

30 August 2016**ASX ANNOUNCEMENT****LITHIUM AUSTRALIA'S BREAKTHROUGH LITHIUM PROCESSING
APPROACH WINS SECOND FEDERAL GRANT**

The Federal Government has strengthened its support of Lithium Australia NL (ASX: LIT) as the Company moves to commercialise its Sileach™ process for recovering metals, lithium in particular, from silicate minerals.

The Government has granted Perth-based LIT a second Innovations Connections Grant under the Entrepreneur's Programme run by the Federal Department of Industry and Science. This builds on the grant previously announced on 15 March 2016 as well as augmenting the MRIWA grant to LIT announced on 16 August 2016, for commercialisation of impurity removal and by-product generation during production of battery-grade lithium.

Under the terms of the grant, this additional funding of \$50,000 will assist Lithium Australia with laboratory scale optimisation carried out by its partner ANSTO Minerals (a division of the Australian Nuclear Science and Technology Organisation), focusing on the application of Lithium Australia's Sileach™ process to aid the recovery of lithium. The Sileach™ process is designed to recover lithium from silicates without the expensive roasting step that has long been the mainstay of the lithium recovery process.

Lithium Australia Managing Director, Mr Adrian Griffin:

"Lithium Australia's Sileach™ process has the potential to catapult Australia into the forefront of the lithium battery boom by supplying optimal grade and purity material from low-energy production of lithium chemicals. These chemicals can be produced from a range of minerals, including spodumene. We welcome the Federal and WA Government's continuing support to be innovative, and this "ideas boom" ideally suits our project development goals."

Adrian Griffin

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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. 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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