

10 January 2024

Managing Director's letter to shareholders

Dear shareholders,

I am pleased to deliver an update on Lithium Australia's strategy and operational progress over the 2023 calendar year. Since commencing as CEO at the beginning of 2023, we have achieved significant operational milestones, including strong growth across our battery recycling operations and securing partnerships for our patented technologies.

Lithium Australia continues to strengthen its position as Australia's leading battery recycling business, providing commercial and retail customers the opportunity to dispose of their batteries safely and responsibly. During the last year we have focused on: Developing safer systems of operation; Securing higher volumes of lithium-ion batteries (LIB); Adjusting our commercial model to ensure pricing reflects our service levels; Optimising our operating model to improve efficiencies. I am pleased with the progress we have made on these four focus areas.

Safety is a core focus for the organisation, and it is pleasing that both our safety infrastructure and culture have developed strongly. Keeping our people and partners safe is always a journey, however we have observed a step-up which provides a stronger platform for safe battery processing operations in the future.

Recycling volumes have seen strong growth, particularly in the large and small-format LIB categories, which deliver the highest margin. Collection volumes for large-format LIBs grew 80% from FY22 to FY23 and small-format LIBs grew 41% over the same period. Growing LIB collections is core to the Company's strategy of securing future battery supply through recycling agreements with large commercial customers.

We have worked with customers to change the approach to pricing and service, with a view of securing longer term contracts. Review of prior contracts has also been undertaken to improve the commercial robustness of our recycling operations. We will continue to focus on this area in the year ahead.

We have seen significant improvements in our operations with increased focus on "lean manufacturing" principles, both in equipment and process efficiency. Below are some before and after images to provide some context of the changes.



We have continued to focus on commercialising our patented technologies which include development of our novel lithium extraction process, LieNA[®], and development of lithium ferro phosphate (LFP) and lithium manganese ferro phosphate (LMFP) battery material products.

During 2023, we signed a landmark joint development agreement with Mineral Resources Ltd (ASX:MIN) in relation to LieNA[®]. The agreement will see Mineral Resources fund the development and operation of a pilot plant and delivery of an engineering study for a demonstration plant. This will effectively free-carry the technology through to commercialisation via a newly formed 50:50 joint venture, which will receive licensing fees.

We aim to achieve a similar joint development agreement for our LFP / LMFP products. Positive testing results from NOVONIX announced during the year highlighted our LFP product as an attractive alternative to existing LFP manufacturers concentrated in China, providing a unique diversification opportunity for industry participants.

Looking forward to 2024, we are focused on continuing to execute our strategic objectives.

For our recycling business this includes growing LIB recycling volumes, expanding our customer base, securing long term supply and offtake agreements, and extending our footprint to ensure we maintain our leading position in Australia.

For our LieNA® technology, we aim to complete the joint development scope with Mineral Resources, including finalisation of a preliminary engineering study for a demonstration plant as well as the agreed piloting activities.

For our LFP / LMFP technology, we will continue to develop off-take agreements for finished product, contingent raw material supply agreements and further engineering studies on a demonstration facility. To enable this, we will be leveraging assistance and support from all levels of Government.

I would like to thank Lithium Australia's management team and Board of Directors for their continued contribution to the Company's growth and success. Lastly, I would like to thank all of our shareholders for your ongoing patience and support throughout the past year. 2024 aims to be a transformative year for our company and we are excited by our future potential.

Wishing you all a safe start to 2024.

Simon Linge
Managing Director / CEO

Authorised for release by the Managing Director / CEO of Lithium Australia Ltd.

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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.

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.