

26 July 2017

ASX ANNOUNCEMENT

LITHIUM AUSTRALIA (ASX: LIT) COMPLETES STAGE ONE OF THE DRILLING PROGRAM AT THE 100% OWNED RAVENSTHORPE PROJECT, WESTERN AUSTRALIA

HIGHLIGHTS

- Stage 1 drilling of 26 RC drill holes for 959 m completed at the Horseshoe Pegmatite
- Strong similarity to nearby Galaxy Resources' (ASX: GXY) Mt Cattlin lithium mine
- 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 stage 1 drilling, to test the Horseshoe pegmatite, has been completed. Twenty-six reverse circulation drill holes ranging in depth from 19 m to 72 m, totaling 959 m were drilled since commencement on 13 July 2017. Samples from the drilling have been sent for testing, with results currently expected early August 2017.

The drilling program was designed to define the structural and geological setting of the Horseshoe pegmatite and to test for economic lithium mineralisation.

The drilling has shown that the Horseshoe pegmatite is a relatively flat, sheet-like body with a true thickness ranging from 15 m to 25 m. The continuation of the pegmatite to the west of the surface expression is open and lithium minerals spodumene and lepidolite have been identified in the drill chips.

Stage 2 drilling to test the Deep Purple pegmatite has been postponed due to adverse weather conditions restricting access to the site. The wet conditions have resulted in an unstable platform for drilling and therefore stage 2 is expected to commence later in the year.

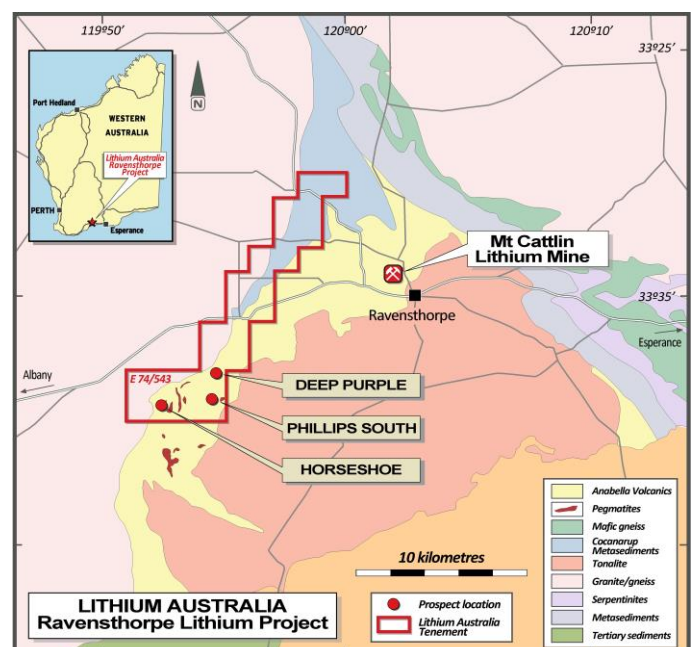


Figure 1 Regional geology of LIT's Ravensthorpe Project

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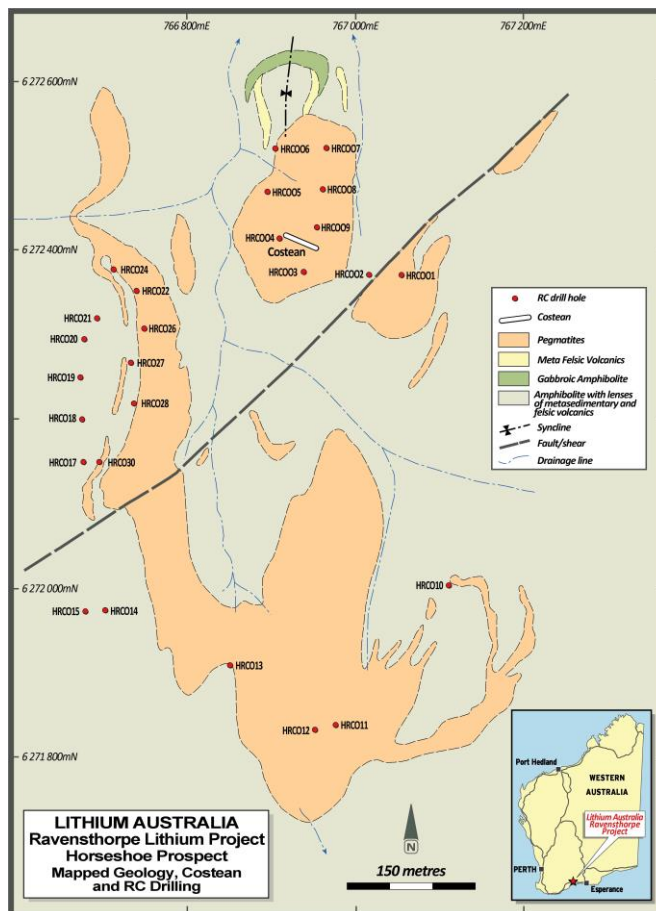


Figure 2: Horseshoe pegmatite mapped geology and RC drill hole collars

Lithium Australia Managing Director, Adrian Griffin said:

“The large footprint, substantial thickness and shallow dip of the Horseshoe Pegmatite, provides an excellent target. The identification of lithium minerals within the Pegmatite clearly demonstrates the very strong similarity to the pegmatite being mined nearby at Mt Cattlin, by Galaxy Resources. The Ravensthorpe area is showing a lot of promise and we look forward to improved weather conditions later in the year to enable the resumption of drilling which will focus on Deep Purple.”

Adrian Griffin

Managing Director

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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.

MEDIA CONTACT:

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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 Peter Spitalny on behalf of Mr Adrian Griffin, Managing Director of Lithium Australia NL. Mr Spitalny is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience relevant to the styles of mineralisation under consideration and to the activity which he has undertaken to qualify as a Competent Person.

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 Spitalny 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.

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APPENDIX 1
Ravensthorpe Project Reverse Circulation Drill Hole Collar Information

Hole ID	Easting (mE)	Northing (mN)	Grid	Zone	Azimuth (magnetic)	Inclination	EOH (m)
HRC001	767056	6272371	MGA-94	50	90	-60	31
HRC002	767018	6272371	MGA-94	50	90	-60	43
HRC003	766940	6272375	MGA-94	50	N/A	-90	24
HRC004	766911	6272415	MGA-94	50	N/A	-90	31
HRC005	766897	6272470	MGA-94	50	N/A	-90	19
HRC006	766906	6272522	MGA-94	50	N/A	-90	19
HRC007	766967	6272522	MGA-94	50	N/A	-90	31
HRC008	766963	6272472	MGA-94	50	N/A	-90	31
HRC009	766955	6272428	MGA-94	50	330	-60	42
HRC010	767111	6272004	MGA-94	50	270	-60	72
HRC011	766976	6271839	MGA-94	50	120	-60	36
HRC012	766952	6271834	MGA-94	50	120	-60	48
HRC013	766850	6271910	MGA-94	50	120	-60	72
HRC014	766702	6271975	MGA-94	50	90	-60	48
HRC015	766678	6271974	MGA-94	50	N/A	-90	49
HRC017	766676	6272151	MGA-94	50	90	-60	24
HRC018	766675	6272201	MGA-94	50	90	-60	36
HRC019	766673	6272251	MGA-94	50	90	-60	36
HRC020	766678	6272296	MGA-94	50	90	-60	36
HRC021	766694	6272321	MGA-94	50	90	-60	36
HRC022	766740	6272353	MGA-94	50	90	-60	36
HRC024	766712	6272377	MGA-94	50	90	-60	55
HRC026	766750	6272308	MGA-94	50	N/A	-90	25
HRC027	766733	6272268	MGA-94	50	90	-60	24
HRC028	766737	6272220	MGA-94	50	N/A	-90	25
HRC030	766694	6272151	MGA-94	50	90	-60	30

Total metres drilled = 959

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