

7 July 2017

ASX ANNOUNCEMENT

LITHIUM AUSTRALIA (ASX: LIT) TO COMMENCE DRILLING NEXT WEEK AT RAVENSTHORPE, WESTERN AUSTRALIA

HIGHLIGHTS

- LIT to commence drilling at the Horseshoe Pegmatite in the week commencing 10 July 2017
- The Horseshoe Pegmatite shows strong similarity to nearby Galaxy Resources' (ASX: GXY) Mt Cattlin
- The Pegmatite is flat-lying with a footprint of 800 x 800 metres
- The Pegmatite contains both lepidolite and spodumene

SUMMARY

Lithium Australia NL (ASX: LIT) advises that drilling is currently set to commence in the week commencing 10 July 2017 at The Horseshoe Pegmatite Prospect, part of LIT's Ravensthorpe Lithium Project which is located 500 km southeast of Perth, Western Australia (Figure 1).

The lithium mineralisation is hosted by the Cocanarup pegmatite swarm, which is within the same geological sequence as Galaxy Resources' Mt Cattlin lithium mine located 18 km to the north-east.

A recently excavated costean has revealed lithium mineralisation which includes spodumene, lepidolite and elbaite (Figure 2), all of which can be processed with LIT's 100% owned SiLeach™ process.

The Horseshoe Pegmatite, once thought to be three separate pegmatite bodies, is now confirmed as a single, flat lying pegmatite with surface exposure of approximately 800 x 800 metres. The size of the pegmatite appears to be comparable to the Cattlin Creek Pegmatite currently being mined by Galaxy Resources.

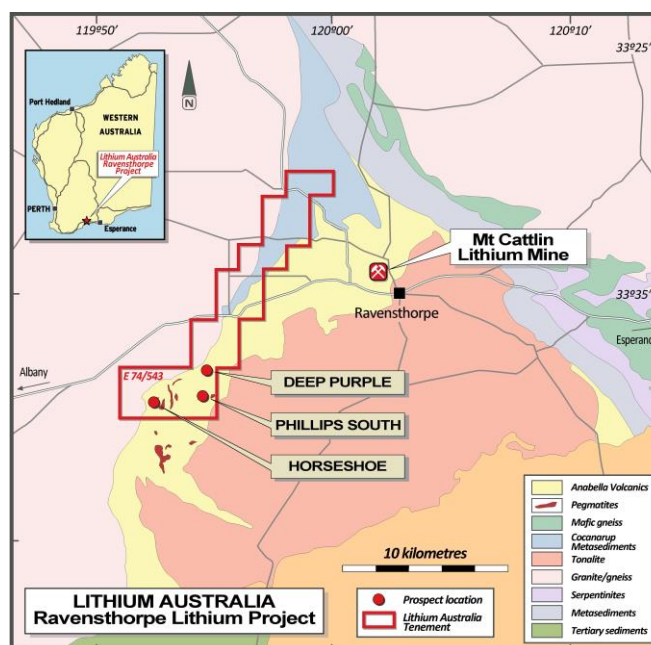


Figure 1 Regional geology of LIT's Ravensthorpe Project

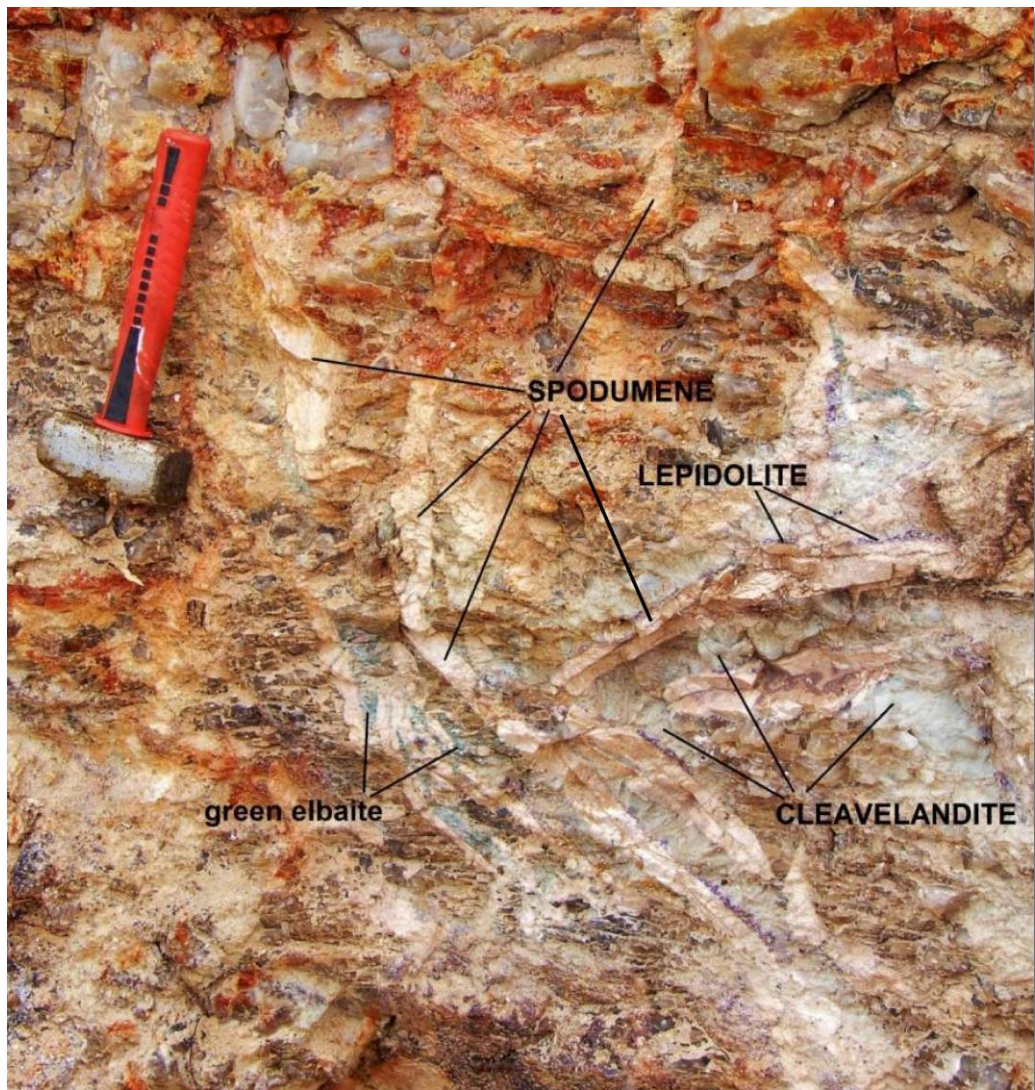


Figure 2: Spodumene and lepidolite mineralization in the Horseshoe Pegmatite, Ravensthorpe, WA.

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About Lithium Australia NL:

LIT is a dedicated developer of disruptive lithium extraction technologies. LIT has strategic alliances with, and investments in, 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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Competent Persons Statement:

The information contained in the report that relates to Exploration Results together with any related assessments and interpretations is based on information compiled by Mr Adrian Griffin, Managing Director of Lithium Australia NL.

Mr Griffin is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience relevant to the style of mineralisation under consideration and to the activity being reported to qualify as a Competent Person as defined under the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Mr Griffin consents to the inclusion in the report of the matters based on this information in the form and context in which it appears. The Company is not aware of any new information or data that materially affects the information in this report and such information is based on the information compiled on behalf of the company by Managing Director Mr Griffin.