

14 November 2017

ASX ANNOUNCEMENT

Appendix 3B

As announced in on the 31 July 2017, Lithium Australia NL (ASX: LIT) entered into a Controlled Placement Agreement (**CPA**) with Acuity Capital Investment Management Pty Ltd as trustee for the Acuity Capital Holdings Trust (**Acuity Capital**). LIT advises that pursuant to the CPA, LIT has issued 15m fully paid ordinary shares in the capital of LIT (**Shares**) at \$0.20 per Share to raise \$3m (before costs) under its Listing Rule 7.1 capacity and Listing Rule 7.1A capacity. The placement price of \$0.20 is a 4.6% discount to the 15-day volume weighted average price (**VWAP**) of the Shares from close of trade last Friday. Further details of the CPA are listed in the Company's release dated 31 July 2017.

The CPA currently provides LIT with up to \$7.5m of standby equity capital until December 2019. To date, LIT has used the CPA to successfully raise \$6.88m. LIT is now pleased to announce that Acuity Capital has agreed to increase the CPA facility to \$12.5m.

As outlined in the initial CPA announcement dated 31 July 2017, LIT retains full control of all aspects the placement process including having sole discretion as to whether or not to utilise the CPA, the quantum of issued Shares issued under the CPA, the minimum issue price of Shares issued under the CPA and the timing of each placement tranche (if any). There are no requirements on LIT to utilise the CPA. LIT may terminate the CPA at any time, without cost or penalty. Acuity Capital and the CPA do not place any restrictions at any time on LIT raising capital through other methods. If LIT does decide to utilise the CPA, LIT is able to set a floor price (at its sole discretion) for the Shares issued pursuant to the CPA and the final issue price will be calculated as the greater of that floor price set by LIT and a 10% discount to a VWAP over a period determined at the sole discretion of LIT.

ASX Listing Rule 3.10.5A

The following information required under ASX Listing Rule 3.10.5A is now provided:

- | | |
|--|---|
| (a) Dilution Effect | The issue of 15,000,000 Shares represents a dilution to the existing holders of ordinary securities as follows: |
| Number of Shares on issue prior to the Placement: | 328,570,538 |
| Placement issue under Listing Rule 7.1A: | 3,526,825 (balance issued under LR 7.1 capacity) |
| Total dilution as a result of the LR 7.1A Placement: | 1.07% (the balance of the 15,000,000 Shares were issued under the Company's LR 7.1 capacity, total dilution as a result of the issue of the 15,000,000 Shares is 4.57%) |
| Number of Shares on issue following the Placement: | 343,570,538 (including balance issued under LR 7.1 capacity) |
| (b) Why an issue under ASX Listing Rule 7.1A? | The Company issued the Shares for cash consideration pursuant to the CPA as it is of the view that this was the most efficient and expedient mechanism to raise cash in the current market. |
| (c) Underwriting Agreement: | This issue was not underwritten. |
| (d) Cost of Issue: | No commission was paid by the Company. |

Notice under section 708A(5)(e) of the Corporations Act 2001

Lithium Australia NL (ASX: LIT) (**Company**) has issued and allotted 15,000,000 fully paid ordinary shares in the capital of the Company at the issue price as outlined in the attached Appendix 3B. Accordingly, the Company gives notice under section 708A(5)(e)(i) of the *Corporations Act 2001* (Cth) (**Act**) that:

1. the abovementioned shares were issued without disclosure to investors under Part 6D.2 of the Act;
2. as at the date of this notice the Company has complied with the provisions of Chapter 2M of the Act as they apply to the Company and with section 674 of the Act; and
3. as at the date of this notice there is no information to be disclosed which is “excluded information” as defined in subsection 708A(7) of the Act that is reasonable for investors and their professional advisers to find in a disclosure document.

Barry Woodhouse

CFO & Company Secretary

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Barry.Woodhouse@lithium-au.com

About Lithium Australia NL:

LIT is a dedicated developer of disruptive lithium extraction technologies, and 100% owner of the Sileach® process for the recovery of lithium from all silicates. LIT has strategic alliances with a number of companies, potentially providing access to a diversified lithium mineral inventory. LIT aspires to create the union between resources and the best available technology and to establish a global lithium processing business.

MEDIA CONTACT:

Adrian Griffin	Lithium Australia NL	08 6145 0288 0418 927 658
Kevin Skinner	Field Public Relations	08 8234 9555 0414 822 631

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement,
application for quotation of additional securities
and agreement

*Information or documents not available now must be given to ASX as soon as available.
Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00,
30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Lithium Australia NL

ABN

29 126 129 413

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|----------------------------|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 15,000,000 |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares |

+ See chapter 19 for defined terms.

4	<p>Do the ⁺securities rank equally in all respects from the ⁺issue date with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional ⁺securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	Yes
5	Issue price or consideration	\$0.20
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Shares issued pursuant to placement for acquisition of new resources, assets and investments and continued exploration on the Company's exploration assets
6a	<p>Is the entity an ⁺eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the ⁺securities the subject of this Appendix 3B</i>, and comply with section 6i</p>	Yes
6b	The date the security holder resolution under rule 7.1A was passed	28 November 2016
6c	Number of ⁺ securities issued without security holder approval under rule 7.1	
6d	Number of ⁺ securities issued with security holder approval under rule 7.1A	15,000,000

+ See chapter 19 for defined terms.

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	
6f	Number of +securities issued under an exception in rule 7.2	
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	(i) Yes (3,526,825) (ii) Issue date 14 November 2017 (iii) Weblink (iv) Issue price of \$0.20 per share is a 5% discount to the 15 day VWAP of \$0.2096 as at 10 November 2017
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Rule 7.1 – 13,014,779 Rule 7.1A – nil
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	14 November 2017

+ See chapter 19 for defined terms.

8	Number and ⁺ class of all ⁺ securities quoted on ASX (including the ⁺ securities in section 2 if applicable)	Number	⁺ Class
		343,570,538 132,850,148	Fully paid ordinary shares Partly paid contributing shares paid to \$0.0001 each (\$0.2499 unpaid)
9	Number and ⁺ class of all ⁺ securities not quoted on ASX (including the ⁺ securities in section 2 if applicable)	Number	⁺ Class
		4,316,666	\$0.15 options exercisable on or before 1 July 2019
		7,875,000	\$0.20 options exercisable on or before 1 July 2019
		9,200,000	\$0.30 options exercisable on or before 1 July 2019
		10,340,000	Performance Rights as approved by shareholders on 15 July 2015
		15,000,000	Performance Rights as approved by shareholders on 30 November 2016
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A	

Part 2 - Pro rata issue

11	Is security holder approval required?	
12	Is the issue renounceable or non-renounceable?	
13	Ratio in which the ⁺ securities will be offered	
14	⁺ Class of ⁺ securities to which the offer relates	
15	⁺ Record date to determine entitlements	

⁺ See chapter 19 for defined terms.

16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	
17	Policy for deciding entitlements in relation to fractions	
18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	
19	Closing date for receipt of acceptances or renunciations	
20	Names of any underwriters	
21	Amount of any underwriting fee or commission	
22	Names of any brokers to the issue	
23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	
25	If the issue is contingent on security holders' approval, the date of the meeting	
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	

+ See chapter 19 for defined terms.

27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	
28	Date rights trading will begin (if applicable)	
29	Date rights trading will end (if applicable)	
30	How do security holders sell their entitlements <i>in full</i> through a broker?	
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	
32	How do security holders dispose of their entitlements (except by sale through a broker)?	
33	+Issue date	

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of +securities
(tick one)

(a) ☒ +Securities described in Part 1

(b) ☐ All other +securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

+ See chapter 19 for defined terms.

- 35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 ☐ A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

- | | | |
|----|---|------------|
| 38 | Number of +securities for which +quotation is sought | |
| 39 | +Class of +securities for which quotation is sought | |
| 40 | <p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | <p>Yes</p> |

+ See chapter 19 for defined terms.

41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another ⁺ security, clearly identify that other ⁺ security)	Placement of shares
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42	Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	Number	+Class
		343,570,538 132,850,148	Fully paid ordinary shares Partly paid contributing shares paid to \$0.0001 each (\$0.2499 unpaid)

⁺ See chapter 19 for defined terms.

Quotation agreement

- 1 ⁺Quotation of our additional ⁺securities is in ASX's absolute discretion. ASX may quote the ⁺securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the ⁺securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those ⁺securities should not be granted ⁺quotation.
 - An offer of the ⁺securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any ⁺securities to be quoted and that no-one has any right to return any ⁺securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the ⁺securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the ⁺securities to be quoted under section 1019B of the Corporations Act at the time that we request that the ⁺securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before ⁺quotation of the ⁺securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: "Barry Woodhouse"
Company Secretary

Date: 14 November 2017

Print name: Barry Woodhouse

⁺ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities
(Introduced 01/08/12 Amended 04/03/13)

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid ⁺ ordinary securities on issue 12 months before the ⁺ issue date or date of agreement to issue	244,250,503
Add the following: <ul style="list-style-type: none"> Number of fully paid ⁺ordinary securities issued in that 12 month period under an exception in rule 7.2 Number of fully paid ⁺ordinary securities issued in that 12 month period with shareholder approval Number of partly paid ⁺ordinary securities that became fully paid in that 12 month period Note: <ul style="list-style-type: none"> Include only ordinary securities here – other classes of equity securities cannot be added Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed It may be useful to set out issues of securities on different dates as separate line items 	39,832,074 1,000,000 185,677
Subtract the number of fully paid ⁺ ordinary securities cancelled during that 12 month period	Nil
“A”	285,268,254

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	42,790,238
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has	

⁺ See chapter 19 for defined terms.

<i>already been used</i>	
<p><i>Insert</i> number of ⁺equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	29,775,459
<i>“C”</i>	13,014,779
<i>Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1</i>	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	42,790,238
<p><i>Subtract “C”</i></p> <p><i>Note: number must be same as shown in Step 3</i></p>	29,775,459
<p><i>Total</i> [“A” x 0.15] – “C”</p>	<p>13,014,779</p> <p><i>[Note: this is the remaining placement capacity under rule 7.1]</i></p>

⁺ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	285,268,254
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	28,526,825
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of ⁺ equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained • It may be useful to set out issues of securities on different dates as separate line items 	28,526,825
“E”	28,526,825

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	28,526,825
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	28,526,825
Total [“A” x 0.10] – “E”	Nil <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.