

19 February 2026

PLS and Calix agree revised structure to advance Mid-Stream lithium technology

PLS Group Limited (ASX: PLS) (PLS) and Calix Limited (ASX: CXL) (Calix) are pleased to provide an update on the Mid-Stream Demonstration Plant Project (the Project), announcing that PLS and Calix have entered into a binding term sheet, under which PLS will acquire Calix's ownership interest in the existing Demonstration Plant joint venture and will revise the commercialisation framework for the global application in primary¹ lithium processing.

Highlights

- The strategic rationale for the Project remains unchanged, with both PLS and Calix committed to the long-term commercialisation of the underlying technology for the global primary lithium market.
- PLS will pay Calix A\$11.4M in cash, repaying Calix's net capital contribution to the Project to date.
- PLS will assume full ownership, funding and operational responsibility for the Demonstration Plant, aligning ownership, capital commitment and operational control. The parties will terminate the existing Project joint venture agreement and all related transaction documentation.
- Calix will grant PLS a perpetual royalty-free licence for the use of the Calix calciner technology and associated intellectual property (Calix IP) in all primary lithium processing applications at plants PLS owns or has a joint venture interest in (the PLS Licence).
- Both Calix and PLS can jointly or independently licence the Calix IP to third parties for primary lithium processing applications. The parties will share royalties from third party licensing based on a revised split of 80% to PLS and 20% to Calix, reflecting PLS assuming full funding and operational responsibility for the Demonstration Plant.
- Calix will continue to provide and be paid for technical support to the Demonstration Plant under a technical services agreement.
- Completion of the restructure will be subject to execution of final transaction documents.

The restructure reflects the evolution of the Project and lithium market, and is intended to simplify governance, align capital and risk, improve execution certainty and support the continued advancement and commercialisation of the technology.

Restructure increases operational flexibility for PLS

Following completion of the transaction, PLS will hold 100% ownership and operational control of the Demonstration Plant.

This consolidation of ownership is expected to provide PLS with greater operational flexibility and streamlined decision-making to manage the Demonstration Plant alongside its broader Pilgangoora Operation and respond efficiently to site-level operational requirements, customer engagement and market conditions.

Calix will retain all intellectual property relating to its core technology, including all future improvements, which it will provide to PLS under the PLS Licence, enabling PLS to use the calciner technology to operate the Demonstration Plant and any future commercial plants PLS owns or has a joint venture interest in. Intellectual property created by the Project that is outside of the Calix IP will be owned by PLS. Accordingly, PLS will secure long-term certainty of access to potentially critical mid-stream processing technology, supporting disciplined capital allocation and execution as the Project progresses.

¹ Primary lithium processing refers to applications for the extraction of lithium from raw ore. It excludes processes such as lithium recycling and battery cathode manufacturing.

Capital recycling and capital-light deployment for Calix

For Calix, the transaction removes ongoing funding requirements and execution exposure associated with the Demonstration Plant. The restructure realigns the commercialisation of the Calix technology for the lithium market with Calix's long-term capital-light licensing business model. Net capital invested by Calix in the Project to date will be repaid to Calix via the A\$11.4M purchase price, enabling disciplined capital allocation that accelerates the application of Calix's technology in other target markets and commercial growth.

Calix will provide engineering and other paid technical services to PLS under a technical services agreement. The parties will share data and other knowledge to support the continued development of the Calix calciner technology.

Future upside, collaboration and next steps

Calix and PLS' strategic objective to commercialise the technology for broad application in primary lithium processing remains unchanged.

The revised commercialisation framework provides a clear and aligned basis for the pursuit of commercialisation opportunities. The revised royalty split of 80% PLS and 20% Calix, previously 55% PLS and 45% Calix, from technology licensing to third parties in the primary lithium industry recognises PLS' upfront and ongoing investment to demonstrate the technology.

PLS intends to provide an update regarding commissioning of the Demonstration Plant in the coming months. The commercial demonstration of the technology is intended to facilitate its deployment as an industry-wide solution. It is also expected to be an important part of the commercialisation of the Calix technology for other mineral and metal processing applications. Calix continues to provide paid customer testing via pilot-scale facilities at the Calix Technology Centre to prospective third parties in support of a growing technology licensing customer pipeline.

The term sheet is binding. Completion of the restructure is subject to the parties executing final transaction documents. Either party can terminate the term sheet if the parties have not executed final transaction documents by 20 April 2026.

Calix Managing Director and CEO, Phil Hodgson, said:

"We look forward to continuing our partnership with PLS to realise the potential of the technology to capture more value from domestic critical mineral resources and to significantly reduce the carbon intensity of battery materials."

The new partnership structure enables Calix to release material capital from the Mid-Stream Project and more strongly aligns with Calix's capital-light commercialisation strategy. The simplified operational structure for the Project aims to expedite the commissioning and operations of the Demonstration plant. In turn, a successful demonstration of our first, full scale electric calciner can help accelerate the deployment of the Calix platform technology across all our target markets."

PLS Managing Director and CEO, Dale Henderson, said:

"The acquisition of Calix's interest of the Demonstration Plant joint venture reflects a sensible evolution of the project to enable operational flexibility while preserving our original joint strategic intent."

By consolidating ownership and operational control, PLS gains the execution certainty and flexibility required to efficiently optimise the Demonstration Plant alongside our broader Pilgangoora Operation, while continuing to work in partnership with Calix to advance and commercialise the technology. We remain positive on the long-term potential of the midstream concept and its role in onshoring value-added processing of lithium materials."

Release authorised by Dale Henderson, PLS Managing Director and CEO, and Phil Hodgson, Calix Managing Director and CEO.

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About PLS

PLS is a leading global producer of lithium materials, with a diversified portfolio of assets and strategic partnerships in the rapidly growing battery materials sector. The Group owns 100% of the world's largest, independent hard-rock lithium operation, the Pilgangoora Operation in Australia, and the Colina Lithium Project in Brazil. PLS is also integrated into the lithium value chain through its joint venture with POSCO in South Korea, which manufactures battery-grade lithium hydroxide. With significant scale, high-quality assets, and a strong commitment to advancing the global energy transition, PLS has established enduring partnerships with leading international companies in the sector such as POSCO, Ganfeng, Chengxin, Yahua, General Lithium and Canmax.

About Calix

Calix Limited (ASX: CXL) is a technology company creating businesses that solve global challenges in industrial decarbonisation and sustainability. Calix's patented core platform technology is being developed for indirect heating of raw materials to enable efficient, precise, flexible and renewably powered metals and minerals processing and capture of unavoidable industrial emissions.

Calix is applying its core technology to the cement, steel, magnesia, alumina, critical minerals and carbon dioxide removal industries. Leveraging its core platform technology and a global network of partners, Calix is urgently developing multiple businesses that deliver positive global impact. Because there's only one Earth.

Mars is for quitters.

Important Information

This announcement may contain some references to forecasts, estimates, assumptions and other forward-looking statements. Although PLS and Calix believe that their expectations, estimates and forecast outcomes are based on reasonable assumptions, they can give no assurance that they will be achieved. They may be affected by a variety of variables and changes in underlying assumptions that are subject to risk factors associated with the nature of the businesses, which could cause actual results to differ materially from those expressed herein.