

28 December 2016**ASX ANNOUNCEMENT****Airborne magnetic and radiometric survey results on LEX Lake Johnston area**

Lithium Australia NL (ASX: LIT) has recently completed an infill airborne magnetic and radiometric survey over a portion of the Company's Mt Day and Lefroy Exploration Ltd (ASX: LEX) Lake Johnston Project, 120 km west of Norseman. (See Figures 1 and 2.) LIT holds the lithium rights on the LEX Lake Johnston Project. The survey area covered areas of the Lake Johnston Greenstone Belt where the Maggie Hays Formation has been intruded by lithium-tantalum bearing pegmatites. Previous airborne geophysics was not detailed enough to understand the geological and structural setting of the pegmatites.

Based on the current 400 m line spaced data, pegmatites in LIT's project areas are interpreted to be associated with broad magnetic highs which are faulted. In addition, the known lithium-tantalum occurrences lie on or proximal to a potassium anomalous ring structure. The completed 50 m line spaced aeromagnetic and radiometric survey will help to clarify the structural setting of the mineralisation.

The survey was completed in collaboration with Lefroy Exploration Ltd (ASX: LEX) who holds the gold and nickel rights over E63/1777.

Further exploration activities are planned for 2017.

Managing director, Adrian Griffin said:

"Lithium Australia continues to develop its outstanding lithium exploration projects to ensure an accessible pipeline of potential lithium feed. We are encouraged by these initial Lake Johnston survey results and are pleased with our collaboration with Lefroy Exploration Ltd."

Adrian Griffin

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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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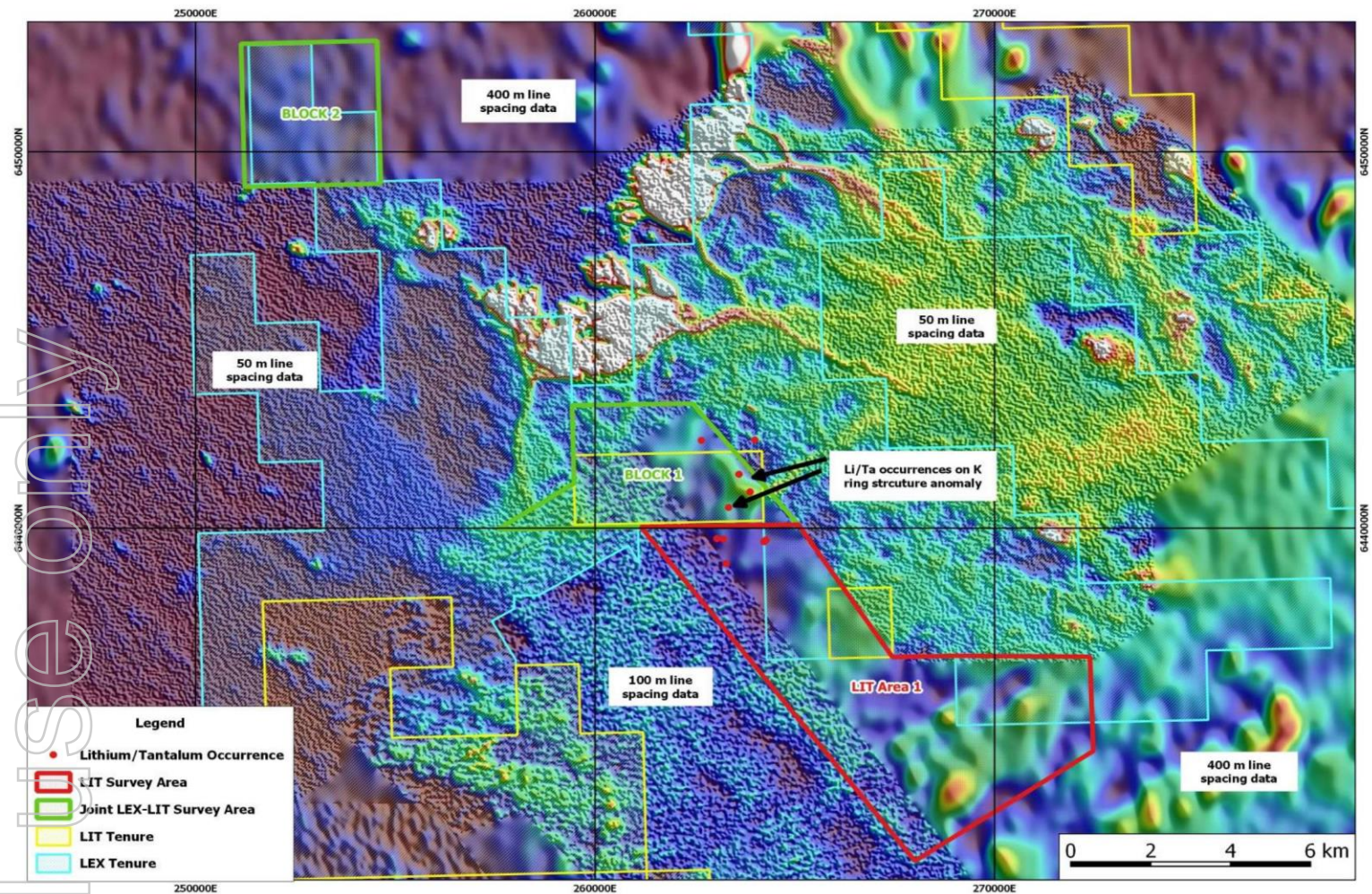


Figure 1 Lithium-Tantalum occurrences on K anomalous ring-structure

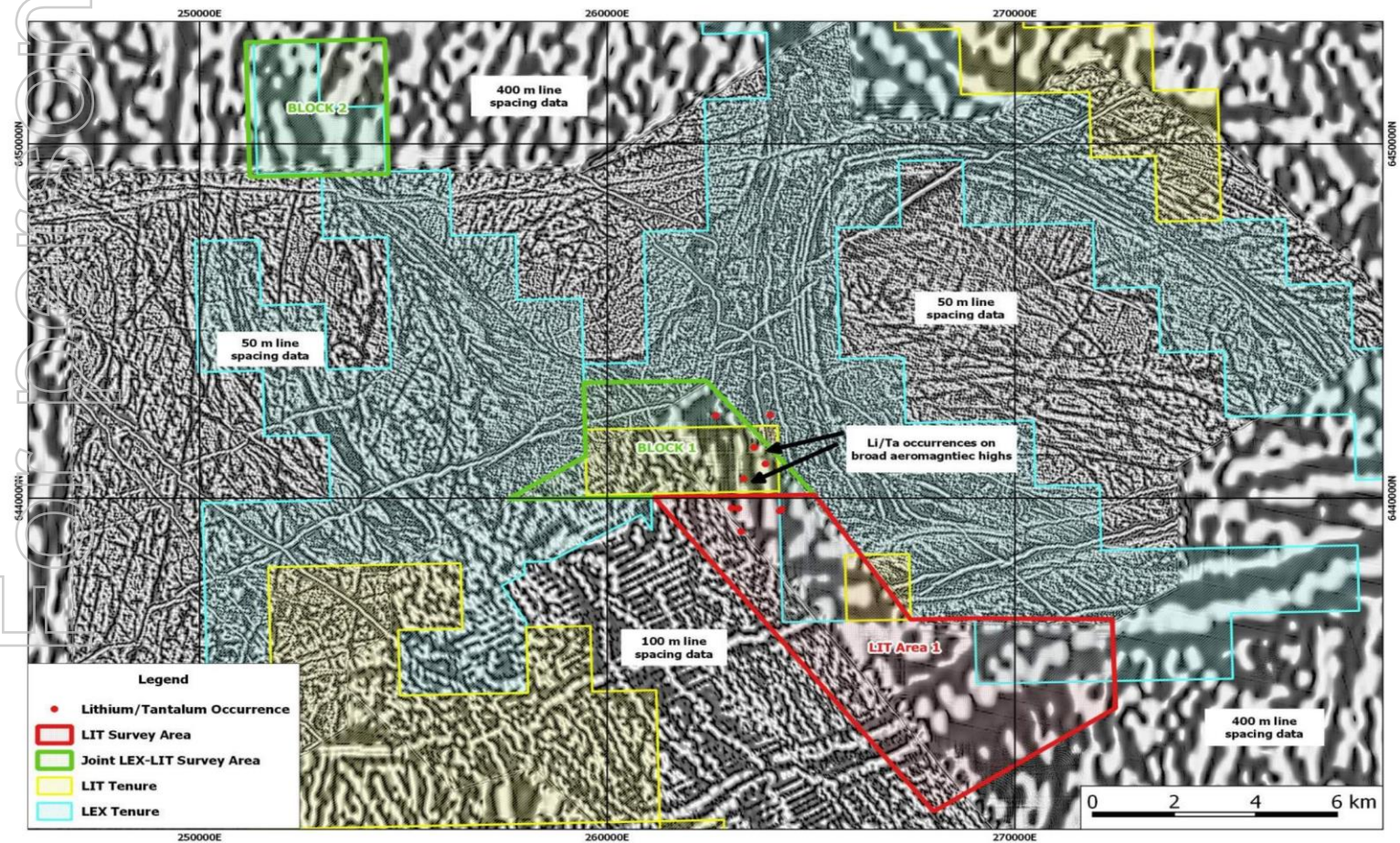


Figure 2 Lithium-Tantalum occurrences on faulted broad magnetic highs