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ASX ANNOUNCEMENT

EXPLORATION TARGET & DRILL SCHEDULE ANNOUNCED FOR RAVENSTHORPE NEAR OPERATING LITHIUM MINE

HIGHLIGHTS:

- **Lithium Australia defines two key areas for first drilling on southern portion of its lithium prospective Ravensthorpe tenements, west of Esperance in Western Australia**
- **LIT defines an exploration target* of lithium mineralisation at a minimum grade of 1% Li_2O (with a size range from 525,00t to 1,281,000t and grade range of 0.8% - 1.2%)**
- **Main focus is the Horseshoe #1 and Horseshoe #2 pegmatites (the primary source rock for lithium)**
- **Maiden drill program of up to 35 drill-holes scheduled once approvals confirmed**
- **Horseshoe is just kilometres from Galaxy-General Mining's commissioning Mt Cattlin lithium mine**

SUMMARY:

The Directors of Lithium Australia NL (ASX: LIT) are pleased to announce that recent fieldwork has identified an Exploration Target*[1] of **525,00t to 1,281,000t and grade range of 0.8% - 1.2%)** at the southern end of the Company's 100%-owned Ravensthorpe lithium project, west of Esperance in southern Western Australia (see Figure 1).

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* Exploration Target*: The potential quantities and grades are conceptual in nature and there has been insufficient exploration to-date to define a Mineral Resource. It is not certain that further exploration will result in the determination of a Mineral Resource under the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, the JORC Code" (JORC 2012). The Exploration Target is not being reported as part of any Mineral Resource or Ore Reserve.

The mineralisation, contained within the project's "Horseshoe Prospect", several kilometres from Galaxy Resources Limited and General Mining Corporation Limited's operating Mt Cattlin lithium mine.

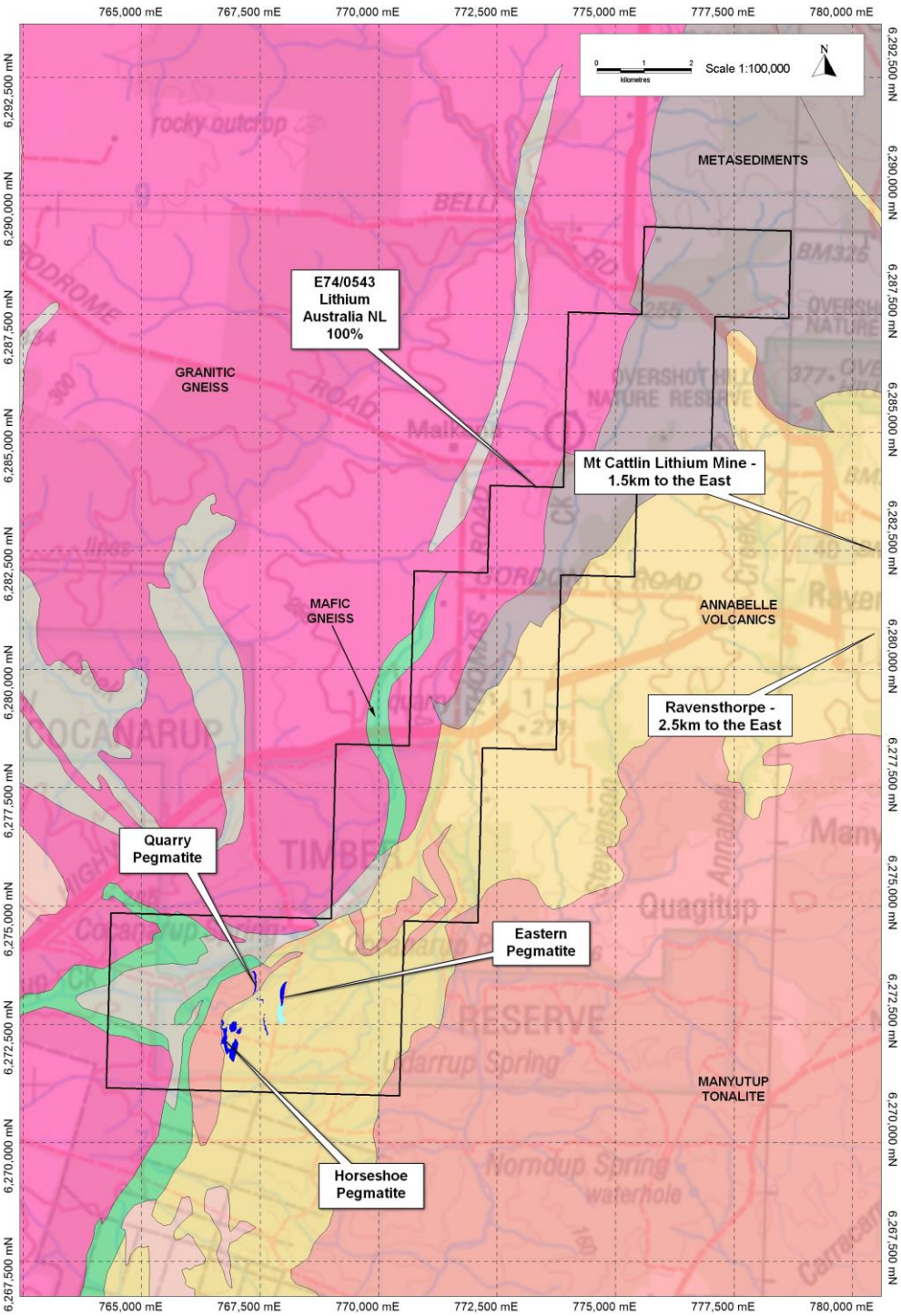

Figure 1: Location of LIT's Ravensthorpe Lithium Project

PLANNED DRILLING

A maiden drilling program of up to 35 holes has been scheduled for Horseshoe and is expected to commence by October once work permits have been approved.

Recent field work has confirmed the significance of the size of the Horseshoe prospect, its numerous lepidolite outcrops (lithium hosting micas), and its shallow dip with minimal overburden overlying the zone of lithium mineralisation.

The focus of the maiden drilling will be an area 650 metres long (Figure 2) containing the northern part of the large 950 metres long and 25 metres thick Horseshoe #1 pegmatite and the adjacent 250 metres long, 25-35 metres thick Horseshoe #2 pegmatite.

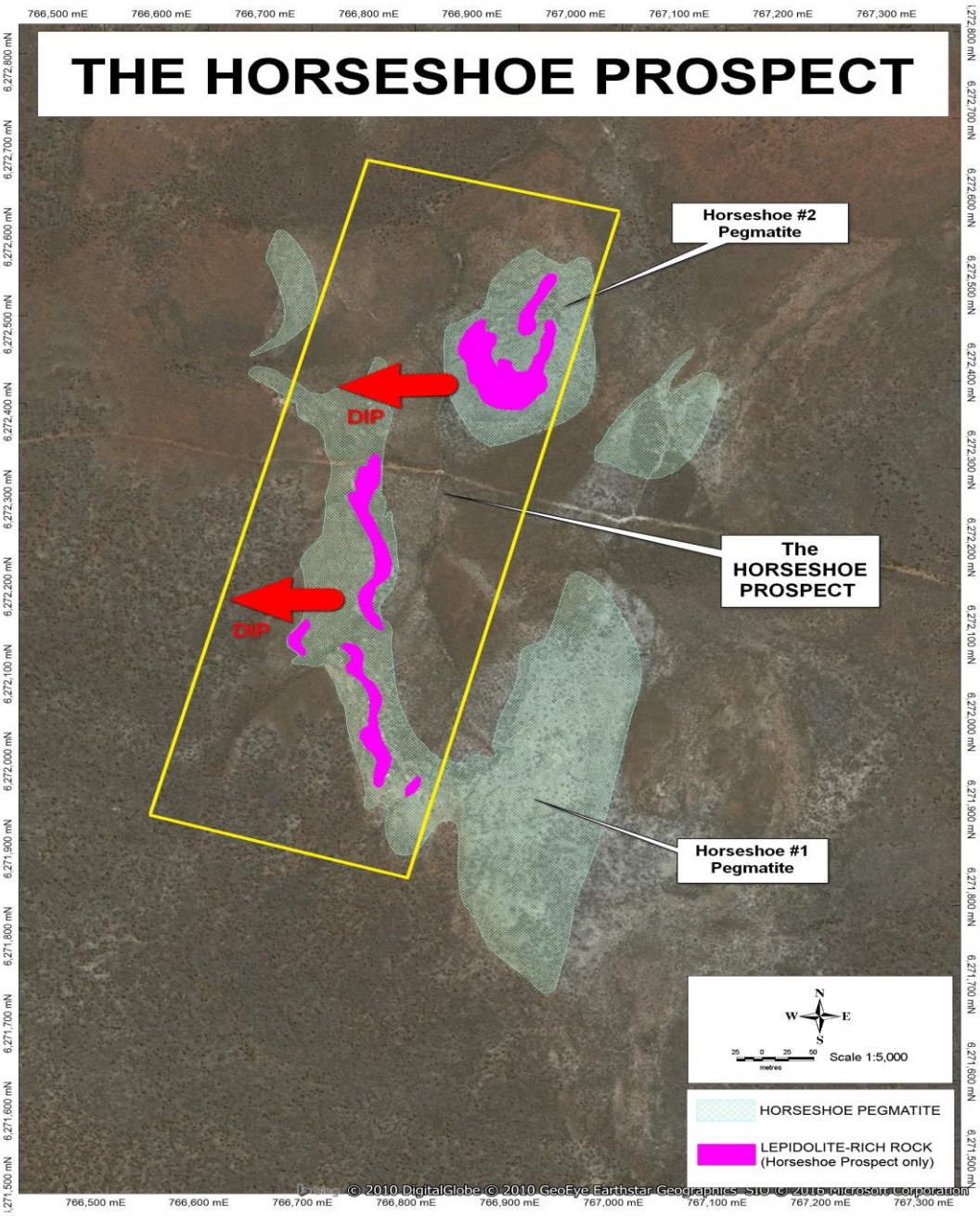

Figure 2: Plan-view of LIT's Horseshoe Prospect. Note that the areas of lepidolite-rich rock depicted are only those of the Horseshoe Prospect, as they are the ones to be tested by drilling.

Lithium Australia Managing Director, Mr Adrian Griffin:
*"*It is indeed significant that so much un-touched lithium mineralization is sitting on the surface, within kilometres of the Galaxy-General Mining lithium operations. The more we look, the more of these less-common lithium minerals we find, and what has been the constraint to adding them to inventory? It has been the cost of processing. The Sileach™ process puts an end to the energy intensive process of roasting to recover lithium from silicates. Lithium Australia can used its 100% owned Sileach™ process to recover lithium from all lithium silicates, including spodumene.

Lithium Australia plans to use the Sileach™ process to unlock stranded lithium deposits on a global basis. Sileach™ is the start of a processing revolution that will lower the cost curve for the production of lithium chemicals from spodumene, and open the door for the less conventional mica deposits. We see the cost of hard rock lithium chemical production rivalling that of the low-cost the brine producers and we have the technology to make that happen. The Horseshoe Pegmatite is a great example and I look forward to the forthcoming exploration campaign.*"*

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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 on three continents.

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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 Peter Spitalny on behalf of Mr Adrian Griffin, Managing Director of Lithium Australia NL. Mr Spitalny 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.

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 being reported to qualify as a Competent Person as defined in the 2012 Edition of the .Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Mr Peter Spitalny consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. The Company is not aware of any new information or data that materially affects the information in this report and such information is based on the information compiled on behalf of company Managing Director Mr Adrian Griffin.

APPENDIX 1: CALCULATION OF EXPLORATION TARGET

Statement of Assumptions

For all the calculations, the following assumptions were applied:

1. A minimum grade of 1% Li_2O was required for the lithium mineralisation to economically viable.
2. This minimum grade would be attained by rock comprised of at least 30% lepidolite (or zinnwaldite).
3. Observed orientations and thicknesses at outcrops are persistent down-dip.
4. Bulk Density of 2.8t/m^3 (pure lepidolite has a density of 2.85-2.90g/cm^3 and pure zinnwaldite has a density of about 3.0g/cm^3, main contaminant likely to be quartz, density 2.65g/cm^3)

The Horseshoe #1 Pegmatite; Western Limb

Strike Length of zone containing 30% or more lithium mica = 400m
True thickness of zone containing 30% or more lithium mica = 3.5m (estimated; range 2-5m)
Down-dip Length of zone containing 30% or more lithium mica (assuming limit of vertical depth of -50m from the surface) = 150m

Volume = Strike length x True thickness x Down-dip length
= 400m x 3.5m x 150m
= 210 000 m^3 (range: 120 000m^3 to 300 000m^3)
Potential tonnage* = to depth of -50m. **Exploration Target range: 336 000t to 840 000t***

The Horseshoe #2 Pegmatite

Strike Length of zone containing 30% or more lithium mica = 150m (see note below)
True thickness of zone containing 30% or more lithium mica = 5m (range 3-7m; see note below)
Down-dip Length of zone containing 30% or more lithium mica (assuming limit of vertical depth of -50m from the surface) = 150m

Volume = Strike length x True thickness x Down-dip length
= 150m x 5m x 150m
= 112 500 m^3 (range: 67 500m^3 to 157 500m^3)
Potential tonnage* = to depth of -50m. **(Exploration Target Range: 189 000t to 441 000t)***

Note: The core zone is shaped like a "U" and total length (following the "U") is 250m but the strike length of the "U" shaped core zone is about 150m. A consequence of this is that the potential true thickness is doubled and could be up to 10m in parts.

THE HORSESHOE PROSPECT = Horseshoe #1 (western) + Horseshoe #2
= 588 000t + 315 000t
= 903 000t
Total Exploration Target Range; 525,000t-1,281,000t*

***Cautionary Statement**

The calculations are based upon field observations of multiple small outcrops of rocks containing lithium mineralisation, present as the lithium micas lepidolite or zinnwaldite or both. The ground between the outcrops is obscured by scree and colluvium. Continuity of lithium mineralisation is inferred and supported by the size, proximity and spatial relationships of lithium-rich outcrops but is unproven at this stage of investigation. It is common for the core-zones of pegmatites to have orientations that differ from the overall orientation of the pegmatite that contains them and to vary in thickness and length down-dip.