7 September 2022

Update on amounts settled

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Lithium Australia Limited (ASX: LIT) (**Lithium Australia** or the **Company**) refers to the Cleansing Notice announcement released 7 September 2022 which referred to settlement of litigated claims.

As previously disclosed, Envirostream has been served writs regarding statements of claim for damage caused by a fire at 31 Colbert Road, Campbellfield, Victoria on 19 January 2019. As at 31 December 2021, the claims were estimated to total approximately $5 million (as included in provisions in the Company's half-year report for the period ended 31 December 2021). Subsequent to year end, the Company has received confirmation that the litigated claims have been settled by Envirostream's insurance company for $1.715 million. It is anticipated that the settlement of claims will have a positive impact on the financial report. The Company advises that preparation of its financial report for the year ended 30 June 2022 and audit thereof remains ongoing and is incomplete at the date of this announcement. This matter does not have an effect on the cash position of the Company.

The Company cautions that the above matter remains incomplete and remains subject to completion of the Company's audit. Full details of the above accounting matter will be disclosed in the financial report for the year ended 30 June 2022. The Company anticipates it will be in a position to release its audited financial report on or around 30 September 2022.

Authorised for release by the Board.

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Forward-looking statements

This announcement contains forward-looking statements. Forward-looking statements are subject to a variety of risks and uncertainties that it is beyond the Company's ability to control or predict and which could cause actual events or results to differ materially from those anticipated in such forward-looking statements.

About Lithium Australia

Lithium Australia (ASX:LIT) is at the forefront of advanced materials development to ensure an ethical and sustainable future for the global battery industry. Lithium Australia is achieving this via its business divisions:

Envirostream (100%-owned LIT subsidiary): Envirostream, which is leading Australia's battery recycling industry, is at the cutting edge of delivering safe and innovative management solutions to one of the Australian waste industry's biggest (and getting bigger) challenges – battery disposal.

Its state-of-the-art Victorian-based battery processing facilities are providing a sustainable solution by collecting, sorting and processing critical battery metals from all types of spent batteries to power the batteries of tomorrow.

With battery recycling partnerships alongside some of Australia's leading brands (including Bunnings, Officeworks and Battery World), Envirostream benefits from the Australian government-backed battery recycling scheme which is providing rebates across collection, sorting, and processing of batteries. These combined provide the platform for national expansion.

VSPC (100%-owned LIT subsidiary): With over 20 years' experience, VSPC develops leading-edge materials for e-mobility and energy storage applications and, ultimately, a zero-carbon economy. Its patents cover the production of advanced powders for next generation lithium-ion batteries, especially lithium ferro phosphate ('LFP').

Currently, demand for LFP represents more than half the global market for lithium-ion battery materials. The Company is one of only a few entities outside of China with the technical expertise to manufacture LFP powder of the highest quality to meet those burgeoning market pressures.

VSPC is now on a clear path to production. With research and pilot plant facility in Queensland, a Definitive Feasibility Study ('DFS') for an initial 10,000 tpa LFP manufacturing facility well underway, and with customer offtake discussions advancing in parallel, VSPC is positioning for its first commercial footprint.