

09 November 2017

ASX ANNOUNCEMENT

Lithium Australia NL (ASX: LIT) offers Priority Share Offer for BlackEarth Minerals NL

Dear Shareholder,

I am writing to advise that as a result of your shareholding in Lithium Australia NL (ASX: LIT), you are invited to participate as a priority applicant in the IPO of BlackEarth Minerals NL (BEM) which has arisen due to LIT selling its non-core graphite assets into BEM.

As recently announced on 18 October 2017, BEM is in the process of listing on the Australian Securities Exchange (ASX) by way of an initial public offering. BEM has lodged a prospectus dated 8 November 2017 (Prospectus) to raise a minimum of \$4.5m and a maximum of \$6m to progress BEM's exploration activities. Please register your interest in receiving a Prospectus on BEM's website www.blackearthminerals.com.au

5,000,000 fully paid ordinary shares (Shares) at \$0.20 per Share, together with one free Partly Paid Share (paid to \$0.0001, unpaid to \$0.2499) for every two Shares subscribed for, have been allocated and made available to those LIT shareholders registered on **14 November 2017** (Eligible LIT Shareholders) collectively on a priority application basis. The minimum subscription is 10,000 shares (\$2,000) as set out in the Prospectus (Priority Offer). Allocation of the Shares and Partly Paid Shares to the Eligible LIT Shareholders pursuant to the Priority Offer will be subject to the allocation policy set out in Section 6.7 of the Prospectus.

In order to participate in the Priority Offer, Eligible LIT Shareholders should apply after the Offer opening date of 15 November 2017 at the offer website www.blackearthminerals.com.au using their Holder Identification Number (HIN) or Securityholder Reference Number (SRN) and submit the application in accordance with the instructions online prior to the 30 November 2017.

More information on BEM can be found via its website at www.blackearthminerals.com.au and in the Prospectus. Should you have any questions regarding BEM and the offer of shares you may contact the Lead Manager to the issue, Patersons Securities Limited.

This letter is not intended to be an offer for subscription, invitation, nor solicitation.

Lithium Australia Managing Director, Mr Adrian Griffin, said today:

"Lithium Australia has maintained a policy of creating real value for shareholders: take a look at MetalsTech Ltd (ASX: MTC) which showed a 30% gain on IPO in February 2017 and is currently trading at a premium to its IPO price of \$0.20. The BEM Priority Offer gives LIT shareholders a priority entitlement to gain exposure to energy metals on the anode side of the battery: graphite is an important mineral for the continuing battery revolution.

LIT will be a substantial shareholder in BEM, further strengthening the LIT balance sheet."

Adrian Griffin

Managing Director

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ABOUT LITHIUM AUSTRALIA NL

LIT is a dedicated developer of disruptive lithium extraction technologies. LIT has strategic alliances, 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.

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