

**1 April 2016**

Dear Partly Paid Shareholder

**Offer of Shares under Bonus Issue**

As announced on 1 April 2016, Lithium Australia NL (“LIT” or “the Company”) is making a bonus issue (“**Bonus Issue**”) on the basis of one (1) New Partly Paid Share for every two (2) Shares held at the Record Date at an issue price of \$0.25 per New Partly Paid Share, with each New Partly Paid Share deemed to be paid up to \$0.0001 and unpaid to \$0.2499.

Based on the number of Shares currently on issue as at the date of the Bonus Issue and assuming no options are exercised before the Record Date, up to approximately 111,672,727 New Partly Paid Shares will be issued pursuant to the Bonus Issue.

The Bonus Issue will be made to all Shareholders whose registered addresses are in Australia or New Zealand and who are recorded as Shareholders as at 5:00pm (WST) on the Record Date.

A prospectus for the Bonus Issue (“**Prospectus**”) was lodged with ASX on 1 April 2016 and is available on the ASX website and on the Company’s website [www.lithium-au.com](http://www.lithium-au.com)

The terms and conditions of the LIT partly paid shares (“LITCC” and “LITAQ”) you currently hold only allow you to participate in the Bonus Issue to a limited extent.

To pay all or a portion of your Existing LITCC’s or LITAQ’s and thereby participate in the Bonus Issue to the fullest extent, you should fully pay up your LITCC’s or LITAQ’s and lodge it with LIT, together with your payment.

**To ensure that your shares are issued and registered by 5.00 pm (WST) on the Record Date, your conversion, together with your payment for your Existing Partly Paid Shares must be received by LIT no later than 26 April 2016.**

If you do not wish to participate in the Bonus Issue to the fullest extent you do not need to take any action.

Before deciding whether to exercise any or all of your LITCC’s or LITAQ’s, you should read the Prospectus in its entirety and consult with your professional adviser.

If you require further information, please contact the Company Secretary on +61-8 6145 0288.

Yours sincerely

**LITHIUM AUSTRALIA NL****Barry Woodhouse**

CFO &amp; Company Secretary

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