

20 November 2023

Lithium Australia signs binding agreement for A\$2.0m sale of the Lake Johnston Lithium Project

HIGHLIGHTS

- Lithium Australia have signed a binding agreement with Charger Metals NL (ASX:CHR) for the sale of Lithium Australia's remaining interest in the Lake Johnston Lithium Project
- Charger Metals will pay a A\$2.0m cash consideration for Lithium Australia's remaining 30% holding in the Lake Johnston Lithium Project, which includes a non-refundable exclusivity payment of A\$0.15m
- Completion of the acquisition of the Lake Johnston Lithium Project will be subject to approval from Charger Metals' shareholders at an upcoming general meeting
- Lithium Australia retains a first right of refusal for offtake for up to 30% of lithium produced by the Lake Johnston Lithium Project as part of the binding agreement for future commercial production of lithium ferro phosphate (LFP)
- The transaction supports Lithium Australia's transition away from non-core assets, while also strengthening the Company's balance sheet
- Lithium Australia maintains a holding of 9.6m ordinary shares in Charger Metals

Lithium Australia Ltd. (ASX:LIT) ("**Lithium Australia**" or the "**Company**") is pleased to announce that it has entered into a binding agreement with Charger Metals NL (ASX:CHR) ("**Charger**") for the sale of the Company's remaining 30% interest in the Lake Johnston Lithium Project ("**Acquisition Agreement**"). Completion of the sale reinforces the Company's continued focus on its core operations, while also strengthening its balance sheet.

Under the Acquisition Agreement, Lithium Australia has agreed to sell, and Charger has agreed to acquire:

- (a) the Company's remaining 30% interest in the Lake Johnston Lithium Project tenements; and
- (b) the Company's remaining 30% interest in the contractual rights to the lithium in the tenements comprising the Lake Johnston Lithium Project.

In consideration for the sale of the remaining 30% interest in the Lake Johnston Lithium Project, Charger will pay Lithium Australia A\$2.0m in cash. The payment will be structured with a A\$0.15m non-refundable exclusivity payment paid within two business days of signing the Acquisition Agreement, and A\$1.85m on completion.

Completion of the Acquisition Agreement, which must be satisfied on or before 28 February 2024, will be subject to, amongst other items, the approval of Charger's shareholders at its upcoming meeting pursuant to Item 7 of Section 611 of the *Corporations Act 2011* (Cth) and ASX Listing Rule 10.1, and a New Investor entering into an agreement with Charger to become an investor in the Lake Johnston Lithium Project with such agreement remaining in full force and effect at Completion. This New Investor was announced by Charger today as Rio Tinto Limited (ASX:RIO).

Comment from Lithium Australia CEO & Managing Director, Simon Linge

"We are excited by the opportunity to engage with Charger Metals regarding the sale of Lithium Australia's remaining holding in the Lake Johnston Lithium Project. As a significant shareholder of Charger, we are excited by the partnership between Rio Tinto Limited and Charger and believe this provides a win-win outcome for all.

The transaction reaffirms our commitment to focusing on our core operations, while aligning the Company to its ESG ambitions. Lithium Australia also retains optionality to secure any future lithium offtake from successful resource development to support our battery materials business. I am excited by our future prospects and believe this transaction will help us to lead and enable the global transition to sustainable electrification."

As part of the Acquisition Agreement, Lithium Australia will also receive a conditional first right of refusal over the lithium product produced from the tenements. The first right of refusal covers lithium product equal to the lower of:

- 30% of the lithium product produced on the relevant tenements for the term of the agreement reached for offtake, should a binding agreement be reached; and
- The lithium product required by Lithium Australia to produce lithium metal phosphate product through a commercial facility(s) in which Lithium Australia has an ownership interest of 25% or more.

To qualify for the first right of refusal, Lithium Australia must make a financial investment decision announcement prior to 31 December 2030 to construct a commercial facility to produce lithium metal phosphate cathode powders, such as LFP.

The first right of refusal provides a path to future lithium access to be applied in the commercial production of LFP and enhances third party discussions related to the development of this technology.

The sale of the Lake Johnston Lithium project underscores the Company's greater focus on core operations of lithium chemicals, battery materials, and battery recycling. This transaction represents Lithium Australia's ongoing commitment to decarbonise lithium production. The cash proceeds of the transaction, coupled with the Company's 9.6m shares held in Charger, strengthen Lithium Australia's balance sheet, placing it in a stronger position to meet its growth objectives.

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 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.