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Lithium Australia 2019 AGM – Chairman’s Address

At the 2019 AGM, the Chairman of Lithium Australia NL (ASX: LIT, 'the Company') will make the following address.

Ladies and gentlemen

I would now like to address the past year and the direction for Lithium Australia going forward.

The future for lithium is strong. Recent variations in the price of spodumene concentrate are no different from those experienced for other commodities during differing cycles of supply and demand. Meanwhile, the push to e-mobility worldwide, along with innovations in energy storage and electronic products, shows no signs of diminishing. Indeed, lithium is one of 35 commodities the United States has listed as critical to its economic and national security. As a company, Lithium Australia needs to play the long game, with strategies that ensure we're part of the future of lithium.

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. The Company is rationalising its portfolio of lithium projects while continuing R&D on its proprietary extraction processes for the conversion of all lithium minerals 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.

The future begins with innovation

In 2019 Lithium Australia achieved a world first by successfully converting waste rock – sourced from a mine site close to Kalgoorlie in Western Australia – to a lithium chemical through its SiLeach® Gen-2 pilot plant at the ANSTO Minerals facility in Lucas Heights, New South Wales. That chemical subsequently went to the Company's 100%-owned VSPC battery materials facility in Queensland. There, it was used in the manufacture and testing of a coin-cell type lithium-ion battery. As announced very recently, VSPC has now completed stage 1 cathode-material testing with potential customers in both China and Japan.

For Lithium Australia, the final step in closing the loop on the energy-metals cycle involves the recovery of the energy metals in spent batteries and e-waste via recycling.

To that end, the Company recently expanded its interest in Envirostream Australia to 74%. Envirostream is the only company in this country capable of



collecting, sorting, shredding and separating all the components of spent lithium-ion and other batteries.

This makes it a perfect fit with Lithium Australia's critical battery-metal-processing expertise. This month, Envirostream cemented an offtake agreement with South Korean recycling company SungEel Hitech, one of the world's largest refiners of material from spent lithium-ion batteries.

And, when it comes to resources ...

In the longer term, Lithium Australia aims to produce reliable supplies of lithium chemicals and in so doing reduce pressure on the environment. Why? Because, based on global commitments to date, some 3.5 million tonnes of lithium carbonate equivalent, or LCE (a common measure of value employed in the lithium industry) will be required annually just to power the number of electric vehicles needed to meet legislative requirements from 2030 (or thereabouts) on. Currently, global lithium production is only about 300,000 tonnes of LCE per annum, with demand for the product growing at 15% annually.

So, where will all the 'new' lithium come from?

Current mining expansion will not meet lithium demand longer term and, as mines mature, their production will dwindle. New mines targeting lower grades can help fill demand shortfalls, but alternative sources of lithium may prove more attractive as genuine supply shortages put pressure on conventional production.

As Earth's 'throwaway society' matures and (hopefully) develops a culture of custodianship for the planet, recycling will replace new materials as the preferred source of supply. When the market matures to the point of product saturation, with continual expansion no longer required, demand for – and the recycling of – lithium will synchronise. If that does occur, newly mined material will only be necessary to top up that regained through recycling.

In the short term, the reality of the lithium commodity cycle is clear. Companies that committed to lithium in the first lithium 'boom' seven years ago are in the best position to take advantage of the second iteration of that boom. As in all commodity cycles, survivors of short-term downturns benefit when supply constraints return to equilibrium.

Therefore, Lithium Australia's technical expertise and vertically integrated model should gain it exposure to enormous growth across the energy-metals sector, conservatively estimated to be around a \$5 billion industry worldwide.

Looking to 2020, the Company aims to produce cathode material on a commercial basis, as well as secure funding for the commercialisation of its LieNA® and SiLeach® processing technologies and recycling infrastructure.



I would like to acknowledge the dedication and energy of Lithium Australia managing director Adrian Griffin, who continues to develop the Company's business model with great commitment and enthusiasm. Adrian has been a key driver in developing Lithium Australia's diversified strategy for the creation of a circular battery economy. Thanks, too, to Bryan Dixon, another board member who plays a key role in the Company, and to all our Lithium Australia employees, for their dedication to the cause.

At Lithium Australia, we appreciate our shareholders' support now and hopefully well into the future.

George Bauk
Chairman

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About Lithium Australia NL

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