



30 April 2020

Lithium Australia Quarterly Activities Report for March 2020

Lithium Australia NL (ASX: LIT, 'Lithium Australia' or 'the Company') is pleased to provide the following update of its business activities for the quarter (further details can be found in the ASX releases tabulated at the end of this report).

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HIGHLIGHTS

Recycling

- LIT has completed its acquisition of 90% of Envirostream Australia Pty Ltd ('Envirostream').
- Envirostream revenue has ramped up after commissioning of its new plant.
- A second shipment of mixed metal dust ('MMD') concentrate has been shipped under Envirostream's offtake deal with South Korean company SungEel HiTech Co. Ltd ('SungEel').
- Design capacity throughputs have been demonstrated at Envirostream's plant.
- Envirostream has begun processing trials for numerous multinational businesses, in order to expand battery collection.
- Envirostream revenue is expected to increase in line with the proposed national battery stewardship programme.

Lithium chemicals

- The World Intellectual Property Organisation ('WIPO') has published three Company patent applications, one for the recovery of lithium phosphate ('LP') and sulphate from lithium-bearing solutions, another for the recovery of LP and sulphate from silicates using SiLeach[®] and the third for the second-generation LieNA[®] technology, which incorporates the above-mentioned LP patent application improvements.
- The Australian federal government, under the auspices of its Co-operative Research Centre Projects ('CRC-P') initiative, is to support the LieNA[®] research and development programme for the recovery of lithium from spodumene.
- Lithium Australia has received a 'Certificate of Grant' from IP Australia for its first-generation LieNA[®] patent, which provides 20 years of legal protection in Australia for this lithium-processing technology.

Batteries

- Lithium Australia's wholly-owned nanotechnology subsidiary VSPC Ltd ('VSPC') and Beijing Saideli Technology Incorporated Company Ltd have signed a memorandum of understanding ('MoU'), to foster the commercialisation of VSPC cathode material.



- VSPC has been the recipient of a co-funded grant from the federal government, with a focus on utilising lower-cost and recycled raw materials for the manufacture of lithium-ferro-phosphate ('LFP') cathode material.
- VSPC is to manage the development of fast-charge batteries for trams, under the auspices of the federal government's CRC-P programme.
- Soluna Australia Pty Ltd ('Soluna') anticipates its first battery sales before the end of the financial year.

Corporate

- Lithium Australia has implemented COVID-19 safety measures.
- The Company has responded to the pandemic by trimming costs; director and employee costs in particular have been significantly reduced.
- Federal and state government support will help the Company retain staff.
- A call on LITCE partly paid shares has raised \$361,000 to date, with an auction to be held in May.
- The Company expects to be funded for this calendar year at least.

Recycling

Envirostream

Lithium Australia recently increased its equity in Envirostream, a national leader in battery recycling, to 90%. Envirostream operates the only commercial facility in Australia capable of shredding all types of spent batteries in order to produce a range of recyclable materials, including MMD, the 'active' material recovered from spent LIBs. MMD contains critical battery materials such as cobalt, nickel, lithium and manganese and so can provide a sustainable feed source for the manufacture of batteries.

Envirostream's new Melbourne recycling facility, which completed its second shipment of MMD to SungEel in March 2020, is now running at planned capacity. As at 31 March 2020 Envirostream had more than 110 tonnes of spent LIBs in stock.

Envirostream has also begun commissioning its copper-and-aluminium ('Cu/Al') separation circuit, due to be completed in coming weeks. This will ensure near-term revenue from the 178 tonnes of mixed Cu/Al stock also recovered from spent LIBs.

During the quarter Envirostream signed confidentiality agreements with, and began processing trials for spent batteries from, numerous multinational businesses, including electric-vehicle manufacturers and energy-storage suppliers. Accessing such material will diversify and expand feed sources for Envirostream's recycling plant while preventing toxic materials from being consigned to landfill, which risks contamination of both soil and groundwater.

Australia's Battery Stewardship Council is set to introduce a nationwide battery stewardship system from 1 July 2020, after which the volume of spent batteries Envirostream receives should increase significantly.



In summary, Envirostream is providing a sustainable solution for the disposal of end-of-life batteries and the 'rebirthing' of the energy metals in spent LIBs. In line with the ethical, social and governance ('ESG') principles many in the community have come to expect, Envirostream is working with multinational partners to provide better outcomes for the battery industry in particular and the environment as a whole.

Due to current financial-market volatility, the board of Lithium Australia will delay its planned float of Envirostream. In the interim, Envirostream – which is listed as an essential service during the COVID-19 pandemic – will continue to focus on increasing battery collection and reducing inventory levels to maximise revenue and cashflow.

Lithium chemicals

Integral to its aim of 'closing the loop' on the energy-metal cycle, Lithium Australia has demonstrated its ability to recycle mine waste (lepidolite) and low- and variable-grade spodumene for battery production, by virtue of its SiLeach[®] and LieNA[®] technologies respectively.

Both processes, in combination with VSPC's patented nanotechnology, permit the production of battery cathode powders directly from LP recovered from silicate minerals or spent LIBs – without the need for an intermediate step to produce lithium hydroxide or carbonate, which potentially reduces the steps required to produce cathode materials for new LIBs.

LieNA[®] aims to provide a production pathway for lithium that is not constrained by the requirements of 'conventional' spodumene converters. At present, fine and/or contaminated spodumene is discharged to either waste or tailings by producers seeking to achieve the high-grade spodumene offtake demanded by the mineral concentrate market. LieNA[®] can recover lithium from such materials, which account for most of the lithium 'lost' during the production of spodumene concentrates. LieNA[®] therefore provides a significant opportunity to increase ore reserves and improve resource utilisation without increasing mining costs.

The Company is currently exploring commercialisation of its LieNA[®] process with a number of lithium concentrate producers. Meanwhile, federal government funding will help support the next stage of LieNA[®] development.

On 9 February 2020, The Hon. Karen Andrews MP, Federal Minister for Industry, Science and Technology, announced the recipients of CRC-P grants for Round 8. The grants aim to promote the development of critical minerals and "cement Australia's position as a critical minerals powerhouse, grow the economy and create new jobs." Lithium Australia will receive \$1.3 million from the CRC-P round 8 programme to progress the next stage of its LieNA[®] technology at a total project cost of \$3.6 million.

Lithium Australia acknowledges the support of the Australian federal government, the West Australian state government and various partners throughout the CRC-P process, including in the selection of LieNA[®] for CRC-P grant funding.



Intellectual property

Lithium Australia, which has been actively managing its intellectual property ('IP'), has achieved the following milestones.

IP Australia's Certificate of Grant for patent PCT/AU2017/050808 details the first generation of the LieNA[®] caustic digestion process for the extraction and recovery of lithium values from lithium-bearing material – in particular, from lithium-bearing silicates such as spodumene and lepidolite (with lithium recovered as a lithium carbonate). The Certificate provides legal protection within Australia over the technology for 20 years.

WIPO, the global forum for IP services, policy, information and cooperation, is responsible for the formalities involved in the examination and preparation for publication of international applications under the Patent Cooperation Treaty.

Publication by WIPO of patent PCT/AU2019/050773 details Lithium Australia's second-generation LieNA[®] technology, designed to extract lithium from an uncalcined lithium-bearing silicate and recover it as LP. It is based on the pressure alkaline leach of a slurry using an autoclave, with the lithium-rich sodalite so generated subject to an acid leach to recover the lithium as well as impurity removal unit processes.

WIPO's publication of patent application PCT/AU2019/050541 details a process for recovering lithium phosphate and lithium sulphate from lithium-bearing silicates using a fluoride-accelerated leach, trademarked by Lithium Australia as SiLeach[®].

Publication by WIPO of patent application PCT/AU2019/050540 details Lithium Australia's SiLeach[®] process for the recovery of LP and lithium sulphate from a lithium-bearing solution such as brine or pregnant process liquor. Patent protection was sought due to an innovation developed during testwork prior to completion of the SiLeach[®] pilot programme in August/September 2018. This unit process also has direct application to LieNA[®].

Publication of the Company's applications represents a significant fourth step in the seven-step process for the granting of patents within international jurisdictions, which can take several years to achieve.

Batteries

Creating a circular battery economy

Lithium Australia, together with its subsidiaries Envirostream and VSPC, plans to establish integrated processing operations for battery materials within Australia, paving the way for a cost-effective and genuinely renewable circular battery economy.

The Company's integrated production cycle (i.e. lithium from recycled batteries → LP → LFP cathode material → new LIBs) has the potential to improve efficiency and reduce manufacturing costs in the battery industry, in line with standard ESG principles. Such methodologies are designed to enhance global efforts to deal with climate change by improving resource sustainability and reducing the growing environmental footprint of portable power.



VSPC

Located in Brisbane, Australia, VSPC's assets comprise a comprehensive R&D facility, including a pilot plant and advanced laboratory and battery-testing capabilities. VSPC uses proprietary nanotechnology to create advanced cathode materials – lucrative components in the battery production cycle – and produce LIBs with superior performance capabilities.

The VSPC process begins with cathode metals in solution. From that solution, cathode material nanoparticles are precipitated to produce the nano-powders used in the manufacture of LFP battery cells (a specific type of LIB). The process can utilise LP produced via the Company's SiLeach[®] or LieNA[®] processes. Creating LFP cathode material in this way eliminates the need to produce the lithium carbonate or hydroxide conventionally used in LIB production. Indeed, there is the potential to remove a number of steps in the battery material supply chain and in so doing reduce costs across the board.

Collaboration with battery manufacturers

During the quarter, VSPC continued its production and testing of cathode materials and samples of its LFP are currently being assessed by overseas battery manufacturers.

As part of its evaluation of options for an international cathode materials project, VSPC is working with leading Chinese battery producer DLG Battery Co. Ltd. ('DLG') to test commercial-format cells manufactured using VSPC cathode materials. Together, the two companies aim to commercialise VSPC cathode powders in China. If they succeed, VSPC will become a preferred supplier of cathode materials to DLG.

Meanwhile, VSPC and Beijing Saideli Technology Incorporated Company Ltd ('SDL') have signed an MoU under which both parties will collaborate on a staged plan for commercialisation of VSPC's LFP cathode material. It includes the establishment of a supply chain for VSPC customers in China and a joint feasibility study for LFP production and supply outside China using VSPC proprietary process technology.

SDL has considerable expertise in the design and manufacture of process equipment and extensive experience in the construction, commissioning and operation of chemical process plants, including those for the production of LIB cathode powders. VSPC's MoU with SDL provides the Company with a low-capital pathway to the commercialisation of VSPC cathode powders, in order to meet targets set by its other partners in China. A specific focus will be the anticipated growth in use of LFP cathode materials in transport and energy-storage applications.

AMGC project co-funding

VSPC has obtained a co-funding grant from the Australian Manufacturing Growth Centre ('AMGC') to advance its processes for the utilisation of lower-cost raw materials for cathode material synthesis. AMGC is a not-for-profit organisation established by the federal government to support the development of world-leading advanced manufacturing in Australia and the project, which involves a grant of up to \$185,000 over 12 months, commenced in January 2020.



Raw materials make up more than two-thirds of the cost of producing LIB cathode materials, so VSPC's ability to utilise both cheaper raw materials and also recycled materials from spent batteries gives it an important competitive advantage. Feedstock to be evaluated under the terms of the AMGC grant includes high-grade iron materials such as magnetite, as well as LP produced from battery recycling and mineral sources via the Company's proprietary process technologies.

Partners in the project include Lithium Australia subsidiaries Envirostream and Resource Conservation and Recycling Corporation Pty Ltd. The latter has successfully converted MMD produced by Envirostream into high-purity LP, as well as nickel and cobalt products. Other partners include Chinese LIB-cell manufacturer DLG, which is providing testing services to the project, and The University of Queensland ('UQ'), which will supply analytical and material characterisation services.

During the quarter, VSPC completed stage 1 of the AMGC programme and will continue testing raw materials in the June quarter.

Grant to develop fast-charge batteries

Also as part of the CRC-P Round 8 initiative, VSPC has been awarded federal government funding for a \$5 million project to develop fast-charge LIBs for use in new-generation battery-powered trams, eliminating the need for overhead power lines, which are expensive, visually polluting and potentially hazardous. The ultimate goal is to develop and commercialise advanced cathode materials for batteries suitable for light-rail and other fast-charge applications

As leader of the project, VSPC will receive a total grant of \$1.6 million over three years. Partners in the project include Australia's leading scientific group, the Commonwealth Scientific and Industrial Research Organisation ('CSIRO'), UQ and Lithium Australia subsidiary Soluna (50% Lithium Australia and 50% DLG).

CSIRO has specific experience and intellectual property relating to fast-charge batteries for application in various forms of transport (such as trams, e-buses, ferries and military vehicles). VSPC will work with battery researchers at CSIRO's Clayton site in Victoria to design, manufacture and test fast-charge LIB prototypes.

UQ has extensive capabilities with respect to the analysis of advanced materials. VSPC will work with UQ on the characterisation and optimisation of VSPC battery materials.

Soluna will advise on manufacturing and also lead commercialisation of the fast-charge battery products being developed.

During the quarter, VSPC began preliminary work on the project, including partnership agreements and detailed planning.

Soluna battery alliance

During the quarter, Soluna continued its preparations for entry into the Australian battery market, an important element of which is accreditation of its energy-storage products by the Clean Energy Council ('CEC'), which involves testing and assessment to Australian

and international standards. Preparation of documentation for CEC accreditation advanced during the quarter, with CEC approval anticipated in the June quarter.

Soluna's two employees – Kieron D'Arcy (general manager) and Raegan Hanks (sales manager) – both have more than a decade of experience in the renewable-energy sector and have made significant progress in developing relationships and sourcing orders.

Soluna[®] Power Banks are available in sizes to suit both residential and small commercial users, while its Power Cell range offers larger capacity for commercial and industrial applications. Bespoke designs can also be created for special applications – the components of the battery packs are modular, so units can be expanded as required.

SOLUNA[™] SOLAR POWER BANKS



Soluna[®] Power Banks and Power Cells contain LFP batteries, which demonstrate the following desirable attributes.

- Excellent safety credentials.
- Superior operational life (typically twice the number of duty cycles of other LIB chemistries).
- High charge and discharge rates without thermal runaway (i.e. low fire risk).
- A wide operating-temperature range (ideal for Australian energy-storage applications).
- Low supply-chain risk (i.e. contain no nickel or cobalt).
- Lower cost in that only readily available materials are used (i.e. no nickel or cobalt).

Raw materials

To date, Lithium Australia's technical modelling has assumed a preferred supply of lithium raw materials from, firstly, spent LIBs, and, secondly, mining waste streams (historical dumps, tailings, discharge that contain lithium) from currently operating mines.

Initial studies have also shown that the Company's LieNA[®] process can produce lithium chemicals (for use in LIBs) from fine or variable-grade spodumene, generally considered a waste product. This could further enhance the sustainability of the battery industry.



Exploration activities for the quarter

The Company continues to evaluate the sourcing of lithium minerals from its own deposits, which include the following.

Medcalf lithium prospect, Lake Johnston project – Western Australia

Lithium Australia considers that this prospect has the potential to supply spodumene concentrates to either a LieNA[®] installation or third-party lithium processors. While drilling to test the target has been delayed due to the impact of COVID-19, the Company is seeking approvals from the appropriate authorities, after which drilling can commence.

Greenbushes project – Western Australia

Lithium Australia has aggregated a significant tenement holding adjacent to, and in the vicinity of, the world-class Greenbushes lithium mine operated by Talison Lithium Pty Ltd (51% Tianqi and 49% Albemarle). Numerous pegmatites have been recorded within the Company's Greenbushes tenement portfolio and initial fieldwork will entail updating mapping and sampling of these. The Company is seeking a partner to advance its exploration in the area.

Wundowie project – Western Australia

The Company holds a 100% interest in the Wundowie project, which covers magnetic features interpreted as northerly intrusion sites of the of Coates mafic intrusive complex. In the early 1980s the Coates vanadium and iron deposit was mined (on an adjacent tenement) and more recently the South West Terrane mafic intrusions have come into focus once more, following discovery of nickel sulphides and platinum group elements by Chalice Gold at its Julimar project, just 30 kilometres ('km') northwest of Wundowie. Lithium Australia has completed a review of previous reports, visited the site and collected orientation samples of laterite for analysis. A systematic geological mapping and geochemical sampling programme is planned for the second half of 2020.

Ravensthorpe project – Western Australia

Rehabilitation of drill sites and access tracks at Ravensthorpe is now complete.

Seabrook rare metals project – Western Australia

Lithium Australia's joint venture with Tungsten Mining NL has been terminated. Further mapping and sampling of geochemical anomalies generated by the Company's earlier exploration activities will be undertaken.

Bynoe project – Northern Territory

This project is located approximately 12 km southwest of the Finnis lithium project (Core Lithium Limited), where three spodumene pegmatite deposits are undergoing a feasibility study. A detailed review of all existing geochemical data for Bynoe has been completed. It highlights three areas for future work, the most advanced being an area of 4.5 x 2 km (9 km²) where previous investigations identified a swarm of pegmatites. Analyses of weathered rocks show they are anomalous in elements, consistent with nearby lithium-caesium-tantalum pegmatites.



Dudley project – Kangaroo Island, South Australia

Studies of prospective pegmatites at Dudley have revealed significant potential for high-purity kaolin and halloysite, as well as gem-quality tourmaline. The Company is seeking expressions of interest for a commercial transaction such as sale, joint venture, farm-in, sublease or other arrangement that will benefit its shareholders.

Electra project – Mexico

Lithium Australia withdrew from this project subsequent to the end of the March quarter.

Sadisdorf lithium project – Germany

All work at Sadisdorf has been suspended while funding options are reviewed. The project was being investigated as a potential source of raw materials to produce cathode materials for LIBs using the Company's SiLeach® process.

Corporate

COVID-19 response

Lithium Australia is navigating its way through the COVID-19 situation, which is affecting all its business units. Most Company employees are working from home, and those who continue to occupy premises during working hours are observing strict social distancing and hygiene standards.

The Company advised the market on [3 April 2020](#) of its response to COVID-19, which included the following.

- Employee costs reduced significantly from April 2020.
- Federal and state government support will help retain staff.
- Directors to take half their fees in Company shares.
- Rental costs reduced from April 2020.
- Non-core exploration and technology development costs deferred.
- The Company is funded for this calendar year at least.

Lithium Australia continues to implement cost-cutting measures to improve management of, and streamline, each business unit. Overall, the aim is to provide avenues for direct investment in one, some or all of the business units as standalone entities while continuing to provide stakeholders with exposure to a circular economy for battery materials through investment in the Company.

A call on LITCE partly paid shares has raised \$361,000 to date, with the LITCE auction to be held in May.

Conclusion

Lithium Australia aims to ensure an ethical, sustainable and efficient supply of energy metals to the battery industry (enhancing energy security in the process) by creating a circular battery economy. The recycling of old LIBs to new is intrinsic to this plan. While rationalising its portfolio of lithium projects/alliances, the Company continues development of its proprietary extraction processes for the conversion of *all* lithium silicates (including mine waste), and of unused/contaminated 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.

Announcements issued during the quarter

| Date | Heading |
|------------------|---|
| 24 March 2020 | Appendix 2A and notice under section 708(A)(5)(e) |
| 23 March 2020 | Lithium Australia exploration progress update |
| 19 March 2020 | Lithium Australia exploration progress |
| 17 March 2020 | LITCE partly paid shares call extension to 31 March 2020 |
| 13 March 2020 | Half Yearly Report and Accounts |
| 06 March 2020 | Notice of call on partly paid shares |
| 05 March 2020 | Appendix 2A updated |
| 04 March 2020 | Notice under section 708(A)(5)(e) and Appendix 3Y |
| 04 March 2020 | Appendix 2A |
| 04 March 2020 | Proposed issue of Securities – LIT |
| 28 February 2020 | Sadisdorf acquisition and release from escrow |
| 24 February 2020 | General meeting and special meeting results |
| 24 February 2020 | Patent application for Li-extraction technology accepted |
| 19 February 2020 | Appendix 3Y replacement |
| 19 February 2020 | Notice under section 708(A)(5)(e) and Appendix 3Y * 3 |
| 19 February 2020 | Proposed issue of Securities – LIT |
| 18 February 2020 | Appendix 2A |
| 13 February 2020 | Federal government backs LIT's \$3.6 M R&D programme for LieNA® |
| 12 February 2020 | VSPC awarded federal grant in \$5 M battery development programme |
| 05 February 2020 | LIT moves to a 90% interest in Envirostream Australia |
| 03 February 2020 | Quarterly Activities Report and Quarterly Cashflow Report |
| 23 January 2020 | LIT subsidiary VSPC successful in obtaining grant |
| 20 January 2020 | Notice of Special Meeting |
| 20 January 2020 | Notice of General Meeting Proxy Form |
| 17 January 2020 | Appendix 3B |
| 14 January 2020 | Patent applications for lithium phosphate production |
| 06 January 2020 | VSPC signs MoU to commercialise its cathode technology |



Competent person's statement – Medcalf lithium prospect

The information contained in the report that relates to exploration results, together with any related assessments and interpretations, is based on information compiled by Mr Peter Spitalny on behalf of Mr Adrian Griffin, managing director of Lithium Australia NL. Mr Spitalny is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience relevant to the styles of mineralisation under consideration, and to the activity he has undertaken, to qualify as a Competent Person. Mr Griffin is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience relevant to the style of mineralisation under consideration, and to the activity being reported, to qualify as a Competent Person as defined under the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 edition)*. Mr Griffin consents to the inclusion in the report of the matters based on Mr Spitalny's data in the form and context in which it appears. The Company is not aware of any new information or data that materially affects the information in this report and such information is based on the information compiled on behalf of Mr Griffin.

Competent Person's statement – Lithium Mineral Resources, Sadisdorf

The information in this announcement that relates to *in situ* lithium Mineral Resources for Sadisdorf is based on and fairly represents information compiled by Mr Thomas Branch, under the direction and supervision of Dr Andrew Scogings, in accordance with the requirements of the Joint Ore Reserves Committee (JORC) Code 2012. Dr Scogings was an employee of CSA Global Pty Ltd at the time of the resource estimation and takes overall responsibility for the Mineral Resources estimate and associated report. Dr Scogings is a member of both the Australian Institute of Geoscientists and Australasian Institute of Mining and Metallurgy and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity undertaken, to qualify as a Competent Person in terms of the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 edition)*. Dr Scogings consents to the inclusion of such information in this report in the form and context in which it appears. Lithium Australia confirms that it is not aware of any new information or data that materially affects the information included in this report and, in the case of the Sadisdorf Mineral Resources estimate, confirms that all material assumptions and technical parameters underpinning the estimates in the 7 December 2017 and 1 June 2018 Company announcements continue to apply and have not materially changed.

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.

ASX ANNOUNCEMENT



Details of mining tenements as at quarter ended 31 March 2020

ASX Listing Rule 5.3.3

Australian projects

| Tenement ID | Name | Location | State | Interest |
|-------------|---------------|-----------------|-------|------------------|
| E27/562 | Gindalbie | Gindalbie | WA | 100% |
| E45/4660 | Hillside 3 | Pilbara | WA | 100% |
| E45/4766 | Moolyella | Pilbara | WA | 100% |
| E63/1777 | Lake Johnston | Dundas | WA | 100% |
| E63/1805 | Mt Day | Dundas | WA | 100% |
| E63/1806 | Mt Day A | Dundas | WA | 100% |
| E63/1807 | Mt Day B | Dundas | WA | 100% |
| E63/1808 | Mt Day C | Dundas | WA | 100% |
| E63/1809 | Lake Johnston | Dundas | WA | 100% |
| E63/1866 | Lake Johnston | Dundas | WA | 100% |
| E63/1870 | Lake Johnston | Dundas | WA | 100% |
| E63/1903 | Lake Johnston | Dundas | WA | 100% |
| E70/4690 | Greenbushes | Greenbushes | WA | 100% |
| E70/4777 | Greenbushes | Greenbushes | WA | 100% |
| E70/4888 | Greenbushes A | Greenbushes | WA | 100% |
| E70/4889 | Greenbushes B | Greenbushes | WA | 100% |
| E70/4890 | Greenbushes C | Greenbushes | WA | 100% |
| E70/4790 | Greenbushes | Greenbushes | WA | 100% |
| E70/5047 | Nannup | Stanifer | WA | 100% |
| E70/5198 | Mt Lawrence | Mt Lawrence | WA | 100% |
| E70/5315 | Greenbushes | Greenbushes | WA | 100% |
| E70/5316 | Greenbushes | Greenbushes | WA | 100% |
| E74/0543 | Ravensthorpe | Ravensthorpe | WA | 100% |
| E77/2279 | Lake Seabrook | Yilgarn | WA | 100% |
| E77/2484 | Lake Seabrook | Yilgarn | WA | 100% |
| ELA30897 | Angers | Bynoe | NT | 100% |
| EL 6212 | Dudley 1 Sa | Kangaroo Island | SA | 100% |
| EL 6213 | Dudley 2 Sa | Kangaroo Island | SA | 100% |
| EPM 26252 | Cape York 3 | Cape York | QLD | 100% |
| M15/1809 | Coolgardie | Coolgardie | WA | 80% ⁴ |
| M15/1874 | Coolgardie | Coolgardie | WA | 80% ⁴ |
| P15/5574 | Coolgardie | Coolgardie | WA | 80% ⁴ |
| P15/5575 | Coolgardie | Coolgardie | WA | 80% ⁴ |
| P15/5625 | Coolgardie | Coolgardie | WA | 80% ⁴ |
| P15/5626 | Coolgardie | Coolgardie | WA | 80% ⁴ |
| P15/5629 | Coolgardie | Coolgardie | WA | 80% ⁴ |
| P15/5738 | Coolgardie | Coolgardie | WA | 80% ⁴ |
| P15/5739 | Coolgardie | Coolgardie | WA | 80% ⁴ |
| P15/5740 | Coolgardie | Coolgardie | WA | 80% ⁴ |
| P15/5741 | Coolgardie | Coolgardie | WA | 80% ⁴ |
| P15/5742 | Coolgardie | Coolgardie | WA | 80% ⁴ |
| P15/5743 | Coolgardie | Coolgardie | WA | 80% ⁴ |
| P15/5749 | Coolgardie | Coolgardie | WA | 80% ⁴ |

⁴ Coolgardie Rare Metals Venture now converted to a joint venture.



International projects

| | | | |
|---------------------------|---------|--|------|
| Sadisdorf project, Saxony | Germany | | 100% |
| Eichigt project, Saxony | Germany | | 100% |

Authorised for release by the Board.

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Lithium Australia NL

ABN

29 126 129 413

Quarter ended ("current quarter")

31 March 2020

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 159 | 159 |
| 1.2 Payments for | | |
| (a) exploration & evaluation (if expensed) | (249) | (1,200) |
| (b) development | (99) | (485) |
| (c) production | - | - |
| (d) staff costs | (1,369) | (2,699) |
| (e) administration and corporate costs | (576) | (1,826) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 7 | 13 |
| 1.5 Interest and other costs of finance paid | (3) | (3) |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | 166 | 2,301 |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | (1,964) | (3,740) |

| | | |
|--|-------|-------|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) entities | (300) | (300) |
| (b) tenements | - | - |
| (c) property, plant and equipment | (26) | (71) |
| (d) exploration & evaluation (if capitalised) | - | (31) |
| (e) investments (previously recognised as investment, subsequently recognised as subsidiary) | 200 | (300) |
| (f) other non-current assets | (157) | (637) |

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 2.2 | Proceeds from the disposal of: | | |
| | (a) entities | - | - |
| | (b) tenements | - | - |
| | (c) property, plant and equipment | - | - |
| | (d) investments | - | 96 |
| | (e) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | (592) | (592) |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (cash acquired from business comb.) | 138 | 138 |
| 2.6 | Net cash from / (used in) investing activities | (737) | (1,699) |

| | | | |
|-------------|---|------------|--------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | 435 | 3,535 |
| 3.2 | Proceeds from issue of convertible debt securities | - | 2,900 |
| 3.3 | Proceeds from exercise of options | - | - |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | (160) | (389) |
| 3.5 | Proceeds from borrowings | | |
| 3.6 | Repayment of borrowings | | |
| 3.7 | Transaction costs related to loans and borrowings | | |
| 3.8 | Dividends paid | | |
| 3.9 | Other (correcting previous report. Loans to other entities incorrectly recorded. See 2.3) | 236 | - |
| 3.10 | Net cash from / (used in) financing activities | 511 | 6,046 |

| | | | |
|-----------|--|---------|---------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 5,483 | 2,706 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (1,964) | (3,740) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (737) | (1,699) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 511 | 6,046 |

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|---|------------------------------------|--|
| 4.5 | Effect of movement in exchange rates on cash held | 47 | 27 |
| 4.6 | Cash and cash equivalents at end of period | 3,340 | 3,340 |

| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|------------|---|------------------------------------|-------------------------------------|
| 5.1 | Bank balances | 3,340 | 5,483 |
| 5.2 | Call deposits | - | - |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | - | - |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 3,340 | 5,483 |

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

159

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Payments to directors for services to economic entity

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| 7. Financing facilities | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|---|---|--|
| <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i> | | |
| 7.1 Loan facilities | | |
| 7.2 Credit standby arrangements | - | - |
| 7.3 Other (please specify) | 11,279 | - |
| 7.4 Total financing facilities | 11,279 | - |
| 7.5 Unused financing facilities available at quarter end | | 11,279 |
| 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. | | |
| Partly paid shares \$8.579m and unused placement facility of \$2.7m | | |

| 8. Estimated cash available for future operating activities | \$A'000 |
|---|----------------|
| 8.1 Net cash from / (used in) operating activities (Item 1.9) | (1,964) |
| 8.2 Capitalised exploration & evaluation (Item 2.1(d)) | - |
| 8.3 Total relevant outgoings (Item 8.1 + Item 8.2) | (1,964) |
| 8.4 Cash and cash equivalents at quarter end (Item 4.6) | 3,340 |
| 8.5 Unused finance facilities available at quarter end (Item 7.5) | 11,279 |
| 8.6 Total available funding (Item 8.4 + Item 8.5) | 14,619 |
| 8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3) | 7 |
| 8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions: | |
| 1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not? | |
| Answer: | |
| Please refer to ASX announcement dated 3 April 2020 | |
| 2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful? | |
| Answer: | |
| 3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis? | |
| Answer: | |

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 April 2020

Authorised by: Barry Woodhouse (CFO & Company Secretary) on behalf of the board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.