



31 July 2020

Lithium Australia quarterly activities report – June 2020

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

HIGHLIGHTS

- **The Company** responded swiftly to COVID-19, executing a groupwide strategy driven by four key corporate objectives: employee and stakeholder safety; preservation of capital; the transition to a distributed workforce, and resource re-allocation to better service near-term cashflow projects. Consequently, the Company and its subsidiaries significantly reduced the amount of net cash spent on operating and investing activities to \$469,000 (March 20 quarter: \$2,701,000). As at 30 June 2020, cash reserves were \$3.7 million (31 Mar 2020: \$3.3 million).
- The Company's Melbourne, Victoria-based **recycling** division, subsidiary Envirostream Australia Pty Ltd ('Envirostream' – 90% Lithium Australia owned), achieved design processing throughput at a time of significantly strengthened commodity prices, and is commissioning copper and aluminium recovery circuits at a time of improving copper and aluminium prices in particular. Processing trials for lithium-ion batteries ('LIBs') are also ongoing, with a number of electric vehicle ('EV') and energy storage system ('ESS') producers involved. In addition, Envirostream is growing its battery collection initiatives to strengthen revenue and is investigating the use of products from spent alkaline batteries as a micronutrient additive for fertilisers; field trials have commenced in Western Australia ('WA') and Envirostream is in discussions with leading fertiliser manufacturers regarding supply of its micronutrient blend. Finally, Envirostream has received numerous enquiries with respect to establishing more facilities in international jurisdictions.
- During the quarter, the Company's **batteries** subsidiaries VSPC Ltd ('VSPC' – 100% Lithium Australia-owned) and Soluna Australia Pty Ltd ('Soluna' – 50% Lithium Australia) continued to push ahead. VSPC completed stage 2 of its Australian Manufacturing Growth Centre ('AMGC') programme, evaluating low-cost feed options for the production of lithium ferro phosphate ('LFP') in a period in which demand for LFP batteries continued to accelerate, given that global EV auto-makers prefer that battery chemistry for their expansion into China. Soluna, meanwhile, received regulatory approval for its battery ESSs, with first sales and installations occurring in July 2020. Soluna is experiencing strong demand for its systems from both residential and industrial sources and expects to be cash-flow positive by the end of the calendar year.
- The Company's **chemicals** division welcomed validation of the singularity of its LieNA[®] lithium processing technology – which significantly improves the metallurgical recovery of lithium from fine and low-grade spodumene – via the grant of a patent from IP Australia, the process having already received federal government funding (through a Co-operative Research Centres Projects grant) for the construction and operation of a pilot plant as the next step towards commercialisation of that process.
- With respect to **raw materials**, Lithium Australia, Australia Vanadium Ltd ('AVL') and Mercator Metals Pty Ltd ('Mercator') have established a strategic alliance to evaluate

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the Coates Mafic Intrusive Complex ('CMIC'), some 29 kilometres ('km') southwest of the Julimar nickel-copper-platinum discovery of Chalice Gold Mines Ltd ('Chalice'). The assets controlled by the strategic alliance have the potential to attract the interest of one or more senior partners. Meanwhile, cost-cutting and rationalisation activities continue for other assets in the Company's raw-materials portfolio.

Recycling

Classified as an 'essential service' during the COVID-19 pandemic, Envirostream is Australia's national leader in battery recycling, providing sustainable solutions for the disposal of end-of-life batteries and the 'rebirthing' of the energy metals in spent LIBs.

Envirostream's Melbourne plant is the only commercial facility in the country capable of shredding all types of spent batteries to produce a range of materials, including mixed metal dust ('MMD'). Comprising the 'active' compounds recovered from spent 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. Having achieved designed processing throughput, Envirostream had, as of 30 June 2020, shipped more than 25 tonnes of MMD to its offtake partner in South Korea.

During the quarter, Envirostream continued to streamline operations, grow its battery collection initiatives and reduce inventory levels to maximise revenue and cashflow. A new battery sorting system was installed and commissioned to accelerate what was previously a very labour-intensive task. Removing this process bottleneck has significantly reduced labour costs per tonne of material produced.

Of note, too, is the nationwide battery stewardship scheme set to be introduced this financial year by Australia's Battery Stewardship Council. The intent is to commoditise spent batteries: placing a levy on new batteries at the point of sale will supplement the cost of subsequent collection and recycling. Implementation of the stewardship scheme should significantly increase the volume of spent batteries Envirostream recycles.

Also in the last quarter, Envirostream continued its processing trials for spent batteries sourced from a number of multinational entities, including EV manufacturers and ESS suppliers. Access to such material will allow Envirostream to diversify and expand the feed sources for its recycling plant; it also prevents toxic materials from being consigned to landfill, where they can contaminate soil and groundwater.

Envirostream is continuing the commissioning of its copper, aluminium and plastic material separation circuit, thereby ensuring near-term revenue from copper and aluminium from spent batteries stockpiled in the past six months.

Fertiliser additives are another element in Envirostream's plans, with zinc and manganese from recycled alkaline batteries being trialled as micronutrients in blended fertilisers ([see ASX announcement dated 22 May](#)). While fertilisers incorporating similarly derived rapid-release micronutrients are available in the northern hemisphere, those produced by Envirostream are slow-release variants tailored specifically for use in broadacre farming in the wheatbelt region of WA (characterised by sandy soils low in zinc and manganese), where they may be of significant benefit. The fertiliser/wheat-seeding trial is being conducted near Kojonup, which lies about 260 km southeast of Perth, the capital of WA.



In summary, Envirostream revenues for FY21 are expected to grow significantly as a result of increased stock volumes, improving commodity prices, additional revenue streams from copper and aluminium, and battery stewardship fees. Envirostream will continue to evaluate value-added applications for the zinc and manganese recovered from alkaline batteries, with the procurement of offtake for such material also likely to enhance revenue streams. Moreover, a number of non-disclosure agreements to partner in additional recycling facilities, both within Australia and in other priority jurisdictions, have been signed and economic and risk assessments are being undertaken. In line with its ethical, social and governance principles, then, Envirostream is engaging with multinational entities in a bid to provide better outcomes for not only the battery industry but also for the planet as a whole.

Batteries

Cathode materials

VSPC, an Australian leader in battery technology, develops high-purity, high-performance cathode materials at its R&D facility in Brisbane. VSPC's pilot plant there includes advanced laboratory and battery-testing capabilities, designed to further develop and utilise its proprietary nanotechnology.

VSPC's current generation-4 LFP technology delivers cathode powder that is more sustainable and performs better by virtue of its uniform, carbon-coated, nanoengineered particle morphology, tailored specifically for use in LFP batteries.

Government funding

A co-funding grant from the AMGC (a not-for-profit organisation established by the federal government to support the development of world-leading advanced manufacturing in Australia) is facilitating the advance of VSPC processes for the utilisation of lower-cost raw materials in cathode material synthesis. 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 recycled battery materials 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 lithium phosphate ('LP') from battery recycling and from mineral sources (via the Company's proprietary process technologies). The AMGC grant is for up to \$185,000 over 12 months; during the quarter VSPC completed stage 2 of the four-stage AMGC programme.

Battery ESSs

During the June 2020 quarter, Soluna reached a significant milestone in that the Clean Energy Council ('CEC'), Australia's peak clean-energy body, approved the accreditation of a number of Soluna's battery ESSs.

Soluna's Power Bank systems for residential applications comprise LIB storage, a hybrid inverter and an advanced battery management system. Technical details are available on the Soluna website at <https://soluna.com.au/>. Only products included on the CEC's approved lists are eligible to receive small-scale technology certificates under the Small-scale Renewable Energy Scheme and other government incentive programmes.



Demand for Soluna's industrial and residential ESSs has been strong and first sales and installation of its batteries for domestic use has commenced ([see ASX announcement dated 24 July 2020](#)). Soluna expects sales to grow significantly during FY21, and to be cash-flow positive from the December 2020 quarter.

Chemicals

The greatest inefficiencies and waste in the battery supply chain occur during the production of lithium concentrates once hard-rock resources have been mined. This will become more apparent as the lithium supply chain ramps up to meet future demand from the battery industry ... and that demand will be fuelled by the proliferation of EVs.

Lithium processing technologies

Lithium Australia has developed two potentially disruptive technologies: its SiLeach[®] process for the processing of lithium micas, and its LieNA[®] process for the recovery of lithium from fine and variable-grade spodumene. Both processes can produce a range of lithium chemicals; however, LP is the preferred option.

Both processes, in combination with VSPC's patented nanotechnology, permit the production of battery cathode materials directly from LP recovered from silicate minerals or spent LIBs – without the need for an intermediate step to produce lithium hydroxide or carbonate. There is, in other words, the potential to reduce the process steps required to produce cathode material for new LIBs.

LieNA[®] 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 variable-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. The LieNA[®] process, therefore, represents a significant opportunity to increase ore reserves and improve resource utilisation without increasing mining costs.

LieNA[®] – pathway to commercialisation

The Company is currently exploring commercialisation of LieNA[®] with a number of lithium concentrate producers. Meanwhile, a federal government grant will co-fund construction of a pilot plant, the next stage of process development.

LieNA[®] – 20-year Australian patent

On [6 April 2020](#), the Company announced that the Commissioner of Patents had granted Patent Number 2017306576 with priority details 2016903041, effective from 2 August 2016, for its first-generation LieNA[®] development. Being a standard patent, it provides long-term protection and control over the process for up to 20 years.



LieNA® – second generation patent application

The second-generation LieNA® development patent application (PCT/AU2019/050773), having now been reviewed by the International Examining Authority for its patentability, will progress into a 'National Phase' assessment in jurisdictions in which the Company seeks legal protection for the process.

Raw materials

Strategic alliance – CMIC

Lithium Australia, AVL and Mercator hold contiguous tenements (collectively 'the Coates project'), totalling around 59 km², that cover the entire CMIC. The Coates project is about 29 km southwest of the recent Chalice nickel-copper-platinum group elements discovery at its Julimar project.

At the end of May 2020, the three parties executed a letter of understanding, agreeing to work together to progress the Coates project.

The alliance has commenced a shared data compilation of historical information and state datasets, in preparation for soil sampling and geological mapping to develop a contemporary prospectivity map. Prior to drilling, targets generated will be further tested using ground electromagnetic geophysical techniques, in order to identify the presence of conductive rock types that may include nickel sulphide mineralisation.

Other exploration projects

Lake Johnston project – WA

The Company believes this project has the potential to supply spodumene concentrates to either a LieNA® process installation or third-party lithium processors. Although testing of the target is delayed due to the impact of COVID-19, the Company is seeking approvals from the appropriate authorities, after which drilling can commence.

Greenbushes project – WA

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, 49% Albemarle). Numerous pegmatites have been recorded within the Company's Greenbushes tenement portfolio and initial fieldwork will entail updating the mapping, and sampling, of these. Lithium Australia is seeking a partner to advance its exploration in the area.

Bynoe project – Northern Territory

This project is located approximately 12 km southwest of the Finnis lithium project, currently the subject of a feasibility study by Core Lithium Ltd. A detailed review of all existing geochemical data for Bynoe has highlighted 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.

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 for the production of cathode powder for LIBs using the Company's SiLeach® process.

Competent person's statement – Australian exploration

The information in this statement that relates to exploration strategy is based on information provided to and compiled by 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.

Corporate

LITCE partly paid share auction and sales process

The call on LITCE partly paid shares, followed by the auction and then completed by way of offer to all shareholders, raised a total of \$676,000. In all, 98,913,791 partly paid shares paid to \$0.0101 and unpaid \$0.0499 in the capital of the Company ('LITCF') have transitioned from LITCE partly paid shares and trade under LITCF.

Meanwhile, 73,000,000 forfeited securities remain in the Company's treasury account. As previously advised (see [ASX announcement dated 13 May 2020](#)), forfeited securities not transferred by this process can be disposed of in such a manner and on such terms as the Company's directors determine.

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.

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.

Media contacts

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Appendix

Details of mining tenements as at quarter ended 30 June 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%
E63/1903	Lake Johnston	Dundas	WA	100%
E70/4690	Greenbushes	Greenbushes	WA	100%
E70/4777	Greenbushes	Greenbushes	WA	100%
E70/4889	Greenbushes B	Greenbushes	WA	100%
E70/4890	Greenbushes C	Greenbushes	WA	100%
E70/4790	Greenbushes	Greenbushes	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%
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% ¹
M15/1874	Coolgardie	Coolgardie	WA	80% ¹
P15/5574	Coolgardie	Coolgardie	WA	80% ¹
P15/5575	Coolgardie	Coolgardie	WA	80% ¹
P15/5625	Coolgardie	Coolgardie	WA	80% ¹
P15/5626	Coolgardie	Coolgardie	WA	80% ¹
P15/5629	Coolgardie	Coolgardie	WA	80% ¹
P15/5738	Coolgardie	Coolgardie	WA	80% ¹
P15/5739	Coolgardie	Coolgardie	WA	80% ¹
P15/5740	Coolgardie	Coolgardie	WA	80% ¹
P15/5741	Coolgardie	Coolgardie	WA	80% ¹
P15/5742	Coolgardie	Coolgardie	WA	80% ¹
P15/5743	Coolgardie	Coolgardie	WA	80% ¹
P15/5749	Coolgardie	Coolgardie	WA	80% ¹

¹ Coolgardie Rare Metals Venture now a joint venture.



International projects

Project	Location	Interest
Sadisdorf project, Saxony	Germany	100%
Eichigt project, Saxony	Germany	100%

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 the Appendix 5b – Mining exploration entity quarterly cash flow report comprise:

- 6.1 Aggregate amount of payments to related parties and their associates included in cash flows from operating activities – \$151,936.
This includes payments of directors' remuneration for services to the economic entity – \$120,154, and payment to directors' associates for services provided to the economic entity – \$31,782.
- 6.2 Aggregate amount of payments to related parties and their associates included in cash flows from investing activities – nil.



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")

30 June 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	235	394
1.2 Payments for		
(a) exploration & evaluation	(20)	(1,220)
(b) development	(470)	(955)
(c) production	(527)	(527)
(d) staff costs	(355)	(3,054)
(e) administration and corporate costs	(122)	(1,948)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	18
1.5 Interest and other costs of finance paid	-	(3)
1.6 Income taxes paid	(47)	(47)
1.7 Government grants and tax incentives	873	3,174
1.8 Other (Jobkeeper and cashflow boost)	289	289
1.9 Net cash from / (used in) operating activities	(139)	(3,879)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	(300)
(b) tenements	-	-
(c) property, plant and equipment	(103)	(174)
(d) exploration & evaluation	-	(31)
(e) investments	-	(300)
(f) other non-current assets	(65)	(702)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	(162)	(756)
2.4	Dividends received (see note 3)	-	-
2.5	Other (cash acquired from business combination)	-	138
2.6	Net cash from / (used in) investing activities	(330)	(2,029)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	918	4,453
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	(25)	(414)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(8)	(8)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	885	6,931

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,340	2,706
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(139)	(3,879)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(330)	(2,029)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	885	6,931

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 (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(16)	11
4.6	Cash and cash equivalents at end of period	3,740	3,740

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	3,740	3,340
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)	3,740	3,340

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	152
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

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	4,600	-
7.3 Other ((i) LITCF's and (ii) Lind placement facility)	7,286	-
7.4 Total financing facilities	11,886	-
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.		
7.2 This is the balance of standby equity capital available pursuant to the Controlled Placement Agreement with Acuity Capital.		
7.3 (i) A total of 99 million LITCF ordinary partly paid shares paid to \$0.0101 and unpaid \$0.0499 and at 30 June 2020 amounted to \$4.9 million.		
7.3 (ii) On 16 December 2019, Lithium Australia secured a \$6.3m funding agreement which included an agreement to subscribe for Shares for up to \$3.4million. As at 30 June 2020, a total of \$2.3 million remains available pursuant to the agreement.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(139)
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)	(139)
8.4 Cash and cash equivalents at quarter end (item 4.6)	3,740
8.5 Unused finance facilities available at quarter end (item 7.5)	11,886
8.6 Total available funding (item 8.4 + item 8.5)	15,626
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	(112)*
<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>	
* The Company recognises that the answer for 8.7 is not a sensible result. This can be explained due to the cash inflow items listed at items 1.1 (\$0.24m) 1.7 (\$0.87m) and 1.8 (\$0.29) totalling \$1.4m. If this amount is ignored, then the updated answer is (10).	
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:	

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

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:

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.

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: 31 July 2020

Authorised by: "By 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.