



6 December 2019

Lithium Australia to increase stake in Envirostream to 90% interest

HIGHLIGHTS

- Lithium Australia NL (ASX:LIT) has agreed to acquire a 90% interest in Envirostream Australia Pty Ltd ('Envirostream') which is Australia's leading lithium-ion battery ('LIB') recycler.
- Envirostream Australia is the only Australian company capable of recycling all energy metals from spent lithium-ion batteries.
- Envirostream Australia has constructed and commissioned its expanded Melbourne processing facility, which can recycle up to 3,000 tonnes per annum of spent batteries.
- First shipment of high-value mixed metal dust ('MMD') containing the energy metals cobalt, nickel and lithium is imminent.

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Overview

Lithium Australia NL (ASX: LIT or 'the Company') has reached a binding agreement to increase its stake in Envirostream Australia Pty Ltd ('Envirostream') to a 90% ownership interest.

Envirostream recently reported first production of MMD from its new battery recycling plant in Melbourne. The first shipment of MMD – containing cobalt, nickel, lithium and carbon – from the plant is imminent. Sales of scrap steel, copper and aluminium also recovered from the spent lithium-ion batteries processed to obtain MMD will recommence from the plant next month.

Comment from Lithium Australia MD Adrian Griffin

"The battery industry needs to take ownership of the disposal consequences of lithium ion batteries. Those batteries contain toxins that should never go to land fill. Lithium Australia, as a supplier of battery manufacturing technology, recognizes the stewardship role required to mitigate the adverse consequences of battery consumption.

"By acquiring Envirostream, and expanding its processing capacity, we are developing an environmentally responsible framework for every Australian battery consumer. We encourage all Australian's to join with us to create sustainable battery use with minimal environmental impact."



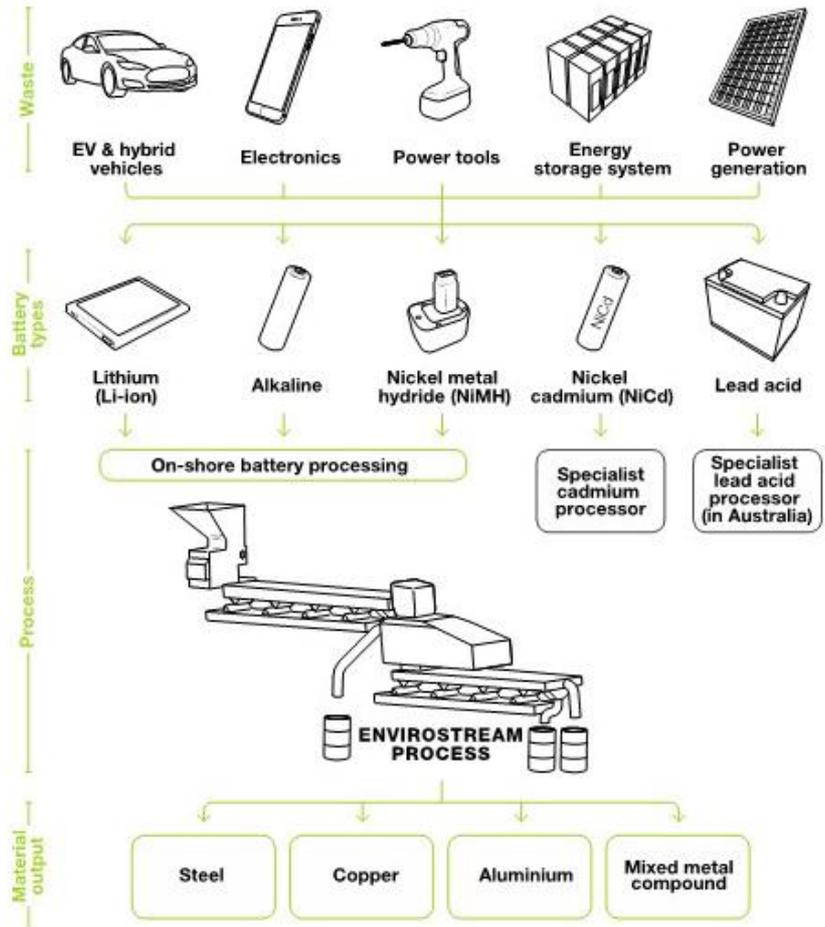


Envirostream business model

Envirostream is the only company in Australia with the integrated capacity to collect, sort, shred and separate all the components of spent LIBs, making it a perfect fit with Lithium Australia’s critical battery-metal-processing expertise.

The Australian-owned battery processing facility, designed and built by the team at Envirostream, is based on international best practice. Its ISO 14001-accredited modular processing technology has involved more than 3 years of research and development.

As an onshore mixed-battery recycling company, Envirostream offers safe, sustainable and innovative management solutions for what is emerging as one of the biggest challenges facing the domestic waste industry.



Envirostream, which has agreements with a number of retailers and manufacturers regarding the stewardship of spent batteries, is currently rolling out its collection network nationally with safe, reliable battery recycling units that are fully compliant with Australian standards. The next step for Environstream is to provide every Australian with reasonable access to drop-off points for spent batteries, in order to avoid them being relegated to kerbside collections and landfill.

Authorised for release by the Board.

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For more information on the collection of spent batteries, please contact Envirostream.

Envirostream contacts

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LIT agreement to buy Envirostream

A summary of the terms of the acquisition:

- Total consideration by LIT of \$1.3M for the acquisition of 90% interest in Envirostream's shares, including:
 - LIT's current ownership interest is 73.7% of Envirostream and a further \$250,000 in cash is required to be paid to prior to moving to 90% ownership.
 - A further \$250,000 in deferred consideration by way of Envirostream's repayment of loans to the vendor expected to be paid within 9 months
- Andrew Mackenzie to remain as Managing Director and to retain a minority stake in the Envirostream business
- LIT to appoint 2 directors to Envirostream's Board including the Chairman

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 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.

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