

7 September 2022

Envirostream signs agreement with LG Energy Solution to recycle significant lithium-ion battery volumes

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HIGHLIGHTS

- **Envirostream executes agreement with LG Energy Solution ('LGES') to process a minimum of 250t of LGES energy storage system ('ESS') lithium-ion batteries ('LIBs').**
- **These LGES volumes are in addition to current collection volumes and represent nearly 25% of Envirostream's total collections during FY2022.**
- **LGES has committed to recycling LIBs and has chosen Envirostream as its Australian recycling partner.**
- **The additional batteries will be delivered by LGES to Envirostream for processing during FY2023.**

Lithium Australia Limited (ASX: LIT, 'the Company') is pleased to advise its **wholly owned subsidiary Envirostream Australia Pty Ltd** ('Envirostream') – which is leading Australia's battery recycling industry – has executed an agreement ('Agreement') with LG Energy Solution ('LGES') for the processing of a minimum of 250 tonnes ('t') of lithium-ion batteries ('LIBs'). 250t equates to over 5,000 energy storage systems.

Under the terms of the Agreement, LGES will deliver the LIBs to Envirostream's facilities in Melbourne, Australia, for processing. Envirostream recycles more than 90% of a lithium-ion battery into its core components which includes steel, copper, aluminium and most significantly the critical battery metals which are amalgamated into a mixed metal dust ('MMD'). **The recovered MMD allows the active metals to be repurposed into new lithium-ion batteries anode and cathode powders.**

The material terms of the Agreement are summarised at the end of this announcement.

The relationship between Envirostream and LGES commenced in 2018, with Envirostream recycling more than 85t of their batteries to date under previously executed agreements. The minimum 250t volume of LIBs will be processed under the new terms defined within the Agreement.

The signing of this Agreement enables Envirostream to receive additional LGES battery volumes and commence the safe recycling of these batteries with immediate effect.

Envirostream is seeking to obtain similar recycling agreements with other cell and battery manufacturers and will keep the market informed as matters progress.

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Envirostream's battery shredding equipment (images above) has been enhanced to improve efficiencies ahead of processing additional LGES volumes at the Berwick Road facility, Victoria.

Volume Increases

Battery collection volumes at Envirostream during FY2022¹ totaled approximately 1,086t. **The additional 250t from LGES represent 23% of FY2022 collections. The Company expects a significant increase in processing volumes for FY2023 relative to FY2022 as a result of this Agreement.**

Since the end of FY2022, Envirostream has observed continued increases in collection volumes. Approximately 100t of batteries were collected in July 2022, higher than that achieved in June 2022 (94t) and May 2022 (90t). A monthly collection rate of 100t equates to an annualised rate of 1,200 tonnes per annum ('tpa').

In addition to volumes delivered to Envirostream under the Agreement, the recently announced agreement with Battery World² is expected to increase volumes further.

Comment from Envirostream General Manager, Andrew Mackenzie

"Envirostream is leading the battery recycling industry in Australia. LGES share our aspirations of an ethical and sustainable future for the global battery industry. Making these batteries available to Envirostream for recycling demonstrates LGES's commitment to our shared vision. Envirostream have been recycling LGES batteries since 2018 and it is very pleasing to see LGES commit to Envirostream as its Australian battery recycling partner for these new volumes. We would like to thank LGES and look forward to our continued collaboration."

¹ See ASX announcement (quarterly report) dated 29 July 2022

² See ASX announcement dated 28 July 2022

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Material terms of the Agreement

- The Agreement is between LG Energy Solution Ltd and Envirostream Australia Pty Ltd.
- The Agreement is for an initial term ending on 31 August 2023. Thereafter, the term will continue on a rolling six-month basis until terminated by the provision of 60 days' written notice by either party. Customary termination rights also exist in the event that an insolvency event or other unrectified breach occurs under the Agreement.
- Envirostream is appointed for the term of the Agreement as the provider of recycling services for LG Energy Solution's residential and grid scale ESS batteries in Australia.
- The minimum volumes specified in the Agreement are 250t of batteries.
- In addition to any revenues received under the Agreement, Envirostream is able to claim revenues for the sale of the reclaimed commodities including the mixed metal dust.

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.

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About Lithium Australia

Lithium Australia (ASX:LIT) is at the forefront of advanced materials development to ensure an ethical and sustainable future for the global battery industry. Lithium Australia is achieving this via its business divisions:

Envirostream (100%-owned LIT subsidiary): Envirostream, which is leading Australia's battery recycling industry, is at the cutting edge of delivering safe and innovative management solutions to one of the Australian waste industry's biggest (and getting bigger) challenges – battery disposal.

Its state-of-the-art Victorian-based battery processing facilities are providing a sustainable solution by collecting, sorting and processing critical battery metals from all types of spent batteries to power the batteries of tomorrow.

With battery recycling partnerships alongside some of Australia's leading brands (including Bunnings, Officeworks and Battery World), Envirostream benefits from the Australian government-backed battery recycling scheme which is providing rebates across collection, sorting, and processing of batteries. These combined provide the platform for national expansion.

VSPC (100%-owned LIT subsidiary): With over 20 years' experience, VSPC develops leading-edge materials for e-mobility and energy storage applications and, ultimately, a zero-carbon economy. Its patents cover the production of advanced powders for next generation lithium-ion batteries, especially lithium ferro phosphate ('LFP').

Currently, demand for LFP represents more than half the global market for lithium-ion battery materials. The Company is one of only a few entities outside of China with the technical expertise to manufacture LFP powder of the highest quality to meet those burgeoning market pressures.

VSPC is now on a clear path to production. With a Research & Development (R&D) facility (pilot plant) located in Queensland, a Definitive Feasibility Study ('DFS') for an initial 10,000tpa LFP manufacturing facility is well underway, and with customer offtake discussions advancing in parallel, VSPC is positioning for its first commercial footprint.

About LG Energy Solution**LG Energy Solution**

LG Energy Solution is one of the world's largest lithium-ion battery manufacturers with a market-leading position in advanced batteries for grid-scale, home battery, and automotive applications.

Website: <https://www.lgensol.com>