

22 June 2017

LETTER TO SHAREHOLDERS

Dear Shareholder**Offer of Withdrawal Rights for LPD shares**

Lithium Australia's Second Supplementary Bidder's Statement dated 7 April 2017 attached a report by Leadenhall Corporate Advisory Pty Ltd (**Leadenhall Report**). ASIC has raised issues concerning the content of the Leadenhall Report and on 6 June 2017 ASIC applied to the Takeovers Panel for orders including an order that Leadenhall provide a letter retracting statements in the Leadenhall Report on the bases that Leadenhall does not have objectively reasonable grounds to provide an opinion on the Takeover Bid and is not an independent expert, and for those reasons that Leadenhall's statement of opinion is likely misleading. Leadenhall disputes ASIC's position.

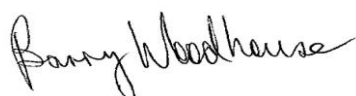
In response to this request, and considering the commercial implications of a Takeovers Panel application, in Lithium Australia's Fourth Supplementary Bidder's Statement, LIT retracted the Leadenhall Report. Further, to satisfy an ASIC request, LIT hereby offers to those Lepidico shareholders who accepted the offer between 7 April and 15 June 2017 (excluding those shareholders who entered into pre-bid acceptance agreements with Lithium Australia) ('Eligible LPD Shareholders') the right to withdraw their acceptance ('Withdrawal Right').

This letter will be sent to 38 shareholders of which 24 shareholders were paid cash and 1 shareholder is to be paid cash (in accordance with the 'Unmarketable Parcels' provision at Annexure A clause 8 of the Bidder's Statement) and 13 shareholders were issued 435,952 LIT shares. The Withdrawal Right will remain open for a period of 1 month, closing on 22 July 2017 ('Withdrawal Rights Closing Date'). Eligible LPD Shareholders may accept the Withdrawal Right by giving notice to Lithium Australia by email to Barry.Woodhouse@lithium-au.com.

If you are an Eligible LPD Shareholder who received cash, Lithium Australia will then send you relevant documents including a BPay reference to enable you to return the cash to Lithium Australia.

In the event that any Eligible LPD Shareholders who received LIT shares accept the Withdrawal Right, LIT will make an application to ASIC for relief under section 655A of the *Corporations Act*, to enable LIT to cancel the LIT shares.

Yours sincerely
LITHIUM AUSTRALIA NL



Barry Woodhouse
COMPANY SECRETARY