

25 October 2017

ASX CODE: LIT
Speculative Buy
Capital Structure

Sector	Materials
Share Price	A\$0.18
Fully Paid Ordinary Shares	313.57m
Partly Paid Shares	132.85m
Market Capitalisation (undil)	A\$56.4m
Share Price Year High-Low	A\$0.7 - 0.21
Approx Cash(17/10/17)	A\$4.8m

Directors

George Bauk	Non-Executive Chairman
Adrian Griffin	Managing Director
Bryan Dixon	Non-Executive Director

Major Shareholders

JP Morgan Nominees	4.89%
Acuty Capital Investment	4.78%
Citicorp Nominees	3.15%
Adrian Griffin	2.73%
Parkway Minerals	2.33%

Analyst

GT Le Page +61 8 6380 9200

Share Price Performance


Lithium Australia NL

Lithium Australia completes due diligence for the acquisition of advanced lithium ion cathode production technology

Due Diligence Completed

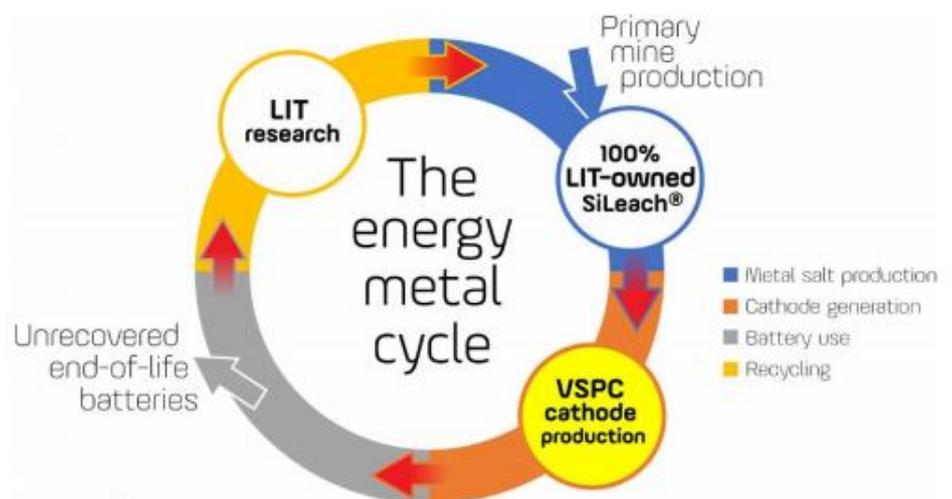
- **Lithium Australia** developer of disruptive lithium processing technology has completed its due diligence for the acquisition of advanced cathode material producer, the **Very Small Particle Company (VSPC)**.
- Completion of due diligence represents a positive outcome for **Lithium Australia** as it moves forward to seeking shareholder approval to complete the acquisition.
- **VSPC's** research and development work has resulted in supplying high-quality cathode material including Lithium Iron Phosphate (LFP) cathode material, widely used in hybrid electric vehicles, power tools and domestic storage batteries - into global test markets.

Key Acquisition benefits

- Innovative, patent-protected chemical process for the production of lithium ion battery cathode material.
- Ability to produce the world's most advanced cathode materials.
- Acquisition value at deep discount to the \$30million previously invested in **VSPC**.
- Acquisition includes **VSPC's** Brisbane based pilot plant and Australia's most advanced Lithium ion battery-laboratory and testing facility, The laboratory includes cathode coating equipment and cell production capacity.
- **Leverage** and expansion of **VSPC's** global strategic partnerships.

An integrated lithium technology portfolio

- **Lithium Australia** is focused on developing the seamless production of cathode materials from hard-rock minerals using hydrometallurgical front-end processes including its 100% owned SiLeach® process and the LMax® process (owned by **Lepidico Ltd-ASX:LPD**) for which **Lithium Australia** has exclusive rights in Western Australia.
- The acquisition of **VSPC** provides **Lithium Australia** with access to the technologies required to participate in all sectors of the energy metal cycle.
- The integration of SiLeach® or LMax® with VSPC's technology has the potential to remove two process steps involved in the manufacture of cathode materials, resulting in a revolutionary process with significant economic benefits over legacy processes.



Action and Recommendation

- **RMR** initiates a Speculative Buy for **Lithium Australia**.

Registered Offices

Perth

Level 1, 143 Hay St
Subiaco WA 6008

PO Box 154
West Perth WA 6872

Email / Website

info@rmresearch.com.au
www.rmresearch.com.au

Phone: +61 8 6380 9200

Fax: +61 8 6380 9299

RM Research Recommendation Categories

Care has been taken to define the level of risk to return associated with a particular company. Our recommendation ranking system is as follows:

Buy	Companies with 'Buy' recommendations have been cash flow positive for some time and have a moderate to low risk profile. We expect these to outperform the broader market.
Speculative Buy	We forecast strong earnings growth or value creation that may achieve a return well above that of the broader market. These companies also carry a higher than normal level of risk.
Hold	A sound well managed company that may achieve market performance or less, perhaps due to an overvalued share price, broader sector issues, or internal challenges.
Sell	Risk is high and upside low or very difficult to determine. We expect a strong underperformance relative to the market and see better opportunities elsewhere.

Disclaimer / Disclosure

This report was produced by RM Research Pty Ltd, which is a Corporate Authorised Representative (343456) of RM Capital Pty Ltd (Licence no. 221938). RM Research received a payment for the compilation and distribution of this research report. RM Research Pty Ltd has made every effort to ensure that the information and material contained in this report is accurate and correct and has been obtained from reliable sources. However, no representation is made about the accuracy or completeness of the information and material and it should not be relied upon as a substitute for the exercise of independent judgment. Except to the extent required by law, RM Research Pty Ltd does not accept any liability, including negligence, for any loss or damage arising from the use of, or reliance on, the material contained in this report. This report is for information purposes only and is not intended as an offer or solicitation with respect to the sale or purchase of any securities. The securities recommended by RM Research carry no guarantee with respect to return of capital or the market value of those securities. There are general risks associated with any investment in securities. Investors should be aware that these risks might result in loss of income and capital invested. Neither RM Research nor any of its associates guarantees the repayment of capital.

WARNING: This report is intended to provide general financial product advice only. It has been prepared without having regarded to or taking into account any particular investor's objectives, financial situation and/or needs. Accordingly, no recipients should rely on any recommendation (whether express or implied) contained in this document without obtaining specific advice from their advisers. All investors should therefore consider the appropriateness of the advice, in light of their own objectives, financial situation and/or needs, before acting on the advice. Where applicable, investors should obtain a copy of and consider the product disclosure statement for that product (if any) before making any decision.

DISCLOSURE: RM Research Pty Ltd and/or its directors, associates, employees or representatives may not effect a transaction upon its or their own account in the investments referred to in this report or any related investment until the expiry of 24 hours after the report has been published. Additionally, RM Research Pty Ltd may have, within the previous twelve months, provided advice or financial services to the companies mentioned in this report. As at the date of this report, the directors, associates, employees, representatives or Authorised Representatives of RM Research Pty Ltd and RM Capital Pty Ltd may hold shares in this company.