

22 July 2024

## Lithium Australia secures A\$1.8m institutional investment and launches SPP

### HIGHLIGHTS

- Lithium Australia has signed two agreements with The Lind Partners, to secure an initial investment of approximately A\$1.8m and total funding of up to A\$7.5m
- Share purchase plan launched
- Funds raised to be used to accelerate operational improvements in the battery recycling division and business development activities within the battery materials division

Lithium Australia Ltd (ASX:LIT) ("**Lithium Australia**" or the "**Company**") is pleased to advise it has executed share placement agreements ("**Placement Agreement**") for an initial investment of approximately A\$1.8m and total funding of up to A\$7.5m with Lind Global Fund II, an entity managed by The Lind Partners (together, "**Lind**"). In addition, the Company is pleased to launch a share purchase plan ("**SPP**") which will provide an opportunity for eligible shareholders to subscribe for a maximum of \$30,000 worth of new shares. Funds raised will help drive key growth and business development initiatives across the battery recycling and battery materials divisions.

#### Comment from Lithium Australia CEO and Managing Director, Simon Linge

*"We are pleased to announce the launch of an SPP and signing of a placement agreement with Lind, a long-term supporter of Lithium Australia.*

*Proceeds raised will help advance our growth strategy within our battery recycling division, continuing the momentum achieved following the signing of recycling agreements with improved commercial arrangements, and execution of an MMD off-take agreement. We will also undertake business development activities including off-take development and securing of strategic partners and funding for our battery materials division. Finally, a strategic assessment of potential monetisation pathways for our technology portfolio will also be completed. We look forward to FY25 and providing updates over the coming weeks and months."*

#### Comment from Lithium Australia CFO, Stuart Tarrant

*"We are excited to announce the placement agreements with Lind to provide Lithium Australia with the funding required to deliver on our strategic objectives. Furthermore, we are launching an SPP to provide the opportunity for our shareholders to support our strategic initiatives. The Lind funding allows flexibility enabling the Company to focus on achieving the key strategic milestones, optimise our cost base and effectively manage our capital requirements."*

### Share Purchase Plan

Lithium Australia recognises the ongoing support of its large retail shareholder base and is pleased to offer the SPP to all eligible shareholders. The SPP is being issued at a price of A\$0.021 per new share ("**Offer Price**"). The Offer Price represents an 8.7% discount to the 5-day VWAP and last closing price of A\$0.023 per share as at 19 July 2024.

Existing shareholders with a registered address in Australia or New Zealand on the Company's register at 7pm (AEST) on 19 July 2024 ("**Record Date**") are eligible to participate in the SPP. Eligible shareholders can apply for up to A\$30,000 of new shares in the Company (subject to any scale back), without incurring brokerage or transaction costs. All shares issued under the SPP will rank equally with existing ordinary shares of the Company. The Company may, in its absolute discretion, increase the SPP size or undertake a scale back to the extent and manner it sees fit.

Full details of the SPP will be set out in the SPP offer documentation to be released and dispatched to shareholders. The key indicative dates for the SPP are as follows:

Event	Date*
Record Date for SPP	7pm (AEST), 19 July 2024
SPP and Placement Agreement announcement	22 July 2024
Release and dispatch of the SPP offer documentation	25 July 2024
SPP offer opens	25 July 2024
SPP offer closes	5pm (AEST), 30 August 2024
SPP results announced	6 September 2024
Issue of SPP shares	6 September 2024

*\*The above dates are indicative, subject to change without notice, and subject to compliance with ASX Listing Rules, Corporations Act and other applicable laws. In particular, the Company reserves the right to extend the SPP offer and / or close the SPP offer early. In addition, the Company may accept late SPP applications and withdraw the SPP without prior notice. Applicants are encouraged to submit their acceptance forms as soon as possible after the SPP offer opens.*

## Placement Agreement

Additionally, Lithium Australia is pleased to announce a Placement Agreement with Lind Global Fund II, for an investment of up to A\$7.5m. Under the Placement Agreement, Lithium Australia will receive an initial sum of approximately A\$1.8m, with up to a further aggregate amount of approximately A\$5.7m in funding available by mutual agreement.

### Jeff Easton, Founder of The Lind Partners, said:

*"Lind first invested in Lithium Australia in 2019, backing its strategy to become a leader in the emerging Australian and global battery industry through commercialisation of its battery recycling, lithium chemicals and battery materials opportunities.*

*We are extremely pleased that Lithium Australia has selected Lind to re-invest alongside the SPP to accelerate its growth strategy, key business development initiatives and commercialisation plans across the recycling and battery materials businesses.*

*We look forward to working with the team and supporting the business as it enters its next phase of growth."*

As part of the Placement Agreement, the remaining 32,250,000 collateral shares previously issued to Acuity Capital Investment Management ("**Acuity**"), as part of an At-the-Market Subscription Agreement (which expired on 31 January 2023), will be utilised as part of the shares issued to Lind for the initial approximate A\$1.8m investment. Given the 32,250,000 shares are currently included in the Company's outstanding shares on issue, the use of these shares effectively limits dilution to shareholders. Other key terms of the Placement Agreement can be found in the attached Appendix.

### Listing Rule 7.1 and 7.1A

In reference to the securities detailed in the attached Appendix:

- 17,750,000 Pre-Paid Shares are being issued pursuant to the Company's capacity under Listing Rule 7.1;
- 39,000,000 Options are being issued pursuant to the Company's capacity under Listing Rule 7.1; and
- The agreement to issue Placement Shares under the Placement Agreement is being made pursuant to the Company's placement capacity under Listing Rules 7.1 and 7.1A in the amount of 246,923,077 shares.

An Appendix 3B will be released following this announcement.

# ASX ANNOUNCEMENT

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. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

**About The Lind Partners**

The Lind Partners manages institutional funds that are leaders in providing growth capital to small- and mid-cap companies publicly traded in the US, Canada, Australia and the UK. Lind's multi-strategy funds make direct investments ranging from US\$1 to US\$30 million, invest in syndicated equity placements and selectively buy on market. Having completed more than 200 direct investments totalling over US\$2 billion in transaction value, Lind's funds have been flexible and supportive capital partners to investee companies since 2011.

**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.

## Appendix – Key Terms of Placement Agreement

The Placement Agreement provides up to A\$7.5m in total funding as follows:

- Initial investment of A\$1.8m
- Additional investment of A\$5.7m

Initial Investment Key Terms	Description
<b>Shares</b>	Pre-Paid Lithium Australia ordinary shares (" <b>Pre-Paid Shares</b> ") Of which 32,250,000 shares will be transferred from Acuity Capital Investment Management Pty Ltd (" <b>Acuity Shares</b> ") and the balance will be new shares issued pursuant to Listing Rules 7.1. The Company will arrange for the Acuity Shares to be transferred free of any encumbrances
<b>Investment</b>	At close, Lind will pre-pay A\$1.8m (" <b>Pre-Payment</b> ") for an investment in Pre-Paid Shares with a value of A\$2.16m. Subject to Lock-Up and Share Issuance Limits (refer below), Lind can elect to have Pre-Paid Shares issued within 24 months from the date of the Pre-Payment (" <b>Placement Shares</b> "). The Company may at its option satisfy any obligation to issue Placement Shares by instead paying Lind 105% of the value of those Placement Shares, effectively providing the Company with the ability to make a cash payment in lieu of issuing Placement Shares if it chooses to do so.
<b>Purchase price</b>	Placement Shares issued at the Purchase Price, defined as the lesser of: <ul style="list-style-type: none"> <li>▪ A\$0.042 (83% premium to the last close price of A\$0.23) ("<b>Price A</b>"); or</li> <li>▪ 90% of the average of three lowest daily VWAPs during the 20 trading days immediately before date of issuance of Placement Shares (subject to this not being lower than the price permitted under Listing Rule 7.1A, in which case that price will apply) ("<b>Price B</b>").</li> </ul>
<b>Lock-Up</b>	For the first 120 days, Lind can only request share issuances at Price A
<b>Share Issuance Limits</b>	The issue of Placement Shares will be limited as follows: <ul style="list-style-type: none"> <li>▪ Months 1 to 4: Shares can only be issued at Price A</li> <li>▪ Months 5 to 12: Price A (no limits); Price B (limited to A\$120k per month, provided that Lind may on 2 occasions increase this to A\$250,000 per month for a single month, and that where shares are not issued in a monthly tranche, the limit will be increased to A\$200,000 per month)</li> <li>▪ Months 13 to 24: No limits</li> </ul>
<b>Term</b>	24 months after the Pre-Payment
<b>Redemption</b>	The Company can elect at any time during the term to repay in full the unused payment value (at a 5% premium), but must first give Lind the option to subscribe for one third of that amount. Redemption after the first six months will be at no cost. Redemption earlier than this date will attract a fee of \$250,000.

Additional Investment Key Terms	Description
<b>Value and tranches</b>	Total value of up to A\$5.7m – in monthly tranches determined as: <ul style="list-style-type: none"> <li>▪ Upon execution of the agreement, Lind will provide the first tranche of A\$40,000</li> <li>▪ Thereafter, Lind will purchase Company shares on a monthly basis in the amount of A\$240,000 per month for the following 4 months and A\$100,000 per month thereafter</li> <li>▪ Company has sole discretion to reduce monthly tranches down to A\$25,000 per month</li> <li>▪ Upon mutual consent, the tranche amount may increase up to A\$500,000 per month</li> </ul>
<b>Term</b>	12 months – Company has the option to renew after 12 months
<b>Purchase Price</b>	<ul style="list-style-type: none"> <li>▪ <b>Price A:</b> A\$0.042 (83% premium to the last close price of A\$0.23) – Lind have the right to apply Price A to two monthly tranches of ordinary shares every 12 months over the term of the agreement; or</li> <li>▪ <b>Price B:</b> 90% of the average of the three lowest daily VWAPs during the 20 trading days immediately before date of issuance of each monthly tranche</li> </ul>

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Additional Investment Key Terms	Description
<b>Floor Price protection</b>	Floor Price of A\$0.013. If the Purchase Price is less than the Floor Price, the Company may refuse to issue that month's shares, provided that the Company then repays the amount that Lind has paid for that month's shares, with a 5% premium. The Company will be able to terminate the agreement at no cost, at any time, if the Purchase Price is less than the Floor Price.

Other Key Terms	Description
<b>Fees</b>	<ul style="list-style-type: none"> <li>Establishment fee of A\$25,000</li> <li>Investment fee of 3.5% of Pre-Payment amount and amount funded in each monthly tranche</li> <li>Early termination fee of A\$250,000 if the Initial Investment is terminated by the Company before the commencement of month 6</li> <li>Early termination fee of A\$50,000 if the Additional Investment is terminated before A\$600,000 of tranches have closed</li> </ul>
<b>Options</b>	<p>39,000,000 options</p> <ul style="list-style-type: none"> <li>Exercise price of A\$0.031 (33% premium to last close price of A\$0.023)</li> <li>Expiration date of 48 months after issue.</li> <li>To be issued pursuant to Listing Rule 7.1</li> </ul>
<b>Security</b>	The financing is provided on an unsecured basis.
<b>Interest</b>	No interest is payable in respect of the financing.
<b>Other terms</b>	As is customary with these types of arrangements (e.g. negative covenants, representations and warranties).