

24 May 2017

ANNOUNCEMENT

LITHIUM EXTRACTIONS UP TO 99% FROM AGUA FRIA, MEXICO (LITHIUM AUSTRALIA 49%, ALIX RESOURCES 51%).

HIGHLIGHTS

- Acid leach at 50°C achieves 99% extraction
- Short leach time – only 4 hours
- No roasting required
- No expensive reagents required

BACKGROUND

On 1 May 2017 Lithium Australia (ASX:LIT) and Alix Resources Corporation (TSX:V AIX) announced preliminary results of metallurgical tests for the recovery of lithium from volcanogenic sediments at the Agua Fria prospect, part of the larger Electra project, located in Sonora County, Mexico (Figure 1).

Lithium in the Agua Fria prospect occurs within volcanogenic sediments which have been the focus of significant exploration, not only by LIT and AIX, but also by Baconora Minerals Ltd which has identified the largest documented lithium “clay” deposit within the same geological sequence. The sediments at Agua Fria contain a range of minerals, including:

Quartz;
K-feldspar;
Plagioclase;
Analcime;
Ankerite – Dolomite; and
Clays.

LIT and AIX are currently drilling the Agua Fria deposit and early indications are very promising with significant drill intervals having average values exceeding 1000ppm lithium.

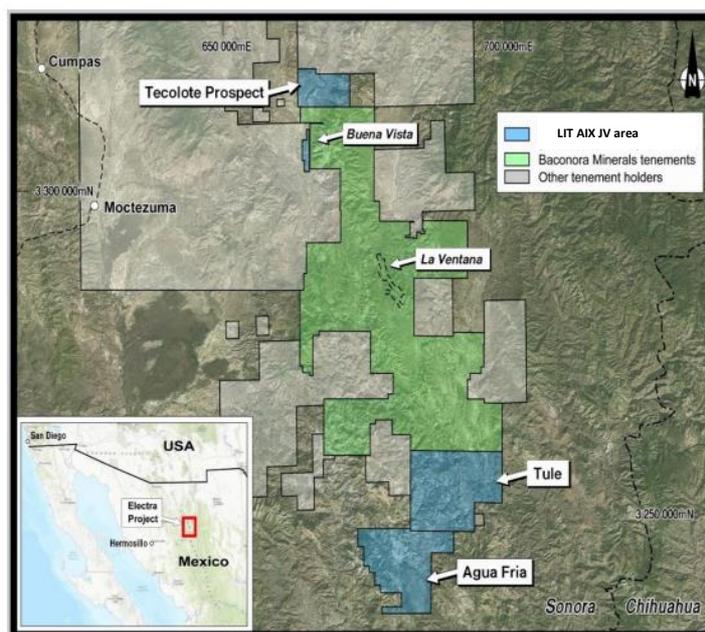


Figure 1 Agua Fria is located due south of the giant La Ventana deposit, operated by Baconora Minerals Ltd.

LITHIUM EXTRACTION INCREASED TO 99%

Metallurgical test work is being undertaken by Kappes Cassiday and Associates in Reno, Nevada (USA). Simple four hour, sulphuric acid leach tests, carried out at “room temperature” were reported on 1 May 2017. These tests extracted up to 85% of the contained lithium.

A very modest increase in temperature to only 50° C has achieved lithium extractions of 94-99% in only 4 hours, vindicating the outcome anticipated by the announcement of 1 May 2017.

BENEFICIATION POTENTIAL

Montmorillonite its thought to be the main lithium bearing mineral and tests have commenced to isolate this material to produce a higher-grade concentrate for further testing.

Managing Director, Adrian Griffin said:

“We have clearly demonstrated the ease with which lithium can be recovered from the volcanogenic sediments at Agua Fria. Beneficiation of the components containing the lithium, to produce a concentrated product is the next challenge. Fortunately the characteristics of each of the minerals are very different, providing a number of avenues to achieve the desired outcome.”

President of Alix, Mike England said:

“Beneficiation is as important a step as discovering the lithium at Agua Fria. These results are extremely encouraging and we applaud the work done by our partners at Lithium Australia.”

Adrian Griffin

Managing Director

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About Lithium Australia NL:

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 holds certain exclusive rights to L-Max technology, owned by Lepidico Limited, a company currently subject of an unconditional takeover bid by LIT. LIT is 100% owner of Sileach™ and LieNA™ lithium extraction technologies.

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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 Adrian Griffin, Managing Director of Lithium Australia NL. 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 which he has undertaken to qualify as a Competent Person.