

13 January 2017

ASX ANNOUNCEMENT

Lithium Australia - Alix Resources commence testing Agua Fria lithium samples

Highlights

- Metallurgical testing commenced on Agua Fria (Mexico) samples
- Trench samples demonstrate high grades
- Mineralised clays extended to over 5km strike
- Preparation for drilling in February 2017 underway

Metallurgical evaluation

Lithium Australia NL (ASX: LIT) and joint venture partner Alix Resources Corp (AIX, TSX:V) have despatched the first samples from Agua Fria (part of the Electra Project, Sonora Mexico, Figure 1) for metallurgical testing at Kappes Cassiday and Associates in Reno, Nevada.

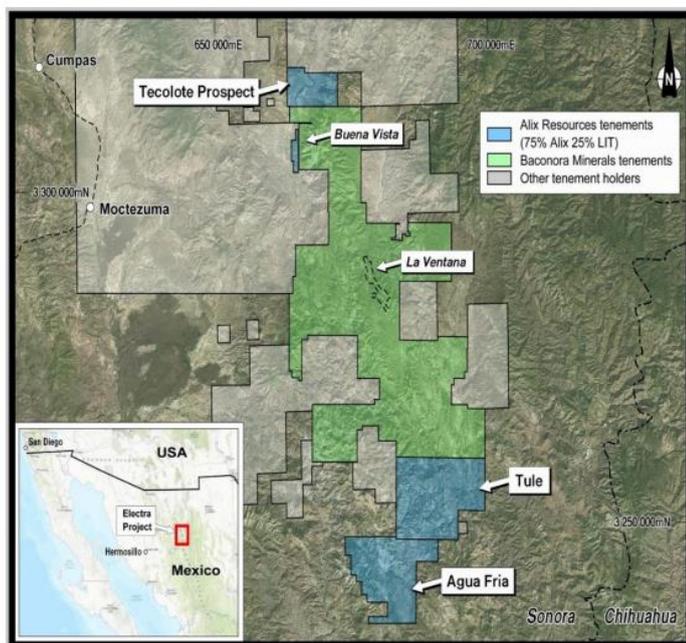


Figure 1 Location of the Agua Fria prospect, proximal to Bacanora Minerals Ltd giant Sonora Project, Mexico.

Twenty four samples obtained through shallow trenching of the mineralised zone at Agua Fria will be examined to determine:

- Mineralogy
- Lithium distribution
- Lithium grade
- Scope for beneficiation
- By-product potential
- Grade of by-products

Metallurgical examination will continue in parallel with drilling planned for February 2017, with the aim of determining the best means of beneficiating the mineralised material and also determining the most commercial means of recovering the contained metal values. Lithium Australia considers efficient beneficiation will be of paramount importance in

developing a commercial outcome for these deposits. The Company's experience in hydrometallurgical process development will be of great benefit in extending the testing program from beneficiation to lithium extraction and production of lithium carbonate and hydroxide.

The target zone

The target zone at Agua Fria consists of lithium clays (Figure 2) with only small amounts of contamination by volcanogenic detritus. As previously reported to the [ASX on 8 December 2016](#) the target zone is shallow dipping, exposed over widths of up to 800m and over a strike length of ~5 kilometres. Numerous surface samples have returned grades exceeding 1,000 parts per million lithium – grades considered to be high in samples of this provenance.



Figure 2 Mineralised clays from Agua Fria

Lithium Australia Managing Director, Mr Adrian Griffin commented:

“Lithium Australia and our partner, Alix Resources, are pleased to have progressed the project to the key metallurgical testing stage.

The region offers great lithium potential, as has been demonstrated nearby, by Baconora Minerals.

Working closely with Kappes Cassiday and Associates, we will use our past experience for the benefit of the project, to develop the best possible commercial outcome.

The application of the best available processing technology is the key to success and we plan to use that key, not only on the Electra Project, but also on other lithium clay opportunities”.

Adrian Griffin

Managing Director

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About Lithium Australia

LIT is a dedicated developer of disruptive lithium extraction technologies. LIT has strategic alliances with 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.

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