

24 July 2024

## Lithium Australia Quarterly Activities Report

### HIGHLIGHTS

- In Q4 FY24, Lithium Australia's recycling operations generated revenue of A\$2.5m, gross profit of A\$1.6m and achieved maiden operating cash profit<sup>1</sup> of A\$0.5m
- During Q4 FY24, 445 tonnes of batteries were collected, including 242 tonnes of large-format lithium-ion batteries (representing a 392% increase relative to Q4 FY23)
- Continued delivery of key strategic initiatives with execution of an MMD off-take agreement and commencement of joint development discussions with SungEel HiTech<sup>2</sup>
- Significant progress made under the joint development agreement with MinRes, highlighted by the completion of the initial stage of piloting activities to produce an intermediate product
- Cash and listed investments position at 30 June 2024 of A\$5.5m, with ~A\$1.2m received from MinRes and A\$1.8m secured from The Lind Partners subsequent to quarter end

Lithium Australia Ltd (ASX:LIT) ("**Lithium Australia**" or the "**Company**") is pleased to release its quarterly business update and Appendix 4C for the period ended 30 June 2024 ("**Q4 FY24**").

### MAIDEN OPERATING CASH PROFIT AND RECORD LIB COLLECTION VOLUMES

Lithium Australia's subsidiary, Envirostream Australia Pty Ltd. ("**Envirostream**"), has achieved a significant milestone by delivering a positive operating cash profit in Q4 FY24<sup>3</sup>. This outcome was driven by the Company's transition towards an upstream service model, which has resulted in a greater proportion of revenue being received upfront through recycling service fees. The Company's strategic shift towards an upstream focused operational model is aimed at increasing 'fee for service' as a proportion of the revenue mix, while also reducing exposure to downstream market and pricing volatility primarily related to the sales of Mixed Metal Dust ("**MMD**").

In Q4 FY24, Envirostream achieved revenue of A\$2.5m, gross profit of A\$1.6m and operating cash profit of A\$0.5m<sup>2</sup>. This represents a revenue unit rate<sup>4</sup> of \$5.63/kg and cost of sales unit rate<sup>5</sup> of \$2.13/kg. Refer to Table 1 below for further information on revenue, cost of sales, gross profit and related unit metrics.

**Table 1. Battery recycling – quarterly financial information<sup>6</sup>**

	Unit	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24
<b>Revenue</b>	A\$m	\$1.26	\$1.19	\$1.54	\$2.50
<b>Cost of sales</b>	A\$m	\$1.25	\$0.99	\$1.12	\$0.95
<b>Gross profit</b>	A\$m	\$0.02	\$0.20	\$0.41	\$1.56
<b>Gross margin</b>	%	1%	17%	27%	62%
<b>Revenue unit rate</b>	A\$/kg	\$3.05/kg	\$3.52/kg	\$4.48/kg	\$5.63/kg
<b>Cost of sales unit rate</b>	A\$/kg	\$3.01/kg	\$2.92/kg	\$3.27/kg	\$2.13/kg

<sup>1</sup> Operating cash profit defined as EBITDA before non-operational related items, including government grant income, currency gains/losses, other income, other expenses, and provisions for insurance claims

<sup>2</sup> See ASX announcement, 'Lithium Australia signs MMD off-take agreement with SungEel HiTech', 13 June 2024

<sup>3</sup> See ASX announcement, 'Recycling operations achieve maiden operating cash profit', 11 July 2024

<sup>4</sup> Revenue unit rate defined as total revenue divided by total collection volumes in the respective period

<sup>5</sup> Cost of sales unit rate defined as total cost of sales divided by total collection volumes in the respective period

<sup>6</sup> Summary financials are unaudited and represent the battery recycling business only (i.e. financials presented do not represent Lithium Australia on a consolidated basis)

Divisions of Lithium Australia



**Lithium Australia Limited**

**ASX: LIT ACN:** 129 129 413

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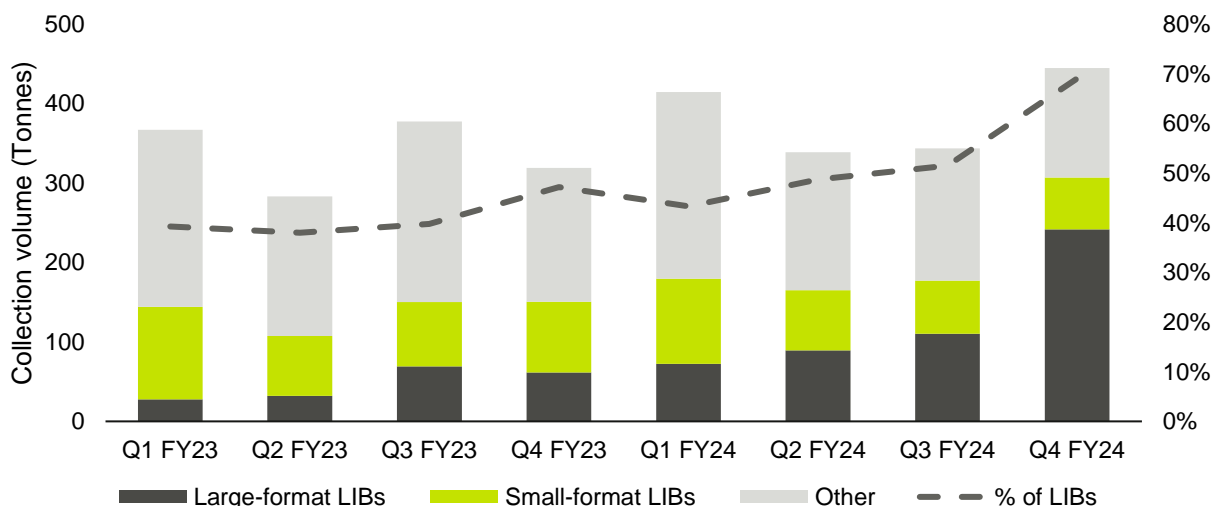
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During the quarter, the Company achieved total collection volumes of 445 tonnes. A record 242 tonnes of large-format LIBs were collected for recycling, representing a ~392% increase in large-format lithium-ion battery ("LIB") collections relative to the prior corresponding period ("pcp") (Q4 FY23: 62 tonnes). This has driven a further shift in the recycling collections mix, with LIBs making up a record 69% of total battery collections during the quarter – a significant improvement to pcp (Q4 FY23: 47%). Due to the focus on large format LIBs, the Company has mutually agreed with Bunnings not to renew the previous services agreement, which expired on 30 June 2024<sup>7</sup>, with Bunnings now engaged with an alternative partner to continue their battery recycling program for customers. Refer to Figure 1 for additional information on collection volume and mix.

**Figure 1. Battery collections volume and mix (FY23 to FY24)**



The improved financial and operational performance is a result of the strategic transition undertaken during FY24, which has led to an enhanced commercial focus, optimised battery collections mix and improved processing throughput. The signing of an exclusive recycling agreement with Volvo Group Australia<sup>8</sup> during the quarter compliments the previously announced exclusive agreements with other leading OEMs, including LG Energy Solution<sup>9</sup> and Hyundai Glovis<sup>10</sup>. These agreements highlight the Company's strategic focus on large-format LIB collections based on the strong forecasted growth within the category, attractive unit economics associated with large-format LIBs, and greater MMD conversion efficiency to drive downstream revenue.

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

*"The last quarter of FY24 has delivered record results for our recycling operations, with maiden operating cash profits delivered and record large-format LIB collection volumes achieved. These strong outcomes were driven by the strategic focus on growing our fee for service model for battery recycling. As a result, the Company is now receiving the majority of recycling revenue upfront on improved terms. In addition, our ongoing joint development discussions with SungEel HiTech can help to increase our recycling operations scale and productivity to support the forecasted growth in LIB collection volumes.*

*Rapid progress has also been made under our JDA with MinRes, as subsequent to quarter end we announced the completion of initial piloting activities. We are excited to progress the final product analysis phase and engineering study, which are both expected to complete within 2024, before forming a joint venture with MinRes to commercialise our LieNA<sup>®</sup> technology.*

*Ending on a strong performance in FY24, Lithium Australia is well placed to capitalise on the growing demand for battery recycling services and accelerate our growth strategy in FY25."*

<sup>7</sup> See ASX announcement, 'Envirostream to collect spent batteries from all Bunnings stores', 20 October 2021

<sup>8</sup> See ASX announcement, 'Exclusive battery recycling agreement Volvo Group Australia', 5 June 2024

<sup>9</sup> See ASX announcement, 'New battery recycling agreement with LG Energy Solution', 18 March 2024

<sup>10</sup> See ASX announcement, 'Exclusive battery recycling agreement with Hyundai Glovis', 25 March 2024

## MMD OFF-TAKE AGREEMENT SIGNED WITH SUNGEEL HITECH CO., LTD. (“SUNGEEL”)

In June 2024, Lithium Australia signed an MMD off-take agreement with SungEel, a leading South Korean battery recycler. During the 3-year term, SungEel will purchase a minimum of 60% of Lithium Australia’s annual MMD production, subject to quality requirements. SungEel has been a customer since 2020 and has purchased more than 300 tonnes of MMD to date. The off-take agreement validates the Company’s high-quality downstream MMD product and represents an important driver of Envirostream’s growth strategy moving forward.

Following the signing of the Agreement, SungEel and Lithium Australia are currently in discussions on a joint development agreement. The joint development agreement would include an investment, focused on upgrading recycling equipment and expanding total processing capacity. Lithium Australia notes that the joint development agreement is subject to negotiation and relevant approvals and will keep the market informed in the event of any material developments.

## COMPLETION OF PILOTING UNDER JDA WITH MINERAL RESOURCES LTD. (“MINRES”)

In April 2024, Lithium Australia drew down a further ~A\$1.3m of the A\$4.5m convertible note, issued by MinRes as part of the joint development agreement (“JDA”) announced on 7 August 2023. The proceeds funded key piloting activities and the demonstration plant engineering study. As of Q4 FY24, the Company has drawn ~A\$3.0m of the A\$4.5m convertible note. Subsequent to quarter end, a further ~A\$1.2m of the convertible note was drawn down<sup>11</sup>.

During the quarter, Lithium Australia announced the completion of the initial stage and commencement of the final stage of LieNA® piloting of under the JDA. Under the JDA, a key milestone in LieNA® piloting activities is the production of lithium phosphate derived from spodumene concentrate provided by MinRes. Subsequent to the quarter end, the Company announced that the operation of the pilot plant is now complete, with the lithium phosphate produced now being analysed to determine final product specifications in preparation for refining. This analysis and associated refining are expected to be completed by the end of 2024.

Separately, the engineering study remains on track for completion within 2024. Subject to the results of final product analysis and completion of the engineering study, Lithium Australia and MinRes will form a 50:50 joint venture (“JV”) to commercialise the LieNA® technology through a licensing model. The JV will wholly own the LieNA® technology and expects to license the technology to third parties at a target headline gross product royalty rate of 8%. The first license issued by the JV is expected to be for the demonstration plant. Following this initial license, the JV expects to issue licenses to greenfield and brownfield spodumene mines globally.

## DEVELOPMENT MOU SIGNED WITH CENTREX AND ONGOING DISCUSSIONS WITH POTENTIAL PARTNERS

In April 2024, Lithium Australia announced an MOU with Centrex Limited (ASX:CXM) (“Centrex”) in relation to the potential development of a lithium ferro-phosphate (“LFP”) and lithium manganese ferro-phosphate (“LMFP”) cathode active material manufacturing plant in Australia<sup>12</sup>.

In addition, Lithium Australia is currently engaged in various discussions with potential partners for growth to unlock value in the Company’s patented LFP and LMFP technology. Lithium Australia is focused on two strategic commercialisation pathways to secure offtake agreements. An Australian demonstration plant development is being pursued with funding sought from federal and state governments as well as potential strategic partners and investors. In parallel, an offshore semi-commercial facility is being pursued with potential strategic partners (e.g. upstream raw material manufacturers, battery manufacturers). The Company remains committed to exploring both pathways to most effectively unlock value in the patented LFP and LMFP technology. Lithium Australia is also examining potential partners for growth in its recycling business.

<sup>11</sup> See ASX announcement, ‘Lithium Australia completes LieNA® piloting and confirms fourth drawdown from Mineral Resources’, 19 July 2024

<sup>12</sup> See ASX announcement, ‘Lithium Australia signs MOU with Centrex’, 16 April 2024

## CORPORATE UPDATE

As at 30 June 2024, the Company held cash and listed investments of A\$5.5m.

Subsequent to the quarter, ~A\$1.2m in cash was received from the fourth drawdown from MinRes and the Company announced a capital raising<sup>13</sup>. An initial A\$1.8m has been secured through a placement agreement with The Lind Partners, with access to further funding up to a total of A\$7.5m. In addition, a share purchase plan was launched to provide an opportunity for eligible shareholders to also participate in the capital raising. Proceeds raised will be used to fund key growth and business development initiatives across the Company.

In May 2024, Envirostream received an additional writ regarding a statement of claim for damages<sup>14</sup>. There is no impact on the Company's cash position or future cashflow generating potential from this matter. The Company understands that any future litigated claim would be settled by Envirostream's insurance company.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

The Company is committed to ESG compliance. Refer to Appendix 1 for further details.

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 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.

<sup>13</sup> See ASX announcement, 'Lithium Australia secures A\$1.8m investment and launches SPP', 22 July 2024

<sup>14</sup> See ASX announcement, 'Claim received to be managed by Envirostream's insurers', 8 May 2024

## Appendix 1 – Additional information

### Key ESG metrics

Pillars	Items	#
People	Year to date lost time injury incidents	1
People	Current agreements with First Nation's Peoples	0
Environment	Outstanding closure matters at quarter end	1 <sup>15</sup>
Corporate governance	Year to date bribery and/ or corruption incidents	0

### Director's corporate governance committee roles

Non-Executive Director	Committee role
George Bauk	Member of the Audit & Risk Committee Member of Remuneration & Nominations Committee
Kristie Young	Chair of the Audit & Risk Committee Member of Remuneration & Nominations Committee
Phil Thick	Chair of Remuneration & Nominations Committee Member of the Audit & Risk Committee

### Payments to related parties of the entity and their associates

In accordance with ASX Listing Rule 4.7C.3, payments made during the quarter and included in items 6.1 and 6.2 of ASX Appendix 4C – 'Quarterly cash flow report for entities subject to Listing Rule 4.7B' – comprise the following.	
6.1 Aggregate amount of payments to related parties and their associates included in cash flows from operating activities	A\$163,000
This includes payments of directors' remuneration for services to the economic entity	A\$163,000
Payment to directors' associates for services provided to the economic entity	A\$nil

### Securities on issue as at the end of the quarter

Class	Number
<b>Quoted</b>	
Ordinary shares (ASX: LIT)	1,222,291,672
Options exercisable at \$0.0499 expiring 28-Feb-2025 (ASX:LITOA)	61,705,990
Options exercisable at \$0.10 expiring 19-Oct-2025 (ASX:LITOB)	139,329,261
<b>Unquoted</b>	
Performance Rights (various expiry dates)	148,750,000

<sup>15</sup> Relates to the Ravensthorpe rehabilitation

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Lithium Australia Limited

**ABN**

29 126 129 413

**Quarter ended ("current quarter")**

30 June 2024

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	2,150	6,247
1.2 Payments for		
(a) research and development	(472)	(1,972)
(b) product manufacturing and operating costs	(1,184)	(4,430)
(c) advertising and marketing	(241)	(665)
(d) leased assets	-	-
(e) staff costs	(1,550)	(6,281)
(f) administration and corporate costs	(340)	(2,252)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	29	106
1.5 Interest and other costs of finance paid	(8)	(76)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	90	2,187
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,526)</b>	<b>(7,136)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(193)	(1,087)
(d) investments	-	-
(e) intellectual property	-	-



Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(f) other non-current assets	(534)	(1,897)
<b>2.2 Proceeds from disposal of:</b>		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	4	40
(d) investments	-	3,200
(e) intellectual property	-	-
(f) other non-current assets	-	-
<b>2.3 Cash flows from loans to other entities</b>	-	-
<b>2.4 Dividends received (see note 3)</b>	-	-
<b>2.5 Other (provide details if material)</b>	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(723)</b>	<b>256</b>

<b>3. Cash flows from financing activities</b>		
<b>3.1 Proceeds from issues of equity securities (excluding convertible debt securities)</b>	-	-
<b>3.2 Proceeds from issue of convertible debt securities</b>	1,266	3,005
<b>3.3 Proceeds from exercise of options</b>	-	-
<b>3.4 Transaction costs related to issues of equity securities or convertible debt securities</b>	-	-
<b>3.5 Proceeds from borrowings</b>	-	-
<b>3.6 Repayment of borrowings</b>	-	-
<b>3.7 Transaction costs related to loans and borrowings</b>	-	-
<b>3.8 Dividends paid</b>	-	-
<b>3.9 Payments for lease liabilities</b>	(139)	(448)
<b>3.10 Net cash from / (used in) financing activities</b>	<b>1,127</b>	<b>2,557</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
<b>4.1 Cash and cash equivalents at beginning of period</b>	5,877	9,047
<b>4.2 Net cash from / (used in) operating activities (item 1.9 above)</b>	(1,526)	(7,136)
<b>4.3 Net cash from / (used in) investing activities (item 2.6 above)</b>	(723)	256

## Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,127	2,557
4.5	Effect of movement in exchange rates on cash held	(6)	25
4.6	<b>Cash and cash equivalents at end of period</b>	<b>4,749</b>	<b>4,749</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,749	5,877
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,749</b>	<b>5,877</b>

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	163
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*



<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (Convertible Notes)	4,500	3,005
<b>7.4 Total financing facilities</b>	<b>4,500</b>	<b>3,005</b>
<b>7.5 Unused financing facilities available at quarter end</b>		<b>1,495</b>
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<p><b>Other Facilities</b> <b>\$4,500,000 Convertible Notes</b></p> <p>On 4 August 2023, the Group entered into a convertible note deed with ASX-listed mining company Mineral Resources Ltd ("MinRes") in accordance with a joint development agreement for disruptive lithium extraction technology LieNA®, executed on the same date.</p> <p><i>Issuer:</i> LieNA Pty Limited, a wholly owned subsidiary the Company. <i>Investor:</i> Lithium Resources Investments Pty Ltd, a wholly owned subsidiary of Mineral Resources Ltd. <i>Use of Funds:</i> Capital and operating requirements for piloting and an engineering study for a demonstration plant. <i>Interest Rate:</i> Nil%. <i>Maturity Date:</i> 31 January 2025. <i>Face Value:</i> \$1.00 per Convertible Note. <i>Security:</i> Each Note is an unsecured obligation of LieNA Pty Limited. <i>Conversion Rights:</i> Prior to maturity date, the Investor may elect to convert the notes at the earlier of full drawdown of \$4,500,000 or the project meeting specified milestones. <i>Conversion Effect:</i> Upon conversion, the full \$4,500,000 converts into 50% of the shares on issue in LieNA Pty Limited at the date of the conversion notice.</p>		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,526)
8.2 Cash and cash equivalents at quarter end (item 4.6)	4,749
8.3 Unused finance facilities available at quarter end (item 7.5)	1,495
8.4 Total available funding (item 8.2 + item 8.3)	6,244
<b>8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>4.1</b>
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: n/a

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: n/a

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: n/a

*Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.*

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 24 July 2024

Authorised by: "By the Board"  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.