

23 March 2017

ASX ANNOUNCEMENT

Lithium Australia increases JV interest to 49% on the eve of drilling at Agua Fria in Sonora County, Mexico

Highlights

- LIT earns 49% of the Electra JV (Alix Resources 51%)
- Roadworks commence for imminent drilling campaign
- Agua Fria mineralised “clays” extends over 5km strike
- Trench samples demonstrate high grades
- Hand-held analyser using Laser Induced Breakdown Spectroscopy (LIBS) for real-time drilling control

Drilling campaign preparation

Lithium Australia NL (ASX: LIT) and joint venture partner Alix Resources Corp (AIX, TSX:V) advise that the drill campaign on Agua Fria (part of the Electra Project, Sonora Mexico, Figure 1) have commenced earthworks in preparation for drilling scheduled to commence later this month. The planned drill program is for 3,000m which will provide coverage over a 5km strike of the mineralized zone.

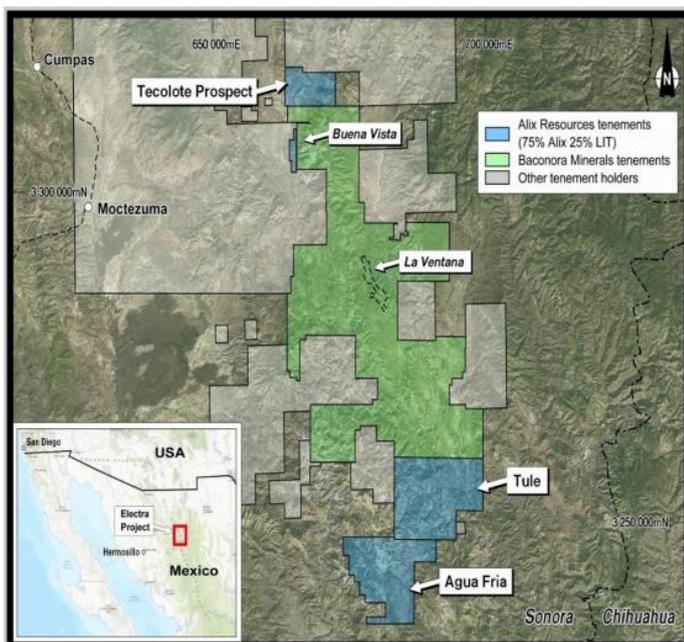


Figure 1 Location of the Agua Fria prospect, proximal to Bacanora Minerals Ltd giant Sonora Project, Mexico.

In preparation for drilling, twenty-four samples obtained through shallow trenching at Agua Fria have been examined to determine:

- Mineralogy;
- Lithium distribution;
- Lithium grade;
- Scope for beneficiation; and
- By-product potential.

Initial indications are that lithium minerals account for less than 50% by weight, of typical mineralized zones. This may allow significant beneficiation potential allowing the production of higher grade concentrates, prior to processing, subsequently reducing operating costs.

Application of leading edge technology

Laser Induced Breakdown Spectroscopy (LIBS) technology, developed in conjunction with Sci-Aps, will be used in a world first, to provide lithium field assays and real-time quality to control the drilling program. The equipment is hand-held, and has been subject of extensive testing and calibration in Australia.

The target zone

The target zone at Agua Fria consists of lithium “clays” (Figure 2) fine-grained sedimentary material, volcanogenic detritus, volcanic glass, silica zeolites, feldspar and lithium bearing clays.

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

LIT Managing Director, Mr Adrian Griffin commented:

“We (Lithium Australia and our partner Alix Resources) are pleased to announce an expected commencement date later this month. The region offers great lithium potential, as has been demonstrated nearby, by Baconora Minerals.

Working closely with our process consultants, Kappes Cassidy 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 sedimentary lithium opportunities”.

Adrian Griffin

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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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