

1 June 2016

ASX ANNOUNCEMENT

INITIAL WORK PLANNED FOR PROPOSED 35-HOLE DRILL PROGRAM AT RAVENSTHORPE NEAR WA'S MT CATTLIN LITHIUM MINE

HIGHLIGHTS

- **WA MINES DEPARTMENT APPROVAL GRANTED FOR INITIAL SITE CLEARANCE FOR PROPOSED 35-HOLE PROGRAM ON LITHIUM AUSTRALIA'S RAVENSTHORPE PROJECT, WEST OF ESPERANCE**
- **PERMIT ALSO GRANTED FOR MAJOR BULK SAMPLING OF TENEMENT**
- **FIRST DRILL TARGET JUST 18 KM FROM GALAXY'S OPERATING MT CATTLIN LITHIUM MINE**

Western Australia's Department of Mines and Petroleum has granted approval for initial preparatory site works by Lithium Australia Limited (ASX: LIT) on the Company's wholly owned Ravensthorpe project, west of Esperance in the State's south.

The approval to clear native vegetation under the auspices of section 51E Environmental Protection Act 1986, is the forerunner to awaited approvals for Lithium Australia's proposed maiden drill program for Ravensthorpe.

The exploration licence is situated 10km west of the Mt Cattlin lithium mine (Figure 1) and extends along 20km of prospective strike. Thirty five drill holes are planned within the first target zone which is located 18km to the south-west of Mt Cattlin and includes the Horseshoe prospect. Mt Cattlin is home to one of Australia's largest lithium developments and is the subject currently of a \$700 million merger between Galaxy Resources Limited (ASX: GXY) and General Mining Corporation Ltd (ASX: GMM).

LIT has had outstanding exploration success in the region, focused on lithium bearing pegmatite swarms extending to the southwest of the GMM/GXY operations (See LIT announcements dated 4 and 31 March 2016). The Ravensthorpe project hosts abundant lithium pegmatites, which like the nearby Mt Cattlin, contain both lithium mica and spodumene.

Bulk sampling

Permits have also been granted to remove up to 5,000 tonnes of material from the Ravensthorpe exploration licence to be used by LIT for bulk sampling and metallurgical test programs employing the Company's 100% owned Sileach™ process. This process has the capability of recovering lithium from all lithium silicates including spodumene.

Lithium Australia Managing Director, Mr Adrian Griffin:

"The abundance of lithium pegmatites at Ravensthorpe, and nearby lithium production, clearly places Lithium Australia at the focus of one of the most promising lithium centres in the world. The recent corporate activity in this commodity is a positive testament to the value and upside of the regional lithium potential and the new approvals contribute to our ability to capitalise on the opportunities available in the area."

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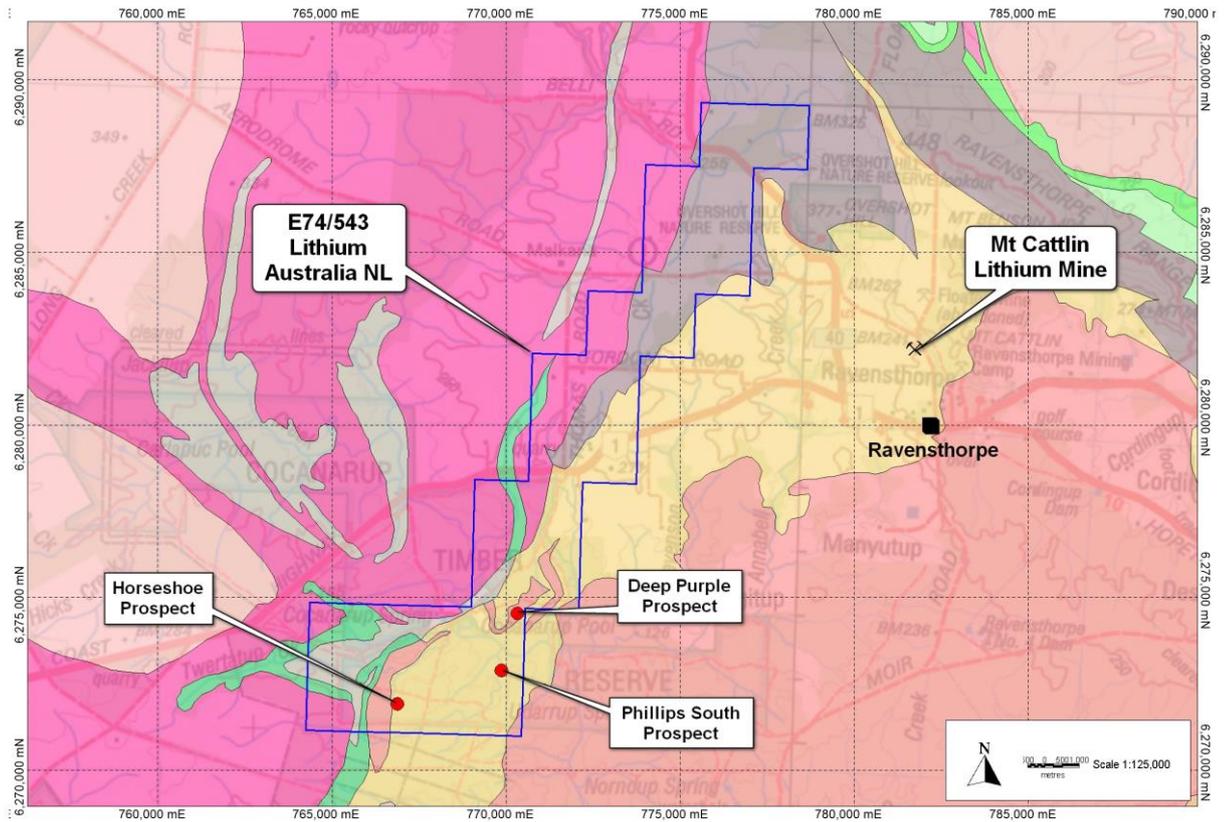


Figure 1 showing the location of LIT's Ravensthorpe Project.

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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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