

11 November 2016

ASX ANNOUNCEMENT

Lithium Australia advises Phase 2 of Electra Joint Venture Earn-In

Lithium Australia NL (ASX: LIT) is pleased to report acceptance of the Phase 2 budget with its Joint Venture partner, Alix Resources Corporation (AIX – TSV-X) which is initiating a drill program at its newly discovered Agua Fria site containing lithium-rich clay formations that constitute part of the Electra project, Sonora, Mexico.

Highlights of the Agua Fria discovery include:

- Significant lithium-rich clay layers identified southwest of the large Tule Concession (Electra Project)
- Clay horizons traced for approximately 4.5 km on strike, with indications of width attaining over 800 m.
- Apparent thickness of target layers reaching 20-30 metres
- Assays up to 1,190ppm Li. Additional assays pending.
- Successful concession applications submitted
- The new concession included three ranches and Alix is currently negotiating for drill permitting, to be followed by environmental studies. There are no Ejido (community) surface (owner/co-op) rights requirements tied to the new concession application.

AIX geologists have recently returned from Agua Fria where they carried out follow-up work aiming to better understand the factors controlling the distribution of >1000ppm lithium, to expand areas of known higher grade mineralization with channel sampling and sample additional prospective beds within the Agua Fria basin. The investigated area is at a sufficient development stage to consider the definition of drill targets.

Thirty-one samples have been submitted to ALS Chemex in Hermosillo requesting the 4-acid method (ME-MS61) and the previously used ME-MS41 on 8 duplicate samples to provide some data comparison. The high lithium concentrations are associated with grey, brown and white colored clay-rich sedimentary beds dipping shallowly to the east and capped with basaltic flows. This sequence is similar to that found on the nearby La Ventana property held by Bacanora Minerals and REM.

Under the terms of the option and joint venture agreement LIT and AIX will explore and develop the Electra Project (comprising the Tule, and Tecolote concession applications, and the Agua Fria discovery area), an agreed upon Phase 2 comprises:

- LIT may earn a 49% interest in the project by:
- Issuing 500,000 fully paid ordinary LIT shares to Alix;
- Issuing 500,000 partly paid LIT contributing shares paid to 0.01 Australian cent each (24.99 Australian cents unpaid) to Alix; and
- Expending a further A\$250,000 within 12 months of signing; Alix-LIT-combined board to agree on scope of work with LIT to have deciding vote.

In addition, AIX has advised that reject samples from both the Tecolote and Agua Fria targets have been sent to, and received in, LIT's offices in Australia. Preliminary test work has been initiated to enhance the recovery of lithium from the clay samples and to develop in-situ methods of analyzing lithium (and associated minerals) that will assist the exploration activities. Additional samples will be shipped shortly from Agua Fria.

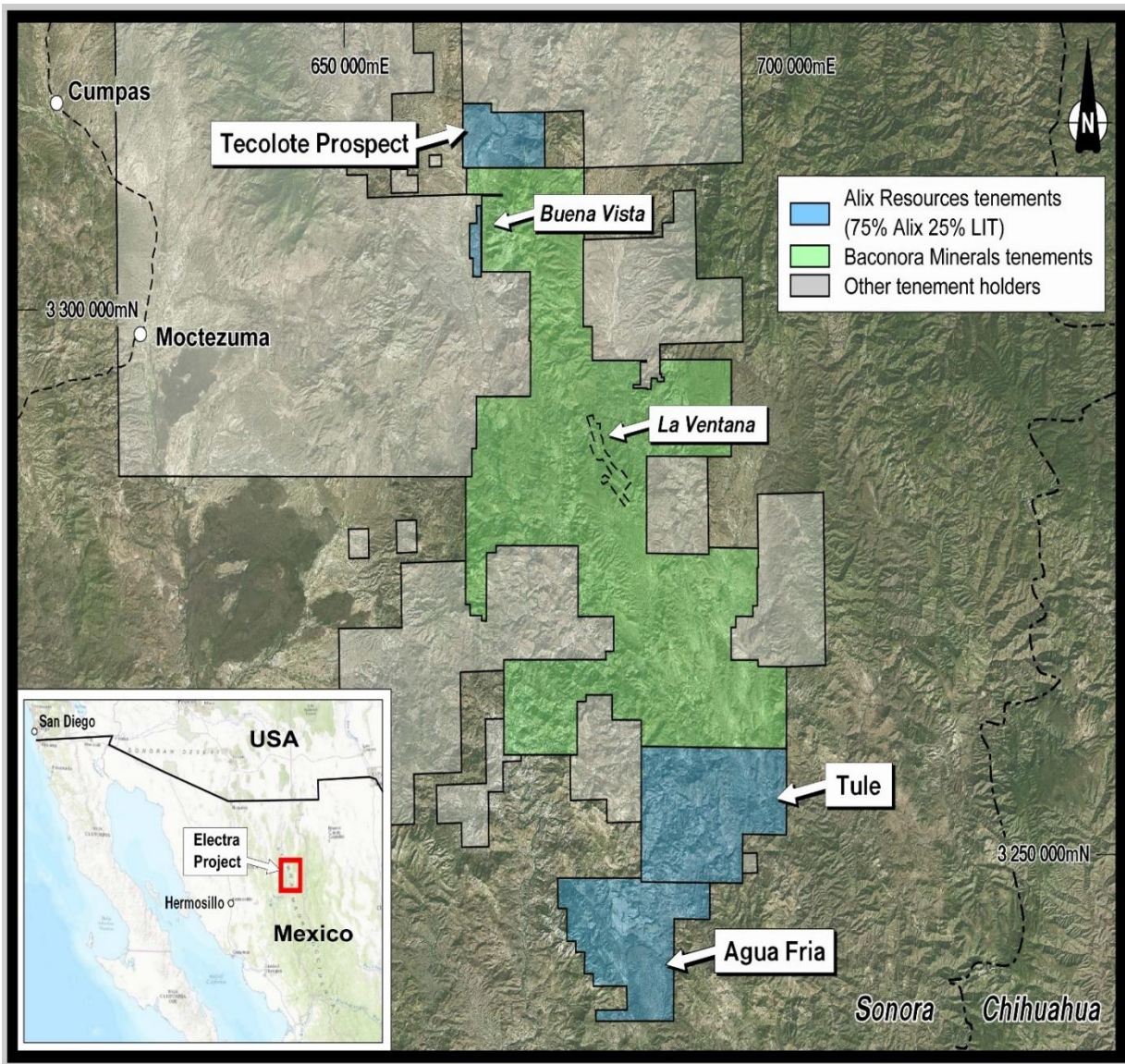


Figure 1 Location of the Electra Project, Sonora, Mexico.

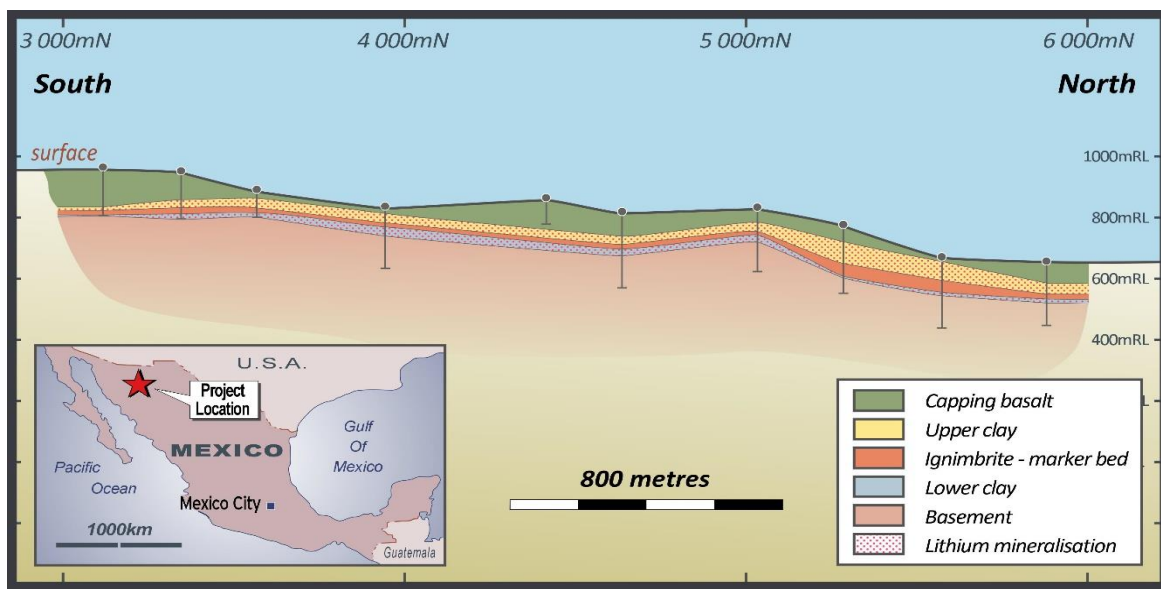


Figure 2 – The Electra Project showing diagrammatic cross section of the clays encountered within the geological sequence adjacent to the Electra prospect.

Managing Director Adrian Griffin commented:

“The recent significant discoveries at Agua Fria have rightly resulted in reprioritizing target areas - and that’s a nice problem to have. At Lithium Australia we continue to advance the technical support required for the best possible outcome for the shareholders of both Alix and Lithium Australia as we prepare for the maiden drilling campaign”

President of Alix, Mr Mike England

"We are very pleased to have quickly reached this significant milestone with Lithium Australia and look forward to our maiden drill program on the new discovered Agua Fria targets. The objective is to discover lithium-rich clay layers similar to that of the Bacanora/REM La Ventana deposit."

Further information in relation to this release can be found at <http://www.alixresources.com/>

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ABOUT LITHIUM AUSTRALIA NL

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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