

15 October 2024

## Quarterly Activities Report September 2024

### HIGHLIGHTS

- Recycling operations generated revenue of ~A\$2.5m and gross profit of ~A\$1.7m, representing a record gross profit margin of 70%, while also continuing to achieve operating cash profits<sup>1</sup>
- ~377 tonnes of batteries were collected for recycling, including ~300 tonnes of large-format lithium-ion batteries, representing a ~313% increase relative to Q1 FY24 (pcp)
- Achieved significant recycling milestones, including an exclusive recycling agreement with BYD Auto and the addition of a work shift in response to rapidly growing large-format LIB collection volumes
- Completed pilot plant operations for disruptive lithium processing technology, LieNA®, with the engineering study and layout development largely complete under the JDA with Mineral Resources Limited and refining of final product currently in progress
- Held cash and listed investments of A\$6.6m, underpinned by the successful completion of a placement and SPP to raise A\$2.8m and sale of remaining interest in Charger Metals NL

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 September 2024 ("**Q1 FY25**").

### OPTIMISED COMMERCIAL MODEL DRIVING PROFITABILITY IMPROVEMENT

Lithium Australia's subsidiary, Envirostream Australia Pty Ltd. ("**Envirostream**"), has continued to deliver record results since the Company's transition towards an upstream 'Fee for service' model, which has resulted in a greater proportion of revenue being received upfront through service fees to customers.

In Q1 FY25, Envirostream delivered revenue of ~A\$2.5m and gross profit of ~A\$1.7m, representing a record gross profit margin of ~70%. Envirostream also achieved a revenue unit rate<sup>2</sup> of ~\$6.51 in Q1 FY25, a 113% increase on the prior corresponding period ("**pcp**"), while cost of sales unit rate<sup>3</sup> declined to \$1.90/kg, a 37% decrease relative to the pcp. Refer to Table 1 for further information.

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

*"We are excited to release our first quarter results for FY25, in which we delivered a record performance within our battery recycling operations. A record 300 tonnes of large-format LIBs were collected during the quarter, driven by the signing of numerous exclusive recycling agreements with leading OEMs throughout 2024. This focus has rapidly transformed the business's financial profile, with a record 70% gross margin achieved during the quarter.*

*We are nearing completion on key JDA activities with MinRes, with pilot plant operations complete and the engineering study largely finalised. The final product analysis phase remains on track to be completed by the end of 2024.*

*Lastly, the successful capital raising, and continued sale of non-core assets has ensured that Lithium Australia is in a strong position to achieve our objectives in the remainder of FY25."*

<sup>1</sup> See ASX announcement, 'Recycling operations achieve maiden operating cash profit', 11 July 2024

<sup>2</sup> Revenue unit rate defined as total revenue divided by total collection volumes in the respective period

<sup>3</sup> Cost of sales unit rate defined as total cost of sales divided by total collection volumes in the respective period

Divisions of Lithium Australia



**Lithium Australia Limited**

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

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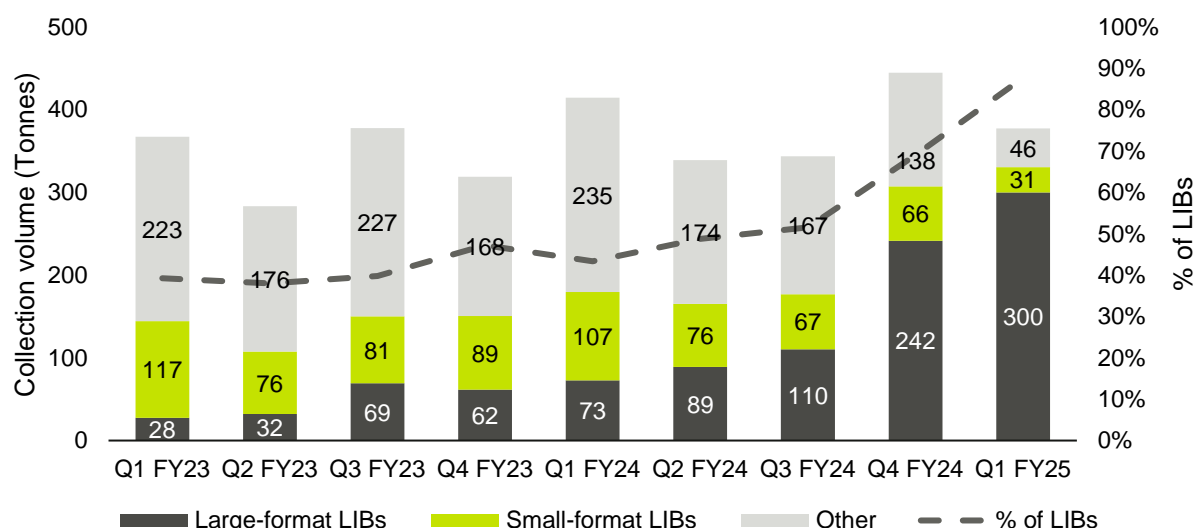
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**Table 1. Battery recycling – quarterly financial information<sup>4</sup>**

	Unit	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25
<b>Revenue</b>	A\$m	\$1.26	\$1.19	\$1.54	\$2.50	\$2.45
<b>Cost of sales</b>	A\$m	\$1.25	\$0.99	\$1.12	\$0.95	\$0.75
<b>Gross profit</b>	A\$m	\$0.02	\$0.20	\$0.41	\$1.56	\$1.71
<b>Gross margin</b>	%	1%	17%	27%	62%	70%
<b>Revenue unit rate</b>	A\$/kg	\$3.05/kg	\$3.52/kg ↑	\$4.48/kg ↑	\$5.63/kg ↑	\$6.51/kg ↑
<b>Cost of sales unit rate</b>	A\$/kg	\$3.01/kg	\$2.92/kg ↓	\$3.27/kg ↑	\$2.13/kg ↓	\$1.90/kg ↓

During the quarter, the Company achieved total collection volumes of 377 tonnes. A record 300 tonnes of large-format lithium-ion battery ("LIB") were collected, representing a ~313% increase in large-format LIB collections relative to Q1 FY24 (73 tonnes). This rapid shift in the recycling collections mix, with large-format LIBs making up a record ~80% of total battery collections during the quarter, has driven the uplift in gross profit margin, as large-format LIBs represent a significantly higher margin opportunity relative to small-format LIBs and other mixed battery chemistries. Refer to Figure 1 for additional information on battery collections volume and mix.

**Figure 1. Battery collections volume and mix (FY23 to Q1 FY25)**



In September 2024, an exclusive recycling agreement was signed with BYD Auto<sup>5</sup>, a global leader in New Energy vehicles. BYD Auto is rapidly growing its market share in Australia and the Company expects to see a significant increase in large-format LIB collection volumes as a result of the agreement.

Due to the rapidly growing collection volumes of large-format LIBs, the Company has also added an additional operational shift at the Campbellfield recycling facility. This increases the Company's collection processing capacity and ensures the growing volume of collections can be processed efficiently. Ongoing safety improvements have also been implemented across the Company's recycling facilities, including new equipment to discharge the electrical energy in received batteries.

Envirostream's improved financial and operational performance is a direct outcome of enhanced commercial focus, optimised battery collections mix and improved processing throughput. The Company is focused on large-format LIB collections, to drive attractive unit economics and generate greater volumes of mixed metal dust ("MMD") and scrap metals to enhance downstream revenues.

<sup>4</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)

<sup>5</sup> See ASX announcement, 'Exclusive battery recycling agreement signed with BYD Auto', 4 September 2024

## JOINT DEVELOPMENT AGREEMENT WITH MINERAL RESOURCES LIMITED NEAR COMPLETION

During the quarter, Lithium Australia drew down a further ~A\$1.2m of the A\$4.5m convertible note, issued by Mineral Resources Limited ("**MinRes**") as part of the joint development agreement ("**JDA**") announced on 7 August 2023 related to disruption lithium processing technology, LieNA®. The proceeds funded final stage piloting activities and the demonstration plant engineering study. As of Q1 FY25, the Company has drawn ~A\$4.2m of the A\$4.5m convertible note.

Lithium Australia has also announced that the operation of the pilot plant is now complete, with the lithium phosphate produced 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. In addition, the engineering study and layout development are largely complete, with cost estimation activities well progressed.

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.

## ONGOING DISCUSSIONS WITH POTENTIAL PARTNERS FOR LFP DEMONSTRATION PLANT

During the quarter, Lithium Australia's LFP development technology was granted a patent certificate in Chile, further validating the Company's unique manufacturing process. The patent has an effective period of 20 years from the application date and will expire in 2041.

Lithium Australia continues to progress discussions with options to pursue the development of a 5,000tpa international facility, as well as a 250tpa Australian scale up facility. The international offshore facility is being pursued with potential strategic partners (e.g. upstream raw material manufacturers, battery manufacturers), while the Australian demonstration plant is being pursued with funding sought from federal and state governments, as well as potential strategic partners and investors.

During the quarter, the Company commissioned a new jet mill and rotary kiln to assist in the synthesis of next generation cathode materials, including LFP and LMFP. This jet mill and rotary kiln, upgrades prior equipment to be in line with the intended commercial scale equipment and will support ongoing production of samples for customer assessment and qualification.

## CORPORATE UPDATE

As at 30 September 2024, the Company held cash and listed investments of A\$6.6m. During the quarter, ~A\$1.2m in cash was received from the fourth drawdown from Mineral Resources Limited.

Lithium Australia signed an agreement to sell its remaining 7.6m shares in Charger Metals NL (ASX: CHR) to Core Lithium Ltd. (ASX: CXO)<sup>6</sup>. Lithium Australia received 0.8 CXO shares for every 1 CHR share. The Company also sold its remaining 30% interest in the Bynoe Lithium Project for A\$0.5m to Core Lithium, subject to pre-emptive rights.

Lithium Australia also announced a capital raising during the quarter<sup>7</sup>. An initial A\$1.8m was raised 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 and completed, raising ~A\$1.0m. Proceeds raised will be used to fund key growth and business development initiatives across the Company.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

The Company is committed to ESG compliance. During the quarter, the Company released its FY2024 Annual Financial Report along with its Sustainability Report. During the quarter, the Company partnered with SYC for recruitment and development initiatives related to the attraction and retention of First Nations Peoples.

Refer to Appendix 1 for further details of ESG metrics.

<sup>6</sup> See ASX announcement, 'LIT sells CHR shares & interest in Bynoe Project to CXO', 9 September 2024

<sup>7</sup> See ASX announcement, 'Lithium Australia secures A\$1.8m investment and launches SPP', 22 July 2024

# 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 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.

Divisions of Lithium Australia



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## Appendix 1 – Additional information

### Key ESG metrics

Pillars	Items	#
People	Year to date lost time injury incidents	0
People	Current agreements with First Nations Peoples	0
Environment	Outstanding closure matters at quarter end	1 <sup>8</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\$235,000
This includes payments of directors' remuneration for services to the economic entity	A\$235,000
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)	1,301,260,426
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
Options exercisable at \$0.031 expiring 24-Jul-2028 (ASX: LITOB)	39,000,000
<b>Unquoted</b>	
Performance Rights (various expiry dates)	54,950,000

<sup>8</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 September 2024

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	2,338	2,338
1.2 Payments for		
(a) research and development	(488)	(488)
(b) product manufacturing and operating costs	(1,060)	(1,060)
(c) advertising and marketing	(214)	(214)
(d) leased assets	-	-
(e) staff costs	(1,847)	(1,847)
(f) administration and corporate costs	(490)	(490)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	24	24
1.5 Interest and other costs of finance paid	(11)	(11)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	82	82
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,666)</b>	<b>(1,666)</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	(152)	(152)
(d) investments	(20)	(20)
(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(f) other non-current assets	(1,294)	(1,294)
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	45	45
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(1,421)</b>	<b>(1,421)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,971	2,971
3.2	Proceeds from issue of convertible debt securities	1,214	1,214
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(210)	(210)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(189)	(189)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Payments for lease liabilities	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>3,786</b>	<b>3,786</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	4,749	4,749
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,666)	(1,666)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,421)	(1,421)



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,786	3,786
4.5	Effect of movement in exchange rates on cash held	(7)	(7)
4.6	<b>Cash and cash equivalents at end of period</b>	<b>5,441</b>	<b>5,441</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	5,441	4,749
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>5,441</b>	<b>4,749</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	235
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		



<b>7.</b>	<b>Financing facilities</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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (Convertible Notes)	4,500	4,219
7.4	<b>Total financing facilities</b>	4,500	4,219
7.5	<b>Unused financing facilities available at quarter end</b>		281
7.6	<p>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> <p><b>Other Facilities</b> <b>\$4,500,000.00 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.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,666)
8.2	Cash and cash equivalents at quarter end (item 4.6)	5,441
8.3	Unused finance facilities available at quarter end (item 7.5)	281
8.4	Total available funding (item 8.2 + item 8.3)	5,721
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	3.4
	<p><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></p>	

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: 15 October 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.