

**6 October 2016**

## **ASX ANNOUNCEMENT**

### **LITHIUM AUSTRALIA LAUNCHES SHARE PURCHASE PLAN**

#### **INVITATION TO PARTICIPATE IN A NEW ISSUE OF SHARES**

Global lithium developer, Lithium Australia NL (**LIT** or **Company**) is pleased to announce that it invites eligible shareholders to participate in the 2016 Share Purchase Plan (**SPP**) on the terms and conditions summarised below and as outlined in the attached booklet.

#### **Share Purchase Plan**

The SPP provides eligible shareholders, being shareholders who were recorded on the share register as at 7:00pm (WST) on 5 October 2016 (**Record Date**) with a registered address in Australia or New Zealand (**Eligible Shareholders**), with an opportunity to acquire a minimum of \$2,000 up to a maximum of \$15,000 worth of fully paid ordinary shares without incurring brokerage or any other transaction costs, irrespective of the size of their shareholding.

The maximum amount to be raised under the SPP is approximately \$12.64 million before expenses. All new shares issued under the SPP will rank equally with existing ordinary shares in the Company. Participation in the SPP is voluntary. The new Shares will be offered at a price of \$0.18 which represents a 14% discount to the volume weighted average price of the Company's shares over the last 5 days before the day on which the SPP was announced on 6 October 2016. The maximum number of new Shares to be issued under the SPP is 70,219,932.

The SPP is expected to close on 7 November 2016 and is not subject to shareholder approval.

The SPP Booklet containing the terms conditions of the SPP and an application form is attached. SPP Booklets and application forms are expected to be sent to shareholders on 7 October 2016. Eligible shareholders should read the SPP Booklet before deciding whether to participate in the SPP. Any fractions of a new Share will be rounded down to the nearest whole number of new Shares.

If the Company rejects or scales back an application or purported application, the Company will promptly return to the shareholder the relevant application money without interest.

#### **Important Dates**

Record Date	7:00pm (WST) on 5 October 2016
Share Purchase Plan offer opens	12 October 2016
Share Purchase Plan offer closes	5:00pm (WST) on 7 November 2016
Share Purchase Plan allocation announcement and scale-back (if any)	11 November 2016
Issue Date	14 November 2016
Quotation of New Shares	14 November 2016
Dispatch of holding statements	16 November 2016

LIT may vary any of the above dates without notice. Accordingly, Eligible Shareholders are encouraged to submit their application form as early as possible.

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## COMMENT FROM THE MANAGING DIRECTOR

Adrian Griffin, Managing Director of Lithium Australia had the following comments to make with respect to the SPP

*“Lithium Australia has maintained a policy of creating real value for shareholders. The Company has achieved this by fostering shareholder support through bonus issues of contributing shares. The currently listed series of contributing shares, LITCE, closed yesterday at 6.4 cents representing a considerable dividend to those shareholders that were eligible for the bonus.*

*Lithium Australia recognises it is often difficult for retail investors to take advantage from discounted capital raisings which, in the most part, remain the realm of sophisticated and professional investors. With that in mind, we have decided to offer those shareholders on the register, at the close of business on 5 October 2016, the opportunity to expand their holdings at a discount to market, by way of this SPP invitation.*

*The issue will give participants the opportunity to buy at a discount to market and without brokerage. It is a continuation of our policy to reward our very supportive and valued shareholder base.”*

For further information visit [www.lithium-au.com](http://www.lithium-au.com) or contact:

### **Adrian Griffin**

Managing Director

Mobile +61 (0) 418 927 658 and [Adrian.Griffin@lithium-au.com](mailto:Adrian.Griffin@lithium-au.com)

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.

### **MEDIA CONTACT:**

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

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

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**Lithium Australia NL (ACN 126 129 413)**

Share Purchase Plan (**SPP**) Booklet

- SPP Terms and Conditions

6 October 2016

Dear Shareholder

### Invitation to Participate in Shareholder Share Purchase Plan

On 6 October 2016, Lithium Australia NL (**LIT** or the **Company**) announced its intention to offer shareholders the chance to participate in a share purchase plan (**Plan**) to subscribe for additional fully paid ordinary shares in the capital of the Company (**New Shares**).

The board of directors of the Company (**Directors**) is now pleased to make that offer to Eligible Shareholders (as defined below) on the terms and conditions enclosed with this letter.

### Shareholders Eligible to Participate in the Plan

The right to participate in the offer of New Shares under the Plan (**Offer**) is optional and is available exclusively to the shareholders who were registered as holders of fully paid ordinary shares in the capital of LIT (**Shares**) at 7pm (WST) on 5 October 2016 (**Record Date**) and whose registered address is in Australia or New Zealand (**Eligible Shareholders**). The Directors have determined that it is not practical for shareholders resident in other countries to be offered the opportunity to participate in the Plan.

### Share Purchase Plan

The Plan entitles Eligible Shareholders, irrespective of the size of their shareholding, to purchase up to \$15,000 worth of New Shares at an issue price of \$0.18 per New Share, free of brokerage and commission. The issue price of the New Shares represents a 18.18% discount to the last closing Share price of \$0.22 and a 14% discount to the volume weighted average price of the Shares on ASX during the 5 trading days immediately prior to the announcement date of the Offer on 6 October 2016 (being \$0.20933).

Details of the Offer are set out in this letter together with the enclosed Terms and Conditions and Application Form.

### Current Activities

Details of the Company's current activities are set out in the announcements made to the ASX and are available from the ASX or the Company's website at [www.lithium-au.com](http://www.lithium-au.com).

The funds raised under the Plan will be used by the Company to continue development of its Sileach lithium extraction process, its LieNA lithium extraction process, its various exploration initiatives in Western Australia, Queensland, Northern Territory, Mexico and Europe and for working capital purposes. Please refer to the Company's announcement on 3 October 2016 for further details of the update of the Sileach™ pilot plant progress.

### How much can you invest?

Eligible Shareholders may acquire a minimum of \$2,000 and a maximum of \$15,000 worth of New Shares under the Plan.

### Subscription and Application Procedure

If you would like to participate in the Offer, please follow the application instructions on the enclosed Application Form. Please note that the closing date of the Offer is **5pm (WST) on 7 November 2016 (Closing Date)**. No late applications will be accepted.

Eligible Shareholders may participate by selecting one of the following Offers to purchase New Shares under the Plan:

	Amount	Number of New Shares
Offer A	\$15,000	83,333
Offer B	\$10,000	55,555
Offer C	\$5,000	27,777
Offer D	\$2,000	11,111

Once an application for New Shares has been made it cannot be revoked. All valid applications shall be deemed accepted if received before the closing date of 5pm (WST) on 7 November 2016 (**Closing Date**). The Board retains the right to extend the Closing Date at its discretion.

The maximum investment any Eligible Shareholder may apply for will remain \$15,000 even if an Eligible Shareholder receives more than one Offer (whether in respect of a joint holding or because the Eligible Shareholder has more than one holding under a separate account).

#### Calculation of the Purchase Price and Acceptance of Risk Factors

The purchase price of Shares under the Offer is \$0.18, which represents a 14% discount to the volume weighted average price of the Shares on ASX during the 5 trading days immediately prior to the announcement date of the Offer on 6 October 2016, being \$0.20933.

On the trading day immediately prior to the announcement date of the Offer, the closing price of the Shares traded on ASX was \$0.22. The market price of the Shares may rise and fall between the date of the Offer and the date that any New Shares are issued to you as a result of applying to participate in the Plan.

By applying for New Shares, each Eligible Shareholder acknowledges that although the purchase price is at a discount to the market price of the Shares, Shares are a speculative investment and the price of the Shares on ASX may change between the date of the Company announcing its intention to make an Offer and the date of issue of New Shares under that Offer. It is possible that that up to or after the date you receive New Shares, you may be able to buy Shares on the ASX at a lower price than under this Plan. You should be aware of and accept that risk.

The Board recommends that you obtain your own financial advice in relation to the Offer and consider price movements of Shares prior to accepting this Offer.

#### Additional Information and Important Dates

The Offer is non-renounceable and cannot be transferred by Eligible Shareholders and the Directors reserve the right to reject any application for over \$15,000 worth of New Shares. New Shares will be issued as soon as practicable after the Closing Date of the Offer. Application for quotation on ASX of the New Shares will be made promptly following the issue of those New Shares.

The maximum number of New Shares that may be issued pursuant to this Offer is up to 70,219,932. In the event of an oversubscription by the Closing Date the Directors may, in their absolute discretion, scale-back applications on a first come, first served basis. LIT may take into consideration the size of an applicant's Shareholding when determining the amount of any potential scale back and therefore the extent of the scale back may differ between applications.

If the Company rejects or scales-back an application or purported application in accordance with the terms and conditions of the Plan, the Company will promptly return to the Shareholder the relevant application monies, without interest.

#### Shortfall Placement

In the event that less than 70,219,232 New Shares are applied for pursuant to this Offer to raise ##\$12.64m before expenses, the shortfall may be placed at the discretion of the Directors.

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Indicative Timetable

Record Date	7pm (WST) on 5 October 2016
Announcement of Plan	6 October 2016
Opening Date of Offer	12 October 2016
Closing Date of Offer	5pm (WST) on 7 November 2016
Share Purchase Plan allocation announcement and Scale-back (if any)	11 November 2016
Issue of New Shares under the Plan*	14 November 2016
Dispatch date for holding statements*	14 November 2016
Quotation of New Shares on ASX*	14 November 2016

\*These dates are indicative only. The Company may vary the dates and times of the Offer without notice. Accordingly, Eligible Shareholders are encouraged to submit their Application Forms as early as possible.

Should you wish to discuss any information contained in this letter further, do not hesitate to contact the Company Secretary on +61 8 6145 0288.

Yours faithfully  
LITHIUM AUSTRALIA NL

Mr Adrian Griffin  
MANAGING DIRECTOR

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SHAREHOLDER SHARE PURCHASE PLAN - TERMS AND CONDITIONS

## Purpose

The purpose of the LIT Shareholder Share Purchase Plan (**the Plan**) is to offer the holders of fully paid ordinary shares in the Company (**Shares**) the opportunity to subscribe for additional Shares up to a maximum value of \$15,000 when combined with any Shares issued to that shareholder under any Share purchase plan in the 12 months preceding the date of the Plan without the need to pay brokerage costs and without the need for Company to issue a prospectus, upon such terms and conditions as the board of directors of Company (**Board**), in its absolute discretion, sees fit. Shares issued under the Plan (**New Shares**) will have an issue price of \$0.18 per New Share, which represents a 14% discount to the volume weighted average price of Shares on the financial market operated by ASX Limited (**ASX**) during the 5 trading days immediately prior to the announcement date of the offer of New Shares pursuant to the Plan (**Offer**) on 6 October 2016, being \$0.20933, and will be issued on the following terms and conditions.

## Indicative Timetable

Record Date	7pm (WST) on 5 October 2016
Announcement of Plan	6 October 2016
Opening Date of Offer	12 October 2016
Offer Closes ( <b>Closing Date</b> )	5pm (WST) on 7 November 2016
Share Purchase Plan allocation announcement and Scale-back (if any)	11 November 2016
Issue of New Shares under the Plan*	14 November 2016
Dispatch date for holding statements*	14 November 2016
Quotation of New Shares on ASX*	14 November 2016

\*These dates are indicative only. The Company reserves the right to vary the timetable for the Offer, including the Closing Date, without notice.

## Shareholders eligible to participate

Holders of Shares (**Shareholders**) who are registered with an Australian or New Zealand address at the Record Date may participate in the Plan (**Eligible Shareholders**). The directors of the Company (**Directors**) have determined that it is not practical for Shareholders resident in other countries to be offered the opportunity to participate in the Plan. Each Eligible Shareholder is solely responsible for obtaining any government or regulatory approvals and consents necessary for that Eligible Shareholder to be eligible to participate in the Plan.

Participation in the Plan is optional and is subject to these terms and conditions. Offers to subscribe for New Shares under the Plan (**Offers**) are non-renounceable (i.e. Eligible Shareholders may not transfer their rights to any New Shares offered under the Plan).

No brokerage or other transaction costs will apply to the acquisition of New Shares under the Plan. The only cost to Eligible Shareholders is the issue price of the New Shares.

An Offer may, at the discretion of the Directors, be made under the Plan once a year. The maximum amount which any Eligible Shareholder may subscribe for in any consecutive 12 month period, is \$15,000.

Unless you are a Custodian, the maximum investment any Eligible Shareholder may apply for will remain \$15,000 even if an Eligible Shareholder receives more than one Offer. This limitation applies whether because the Eligible Shareholder has more than one holding under a separate account, or if they hold Shares in more than one capacity such as if they are a sole Eligible Shareholder and a joint Eligible Shareholder and/or an Eligible Shareholder with more than one holding under a separate account or designation.

## Custodians, trustees and nominees

If you are an Eligible Shareholder and hold Shares as a custodian (as defined in ASIC Class Order CO 09/425 (refer below) (**Custodian**) or in any more specific ASIC relief granted to the Company in relation to the Plan), you may apply for up to the maximum of New Shares for each beneficiary for whom you act as custodian provided you annex to your Application

Form a certificate to the Company (**Custodian Certificate**) with the following information:

- confirmation that you or another interposed custodian held Shares on behalf of one or more other persons (each a **Participating Beneficiary**) at 7pm (WST) on 5 October 2016, and that those Participating Beneficiaries have subsequently instructed you to apply for New Shares on their behalf;
- the number of Participating Beneficiaries for whom you are the Custodian and their names and addresses;
- the number of Shares that you hold on behalf of each Participating Beneficiary;
- the dollar amount of New Shares that each Participating Beneficiary has instructed you, either directly or indirectly through another custodian, to apply for under the Offer on their behalf;
- confirmation that the application price for New Shares for each Participating Beneficiary for whom you act plus the application price for any other Shares issued to you as custodian for that Participating Beneficiary under any arrangement similar to the Plan in the prior 12 months does not exceed \$15,000;
- confirmation that a copy of the written offer document was given to each Participating beneficiary; and
- where you hold shares on behalf of a beneficiary indirectly, through one or more interposed custodians, the name and address of each interposed custodian.

For the purposes of ASIC Class Order CO 09/425 you are a 'custodian' if you are a registered holder that:

- holds an Australian financial services licence that allows you to perform custodian or depositary services or operate IDPS accounts;
- is exempt from the requirement to hold a an Australian financial services licence for the provision of a custodial or depositary service by virtue of relevant ASIC Class Orders or regulations of the *Corporations Regulations 2001*, provisions of the Corporations Act or an individual instrument of relief granted by ASIC;
- is a trustee of a self-managed superannuation fund;
- is a trustee of a superannuation master trust;
- is a responsible entity of IDPS like schemes;
- is noted on the Company's register of members as holding the Shares on account of another person.

If you hold Shares as a trustee or nominee for another person or persons but are not a Custodian as defined above, you cannot participate for beneficiaries in the manner described above. In this case, the rules for multiple single holdings (above) apply.

Custodians should request a Custodian Certificate when making an application on behalf of Participating Beneficiaries. To request a Custodian Certificate and if you would like further information on how to apply, you should contact Advanced Share Registry Services during normal business hours, Monday to Friday during the Offer period.

The Company reserves the right to reject any application for New Shares to the extent it considers that the application (whether alone or in conjunction with other applications) does not comply with these requirements. The Company reserves the right to reject applications in accordance with these Terms and Conditions.

### Subscription and Application Procedure

If you would like to participate in the Offer, please follow the application instructions on the enclosed Application Form. Please note that the closing date of the Offer is **5pm (WST) on 7 November 2016**. No late applications will be accepted.

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Eligible Shareholders may participate in the Offer by selecting one of the following Offers to purchase New Shares under the Plan:

	Amount	Number of New Shares
Offer A	\$15,000	83,333
Offer B	\$10,000	55,555
Offer C	\$5,000	27,777
Offer D	\$2,000	11,111

The number of New Shares will be rounded down to the nearest whole number after dividing the dollar amount by the issue price.

Once an application for New Shares has been made it cannot be revoked. All valid applications shall be deemed accepted if received before the Closing Date of 5pm (WST) on 7 November 2016. The Board retains the right to extend the closing date.

### Price of New Shares

The issue price of New Shares to be issued under the Plan will be \$0.18, which represents a 14% discount to the volume weighted average price of Shares quoted on ASX during the period 5 trading days immediately prior to the date the Plan was announced on 6 October 2016.

### Applications and Notices

You can participate in the Offer by applying for New Shares in accordance with the Application Form. Please follow the instructions on the Application Form. The minimum value of New Shares you can subscribe for under the Offer is \$2,000 and maximum is \$15,000. You can apply by one of the following methods.

#### Option 1 – payment by cheque

Complete the Application Form and send it to the share registry of the Company at the address shown in the Application Form, together with your payment. Your payment must be by cheque or money order in Australian dollars made payable to "Lithium Australia NL". The Application Form should be sent so that it is received by the share registry by no later than **5.00pm (WST) on 7 November 2016**. No late applications will be accepted.

#### Option 2 – payment by BPAY facility

Make a BPAY payment from your Australian cheque or savings account by using the Biller Code and Reference Number shown on your Application Form, which is required to identify your holding.

If you have multiple holdings you will have multiple BPAY Reference Numbers. To ensure you receive your New Shares under the Offer in respect of that holding you must use the specific Biller Code and Reference Number shown on each personalised Application Form when paying for any New Shares that you may wish to apply for in respect of that holding. If you inadvertently use the same Reference Number for more than one of your applications, you will be deemed to have applied only for that application to which that Reference Number applies and any excess amount will be refunded.

**if you make your payment using BPAY you do not need to return your Application Form.** New Zealand holders will not be able to make a payment using BPAY.

Payments made by BPAY received after **5:00pm (WST) on 7 November 2016** will not be accepted. Applicants should be that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take into consideration when making payment. You may also have your own limit on the amount that can be paid via BPAY. It is your responsibility to check that the amount you wish to pay via BPAY does not exceed your limit.

By using the BPAY facility to apply for New Shares you represent that the total of the application price for the following does not exceed \$15,000:

- the New Shares the subject of your application;
- any other Share issued under any similar arrangement in the 12 months before the date of your application;
- any other New Shares which you have instructed a Custodian to acquire on your behalf under the Plan;
- any other Shares issued to a Custodian under an arrangement similar to the Plan in the 12 months before the date of your application as a result of any instruction given by you to the Custodian or to another custodian which

resulted in you holding beneficial interests in such Shares.

Once an application has been made it cannot be revoked. All valid applications shall be deemed accepted if received before the Closing Date of 5:00pm (WST) on 7 November 2016. If the exact amount of money is not tendered with your application, the Company reserves the right to either:

- (a) return your Application Form and/or payment and not issue any New Shares to you; or
- (b) issue to you the number of New Shares that would have been issued had you applied for the highest designated amount that is less than the amount of your payment and refund the excess application money to you by cheque as soon as possible, without interest.

The maximum investment any Eligible Shareholder may apply for is \$15,000. This limitation applies even if an Eligible Shareholder receives more than one Offer (whether in respect of a joint holding or because the Eligible Shareholder has more than one holding under a separate account). It is the responsibility of the applicant to ensure that the aggregate of the application price paid for the New Shares the subject of the application and any shares and interests in the class applied for by you under the Plan or any similar arrangement in the 12 months prior to the date of the application does not exceed \$15,000.

Applications will not be accepted after the Closing Date. The Directors intend to prioritise applications on a first come, first served basis. Oversubscriptions to the Offer may be refunded without interest.

Notices and statements made by the Company to participants may be given in any manner prescribed by its Constitution.

### Issue of New Shares

New Shares will be issued as soon as reasonably practicable after the closing date specified by the Directors of the Company in the relevant offer.

Shares issued under the Plan will rank equally in all respects with all other fully paid ordinary shares in the Company from the date of issue.

Shareholding statements or CHESS notification will be issued in respect of all New Shares issued. The Company will, promptly after the issue of New Shares, make application for those New Shares to be quoted on the ASX.

The Company may issue fewer new Shares than applied for by you (or none at all) if any of the following apply:

- (a) the Company considers (in its reasonable opinion) that issuing New Shares to you under the Plan will breach the Plan, the Corporations Act or the ASX Listing Rules;
- (b) the Company considers (in its reasonable opinion) that by issuing New Shares to you under the Plan you may exceed the maximum of \$15,000 or receive an aggregate of more than \$15,000 of New Shares under the Plan or any other arrangement similar to the Plan in the past 12 months up to the Closing Date (except to the extent that the person is issued with New Shares as a Custodian under a custodian offer);
- (c) you are a Custodian and you have not complied with the requirements set out in this document;
- (d) the Company undertakes a scale back;
- (e) the Company considers (in its reasonable opinion) that you have not complied with these terms and conditions.

It is your responsibility to confirm your holding before trading any New Shares you believe have been issued under the Plan. Any Shareholder that sells New Shares before receiving confirmation of their holding in the form of their holding statement will do so at their own risk. The Company and the share registry disclaim all liability whether in the negligence or otherwise (to the maximum extent permitted by law) to person who trade their New Shares before receiving their holding statement.

### Scale Back of Offer

The Company will issue a maximum of approximately 70,219,932 New Shares under the Plan representing a \$12.64 million raising before expenses.

In the event of an oversubscription by the Closing Date the Directors will in their absolute discretion scale back applications.

If the Company undertakes a scale back, you will receive the number of New Shares decided by the Company in its absolute discretion, which may be less than the number of New Shares you applied for. In this case, the difference between the application money received, and the number of New Shares allocated to you multiplied by the issue price, will be refunded to you by cheque or direct credit (the payment method will be determined by the Company in its absolute discretion) as soon as practicable, without interest. By applying for New Shares each Shareholder authorises the Company to pay any money to be refunded by using the payment instructions of the Shareholder recorded in the Company's Share Registry, if the Company should elect to pay in that manner.

If the scale-back produces a fractional number of New Shares when applied to an Eligible Shareholder's application

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under the Offer, the number of New Shares issued will be rounded up to the nearest whole New Share.

Scale back decisions are made by the Directors and are final.

### Modification and Termination of the Plan

The Company may modify, suspend or terminate the Plan at any time. The Company will notify ASX of any modification to, or suspension or termination of, the Plan. The omission to give notice of any modification to, or termination of, the Plan or the failure of ASX to receive such notice will not invalidate the modification or termination.

Without limiting the above, the Company may issue to any person fewer New Shares than the person applied for under the Plan if the issue of the New Shares applied for would contravene any applicable law or the ASX Listing Rules or the *Corporations Act 2001* (Cth).

### Other Information

The Company may, in any manner it thinks fit, settle any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Plan, whether generally or in relation to any participant, application or New Shares. The decision of the Company in this respect will be conclusive and binding on all Shareholders and other persons to whom that determination relates.

The Company reserves the right to waive strict compliance with any provision of these terms and conditions. The powers of the Company under these conditions may be exercised by the Directors or any delegate of the Directors.

The Offer of New Shares is made in accordance with ASIC Class Order 09/425, which grants relief from the requirement to prepare a prospectus for the Offer. This document is not a prospectus and has not been lodged with ASIC. The issue of a prospectus is not required for the purposes of this Offer. This document does not contain the type of information required to be contained in a prospectus. You must rely on your own knowledge of the Company, previous information disclosed by the Company to ASX and if necessary, consult with your professional adviser when deciding whether or not to participate in the Plan.

This document may not be released or distributed in any country other than Australia and New Zealand. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in any other country. In particular, any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 (as amended) and may not be offered or sold in the United States.

### Acknowledgment

By making payment via BPAY® or forwarding a cheque and the completed Application Form you:

- (a) irrevocably and unconditionally agree to the terms and conditions of the Plan;
- (b) agree to accept any lesser number of New Shares than the number of New Shares applied for;
- (c) certify that the aggregate of the application price for:
  - (i) the New Shares the subject of the application; and
  - (ii) any other Shares in the class applied for under the Plan or any Shares in the class issued under a similar arrangement in the 12 months before the application;
  - (iii) any other Shares in the class which the holder has instructed a Custodian to acquire on their behalf under the Plan; and
  - (iv) any other Shares in the class issued to a Custodian under an arrangement similar to the Plan in the 12 months before the application as a result of an instruction given by the holder to the Custodian or another Custodian and which resulted in the holder holding beneficial interests in the Shares,does not exceed \$15,000;
- (d) agree to be bound by the Company's constitution in respect of New Shares issued under the Plan;
- (e) accept that you will not be able to withdraw or revoke your application once it has been sent to the Company or once payment has been made by you via BPAY®;
- (f) authorise the Company (and its officers or agents) to correct any error or omission in your Application Form and to complete the Application Form by the insertion of any missing details;
- (g) acknowledge that the Company may at any time determine that your Application Form is valid, in accordance with these terms and conditions, even if the Application Form is incomplete, contains errors or is otherwise defective;
- (h) accept the risk associated with any refund that may be sent to you by cheque to your address shown on the Company's register of members;
- (i) acknowledge that you are responsible for any dishonour fees or other costs the Company may incur in presenting

a cheque for payment which is dishonoured;

- (j) acknowledge that neither the Company nor Advanced Share Registry Services has provided you with investment advice or financial product advice, and that neither has any obligation to provide this advice, concerning your decision to apply for New Shares;
- (k) acknowledge that the Company is not liable for any exercise of its discretion referred to in these terms and conditions; and
- (l) certify that your acceptance of an offer under the Plan will not result in any person breaching the 20% limit imposed by section 606 of the Corporations Act.

#### Governing Law

The Offer is governed by the law in force in Western Australia. By accepting the Offer, you submit to the non-exclusive jurisdiction of the Courts of Western Australia. This document has been prepared for publication in Australia and New Zealand only and may not be released elsewhere. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in any jurisdiction other than Australia and New Zealand.

#### Questions and Contact Details

If you have any questions regarding the Plan or how to deal with this Offer, please contact your stockbroker or professional adviser or Barry Woodhouse, Chief Financial Officer on +61 8 6145 0288.

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Shareholder Share Purchase Plan Application Form  
Offer Closes 5pm (WST) on 7 November 2016

< BARCODE OF SRN / HIN >

Record Date: 7pm (WST) on 5 October 2016 Holder Identification Number (HIN):

This is an offer to eligible shareholders to subscribe for additional shares in Lithium Australia NL (**LIT** or **Company**) under the Terms and Conditions of the Lithium Australia NL Shareholder Share Purchase Plan (**Plan**) accompanying this form and letter from the Managing Director.

- The **maximum subscription** you can make is \$15,000.
- The **minimum subscription** you can make is \$2,000.
- You may select the number of shares between the minimum and maximum subscriptions as is offered for selection on this form. However, the number of LIT shares offered under the Plan (**New Shares**) is limited. The directors of the Company (**Directors**) reserve the right to accept oversubscriptions although in the event that oversubscriptions are received, the Directors may, in their absolute discretion, scale-back applications. The Directors intend to prioritise applications on a first come, first served basis.

The issue price per New Share is \$0.18 which represents a **14% discount** to the volume weighted average price of the Company's shares on ASX during the 5 trading days immediately prior to the date the Offer was announced on 6 October 2016 (**Purchase Price**).

The market price of shares in LIT may rise or fall between the date of this offer and the date that the New Shares are allotted to you. This means that the subscription price you pay for the New Shares may exceed the market price of the shares at the date of allotment of the New Shares under this offer. We recommend that you obtain your own financial advice in relation to this offer and consider price movements of shares in LIT prior to accepting this offer.

The maximum subscription for each shareholder will apply **even if a shareholder received more than one offer** (whether in respect of a joint holding or because the shareholder has more than one holding under separate share accounts). The Company reserves the right to reject any application where this rule has not been complied with.

**By making your payment, you agree to be bound by the Terms and Conditions of the Lithium Australia NL Shareholder Share Purchase Plan and the Constitution of Lithium Australia NL.**

#### APPLICATION FOR NEW SHARES

I/we being the above mentioned, being registered as ordinary shareholder(s) in LIT as at the record date of 7pm (WST) on 5 October 2016 do hereby apply for the number of New Shares as indicated below at the Purchase Price per New Share issued in accordance with the Terms and Conditions of the Plan. I/we confirm that the total cost of New Shares purchased by us (including through joint holding(s), multiple share accounts or any holding in which I/we have a beneficial interest/s) does not exceed \$15,000 in accordance with the Applicant's Certification and Confirmation.

To participate in the Plan eligible shareholders must select only one of the following options. Please mark the selected box.

	Offer A	Offer B	Offer C	Offer D
<b>MARK SELECTED</b>				
<b>BOX</b> <b>X</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
A \$	15,000	10,000	5,000	2,000
No. of New Shares	83,333	55,555	27,777	11,111

You can apply for New Shares and make your payment utilising one of the payment options detailed in this Application Form. The Company may make determinations in any manner it thinks fit, including in relation to any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Plan, whether generally or in relation to any participant or application. Any determinations by the Company will be conclusive and binding on all eligible security holders and other persons to whom the determination relates. The Company reserves the right to waive strict compliance with any provision of the terms and conditions of the Plan, to amend or vary these terms and conditions and to suspend or terminate the Plan at any time (including in the event that the conditions in the Plan Offer Document have not been satisfied). Any such amendment, variation, suspension or termination will be binding on all eligible security holders even where the Company does not notify you of that event.


## PAYMENT OPTIONS

### Option 1: Paying by BPAY®

If paying by BPAY®, you do **NOT** need to complete or return the Application Form, however, by making a BPAY® payment you will be taken to have made the statements and certifications that are set out on the reverse of this form.

Payment must be received by the Company's Share Registry by BPAY® by **5pm (WST) on 7 November 2016**. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. Ensure you have read and accurately followed your banking institutions electronic funds transfer instructions or other instructions prior to making multiple payments for multiple holdings under this offer. The Company does not accept any responsibility for loss incurred through incorrect or incomplete electronic funds transfers or bank deposits. It is the responsibility of the applicant to ensure that funds submitted through BPAY® are received by this time.

By paying by BPAY®, you will be deemed to have completed an Application Form for the number of New Shares the subject of your payment. If you make a payment by BPAY® and the Company receives an amount which is not equal to either A\$15,000, \$10,000, \$5,000 or \$2,000, the Company may round down the dollar amount of New Shares that you are applying for to the next lowest parcel at their discretion. Your payment must be for a minimum of \$2,000.

	Billier Code:	
	Ref No.:	

### Telephone & Internet Banking – BPAY®

Contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. More info: [www.bpay.com.au](http://www.bpay.com.au)

\* Registered to BPAY Pty Ltd ABN 69 079 137 518

### Option 2: Paying by Cheque

If paying by cheque, complete and return the Acceptance Slip attached to this Application Form with your payment to the Company at the address given below.

- A. Tick the box beside the amount you wish to apply for, either A\$15,000, \$10,000, \$5,000 or \$2,000.
- B. Enter your cheque details. The amount of your payment should be equal to the amount applied for in the Application for Shares Section of this Application Form. Cheques must be drawn on an Australian financial institution in Australian currency, made payable to "Lithium Australia NL" and crossed "**Not Negotiable**". If you are paying by cheque, the cheque and the accompanying Application Form must be received by the Company by no later than **5pm (WST) on 7 November 2016**. You should allow sufficient time for this to occur. The Company does not accept any responsibility if you lodge the Application Form at any other address or by any other means. Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. If you provide a cheque for an amount that is not equal to either A\$15,000, \$10,000, \$5,000 or \$2,000, the Company may round down the dollar amount of New Shares that you are applying for to the next lowest parcel at their discretion. Your payment must be for a minimum of \$2,000.
- C. Enter your contact telephone number at which we may contact you regarding your application for SPP Shares, if necessary.

Telephone number where we may contact you during business hours. (\_\_\_\_) \_\_\_\_\_

Contact Name: \_\_\_\_\_ Offer Closes 5pm (WST)

For personal use only

## Applicant's Certification and Confirmation

By making payment via BPAY®, or lodging this Application Form and accompanying cheque (if paying by cheque) you certify that the aggregate of the application price for the following does not exceed \$15,000:

1

- the Lithium Australia NL ordinary shares that are the subject of this application; and
- any other Lithium Australia NL ordinary shares applied for by you under the Plan (or any similar arrangement in the 12 months prior to the application), whether:
  - in your own right, or
  - jointly with one or more persons, or
  - in your capacity as a beneficiary (as defined below),

but not including in your capacity as a trustee or nominee where it is expressly noted on the Lithium Australia NL register of members that your shareholding is held on account of another person.

If 2 or more persons are recorded in the register of members as jointly holding the Lithium Australia NL shares to which this entitlement relates, they are taken to be a single registered holder and this certificate given by any of them is taken to be given by all of them.

If a trustee or nominee is expressly noted on the Lithium Australia NL register of members as holding the shares to which this entitlement relates on account of another person (the "beneficiary"), this certification and confirmation is taken to be given by the beneficiary in respect of him/her/itself (and not the trustee or nominee).

2.

By making payment via BPAY®, or if paying by cheque, by lodging this Application Form you confirm that you have read, understood and agreed to the terms and conditions of the Plan.

### Notes

- The terms and conditions of the Plan should be read carefully.
  - Payments may only be made by cheque or BPAY® in Australian dollars and drawn on an Australian branch of a financial institution.
  - Cheques or bank drafts are to be made payable to: "Lithium Australia NL" and crossed with "Not Negotiable".
  - Cheques will be deposited on their day of receipt. Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured. Receipts for payment will not be issued.
  - Cash payments will not be accepted via the mail.
  - If you wish to pay by cheque please return this Application Form duly completed together with a cheque for the subscription amount, or payment confirmation for the subscription amount, in the envelope provided, **by 5pm (WST) on 7 November 2016**.
  - If you wish to pay via BPAY®, you do **not** need to return the Application Form. Your payment must be received in accordance with the instructions outlined in this Application Form and received by **no later than 5pm (WST) on 7 November 2016**.
  - The Company may reject an acceptance of this offer, in its absolute discretion, if this form is not completed in accordance with this offer, is incomplete or if the exact amount payable is not tendered.
- If paying by cheque, receipt by the Company of an Application Form duly completed, together with the full subscription amount, and if paying by BPAY®, payment in accordance with the instructions outlined in the Application Form, will constitute acceptance in accordance with the terms and conditions of the Plan and the Constitution of LIT by the shareholder named on this form. A signature on this form is not required.

This offer is non-renounceable and as such may only be transferred after the shares are allotted.

### QUESTIONS AND CONTACT DETAILS

If you have any questions regarding the Plan or how to deal with this Offer, please contact your stockbroker or professional adviser or the Chief Financial Officer, Mr Barry Woodhouse on +61 8 6145 0288.

Addresses:

By Post	By Hand
Lithium Australia NL PO Box 1088 West Perth WA 6872	Lithium Australia NL Level 1 675 Murray Street West Perth WA 6005

**Offer Closes 5pm (WST) on 7 November 2016**

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