

17 August 2016

ASX ANNOUNCEMENT

First Board appointments for proposed IPO of Graphite Australia NL

Two of Western Australia's most experienced mining business identities have been appointed to the initial Board to drive the public float and ASX listing of new pure play graphite explorer and developer, Graphite Australia NL.

Leading lithium and graphite developer, Lithium Australia (ASX: LIT) announced in May this year it would spin out its 100%-owned subsidiary graphite interests in Western Australia, currently housed in Graphite Australia NL (GANL) into the proposed new Initial Public Offer (IPO) of Graphite Australia.

This would allow LIT to fully concentrate on bringing the Company's advanced Australian and international lithium interests and exclusive lithium processing technologies to commercial markets globally, while the new entity could focus on maximising WA's graphite potential to service new era global battery markets.

Lithium Australia said today that it was pleased to announce the appointment of Mr Tom Revy and Mr George Bauk to the Board of Graphite Australia as inaugural Directors.

Mr Revy, as an Executive Director and a mining professional of more than 30 years, is tasked with driving the pre-listing requirements and then the IPO.

Mr Revy is a current or former senior executive with listed resources entities including Ferrum Crescent, Energio subsidiary KCM Mining, Worley Parsons, JB Were & Son, GRD Minproc, Empire Resources and CopperMoly. A Bachelor of Applied Science in Metallurgy, Mr Revy's operational, process design and commissioning, business development and corporate management career spans projects in Papua New Guinea, Australia, the Americas, Africa and China.

Mr Bauk, the current non-Executive Chairman of LIT, has more than 25 years' mining industry experience including particular expertise in critical metals. Regarded for his strategic management, business planning, establishment of high-performing teams and capital-raising skills, Mr Bauk has held senior operational and corporate positions with WMC Resources and Arafura Resources and was Managing Director of Indigo Resources (formerly Western Metals). Since 2010, Mr Bauk has also been Managing Director and CEO of Northern Minerals Limited, overseeing that company's heavy rare earth project in northern Australia.

Proposed IPO structure

Lithium Australia advises further details of the proposed IPO will be released as soon as possible.

All LIT shareholders will be offered a priority entitlement to IPO share subscriptions in the Graphite Australia float.

The Graphite Australia float structure is currently expected to see Lithium Australia emerge as a significant shareholder in the new graphite listing and the Company will continue to provide technical and administrative support to Graphite Australia.

WA graphite assets in proposed Graphite Australia IPO

Lithium Australia garnered its graphite assets as part of a dual lithium-graphite strategy to build a portfolio of strategic exploration and development raw materials assets in the two commodities expected to help meet growing demand in recent years of key materials for emerging battery technologies worldwide. Lithium batteries, as well as lithium, use robust volumes of graphite.

Lithium Australia has made application for eight exploration licences in Western Australia in five project locations over a total area of 589km². The project areas have been selected on the basis that they either overlie neglected historically reported graphite occurrences or contain other specific geological or geophysical characteristics that signify prospectivity for the discovery of graphite mineralisation. All are greenfields projects, and as such, have seen little in the way of graphite focused exploration. All tenements currently await grant and are 100% controlled by LIT. The projects are as follows:

Yalbra (Gascoyne, 280km east of Carnarvon)

The Yalbra Project is located some 5km along strike from Buxton Resources' JORC compliant Inferred Mineral Resource of 4Mt @ 16.2% TGC1 (total graphitic carbon). The deposit was reported by Buxton to be the highest grade JORC graphite resource in Australia. The LIT ground overlies 20km of the high grade metamorphic unit, the Warrigal Gneiss which is host to most of the graphite elsewhere at Yalbra. The unit is an immediate priority for investigation using advanced airborne electromagnetic (EM) methods.

Donnelly River (Southwest WA, near Manjimup)

These three ELAs are located over prospective high grade gneiss in an area where graphite mining dates back to 1904. Public domain EM surveys partially cover the tenements and indicate strong conductive responses within the LIT ground. These positive signatures may well represent graphitic horizons at depth and as such present as drill ready targets.

Northern Gully (40km northeast of Geraldton)

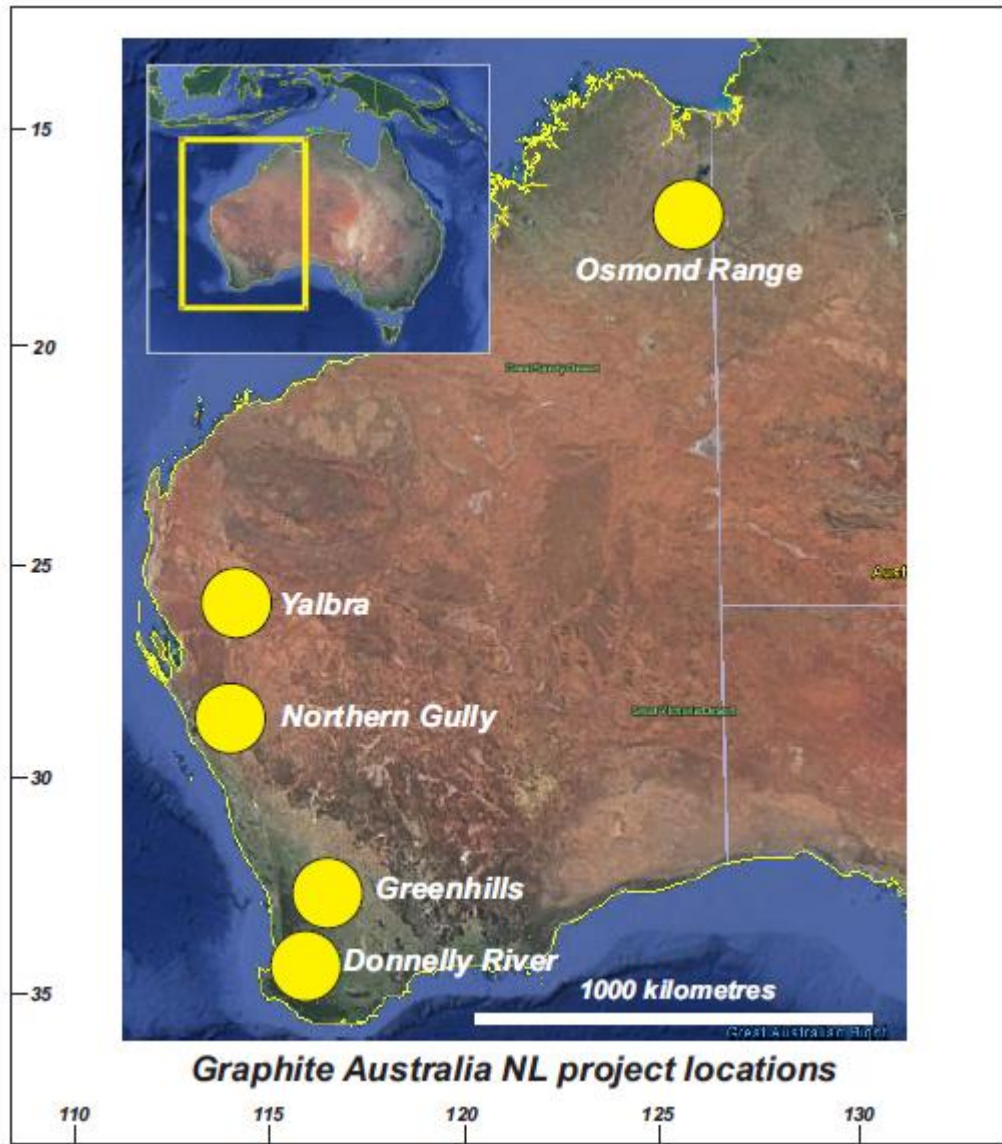
This is located in an area that has a long history of lead mining with lesser amounts of copper, zinc and silver exploited from around 1850. The Lady Sampson Lead mine lies within the application and exploration in 1972 reported graphite as a common accessory mineral in strained quartz reefs and brecciated pegmatites in areas adjacent to the mine. This occurrence was neglected with the focus being set solely on base metals. LIT believes Northern Gully is prospective for graphite discovery based on the favorable geological environmental and historic recorded graphite occurrences.

Osmond Range (northwest Kimberley)

This covers a series of EM targets within the Ahern Formation and Helicopter Siltstone. There are no known graphite occurrences within the tenure and the closest occurrence is the Mabel Downs prospect some 25km to the west. Public domain EM surveys show a strong east-west conductor possibly related to graphite. The EM targets indicate conductivity at depth and warrant further exploration.

Greenhills (South West Terrane of the Yilgarn Craton, 25km east of York)

The applications cover metamorphic rocks containing a number of historic graphite occurrences known as the Greenhills Graphitic Zone. A graphitic zone in the Greenhills area extends for up to 20km in an east-northeasterly direction from Greenhills railway siding towards Doodenanning. Historic sampling of graphite occurrences provided encouraging carbon results and LIT is of the opinion that the area is worthy of further exploration.



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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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