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Envirostream receives first rebate from B-cycle Scheme

HIGHLIGHTS

- **Envirostream receives first cash rebate from the B-cycle Scheme for collecting, sorting and recycling end-of-life ('EOL') batteries.**
- **Envirostream has quickly grown its national network of accredited drop off sites to increase spent battery volumes.**
- **Growth of the B-cycle Scheme and the diversion of EOL batteries from landfill will provide more material for processing at Envirostream's facilities.**

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First receipt of funds from the Scheme

Lithium Australia Limited (ASX: LIT, 'the Company') is pleased to advise its wholly owned subsidiary Envirostream Australia Pty Ltd ('Envirostream') – which is leading Australia's battery recycling industry – has received its first cash rebate from B-cycle.

B-cycle, an industry led organisation accredited by the Australian Government, is operating the nation's official product stewardship scheme ('Scheme') for EOL batteries.

Envirostream is accredited by B-cycle as a collector, sorter, and recycler of batteries and has worked closely with B-cycle to implement the necessary requirements for the Scheme. This initial rebate is validation of the extensive efforts made to date.

The Scheme became operational on 4th January 2022 and provides rebates to accredited parties for eligible batteries collected, sorted, and recycled in Australia. Envirostream and B-cycle are helping create a responsible battery lifecycle, by keeping batteries out of landfill where they can leak toxic materials into the environment.

Growing collection network

To increase the volumes of batteries for recycling, Envirostream has established partnerships with many reputable companies.

Envirostream together with its partners have quickly grown a national network of over 700 accredited B-cycle drop off locations with its partners supplying EOL batteries, and supplies services to other Scheme collectors to sort and recycle batteries. Envirostream is actively growing the network of B-cycle drop off locations and partners and will keep the market informed as progress is made.

EV trials

Envirostream has established relationships with electric vehicle ('EV') manufacturers in Australia seeking an EOL solution for their batteries. Battery volumes available for recycling are expected to significantly increase from EV's over the balance of the decade. In preparation for this, work has commenced to ensure EV batteries can be

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efficiently dismantled and recycled. Since the start of the year, Envirostream has undertaken trials for a number of EV manufacturers to recycle their cells and report back findings. The knowledge gained by Envirostream is important to ensure readiness for the expected increase in future EV volumes.

Comment from Lithium Australia Chief Financial Officer, Stuart Tarrant

"It is estimated that over 90% of lithium-ion batteries in Australia are currently disposed into landfill with the potential to pollute our land and waterways. Fortunately, recycle rates are increasing presenting a major opportunity for Envirostream to process these volumes in a safe and efficient way, recovering the critical minerals for repurposing into new lithium-ion batteries.

"It is hugely rewarding to receive the first rebate from B-cycle and we anticipate further revenues as we seek to capture the growing wave of spent batteries."

Authorised for release by the Board.

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Forward-looking statements

This announcement contains forward-looking statements. Forward-looking statements are subject to a variety of risks and uncertainties that it is beyond the Company's ability to control or predict and which could cause actual events or results to differ materially from those anticipated in such forward-looking statements.

About Lithium Australia

Lithium Australia (ASX:LIT) is at the forefront of advanced materials development to ensure an ethical and sustainable future for the global battery industry. Lithium Australia is achieving this via its business divisions:

Envirostream (100%-owned LIT subsidiary): Envirostream, which is leading Australia's battery recycling industry, is at the cutting edge of delivering safe and innovative management solutions to one of the Australian waste industry's biggest (and getting bigger) challenges – battery disposal.

Its state-of-the-art Victorian-based battery processing facilities are providing a sustainable solution by collecting, sorting and processing critical battery metals from all types of spent batteries to power the batteries of tomorrow.

With battery recycling partnerships alongside some of Australia's leading brands (including Bunnings and Officeworks), Envirostream is set to benefit from the Australian government-backed battery recycling scheme ('BSS') which is providing rebates across collection, sorting, and processing of batteries. These combined provide the platform for national expansion.

VSPC (100%-owned LIT subsidiary): With over 20 years' experience, VSPC develops leading-edge materials for e-mobility and energy storage applications and, ultimately, a zero-carbon economy. Its patents cover the production of advanced powders for next-generation lithium-ion batteries, especially lithium ferro phosphate ('LFP').

Currently, demand for LFP represents more than half the global market for lithium-ion battery materials. The Company is one of only a few entities outside of China with the technical expertise to manufacture LFP powder of the highest quality to meet those burgeoning market pressures.

VSPC is now on a clear path to production. With an R&D facility (pilot plant) in Queensland, a Definitive Feasibility Study ('DFS') for an initial 10,000tpa LFP manufacturing facility well underway and with customer offtake discussions advancing in parallel, VSPC is positioning for its first commercial footprint.