Lithium Australia NL

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14 October 2016

ASX ANNOUNCEMENT

LITHIUM AUSTRALIA AND ALIX RESOURCES GAIN PERMITS TO DRILL AT SONORA, MEXICO

HIGHLIGHTS

- **Drill targets identified**
- **Environmental approvals granted for 25 hole drilling program**
- **Lithium Australia agrees to fund exploration**
- **Financial support to extend LIT interest to 49%**

BACKGROUND

Lithium Australia NL (ASX: LIT) announced the discovery of lithium bearing clays on its Tecolote concession of the Electra Project located in Sonora, Mexico (Figure 1) on 1 July 2016. The Electra Project is subject to a farmin agreement with Alix Resources Corp (AIX-TSX:V; 37N-Frankfurt). LIT holds 25% of the joint venture and it is anticipated that funding of the planned drilling program will extend its interest to 49%.

EXPLORATION TARGET

The exploration target on the Tecolote concession is lithium-bearing, clay-rich horizons similar to the adjoining Buenavista concession owned by Bacanora Minerals Ltd. (BCN-TSX:V) and Rare Earth Minerals PLC (REM-LON)) (*BCN PR 2016-01-06*), which is thought to be the world's largest commercial lithium clay deposit yet identified.

Two target areas have been identified on the Tecolote concession. The areas are interpreted to be underlain by sedimentary sequence favorable for lithium mineralization.

PLANNED DRILLING

A reverse-circulation ("RC") drilling program has been planned to test the two target areas. Approval for the program has been granted by the "Ejido" (community). An application for the environmental permit (called a "Informe Preventivo") on the Tecolote concession, to complete up to 25 RC drill holes and rehabilitation of existing roads is in progress. Preliminary layout is shown in Figure. 2.

COMMENT FROM THE MANAGING DIRECTOR

Adrian Griffin commented: “The significant opportunity afforded by near-surface mineralization of this type is of great importance to our global exploration efforts. We had no hesitation supporting the Alix exploration plan and look forward to a successful outcome.”

COMMENT FROM THE PRESIDENT OF ALIX

Mike England, president of Alix, stated: "We are very pleased to have both community support and environmental permits in hand to allow us to initiate a maiden Phase 1 RC drill program on the Tecolote concession, with the support of our partners, Lithium Australia. The drill program will include a series of shallow drill holes in the recognized sedimentary assemblage and also in some alluvium-covered areas. The objective is to discover lithium-rich clay layers similar to that of the Bacanora/REM Buenavista deposit."

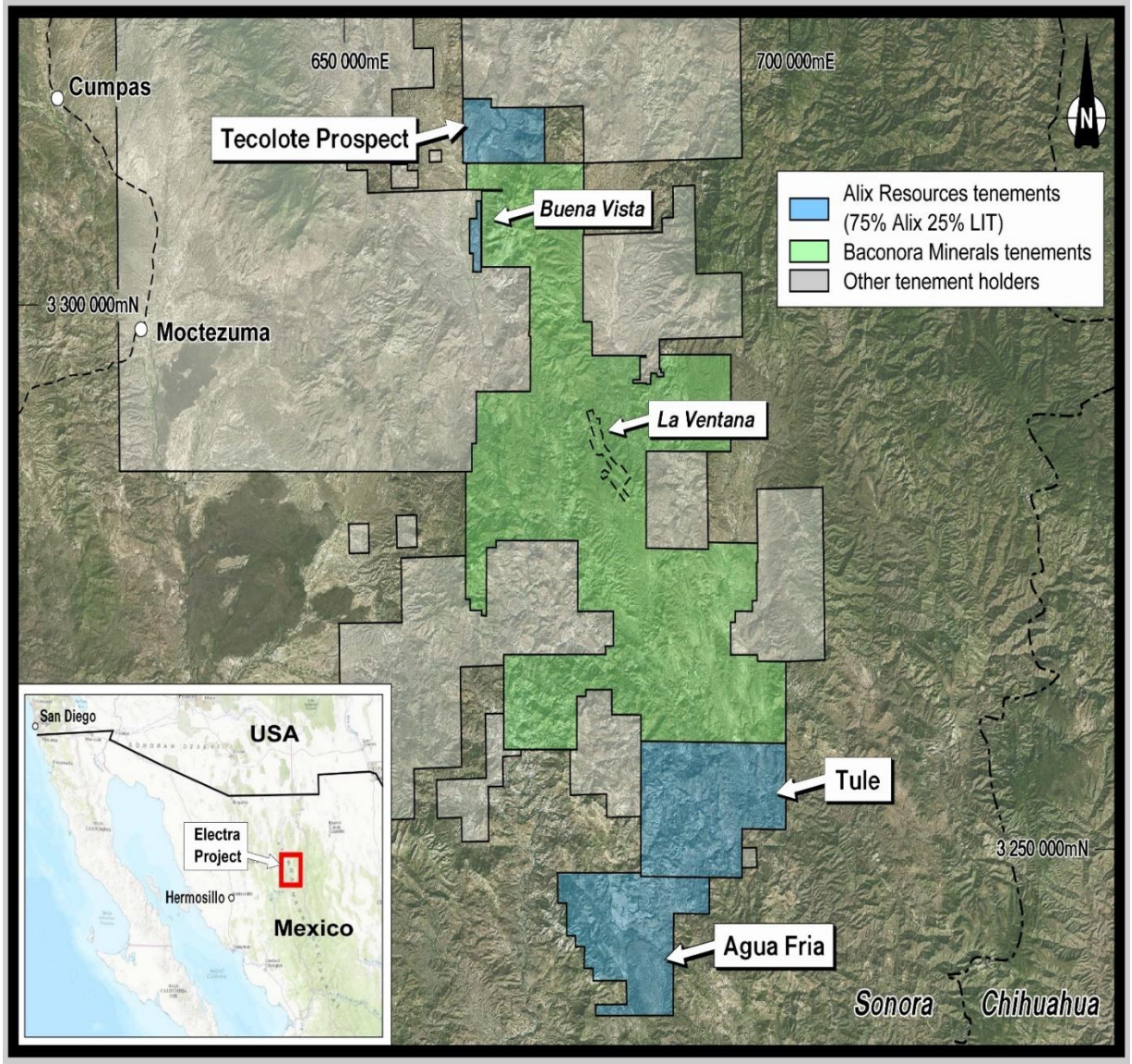

Figure 1 Location of the Tecolote concession, Sonora, Mexico.

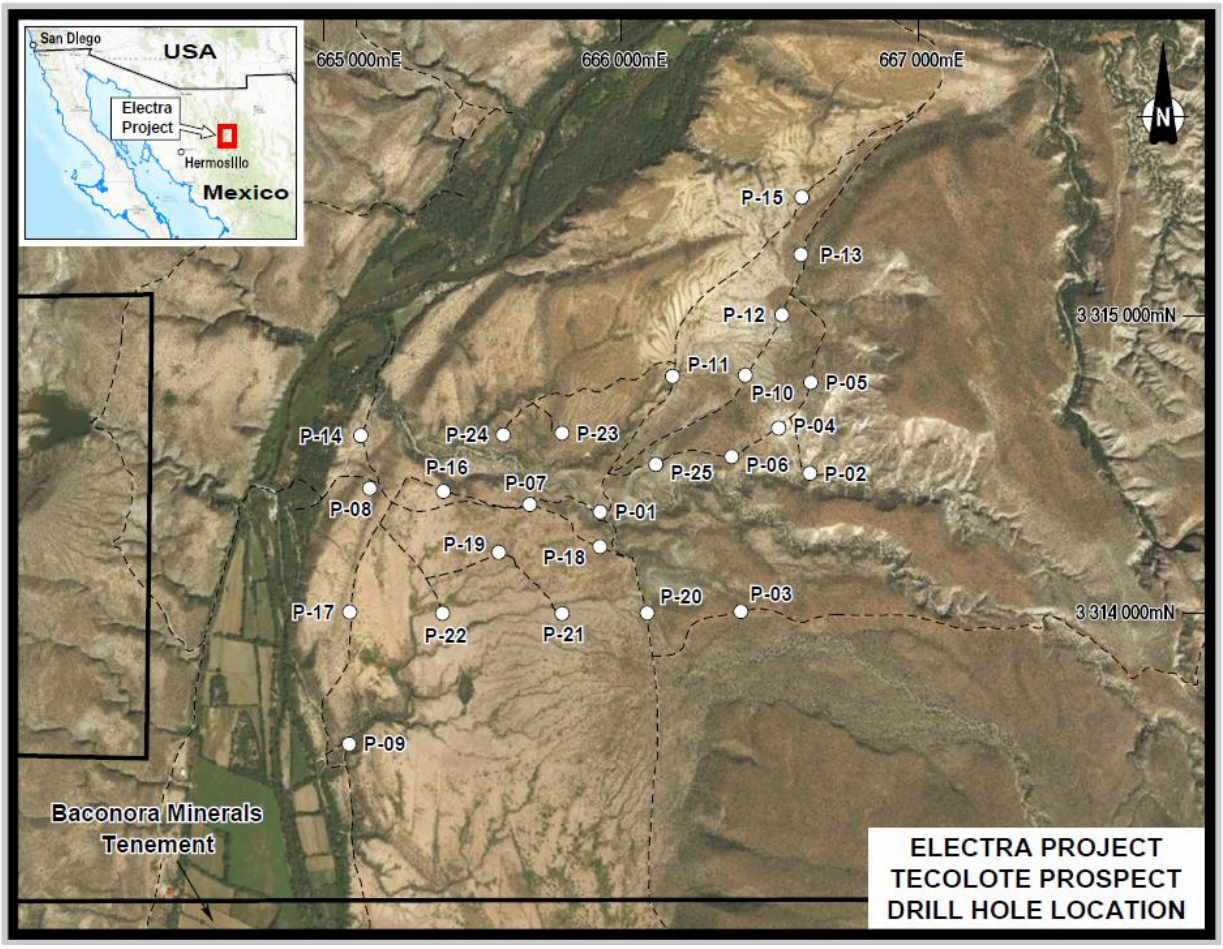

Figure 2 Plan of proposed drill hole locations

Further information on the Electra Project can be found on the LIT website at:

http://lithium-au.com/announcements/

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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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