

30 October 2023

## Lithium Australia confirms first drawdown from Mineral Resource's convertible note

### HIGHLIGHTS

- **Lithium Australia successfully draws down initial funding from the \$4.5m convertible note issued by Mineral Resources Limited (ASX:MIN) (“MinRes”)**
- **The initial drawdown relates to agreed activities, defined in the Agreement, from the date of execution to the end of December 2023**
- **Lithium Australia signed a joint development agreement (“Agreement”) with MinRes related to the disruptive lithium extraction technology LieNA®**
- **Planning for pilot plant operation is advancing<sup>1</sup>, with MinRes already delivering initial spodumene samples to the Company**
- **Lithium Australia looks forward to continuing to progress the Agreement with MinRes and deliver positive piloting results in 2024**

Lithium Australia Ltd. (ASX:LIT) (“Lithium Australia” or the “Company”) is pleased to announce that it has successfully drawn down initial funding from the \$4.5m convertible note, issued by MinRes as part of the joint development agreement announced on 7 August 2023.

The initial drawdown of \$0.9m will cover agreed activities under the Agreement from the date of execution until the end of Q2 FY24, with funds primarily allocated to piloting activities relating to the LieNA® technology. Under the Agreement, MinRes will provide convertible note funding to the Company on a quarterly basis in advance, adjusted for a reconciliation from the prior quarter. This initial drawdown relates to actual expenditure from the date of execution of the Agreement to the end of the Q1 FY24, as well as forecast expenditure for Q2 FY24.

Lithium Australia recently announced<sup>2</sup> that it had entered into a joint development agreement with MinRes to commercialise the disruptive lithium extraction technology LieNA®, which has the potential to enhance lithium extraction yields by up to 50% over current market performance<sup>3</sup>. MinRes is a leading ASX-listed mining company, with a growing world-class portfolio of mining operations across multiple commodities, including

<sup>1</sup> Timing subject to confirmation between Lithium Australia, MinRes, and ANSTO (Australia Nuclear Science and Technology Organisation)

<sup>2</sup> LIT ASX Announcement 7 August 2023: [Landmark Joint Development Agreement with Mineral Resources](#)

<sup>3</sup> Assumes existing mine concentrator is 60%: 60% to 90% Li recovery increase assumes LieNA® recovers 75% of lithium units going to tails

lithium and iron ore. MinRes has a market capitalisation of \$12bn<sup>4</sup> and in FY23, recorded revenue of \$4.8bn and shipped over 386k DMT of spodumene concentrate<sup>5</sup>.

Significant progress has been made since the announcement of the Agreement. Lithium Australia and MinRes have worked closely to finalise key operational elements of the partnership including budgeting, scheduling of activities, and governance principles. These operational elements are critical to the partnership's success and provide a foundation from which to advance.

In a testament to the project's operating cadence, MinRes has begun to deliver samples to Lithium Australia ahead of piloting activities. MinRes have shipped an initial sample of spodumene concentrate (3% lithium oxide content) and are scheduled to deliver the volume required under the Agreement ahead of the commencement of piloting.

Lithium Australia looks forward to continuing its relationship with MinRes and aims to deliver positive results from the piloting activities in 2024. On successful completion of the pilot plant operations and engineering study, MinRes' convertible note will convert into equity in a new 50:50 joint venture ("JV") between MinRes and Lithium Australia, which will wholly own the LieNA<sup>®</sup> technology going forward. The JV plans to license the LieNA<sup>®</sup> technology to third-parties at a target headline gross product royalty rate of 8%<sup>6</sup>.

## **Comment from Lithium Australia CEO & Managing Director, Simon Linge**

*"We are delighted by the positive approach and progress we have made together with our partner MinRes under the Agreement so far, and the initial drawdown from the convertible note signals our collective commitment to progress piloting activities as soon as possible.*

*There is a significant opportunity in the lithium market for our high-value mid-stream LieNA<sup>®</sup> technology, given its applicability across all existing and new lithium mines. The royalty model will materially expand the Company's addressable market, capturing a fee on all tonnage processed via any mine worldwide utilising the LieNA<sup>®</sup> technology. LieNA<sup>®</sup> represents an exciting opportunity and we will continue to make our partnership with MinRes a top priority."*

Authorised for release by the Board.

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<sup>4</sup> As at 27 October 2023

<sup>5</sup> Mineral Resources 2023 Annual Report

<sup>6</sup> The Company cautions that although it considers this to be a reasonable expectation, there is no guarantee that this rate will be achieved

## **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 is aiming to lead and enable the global transition to sustainable lithium production. The Company operates Australia's market leading battery recycler, produces critical battery material lithium ferro phosphate (LFP), and has developed a patented lithium extraction technology. Lithium Australia's revenue-generating recycling business and technologies are well-placed to capitalise on growing global lithium-ion battery demand and provides diversification benefits to global supply chains.