

ASX ANNOUNCEMENT



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Soluna Australia and Northern Minerals to provide renewable energy option

HIGHLIGHTS

Soluna Australia, Lithium Australia's energy-storage division:

- is collaborating with NTU to develop a renewable-energy and battery-storage facility for NTU's Browns Range mining camp in Western Australia;
- has received first orders for its renewable-energy storage systems ('ESS'), and
- expects revenue from the supply of its ESS to commence in June of this year.

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Introduction

Soluna Australia Pty Ltd ('Soluna') is a 50-50 partnership between Lithium Australia NL (ASX: LIT) and DLG Energy Co. Ltd (China). Soluna and Northern Minerals Ltd (ASX: NTU) have executed a letter of intent ('LoI') to develop a renewable-power and battery-storage facility at NTU's Browns Range rare earth operation, situated around 1,900 kilometres northeast of Perth in the east Kimberley region of Western Australia.

Browns Range is typical of many remote mining operations in that both the accommodation camp and processing plant there are reliant on diesel for power generation. Together, Soluna and NTU plan to reduce the carbon footprint of the entire facility – initially by lowering the operating and maintenance costs associated with diesel power generation at the accommodation camp. Soluna will provide the necessary expertise, as well as the photovoltaic power generator and energy-storage system ('ESS') in the form of lithium-ion battery ('LIB') packs designed specifically for that application.

Renewable power generation and Soluna's ESS plan

The LoI will allow Soluna to evaluate the:

- reduction in diesel consumption at the accommodation camp through the use of renewable energy and the concomitant lessening of carbon dioxide emissions and thus impact on the environment;
- lowering of operating costs associated with having a camp power supply not reliant on expensive diesel generation, and
- implementation of a power purchase agreement that allows Soluna to install the solar generator and ESS at Browns Range without any capital cost to NTU.

While initially Soluna's analysis will focus on energy use within the accommodation camp, the goal longer term is to reduce the use of fossil fuels across the entire operation.



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Planned arrival of Soluna ESS products

The next shipment of Soluna's suite of modular, rack-mounted ESS products is due to arrive in Australia during September 2020 and will provide the LIB power storage solution required for NTU's Browns Range project.

Lithium ferro phosphate ('LFP') batteries for safety and performance

Soluna's use of LFP batteries in their ESS appealed to NTU, given the high safety standards, ability to perform well in hot environments, longevity and low maintenance requirements of this type of LIB. Indeed, LFP is the LIB chemistry of choice for operating ESS in the harsh conditions experienced at many remote mine sites.

Soluna advancing towards first sales

Soluna will offer no-cost installation of its ESS products in combination with a power-purchase agreement, thereby providing residential and business consumers with a low-capital entry point for both domestic and industrial applications. It is anticipated that Soluna sales will commence in June 2020, supported by further product imports in September. Interest in Soluna's ESS range is high, as a consequence not only of product quality and lack of initial outlay but also the advantages of built-in financial tracking; the package includes predetermined budgets and targets, allowing consumers to monitor the performance of their system by way of a web-based portal.

Comment from Lithium Australia MD Adrian Griffin

"Lithium Australia is aware of the growing demand for off-grid and fringe-of-grid hybrid energy systems. Renewable energy won't work without reliable storage and Soluna offers economical and sustainable solutions. We look forward to Browns Range becoming a successful renewable-energy case study. Current levels of interest are a good indicator that Soluna will grow significantly as Australia heads to a greener future."

Authorised for release by the Board.

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About Lithium Australia

Lithium Australia aims to ensure an ethical and sustainable supply of energy metals to the battery industry (enhancing energy security in the process) by creating a circular battery economy. The recycling of old lithium-ion batteries to new is intrinsic to this plan. While rationalising its portfolio of lithium projects/alliances, the Company continues with R&D on its proprietary extraction processes for the conversion of *all* lithium silicates

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(including mine waste), and of unused fines from spodumene processing, to lithium chemicals. From those chemicals, Lithium Australia plans to produce advanced components for the battery industry globally, and for stationary energy storage systems within Australia. By uniting resources and innovation, the Company seeks to vertically integrate lithium recycling, extraction and processing.

About Soluna Australia

Soluna is one of a group of companies controlled by Lithium Australia. That group also includes VSPC Ltd (a producer of LIB cathode powders) and Envirostream Australia Pty Ltd, Australia's only LIB recycler. Soluna provides safe, premium-quality ESS and rack-mount battery modules for residential, commercial, industrial and mining applications. Utilising sustainable practices that encompass the technologies of Lithium Australia, VSPC and Envirostream Australia, Soluna can provide products with sound environmental credentials from the point of manufacture right through to end-of-life management, with spent products sent back into the battery supply chain.

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