

LITHIUM AUSTRALIA NL
ACN 126 129 413

NOTICE OF SPECIAL MEETING

A Special Meeting of the Company's Partly Paid Shareholders will be held at the offices of the Company at Level 1, 675 Murray Street, West Perth WA 6005 on Monday, 24 February 2020 commencing at 8.30am (WST).

The Notice of Special Meeting should be read in its entirety. If Partly Paid Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on (08) 6145 0288.

Partly Paid Shareholders are urged to attend or vote by lodging the proxy form attached to the Notice.

LITHIUM AUSTRALIA NL
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NOTICE OF SPECIAL MEETING

Notice is hereby given that a Special Meeting of Partly Paid Shareholders of Lithium Australia NL ACN 126 129 413 (**Company**) will be held at the offices of the Company at Level 1, 675 Murray Street, West Perth WA 6005 on Monday, 24 February 2020 commencing at 8.30am (WST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form forms part of the Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Partly Paid Shareholders of the Company on Saturday, 22 February 2020 at 5.00pm (WST).

Terms and abbreviations used in the Notice are defined in Schedule 1.

AGENDA

1. Resolution 1 – Variation of Class Rights – Partly Paid Shares

To consider and, if thought fit, to pass with or without amendment, the following Resolution as a **special resolution**:

"That, for the purposes of section 246B of the Corporations Act, clause 7 of the Constitution and for all other purposes, approval is given for the Company to vary the rights attaching to a class of shares, being Partly Paid Shares, on the terms and conditions set out in the Explanatory Statement."

DATED: 20 January 2020

BY ORDER OF THE BOARD

Barry Woodhouse
COMPANY SECRETARY
LITHIUM AUSTRALIA NL

EXPLANATORY MEMORANDUM

1. Introduction

The Explanatory Memorandum has been prepared for the information of Partly Paid Shareholders in connection with the business to be conducted at the Meeting to be held at the offices of the Company at Level 1, 675 Murray Street, West Perth WA 6005 on Monday, 24 February 2020 commencing at 8.30am (WST).

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolution will be voted.

The Explanatory Memorandum includes the following information to assist Partly Paid Shareholders in deciding how to vote on the Resolution:

| | |
|------------|--|
| Section 2 | Action to be taken by Partly Paid Shareholders |
| Section 3 | Resolution 1 – Variation of Class Rights – Partly Paid Shares |
| Schedule 1 | Definitions |
| Schedule 2 | Revised Rights and Liabilities Attaching to Partly Paid Shares |

A Proxy Form is located at the end of the Explanatory Memorandum.

2. Action to be taken by Partly Paid Shareholders

Partly Paid Shareholders should read the Notice including the Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Voting in person

To vote in person, attend the Meeting on the date and at the place set out above.

2.2 Proxies

(a) Voting by proxy

A Proxy Form is attached to the Notice. This is to be used by Partly Paid Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Partly Paid Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Partly Paid Shareholder from attending and voting at the Meeting in person.

Please note that:

- (i) a Partly Paid Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (ii) a proxy need not be a member of the Company or another Partly Paid Shareholder; and

- (iii) a Partly Paid Shareholder entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

- (b) Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (i) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
- (ii) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;
- (iii) if the proxy is the Chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (iv) if the proxy is not the Chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

- (c) Transfer of non-Chair proxy to Chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- (i) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;
- (ii) the appointed proxy is not the Chair of the meeting;
- (iii) at the meeting, a poll is duly demanded on the resolution; and
- (iv) either the proxy is not recorded as attending the meeting or the proxy does not vote on the resolution,

the Chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

3. Resolution 1 – Variation of Class Rights – Partly Paid Shares

3.1 Background

The Company has on issue 171,916,918 partly paid shares (**Partly Paid Shares**).

The Partly Paid Shares are paid up to \$0.0001 and have an unpaid amount per Partly Paid Share of \$0.2499 (**Unpaid Amount**).

The purpose of varying the terms of the Partly Paid Shares is to align the uncalled amount to the current Share price. This will facilitate the ability of the Company to make calls on the Partly Paid Shares. It would also allow the Company to issue additional Partly Paid Shares that can be issued on the same terms and conditions as the varied Partly Paid Shares as the ASX will only allow one series of Partly Paid Shares to be listed.

Pursuant to Resolution 1, the Company seeks the approval of holders of Partly Paid Shares by way of a special resolution to vary the terms of the Partly Paid Shares to reduce the Unpaid Amount from \$0.2499 to \$0.0599 (**Variation**).

The full revised rights and liabilities of the Partly Paid Shares, as proposed by the Company, are set out in Schedule 2.

A timetable for the proposed Variation is set out below:

| | | |
|---|-------|------------------|
| Shareholder meeting seeking approval for Variation | Day 0 | 24 February 2020 |
| Last date for trading LITCE Partly Paid Shares on terms not subject to Variation | Day 1 | 25 February 2020 |
| LITCE Partly Paid Shares trading on a deferred settlement basis, with terms amended pursuant to Variation, under temporary code LITDA | Day 2 | 26 February 2020 |
| Record Date | Day 3 | 27 February 2020 |
| Deferred trading of LITCE Partly Paid Shares ends | Day 4 | 28 February 2020 |
| First day of normal settlement trading of Partly Paid Shares with terms amended pursuant to Variation, under code LITCE | Day 5 | 2 March 2020 |

3.2 Corporations Act and Constitution

Section 246B of the Corporations Act provides that if a company has a constitution that sets out the procedure for varying rights attached to shares in a class of shares, those rights may be varied only in accordance with that procedure.

Clause 7 of the Constitution provides that the rights attaching to any class of shares may be varied with:

- (a) the consent in writing of the holder or holders of 75% of the issued shares of that class; or
- (b) with the sanction of a special resolution passed at a separate meeting of holders of the shares of the class.

In addition, the Constitution provides that any variation of rights under clause 7 is subject to the Corporations Act, which itself requires a meeting of Shareholders of the Company pass a special resolution approving the Variation (being the Company's annual general meeting, which will follow this Meeting) in addition to a meeting of Partly Paid Shareholders (being this Meeting).

Resolution 1 will be passed by Partly Paid Shareholders as a special resolution if 75% of the votes cast by Partly Paid Shareholders present and eligible to vote (whether in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative) are in favour of it.

Partly Paid Shareholders should note that no change will be made to the terms of the Partly Paid Shares unless the Company's unassociated Shareholders also pass a resolution pursuant to section 246B of the Corporations Act with respect to the Variation.

3.3 Directors' recommendation

The Directors unanimously support the Variation and recommend that Partly Paid Shareholders vote in favour of Resolution 1.

Schedule 1 – Definitions

In this Notice, unless the context otherwise requires, the following terms bear the following meanings:

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

Chairman means the chairman of the Meeting.

Company means Lithium Australia NL ACN 126 129 413.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Explanatory Memorandum means this explanatory memorandum which accompanies and forms part of the Notice.

Equity Security has the same meaning as in the Listing Rules and **Equity Securities** has the corresponding meaning.

Special Meeting or **Meeting** means the meeting of Partly Paid Shareholders convened by the Notice or any meeting adjourned therefrom.

Listing Rules means the listing rules of ASX.

Meeting has the meaning given in the introductory paragraph of this Notice.

Notice of Meeting or **Notice** means this Notice of Special Meeting.

Partly Paid Share has the meaning given in Section 3.

Partly Paid Shareholder means the holder of a Partly Paid Share.

Proxy Form means the proxy form accompanying the Notice.

Quotation means official quotation of Shares by ASX.

Resolution means a resolution set out in the Notice.

Section means a section of the Notice.

Share means a fully paid ordinary share in the Company.

Shareholder means the holder of a Share.

Special Meeting means the meeting of Partly Paid Share Holders to be held at around the same time as the Meeting in accordance with Section 246B of the Corporations Act and the Constitution.

Unpaid Amount has the meaning given in Section 3.

Variation has the meaning given in Section 3.

WST means Western Standard Time, being the time in Perth, Western Australia.

Schedule 2 – Revised Rights and Liabilities Attaching to Partly Paid Shares

The Partly Paid Shares rank equally in all respects with fully paid ordinary shares in the capital of the Company on issue, subject to the following terms and conditions, notwithstanding any differences in the amount that the Partly Paid Shares are paid up to.

1. Each Partly Paid Share:
 - (a) is issued at a total issue price of \$0.060 per Partly Paid Share;
 - (b) is deemed to be paid up to \$0.0001;
 - (c) has an initial unpaid amount of \$0.0599;
 - (d) carries the right to participate in new issues of securities to holders of fully paid Shares (except bonus issues) on the same basis as holders of fully paid Shares;
 - (e) carries the right to participate in bonus issues of securities in the proportion which the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited) and, further, each holder of Partly Paid Shares (**Partly Paid Shareholder**) will be notified by the Company of any proposed bonus issue of securities at least 14 days prior to the record date for any such issue;
 - (f) carries the right to vote in the proportion which the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited); and
 - (g) carries the right to participate in dividends on the same basis as if the Partly Paid Shares were fully paid up unless a call has been made on the Partly Paid Shares and that call is due and unpaid.
2. At least 15 Business Days' notice of any call will be provided to Partly Paid Shareholders.
3. Subject to clause 8, joint Partly Paid Shareholders are jointly and severally liable to pay any call made on the Partly Paid Shares.
4. If the Company is listed on ASX, the Company will apply to have the fully paid Shares (that have come about as a result of the Partly Paid Shareholder paying the unpaid amount in full) listed for quotation by ASX within 10 days of the date of any such payment of the unpaid amount.
5. Subject to meeting the requirements of the ASX Listing Rules, the Partly Paid Shares will be quoted on the ASX.
6. Should there be any conflict between these terms and the ASX Listing Rules, the ASX Listing Rules will prevail.
7. If the Company is listed on ASX and there is a reorganisation of the issued capital of the Company (including, but not limited to, a consolidation, subdivision, cancellation, reduction or return of capital):
 - (a) the number of Partly Paid Shares must be reorganised in the same proportion as all other classes of shares on issue; and
 - (b) the reorganisation must not involve a cancellation or reduction of the total amount payable and unpaid by Partly Paid Shareholders.
8. In accordance with Part 2H.3 of the Corporations Act and the ASX Listing Rules, Partly Paid Shareholders do not have a contractual obligation to pay calls in respect of the unpaid amount on their Partly Paid Shares. However, the Partly Paid Shares the subject of a call will be liable to forfeiture if a call remains unpaid at the end of 14 Business Days after it became payable. Forfeited Partly Paid Shares may then be sold by the Company by public auction in accordance with the Corporations Act.

LITHIUM AUSTRALIA NL
ACN 126 129 413
PROXY FORM

The Company Secretary

By post: PO Box 1088, West Perth, Western Australia 6984;
By facsimile: (08) 6145 0288
By email: info@lithium-au.com

Name of Partly Paid Shareholder:

Address of Holder:

Number of Partly Paid Shares entitled to vote:

Please mark to indicate your directions. Further instructions are provided overleaf.

STEP 1 – APPOINT A PROXY TO VOTE ON YOUR BEHALF

Proxy appointments will only be valid and accepted by the Company if they are made and received no later than 48 hours before the Meeting.

I/We being Partly Paid Shareholder/s of the Company hereby appoint:

The Chair of the Meeting (mark box)

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

Or failing the person/body corporate named, or if no person/body corporate is named, the Chair of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Special Meeting of the Company to be held at the offices of the Company, at Level 1, 675 Murray Street, West Perth WA 6005 on Monday, 24 February 2020- commencing at 8.30 am (WST), and at any adjournment or postponement of that Meeting.

CHAIR'S VOTING INTENTIONS IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote all undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intentions on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

STEP 2 - INSTRUCTIONS AS TO VOTING ON RESOLUTIONS

The proxy is to vote for or against the Resolution referred to in the Notice as follows:

| | | For | Against | Abstain* |
|--------------|--|-----|---------|----------|
| Resolution 1 | Variation of Class Rights – Partly Paid Shares | | | |

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

* If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Authorised signature/s

This section **must** be signed in accordance with the instructions below to enable your voting instructions to be implemented.

| | | |
|---|---|---|
| Individual or Shareholder 1 | Shareholder 2 | Shareholder 3 |
| <div style="border: 1px solid black; height: 20px; width: 100%;"></div> | <div style="border: 1px solid black; height: 20px; width: 100%;"></div> | <div style="border: 1px solid black; height: 20px; width: 100%;"></div> |
| Sole Director/Company Secretary | Director | Director/Company Secretary |

Contact Name

| | |
|---------------------------|------|
| Contact Daytime Telephone | Date |
|---------------------------|------|

¹Insert name and address of Shareholder ² Insert name and address of proxy *Omit if not applicable

PROXY NOTES

A Partly Paid Shareholder entitled to attend and vote at the Special Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Special Meeting. If the Partly Paid Shareholder is entitled to cast 2 or more votes at the Special Meeting the Partly Paid Shareholder may appoint not more than 2 proxies. Where the Partly Paid Shareholder appoints more than one proxy the Partly Paid Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Partly Paid Shareholder's votes. A proxy may, but need not be, a Shareholder or Partly Paid Shareholder of the Company.

If a Partly Paid Shareholder appoints a body corporate as the Partly Paid Shareholder's proxy to attend and vote for the Partly Paid Shareholder at that Special Meeting, the representative of the body corporate to attend the Special Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

- Joint Holding: where the holding is in more than one name all of the holders must sign.
- Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.
- Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Special Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be provided to the Company Secretary at an address provided above (by post, facsimile or email) not less than 48 hours prior to the time of commencement of the Special Meeting (WST).