



Lithium Australia NL
ACN 126 129 413

Notice of Meeting - Partly Paid Shareholders

The General Meeting of the Partly Paid Shareholders will be held as follows:

- Time and date:** Monday, 31 January 2022 at the later of:
- the conclusion of the Company's Annual General Meeting;
and
 - 9.30am (WST)

Location: Level 1, 677 Murray Street, West Perth 6005

The Notice of Meeting should be read in its entirety. If Partly Paid Shareholders are in doubt as to how to vote, they should seek advice from a suitably qualified professional advisor 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

Lithium Australia NL
ACN 126 129 413
(Company)

Notice of Meeting - Partly Paid Shareholders

Notice is hereby given that a meeting of Partly Paid Shareholders of Lithium Australia NL will be held at Level 1, 677 Murray Street, West Perth 6005 on Monday, 31 January 2022 at the later of the conclusion of the Annual General Meeting and 9.30am (WST) (**Meeting**).

The Board will continue to monitor Australian Government restrictions on public gatherings. If it becomes necessary or appropriate to make alternative arrangements to those set out in this Notice, the Company will notify Partly Paid Shareholders accordingly via the Company's website at www.lithium-au.com and the ASX announcement platform.

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 at 5.00pm (WST) on Saturday, 29 January 2022.

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

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

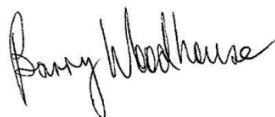
Resolution 1 – Approval of selective capital reduction of Partly Paid Shares

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

'That, subject to and conditional on the passing of each of the Inter-Conditional Resolutions, pursuant to and in accordance with sections 256B and 256C of the Corporations Act and for all other purposes, Partly Paid Shareholders approve a selective capital reduction in respect of up to 68,311,762 partly paid shares, on the terms and conditions in the Explanatory Memorandum.'

Pursuant to section 256C(2) of the Corporations Act, only the Partly Paid Shareholders may vote on this Resolution.

BY ORDER OF THE BOARD



Barry Woodhouse
Company Secretary
Lithium Australia NL
Dated: 24 December 2021

Lithium Australia NL
ACN 126 129 413
(Company)

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 Level 1, 677 Murray Street, West Perth 6005 on Monday, 31 January 2022 at the later of the conclusion of the Annual General Meeting and 9.30am (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 Resolutions will be voted.

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

Section 2	Action to be taken by Partly Paid Shareholders
Section 3	Resolution 1 – Approval of selective capital reduction of Partly Paid Shares
Schedule 1	Definitions

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 Resolution.

2.1 Impact of COVID-19 on the Meeting

The health and safety of members and personnel, and other stakeholders, is the highest priority and the Company is acutely aware of the current circumstances resulting from COVID-19.

Based on the best information available to the Board at the time of the Notice, the Board considers it will be in a position to hold an 'in-person' meeting to provide Partly Paid Shareholders with a reasonable opportunity to participate in and vote at the Meeting, while complying with the COVID-19 restrictions regarding gatherings. The Company, however, strongly encourages Partly Paid Shareholders to submit proxies prior to the Meeting.

If the situation in relation to COVID-19 were to change in a way that affected the position above, the Company will provide a further update ahead of the Meeting by releasing an ASX announcement.

2.2 Voting in person

Given the current COVID-19 circumstances and in the interests of public health and safety of our Partly Paid Shareholders, the Company will implement arrangements to allow Partly Paid Shareholders to physically attend the Meeting in accordance with COVID-19 protocols and government advice.

The Company will strictly comply with applicable limitations on indoor gatherings in force at the time of the Meeting. If you attend the Meeting in person, you will be required to adhere to COVID-19 protocols in place at the time of the Meeting.

2.3 Proxies

Partly Paid Shareholders are encouraged to vote by voting online or by lodging a Proxy Form.

Lodgement of a Proxy Form will not preclude a Partly Paid Shareholder from attending and voting at the Meeting in person.

Lodgement instructions (which include the ability to lodge proxies electronically) are set out in the Proxy Form annexed to the Notice of Meeting.

Online: At www.advancedshare.com.au

Personal delivery: Advanced Share Registry Limited, 110 Stirling Highway,
Nedlands WA 6009

By mail: Advanced Share Registry Limited
PO Box 1156, Nedlands, WA 6909

By fax: +61 8 9262 3723 (within Australia)

By email: admin@advancedshare.com.au in pdf form.

2.4 Chair's voting intentions

The Chair intends to exercise all available proxies in favour of the Resolution, unless the Partly Paid Shareholder has expressly indicated a different voting intention.

2.5 Submitting questions

Partly Paid Shareholders may submit questions in advance of the Meeting to the Company. Questions must be submitted by emailing the Company at info@lithium-au.com by 24 January 2022.

Partly Paid Shareholders will also have the opportunity to submit questions during the Meeting in respect to the formal items of business. In order to ask a question during the Meeting, please follow the instructions from the Chair.

The Chair will attempt to respond to the questions during the Meeting. The Chair will request prior to a Partly Paid Shareholder asking a question that they identify themselves (including the entity name of their shareholding and the number of Partly Paid Shares they hold).

2.6 **Inter-Conditional Resolutions**

The Resolution to be put to the holders of the Partly Paid Shares at this Meeting and Resolutions 6 to 11 (inclusive) to be put to the holders of the fully paid ordinary shares at the Annual General Meeting are "inter-conditional", meaning that each of these resolutions will only be passed if each of the other Inter-Conditional Resolutions is passed by the requisite majorities of Shareholders or Partly Paid Shareholders (as applicable).

3. **Resolution 1 – Approval of selective capital reduction of Partly Paid Shares**

3.1 **Background**

A detailed background to the Resolution is provided in the Notice of Annual General Meeting.

3.2 **General**

Resolution 1 seeks Partly Paid Shareholders' approval for the Company to undertake a selective capital reduction in respect of the partly paid shares it has on issue (**Partly Paid Shares**) by cancelling the uncalled amount on each of the Partly Paid Shares, with no distribution or return of capital being made as a result of that reduction of capital (**Cancellation**). Holders of Partly Paid Shares will be issued Options exercisable at \$0.0499 each (equal to the amount unpaid on each of the Partly Paid Shares) in exchange for the Partly Paid Shares on a 1-for-1 basis (**Exchange Options**), subject to the receipt of the requisite approvals of the Inter-Conditional Resolutions at this Meeting and the Annual General Meeting.

The purpose of the Cancellation is to enable the Company to convert to a public company limited by shares. Under section 162 of the Corporations Act, a public no liability company may convert to a public company limited by shares so long as all of its issued shares are fully paid up.

If **Error! Reference source not found.** is passed (along with each of the other Inter-Conditional Resolutions) the Company will be able to proceed with the Cancellation.

If **Error! Reference source not found.** is not passed, the Company will not be able to proceed with the Cancellation and, in turn, convert to a public company limited by shares.

3.3 **Listing Rule 7.24.2**

Listing Rule 7.24.2 provides that a listed entity which has partly paid shares on issue may only reorganise its capital if, in respect of the partly paid shares, the reorganisation does not involve the cancellation or reduction of the total amount payable and unpaid by the holder.

The Company has sought a waiver of Listing Rule 7.24.2 from ASX such that it may, to the extent necessary, permit it to undertake a selective capital reduction in respect of the Partly Paid Shares to cancel the uncalled amount on each of the Partly Paid Shares and issue the holders of those Partly Paid Shares one Option for every Partly Paid Share cancelled.

On 20 December 2021, ASX granted the Company a waiver from Listing Rule 7.24.2.

3.4 **Sections 256B and 256C of the Corporations Act**

Section 256B of the Corporations Act provides that a company may reduce its share capital in a way that is not otherwise authorised by law if the reduction:

- (a) is fair and reasonable to the company's shareholders as a whole;
- (b) does not materially prejudice the company's ability to pay its creditors; and
- (c) is approved by shareholders under section 256C.

Section 256C(2) of the Corporations Act provides that a company may, by special resolution passed in a general meeting, undertake a selective reduction of its issued securities provided that no votes are cast in favour of the resolution by any person who is to receive consideration as part of the reduction or whose liability to pay amounts unpaid on shares is to be reduced, or by their associates. This Resolution is the subject of Resolution 7 in the Notice of Annual General Meeting.

Resolution 1 will only be put to Partly Paid Shareholders for approval if the Inter-Conditional Resolutions being considered by Shareholders at the Annual General Meeting is approved by the requisite majority of Shareholders. If any of the Inter-Conditional Resolutions being considered by Shareholders at the Annual General Meeting are not approved by the requisite majority of Shareholders, Resolution 1 will be withdrawn.

3.5 **Effect on the capital structure of the Company**

Refer to Section 10.4 of the Notice of Annual General Meeting for details of the effect of the Cancellation on the capital structure of the Company.

In particular, the Partly Paid Shareholders should note that the Cancellation will be immediately followed by the issue of the Exchange Options on a 1-for-1 basis. Refer to Sections 11 and 12 of the Notice of Annual General Meeting for further details regarding the Exchange Options and Director Exchange Options.

3.6 **Additional information**

Error! Reference source not found. is a **special** resolution and therefore requires approval of 75% of the votes cast by Partly Paid Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Partly Paid Shareholder, by a corporate representative).

The Board (other than Adrian Griffin who has a personal interest in the outcome of the Resolution) recommends that Partly Paid Shareholders vote in favour Resolution 1.

Schedule 1 Definitions

In the Notice, words importing the singular include the plural and vice versa.

\$	means Australian Dollars.
Annual General Meeting	means the annual general meeting of Shareholders convened by the Notice of Annual General Meeting, and any adjournment or postponement of that general meeting
ASX	means the ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.
Board	means the board of Directors.
Cancellation	has the meaning given in Section 3.2.
Chair	means the person appointed to chair the Meeting of the Company convened by the Notice.
Company	means Lithium Australia NL (ACN 126 129 413).
Corporations Act	means the <i>Corporations Act 2001</i> (Cth) as amended or modified from time to time.
Director	means a director of the Company.
Director Exchange Options	means the issue of up to 7,291,718 Options to Adrian Griffin (or his nominee), the subject of Resolution 9 in the Notice of Annual General Meeting.
Exchange Options	means the issue of up to 68,311,762 Options, the subject of Resolution 8 in the Notice of Annual General Meeting.
Explanatory Memorandum	means the explanatory memorandum which forms part of the Notice.
Inter-Conditional Resolutions	means resolutions 6 to 11 (inclusive) in the Notice of Annual General Meeting and the Resolution.
Meeting	has the meaning given in the introductory paragraph of the Notice.
Notice	means this notice of meeting of Partly Paid Shareholders.
Notice of Annual General Meeting	means the notice of annual general meeting of the same date of this Notice, convening a meeting of Shareholders to be held on Monday, 31 January 2022 at 9am (WST).
Partly Paid Shares	means the 68,311,762 partly paid shares currently on issue in the capital of the Company.
Partly Paid Shareholder	means the holder of a Partly Paid Share, the subject of Resolution 1.

Proxy Form	means the proxy form attached to the Notice.
Resolution	means the resolution referred to in the Notice.
Schedule	means a schedule to the Notice.
Section	means a section of the Explanatory Memorandum.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means the holder of a Share.
WST	means Western Standard Time, being the time in Perth, Western Australia.