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ASX ANNOUNCEMENT

Lithium Australia (ASX: LIT) Chairman's Address 2017 AGM

Welcome to the 2017 Annual General Meeting of Lithium Australia NL (ASX: LIT). My name is George Bauk and I am Chairman of Lithium Australia. With me today are fellow Board members Adrian Griffin, Managing Director, and Bryan Dixon, Non-executive Director.

Lithium-ion batteries are an increasingly common component in home electronics. As one of the most popular types of rechargeable batteries for portable devices, they are characterised by high energy density, tiny memory effect and low self-discharge.

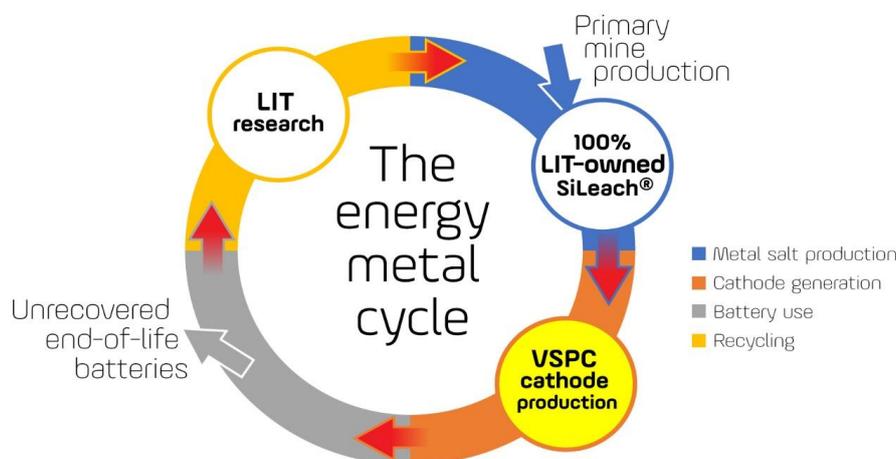
Lithium ion batteries are also powering the global electric vehicle (EV) revolution. Although at present only 2% of cars sold globally are EVs, the demand for lithium is growing rapidly – more rapidly, in fact, than anyone would expect – because EVs will soon be as affordable as conventional combustion engine motor vehicles. In addition to affordability, EVs will also enjoy a positive demand dynamic over the next two decades, as governments around the world mandate (as many have already) against the further use of fossil fuels in the automotive sector. Therefore, the world will need more lithium, and lithium in a form that can feed demand from burgeoning battery gigafactories – and that is the business we are in.

Lithium Australia recently outlined its low-emission strategy, which involves the application of both its:

- 100%-owned SiLeach® lithium recovery technology, and
- Very Small Particle Company (VSPC) cathode material production technology,

to a reduction in the emissions profile of what we have termed 'the energy metal cycle'.

Utilising lithium-hosting mine waste and recycling battery metals are key components of our 'cradle-to-grave' product stewardship, and the technologies LIT controls will lead the way in sustaining the energy metal cycle.



Right now, Lithium Australia is on track to approving construction of its sector-leading, large-scale SiLeach® pilot plant (LSPP) early in 2018, with the aim of progressing our processing technology through to, eventually, full commercial application and industry relevancy. Given recent funding activities and planned Research & Development funding arrangements, Lithium Australia can underwrite construction of the pilot plant courtesy of its own balance sheet.

Today, shareholder approval of Lithium Australia's VSPC acquisition will pave the way for Lithium Australia's re-commissioning of VSPC's Brisbane-based cathode material pilot plant. And that, combined with the Company's innovative processing technologies, will form the backbone of Lithium Australia's plans to 'close the loop' on the energy metal cycle.

While Lithium Australia's strategy for the next 12 months is to progress its processing technology via the LSPP, I would like now to reflect on the events of the past 12 months.

As at 30 June 2017, Lithium Australia's cash position was \$2.6 million and its market capitalisation \$58 million. Today, the company has cash, cash equivalents and tradable investments of around \$20 million and a market capitalisation of \$70 million. This, we believe, places Lithium Australia in a sound financial position from which to execute its strategy (described above) over the next 2 years.

During 2017, Lithium Australia launched a takeover bid for fellow lithium processing entity Lepidico Limited, as part of a strategy to consolidate technologies and exploration positions globally. While this transaction was not completed, Lithium Australia nevertheless benefitted by the liquidation of the shares gained through that bid for Lepidico. The transaction increased Lithium Australia's bank balance by about \$7 million, and in so doing will fund much of the Company's immediate development requirements.

Lithium Australia holds three licences for Lepidico's L-Max technology, which is finally receiving industry and market recognition for its ability to process off-specification lithium-bearing minerals. I remind shareholders that Lithium Australia holds the rights to exclusive use of L-Max in Western Australia and anticipates meeting all the conditions required to consolidate those rights for a further 20 years.

In the past 3 months, Lithium Australia has completed a series of equity placements at progressively higher prices: from 14 to 20 cents. This has further strengthened the Company's cash position in preparation for commercialisation of its lithium extraction and cathode material technologies.

Included in Lithium Australia's tradable stock are investments valued at approximately \$2 million, including the following:

- 3 million Lefroy Exploration (ASX: LEX) shares;
- 2 million MetalsTech (ASX: MTC) shares;
- 500,000 shares in Venus Metals Corporation (ASX: VMC);
- 1,000,000 shares in Alix Resources Inc. (TSX: AIX), and
- 11 million shares in pure-graphite play BlackEarth Minerals, which is currently raising up to \$6 million with its IPO, and in which Lithium Australia shareholders are offered a Priority subscription.

At Lithium Australia, we have leveraged off our unique advantages to take reasonable positions in various companies, and have a track record of selling at a profit – generally when the time is right for both companies involved, so all shareholders can benefit from the gain.

I thank Adrian Griffin, Lithium Australia's Managing Director, for his commitment, which has driven our success over the past 12 months and will continue to do so. I also acknowledge my fellow Board member Bryan Dixon for his contribution over the past 12 months.

Thank you, too, to the rest of the Lithium Australia team, all of whom work tirelessly to progress the Company's business plan, as set out above; their contribution will be vital over the coming 12 months.

Finally, I would like to thank you – our shareholders past, present and in the future – for your support, and I look forward to delivering returns for all of you as Lithium Australia transitions to commercial status, both within Australia and internationally, across lithium exploration, project development, processing technologies and production plants.

George Bauk

CHAIRMAN

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ABOUT LITHIUM AUSTRALIA NL

A dedicated developer of disruptive lithium extraction processes, LIT aims to marry resources and the best available technology to create a global lithium business capable of producing high-value cathode materials from diverse ore types.

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