

15 January 2024

Lithium Australia confirms second drawdown from Mineral Resources and appoints lead engineer

HIGHLIGHTS

- Lithium Australia successfully draws down a further ~A\$0.8m of the A\$4.5m convertible note issued by Mineral Resources Limited (ASX:MIN) (“MinRes”)
- The second drawdown will be used to fund operations relating to the joint development agreement over the Q3 FY24 period, including progressing piloting activities and a demonstration plant engineering study
- Following a formal tendering process conducted in Q2 FY24, Carnac has been appointed as the lead engineer for the demonstration plant engineering study
- Planned operations build on progress made during Q2 FY24, where funds from the initial drawdown were used to assess MinRes’ spodumene samples
- Lithium Australia looks forward to progressing the joint development agreement with MinRes and delivering positive piloting results in 2024

Lithium Australia Ltd. (ASX:LIT) (“Lithium Australia” or the “Company”) is pleased to announce that it has successfully drawn down additional funding from the A\$4.5m convertible note, issued by MinRes as part of the joint development agreement (“Agreement”)¹.

In addition, the Company is pleased to announce that it has appointed Carnac Project Delivery Services Pty Ltd (“Carnac”) as lead engineer for the demonstration plant engineering study. The delivery of this engineering study was also defined within the Agreement.

Lithium Australia looks forward to continuing its relationship with MinRes and aims to deliver positive results from the piloting activities in 2024. On successful completion of the pilot plant operations and engineering study, MinRes’ convertible note will convert into equity in a new 50:50 joint venture (“JV”) between MinRes and Lithium Australia, which will wholly own the LieNA[®] technology going forward. The JV plans to license the LieNA[®] technology to third-parties at a target headline gross product royalty rate of 8%².

¹ See ASX announcement, ‘Landmark joint development agreement with Mineral Resources’, 7 August 2023

² The Company cautions that although it considers this to be a reasonable expectation, there is no guarantee that this rate will be achieved

Drawdown

Under the Agreement, MinRes will fund the Company on a quarterly basis in advance, adjusted for a reconciliation from the prior quarter. The drawdown of ~A\$0.8m, received in January 2024, will cover agreed activities under the Agreement from the 1st January until the end of Q3 FY24, with funds allocated to piloting activities and the engineering study relating to the LieNA[®] technology.

These planned activities build upon the progress made during Q2 FY24, including the assessment of spodumene samples provided by MinRes, preparation of piloting plant equipment and progressing a formal tendering process for the engineering study.

Appointment of lead engineer

Following the tendering process, Lithium Australia has now appointed Carnac as the lead engineer for the demonstration plant engineering study. Carnac is a multi-disciplinary engineering consultancy with expertise in sustainable mining, minerals, and chemical processing. As part of the engineering study, a specific size of the demonstration plant will be determined.

Comment from Lithium Australia CEO & Managing Director, Simon Linge

“We are excited by the progress we have made so far with our partner MinRes. The second drawdown from the convertible note follows from a successful Q2 FY24 and highlights our aligned ambition to continue developing the LieNA[®] technology.

The appointment of Carnac and delivery of the engineering study will facilitate the development of the demonstration plant following the formation of a JV. We look forward to continuing our partnership and are on track to deliver positive results from the pilot plant during 2024.”

Authorised for release by the Managing Director / CEO of Lithium Australia Ltd.

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Forward-looking statements

This announcement 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.

About Lithium Australia

Lithium Australia is aiming to lead and enable the global transition to sustainable lithium production. The Company operates Australia's market leading battery recycler, produces critical battery material lithium ferro phosphate (LFP), and has developed a patented lithium extraction technology. Lithium Australia's revenue-generating recycling business and technologies are well-placed to capitalise on growing global lithium-ion battery demand and provides diversification benefits to global supply chains.

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