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ASX ANNOUNCEMENT

NEW HIGH GRADE MEXICAN LITHIUM ASSAYS A BOOST AS LITHIUM AUSTRALIA EYES FIRST DRILLING NEXT QUARTER

HIGHLIGHTS

- **A third of new samples from lithium-rich clay layers in October 2016 Agua Fria discovery, assay above 1,000 parts per million (ppm) lithium (Li)**
- **Agua Fria part of broader Electra project at Sonora in far northwest Mexico in which Lithium Australia is lifting its JV earn-in from 25% to 49%**
- **Lithium clay horizons now ~4.5km along strike and indicators of up to 800m width**
- **JV now planning maiden drilling for March 2017 quarter**

SUMMARY

High grade assays in excess of 1,000 parts per million (ppm) lithium have been reported in new sampling work on Lithium Australia NL's (ASX: LIT) joint venture Electra project at Sonora in northwest Mexico.

Lithium Australia is earning a 49% stake in the project with an option to extend that to 65% from project owner, Canada's Alix Resources Corp ("Alix" or the "Company") (AIX-TSX:V).

The latest results are from ongoing surface reconnaissance sampling and trenching work on the October 2016 Agua Fria lithium in clays discovered in the southern area of Electra to the immediate southwest of the large Tule concession. The JV acreages abut the southern, northern and a small part of the western boundary of the La Ventana lithium project. Assays from 31 samples were received, with 10 of 31 samples (32%) having > 1,000 ppm lithium, and averaging 1,135 ppm. The average across all 31 samples is 783 ppm Li.

Alix has advised that the clay horizons in the area have now been traced for ~4.5 kilometres of strike, with indications of width extending up to 800 metres. The sedimentary sequences of the significant lithium-rich clay layers are interpreted to be similar to those found on the adjoining La Ventana property held by Bacanora Minerals and REM.

LIT advises that Alix geologists at Agua Fria are continuing to conduct extensive hand-trenching programs (+400m) with continuous trenches proposed up to 80 -100m in width. All samples from the latest follow-up sampling work have been forwarded to ALS Global in Hermosillo, Sonora for analysis. The current trench samples and other sampling will allow for refinement of the maiden drill program on Agua Fria, now scheduled for the first quarter next year.

Lithium Australia Managing Director, Mr Adrian Griffin:

"Fertile clays, within the geological environment of Electra, generally exhibit low lithium grades so to get these remarkable, in excess of 1,000 ppm results, is significant so early in a new project's life span. Grades in the range of 100-200 ppm Li may be considered to be anomalous but grades in excess of 1,000ppm are often included in resource calculations, so Agua Fria has literally leapt out of the starting blocks on data known to date. The drilling outcomes however, will be the real determinant of this prospect's true potential at depth."

Alix President, Mr Mike England:

"We are very pleased with the continuing progress on the Agua Fria clay discovery, and continue to expand and refine targets. Along with our funding partner, Lithium Australia, we are looking forward to our maiden drill program on Li-rich targets in Agua Fria in the first quarter 2017. The objective is to discover lithium-rich clay layers similar in grade to that of the Bacanora/REM La Ventana deposit."

The technical contents of this release were approved by Dr. Michel Boily, PGeo, a qualified person as defined by National Instrument 43-101. The properties have not been the subject of a National Instrument 43-101 report. Alix Resources is a junior mining exploration company focused on seeking and acquiring world class lithium projects globally. Alix continues to evaluate suitable prospects that fit the mandate of the Company.

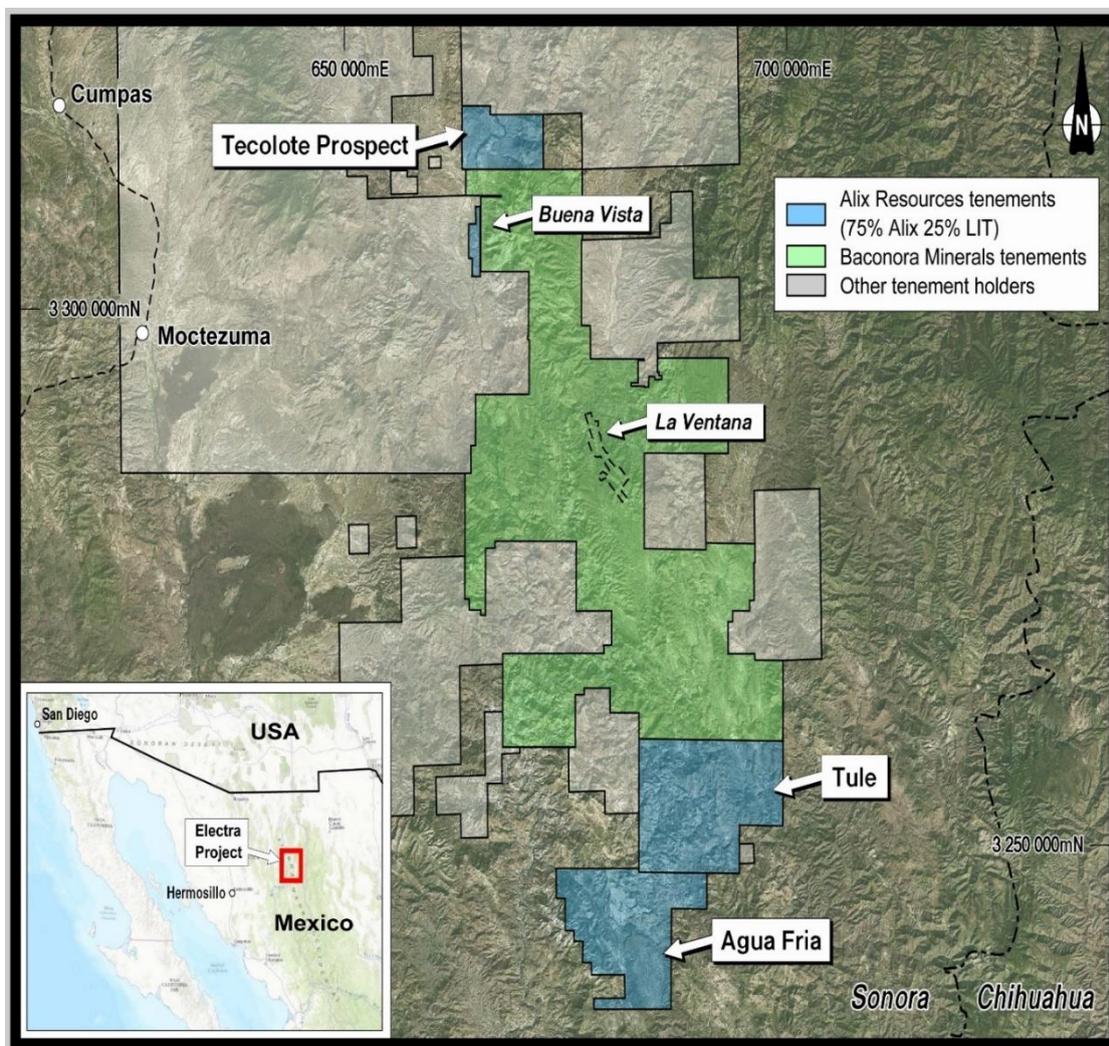


Figure 1 Location of the Electra Project, Sonora, Mexico.

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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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