

27 April 2016

ASX ANNOUNCEMENT

LITHIUM AUSTRALIA COMMENCES EXPLORATION AT GREENBUSHES, THE HOME OF THE WORLD'S LARGEST LITHIUM MINE

Highlights:

- **Lithium Australia's first exploration licence granted at Greenbushes**
- **Exploration areas adjacent to Talison Lithium's Greenbushes operation**
- **The region produces 40% of global lithium requirements**
- **Abundant pegmatites in the area provide significant exploration potential**
- **Lithium Australia to commence low-impact exploration immediately**

First licence granted

The Western Australian Department of Mines and Petroleum has granted Lithium Australia NL (ASX: LIT) the first of its exploration licence applications in the Greenbushes area of Western Australia (Figure 1).

Regional prospectivity

The area covered by E70/4778 is very prospective for lithium mineralization, as are the other LIT application areas, within which numerous pegmatites have been identified.

A premium address

In recent times there has been significant interest rekindled in the Greenbushes area, with many junior explorers attracted by the obvious exploration potential of the area which currently produces about 40% of the world's lithium from just one mining operation.

The Greenbushes pegmatite is probably not alone and the large number of pegmatites in the area provides significant scope for exploration activities.

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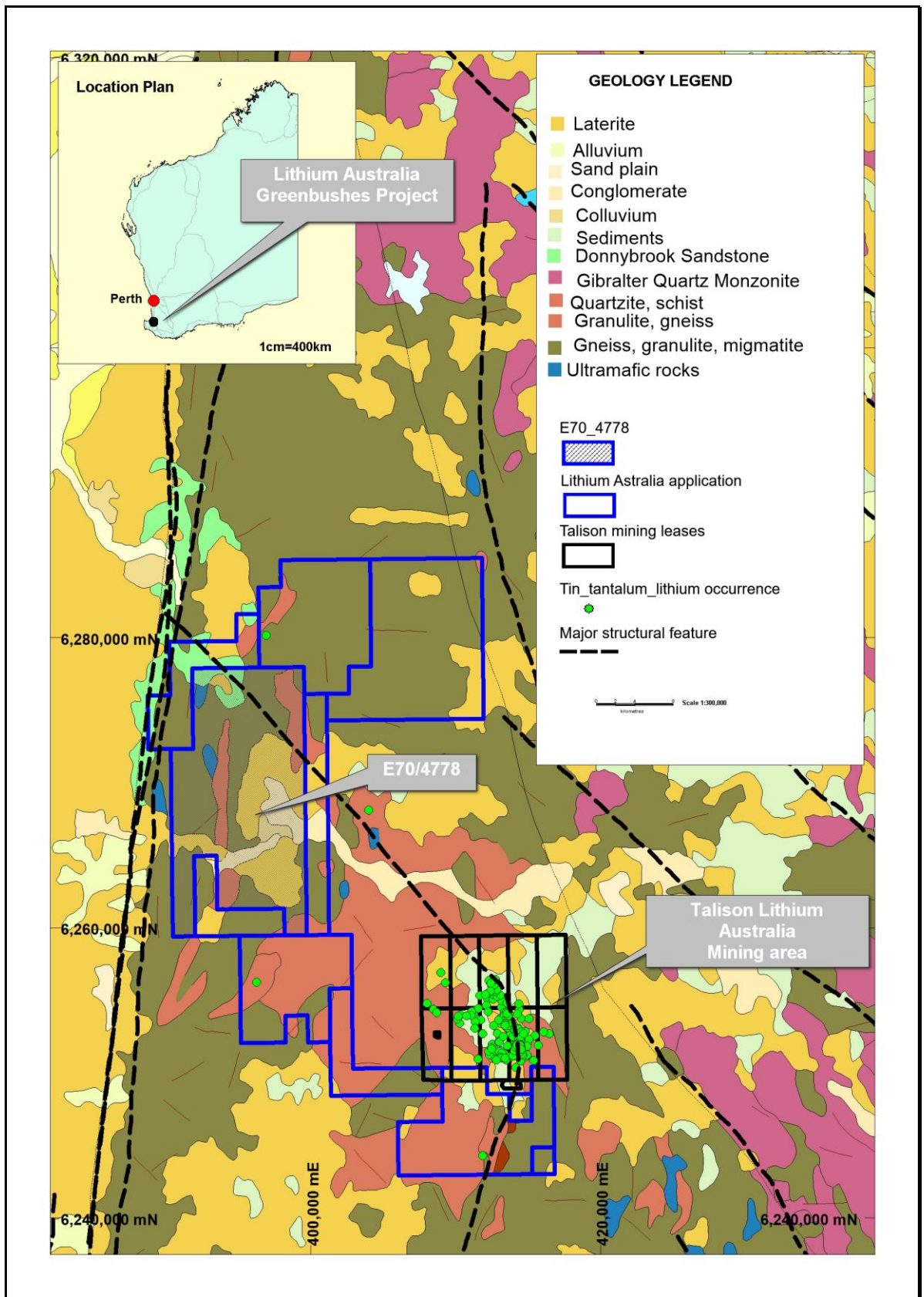


Figure 1. Location of Lithium Australia's granted exploration licence and further licence applications

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The initial targets

Despite being an active mining area since the 1880s, there remains great exploration potential in the Greenbushes region. Much of the prior exploration work was focused on tin and tantalum but today a new wave of exploration tools paves the way for applying advanced techniques to the exploration for lithium.

LIT will commence work immediately with low-impact exploration, including remote sensing evaluation from publicly available databases, field mapping and real time lithium assays using laser-induced breakdown spectroscopy (LIBS). This will be combined with field portable x-ray fluorescence (XRF) to develop a broad geochemical spectrum to provide the highest probability of detecting the signature of buried pegmatites.

The favoured mineral suite

LIT is the only company in the world with the ability to process any lithium bearing silicate mineral by using its 100% owned Sileach™ process. Sileach™ is capable of recovering lithium from spodumene, micas, and other silicates, without the energy intensive roasting step characteristic of conventional processing techniques. All lithium minerals are of interest to Lithium Australia.

Lithium Australia's managing director, Adrian Griffin said:

"Greenbushes is certainly elephant country when it comes to lithium. We are pleased with our ground position and have the personnel and technology to drive the most effective exploration campaign. Recent activity in the area rivals that of the Pilgangoora Hot Spot and we are one of the few companies firmly established in both locations."

LIT would like to advise all stakeholders in the area that they will be fully consulted prior to any activity on their land. LIT is pleased to have local support and will work with the community to obtain the best outcome for all involved. We look forward to a successful exploration campaign.

Adrian Griffin

Managing Director

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About Lithium Australia NL

LIT is a dedicated developer of disruptive lithium extraction technologies including the versatile Sileach™ process which is capable of recovering lithium from any silicate minerals. LIT has strategic alliances with a number of companies, potentially providing access to a diversified lithium mineral inventory globally.

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