

Prospectus

Lithium Australia NL

ACN 126 129 413

For a renounceable pro rata offer to Eligible Shareholders of approximately 110 million New Shares at an issue price of \$0.06 per New Share on the basis of 1 New Share for every 6 Existing LIT Securities held, together with one attaching Option for every 2 New Shares issued, to raise up to approximately \$6.5 million before issue costs.

Eligible Shareholders may, in addition to their Entitlement, apply for Shortfall Shares

ASX Code: LIT, LITCE

The Offer is partially underwritten by CPS Capital Group Pty Limited for \$1.5 million.

This Prospectus provides important information about the Company. You should read the entire document including the Entitlement and Acceptance Form. If you have any questions about the New Shares being offered under this Prospectus, or any other matter relating to an investment in the Company, you should consult your professional adviser. An investment in the New Shares offered under this Prospectus is highly speculative.

This Prospectus is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This Prospectus is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein 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 or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

Important Notice

This Prospectus is dated 11 June 2019 and was lodged with ASIC on that date. Application will be made to ASX for quotation of the New Shares offered under this Prospectus within 7 days of this date.

Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. No securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Nature of this Prospectus

The New Shares which will be issued pursuant to this Prospectus are in the same class of Shares that have been quoted on the official list of the ASX during the 12 months prior to the issue of this Prospectus.

This Prospectus is a 'transaction specific prospectus' to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the 3 months prior to the date of the prospectus. In general terms 'transaction specific prospectuses' are only required to contain information in relation to the effect of the issue of New Shares on the Company and the rights attaching to the New Shares. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus contains information only to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in it. It does not include all of the information that would be included in a prospectus for an initial public offer.

Prospectus availability

Eligible Shareholders can obtain a copy of this Prospectus during the Offer period on the Company's website at www.lithium-au.com or by contacting the Company. If you access an electronic copy of this Prospectus, you should ensure that you download and read the entire Prospectus.

The electronic copy of this Prospectus available from the Company's website will not include a personalised Entitlement and Acceptance Form. Eligible Shareholders will only be able to accept the Offer by completing the personalised Entitlement and Acceptance Form which accompanies this Prospectus or by making payment using BPAY® (refer to section 7.8 of this Prospectus for further information).

Foreign jurisdictions

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are residents in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it should not be lawful to make such an offer.

Disclaimer of representations

No person is authorised to provide any information or make any representation in connection with the Offer which is not contained in this Prospectus.

Forward looking statements

This Prospectus contains forward looking statements that, despite being based on the Company's current expectations about future events, are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors. These known and unknown risks, uncertainties and assumptions, could cause actual results, performance or achievements to materially differ from future results, performance or achievements expressed or implied by forward-looking statements in this Prospectus. These risks, uncertainties and assumptions include, but are not limited to, the risks outlined in section 6 of this Prospectus. Forward-looking statements include those containing such words as 'anticipate', 'estimate', 'believe', 'should', 'will', 'may' and similar expressions.

Privacy

Please read the privacy information located in section 8.15 of this Prospectus. By submitting an Entitlement and Acceptance Form, you consent to the matters outlined in that section.

Definitions

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary.

Enquiries

If you have any questions please call the Company Secretary on +61 8 6145 0288 at any time between 8.00am and 5.00pm (AEST) Monday to Friday until the Closing Date. Alternatively, consult your broker, accountant or other professional adviser.

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Corporate Directory

Directors

George Bauk	Non-executive Chairman
Adrian Griffin	Managing Director
Bryan Dixon	Non-Executive Director

Company Secretary

Barry Woodhouse

Website

www.lithium-au.com

Registered Office

Level 1
675 Murray Street
West Perth WA 6005
Tel: +61 8 6145 0288
Email: info@lithium-au.com

Share Registry*

Advanced Share Registry
Tel: +61 8 398 8033
Fax: +61 8 262 3723

Auditor*

Bentley's Audit & Corporate (WA) Pty Limited

Solicitor to the Offer

Atkinson Corporate Lawyers

*This party is named for informational purposes only and was not involved in the preparation of this Prospectus.

1 TIMETABLE TO THE OFFER

Ex date - Shares trade ex Entitlement (Ex Date)	13 June 2019
Rights trading starts on a deferred settlement basis	
Record date to determine Entitlement (Record Date)	14 June 2019
Prospectus with Entitlement and Acceptance Form dispatched	17 June 2019
Offer opens for receipt of Applications	
Rights trading ends	21 June 2019
Closing date for acceptances	28 June 2019
Notify ASX of under-subscriptions	2 July 2019
Issue of New Shares	4 July 2019
Dispatch of shareholding statements	
Normal trading of New Shares expected to commence	5 July 2019
Last date to issue Shortfall Shares (see section 8.6)	28 September 2019

Note: The timetable is indicative and may change, subject to the Corporations Act and Listing Rules.

2 KEY OFFER TERMS AND CAPITAL STRUCTURE

	Underwritten Amount	Full Subscription
Shares currently on issue ¹	479,130,941	
Partly Paid Contributing Shares paid to \$0.0001 (\$0.2499 unpaid) currently on issue ²	169,916,918	
Total Options currently on issue	45,044,117	
Total Performance Rights on issue	35,965,000	
New Shares offered under this Prospectus ¹	25,000,000	108,174,643
Listed Options offered under this Prospectus ⁴	12,500,000	54,087,322
Amount raised under this Prospectus (before costs) ¹	\$1,500,000	\$6,490,479

1 This assumes no further Shares are issued prior to the Record Date.

2 Under their terms, Partly Paid Contributing Shares have a right to participate in the Offer.

3 The Company reserves the right to issue further securities in conjunction with the Offer using its existing 15% capacity.

4 The Company also offers the Underwriter 9 million Listed Options under this Prospectus.

3 MANAGING DIRECTOR'S LETTER

Dear Shareholder,

On behalf of Lithium Australian NL, I am pleased to invite you to participate in the partially underwritten 1 for 6 renounceable pro-rata entitlement offer at an issue price of \$0.06 per New Share to raise up to approximately \$6.5 million (before costs). The issue price represents a 28% discount to the VWAP of the closing price on the ASX over the last 5 trading days prior to the announcement to ASX on 11 June 2019.

This Prospectus and personalised Entitlement and Acceptance Form should be read carefully and in their entirety before deciding whether to participate in this Offer. In particular Eligible Shareholders should consider the key risk factors outlined in section 6 of this Prospectus.

On behalf of your Board, I invite you to consider this investment opportunity and thank you for your ongoing support for the Company.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'A. Griffin', with a stylized flourish at the end.

Mr Adrian Griffin
Managing Director
Lithium Australian NL

4 INVESTMENT OVERVIEW AND KEY RISKS

This information is a selective overview only. Prospective investors should read the Prospectus in full before deciding to invest in New Shares.

Question	Response	Where to find more information																					
What is the Offer?	<p>1 New Share for every 6 Existing LIT Securities held on the Record Date at an issue price of \$0.06, with 1 attaching Listed Option for every 2 New Shares issued.</p> <p>The Offer seeks to issue up to approximately 108,174,643 New Shares and 54,087,322 Listed Options to raise up to approximately \$6.5 million (before costs) if fully subscribed.</p>	Section 8																					
Am I an Eligible Shareholder?	<p>The Offer is made to Eligible Shareholders, being Shareholders who:</p> <p>(a) are the registered holders of LIT Securities as at 5.00pm (AEST) on the Record Date; and</p> <p>(b) have a registered address in Australia or New Zealand.</p>	Section 8.5																					
How will the proceeds of the Offer be used?	<table> <tr> <th>Use of funds</th><th>Underwritten Amount (\$)</th><th>Full Subscription (\$)</th></tr> <tr> <td>Lithium raw materials, including exploration on Youanmi (drilling) & Medcalf (soil sampling)</td><td>250,000</td><td>1,000,000</td></tr> <tr> <td>Lithium chemicals, including development of SiLeach® LieNA® and L-Max® options</td><td>250,000</td><td>1,000,000</td></tr> <tr> <td>Lithium batteries, including VSPC pilot plant operations and DLG alliance</td><td>400,000</td><td>2,500,000</td></tr> <tr> <td>Lithium battery re-cycling, including Envirostream transaction</td><td>200,000</td><td>1,000,000</td></tr> <tr> <td>Working Capital</td><td>177,663</td><td>457,161</td></tr> <tr> <td>Costs of the offer</td><td>222,337</td><td>533,318</td></tr> </table>	Use of funds	Underwritten Amount (\$)	Full Subscription (\$)	Lithium raw materials, including exploration on Youanmi (drilling) & Medcalf (soil sampling)	250,000	1,000,000	Lithium chemicals, including development of SiLeach® LieNA® and L-Max® options	250,000	1,000,000	Lithium batteries, including VSPC pilot plant operations and DLG alliance	400,000	2,500,000	Lithium battery re-cycling, including Envirostream transaction	200,000	1,000,000	Working Capital	177,663	457,161	Costs of the offer	222,337	533,318	Section 5.2
Use of funds	Underwritten Amount (\$)	Full Subscription (\$)																					
Lithium raw materials, including exploration on Youanmi (drilling) & Medcalf (soil sampling)	250,000	1,000,000																					
Lithium chemicals, including development of SiLeach® LieNA® and L-Max® options	250,000	1,000,000																					
Lithium batteries, including VSPC pilot plant operations and DLG alliance	400,000	2,500,000																					
Lithium battery re-cycling, including Envirostream transaction	200,000	1,000,000																					
Working Capital	177,663	457,161																					
Costs of the offer	222,337	533,318																					

Question	Response	Where to find more information
	<p>Total use of funds 1,500,000 6,490,479</p> <p>This table is a statement of the proposed application of the funds raised as at the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the Company's decisions, and the Company reserves the right to vary the way funds are applied.</p>	
What are the key risks of a subscription under the Offer?	<p>An investment in the Company has risks that you should consider before making a decision to invest. These risks include:</p> <ul style="list-style-type: none"> • commercialisation risk - the Company is currently seeking to commercialise its 100% owned SiLeach and LieNA® processes. There are significant risks in seeking to commercialise new technology. • Intellectual property risk - the Company holds, or has applied for, patents to protect its intellectual property. There is a risk that these patents may not adequately protect the Company's intellectual property or, in the case of applications, be granted, or that these patents may infringe the rights of others. • requirement for capital - the Company currently does not generate material revenue, and currently is reliant upon raising capital to fund its business activities. <p>Please carefully consider these risks and the information contained in other sections of this Prospectus before deciding whether or not to apply for New Shares.</p>	Section 6
Is the Offer underwritten?	Yes, the Offer is partially underwritten by CPS Capital Group Pty Limited for \$1,500,000.	
Is the Offer subject to any conditions?	No, although the Company reserves the right to withdraw the Offer at its election.	Section 8.2
What will be the effect of the Offer on	The effect of the Offer on control of the Company will vary with the level of Entitlements taken up by Eligible	Section 5.5

Question	Response	Where to find more information
control of the Company?	Shareholders and the number of Shortfall Shares placed in the Shortfall Offer. No Shareholder may increase their voting power above 19.9% as a result of the Offer.	
How do I apply for New Shares and Shortfall Shares under the Offer?	Applications for New Shares and Shortfall Shares can be made by Eligible Shareholders completing the relevant sections of the personalised Entitlement and Acceptance Form and sending it to the Share Registry together with payment by cheque, or BPAY in the amount of Entitlement and Shortfall Shares applied for.	Section 7.2
Can I sell my Entitlements under the Offer?	Yes, the Offer is renounceable meaning Entitlement may be transferred.	Section
How will the Shortfall Shares be allocated?	The Directors reserve the right to, in conjunction with the Underwriter, place any Shortfall Shares at their discretion within 3 months of the Closing Date.	Section 8.6
How can I obtain further advice?	Contact the Company Secretary by email on info@lithium-au.com or on +61 8 6145 0288 at any time between 8.00am and 5.00pm (AEST) Monday to Friday until the Closing Date. Alternatively, consult your broker, accountant or other professional adviser.	

5 PURPOSE AND EFFECT OF THE OFFER

5.1 Introduction

The Company is seeking to raise up to approximately \$6.5 million before issue costs under the Offer at a price of \$0.06 per Share on the basis of 1 New Share for every 6 Existing LIT Securities (being either Shares or Partly Paid Contributing Shares) held as at the Record Date, with 1 attaching Listed Option issued for every 2 New Shares issued.

Shareholders may, in addition to their Entitlement apply for Shortfall Shares.

The Offer is partially underwritten by CPS Capital Group Pty Limited for \$1.5 million.

5.2 Purpose of the Offer

The Directors intend to apply the proceeds from the Offer as follows:

Use of funds (\$) (approx.) ¹	Underwritten Amount (\$)	Full Subscription (\$)
Lithium raw materials, including exploration on Youanmi (drilling) & Medcalf (soil sampling)	250,000	1,000,000
Lithium chemicals, including development of SiLeach® LieNA® and L-Max® options	250,000	1,000,000
Lithium batteries, including VSPC pilot plant operations and DLG alliance	400,000	2,500,000
Lithium battery re-cycling, including Envirostream transaction	200,000	1,000,000
Working capital	177,663	457,161
Costs of the Offer	222,337	533,318
Total use of funds	1,500,000	6,490,479

Notes:

- 1 This table is a statement of the proposed application of the funds raised as at the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the Company's decisions, and the Company reserves the right to vary the way funds are applied.
- 2 Funds raised will, in the event less than Full Subscription is received, be allocated firstly towards the costs of the Offer and then equally between the above items.
- 3 General working capital includes but is not limited to corporate administration and operating costs and may be applied to directors' fees, ASX and share registry fees, legal, tax and audit fees, insurance and travel costs.
- 4 See section 10.5 for further details relating to the estimated expenses of the Offer.

5.3 Statement of financial position

Set out in section 13 is the unaudited Statement of Financial Position of the Company and the Pro-Forma Statement of Financial Position, as at 31 March 2019, on the basis of the following assumptions:

- (a) the Offer was effective on 31 March 2019;
- (b) no further Shares are issued other than all Shares offered under this Prospectus or as set out in this section;
- (c) take up of the Offer assuming Underwritten Amount and Full Subscription are received;
- (d) the Company has redeemed convertible notes with a face value of \$5 million;
- (e) the Company has issued 12.5 million Shares to DLG Battery Co Ltd at a deemed issue price of \$0.08 per Share as a pre-payment of the purchase of battery inventory;
- (f) the Company has sold 3 million shares issued by Lefroy Exploration Limited for \$600,000;
- (g) reduction in cash at bank of \$1.5 million and of trade and other payables by \$500,000; and
- (h) costs of the Offer are between \$222,337 and \$533,318.

The pro-forma Statement of Financial Position has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company set out in section 13. The pro-forma financial information is unaudited and presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

5.4 Effect of the Offer on the Company's securities

Assuming that no further Shares are issued prior to the Record Date, at the close of the Offer, the capital structure of the Company will be:

Shares	Underwritten Amount		Full Subscription	
	Number	%	Number	%
Shares	479,130,941	95.04	479,130,941	81.58
Partly Paid Contributing Shares	169,916,918		169,916,918	
New Shares offered under this Prospectus	25,000,000	4.96	108,174,643	18.42
Total Shares	504,130,941	100.00	587,305,584	100.00
Options	45,044,117	48.17	45,044,117	33.34

Performance rights	35,965,000	38.46	35,965,000	26.62
Listed Options offered under this Prospectus	12,500,000	13.37	54,087,322	40.04

The Company reserves the right to issue further securities in conjunction with the Offer using its existing 15% capacity.

Partly Paid Contributing Shares paid to \$0.0001 (\$0.2499 unpaid) have the right to participate in new issues of securities to holders of fully paid ordinary Shares (except bonus issues) on the same terms as holders of fully paid ordinary Shares. However Partly Paid Contributing Shares may only vote or receive dividends to the extent the Partly Paid Contributing Shares are paid up.

The terms of certain of the Company's Options on issue provide that in the event of a pro-rata issue (other than a bonus issue) the exercise price of the Options is reduced in accordance with the formula in Listing Rule 6.22.2. The Company will announce the change following the issue of New Shares under the Offer.

The rights of performance rights granted by the Company do not change as a result of issuing New Shares under the Offer.

5.5 Effect on control

There will be no effect on control of the Company if all Shareholders take up their Entitlement.

(a) Underwriter

As detailed in section 8.4 of this Prospectus, the Underwriter has agreed to partially underwrite up to 25,000,000 New Shares under the Offer.

The Underwriter has advised the Company that neither it, nor any of its associates, currently has a relevant interest in any Shares, and will not as a result of the Offer, have a voting power of 20% or more in the Company.

The Underwriter's relevant interests in the Company following the Offer will depend upon the number of New Shares taken up and the number of New Shares subscribed for by sub-underwriters.

Assuming no further Shares are issued prior to the Record Date, the maximum number of Shares the Underwriter will have a relevant interest in and its voting power will be less than 5%.

(b) Others

As the Offer is renounceable, for the purposes of Listing Rule 7.7.1(c), the Company has appointed a nominee to arrange for the sale of the entitlements that would have been given to Ineligible Shareholders and to account to them for the net proceeds of the sale.

The Company has not appointed a nominee under section 615 of the Corporations Act, as no Shareholder will increase their voting power to 20% or more by taking up their Entitlement.

5.6 Dilution

Shareholders who do not participate in the Offer will have their holdings diluted. Following is a table which sets out the dilutionary effect, assuming the full amount is raised and no further Shares are issued or Options exercised:

Holder	Holding at Record Date		Entitlement	Holding following the Offer if no Entitlement taken up	
	Number	%		Number	%
1	479,131	0.10	79,855	479,131	0.08
2	2,395,655	0.50	399,276	2,395,655	0.41
3	3,593,482	0.75	598,914	3,593,482	0.61
4	4,791,309	1.00	798,552	4,791,309	0.82

6 RISK FACTORS

The New Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below and together with information contained elsewhere in this Prospectus and to consult with your professional advisers before deciding whether to apply for the New Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the New Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

6.1 Risk specific to the Offer

(a) Dilution

Shareholders who do not take up their Entitlement will have their holding in the Company diluted. Details of dilution are set out in section 5.6 above.

(b) Control

The Directors have taken reasonable steps to help ensure a reasonable distribution of voting power under the Offer. However, assuming some shareholders take up their Entitlement and others do not, there is a risk that voting power may be consolidated among fewer shareholders and the interests of these Shareholders may not align with other Shareholders' interests.

6.2 Company and industry specific risks

(a) Commercialisation risks

The Company has integrated its 100% owned SiLeach®, LieNA® and VSPC processes with the aim of establishing a pathway from mine waste to lithium-ion battery manufacturing. The Company has completed a successful pilot-plant run at its Generation 2 SiLeach® facility, and has provided evaluation samples of VSPC cathode powder to Chinese battery manufacturers.

The Company is progressing towards continuous pilot plant operations for its 100% owned LieNA® process.

SiLeach® and LieNA® are new processes that have only been tested under small, controlled, continuous closed-circuit laboratory conditions and at a mini-plant scale respectively. The technologies have not been scaled up and tested, and there is a risk that the processes may not be technically feasible, may not perform as designed, may prove uneconomic and/or unreliable, may not be developed on a timely basis, and may not produce a marketable product.

(b) Pre-feasibility study for the Sadisdorf lithium project

The Company has commenced a pre-feasibility study of the Sadisdorf lithium project in Germany to investigate the viability of produce cathode materials for lithium-ion batteries.

There is a risk that the study may be delayed, run over-budget or show that the Sadisdorf lithium project is not viable. Furthermore, the study's results will only be predictions, based on certain based on certain assumptions and involve known and unknown risks, uncertainties and other factors, many of which are beyond the Company's control.

(c) Acquisition risk

The Company continues to explore acquisition opportunities in battery minerals, through acquiring quality exploration projects in Australia and overseas. The Company is also evaluation corporate acquisitions and partnerships in the battery industry.

There is no guarantee that any proposed acquisition of a new business or project will be completed or will be successful. Identification and evaluation of a business opportunity or a project can take considerable time and consume significant cash resources

(d) Alliance with DLG not completing

On 9 May 2019 the Company announced a proposed alliance with DLG Battery Co. Ltd., one of the 10 largest battery manufacturers in China. Under the alliance a new entity "Lithium Australia DLG" is to be incorporated to provide various supply-chain solutions and facilitate technological cooperation between DLG and the Company's wholly owned subsidiary, VSPC Limited using the VSPC's pilot factory in Brisbane.

Whilst the parties are making progress in finalising documentation, there is a risk that formal agreements may not be signed, or signed on terms less favourable to the Company.

(e) Management of growth

The Company's ability to implement its strategy requires effective planning and management control systems. The Company's plans may place a significant strain on the Company's management, operational, financial and personnel resources.

The Company's future growth and prospects will depend on its ability to manage this growth and to continue to expand and improve operational, financial and management information and control systems on a timely basis, whilst at the same time maintaining effective cost controls. Any failure to expand and improve operational, financial and management information and quality control systems in line with the Company's growth could have a material adverse effect on the Company's business , financial condition and operations.

(f) No profit to date and uncertainty of future profitability

The Company has incurred losses in the past and it is therefore not possible to evaluate the Company's future prospects based on past performance. The Company expects to make losses in the foreseeable future even though its Sileach® and LieNA® processes and phosphate technology related to these processes may be commercialised. Factors that will determine the Company's future profitability

include its ability to manage its costs to execute its development and growth strategies in relation to both exploration and Sileach® and LieNA® technologies, the success of its activities in research and development and ability to commercialise its technology, the ability to claim R&D rebates, the actions of competitors and market developments. As a result, the extent of future profits, if any, and the time required to achieve sustainable profitability, is uncertain. In addition, the level of any such future profitability (or loss) cannot be predicted.

(g) Additional requirements for capital

The Company's capital requirements rely on numerous factors. Depending on the Company's ability to generate revenue, the Company may require further financing in addition to amounts raised upon calls on the LIT Partly Paid Shares. Any additional equity financing will dilute existing shareholdings, and debt financing (if available) may involve restrictions on future financing and operating activities. If the Company is unable to obtain additional financing as needed, or is unable to obtain it on acceptable terms (whether or not due to the Company's circumstances or economic and share market conditions or both), it may be necessary to reduce the scope of the Company's operations and scale back its development programmes. This could have a material adverse effect on the Company's activities and the value of its securities.

(h) Research and development tax incentive

The Company is partially reliant upon receiving research and development rebates through the Commonwealth Research and Development Tax Incentive, including \$531,207 for the half year ending 31 December 2019. There is a risk that the incentive may change or the Company may no longer be eligible to receive the rebate.

(i) Exploration and resource estimation risks

The Company's mining tenements are at various stages of exploration, with its Sadisdorf and Youanmi projects having inferred resources and Medcalf lithium prospect, Western Australia having a conceptual exploration target¹.

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature resource estimates are imprecise and depend to some extent on interpretations that may prove inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans, which may in turn adversely affect the Company's operations.

Mineral exploration and development are high risk undertakings due to the high level of inherent uncertainty. There can be no assurance that exploration of the Company's tenements, or of any other tenements that may be acquired by the Company in the future, will result in the discovery of economic mineralisation. Even

¹ See ASX announcements dated 7 December 2017, 15 April 2019 and 22 May 2019. The Company confirms that it is not aware of any new information or data that materially affects the information included in these announcements and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

if economic mineralisation is discovered there is no guarantee that it can be commercially exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company's exploration activities depends on the Company having access to sufficient development capital, being able to maintain title to its projects and obtaining all required approvals for its activities. In the event that exploration programmes prove unsuccessful, this could lead to a diminution in the value of the Company's projects, a reduction in the cash reserves of the Company and possible relinquishment of part or all of the Company's projects.

(j) Development and production risks

The development and operation of any mine by the Company may be affected by various factors, including failure to achieve predicted grades in exploration and mining; failure to obtain or maintain any necessary regulatory approvals; operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems that may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

(k) Intellectual property risk

Lithium Australia has made patent applications, for extraction technology, the Sileach® process and the LieNA® process and phosphate technology related to these processes. There is no guarantee the patents will be granted; nor does the grant of a patent guarantee that the patent concerned is valid or that the technology (patented or otherwise) does not infringe the rights of others. This patent will be subject to examination in due course; however, it may not be approved for final acceptance and grant.

The success of the Company's lithium extraction and recovery technologies depends in part on the Company's ability to maintain patents (and therefore proprietary rights) without infringing the proprietary rights of others. The validity and strength of patents involves complex legal and scientific questions and can be uncertain. There can be no assurance that patents in relation to the Sileach® process or the LieNA® technology will afford the Company commercially significant protection of the Sileach® process or the LieNA® technology or that competitors will not develop competing technologies that circumvents such patents.

Lithium Australia has a family of patents in relation to its VSPC technology, a process to manufacture battery cathode materials. There is no guarantee that the grant of a patent concerned is valid or that the technology (patented or otherwise) does not infringe the rights of others.

(l) Technology risk

The Company is focused on the lithium battery industry with activities ranging from exploration to battery development and recycling. It has intellectual property rights to a suite of processes for the extraction and recovery of lithium from a broad range of lithium-bearing feedstocks. It also has significant intellectual property rights with respect to the production of lithium ion battery cathode powders and is developing intellectual property for the recycling of lithium ion batteries. A significant risk is whether the Company commercialise these processes. A failure to commercialise one or more of the proprietary processes will have a significant adverse impact on the Company's business model, operating results and financial position.

6.3 Industry risks

(a) Operating risks

The current and future operations of the Company, including exploration, project appraisal, development of the Company's technology and intellectual property and possible production activities may be affected by various factors that can limit or prevent such activities. Such factors may include failure to locate or identify mineral deposits; failure to achieve predicted grades in exploration and mining; operational and technical difficulties encountered in surveying, drilling, other exploration activities and/or production activities; difficulties in commissioning and operating plant and equipment; electrical or mechanical failure or plant break; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes, and unexpected shortages or increases in the costs of skilled labour, consumables, spare parts, plant and equipment. In relation to commercialisation of the Company's intellectual property and technology, including SiLeach®, LieNa®, the production of lithium ion battery cathode powders and recycling of lithium ion batteries; such factors may include technical issues in designing, engineering and realising processes that successfully achieve desktop test results, or pilot plant test results, or pre-feasibility or feasibility study assumed feasible outcomes.

(b) Commercial risk

The mining and lithium treatment, recycling, cathode manufacture and production industries are competitive and there is no assurance that, even if the Company discovers commercial quantities of minerals and technology is proved technically feasible, a profitable market will exist for sales of such minerals. There can be no assurance that the quality of any such minerals will be such that they can be mined economically or the technologies exploited commercially.

The Company has advanced its lithium ion battery powder production technology to pilot scale and has successfully tested powders produced with the VSPC process in commercial format cells. It has further entered into a partnership to manufacture and market cells containing the VSPC powders however there is no guarantee that commercial production will be affected nor is there any assurance of a positive financial outcome.

(c) Commodity price volatility and exchange rate risks

If the Company achieves success leading to mineral production and/or lithium processing, the revenue it will derive through the sale of lithium, sale of cathode

materials or any other minerals or materials it may discover or produce exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include: supply and demand fluctuations for precious and base metals; technological advancements; forward selling activities, and other macro-economic factors such as inflation expectations, interest rates and general global economic conditions.

Further, international prices for various commodities are denominated in United States dollars whereas the income and expenditure of the Company may be taken into account in a number of currencies. This exposes the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and currencies relevant to the Company's operations.

If the price of commodities declines this could have an adverse effect on the Company's exploration, development and possible processing, production and battery component manufacturing activities, as well as its ability to fund these activities, which may no longer be profitable.

(d) Insurance risks

Exploration for, and the development of minerals involves hazards and risks that could result in the Company incurring losses or liabilities that could arise from its operations. If the Company incurs losses or liabilities which are not covered by its insurance policies, the funds available for exploration and development will be reduced and the value and/or title to the Company's assets may be at risk.

The Company insures its operations in accordance with industry practice. However in certain circumstances the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance against all risks associated with mining exploration and production is not always available and, where available, the costs can be prohibitive or not adequate to cover all claims.

(e) Environmental risks

The operations and proposed activities of the Company are subject to laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. Future legislation and regulations governing exploration, development and possible production may impose significant environmental obligations on the Company.

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from developing potentially economically viable mineral deposits or to successfully commercialise SiLeach®, LieNa®, phosphate technology, recycling and cathode production. The Company may require approval from the relevant authorities before undertaking activities that are likely to impact the environment. Failure to obtain such approvals, or to obtain them on terms acceptable to the Company may prevent the Company from undertaking its desired

activities. The Company is unable to predict the effect of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition and results of operations.

(f) Force majeure

The Company may be adversely affected by risks outside the control of the Company, including labour unrest, civil disorder, war, subversive activities or sabotage, extreme weather conditions, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(g) Litigation risks

The Company is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims, employee claims and claims relating to intellectual property. Further, the Company may be involved in disputes with other parties in the future, which may result in litigation. Any such claim or dispute, if proven, may impact adversely on the Company's operations, financial performance and financial position.

(h) Access to infrastructure

If the Company progresses to mineral production or the manufacture and recycling of battery components, there is no guarantee that appropriate infrastructure, including affordable rail and port capacity, or location for construction of treatment plants and facilities will be available, and this could have an adverse effect on the Company. Production activities will also require power and water infrastructure. Due to high demand for power and water access there is a risk that the Company may not be able to procure such access which could have an adverse effect on the Company.

(i) Competition

The Company is competing with other companies in its exploration and development activities, many of which will have access to greater resources than the Company and may be in a better position to compete for future business opportunities. There can be no assurances that the Company can compete effectively with these companies.

6.4 General investment risks

(a) General economic conditions

General economic conditions, introduction of tax reform, new legislation, the general level of activity within the resources industry, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and possible production activities, as well as on its ability to fund those activities.

(b) Share market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors, including:

- (i) general economic outlook;
- (ii) the introduction of tax reform or other new legislation (such as royalties);
- (iii) interest rates and inflation rates;
- (iv) currency fluctuations;
- (v) changes in investor sentiment toward particular market sectors in Australia and/or overseas (such as the exploration industry or the lithium sector within that industry);
- (vi) the demand for, and supply of, capital, and
- (vii) terrorism or other hostilities.

The market price of Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular, which influences are beyond the Company's control and unrelated to the Company's performance.

(c) Volatility in global credit and investment markets

Global credit, commodity and investment markets have recently experienced a high degree of uncertainty and volatility. The factors leading to this situation have been outside the control of the Company and may continue for some time, resulting in continued volatility and uncertainty in world stock markets (including the ASX). This may impact the price at which Shares trade regardless of operating performance and affect the Company's ability to raise additional equity and/or debt, if required to achieve its objectives.

(d) Government and legal risk

The introduction of new legislation or amendments to existing legislation by governments (including the introduction of tax reform), developments in existing common law or the respective interpretation of the legal requirements in any of the legal jurisdictions that govern the Company's operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial performance of the Company. The same adverse impact is possible as a result of the introduction of new government policy or amendments to existing government policy, including such matters as access to lands and infrastructure, compliance with environmental regulations, taxation and royalties.

(e) Regulatory approvals

The Company's exploration and development activities are subject to extensive laws and regulations relating to numerous matters that include resource licence consent, environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, protection of endangered and protected species, and others. The Company requires permits from

regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities.

Obtaining the necessary permits can be time consuming and there is a risk that the Company will not obtain them on acceptable terms, in a timely manner, or at all. The costs and delays associated with obtaining the necessary permits and complying with those permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation of a mine and/or constructing mineral treatment and processing facilities. Any failure to comply with applicable laws and regulations, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in the suspension of the Company's activities or forfeiture of one or more of the Company's tenements and/or commercialisation of the Company's technologies.

7 ACTIONS REQUIRED BY ELIGIBLE SHAREHOLDERS

7.1 What you may do

As an Eligible Shareholder, you may:

- (a) subscribe for all or part of your Entitlement (see section 7.2);
- (b) subscribe for all of your Entitlement and apply for Shortfall Securities (see section 7.3);
- (c) sell all of your Entitlement (see section 7.4);
- (d) take up part of your Entitlement and sell the balance (see section 7.5);
- (e) transfer your Entitlement other than on ASX (see section 7.6); or
- (f) allow all or part of your Entitlement to lapse (see section 7.7).

7.2 Subscribe for all or part of your Entitlement

Applicants should read this Prospectus in its entirety in order to make an informed decision on the prospects of the Company and the rights attaching to the New Shares and attaching Options offered by this Prospectus before deciding to apply for New Shares. If you do not understand this Prospectus you should consult your stockbroker, accountant or other professional adviser in order to satisfy yourself as to the contents of this Prospectus.

If you wish to subscribe for all or part of your Entitlement, complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. The Entitlement and Acceptance Form sets out the number of New Shares and attaching options you are entitled to subscribe for.

7.3 Subscribe for all of your Entitlement and apply for Shortfall Shares

Eligible Shareholders who take up their Entitlement in full may, in addition to their Entitlement, apply for Shortfall Shares regardless of the size of their present holding by completing the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. See section 8.6 for details of the manner in which Shortfall Shares will be allocated.

Surplus application moneys will be returned to Applicants as soon as practicable following the close of the Offer.

7.4 Sell all of your Entitlement

Complete the section marked “Instructions to Stockbroker” on the back of the Entitlement and Acceptance Form, which accompanies this Prospectus, in accordance with the instructions contained on the form and lodge it with your stockbroker as soon as possible.

Rights trading will commence on ASX on 13 June 2019. Sale of your Rights must be completed by 21 June 2019 when Rights trading is expected to cease.

7.5 Take up part of your Entitlement and sell the balance on ASX

Please complete the Entitlement and Acceptance Form, which accompanies this Prospectus, by inserting the number of New Shares for which you wish to accept (being less than as specified on the Entitlement and Acceptance Form) and complete the section marked “Instructions to Stockbroker” on the back of the form in respect of that part of your Entitlement you wish to sell.

Forward the form to your stockbroker together with your cheque for the total amount payable in respect of the New Shares accepted. Your stockbroker will need to ensure that the completed Entitlement and Acceptance Form reaches the Company’s share registry, by 5.00 pm Australian Eastern Standard Time on 28 June 2019.

Cash will not be accepted and no receipts will be issued.

Rights trading will commence on ASX on 13 June 2019. Sale of your Rights must be completed by 21 June 2019 when Rights trading is expected to cease.

7.6 Take up part of your Entitlement and transfer the balance other than on ASX

If you are a Shareholder and hold Existing LIT Securities on the issuer sponsored sub-register, forward a completed renunciation form (obtainable through your stockbroker or the Share Registry) together with your personalised Entitlement and Acceptance Form completed by the transferee together with a cheque for the appropriate application money to reach the Company’s share registry (at the postal address shown below), by 5.00 pm Australian Eastern Standard Time on 28 June 2019.

If you are a Shareholder and hold Existing LIT Securities registered on CHESS, you should contact your sponsoring broker.

Cash will not be accepted and no receipts will be issued.

7.7 Allow all or part of your Entitlement to lapse

If you are an Eligible Shareholder and do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

If you take no action, your Entitlement will lapse. You will receive no benefit or New Shares and your Entitlement will become Shortfall Shares.

The number of Existing LIT Securities you hold as at the Record Date and the rights attached to those Existing LIT Securities will not be affected if you choose not to accept any of your Entitlement.

7.8 Payment methods

BPAY

If you are paying by BPAY, refer to your personalised instructions on your Entitlement and Acceptance Form. Shareholders who wish to pay by BPAY must ensure that payment is received by no later than 5.00pm AEST on the Closing Date.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY are received by 5.00pm AEST on the Closing Date.

If you have more than one shareholding and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those shareholdings only use the Customer Reference Number specific to that shareholding as set out in the applicable Entitlement and Acceptance Form. Do not use the same Customer Reference Number for more than one of your shareholdings. This can result in your application monies being applied to your Entitlement in respect of only one of your shareholdings (with the result that any application in respect of your remaining shareholdings will not be recognised as valid).

The Company shall not be responsible for any postal or delivery delays or delay in the receipt of the BPAY payment.

Cheque, bank draft or money order

Alternatively, if you are paying by cheque, bank draft or money order, the completed Entitlement and Acceptance Form must be accompanied by a cheque, bank draft or money order made payable to 'Lithium Australian NL' and crossed 'Not Negotiable' for the appropriate application money in Australian dollars calculated at \$0.06 per New Share accepted. Your cheque, bank draft or money order must be paid in Australian currency and be drawn on an Australian branch of an Australian financial institution. The Company will present the cheque or bank draft on the day of receipt of the Entitlement and Acceptance Form. You must ensure that your cheque account has sufficient funds to cover your payment, as your cheque will be presented for payment on receipt. If your bank dishonours your cheque your application will be rejected. Dishonoured cheques will not be represented.

If the amount of your cheque(s), bank draft(s) or money order(s) for application money (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is insufficient to pay for the number of New Shares you have applied for in your Entitlement and Acceptance Form, you may be taken to have applied for such lower number of New Shares as your cleared application money will pay for (and to have specified that number of New Shares in your Entitlement and Acceptance Form) or your Application may be rejected.

The Entitlement and Acceptance Form must be received by the Company at the following addresses by no later than 5.00pm (AEST) on the Closing Date:

By Post To:

Lithium Australia NL
c/-Advance Share Registry Limited
PO Box 1156
Nedlands WA 6909

7.9 Entitlement and Acceptance Form is binding

Receipt of a completed and lodged Entitlement and Acceptance Form together with a cheque, bank draft or money order for the application monies, or by making a payment in respect of an Application by BPAY, constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Prospectus and, once lodged, cannot be withdrawn.

By completing and returning your Entitlement and Acceptance Form with the requisite application monies, or by making a payment in respect of an Application by BPAY, you will be deemed to have represented that you are an Eligible Shareholder. In addition, you will also be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Prospectus, does not prohibit you from being given the Prospectus and that you:

- (a) agree to be bound by the terms of the Offer;
- (b) declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (c) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- (d) authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Company's share registry upon using the contact details set out in the Entitlement and Acceptance Form;
- (e) declare that you are the current registered holder of Shares and are an Australian or New Zealand resident, and you are not in the United States or a US Person, or acting for the account or benefit of a US Person;
- (f) acknowledge that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs; and
- (g) acknowledge that the New Shares have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia and New Zealand and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws in particular the US Securities Act.

The Entitlement and Acceptance Form does not need to be signed to be a valid application. An Application will be deemed to have been accepted by the Company upon the issue of the New Shares.

If the Entitlement and Acceptance Form is not completed correctly or if the accompanying payment of the application monies is for the wrong amount, it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final. However, an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the application monies received by the Company.

8 DETAILS OF THE OFFER

8.1 Shares offered for subscription

By this Prospectus the Company makes a renounceable pro rata offer to Eligible Shareholders on the basis of 1 New Share for every 6 Existing LIT Securities held as at the Record Date at a price of \$0.06 per New Share, with 1 Listed Option for every 2 new Shares issued, to raise up to approximately \$6.5 million before issue costs. Fractional entitlements will be rounded down to the nearest whole number.

The Offer is only open to Eligible Shareholders, being holders of Shares or Partly Paid Contributing Shares with a registered address in Australia or New Zealand. The Company reserves the right to reject any application that it believes comes from a person who is not an Eligible Shareholder.

Details of how to apply for New Shares are set out at section 7.

All New Shares offered under this Prospectus will rank equally with existing Shares. The rights and liabilities of the New Shares offered under this Prospectus are summarised in section 9.

8.2 No minimum subscription

There is no minimum subscription for the Offer as it is underwritten for \$1,500,000.

The Company reserves the right to issue further securities in conjunction with the Offer using its existing 15% capacity.

8.3 Acceptances

This Offer may be accepted in whole or in part prior to the Closing Date subject to the rights of the Company to extend the Offer period or close the Offer early.

Instructions for accepting your Entitlement are set out in section 7 and on the Entitlement and Acceptance Form which accompanies this Prospectus.

8.4 Underwriting

The Underwriter has agreed to underwrite up to 25,000,000 Shortfall Shares in accordance with the Underwriting Agreement. The Underwriter will be paid the following:

- (a) 9 million Listed Options;
- (b) \$60,000;
- (c) 1% of the total amount raised under the Offer;
- (d) 5% of the Underwritten Amount; and
- (e) 5% of any Shortfall Shares placed beyond the Underwritten Amount.

The Company will, in the event the mandate is terminated by the Underwriter, pay a termination payment of \$30,000. The Company will also be required to reimburse the Underwriter for all of the reasonable costs incurred by the Underwriter in relation to the Offer.

The underwriting of the Offer is conditional upon the satisfaction or waiver by the Underwriter of the certain conditions ordinarily found in an agreement of this type, including that:

- (f) the Underwriter being satisfied with the due diligence investigations by the Company in relation to the Offer; and
- (g) the Company's solicitors providing the Underwriter with a legal sign off letter in relation to the due diligence investigations.

In accordance with the Underwriting Agreement and as is customary with these types of arrangements:

- (h) the Company has (subject to certain limitations, including where the loss arises through the Underwriter performing its underwriting obligation) agreed to indemnify the Underwriter, its officers, employees, advisers and related bodies corporate, and the officers, employees and advisers of any of its related bodies corporate against losses suffered or incurred in connection with the Offer;
- (i) the Company and the Underwriter have given representations, warranties and undertakings in connection with (among other things) the conduct of the Offer;
- (j) the Underwriter may (in certain circumstances, including having regard to the materiality of the relevant event) terminate the Underwriting Agreement and be released from their obligations under it on the occurrence of certain events, including (but not limited to) where:
 - (i) (Indices fall): the S&P ASX 200 Index is at any time after the date of the Underwriting Agreement 7% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement;
 - (ii) (Commodities): the price of COMEX gold or NYMEX WTI crude is at any time after the date of this Agreement 7% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement;
 - (iii) (Price): the issue price under the Offer is greater than the volume weighted average price of Shares calculated over three trading days after the date of the Underwriting Agreement;
 - (iv) (Material adverse change): there is an adverse change, or an event occurs which is likely to give rise to an adverse change, in the financial position or performance, shareholder's equity, profits, losses, results, condition, operations or prospects of the Company and its subsidiaries.

For the purposes of section 706 of the Corporations Act, the Company offers the Underwriter 9 million Listed Options under this Prospectus. This offer may only be accepted by the Underwriter or (subject to the Corporations Act and Listing Rules) its nominees by completing a personalized application form which accompanies this Prospectus. The Company relies upon its 15% capacity under Listing Rule 7.1 to issue these Listed Options to the Underwriter and its nominees.

8.5 Entitlement to Offer

The Offer is made to Eligible Shareholders, who are those Shareholders that:

- (a) are the registered holder of Shares as at 5.00pm (AEST) on the Record Date; and
- (b) have a registered address in Australia or New Zealand.

8.6 Shortfall

Any New Shares not applied for under the Offer will become Shortfall Shares. The Directors reserve the right, in conjunction with the Underwriter, to issue any Shortfall Shares at their discretion within 3 months after the Closing Date (**Shortfall Offer**).

The Shortfall Offer is, to the extent it is made in Australia, made under this Prospectus. To the extent the Shortfall Offer is made outside Australia, the Shortfall Offer is made without disclosure, a prospectus, lodgement, filing or registration, or other requirements of any applicable securities law, and only in circumstances where it is lawful to do so (such as to institutional or sophisticated investors).

Eligible Shareholders may apply for Shortfall Shares by completing the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. Other investors who are not Eligible Shareholders may apply for Shortfall Shares using the Shortfall Application Form attached to this Prospectus. Persons outside Australia doing so represent to the Company that they can apply for Shortfall Shares in circumstances which do not require the offer for Shortfall Shares or this Prospectus to be registered.

It is possible that there may be no Shortfall Shares available for issue.

Subject to the above, the Directors reserve the right at their absolute discretion and subject to the Corporations Act and Listing Rules, issue Shortfall Shares at their discretion, and to reject any application for Shortfall Shares or to issue a lesser number of Shortfall Shares than that applied for. It is an express term of the Shortfall Offer that applicants for Shortfall Shares will be bound to accept a lesser number of Shortfall Shares allocated to them than applied for. If a lesser number is allocated, excess application money will be refunded without interest as soon as practicable after the Closing Date.

8.7 New Zealand Shareholders

The Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand). Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares. This Prospectus has not been registered, filed or approved by any New Zealand regulatory authority. This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

8.8 Treatment of Ineligible Shareholders and sale for Ineligible Shareholders' Entitlement

Given the small number of Ineligible Shareholders and the cost of complying with applicable regulations outside Australia and New Zealand, the Company has decided that it would be unreasonable to extend the Offer to Ineligible Shareholders. The Prospectus will not be sent to those Shareholders.

This Prospectus does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Offer. No action has been taken to register or qualify the New Shares or the Offer or otherwise to permit an offering of the New Shares in any jurisdiction other than as set out in this section.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

Recipients may not send or otherwise distribute this Prospectus or the Entitlement and Acceptance Form to any person outside Australia or New Zealand (other than to Eligible Shareholders).

For the purposes of Listing Rule 7.7.1(c), the Company has appointed the Underwriter as nominee to arrange for the sale of the Ineligible Shareholders' Entitlements and to account to them for the net proceeds of the sale (if any). The net proceeds of sale (in Australian dollars) will be distributed to the Ineligible Shareholder for whose benefits the Rights have been sold in proportion to their shareholdings as at the Record Date (after deducting the costs of the sale).

8.9 Beneficial holders, nominees, trustees and custodians

Nominees and custodians that hold Shares should note that the Offer is available only to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. If any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws.

8.10 Allotment and application money

New Shares will be issued only after all application money has been received and ASX has granted permission for the New Shares to be quoted. It is expected that New Shares will be issued on 4 July 2019 and normal trading of the New Shares on ASX is expected to commence on 5 July 2019.

All application monies will be deposited into a separate bank account of the Company and held in trust for Applicants until the Shares are issued or application monies returned. Any interest that accrues will be retained by the Company and will not be paid to Applicants.

8.11 Quotation

The Company will apply to ASX within 7 days after the date of this Prospectus for quotation of the New Shares and Listed Options offered by this Prospectus (together the Offered Securities) on ASX. If ASX does not grant permission for the quotation of the Offered Securities within 3 months after the date of this Prospectus, or such longer period as modified by ASIC, none of the Offered Securities offered by this Prospectus will be allotted

or issued. In these circumstances, all Applications will be dealt with in accordance with the Corporations Act including the return of all application monies without interest.

A decision by ASX to grant official quotation of the Offered Securities is not to be taken in any way as an indication of ASX's view as to the merits of the Company or of the Offered Securities.

Quotation, if granted, of the Offered Securities offered by this Prospectus will commence as soon as practicable after statements of holdings of the Offered Securities are dispatched.

8.12 Market prices of existing Shares on ASX

The highest and lowest market sale price of the existing Shares, which are on the same terms and conditions as the New Shares being offered under this Prospectus, during the 3 months immediately preceding the lodgement of this Prospectus with the ASIC, and the last market sale price on the date before the lodgement date of this Prospectus, are set out below.

	3 month high	3 month low	Last market sale price
Price (\$)	\$0.093	\$0.078	\$0.08
Date	10 May 2019	8 May 2019	6 June 2019

8.13 CHESS

The Company participates in the Clearing House Electronic Subregister System (**CHESS**). CHESS is operated by ASX Settlement Pty Ltd (**ASPL**), a wholly owned subsidiary of ASX.

Under CHESS, the Company does not issue certificates to investors. Instead, security holders will receive a statement of their holdings in the Company, including New Shares issued under this Prospectus. If an investor is broker sponsored, ASPL will send a CHESS statement.

The CHESS statement will set out the number of New Shares issued under this Prospectus, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub register, your statement will be dispatched by the Company's share registrar and will contain the number of New Shares issued to you under this Prospectus and your security holder reference number.

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

8.14 Taxation and duty implications

The Directors do not consider that it is appropriate to give Eligible Shareholders advice regarding the taxation consequences of the Company conducting the Offer or Eligible Shareholders applying for New Shares under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions of Eligible Shareholders. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Shareholders in the Offer. Eligible Shareholders should, therefore,

consult their own professional tax adviser in connection with the taxation implications of the Offer.

No brokerage or stamp duty is payable by Applicants in respect of Applications for New Shares under this Prospectus.

8.15 Privacy

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Entitlement and Acceptance Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related body corporates, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

The Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Application. An Applicant has the right to gain access to the information that the Company holds about that person subject to certain exceptions under law. A fee may be charged for access. Such requests must be made in writing to the Company's registered office.

8.16 Enquiries

Any queries regarding the Offer should be directed to the Company Secretary on info@lithium-au.com or +61 8 6145 0288.

Any queries regarding the Entitlement and Acceptance Form should be directed to the Share Registry on +61 8 9389 8033.

You can also contact your stockbroker or professional adviser with any queries in relation to the Offer.

9 RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

9.1 Rights and liability attaching to Shares

Full details of the rights and liabilities attaching to the Shares are:

- detailed in the Constitution, a copy of which can be inspected, free of charge, at the registered office of the Company during normal business hours; and

- in certain circumstances, regulated by the Corporations Act, the Listing Rules and the general law.

The following is a summary of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

(a) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of members every member has one vote on a show of hands and one vote per Share on a poll. Voting may be in person or by proxy, attorney or representative.

(b) Dividends

Except as otherwise required by the Corporations Act and to the terms on which shares are on issue and the rights and restrictions attaching to shares, the Directors may from time to time:

- declare dividends (whether final or interim) to be paid to members on such terms, including the amount and the time for and the method of payment, as the Directors think fit; or
- determine that a dividend is payable, fix the amount and time for payment.

(c) Future issues of securities

Subject to the Corporations Act and the Listing Rules, the Directors may issue, grant options over, or otherwise dispose of unissued shares in the Company at the times and on the terms that the Directors think proper and a share may be issued with preferential or special rights.

(d) Transfer of Shares

A shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by ASX for the purpose of facilitating transfers in Shares or by an instrument in writing in a form approved by ASX or the Board.

(e) Meetings and notices

Each shareholder is entitled to receive notice of, and to attend, general meetings for the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution, the Corporations Act or the Listing Rules.

Shareholders may requisition meetings in accordance with the Corporations Act.

(f) Liquidation rights

The Company has one class of shares on issue, ordinary shares. Each ordinary Share ranks equally in the event of liquidation.

(g) Variation of rights

Subject to the Corporations Act and Listing Rules, the rights attached to the Shares may be varied in accordance with the Corporations Act

(h) Election of directors

At every annual general meeting one third of the Directors (rounded up to the nearest whole number) must retire from office. Any Director who would have held office for more than 3 years if that Director remains in office until the next general meeting must retire. These retirement rules do not apply to certain appointments including the managing director.

(i) Indemnities

To the extent permitted by law the Company must indemnify each past and present Director and secretary against any liability incurred by that person as an officer of the Company and any legal costs incurred in defending an action in respect of such liability.

(j) Winding up

Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of shares, on a winding up of the Company any surplus must be divided among the shareholders of the Company.

(k) Shareholder liability

As the Shares offered under the Prospectus are fully paid Shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(l) Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of shareholders present and voting at the general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

(m) Listing Rules

If the Company is admitted to trading on the Official List, then despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision. If the Listing Rules require the Constitution not to contain a provision and it contains such a provision, the Constitution is deemed not to contain that provision. If a provision of the Constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

9.2 Rights and liability attaching to Options

Options offered under this Prospectus are subject to the following terms:

(a) The Options will be issued for no consideration.

- (b) Each Option entitles the holder to be issued one Share.
- (c) The exercise price of the Options is \$0.12 each.
- (d) The expiry date of an Option is 2 years from issue.
- (e) The Options may be exercised at any time prior to the expiry date, in whole or in part, upon payment of the exercise price per Option.
- (f) The Company currently intends to apply for quotation of the Options on the official list of the ASX. Quotation of the Options is not guaranteed or automatic but will depend on ASX exercising its discretion under the Listing Rules.
- (g) The Options are freely transferable subject to any restriction or escrow arrangements imposed by the Corporations Act and the ASX Listing Rules.
- (h) The holder of an Option may not exercise less than 4,167 Options at any one time unless the holder has less than 4,167 Options in which event the Holder must exercise all of the Options together.
- (i) The Company will provide to each Option holder a notice that is to be completed when exercising the Options (Notice of Exercise). Options may be exercised by the Option holder in whole or in part by completing the Notice of Exercise and forwarding the same to the Secretary of the Company to be received prior to the expiry date. The Notice of Exercise must state the number of Options exercised, the consequent number of Shares to be issued and the identity of the proposed subscribers. The Notice of Exercise by an Option holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of the exercise price per Share.
- (j) All Shares issued upon the exercise of the Options will rank equally in all respects with the Company's then issued Shares. The Company must apply to the ASX in accordance with the Listing Rules for all Shares pursuant to the exercise of Options to be admitted to quotation.
- (k) There are no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues or pro-rata issues of capital to Shareholders during the term of the Options. Thereby, the Option holder has no rights to a change in:
 - (i) the exercise price of the Option; or
 - (ii) period of exercise of the Option; or
 - (iii) except in the event of a Bonus Issue (defined below), a change to the number of underlying securities over which the Option can be exercised.
- (l) The Company will ensure, for the purposes of determining entitlements to any issue, that Option holder will be notified of a proposed issue after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in such issues.
- (m) If from time to time on or prior to the Expiry Date the Company makes a bonus issue of securities to holders of Shares in the Company (Bonus Issue), then upon exercise of his or her Options a holder will be entitled to have issued to him or her (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon

such exercise) the number of securities which would have been issued to him or her under that Bonus Issue if the Options had been exercised before the record date for the Bonus Issue.

- (n) In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, all rights of the Option holder shall be reconstructed (as appropriate) in accordance with the ASX Listing Rules.

10 ADDITIONAL INFORMATION

10.1 Continuous disclosure obligations

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The New Shares which will be issued pursuant to this Prospectus are in the same class of Shares that have been quoted on the Official List during the 12 months prior to the issue of this Prospectus.

This Prospectus is a "transaction specific prospectus" to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of New Shares on the Company and the rights attaching to the New Shares. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the period from lodgement of the Company's annual financial statements of the Company for the financial year ended 30 June 2017 to the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

The Company confirms that, to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in this Prospectus, there is no information

- (a) that has been excluded from a continuous disclosure notice in accordance with ASX Listing Rules; and
- (b) is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - (ii) the rights and liabilities attaching to New Shares.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial statements of the Company for the financial year ended 30 June 2018 being the last financial statements for a financial year, of the Company lodged with the ASIC before the issue of this Prospectus;
 - (ii) any half-year financial report lodged with ASIC by the Company after the lodgement of that annual report and before the lodgement of this Prospectus; and
 - (iii) any continuous disclosure notices given by the Company after the lodgement of the financial statements referred to in paragraph (i) and before the lodgement of this Prospectus with ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be obtained free of charge from the Company's registered office during normal office hours or from asx.com.au.

The Company has lodged the following announcements with ASX since its 2017 annual report was lodged with ASX on 30 October 2018:

Date	Description of Announcement
07/06/2019	Trading Halt
03/06/2019	Lithium Australia finalises convertible notes
22/05/2019	Lithium Australia establishes significant vanadium resource
20/05/2019	Battery performance improved with proprietary refining process
15/05/2019	Lithium Australia 121 Singapore conference presentation

13/05/2019	Appendix 3B
09/05/2019	LIT forms alliance with leading Chinese battery producer
30/04/2019	Quarterly Activities Report and Quarterly Cashflow Report
15/04/2019	Spodumene pegmatite swarm discovered at LIT Medcalf Prospect
12/04/2019	Lithium Australia joins recycler Envirostream
04/04/2019	Battery recycling made easy
29/03/2019	Change in substantial holding for BEM
21/03/2019	Domestic LFP Production - key to renewable energy security
15/03/2019	Half Yearly Report and Accounts
13/03/2019	Change in substantial holding for BEM
05/03/2019	Lithium phosphate refining vindicates cathode production
27/02/2019	Sadisdorf acquisition and release of shares from escrow
22/02/2019	Lithium Australia presents at Roskill conference
21/02/2019	LieNA offers alternative to conventional spodumene processing
18/02/2019	Update of field work at Youanmi Western Australia
14/02/2019	Lithium-ion battery components from mica at Sadisdorf Germany
13/02/2019	Appendix 3B
13/02/2019	Lithium Australia completes aerial survey at Youanmi WA
07/02/2019	VSPC release of shares from escrow
05/02/2019	Lithium Australia survey of lithium pegmatites at Medcalf WA
04/02/2019	LIT presents for 121 Mining Investment
31/01/2019	Quarterly Activities Report and Appendix 5B
03/01/2019	Appendix 3B
11/12/2018	Lithium Australia formalises Youanmi Lithium Project option
30/11/2018	Results of Meeting

30/11/2018	Process improvements enhance European battery prospects
22/11/2018	Lithium Australia produces Li-ION batteries from mine waste
21/11/2018	Outstanding Li recovery from LIT's Gen2 Sileach pilot plant
14/11/2018	LIT to develop silicon anodes for lithium-ion batteries
09/11/2018	VSPC acquisition and release from escrow trading conditions
31/10/2018	Quarterly Activities Report and Quarterly Cashflow Report
30/10/2018	Notice of Annual General Meeting/Proxy Form

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours or from www.asx.com.au.

10.2 Directors' interests

As at the date of this Prospectus the Directors have a relevant interest in securities of the Company and are entitled to be paid the following remuneration as set out below.

	George Bauk	Adrian Griffin	Bryan Dixon
Annual Remuneration	\$90,000	\$385,000	\$60,000
Shares	620,250	10,186,322	1,634,866
Partly Paid Contributing Share	460,125	4,927,243	768,936
Options	2,750,000	5,175,000	4,000,000
Performance Rights	6,125,000	13,050,000	4,525,000
Entitlement (New Shares)	180,063	2,518,928	400,634

Further information on the remuneration and other benefits received by the Directors over the last two years is set out in the Company's 2017 and 2018 annual reports; copies of which are available from www.asx.com.au.

The Constitution provides that the Directors may be paid for their services as Directors. Non-executive directors may only be paid a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the non-executive directors and in default of agreement then in equal shares.

The Company also pays premiums to insure all of the Directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct whilst acting in the capacity as a Director of the Company.

Other than as set out above or elsewhere in this Prospectus, no Director or proposed Director holds at the date of this Prospectus, or held at any time during the last 2 years before the date of lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- (d) to a Director or proposed Director or to any firm which any such Director is a partner, to induce him or her to become, or to qualify as, a Director; or
- (e) for services provided by a Director or proposed Director or to any firm which any such Director is a partner, in connection with the formation or promotion of the Company or the Offer.

10.3 Interests of promoters and named persons

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer.

CPS Capital Group Pty Limited has acted as underwriter and lead manager to the Offer. The fees to be paid for this service are set out in section 8.4. CPS Capital Group Pty Limited has not received any fees or services to the Company in the 2 years prior to the date of this Prospectus.

Atkinson Corporate Lawyers has acted as solicitor to the Offer. In respect of this work, the Company will pay approximately \$12,000 exclusive of GST. Subsequently fees will be paid in accordance with normal hourly rates. Atkinson Corporate Lawyers has not received any fees for services to the Company in the 2 years prior to the date of this Prospectus.

10.4 Consents

Each of the persons referred to in this section:

- (a) has given and has not, before the date of lodgement of this Prospectus with ASIC withdrawn their written consent:
 - (i) to be named in the Prospectus in the form and context which it is named; and

- (ii) where applicable, to the inclusion in this Prospectus of the statement(s) and/or reports (if any) by that person in the form and context in which it appears in this Prospectus;
- (b) has not caused or authorised the issue of this Prospectus;
- (c) has not made any statement in this Prospectus or any statement on which a statement in this Prospectus is based, other than specified below;
- (d) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Prospectus, other than the references to their name and the statement(s) and/or report(s) (if any) specified below and included in this Prospectus with the consent of that person.

Name	Role
CPS Capital Group Pty Limited	Lead Manager and Underwriter
Atkinson Corporate Lawyers	Lawyer

10.5 Expenses of the Offer

The total expenses of the Offer are estimated to be up to \$533,889 (assuming Full Subscription), consisting of the following:

Cost	Underwritten Amount	Full Subscription
Lead Manager	150,000	449,429
Legal fees	12,000	14,000
ASIC fees	3,206	3,206
ASX fees	7,131	16,683
Printing, postage & other	50,000	50,000
Total	222,337	533,318

Notes:

- In addition to a management fee of 1% on the total amount raised and an underwriting fee of 5% on the Underwritten Amount, the Underwriter is also entitled to a placement fee of 5% on non-underwritten Shortfall Shares placed and 9 million Listed Options. This table assumes that the Underwriter places the balance of the Full Subscription in excess of the Underwritten Amount.

These expenses have or will be paid by the Company.

10.6 Litigation

As at the date of this Prospectus, the Company is not involved in any other legal proceedings of a material nature and the Directors are not aware of any other legal proceedings pending or threatened against the Company.

11 DIRECTORS' RESPONSIBILITY AND CONSENT

Each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

Dated: 11 June 2019



.....
Signed for and on behalf of Lithium Australian NL
By Adrian Griffin
Managing Director

12 GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

\$, A\$ or Dollars	Australian dollars unless otherwise stated.
AEST	Australian Eastern Standard Time
Applicant	a person who submits a valid Entitlement and Acceptance Form pursuant to this Prospectus.
Application	a valid application made on an Entitlement and Acceptance Form to subscribe for New Shares pursuant to this Prospectus.
ASIC	the Australian Securities & Investments Commission.
ASX	ASX Limited ACN 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.
Board	the board of Directors.
Business Day	Monday to Friday inclusive, except any day that ASX declares is not a business day.
Closing Date	the date set out in section 1.
Company or LIT	Lithium Australian NL (ACN 126 129 413).
Constitution	the constitution of the Company.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Director	a director of the Company.
Eligible Shareholders	a holder of LIT Securities as at the Record Date with a registered address in Australia or New Zealand.
Entitlement and Acceptance Form	the personalised entitlement and acceptance form attached to this Prospectus.
Entitlement or Right	a Shareholder's entitlement to subscribe for New Shares offered by this Prospectus.
Ex Date	the date set out in section 1.
Existing LIT Security	an Existing LIT Security issued as at 5.00pm (AEST) on the Record Date.

Full Subscription	approximately \$6.49 million before costs.
Ineligible Shareholder	a holder of LIT Securities on the Record Date who is not an Eligible Shareholder.
Listed Option	means an Option on the terms set out in section 9.2 and offered under this Prospectus.
Listing Rules	the listing rules of the ASX.
LIT Security	means a Share or Partly Paid Contributing Share.
New Shares	Shares issued pursuant to this Prospectus.
Offer	an offer made under this Prospectus to subscribe for New Shares.
Official List	the official list of the ASX.
Opening Date	the date set out in section 1.
Option	an option to be issued a Share.
Partly Paid Contributing Share	means a partly paid contributing Share paid to \$0.0001 each (\$0.2499 unpaid).
Prospectus	this Prospectus and includes the electronic prospectus.
Record Date	the date set out in section 1.
Share	A fully paid ordinary share in the Company.
Share Registry	Advance Share Registry.
Shareholder	the registered holder of Shares in the Company.
Shortfall Offer	has the meaning given in section 8.6.
Shortfall Shares	New Shares for which valid Applications have not been received by the Closing Date.
Underwritten Amount	\$1,500,000
US person	has the meaning given to that term in Regulation S under the US Securities Act.
US Securities Act	the <i>United States Securities Act of 1933</i> , as amended.

13 PRO FORMA STATEMENT OF FINANCIAL POSITION

	LIT 31-Mar 2019 Unaudited	Pro Forma Adjustments	Ref	LIT Pro Forma Unaudited (Underwritten Amount)	LIT Pro Forma Unaudited (Full Subscription)
	\$				\$
Current Assets					
Cash and cash equivalents	9,132,934	- 5,000,000	1	4,310,597	8,999,616
		600,000	3		
		- 200,000	4		
		5,966,682	5		
		- 1,500,000	6		
Trade and other receivables	236,079	-		236,079	236,079
Financial assets	88,683	-		88,683	88,683
Total Current Assets	9,457,696			4,635,359	9,324,378
Non Current Assets					
Financial assets	1,617,849	- 600,000	3	1,217,849	1,217,849
		200,000	4		
Prepayment	0	1,000,000	2	1,000,000	1,000,000
Exploration Expenditure	6,245,771			6,245,771	6,245,771
Intangible assets	17,396,967			17,396,967	17,396,967
Property, plant and equipment	666,668			666,668	666,668
Total Non Current Assets	25,927,255			26,527,255	26,527,255
TOTAL ASSETS	35,384,951			31,162,614	35,851,633
Current Liabilities					
Trade and other payables	759,466	500,000	6	259,466	259,466
Provisions	112,851			112,851	112,851
Convertible Note	4,332,483	4,332,483	1	0	0
Total Current Liabilities	5,204,800			372,317	372,317
TOTAL LIABILITIES	5,204,800			372,317	372,317
NET ASSETS	30,180,151			30,790,297	35,479,316
Equity					
Issued capital	54,640,585	- 6,966,682	2	56,918,248	61,607,267
Reserves	3,782,610			3,782,610	3,782,610
Accumulated losses	-28,237,175	1,667,517	1,5	-29,904,692	-29,904,692
Controlling entity interest	30,186,020			30,796,166	35,485,185
Non-controlling interest	-5,869	-	5	-5,869	-5,869
TOTAL EQUITY	30,180,151			30,790,297	35,479,316

1 Repayment of Convertible Note of \$5m (ASX release dated 3/6/19)	\$	5,000,000
2 Issue 12.5m shares to DLG at \$0.08 per share (ASX release 9/5/19)	\$	1,000,000
3 Sale of 3m LEX at \$0.20	\$	600,000
4 Investment in Envirostream	\$	200,000
5 Maximum subscription (\$6.5m) to rights issue less costs (\$533k)	\$	5,966,682
6 Company operations and payment of creditors - April May (estimated)	\$	1,500,000

ENTITLEMENT AND ACCEPTANCE FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCKBROKER OR LICENSED PROFESSIONAL ADVISER.

Sub-Register	
HIN/SRN	
Shareholding at Record Date 14 June 2019	
Entitlement to shares on 1 New Share for every 6 fully or partly paid shares held	
Number of attaching New Options for every 2 New Shares issued	
Amount payable on acceptance at \$0.06 per New Share	


For a renounceable pro rata offer to Eligible Shareholders of approximately 110 million New Shares at an issue price of \$0.06 per New Share on the basis of 1 New Share for every 6 fully or partly paid shares held, together with one free attaching New Option for every 2 New Shares issued, to raise up to approximately \$6.5 million before issue costs.

RENOUNCEABLE ENTITLEMENT ISSUE CLOSING AT 5:00 PM WST ON 28 JUNE 2019

To the Directors
Lithium Australia NL
ACN 126 129 413

- I/We the above mentioned, being registered on 14 June 2019 as the holder(s) of ordinary shares in your Company (**Record Date**) hereby accept the below mentioned securities in accordance with the Prospectus;
- I/We hereby authorise you to place my/our name(s) on the register of shareholders in respect of the number of New Shares allotted to me/us and;
- I/We agree to be bound by the Constitution of the Company.

ENTITLEMENT			
(A)	(B)	(C)=(A)+(B)	Total
Number of Shares applied for <i>(being not more than the Entitlement shown above)</i>	Number of additional Shares (Shortfall Shares) applied for <i>(in excess of the Entitlement shown above)</i>	Total Shares applied for	Amount Payable (C) * \$0.06
			\$

METHOD OF ACCEPTANCE				
You can apply for Shares and make your payment utilising either cheque/bank draft or BPAY® (further details overleaf). Please indicate which payment option you have chosen by marking the relevant box below.				
<input type="checkbox"/>	Please enter cheque or bank draft details	Drawer	Bank	Branch
				Amount
				\$
OR				
<input type="checkbox"/>		You can pay by BPAY®. If you choose to pay by BPAY®, you do not need to return this Entitlement and Acceptance Form. Please refer overleaf for details.		

INSTRUCTIONS TO YOUR STOCKBROKER	
I/We have accepted	<input type="text"/> Shares
I/We wish to sell	<input type="text"/> rights to Shares
This instruction *has/*has not previously been notified to you. (* Delete whichever is not applicable)	

CONTACT DETAILS	
Name:	<input type="text"/>
Telephone:	<input type="text"/>
Email:	<input type="text"/>

NOTE: Cheques should be made payable to "LITHIUM AUSTRALIAN NL", crossed "NOT NEGOTIABLE" and forwarded to Advanced Share Registry Ltd, PO Box 1156, Nedlands, Western Australia 6909 to arrive no later than 5:00 PM (WST) on 28 June 2019

PLEASE REFER OVERLEAF FOR INSTRUCTIONS

LITHIUM AUSTRALIAN NL

REGISTERED OFFICE: Level 1, 675 Murray Street, West Perth, WA 6005
SHARE REGISTRY: Advanced Share Registry Ltd, 110 Stirling Highway, Nedlands, WA 6009

EXPLANATION OF ENTITLEMENT

1. The front of this form sets out the number of Shares which you are entitled to accept.
2. Your Entitlement may be accepted either in full or in part. There is no minimum acceptance.
3. You may apply for additional Shares (Shortfall Shares) by completing Section B overleaf.
4. The price payable on acceptance of each New Share is \$0.06.
5. Please complete the Entitlement and Acceptance Form overleaf.

APPLICATION INSTRUCTIONS

Payment Details

You can apply for Shares by utilising the payment options detailed below. There is no requirement to return this Entitlement and Acceptance Form if you are paying by BPAY®. By making your payment using either BPAY® or by cheque/bank draft, you confirm that you agree to all of the terms and conditions of Lithium Australian NL Entitlement Offer as outlined on this Entitlement and Acceptance Form and within the Prospectus.

Your cheque/bank draft should be made payable to **"LITHIUM AUSTRALIAN NL"** in Australian currency, crossed **"NOT NEGOTIABLE"** and drawn on an Australian branch of a financial institution. Please complete cheque/bank draft details overleaf and ensure that you submit the correct amount as incorrect payments may result in your Application being rejected.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s)/bank draft(s) to the Entitlement and Acceptance Form. Cash will not be accepted. A receipt for payment will not be forwarded.

If the amount you pay is insufficient to pay for the number of Shares you apply for, you will be taken to have applied for such lower number of Shares as that amount will pay for, or your Application will be rejected. If the amount you pay is more than the amount payable for your full Entitlement, you will be taken to have applied for the maximum number of Shares you are entitled to apply for. The excess money will be considered as your payment for an Application for additional Shares under the Shortfall Offer.

Sale of your Entitlement

Sale of your Entitlement in full by your stockbroker: Contact your stockbroker and verbally provide details as requested which appear overleaf or complete the "Instructions to your Stockbroker" section and forward this Entitlement and Acceptance Form to your Stockbroker.

Sale of part of your Entitlement: Complete the front of this Entitlement and Acceptance Form where indicated in respect of the Shares for which you want to subscribe. Complete the section marked "Instructions to your Stockbroker" in respect of that part of your Entitlement which you wish to sell. Lodge your completed Entitlement and Acceptance Form, together with your cheque for the amount due in respect of the Shares you have accepted, with your stockbroker.

Transfer of Entitlement other than on ASX: If you wish to transfer your Entitlement to another person other than on ASX, forward a completed and signed standard renunciation form(s) (obtainable from your Stockbroker or the Share Registry) together with your Entitlement and Acceptance Form to Advanced Share Registry Ltd prior to 3:00 pm WST on 21 June 2019.

Entitlements not taken up: If you decide not to accept all or part of your Entitlement, you are advised to deal with the rights rather than allowing them to lapse. The part of the Entitlement not accepted or dealt with will lapse and you will receive no benefit. It is therefore important that you take action either to accept or renounce (sell) your Entitlement in accordance with the above instructions.

Contact Details

Please enter your contact details where requested overleaf. These details will only be used in the event that the Share Registry has a query regarding this Entitlement and Acceptance Form.

Lodgement of Application

If you are applying for Shares and your payment is being made by BPAY®, you do not need to return this Entitlement and Acceptance Form however you are encouraged to return it to the Share Registry for reconciliation purposes – in that case you can post or send by facsimile (details below). Your payment must be received by no later than 5:00 PM (WST) on 28 June 2019. Applicants should be aware that their own financial institution may implement earlier cut off times with regard to electronic payment and should therefore take this into consideration when making payment. It is the responsibility of the Applicant to ensure that funds submitted through BPAY® are received by this time.

If you are paying by cheque/bank draft, your Application must be received by the Share Registry by no later than 5:00 PM (WST) on 28 June 2019. You should allow sufficient time for this to occur. Please return your Entitlement and Acceptance Form with cheque/bank draft attached.

Neither the Share Registry nor the Company accepts any responsibility if you lodge the Entitlement and Acceptance Form at any other address or by any other means.

Privacy Statement

Personal information is collected on this form by the Share Registry, as registrar for the securities' issuer, for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to the Share Registry's related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by the Share Registry, or you would like to correct information that is inaccurate, incorrect or out of date, please contact the Share Registry. In accordance with the Corporations Act 2001 (Cth), you may be sent material (including marketing material) approved by the securities' issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting the Share Registry, using the details provided on this form.

If you have any enquiries concerning this Entitlement and Acceptance Form, please contact the Share Registry on telephone +61 8 9389 8033 or fax +61 8 9262 3723.



Telephone & Internet Banking – BPAY®

Call your bank, credit union or building society to make this payment from your cheque or savings account. More info: www.bpay.com.au.

By Mail

Lithium Australian NL
c/- Advanced Share Registry Ltd
PO Box 1156
Nedlands WA 6909

Hand Delivered

or 110 Stirling Highway
Nedlands WA 6009