



24 December 2021

## Proposed LITCF to LITO transition - FAQ

Lithium Australia NL (ASX: LIT) (**'the Company'**) is pleased to provide Frequently Asked Questions (**FAQ**) regarding the proposed one-for-one replacement of listed partly paid shares (**LITCF**) into options (**LITO**), if approved by shareholders.

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The cancellation of the partly paid shares is necessary to allow the Company to change its status from a "no liability" company to a "limited liability" company. This change of company status is required as the Company's transition to battery technology businesses means its sole purpose may no longer be considered to be mining, which is a requirement of a "no liability" company.

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Shareholder approval is required for the change of company type. General meetings have been called for fully paid ordinary shareholders (**LIT Shareholders**) and LITCF partly paid ordinary shareholders (**LITCF Shareholders**). The resolutions and more detailed information are included in the notices of meetings, released earlier today.

LIT and LITCF shareholders may have questions as to why these meetings have been called. The below seeks to address these questions.

### Why do shareholders need to approve this change?

The Company is holding its 2021 Annual General Meeting (**AGM**). At this AGM, the Company is seeking approval to change its status from a no liability company to a company limited by shares. Why? The Constitution advises that the Company's sole objects are mining purposes which is no longer the case.

The Company has undergone a gradual transition into the development and application of technologies to the processing and recovery of lithium from exploration properties. With the completion of the Charger Metals NL IPO in July 2021, which involved the sale of the majority of the Company's exploration assets, it is now difficult to justify the sole objects as listed in the Constitution or as required under the *Corporations Act 2001* (Cth) for a "no liability" company. LIT retains direct ownership in one lithium exploration project and will continue to consider battery metals projects.

For the change of status to become effective, the Company is required by law to ensure that all of its issued shares are fully paid up (s162(1) *Corporations Act 2001* Cth). The Company currently has approximately 68M LITCF partly paid shares on issue. LITCF Shareholder approval is required for the selective capital reduction of the LITCF partly paid shares on issue.

If both sets of shareholders approve the necessary resolutions by the requisite majorities, the Company's name would be changed to Lithium Australia Limited.

## What approvals are needed?

LIT Shareholders are being asked to approve the change of company type, the selective capital reduction of LITCF, the issue of LITOs to replace LITCFs, the change of company name and the change of company constitution.

If LIT Shareholders approve the AGM resolutions described above, then LITCF Shareholders will be asked to approve the selective capital reduction. This will then allow the Company to replace the LITCFs with LITOs.

All of these resolutions are inter-conditional, and all require approval to be effective.

## If I am an LITCF Shareholder, what does all this mean to me?

For the Company to change status, it cannot have partly paid shares. The Company is proposing to replace one LITCF Share with one LITO with an exercise price of \$0.0499 and an expiry date three years after the date of issue.

The replacement of LITCF with LITO will not change the \$0.0499 conversion price required to convert to a fully paid share. The Company will forgo its right to call on holders to raise money, as was the case with LITCFs. Holders of LITOs will retain their right to convert up until the expiry date. No term was attached to the LITCFs, however the LITOs have an expected expiry date of three years from the date of issue. An expiry date for the LITOs is required under the ASX Listing Rules.

## Will the LITO options be listed?

The Company intends to seek ASX quotation of the LITOs. The quotation of the LITOs will be subject to the Company offering the options under a prospectus prepared in accordance with Chapter 6D of the *Corporations Act 2001* (Cth) and lodged with ASIC and satisfying the quotation conditions set out in the ASX Listing Rules. Investors are advised that while it is the Company's current intention to seek quotation of the LITOs, it can provide no certainty that quotation will be granted.

## What if I do not want LITO options?

At your discretion, you can fully pay your LITCF Shares before close of business 28 January 2022. If you fully pay your LITCF Shares, you will be issued with LIT Shares. The payment procedure is outlined at the Company's website at [www.lithium-au.com/LITCF-payment-procedure/](http://www.lithium-au.com/LITCF-payment-procedure/).

## Do I need to pay any funds for the change from LITCF to LITO?

No. No funds are required for the change from your LITCF holding to your LITO holding

## If I am issued LITOs, can I exercise these LITOs at any time prior to expiry?

Yes. If you wish to fully pay your LITO, you may do so by completing the option exercise form and sending those funds as outlined in the option exercise form.

Please contact Barry Woodhouse if there are any questions in relation to this matter.



Authorised for release by the board.

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## About Lithium Australia

Lithium Australia aims to ensure an ethical supply of energy metals to the battery industry by creating a circular battery economy that enhances both sustainability and resource security. Reprocessing spent lithium-ion batteries to create new ones is intrinsic to this plan, with the Company operating Australia's only fully integrated mixed-battery recycling business.

Having rationalised its portfolio of lithium projects/alliances, Lithium Australia continues its research into, and the development of, proprietary extraction processes for the conversion of *all* lithium silicates (including mine waste), and of fines generally discarded during conventional spodumene conversion, to lithium chemicals, from which it will produce advanced cathode materials for the battery industry globally.

The Australian federal government has recognised the Company's progress through the awarding of substantial research grants designed to progress the nation's advanced battery capabilities.

By uniting resources and innovation, Lithium Australia seeks to vertically integrate lithium extraction, processing and recycling.

## Important Notices

The dates specified in the letter above are indicative only and may vary subject to the Corporations Act, the ASX Listing Rules and other applicable laws.

In accordance with section 734(5)(b) of the Corporations Act 2001 (Cth) ('Corporations Act'), it is noted that:

- the Company will be the offeror of the LITOs;
- a disclosure document will be issued by the Company in accordance with Part 6.2 of the Corporations Act when the LITOs are offered;
- the disclosure document is anticipated to be issued in the coming weeks and will be made available on the Company's website and to LITCF holders;
- a person should consider the disclosure document in deciding whether to apply for LITOs; and
- anyone who wants to apply for the LITOs will need to complete an application form that will be in or will accompany the disclosure document.