

31 August 2022

Placement in excess of \$12 million

HIGHLIGHTS

- \$12.1m raised (before costs) at \$0.065 per share as part of a Placement to existing shareholders, new high net worth sophisticated and institutional investors, including Director participation
- Placement managed by CPS Capital Group Pty Ltd (**CPS**)
- Funds raised will be used primarily towards commercialisation of Battery Recycling through Envirostream and Advanced Cathode Powders through VSPC

ACN: 126 129 413

ASX: LIT

Level 1

677 Murray St
West Perth WA 6005PO Box 1088
West Perth WA 6872

Phone +61 (0) 8 6145 0288

Fax +61 (0) 8 9475 0847

info@lithium-au.com

lithium-au.com

Lithium Australia Limited (ASX: LIT) (**Lithium Australia** or the **Company**) is pleased to announce it has received firm commitments to raise \$12,075,202 through a placement of 185,772,347 ordinary shares (**Placement Shares**) to s708 and professional investors at an issue price of \$0.065 per Share, together with an attaching one for two (1:2) option, with an exercise price of \$0.10 and an expiry of three years from date of issue (**Placement Options**) (**Placement**).

The Placement includes participation by a Director of the Company, who has subscribed for 1,538,462 Shares (value of \$0.1m), subject to receipt of shareholder approval (**Director Placement Shares**).

Funds raised will be used towards commercialisation of the Company's wholly owned subsidiaries Envirostream Australia Pty Ltd (**Envirostream**) and VSPC Pty Ltd (**VSPC**), and for general working capital.

Envirostream is leading the Australian battery recycling industry. Funds will be used to drive the increase of safe recycling of spent battery volumes at its operational facilities in Victoria. A national expansion study will also be undertaken during FY2023.

VSPC is developing advanced powders for next generation lithium-ion batteries, especially lithium ferro phosphate (**LFP**). Funds will be used to complete engineering studies for the expansion of our current facilities and to advance offtake and raw material relationships for the LFP supply chain.

The Placement was managed by Perth based CPS Capital Group Pty Ltd (**CPS**). Pursuant to a mandate executed between the parties, CPS are entitled to receive selling and management fees of 6% on the total amount raised under the Placement, and in addition will receive options on a 1:4 basis of shares issued under the Placement (on the same terms as the Placement Options). These options are subject to shareholder approval (**Broker Options**). Due to the expected corporate advisory requirements by the Company over the next 12 months CPS have also been engaged as the Company's corporate advisor and will be entitled to receive a monthly fee of \$6,000.

The issue price of the Placement Shares represents a discount of 22% to the last close price of \$0.083 (26 August 2022) and a discount of 21% to the 5-day and 10-day VWAP of \$0.082.

Comment from Chairman George Bauk

“We are very pleased with the strong support from existing and new shareholders for the capital raising. This funding puts us in a strong position to continue to progress our core opportunities of battery recycling and advanced cathode materials. This is an exciting time for the Company and we look forward to delivering on our strategy.”

The Placement is proposed to be completed in two tranches:

- Tranche 1 will consist of a total of 184,233,885 Shares (**Tranche 1 Shares**) to raise \$11,975,202. The Tranche 1 Shares are expected to be issued on or around 9 September 2022 by utilising the Company’s existing placement capacity under ASX Listing Rule 7.1 (80,716,958 Shares) and ASX Listing Rule 7.1A (103,516,927 Shares); and
- Tranche 2 will consist of a total of 1,538,462 Shares (**Tranche 2 Shares**) to raise \$100,000 (being the Director Placement Shares), all Placement Options, and the Broker Options, which will be issued subject to receipt of shareholder approval, which will be sought as soon as possible.

The Company will seek to have the Placement Options and Broker Options quoted subject to ASX approvals.

With this successful fundraise, the Company will have sufficient cash reserves to meet the requirements of the use of funds and therefore the Directors do not see a reason to draw on the At-the-Market Subscription Agreement (**ATM**) with Acuity Capital for the near future.

This announcement is intended to lift the trading halt requested by the Company after market close on 26 August 2022 in relation to its securities.

Authorised for release by the Board.

Stuart Tarrant

Chief Financial Officer

Mobile +61 (0) 467 817 005

Stuart.Tarrant@lithium-au.com

George Bauk

Chairman

Mobile +61 (0) 408 931 746

George@totode.com.au

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, Officeworks and Battery World), Envirostream benefits from the Australian government-backed battery recycling scheme 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 research and pilot plant facility in Queensland, a Definitive Feasibility Study ('DFS') for an initial 10,000 tpa LFP manufacturing facility well underway, and with customer offtake discussions advancing in parallel, VSPC is positioning for its first commercial footprint.