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ASX ANNOUNCEMENT

LITHIUM AUSTRALIA COMPLETES FIRST PHASE OF ELECTRA JOINT VENTURE AND EARNS 25% INTEREST

HIGHLIGHTS

- ALIX CONFIRMS COMPLETION OF FIRST HURDLE
- LIT EARNS 25% INTEREST IN ELECTRA JOINT VENTURE
- WORK CONTINUES AT THE ELECTRA PROJECT

Summary

Lithium Australia NL (ASX: LIT) has joined forces with TSX listed Alix Resources (TSX: AIX) having earned 25% in the Electra Joint Venture. Work continues at the Electra Project to explore and develop the projected extensions of the giant Sonora lithium clay deposit located in Mexico (Figure 1 - the Electra Project).

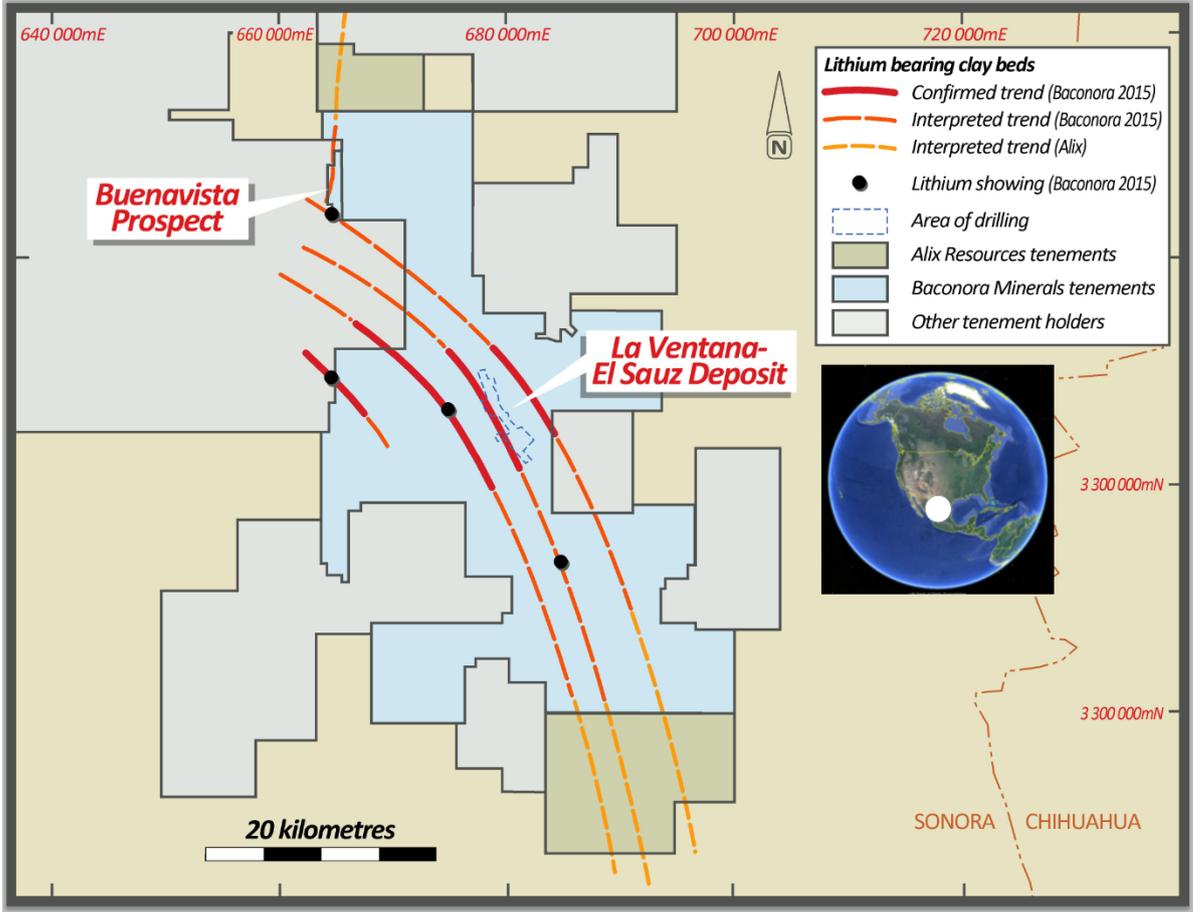


Figure 1 showing the location of the giant Sonora deposit controlled by Baconora/REM and interpreted strike extensions subject of the Joint venture between LIT and Alix.

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The thrust into one of the great lithium provinces

LIT and Alix acknowledge the challenge of bringing the low-grade giants into production and believe the key to commercialization lies in:

- Low energy process flowsheets, and
- Potential to beneficiate the ore.

The lithium clay deposits present a significant challenge and the application of the best available technology will be key to commercializing these occurrences. The application of advanced exploration techniques will accelerate resource assessment.

Adoption of mineral separation technology from other industries may allow the production of a beneficiated product, to reduce capital and operating costs.

Managing Director, Mr Adrian Griffin: *“At Lithium Australia we recognize the value of innovation in developing process solutions. Our success in developing the Sileach™ process for spodumene is a great example and we strongly believe we can develop a processing strategy to enhance the commercial opportunity provided by processing lithium clays.”*

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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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