

30 January 2017

ASX ANNOUNCEMENT

Lithium Australia (ASX:LIT) in maiden move into South Australia as part of enlarged Australia-wide lithium search

Highlights:

- Application made over prospective lithium terrain on Kangaroo Island, South Australia
- The terrain includes pegmatite occurrences
- Adds to Lithium Australia's multiple lithium projects in WA, NT, Qld and Mexico
- Maiden South Australian application part of the enlarged Australia-wide search by LIT for potentially commercial lithium deposits

Lithium Australia NL (ASX: LIT) is pleased to announce its first foray into South Australia's lithium exploration and development sector with the lodgment of an application for ground prospective for lithium on Kangaroo Island. The application is the result of an ongoing strategy by Lithium Australia to continue to look Australia-wide to add to its strong domestic lithium holdings throughout Western Australia, Northern Territory, and Queensland.

Continued national research identified prospective geological setting on Kangaroo Island, leading to Exploration Licence Application 2017/00005 (Figure 1) which covers the most favourable ground on the eastern side of Kangaroo Island. The application area is located 100 kilometres southwest of Adelaide and covers an area of 27 square kilometres.

The geological focus is on the pegmatite intrusives into the Tapanappa Formation of the Kanmantoo Group. The pegmatite is predominantly feldspar-quartz-muscovite with varying amounts of topaz, tourmaline varieties elbaite, rubellite and indicolite, graphite, citrine, and apatite. The Geological Survey of South Australia has noted lepidolite in the area.

The small Mining Claim 4400 which covers the abandoned Dudley Mine area; a collection of shallow pits and shafts in the pegmatite, lies within the ELA. The Dudley Mine was worked during the 1890's and early 1900's for gem tourmaline, ceramic-grade feldspar, silica, and kaolin for brickmaking.

Previous exploration has centered on assessing the pegmatites for kaolin and gem quality tourmaline, with no exploration for lithium being recorded.

Managing director, Adrian Griffin said:

“Our broadened nationwide search is designed to de-risk the Company’s lithium exploration portfolio by providing exposure to multiple lithium opportunities across multiple state jurisdictions. The area we have identified on Kangaroo Island, South Australia, shows the hallmarks we are looking for. It is the right geological environment, has past identification of the lithium mineral suite and has some historic pegmatite mining. Like so many other areas across Australia, lithium has never been an exploration or production target on Kangaroo Island. Geographic diversity strengthens our portfolio and provides the opportunity to match the best available processing technology with the mineralisation types encountered”

“The South Australia campaign adds to Lithium Australia’s strong and expanding project suite and technological alliances over 2017 with private and government stakeholders alike as well as its 100% ownership of the versatile Sileach™ processing technology and access to a number of other leading technologies.”

Adrian Griffin

Managing Director

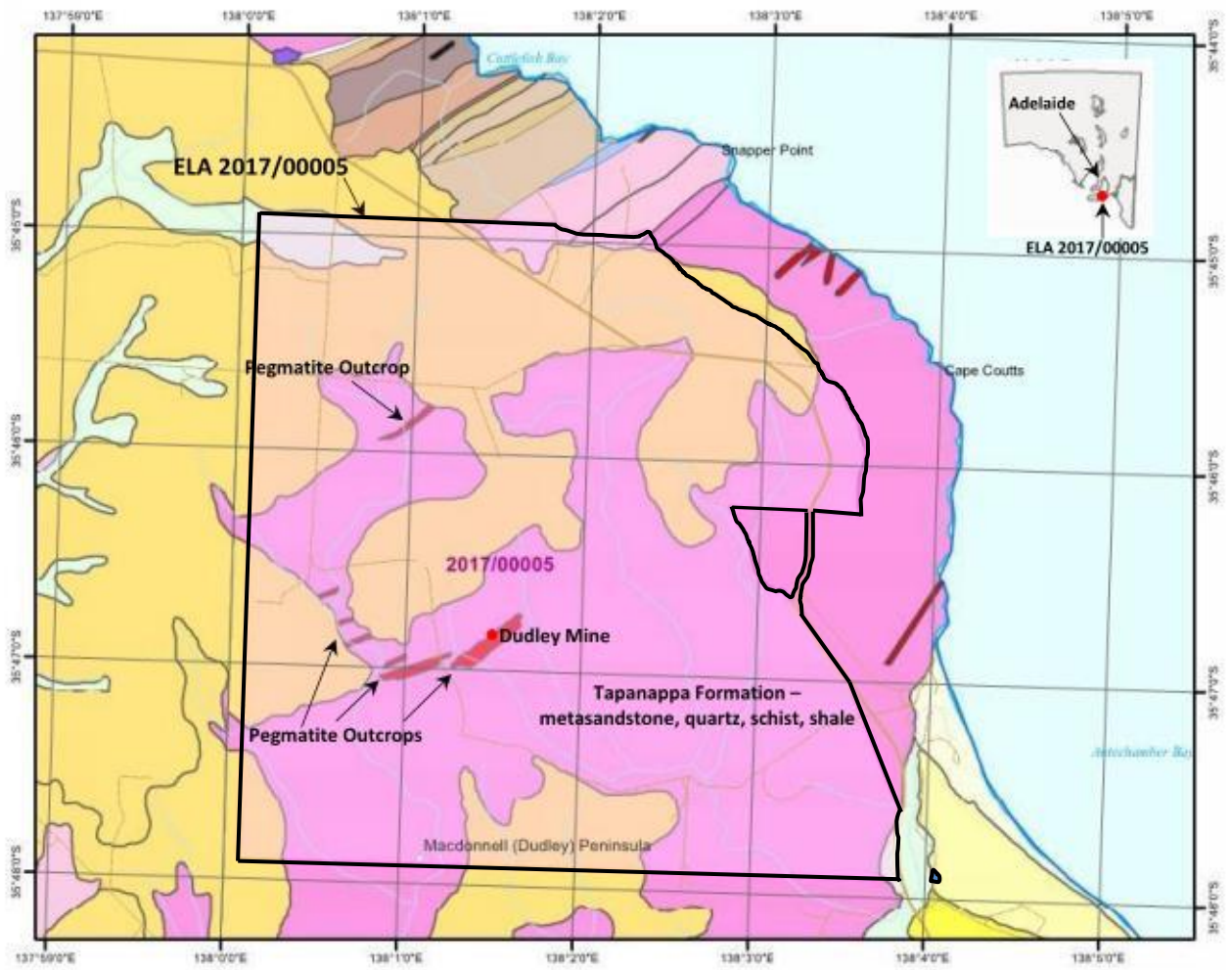
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LIT is a dedicated developer of disruptive lithium extraction technologies. LIT has strategic alliances with a number of companies, potentially providing access to a diversified lithium mineral inventory. LIT aspires to create the union between resources and the best available technology and to establish a global lithium processing business.

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**Figure 1 ELA 2017/0005
Location Map**

0.0 0.2 0.4 0.6 0.8 1
Kilometers
UNIVERSAL TRANSVERSE MERCATOR PROJECTION
GEOCENTRIC DATUM OF AUSTRALIA 1994