



24 July 2020

First sales and installations for Soluna Australia battery systems

HIGHLIGHTS

- Soluna Australia provides energy-storage solutions for homes with single- or three-phase power throughout Australia.
- Soluna Australia receives initial orders for residential energy storage.
- Installations of Soluna Australia products for residential energy storage have commenced.

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Background

Soluna Australia Pty Ltd ('Soluna Au') is an incorporated joint venture – 50% Lithium Australia NL (ASX: LIT, 'the Company') and 50% DLG Energy (Shanghai) Co., Ltd – that was established to supply battery energy-storage solutions for the Antipodes (initially Australia only).

Battery storage market buoyant, despite COVID-19

Consumer interest in energy-storage products has remained strong, despite the uncertainty surrounding current events. Soluna Au, which has established a national network of 'preferred partner' installers, recently welcomed its first sales orders, which followed hard on the heels of its initial product shipment, received in early July. The sales were of domestic single- and three-phase storage products.

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Soluna Au is pleased to report that installation of those residential energy-storage systems went ahead in the northern and southern suburbs of Perth, Western Australia in the last week.

Incentives for installing battery storage

Not only does residential battery storage offer the peace of mind of blackout protection but it will also play an increasingly important role in ensuring grid stability. A recent *Distributed Energy Resource Roadmap* released by the West Australian state government confirmed that, due to the popularity of rooftop solar photovoltaic ('PV') systems, minimum demand for power from the grid tends to occur in the middle of the day, and on a regular basis, upturning the historical view of what is 'normal' in terms of grid demand.

This situation creates issues in terms of power system security (that is, the system's capacity to continue operating within defined technical limits even if a major element of it, like a large generator or major customer, disconnects from the system). Such issues are already manifesting at times of low load and high solar generation (on weekends in the spring and autumn, for instance).

Over time, with ever greater penetration of rooftop solar PV, such issues will become increasingly prevalent, with incidences of very low load more frequent and for longer periods.

Nationwide, grid operators – aka distribution network service providers ('DNSPs') – are struggling to cope with the impact on their grids of energy generated and exported by solar PV. To ameliorate this, DNSPs and energy retailers will introduce tariffs designed specifically to decrease the amount of solar PV exported. These new tariffs are a strong incentive to consumers who produce solar energy to store that energy in either their own or DNSP-owned battery energy-storage systems.

Dollar savings aside, end-users of Soluna Au products can rest assured that these are an integral component of the Company's aim of 'closing the loop' on the entire battery lifecycle, from the ethical and sustainable supply of lithium for battery manufacture through to the recycling of batteries at the end of their useful life. With its proprietary processing technology, Lithium Australia can reduce waste *and* costs.

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.

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Comment from Lithium Australia MD Adrian Griffin

“Soluna Australia provides the most advanced residential energy storage available in the country. It can provide single phase and 3 phase systems with complete blackout protection, something lacking in many competing products. But there is more to this than reducing cost, reducing environmental footprints and not having to worry about your next power bill. Lithium Australia can assure you, the client, that at end of life, your Soluna energy storage system can be recycled. This sustainability initiative is provided through our subsidiary, Envirostream Australia – the only mixed battery recycler in Australasia.

Authorised for release by the Board.

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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 extraction, processing and recycling.

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