

13 June 2024

Lithium Australia signs MMD off-take agreement with SungEel HiTech

HIGHLIGHTS

- Lithium Australia has signed a new 3-year Mixed Metal Dust (MMD) off-take agreement with SungEel HiTech, a leading South Korean battery recycler
- Under the off-take agreement, SungEel HiTech will purchase a minimum of 60% of Lithium Australia's annual MMD production, subject to quality requirements being met
- This off-take agreement validates Lithium Australia's high-quality MMD and provides an important strategic partnership for the Company's growth strategy
- Following the signing of the off-take agreement, both parties have commenced discussions on a joint development agreement

Lithium Australia Ltd (ASX:LIT) ("**Lithium Australia**" or the "**Company**") is pleased to announce that its wholly owned subsidiary Envirostream Australia Pty Ltd ("**Envirostream**"), which is leading Australia's onshore battery recycling industry, has signed a 3-year MMD off-take agreement ("**Agreement**") with SungEel HiTech Co., Ltd. ("**SungEel**") with an effective date of 1 July 2024.

Simon Linge, Lithium Australia CEO and Managing Director:

"We are very pleased to sign this MMD off-take agreement with SungEel, demonstrating rapid progress after the MOU was initially announced in March 2024. SungEel has been a long-standing customer and we are excited to expand our strong commercial relationship."

The signing of this MMD off-take agreement represents a core component of our recycling growth strategy, given its synergistic value with the Company's rapidly growing large-format LIB collection volumes and MMD production. This off-take agreement also highlights the strong market demand for MMD and supports the expected uplift in future production volumes. We are now ready to start the next step of our SungEel relationship with a Joint Development Agreement to be finalised through this year.

We are excited to continue building upon this momentum while aiming to achieve sustainable profitability within our recycling business in the near-term."

Following the MOU signed in March 2024¹, Lithium Australia has now signed an MMD off-take agreement with SungEel. During the 3-year term, SungEel will purchase a minimum of 60% of Lithium Australia's annual MMD production, subject to certain minimum quality requirements being met. SungEel has been a customer since 2020 and has purchased more than 300 tonnes of MMD to date, which reflects the market's growing demand for recycled materials to be utilised in battery

¹ See ASX announcement, 'LIT signs MOU with SungEel HiTech for MMD off-take and JDA', 7 March 2024

manufacturing processes. The off-take agreement also validates Lithium Australia's high-quality MMD product and represents an important strategic partnership for the Company's recycling growth strategy moving forward.

SungEel has recently opened the third hydro centre in South Korea. This facility is the largest Lithium ion battery recycling plant in the world and can input 20,000 tons of MMD in Phase 1. Through this off-take Agreement, it is possible for SungEel to produce battery materials using MMD produced by Envirostream.

Market demand for MMD has continued to grow recently, reflected by Lithium Australia's FY24YTD² MMD sales of 256 tonnes (FY23pcp³: 139 tonnes). This is underpinned by the Company's growth in large-format lithium-ion battery (LIB) collections, which represents ~30% of FY24YTD collection volumes (FY23pcp: ~14%). The growth in large-format LIB collections is driven by the Company's focus on securing recycling agreements with leading original equipment manufacturers (OEMs) and battery manufacturers.

The Agreement defines achieved MMD price (denominated in USD) in reference to prevailing metal prices from agreed indices. Assuming that the Agreement had been in place since 1 July 2023, based on FY24YTD MMD sales the revenue under this Agreement would have been approximately A\$514,000⁴.

Following the signing of the Agreement, SungEel and Lithium Australia have now commenced discussions on a joint development agreement ("JDA"). The JDA includes an investment, focused on upgrading recycling equipment and expanding total processing capacity. Lithium Australia notes that the JDA is subject to negotiation and relevant approvals. The Company will keep the market informed in the event of any material developments.

Authorised for release by the Board.

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² FY24YTD represents the 11 months to 31 May 2024

³ FY23pcp represents the 11 months to 31 May 2023 (prior corresponding period)

⁴ Company analysis: FY24YTD volumes (256,000kg) recognises revenue of approximately A\$844,000 (achieved MMD price of A\$3.30/kg). 60% (minimum volumes) equates to approximately A\$514,000 - assuming that FY24YTD volumes meet the minimum quality requirements.

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.

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.

About SungEel HiTech

SungEel is a leading South Korean battery recycler with global operations. SungEel currently operates recycling plants in South Korea, Hungary, Poland, India, and Malaysia and has announced planned investments in the USA, Spain, and Germany to expand its global footprint. SungEel operates various Hydro Centres, which utilise hydrometallurgy to extract high-purity battery materials from MMD.