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National Battery Stewardship Scheme to boost spent battery collection and recycling

Lithium Australia NL (ASX: LIT, 'the Company') promotes sustainability as an essential constituent of its business plan.

HIGHLIGHTS

- **The ACCC has authorised the Battery Stewardship Council ('BSC') to establish and operate a national stewardship scheme ('the Scheme') for managing end-of-life ('EOL') batteries.**
- **The Scheme will impose a levy on batteries at their point of sale, with the funds generated used to subsidise their collection and recycling.**
- **The value imputed by the levy will provide a commercial incentive to divert batteries from landfill, a positive environmental outcome of the Scheme.**
- **Diverting EOL batteries from landfill will provide more material for processing at the Melbourne, Victoria-based mixed-battery recycling facility of Envirostream Australia Pty Ltd (a 90% subsidiary of the Company).**

Commencement of the Scheme

The ACCC has determined that the BSC may implement a national stewardship scheme for all types of EOL batteries, apart from lead-acid batteries and those already captured by existing schemes ('Eligible Batteries'). The current determination (authorisation number: AA1000476) was granted on 4 September 2020 for a period of 5 years.

Rationale for the Scheme

The BSC's intention with the Scheme is to unite battery supply chain companies in efforts to significantly reduce the volume of toxic EOL batteries being disposed of as waste to landfill, and to maximise resource recovery by increasing collection and recycling rates and developing a domestic battery reprocessing capacity.

Visible levy on battery imports to be passed on to consumers

The Scheme, which will be primarily funded by imposing an annual levy on all imported Eligible Batteries, will be reviewed annually. The levy, which will be passed on through the supply chain to consumers in a transparent manner as a visible fee, will be calculated on the weight of batteries imported. Initially set at \$0.04 per equivalent battery unit ('EBU') and applying to companies that import more than 1,000 EBU annually, it is estimated that the levy will raise AU\$22 million annually. A more comprehensive list is outlined in Appendix 1.



Environmental benefits

The ACCC considers that the environmental harm caused by disposing of batteries to landfill, not to mention the cost of recycling batteries, is not currently reflected in their price. Responsibility for managing disposal of batteries currently falls to local governments, meaning there is a lack of commercial incentives for Australian businesses to adequately promote environmentally responsible disposal of EOL batteries. The levy and rebate system proposed under the Scheme are likely to better align the price of batteries with the cost of their responsible disposal while increasing the incentive for businesses to facilitate their recycling.

Detriments of the Scheme to the public

The ACCC considers that Scheme detriments, for the public, include safety issues, trading restrictions for participating businesses, increased prices for Eligible Batteries and the burden of compliance. That said, the ACCC is satisfied that the Scheme is likely to result in a significant public benefit, and that this public benefit would outweigh any likely detriment to the public.

Comment from Lithium Australia MD Adrian Griffin

"As Australia's only mixed battery recycler, Company subsidiary Envirostream Australia is well placed to capitalise on the Scheme. The levy on batteries will commoditise EOL batteries, currently considered waste material, and the value created will be a strong incentive to divert them from landfill. We are anticipating a significant increase in feed material for Envirostream, and the more it gets the greater the benefit for the environment.

The scheme should encourage more sustainable use of critical materials used in the manufacture of batteries, reducing reliance on primary production which, in some cases, relies on child labour and supply from conflict zones."

Authorised for release by the Board.

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Attribution

The contents of this release are based on and taken from the ACCC Determination for Application for authorisation AA1000476 lodged by Battery Stewardship Council in respect of the Battery Stewardship Scheme Authorisation Nunumber: AA1000476 dated 4 September 2020.



About Lithium Australia NL

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 (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.

Media contacts

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Appendix 1 – Proposed Scheme levies

Battery	Average weight (g)	Example EBU	Indicative levy (AU\$)
AAA alkaline	10	.44	0.02
AA alkaline	23	.97	0.04
AA rechargeable	24	1	0.04
9V alkaline	42	1.8	0.07
C	64	2.7	0.11
D	113	4.7	0.19
Button cell	2	.1	0.00
Lantern 6 V	574	24.1	0.96
Power tool	741	31.2	1.25
Mobile phone battery	60	2.5	0.10
Laptop/tablet battery	343	14.4	0.58
Light industrial battery	361	15.2	0.61
E-bike battery	2769	116.5	4.66