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Jadar Lithium

ASX ANNOUNCEMENT

2 October 2018

Proposed Acquisition of Austrian Lithium Exploration Assets adjacent to the successful Wolfsberg Project

Highlights

- Jadar has entered into a binding agreement to acquire an 80% interest in Austrian Lithium Exploration Licences.
- Two Exploration areas in Austria (a mining-friendly EU jurisdiction) containing 99 licences "Freischürfe".
- Licences surround European Lithium Limited's Wolfsberg lithium deposit.
- Attractive exploration assets which will complement the existing European projects.
- Strategically placed for European manufactures using lithium.
- Acquisition consideration will consist of 90.9 million shares and 25 million options.
- The Company will appoint 1 new experienced director Mr Steven Dellidis, with Mr Martin Pawlitchek to resign at completion.
- The transaction is subject to due diligence which is currently underway.

Jadar Lithium Limited (ASX: **JDR**) (**Jadar** or **the Company**) is pleased to announce it has entered into a binding agreement pursuant to which it has agreed, subject to satisfaction of certain conditions precedent, to acquire effectively 80% of Austrian Exploration Licences from Exchange Minerals Limited, with a first right of refusal over the remaining 20% (**Acquisition**).

The Company considers the Austrian Lithium Exploration Licences to be a suite of attractive exploration assets which will complement the Company's existing business of lithium exploration in Europe.

Commenting on the acquisition of the Austrian Lithium Exploration Licences, Non-Executive Chairman Mr Luke Martino said: *"The proposed Acquisition is consistent with the Company's strategy to expand its interest participating in the European Lithium market, the Company is broadening its strategic focus to encompass additional European jurisdictions that offers an opportunity to focus on lithium mineral exploration and development".*

PROJECT OVERVIEW

Location

The Austrian Lithium Exploration Licences are located in Carinthia, ~270 km south of Vienna, Austria and 20 km east of Wolfsberg, an industrial town, with established infrastructure, including access to

the European motorway and railway network. Other mining activities are already established in the area. The main industry in the area is forestry and a pulp and paper mill is in operation nearby.

The Austrian Lithium Project Exploration Licences comprises two exploration areas made up of 99 exploration licences, which together cover a total area of 46.5 km^2, and are valid until 31 December 2020. The Austrian Lithium Projects' Exploration Licences are strategically placed for European manufacturers using lithium.

The Austrian Lithium Project Exploration Licences are considered prospective for lithium and other pegmatite hosted minerals. There has been no recent geological exploration for these minerals by any public company or any mine production on any of the project areas.

The Company considers the Austrian Lithium Exploration Licences to be a suite of attractive exploration assets which will complement the Company's existing operations.

Figure 1; Austrian Project Location Map.

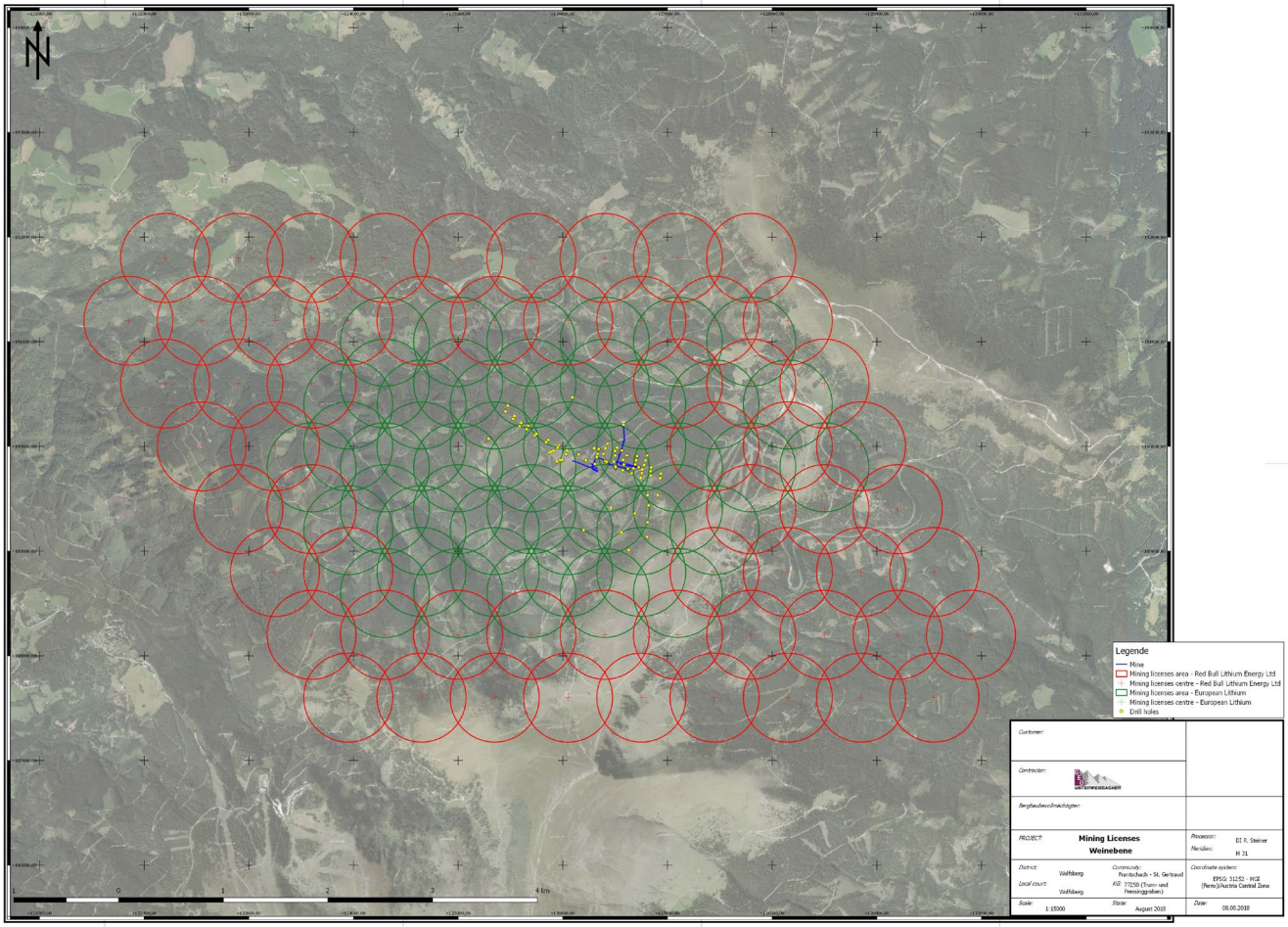

Figure 2; Exploration Licences to be acquired (red); Exploration Licences held by European Lithium Limited (green).

The Austrian Lithium Exploration Licences are surrounded by European Lithium Limited's (ASX: EUR) underground Wolfsberg Lithium project which announced on 3 July 2017 a JORC total Resource of 10.98MT @ 1.00% Li_2O, with 37 exploration permits (together covering an area of 7.62 km^2) overlapping those of European Lithium Limited (see figure 2 above). The potential extensions of European Lithium Ltd´s lithium deposit to the NW and SE are not known at the moment.

An exploration licence "Freischurf" is circular in shape, with a radius of 425 metres (for an area of 0.567km2). To ensure that the whole of a proposed area for exploration is completely covered, a number of exploration licences are applied for in an overlapping pattern of circles. Overpegging of exploration licences is possible. If the prior party is not able to show results in the framework of permitted work programs, any subsequent party is able to do so.

Project Geology

The Austrian Alpine Belt consists of three main geological zones forming thrust sheets (nappes) that have been stacked on top of each other and the crystalline basement, Figure 3.

- The oldest of these units is the Helvetic nappe which is composed of detached crystalline basement and metamorphic and igneous rocks that were metamorphosed during the Varisean Orogeny (~390-3l0 Ma). These rocks are found as thin slivers along a corridor running from Salzburg to Wien, adjacent to the Alpine Front faults bounding the Molasse basin.
- The Penninic nappe has been thrust over the Helvetic nappe and is composed of ophiolitic sequences and deep marine sediments that have been metamorphosed to phyllite, schist and amphibolites.

- The Austoalpine nappe structurally overlies the other two nappes and covers the largest part of Austria and consists of schists, gneiss, granite, limestone and other volcano sedimentary rocks.

There are a number of "windows" in the upper thrusted nappe that expose Penninic and Helvetic lithologies below. These include the Engadin and Tauern windows. The Tauern window covers an area of ~1,200 km2 stretching from Innsbruck, eastwards to the Rotgülden area. It is at the eastern end of this Tauern window that the Austrian Lithium Project is located.

The Austrian Lithium Exploration Licences, like the Wolfsberg project, are located within the Koralpe, a NS-trending mountain ridge about 25 km in length forming part of the eastern Alpine crystalline basement.

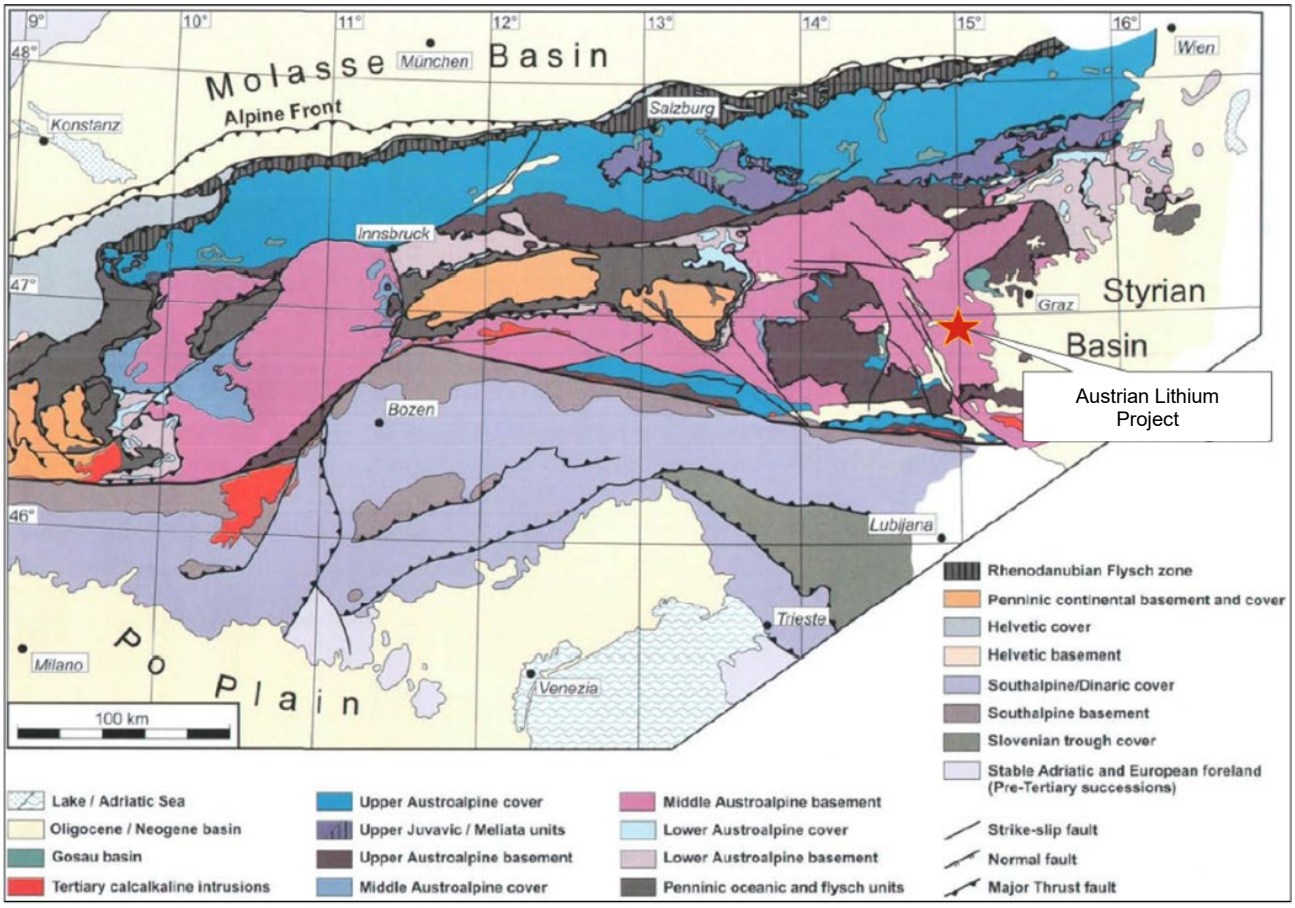

Figure 3; Geological map of Austrian Region (from Neubauer and Hock, 1999).

The Wolfsberg lithium deposit is a fairly high grade deposit comprising of the multiple parallel - spodumene bearing - pegmatite veins (dykes) concordantly introduced into the Alpine crystalline complex. The pegmatites most likely represent an anatexis melting phase of metamorphic formations rather than being related to granite bodies. The pegmatite veins are parallel to the country rocks and show very sharp contacts. The vein width varies from a few centimetres up to several meters. The composition of pegmatite is predominantly a Quartz-Feldspar-Spodumene mineral association with a minor abundance of pegmatite associated minerals such as cassiterite, scheelite, apatite and tourmaline. The spodumene grain size varies from a few mm up to 15 cm. The coarse grain pegmatites are hosted by eclogitic amphibolites and the fine grain by mica schist. The contact between host rock and pegmatites are mostly sharp and with minor or no signs of metasomatism. Post-depositional metamorphism can occur and can result in changing the habitus and reducing the size of crystal grains. Those processes usually do not have an effect on lithium grades.

Pegmatoids associated with the deposit consist of tourmaline and are free of spodumene. Pegmatoids are coarse crystalline feldspar – quartz-tourmaline rocks which are entirely free of spodumene. Koralpe pegmatoids are interpreted to belong to the lower stratigraphic sequences - laying below the spodumene-bearing pegmatites. Identifying pegmatoides and their relation to another stratigraphic neighbourhood around Wolfsberg lithium deposit can be used as an exploration guide.

Host rock lithology seems to represent a good pathfinder. The eclogitic amphibolite at the Wolfsberg deposit is the most upper stratigraphic sequence as well as the host rock of the high-grade lithium bearing pegmatite veins. The eclogitic amphibolite is used to define the stratigraphic position and relation to other units. Taking into account that the extension of eclogitic amphibolite towards east-southeast has not yet been identified, it strongly supports mapping the area which has not been covered by previous mapping programs (see the map below). Also, during the last mapping program, a few samples of lithium bearing pegmatites have been found far east from the deposit (approximately 1km). That information suggests a probable extension of pegmatite veins toward the east. On the other side, previous mapping of the west-northwest area confirms the presence of mica schist hosted pegmatite on the surface, indicating that the deposit remain open on that side as well.

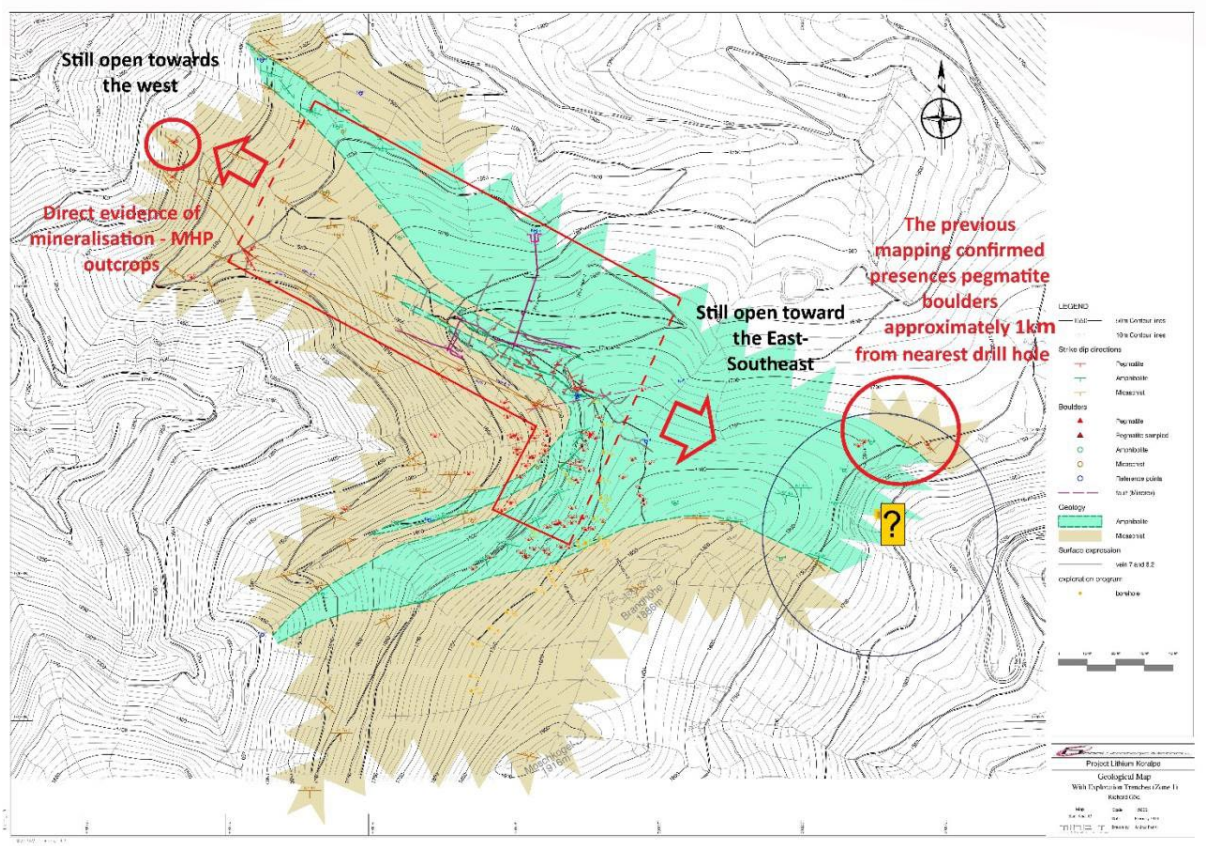

Figure 4; Geological Map showing the potential extensions of European Lithium Ltd´s lithium deposit. (source: European Lithium Limited Corporate Presentation – November 2017. The original has been edited)

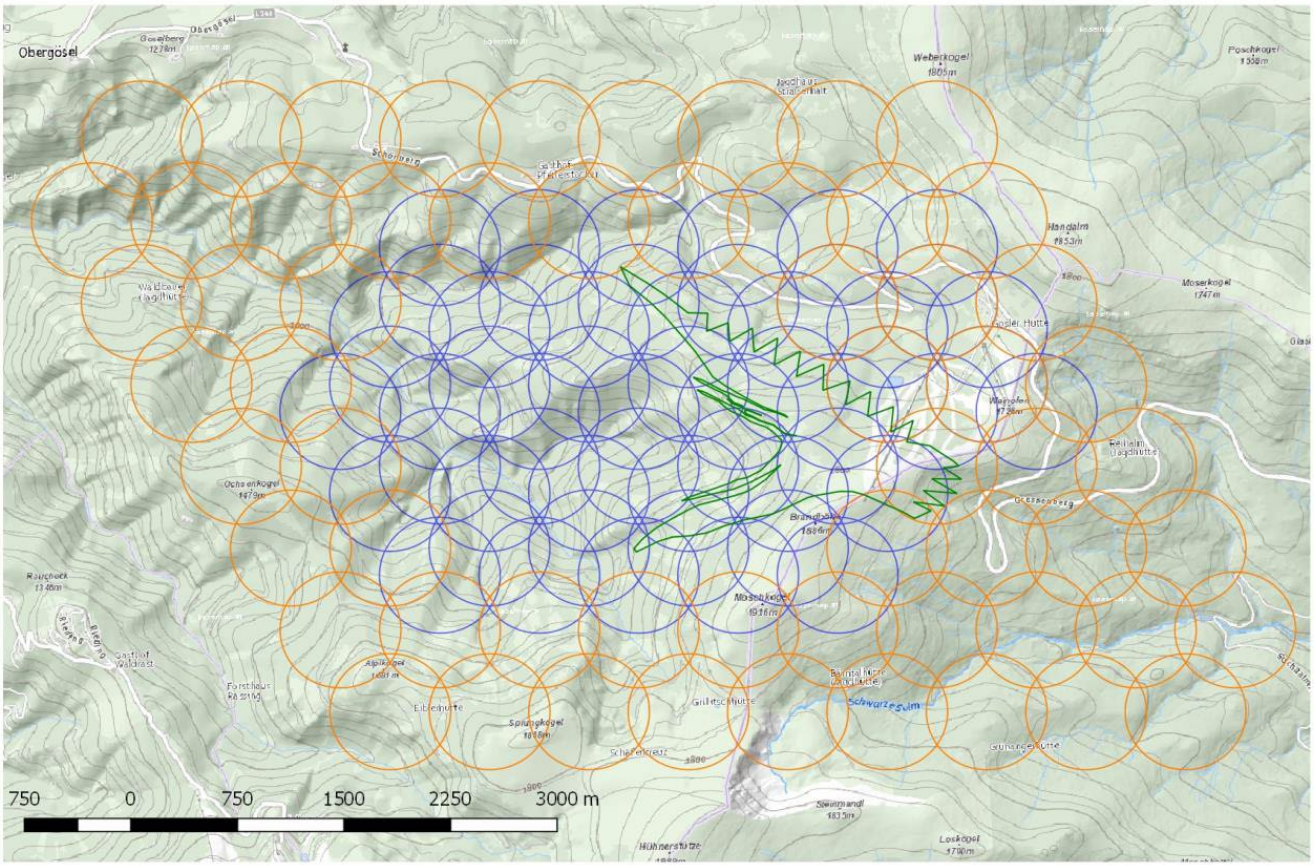

Figure 5; Exploration licences held by European Lithium Limited (blue), new Austrian Lithium Exploration Licences (orange), Amphibolite outline (green).

The Austrian Lithium Exploration Licences are more prospective for spodumene rather than other lithium-bearing minerals. However, most spodumene deposits are related to highly fractionated granites with low K/Rb ratio (<50). There can be direct evidence to granite or not, so they can be spatially close to the granite bodies, or they can be distal, where the pegmatites fluids transported along the regional fault systems. It is not defined yet how the Wolfsberg deposit formed, and there are two groups of authors which have different models. The first group advocate an opinion that the deposit is related to granites which are exposed about 20 km west from the Wolfsberg deposit near the city of Wolfsberg. The other group of authors argue that lithium deposits have developed by anataxis of mica schists and paragneisses. Both models should be considered for the area selection.

ACQUISTION TERMS

The Company has entered into the binding agreement with Exchange Minerals Limited, who holds the licences on behalf of it and other private non-related investors.

The material terms of the Transaction are as follows:

- In consideration for an 80% interest in a Special Purpose Vehicle (SPV) which will hold the Austrian Lithium Exploration Licences, the Company will issue:
    - 90,909,091 fully paid ordinary shares at a deemed issue price of AU$0.022 per share (AU$2 million);
    - 25,000,000 Unlisted Options in JDR with an exercise price of AU$0.03 per option and a 31 July 2020 expiry date.
- Jadar to be granted first right of refusal over the remaining 20%.

- Jadar agrees to spend up to AU$250,000 on the exploration of the Austrian Lithium Exploration Licences. Once the AU$250,000 has been spent, each party is to provide funding in proportion to their interests.
- The agreement is subject to a number of conditions precedent including,
    - completion of Due Diligence on the Austrian Lithium Exploration Licences by Jadar;
    - Jadar obtaining all necessary shareholder or regulatory approvals required by the Corporations Act 2001 (Cth) (Corporations Act) or the ASX Listing Rules in relation to the Acquisition;
    - Mr Martin Pawlitchek resigning from and Mr Steve Dellidis being appoint to the Jadar Board; and
    - the parties obtaining any other necessary third party consents to allow the parties to lawfully complete the Acquisition;

INDICATIVE TIMETABLE

The indicative timetable for the Acquisition will be provided following completion of due diligence, which is anticipated to be completed in the next 75 days.

INDICATIVE CAPITAL STRUCTURE

The indicative effect of the Acquisition on the capital structure of the Company is as follows:

Description	Shares	Options
Current issued capital	389,530,536	75,250,000[(i)]
Securities to be issued pursuant to the Acquisition	90,909,091	25,000,000[(ii)]
Total post completion	**480,439,627**	**100,250,000**

(i) Includes 5 million options to be issued to Mr Müller (exercise prices of AU$0.03 and expiry dated of 31 July 2020), subject to Shareholder approval at the Company's next shareholder meeting. See Jadar announcement dated 24 July 2018. (ii) Options exercisable at AU$0.03 per Option on or before expiry dated of 31 July 2020.

PROPOSED BOARD CHANGES

At completion of the Acquisition, Mr Martin Pawlitchek will resign as a director of the Company and Mr Steven Dellidis will be appointed as a non-executive director of the Company.

Mr Dellidis has been involved in project management and strategic investment for over 20 years. He has significant experience in managing a number of listed companies and has assisted in the initial acquisitions of important assets bolstering company profiles. Mr Dellidis has a broad range of experience from start to end project management and is a hands-on individual who is active in the supervision of early type of project management.

Mr Dellidis currently runs a variety of businesses across a range of industries from mechanical engineering to earth moving, with an understanding of site construction and off site camp building involving environmental study impact on areas of work and setup.
His skills will reinforce the talents and diversity of the Board.

NEXT STEPS

The Company has commenced due diligence on the Austrian Exploration Licences' exploration potential and will continue to carry out a more detailed legal and geological due diligence program in the coming 75 days. with the assistance of experienced Austrian legal and geological consultants.

REGULATORY APPROVALS AND GENERAL MEETING

Completion of the transaction is subject to Jadar obtaining all required third party, regulatory, shareholder approvals, and ASX waivers necessary to affect the transaction.

ENDS

Further Enquiries
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Competent Persons Statement

The information in this release that relates to Exploration Results is based on information prepared by Dr Thomas Unterweissacher, EurGeol, MAusIMM. Dr Unterweissacher is a licensed Professional Geoscientist registered with European Federation of Geologists in Hochfilzen, Austria and The Australasian Institute of Mining and Metallurgy European Federation of Geologists and The Australasian Institute of Mining and Metallurgy are a Joint Ore Reserves Committee (JORC) Code 'Recognized Professional Organization' (RPO). An RPO is an accredited organization to which the Competent Person (CP) under JORC Code Reporting Standards must belong in order to report Exploration Results, Mineral Resources, or Ore Reserves through the ASX. Dr Unterweissacher has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a CP as defined in the 2012 Edition of the JORC Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Unterweissacher consents to the inclusion in the release of the matters based on their information in the form and context in which it appears. Dr Unterweissacher is a consultant to the Company and holds shares in Jadar Lithium Limited.