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ASX ANNOUNCEMENT

LITHIUM AUSTRALIA BOLSTERS ITS EUROPEAN STRATEGY WITH GRANT OF EXPLORATION LICENCE IN GERMANY

HIGHLIGHTS

- Exploration licence for 133 km² granted by the Upper Mining Authority of Saxony (Germany).
- Drilling progressing at Sadisdorf project, with first assay results expected in February 2018.

EUROPEAN LITHIUM PRODUCTION STRATEGY

Disruptive process developer Lithium Australia NL (ASX: LIT, FRA: 3MW) has increased its European exposure by taking up prospective exploration ground in the Erzgebirge (Ore Mountains) region of Saxony, where lithium mineralisation is often associated with tin and tungsten mineralisation. Notable deposits there include Cinovec (Czech Republic), Zinnwald (Saxony) and Sadisdorf (Saxony), where Lithium Australia is farming into an historic tin mine with a pervasive lithium greisen halo. Sadisdorf is owned by Tin International AG and Lithium Australia is earning up to 50% of that project.

Lithium Australia plans to use its 100%-owned SiLeach[®] process to recover lithium from Sadisdorf, which may have sufficient resources to sustain 10 years of lithium carbonate production at a rate of 25,000 tonnes per annum ([ASX release, 7 December 2017](#)).

The Company's objective is to establish a central processing hub in Europe to support battery production for the rapidly expanding electric vehicle industry.

THE EICHIGT LICENCE AREA

The recently granted exploration licence covers 133 km² in the vicinity of Eichigt in Saxony (Figure 1). Mining ceased in Eichigt in the 17th century, with little modern exploration undertaken since. The area hosts a buried granite cupola, which is prospective for volatile metals and lithium-bearing greisens (alteration zones) with known extensions to the northwest and southeast. Lithium minerals were identified on surface, right above the buried cupola of the granite intrusion, in 2015.

There are some historic tin-mining operations in the northwest (currently being explored by Avrupa Minerals). The southwestern extension of the granite forms the central part of the Gottesberg tin deposit currently being explored by Lithium Australia's joint-venture partner Tin International.



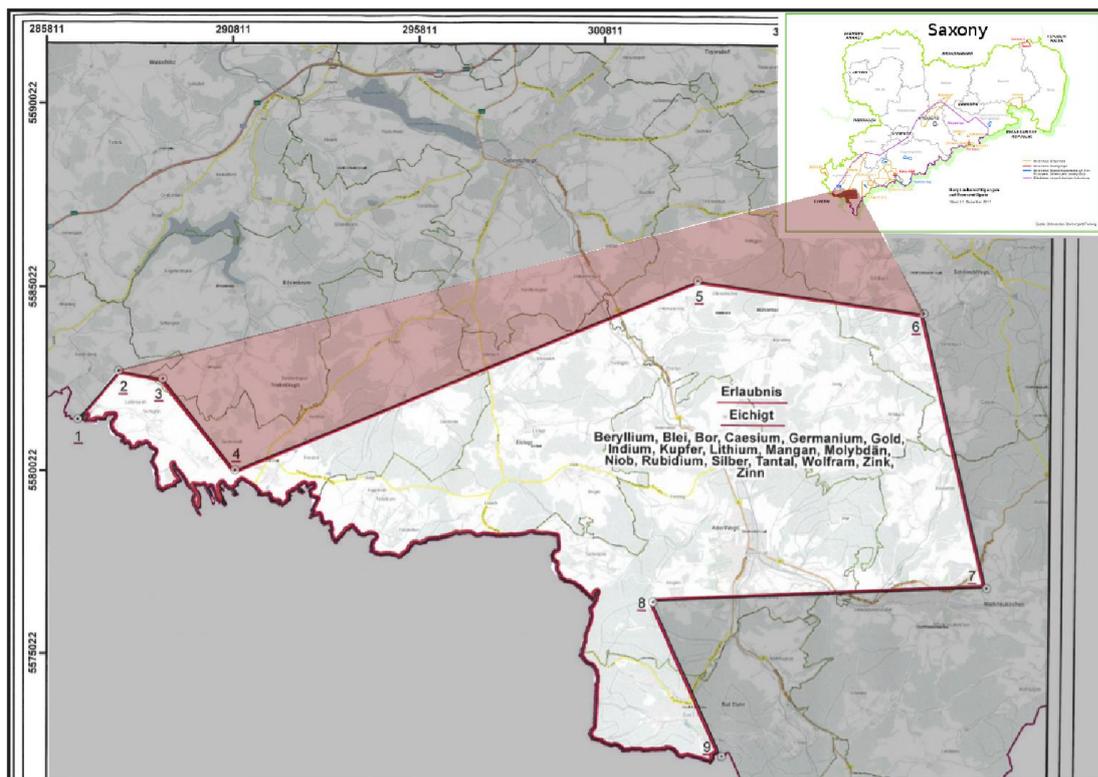


Figure 1: Granted exploration licence area in Saxony, Germany.

DRILLING AT SADISDORF

Drilling at Sadisdorf has now resumed, with initial results expected in February of this year. The drilling programme is scheduled for completion at the end of March, with final results expected in May 2018.

UNDERGROUND CHANNEL SAMPLING PERMITTED BY UPPER MINING AUTHORITY OF SAXONY

On 18 December 2017, Lithium Australia, which is managing the Sadisdorf Joint Venture, received the go-ahead from German authorities for its principal operating plan for underground channel sampling at the Sadisdorf project. Sampling there will begin in April/May 2018, following completion of an initial environmental study.

Albert Gruber, technical superintendent of Lithium Australia's German operations, commented as follows.

We are pleased to note the progress of Lithium Australia's aim of assembling a portfolio of lithium targets in German to supply growing demand in the industry. Using our knowledge to identify new targets neglected for centuries is a significant step forward. Sadisdorf already has the potential to supply lithium to the German auto industry and we are also looking to areas never before explored systematically. In this regard, central Europe offers many opportunities.

Lithium Australia managing director Adrian Griffin also commented:

Germany and Europe as a whole are in the midst of a shift to e-mobility. We are confident that Lithium Australia is well positioned to take advantage of that. The drill programme at Sadisdorf – which follows its maiden mineral resource estimate of 25 Mt @ 0.45% LiO₂ – aims to confirm historical data, as well as provide additional data to expand the known resource. We are looking forward to receiving the first results in support of that historical data and to confirm our interpretation of mineralisation and geology at that project.

We are also pleased to announce the acquisition of another land package in Saxony that has, since 2015, been known to host lithium minerals. We feel that this relatively recent identification, and the acquisition itself, further strengthen Lithium Australia's position in central Europe and support its aspiration to become a prime supplier to Europe's burgeoning battery industry.

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About Lithium Australia NL

Lithium Australia, a dedicated developer of disruptive lithium extraction technologies, owns 100% of the SiLeach® process for the recovery of lithium from all silicates. Moreover, Lithium Australia has strategic alliances with, and investments in, a number of companies that potentially provide it with access to a diversified lithium mineral inventory. Lithium Australia aims to unite resources and the best available technology and in so doing establish a global lithium processing business.

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