

COMPANY DETAILS

LITHIUM AUSTRALIA NL

ABN: 29 126 129 413

ASX CODE: LIT & LITCE

PRINCIPAL AND REGISTERED OFFICE

Level 1
675 Murray Street
West Perth WA 6005

P +61 8 6145 0288

F +61 8 9475 0847

POSTAL ADDRESS

PO Box 1088
West Perth WA 6872

CORPORATE INFORMATION

(31 July 2017)
297M Ordinary Shares
133M Listed Partly Paid Shares
21M Unlisted Options
25M Performance Rights

BOARD OF DIRECTORS

George Bauk
(Non-Executive Chairman)
Adrian Griffin
(Managing Director)
Bryan Dixon
(Non-Executive Director)

For further information contact:

Lithium Australia NL
Adrian Griffin (MD)

Tel: +61 (08) 6145 0288
Email: info@lithium-au.com
Web: www.lithium-au.com

LITHIUM AUSTRALIA REPORT FOR THE QUARTER ENDING 30 JUNE 2017 - AND OUTLOOK FOR A ROBUST FY18

Dear Lithium Australia shareholders,

You will see from the contents of this June 2017 quarterly report that Lithium Australia NL (ASX: LIT) (Company) has entered the 2017-2018 financial year (FY18) in the best position yet to deliver on our well enunciated business strategy.

LIT'S strategy is to apply the best available processing technology to unconventional plant feed. That feed may include low-grade, of contaminated spodumene concentrates, lithium micas, lithium feldspathoids, lithium amphiboles, and a host of other lithium minerals, not usually processed to produce lithium chemicals. LIT plans to process the materials rejected by others, and with a low exposure to mining costs. Alternative feed supply will be generated through LIT's own projects as a backup to third party feed to de-risk supply issues for the development of lithium processing hubs. These hubs will be centred around deploying our 100% owned Sileach® process.

Recent engineering studies showed that a large-scale pilot plant can be profitable, even without by-product credits. The studies also identified that substantial saving in both capital and operating costs could be achieved by some flow sheet modifications. These modifications are presently being tested prior to being incorporated in the SiLeach® plant design. These tests are being undertaken by ANSTO Minerals, a division of the Australian Nuclear Science and Technology Organisation) for incorporation in an improved design, in anticipation of a commitment to build the first plant.

Our June 2017 quarter achievements and report follow.

Adrian Griffin
Managing Director
Lithium Australia NL

MEDIA CONTACT:

Adrian Griffin Lithium Australia NL 08 6145 0288 | 0418 927 658
Kevin Skinner Field Public Relations 08 8234 9555 | 0414 822 631

JUNE 2017 QUARTER HIGHLIGHTS

- Lithium Australia NL Sileach® Large Scale Pilot Plant exceeds design criteria.
- LIT completes drilling at the Agua Fria prospect, Mexico; and lithium recovered from Agua Fria “clays” with cold sulphuric acid.
- LIT and Venus Metals Corporation Ltd (ASX: VMC) extend to Phase 2 experimental test work with MRIWA.
- LIT’s Gascoyne exploration tenure enlarged.
- LIT’s North Queensland footprint tenure enlarged.
- LIT’s Sadisdorf Project (Germany) farmin and JV with Tin International commences exploration
- LIT’s 15.82% in Lepidico Ltd (ASX: LPD) delivers strategic stake in alternative, and complimentary L-Max®* technology

(* LIT can advise that the three L-Max licence agreements it has with Li-Technology, remain valid and enforceable being the exclusive WA L-Max Licence, International Licence No.1 and International Licence No.2.)

SUBSEQUENT EVENT

Drilling commenced at Ravensthorpe (southern WA) confirming the Horseshoe pegmatite is shallow dipping, has a true thickness of 15-25 m and a footprint of about 800x800m. Lithium minerals have been identified during the course of drilling, and the Company awaits assays.

Lithium powering the energy revolution

Lithium is an important commodity especially in the manufacturing of batteries and according to most analysts the demand for lithium will increase significantly with the growing market for electric vehicles in the coming years. Back-up for renewable power generation, creating reliable 24-hour supply, and domestic power storage, will also generate strong demand for lithium.

LIT is developing the technology to improve sustainability of lithium production by processing lithium bearing materials neglected by others as a feed source for lithium chemicals. LIT’s most advanced extraction technology is SiLeach®. SiLeach® eliminates the expensive roasting step in conventional lithium processing, with the technology capable of treating lithium bearing minerals currently being disposed of as waste from mining operations around the world, due to a lack of suitable mineral extraction technology.

SiLeach® Large-Scale Pilot Plant Exceeds Expectation

Engineering design studies and subsequent financial modelling showed that LIT’s proposed large-scale pilot plant (“LSPP”) based on SiLeach® can be cash positive based on the production of lithium carbonate, before by-product credits, and that mica material can be a competitive source of commercial lithium products. The studies also identified multiple avenues for further substantial capital and operating cost reductions. These were the key findings of the initial work released during the quarter by LIT and CPC Project Design Pty Ltd (“CPC”) in their design and evaluation of a LSPP based on the application of LIT’s advanced SiLeach® lithium processing technology. The LSPP’s design studies used a base annual lithium carbonate production of 2,500 tonnes (~1/10th scale of a full-scale production plant).

The studies concluded that:

- Recovery of high purity lithium carbonate produced by the ANSTO operated pilot plant that meets offtake specification, can be achieved;
- Hydrometallurgical plant operating costs of around US\$5,600 – US\$6,400 per tonne of lithium carbonate produced, without consideration of any potential by-product credits;

- By-product credits have potential to significantly reduce operating costs.
- Potential to make further significant improvements to both capital and operating costs by:
 - improved water management;
 - optimisation of reagent mix and usage;
 - improved control on neutralisation to minimise lithium losses;
 - optimising the trade-off of residence time versus recovery; and
 - economies of scale transitioning from pilot plant testing to commercial operations.

LIT's current preferred supply model is to source lithium mica from waste streams from already operating mines. LIT is also pursuing exploration activity to secure alternative supply, if required and is evaluating the processing of spodumene, and suitable spodumene supplies. The sourcing of the feed material is one of LIT's high priorities and this remains a critical requirement for committing to the construction of the LSPP.

Optimisation studies will be undertaken during 2017, to improve both capital and operating costs, with a view to committing to construction of a LSPP by year end. Results of the optimisations will be reported as they become available.

EXPLORATION PROJECTS

Substantive activities on projects during the quarter under review are outlined below. Brief descriptions of LIT's other exploration projects are provided at Appendix A.

Ravensthorpe – Western Australia (LIT 100%)

The project consists of a single Exploration Licence 74/543 covering a 20 kilometre favourable geological domain which contains Mt Cattlin lithium and tantalum mining operations of Galaxy Resources Limited.

The Horseshoe Pegmatite Prospect, part of the Ravensthorpe Lithium Project, is located 420km southeast of Perth (Figure 1).

The lithium mineralisation is hosted by the Cocanarup pegmatite swam, which is within the same geological sequence as Galaxy Resources' Mt Cattlin lithium mine located 18km to the north-east.

A recently excavated costean as shown in Figure 2 has revealed lithium mineralisation which includes spodumene, lepidolite and elbaite, all of which can be processed with LIT's 100%-owned SiLeach™ process.

The Horseshoe Pegmatite, once thought to be three separate pegmatite bodies, is now confirmed as a single, flat lying pegmatite with surface exposure of approximately 800 x 800 metres (Figure 2). The size of the pegmatite appears to be comparable to the Cattlin Creek Pegmatite currently being mined by Galaxy Resources.

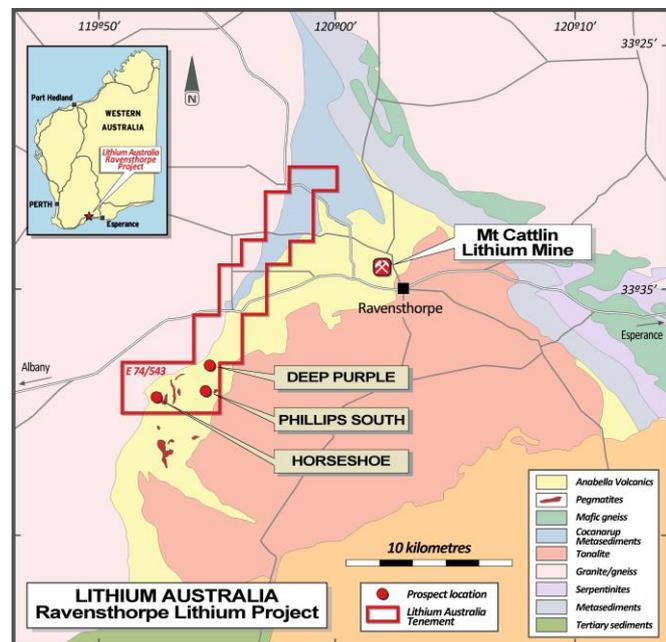


Figure 1 Regional geology of LIT's Ravensthorpe Project

Work to date confirms the geological similarity of the pegmatites at Cocanarup and to the nearby Cattlin Creek Pegmatite currently being mined by Galaxy Resources Limited.

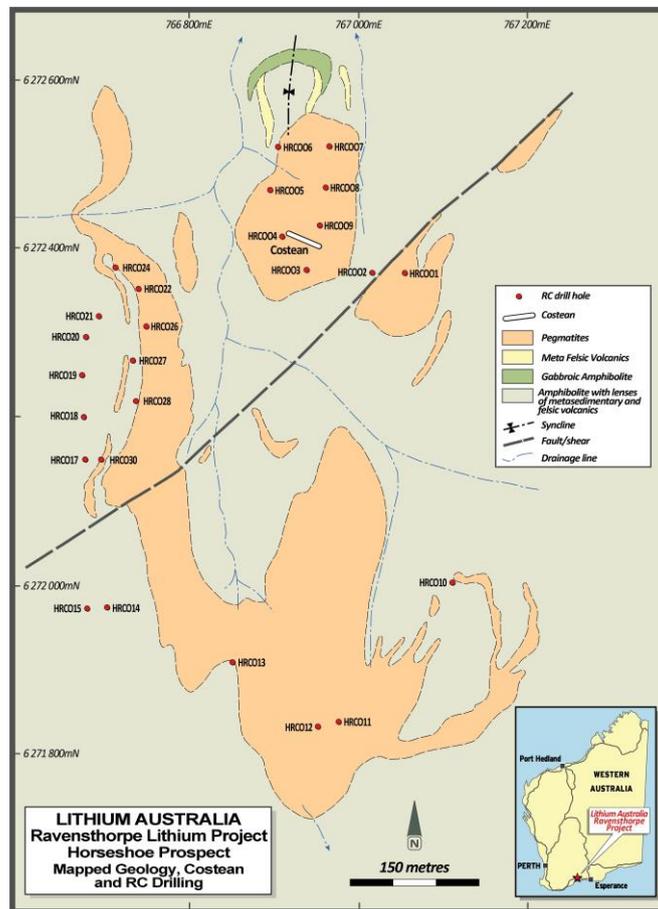


Figure 2: Horseshoe pegmatite mapped geology, costean location and RC drill hole collars

Costeaning Results

Thirty-six, 1m composite channel chip samples were taken along the northern face of the costean in Figure 2. The first 13 m interval, represented by samples CC001 to CC013, was 13 m @ 0.82% Li₂O, **including 10 m @ 1.1% Li₂O**. A peak lithium assays of 2.91% Li₂O corresponds to a 1 m spodumene-lepidolite interval. Details of these results are included in the [ASX announcement of 26 May 2017](#).

Electra JV (Sonora, Mexico) LIT 49%, AIX 51%

Successful Target Interceptions

The maiden reverse circulation (“RC”) hole collared in lithium bearing sediments intersected two intervals of +1,000 parts per million (“ppm”) lithium (Li) on the Agua Fria target within the Electra Project in Sonora, Mexico (Figure 3).

The target sediments are similar in origin to the neighbouring La Ventana deposit, operated by Bacanora Minerals and thought to be the largest lithium “clay” deposit yet identified. The Agua Fria prospect has similar dimensions to La Ventana and is characterized by fine-grained minerals, only a small proportion of which contain lithium, providing significant potential to increase plant feed grades by beneficiation.

The current equity in the Electra Joint Venture, of which Agua Fria is part, is LIT 49% and Alix Resources Corporation 51%.

Drilling Results

The first vertical hole, AF-17-001, was drilled to a depth of 126 metres, intersecting two intervals of +1,000 ppm Li in clay-bearing volcanogenic sediments, including 33 metres from 3 to 36 metres averaging 1,058ppm Li, and 21 metres from 54 to 75 metres averaging 1,043ppm Li.

LIT awaits final drilling results.

Successful in-field lithium assays

The Agua Fria project is believed to be the first, comprehensive, field test of a portable Laser Induced Breakdown Spectroscopy (LIBS) using a SciAps Z300 instrument pre-calibrated for material type and lithium grade to provide “real time” assay verification.

Li assays have been received from one drill hole (AF-17-001), and the initial correlation between obtained laboratory values to concentrations determined by the SciAps Z300 shows very good correlation with laboratory results (Figure 4).

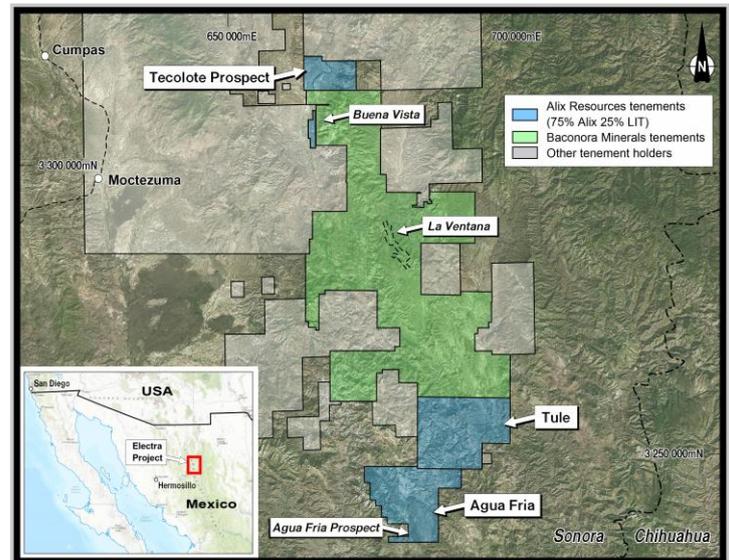


Figure 3 Agua Fria is located within the same geological environment as the adjacent La Ventana deposit, subject of Bacanora Minerals' development plans.

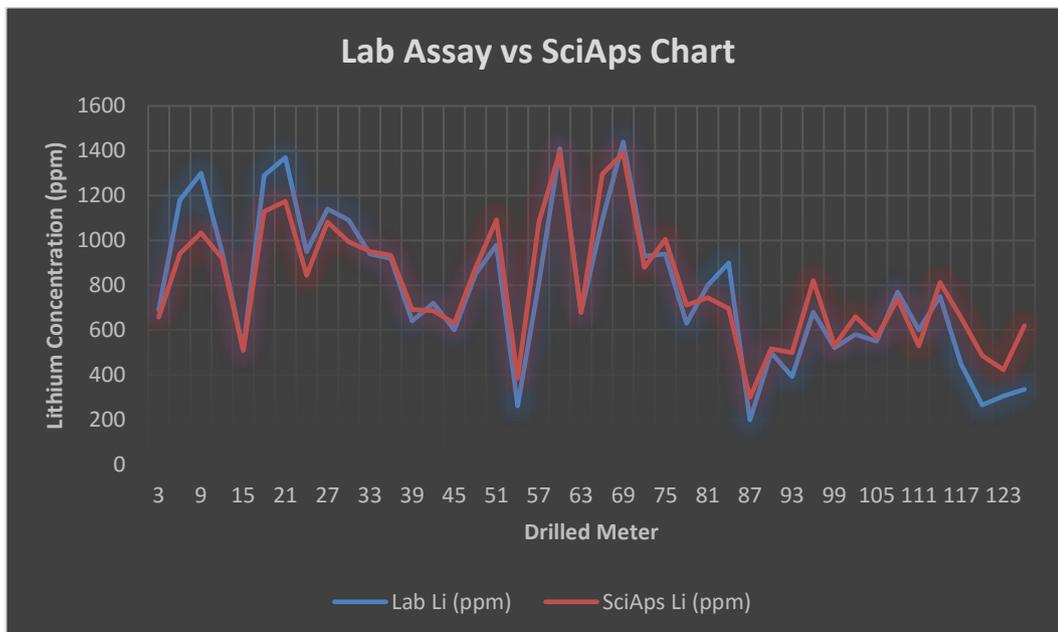


Figure 4 Shows down-hole results for lithium (ppm) derived from drill hole AF-17-001.

The comparison between the LIBS and lab assays was presented in the [ASX announcement of 2 May 2017](#).

Preliminary Metallurgical Results

Initial tests undertaken on trench samples from Agua Fria indicate the lithium is contained within a small fraction of the mass of the target material, providing good potential to increase plant feed grades by separating the lithium bearing component.

Laboratory tests confirm that the lithium can be liberated in sulphuric acid, at ambient temperatures, potentially providing a cheap means of recovering value from the target.

Sadisdorf Joint Venture (Germany) (LIT and TIN International)

During the quarter, LIT signed the Saxony Farm-in, Incorporated Joint Venture and Shareholder Agreement (Saxony JV Agreement) with Tin International AG following the completion of a due diligence by LIT on the Sadisdorf project (Germany) and by TIN on the Sileach® process, respectively.

Exploration will initially focus on the Sadisdorf Project which is located in the Erzgebirge (“Ore Mountains”) of Saxony, Germany (Figure 5) where tin mining has been widespread since the Middle Ages.

With the signing of the Saxony JV Agreement, Tin International received a one-time cash payment of EUR 50,000 and 1,723,806 LIT shares. LIT can earn a 15% interest in the Joint Venture by spending EUR 750,000 in exploration on Sadisdorf before 30 June 2018. A further 35% interest (for a total 50% interest) can be earned by spending an additional EUR 1.25 million in exploration by May 2020. After the completion of the farm-in period, the partners equally bear the project development costs or are diluted accordingly.

Mineralisation at the historic Sadisdorf tin mine is characterized by pervasive greisens which are known to contain abundant lithium micas (Figure 6) ideally suited to processing with LIT’s 100% owned Sileach® process.

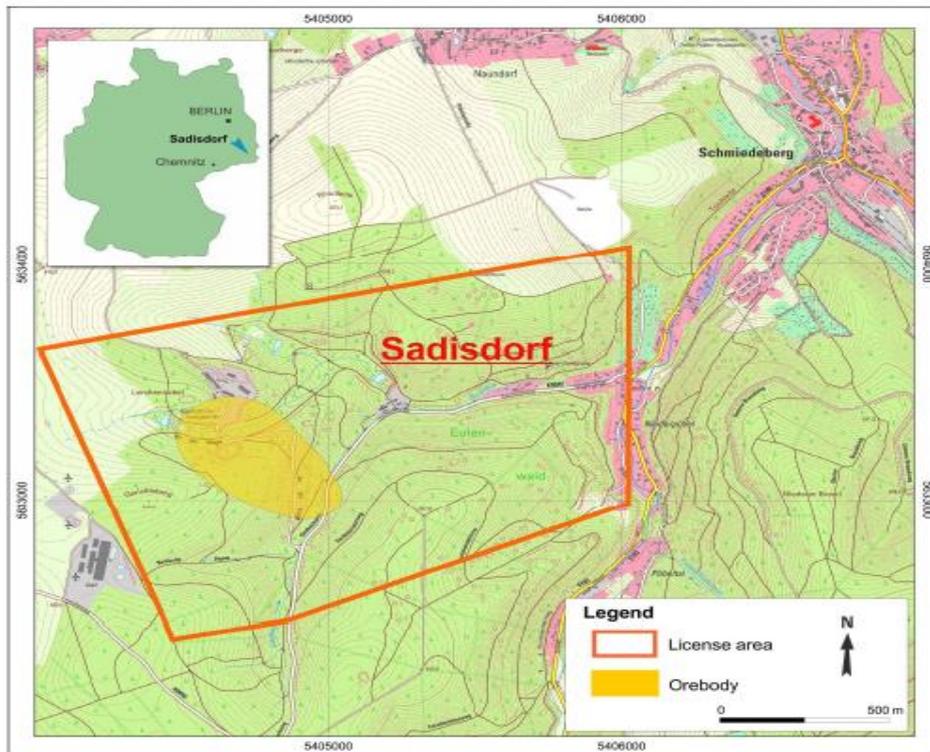


Figure 5 Location of the Sadisdorf Project, Saxony, Germany.

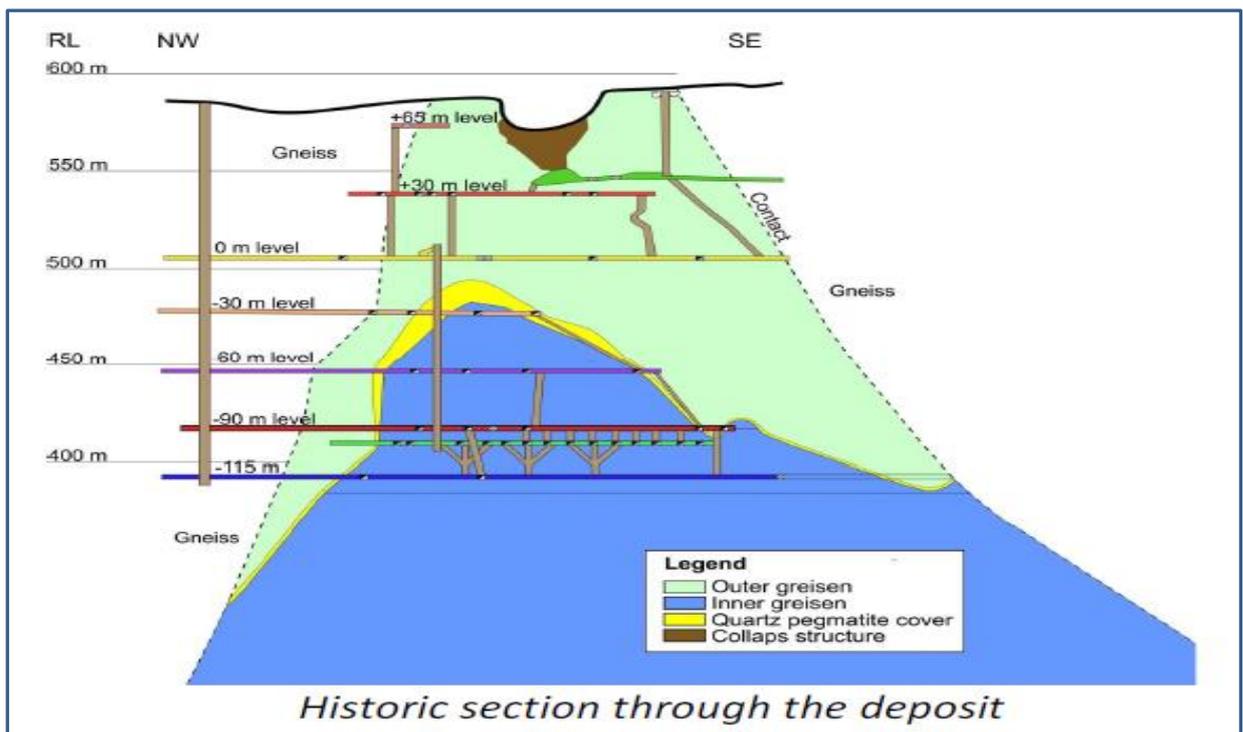


Figure 6 At Sadisdorf the pervasive greisens host zinnwaldite (lithium mica) mineralisation in association with tin. The greisens have not previously been evaluated as a lithium resource.

Established JORC Resource

LIT and TIN aim to extend and upgrade the existing Sadisdorf JORC (2012) resource (3.36 Mt inferred resource grading 0.44% Sn at a cutoff of 0.25% Sn) initially by the addition of lithium data to quantify a poly metallic Resource. TIN and LIT intend to expand that resource by further drilling in the first year of the Joint Venture. The tin orebody is thought to contain the order of 15% zinnwaldite. This is a prime target for supply of lithium into the European battery industry.

Other Opportunities

LIT is exploring further opportunities in tantalum, tungsten, cobalt-manganese, graphite, and rare earth metals with the view of directing both exploration efforts on currently held ground and through possible acquisitions of quality Australian and worldwide properties. LIT is negotiating a number of commercial access arrangements over some of its lithium projects to accelerate exploration and increase feed supply opportunities.

LIT Recycling Plans

As the market for power storage, particularly lithium ion batteries, reaches maturity, recycling will become a necessity through both public and regulatory pressure. Much of the driving force behind recycling is the value of cathode metals, cobalt in particular. Current recycling does recover most of the base metals but lithium recovery is close to zero. The reason there is such a disparity is simply the preferred processing technology used by the companies undertaking the recycling. This can be resolved with improved processing options.

LIT will evaluate the logistic chain from “cradle to grave” to determine the department of all components of lithium ion batteries and develop a strategy to maximise the recovery of all materials used in the products at the end of their useful life.

Corporate

Controlled Placement Agreement

During the month of July 2017, the Company entered into a Controlled Placement Agreement (CPA) with Acuity Capital. The CPA provides LIT with up to \$5 million of standby equity capital over the coming 29 month period. Importantly, LIT retains full control of all aspects the placement process: having sole discretion as to whether or not to utilise the CPA, the quantum of issued shares, the minimum issue price of shares and the timing of each placement tranche (if any). There are no requirements on LIT to utilise the CPA and LIT may terminate the CPA at any time, without cost or penalty. Acuity Capital and the CPA do not place any restrictions at any time on LIT raising capital through other methods. If LIT does decide to utilise the CPA, LIT is able to set a floor price (at its sole discretion) and the final issue price will be calculated as the greater of that floor price set by LIT and a 10% discount to a Value Weighted Average Price (VWAP) over a period of LIT's choosing (again at the sole discretion of LIT).

As collateral for the CPA, LIT has agreed to place 10m shares from its LR7.1 capacity, at nil consideration to Acuity Capital (Collateral Shares) but may, at any time, cancel the CPA and buy back the Collateral Shares for no consideration (subject to shareholder approval).

An Appendix 3B and further details in relation to the CPA will follow shortly.

LPD Takeover

On 19 June 2017, the offer to acquire shares in Lepidico Ltd (ASX: LPD) lapsed. LIT currently holds 15.82% in LPD. This is consistent with LIT's business objectives to develop strategic alliances with, and hold investments in, a number of companies, potentially providing access to a diversified lithium mineral inventory. LIT currently has listed investments of over \$6m, including its LPD holding.

In regard to the offer of withdrawal rights made to 38 shareholders which closed on 22 July 2017, only one former LPD shareholder accepted the offer. LIT is currently processing this request.

On 30 June 2017, the Takeovers Panel received an application from LPD. On 6 July 2017, the Takeovers Panel advised that it declined to conduct proceedings. Given the timing of the application, and the facts presented, the Panel concluded that the application was out of time and in any event, there was no reasonable prospect that it would make a declaration of unacceptable circumstances. Accordingly, the Panel declined to conduct proceedings. The reasons for this decision are available at:

http://www.takeovers.gov.au/content/DisplayDoc.aspx?doc=reasons_for_decisions/2017/013.htm&pageID=&Year=

About Lithium Australia NL:

LIT is a dedicated developer of disruptive lithium extraction technologies, and 100% owner of the Sileach® process for the recovery of lithium from all silicates. LIT has strategic alliances with, and investments in, 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.

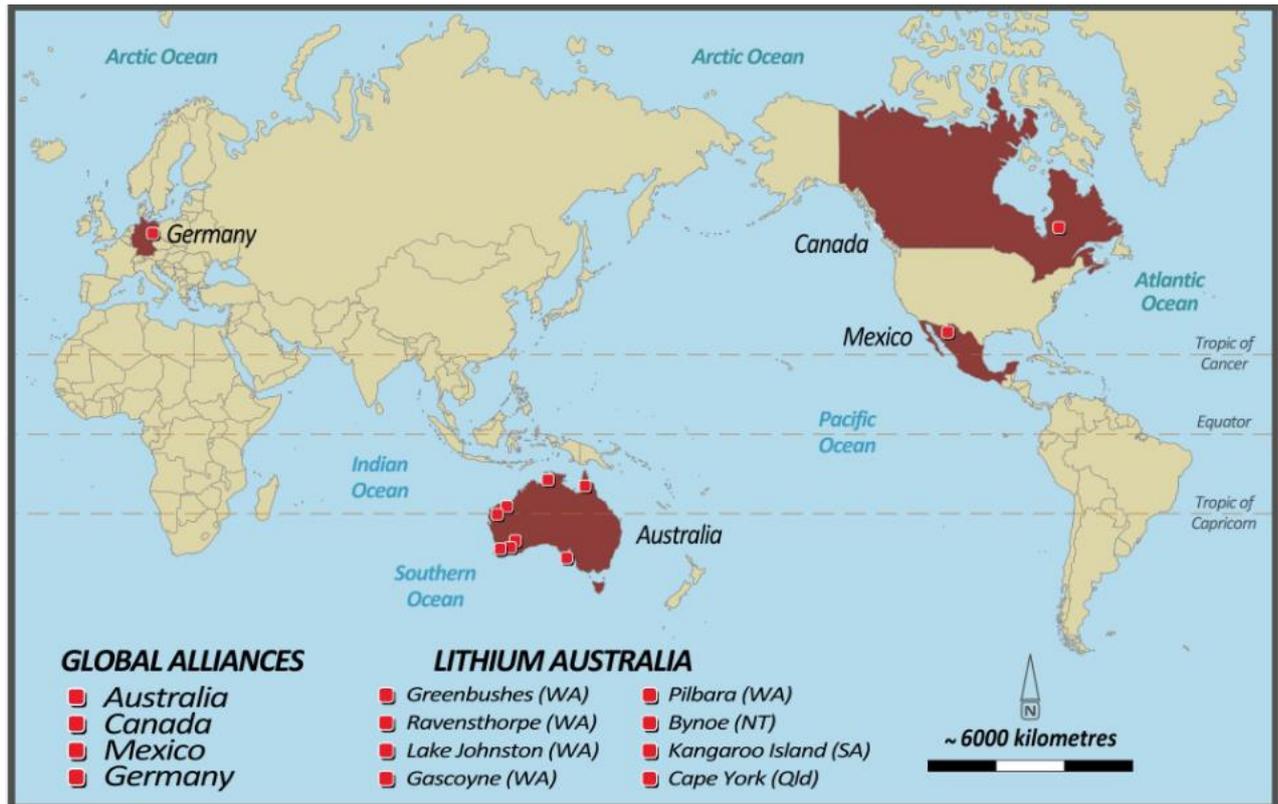
Competent Person Statement

The information in this report that relates to Exploration Results together with any related assessments and interpretations is based on information compiled by Mr Derrick Kettlewell on behalf of Mr Adrian Griffin, Managing Director of Lithium Australia NL. Mr Kettlewell is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience relevant to the styles of mineralisation under consideration and to the activity which he has undertaken to qualify as a Competent Person.

Mr Griffin is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience relevant to the styles of mineralisation under consideration and to the activity being reported to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Mr Derrick Kettlewell consent to the inclusion in the report of the matters based on his information in the form and context in which it appears. The Company is not aware of any new information or data that materially affects the information in this report and such information is based on the information compiled on behalf of company Managing Director Mr Adrian Griffin.

Appendix A – Brief Description of LIT Projects



- Greenbushes, Western Australia** (Lithium Australia 100%) - comprising four exploration licences, an additional five exploration licence applications and seven prospecting licence applications, the project is 200 km south of Perth, adjacent to the world's largest lithium mine, which currently produces about 40% of global lithium supply.
- The Goldfields Lithium Alliance (includes the Coolgardie Rare Metals Venture), Western Australia** - Lithium Australia and Cazaly Resources Limited have combined their present and future lithium mineral interests (which lie within a 100-kilometre radius of Kalgoorlie, Western Australia), for an initial period of 5 years from 2016, thereby forming the Goldfields Lithium Alliance. This will significantly enhance the technical and land management resources available for advancing lithium projects within the Goldfields region. The existing projects include the Coolgardie Rare Metals Venture and the Widgiemooltha purchase.
- Seabrook Rare Metals Venture, Western Australia** (Lithium Australia 80%, Tungsten Mining NL (ASX: TGN) 20%) - located 385 km east-northeast of Perth. Tungsten is associated with extensive skarn mineralisation which exhibits strong alkali metal halos, similar to those around lithium pegmatites identified further south.
- Gascoyne, Western Australia** (Lithium Australia 100%) - the project consists of four exploration licences/applications held by wholly owned subsidiary, Lithophile Pty Ltd. Other projects in the Gascoyne include Cobalark and Yinnitherra. The occurrences within Lithium Australia's ground have not been previously assessed for lithium despite exhibiting exceptionally favourable geological characteristics.
- Memorandum of Understanding with Venus Metals Corporation Ltd in regard to lithium exploration at VMC's Pilgangoora Project, Western Australia** - Lithium Australia and Venus Metals Corporation have entered into an agreement to jointly explore certain exploration licences (and current applications). Lithium Australia will undertake exploration activities primarily with respect to evaluating the lithium mica potential of the area controlled by Venus Metals Corporation - using,

among other things, advanced proprietary exploration techniques developed by Lithium Australia and the LIBZ® technology provided by SciAps (USA). Using the latter, real-time lithium assays can be undertaken in the field. The area the subject of the joint venture contains abundant pegmatites which will be evaluated both for their lithium potential and for the possibility of both parties benefitting from any lithium mica occurrences within the project area.

- **Cape York, Queensland** (Lithium Australia 100%) - this project lies on the Cape York Peninsula in Queensland, some 1,700 km northwest of Brisbane. EPM26252 was granted on 19 January 2017 and EPM26255 on 13 February 2017. This includes the projects entitled Amber and Cobree.
- **Bynoe, Northern Territory** (Lithium Australia 100%) - Lithium Australia has established a foothold in the Bynoe Pegmatite Field, located 50 km south-southwest of Darwin, capital of the Northern Territory, close to infrastructure. EL30897 lies within the Bynoe Pegmatite Field and is part of the wider 200 km long Litchfield Pegmatite Belt which has been intruded by a suite of highly differentiated S-type granites, the probable source of the pegmatites and mineralisation.
- **Lake Johnston, Western Australia** (Lithium Rights Agreement) - Lithium Australia holds the rights to lithium discovered on the area of two exploration licences held by Lefroy Exploration Limited (ASX: LEX) and in exchange LEX has taken gold and nickel rights over Lithium Australia's E63/1777. The project area lies 440 km east of Perth. Consideration for the sale of the gold and nickel rights in E63/1777 to LEX was 3,000,000 LEX shares, which shares are still held by Lithium Australia.
- **Donnelly River** (Lithium Australia 100%) - comprising three exploration licences covering approximately 174 square km of prospective graphite-bearing stratigraphy, this project is 240 km south of Perth. Lithium Australia has been preparing to spin out its graphite projects to a current subsidiary BlackEarth Minerals NL (formerly Graphite Australia NL).
- **Kangaroo Island, South Australia** (Lithium Australia 100%) - Lithium Australia has applied for ground prospective for lithium on Kangaroo Island.
- **Electra Joint Venture, Mexico** (Lithium Australia 49%, Alix resources Corporation 51%) - this is a farm-in and joint venture in which Lithium Australia can earn up to 65% of the project from its partner Alix Resources Corporation. Lithium Australia is currently working towards lifting its 49% equity to 65%.
- **Tin International Joint Venture, Germany** (Lithium Australia up to 50%) - Lithium Australia has entered into a Memorandum of Understanding with Tin International AG (a subsidiary of German listed Deutsche Rohstoff AG) to form a Joint Venture including the Sadisdorf deposit located in Saxony, Germany. Lithium Australia has the right to earn 15% of the incorporated joint venture company to be established by spending a total of EUR 750,000 on either exploration or payment of cash to Tin International AG by the end of 2017. By investing a further EUR 1.25 million over a 3-year period Lithium Australia has the right to further increase its interests in the joint venture company to 50%. Tin International will also receive a one-off payment of EUR 50,000 in cash and LIT Shares to the value of EUR 200,000.

LISTING RULE 5.3.3 INFORMATION

LIT TENEMENTS	PROJECT	NOTES	DATE
E09/2168	YINNIETHARRA	GRANTED	22/02/2017
E09/2191	THOMAS RIVER	GRANTED	29/11/2016
E09/2200	MOUNT JAMES 2	GRANTED	08/03/2017
E09/2201	MOUNT JAMES 1	GRANTED	08/03/2017
E09/2203	MOUNT JAMES 3	GRANTED	17/03/2017
M15/1809	COOLGARDIE	GRANTED	04/02/2013
P15/5519	COOLGARDIE	GRANTED	3/02/2011

P15/5574	COOLGARDIE	GRANTED	10/08/2011
P15/5575	COOLGARDIE	GRANTED	10/08/2011
P15/5625	COOLGARDIE	GRANTED	9/08/2013
P15/5626	COOLGARDIE	GRANTED	14/12/2011
P15/5629	COOLGARDIE	GRANTED	9/08/2013
P15/5739	COOLGARDIE	GRANTED	17/01/2013
P15/5740	COOLGARDIE	GRANTED	17/01/2013
P15/5741	COOLGARDIE	GRANTED	17/01/2013
P15/5742	COOLGARDIE	GRANTED	17/01/2013
P15/5743	COOLGARDIE	GRANTED	17/01/2013
P15/5749	COOLGARDIE	GRANTED	3/04/2013
E45/4627	KANGAN	GRANTED	11/10/2016
E45/4630	MUNGALEENA	GRANTED	06/02/2017
E45/4684	STRELLEY	GRANTED	02/02/2017
P45/3004	KAGAN	GRANTED	04/11/2016
E63/1777	MT DAY	GRANTED	22/03/2016
E63/1805	MT DAY	GRANTED	28/02/2017
E63/1806	MT DAY	GRANTED	28/02/2017
E66/95	NORTHERN GULLY	GRANTED	18/11/2016
E70/4778	GREENBUSHES	GRANTED	19/04/2016
E70/4788	GREENBUSHES	GRANTED	01/07/2016
E70/4789	GREENBUSHES	GRANTED	01/07/2016
E70/4790	GREENBUSHES	GRANTED	01/07/2016
E70/4811	KAURING 1 GREENHILLS GRAPHITE+	GRANTED	26/08/2016
E70/4812	KAURING 2 GREENHILLS GRAPHITE+	GRANTED	26/08/2016
E70/4824	YANMAH DONNELLY GRAPHITE+	GRANTED	22/09/2016
E70/4825	MANJIMUP DONNELLY GRAPHITE+	GRANTED	08/11/2016
E74/0543	RAVENSTHORPE	GRANTED	24/01/2014
E77/2279	LAKE SEABROOK	GRANTED	27/07/2015
EL 30897	ANGERS	GRANTED	22/03/2016
EPM 26252	CAPE YORK PROJECT 1	GRANTED	19/01/2017
EPM 26255	CAPE YORK PROJECT 2	GRANTED	13/02/2017

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Lithium Australia NL	
ABN	Quarter ended ("current quarter")
29 126 129 413	30 June 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(534)	(1,447)
(b) development	-	-
(c) production	-	-
(d) staff costs	(357)	(1,132)
(e) administration and corporate costs	(427)	(1,346)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	12	42
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,306)	(3,883)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(13)	(94)
(b) tenements (see item 10)	-	-
(c) investments	(301)	(586)
(d) other non-current assets	(852)	(2,922)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12months) \$A'000
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	13
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(1,166)	(3,589)
3. Cash flows from financing activities		4,662
3.1 Proceeds from issues of shares	-	
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(20)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other	(338)	(338)
Deconsolidation of BlackEarth Minerals		
3.10 Net cash from / (used in) financing activities	(338)	4,304
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	5,399	5,757
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,306)	(3,883)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,166)	(3,589)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(338)	4,304
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,589	2,589

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	134	486
5.2	Call deposits	2,455	4,913
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,589	5,399

6. Payments to directors of the entity and their associates

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000

108

-

Payments to directors and employees for services to the economic entity.
--

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (LITCE's) & CPA facility	38,199	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

LITCE's - Current outstanding amounts on LITCE – 25 cent contributing shares

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	299
9.2 Development	223
9.3 Production	0
9.4 Staff costs	441
9.5 Administration and corporate costs	324
9.6 Other (provide details if material)	0
9.7 Total estimated cash outflows	1,287

