

# Lithium<sup>+</sup> Australia<sup>NL</sup>

**(to be renamed 'Lithium Australia Limited')  
ACN 126 129 413**

## **PROSPECTUS**

This Prospectus is being issued for the offer of up to 64,314,672 Options exercisable at \$0.0499 each and expiring 3 years from the date of issue.

No funds will be raised under this Prospectus.

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT  
SHOULD BE READ IN ITS ENTIRETY.**

**IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR SUITABLY  
QUALIFIED PROFESSIONAL ADVISER WITHOUT DELAY.**

**The Options offered under this Prospectus are of a speculative nature.**

## Important information

This Prospectus is dated 10 February 2022 and was lodged with the ASIC on that date with the consent of all Directors. Neither ASIC nor ASX nor their respective officers take any responsibility for the contents of this Prospectus.

No Options will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus).

A copy of this Prospectus is available for inspection at the registered office of the Company at Level 1, 677 Murray St, West Perth, Western Australia, during normal business hours. An electronic version of this Prospectus will be available at [www.lithium-au.com](http://www.lithium-au.com). The Company will provide a copy of this Prospectus to any person on request. The Company will also provide copies of other documents on request (see Section 4.4).

The Options offered by this Prospectus should be considered speculative. Please refer to Section 3 for details relating to investment risks.

Revenues and expenditures disclosed in this Prospectus are recognised exclusive of the amount of goods and services tax, unless otherwise disclosed. No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

No action has been taken to permit the offer of Options under this Prospectus in any jurisdiction other than Australia.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

This document is important and should be read in its entirety before deciding to participate in the Offer. This does not take into account the investment objectives, financial or taxation, or particular needs of any particular investor. Before making any investment in the Company, each investor should consider whether such an investment is appropriate to their particular needs, and considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each investor should consult their stockbroker, solicitor, accountant or other professional adviser without delay.

Definitions of certain terms used in this Prospectus are contained in Section 6. All references to currency are to Australian dollars and all references to time are to the time in Perth, Western Australia unless otherwise indicated.

## Corporate directory

### Directors

Adrian Griffin	Managing Director
George Bauk	Non-Executive Chairman
Kristie Young	Non-Executive Director
Phil Thick	Non-Executive Director

### Executive Management

Stuart Tarrant	Chief Financial Officer
Barry Woodhouse	Company Secretary

### Registered and Principal Office

Level 1, 677 Murray Street  
West Perth WA 6005

Phone:	+61 8 6145 0288
Email:	<a href="mailto:info@lithium-au.com">info@lithium-au.com</a>
Website:	<a href="http://www.lithium-au.com">www.lithium-au.com</a>

### Share Registry\*

Advanced Share Registry  
110 Stirling Highway  
Nedlands WA 6009

Phone: +61 8 9389 8033

Fax: +61 8 9262 372

Email:

[admin@advancedshare.com.au](mailto:admin@advancedshare.com.au)

\* This entity is included for information purposes only. They have not been involved in the preparation of this Prospectus.

## Indicative timetable

Annual General Meeting and General Meeting at which the selective capital reduction of Partly Paid Shares was approved by the requisite majorities of Shareholders and Partly Paid Shareholders	31 January 2022
Lodgement of Prospectus with ASIC and ASX	10 February 2022
Cancellation of Partly Paid Shares and issue of Exchange Options	On or before 28 February 2022
Commencement of trading on a normal settlement basis of the Exchange Options	On or before 1 March 2022

The Company reserves the right, subject to the Corporations Act and Listing Rules to change the above indicative timetable.

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# 1. Details of the Offer

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## 1.1 Background to the Offer

The Company was incorporated as a "no liability" company (then called "Midwinter Resources NL" and later "Cobre Montana NL") on 22 June 2007, as an exploration company focused on exploring and potentially developing gold deposits in the east Kimberley and Eastern Goldfields of Western Australia. Notwithstanding the Company's continuing interest in exploration activities, its main undertaking has evolved gradually since 2014 to comprise the development of lithium processing and recycling technologies and manufacturing of lithium-ion battery precursors.

Section 112(2) of the Corporations Act provides, amongst other things, that a company may be registered as a "no liability" company only if, amongst other things, the company's constitution states that its "sole objects are mining purposes".

In light of the Company's evolution in its main undertaking, the Company considers that although it remains an exploration entity, its "sole object" may no longer be considered to be mining. Accordingly, the Company sought and obtained the necessary approvals at its Annual General Meeting and General Meeting of Partly Paid Shareholders to change its company type from a "no liability" company, to a company "limited by shares".

As at the date of this Prospectus, the Company has 64,314,672 Partly Paid Shares on issue. Under section 162 of the Corporations Act, a no liability company may convert to a company limited by shares so long as all of its issued shares are fully paid up. The Company is therefore cancelling its Partly Paid Shares on issue as part of its conversion to a company limited by shares. The Company has elected to undertake this cancellation by way of a selective reduction pursuant to sections 256B and 256C(2) of the Corporations Act, by cancelling the Partly Paid Shares in exchange for an issue of new Exchange Options on a 1-for-1 basis.

Refer to the Company's notice of annual general meeting announced on 29 December 2021 for additional information.

## 1.2 The Offer

The Company is offering pursuant to this Prospectus, up to 64,314,672 Options exercisable at \$0.0499 each and expiring 3 years from the date of issue (**Exchange Options**) as consideration for the cancellation of the Partly Paid Shares.

The Offer will only be extended to holders of Partly Paid Shares as at the record date of 5pm (WST) on 3 February 2022.

In accordance with *ASIC Corporations (Application Form Requirements) Instrument 2017/241*, no application form is required to be completed or returned to participate in the proposed distribution of Exchange Options and no application form is included in or accompanies this Prospectus.

No funds will be raised as a result of the issue of the Exchange Options as they are offered as consideration for the cancellation of the Partly Paid Shares.

A summary of the rights and liabilities attaching to the Exchange Options is in Section 4.2. All Shares issued upon the exercise of the Exchange Options will rank equally in all respects with the Company's existing Shares, as summarised in Section 4.1.

The Company will apply for quotation of the Exchange Options (see Section 1.6).

### 1.3 Use of funds

No funds will be raised as a result of the Offer.

The Company will receive \$0.0499 for each Exchange Option exercised before the expiry date. If all Exchange Options are issued and exercised, the Company will receive approximately \$3,209,302 (before costs). There is no certainty that any of the Exchange Options will be exercised. The proportion of Exchange Options exercised will depend on the Share price relative to the exercise price during the exercise period.

It is currently intended that any funds raised by the exercise of the Exercise Options will be used towards:

- (a) commercialisation of the Company's Envirostream battery recycling business;
- (b) enhancement of the Australian Envirostream marketing and collection network;
- (c) continuation of definitive feasibility studies for the establishment of an LFP manufacturing facility;
- (d) pilot plant studies in relation to the continued commercialisation of the LieNA® process;
- (e) due diligence in regard to investment in complementary acquisitions including exploration opportunities (amongst others); and
- (f) providing general working capital.

Working capital includes, but is not limited to, corporate administration and operating costs and may be applied to additional Directors' fees or executive fees, ASX and share registry fees, legal, tax and audit fees, insurance and travel costs and payment of creditors or other liabilities.

The application of funds will depend upon when the Exchange Options are exercised and the status of the Company's projects, operations and requirements at the relevant time.

The above is a statement of current intentions as at the date of this Prospectus. Intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way in which the funds are applied on this basis.

### 1.4 Minimum subscription

There is no minimum subscription for the Offer.

The Exchange Options offered under this Prospectus will only be admitted to official quotation by ASX if the conditions for quotation of a new class of securities are satisfied, which include (amongst other things):

- (a) there being a minimum of 100,000 of Exchange Options on issue; and
- (b) there are at least 50 holders with a marketable parcel (within the meaning of the Listing Rules).

### 1.5 Issue date

All Exchange Options are expected to be issued on or before 28 February 2022.

The Company reserves the right, subject to the Corporations Act and the Listing Rules to vary the issue date without prior notice.

## 1.6 **ASX quotation**

Application for quotation of the Exchange Options will be made in accordance with the timetable on page iii of this Prospectus. The Exchange Options will be issued in accordance with this timetable, however they will remain unquoted until such time as the Company has satisfied the ASX quotation requirements. Refer to Section 1.4 above for the conditions for quotation of the Exchange Options.

If the Exchange Options are not admitted to quotation within a period of three months from the date of this Prospectus, any Exchange Options issued will be void in accordance with section 723 of the Corporations Act.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may grant Official Quotation is not to be taken in any way as an indication of the merits of the Company or the Exchange Options offered pursuant to this Prospectus.

## 1.7 **CHESS**

The Company participates in the Clearing House Electronic Sub-Register System, known as CHESS. All trading on the ASX will be settled through CHESS. ASX Settlement, a wholly-owned subsidiary of the ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules. On behalf of the Company, the Share Registry will operate an electronic issuer sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together make up the Company's principal register of securities.

Under CHESS, the Company will not issue certificates to Optionholders. Rather, holding statements (similar to bank statements) will be sent to Optionholders as soon as practicable after allotment of the Exchange Options. Holding statements will be sent either by CHESS (for Shareholders who elect to hold Securities on the CHESS sub-register) or by the Company's Share Registry (for investors who elect to hold their Securities on the issuer sponsored sub-register). The statements will set out the number of existing Securities held (where applicable) and the number of Exchange Options allotted under this Prospectus and provide details of an investor's holder identification number (for investors who elect to hold Securities on the CHESS sub-register) or shareholder reference number (for investors who elect to hold their Securities on the issuer sponsored sub-register). Updated holding statements will also be sent to each investor at the end of each month in which there is a transaction on their holding, as required by the Listing Rules.

## 1.8 **Risk factors**

An investment in the Company should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are certain specific risks associated with an investment in the Company which are detailed in Section 3.

## 1.9 **Taxation implications**

The Directors do not consider it appropriate to give investors advice regarding the taxation consequences of being issued Exchange Options under this Prospectus.



The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences. As a result, you should consult your professional tax adviser in connection with being issued Options under this Prospectus.

#### 1.10 **Major activities and financial information**

A summary of the major activities and financial information relating to the Company, for the financial year ended 30 June 2021, can be found in the Company's Annual Report announced on ASX on 30 September 2021 (**Annual Report**) and, for the half-year ended 31 December 2020, the half year accounts announced on ASX on 11 March 2021 (**Half Yearly Report**). The Company has made continuous disclosure notices (i.e. ASX announcements) since the lodgement of its Half Yearly Report and Annual Report.

Copies of the Half Yearly Report and Annual Report are available free of charge from the Company. The Directors strongly recommend that investors review these documents and all other announcements.

#### 1.11 **Enquiries concerning Prospectus**

Enquiries relating to this Prospectus should be directed to the Company Secretary by email to [Barry.Woodhouse@lithium-au.com](mailto:Barry.Woodhouse@lithium-au.com).

## 2. Effect of the Offer

### 2.1 Capital structure at date of Prospectus

	Shares	Partly Paid Shares	Options	Performance Rights
Existing Securities on issue	1,032,570,596	64,314,672 <sup>1</sup>	1,833,333 <sup>2</sup>	10,500,000 <sup>3</sup>
Maximum Securities to be issued under the Offer	-	(64,314,672)	64,314,672 <sup>4</sup>	-
<b>Total</b>	<b>1,032,570,596</b>	<b>Nil</b>	<b>66,148,005</b>	<b>10,500,000</b>

#### Notes:

1. The Partly Paid Shares have a total issue price of \$0.06 and have been paid to \$0.0101. In order for the Partly Paid Shares to become fully paid Shares, holders would have been required to pay the balance of \$0.0499 per Share pursuant to calls made by the Company. Refer to section 10.1 of the notice of Annual General Meeting announced on 29 December 2021 for additional information regarding the Partly Paid Shares.
2. Comprised of 1,833,333 unquoted options exercisable at \$0.055 each and expiring 28 February 2023.
3. Performance Rights issued to Directors (or nominees) under the Company's employee securities incentive plan approved at the general meetings held on 30 April 2018 and 11 October 2021.
4. The terms and conditions of the Exchange Options are in Section 4.2.

### 2.2 Substantial Shareholders

Based off the information available to the Company, no Shareholders hold an interest in 5% or more of the Shares on issue as at the date of this Prospectus.

The Offer will not have an effect on the quantity of Shares held by existing Shareholders as only Exchange Options are being offered under this Prospectus.

### 2.3 Diluting effect of the Offer

On the assumptions that:

- (a) all of the Exchange Options offered under this Prospectus are issued and exercised into Shares; and
- (b) no other Securities are issued or exercised (including the Options and Performance Rights currently on issue),

the diluting effect on the percentage interest of existing Shareholders' would be 5.86%.

### 2.4 Financial effect of the Offer

There will be no proceeds from the Offer as the Options are being offered for nil cash consideration.

The expenses of the Offer will be met from the Company's existing cash reserves. The Offer is expected to have a nominal effect on the Company's financial position of reducing the cash balance by approximately \$34,722.

Please refer to Section 4.14 for further details on the estimated expenses of the Offer.

## 2.5 **Effect of the Offer on control of the Company**

The Offer will not affect the control (as defined by section 50AA of the Corporations Act) of the Company. No Shareholder will have a voting power greater than 20% as a result of the completion of the Offer.

### 3. Risk factors

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The Exchange Options offered under this Prospectus should be considered speculative because of the nature of the business activities of the Company and no assurances can be made that the Company's particular interests or projects will be successful. Potential investors should consider whether the Exchange Options offered are a suitable investment having regard to their own personal investment objectives and financial circumstances and the risk factors set out below.

This list is not exhaustive and potential investors should read this Prospectus in its entirety and if in any doubt consult their professional adviser before deciding whether to participate in the Offer.

#### 3.1 Risks specific to the Company

##### (a) Additional requirements for capital

The Company's capital requirements rely on numerous factors.

The Company expects to require further financing in order to progress development of its business. For the foreseeable future, it is expected that this funding will be obtained from traditional financing sources. Any equity financing undertaken will dilute existing Shareholders.

There is a risk that the development schedule for new products or services, or the adoption of new products or services may take longer than expected, delaying the development of new revenue streams.

There is no guarantee that the Company will be able to secure any additional funding or will be able to secure funding on terms that are favourable or acceptable to the Company. If the Company is unable to obtain additional financing as needed, or is unable to obtain it on acceptable terms (whether or not due to the Company's circumstances or economic and share market conditions or both), it may be necessary to reduce the scope of the Company's operations and scale back its activities. This could have a material adverse effect on the Company's activities and the value of Shares.

##### (b) Growth opportunities

The Company is actively pursuing international growth of the cathode powder (VSPC) and battery recycling (Envirostream) businesses. This growth strategy includes engagement with third parties and identification of potential acquisition opportunities.

The Company cautions that there are no legally binding proposals at this stage. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions. Refer to Section 4.5 for additional information.

There is no guarantee that any proposed acquisition of a new business or project will be completed or will be successful. Identification and evaluation of a business opportunity or a project can take considerable time and consume significant cash resources.

##### (c) Third party investments

The Company owns shareholdings in Blackearth Minerals NL (ASX: BEM), Charger Metals NL (ASX:CHR) and Galan Lithium Ltd (ASX: GLN). There is a potential that the BEM, CHR and/or GLN positions will be disposed of in part or in whole. Funds received from these disposals are intended to be put towards the ongoing development of the Company.

There is a risk that the value of these entities, or any other entities in which the Company may hold an interest in the future, may be reduced as a result of many factors outside of the Company or in some cases, the relevant entity's, control.

(d) **Completion risk**

On 4 February 2022, the Company announced that it had agreed indicative terms for the acquisition of the final 10% of Envirostream Australia Pty Ltd not currently held by the Company.

The current completion date is scheduled for 1 March 2022.

The Company cautions that no binding agreement has yet been reached, and there is no certainty that any such binding agreement will be reached. As previously disclosed, with the Battery Stewardship Scheme now operating, the Company's acquisition of the final 10% equity in Envirostream is considered a strategic imperative, since battery deliveries are increasing.

(e) **Commercialisation risks**

The Company has integrated its 100% owned SiLeach<sup>®</sup>, LieNA<sup>®</sup> and VSPC processes with the aim of establishing a pathway from mine waste to lithium-ion battery manufacturing. The Company has completed a successful pilot-plant run at its Generation 2 SiLeach<sup>®</sup> facility, and has provided evaluation samples of VSPC cathode powder to a number of battery manufacturers.

The Company is progressing towards continuous pilot plant operations for its 100% owned LieNA<sup>®</sup> process.

SiLeach<sup>®</sup> and LieNA<sup>®</sup> are new processes that have only been tested under small, controlled laboratory conditions or at a mini-plant scale respectively. The technologies have not been scaled up and tested, and there is a risk that the processes may not be technically feasible, may not perform as designed, may prove uneconomic and/or unreliable, may not be developed on a timely basis, and may not produce a marketable product.

(f) **Management of growth**

The Company's ability to implement its strategy requires effective planning and management control systems. The Company's plans may place a significant strain on the Company's management, operational, financial and personnel resources.

The Company's future growth and prospects will depend on its ability to manage this growth and to continue to expand and improve operational, financial and management information and control systems on a timely basis, whilst at the same time maintaining effective cost controls. Any failure to expand and improve operational, financial and management information and quality control systems in line with the Company's growth could have a material adverse effect on the Company's business, financial condition and operations.

(g) **No profit to date and uncertainty of future profitability**

The Company has incurred losses in the past and it is therefore not possible to evaluate the Company's future prospects based on past performance. The Company expects to make losses in the foreseeable future even though its VSPC business, recycling business, SiLeach<sup>®</sup> and LieNA<sup>®</sup> processes and lithium phosphate recovery technology

related to these processes may be commercialised. Factors that will determine the Company's future profitability include its ability to manage its costs to execute its development and growth strategies in relation to both exploration and SiLeach® and LieNA® technologies, the success of its activities in research and development and ability to commercialise its technology, the ability to claim R&D rebates, the actions of competitors and market developments. As a result, the extent of future profits, if any, and the time required to achieve sustainable profitability, is uncertain. In addition, the level of any such future profitability (or loss) cannot be predicted.

(h) **Research and development tax incentive**

The Company is partially reliant upon receiving research and development rebates through the Commonwealth Research and Development Tax Incentive, including receipt of approximately \$1.1 million (net of costs) for the year ending 30 June 2021. There is a risk that these incentive types may change or the Company may no longer be eligible to receive these types of rebates in the future.

(i) **Intellectual property risk**

The Company has a family of patents in relation to its VSPC technology, a process to manufacture battery cathode materials. There is no guarantee that the grant of a patent concerned is valid or that the technology (patented or otherwise) does not infringe the rights of others.

The Company has made patent applications, for extraction technology, the SiLeach® process and the LieNA® process and lithium phosphate recovery technology related to these processes. There is no guarantee the patents will be granted; nor does the grant of a patent guarantee that the patent concerned is valid or that the technology (patented or otherwise) does not infringe the rights of others. This patent will be subject to examination in due course; however, it may not be approved for final acceptance and grant.

The Company has made a patent application for the LieNA® technology, a process of extracting lithium from lithium bearing silicate minerals. There is no guarantee the patent will be granted nor does the grant of a patent guarantee that the patent concerned is valid or that the technology (patented or otherwise) does not infringe the rights of others. This patent will be subject to examination in due course; however, it may not be approved for final acceptance and grant.

The success of the Company's lithium extraction and recovery technology will depend in part on the Company's ability to maintain patents (and therefore proprietary rights) without infringing the proprietary rights of others. The validity and strength of patents involves complex legal and scientific questions and can be uncertain. There can be no assurance that patents in relation to the SiLeach® process or the LieNA® technology will afford the Company commercially significant protection of the SiLeach® process or the LieNA® technology or that competitors will not develop competing technologies that circumvents such patents.

(j) **Technology risk**

The Company is focused on the lithium battery industry with activities ranging from exploration to battery development and recycling. It has intellectual property rights to a suite of processes for the extraction and recovery of lithium from a broad range of lithium-bearing feedstocks. It also has significant intellectual property rights with respect to the production of lithium-ion battery cathode powders and is developing intellectual property for the recycling of lithium-ion batteries. A significant risk is whether the Company

successfully commercialises these processes. A failure to commercialise one or more of the proprietary processes may have a significant adverse impact on the Company's business model, operating results, and financial position.

(k) **Development and production risks - Technology**

The Company seeks to develop and operate new battery material plants in the future including cathode material production, SiLeach<sup>®</sup>, LieNA<sup>®</sup> and battery recycling. The development and operation of any plant may be affected by various factors, including failure to achieve predicted grades necessary to satisfy customer requirements; failure to obtain or maintain any necessary regulatory approvals; operational and technical difficulties encountered in processing; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

(l) **Operating risks - Technology**

In relation to commercialisation of the Company's intellectual property and technology, including cathode production, recycling, SiLeach<sup>®</sup>, LieNA<sup>®</sup> and lithium phosphate recovery technology, such operational risk factors may include project appraisal, development of the Company's technology and intellectual property and possible production activities may be affected by various factors that can limit or prevent such activities. Such factors may include failure to obtain raw materials at the required grade; failure to achieve predicted grades of final product; operational and technical difficulties encountered in production activities; difficulties in commissioning and operating plant and equipment; electrical or mechanical failure or plant break; industrial and environmental accidents; industrial disputes, and unexpected shortages or increases in the costs of skilled labour, consumables, spare parts, plant and equipment.

The storage of end-of-life batteries is undertaken by the recycling business. Should these batteries be stored incorrectly, especially end of life lithium-ion batteries, this could present a risk of fire.

(m) **Commercial risk**

The mining and lithium treatment, recycling, cathode manufacture and production industries are competitive and there is no assurance that, even if the Company discovers commercial quantities of minerals and technology is proved technically feasible, a profitable market will exist for sales of such minerals. There can be no assurance that the quality of any such minerals will be such that they can be mined economically or the technologies exploited commercially.

(n) **Access to infrastructure**

If the Company progresses to production, there is no guarantee that appropriate infrastructure, including affordable rail and port capacity, or location for construction of treatment and production plants and facilities will be available, and this could have an adverse effect on the Company. In the event of production the Company will also require the use of both power and water infrastructure. Due to high demand for power and water access there is a risk that the Company may not be able to procure such access which could have an adverse effect on the Company.

(o) **Title risk**

The mining tenements in which the Company will, or may, in the future acquire an interest, are subject to the applicable local laws and regulations. There is no guarantee that any mining tenements in which the Company has a current or potential interest will be granted.

Mining tenements (or applications) in which the Company has an interest are (or, if granted, will be) subject to the relevant conditions applying in each jurisdiction. Failure to comply with these conditions may render the mining tenements liable to forfeiture.

All of the projects in which the Company has an interest will be subject to application for renewal from time to time. Renewal of the term of each mining tenement is subject to applicable legislation. If the mining tenement is not renewed for any reason, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that mining tenement.

(p) **Exploration risks**

The Company's mining tenements are at various stages of exploration and there is no guarantee that a JORC Code compliant resource will be discovered on any of the Company's tenements.

Mineral exploration and development are high risk undertakings due to the high level of inherent uncertainty. There can be no assurance that exploration of the Company's tenements, or of any other tenements that may be acquired by the Company in the future, will result in the discovery of economic mineralisation. Even if economic mineralisation is discovered there is no guarantee that it can be commercially exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend on the Company having access to sufficient development capital, being able to maintain title to its projects and obtaining all required approvals for its activities. In the event that exploration programmes prove unsuccessful, this could lead to a diminution in the value of the Company's projects, a reduction in the cash reserves of the Company and possible relinquishment of part or all of the Company's projects.

(q) **Development and production risks - Exploration**

The development and operation of any mine by the Company may be affected by various factors, including failure to achieve predicted grades in exploration and mining; failure to obtain or maintain any necessary regulatory approvals; operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems that may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.



(r) **Contractual and joint venture risk**

The Company is entitled to the rights in lithium contained in the tenements the subject of its joint venture interests in the proportion in which it has earned its joint venture interest. The Company may not be the registered holder of its interest in those tenements and therefore the Company's ability to achieve its objectives in respect of the tenements is dependent upon it and the registered holder of the tenements complying with their obligations under the relevant agreement giving rise to the Company's interest, and on the registered holder complying with the terms and conditions of the tenements and any other applicable legislation. Any failure to comply with these obligations may result in the Company losing its interest in those tenements, which may have a material adverse effect on the Company's operations and the performance and value of the Share. Currently, the Company has no reason to believe that the registered owner of those tenements will not meet and satisfy its obligations under the relevant agreements, the tenement conditions and other applicable legislation.

The Directors are not able to presently assess the risk of financial failure or default by a participant in any joint venture to which the Company is, or may become, a party, or the insolvency or other failure by any of the contractors engaged by the Company for any exploration or other activity. Any such failure or default could adversely affect the operations and performance of the Company and the value of Shares.

(s) **Operating risks - Exploration**

The current and future operations of the Company, including exploration, project appraisal, development of the Company's technology and intellectual property and possible production activities may be affected by various factors that can limit or prevent such activities. Such factors may include failure to locate or identify mineral deposits; failure to achieve predicted grades in exploration and mining; operational and technical difficulties encountered in surveying, drilling, other exploration activities and/or production activities; difficulties in commissioning and operating plant and equipment; electrical or mechanical failure or plant break; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes, and unexpected shortages or increases in the costs of skilled labour, consumables, spare parts, plant and equipment.

### 3.2 Risks relating to the technology industry generally

(a) **Operating risks**

The current and future operations of the Company, including project appraisal, development of the Company's technology and intellectual property and possible production activities may be affected by various factors that can limit or prevent such activities. In relation to commercialisation of the Company's intellectual property and technology, including SiLeach<sup>®</sup>, LieNA<sup>®</sup>, the production of lithium-ion battery cathode powders and recycling of lithium ion batteries; such factors may include technical issues in designing, engineering and realising processes that successfully achieve desktop test results, or pilot plant test results, or prefeasibility or feasibility study assumed feasible outcomes.

(b) **Commercial risk**

The lithium treatment, recycling, cathode manufacture and production industries are competitive and there is no assurance that, even if the Company technology is proved technically feasible, a profitable market will exist for sales of such products. There can be no assurance that the quality of or the technologies exploited commercially.

The Company has advanced its lithium-ion battery powder production technology to pilot scale and has successfully tested powders produced with the VSPC process in commercial format cells. It has further entered into a partnership to manufacture and market cells containing the VSPC powders however there is no guarantee that commercial production will be affected nor is there any assurance of a positive financial outcome.

(c) **Commodity price volatility and exchange rate risks**

If the Company achieves success leading to lithium processing, the revenue it will derive through the sale of lithium, sale of cathode materials or any other minerals or materials it may discover or produce exposes the potential income of the Company to commodity price and exchange rate risks.

Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include: supply and demand fluctuations for precious and base metals; technological advancements; forward selling activities, and other macro-economic factors such as inflation expectations, interest rates and general global economic conditions.

Further, international prices for various commodities are denominated in United States dollars whereas the income and expenditure of the Company may be taken into account in a number of currencies. This exposes the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and currencies relevant to the Company's operations.

If the price of commodities fluctuates this could have an adverse effect on the Company's exploration, development and possible processing, production and battery component manufacturing activities, as well as its ability to fund these activities, which may no longer be profitable.

(d) **Insurance risks**

Development of recycling, cathode manufacture and production industries involves hazards and risks that could result in the Company incurring losses or liabilities that could arise from its operations. If the Company incurs losses or liabilities which are not covered by its insurance policies, the funds available for such development will be reduced and the value and/or title to the Company's assets may be at risk.

The Company insures its operations in accordance with industry practice. However in certain circumstances the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance against all risks associated with technology is not always available and, where available, the costs can be prohibitive or not adequate to cover all claims.

(e) **Environmental risks**

The operations and proposed activities of the Company are subject to State, Territory and Commonwealth laws and regulations concerning the environment. As with most recycling, cathode manufacture and production industries, the Company's activities are expected to have an impact on the environment, particularly if development proceeds. Future legislation and regulations governing exploration, development and possible production may impose significant environmental obligations on the Company.

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from developing potentially economically viable mineral deposits or to successfully commercialise SiLeach®, LieNA®, lithium phosphate recovery technology, recycling and cathode production. The Company may require approval from the relevant authorities before undertaking activities that are likely to impact the environment. Failure to obtain such approvals, or to obtain them on terms acceptable to the Company may prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition and results of operations.

(j) **Competition**

The Company is competing with other companies in its development activities, many of which will have access to greater resources than the Company and may be in a better position to compete for future business opportunities. There can be no assurances that the Company can compete effectively with these companies.

### 3.3 Risks relating to the exploration industry generally

(a) **Operating risks**

The current and future operations of the Company, including exploration, project appraisal, and possible production activities may be affected by various factors that can limit or prevent such activities. Such factors may include failure to locate or identify mineral deposits; failure to achieve predicted grades in exploration and mining; operational and technical difficulties encountered in surveying, drilling, other exploration activities and/or production activities; difficulties in commissioning and operating plant and equipment; electrical or mechanical failure or plant break; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes, and unexpected shortages or increases in the costs of skilled labour, consumables, spare parts, plant and equipment.

(b) **Commercial risk**

The exploration and mining industries are competitive and there is no assurance that, even if the Company discovers commercial quantities of minerals, a profitable market will exist for sales of such minerals. There can be no assurance that the quality of any such minerals will be such that they can be mined economically.

(c) **Commodity price volatility and exchange rate risks**

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of lithium, or any other minerals or materials it may discover or produce exposes the potential income of the Company to commodity price and exchange rate risks.

Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include: supply and demand fluctuations for precious and base

metals; technological advancements; forward selling activities, and other macro-economic factors such as inflation expectations, interest rates and general global economic conditions.

Further, international prices for various commodities are denominated in United States dollars whereas the income and expenditure of the Company may be taken into account in a number of currencies. This exposes the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and currencies relevant to the Company's operations.

If the price of commodities declines this could have an adverse effect on the Company's exploration, development, possible processing and production, as well as its ability to fund these activities, which may no longer be profitable.

**(d) Insurance risks**

Exploration for, and the development of minerals involves hazards and risks that could result in the Company incurring losses or liabilities that could arise from its operations. If the Company incurs losses or liabilities which are not covered by its insurance policies, the funds available for exploration and development will be reduced and the value and/or title to the Company's assets may be at risk.

The Company insures its operations in accordance with industry practice. However in certain circumstances the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance against all risks associated with mining exploration and production is not always available and, where available, the costs can be prohibitive or not adequate to cover all claims.

**(e) Environmental risks**

The operations and proposed activities of the Company are subject to Western Australian and Commonwealth laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. Future legislation and regulations governing exploration, development and possible production may impose significant environmental obligations on the Company.

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from developing potentially economically viable mineral deposits. The Company may require approval from the relevant authorities before undertaking activities that are likely to impact the environment. Failure to obtain such approvals, or to obtain them on terms acceptable to the Company may prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a

material adverse effect on the Company's business, financial condition and results of operations.

(j) **Competition**

The Company is competing with other companies in its exploration and development activities, many of which will have access to greater resources than the Company and may be in a better position to compete for future business opportunities. There can be no assurances that the Company can compete effectively with these companies.

### 3.4 **General risks**

(a) **Force majeure**

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company, including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, pandemics, explosions or other catastrophes, epidemics or quarantine restrictions.

(b) **Liquidity risk**

The market for the Company's Securities may be illiquid. As a consequence, investors may be unable to readily exit or realise their investment.

(c) **Economic risk**

Changes in both Australian and world economic conditions may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, industrial disruption and economic growth may impact on future operations and earnings.

(d) **Coronavirus disease (COVID-19)**

The global economic outlook is facing uncertainty due to the current COVID-19 pandemic, which has been having, and will likely continue to have, a significant impact on global capital markets, commodity prices and foreign exchange.

To date, the COVID-19 pandemic has not had any material impact on the Company's operations, however, any infections occurring on site at the Company's projects or offices could result in the Company's operations being suspended and otherwise disrupted for an unknown period of time, which may have an adverse impact on the Company's operations as well as adverse implications on the Company's future cash flows, profitability and financial condition. Supply chain disruptions resulting from the COVID-19 pandemic and measures implemented by governmental authorities around the world to limit the transmission of the virus (such as travel bans and quarantining) may, in addition to the general level of economic uncertainty caused by the COVID-19 pandemic, also adversely impact the Company's operations, financial position and prospects.

(e) **Option risk and dilution**

There is no guarantee that the Options offered under this Prospectus will, at any particular time, have an exercise price which is lower than the price of the Shares.

There is a risk that the Options may expire at a time when they have little or no value.

64,314,672 Options are offered under this Prospectus. If all such Options are exercised, Shareholders will be diluted by up to 5.86%. As the Options have an exercise price of \$0.0499, in the event that all such Options are exercised, the Company will receive additional funds of up to \$3,209,302 (before costs) if all such Options are exercised.

(f) **Share market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of capital; and
- (vi) terrorism or other hostilities.

The market price of Securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(g) **Litigation risks**

The Company is exposed to possible litigation risks including intellectual property claims, contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position.

As previously disclosed, Envirostream Australia Pty Ltd, a subsidiary of the Company, has been served writs in regard to statements of claims concerning damage caused by a fire at 31 Colbert Road, Campbellfield, Victoria, on 19 January 2019. These claims are currently being managed by Envirostream's insurance company and the Company expects some or all to be reimbursed. The claims are estimated to total \$5 million as at 30 June 2021 (included as a provision) and the Company believes this remains a reasonable estimate.

The Company is not otherwise currently engaged in any material litigation.

(h) **Information technology risks**

There is a risk that the Company's core systems and technologies could be exposed to damage or interruption from systems failures, computer viruses, cyber-attacks, power or telecommunications providers' failures, fire, natural disasters, terrorist acts, war or human error. Cyber-attacks may include computer hacking, data theft, system disruption or security breaches, and viruses and malware. These situations might include, among others, a breach of sensitive commercial information, loss of Company assets or negative publicity.

(i) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(j) **Unforeseen expenditure risks**

Expenditure may need to be incurred which has not been taken into account in the preparation of this Prospectus. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently required or incurred, this may adversely impact budgeted expenditure proposals by the Company.

(k) **Climate change risks**

The climate change risks particularly attributable to the Company include:

- (i) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and
- (i) climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.

### 3.5 **Investment speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Exchange Options offered under this Prospectus.

Therefore, the Exchange Options to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Exchange Options.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Exchange Options pursuant to this Prospectus.

## 4. Additional information

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### 4.1 Rights and liabilities attaching to Shares

A summary of the rights attaching to Shares in the Company is below. This summary is qualified by the full terms of the Constitution and the Proposed Constitution (a full copy of the Constitution and the Proposed Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution/Proposed Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstances, the Shareholder should seek legal advice.

#### (a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company. Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution/Proposed Constitution.

#### (b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder will, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares will have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

#### (c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which will be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

No dividend will carry interest as against the Company.

Subject to the Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit, under which participants may elect in respect of all or part of their Shares to receive a dividend or to forego a dividend from the Company and receive some



other form of distribution or entitlement (including securities) from the Company or another body corporate or a trust.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

(e) **Shareholder liability**

As the Company will only have fully paid shares on issue, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of Shares**

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

(g) **Variation of rights**

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(h) **Alteration of Constitution/Proposed Constitution**

The Constitution/Proposed Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

#### 4.2 **Rights and liabilities attaching to Exchange Options**

The rights attaching to the Options offered under this Prospectus are regulated by the Constitution, the Corporations Act, the Listing Rules and the general law. The following is a summary of the key terms of the Options:

(a) **Issue Price**

No cash consideration is payable for the issue of the Options.

(b) **Exercise Price**

The Options have an exercise price of \$0.0499 per Option (**Exercise Price**).

(c) **Expiry Date**

The Options expire at 5.00 pm (WST) on three years from date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time and from time to time on or prior to the Expiry Date.

(e) **Quotation of the Options**

It is the Company's current intention to seek quotation of the Options. There is no certainty that quotation of the Options will be granted.

(f) **Notice of Exercise**

The Options may be exercised by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

The Options held by each holder may be exercised in whole or in part, and if exercised in part, at least 1,000 must be exercised on each occasion.

Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 5 Business Days after the Exercise Date the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

(h) **Transferability**

The Options are freely transferable from the date of issue, subject to any restriction or escrow arrangements imposed by ASX or under Australian securities laws and paragraph 4.2(i).

(i) **Restrictions on transfer of Shares**

If the Company is required but unable to give ASX a notice under paragraph 4.2(g)(ii), or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, Shares issued on exercise of Options may not be traded and will be subject to a holding lock until 12 months after their issue unless the

Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

(j) **Shares issued on exercise**

Shares issued on exercise of the Options will rank equally with the then Shares of the Company.

(k) **Quotation of Shares on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options in accordance with the Listing Rules.

(l) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.

(m) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(n) **Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

#### 4.3 **Company is a disclosing entity**

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purpose of ASX making the information available to the stock market conducted by ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions), to notify ASX once it is, or becomes aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Shares.

The Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a Directors' statement and report, and an audit review or report. Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office (see Section 4.4 below). Copies of all documents announced to the ASX can be found on the Company's website.

#### 4.4 Copies of documents

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC. The Company will provide free of charge to any person who requests it during the period of the Offer a copy of:

- (a) the Annual Report for the period ending 30 June 2021 lodged with ASX on 30 September 2021;
- (b) the Half Yearly Report for the period ending 31 December 2020 lodged with ASX on 11 March 2021; and
- (c) the continuous disclosure notices given by the Company to notify ASX of information relating to the Company since the Company lodged its Annual Report and before the date of issue of this Prospectus which are as follows:

Date	Subject of Announcement
04/02/2022	LIT agrees terms for acquisition of final 10% of Envirostream
03/02/2022	LITCF holders pay unpaid capital raising \$106k
31/01/2022	Suspension from Official Quotation (LITCF)
31/01/2022	Update for LITCF partly paid shares
31/01/2022	Results of Meeting
28/01/2022	Lithium Australia quarterly activities report – December 21
28/01/2022	Proposed LITCF to LITO transition – Update to FAQ
20/01/2022	LIT investor webinar presentation
19/01/2022	LITCF holders pay unpaid capital raising \$93k
17/01/2022	CHR: Charger's targeting suggests Large Lithium System
5/01/2022	Proposed issue of securities - LIT
29/12/2021	Proposed LITCF to LITO transition - FAQ
29/12/2021	General Meeting - Notice and Proxy Form
29/12/2021	Annual General Meeting - Notice and Proxy Form
29/12/2021	Notice of Meeting - Partly Paid Shareholders
29/12/2021	Notice of Annual General Meeting
24/12/2021	Notice under section 708(A)(5)
24/12/2021	Application for quotation of securities - LIT
22/12/2021	Envirostream's new site fully permitted to expand
21/12/2021	LieNA® - Another step towards commercialisation

13/12/2021	Lithium Pegmatite Trends Highlighted at Bynoe
13/12/2021	CHR: Lithium Pegmatite Trends Highlighted at Bynoe
8/12/2021	LITCF holders pay unpaid capital raising \$100k
1/12/2021	Date of AGM and director nomination
25/11/2021	Jobkeeper payments notification
25/11/2021	LITCF holders pay unpaid capital raising \$98k & Appendix 3Y
16/11/2021	LITCF holders pay unpaid capital raising \$607k
15/11/2021	GLN: Greenbushes South JV - Potential Targets Identified
15/11/2021	Greenbushes South JV - Potential Targets Identified
11/11/2021	Response to ASX Query
5/11/2021	Application for quotation of securities - LIT
5/11/2021	Application for quotation of securities - LIT
3/11/2021	Section 708A notice and Appendix 3Y * 3
3/11/2021	Proposed issue of securities - LIT
2/11/2021	LITCF holders pay unpaid capital raising \$280k
2/11/2021	Proposed issue of securities - LIT
2/11/2021	Notification regarding unquoted securities - LIT
29/10/2021	Quarterly activities report and quarterly cash flow report
27/10/2021	VSPC joins R&D of solid-state lithium metal battery
27/10/2021	CHR: Charger confirms emerging Lithium targets at Bynoe
27/10/2021	Charger confirms emerging Lithium targets at Bynoe
22/10/2021	LITCF holders pay unpaid capital raising \$48k
20/10/2021	Envirostream to collect spent batteries from Bunnings stores
20/10/2021	Trading Halt
20/10/2021	Envirostream issued planning permit by Hume City Council
19/10/2021	VSPC's manufacturing capability now includes battery anodes
14/10/2021	CHR: SkyTEM Survey confirms prospective nickel-copper-PGE targets
14/10/2021	CHR: SkyTEM Survey confirms prospective nickel-copper-PGE targets
11/10/2021	Results of Meeting
6/10/2021	VSPC appoints new lead scientist & Retirement of Director

5/10/2021	EPA issues Envirostream 99year licence for battery recycling
5/10/2021	Pause in Trading
30/09/2021	Appendix 4G & Corporate Governance Statement
30/09/2021	Annual Report to shareholders

The following documents are available for inspection throughout the period of the Offer during normal business hours at the registered office of the Company:

- (a) this Prospectus;
- (b) the Constitution and Proposed Constitution; and
- (c) the consents referred to in Section 4.15 and the consents provided by the Directors to the issue of this Prospectus.

#### 4.5 Information excluded from continuous disclosure notices

In accordance with section 713(5) of the Corporations Act, information must be included in this Prospectus if the information:

- (a) has been excluded from a continuous disclosure notice in accordance with the Listing Rules; and
- (b) is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
  - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
  - (ii) the rights and liabilities attaching to the securities being offered.

This information need only be disclosed in the Prospectus to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in the Prospectus.

The Company has considered the above requirement and advises the following:

- (a) **Potential acquisition of LFP Operations:** The Company has submitted a non-binding offer (**NBO**) to Johnson Matthey PLC for the acquisition of the lithium ferro phosphate (**LFP**) production operations located in Candiach, Canada and a research and development facility on Moosburg, Germany (**Proposed Transaction**). The terms of the NBO would involve a consideration payment of approximately £10 million in cash, subject to working capital adjustments and a further deferred payment of approximately £5 million in cash. Similarly, the conditions to the Proposed Transaction include customary conditions including satisfactory confirmatory due diligence, ASX and other regulatory approvals, and satisfactory execution and delivery of definitive agreements for the Proposed Transaction. As at the Prospectus Date, the NBO has not been accepted or rejected by Johnson Matthey PLC; however, discussions on certain aspects have commenced. The Company will make further announcements in the event that either the negotiations complete and binding agreements are executed or that the Proposed Transaction does not advance.

- (b) **Lepidolite Hill disposal:** The Company currently holds a 100% interest in three tenements in Coolgardie, Western Australia, comprising the Lepidolite Hill Project. The Company is in advanced discussions for a potential sale of the Lepidolite Hill Project. The prospective buyer is a newly incorporated entity seeking to acquire a number of exploration interests with a view to undertaking an initial public offering and applying for admission to the ASX. Indicative terms have been agreed, contemplating a purchase price of 2 million shares in the newly incorporated entity. It is expected that these shares will be subject to escrow in accordance with the ASX Listing Rules. The Company cautions that no binding agreement has been reached and there can be no certainty that any such binding agreement will be reached. Further announcements will be made by the Company in due course.

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules other than as is set out above and elsewhere in this Prospectus.

#### 4.6 **Determination by ASIC**

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in offering and issuing the Shares under this Prospectus.

#### 4.7 **Market price of Shares**

The highest and lowest closing market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

Highest: \$0.15 on 10 November 2021.

Lowest: \$0.105 on 17, 20 and 21 December 2021.

The latest available closing sale price of the Shares on ASX prior to the date of lodgement of this Prospectus with ASIC was \$0.12 per Share on 9 February 2022.

#### 4.8 **Dividend policy**

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

#### 4.9 **Directors' interests**

Except as disclosed in this Prospectus, no Director and no firm in which a Director or proposed director is a partner:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Options offered under this Prospectus or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Options offered under this Prospectus; or
- (b) has been paid or given or will be paid or given any amount or benefit to induce him or her to become, or to qualify as, a Director, or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Options offered under this Prospectus.

#### 4.10 Directors' interests in Securities

The Directors have the following relevant interests in the Securities as at the date of this Prospectus:

Director	Shares	Partly Paid Shares	Options	Performance Rights
Adrian Griffin	29,364,238	7,291,718	-	2,500,000
George Bauk	3,793,101	-	-	1,000,000
Kristie Young	3,850,000	-	-	-
Phil Thick	3,793,101	-	-	3,000,000

The Partly Paid Shares held by Adrian Griffin are intended to be cancelled in consideration for the issue of 7,291,718 Exchange Options as part of the Offer as approved by Shareholders on 31 January 2022.

#### 4.11 Remuneration of Directors

The Constitution provides that the non-executive Directors may be paid for their services as Directors a sum not exceeding such fixed sum per annum as may be determined by the Shareholders in general meetings, to be divided among the Directors as the Directors shall determine, and in default of agreement then in equal shares. The maximum aggregate amount of fees payable to Directors is currently set at \$250,000 per annum.

The remuneration of the executive Directors must, subject to the provisions of any contract between each of them and the Company, be fixed by the Directors. The Company currently has one executive Director, Adrian Griffin, the Managing Director. Mr Griffin's remuneration entitlement is comprised of a base salary of \$385,000 per annum (excluding superannuation). Mr Griffin is also eligible to receive short term incentives of up to 50% of the base salary in cash, and long term incentives which may be set by the Board.

A Director may also be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

The table below sets out the remuneration provided to the Directors of the Company and their associated companies during the last two financial years, inclusive of directors fees and salaries, bonuses, leave payouts, non-monetary benefits, superannuation and share based payments.

Director	FY 2021	FY 2020
Adrian Griffin	\$1,210,740	\$381,634
George Bauk	\$416,450	\$2,546
Bryan Dixon <sup>1</sup>	\$356,450	\$(27,454)
Kristie Young <sup>2</sup>	\$31,639	-



Director	FY 2021	FY 2020
Phillip Thick <sup>3</sup>	\$10,000	-

**Notes:**

1. Bryan Dixon resigned as a Director effective 27 January 2021. Mr Dixon continues to provide the Company with consulting services while serving as non-executive chairman of Company subsidiary Envirostream Australia Pty Ltd and as a director of Company subsidiary Envirostream UK Ltd. The negative remuneration for FY 2020 is as a result of a revaluation of share based payments in the amount of \$(87,454).
2. Kristie Young was appointed as a Director effective 21 December 2020 and re-elected by Shareholders at the annual general meeting on 31 January 2022.
3. Phillip Thick was appointed as a Director effective 1 May 2021 and re-elected by Shareholders at the annual general meeting on 31 January 2022.

#### 4.12 Related party transactions

There are no related party transactions involved in the Offer that are not otherwise described in the Prospectus.

#### 4.13 Interests of other persons

Except as disclosed in this Prospectus, no expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Options offered under this Prospectus or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Options offered under this Prospectus; or
- (b) has been paid or given or will be paid or given any amount or benefit in connection with the formation or promotion of the Company or the Options offered under this Prospectus.

#### 4.14 Expenses of Offer

The estimated expenses of the Offer are as follows:

Estimated expense	\$
ASIC lodgement fees	3,206
ASX quotation fees	11,516
Legal and preparation expenses	15,000
Share registry and miscellaneous expenses	5,000
<b>TOTAL</b>	<b>34,722</b>

#### 4.15 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of Options under this Prospectus), the Directors, any persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

## 5. Directors' statement and consent

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The issue of this Prospectus has been authorised by each of the Directors of the Company.

This Prospectus is signed for and on behalf of Company by:

A handwritten signature in black ink, appearing to read 'A. Griffin', with a stylized flourish at the end.

Adrian Griffin  
**Managing Director**

Dated: 10 February 2022

## 6. Glossary

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These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

<b>\$</b>	means Australian dollars.
<b>Annual General Meeting</b>	means the annual general meeting of the Company held on 31 January 2022.
<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>ASX</b>	means ASX Limited (ACN 008 624 691) and where the context permits the Australian Securities Exchange operated by ASX Limited.
<b>ASX Settlement</b>	means ASX Settlement Pty Limited (ACN 008 504 532).
<b>ASX Settlement Operating Rules</b>	means ASX Settlement Operating Rules of ASX Settlement
<b>Board</b>	means the Directors meeting as a board.
<b>CHESS</b>	means ASX Clearing House Electronic Subregistry System.
<b>Company</b>	means Lithium Australia NL (to be renamed 'Lithium Australia Limited') (ACN 126 129 413).
<b>Constitution</b>	means the constitution of the Company as at the date of this Prospectus.
<b>Corporations Act</b>	means <i>Corporations Act 2001</i> (Cth), as amended or modified from time to time.
<b>Directors</b>	means the directors of the Company.
<b>Exchange Options</b>	means the Options offered under this Prospectus.
<b>General Meeting of Partly Paid Shareholders</b>	means the general meeting of the Partly Paid Shareholders held on 31 January 2022.
<b>Issuer Sponsored</b>	means Shares issued by an issuer that are held in uncertified form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.
<b>Listing Rules</b>	means the listing rules of ASX.
<b>Offer</b>	means the offer of the Exchange Options under this Prospectus.

<b>Option</b>	means an option, giving the holder the right, but not an obligation, to acquire a Share at a predetermined price and at a specified time in the future.
<b>Optionholder</b>	means a holder of Options.
<b>Partly Paid Shares</b>	means the 64,314,672 partly paid shares on issue in the capital of the Company as at the date of this Prospectus.
<b>Performance Right</b>	means a right to be issued a Share, subject to the satisfaction or waiver of specified vesting conditions.
<b>Proposed Constitution</b>	means the new constitution of the Company as approved by Shareholders at the Annual General Meeting, to take effect from the date that ASIC alters the details of the Company's registration.
<b>Prospectus</b>	means this prospectus dated 10 February 2022.
<b>Section</b>	means a section of this Prospectus.
<b>Securities</b>	means any Equity Securities of the Company (including Shares, Options and/or Performance Rights).
<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	means a holder of Shares.
<b>Timetable</b>	means the timetable on page iii.