

ASX ANNOUNCEMENT

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Lithium Australia completes next step towards commercialisation of LFP

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HIGHLIGHTS

- Lithium Australia subsidiary VSPC has completed an engineering study for a LFP pre-qualification pilot plant
- Study helps determine the optimal commercialisation pathway and allows engagement with offtake and joint development partners
- LFP samples have been supplied and tested by potential customers in the USA and South Korea with positive feedback received

Background

Lithium Australia Limited (ASX: LIT) ('Lithium Australia', or 'the Company') is pleased to advise that its wholly owned subsidiary, VSPC Pty Ltd ('VSPC'), has completed an engineering study for a pre-qualification pilot plant ('PQPP Study') to satisfy customer offtake requirements by increased sample volume requirements above VSPC's current facility capacity. Assessment of a pre-qualification pilot plant ('PQPP') development is an essential step towards the commercialisation of at least a 10,000 tpa lithium ferro phosphate ('LFP') manufacturing facility using nano technology developed by VSPC.

Lycopodium Minerals Pty Ltd ('Lycopodium') was engaged to provide management, engineering and procurement services for the PQPP Study. The PQPP Study supports commercialisation of VSPC's technology, including discussions with potential offtake or joint development partners. A strategic focus of the PQPP Study was completion of equipment design test work and selection of process equipment from Western based vendors. Outcomes from strategic Western sourced equipment testing and selection will be leveraged for the commercial facility design and allow VSPC to assess options for government funding.

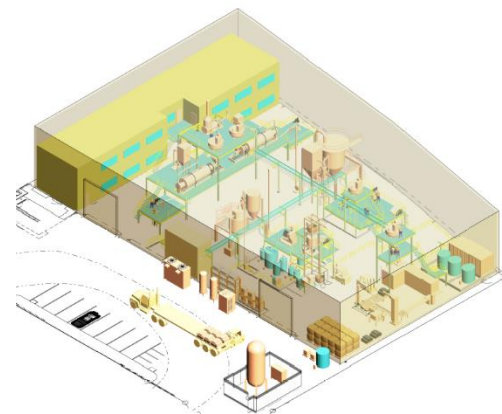


Image: Isometric View of the PQPP

Concurrently with the completion of the PQPP Study, samples of LFP cathode materials have been tested by new potential partners in South Korea and the USA. Significantly, these jurisdictions are seeking to onshore supply chains to reduce Chinese dominance with targeted policy changes. Currently, China accounts for over 99% of the global LFP market, which is forecast to grow from 400,000 t in 2021 to over 3,000,000 t by 2030¹.

¹ Source: ICCSino, Nov 2021 forecast

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Despite its modest size, commercialisation of VSPC's technology would position it as a significant (non-Chinese) producer of that product.

The supply of reliable cathode materials is fundamental to this and VSPC is one of only a handful of companies outside of China, capable of producing LFP. Feedback from testing of the samples has been positive and VSPC is working with these companies, and others, to determine potential partnerships including offtake and joint development agreements to commercialise its LFP production technology.

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.

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 Warehouse, LG Energy Solution, 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.