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Envirostream Update

Envirostream Australia Pty Ltd ('the Company') – a 90% owned subsidiary of Lithium Australia NL (ASX: LIT) wishes to announce safety, environmental and permitting improvements around its expanding operations following a newspaper article published in the Melbourne Age yesterday.

Envirostream's operates Australia's only mixed-battery recycling facilities in Melbourne, Australia. Envirostream is an expert in the complete process of battery recycling, from transport, handling and discharge to materials recovery. Envirostream is a world leader in safety procedures, transport and environmental risk assessment allowing the Company to offer a safe, effective, cost-efficient and sustainable solution to the recycling of end-of-life batteries, thereby providing sound and environmentally aware solutions to battery disposal.

Envirostream recycles over 90% of the battery materials processed. Materials recovered include steel, aluminium, copper-containing components (wire and transformers) and circuit boards, as well as battery electrode materials. The latter is recovered as mixed metal dust ('MMD'). The MMD – which contains cobalt, nickel, manganese, lithium and graphite – is delivered to Envirostream's MMD offtake partners for further refining, effectively rebirthing those battery materials for use in new batteries.

Envirostream's material recovery rate of +90% is very high compared with overseas competitors which roast the batteries. Envirostream's low-temperature processing, unlike it competitors, recovers volatile components, including plastics and electrolytes, resulting in much higher mass yields and lower carbon emissions.

Envirostream has not been operating at above 500 tonnes per annum (tpa) of specified waste at any of its Melbourne sites and is not required to hold an EPA licence to operate. On 11 September 2020, the Company applied for an EPA Victoria work permit for one of its Melbourne premises to operate at above 500tpa of specified waste due to its expected growth in both battery collection and recycling volumes. The Company is currently working very closely with the EPA to demonstrate industry best practice in its recycling process, and the granting of an expanded work permit in advance of that capacity being required. The Company continues to operate at below the 500tpa of specified waste processing rate and has taken steps to minimize the amount of stock levels at each of its premises. The EPA has not issued Envirostream with any breach notices following its visits to the Company's premises.

Victoria has banned disposal of batteries to landfill. Many of those batteries contain toxic materials capable of polluting soil, groundwater and waterways. Envirostream, being the only mixed battery recycler in Australia, is focused on diverting the maximum amount of material from landfill and improving sustainability of the battery industry by creating the circular economy.

Worksafe Victoria has visited Envirostream's current premises on a number of occasions to inspect the Company's safety practices and has not issued the Company with any breach notices regarding any of these premises.

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Envirostream advises it has been served breach notices on 8 July 2020 by the local council on two of its facilities in Melbourne for not having the appropriate council planning permits. Envirostream has been in ongoing discussions with the local council on a weekly basis and intends to apply for the correct permits to operate in the coming days. Envirostream continues to process all lithium-ion battery inventories, to reduce any potential fire and safety risks with a current expectation that 80t of material will be processed this quarter. The required rectification is taking longer than normal due to the current COVID-19 restrictions in place in Melbourne, and the current expectation to rectify is between 30 and 60 days. The costs associated with rectification are not, and were never, expected to be material.

The Company has also held permit application meetings with the local council and has been granted an extension for the lodgment of its additional permit applications which will be lodged later this week. Envirostream and the local council are in good faith discussions to reduce operating risks and for the continuing operations at both premises.

Nothing disclosed in this announcement is expected to have any material effect on either the September 20 Quarter or the FY21 revenue for the Lithium Australia NL Group.

Envirostream continues to work very closely with the regulatory bodies to ensure its management systems, safety and environmental procedures are better than industry accepted standards and to minimize the risks to the local communities. Envirostream is focused on continuous improvement to ensure its battery recycling in Australia safe, environmentally friendly and the most sustainable practice.

Authorised for release by the Board.

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Lithium Australia aims to ensure an ethical and sustainable supply of critical materials to the battery industry by creating a circular battery economy. In particular, the recycling of spent lithium-ion batteries to create new battery cathode materials 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 these, Lithium Australia plans to produce advanced components for the battery industry globally, including for stationary energy storage systems marketed in Australia. By uniting resources and innovation, the Company seeks to vertically integrate lithium extraction, processing and recycling while enhancing energy security.

About Envirostream Australia Pty Ltd

Envirostream is a national leader in battery recycling. It operates the only commercial facility in Australia capable of shredding all types of spent batteries to efficiently recover a range of recyclable materials – in particular mixed-metal dust, which comprises the

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critical 'active' materials in spent lithium-ion batteries. Mixed-metal dust contains cobalt, nickel, lithium and manganese, making it a sustainable feed source for the manufacture of new batteries. The Envirostream process is designed for zero atmospheric emissions and very low soluble losses, and only minimal amounts of material are consigned to landfill. Together with its high mass yields, this positions Envirostream as the planet's most environmentally credentialled battery recycler.

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