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ANNOUNCEMENT

First lithium drill hole at Agua Fria (Sonora Mexico) a success for the Electra JV partners, Lithium Australia (ASX: LIT) and Alix Resources (TSX:V AIX).

HIGHLIGHTS

- Agua Fria strike potential verified as more than 5km
- Drill intersection of lithium bearing sediments commences at surface
- The prospective horizon exceeds 100m thickness
- Two intervals of over 1000ppm Li
- Portable LASER based analytical equipment successful
- Preliminary metallurgical results show path to low-cost processing

SUCCESSFUL TARGET INTERSECTIONS

The maiden reverse circulation ("RC") hole collared in lithium bearing sediments and intersected two intervals of +1,000 parts per million ("ppm") lithium (Li) on the Agua Fria target, of the Electra Project in Sonora, Mexico (Figure 1).

The target sediments are similar in origin to the neighbouring La Ventana deposit, operated by Bacanora Minerals and thought to be the largest lithium "clay" deposit yet identified. The Agua Fria prospect has similar dimensions to La Ventana and is characterized by fine-grained minerals, only a small proportion of which contain lithium, providing significant potential to increase plant feed grades by beneficiation.

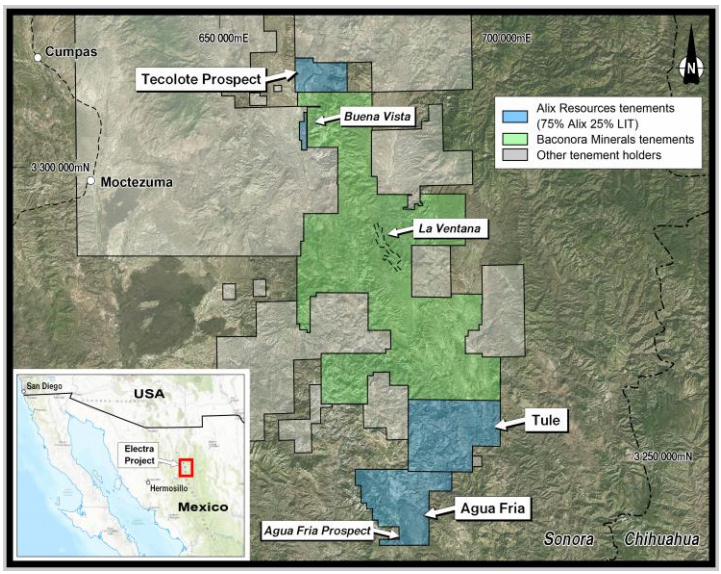


Figure 1 Agua Fria is located within the same geological environment as the adjacent La Ventana deposit, subject of Bacanora Minreals' development plans.

The current equity in the Electra Joint Venture, of which Agua Fria is part, is Lithium Australia 49% and Alix Resources Corporation 51%.

DRILLING RESULTS

The first vertical hole, AF-17-001 (Figure 2), was drilled to a depth of 126 meters, intersecting two intervals of +1,000 ppm Li in clay-bearing volcanogenic sediments, including 33 meters from 3 to 36 meters averaging 1,058ppm Li, and 21 meters from 54 to 75 meters averaging 1,043ppm Li.

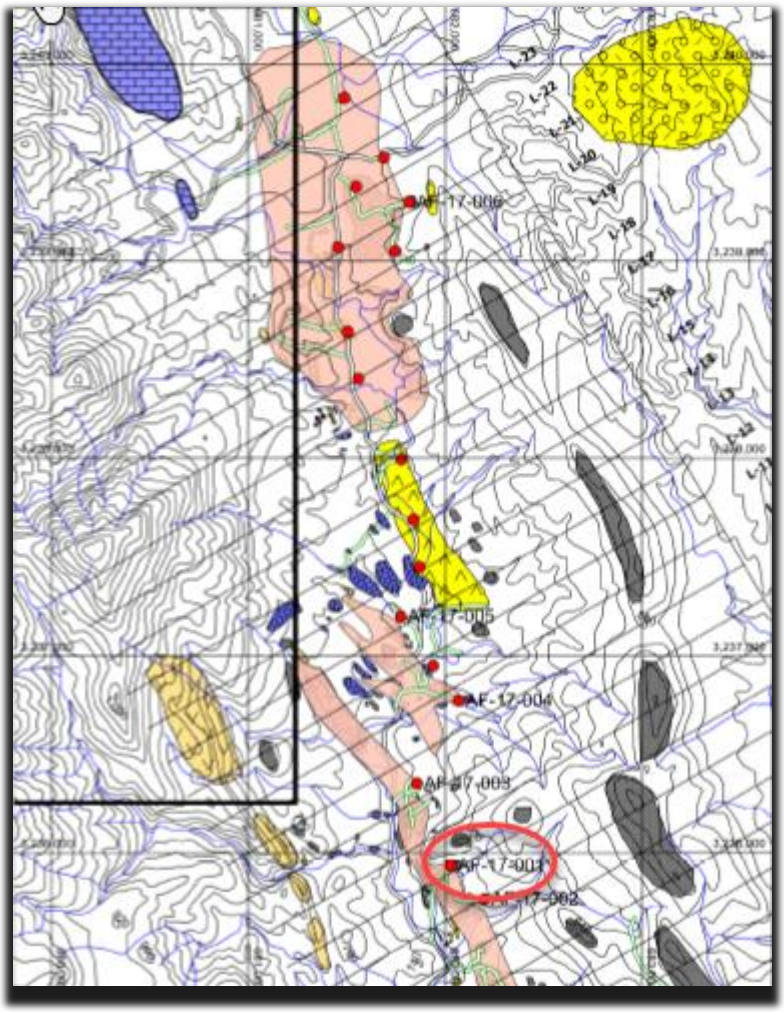


Figure 2 Shows the location of the maiden drill hole AF -17-101. Outcrop of the prospective sedimentary horizon is buff coloured.

Assays for the drill hole are shown in Appendix I. Assays over 1,000 ppm are significant, and represent the cut-off grade used by SRK Consulting (UK) Limited on the neighboring La Ventana lithium deposit, owned jointly by Bacanora Minerals Limited (70%) and Rare Earth Minerals PLC (30%).

Drilling on the Agua Fria project is progressing well with five completed holes totaling 627 meters. Assays have only been received for hole AF-17-001.

SUCCESSFUL IN-FIELD LITHIUM ASSAYS

The Agua Fria project is believed to be the first, comprehensive, fielding test of a portable Laser Induced Breakdown Spectroscopy (LIBS) using a SciAps Z300 instrument pre-calibrated for material type and lithium grade to provide “real time” assay verification.

Li assays have been received from one drill hole (AF-17-001), and the initial correlation between obtained laboratory values to concentrations determined by the SciAps Z300 shows very good correlation with laboratory results (Figure 3).

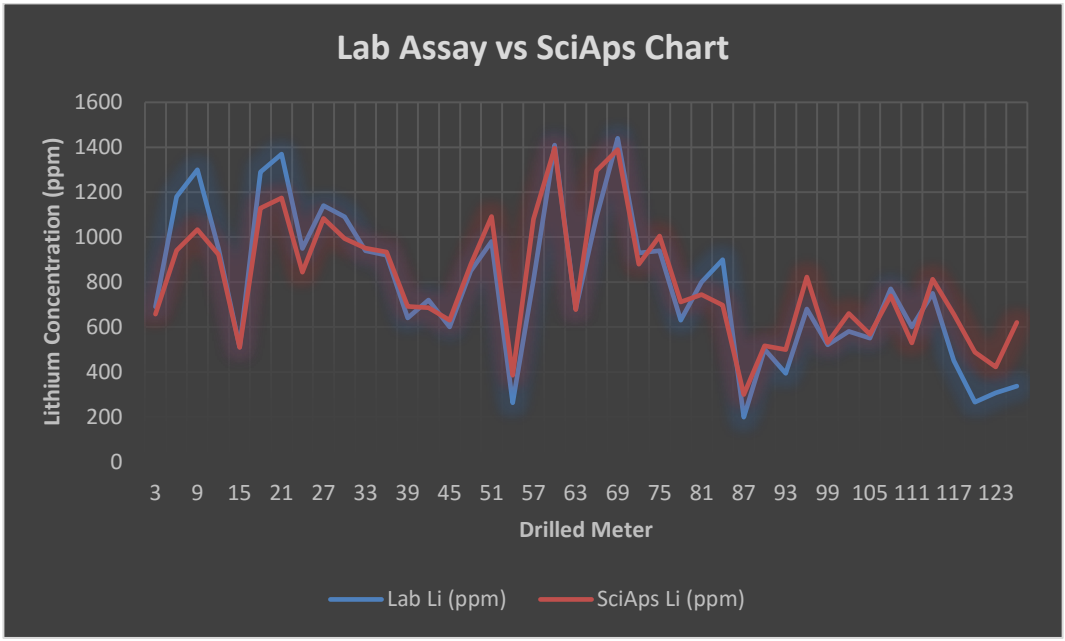


Figure 3 Shows down-hole results for lithium (ppm) derived from drill hole AF-17-001.

The comparison between the LIBS and lab assays is presented in Appendix I with quality control detailed in the 2012 JORC Code Table 1, both of which are at the end of this report.

PRELIMINARY METALLURGICAL RESULTS

Initial tests undertaken on trench samples from Agua Fria indicate the lithium is contained within a small fraction of the mass of the target material, providing good potential to increase plant feed grades by separating the lithium bearing component.

Laboratory tests confirm that the lithium can be liberated in sulphuric acid, at ambient temperatures, potentially providing a cheap means of recovering value from the target material.

Lithium Australia Managing Director, Mr Adrian Griffin:

"The maiden drill results demonstrate a target of great significance. These results, together with the outcome of the preliminary metallurgical tests, indicate the robustness of the lithium style mineralisation at our Mexican JV holdings."

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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 aspires to create the union between resources and the best available technology and to establish a global lithium processing business.

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Competent Persons Statement:

The information contained in the report that relates to Exploration Results 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 2012 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 this information in the form and context in which it appears.

APPENDIX I

Laboratory assay results and comparison with field-based Laser Induced Breakdown Spectroscopy results produced by a SciAps Z-300 hand-held instrument.

Hole No:	AF-17-001		**Easting:**		682027
Drill Date:	03/04/17 - 05/04/17		**Northing:**		3235939
SciAps Date:	04/04/17 - 06/04/17		**RL:**		758
Coord Sys:	WGS 84 / UTM Zone 12N		**Azi/Inc:**		0° / -90°

ID	From (m)	To (m)	Lab Li (ppm)	SciAps Li (ppm)	#1	#2	#3	Comment
1	0	3	690	**657**	597	764	609	
2	3	6	1180	**941**	1069	845	909	
3	6	9	1300	**1034**	1029	1092	981	
4	9	12	950	**922**	926	921	918	
5	12	15	510	**509**	544	499	484	
6	15	18	1290	**1129**	1191	1067	1130	
7	18	21	1370	**1174**	1096	1165	1261	
8	21	24	950	**843**	814	903	814	
9	24	27	1140	**1083**	1141	1066	1041	
10	27	30	1090	**994**	993	988	1000	
11	30	33	940	**950**	1029	924	898	
12	33	36	920	**934**	921	911	970	
13	36	39	640	**691**	671	736	668	
14	39	42	720	**686**	691	639	729	
15	42	45	600	**630**	722	617	551	
16	45	48	850	**878**	901	890	841	
17	48	51	980	**1092**	1001	1044	1232	
18	51	54	262	**386**	399	413	345	
19	54	57	810	**1081**	1109	1104	1029	
20	57	60	1410	**1396**	1406	1444	1338	
21	60	63	680	**677**	667	667	696	
22	63	66	1090	**1295**	1360	1220	1306	
23	66	69	1440	**1389**	1410	1366	1392	
24	69	72	930	**880**	868	855	917	
25	72	75	940	**1005**	1016	1032	967	
26	75	78	630	**712**	717	728	689	
27	78	81	800	**744**	750	712	770	
28	81	84	900	**697**	679	738	673	
29	84	87	198.5	**299**	311	303	283	
30	87	90	500	**516**	526	525	497	
31	90	93	393	**499**	509	470	518	
32	93	96	680	**822**	856	789	821	
33	96	99	520	**531**	533	520	539	
34	99	102	580	**660**	681	612	687	
35	102	105	550	**568**	575	523	605	
36	105	108	770	**739**	799	725	694	
37	108	111	600	**529**	543	520	524	
38	111	114	750	**813**	720	823	897	
39	114	117	450	**657**	679	654	637	
40	117	120	266	**487**	492	475	494	
41	120	123	306	**422**	411	428	428	
42	123	126	336	**620**	614	686	559	End of Hole

JORC Code, 2012 Edition – Table 1 report template

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	*Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	• Lithium Australia NL (ASX: LIT) and Alix Resources Corp (TMX: AIX) have completed five RC drill holes for 627 m, all at -90° vertical. • The maiden drilling campaign commenced the 4th of April on the Agua Fria prospect / Electra Project. • A SciAps Z-300 field-portable LIBS analyser was used during the program for drilling and sampling control. • Only the first RC drill hole, AF-17-001, is the subject of Table 1. No assays are yet available for the other holes mentioned above.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	• Certified standards were inserted into the sample sequences according to AIX/LIT QA/QC procedures. Duplicate samples were collected to check repeatability and blanks were inserted to check for contamination. • The SciAps Z-300 used for sampling control was calibrated for lithium with lab assays from various clay samples from the Agua Fria prospect. • Drill hole collar locations were picked-up using a Garmin eTrex 30 GPS with <15 m accuracy.
	Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	• RC samples were homogenised by riffle splitting prior to sampling. RC samples were collected as 3 m composite intervals to produce a 3-5 kg sample submitted for assaying. • Samples were submitted to ALS Minerals Laboratory in Hermosillo, Mexico and analysed for a suit of 48 elements. Analysis completed by geochemical procedure ME-MS61 (using 4-acid digestion and ICP-MS and ICP-AES analytical methods).
Drilling techniques	*Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• RC drilling was completed by Bylsa Drilling Sa De Cv (Hermosillo, Mexico) using a track-mounted RC rig with independent compressor rated at 500 psi. The RC drill bit has a diameter of 80 mm and collects samples through an inner tube to reduce contamination.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	• RC recoveries were weighed and recorded on drill logs and considered to be acceptable within industry standards.

	Measures taken to maximise sample recovery and ensure representative nature of the samples.	• RC samples were weighed and visually checked for moisture and contamination. A cyclone and riffle splitter were used to provide a uniform and homogenous sample and these were routinely cleaned after each sample. The drill contractor blew out the hole at the beginning of each drill rod to remove excess water and maintain dry samples.
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	• Ground conditions for RC drilling were good and drilling returned consistent size samples. The majority of the samples collected were dry and contamination would be a minimal.
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	• Geological logging appropriate for this style of drilling and the lithologies encountered.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	• Samples have been geologically logged onto hard copy logging sheets and later transferred onto an Excel spreadsheet. Relevant data fields included: lithology, grainsize, colour and recovery. • All logging samples were collected into chip-trays and stored for future reference.
	The total length and percentage of the relevant intersections logged.	• All drill holes were logged in full. The database contains lithological data for all holes in the database.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	• Not applicable.
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	• RC samples were collected by a cyclone attached to the drill rig. • Material was slit by a riffle splitter to produce a 3-5 kg sample.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	• Sampling technique is appropriate and industry standard.
	Quality control procedures adopted for all sub-sampling stages to maximize representivity of samples.	• Field QAQC procedures included the insertion of field duplicates, blanks and commercial standards. • Duplicates, standards and blanks were inserted at intervals of one in every 10 samples.
	Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling.	• At least one RC field duplicate were taken every thirty samples.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	• Sample sizes are considered to be appropriate to accurately represent the lithium mineralisation at Agua Fria based on the style of mineralisation and the thickness and consistency of the intersections.

Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	• Samples were submitted to ALS Minerals Laboratory in Hermosillo, Mexico and analysed for a suit of 48 elements. Analysis completed by geochemical procedure ME-MS61 (using 4-acid digestion and ICP-MS and ICP-AES analytical methods).
	For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	• A SciAps Z300 field-portable LIBS analyser were used for drilling and sampling control, although all samples collected were send to ALS minerals for multi-element analyses as explained above. • All assays reported are from ALS Minerals laboratory and comparisons from field-portable LIBS analyser. • The field-portable analyser was calibrated for lithium with lab assays from various clay samples from the Agua Fria prospect.
	Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	• Duplicates, standards and blanks were inserted at intervals of one in every 10 samples. At least one RC field duplicate were taken every thirty samples. • The drilling contains QC samples (field-duplicates, blanks and standards plus laboratory pulp splits, and laboratory internal standards), and have produced results deemed acceptable.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	• Verification has been done by both AIX and LIT onsite personnel.
	The use of twinned holes.	• Not applicable.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	• Samples have been geologically logged onto hard copy logging sheets. The hardcopy logging sheets have been scanned to an electronic format as well as digitised onto an Excel spreadsheet by AIX personnel. Hardcopy logging sheets were filed in a filing cabinet in Hermosillo, Mexico, while the electronic copies and digital database stored on digital drives owned by both AIX and LIT. Data verification have been done by both AIX and LIT onsite personnel.
	Discuss any adjustment to assay data.	• Li was converted to Li_2O for the purpose of reporting. The conversion used was Li_2O = Li x 2.153.
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	• Drill hole collar locations were picked-up using a Garmin eTrex 30 GPS with <15 m accuracy and considered to be adequate for first pass drilling.
	Specification of the grid system used.	• The grid used was WGS 84 / UTM Zone 12N.
	Quality and adequacy of topographic control.	• The topographic data appear adequate and reliable.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	• Drill holes targeting of mineralised horizons.
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	• Not applicable.

	Whether sample compositing has been applied.	• Samples were composited to 3 m within each of the different lithological zones
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	• Not applicable in this style of deposit.
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	• No sampling bias in this deposit style.
Sample security	*The measures taken to ensure sample security.*	• Chain of custody of samples were managed by AIX personnel. All sample bags are properly sealed and couriered by AIX personnel to ALS laboratory in Hermosillo, Mexico.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	• Sampling techniques are consistent with industry standards. • Consistency of data was validated by AIX personnel while loading into the database. • The collar and assay data have been reviewed by checking all of the data in the digital database against hardcopies. • All assays were sourced directly from ALS Minerals Laboratory.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	• All of the area of interest is on privately owned ranches from which we have written permission to conduct the ongoing exploration.
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	• The concession "Electra" file number 82/39553 has passed all levels of review, there is no impediment to the concession title as confirmed by the legal opinion.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	• Not applicable.
Geology	*Deposit type, geological setting and style of mineralisation.*	• La Ventana-type deposit; sedimentary hectorite clay deposited between beds of Palaeocene basalts.
Drill hole Information	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*	• All relevant data for the drilling conducted on the Agua Fria Prospect are tabulated in Appendix 1 of this announcement.
	○ *easting and northing of the drill hole collar*	
	○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*	
	○ *dip and azimuth of the hole*	
	○ *down hole length and interception depth*	
	○ *hole length.*	
	If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.*	• All ALS assays are based on homogenised, riffle split 3 m composites. • All LIBS assays are based on homogenised, riffle split 3 m composite samples, pressed into a pellet, and read three times by the SciAps Z-300. The three individual values are averaged for a final assay value. • No weighted average techniques were used on any results.
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be	

	shown in detail.	
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.*	• Mineralised zones are flat lying and the drilling was designed to intercept perpendicular to the zones as closely as possible. • All drill holes are drilled at 90º.
	If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.	
	If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').	
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• A location map of the Agua Fria Prospect is provided in the body of the test. No drill hole maps or cross-sections have been provided as this release refers to a single drill hole.
Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Comprehensive reporting of drill details has been provided in Appendix 1 of this announcement.
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• All meaningful and material exploration data has been reported.
Further work	*The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).*	• If the current drill program is successful, additional infill and extensional drilling may be undertaken. The exact location of this drilling is unknow at this time and cannot be represented on a diagram.
	Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	