Lithium Australia NL

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ASX ANNOUNCEMENT

PROPOSED NON-RENOUNCEABLE BONUS ISSUE OF PARTLY PAID SHARES

Global lithium developer, Lithium Australia NL (ASX: LIT or **Company**) advises that it proposes to undertake a 1-for-2 bonus issue of partly paid shares (**Bonus Issue**) at a total issue price of $0.25 each and which are deemed to be paid up to $0.0001 each (**Bonus Issue Shares**).

LIT, as a **No Liability company**, has proven with its previous bonus issue of $0.05 partly paid shares (currently LITCC - partly paid shares, paid to $0.021 and unpaid $0.029) that this equity financing structure has benefitted both the Company and its partly paid shareholders. (See LITCC highest trade of 18 cents on 29 December 2015.) LIT is undertaking this Bonus Issue as a reward to its shareholders, as well as to provide the Company with an alternate source of funding into the future.

LIT advises that the Bonus Issue Shares will not be listed on the ASX. After such time as the LITCC series has all been fully called, or fully paid up, currently expected to occur by November 2016, LIT can then seek to list another series of partly paid shares. At this future point in time LIT will assess whether to apply for quotation of the Bonus Issue Shares, subject to the ASX Listing Rules.

Should any of the current LITCC shareholders elect to pay the amount outstanding on their shares in full and thereby convert their LITCC partly paid shares to LIT fully paid ordinary shares prior to the "Ex date", such shareholders will be able to participate in the Bonus Issue to the full extent of their ownership of fully paid ordinary shares.

IMPORTANT
The Bonus Issue Shares will be issued to eligible shareholders for no cash consideration. To be eligible shareholders, shares must held on the record date, currently anticipated for late January 2016.

Full details of the Bonus Issue will be contained in a prospectus which will be lodged with Australian Securities and Investments Commission and the ASX, currently estimated to occur by the end of January 2016.

Adrian Griffin, Managing Director
"The Bonus Issue gives eligible shareholders the opportunity to participate in LIT's future and provides LIT with a proven financing structure to advance its Lithium Strategy. The current LITCC program commenced in 2014 and has provided access to funding without further dilution."

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 with a number of companies, potentially providing access to a diversified lithium mineral inventory on three continents.

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