

ASX ANNOUNCEMENT

30 August 2024





Lithium Australia

Appendix 4E Preliminary final report

Reporting Period: Year ended 30 June 2024

Previous Corresponding Period: Year ended 30 June 2023

Results for announcement to the market

	FY23			FY24
 Revenue from ordinary activities	\$5.5m	up	\$1.2m	to \$6.7m
 Gross profit	\$1.5m	up	\$0.7m	to \$2.2m
 Loss before interest and tax	\$7.4m	up	\$3.4m	to \$10.8m
 Net loss from ordinary activities after tax attributable to members	\$7.4m	up	\$3.4m	to \$10.8m

	30 June 2024	30 June 2023
Net tangible asset per ordinary security	\$0.003 cents	\$0.010 cents

Further detail of the above figures is set out on the following pages.

Dividends

There are no dividend or distribution reinvestment plans in operation and there have been no dividend or distribution payments during the financial year ended 30 June 2024 (30 June 2023: Nil).

Audit Statement

There is not any dispute or qualification to the Company's financial report. The audit report is available with the Company's financial report.

Divisions of Lithium Australia



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Delivering the Growth Plan

Results

The highlights of the Lithium Australia Limited consolidated group (Lithium Australia) FY24 results are:

Sales of \$6.7 million, primarily related to the recycling division (FY23: \$5.5 million). Associated recycling cost of sales were \$4.5 million (FY23: \$4.0 million). This delivered a Gross Profit of \$2.2 million for the year (FY23: \$1.5 million). The primary drivers for this improvement were driven by the Company's transition towards an upstream service model, which has resulted in a greater proportion of revenue being received upfront through recycling service fees. The Company's strategic shift towards an upstream focused operational model is aimed at increasing 'fee for service' as a proportion of the revenue mix, while also reducing exposure to downstream market and pricing volatility primarily related to the sales of Mixed Metal Dust (MMD).

Loss before interest and tax for the year was negatively impacted by an additional provision for remediation expense of \$4.1 million.

The key events reported during the period are listed below and are described in more detail in the various ASX Announcements made during the period.

Battery Recycling – Envirostream

During Q4 FY24, Envirostream achieved the significant milestone of delivering positive operating profits. The achievement was driven by the Company's strategic transition towards a 'fee for service' upstream service model. This both increases revenues and delivers a higher proportion of revenues early in the working capital cycle. This shift reduces the Company's exposure to market and pricing volatility related to the sales of MMD and other downstream commodities. In FY24, Envirostream achieved revenue of \$6.7m and gross profit of \$2.2m. Increasing collection volumes, tightly controlled cost of sales and the new upstream service model delivered significant improvements in key unit rates across FY24.

A record total of 1,542 tonnes of batteries was collected for recycling during FY24, representing a 14% increase on FY23 (FY23: 1,347 tonnes). Notably, a record 514 tonnes of large-format LIBs were collected for recycling, representing a 170% increase relative to the previous year (FY23: 191 tonnes). This has driven a significant shift in the battery collections mix, with large-format LIBs now representing ~33% of total battery collections in FY24 (FY23: 14%). The rapid collections growth and shift in battery mix highlights the success behind the Company's strategic focus on large-format LIBs due to the strong forecasted growth within the category, attractive unit economics associated with large-format LIBs, and greater MMD conversion efficiency to drive downstream revenue.

The improved financial and operational performance is underpinned by the exclusive recycling agreements the Company has signed with leading OEMs and battery manufacturers throughout FY24. During the year, exclusive agreements were signed with leading OEMs including: LG Energy Solution, Hyundai Glovis and Volvo Group Australia. These agreements have driven the strong uplift in large-format LIB collections volumes, with further discussions underway with various other OEMs and battery manufacturers.

Lithium Australia has also signed an MMD off-take agreement with SungEel HiTech Ltd. ("SungEel"), a leading South Korean battery recycler. During the 3-year term, SungEel will purchase a minimum of 60% of Lithium Australia's annual MMD production, subject to quality requirements.

Lithium Chemicals – LieNA®

In early FY24, Lithium Australia signed a joint development agreement (JDA) with leading ASX-listed mining company Mineral Resources Ltd. (ASX:MIN) ("MinRes") to commercialise the lithium extraction technology, LieNA®. Under the agreement, MinRes will provide the raw materials and fund the operation of a pilot plant and delivery of a demonstration plant engineering study up to a total cost of \$4.5 million. Under the JDA, Lithium Australia contributed its patented LieNA® technology.

On successful completion of the defined JDA activities, a new 50:50 joint venture ("JV") will be formed between MinRes and Lithium Australia which will wholly own and commercialise the LieNA® technology through a licensing

model. The JV plans to license the technology to third-parties at a target headline gross product royalty rate of 8%. The Company estimates that a single license can generate up to US\$21m p.a. from licensing fees¹.

The JV plans to initially license the LieNA® technology to a larger demonstration plant which MinRes can elect to independently fund, develop, and operate. The demonstration plant royalty payable by MinRes includes a discount to the headline gross product royalty rate in acknowledgement of MinRes' first mover position.

During the year, the Company made significant progress under the JDA with MinRes. Subsequent to year end, final stage LieNA® piloting activities at ANSTO were completed, which involved the production of lithium phosphate derived from spodumene concentrate provided by MinRes. The lithium phosphate produced is now being analysed to determine the final product specifications in preparation for refining. The demonstration plant engineering study is also well underway, with all defined JDA activities expected to be completed by the end of 2024.

Battery Materials – VSPC

In December 2023, the Company announced the signing of a memorandum of understanding ("MOU") with First Phosphate Corp. (CSE:PHOS) ("First Phosphate"). The MOU is in relation to the potential development of an LFP and LMFP cathode active material manufacturing plant in North America. Lithium Australia also announced an MOU with Centrex Limited (ASX:CXM) ("Centrex") in relation to the potential development of an LFP and LMFP cathode active material manufacturing plant in Australia.

Lithium Australia is currently engaged in various discussions with potential partners for growth to unlock value in the Company's patented LFP and LMFP technology. Lithium Australia is focused on two strategic commercialisation pathways to secure offtake agreements. An Australian demonstration plant development is being pursued with funding sought from federal and state governments, as well as potential strategic partners and investors. In parallel, an offshore semi-commercial plant is being pursued alongside potential strategic partners. The Company remains committed to exploring both pathways to most effectively unlock value in the patented LFP and LMFP technology.

Business development activities increased including visits to the United States of America and the Republic of Korea to engage with potential joint development partners.

Corporate

Subsequent to the year end, the Company announced a capital raising. An initial \$1.8m has been secured through a placement agreement with The Lind Partners, with access to further funding up to a total of \$7.5m. In addition, a share purchase plan was launched to provide an opportunity for eligible shareholders to also participate in the capital raising. Proceeds raised will be used to fund key growth and business development initiatives across the Company.

In May 2024, Envirostream received an additional writ regarding a statement of claim for damages. There is no impact on the Company's cash position or future cashflow generating potential from this matter. The Company understands that any future litigated claim would be settled by Envirostream's insurance company.

Consistent with the focus to lift the overall business performance, the Company kept its emphasis on a strong safety culture and has maintained a good safety record in the year.

Financial Position

As at 30 June 2024, the Company has cash and listed investments of \$5.5 million (FY23: \$15.0 million) and no debt. The Group's working capital deficit, being current assets less current liabilities was \$6.7m at 30 June 2024 (2023: working capital surplus \$10.3m). The working capital deficit for year ended 30 June 2024 included legal claims against the group of \$7.4m relating to a fire at the premises of Envirostream Australia Pty Ltd, a wholly owned subsidiary for the Group. It is expected that insurances are sufficient to meet the liabilities. The working capital deficit for year ended 30 June 2024 included loans and borrowings of \$3.2m relating to drawdowns under

¹ Estimated revenue for the 50:50 JV based on: typical operation with 20,000tpa processing capacity (company assumption), achieving an average sale price of US\$13,000/t (Source: SMM, Lithium Carbonate (99.5% Battery Grade), 26 June 2024 converted at prevailing CNY/USD rate) at an 8% royalty rate.

Divisions of Lithium Australia

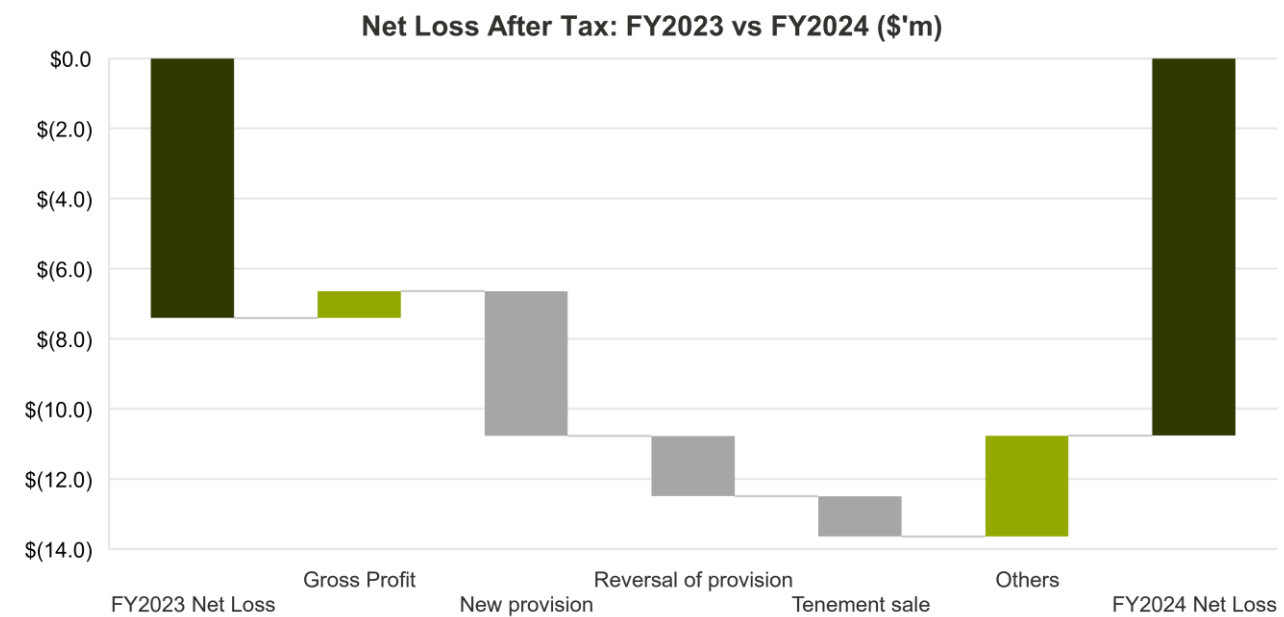
the convertible note deed entered into with Mineral Resources. It is expected that this liability will convert to equity following completion of activities defined within the joint development agreement.

Earnings per share

	30 June 2024	30 June 2023
Basic earnings/(loss) per share	\$(0.88) cents per share	\$(0.61) cents per share

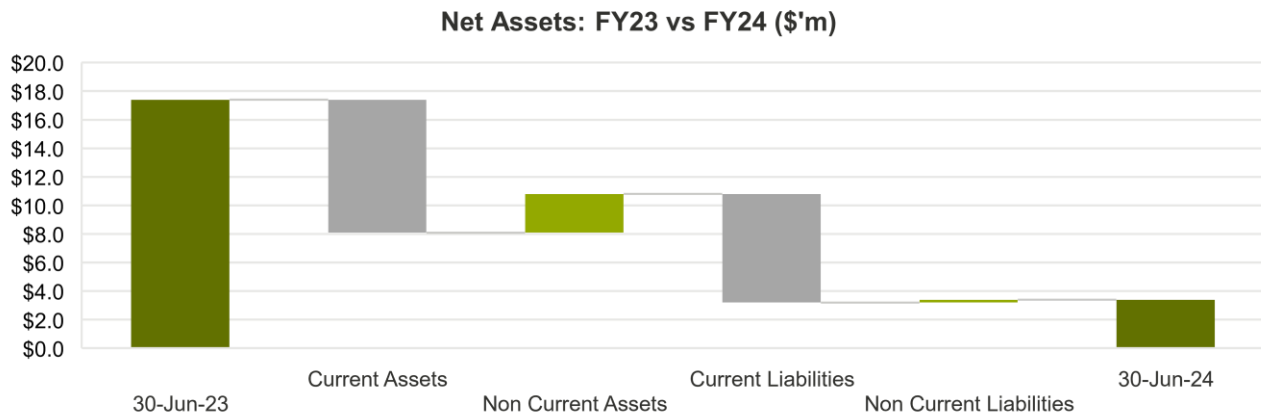
Summary of key movements in the financial statements (FY2024 verses FY2023)

The operating loss after income tax of the Group for the year ended 30 June 2024 was \$10.8 million (2023: loss of \$7.4 million). The key movements between the financial years are summarised in the following graphic:



- **Gross Profit:** In FY24, our Battery Recycling Division, Envirostream, increased collection volumes, tightly controlled cost of sales and introduced a new upstream service.
- **New Provision:** In FY24, the Group received a further statement of claim valued at \$4.1 million, regarding damage caused by a fire in January 2019.
- **Reversal of Provision:** In FY23, prior litigated claims in relation to the fire in January 2019 were settled by Envirostream's insurance Group to the value of \$1.7 million.
- **Tenement Sales:** The achieved sales in FY24 totalled \$2.0 million (FY23: \$3.1 million).
- **Other:** Lower primarily due to reduced amortisation on intangible assets.

Net assets of the Group for the year ended 30 June 2024 were \$3.3 million (2023: \$17.3 million). The key movements between the financial years are summarised in the following graphic:



- **Current Assets:** Cash expenditure and reduced valuation of listed investments.
- **Non-Current Assets:** Due to \$2.7 million on LieNA® development costs in accordance with the joint development agreement (JDA) with Mineral Resources.
- **Current Liabilities:** Due to loans and borrowings of \$3.1 million relating to drawdowns under the Convertible Note Deed with Mineral Resources and an increase of provision of \$4.1 million relating to the fire in January 2019.
- **Non-Current Liabilities:** No material movements.

FY2025 Outlook

Lithium Australia expects to grow shareholder value in the year ahead by executing on the strategic growth plan in place for each technology platform including:

Battery Recycling

- Sustain positive operating cashflows at current volumes.
- Finalise joint development agreement and funding with SungEel HiTech.
- Secure further lithium-ion battery recycling agreements with tier 1 partners.
- Increase mix of large-format batteries to further improve commercial outcomes.

Lithium Chemicals

- Commence final stage of pilot plant operation.
- Complete piloting to produce 5kg of final lithium phosphate product.
- Finalise engineering study report to support a demonstration scale plant.

Battery Materials

- Secure government funding for demonstration plant; or
- Secure international strategic partner for semi-commercial facility.
- Offtake development including production of LFP / LMFP samples.
- Continue raw materials strategy to support commercial scale volumes.

Attachments

The Annual Report which includes Financial Statements and accompanying notes for the Group for the year ended 30 June 2024 is attached.

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Authorised for release by the Board.

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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. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

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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Divisions of Lithium Australia



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ASX ANNOUNCEMENT

Appendix 4E: Preliminary Final Report

Consolidated Statement of Comprehensive Income For the Year Ended 30 June 2024

Consolidated Statement of Comprehensive Income		2024	2023
		\$	\$
Revenue from continuing operations		6,712,580	5,489,290
Cost of sales		(4,494,469)	(4,037,613)
Gross profit		2,218,111	1,451,677
Finance income		106,285	93,969
Other income		4,790,683	7,220,292
Laboratory/plant expense		(578,063)	(1,531,314)
Employee benefits expense		(8,627,256)	(7,939,599)
Selling and distribution expense		(1,059,050)	(873,110)
Administration costs		(1,985,109)	(1,858,698)
Depreciation and amortisation		(1,274,054)	(3,260,960)
Finance costs		(215,354)	(17,377)
Provision for remediation		(4,130,520)	-
Other expenses		(5,175)	(690,946)
Loss before income tax		(10,759,502)	(7,406,066)
Income tax expense		-	-
Loss from continuing operations		(10,759,502)	(7,406,066)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operation		-	45
<i>Items that may not be reclassified subsequently to profit or loss:</i>			
Net fair value gain/(loss) on financial assets		(4,277,555)	870,419
Total comprehensive loss for the year		(15,037,057)	(6,535,602)
Loss for the year attributable to:			
Members of the controlling entity		(10,768,982)	(7,239,447)
Non-controlling interest		9,480	(166,619)
		(10,759,502)	(7,406,066)
Total comprehensive loss attributable to:			
Members of the controlling entity		(15,046,537)	(6,368,983)
Non-controlling interest		9,480	(166,619)
		(15,037,057)	(6,535,602)
Basic earnings/(loss) per share (cents per share)		(0.88)	(0.61)

The Annual Report which includes Financial Statements and accompanying notes for the Group for the year ended 30 June 2024 is attached

ASX ANNOUNCEMENT

Appendix 4E: Preliminary Final Report

Consolidated Statement of Financial Position For the Year Ended 30 June 2024

Consolidated Statement of Financial Position		2024	2023
		\$	\$
Current assets			
Cash and cash equivalents		4,749,073	9,047,417
Trade and other receivables		1,356,247	1,008,355
Inventory		772,583	733,745
Financial assets		1,167,394	6,564,460
Total current assets		8,045,297	17,353,977
Non-current assets			
Capitalised exploration expenditure		-	144,000
Intangible assets		7,147,832	4,562,733
Right of use asset		1,006,180	1,210,780
Property, plant and equipment		2,277,567	1,811,817
Total non-current assets		10,431,579	7,729,330
TOTAL ASSETS		18,476,876	25,083,307
Current liabilities			
Trade and other payables		3,015,384	2,463,846
Lease liability		652,340	669,312
Provisions		7,864,482	3,959,374
Loans and borrowings		3,167,588	-
Total current liabilities		14,699,794	7,092,532
Non-current liabilities			
Lease liability		385,342	616,239
Provisions		29,583	11,833
Total non-current liabilities		414,925	628,072
TOTAL LIABILITIES		15,114,719	7,720,604
NET ASSETS		3,362,157	17,362,703
Equity			
Issued capital		99,838,267	99,796,467
Reserves		868,884	3,044,199
Accumulated losses		(96,548,148)	(84,671,637)
Controlling entity interest		4,159,003	18,169,029
Non-controlling interest		(796,846)	(806,326)
TOTAL EQUITY		3,362,157	17,362,703

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Appendix 4E: Preliminary Final Report

Consolidated Statement of Changes in Equity For the Year Ended 30 June 2024

Consolidated Statement of Changes in Equity		Issued Capital	Share Based Payment Reserve	Foreign Currency Translation Reserve	Other Reserves ¹	Accumulated Losses	Non-Controlling Interest	Total
		\$	\$	\$	\$	\$	\$	\$
Year ended 30 June 2024								
Balance at 1 July 2023		99,796,467	613,446	38,275	2,392,478	(84,671,637)	(806,326)	17,362,703
Loss for the year		-	-	-	-	(10,768,982)	9,480	(10,759,502)
Other comprehensive income								
Net fair value gain/(loss) on financial assets		-	-	-	(4,277,555)	-	-	(4,277,555)
Effects of exchange rates on foreign currency translation		-	-	-	-	-	-	-
Total comprehensive loss for the year		-	-	-	(4,277,555)	(10,768,982)	9,480	(15,037,057)
Transaction with owners directly recording in equity:								
Issue of shares		2,800	-	-	-	-	-	2,800
Expiry of options		-	(23,461)	-	-	23,461	-	-
Exercise of performance rights		39,000	(39,000)	-	-	-	-	-
Issue/amortisation of performance rights		-	1,033,711	-	-	-	-	1,033,711
Transfer from investment revaluation reserve		-	-	-	1,130,990	(1,130,990)	-	-
Balance at 30 June 2024		99,838,267	1,584,696	38,275	(754,087)	(96,548,148)	(796,846)	3,362,157

¹ Other Reserves consist of investment revaluation reserve, equity reserve and option reserve

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Consolidated Statement of Changes in Equity		Issued Capital	Share Based Payment Reserve	Foreign Currency Translation Reserve	Other Reserves ¹	Accumulated Losses	Non-Controlling Interest	Total
		\$	\$	\$	\$	\$	\$	\$
Year ended 30 June 2023								
Balance at 1 July 2022		88,454,942	690,549	38,230	1,132,841	(78,463,886)	(639,707)	11,212,969
Loss for the year		-	-	-	-	(7,239,447)	(166,619)	(7,406,066)
Other comprehensive income								
Net fair value gain/(loss) on financial assets		-	-	-	870,419	-	-	870,419
Effects of exchange rates on foreign currency translation		-	-	45	-	-	-	45
Total comprehensive loss for the year		-	-	45	870,419	(7,239,447)	(166,619)	(6,535,602)
Transaction with owners directly recording in equity:								
Issue of shares		13,005,203	-	-	934,666	-	-	13,939,869
Capital raising costs		(1,664,177)	-	-	-	-	-	(1,664,177)
Expiry of options		-	(481,606)	-	(61,174)	542,780	-	-
Issue/amortisation of performance rights		-	404,503	-	-	-	-	404,503
Transfer from investment revaluation reserve		-	-	-	(488,916)	488,916	-	-
Options exercised		499	-	-	4,642	-	-	5,141
Balance at 30 June 2023		99,796,467	613,446	38,275	2,392,478	(84,671,637)	(806,326)	17,362,703

¹ Other Reserves consist of investment revaluation reserve, equity reserve and option reserve

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