

1 February 2016

ASX ANNOUNCEMENT

Lithium Australia (ASX: LIT) plans bulk sampling program for Lepidolite Hill, Western Australia

Lithium Australia NL (ASX: LIT) is pleased to announce it has submitted a Program of Works (PoW) for approval by the Western Australian Department of Mines and Petroleum. The PoW pertains to Lepidolite Hill which is part of the Coolgardie Rare Metals Venture (80% LIT and 20% Focus Minerals Limited [ASX: FML]) the location of which is shown in Figure 1. The approval is a precursor to recovering about 1,500t of lepidolite for further metallurgical testing.

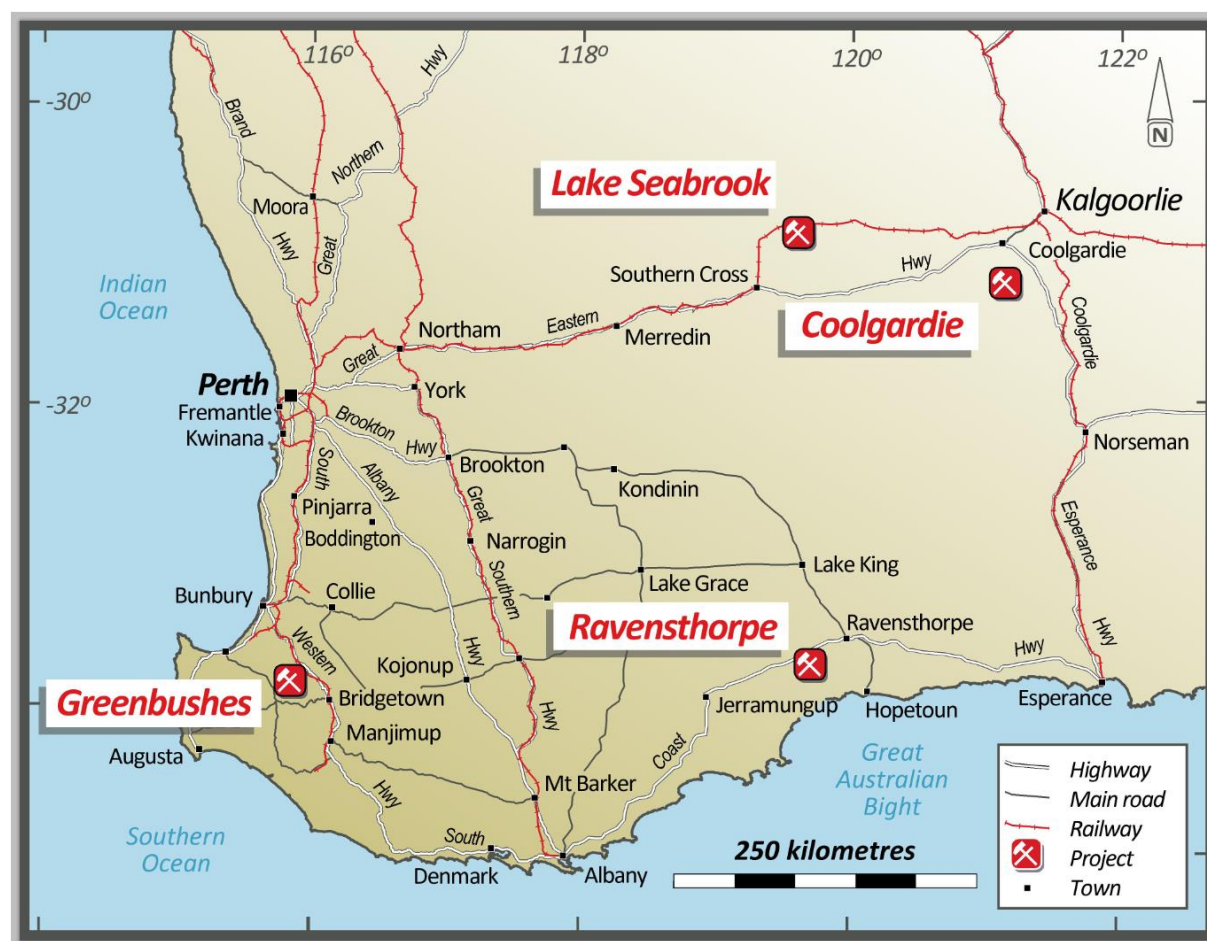


Figure 1 shows LIT controlled projects in the Yilgarn Craton of Western Australia. The Coolgardie Rare Metals Venture, including Lepidolite Hill, is located about 15km south of Coolgardie.

LIT plans to undertake larger scale pilot testing of lithium micas later in 2016 using L-Max technology exclusively licensed to LIT in Western Australia and the Cinovec project in the Czech Republic. L-Max has been specifically developed to recover lithium, in the form of lithium carbonate, from lithium micas.

Material recovered from the Lepidolite Hill bulk sampling program is likely to be included in the pilot plant feed. LIT has commenced discussions with metallurgical laboratories to ensure plant and equipment are available to undertake the program when required.

LIT continues to evaluate improvements to processing technologies for application to other silicate minerals, including clays and spodumene.

Lithium Australia Managing Director, Mr Adrian Griffin:

"The bulk sampling will provide a significant supply of material for further testing. Pilot testing is part of the process of de-risking the flowsheet and will generate data required for further feasibility studies. We are keen to reach this stage of development as soon as practical as pilot testing will further demonstrate the veracity of the process. This is part of the rigour required for project financing and we need to be able to take that step when required."

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 on three continents.

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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.