

This is the third supplementary bidder's statement (**Third Supplementary Bidder's Statement**) prepared pursuant to section 643 of the *Corporations Act 2001* (Cth) in connection with Lithium Australia NL's (ACN 126 129 413) (**Lithium Australia's**) off-market takeover bid to acquire all of the ordinary shares in Lepidico Limited (ACN 008 894 442) (**Lepidico**).

This Third Supplementary Bidder's Statement supplements, and should be read together with the Bidder's Statement dated 2 March 2017, the First Supplementary Bidder's Statement dated 29 March 2017 and the Second Supplementary Bidder's Statement dated 7 April 2017 (**Bidder's Statements**). This Third Supplementary Bidder's Statement prevails to the extent of any inconsistency with the Bidder's Statements.

This Third Supplementary Bidder's Statement has been prepared by Lithium Australia to ensure that full information has been provided to Lepidico shareholders in respect of the Offer made by Lithium Australia's Bidder's Statements.

Unless the context requires otherwise, terms defined in the Bidder's Statements have the same meaning in this Third Supplementary Bidder's Statement.

A copy of this Third Supplementary Bidder's Statement was lodged with ASIC on 11 May 2017. Neither ASIC nor any of its officers take any responsibility for the content of this Third Supplementary Bidder's Statement.

Third Supplementary Bidder's Statement

1 Extension of Offer Period

Lithium Australia has extended the Offer Period to **midnight (AWST) on Friday, 19 May 2017**.

2 Update on Takeover Bid

Lithium Australia is pleased to advise that 88 LPD Shareholders have now accepted the Offer under the takeover bid. As at the date of this Third Supplementary Bidder's Statement Lithium Australia's Voting Power in Lepidico is 16.13%, making Lithium Australia the second largest shareholder in Lepidico based on substantial holder disclosures made to ASX.

3 Shares issued pursuant to Lepidico Entitlement Offer

Lithium Australia has applied to ASIC to extend its Takeover Bid to include LPD Shares issued under the Lepidico Entitlement Offer.

If the application is successful Lithium Australia will issue a further Supplementary Bidder's Statement.

Lithium Australia has not applied to extend its Takeover Bid to include LPD Shares that may be issued under the Lepidico Shortfall Offer.

4 The Sileach™ Process

Lithium Australia notes the comments made by Lepidico in its Third Supplementary Target's Statement in relation to Lithium Australia's Sileach™ process.

Lepidico has opted to continue its 'fake news' attacks against Lithium Australia and to ignore and/or misrepresent the following facts:

- Safe design issues are similar for both the L-Max and Sileach™ processes; and
- Lepidico has already granted Lithium Australia rights to use its L-Max process, including an exclusive right in Western Australia (the world's fastest developing hard-rock lithium province), and accordingly the fortunes of both companies are already intertwined.

Lithium Australia views such attacks as regrettable as they are uninformed, inaccurate and misleading.

Lithium Australia confirms, as previously stated, that:

1. Sileach™ does not use hydrofluoric acid as a reagent

Sileach™ does not use hydrofluoric acid (HF) as a reagent. Lithium Australia does add mineral constituents containing fluorine as indeed does the L-Max process of Lepidico.

2. The Sileach™ process has been independently verified as safe

Sileach™ has been designed and developed within the most stringent safety standards and has been approved by ANSTO Minerals (a division of the Australian Nuclear Science and Technology Organisation – "ANSTO") for operation on a pilot scale. Pilot plant operation has verified the conclusions of ANSTO that the risks associated with Sileach™ plant operations are manageable on a basis commensurate with the processes of many existing, commercially operating hydrometallurgical plants.

An independent expert safety risk assessment, conducted prior to pilot plant operations, similarly identified HF as a negligible risk with the Sileach™ process. That assessment concluded the greatest risk was hot sulphuric acid. Sileach™ operates the acid end of the circuit under similar conditions to Lepidico's L-Max process.

The large scale pilot plant design by CPC Project Design Pty Ltd ("CPC") has included all relevant safety design criteria developed by ANSTO. As the most significant risk associated with practical operation of Sileach™ is the handling of sulphuric acid, and design and safety protocols for doing so are widespread in many industries, safety WILL NOT be an issue commercializing the process. This has been vindicated on a pilot scale, and established by measurement rather than theoretical calculation. The safety issues are similar for both L-Max and Sileach™.

Attached are:

- Annexure A A letter from ANSTO Minerals (a division of the Australian Nuclear Science and Technology Organisation) dated 4 May 2017
- Annexure B A letter from CPC dated 3 May 2017

Lithium Australia's Sileach™ process is a valuable, confidential, proprietary process and accordingly Lithium Australia will not be disclosing further information in relation to the process itself which has the potential to jeopardise the value of Lithium Australia's intellectual property.

5 Information in relation to the Bidder

Since the lodgment of the Second Supplementary Bidder's Statement Lithium Australia has released to ASX the following announcements:

Date	Announcement
11 May 2017	Sileach generates 99.8% Lithium carbonate from spodumene without roasting
9 May 2017	LIT advances plans for Large-Scale Sileach Pilot Plant
5 May 2017	Notice of extension of Offer Period for takeover bid for LPD
2 May 2017	LIT success with innovative Li analyzer at Agua Fria, Mexico
1 May 2017	Agua Fria results outline a path to low-cost Li extraction
28 April 2017	Appendix 3B
28 April 2017	March 2017 Quarterly Report and Appendix 5B
27 April 2017	BlackEarth Minerals update - Australian Graphite Conference
26 April 2017	First lithium drill hole at AguaFria Sonora Mexico a success
21 April 2017	Change in substantial holding for LPD
20 April 2017	LIT expands lithium prospects in Queensland
19 April 2017	Lithium Australia's Gascoyne Project tenure granted
18 April 2017	Notice of extension of Offer Period for takeover bid for LPD
11 April 2017	LPD Takeover Notice of status of defeating conditions
11 April 2017	LIT, VMC and MRIWA extend to Phase 2 experimental test work
7 April 2017	LIT completes Aboriginal Heritage Survey at Ravensthorpe

Pursuant to section 712 of the Corporations Act these announcements have been lodged with ASIC and are incorporated into this Third Supplementary Bidder's Statement. A full copy of the announcements can be obtained free of charge from Lithium Australia during the Offer Period and are also available on the ASX website. If any person receiving the Offer requires any further information in relation to Lithium Australia the directors recommend that they take advantage of the ability to inspect or obtain copies of these documents.

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6 Approval of Third Supplementary Bidder's Statement

This Third Supplementary Bidder's Statement has been approved by a resolution of the directors of Lithium Australia.

Dated: 11 May 2017

Signed for and on behalf of
Lithium Australia by:



Barry Woodhouse
CFO and Company Secretary

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4th May 2017

ANSTO Ref: AM20170504rg

To whom it may concern

Subject: Lithium Australia's SiLeach™ Technology

ANSTO has reviewed the comments made by Lepidico in a Third Supplementary Bidders Statement dated 2 May 2017 and the annexed report titled "Independent Expert Report Relating to the Processing of Lithium (Li) Bearing Silicate Minerals (Spodumene)" dated 26 April 2017, by Dr Chris Cuff, Director and Principal Scientist at C&R Consulting (Geochemical and Hydrobiological Solutions) Pty Ltd (collectively the "Lepidico Target Statement").

Lithium Australia has been a customer of ANSTO Minerals (a business division of the Australian Nuclear Science and Technology Organisation) for over two years. ANSTO has provided services for the development of Lithium Australia's Sileach™ technology for the extraction of lithium from lepidolite ore and spodumene mineral concentrate. ANSTO's technical services and expertise in hydrometallurgy have been applied to the development of the Sileach™ process at both laboratory and pilot scale.

Continuous piloting of the Sileach™ process for lepidolite ore and spodumene mineral concentrate has been undertaken by ANSTO Minerals over a number of short campaigns. At no point during these piloting campaigns has hydrofluoric acid (HF) been added to the process.

Prior to the design and construction of these pilot plants, ANSTO Minerals conducted risk assessments of the Sileach™ process, to consider the hazards involved. Although not adding HF to the process, the risk assessment considered the risk of formation of both HF and hexafluorosilicic acid. HF levels in the liquor were measured, and determined to have a risk level less than that of the sulphuric acid that was being fed to the process. The materials of construction and safety systems were also assessed and the pilot plants were operated on this basis, providing process design inputs (including materials handling characteristics) in support of the CPC Engineering studies. The occupational health and safety hazards addressed in this work are comparable to those present in many operating commercial plants in Australia and internationally.

Yours sincerely,



Dr Robert Gee
General Manager

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3 May 2017
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TO WHOM IT MAY CONCERN

CPC Project Design (CPC) has completed an engineering study to support the development and evaluation of the SiLeach™ Large Scale Pilot Plant (LSPP), for Lithium Australia NL (LIT). The study has been based on the outcomes of testwork undertaken by ANSTO Minerals (a business division of the Australian Nuclear Science and Technology Organisation) and process development by LIT.

The SiLeach™ process uses acid leaching under atmospheric conditions and includes several standard neutralizing stages, in manners that are not dissimilar to existing operating hydrometallurgical facilities, such as in the Nickel Laterite industry.

CPC applied best practice engineering design principles to the development of the LSPP design including but not limited to, assessment and provision of adequate access and egress, segregation and bunding to appropriate standards, controlled venting and scrubbing of process gases and application of appropriately selected material of construction. The LSPP design is automated and minimises the need for direct interaction of plant operators with process, which is also standard practise for complex hydrometallurgical facilities.

CPC believes the current LSPP design, at a study level, is safe, operable and appropriately manages the risks associated with the SiLeach™ process.

Yours sincerely,



Gavin Nowrojee
Acting General Manager

CPC PROJECT DESIGN PTY LTD

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