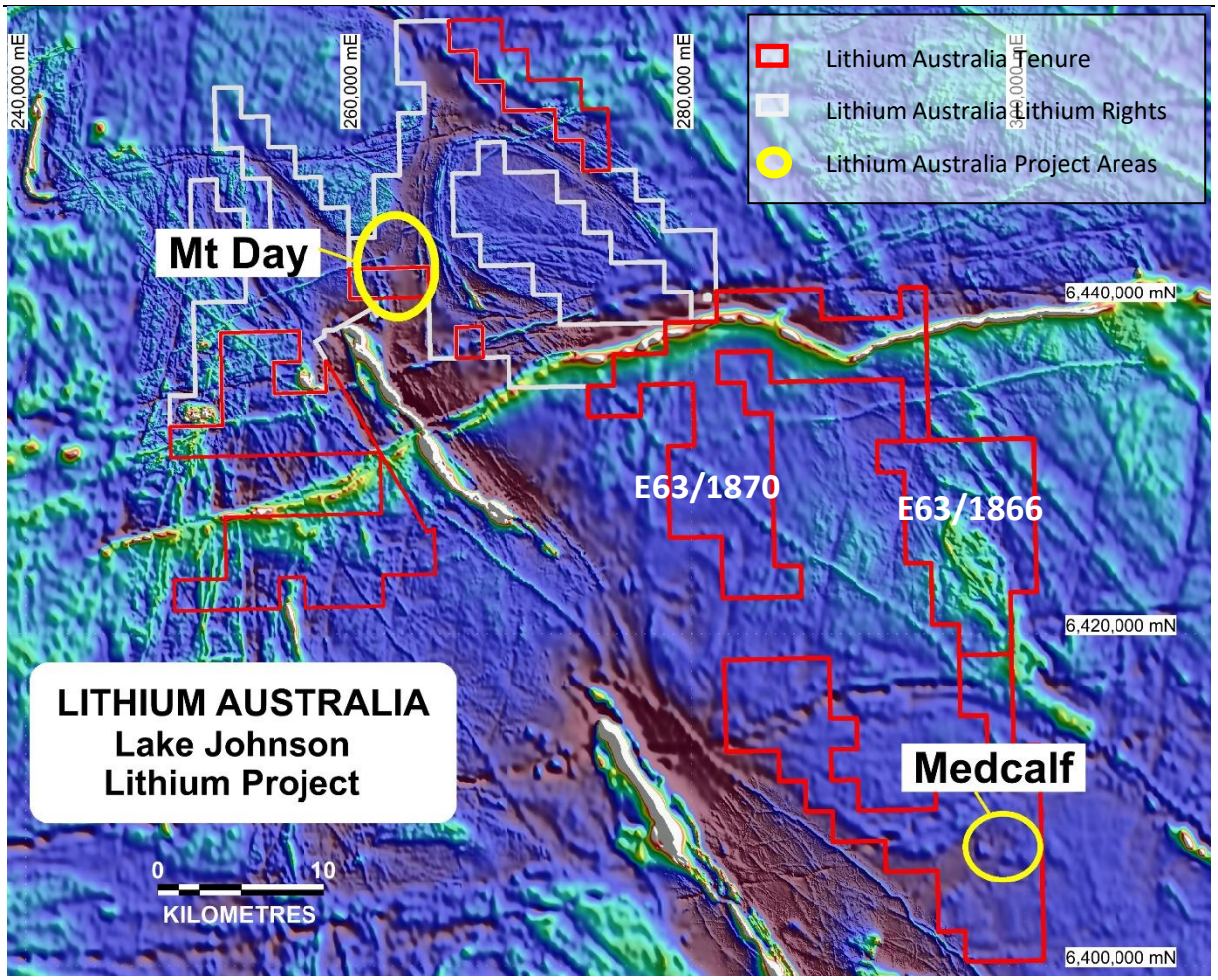



**Figure 4 Lithium Australia's Lake Johnston Project (over RTP aeromagnetics) showing the two recently granted licences**

## AMBER – QUEENSLAND

LIT's 100%-owned Amber project lies at the base of the Cape York Peninsula in Queensland, 170 km Southwest of Cairns in North Queensland.

The Amber project lies over the Palaeoproterozoic Etheridge Province of the North Australian Craton. This is a sequence of metasediments that have been intruded by S-type granites that have proven to be fertile in tin and tungsten with significant mining of the two in the past. Lithium has been reported in several places associated with both commodities and LIT is developing strategies to focus on areas of prospectivity, particularly for lithium micas.

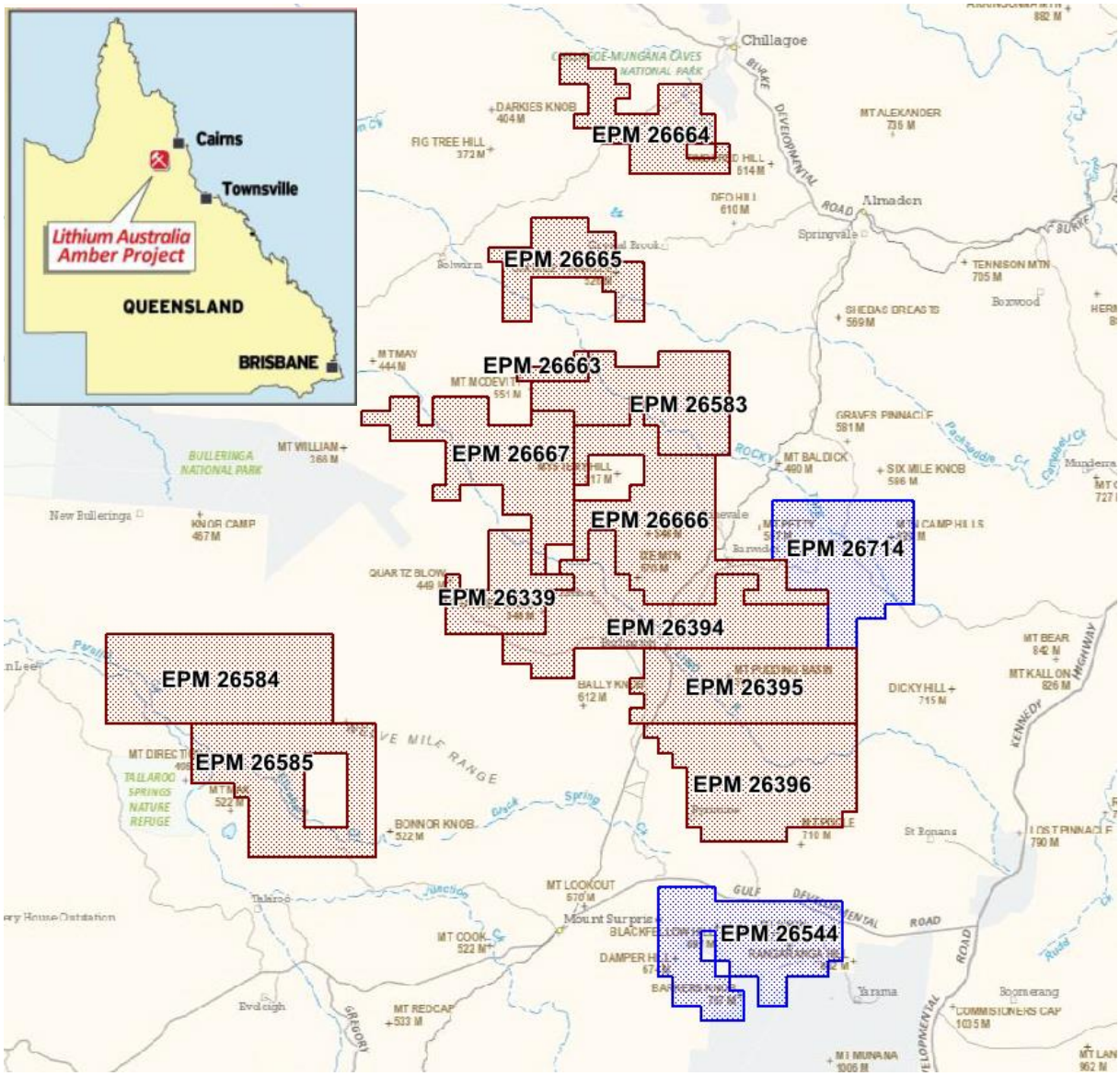



**Figure 5 Location of LIT's Amber project. Granted tenements shown in brown and applications in blue.**

Amber now consists of 12 granted tenements and two further applications. EPMs 26664 - 26667 were granted in the early days of June 2018.

As part of the targeting strategy, Southern Geoscience Consultants (SGC) was commissioned during the quarter to undertake a geophysical data acquisition program and targeting analysis for lithium mineralisation. This data has been received. Several areas have been outlined using various methods including AlOH delineation using ASTER imagery, and initial reconnaissance has been planned.

## OTHER OPPORTUNITIES

LIT continues to explore other opportunities in tantalum, tungsten, cobalt-manganese, graphite and rare-earth metals, with a view to directing further exploration efforts on currently held ground and via potential acquisition of quality Australian and overseas properties.

## CORPORATE

LIT secured a funding package from Arena Investors LP, a major US based institutional investor which committed to invest a net A$18.27M under a multi-tranche convertible note facility. Funds will be applied to advancing LIT's large-scale SiLeach® pilot plant, for the production of lithium chemicals and for operating the VSPC lithium-ion battery cathode plant.

LIT will continue to monitor opportunities as it implements a capital management plan which will provide the financial resources required for all parts of the business.

## RECYCLING RESEARCH (UPDATE)

As the market for power storage – and in particular lithium-ion batteries – reaches maturity, recycling will become a necessity globally. Much of the driving force behind recycling is the value of the cathode metals, cobalt especially. Although current recycling practices recover most of the base metals, the recovery of lithium is close to zero. The reason for this disparity is simply the processing technology preferred by the companies doing the recycling. In other words, it can be resolved by improving processing options.

LIT is evaluating the logistical chain from 'cradle to grave', to determine the deportment of all components of lithium-ion batteries and develop a strategy that maximises the recovery of every material contained within those batteries at the end of their useful life. With the assistance of university research, that work has begun, the aim being to finalise a flow sheet for testing during 2018.

## ABOUT LITHIUM AUSTRALIA NL

Lithium Australia aspires to 'close the loop' on the energy-metal cycle. Its disruptive extraction processes are designed to convert *all* lithium silicates to lithium chemicals, from which advanced components for the battery industry can be created. By uniting resources and the best available technology, Lithium Australia seeks to establish a vertically integrated lithium processing business.

**Competent Persons' Statement – Lithium Mineral Resources - Sadisdorf**

The information in this announcement that relates to in situ lithium Mineral Resources for Sadisdorf is based on and fairly represents information compiled by Mr Thomas Branch under the direction and supervision of Dr Andrew Scogings, in accordance with the requirements of the JORC Code 2012. Dr Scogings is a full-time employee of CSA Global Pty Ltd and takes overall responsibility for the Mineral Resource estimate and associated report. Dr Scogings is a Member of both the Australian Institute of Geoscientists and Australasian Institute of Mining and Metallurgy and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code 2012). Dr Scogings consents to the inclusion of such information in this announcement in the form and context in which it appears.

**Competent Persons' Statement – Eichigt Germany**

The information contained in the report that relates to Exploration Results together with any related assessments and interpretations is based on information compiled by Mr Albert Gruber on behalf of Mr Adrian Griffin, Managing Director of Lithium Australia and has been supervised by Mr Phillip Schiemer, Exploration Manager for Lithium Australia. Mr Schiemer is a Member of both the Australian Institute of Geoscientists and the Australasian Institute of Mining and Metallurgy and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity being undertaken, to qualify as a Competent Person as defined in the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code 2012). Mr Schiemer consents to the inclusion in this report of the matters based on Mr Gruber's data in the form and context in which it appears. The Company is not aware of any new information or data that materially affects the information in this report.

**Competent Persons' Statement – Lithium Mineral Resources – Australia**

The information in this report that relates to Australian Exploration Results, together with any related assessments and interpretations, is based on information compiled by Mr Adrian Griffin on behalf of Lithium Australia NL. Mr Griffin is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience relevant to the styles of mineralisation under consideration, and to the activity they have undertaken, to qualify as Competent Persons, as defined in the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 edition)*. Mr Griffin consents to the inclusion in the report of the matters based on their information in the form and context in which it appears. LIT is not aware of any new information or data that materially affects that contained herein.

Details of Mining Tenements at Quarter ended 30 June 2018
ASX Listing Rule 5.3.3

Australian Projects

| Tenement ID | Name | Location | State | Interest |
|---|---|---|---|---|
| E09/2168 | Yinnietharra | Gascoyne | WA | 100% |
| E09/2191 | Thomas River | Gascoyne | WA | 100% |
| E09/2200 | Mount James 2 | Gascoyne | WA | 100% |
| E09/2201 | Mount James 1 | Gascoyne | WA | 100% |
| E09/2203 | Mount James 3 | Gascoyne | WA | 100% |
| E45/4627 | Kangan | Wodgina South | WA | 100%[1] |
| E45/4630 | Mungaleena | Pilgangoora East | WA | 100%[1] |
| E45/4684 | Strelley | Pilgangoora East | WA | 100%[1] |
| P45/3004 | Kagan | Wodgina South | WA | 100%[1] |
| E45/4654 | Hillside 1 | East Pilbara | WA | 100% |
| E45/4655 | Hillside 2 | East Pilbara | WA | 100% |
| E45/4668 | Hillside 4 | East Pilbara | WA | 100% |
| E51/1795 | Cobalark 1 | Meekatharra | WA | 100% |
| E51/1796 | Cobalark 2 | Meekatharra | WA | 100% |
| E59/2300 | Edah 4 | Mt Magnet | WA | 100% |
| E59/2301 | Edah 5 | Mt Magnet | WA | 100% |
| E63/1722 | Lake Johnson | Dundas | WA | 100%[2] |
| E63/1723 | Lake Johnson | Dundas | WA | 100%[2] |
| E63/1777 | Lake Johnson | Dundas | WA | 100%[2] |
| E63/1805 | Mt Day A | Dundas | WA | 100% |
| E63/1806 | Mt Day B | Dundas | WA | 100% |
| E63/1807 | Mt Day C | Dundas | WA | 100% |
| E63/1808 | Mt Day D | Dundas | WA | 100% |
| E63/1809 | Lake Johnson S | Dundas | WA | 100% |
| E70/4778 | Greenbushes | Greenbushes | WA | 100% |
| E70/4788 | Greenbushes | Greenbushes | WA | 100% |
| E70/4789 | Greenbushes | Greenbushes | WA | 100% |
| E70/4790 | Greenbushes | Greenbushes | WA | 100% |
| E70/4890 | Greenbushes C | Greenbushes | WA | 100% |
| E74/0543 | Ravensthorpe | Ravensthorpe | WA | 100% |
| E77/2279 | Lake Seabrook | Yilgarn | WA | 100%[3] |
| EL 5960 | Vivonne Sa | Kangaroo Island | SA | 100% |
| ELA30897 | Angers | Bynoe | NT | 100% |
| EPM 26252 | Cape York 1 | Cape York | QLD | 80%[4] |
| EPM 26255 | Cape York 2 | Cape York | QLD | 80%[4] |
| EPM 26339 | Amber 1 | Amber | QLD | 80%[4] |
| EPM 26394 | Amber 2 | Amber | QLD | 80%[4] |
| EPM 26395 | Amber 3 | Amber | QLD | 80%[4] |
| EPM 26396 | Amber 4 | Amber | QLD | 80%[4] |
| EPM 26583 | Amber 6 | Amber | QLD | 80%[4] |
| EPM 26584 | Amber 7 | Amber | QLD | 80%[4] |
| EPM 26585 | Amber 8 | Amber | QLD | 80%[4] |
| M15/1809 | Coolgardie | Coolgardie | WA | 80%[4] |
| M15/664 | Coolgardie | Coolgardie | WA | 80%[4] |
| P15/5519 | Coolgardie | Coolgardie | WA | 80%[4] |
| P15/5574 | Coolgardie | Coolgardie | WA | 80%[4] |
| P15/5575 | Coolgardie | Coolgardie | WA | 80%[4] |

Australian Projects

| Tenement ID | Name | Location | State | Interest |
|---|---|---|---|---|
| P15/5625 | Coolgardie | Coolgardie | WA | 80%[4] |
| P15/5626 | Coolgardie | Coolgardie | WA | 80%[4] |
| P15/5629 | Coolgardie | Coolgardie | WA | 80%[4] |
| P15/5739 | Coolgardie | Coolgardie | WA | 80%[4] |
| P15/5740 | Coolgardie | Coolgardie | WA | 80%[4] |
| P15/5741 | Coolgardie | Coolgardie | WA | 80%[4] |
| P15/5742 | Coolgardie | Coolgardie | WA | 80%[4] |
| P15/5743 | Coolgardie | Coolgardie | WA | 80%[4] |
| P15/5749 | Coolgardie | Coolgardie | WA | 80%[4] |

[1] Strategic alliance with Venus Metals NL right to jointly explore for Lithium mica

[2] Lake Johnston Project - Lithium Australia holds the rights to Lithium,
Lefroy Resources holds rights to gold and nickel

[3] Seabrook Rare Metals Venture (Lithium Australia 80%, Tungsten Mining 20%)

[4] Coolgardie Rare Metals Venture

International Projects

| Project | Country | | Interest |
|---|---|---|---|
| Electra Lithium Project (Tecolote, Tule, Agua Fria Concessions) | Mexico | | 54% [5] |
| Sadisdorf Deposit, Saxony | Germany | earning | 50% [6] |

[5] Electra Joint Venture - TSXV listed Infinite Lithium Corp (previously Alix Resources)
Lithium Australia holds 54% with rights to earn up to 65%

[6] Sadisdorf Joint Venture - Tin International (subsidiary of Deutsche Rohstoff)
Lithium Australia currently has rights to earn up-to 50%

# Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

| Name of entity | |
|---|---|
| Lithium Australia NL | |
| ABN | Quarter ended ('current quarter') |
| 21 126 129 413 | 30 June 2018 |

| Consolidated statement of cash flows | | Current quarter $A'000 | Year to date (12 months) $A'000 |
|---|---|---|---|
| 1. | Cash flows from operating activities | | |
| 1.1 | Receipts from customers | – | – |
| 1.2 | Payments for | | |
| | (a) exploration and evaluation | (980) | (2,223) |
| | (b) development | – | – |
| | (c) production | – | – |
| | (d) staff costs | (557) | (1,442) |
| | (e) administration and corporate costs | (898) | (2,316) |
| 1.3 | Dividends received (see note 3) | – | – |
| 1.4 | Interest received | - | 70 |
| 1.5 | Interest and other costs of finance paid | (1,172) | (1,172) |
| 1.6 | Income taxes paid | – | – |
| 1.7 | Research and development refunds | – | 1,790 |
| 1.8 | Other (provide details if material) | – | – |
| 1.9 | Net cash from/(used in) operating activities | (3,607) | (5,293) |

| | | | |
|---|---|---|---|
| 2. | Cash flows from investing activities | | |
| 2.1 | Payments to acquire: | | |
| | (a) property, plant and equipment | (39) | (73) |
| | (b) tenements (see item 10) | – | – |
| | (c) investments | 47 | (138) |
| | (d) other non-current assets | (503) | (2,283) |
| 2.2 | Proceeds from the disposal of: | | |
| | (a) property, plant and equipment | – | – |
| | (b) tenements (see item 10) | – | – |
| | (c) investments | - | 7,268 |
| | (d) other non-current assets | – | 325 |
| 2.3 | Cash flows from loans to other entities | – | – |
| 2.4 | Dividends received (see note 3) | – | – |
| 2.5 | Other (provide details if material) | – | – |
| 2.6 | Net cash from / (used in) investing activities | (495) | 5,099 |

| | | | |
|---|---|---|---|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of shares | 75 | 8,379 |
| 3.2 | Proceeds from issue of convertible notes | 5,461 | 8,506 |

| Consolidated statement of cash flows | | Current quarter $A'000 | Year to date (12 months) $A'000 |
|---|---|---|---|
| 3.3 | Proceeds from exercise of share options | – | – |
| 3.4 | Transaction costs related to issues of shares, convertible notes or options | (75) | (849) |
| 3.5 | Proceeds from borrowings | – | – |
| 3.6 | Repayment of borrowings | (19) | – |
| 3.7 | Transaction costs related to loans and borrowings | – | – |
| 3.8 | Dividends paid | – | – |
| 3.9 | Other | – | – |
| 3.10 | Net cash from / (used in) financing activities | 5,442 | 16,036 |

| | | | |
|---|---|---|---|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 17,089 | 2,587 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (3,607) | (5,293) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (495) | 5,099 |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 5,442 | 16,036 |
| 4.5 | Effect of movement in exchange rates on cash held | – | – |
| 4.6 | Cash and cash equivalents at end of period | 18,429 | 18,429 |

| 5. | **Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter $A'000 | Previous quarter $A'000 |
|---|---|---|---|
| 5.1 | Bank balances | 6,391 | 158 |
| 5.2 | Call deposits | 12,038 | 16,931 |
| 5.3 | Bank overdrafts | – | – |
| 5.4 | Other (provide details) | – | – |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 18,429 | 17,089 |

| 6. | Payments to directors of the entity and their associates | Current quarter $A'000 |
|---|---|---|
| 6.1 | Aggregate amount of payments to these parties included in item 1.2 | 155 |
| 6.2 | Aggregate amount of cash flow from loans to these parties included in item 2.3 | – |
| 6.3 | Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2 | |

| 7. | Payments to related entities of the entity and their associates | Current quarter $A'000 |
|---|---|---|

| | | |
|---|---|---|
| 7.1 | Aggregate amount of payments to these parties included in item 1.2 | – |
| 7.2 | Aggregate amount of cash flow from loans to these parties included in item 2.3 | – |

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

| |
|---|
| |

| 8. | **Financing facilities available**<br>Add notes as necessary for an understanding of the position | Total facility amount at quarter end $A'000 | Amount drawn at quarter end $A'000 |
|---|---|---|---|
| 8.1 | Loan facilities | – | – |
| 8.2 | Credit standby arrangements | – | – |
| 8.3 | Other (LITCE's) | 42,087 | – |

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

| |
|---|
| LITCE - Current outstanding amounts on LITCE – 25 cent contributing shares |

| 9. | Estimated cash outflows for next quarter | $A'000 |
|---|---|---|
| 9.1 | Exploration and evaluation | 843 |
| 9.2 | Development | 1,163 |
| 9.3 | Production | 0 |
| 9.4 | Staff costs | 554 |
| 9.5 | Administration and corporate costs | 380 |
| 9.6 | Other (provide details if material) | |
| 9.7 | Total estimated cash outflows | 2,940 |

| 10. | Changes in tenements (items 2.1(b) and 2.2(b) above) | Tenement reference and location | Nature of interest | Interest at beginning of quarter (%) | Interest at end of quarter (%) |
|---|---|---|---|---|---|
| 10.1 | Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | | | | |
| 10.2 | Interests in mining tenements and petroleum tenements acquired or increased | E59/2300<br>E59/2301<br>EPM 26584<br>EPM 26585 | Tenement granted<br>Tenement granted<br>Tenement granted<br>Tenement granted | 0<br>0<br>0<br>0 | 100<br>100<br>80<br>80 |

**COMPLIANCE STATEMENT**

1. This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2. This statement gives a true and fair view of the matters disclosed.

Sign here: 'Barry Woodhouse' Date: 31 July 2018
(~~Director/~~Company secretary)

Print name: Barry Woodhouse

**Notes**

1. The quarterly report provides a basis for informing the market on how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.

2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by the ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.