



30 April 2021

Lithium Australia quarterly activities report – March 2021

Lithium Australia NL (ASX: LIT, 'the Company') is pleased to provide the following update on the business activities of it and its subsidiaries for the quarter.

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HIGHLIGHTS

- **Corporate** – the funding position is strong (cash as of 31 March '21 of \$13.3 million with no debt) and the share price traded at a 2-year high during the quarter, with strong trading volumes.
- **Recycling (Envirostream Australia Pty Ltd, 90% Company-owned):**
 - implementation of the national Battery Stewardship Scheme ('BSS') is expected to significantly increase the volume of end-of-life ('EOL') batteries available for recycling;
 - the BSS is also expected to significantly increase margins on the Company's recycling operations, and
 - the fertiliser micronutrient field trial programme has been completed.
- **Batteries (VSPC Ltd, 100% Company-owned):**
 - the lithium ferro phosphate ('LFP') battery market is forecast to expand more than fivefold by 2030;
 - VSPC Ltd's patent for the manufacture of LFP cathode powder has been accepted, and
 - a pre-feasibility study ('PFS') for the production of LFP cathode powder is complete and the Company will proceed to definitive feasibility immediately.
- **Batteries (Soluna Australia Pty Ltd, 50% Company-owned)** – a distribution partnership with Legend Corporate Services Ltd ('Legend') has been secured and the supply of new, Clean Energy Council approved 10K Pack HV BESS subsequent to the end of the quarter.
- **Lithium chemicals** – the Company's patent application for its first-generation SiLeach[®] lithium extraction technology has been granted in the US and it is preparing to pilot-test its LieNA[®] spodumene conversion process at the ANSTO facilities in Sydney, New South Wales. Subsequent to the end of the quarter the Company entered into a commercialisation and licence agreement with Deutsche Rohstoff AG providing exclusive LieNA[®] licensing rights in Europe.
- **Raw materials**
 - A data review has enhanced the prospectivity of the Greenbushes South Project (Company 20%, Galan Resources Ltd (ASX: GLN) 80%).
 - The Company's Sadisdorf licence (Germany) has not been renewed.
 - Exploration assets have been rationalised to reduce both expenditure and risk; however, significant lithium commodity exposure has been retained by way of minority project equity.





Corporate overview

A leader in battery-material processing technologies, the Company aims to ensure an ethical and sustainable supply of energy metals to the battery industry (enhancing energy security in the process) to create a circular economy for battery materials. A seamless LIB production cycle can minimise the number of steps needed to progress from mining through to the production of cathode materials and batteries and, ultimately, the re-birthing of end-of-life ('EOL') batteries.

The Company controls a suite of proprietary technologies designed for the:

- recycling of mixed EOL batteries, with a strong focus on energy-metal recovery from spent lithium-ion batteries ('LIBs');
- refining of lithium chemicals as feed for the production of advanced cathode powders;
- manufacture of advanced cathode powders for LIBs, and
- recovery of lithium from ore and waste materials (including spent LIBs).

As of 31 March 2021, Company cash reserves were \$13.3 million (31 December 2020: \$8.25 million) and it has no debt.

During the quarter, a total of \$5,840,000 was raised by the issue of fully paid shares. Of this total, \$3,463,000 was raised by LITCF shareholders fully paying up their LITCF partly-paid shares and option holders converting options. The balance of \$2,377,000 was raised by way of a share placement at \$0.1584 per share, pursuant to the Controlled Placement Agreement.

The Company received \$804,000 from research and development ('R&D') rebates during the quarter. At the date of this report, the Company could source a further \$9.9 million in funding from in-the-money options and partly-paid shares.

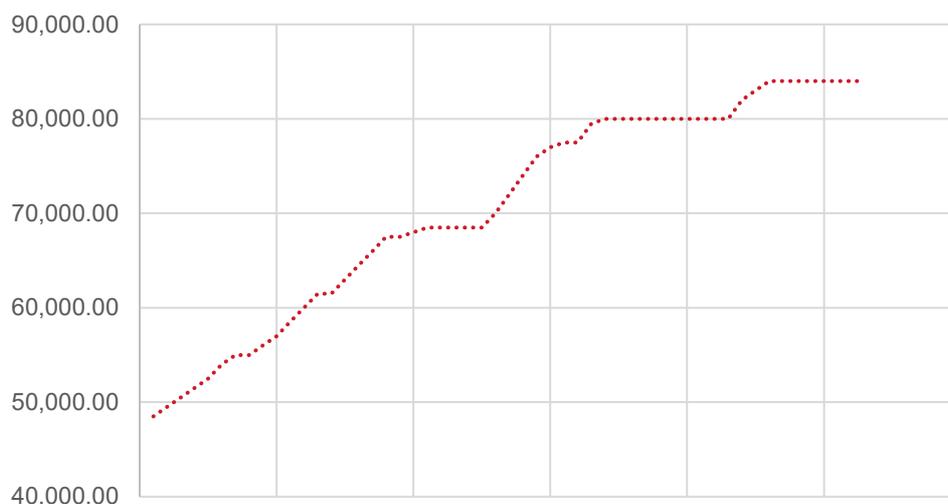
Having farmed out the majority of its interests in exploration assets, the Company has now significantly reduced its exposure to high-risk exploration.

Sector performance

There has been a significant strengthening in the price of battery commodities during the quarter. In particular the lithium carbonate price in China rose by 73% (see graph below).



Lithium carbonate price (RMB)
1 Jan 21 to 31 Mar 21



Further supply pressure has seen the price rise a further 10% from the end of the quarter to the time of this report.

Board structure

Mr Bryan Dixon resigned as a non-executive director during the quarter and Ms Kristie Young was appointed as an independent non-executive director in December 2020, to ensure an orderly transition. The board now has two independent non-executive directors in addition to the managing director.

Ms Young has more than 20 years' experience across engineering, project evaluation, strategy, business development, growth, marketing, commercial, client management, governance and human resources. She sits on the board of both Wesley College, and the Energy Club of WA. Most recently, Ms Young held the role of non-executive director with Primero Group, and senior growth/business development executive roles with leading professional services firms PwC and Ernst & Young. Ms Young holds a Bachelor of Engineering (Mining) Hons from the University of Queensland, a Postgraduate Diploma of Education (Mathematics & IT) from the University of Western Australia, is a graduate of the Australian Institute of Company Directors and holds a Cert IV HR from the Australian HR Institute.

Mr Dixon will continue to provide consulting services to the Company while serving as non-executive chairman of Envirostream Australia Pty Ltd ('Envirostream') and as a director of another Company subsidiary, Envirostream UK Ltd (100% Company-owned).

Recycling

Envirostream

As the national leader in mixed-battery recycling, Envirostream offers sustainable solutions for the disposal of EOL batteries and the re-birthing of energy metals recovered



from spent LIBs. As Australia becomes more environmentally aware (it is anticipated that the national BSS will greatly enhance this) by diverting EOL batteries from landfill, Envirostream is preparing for increased volumes of such batteries, and thus operational growth over the next 12 months, to cater for the influx. That includes the development of additional battery-recycling sites within Australia and the potential for expansion of operations offshore.

Envirostream's current plant in Melbourne is the only commercial facility in Australia capable of recycling all types of EOL batteries to produce a range of materials, among them mixed metal dust ('MMD'). Comprising the 'active' compounds recovered from EOL LIBs, including critical battery materials such as cobalt, nickel, lithium and manganese, MMD can provide a sustainable feed source for the manufacture of new batteries.

EOL battery volumes in Australia

Currently in Australia, battery recycling rates are extremely low. According to the Battery Stewardship Council's report *Australian Battery Market Analysis* (June 2020), EOL batteries available for recycling currently total around 22,000 tonnes per annum ('tpa'), with most still consigned to landfill. By 2035, says the report, the volume of EOL batteries is expected to exceed 106,000 tpa and by 2040 rise to 218,000 tpa.

Environmental considerations aside, on that basis the value of the contained metal in spent LIBs in Australia alone could be as much as \$3 billion per annum by 2036 (King, S. *et al*, 2018: CSIRO report EP181926, *Lithium Battery Recycling in Australia*).

The BSS

In September 2020, the ACCC [authorised the Battery Stewardship Council](#) to establish and operate a national BSS for managing EOL batteries, the intent being to commoditise them by placing a levy on new batteries at the point of sale, which would supplement the cost of subsequent collection and recycling. For Envirostream, implementation of the BSS (expected from July 2021) should greatly increase the volume of EOL batteries available to recycle, as well as significantly increasing margins on its collection and recycling operations.

Preparations for increased volumes and growth

In the March '21 quarter, EOL batteries collected by Envirostream totalled 225 tonnes ('t') (Dec'20 qtr: 51 t), battery collection being significantly hampered by the COVID-19 lockdowns in Melbourne. During the quarter, Envirostream continued to focus on readying its operations for significant growth in the collection of EOL batteries that is expected over the next 12 months.

In the March '21 quarter, the volume of spent LIBs processed by Envirostream was 35 t (Dec 20 qtr: 80 t). Envirostream has appreciable excess capacity and can ramp up its operations quickly as required.

Envirostream made one shipment of MMD during the quarter (Dec'21 qtr: one) and finished the quarter with 17 t of MMD inventory.

During March 2021, Envirostream's copper, aluminium and plastic separation (CAPS) circuit was commissioned, despite the supply difficulties consequent to COVID-19 and



the movement of service personnel being restricted. Work continues with plastics after separation from the copper and aluminium to ensure we find a value add downstream for the mix of plastics.

Financial outlook – battery recycling

Total battery recycling revenue for Envirostream for the quarter was \$176,000 (\$302,000 Dec'20 qtr) for year-to-date sales of \$606,000.

As noted, the national BSS is expected to increase the amount of EOL batteries made available for recycling. With federal government investing \$1M to aid this product stewardship scheme implantation and Energizer and Duracell committing funds, Envirostream will continue to invest in collection infrastructure and expanding its proven processing to grow ahead of the predicted expansion.

Safety, the environment and permitting

During September 2020, due to expected growth in both its EOL battery collection and recycling activities, Envirostream applied for a permit to operate a scheduled premise with the Environmental Protection Authority Victoria ('EPA Victoria') for one of its Melbourne premises, in order to operate above 500 tpa of specified electronic waste. Currently, Envirostream is working closely with EPA Victoria to demonstrate industry best practice in its recycling processes, since the granting of a permit to operate a scheduled premise in advance of that capacity is required. During the quarter, the EPA Victoria application moved through a number of key process steps. Envirostream's work with the local council on land-use applications is also ongoing. Meanwhile, Envirostream is operating at below the 500 tpa rate and minimising stock levels of dangerous goods at its premises.

In addition, Envirostream continues its implementation of multiple industry-wide improvements, to ensure that its battery collection, storage and processing activities are conducted in a manner that mitigates any fire risks associated with such activities.

The main challenge for Envirostream (and for battery collectors and recyclers globally) is the risk of fire resulting from improper handling of different types of EOL batteries at its collection points. Given the wide range of battery types available, and the confusion that can arise during their sorting and separation, Envirostream is conducting ongoing research and development with regard to fire-resistant EOL battery containers for use throughout its collection network.

Envirostream will continue to work closely with all relevant regulatory bodies in ensuring that its management systems, as well as its safety and environmental procedures, surpass accepted industry standards, the aim being to mitigate any risk to local communities that may arise from its operations.

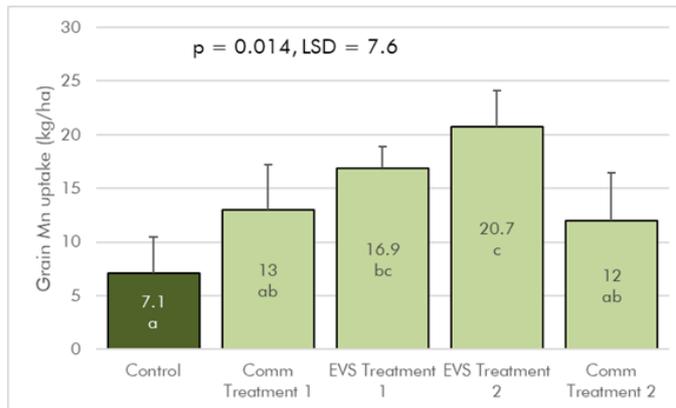
Fertiliser micronutrient trials

Fertiliser additives also factor into Envirostream’s growth plans, with zinc and manganese from recycled EOL alkaline batteries trialled as micronutrients in blended fertilisers.

The micronutrient wheat-seeding trial was conducted near Kojonup, about 260 kilometres (‘km’) southeast of Perth, the capital of Western Australia.

Plant sampling – to track micronutrient performance between treatments and between plots at the trial site – was completed at the end of August 2020, with the field trial harvest finalised on 14 December 2020. The photographs at right were taken during harvest activities at the field trial site.

Analysis of the harvested grain showed a statistically significant ($p < 0.05$) trend for manganese uptake over both the control (no fertiliser) and commercially available treatments used for the trial. This trend is shown in the graph below, with Envirostream’s (‘EVS’ in the chart) Treatment 2 recording the best manganese uptake to grain.



Field trial treatment – manganese uptake based on grain analysis.

This excellent result demonstrates that wheat cultivation can benefit from the manganese present in fertiliser blends containing the manganese recovered from EOL alkaline batteries by Envirostream.

The next step

Results from field trials will be made available to fertiliser companies. Meanwhile, Envirostream will continue to work on advancing the use of recycled battery materials in blended fertiliser products. Another trial is being implemented to further develop the fertiliser and micronutrient products sourced from recycled alkaline batteries.



Batteries – VSPC Ltd

VSPC Ltd ('VSPC') specialises in research into, and the production of, high-purity, high-performance battery cathode materials and derivatives – including LFP and lithium ferro manganese phosphate ('LMFP') – at its R&D facility in Brisbane, Queensland. There, its pilot plant includes sophisticated laboratory and battery-testing capabilities designed to further develop and utilise its proprietary nanotechnology.

Expanding market for LFP

Right now, the world is focused on the potential for electric vehicles ('EVs') to help reduce the rate of climate change, while the shift from fossil fuels to renewable energy has created high demand for BESS.

In terms of cost, safety and performance, LFP-type LIBs offer many advantages. The factors most likely to significantly influence demand for LFP are thus the following.

- EV penetration into the automotive market is sending demand shockwaves through the battery metal supply chain, with the consequent boom in battery technology placing supply-chain stress on the materials required for battery production – in particular, the nickel (Ni) and cobalt (Co) contained within the battery types currently preferred by EV producers in the western world.
- LFP batteries do not contain Ni or Co, which reduces battery industry dependency on those metals and simplifies the supply chain.
- Installation of BESS to ensure reliable power distribution from renewable energy sources is increasing, and LFP LIBs provide safer, more efficient energy storage.

LFP is projected to be the fastest growing sector of the LIB market, with demand for LFP forecast to increase fivefold by 2030 (ITRI LFP market report, November 2020).

At present only 2% of global LFP cathode powder production occurs outside China, despite jurisdictions of high demand likely to include Europe, India and North America in the near future.

PFS – robust project economics

Due to the strong battery market outlook for LFP, VSPC has completed a PFS for LFP cathode production, comparing a number of jurisdictions including Vietnam, India and Australia.

The PFS is based on proprietary VSPC process technology that provides competitive, if not superior, performance when compared with other processes for the manufacture of advanced LFP materials, notably the more expensive sol-gel processes and hydrothermal.

Subsequent to quarter's end, the PFS confirmed robust project economics for the manufacture of VSPC LFP cathode powder, with production to ramp up to a capacity of 10,000 tpa over a 3-year period, reaching nameplate capacity in 2026.

While the PFS has provided a detailed evaluation of the three possible jurisdictions, the case for locating the plant in India was revealed as the best financial outcome, with a net present value ('NPV') of US\$253 million and an internal rate of return ('IRR') of 33%.

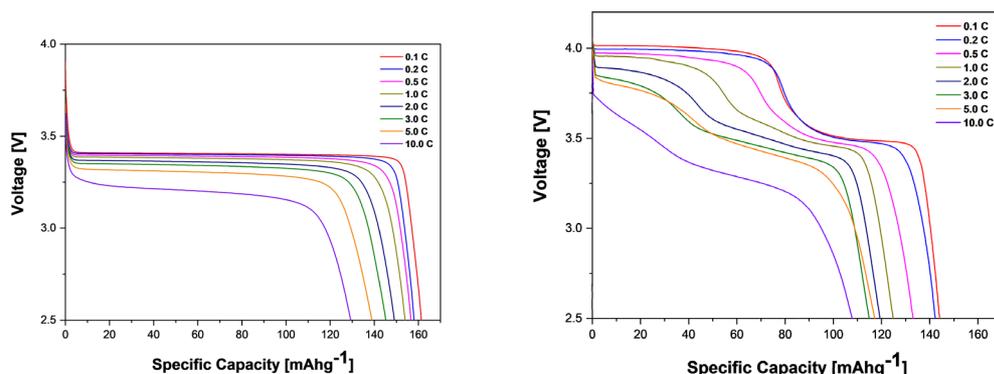
That said, further factors – such as strategic partnerships with upstream mining, refining and chemical producers – may provide further benefits for the commercialisation of VSPC cathode powders. Similarly, downstream partnerships (cathode and battery manufacturing) may provide additional financial benefits in other jurisdictions; to that end specific opportunities in Australia, South Korea, Europe and the United States are also being evaluated.

LFP – enhancing quality

LFP produced using high-purity iron oxalate derived from VSPC's new proprietary process had an electrochemical performance equivalent to that of LFP produced using commercial battery-grade iron oxalate. Stage 4 of VSPC's AMGC project has begun, focusing on process refinements. Scale-up of feed material production is also ongoing.

LMFP – research and development

VSPC has also produced LMFP battery cells. While just as safe as standard LFP cells, LMFP cells, by virtue of their higher voltage, provide more energy. The discharge curves below are for cells manufactured from VSPC-produced LFP (left) and VSPC-produced LMFP (right). The higher voltage delivery of the LMFP cells resulted in an energy density increase of up to 25% when compared with the LFP cells, energy density being approximated by the area below the curves.



LFP and LMFP – safety and service life

Both LFP and LMFP are inherently stable. The exceptionally high bond strengths in the crystal lattice (olivine structure) result in their superior characteristics, which include thermal stability and long service life.

LFP & LMFP – environmental and social governance

Using materials derived from industrial waste and EOL LIBs to create precursors for new LFP- or LMFP- type LIBs, as the Company does, can enhance sustainability, avoid supply chain risks and reduce the unethical supply of critical metals from conflict zones.



Batteries – Soluna Australia Pty Ltd

Soluna Australia Pty Ltd ('Soluna Au') markets BESS for residential and industrial applications. Interest in its products has been strong and first sales and installation of its Power Bank systems for residential applications commenced in July 2020. The products comprise LIB storage, a hybrid inverter and an advanced battery management system (technical details can be found at <https://soluna.com.au/>). Included on CEC-approved lists, they are eligible to receive small-scale technology certificates under the Small-scale Renewable Energy Scheme and other government incentive programmes. Soluna Au is currently working with its battery supplier to fast-track the certification of its **industrial BESS** products.

During the March '21 quarter, Soluna Au installed three residential battery units (Dec'20 qtr: 13) and posted sales of only \$29,000 (Dec'20 qtr: \$79,000). A disappointing result, it reflected the start-up nature of the business. However, Soluna Au orders worth \$492,000, reported in the December quarter, have now rolled into the June '21 quarter. The biggest risk to sales for the second half on FY21 is likely be the number of units that can be imported and the timing of those imports due to the frenzied state of the battery market and supply-chain issue for some components. While Soluna Au is working closely with its supplier to ensure timely delivery of product, it currently has stock in Australia sufficient to support sales in the short term.

Subsequent to the quarter, Soluna Au advised that its 10K Pack HV BESS has been added to the CEC's Battery Assurance Program and that it had finalised a national distributor agreement with Legend. A privately owned Australian company that provides professional installers nationally and in New Zealand with market-leading electrical products and industrial solutions, Legend has more than 350 employees across a range of manufacturing sites, engineering facilities, test laboratories, corporate offices and distribution facilities.

Lithium chemicals

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. These processes can recover lithium in a number of forms, including lithium hydroxide, lithium carbonate and lithium phosphate.

Two potentially disruptive lithium processing technologies developed by the Company are **SiLeach**[®], for the processing of lithium micas, and **LieNA**[®], for the recovery of lithium from fine and variable-grade spodumene.

Both processes can produce a range of lithium chemicals; however, lithium phosphate is the preferred option. Also, both (in combination with VSPC's patented nanotechnology) permit the production of battery cathode materials directly from lithium phosphate that has been recovered from either silicate minerals or spent LIBs – without the need for an intermediate step to produce lithium hydroxide or carbonate.

There is thus the potential to reduce the process steps required to produce cathode material for new LIBs.



LieNA®

The LieNA® process is designed to provide a production pathway for lithium chemicals that is not constrained by the requirements of 'conventional' spodumene converters. At present, fine and/or low-grade spodumene is discharged to either waste or tailings by producers seeking to achieve the high-grade offtake demanded by the mineral concentrate market. LieNA®, however, *can* recover lithium from this type of material, which amounts to most of the lithium 'lost' during spodumene concentrate production and therefore represents a significant opportunity to increase ore reserves and improve resource utilisation without increasing mining costs.

LieNA® – the pathway to commercialisation

The Company is currently exploring the commercialisation of LieNA® with a number of lithium concentrate producers. The first commercialization and licence agreement was signed subsequent to the end of the quarter with German resources and investment company, Deutsche Rohstoff AG.

The construction and operation of a LieNA® pilot plant is the next step along the pathway to commercialization. In February 2020 the federal government awarded a Cooperative Research Centres Projects (CRC-P) grant to co-fund construction and operation of the pilot plant. COVID has forced some delays however the pilot plant is now under construction, with completion scheduled for later this year. An order for a 60-litre net filling capacity batch autoclave has been placed, with delivery expected in the December '21 quarter.

Beneficiation of a 650-kilogram concentrate parcel was completed from a composite sample. Prepared from drill cuttings (bulk field sample) obtained from a spodumene prospect in the Goldfields of Western Australia, the concentrate will be the feed material for the pilot-plant programme.

Spodumene-conversion optimisation testwork on concentrate produced during flotation testwork on the bulk field sample was further advanced by way of an assessment of varying reagent and operating conditions.

SiLeach® – recognition of intellectual property

The Company has received a 'Notice of Allowance' from the United States Patent, Trademark Office for its SiLeach® patent application US 16/076,643 (filed August 2018) and notice of acceptance from IP Australia. This is a clear vindication of the value of the Company's research programmes and the intellectual property generated.

National phase entry for multiple international jurisdictions has commenced.

Other intellectual property activities

The Company continues to progress its provisional patent applications for critical metal recovery from the processing of EOL batteries.

National phase entry for multiple international jurisdictions for the second-generation LieNA® patent application has also commenced.



Raw materials

In order to reduce its exposure to high-risk exploration activities, the Company has continued to farm-out certain of its exploration assets, including majority interests in its Greenbushes South, Coates, Lake Johnson and Bynoe projects. By structuring free-carries at project level and taking equity in the managing companies as part of the settlement, the Company has retained upside in these assets. This is a strategic move which potentially preserves access to lithium deposits which may be realised as feed to future Lithium Australia mineral processing and chemical production activities.

Greenbushes South project

Galan Lithium Ltd ('Galan', ASX: GLN) has acquired 80% of the Company's Greenbushes South lithium project. Located 200 km south of Perth, Western Australia, this project has an area of 353 km². It commences around 3 km south of the current Greenbushes open-pit lithium mining operation and covers the southern strike projection of the geological structure that hosts that mine.

The Company's agreement includes an unincorporated joint venture formed between Galan (80%) and the Company (20%) via the issue of 1,221,000 fully paid ordinary shares in the capital of Galan, valued at the end of April 2021 at \$1.01M. Galan will pay the Company's joint-venture expenditure share until completion of a PFS.

Subsequent to the quarter's end, Galan announced completion of a targeting exercise using CSIRO geochemistry from the 1980s.

Coates (Wundowie), Lake Johnston and Bynoe projects

The Company granted an option to Charger Metals NL over its Coates (Wundowie) and Lake Johnston projects in Western Australia and its Bynoe project in the Northern Territory. The full terms of the agreement are outlined in the [ASX release dated 9 December 2020](#).

The township of Wundowie sits on the flanks of the Coates Mafic Intrusion, of which the **Coates** nickel, copper and platinum group metals project (Company 100%, reducing to 30%) covers a substantial proportion. The Wundowie project area lies about 28 km southeast of the recent nickel-copper-platinum group elements discovery by Chalice Gold Mines Ltd (now Chalice Mining Ltd) at its Julimar project. The latter project, which has generated significant interest in this new exploration province, is developing rapidly as drilling progresses.

At **Lake Johnston** (Company 100%, reducing to 30%), reconnaissance geological mapping and geochemical sampling have identified a number of lithium-caesium-tantalum ('LCT') pegmatites, as well as the Medcalf spodumene deposit at Bontempelli Hill near Lake Medcalf. That deposit consists of stacked pegmatites containing around 20-30% spodumene. Rock-chip samples from the pegmatite dyke swarm average 3.6% lithium oxide ('Li₂O') up to a maximum 7.15% Li₂O from spodumene outcrop. The mineralised pegmatites at this prospect outcrop over an area of 450 by 250 metres ('m'). Soil sampling and geological trends indicate possible extensions to the southeast under adjacent cover. Individual dykes range in length from about 20 m to 120 m and from 1 m to 5 m in thickness. There has been no drilling on any of the lithium targets.



The **Bynoe lithium project** (Company 100%, reducing to 30%) occurs within the Litchfield Pegmatite Belt, immediately adjacent to the advancing Finnis lithium project of Core Lithium Ltd. A geological zone that hosts LCT pegmatites, the Litchfield Pegmatite Belt extends 180 km in a southerly direction from Darwin Harbour. The Bynoe Pegmatite Field, which has a history of tin mining, is prospective for tantalum and lithium. A review of work undertaken by previous tenement holders at Bynoe has generated nine areas with geochemical vectors for lithium mineralisation. The gold potential for this project is also being assessed.

European exploration commitments

Earlier this year, the Company advised of the disposal of most of its German exploration assets ([see ASX announcement dated 18 January 2021](#)).

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.

Forward-looking statements

This document contains forward-looking statements. Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies, involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements, and may include, among other things, statements regarding targets, estimates and assumptions in respect of commodity prices, operating costs and results, capital expenditures, ore reserves and mineral resources and anticipated grades and



recovery rates and are, or may be, based on assumptions and estimates related to future technical, economic, market, political, social and other conditions.

The Company disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise. The words 'believe', 'expect', 'anticipate', 'indicate', 'contemplate', 'target', 'plan', 'intends', 'continue', 'budget', 'estimate', 'may', 'will', 'schedule' and other, similar expressions identify forward-looking statements. All forward-looking statements made in this presentation are qualified by the foregoing cautionary statements. Investors are cautioned that forward-looking statements are not guarantees of future performance and, accordingly, investors are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein.

Many known and unknown factors could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements. Such factors include, but are not limited to: competition; mineral prices; ability to meet additional funding requirements; exploration, development, operating and sales risks; uninsurable risks; uncertainties inherent in ore reserve and resource estimates; dependence on third-party smelting facilities; factors associated with foreign operations and related regulatory risks; environmental regulation and liability; currency risks; effects of inflation on results of operations; factors relating to title to properties; native title and Aboriginal heritage issues; dependence on key personnel, and share-price volatility. They also include unanticipated and unusual events, many of which it is beyond the Company's ability to control or predict.

Competent person's statement – Australian exploration

The details in this report that relate to exploration strategy are based on information provided to and compiled by Mr David Crook BSc GAICD, a member of The Australian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists.

Mr Crook, who provides the service of 'Manager – raw materials' to Lithium Australia, has sufficient experience relevant to the style of mineralisation and exploration processes under consideration to qualify as a 'competent person', as defined in the 2012 edition of the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves*.

Mr Crook consents to the inclusion in the report of the matters, based on the information made available to him, in the form and context in which they appear.



Appendix I – Mining and exploration tenement schedules

Details of mining tenements as at quarter ended 31 March 2021 (ASX Listing Rule 5.3.3)

Australian projects

| Tenement | Location | Registered holder | Beneficial interest | | Notes |
|--------------|--|----------------------------------|---------------------|------|-------|
| | | | Start | End | |
| E27/562 | Gindalbie, WA | Metal Hawk Limited | 0% | 0% | 1, 2 |
| E63/1772 | Lake Johnston, WA | Lefroy Exploration Limited | 0% | 0% | 1 |
| E63/1773 | Lake Johnston, WA | Lefroy Exploration Limited | 0% | 0% | 1 |
| E63/1777 | Lake Johnston, WA | Lithium Australia NL | 100% | 100% | 1,3 |
| E63/1805 | Lake Johnston, WA | Lithium Australia NL | 100% | 100% | 4 |
| E63/1806 | Lake Johnston, WA | Lithium Australia NL | 100% | 100% | |
| E63/1809 | Lake Johnston, WA | Lithium Australia NL | 100% | 100% | |
| E63/1866 | Lake Johnston, WA | Lithium Australia NL | 100% | 100% | 4 |
| E63/1903 | Lake Johnston, WA | Lithium Australia NL | 100% | 100% | 1,4,7 |
| E70/4690 | Greenbushes, WA | Lithium Australia NL | 100% | 20% | 5 |
| E70/4790 | Greenbushes, WA | Lithium Australia NL | 100% | 20% | 5 |
| E70/5315 | Greenbushes, WA | Venus Metals Corporation Limited | 100% | 0% | 6 |
| E70/5316 | Greenbushes, WA | Venus Metals Corporation Limited | 100% | 0% | 6 |
| E70/5198 | Wundowie, WA | Lithium Australia NL | 100% | 100% | |
| E74/0543 | Ravensthorpe, WA | Lithium Australia NL | 100% | 100% | |
| P15/5574 | Coolgardie, WA | Focus Minerals Limited | 100% | 100% | 8 |
| P15/5575 | Coolgardie, WA | Focus Minerals Limited | 100% | 100% | 8 |
| P15/5739 | Coolgardie, WA | Focus Minerals Limited | 110% | 100% | 8 |
| EL30897 | Bynoe, NT | Lithium Australia NL | 100% | 100% | |
| EL6212 | Kangaroo Is, SA | Lithium Australia NL | 100% | 0% | 99 |
| EPM26252 | Cape York, QLD | Lithium Australia NL | 100% | 0% | 99 |
| Notes | | | | | |
| 1 | Lithium Australia NL holds the lithium rights. | | | | |
| 2 | Metal Hawk agreement completed 17 September 2020. | | | | |
| 3 | Lefroy Exploration Limited gold and base metal rights sale agreement dated 10 March 2021 | | | | |
| 4 | Charger Metals NL option to acquire 70% interest under the Acquisition and Joint Venture Agreement dated 4 December 2020 | | | | |
| 5 | Galan Lithium Limited Sale agreement dated 13 January 2021 – LIT holds a 20% free-carried interest. | | | | |
| 6 | Venus Metals Corporation Limited Sale agreement dated 5 August 2020 – LIT holds a 1% royalty on all minerals. | | | | |



| | |
|----|--|
| 7 | Okapi Resources Limited JV agreement dated 3 September 2020 – OKR may earn a 75% interest in tenements. |
| 8 | Focus Minerals Limited acquisition agreement dated 16 September 2020 – FML retains a 1% royalty on all minerals. |
| 99 | Tenement surrendered. |

Appendix II – Payments to related parties of the entity and their associates

Payments made during the quarter and included in items 6.1 and 6.2 of Appendix 5b – Mining exploration entity quarterly cash flow report, comprise the following.

6.1 Aggregate amount of payments to related parties and their associates included in cash flows from operating activities – \$175,000.

This includes payments of directors’ remuneration for services to the economic entity – \$147,000, and payment to directors’ associates for services provided to the economic entity – \$28,000.



Appendix 5B

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

Name of entity

Lithium Australia NL

ABN

29126129413

Quarter ended ("current quarter")

31 March 2021

| 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 | 350 | 779 |
| 1.2 Payments for | | |
| (a) exploration & evaluation | (107) | (350) |
| (b) development | (372) | (1,528) |
| (c) production | (629) | (1,838) |
| (d) staff costs | (912) | (1,797) |
| (e) administration and corporate costs | (301) | (1,092) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 15 | 32 |
| 1.5 Interest and other costs of finance paid | (2) | (7) |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | 946 | 1,741 |
| 1.8 Other (Jobkeeper and cashflow boost) | 5 | 574 |
| 1.9 Net cash from / (used in) operating activities | (1,007) | (3,486) |

| | | |
|--|-------|-------|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire or for: | | |
| (a) entities | - | - |
| (b) tenements | - | - |
| (c) property, plant and equipment | (107) | (491) |
| (d) exploration & evaluation | - | - |
| (e) investments | (60) | (180) |
| (f) other non-current assets | (183) | (301) |

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 | 23 | 126 |
| | (c) property, plant and equipment | - | - |
| | (d) investments | - | - |
| | (e) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (business combination) | - | 189 |
| 2.6 | Net cash from / (used in) investing activities | (327) | (657) |

| | | | |
|-------------|---|--------------|---------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | 6,724 | 16,374 |
| 3.2 | Proceeds from issue of convertible debt securities (repayment of convertible debt) | 196 | (1,704) |
| 3.3 | Proceeds from exercise of options | - | - |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | - | (414) |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | (248) | (255) |
| 3.7 | Transaction costs related to loans and borrowings | (209) | (209) |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | - | - |
| 3.10 | Net cash from / (used in) financing activities | 6,463 | 13,792 |

| | | | |
|-----------|--|---------|---------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 8,250 | 3,740 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (1,007) | (3,486) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (327) | (657) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 6,463 | 13,792 |

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 | 15 | 5 |
| 4.6 | Cash and cash equivalents at end of period | 13,394 | 13,394 |

| 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 | 13,394 | 8,250 |
| 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) | 13,394 | 8,250 |

| 6. | Payments to related parties of the entity and their associates | Current quarter \$A'000 |
|-----|---|----------------------------|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | 175 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | - |

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.

| 7. | Financing facilities <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> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|-----|---|---|---|
| 7.1 | Loan facilities | | |
| 7.2 | Credit standby arrangements | - | - |
| 7.3 | Other | - | - |
| 7.4 | Total financing facilities | - | - |
| 7.5 | Unused financing facilities available at quarter end | | |
| 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. | | |

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

| 8. Estimated cash available for future operating activities | \$A'000 |
|---|----------------|
| 8.1 Net cash from / (used in) operating activities (item 1.9) | (1,007) |
| 8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d)) | - |
| 8.3 Total relevant outgoings (item 8.1 + item 8.2) | (1,007) |
| 8.4 Cash and cash equivalents at quarter end (item 4.6) | 13,394 |
| 8.5 Unused finance facilities available at quarter end (item 7.5) | - |
| 8.6 Total available funding (item 8.4 + item 8.5) | 13,394 |
| 8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3) | 13 |
| <i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i> | |
| 8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions: | |
| 8.8.1 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: | |
| 8.8.2 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: | |
| 8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis? | |
| Answer: | |
| <i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i> | |

Compliance statement

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

Date: 30 April 2021

Authorised by: "By the Company Secretary"
(Name of body or officer authorising release – see note 4)

Notes

- 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

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

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.