

10 April 2019
ASX CODE: LIT
Speculative Buy
Capital Structure

Sector	Materials
Share Price (A\$)	0.08
Fully Paid Ordinary Shares (m)	466.31
Partly Paid Shares (m)	170
Market Cap. (undil) (A\$m)	37.3
Share Price Year Hi-Low (A\$)	\$0.14 - 0.078
Approx cash (31/12/18)(A\$m)	10.5
Debt (31/12/18) (A\$m)	5.0

Directors

George Bauk	Non-Executive Chairman
Adrian Griffin	Managing Director
Bryan Dixon	Non-Executive Director

Major Shareholders

JP Morgan Nominees	5.7%
TIN International AG	4.6%
Acuity Capital Investment	3.2%
Citicorp Nominees	2.4%
HSBC	2.7%

Analyst

GT Le Page +61 8 6380 9200

Share Price Performance


Source: Yahoo Finance

Lithium Australia NL

Lithium Australia forms battery recycling alliance with Envirostream

Recycling Alliance

Lithium Australia NL (ASX: LIT) the battery supply chain disruptor continues to execute its 'close the loop' vision with the formation of a battery recycling alliance with leading lithium battery recycling group **Envirostream Australia Pty Ltd** ([4 Apr 2019, ASX Announcement](#))

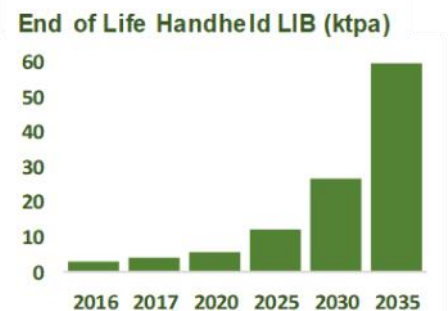


Highlights

- The parties will establish a technical partnership focused on developing innovative methods of retrieving critical metals from spent batteries within Australia.
- LIT** is to acquire an 18.9% equity interest in **Envirostream** for \$600,000.
- Envirostream** will expand its battery shredding and processing facilities and accelerate expansion of its national collection strategy.
- LIT** will continue research into hydrometallurgical processing solutions for the recycling of alkaline and lithium-ion batteries, and expects to complete flow sheet design by the end of CY 2019.

Expanding market opportunities

- In 2017, Australia only recovered 3% of spent batteries in handheld devices, lagging well behind its OECD peers.
- The volume of end-of-life lithium batteries is expected to grow exponentially over the next few years as new applications arise and other battery chemistries transition.



Source: Stock & Flows (2015), CSIRO (2018)

First mover advantage

- In 2018, **Envirostream** opened Australia's only spent lithium ion recycling facility in New Gisborne, Victoria at a cost of \$2.0 million.
- The **LIT** funding enabled **Envirostream** to further protect its first mover advantage.

'Close the loop' synergies

The recycling alliance is a good example of the potential multiplier effect that **LIT's** 'close the loop' vision represents; viz:

- the environment:** there are many benefits in saving batteries from landfill;
- sustainability:** there is the potential to improve battery-industry sustainability through the provision of ethically sourced materials, and
- value accretion:** recycling has the potential to supply **VSPC Ltd** (Lithium Australia's battery-materials subsidiary) with a sustainable feed source for direct battery cathode regeneration.

Action and Recommendation

- This well-timed investment matches **LIT's** battery recycling and cathode technology commercialisation timetable, putting it in pole position to capitalise on the impending and rapid expansion of Australia's lithium-battery recycling efforts.
- RMR** maintains a Speculative Buy for **LIT**.

Registered Offices

Perth

Level 1, 1205 Hay street, West
Perth WA 6005

PO Box 154
West Perth WA 6872

Email / Website

info@rmresearch.com.au
www.rmresearch.com.au

Phone: +61 8 6380 9200

Fax: +61 8 6380 9299

RM Research Recommendation Categories

Care has been taken to define the level of risk to return associated with a particular company. Our recommendation ranking system is as follows:

Buy	Companies with 'Buy' recommendations have been cash flow positive for some time and have a moderate to low risk profile. We expect these to outperform the broader market.
Speculative Buy	We forecast strong earnings growth or value creation that may achieve a return well above that of the broader market. These companies also carry a higher than normal level of risk.
Hold	A sound well managed company that may achieve market performance or less, perhaps due to an overvalued share price, broader sector issues, or internal challenges.
Sell	Risk is high and upside low or very difficult to determine. We expect a strong underperformance relative to the market and see better opportunities elsewhere.

Disclaimer / Disclosure

This report was produced by RM Research Pty Ltd, which is a Corporate Authorised Representative (343456) of RM Capital Pty Ltd (Licence no. 221938). RM Research received a payment for the compilation and distribution of this research report. RM Research Pty Ltd has made every effort to ensure that the information and material contained in this report is accurate and correct and has been obtained from reliable sources. However, no representation is made about the accuracy or completeness of the information and material and it should not be relied upon as a substitute for the exercise of independent judgment. Except to the extent required by law, RM Research Pty Ltd does not accept any liability, including negligence, for any loss or damage arising from the use of, or reliance on, the material contained in this report. This report is for information purposes only and is not intended as an offer or solicitation with respect to the sale or purchase of any securities. The securities recommended by RM Research carry no guarantee with respect to return of capital or the market value of those securities. There are general risks associated with any investment in securities. Investors should be aware that these risks might result in loss of income and capital invested. Neither RM Research nor any of its associates guarantees the repayment of capital.

WARNING: This report is intended to provide general financial product advice only. It has been prepared without having regard to or taking into account any particular investor's objectives, financial situation and/or needs. Accordingly, no recipients should rely on any recommendation (whether express or implied) contained in this document without obtaining specific advice from their advisers. All investors should therefore consider the appropriateness of the advice, in light of their own objectives, financial situation and/or needs, before acting on the advice. Where applicable, investors should obtain a copy of and consider the product disclosure statement for that product (if any) before making any decision.

DISCLOSURE: RM Research Pty Ltd and/or its directors, associates, employees or representatives may not effect a transaction upon its or their own account in the investments referred to in this report or any related investment until the expiry of 24 hours after the report has been published. Additionally, RM Research Pty Ltd may have, within the previous twelve months, provided advice or financial services to the companies mentioned in this report. As at the date of this report, the directors, associates, employees, representatives or Authorised Representatives of RM Research Pty Ltd and RM Capital Pty Ltd may hold shares in this company.