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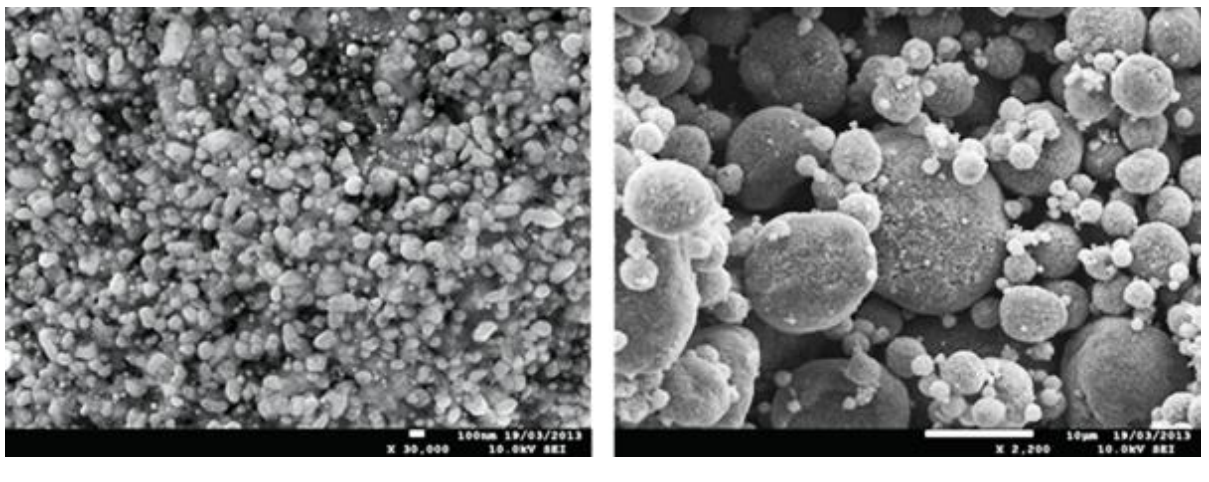
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ASX ANNOUNCEMENT

VSPC BATTERY CATHODE MATERIALS COMMERCIALISATION UPDATE

Lithium Australia NL (ASX: LIT) is pleased to advise that its subsidiary, the Very Small Particle Company Ltd (VSPC) is making strong progress towards commercialisation of its patented battery cathode materials production technology. VSPC's advanced laboratory facilities are now operational and production of lithium ion battery (LIB) cathode materials has commenced at bench scale. Preparation of LIB coin cells and electrochemical testing will commence shortly. These activities can be accomplished within the VSPC facilities at Wacol, in Queensland, Australia.

The VSPC technology produces superior quality control in the production of a wide range of cathode powders. That superiority includes the control of particle size and precise particle chemistry.



The image left, above is cathode powder produced using VSPC technology. The scale bar is 100 nanometres (1000 nanometres = 1 micron). The right-hand image shows aggregate VSPC particles (scale bar 10 microns) produced in the typical size range used in LIB cathode powders.

Recommissioning of the pilot production facilities is also at an advanced stage. Wet commissioning will commence at the end of May, 2018.

VSCP's 4th Generation lithium iron phosphate (LFP) cathode material has previously received strong interest from international battery makers, and VSPC cathode material performance exceeded that of an industry standard in tests completed late 2017. Cathode materials will be available for customer evaluation from September 2018.

The Board of VSPC is also pleased to advise of the engagement of senior plant management, engineering and scientific personnel. VSPC staff will be supported by an advisory group drawn from international experts in the LIB field to assist ongoing operations and development of VSPC technology and cathode material products.

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About Lithium Australia

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.

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