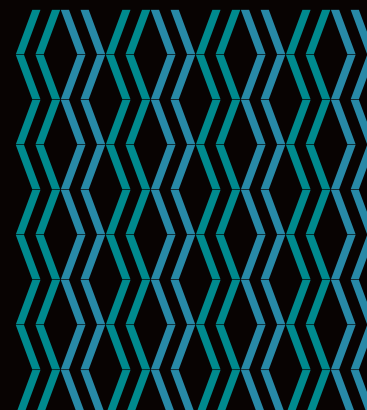


## Powering the growth of a pioneer in the lithium sector

For companies like Lithium Australia, retained earnings are often not enough to fund working capital and growth. Acuity Capital helped this Australian listed company successfully raise \$10m with an At-the-Market (ATM) solution.



### A key element for the future economy

The rise and rise in consumer demand for battery-powered devices has seen lithium become one of the world's most sought-after commodities. With electric cars fast becoming the future of personal transport, lithium supply will be even more essential in decades to come. In fact, the market for lithium-ion batteries is expected to triple in size before the end of the decade, growing from \$36.7 billion in 2019 to an estimated \$129.3 billion in 2027<sup>1</sup>.

As a company supplying sustainably and ethically sourced lithium to the global battery industry, Lithium Australia (LIT) is positioned to capture this rapid growth in demand through its diversified business model.

### Challenge

A focus on future technologies requires commitment to research and development. Together with the substantial investment costs associated with its mining activities, this makes Lithium Australia a very capital-intensive business.

With the lag in generating revenue from its investments, and a volatile risk-profile due to the fluctuating market price of lithium, funding the business from retained profits or credit is a significant challenge. This makes equity Lithium Australia's primary funding option, leaving it at the mercy of capital markets. For a small business in an emerging industry, brokering deals for additional capital can be time consuming and complex.

### Solution

In 2017 Lithium Australia entered into a two-year At-the-Market (ATM) funding solution with Acuity Capital. Using the ATM, it has successfully raised a total of \$10m in capital across multiple tranches. Based on the success of these capital raisings it has extended the facility to 2023.

### Deal snapshot

- ▲ Successfully raised \$10m in capital
- ▲ Significantly improved cash on the balance sheet
- ▲ Capital raised at an average 0.2% to 15-day VWAP (inclusive of issuing discount and all fees)
- ▲ ATM provided access to capital with minimal impact on share price

1. Researchandmarkets.com, Lithium-ion Battery Market by Component, End-use Industry and Industrial: Global Opportunity Analysis and Industry Forecast, 2019-2027, April 2020

# Deal highlights

## Strengthening the balance sheet against adversity

On 30 June 2017 – the day the ATM was established – LIT had \$2.6m of cash on the balance sheet. Over the next nine months this grew to \$17.1m through asset sales and \$7.5m from the ATM. This allowed the company to weather difficult market conditions, including a fall in the price of lithium and the LIT share price, and emerge in a much stronger position.

## Making the most of strong market conditions

As a flexible, responsive solution, the ATM has enabled LIT to benefit from share price increases. When the market and press were bullish about lithium, this drove up lithium prices along with the LIT share price. With an ATM solution on standby, LIT was able to take advantage of this momentum to raise capital on favourable terms. As Lithium Australia was able to raise capital when its share price was rising, the average issue price across all tranches over the term of the ATM was 0.2% to the prior 15-day VWAP (inclusive of issuing discount and all fees).

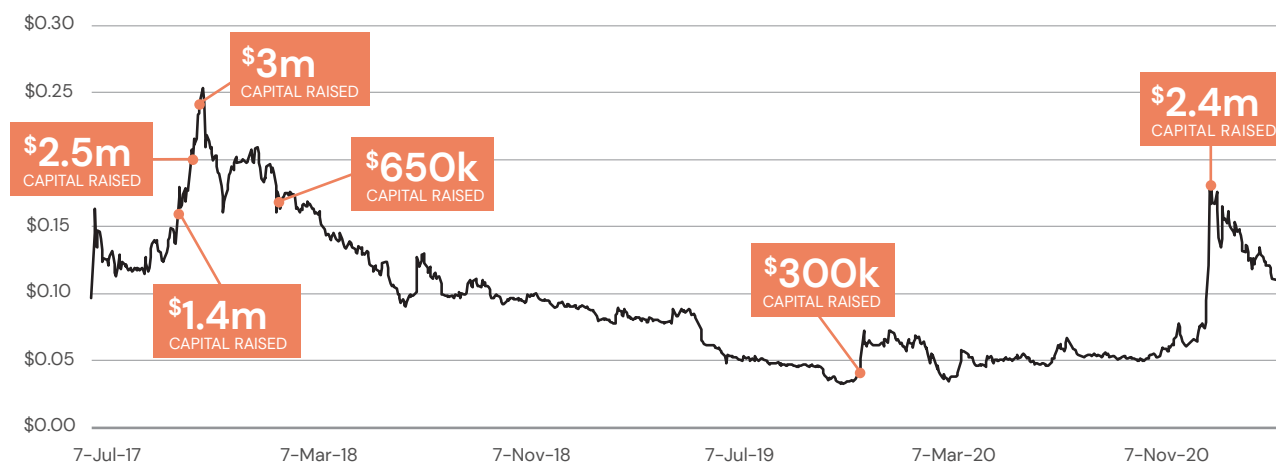
## Capital without compromise

As an additional source of funding, the ATM gave LIT a way to access capital without issuing shares at a significant discount. With no need for investor roadshows, the LIT executive team stayed focused on leading the company and making key strategic and operational decisions.

Having access to this new funding source has also improved the company's bargaining power for other capital raising activities alongside the ATM: completing a share placement, issuance of convertible notes and a rights issue all while the ATM solution was in place.

## Key Capital Raisings

Lithium Australia share price



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