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Lithium Australia signs MOU with SungEel HiTech for MMD off-take and joint development agreement

HIGHLIGHTS

- Securing strong Mixed Metal Dust (MMD) off-take agreements is a key pillar to Lithium Australia's strategic target to scale the Company's recycling operations
- Lithium Australia has signed an MOU with SungEel HiTech with the objectives of agreeing a long term MMD off-take agreement, entering into a joint development including an investment
- A sales and purchase contract between Envirostream and SungEel HiTech has been entered into for MMD sales until the MMD off-take agreement is finalised
- SungEel HiTech is an existing customer of Lithium Australia, and has purchased most of Envirostream's MMD since inception
- Lithium Australia is responsible for lithium-ion battery collection and primary processing into MMD, and SungEel recovers key battery minerals from MMD
- This is expected to strengthen the supply chain of battery materials between Korea and Australia

Lithium Australia Ltd (ASX:LIT) ("**Lithium Australia**" or the "**Company**") is pleased to announce the signing of a non-binding Memorandum of Understanding ("**MOU**") with SungEel HiTech Co., Ltd. (KOSDAQ: 365340) ("**SungEel**") regarding the off-take of Mixed Metal Dust (MMD), (also known in the industry as Black Powder) and progression of a joint development agreement ("**JDA**"), including related to investment by SungEel into the expansion of the Company's recycling capability and capacity.

Wholly owned subsidiary, Envirostream Australia Pty Ltd ("**Envirostream**"), has entered into a sales and purchase contract with SungEel to facilitate MMD sales whilst the off-take agreement is being finalised. This contract includes customary terms for such an agreement, including MMD price mechanisms, but does not include minimum volumes.

SungEel is a leading South Korean battery recycler with global operations. SungEel currently operates recycling plants in South Korea, Hungary, Poland, India, and Malaysia and has announced planned investments in the USA, Spain, and Germany to expand its global footprint. SungEel operates various Hydro Centres, which utilise hydrometallurgy to extract high-purity battery materials from MMD.

SungEel is an existing customer of Envirostream with MMD sales in excess of 300 tonnes since the start of 2020. The relationship between SungEel and Lithium Australia is important to the Company, and the signing of an MOU intends to extend and formalise the existing relationship between the two parties.

The MOU between Lithium Australia and SungEel is intended to progress discussions on MMD off-take, with execution of an off-take agreement expected to be completed by 30 June 2024. Both parties will then progress discussions towards entering into a JDA, including investment by the end of 2024, focused on upgrading recycling equipment and expanding total processing capacity of Envirostream. The Company notes that the off-take agreement and JDA are subject to negotiations and relevant approvals.

As Envirostream secures additional lithium-ion battery (LIB) supply through recycling servicing agreements with EV and ESS manufacturers, there will be an associated uplift in MMD production. An MMD off-take agreement with SungEel ensures that increased LIB processing will be matched with MMD demand.

Comment from Lithium Australia CEO and Managing Director, Simon Linge

"Signing MMD off-take agreements is critical to Lithium Australia's strategic roadmap, as it demonstrates the Company's ability to secure additional MMD customers as the collection volumes of LIBs continues to scale.

The MOU signed with SungEel is very exciting for the growth of the Company's recycling operations. SungEel is a global leading battery recycler with hydrometallurgical capabilities, which requires MMD as an input material for the extraction of high-purity battery materials. We look forward to formalising our relationship with SungEel, a valued long-term partner of Lithium Australia."

Comment from SungEel HiTech, Vice President of Sales & Marketing, Paul Yum

"This collaboration is consistent with the key framework for strengthening the global recycled materials supply chain, and we plan to continue to make stronger partnerships with major companies in various regions, while building up strategic collaborations, which includes securing end-of-life batteries and cooperation in recycling technologies.

We look forward to working with Lithium Australia and Envirostream to contribute to the carbon-neutral energy transition in Australia."

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.

About SungEel HiTech Co., Ltd.

SungEel HiTech Co., Ltd. (KOSDAQ, KQ 365340) is headquartered in Korea and has grown into a global leader in lithium ion battery recycling and raw material provider under the vision of Finite Resources to Infinite Resources. The company's objectives are to further improve the environment, contribute Carbon net zero and to create value to customers, stockholders, and communities through innovation in recycling technology, material processing, and products.