



20 June 2016

Lithium Australia NL (“LIT”) Acquires Exploration Rights for Lithium on two U.S. Masters Holdings Ltd's (“USH”) Licences (E63/1723 and E63/1722 – collectively “the Tenements”)

USH was granted the above referenced Tenements in Western Australia earlier this year and has sought partners to explore the ground, consistent with its status as an investment entity. Those discussions have resulted in the following agreement having been entered into with LIT:

- LIT will acquire the lithium rights in relation to the Tenements;
- LIT will issue 9 million fully paid ordinary shares (the “Consideration Shares”) to USH in consideration for acquiring the Lithium rights to the Tenements, subject to any regulatory approvals;
- 50% of the Consideration Shares (i.e. 4.5 million) will be subject to a voluntary escrow of three months from the date of issue;
- USH will acquire the gold and nickel rights in relation to LIT’s tenement (“E63/1777”) upon grant, and subject to any required regulatory approval. In consideration for the granting of these rights over E63/1777 USH will issue LIT 3 million fully paid USH ordinary shares at the time of transfer of these rights to USH;
- LIT and USH grant a reciprocal first right of refusal in regard to the sale of the underlying tenure of the tenements.

It is expected that USH will be issued with the 9 million fully paid ordinary shares in LIT prior to the end of July 2016. Settlement of the gold and nickel rights in E63/1777 is dependent on the timing of the granting of the tenement, which is expected to be prior to year end. Based on the closing price of LIT’s fully paid ordinary shares on the ASX on Friday 17th June 2016 of AUD0.245 this values the Consideration Shares at AUD2.205million. USH’s book value of the Tenements is zero and no value has been ascribed to these Tenements in USH's monthly NTA calculation.

The Board of USH continues to explore other investment partnership arrangements with third parties where it believes that it can add value to USH shareholders.

Kind Regards

Michael Davies

Director

U.S. Masters Holdings Limited

U.S. Masters Holdings Limited

ARBN 052 123 930

Phone +612 8314 5580

Fax +612 8314 5555

Email info@ushmasters.com

www.ushmasters.com

Australian Registered Office:

Suite 4101, Level 41, Gateway
1 Macquarie Place
Sydney NSW 2000 Australia

Head Office:

Palm Grove House
Roadtown Tortola British Virgin Islands

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