

1 March 2018

ASX ANNOUNCEMENT

LITHIUM AUSTRALIA NL (ASX: LIT) SECURES NET \$18M FUNDING PACKAGE TO DEVELOP LITHIUM CHEMICAL AND BATTERY CATHODE PRODUCTION.

HIGHLIGHTS

- **Arena Investors, LP, a major US based institutional investor, commits to invest net A\$18.27M in Lithium Australia under a multi-tranche convertible note facility**
- **Funds will be applied to advancing Lithium Australia's large-scale Sileach® pilot plant, for the production of lithium chemicals and for recommissioning the VSPC lithium-ion battery cathode plant**

THE INVESTMENT

Lithium Australia NL (ASX: LIT) has secured a A\$18.27M convertible note facility (under the terms of a **Convertible Note Deed**) with a leading US institutional investor, Arena Investors LP. New York based Jett Capital Advisors LLC acted as advisor to the convertible note transaction

The notes have a face value of A\$21M and, subject to certain conditions, will be issued by LIT at a discount of 13%. The funds are being provided by Arena Investors LP (**Arena**), a major US based institutional investor with more than US\$750M in assets under management. The notes are unsecured and will be drawn-down in six separate tranches, each with a 12 month maturity, as follows:

- A\$3.045M (face value A\$3.5M) to be received upon signing of the Convertible Note Deed and issued under the Company's existing placement capacity;
- A\$4.35M (face value A\$5M) (subject to shareholder approval) for the Second Tranche which may be drawn after shareholder approval which must be obtained within 45 days of the date of signing the Convertible Note Deed; and
- A\$2.72M (face value A\$3.125M) (subject to shareholder approval) for each of the remaining four tranches, with a minimum of 4 months between draw downs or such other time as permitted by the ASX Listing Rules.

Arena is also entitled to options in connection with each tranche, subject to shareholder approval, equal to 40% of the face value of the notes exercisable at a price equal to 130% of the average VWAP of the Company's Shares for the 20 consecutive trading days prior to the relevant issue date of that option. Further particulars of the facility will be provided in the notice of meeting required for approval of the second tranche of funding.

COMMENT FROM THE MANAGING DIRECTOR

"Lithium Australia has previously announced its intention to proceed with the large scale Sileach® pilot plant program, and its intention to recommission the Very Small Particle Company cathode pilot plant. The Arena facility is a major element of the funding package required for these endeavours to be successfully implemented."

For and on behalf of the Board

Adrian Griffin

Managing Director

Mobile +61 (0) 418 927 658

Adrian.Griffin@lithium-au.com

About Lithium Australia NL

Lithium Australia aspires to 'close the loop' on the energy-metal cycle. Its disruptive extraction processes are designed to convert *all* lithium silicates to lithium chemicals, from which advanced components for the battery industry can be created. By uniting resources and the best available technology, Lithium Australia seeks to establish a vertically integrated lithium processing business.

About Arena Investors, LP

Arena is a global investment firm and merchant capital provider based in New York, USA., Arena was formed in partnership with The Westaim Corporation, a publicly traded Canadian holding company focused on the financial services industry.

This announcement has been prepared for publication in Australia and may not be released or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

MEDIA CONTACTS

Adrian Griffin, Lithium Australia NL 08 6145 0288 | 0418 927 658

Kevin Skinner, Field Public Relations 08 8234 9555 | 0414 822 631