


1 July 2016

ASX ANNOUNCEMENT

Lithium Australia advises Alix Resources update on Electra Joint Venture

HIGHLIGHTS

- **Alix Resources (TSVX: AIX) identifies lithium-bearing, clay-rich sedimentary assemblage over a 1.1km distance at the Electra Project Mexico**
- **LIT recently advised it had earned a 25% interest in the Electra Project**
- **Results comparable with adjacent Bacanora/REM Buenavista concession**



Lithium Australia NL (ASX: LIT) advises that **Alix Resources Corp. ("Alix" or the "Company")** recently provided an update to its shareholders in regard to assay results of the recent round of sampling at the Electra Project in Sonora, Mexico, where values as high as 246 parts per million (ppm) lithium (Li) confirmed a target sedimentary assemblage with the potential of hosting economic lithium-bearing, clay-rich horizons. The Electra lithium project is contiguous to Bacanora/REM's Buenavista Lithium project.

Mike England, president of Alix, stated: "These recent anomalous and enriched lithium values from clay-rich sedimentary sequences on our Tecolote concession are encouraging and bear similarities to Bacanora/REM's early stage findings at Buenavista. Once we receive the results from the next round of sampling we will likely proceed with a drilling program designed to further explore the lithium potential of this property. We are obviously in the right location and the mineralization to date found on the property is very promising to our exploration team. Our drill campaign will likely include a series of shallow drill holes in key geological targets such as the 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."

Previous work carried out last December on the Electra lithium project led to the discovery of a lithium-bearing, clay-rich showing on the company's northern Tecolote concession adjoining the Bacanora Minerals Ltd. (BCN-TSX:V) and Rare Earths Minerals PLC (REM-LON)'s Buenavista concessions (*PR 2016-01-06*). Reverse circulation drilling by Bacanora/REM's on the Buenavista concession has discovered a clay-rich layers (the Buenavista Li deposit) in a sedimentary sequence over an area of 6 by 1.25 km (*BCN PR, 2014-11-03*).

Alix geologists, along with a contracted geologist with previous working experience on Bacanora/REM's Buenavista concession, revisited the showing discovered in December on the Tecolote concession, which returned a peak value of 211.0 ppm Li. Geological mapping and

prospecting identified a distinct, sedimentary package containing clay-rich layers. This target area has been designated the “Central Basin”.

In total, 42 samples were collected from claystones, sandstones and siltstones exposed in the target sedimentary sequence, yielding an average Li value of 167 ppm and a peak concentration of 272 ppm, which is considered very anomalous.

The sampling program identified two target areas located in the Central Basin and underlain by the target sedimentary sequence. The first target, the eastern area, is approximately 1,100 m long by 250 to 400 m wide. The second target area is located east of the Barisueque river and 700 m SW of the first target and measures roughly 400 by 150 m. The zone in between the targets has also been mapped and is covered by extensive, thin alluvial sediments that may be underlain by the same prospective sedimentary sequence.

Both target areas in the Central Basin are likely to be expanded given the relatively flat-lying nature of the sedimentary beds and extensive, thin alluvial cover. Additional sampling and geological mapping has been completed and assays are pending.

On Bacanora/REM's Buenavista concession, the lithium-bearing clay-rich layers were little exposed and required drilling to define and understand the sedimentary stratigraphy.

Adrian Griffin

Managing Director

Mobile +61 (0) 418 927 658

Adrian.Griffin@lithium-au.com

About Lithium Australia NL

LIT is a dedicated developer of disruptive lithium extraction technologies including the versatile Sileach™ process which is capable of recovering lithium from any silicate minerals.

LIT has strategic alliances with a number of companies, potentially providing access to a diversified lithium mineral inventory globally.

MEDIA CONTACT:

Adrian Griffin

Lithium Australia NL

08 6145 0288 | 0418 927 658

Kevin Skinner

Field Public Relations

08 8234 9555 | 0414 822 631

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.

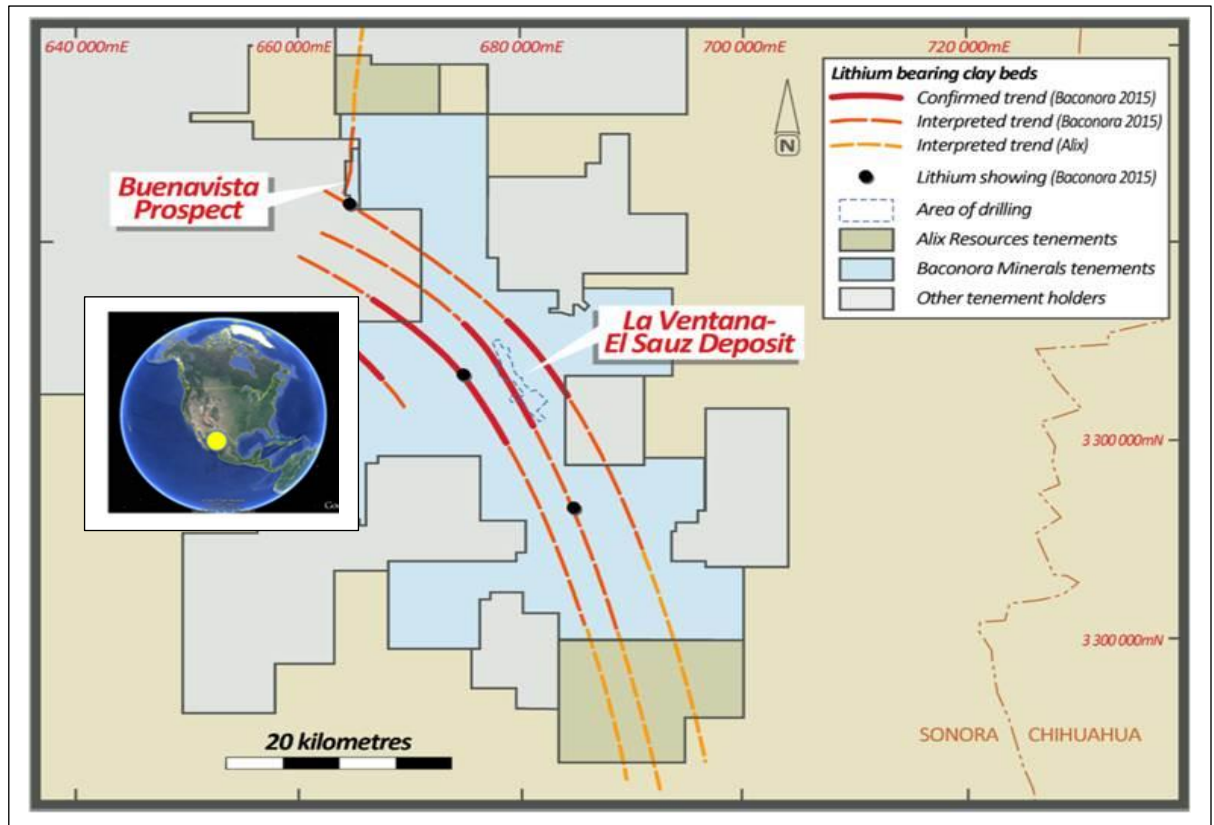


Figure 1 The Electra Project

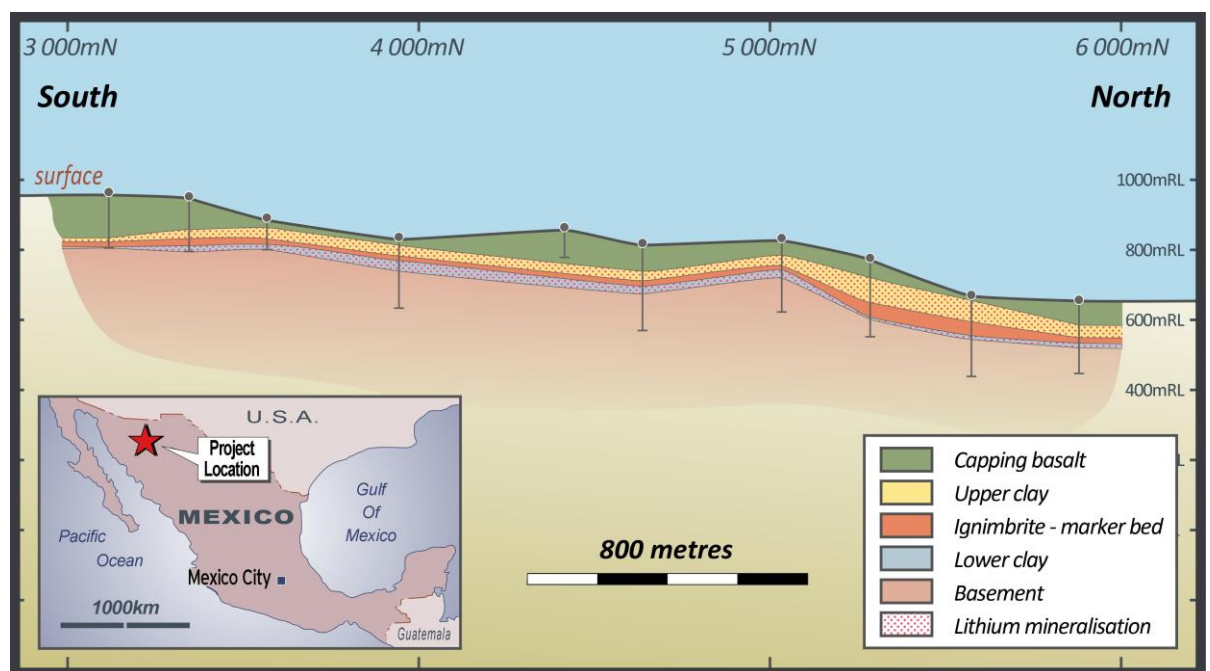


Figure 2 – The Electra Project showing diagrammatic cross section of the clays encountered within the geological sequence adjacent to the Electra prospect