ASX ANNOUNCEMENT

31 January 2020

Lithium Australia Quarterly Activities Report for December 2019 – turning waste into opportunity

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Lithium Australia NL (ASX: 'LIT' or the "Company') is pleased to provide this update of activities. This summary is provided by Company division. Further details of the Company's business activities can be found in the ASX releases made during as tabulated at the end of this report.

Battery Recycling

- **Envirostream announces first production from expanded battery recycling plant.**
- **Envirostream signs offtake deal with South Korean battery recycler SungEel Hitech Co., Ltd., (SungEel).**
- **Lithium phosphate generated from spent lithium-ion batteries used to create cathode powder for new batteries.**
- **LIT acquisition of Envirostream exposes LIT to cashflow, including the sale of mixed metal dust to SungEel, battery collection fees and the sale of metal and plastics recovered during the recycling of batteries.**

Lithium chemicals

- **The International Bureau of the World Intellectual Property Organisation has published two Lithium Australia patent applications for the recovery of lithium phosphate from lithium-bearing silicates and solutions.**

Batteries

- **LIT and leading Chinese battery producer DLG Battery Co. Ltd (DLG) formalise JV Agreement for Soluna Australia Pty Ltd.**
- **Test programme for VSPC Ltd (VSPC) cathode powders at DLG completed and VSPC cathode powder meets performance specifications.**
- **VSPC and Beijing Saideli Technology Incorporated Company Ltd ('SDL') signed a Memorandum of Understanding where both parties will collaborate on a staged plan for VSPC to commercialise production of its LFP cathode material.**
- **Soluna Australia Pty Ltd makes first appointments and first commercial shipment of Soluna energy storage products arrive in Australia.**

Corporate

- **$6.3 million funding deal completed**

- **$2.1 million in R&D refunds received during quarter**

Battery Recycling

Envirostream Australia Pty Ltd (EVS)

LIT has increased its equity in EVS, a national leader in battery recycling, to 84% and moving shortly to 90%.

Based in Victoria, Australia, EVS operates the only facility nationally to shred spent batteries – including lithium-ion batteries ('LIBs') – and from them produce a mixed-metal dust ('MMD') containing critical battery materials including cobalt, nickel, lithium and manganese. The MMD is currently exported to South Korea for refining.

The Envirostream enterprise generates revenue through the sale of MMD, but also through its battery collection services. Additional revenue streams result from the sale of steel, aluminium, copper and plastics that are recovered as clean streams during the recycling process. Typically, over 90% of the LIB mass is recycled from the EVS plant, a significant improvement on the performance achieved by overseas competitors that generally achieve yields of around 60-65%.

During the December quarter, EVS relocated is plant form from New Gisborne to Campbellfield (Victoria, Australia) providing improved cost efficiencies. EVS produced its first shipment of MMD from the newly located and upgraded plant. During this period EVS also completed an offtake deal with South Korean battery recycler SungEel which is one of the world's largest refiners of MMD. Under the terms of the agreement EVS will have exclusivity of MMD supply from Australia to SungEel. The first shipment of MMD from the relocated and upgraded plant was dispatched to SungEel in the same period.

VSPC Cathode Powders

VSPC, LIT's wholly owned nanotechnology subsidiary, is located in Brisbane, Australia. It comprises a comprehensive pilot plant and advanced R&D laboratory and testing facilities.

As announced to the ASX on 3 October 2019, LIT recently applied its proprietary technology to the recovery of lithium as lithium phosphate from feed material supplied by EVS. VSPC then used that LP as direct feed in the production of cathode powder for lithium ferro phosphate ('LFP') coin-cell batteries. When subsequently electrochemically tested by VSPC, the coin-cell batteries exceeded in-house test standards.

The Battery circular economy

Together LIT, EVS and VSPC plan to establish integrated processing operations for battery materials within Australia, paving the way for a cost-effective and genuinely renewable circular battery economy.

The LIT Group's production cycle (i.e. lithium from recycled batteries → LP → LFP cathode material → new LIBs) reveals the potential to improve efficiency and reduce manufacturing costs in the battery industry, and in so doing meet the ethical, social and governance standards the community has come to expect. Indeed, these technologies could enhance global efforts to deal with climate change by improving resource sustainability and reducing the environmental footprint of portable power.

Lithium chemicals

LIT has developed a number of lithium extraction processes that, combined with its patented nanotechnology developed at VSPC, permit the production of battery cathode powders directly from LP, without the requirement of an intermediate step to produce lithium hydroxide or carbonate. This potentially reduces the processing steps required to produce cathode materials for LIBs.

There is potential for application of LIT's LieNA® process for the recovery of lithium from fine-spodumene tailings, discharged by concentrate producers. These materials cannot be used for the production of lithium in conventional "converters" and account for most of the lithium recovery losses during the production of commercial spodumene concentrates. The LieNA® process thrives on fine and contaminated spodumene providing an avenue to increase reserves, and improve resource utlisation without increasing mining costs.

LIT is discussing the potential for commercialization of the process with a number of lithium concentrate producers. Successful commercialisation will improve the utilization and recovery of existing spodumene processing operations.

LIT has also demonstrated its ability to recycle mine waste (lepidolite) or fine spodumene for battery production, by virtue of its SiLeach® and LieNA® processes

Two international patent applications were published by the World Intellectual Property Organisation ('WIPO'), who administer the filing of international patent applications, for various aspects of the Company's LP precipitation and refining process. As they are now in the public domain, the technical details of the patent applications are considered as "prior art" and affords some protection until they have been granted.

Patent application PCT/AU2019/050540 details LIT's process for recovering lithium phosphate and lithium sulfate from a lithium-bearing solution such as brine or pregnant process liquor. This patent protects an innovation developed during test-work prior to

completion of the SiLeach® pilot programme in August/September 2018. This unit process also has direct application to LieNA®.

Patent application PCT/AU2019/050541, which incorporates developments from PCT/AU2019/050540 above, is an enhancement of Lithium Australia's SiLeach® technology, a process for recovering lithium phosphate and lithium sulfate from lithium-bearing silicates following the application of a fluoride-accelerated acid leach.

Batteries

VSPC

The assets of LIT's wholly-owned subsidiary VSPC comprise a comprehensive R&D facility in Brisbane, Queensland, including pilot plant and advanced laboratory and battery testing capabilities. VSPC uses proprietary nanotechnology to create advanced cathode materials – a lucrative component in the battery production cycle – and produce LIBs of superior quality.

The VSPC process begins with the cathode metals in solution. From that solution, cathode material nanoparticles are precipitated to produce the nano-powders used in the manufacture of LFP cells. The process can use LP from recycling or LP produced via LIT's proprietary SiLeach® or LieNA® processes from hard-rock sources. Creating LFP cathode material in this way eliminates the need to produce the lithium carbonate or hydroxide conventionally used in LIB production. Indeed, there is the potential to remove a number of steps in the battery manufacturing process and in so doing reduce costs.

During the quarter VSPC's production of cathode materials continued, with international battery manufacturers in China, and Japan continuing to evaluating samples of those materials.

Evaluation of VSPC's Gen 4 LFP cathode material commenced in March 2019 at DLG's R&D facility in Shanghai, China. The materials – assessed in a commercial 18650 battery-cell format – were tested under a range of electrochemical and temperature conditions and subjected to long-term cycle testing. VSPC's LFP material met DLG's stringent specifications for use in lithium-ion battery ('LIB') cells for both power and energy applications. Meeting DLG's specifications is an important precursor to DLG agreeing to purchase VSPC LFP battery cathode product for use in its batteries.

VSPC is now establishing a supply chain for delivery, in 2021, of LFP to various LIB cell makers in China, including DLG. Target applications include LIB cells for energy storage and large transport vehicles.

VSPC has also received positive feedback from Japanese battery-cell producers, which are evaluating its LFP products at laboratory scale. To date, the electrochemical performance of VSPC's LFP material has met the Japanese requirements and VSPC is working to refine its product properties for specific applications and prepare for larger-scale testing in 2020.

The market for LFP is expected to grow strongly in the next 10 years, due to its particular suitability for energy storage and certain types of transportation; this includes as a replacement for lead-acid batteries in various automotive applications and as back-up for power supplies. Commercial sales of VSPC LFP into the Japanese market are anticipated in 2022.

While potential customers are testing the cathode product no formal binding offtake agreements are currently in place and shareholders should be aware that there is no certainty binding offtake agreements will be reached. Once any offtake agreement becomes binding the Company will disclose this to the market.

With the aim of commercialising VSPC cathode powders in China with a number of partners, VSPC and Beijing Saideli Technology Incorporated Company Ltd ('SDL') have signed a Memorandum of Understanding where both parties will collaborate on a staged commercialisation plan for VSPC's LFP cathode material. This includes the establishment of a supply chain for VSPC customers in China, as well as a joint feasibility study for LFP production and supply outside China using VSPC proprietary process technology.

SDL has considerable expertise in the design and manufacture of process equipment and extensive experience in the construction, commissioning and operation of chemical process plants, including those for the production of LIB cathode powders.

VSPC's MoU with SDL provides LIT with a low-capital pathway to the commercialisation of VSPC cathode powders, in order to meet targets, set by LIT's other partners in China, with a specific focus on the anticipated growth of LFP cathode materials for transport and energy-storage applications.

Soluna Australia battery alliance

During the quarter, the Company formalized the agreement with DLG, a major Chinese battery manufacturer, with the aim of:

- commercialising VSPC cathode powders in China, and
- developing a battery distribution business within Australia.

During the reporting period, Soluna Australia Pty Ltd ('Soluna') appointed its first two employees, Mr Kieron D'Arcy (General Manager) and Ms Raegan Jubb (Sales

Manager), both with more than 10 years' experience in the renewable energy sector. Soluna also took delivery of energy storage products in Australia.

SOLUNA™
SOLAR POWER BANKS

Soluna™ Power Banks are available in sizes to suit residential and small commercial users and the Power Cell range offering larger capacity for commercial and industrial applications, industrial storage, with bespoke designs available for special applications. The components of the battery packs are modular, so units can be expanded as required. Soluna Australia will showcase the products at the Smart Energy Conference and Expo on 7-8 April 2020 in Sydney. The Soluna™ Power Banks and Power Cells are all fitted with LFP Batteries Modules and the LFP batteries which have many desirable attributes, among them are the following:

- excellent safety credentials,
- superior operational life (typically twice the number of duty cycles of other LIB chemistries),
- high charge and discharge rates without thermal runaway (i.e. low fire risk),
- a wide operating temperature range (ideal for Australian energy storage system applications),
- low supply chain risk (i.e. contain no nickel or cobalt), and
- lower cost, in that only readily available materials are used (no nickel or cobalt).

LIT is a great advocate of LFP batteries and, through VSPC, is working with DLG to test commercial-format cells manufactured using VSPC's cathode materials.
Together, the two companies aim to commercialise VSPC cathode powders in China.
If they succeed, VSPC will become a preferred supplier of cathode materials to DLG.

Raw materials

Exploration activities for the quarter

At present, LIT's preferred supply model is to obtain lithium minerals, firstly from spent batteries, then mining waste streams (historical dumps and tailings) or as discharge from currently operating mines; however, other supply opportunities continue to be evaluated.

Lithium micas, often associated with tin, tantalum and tungsten, as well as certain types of clay minerals, are prime targets. So too is the fine spodumene discharged as waste during the production of lithium concentrates.

LIT has completed its review of the Company's Australian tenement holdings and made several recommendations to rationalize its project holdings. Summaries of all projects are available to interested parties.

Metal Hawk IPO update – Emu Lake project, Western Australia

Recently, LIT was advised of the withdrawal of the Metal Hawk Limited ('MHK') IPO. Subject to a successful ASX listing, MHK will issue LIT with 300,000 MHK shares at a deemed issue price of $0.20 for the purchase of the Emu Lake project.

Greenbushes project – Western Australia

Of particular interest to LIT is its significant holding adjacent to and in the vicinity of Greenbushes mine, the world's largest lithium mine, operated by Talison Lithium Pty Ltd (51% Tianqi and 49% Albemarle). LIT's Greenbushes project comprising those tenements covers areas containing numerous pegmatites. The Company seeks a partner in its bid to advance exploration in the area.

Medcalf lithium prospect, Lake Johnston project – Western Australia

The Company believes drilling to test this target is warranted and is seeking approvals from the appropriate authorities. The Program of Works has been submitted, pending a Targeted Flora Survey and Environmental Exploration Management Plan.

Dudley project – Kangaroo Island, South Australia

Studies of prospective pegmatites at Dudley have revealed significant potential for high-purity kaolin and halloysite, as well as gem-quality tourmaline. The Company is seeking expressions of interest in a commercial transaction such as a sale, joint venture, farmin, sublease or any other such transaction that will provide benefit to LIT shareholders.

Bynoe project – Northern Territory

In Bynoe, LIT holds a tenement considered strategic, as it is situated proximal to the Finnis project of Core Lithium Ltd. The Company is currently negotiating with prospective partners to further exploration in this area.

Ravensthorpe rehabilitation – Western Australia

Rehabilitation at Ravensthorpe continues. The Company is pleased with progress at Deep Purple, and LIT has received approval from DMIRS of its updated rehabilitation plan and will commence further rehabilitation work shortly.

Seabrook Rare Metals Venture – Western Australia

By November 2019, the 5-year term of the Seabrook Rare Metals Venture had expired.

Coolgardie Rare Metals Venture ('CRMV') – Western Australia

Despite LIT meeting all the conditions required to convert the CRMV to an 80:20 joint venture ('JV'), the JV counterparty does not acknowledge that work undertaken by the Company meets the requirements of the agreement. there. However, completion of formalities with the JV partner is continuing+.

Queensland projects

LIT, which also holds strategic tenements in far north Queensland, is seeking partners to continue exploration on the remaining tenure.

Electra project – Mexico

LIT is seeking partners for its 54% interest in this lithium clay project, which flanks the Sanora lithium clay deposit of Bacanora Minerals plc, recognised as one of the largest deposits of its type worldwide. Extensive mineralisation has been identified within the Electra project area.

Sadisdorf lithium project – Germany

The Company's ongoing pre-feasibility study ('PFS') over the Sadisdorf lithium project is investigating the viability of producing cathode materials for lithium-ion batteries from that location. The PFS will include further resource modelling, sampling and SiLeach® processing.

Corporate

The Company successfully secured two separate funding deals during the quarter totaling $6.6 million. Further details are listed below. LIT and VSPC received Research and Development rebates totaling $2.2 million and EVS was awarded a Sustainability Victoria grant. LIT awaits the outcome of 3 other grant applications.

In December 2019, LIT advised the market that it raised $300,000 by the issue of 7.5M shares at $0.04 per shares (at a 17.6% premium to the 15 day VWAP) pursuant to the Controlled Placement Agreement (CPA). The CPA, as originally announced on 31 July 2017, has now been extended to 31 January 2023.

LIT also advised the market that it had secured a $6.3M funding arrangement under a convertible security and share purchase funding agreement with the initial $3.0M investment received prior to year-end. Further details in relation to the funding mechanism are listed in the Cleansing Statement released on 19 December 2019 and in the recently released Notice of General Meeting released on 20 January 2020. The General Meeting is scheduled for 24 February 2020.

During the quarter, the Company implemented a rationalization program to improve management and investor focus in each of the business units. Success will provide an avenue for direct investment in some of the business activities of the Company, as standalone listed vehicles, while still providing exposure to the complete circular economy for battery materials through investment in LIT. As part of this strategy the Company is contemplating the spinout and separate listing of EVS.

Conclusion

The Company aims to ensure an ethical, sustainable and efficient supply of energy metals to the battery industry (enhancing energy security in the process) by creating a circular battery economy. The recycling of old LIBs to new is intrinsic to this plan. While rationalising its portfolio of lithium projects/alliances, LIT continues 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, the Company plans to produce advanced components for the battery industry globally, and for stationary energy storage systems within Australia. By uniting resources and innovation, LIT seeks to vertically integrate lithium recycling, extraction and processing.

Announcements issued during the quarter

Date	Heading
24 December 2019	*Lithium Australia – raw materials update*
24 December 2019	*Funding, R&D rebates and grants for LIT total A$5.2 million*
23 December 2019	*First product shipped from new EVS Australia plant*
20 December 2019	*Announcement Clarification*
20 December 2019	*Pause in Trading*
19 December 2019	*Appendix 3B*
18 December 2019	*Cleansing Notice – Convertible Note*
18 December 2019	*Cleansing Notice – Issue of Shares*
18 December 2019	*Appendix 3B*
16 December 2019	*Appendix 3B*
16 December 2019	*Lithium Australia secures A$6.3m funding agreement*
13 December 2019	*New World Metals conference presentation*
10 December 2019	*Appendix 3B*
10 December 2019	*Appendix 3B*
09 December 2019	*Lithium Australia enters the energy storage market*
06 December 2019	*Lithium Australia to increase stake in Envirostream to 90%*
29 November 2019	*Results of Meeting*
29 November 2019	*2019 AGM presentation*
29 November 2019	*Chairman's address at 2019 AGM*
29 November 2019	*Envirostream first production from battery recycling plant*
27 November 2019	*VSPC cathode powder meets performance specifications*
26 November 2019	*LIT increases stake in battery recycler Envirostream to 74%*
21 November 2019	*LFP as a future energy storage technology*
20 November 2019	*Raw materials review continues*
06 November 2019	*Envirostream confirms offtake with Korean battery recycler*
01 November 2019	*Notice of Annual General Meeting and Proxy Form*
25 October 2019	*Quarterly activities report and quarterly cash flow report*
24 October 2019	*Lithium Australia's drive for sustainability*
16 October 2019	*LIT's stake in Envirostream Australia increased to 23.9%*
14 October 2019	*Lithium Australia corporate dashboard*
03 October 2019	*VSPC makes cathode material from recycled batteries*

Competent Persons' statement: Medcalf lithium prospect

The information contained in the report that relates to exploration results, together with any related assessments and interpretations, is based on information compiled by Mr Peter Spitalny on behalf of Mr Adrian Griffin, Managing Director of Lithium Australia NL. Mr Spitalny is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience relevant to the styles of mineralisation under consideration, and to the activity he has undertaken, to qualify as a Competent Person. Mr Griffin is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience

relevant to the style of mineralisation under consideration, and to the activity being reported, to qualify as a Competent Person as defined under the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 edition)*. Mr Griffin consents to the inclusion in the report of the matters based on Mr Spitalny's data in the form and context in which it appears. The Company is not aware of any new information or data that materially affects the information in this report and such information is based on the information compiled on behalf of Mr Griffin.

Competent Persons' statement: Lithium Mineral Resources, Sadisdorf

The information in this announcement that relates to in situ lithium Mineral Resources for Sadisdorf is based on and fairly represents information compiled by Mr Thomas Branch, under the direction and supervision of Dr Andrew Scogings, in accordance with the requirements of the Joint Ore Reserves Committee (JORC) Code 2012. Dr Scogings was an employee of CSA Global Pty Ltd at the time of the resource estimation and takes overall responsibility for the Mineral Resources estimate and associated report. Dr Scogings is a member of both the Australian Institute of Geoscientists and Australasian Institute of Mining and Metallurgy and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity undertaken, to qualify as a Competent Person in terms of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('JORC Code 2012'). Dr Scogings consents to the inclusion of such information in this report in the form and context in which it appears. Lithium Australia confirms that it is not aware of any new information or data that materially affects the information included in this report and, in the case of the Sadisdorf Mineral Resources estimate, confirms that all material assumptions and technical parameters underpinning the estimates in the 7 December 2017 and 1 June 2018 Company announcements continue to apply and have not materially changed.

Forward-looking statements

This report 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.

Details of mining tenements as at quarter ended 31 December 2019

ASX Listing Rule 5.3.3

Australian projects

Tenement ID	Name	Location	State	Interest
E09/2168	Yinnietharra	Gascoyne	WA	100%
E09/2200	Mount James 2	Gascoyne	WA	100%
E09/2201	Mount James 1	Gascoyne	WA	100%
E09/2203	Mount James 3	Gascoyne	WA	100%
E27/562	Gindalbie	Gindalbie	WA	100%
E45/4660	Hillside 3	Pilbara	WA	100%
E45/4766	Moolyella	Pilbara	WA	100%
E63/1777	Lake Johnson	Dundas	WA	100%
E63/1805	Mt Day	Dundas	WA	100%
E63/1806	Mt Day A	Dundas	WA	100%
E63/1807	Mt Day B	Dundas	WA	100%
E63/1808	Mt Day C	Dundas	WA	100%
E63/1809	Lake Johnson	Dundas	WA	100%
E63/1866	Lake Johnson	Dundas	WA	100%
E63/1870	Lake Johnson	Dundas	WA	100%
E63/1903	Lake Johnson	Dundas	WA	100%
E70/4690	Greenbushes	Greenbushes	WA	100%
E70/4777	Greenbushes	Greenbushes	WA	100%
E70/4778	Greenbushes	Greenbushes	WA	100%
E70/4888	Greenbushes A	Greenbushes	WA	100%
E70/4889	Greenbushes B	Greenbushes	WA	100%
E70/4890	Greenbushes C	Greenbushes	WA	100%
E70/4790	Greenbushes	Greenbushes	WA	100%
E70/5023	Bridgetown	Stanifer	WA	100%
E70/5024	Boyup Brook	Stanifer	WA	100%
E70/5025	Boyup Brook	Stanifer	WA	100%
E70/5032	Manjimup	Stanifer	WA	100%
E70/5036	Nannup	Stanifer	WA	100%
E70/5047	Nannup	Stanifer	WA	100%
E70/5198	Mt Lawrence	Mt Lawrence	WA	100%
E70/5315	Greenbushes	Greenbushes	WA	100%
E70/5316	Greenbushes	Greenbushes	WA	100%
E74/0543	Ravensthorpe	Ravensthorpe	WA	100%
E77/2279	Lake Seabrook	Yilgarn	WA	100%
E77/2484	Lake Seabrook	Yilgarn	WA	100%
ELA30897	Angers	Bynoe	NT	100%
EL 6212	Dudley 1 Sa	Kangaroo Island	SA	100%
EL 6213	Dudley 2 Sa	Kangaroo Island	SA	100%
EPM 26254	Cape York 3	Cape York	QLD	100%
EPM 26252	Cape York 3	Cape York	QLD	100%

Tenement ID	Name	Location	State	Interest
EPM 26255	Cape York 4	Cape York	QLD	100%
EPM 26257	Cape York 5	Cape York	QLD	100%
EPM 26395	Amber 3	Amber	QLD	100%
EPM 26733	Croydon	Croydon	QLD	100%
M15/1809	Coolgardie	Coolgardie	WA	80%[4]
M15/1874	Coolgardie	Coolgardie	WA	80%[4]
P15/5574	Coolgardie	Coolgardie	WA	80%[4]
P15/5575	Coolgardie	Coolgardie	WA	80%[4]
P15/5625	Coolgardie	Coolgardie	WA	80%[4]
P15/5626	Coolgardie	Coolgardie	WA	80%[4]
P15/5629	Coolgardie	Coolgardie	WA	80%[4]
P15/5738	Coolgardie	Coolgardie	WA	80%[4]
P15/5739	Coolgardie	Coolgardie	WA	80%[4]
P15/5740	Coolgardie	Coolgardie	WA	80%[4]
P15/5741	Coolgardie	Coolgardie	WA	80%[4]
P15/5742	Coolgardie	Coolgardie	WA	80%[4]
P15/5743	Coolgardie	Coolgardie	WA	80%[4]
P15/5749	Coolgardie	Coolgardie	WA	80%[4]
P15/6344	Coolgardie	Coolgardie	WA	100%[4]
P15/6345	Coolgardie	Coolgardie	WA	100%[4]
P15/6346	Coolgardie	Coolgardie	WA	100%[4]
P15/6347	Coolgardie	Coolgardie	WA	100%[4]
P15/6348	Coolgardie	Coolgardie	WA	100%[4]
P15/6349	Coolgardie	Coolgardie	WA	100%[4]
P15/6350	Coolgardie	Coolgardie	WA	100%[4]
P15/6351	Coolgardie	Coolgardie	WA	100%[4]
P15/6420	Coolgardie	Coolgardie	WA	100%[4]

[4] Coolgardie Rare Metals Venture now converted to a Joint Venture +

International projects

Electra lithium project	Mexico		54%[5]
(Tecolote, Tule, Agua Fria concessions)			
Sadisdorf project, Saxony	Germany		100%
Eichigt project, Saxony	Germany		100%

[5] Electra Joint Venture – TSXV-listed Infinite Lithium Corp. (previously Alix Resources)

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity	
Lithium Australia NL	
ABN	Quarter ended ('current quarter')
29 126 129 413	31 December 2019

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	–	–
1.2	Payments for		
	(a) exploration and evaluation	(213)	(951)
	(b) development	(386)	(386)
	(c) production	–	–
	(d) staff costs	(486)	(1,330)
	(e) administration and corporate costs	(422)	(1,250)
1.3	Dividends received (see note 3)	–	–
1.4	Interest received	2	6
1.5	Interest and other costs of finance paid	–	–
1.6	Income taxes paid	–	–
1.7	Research and development refunds	2,135	2,135
1.8	Other (provide details if material)	–	–
1.9	Net cash from/(used in) operating activities	630	(1,776)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(37)	(45)
	(b) tenements (see item 10)	(31)	(31)
	(c) investments	(300)	(500)
	(d) other non-current assets	(179)	(481)
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	–	–
	(b) tenements (see item 10)	–	–
	(c) investments	96	96
	(d) other non-current assets	–	–
2.3	Cash flows from loans to other entities	–	–
2.4	Dividends received (see note 3)	–	–
2.5	Other (provide details if material)	–	–
2.6	Net cash from/(used in) investing activities	(451)	(961)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	301	3,100
3.2	Proceeds from issue of convertible notes	2,900	2,900

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
3.3	Proceeds from exercise of share options	–	–
3.4	Transaction costs related to issues of shares, convertible notes or options	–	(229)
3.5	Proceeds from borrowings	–	–
3.6	Repayment of borrowings	–	–
3.7	Transaction costs related to loans and borrowings	–	–
3.8	Dividends paid	–	–
3.9	Other	(236)	(236)
3.10	Net cash from/(used in) financing activities	2,965	5,535

4.	Net increase/(decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,360	2,706
4.2	Net cash from/(used in) operating activities (item 1.9 above)	630	(1,776)
4.3	Net cash from/(used in) investing activities (item 2.6 above)	(451)	(961)
4.4	Net cash from/(used in) financing activities (item 3.10 above)	2,965	5,535
4.5	Effect of movement in exchange rates on cash held	(21)	(21)
4.6	Cash and cash equivalents at end of period	5,483	5,483

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	5,483	2,271
5.2	Call deposits	–	89
5.3	Bank overdrafts	–	–
5.4	Other (Term Deposit)	–	–
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,483	2,360

6.	Payments to directors of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	156
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	–
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7.	Payments to related entities of the entity and their associates	Current quarter $A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	–
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	–
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8.	**Financing facilities available** Add notes as necessary for an understanding of the position	Total facility amount at quarter end $A'000	Amount drawn at quarter end $A'000
8.1	Loan facilities	–	–
8.2	Credit standby arrangements	–	–
8.3	Other (LITCEs)	42,962+	–
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

LITCE – Current outstanding amounts on LITCE – 25 cent contributing shares+ Current special meeting on 24 February 2020 to consider a reduction to 6 cents.

9.	Estimated cash outflows for next quarter	$A'000
9.1	Exploration and evaluation	250
9.2	Development	450
9.3	Production	-
9.4	Staff costs	410
9.5	Administration and corporate costs	353
9.6	Other (Loans to subsidiaries)	950
9.7	Total estimated cash outflows	2,413

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter (%)	Interest at end of quarter (%)
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	E57/978 E57/1049 E57/1056	Withdrawn Withdrawn Withdrawn	0 0 0	0 0 0
10.2	Interests in mining tenements and petroleum tenements acquired or increased	E09/2191 E70/4888 E70/4889 E70/4790	Direct Direct Direct Direct	0 0 0 0	100 100 100 100

COMPLIANCE STATEMENT

1. This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2. This statement gives a true and fair view of the matters disclosed.

Sign here: 'Barry Woodhouse' Date: 31 December 2019
(~~Director/~~Company secretary)

Print name: Barry Woodhouse

Notes

1. The quarterly report provides a basis for informing the market on how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.

2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by the ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.