ASX ANNOUNCEMENT

29 January 2016

COMPANY DETAILS

LITHIUM AUSTRALIA NL
ABN: 29 126 129 413
ASX CODE: LIT & LITCC

PRINCIPAL AND REGISTERED OFFICE
Suite 3
23 Belgravia Street
Belmont WA 6104

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F +61 8 9475 0847

POSTAL ADDRESS
PO Box 588
Belmont WA 6984

CORPORATE INFORMATION
(29 January 2016)
195M Ordinary Shares
25M Listed Partly Paid Shares
15M Unlisted Partly Paid Shares
29M Unlisted Options
13M Performance Rights

BOARD OF DIRECTORS
George Bauk
(Non-Executive Chairman)
Adrian Griffin
(Managing Director)
Bryan Dixon
(Non-Executive Director)

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LIT'S DECEMBER QUARTER PROVES THAT LITHIUM HYDROXIDE CAN BE PRODUCED FROM LITHIUM MICAS

Report for the quarter ending
31 DECEMBER 2015

HIGHLIGHTS

- LIT produces lithium hydroxide from its Lepidolite Hill (Western Australia) lithium carbonate. Final reconciliations pending.
- 100% success rate in LITCB to LITCC conversion program
- LIT executes memorandum of understanding to jointly develop lithium extraction technologies at the Electra Project with samples containing lithium now collected
- Geochemical surveys completed at Lepidolite Hill
- Geochemical surveys commenced at Pilgangoora
- Appointment of consultants to spearhead lithium clay processing
- Successful capital raisings during and after quarter end including first institutional shareholder
- Research initiated on LIT
- Subsequent to quarter end, LIT has raised funding of $6.5m

SUMMARY

Lithium Australia ("LIT") is the only company actively pursuing the production of battery-grade lithium carbonate and lithium hydroxide from micas with a cost competitive processing technique. This gives LIT significant 'first mover' advantage, as does the exclusive nature of its extraction technology licenses.

Western Australia's lithium mica deposits remain LIT's exclusive domain, while the first of its global licenses has been allocated to the giant Cinovec deposit in the Czech Republic.

Meanwhile, LIT is assessing other projects worldwide and reviewing opportunities in Africa, Europe, the Americas and Australia.

Subsequent to quarter end, LIT has raised funding of $6.5m in 2 tranches with success in the attraction of its first institutional investor.

MEDIA CONTACT:

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NORTH AMERICA

On 11 November 2015, LIT advised that the Company and TSX:V (AIX) listed company Alix Resources Corp (A**li**x) have executed a memorandum of understanding (MOU) to jointly to develop lithium extraction technologies applicable to advancing Alix's lithium concessions (the Electra Project) covering 22,625 hectares in Sonora, Mexico (see Figure 1). The concessions held by A**li**X contain interpreted strike extensions of the Sonora Project, operated by Bacanora Minerals Ltd and Rare Earth Minerals Plc.

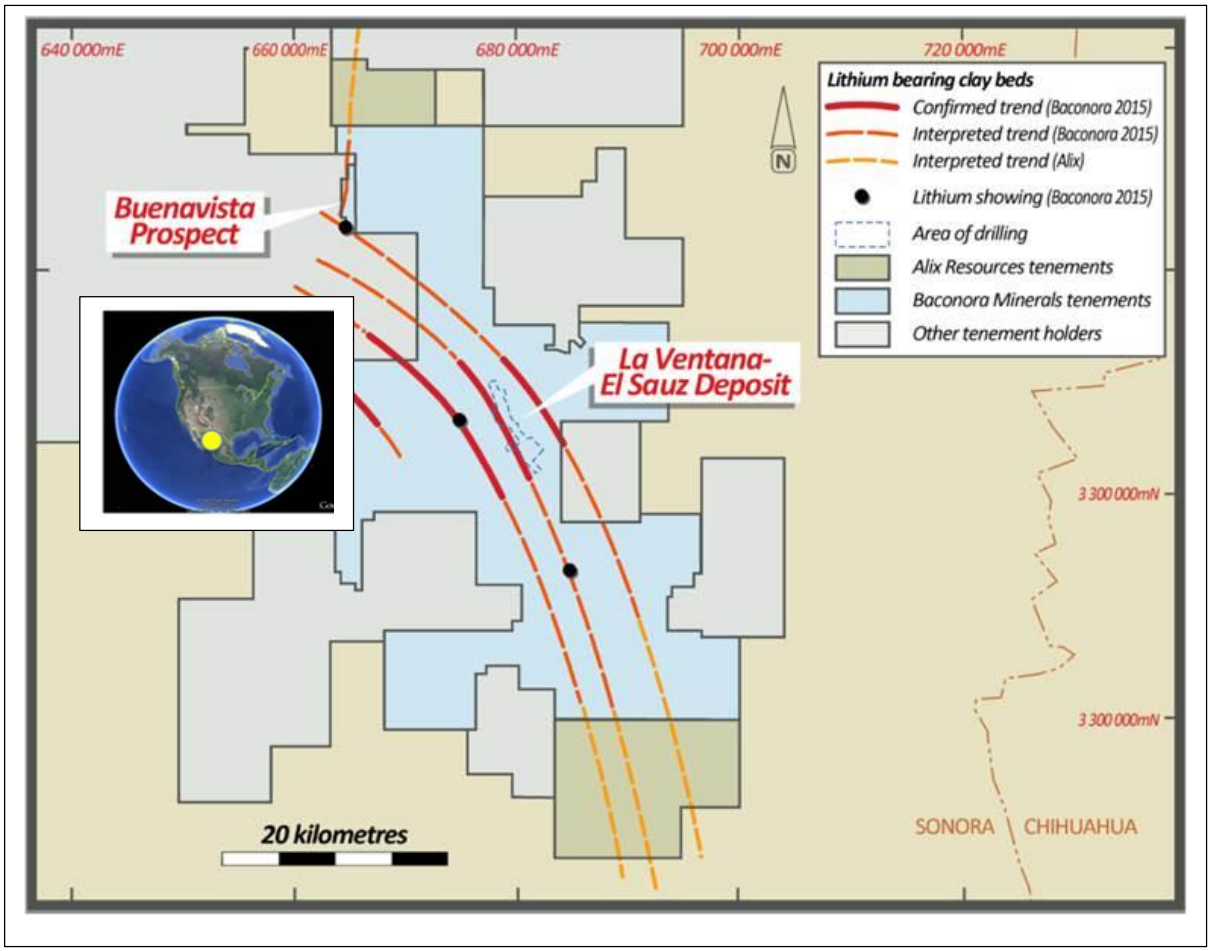

Figure 1 The Electra Project

A**li**X has advised that it has collected samples which contain lithium. These samples will be dispatched to the laboratories of Kappes Cassiday and Associates for metallurgical evaluation. That evaluation will be supervised by Lithium Australia under the terms of the agreement announced on 11 November 2015.

Initial testing will focus on:

- characterizing the mineralogy of the clays;
- identifying the lithium bearing phases; and
- determining potential methods of beneficiating the material.

The evaluation will be extended to the testing of low-energy lithium recovery tests if warranted.

LIT and A**li**x share the view that a combination of low-grade material and the application of energy intensive processing systems have historically hindered lithium clay deposits from being commercialized. LIT has experience in processing similar materials successfully implementing low energy alternatives to extract lithium

from micas and has been successful in producing lithium carbonate from unconventional silicate feed material. It is thought that some of the materials previously tested by LIT may have similar mineral chemistry to some components of the mineralization at the Sonora Lithium Project which adjoins the Electra Project in Mexico.

LIT and A**li**x entered into the MOU to explore and collectively engage in potential joint business opportunities in the areas of:

(a) the exploration of lithium from A**li**x's mineral concessions located in Sonora, Mexico; and
(b) developing superior means of recovering lithium from these, and similar lithium clay deposits;

LIT and A**li**x will pursue entering into a definitive joint venture agreement within three months from the date of execution on the MOU.

Indicative Commercial Terms
A**li**x will carry out initial geological assessment of geological samples of clays including hectorites (the "**Samples**") and deliver them to LIT or to a metallurgical laboratory nominated by LIT.

LIT will conduct the necessary activities to produce a report summarising the work completed and the potential business opportunity. If the report demonstrates business potential, LIT will then produce a commercial development proposal that summarises a high level road map for the exploitation of lithium, potassium and other metals from the Samples.

LIT will carry out bench scale laboratory testing and full chemical analysis of the Samples, and share all results with Alix. If warranted, LIT shall carry out small scale pilot testing and provide a detailed financial and metallurgical report to A**li**x. LIT shall investigate and develop solutions using the Samples. All of the work to be carried out by LIT above are collectively the "**LIT's Works**".

The rights and obligations of LIT and A**li**x with respect to the Concessions and the Intellectual Property thereafter shall be set out in the Definitive Agreement. Percentage interests and milestones may be modified as mutually agreed. The arrangement will be subject to mutual due diligence investigations and any required regulatory approvals.

On 23 December LIT advised that it had appointed Nevada based lithium specialist Kappes Cassiday & Associates (KCA) to commence scoping work on lithium clay deposits including the Electra Project and deposits in north-west of Western Australia.

K**appes, Cassiday & Associates** specializes in the development, engineering and implementation of extractive metallurgical processes for the mining industry. Although KCA has become well known for expertise in gold/silver heap leaching, KCA staff of over 70 people includes more than 20 process engineers and 25 laboratory personnel who have a broad range of practical experience. This includes experience in acid leaching and recovery, flotation and gravity concentration, and development of complex hydrometallurgical flow sheets. KCA has particular expertise in the handling of lithium bearing clays and has maintained sustained laboratory and engineering programs with the goal of developing processing flowsheets designed to produce battery grade lithium products.

The concessions held by AliX contain interpreted strike extensions of the Sonora Project, operated by Rare Earth Minerals Plc and Bacanora Minerals Ltd. The mineralization within these deposits occurs as relatively flat lenses of lithium bearing clays within a sequence of volcanic rocks (Figure 2).

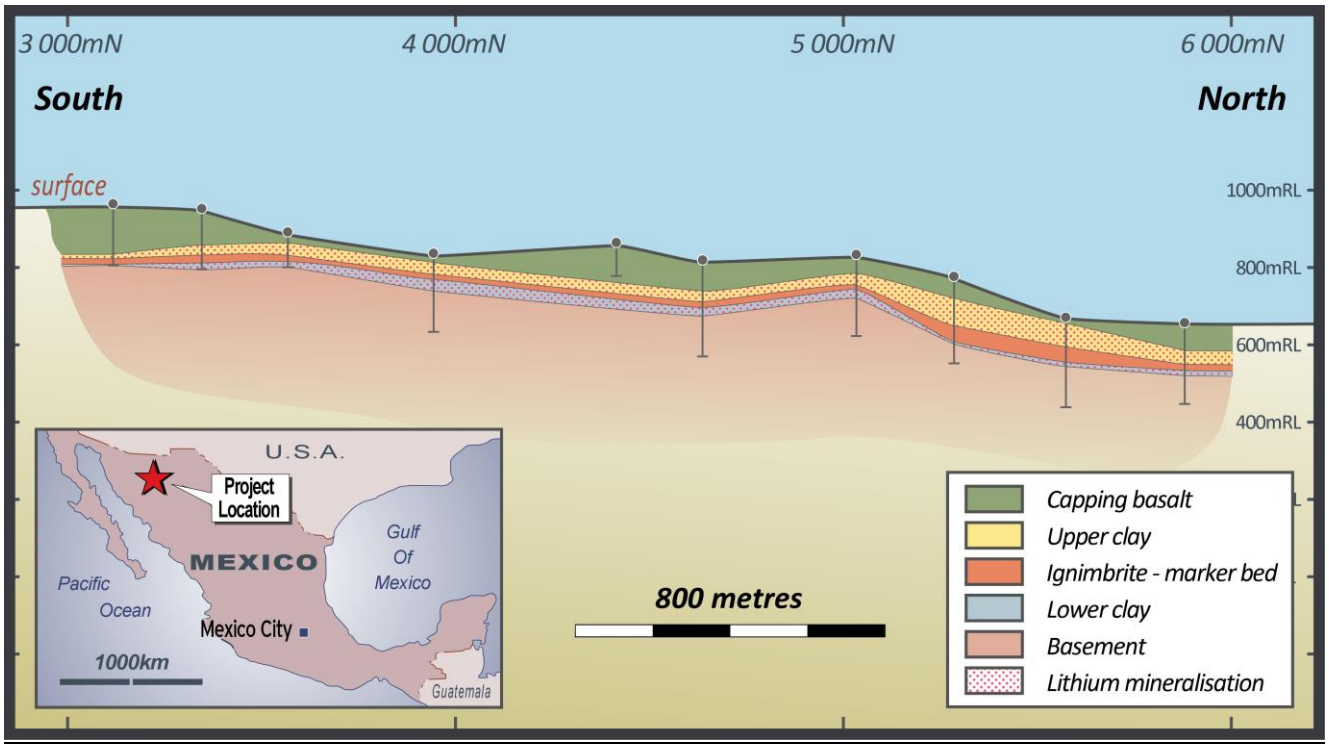

Figure 2 – The Electra Project showing diagrammatic cross section of the clays encountered within the geological sequence adjacent to the Electra prospect

EUROPE

Under the terms of the MoU announced in December 2014, the Company commenced intensive metallurgical test work on material from the European Metals Holdings Limited's (ASX: EMH) 100% owned Cinovec project (ASX Release 16 Dec 2014). The Cinovec Project is located in the Czech Republic, 100km northwest of the capital, Prague, and close to the border with Germany (Figure 3).



Figure 3. Location of the Cinovec deposit, Czech Republic

COLLECTION AND PROCESSING OF SAMPLES
Bulk samples to produce lithium carbonate, for market evaluation, have been composited and have been transported to Perth for processing under continuous conditions in the mini-plant operated by Lepidico Ltd.

EMH, subsequent to 31 December 2015, has advised the market of a drill program update and a Metallurgical Update.

"The Company has previously reported that a mini plant trial would be conducted in Q4 2015 in conjunction with Lithium Australia.

This work has not as yet commenced as the Company is first undertaking bench scale test work to fully explore all available recovery techniques. The current test work will allow an independent trade off study to be finalised as part of the Company's due diligence on the Lepidico Ltd process as licensed to Lithium Australia to ensure the best result is delivered for the company's shareholders.

In addition, as part of the pre-feasibility study, the Company has also begun work on trade off studies with regards to plant location and into the potential of the development of high grade outcropping and shallow mineralisation for initial start-up tonnage to accelerate production timelines, lower capital costs and improve project economics."

LIT maintains that its process is currently the most economic and energy efficient process to extract lithium which has been further enhanced by the production of higher-value lithium hydroxide.

OTHER PROSPECTS
The Company has successfully recovered lithium from mica concentrates from two other deposits located in Europe.

WESTERN AUSTRALIA (Project locations shown in Figure 7)

COOLGARDIE RARE METALS VENTURE (LIT 80%, Focus Minerals Limited (ASX: FML) 20%)

The Coolgardie Rare Metals Venture (CRMV) is an initiative with FML. It includes the historic lithium production centre of Lepidolite Hill. Under the terms of its agreement with FML, LIT has the rights to all metals derived from pegmatites on the property and will free-carry a 20% FML interest to the point at which a decision is made to commit to feasibility.

Bulk samples from Lepidolite Hill were subjected to flotation, producing a high-grade lepidolite concentrate that was subsequently leached in the September 2015 quarter.

Lithium carbonate quality
High-grade lithium carbonate was produced throughout the majority of the campaign with the total product averaging 99.6% Li_2CO_3. The following impurities were detected and are expressed as parts per million:

Al_2O_3	$CaCO_3$	CuO	FeO	K_2O	MgO	Na_2O	NiO	P_2O_5	PbO	Rb_2O	SO_3	SiO_2
59	539	2	15	26	42	539	3	10	2	2	2792	260

Some of the impurities detected are soluble salts, in particular sodium sulfate that can be removed by improved washing of the final carbonate product.

The results are a clear demonstration of the ability to control the L-Max process and produce high quality products on a continuous basis.

The processing of mica, to recover lithium, has a number of major advantages over other lithium recovery processes. One of the most significant advantages is the dissolution of all metals in the mica, and the ability to recover co-products. Initial financial evaluation of the process (ASX announcement 1 May 2015) based on the production of lithium carbonate, and ONLY a potassium sulphate (fertiliser) credit, suggests the production of lithium carbonate from mica, at a cost below $2000 per tonne, is realistic.

The ability to recover a range of other commercial products from the leach solutions will further improve the economics, potentially making the process the world's most economic means of producing lithium. LIT's technical partner, Lepidico Limited, has successfully produced value-added products from both silicon and aluminium.

Lithium Hydroxide Production

LIT advised during the quarter that it had produced its first lithium hydroxide on 9 December 2015. Lithium hydroxide is a value added lithium chemical, used for the production of lithium batteries. Initial assays demonstrate the veracity of the lithium hydroxide production process from micas. The hydroxide has been produced by simple chemical conversion of a primary lithium carbonate product that was derived by processing lithium mica from Lepidolite Hill. The following lithium hydroxide quality was achieved on the first attempt undertaken in an independent laboratory.

Sample	***LiOH-A***	***LiOH-B***
Element	(wt%)	
Al	<0.001	<0.001
B	<0.001	<0.001
Ca	0.039	0.017
Fe	<0.001	<0.001
K	0.012	0.012
Li	16.52	16.53
Mg	0.001	0.001
Mn	<0.001	<0.001
Na	0.016	0.017
S	0.012	0.012
H2O	~43	~43
Impurities (wt%)	0.055	0.034
LiOH (%)	**99.83**	**99.89**

These positive results demonstrate the potential for a paradigm shift in operating revenue from lithium mica deposits by focusing on high value lithium hydroxide as a deliverable product. The hydroxide can be produced from a lithium carbonate precursor, for a marginal incremental cost.

Implications

The conversion of lithium carbonate to lithium hydroxide when combined with disruptive processing technology licensed to LIT, provides a fully integrated flowsheet from mica to lithium hydroxide.

The marginal increase in operating cost, to produce the higher value hydroxide product, has the potential to produce significant revenue increases for mica based lithium projects.

The ability to produce a lithium hydroxide product directly from mica is a significant step. That ability creates the opportunity to tap into a premium product market by producing the highest value lithium intermediate chemical i.e. lithium hydroxide, as opposed to the lower-priced Lithium Carbonate or concentrate. LIT will provide further commentary when final and definitive results become known to it.

Currently all other Australian lithium producers and developers are producing or intend to produce lithium concentrates which require significant upgrading overseas to produce either Lithium Carbonate or Hydroxide.

The results indicate it is possible to produce a high quality lithium hydroxide product from a mica feed source. Although this has only been done on a batch process, integrating the processing step into the technology being used by LIT is likely to produce a superior outcome, and higher recoveries than competitive processes being used to produce lithium hydroxide from the more conventional sources, being spodumene (hard rock)

or hydroxide from lithium brines. The reason this is likely to be the case rests in the ***complete process circuit design*****,** which remains the subject of IP and confidentiality agreements.

However it can be said that the processes developed to date are completely compatible and can be integrated on a continuous basis. It is this integration that provides some of the most significant processing advantages.

Universal application to other projects

The conversion of lithium carbonate, to lithium hydroxide is not dependent upon the source or chemistry of the mica feed. The process is applicable to the processing of all lithium micas tested to date by LIT.

Further developments

Various process control assays remain outstanding. A comprehensive mass balance will be completed when those assays become available. LIT will continue to pursue process optimization to reduce cost, and improve product quality.

PILGANGOORA

New work has confirmed the significant potential for lithium "mica" styles to be added to Western Australia's emerging Pilgangoora lithium district, south of Port Hedland and where lithium resources based around spodumene-bearing pegmatite mineralisation have already been proven. It is a further boost for both developers in what they regard as Western Australia's rapidly developing "lithium hot spot".

Pilgangoora and its surrounding area already host Pilbara Minerals' world-class spodumene resource (PLS ASX announcement 13 October 2015) and has attracted a number of other like participants, including Altura Mining Limited (ASX: "AJM"), Metalicity Limited (ASX: "MCT") and Dakota Minerals Limited (ASX: "DKO") as shown diagrammatically in Figure 4.

The work as undertaken by Lithium Australia Limited (ASX: "LIT") under the Company's 2014 Memorandum of Understanding (MOU) with Pilgangoora owner, ASX-listed Pilbara Minerals (ASX: "PLS"). This work included a high resolution soil geochemical survey targeting the pathfinder elements indicative of lithium micas or their derivatives, being present in the soil profile. A positive response is a high probability indicator of a nearby primary source of lithium mica. The data and interpretation generated from the survey is shown in Figure 5.

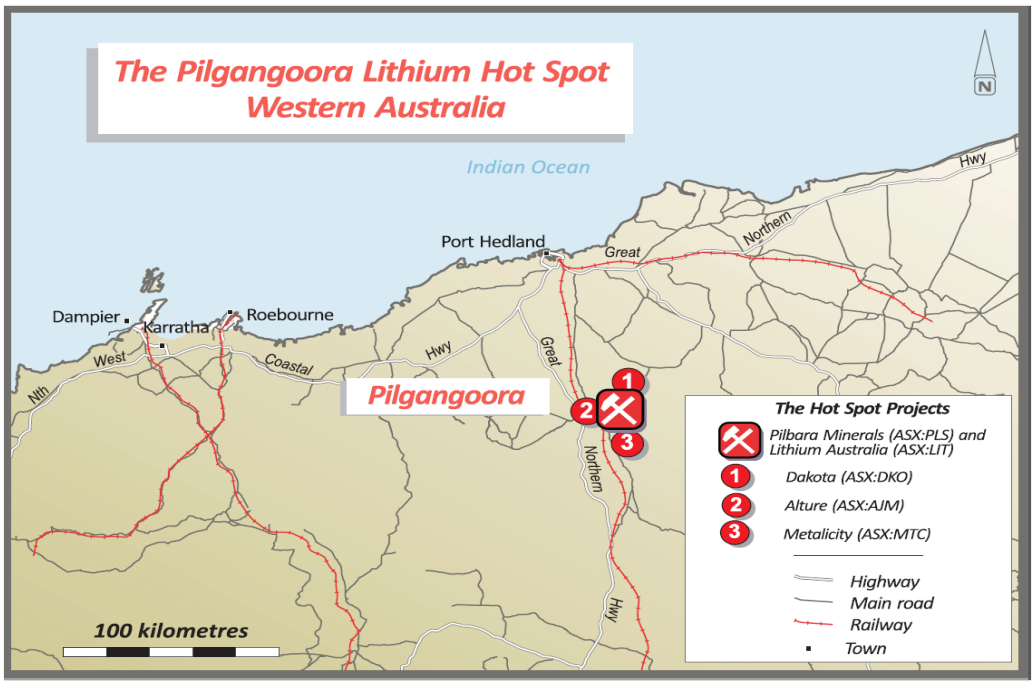

Figure 4. The Pilgangoora lithium hotspot is now host to a number of ASX-listed lithium explorers and substantial lithium resources. Lithium Australia is evaluating lithium mica mineralisation within the area subject of Pilbara Resources' recently announced JORC Resources.

Principal survey outcomes

The geochemical techniques employed across Pilgangoora were successfully pioneered on other lithium mica projects within Lithium Australia's project portfolio. The techniques use pathfinder elements as a proxy for lithium, primarily lithium derived from micas. In addition to field generated results, control samples were assayed for lithium to verify the veracity of the interpretation. The following observations have been made:

1. The elements used show an extremely strong correlation with lithium hosted by the pegmatite swarm, the subject of PLS' current drilling and resource evaluation;
2. Lithium micas were observed in PLS' drill chips, and are associated with the known spodumene mineralisation, albeit generally in low abundance;
3. The soil profile around the spodumene pegmatite swarms contains abundant lithium mica indicators;
4. A significant geochemical anomaly has been defined in the northwest of the project area, with a chemical signature typical of lithium micas, and separate to the spodumene-bearing lithium mineralisation;
5. The survey identified further prospective spodumene targets at Pilgangoora, providing upside for PLS.
6. The elements used show an extremely strong correlation with lithium hosted by the pegmatite swarm, the subject of PLS' current drilling and resource evaluation;
7. Lithium micas were observed in PLS' drill chips, and are associated with the known spodumene mineralisation, albeit generally in low abundance;
8. The soil profile around the spodumene pegmatite swarms contains abundant lithium mica indicators;
9. A significant geochemical anomaly has been defined in the northwest of the project area, with a chemical signature typical of lithium micas, and separate to the spodumene-bearing lithium mineralisation;
10. The survey identified further prospective spodumene targets at Pilgangoora, providing upside for PLS.

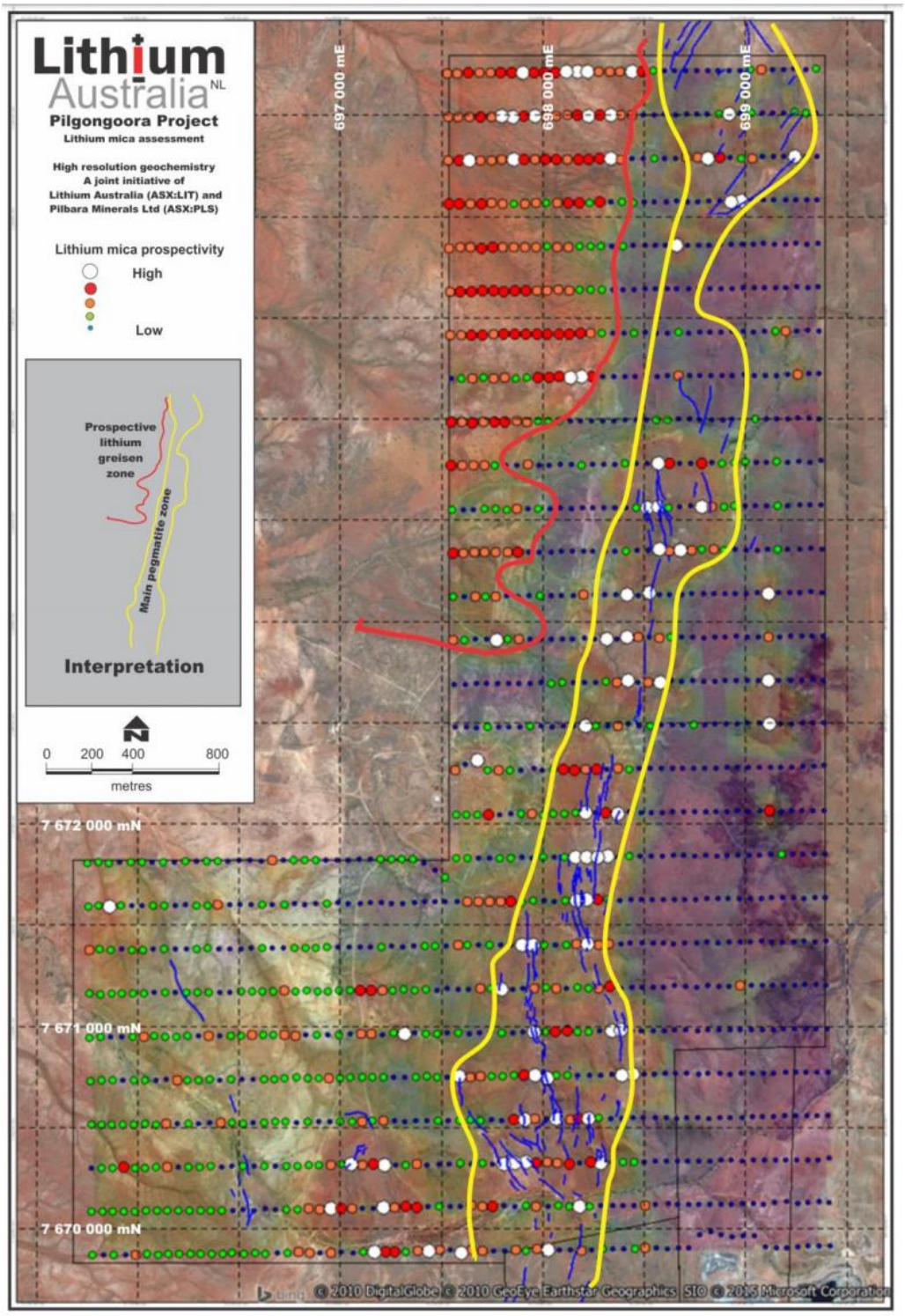

Figure 5 Pilgangoora geochemical survey showing the strong correlation of indicators with the main pegmatite swarm and a blind anomaly in the north west. The north west anomaly although indicative of a lithium mica origin, shows subtly different characteristics which indicate it is not derived from pegmatites, but more likely to be the signature of an altered granite ("greisen").

Geochemical survey details

Lithium Australia's detailed geochemical survey covered 70 km of traverse lines with samples taken on a 50mx200m grid. Samples were analysed using a Niton field-portable XRF with a number of samples submitted to commercial laboratories for checks, calibration and lithium analysis (lithium cannot be detected by field-portable XRF).

Along the main pegmatite swarm (Figure 5) which is the focus of PLS' spodumene drilling and target of an updated resource statement (PLS ASX announcement 11 January 2016) all show a strong response. **In the northwest of the Pilgangoora ground, there is a unique high response which is more indicative of lithium micas than the more generalised geochemical response over the main pegmatite zone**. ***This is a major target for further evaluation.***

In general, these occurrences are close to the lithium pegmatites and have resulted from weathering and dispersion in the soil profile. The mineralogy and extent of these deposits will be the focus of some of Lithium Australia's future work in the area.

Future objectives

Under the terms of the MoU between PLS and LIT, LIT was to provide PLS with a commercial development proposal by 30 December 2015. The parties recognise the very high potential now for lithium micas in the Pilgangoora area and are renegotiating the terms of the MoU to expand the evaluation for this potential additional lithium source.

SEABROOK RARE METALS VENTURE (LIT 80%, Tungsten Mining (ASX: TGN) 20%)

Koolyanobbing Project – Seabrook Rare Metals Venture

LIT has identified an area of high prospectivity, which is about 3km long and 500 - 600m wide, remains open across the Koolyanobbing Shear, transgressing the boundary between a sequence of mafic and acid lithologies.

Significant alteration of the host lithologies – observed in areas of outcrop and tungsten mineralisation (as marked on Figure 6) – exists on the flanks of the target area. The tungsten mineralisation is interpreted to be a skarn and is probably associated with late-stage magmatic fluids, which create the target areas shown on the heat map.

No work was undertaken on the Seabrook Rare Metals Joint Venture during the December 2015 quarter.

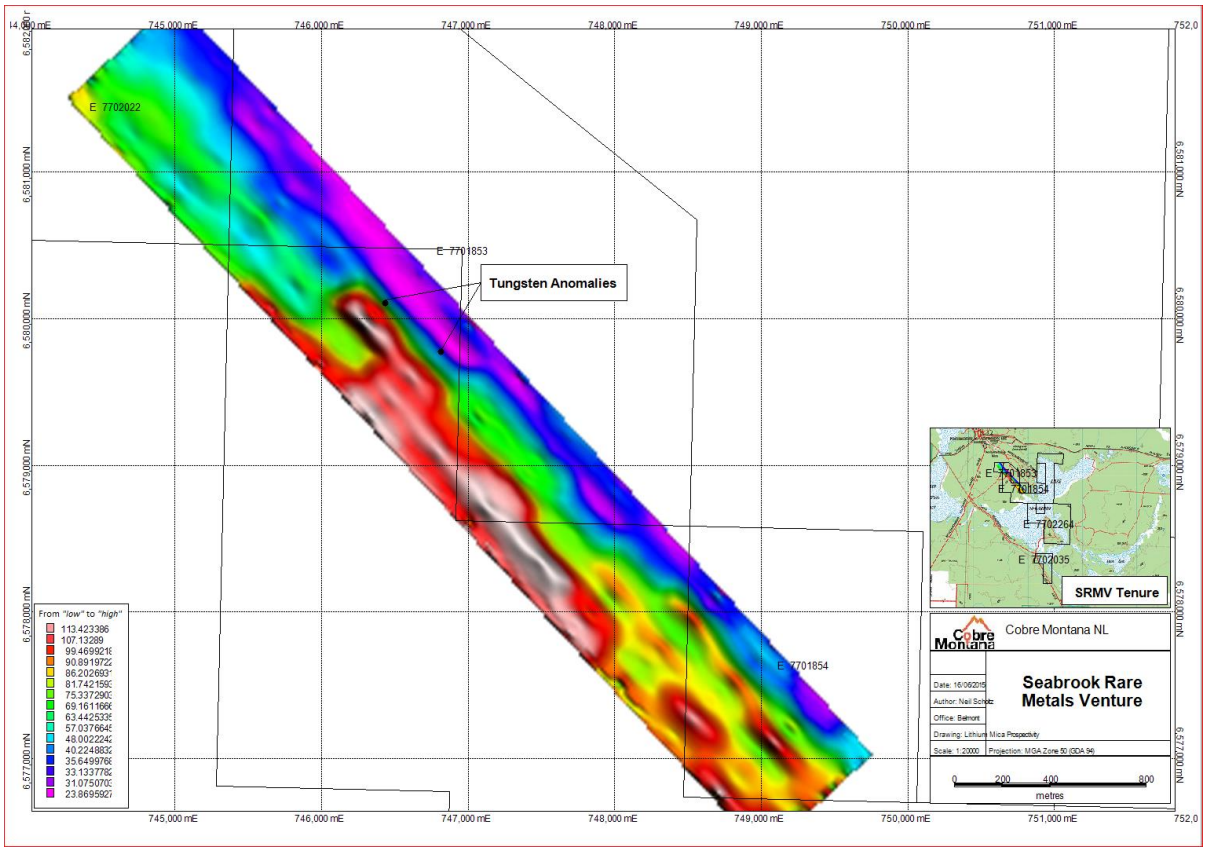

Figure 6. Heat map showing areas of high-potential for LCT pegmatites. The prospectivity has been defined by geochemical algorithms being applied to data generated from surface soil samples.

GREENBUSHES (LIT 80%)
In October 2015, the Company applied for exploration licences in and around Greenbushes from where 38% of world supply of lithium is sourced. This area covers a 50km structural trend which is highly prospective for lithium pegmatites. The Company awaits the grant of these tenements.

RAVENSTHORPE (LIT 100%)
LIT holds a single exploration licence with an area of 70km^2 covering a 20km long structural trend which is highly prospective for lithium pegmatites. The corridor extends southwest from the Mt Cattlin lithium and tantalum hard rock operations of Galaxy Resources Limited and General Mining. The operation is scheduled to commence production in Q1 2016.

The southern extension of E70/0543 overlies the Cocanarup pegmatite field which contains three large pegmatite bodies. Field inspection has confirmed zinnwaldite and lepidolite (lithium "micas") outcropping over large areas. Work by previous operators focused on tantalum with disappointing results but historic mapping and sampling has provided LIT with confidence that mapped pegmatites have the potential to host large tonnages of lithium mineralisation.

Field surveys commenced subsequent to the end of the quarter with a primary aim of better defining the resource potential of the area. The very large Horseshoe Pegmatite will be a primary focus.

GEMSTONE PLAINS (LIT 100%)
LIT has made application for a single exploration licence of area 112km^2 located in the Gascoyne region of Western Australia some 125km northeast of Gascoyne Junction. The area has an exploration history targeting tantalum and other rare metals hosted by pegmatites. On grant LIT will conduct reconnaissance exploration including mapping and sampling to evaluate the potential of the pegmatites to host lithium mineralisation.

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 on three continents.

COMPETENT PERSONS STATEMENT
Competent Persons Statement:

The information contained in the report that relates to Exploration Results of projects owned by Lithium Australia NL and is based on information compiled or reviewed by Mr. Adrian Griffin, who is an employee of the Company and is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Griffin has given consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.



Figure 7 – LIT's project locations

LISTING RULE 5.3.3 INFORMATION

WA TENEMENTS	PROJECT	NOTES &	DATE
E74/0543	RAVENSTHORPE	GRANTED	24/01/2014
M15/664	COOLGARDIE	GRANTED	14/09/1993
M15/1809	COOLGARDIE	GRANTED	4/02/2013
P15/4916	COOLGARDIE	GRANTED	30/09/2008
P15/4917	COOLGARDIE	GRANTED	30/09/2008
P15/4950	COOLGARDIE	GRANTED	30/09/2008
P15//4951	COOLGARDIE	GRANTED	30/09/2008
P15/4952	COOLGARDIE	GRANTED	30/09/2008
P15/4953	COOLGARDIE	GRANTED	30/09/2008
P15/5519	COOLGARDIE	GRANTED	3/02/2011
P15/5574 S	COOLGARDIE	GRANTED	10/08/2011
P15/5575 S	COOLGARDIE	GRANTED	10/08/2011
P15/5625	COOLGARDIE	GRANTED	9/08/2013

P15/5626	**COOLGARDIE**	**GRANTED**	**14/12/2011**
P15/5629	**COOLGARDIE**	**GRANTED**	**9/08/2013**
P15/5739	**COOLGARDIE**	**GRANTED**	**17/01/2013**
P15/5740	**COOLGARDIE**	**GRANTED**	**17/01/2013**
P15/5741	**COOLGARDIE**	**GRANTED**	**17/01/2013**
P15/5742	**COOLGARDIE**	**GRANTED**	**17/01/2013**
P15/5743	**COOLGARDIE**	**GRANTED**	**17/01/2013**
P15/5749	**COOLGARDIE**	**GRANTED**	**3/04/2013**
E45/2232	**PILGANGOORA**	**GRANTED**	**17/11/2005**
E45/2241	**PILGANGOORA**	**GRANTED**	**24/04/2002**
M45/78	**PILGANGOORA**	**GRANTED**	**28/11/1984**
M45/333	**PILGANGOORA**	**GRANTED**	**17/06/1988**
M45/511	**PILGANGOORA**	**GRANTED**	**11/09/1991**
E77/1853	**LAKE SEABROOK**	**GRANTED**	**22/09/2011**
E77/1854	**LAKE SEABROOK**	**GRANTED**	**22/09/2011**
E77/1855	**LAKE SEABROOK**	**GRANTED**	**22/09/2011**
E77/2021	**LAKE SEABROOK**	**GRANTED**	**26/06/2012**
E77/2022	**LAKE SEABROOK**	**GRANTED**	**26/06/2012**
E77/2035	**LAKE SEABROOK**	**GRANTED**	**5/09/2012**
E77/2279	**LAKE SEABROOK**	**GRANTED**	**27/07/2015**
E70/4690	GREENBUSHES	PENDING	PENDING
E70/4777	GREENBUSHES	PENDING	PENDING
E70/4778	GREENBUSHES	PENDING	PENDING
E70/4788	GREENBUSHES KANGAROO	PENDING	PENDING
E70/4789	GREENBUSHES KOALA	PENDING	PENDING
E70/4790	GREENBUSHES SOUTH	PENDING	PENDING
E45/4654	HILLSIDE 1	PENDING	PENDING
E45/4655	HILLSIDE 2	PENDING	PENDING
E45/4660	HILLSIDE 3	PENDING	PENDING
E45/4668	HILLSIDE 4	PENDING	PENDING
ELA 30897	ANGERS	PENDING	PENDING

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Lithium Australia NL (Formerly known as Cobre Montana NL)

ABN	Quarter ended ("current quarter")
29 126 129 413	31 December 2015

Consolidated statement of cash flows

		Current quarter $A'000	Year to date (6 months) $A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(105)	(300)
	(b) development		
	(c) production		
	(d) administration	(170)	(446)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	5	9
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid		
1.7	Other (provide details if material)		
	Net Operating Cash Flows	(270)	(737)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	-	(100)
	(b) equity investments	-	-
	(c) other fixed assets	-	(5)
1.9	Proceeds from sale of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
	Net investing cash flows	-	(105)
1.13	Total operating and investing cash flows (carried forward)	(270)	(842)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(270)	(842)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	555	998
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (Capital Raising Costs)	(3)	(8)
	Net financing cash flows	552	990
	Net increase (decrease) in cash held	282	148
1.20	Cash at beginning of quarter/year to date	718	852
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter** +	1,000	1,000

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	79
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments to directors and employees for services to the economic entity.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

+

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ LIT advised ASX on 11 January 2016 that it had secured a funding package of $6.5m which was subsequently finalised on 20 January 2016.

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	200
4.2	Development (Metallurgical)	200
4.3	Production	-
4.4	Administration	200
	Total	**600**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	8	182
5.2	Deposits at call	992	670
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	**1,000**	**852**

Changes in interests in mining tenements and petroleum tenements

		Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	NIL	N/A	N/A	N/A
6.2	Interests in mining tenements and petroleum tenements acquired or increased	E70/4690	Application	0%	100%
		E70/4788	Application	0%	100%
		E70/4789	Application	0%	100%
		E70/4790	Application	0%	100%
		E45/4654	Application	0%	100%
		E45/4655	Application	0%	100%
		E45/4660	Application	0%	100%
		E45/4668	Application	0%	100%

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities** **Partly paid contributing shares**	140,511,361 (a) 11,700,000 29,743,406(b)	140,511,361 (a) - 29,743,406 (b)	Various $0.25 $0.05	Fully Paid $0.0001 $0.029
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs + *	(a) 10,655,646 (b) 8,184,595+ +Conversion from LITCC to LIT (b) 36,668,001 LITCB*	(a) 10,655,646 (b) N/A	(a) 10,655,646 (b) N/A	(a) Various (b) N/A
7.5	**+Convertible debt securities** (*description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	 3,000,000 8,200,000 8,200,000 9,200,000 13,340,000	 - - - - - (Performance Rights (PR))	*Exercise price* $0.10 $0.15 $0.20 $0.30 N/A	*Expiry date* 1 July 2016 1 July 2019 1 July 2019 1 July 2019 N/A
7.8	Issued during quarter	8,200,000 8,200,000 9,200,000 13,340,000	- - - - (PR)	0.15 $0.20 $0.30 N/A	1 July 2019 1 July 2019 1 July 2019 N/A

+ See chapter 19 for defined terms.

7.9	Exercised during quarter				
7.10	Expired during quarter		1,500,000	$0.2500	29 November 2015
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: "Barry Woodhouse" Date: 29 January 2016
Company secretary

Print name: Barry Woodhouse
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Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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