

5 April 2017

ANNOUNCEMENT

Lithium Australia (ASX: LIT) and Alix Resources (TSX:V AIX) commence drilling in Mexico

Highlights

- 3,000m drilling commences at Agua Fria, Mexico
- Field-portable lithium assay equipment deployed
- Drill target – volcanogenic sediments proximity to the giant Sonora deposit

Drilling commences

Lithium Australia (LIT) and Alix Resources (AIX) are pleased to announce the commencement of drilling at the Agua Fria prospect, part of the Electra joint venture (LIT 49%, AIX 51%). The first hole in the 3000m program was commenced on 3 April 2017.

The drill target

The target horizon is dominated by clay bearing volcanogenic sediments which are part of the geological sequences that includes Bacanora Minerals' (TSX.V BCN, AIM:BCN) giant Sonora deposit, which includes the La Ventana prospect to the north of Agua Fria (Figure 1).

The Agua Fria target has been traced for approximately 5 km along strike, and has exposed widths of over 800 m. The apparent thickness of the target is 20-30 metres which is dominated by layered sedimentary material containing volcanic ash, glass, quartz, carbonate, feldspar, zeolite and clay.

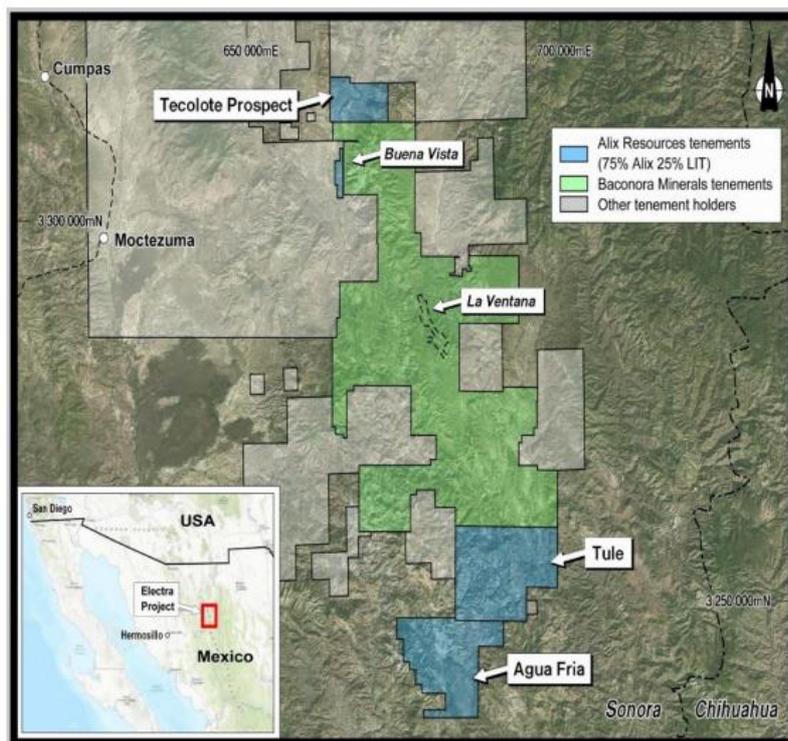


Figure 1 Shows the proximity of Agua Fria to the La Venta prospect, part of the giant Sonora deposit.

The drilling program is being undertaken by local drilling contractors utilising a track mounted reverse circulation (RC) drill rig that provides good mobility (Figure 2). Utilisation of this equipment minimises the amount of roadworks and site preparation required to support the program.

The operation is staffed by a multinational crew from Canada, Australia and Mexico. In-field drill control is supported by portable Laser Induced Breakdown Spectroscopy (LIBS) using a SciAps Z300 machine, pre-calibrated for material type and anticipated lithium grade of material and provides real-time assay control.

Program management

The planned duration of the drilling campaign is 44 days. Laboratory assays will be conducted in Mexico and subjected to quality control and audit procedures developed jointly by LIT and AIX. Metallurgical evaluation will be undertaken by Kappes Cassiday and Associates, in Reno, Nevada.



Figure 2 Reverse circulation drilling at the Agua Fria prospect, Mexico. The volcanogenic sediments that host the lithium mineralisation can be clearly seen to the right of the drill rig.

Comment by Lithium Australia management

Lithium Australia's managing director, Adrian Griffin said:

"The Agua Fria target has very significant potential, as demonstrated by Bacanora Minerals which has established the world's largest lithium "clay" resource, nearby and in the same geological sequence. Beneficiation will be a key element in creating a positive commercial outcome, and preliminary work is underway to evaluate how best that can be achieved. We look forward to a successful campaign."

Comment by Alix Resources management

Alix Resources president, Mike England said:

"We are very pleased to be initiating the maiden drill program on the Agua Fria lithium clays discovery. With an international team of Canadian, Australian and Mexican personnel, the objective is to discover lithium-rich clay deposits similar in grade and size to that of the Bacanora/REM La Vantana deposit."

Adrian Griffin

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About Lithium Australia

Lithium Australia NL is a dedicated developer of disruptive lithium extraction technologies, and 100% owner of the Sileach™ process for the recovery of lithium from silicates. 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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