

**28 February 2018**

## ASX ANNOUNCEMENT

### Lithium Australia completing acquisition of high-margin lithium-ion cathode company

#### HIGHLIGHTS

- Lithium Australia has received acceptances to buy 99.7% of VSPC's issued capital.
- VSPC's technology base provides exposure to the most profitable process step in the battery production cycle – the manufacture of cathode powders.
- Batteries produced from VSPC cathode materials outperform industry benchmarks.
- Lithium Australia will expedite re-commissioning of the VSPC pilot plant, with a view to providing a range of cathode materials for assessment by major battery manufacturers.

Just 48 hours after lodgment of compliance documents for its takeover offer of cathode powder producer the Very Small Particle Company (VSPC), Lithium Australia NL (ASX: LIT) has received acceptances for 99.7% of VSPC's issued capital.

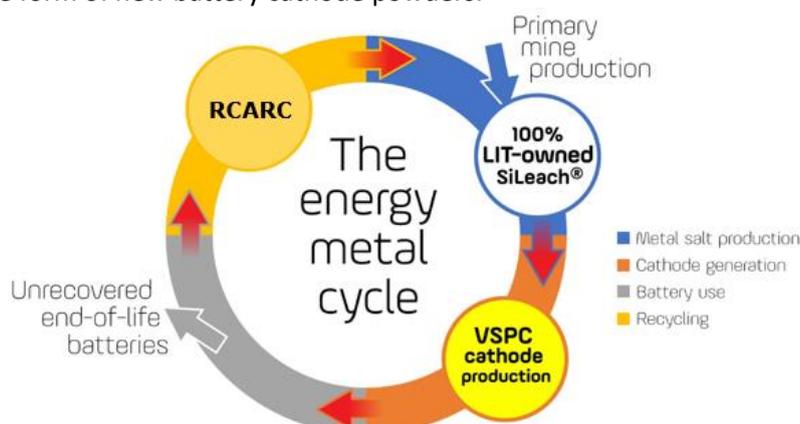
#### Background

VSPC is the brainchild of a number of prominent Queensland (Australia) based university research workers, who spent 14 years and approximately A\$30 million developing what Lithium Australia believes to be the world's most advanced cathode production technology for lithium-ion batteries.

#### Acquisition rationale

The VSPC process has the ability to precisely control the particle size and chemistry of cathode powders, using patented technology to generate the initial particle directly from solution. This greatly simplifies the production process, improves quality control and reduces cost. The particle genesis is compatible with other energy-metal technologies being developed by Lithium Australia, which include the recycling of lithium-ion batteries (via RCARC) and production of lithium chemicals from unconventional sources (via SiLeach®).

The addition of VSPC to Lithium Australia's technology base not only provides it with exposure to the most profitable process step in the battery production cycle – the manufacture of cathode powders – but also 'closes the loop' of the energy-metal cycle by enabling the rebirth of used materials in the form of new battery cathode powders.



## **The future**

VSPC owns a pilot plant that incorporates cathode powder production as well as battery production and testing. Lithium Australia will expedite re-commissioning of that plant, with a view to providing a range of cathode materials for assessment by major battery manufacturers. At present, Lithium Australia is recruiting the staff required to undertake this challenging task, and is negotiating a range of technical service agreements to provide the support necessary to ensure success.

An Appendix 3B will follow later in the day.

## **Comment from Lithium Australia managing director Adrian Griffin**

*"Supply shortages are already a reality in the lithium-ion battery space. VSPC provides us with the opportunity to manufacture the most advanced cathode materials in the world, at the high-margin end of the battery metals market. Importantly, VSPC will also allow us to capitalise on waste batteries as a feed source. The VSPC acquisition elevates Lithium Australia's role as a processor of primary materials to that of a sustainable producer of lithium-ion battery components.*

*"This step is not only a great advance for Lithium Australia but also a step in the right direction for the development of sustainable energy technologies on an industrial scale."*

### **Adrian Griffin**

Managing Director

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## **About Lithium Australia NL**

Lithium Australia aspires to 'close the loop' on the energy-metal cycle. Its disruptive extraction processes are designed to convert *all* lithium silicates to lithium chemicals, from which advanced components for the battery industry can be created. By uniting resources and the best available technology, Lithium Australia seeks to establish a vertically integrated lithium processing business.