

11 June 2019

Dear Shareholder

RENOUNCEABLE RIGHTS ISSUE

On 11 June 2019 Lithium Australia NL (**Company**) announced a renounceable pro rata offer of approximately 110 million fully paid ordinary shares (**New Shares**) at an issue price of \$0.06 per New Share, with 1 attaching option (exercise price \$0.12 expiring 2 years from issue) (**New Options**) for every 2 New Share issued (**Rights Issue**).

The Rights Issue is offered to holders of the Company's fully and, by reason of their terms, partly paid shares held as at 7:00pm (EST) on 14 June 2019 (**Record Date**) with a registered address in Australia or New Zealand, on the basis of 1 New Share for every 6 fully or partly paid shares held, and will raise up to approximately \$6.5 million (before costs).

The Rights Issue is partially underwritten by CPS Capital Group Pty Limited for \$1.5 million.

The Directors intend to apply the proceeds from the Rights Issue as follows:

Use of funds (\$'000) (approx.) ¹	Underwritten Amount	Full Subscription
Lithium Raw Materials including exploration on Youanmi (drilling) & Medcalf (soil sampling)	250,000	1,000,000
Lithium chemicals including development of SiLeach [®] LieNA [®] and L-Max [®] options	250,000	1,000,000
Lithium Batteries including VSPC pilot plant operations and DLG alliance	400,000	2,500,000
Lithium Battery Re-cycling including Envirostream transaction	200,000	1,000,000
Working Capital	177,663	457,161
Costs of the offer	222,337	533,318
Total use of funds	1,500,000	6,490,479

- 1 This table is a statement of the proposed application of the funds raised as at the date of the Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the Company's decisions. The Company reserves the right to vary the way funds are applied.
- 2 Funds raised will, in the event less than Fully Subscription is received, be allocated firstly towards the costs of the Rights Issue and then proportionally as set out above.

The Company expects the Rights Issue to be conducted in accordance with the following timetable:

Ex date – Shares trade ex Entitlement (Ex Date)	13 June 2019
Rights trading commences on deferred settlement basis	
Record date to determine Entitlement (Record Date)	14 June 2019
Prospectus with Entitlement and Acceptance Form dispatched	17 June 2019
Offer opens for receipt of Applications	
Rights trading ends	21 June 2019
Closing date for acceptances	28 June 2019
Notify ASX of under-subscriptions	2 July 2019
Issue of New Shares	4 July 2019
Dispatch of shareholding statements	
Normal trading of New Shares expected to commence	5 July 2019

The Directors may extend the Closing Date subject to the Corporations Act and Listing Rules.

The New Shares issued pursuant to the Rights Issue will rank equally with existing fully paid ordinary shares in the Company. Application has been made for the quotation of the New Shares and New Options.

The Rights Issue will be offered under a prospectus which was lodged with ASIC on 11 June 2019 (**Prospectus**), and which will be sent to Eligible Shareholders shortly after the Record Date. Shareholders should consider the Prospectus carefully in deciding whether to acquire securities offered under the Rights Issue.

The Company's capital structure before and after completion of the Rights Issue is set out below:

	Underwritten Amount	Full Subscription
Shares currently on issue (both fully and partly paid shares) ¹	649,047,859	649,047,859
Total options and performance rights currently on issue	81,009,117	81,009,117
New Shares offered, on a 1 for 6 basis	25,000,000	108,174,643
New Options offered, on the basis of 1 Option for every 2 new Shares issued ²	12,500,000	54,087,322
Total fully paid ordinary shares on issue following the Offer (excluding partly paid shares)	504,130,941	587,305,584

1 This assumes no further Shares are issued prior to the Record Date.

2 The Company has also agreed to issue the Underwriter 9 million New Options

The Company reserves the right to issue further securities in conjunction with the Offer using its existing 15% capacity.

Should you have any questions regarding the Rights Issue you may contact the Company on +61 8 6145 0288, or consult your stockbroker or professional adviser.

We look forward to your participation in the Rights Issue.

Yours faithfully



Adrian Griffin
Managing Director
LITHIUM AUSTRALIA NL