Lithium Australia NL

ACN: 126 129 413
ASX: LIT

Suite 3
23 Belgravia Street
Belmont WA 6104

PO Box 588
Belmont WA 6984

Phone +61 (0) 8 6145 0288
Fax +61 (0) 8 9475 0847

info@lithium-au.com
lithium-au.com

12 July 2016

ASX ANNOUNCEMENT

LITHIUM AUSTRALIA ADVANCES THE RAVENSTHORPE LITHIUM PROJECT IN SOUTHERN WESTERN AUSTRALIA.

HIGHLIGHTS:

- **Pegmatite samples at the Horseshoe Prospect includes assay up to 4.08% Li_2O, confirming the presence of high-grade lepidolite.**
- **Soil geochemistry at the Deep Purple Prospect, suggest pegmatites continue under soil-cover, as anomalies extend to twice the length of outcrop.**
- **Mapping and sampling at the Phillips South Prospect has identified at least two lithium pegmatites, one of which is mostly soil-covered.**
- **Submission of Program of Work to enable drilling of the Deep Purple Prospect.**

SUMMARY:

Lithium Australia's Ravensthorpe Lithium Project (the Project) is located 500 km south east of Perth, Western Australia (Figure 1). Recent fieldwork by Lithium Australia (ASX: LIT) has generated further discoveries of lithium mineralisation within the Project area, mainly at the Phillips South Prospect. Previous discoveries include the Horseshoe and Deep Purple prospects. The Horseshoe Prospect alone hosts an Exploration Target* of 900,000 tonnes of lithium mineralisation at a minimum grade of 1% Li_2O (with a size range from 525,00t to 1,281,000t and grade range of 0.8% - 1.2% Li_2O).

The mineralisation within the Ravensthorpe Project is hosted by the Cocanarup lithium pegmatite swarm, located only a few kilometres to the south-west of the Mt Cattlin lithium mine operated by Galaxy Resources Limited and General Mining Corporation Limited (Figure 2). The Cocanarup pegmatites are considered to be a structural equivalent of the pegmatites at Mt Cattlin.

The Project area is well supported by established transport routes, nearby infrastructure and services at Ravensthorpe. The large, deep water port of Esperance is 185 km east of Ravensthorpe.

*Exploration Target: The potential quantities and grades are conceptual in nature and there has been insufficient exploration to-date to define a Mineral Resource. It is not certain that further exploration will result in the determination of a Mineral Resource under the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, the JORC Code" (JORC 2012). The Exploration Target is not being reported as part of any Mineral Resource or Ore Reserve.

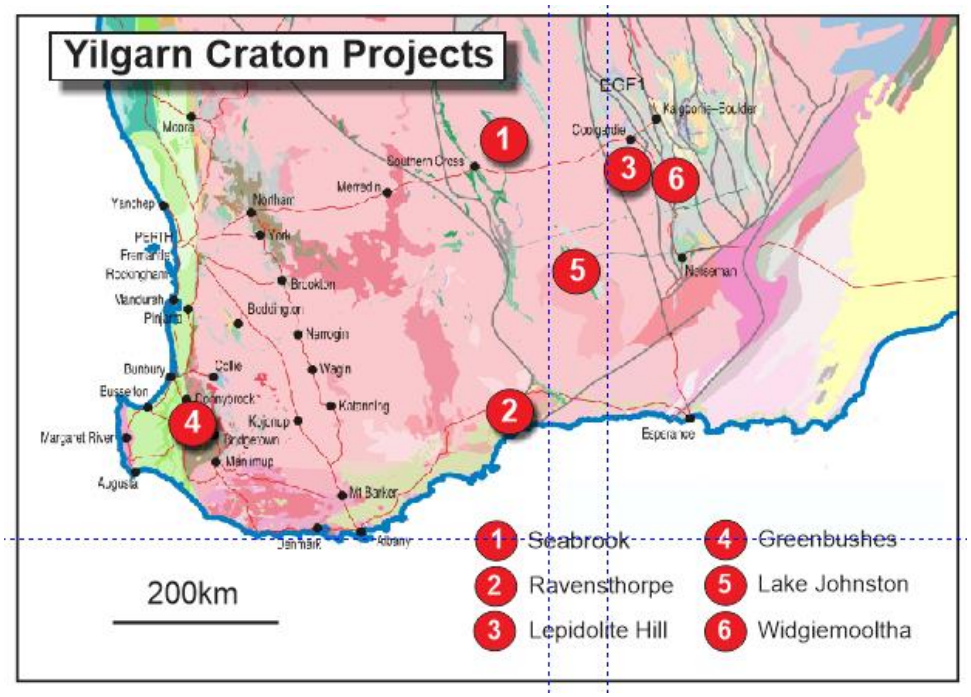

Figure 1 Location of the Ravensthorpe Project, shown as 2 above.
Target zones are shown in Figure 2, below.

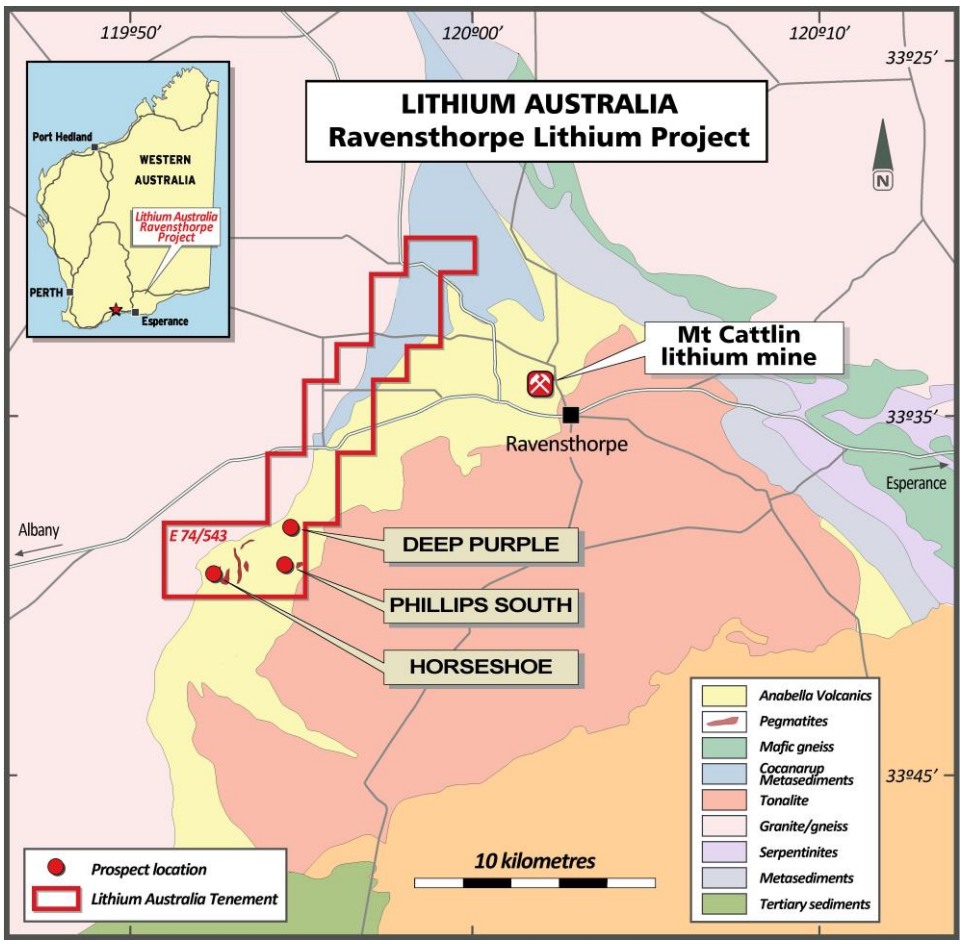

Figure 2 Shows the mineralized targets identified to date within Lithium Australia's Ravensthorpe Lithium Project. The structural setting is conducive to pegmatite emplacement along the entire length of E74/543

DEEP PURPLE

The recently completed soil sampling program was the first of several planned and was completed at the Deep Purple Prospect as an "orientation survey" of an area of known lithium mineralisation. The soil sampling was effective in highlighting the outcrops of pegmatites known to contain lithium mineralisation, with adjacent soils containing elevated concentrations of lithium (Li) along with the associated "pathfinder elements" rubidium (Rb), Caesium (Cs) and Tantalum (Ta). Geochemical anomalies extending 100m or more from the outcrops of the Deep Purple Spodumene Pegmatite and the Deep Purple North Pegmatite. The results indicate that the pegmatites continue under cover of soil and may be more than twice as long as their outcrops expression.

PHILLIPS SOUTH PROSPECT

Previous exploration resulted in the discovery of lepidolite in a pegmatite, which was sampled as R022. The recently completed fieldwork established that the pegmatite from which sample R022 was collected has a linear outcrop 225m long that includes three zones containing lepidolite, with R022 collected from the southern-most zone. Samples R032 (11660ppm Li i.e. 2.51% Li_2O) and R033 (10930ppm Li i.e. 2.35% Li_20) were collected from the other lepidolite zones. Rock fragments in soil at 769620mE/6272799mN (MGA-94 Grid, Zone 50) contain lepidolite indicative of concealed pegmatites. Further geochemical sampling is planned for the area (Figure 2).

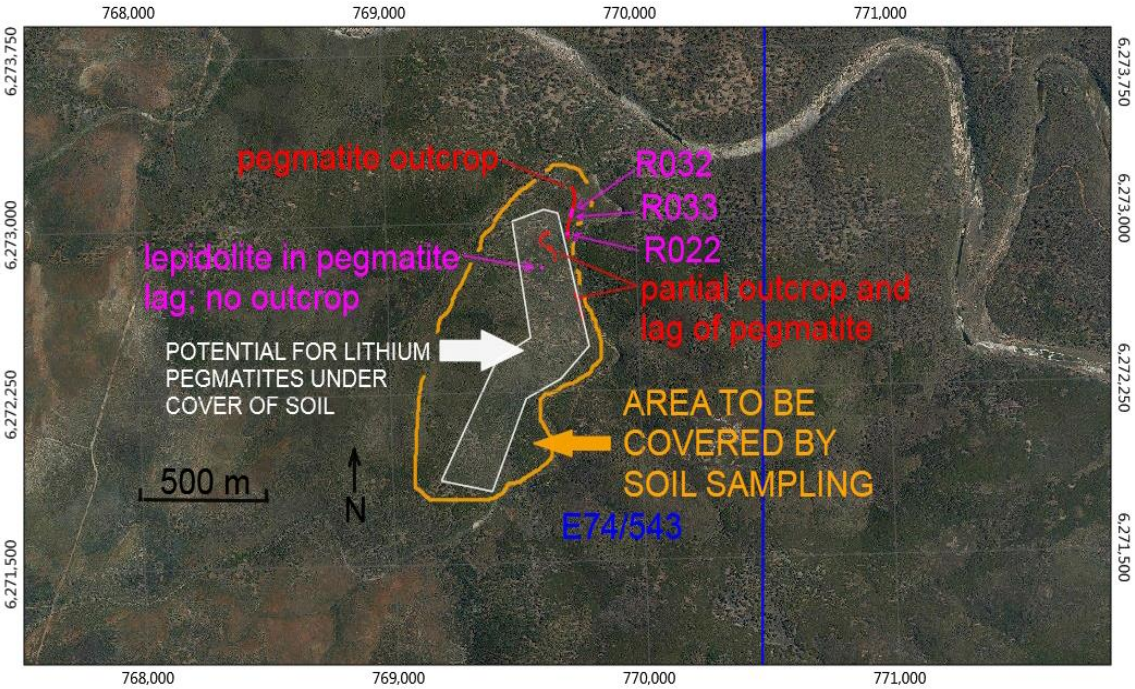

Figure 3 Shows the location of outcrop (Creek Pegmatite) and soil anomalies within the Phillips South Prospect.

THE HORSESHOE PROSPECT

The lithium mineralisation present at the Horseshoe Prospect is comprised of the lithium micas, mostly lepidolite but including some zinnwaldite. The micas range from disseminated to massive lenses and pods. In the recently completed fieldwork, rock-chip sample R039 was collected from the western limb of the Horseshoe #1 Pegmatite, one of at least two pegmatites that together comprise the Horseshoe Prospect. The sample consisted of massive lepidolite and assayed 18,950ppm Li, i.e. 4.08% Li_2O. Rock-chip assay results of samples collected during the recently completed fieldwork are presented as Appendix 2.

NEXT PHASE OF EXPLORATION

Soil sampling is planned for the Phillips South Prospect, north of the Deep Purple Prospect and in an area about 1km west of the Horseshoe Prospect but will be deferred until dry conditions prevail.

Drilling is planned for both the Horseshoe and Deep Purple prospects but will not be commenced until completion of environmental surveys and subsequent site-works. The site-works cannot be commenced until dry weather.

Lithium Australia Managing Director Mr Adrian Griffin:
"Exploration success at Ravensthorpe adds significant potential to our Yilgarn portfolio that has been recently expanded through the consolidation of mineral rights at Lake Johnston, and the Widgiemooltha acquisition within the Goldfields Lithium Alliance with Cazaly Resources. The identification of abundant lithium pegmatites at Ravensthorpe is pleasing, and confirms the potential of the area, long since realized by Galaxy Resources, at nearby Mt Cattlin."

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. Corporate alliances include Pilbara Minerals, Focus Minerals, Alix Resources, Cazaly Resources, Venus Metals, and Tungsten Mining.

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:
The information in this report that relates to Exploration Results together with any related assessments and interpretations is based on information compiled by Mr Peter Spitalny on behalf of Mr Adrian Griffin, Managing Director of Lithium Australia NL. Mr Spitalny is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience relevant to the styles of mineralisation under consideration and to the activity which he has undertaken to qualify as a Competent Person. Mr Peter Spitalny consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 1: Soil Sampling Assay Results; -2mm soil fraction.

	Li	Rb	Cs	Ta	
	ICP004	ICP004	ICP004	ICP004	
	ppm	ppm	ppm	ppm	
SAMPLE I.D.	10	1	1	1	
DPS001	50	44	3	1	
DPS003	60	155	13	4	
DPS005	70	79	7	2	
DPS007	70	95	5	<1	
DPS009	30	69	4	9	
DPS010	50	69	4	1	FD of DPS009
DPS013	30	73	3	<1	
DPS014	60	92	4	<1	
DPS015	40	105	4	1	
DPS016	30	24	1	<1	
DPS017	20	49	2	<1	
DPS018	90	92	10	1	
DPS019	50	59	6	<1	
DPS020	30	25	1	<1	
DPS021	50	61	3	<1	
DPS022	70	77	4	<1	FD of DPS021
DPS023	50	119	5	2	
DPS024	50	94	5	7	
DPS025	30	17	<1	<1	
DPS026	20	23	<1	<1	
DPS027	80	95	8	2	
DPS028	80	91	8	2	FD of DPS027
DPS029	70	62	12	5	
DPS030	30	24	1	<1	
DPS031	70	47	2	<1	
DPS032	80	189	9	1	
DPS033	30	73	3	2	
DPS034	20	22	<1	<1	
DPS035	40	27	1	<1	
DPS036	50	34	2	<1	
DPS037	100	66	20	6	
DPS038	40	33	4	<1	
DPS039	50	35	2	<1	
DPS040	90	169	11	3	
DPS041	30	37	2	2	
DPS042	30	30	1	<1	FD of DPS041
DPS043	30	54	5	1	
DPS044	30	52	5	2	
DPS045	10	21	1	<1	
DPS046	90	93	5	<1	
DPS047	100	79	5	1	FD of DPS046
DPS048	100	167	13	19	
DPS049	30	60	6	2	
DPS050	40	37	5	2	
DPS051	30	31	7	<1	
DPS052	470	190	17	2	
DPS053	340	320	30	31	
DPS054	150	201	16	4	
DPS055	70	81	7	2	
DPS055	70	81	7	2	

Appendix 1 continued; -1mm soil fraction

	Li	Rb	Cs	Ta	
	ICP004	ICP004	ICP004	ICP004	
	ppm	ppm	ppm	ppm	
SAMPLE I.D.	10	1	1	1	
DPS002	50	58	6	1	
DPS004	560	83	7	2	
DPS006	50	77	7	1	
DPS008	40	70	4	1	
DPS011	40	67	3	1	
DPS012	40	72	5	<1	FD of DPS011

Appendix 2: Rock-chip assay results

Pegmatite	Material sampled	Sample I.D.	Li (ppm) lld 10ppm	Li_20 (%)*	Classification of material sampled
Phillips South	Li mica with quartz	R032	11660	2.51	impure lepidolite
Phillips South	Li mica with quartz	R033	10930	2.35	impure lepidolite
Horseshoe #1	Li mica with quartz	R034	13760	2.96	impure lepidolite
Horseshoe #1	Li mica with quartz	R035	10710	2.3	impure lepidolite
Horseshoe #1	Li mica	R036	14600	3.14	impure lepidolite
Horseshoe #1	Li mica with quartz	R037	12580	2.71	impure lepidolite
Horseshoe #1	Li mica	R038	17650	3.8	impure lepidolite
Horseshoe #1	Li mica	R039	18950	4.08	pure lepidolite (Trilithionite)

* Calculated from stated assay results.

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.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *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.*	• Specimen rock-chip samples. Samples collected were around 3-5kg and of lepidolite-rich or zinnwaldite-rich rock from pegmatite outcrops. • Samples were selected in order to ascertain the degree of lithium enrichment in the different pegmatites and enable geochemical characterisation of individual pegmatites. As such, the samples are representative of the lithium mineralisation within the lithium-rich zones of the pegmatites but do not represent the composition of the entire pegmatite. The distribution of lithium minerals in pegmatites may be within distinct zones which can be treated selectively. As such, it is appropriate to assess the lithium content of the lithium zones in isolation of the remainder of the pegmatite. • A total of 8 samples were collected by LIT's experienced field geologist and consultant geologist and sent to Nagrom Laboratories (Perth) for analyses. • Laboratory QAQC duplicates and blanks were inserted. • Soil samples. Samples collected were of about 200g of soil passed through a -10mesh (-2mm) sieve. The soil was removed from between 10cm and 20cm below the natural ground surface and constituted the upper part of the B horizon. • 51 soil samples were collected from sampling sites that formed a 50m x 50m grid, with an additional 4 samples collected from sites adjacent to outcrop of known lithium-enriched pegmatites. • Six samples were collected of the -1mm fraction for

		comparison with the -2mm fraction. • A total of 6 Field Duplicates were collected and submitted for assay. • Laboratory QAQC duplicates and blanks were inserted.
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).*	• Not applicable
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the 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.*	• Not applicable
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.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Rock-chip samples are not logged, however basic topography, environment, sample nature and geological, mineralogical and petrographic details are recorded. • During soil sampling, the elevation, characteristics of the soil, proximity to outcrops and composition of outcrops are recorded.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of 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.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Not applicable, no drill core. • All rock-chip samples were dry. Soil samples were dry to slightly moist and were dried prior to assay. • Laboratory standards, splits and repeats were used for quality control, along with field duplicates for the soil sampling. • The sample type and method was of acceptable standard for first pass pegmatite mapping and represents standard industry practice at this stage of investigation. The soil sampling methodology is industry-standard, and in the present absence of commercially obtainable “standards” for Li exploration, the use of field duplicates is the main QA/QC sampling strategy implemented by companies for soil sampling programs that target lithium mineralisation.

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.* • *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.* • *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.*	• Sample preparation is integral to the analysis process as it ensures a representative sample is presented for assay. The preparation process includes sorting, drying, crushing, splitting and pulverising. • Rock Chip samples and soil samples were assayed by Nagrom Laboratories for multi-elements using Peroxide Fusion and ICP analyses for Li, Rb, Cs, Be, Bi and Ta, with XRF analyses for Al, As, Ba, Cl, Fe, K, Mn, Na, Nb, P, Pb, S, Sb, Si, Sn, Sr, W, Zn and Zr. • Laboratory standards, splits and repeats were used for quality control.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Sample results have been checked by company personnel (Senior Geologist) and a consultant geologist. • Assays to be reported as Excel xls files and secure pdf files. • Data entry carried out by field personnel thus minimizing transcription or other errors. Careful field documentation procedures and rigorous database validation ensure that field and assay data are merged accurately. • No adjustments are made to assay data.
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.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Sample locations picked up with hand held Garmin *GPSmap 62s* Approximately 3-5m accuracy. (sufficient for first pass pegmatite mapping and soil sampling). • All locations recorded in MGA 94 Zone 50. • Topographic locations interpreted from GPS pickups (barometric altimeter) and field observations. Adequate for first pass pegmatite mapping and soil sampling.
	• *Data spacing for reporting of Exploration Results.*	• Rock-chip samples were selected by the geologist to

Data spacing and distribution	• *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.* • *Whether sample compositing has been applied.*	assist with identification of the nature of the mineralisation present at each location. No set sample spacing was used and samples were taken based upon geological variation at the location. • Soil samples were collected at 50m intervals on lines oriented east-west, with lines 50m apart. • Sample compositing was not applied.
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.* • *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.*	• Surface samples of "points" only. Does not provide orientation, width information. Associated structural measurements and interpretation by geologist can assist in understanding geological context.
Sample security	• *The measures taken to ensure sample security.*	• Samples were securely packaged when transported to ensure safe arrival at assay facility.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• None necessary at this stage of the exploration.

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.* • *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 Cocanarup Project reported in this announcement is entirely within E74/543 and 100% owned by Lithium Australia NL (LIT), located 18km SW of Ravensthorpe in WA. · The tenements are in good standing and no known impediments exist. ·
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	· Prior Li/Ta exploration carried out by Amax Australia Ltd 1980-1994, Ucabs 1996-1999 and Galaxy Resources Ltd 2002-2012. · Exploration by Amax included rock-chip channel sampling over selected areas of pegmatite outcrop, geological mapping and 7 RC holes over the Quarry pegmatite. · Exploration by Galaxy included soil sampling, rock-chip sampling, geological mapping and airborne

		aeromagnetics, radiometrics and DT surveys.
Geology	• *Deposit type, geological setting and style of mineralisation.*	· Pegmatite swarms intruded both the Annabelle Volcanics and Cocanarup greenstones. The pegmatite bodies are extensive and gently dipping, commonly dissected by recent gullying. · Pegmatites within the tenements include LCT-Complex pegmatites of the Lepidolite subclass, which commonly contain the Li-micas lepidolite and zinnwaldite in core-zones associated with quartz. Coloured Li-tourmaline (Elbaite), ranging from green to blue and pink occur adjacent to and with lepidolite. Pegmatites of the Spodumene subclass are also present and contain spodumene associated with cleavelandite (albite), quartz and lepidolite or lithian mica.
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:* ○ *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.*	• Not applicable
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.* • *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.*	• Not applicable, rock chip sample results and soil sample results reported as individual surface samples.

Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *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').*	• Not applicable, rock chip sample results and soil sample results reported as individual surface samples.
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.*	• Not Applicable: not drilling results
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.*	• Results of assays for Li, Rb, Cs and Ta of all samples reported in Appendix 1
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 & 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).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• At the time of reporting, the results were still being evaluated but it is envisaged that in the short term further mapping and sampling is warranted to investigate potential additional lithium pegmatites. In the longer term, drilling to test extensions at depth will be required.