

**24 September 2018**

## **ASX ANNOUNCEMENT**

### **LITHIUM AUSTRALIA TO OPTIMISE PILOT PLANT SCALE**

#### **HIGHLIGHTS**

- **Trade-off studies commenced to reduce large-scale pilot plant capital requirements**
- **Pilot plant location being reassessed to optimise technical and financial benefits**
- **Revised plans to be expedited**
- **Convertible note facility terminated**

#### **IMPACT OF FEDERAL GOVERNMENT POLICY CHANGES**

The changing policies of the Australian federal government, with respect to support for research and development, have had a significant impact on the future plans of Lithium Australia NL (ASX: LIT). As current policies significantly reduce the support provided in developing new technologies, Lithium Australia is overhauling its research and development activities to allow its programs to be expedited.

#### **RESCALING PLANT FACILITIES**

Despite the additional engineering requirements of resizing the large-scale pilot plant (LSPP) to reduce capital costs, Lithium Australia remains confident that the studies required for commitment to construction of the plant will be complete in the coming quarter. These plans are well advanced.

One of the principal design criteria of any large-scale pilot plant is the incorporation of available industrial components, to ensure operations can be scaled up to commercial capacity with components that have a positive production history with the specified application. This will be of paramount importance in the re-scaling of the LSPP.

#### **PLANT LOCATION**

Plant location has significant impact on both capital and operating costs. This is not only so with respect to direct costs, but also the R&D assistance packages available and taxation regimes in various jurisdictions. Unfortunately, the Australian jurisdiction is becoming less favourable when compared with many other locations. The location of the LSPP will take into account the principal financial considerations together with intangibles such as the ability to manage R&D in offshore jurisdictions.

## **FUTURE CAPITAL REQUIREMENTS**

The planned reduction of capital exposure has placed Lithium Australia in a position within which the Arena Investors, LP convertible note facility as described [in the ASX release dated 1 March 2018](#) is presently not the optimal funding mechanism for Lithium Australia's immediate requirements. Consequently, the facility has been terminated in its current form. Lithium Australia continually evaluates the most effective financing options to complement its strategic agenda. It will update the market as appropriate.

## **COMMENT FROM LITHIUM AUSTRALIA MANAGING DIRECTOR ADRIAN GRIFFIN**

*"Changing our pilot plant strategy, and reducing capital exposure is in the interests of all shareholders. The support of Arena has been very important to our strategy and it is unfortunate that changes in government policy have had such an impact on our research and development plans. We thank Arena for its support and look forward to engaging with it as a key investor in any future relationship.*

*Lithium Australia will locate its R&D activities in a jurisdiction that will provide the greatest practical benefits to its shareholders."*

### **Adrian Griffin - Managing Director**

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### **About Lithium Australia**

Lithium Australia aspires to 'close the loop' on the energy-metal cycle. Its disruptive technologies are designed to furnish the lithium battery industry with ethical and sustainable supply solutions. Lithium Australia's technology comprises the SiLeach® and LieNA® lithium extraction processes, along with superior cathode material production courtesy of VSPC Ltd (a wholly owned subsidiary of Lithium Australia) and enhanced recycling techniques for battery materials. By uniting resources and the best available technology, Lithium Australia seeks to establish a vertically integrated lithium processing business.

For more information visit:

[www.lithium-au.com](http://www.lithium-au.com)

[www.vspc.com](http://www.vspc.com)

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