QUARTERLY ACTIVITIES REPORT - 30 JUNE 2021

COMPANY DETAILS

ABN: 94 647 135 108

PRINCIPAL AND REGISTERED OFFICE
Level 2
31 Ventnor Avenue
West Perth WA 6005
T | (08) 9214 9737
F | (08) 9214 9701
E | info@lithiumenergy.com.au
W | lithiumenergy.com.au

ASX CODE: LEL

SECURITIES ON ISSUE

80,010,000 shares comprising:
- 45,000,000 listed shares;
- 34,860,000 unlisted (escrowed to 19 May 2024) shares; and
- 150,000 unlisted (escrowed to 10 May 2023) shares

10,000,000 Executive Options ($0.30, 18 March 2024)

4,100,000 Broker Options ($0.30, 4 May 2024)

BOARD OF DIRECTORS

William Johnson (Executive Chairman)
Farooq Khan (Executive Director)
Peter Smith (Executive Director)

COMPANY SECRETARY

Victor Ho
E| cosec@lithiumenergy.com.au
T| (08) 9214 9737

AUTHORISED FOR RELEASE BY - FOR FURTHER INFORMATION:

William Johnson
Executive Chairman
E| wjohnson@lithiumenergy.com.au
T| (08) 9214 9737

Peter Smith
Executive Director
E| psmith@lithiumenergy.com.au
T| (08) 9214 9737

30 July 2021

HIGHLIGHTS

Successful $9 Million IPO on ASX

- Lithium Energy commenced trading on ASX on 19 May 2021 following a heavily oversubscribed IPO that raised $9 million (before costs) from the issue of shares at $0.20 each under a Prospectus dated 30 March 2021.
- Lithium Energy was a spin-out of the battery minerals assets from Strike Resources Limited (ASX:SRK) – Strike retains a 43% shareholding (escrowed for 2 years to 19 May 2024).
- The fully underwritten IPO (by Canaccord Genuity) was supported by a strong mix of institutional investors, resource focused funds, sophisticated and retail investors and significant participation by Strike shareholders who were given a priority entitlement under the IPO.
- Lithium Energy is now set to rapidly advance development of its Solaroz Lithium and Burke Graphite Projects and is well positioned to capitalise on the significant growth potential of the highly attractive Battery Minerals sector.

Solaroz Lithium Brine Project (Argentina)

- Lithium Energy's flagship project is the Solaroz Lithium Brine Project (LEL:90%), which comprises 12,000 hectares of highly prospective lithium mineral tenements located strategically within the Salar de Olaroz Basin in South America's "Lithium Triangle" in north-west Argentina.
- The Solaroz Project is directly adjacent to or principally surrounded by mineral concessions held by Orocobre Limited (ASX/TSX:ORE) and Lithium Americas Corporation (TSX/NYSE:LAC). The location of Solaroz is considered to be highly prospective given its close proximity to these two world class projects.
- Lithium Energy believes that there is a strong likelihood that the Solaroz tenements lie over the same acquifer comprising the Salar de Olaroz Basin from which Orocobre has been extracting and processing lithium rich brine for sale as lithium carbonate since 2015 and which Lithium Americas proposes to develop.
- The Solaroz Project is also well placed strategically, particularly in light of robust demand for lithium (with lithium carbonate prices up ~90% between June 2020 and July 2021) as highlighted by recent mergers and acquisitions in the sector, including the proposed A$4 billion merger of Lithium Energy's neighbour, Orocobre Limited, with Galaxy Resources Limited (ASX:GXY) announced on 19 April 2021.
- On 8 June 2021, Lithium Energy announced the establishment of a substantial Exploration Target based upon a detailed conceptual geological model developed for Solaroz, demonstrating the world class potential of the Project and providing a very encouraging indication of the potential scale of mineralisation relative to published resources of neighbouring tenements held by Orocobre and Lithium Americas.

Burke Graphite Project (Queensland, Australia)

- The Burke Graphite Project (LEL:100%) is located in Queensland and contains one of the highest grade graphite deposits globally (with a JORC Inferred Mineral Resource of 6.3Mt @ 16.0% TGC for 1Mt of contained graphite, which includes higher grade material of 2.3Mt @ 20.6% TGC for 0.464Mt of contained graphite) and presents the opportunity for Lithium Energy to participate in the anticipated growth in demand for graphite and graphite related products (including graphene, a key additive for improving performance of lithium-ion batteries).
- Previous test-work has confirmed the Burke Deposit is well suited for Graphene production via Electrochemical Exfoliation (ECE), due to its high grade nature and chemical composition - Lithium Energy is planning to undertake further test-work to optimise the Graphene production process for lithium-ion battery use.

PROJECTS

SOLAROZ LITHIUM BRINE PROJECT (ARGENTINA) (90%)

The Solaroz Project comprises 8 mineral tenements totalling approximately 12,000 hectares, located approximately 230 kilometres north-west of the provincial capital city of Jujuy within South America's 'Lithium Triangle' in North-West Argentina in the Salar de Olaroz basin (**Olaroz Salar**).

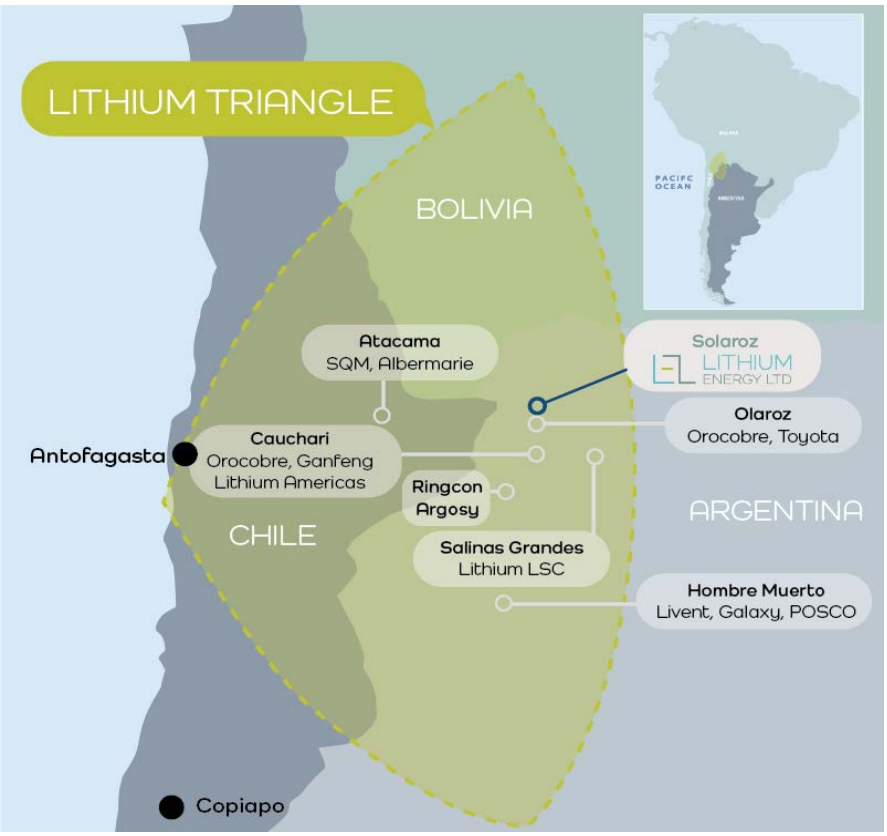

Figure 1: Lithium Projects Located in 'Lithium Triangle'

The highly prospective nature of the Solaroz Project is highlighted by its close proximity to two world class Lithium brine projects, being the current production assets of Orocobre Limited (ASX/TSX:ORE)[1] (**Orocobre**) and the advanced lithium brine development project held by Lithium Americas Corporation (TSX/NYSE:LAC) (**Lithium Americas**).

The Solaroz Project is directly adjacent to or principally surrounded by tenements held by Orocobre and Lithium Americas in the Oloroz Salar (refer Figure 2) Orocobre currently has a market capitalisation of approximately A$2.7 Billion, principally relating to its Olaroz lithium brine project at the Olaroz Salar where it has been extracting lithium brine and producing lithium carbonate since 2015. Orocobre is targeting production of 25,000 tonnes per year of primary grade lithium carbonate by 2024.[2]

Lithium Americas' Cauchari-Olaroz project is located in the Olaroz Salar and neighbouring Salar de Cauchari adjacent to Orocobre's Olaroz Lithium Facility and is targeting production of 40,000 tonnes per year of lithium carbonate, commencing mid-2022. Lithium Americas has a market capitalisation of approximately US$1.9 Billion and has so far committed over ~US$500 Million of capital works to the development of its Cauchari-Olaroz project.[3]

1 Orocobre has announced a merger with Galaxy Resources Limited (ASX:GXY) - refer Orocobre's and Galaxy's joint ASX Announcement dated 19 April 2021: Orocobre and Galaxy agree to a proposed A$4B merger of equals, establishing a new force in the global lithium sector

2 Refer Orocobre's June 2021 Quarterly Activities Report release dated 22 July 2021

3 Refer Lithium America's First Quarter 2021 Results release dated 6 May 2021

The location of Lithium Energy's Solaroz tenements is outlined in Figure 2.

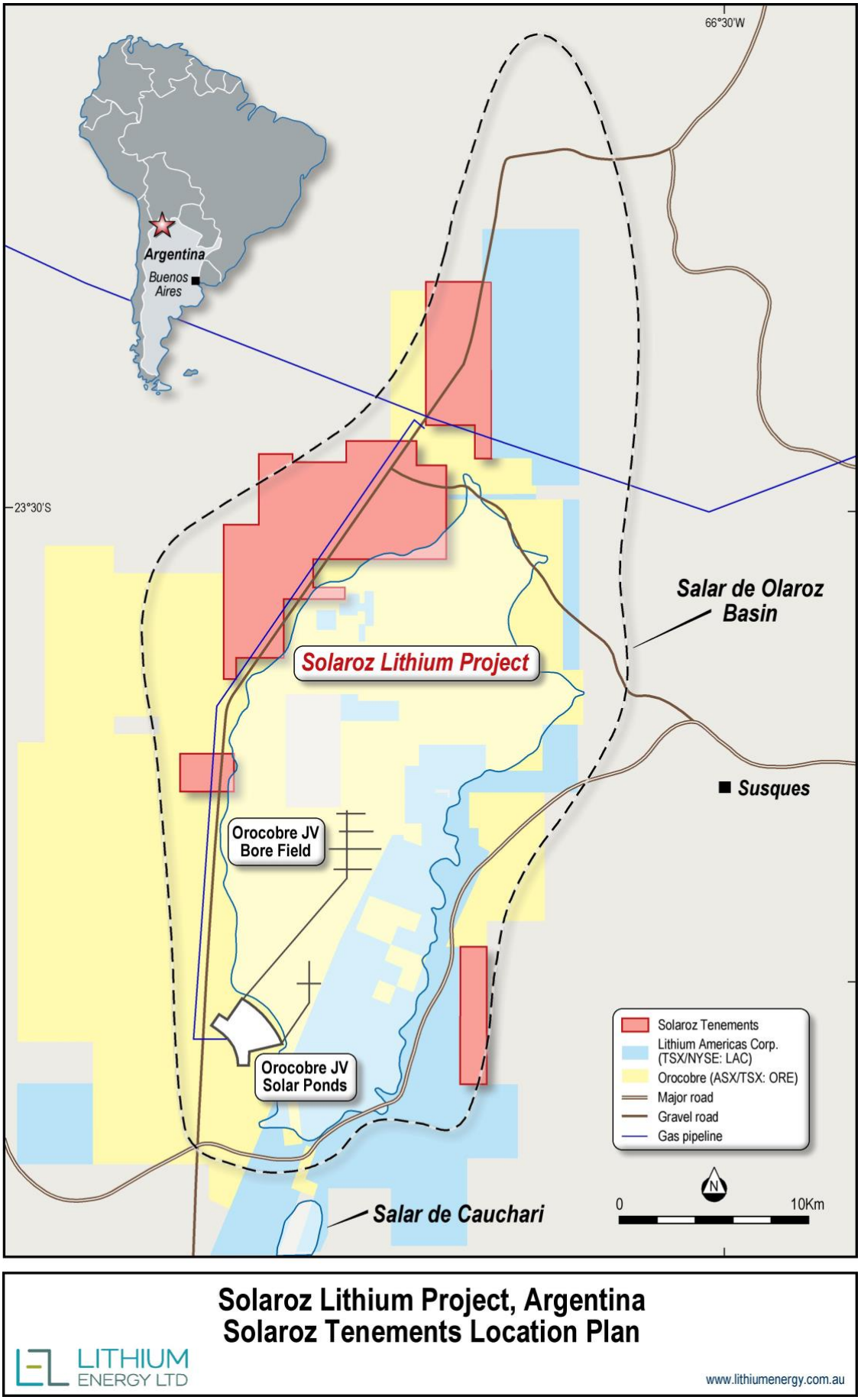

Figure 2: Solaroz Project Tenement Locations

The Olaroz Salar is located in the Puna Region in the Department of Susques in the Province of Jujuy, Argentina approximately 230 km northwest of the city of San Salvador de Jujuy, with an average altitude of 3900 metres (above sea level).

It has an average temperature of 8°C and precipitation is less than 100 mm/year; the average wind speed is 25 km/h. These conditions and low clouds make it a suitable place for evaporation processes.

The Solaroz Project is adjacent to the paved highway which passes through the international border with Chile, 45 kms to the southwest (Jama Pass), continuing on to the major mining centre of Calama, and the Port of Mejillones, near Antofagasta in northern Chile. The Solaroz tenements lie at an altitude of approximately 3,900 metres and are accessed by good quality road infrastructure

Approximately 70 kms to the south of the Solaroz Project site a railway crosses from northern Argentina to Chile, providing potential access to a number of ports in northern Chile. There are a number of local villages within 50 kms of the Project site and the regional administrative centre of Susques is within half an hour's drive. A gas pipeline running from northern Argentina to Chile passes approximately 15 kms to the north of the Olaroz Salar.

Lithium Energy's interpretation of the Olaroz Salar basin architecture is that the aquifer which supplies the lithium-rich brine being extracted by Orocobre and forming the lithium mineralisation upon which the Lithium Americas project is based, is contained in a Deep Sand Unit of the Olaroz Salar which extends to the north and west under the Talus Alluvial Wedge and the Solaroz tenements (refer Figure 3).

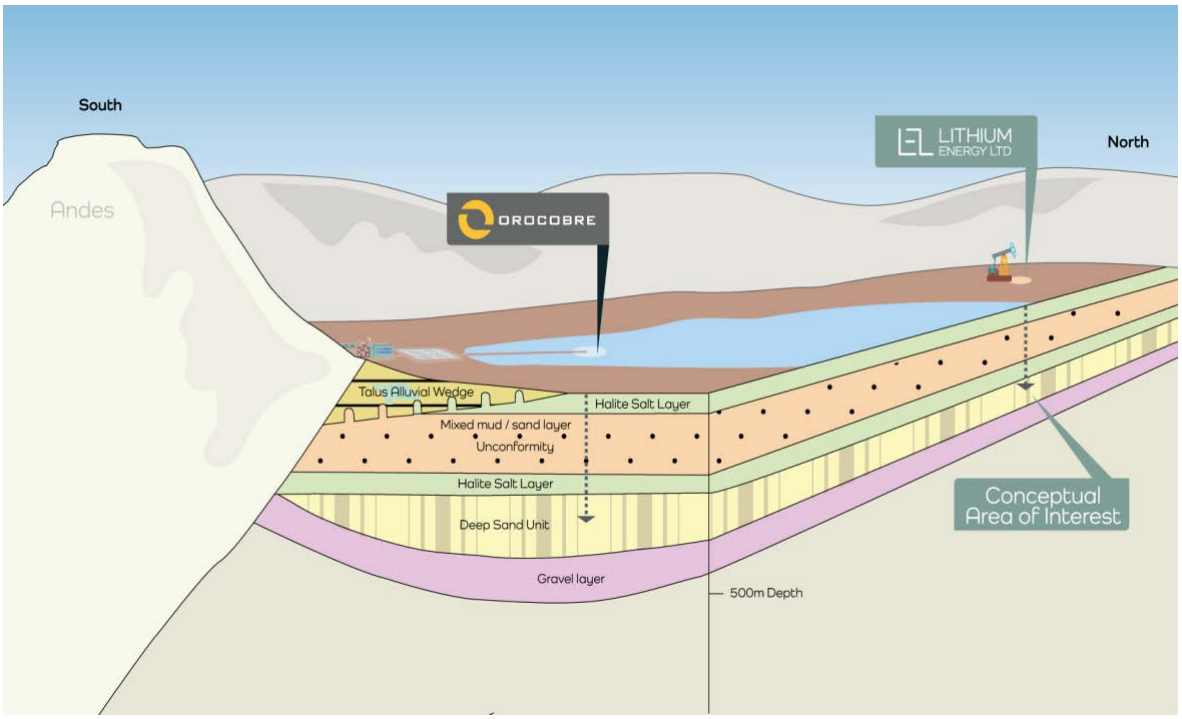

Figure 3: Solaroz Geological Exploration Concept

The presence of the Deep Sand Unit in the Olaroz Salar has been confirmed by exploration works undertaken by Orocobre and Lithium Americas. The Company notes that the Rosario Fan Delta at the northern end of the Olaroz Salar and over which the Solaroz Payo 1 and Payo 2 tenements are situated (refer also Figure 4), contains the interpreted paleo channel through which brines are interpreted to have likely flowed from the north into the Deep Sand Unit within both the Olaroz Salar and neighbouring Salar de Cauchari to the south.

Lithium Energy's interpretation of the Deep Sand Unit and paleo channel is conceptual in nature, there has been insufficient exploration to estimate a JORC Mineral Resource in respect of the same and it is uncertain if further exploration will result in the estimation of a JORC Mineral Resource.

Exploration Target

On 8 June 2021[4], Lithium Energy announced that it had established a conceptual Exploration Target for the Solaroz Project of:

1.5 to 8.7 million tonnes (Mt) of contained Lithium Carbonate Equivalent (LCE)
based on a range of lithium concentrations of between circa **500 mg/L Lithium (Li) and 700 mg/L Li**.

The Exploration Target's potential quantity and grade is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource, and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Lithium Energy notes its Exploration Target for the Solaroz Project in the context of Orocobre's JORC Code (2004 Edition) compliant Measured and Indicated Mineral Resource within the Olaroz Salar.[5]

The Exploration Target demonstrates the potential world-class scale of the Solaroz Project and has been arrived at after a detailed examination of extensive geological data that exists in relation to the brine rich lithium aquifer that comprises the Olaroz Salar, including a review of historical exploration in the Olaroz Salar and a detailed review of reported results from geophysical surveys undertaken by Orocobre and Lithium Americas, including a number of Gravity and Audio-frequency Magnetotellurics (**AMT**) surveys conducted by Orocobre, some of which were undertaken over or closely adjacent to Lithium Energy's Solaroz tenements.

Geological modelling undertaken by Lithium Energy indicates the potential for a lithium-brine hosting Deep Sand Unit to occur beneath surfical material at depths from 200 - 400m over a large proportion of the Solaroz tenements.

Based upon Lithium Energy's assessment, the Exploration Target has an upper case estimate of approximately **8.7Mt of Contained Lithium Carbonate (LCE)** at approximate concentrations of **700mg/L Li** and a lower case estimate of approximately **1.5Mt of LCE** at an approximate concentration of **500mg/L Li**.

The Exploration Target is based on the interpretation that the alluvial deposits upon which the Solaroz tenements are located (at the North-West corner of the Olaroz Salar) have been deposited relatively recently and lie directly above the productive Deep Sand Unit of the lithium rich aquifer from which Orocobre is extracting its brine.

Further details of the Exploration Target are outlined in the following table:

Brine Area (km^2)	Exploration Targets					
	Thickness of Deep Sand Unit (m)	Lithium (mg/L)	Average Specific Yield (Sy) (%)	Brine Volume (million m^3)	Contained Lithium (Mt)	Contained LCE (Mt)
Upper Assumption Estimate						
78	150	700	20	2334	1.6	8.70
Lower Assumption Estimate						
78	75	500	10	584	0.3	1.5

Notes:

(1) The Exploration Target's potential quantity and grade is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

(2) Brine Volume ranges are approximations derived from an interpretation of open file geological and geophysical data.

(3) Porosity are approximations based upon open file information contained within Houston et al (13 May 2011), Orocobre (23 October 2014) and Lithium Americas (30 September 2020).

4 Refer LEL ASX Announcement dated 8 June 2021: Substantial Lithium Exploration Target Identified at the Solaroz Project in Argentina

5 Refer Orocobre's ASX/TSX Announcement dated 1 April 2011: Increased and Upgraded Resource at Olaroz Lithium-Potash Project

(4) Lithium grade ranges have been approximated from a review of open file information (Houston et al (13 May 2011), Orocobre (23 October 2014)).

(5) Percentage values have been rounded (to the nearest 1,000 unit) in relevant calculations.

(6) A conversion factor of 5.323 has been adopted to convert elemental Li to Li_2CO_3 ((LCE).

Exploration Target Area

The Exploration Target covers approximately 77.8 km^2 within Lithium Energy's Solaroz tenements (which totals approximately 120.8 km^2) over the Olaroz Salar for both the Upper and Lower Assumption cases. This is smaller than the total area of the Solaroz tenements as the Exploration Target is bounded to the west by a bounding fault (refer Figure 4) interpreted to be the effective western limit of prospectivity.

Nominal Volume Calculations for Solaroz Exploration Target

Solaroz Tenements	Tenement Area (km^2)	Brine Area (km^2)
Payo 1	19.73	19.73
Payo 2	21.93	16.44
Chico V	18.00	12.00
Chico VI	14.00	11.20
Chico I	8.35	8.35
Silvia Irene	23.48	5.87
Mario Angel	5.43	2.71
Payo	9.88	-
Total Area (km^2)	**120.80**	**77.80**

Thickness of Deep Sand Unit

A minimum thickness of 75m for the Deep Sand Unit is used for the Lower Assumption Case. A maximum thickness of 150m for the Deep Sand Unit is used for the Upper Assumption Case. Refer also Figure 8.

Porosity (Specific Yield)

Porosity is a vital measurement in determining a brine resource and it is important to understand the difference between definitions of porosity. Only part of the total porosity consists of interconnected pores that can be drained. The drainable porosity component is referred to as the specific yield (Sy) – the proportion of water that can be yielded when the aquifer is pumped. Extensive Sy measurements were previously made in the Olaroz Salar by Orocobre for the Sy value of different sediment types. An average Sy of 10% was estimated for the Lower Assumption Case.

For the Upper Assumption Case, an average Sy of 20% was estimated for the Deep Sand unit, taking into account the various porosity ranges encountered to date by other companies operating in the Olaroz Salar and Salar de Cauchari when intersecting the Deep Sand Unit.

Lithium Concentrations

A value of 700 mg/L of Lithium, was used for the Upper Assumption Case, based on an average of results reported for the Deep Sand Unit intersections reported in the Orocobre (23 October 2014 and 10 January 2019) and Lithium Americas (30 September 2020) reports.

A value of 500 mg/L Li, was used in the Lower Assumption Case (similar to lower grade values encountered, as reported in Houston et al (13 May 2011).

Geological Setting

The Olaroz Salar originated as a structurally bounded, closed basin during the late Paleogene-Early Neogene. During much of the Miocene it appears to have slowly filled with medium to coarse grained alluvial fans and talus slopes eroded from the surrounding mountain ranges. As the basin was filled the sediments became progressively finer grained, braid-plain, sandflat, playa and fluvial architectures are noted in the Upper Miocene and Pliocene. As the climate became more arid during the Pliocene evaporitic deposits first appeared. Normal faulting and ongoing up lift proximal to the current salar created additional depositional space, which filled with sedimentation within the closed lake/basin.

The lowest drilled sediments indicate an arid climate with abundant halite. These Units are probably Pliocene in age and are likely contiguous with the lowest drilled and reported sediments in the Salar de Cauchari to the south, suggesting the two basins operated as a continuous hydrologic entity at that stage. Ongoing sedimentation suggest continued subsidence in the center of the basin, with a climate that was variable, but never as arid as during the period dominated by the Deep Sand Unit and abundant Halite development. Influx of water and sediment is primarily from the Rosario catchment at the north of Olaroz Salar.

At depth, a uniform and thick highly porous sandstone aquifer has been intersected in both the Olaroz Salar (Orocobre, 23 October 2014) and the neighbouring Salar de Cauchari (Lithium Americas, 30 September 2020) and Orocobre, 10 January 2019) located directly to the south of the Olaroz Salar. The Deep Sand Unit has a characteristic marker horizon immediately above it of Massive Halite (**MHM**), which is variable in thickness.

The significance of the Deep Sand Unit has been emphasised by Orocobre: “Sands of this type have free draining porosity of between 20 and 25% based on previous test work, and the sand unit could hold significant volumes of lithium-bearing brine which could be added to the resource base by future drilling” (Orocobre 23 October 2014).

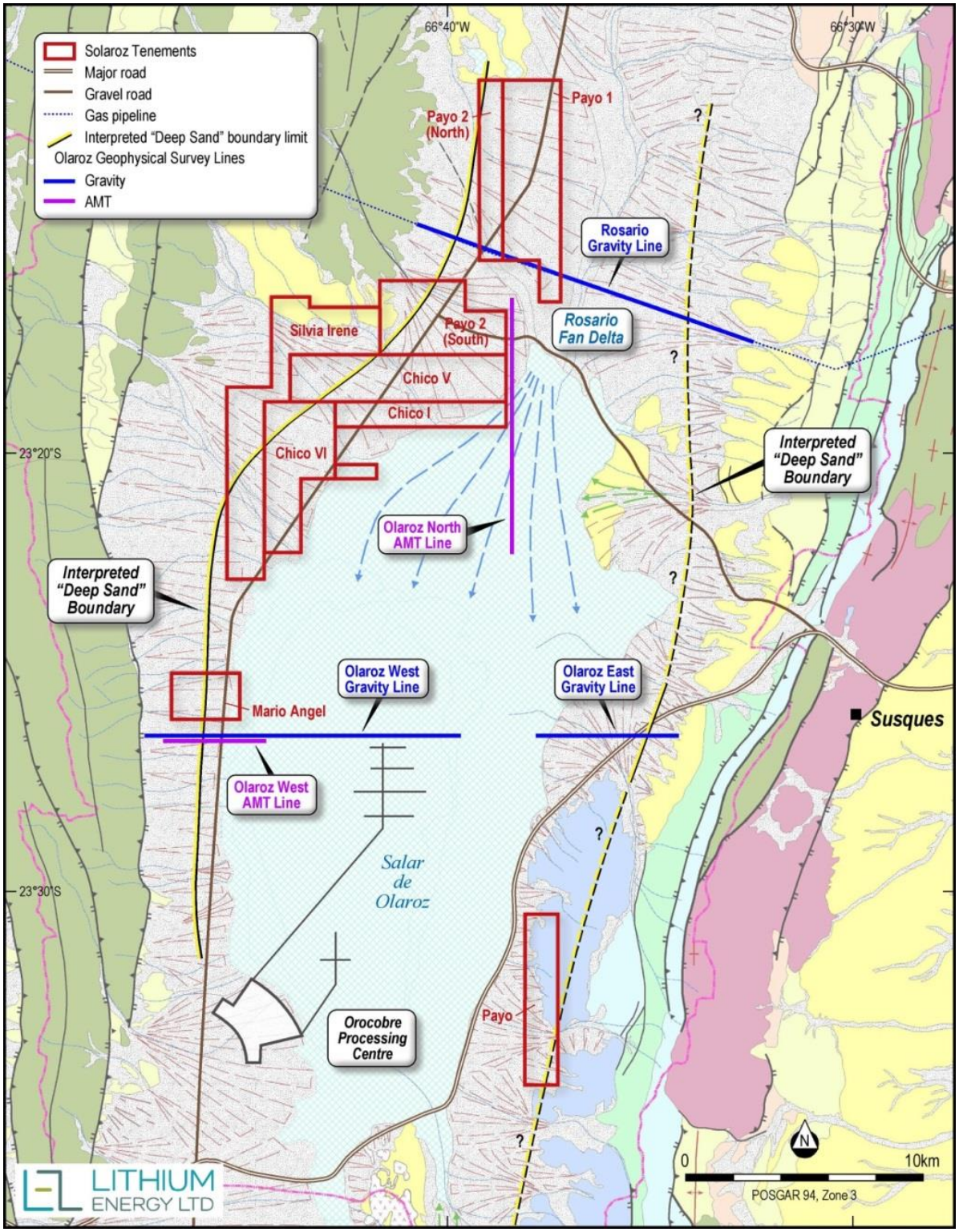

Figure 4: Geology of the Olaroz Salar with Location of the Solaroz Tenements and Location of Geophysical Surveys undertaken by Orocobre[6]

6 Source: Salfity Geological Consultants - www.salfitygeologicalconsultant.com

Information Used to Define the Exploration Target

Orocobre (Houston et al, 13 May 2011) has carried out a series of geophysical Gravity and AMT surveys over various locations (refer Figure 4) in the Olaroz Salar.

Geological modelling of the Geophysics together with a review of open-file information indicates the potential for the Deep Sand Unit to occur beneath surficial material at depths from approximately 200 - 400m over a large proportion of Lithium Energy's Solaroz tenements.

The depth to the top of the interpreted Deep Sand Unit varies but is generally at least approximately 200m below surface, based on interpretation of open-file geophysics and the presence of the Massive Halite marker (MHM) unit. The MHM unit is interpreted to be deposited during a period of significant aridity in the basin development and structurally, is located directly above the Deep Sand unit.

The overall depth of the Olaroz Salar (to basement rock) is interpreted from various gravity surveys undertaken at strategic locations across the Olaroz Salar, in particular that carried out by Orocobre (Houston et al, 13 May 2011).

For example, Gravity modelling at the Rosario Gravity Line shows that the depth to basement within the Payo 1 tenement is approximately 400m (refer Figure 5).

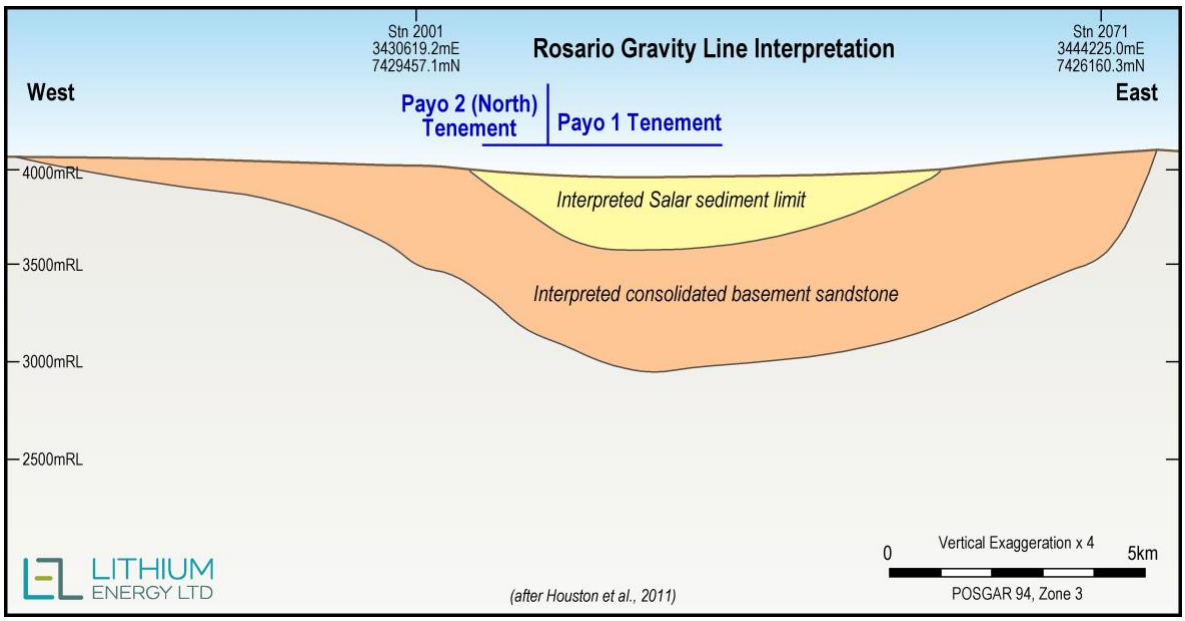

Figure 5: Olaroz Salar - Rosario Gravity Line across Solaroz Tenements

AMT modelling shows the interfaces between resistive material (i.e brackish water and lack of conductive salt rich brine) and the conductive brine. The AMT modelling at the Olaroz North AMT Line shows a thickening wedge of resistive material underlain by a conductive layer (interpreted to be conductive Brine), whilst the thickening wedge of resistive material above it is the more recent Rosario recent sediments, which host brackish water at shallow depths, the nominal depths of which can be determined from the modelled section (refer Figure 6).

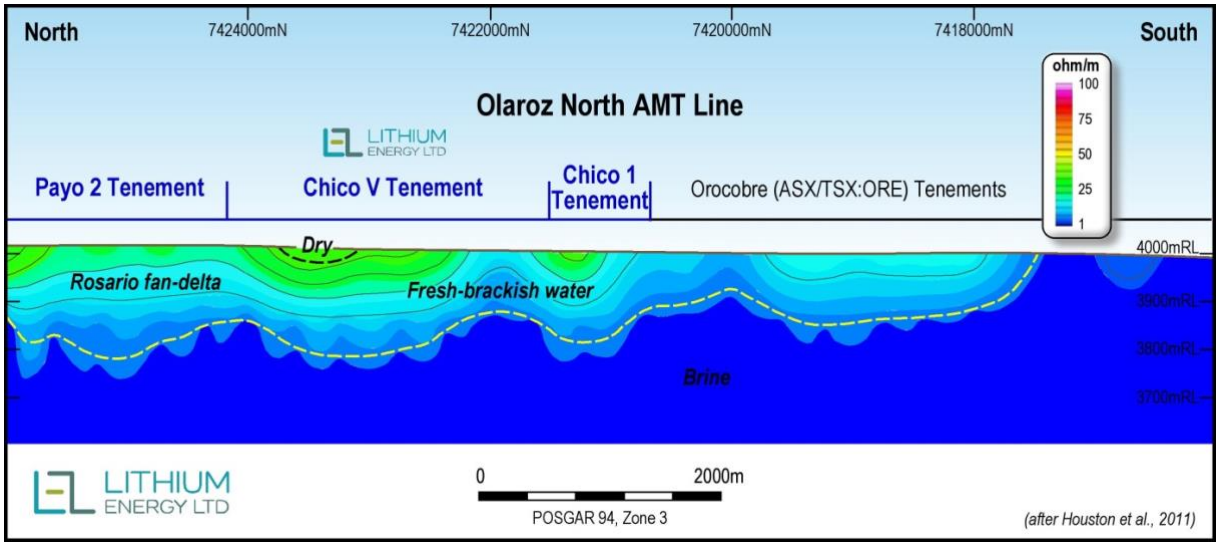

Figure 6: Olaroz Salar - Olaroz North AMT Survey Line

Similar interpretations can be applied (as annotated by Orocobre in Houston et al, 13 May 2011) to the Olaroz East and West Gravity Lines and also the Olaroz West AMT Line to determine the location of the bounding fault (refer Figure 7).

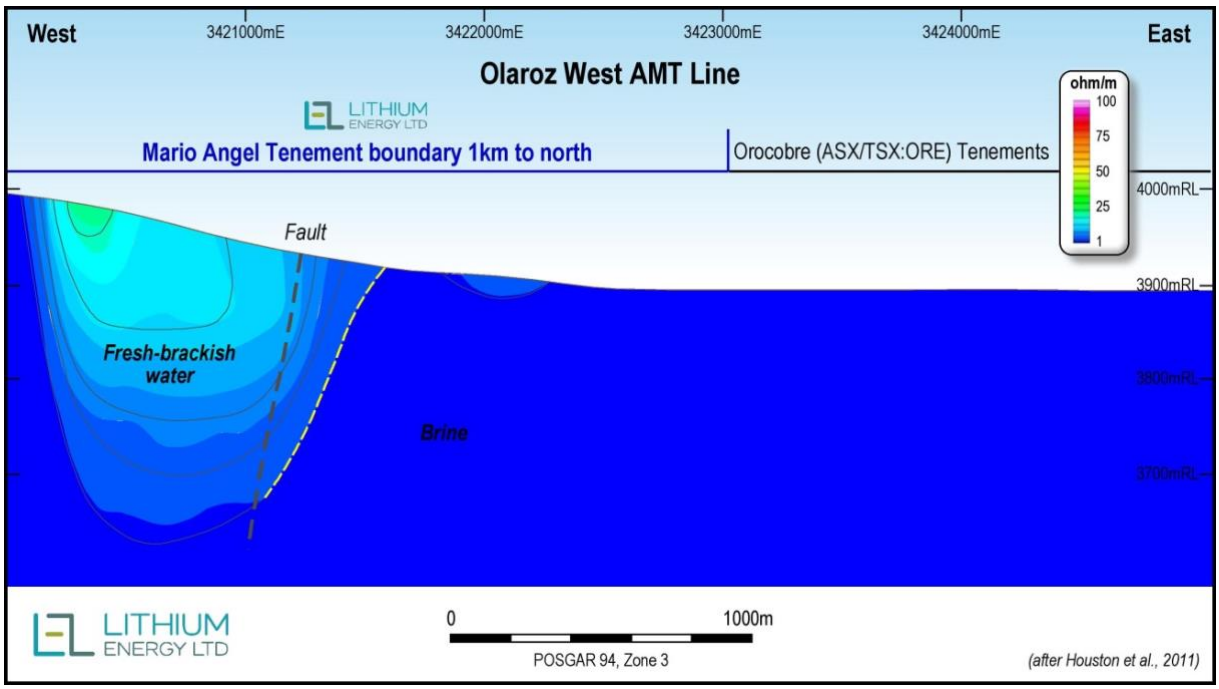

Figure 7: Olaroz Salar - Olaroz West AMT Survey

The prospective area is nominally bounded to the west by the interpreted bounding fault as defined by geophysical surveys presented in Houston et al (13 May 2011) and shown in Figure 4.

The Massive Halite Marker (MHM) can be used to approximate the upper vertical limit of the Deep Sand Unit. It was a historically a drill limit as it has low porosity but recent exploration work by Lithium Americas (30 September 2020) and Orocobre (23 October 2014 and 10 January 2019) indicates that it forms a capping to a dark medium to coarse sandstone which ranges in thickness from approximately 50m to over 200m in thickness. This medium to coarse sandstone has high porosity and forms the Deep Sand Unit, which is Lithium Energy's principal exploration focus.

The Olaroz Salar Gravity West to East line interpretation (Figure 8) is an almost complete West to East cross section through the Olaroz Salar.

The interpreted location of the MHM and Deep Sand Unit have been superimposed on the gravity line interpretation and has assisted in determining the minimum and maximum thickness assumptions used in the Exploration Target.

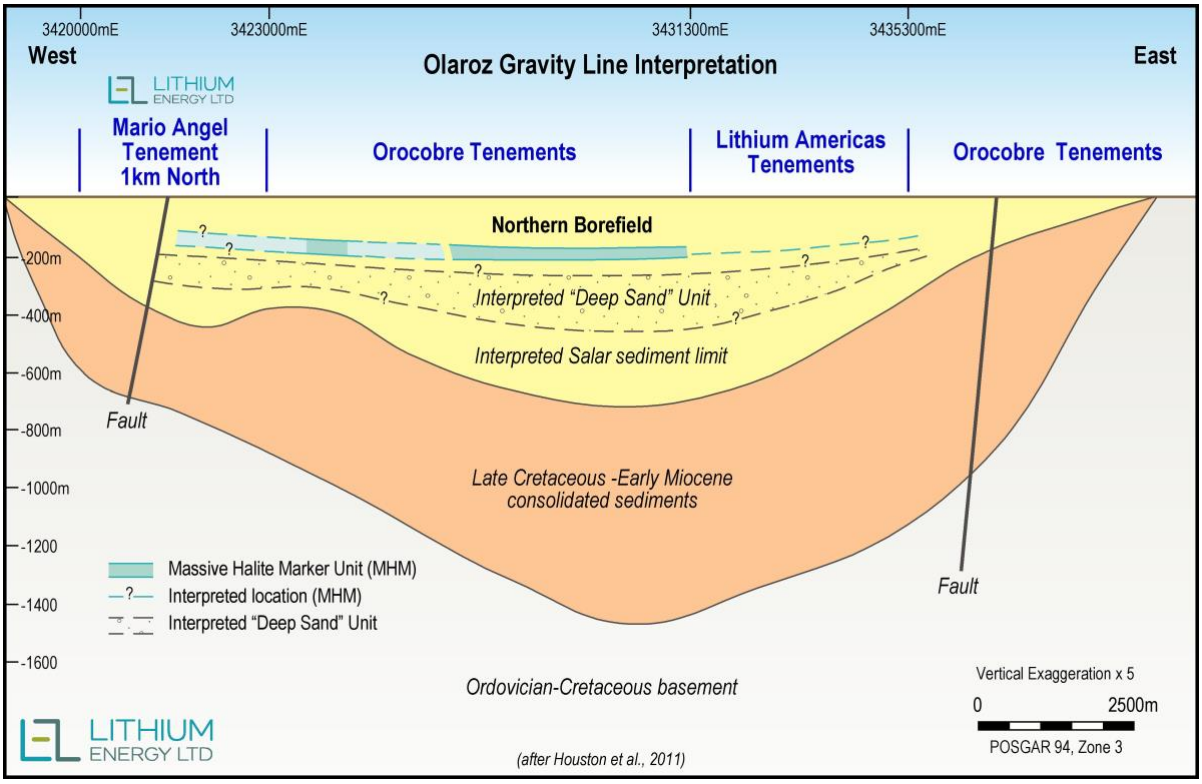

Figure 8: Olaroz Salar West to East Schematic Gravity Line Interpretation

Exploration Work Planned to Validate Exploration Target

Lithium Energy proposes to test the proposition that the aquifer which supplies the lithium-rich brine being extracted by Orocobre extends under the Company's Solaroz tenements. This will be tested by geophysical work and drilling with a view to fast tracking production of lithium carbonate dependent upon these works being successfully concluded.

Upon the grant of the required environmental approvals, an extensive work programme will be conducted, aimed at locating potentially lithium bearing brines of economic interest and obtaining preliminary information related to the hydrogeological and geochemical characteristics of the aquifer including:

- Geophysical surveys to define the basin basement morphology and thickness of the hydrogeological units that have the potential to contain brines of economic interest; and
- an exploration drilling campaign based on the results from previous work, to assess the distribution and geochemistry of the brine and to obtain data related to basic physical parameters of the different hydrogeological units.

Lithium Energy will also undertake an assessment of relevant mine economic criteria to assist in developing a pathway to the completion of feasibility study(s), including the delineation of a maiden Mineral Resource.

Reference Materials for Exploration Target

The published open file data upon which the Solaroz Exploration Target has been developed includes the following works:

- Houston, J., Gunn, M., Technical Report on the Salar De Olaroz Lithium-Potash Project, Jujuy Province, Argentina. NI 43-101 report prepared for Orocobre Limited, 13 May 2011
- Orocobre Limited ASX/TSX Announcement dated 23 October 2014 entitled "Olaroz Project - Large Exploration Target Defined Beneath Current Resource"
- Reidel, F., Technical Report on Cauchari JV Project – Updated Mineral Resource Estimate, prepared for Advantage Lithium Corporation, 19 April 2019
- Orocobre Limited ASX/TSX Announcement dated 10 January 2019 entitled "Cauchari Drilling Update – Phase III Drilling Complete"
- Burga, E. et al, Technical Report - Updated Feasibility Study and Mineral Reserve Estimation to support 40,000 tpa Lithium Carbonate Production at the Cauchari-Olaroz Salars, Jujuy Province, Argentina, prepared for Lithium Americas Corporation, 30 September 2020

For further technical details on the Solaroz Exploration Target, refer to Lithium Energy's ASX Announcement dated 8 June 2021: Substantial Lithium Exploration Target Identified at the Solaroz Project in Argentina.

Refer also to Lithium Energy's Prospectus (dated 30 March 2021).[7]

ASX Announcements

Lithium Energy's ASX Announcements on the Solaraz Project released during the quarter and to the date of this report are as follows:

- 22 June 2021: Investor Presentation
- 8 June 2021: Substantial Lithium Exploration Target Identified at the Solaroz Project in Argentina
- 26 May 2021: Geophysical Data Supports Highly Encouraging Exploration Potential for Solaroz

7 Refer LEL ASX Announcement released on 17 May 2021: Prospectus

BURKE GRAPHITE PROJECT (QUEENSLAND, AUSTRALIA) (100%)

The Burke Project comprises two granted Exploration Permits for Minerals (**EPM**) totalling approximately 26 square kilometres located in the Cloncurry region in North Central Queensland, where there is access to well-developed transport infrastructure to an airport at Mt Isa (~122km) and a port in Townsville (~783km) (refer Figure 9).

The Burke EPM 25443 tenement is located 125km north of Cloncurry in an established graphite mining province adjacent to the Mt Dromedary Graphite Project held by Novonix Limited (ASX: NVX).

The Corella EPM 25696 tenement is located 40km west of Cloncurry near the Flinders Highway that links Mt Isa to Townsville.

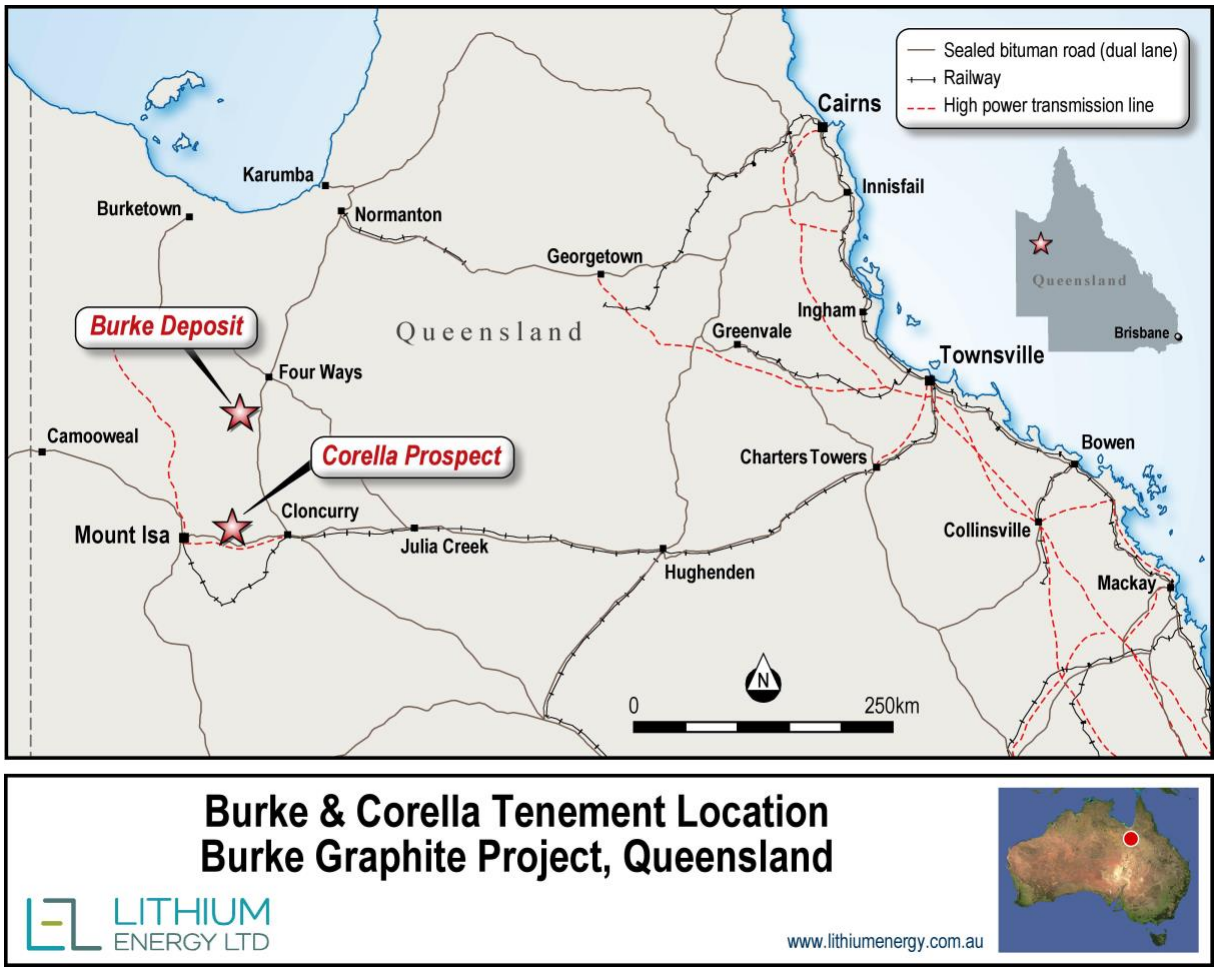

Figure 9: Burke Graphite Project Tenement Locations in North Central Queensland

Burke Deposit

A Mineral Resource Estimate (**MRE**) for the Burke tenement has defined a maiden Inferred Mineral Resource of:

- **6.3 million tonnes @ 16.0% TGC** (with a TGC cut-off grade of 5%) for **1,000,000 tonnes** of contained graphite;
- Within the mineralisation envelope there is included higher grade material of **2.3 million tonnes @ 20.6% TGC** (with a TGC cut-off grade of 18%) for **464,000 tonnes** of contained graphite which will be investigated further

Mineral Resource Category	Weathering State	Mt	TGC (%)	Contained Graphite (Mt)	Density (t/m)
Inferred Mineral Resource	Oxide	0.5	14.0	0.1	2.5
	Fresh	5.8	16.2	0.9	2.4
	Total Oxide + Fresh	**6.3**	**16.0**	**1.0**	**2.4**

Note: The Mineral Resource was estimated within constraining wireframe solids defined above a nominal 5% TGC cut-off. The Mineral Resource is reported from all blocks within these wireframe solids. Differences may occur due to rounding.

Refer Grade Tonnage Data in Table 2 of CSA Global Pty Ltd's Burke Graphite Project MRE Technical Summary dated 9 November 2017 (attached as Annexure A of Strike's ASX Announcement dated 13 November 2017: Maiden Mineral Resource Estimate Confirms Burke Project as One of the World's Highest Grade Natural Graphite Deposits

In addition to the high-grade nature of the deposit, the Burke Deposit:

- Comprises natural graphite that has been demonstrated to be able to be processed by standard flotation technology to international benchmark product categories. Flotation tests have confirmed that a concentrate of purity in excess of 95% and up to 99% TGC can be produced using a standard flotation process.
- Contains graphite from which Graphene Nano Platelets have been successfully extracted directly from the Burke Deposit via Electrochemical Exfoliation (**ECE**). The ECE process is relatively low cost and environmentally friendly compared to other processes, yet it can produce very high purity Graphene products. The ECE process is however not applicable to the vast majority of worldwide graphite deposits as it requires a TGC of over 20% and accordingly the Burke Deposit has potentially significant processing advantages over other graphite deposits.
- Is located in the relatively safe and mining friendly jurisdiction of Queensland, Australia with well-developed transport infrastructure and logistics nearby.
- Is potentially amenable to low cost open-pit mining.

Graphene from the Burke Deposit

The exceptionally high-grade nature of the Burke Deposit and its chemical composition lends itself to efficient Graphene production technology, which is not available for a majority of lower grade graphite deposits.

Graphene usage in lithium-ion batteries is an emerging technology, where Graphene is used as an additive in the compound mix of the Cathode electrode terminal to effectively make the terminal more conductive. Graphene enhanced batteries allow for increased electrical density, more rapid recharge times, less weight, as well as having the ability to hold the charge longer which improves the battery's lifespan.

Graphene is technically defined as a single atom layer of crystalline carbon in a two dimensional 'honeycomb' type structure, but the term "Graphene" is often extended to include material made up of multiple stacked single layers of (single layer) Graphene. Material comprising up to 10 layers of Graphene is sometimes referred to as "Few Layer Graphene" (**FLG**), whereas material with between 10–150 layers of Graphene is known as "Graphene Nano Platelet" (**GNP**).

The Burke Deposit contains graphite from which GNP have been successfully extracted via ECE.

The ECE process is relatively low cost and environmentally friendly compared to other processes, yet it can produce very high purity Graphene products. The ECE process is however not applicable to the vast majority of worldwide graphite deposits as it requires a TGC of over 20% and accordingly, the Burke Deposit has potentially significant Graphene processing advantages over other graphite deposits.

In 2017[8], a test was successfully undertaken on a sample of Burke graphite diamond drill hole core through ECE by Independent Metallurgical Operations Pty Ltd (**IMO**), to produce pure GNP material from raw Burke graphite.

In ECE, a lump of graphite is inserted as an anode in a chemical solution and then an electric current is passed through the solution, using the graphite as an anode. Layers of Graphene then "peel off" and can be collected through a relatively simple process.

The ECE process is relatively low cost and environmentally friendly compared to other processes - yet it can produce very high purity Graphene. It is particularly suited to naturally occurring high-grade graphite such as Burke graphite, where the exceptionally high-grade raw material (~20% TGC) and natural conductivity allow it to be used directly as an anode in the ECE process without the need for any grinding, flotation or other processing steps.

In order to capitalise on the commercial opportunities for using Graphene produced from the Burke Deposit in lithium-ion batteries, Lithium Energy is planning to undertake further test-work to optimise the production ECE process for producing high quality GNP, FLG and/or single layers of Graphene in commercial quantities.

Previous Lithium-Ion Testwork on Burke Deposit

Previous testwork has confirmed that the Burke Deposit comprises very high grade natural graphite that is able to be processed by standard flotation technology to international bench mark product categories.

In this regard, flotation tests previously conducted by IMO confirmed that a concentrate of purity in excess of 95% and up to 99% TGC can be produced from the Burke deposit using a standard flotation process.

Having demonstrated the ability to take Burke graphite and purify it up to 99% TGC , CSIRO Manufacturing in Melbourne were previously engaged to take natural graphite flake from the Burke deposit to determine the suitability of such graphite for use in lithium-ion batteries.

This work included the fabrication of coin battery cells using Burke graphite into electrodes to determine the influence of flake size on electrode performance.

This testwork demonstrated that the Burke natural graphite demonstrated good performance in a coin cell configuration, as compared to artificial graphite based electrode control electrodes.

Further, and very importantly, the tests resulted in Burke graphite cells showing generally higher levels of capacity compared with control coin cells when repeatedly (50 times) charged and discharged over a 10 hour cycle time.

This critical aspect of the Burke graphite electrical storage capacity is highly encouraging and has caused the Company to determine to undertake further test work required by battery manufacturers seeking to acquire graphite for use in their battery manufacturing operations.

Lithium Energy is planning to undertake further testwork which will include spheronisation, purification and coating of Burke natural graphite particles. This spheroidisation of the natural graphite flakes will through a mechanical process shape the graphite into potatoe-like structures to allow for potentially easier processing of Burke natural graphite flakes into electrode materials to reduce capacity losses and enhance cell efficiency.

This work is a key component required to demonstrate to potential graphite purchasers the benefits of the natural flake graphite comprising the Burke Graphite Project.

8 Refer Strike Resources Limited (ASX:SRK) ASX Announcement dated 16 October 2017: Test-work confirms the potential suitability of Burke graphite for Lithium-ion battery usage and Graphene production

High Grade Intersections from Previous Drilling

Previous drilling has been undertaken (in April/May 2017) to test the graphite mineralisation in the Burke tenement. Total metres drilled were 735.2m (618m in 9 Reverse Circulation holes and 117.2m in one diamond core hole) spread across four cross-sections over a strike length of 500m. Drilling confirmed the continuity of high grade (>10%) graphite mineralisation over 500m along strike in the NE-SW direction and confirmed the presence of extensive zones of very high-grade graphite mineralisation, commencing at surface and extending to at least 100m in depth (refer Figure 10).

Intersections encountered include:

- Diamond Core Hole BGDD001 : 99.8 Metres @ 21.1% TGC from 9 metres depth; and
- RC Hole BGRC001 : 43 Metres @ 18.87% TGC from 21 metres depth.

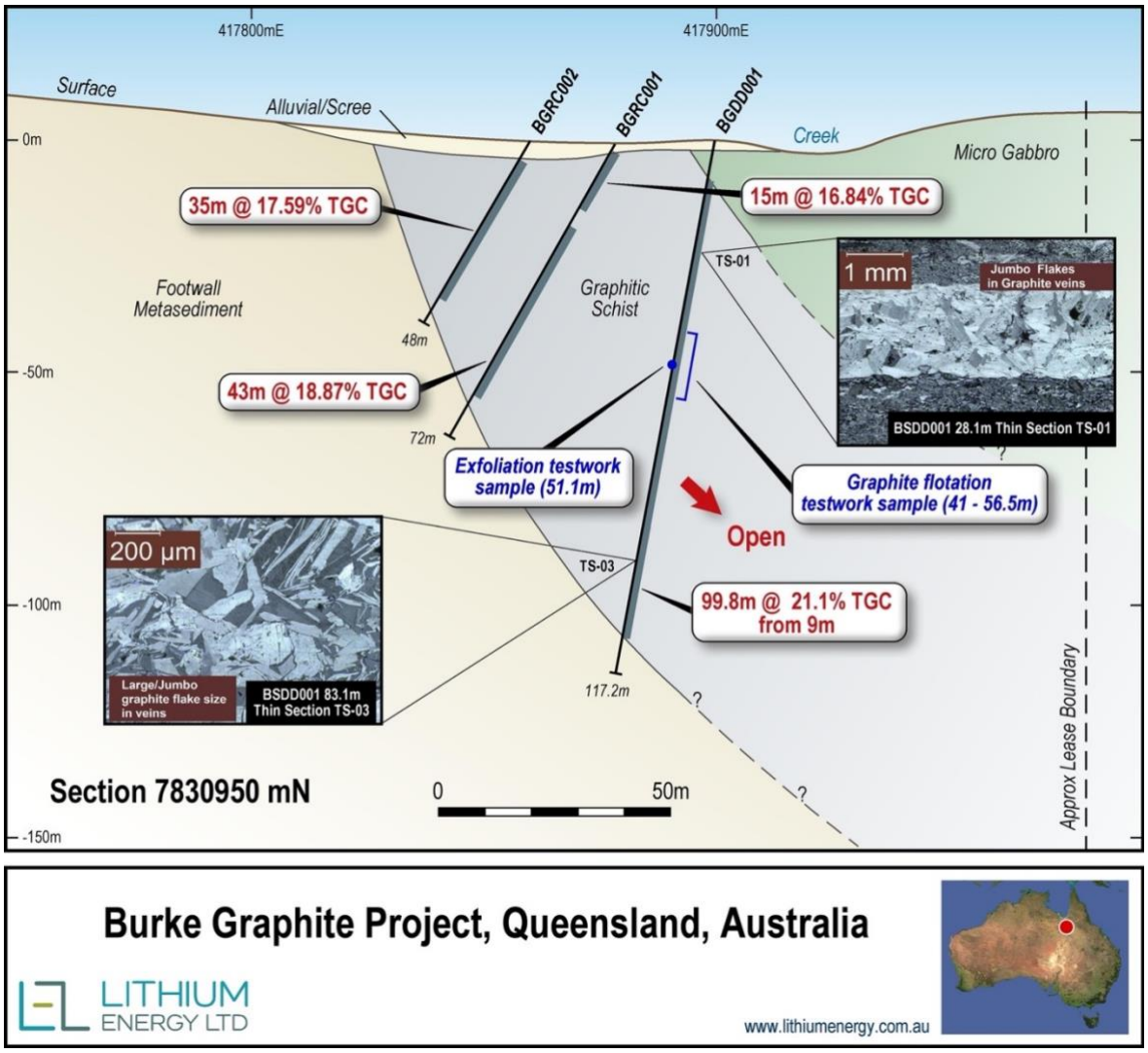

Figure 10: Burke Tenement Drilling Cross Section 7830950mN

Previous Ground EM Surveys

A ground Electro Magnetic (**EM**) survey was completed in June 2018, covering the south-eastern corner of the Burke tenement and the Corella tenement.

The EM survey has identified the area comprising the Corella tenement as a significant target area for additional high-grade mineralisation as well as identifying new zones of increased conductivity adjacent to previously drilled graphite mineralisation at the Burke tenement.

The Corella tenement EM survey was carried out over outcropping and sub-cropping Geological Survey of Queensland mapped Graphitic Schists - the "Milo beds" - within the Corella Formation. Graphite grading 5 - 10% TGC is widespread throughout the outcropping Milo beds and the EM survey was carried out to identify higher-grade areas of mineralisation and identify future drill targets. The survey highlighted an area of approximately 1000m x 500m (refer Figure 11) within which conductive features similar to those corresponding to high-grade graphite occurring at the Burke tenement were identified.

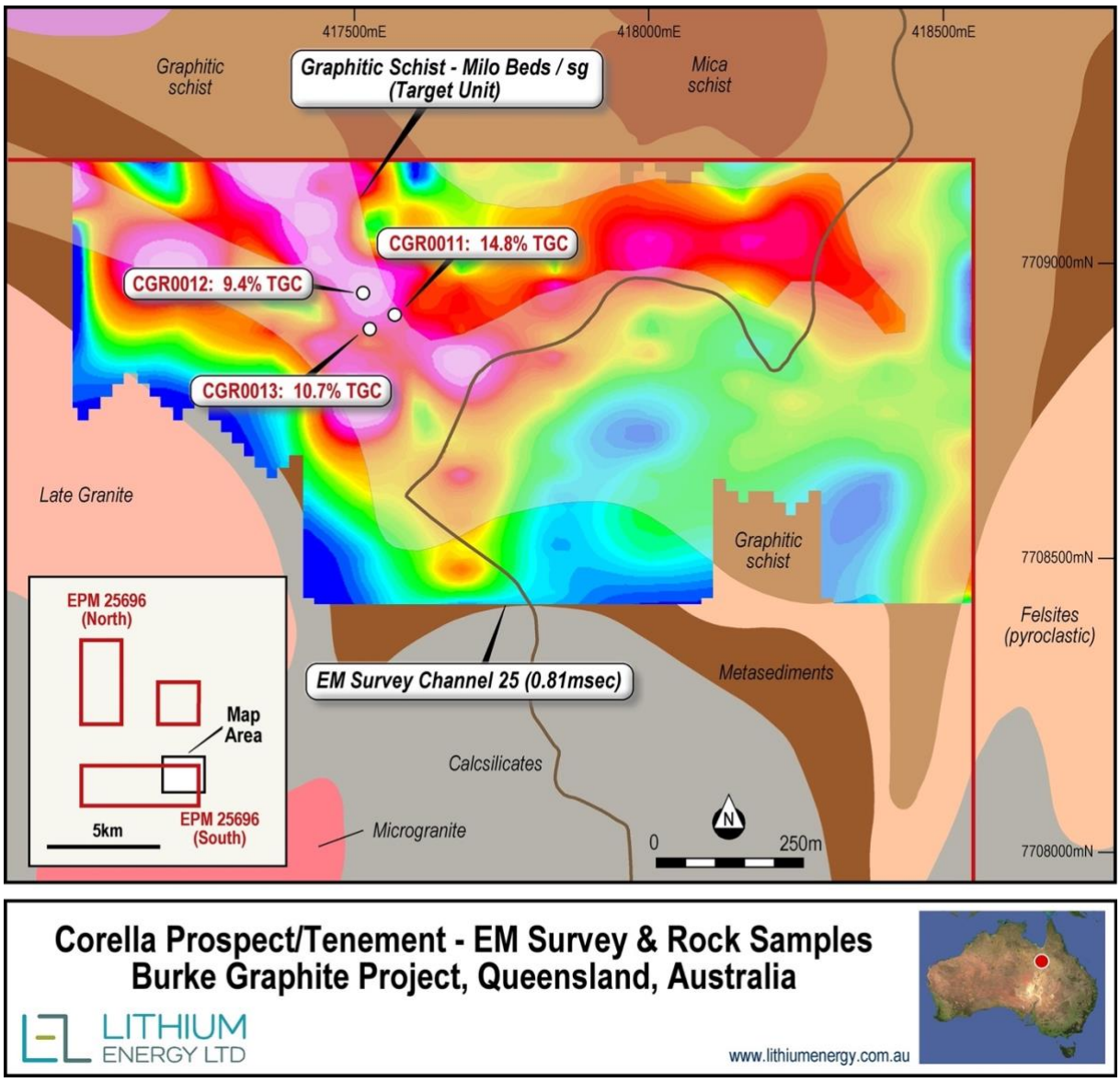

Figure 11: EM Survey - Corella Tenement Burke Graphite Project

The conductive features identified at the Corella tenement appear to be shallow to flat-lying and occur in areas of outcropping and sub-cropping graphite that have rock chips (from previous sampling undertaken) of up to 14.85% TGC.

In addition to identifying the new potential at the Corella tenement, the EM survey identified minor structural offsets, together with new zones of increased conductivity at previously drilled areas within the Burke tenement.

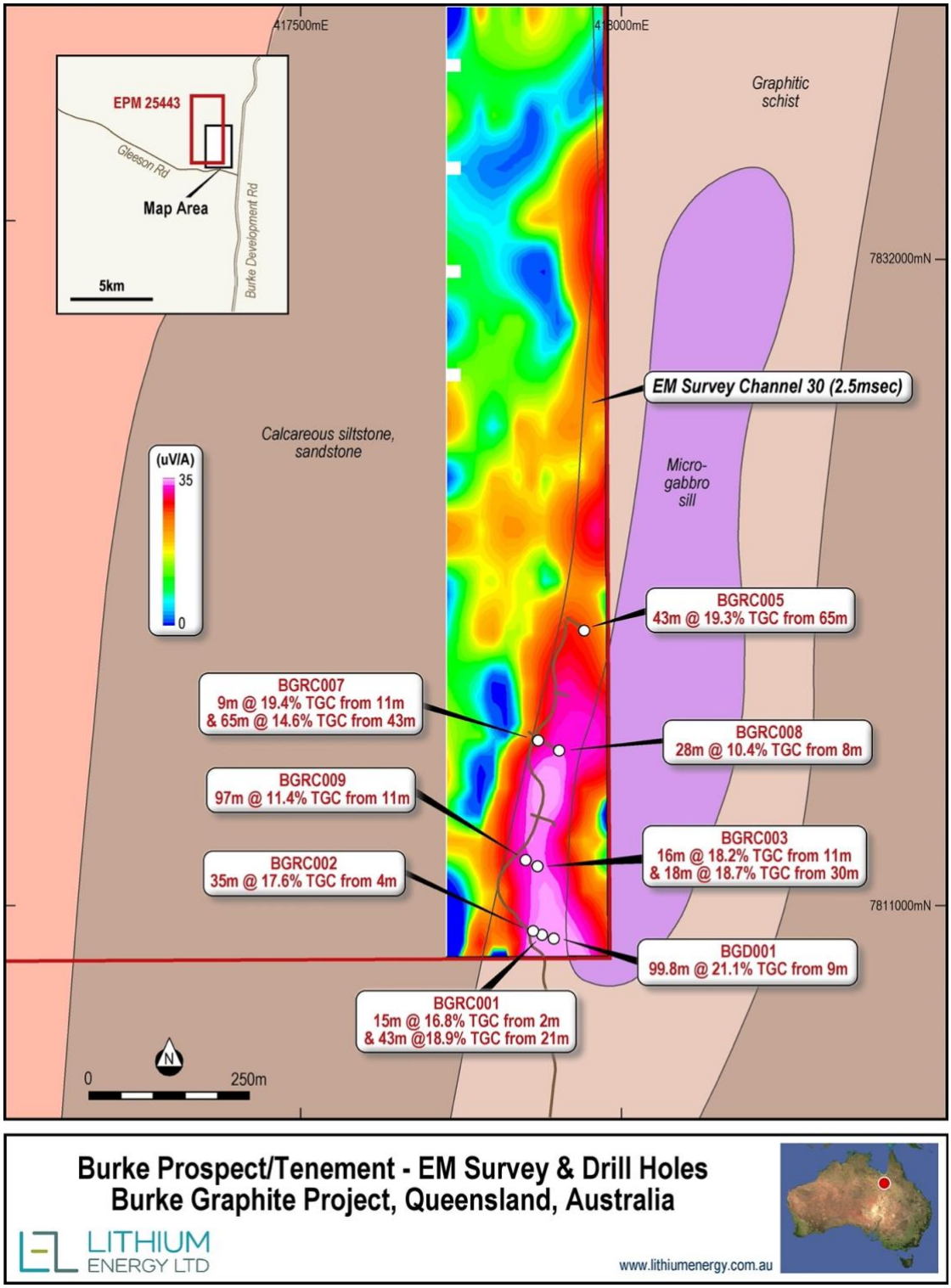

Figure 12: EM Survey - Burke Tenement, Burke Graphite Project

The EM survey over the south-eastern corner of the Burke tenement was carried out over outcropping and sub-cropping Geological Survey of Queensland mapped Graphitic Schists of the Corella Formation. The survey highlighted the high-grade graphite identified in the maiden drilling programme and identified minor structural offsets, together with new zones of increased conductivity which are outlined in Figure 12.

In addition, the survey verified the width and dip of the drill intersected high-grade graphite.

ASX Announcements

Lithium Energy's ASX Announcements on the Burke Project released during the quarter and to the date of this report are as follows:

- 9 July 2021: Graphene from Burke Graphite Project Opens Up Significant Lithium-Ion Battery Opportunity
- 22 June 2021: Investor Presentation

Refer also to Lithium Energy's Prospectus (dated 30 March 2021).[7]

CORPORATE

Successful Completion of $9 Million IPO and Admission to ASX

Lithium Energy was admitted to the Official List of ASX on 17 May 2021[9] and commenced trading on 19 May 2021[10], following the successful completion of the Company's $9 million initial public offering (**IPO**) under a Prospectus (dated 30 March 2021[7]).

The Prospectus closed on 29 April 2021 with 45 million shares (at a price of $0.20 each) issued to successful applicants on 7 May 2021.[11] The IPO, which was fully underwritten by Canaccord Genuity, was significantly oversubscribed.

Securities on Issue

Class of Security	Quoted on ASX	Unlisted	Total
Fully paid ordinary shares	45,000,000	35,010,000	**80,010,000**
Executive Options ($0.30, 18 March 2024)[12]	-	10,000,000	**10,000,000**
Broker Options ($0.30, 4 May 2024)[13]	-	4,000,000	**4,000,000**

Restricted Securities

Class of Security	Number	Escrow Period
Fully paid ordinary shares	34,860,000	19 May 2024 (24 months from date of Quotation)
Fully paid ordinary shares	150,000	10 May 2023 (12 months from date of issue)
Total fully paid ordinary shares	**35,010,000**	
Executive Options ($0.30, 18 March 2024)	10,000,000	19 May 2024 (24 months from Quotation)
Broker Options ($0.30, 4 May 2024)	4,000,000	19 May 2024 24 months from Quotation

9 Refer LEL ASX Announcement dated 17 May 2021: ASX Notice – Admission to Office List

10 Refer LEL ASX Announcement dated 19 May 2021: Lithium Energy Limited Commences Trading on ASX

11 Refer LEL ASX Announcements released on 17 May 2021: Confirmation Statements and 17 May 2021: Capital Structure, Top 20 and Distribution Schedule

12 Refer Section 16.3 (Rights Attaching to Executive Options) of the Company's Prospectus (dated 30 March 2021) for terms and conditions of the Executive Options

13 Refer Section 16.2 (Rights Attaching to Broker's Options) of the Company's Prospectus (dated 30 March 2021) for terms and conditions of the Broker Options

Summary of Expenditure Incurred[14]

A summary of expenditure incurred by Lithium Energy during the quarter, in relation to cash flows from operating and investing activities reported in the accompanying Appendix 5B Cash Flow Report is as follows:

	Expenditure Incurred / Cash Outflows		
For Quarter ending 30 June 2021	Operating	Investing	Total
	$'000		
Exploration and evaluation expenditure	9	69	78
Personnel expenses	92	-	92
Occupancy expenses	-	-	-
Corporate expenses	59	-	59
Administration expenses	13	-	13
Total Expenditure	**173**	**69**	**242**

There were no mining production and development activities during the quarter.

Reconciliation of Expenditure to Utilisation of Funds Statement in Prospectus[15]

	Proposed Utilisation of Funds Disclosed in Prospectus)[16]	Actual Expenditure (Cash Outflows) to 30 June 2021	Variance
		$'000	
Exploration and Evaluation Expenditure	5,235	78	5,157
Cash Consideration Payments to Solaroz Owner	1,750	-	1,750
Expenses of the IPO	765	829	(64)
Balance: Corporate Overheads/Working Capital	1,250	164	1,086
Total	**9,000**	**1,017**	**7,929**

The Utilisation of Funds disclosed in Lithium Energy's Prospectus is an aggregate estimate over a 2 year period (as at the date of the Prospectus – 30 March 2021). The reported Actual Expenditure is based on cumulative cash outflows during the financial year to 30 June 2021 as reported in the accompanying Appendix 5B Cash Flow Report.

The proposed exploration expenditure programme (and allocation across Lithium Energy's projects) (as outlined in the Prospectus) will be refined according to the results of the programmes as they are undertaken/develop, to meet working capital allocation priorities, and potentially for new project generation. All exploration expenditure is subject to change, as they are of necessity highly dependent on results achieved.

Payments to Related Parties[17]

During the quarter, Lithium Energy paid a total of $93k in respect of Directors' remuneration, comprising salaries, PAYG remittances to the ATO and statutory employer superannuation contributions. This is disclosed in Item 6 of the accompanying Appendix 5B Cash Flow Report.

14 Per ASX Listing Rule 5.3.1

15 Per ASX Listing Rule 5.3.4

16 Refer Section 6.1 (Utilisation of Funds) of the Company's Prospectus (dated 30 March 2021)

17 Per ASX Listing Rule 5.3.5

LIST OF MINERAL TENEMENTS

Lithium Energy has interests in the following mineral tenements as at the end of the quarter and currently:

Solaroz Lithium Brine Project (Argentina) (90%)

Tenement Name	Area (Ha)	Province	File No
Mario Ángel	543	Jujuy	1707-S-2011
Payo	990	Jujuy	1514-M-2010
Payo I	1,973	Jujuy	1516-M-2010
Payo 2	2,193	Jujuy	1515-M-2010
Chico I	835	Jujuy	1229-M-2009
Chico V	1,800	Jujuy	1312-M-2009
Chico VI	1,400	Jujuy	1313-M-2009
Silvia Irene	2,465	Jujuy	1706-S-2011

The above tenements are (currently being processed before the Administrative Mining Court of the Province of Jujuy, Argentina.

Burke Graphite Project (Queensland, Australia) (100%)

Tenement No.	Grant Date	Expiry Date	Area (blocks)	Area (km²)
Burke EPM 25443	4/9/2014	3/9/2024	2 sub-blocks	~6.58
Corella EPM 25696	2/4/2015	1/4/2025	6 sub-blocks	~19.74

On 10 May 2021, Lithium Energy completed the acquisition of the balance of 23.5% interest in the Burke Graphite Project via the acquisition of Burke Minerals Pty Ltd pursuant to a share sale and purchase agreement, being more particularly described in Section 15.6 (Material Contracts - Burke SPA) of the Company's Prospectus (dated 30 March 2021).

JORC MINERAL RESOURCES

Burke Graphite Project (Queensland, Australia) (100%)

The Burke Deposit (on the Burke EPM 25443 tenement) has a JORC Code (2012 Edition) compliant Mineral Resource:

Mineral Resource Category	Weathering State	Mt	TGC (%)	Contained Graphite (Mt)	Density (t/m)
Inferred Mineral Resource	Oxide	0.5	14.0	0.1	2.5
	Fresh	5.8	16.2	0.9	2.4
	Total Oxide + Fresh	**6.3**	**16.0**	**1.0**	**2.4**

Note: The Mineral Resource was estimated within constraining wireframe solids defined above a nominal 5% TGC cut-off. The Mineral Resource is reported from all blocks within these wireframe solids. Differences may occur due to rounding.

Refer Grade Tonnage Data in Table 2 of CSA Global Pty Ltd's Burke Graphite Project MRE Technical Summary dated 9 November 2017 (attached as Annexure A of Strike's ASX Announcement dated 13 November 2017: Maiden Mineral Resource Estimate Confirms Burke Project as One of the World's Highest Grade Natural Graphite Deposits).

JORC CODE COMPETENT PERSON'S STATEMENTS

JORC Code (2012) Competent Person Statement – Solaroz Lithium Project (Argentina)

The information in this document that relates to Exploration Targets and Exploration Results in relation to the Solaroz Lithium Project is extracted from the following ASX market announcements made by Lithium Energy dated:

- 8 June 2021 entitled "Substantial Lithium Exploration Target Identified at the Solaroz Project in Argentina"
- 26 May 2021 entitled "Geophysical Data Supports Highly Encouraging Exploration Potential for Solaroz}

The information in the original announcements is based on, and fairly represents, information and supporting documentation prepared and compiled by Mr Peter Smith (BSc (Geophysics) (Sydney) AIG ASEG). Mr Smith is a Member of the Australian Institute of Geoscientists (**AIG**) and a Director of the Company. Mr Smith has the requisite experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the **JORC Code**). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements (referred to above). The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements (referred to above).

JORC Code (2012) Competent Person Statement - Burke Graphite Project Mineral Resources

The Competent Persons named below have been previously engaged by Strike Resources Limited (ASX:SRK) (**Strike**), the former parent company of Lithium Energy Limited (and subsidiaries) that hold the interests in the Burke Graphite Project. Lithium Energy Limited was spun out of Strike into a new ASX listing in May 2021.

(a) The information in this document that relates to Mineral Resources in relation to the Burke Graphite Project is extracted from the following ASX market announcement made by Strike dated:

- 13 November 2017 entitled "Maiden Mineral Resource Estimate Confirms Burke Project as One of the World's Highest-Grade Natural Graphite Deposits".

The information in the original announcement (including the CSA Global MRE Technical Summary in Annexure A) that relates to these Mineral Resources is based on information compiled by Mr Grant Louw under the direction and supervision of Dr Andrew Scogings. Dr Scogings takes overall responsibility for this information. Dr Scogings and Mr Louw are both former employees of CSA Global Pty Ltd, who had been engaged by Strike to provide mineral resource estimate services. Dr Scogings is a Member of AIG and the Australasian Institute of Mining and Metallurgy (**AusIMM**) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement (referred to above). The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement (referred to above).

(b) The information in this document that relates to metallurgical test work results in relation to the Burke Graphite Project is extracted from the following ASX market announcements made by Strike dated:

- 16 October 2017 entitled "Test-work confirms the potential suitability of Burke graphite for lithium-ion battery usage and Graphene production".
- 13 November 2017 entitled "Maiden Mineral Resource Estimate Confirms Burke Project as One of the World's Highest-Grade Natural Graphite Deposits".

The information in the original announcements that relates to these metallurgical test work matters is based on, and fairly represents, information and supporting documentation prepared by Mr Peter Adamini, BSc (Mineral Science and Chemistry), who is a Member of AusIMM. Mr Adamini is a full-time employee of Independent Metallurgical Operations Pty Ltd, who had been engaged by Strike to provide metallurgical consulting services. Mr Adamini has the requisite experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code (2012). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements (referred to above). The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements (referred to above).

(c) The information in this document that relates to Exploration Results in relation to the Burke Graphite Project is extracted from the following ASX market announcements released by:

(i) Lithium Energy dated:

- 9 July 2021 entitled "Graphene from Burke Graphite Project Opens Up Significant Lithium-Ion Battery Opportunity".

(ii) Strike dated:

- 21 April 2017 entitled “Jumbo Flake Graphite Confirmed at Burke Graphite Project, Queensland”.
- 13 June 2017 entitled “Extended Intersections of High-Grade Graphite Encountered at Burke Graphite Project”.
- 21 June 2017 entitled “Further High-Grade Intersection Encountered at Burke Graphite Project”.
- 16 October 2017 entitled “Test-work confirms the potential suitability of Burke graphite for lithium-ion battery usage and Graphene production”.
- 13 November 2017 entitled “Maiden Mineral Resource Estimate Confirms Burke Project as One of the World’s Highest-Grade Natural Graphite Deposits”.
- 26 June 2018 entitled “Burke Graphite Project – New Target Area Identified from Ground Electro-Magnetic Surveys”.

The information in the original announcements is based on, and fairly represents, information and supporting documentation prepared and compiled by Mr Peter Smith (BSc (Geophysics) (Sydney) AIG ASEG). Mr Smith is a Member of AIG , a consultant to Strike and also a Director of the Company (since 18 March 2021). Mr Smith has the requisite experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code (2012). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements (referred to above). The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcements (referred to above).

FORWARD LOOKING STATEMENTS

This document contains “forward-looking statements” and “forward-looking information”, including statements and forecasts which include without limitation, expectations regarding future performance, costs, production levels or rates, mineral reserves and resources, the financial position of Strike, industry growth and other trend projections. Often, but not always, forward-looking information can be identified by the use of words such as “plans”, “expects”, “is expected”, “is expecting”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes”, or variations (including negative variations) of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might”, or “will” be taken, occur or be achieved. Such information is based on assumptions and judgements of management regarding future events and results. The purpose of forward-looking information is to provide the audience with information about management’s expectations and plans. Readers are cautioned that forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Strike and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, changes in market conditions, future prices of minerals/commodities, the actual results of current production, development and/or exploration activities, changes in project parameters as plans continue to be refined, variations in grade or recovery rates, plant and/or equipment failure and the possibility of cost overruns.

Forward-looking information and statements are based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date such statements are made, but which may prove to be incorrect. Strike believes that the assumptions and expectations reflected in such forward-looking statements and information are reasonable. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Strike does not undertake to update any forward-looking information or statements, except in accordance with applicable securities laws.

ABOUT LITHIUM ENERGY LIMITED (ASX:LEL)

Lithium Energy Limited is an ASX listed battery minerals company which is developing its flagship Solaroz Lithium Brine Project in Argentina and the Burke Graphite Project in Queensland. The Solaroz Lithium Project (LEL:90%) comprises 12,000 hectares of highly prospective lithium mineral tenements located strategically within the Salar de Olaroz Basin in South America’s “Lithium Triangle” in north-west Argentina. The Solaroz Lithium Project is directly adjacent to or principally surrounded by mineral tenements being developed into production by Orocobre Limited (ASX/TSX:ORE) and Lithium Americas Corporation (TSX/NYSE:LAC). The Burke Graphite Project (LEL:100%) contains a high grade graphite deposit and presents an opportunity to participate in the anticipated growth in demand for graphite and graphite related products. LEL was spun out of Strike Resources Limited (ASX:SRK) via a $9 million IPO; Strike remains a major (43%) shareholder of the Company.

Rule 5.5

Appendix 5B
Mining Exploration Entity or Oil and Gas Exploration Entity Quarterly Cash Flow Report

Name of entity

LITHIUM ENERGY LIMITED (ASX:LEL) and its controlled entities

ABN	Quarter Ended (current quarter)
94 647 135 108	**30 June 2021**

Consolidated statement of cash flows		**Current Quarter Jun-2021 $A' 000**	**Year to Date 6 months * $A' 000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	**-**	**-**
1.2	Payments for		
	(a) exploration & evaluation	**(9)**	**(9)**
	(b) development	**-**	**-**
	(c) production	**-**	**-**
	(d) staff costs	**(93)**	**(93)**
	(e) administration and corporate costs	**(71)**	**(71)**
1.3	Dividends received (see note 3)	**-**	**-**
1.4	Interest received	**-**	**-**
1.5	Interest and other costs of finance paid	**-**	**-**
1.6	Income taxes paid	**-**	**-**
1.7	Government grants and tax incentives	**-**	**-**
1.8	Other (provide details if material)	**-**	**-**
1.9	**Net cash from / (used in) operating activities**	**(173)**	**(173)**
2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	**-**	**-**
	(b) tenements	**-**	**-**
	(c) property, plant and equipment	**-**	**-**
	(d) exploration & evaluation	**(69)**	**(69)**
	(e) investments	**-**	**-**
	(f) other non-current assets	**-**	**-**

* Lithium Energy Limited was incorporated on 14 January 2021.

Consolidated statement of cash flows	Current Quarter Jun-2021 $A' 000	Year to Date 6 months * $A' 000
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
- Adjustment on transfer of subsidiary from Strike Resources Limited	-	1
2.6 Net cash from / (used in) investing activities	**(69)**	**(68)**
3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	**9,000**	**9,003**
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	**(828)**	**(829)**
3.5 Proceeds from borrowings	**285**	**285**
3.6 Repayment of borrowings	**(280)**	**(280)**
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	**8,177**	**8,179**
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	**2**	-
4.2 Net cash from / (used in) operating activities (item 1.9 above)	**(173)**	**(173)**
4.3 Net cash from / (used in) investing activities (item 2.6 above)	**(69)**	**(68)**
4.4 Net cash from / (used in) financing activities (item 3.10 above)	**8,177**	**8,179**
4.5 Effect of movement in exchange rates on cash held	**1**	-
4.6 Cash and cash equivalents at end of period	**7,938**	**7,938**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current Quarter $A' 000**	**Previous Quarter $A' 000**
5.1	Bank balances	238	2
5.2	Call deposits	7,700	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**7,938**	**2**

6.	**Payments to related parties of the entity and their associates**	**Current Quarter $A' 000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(93)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	**-**

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A' 000**	**Amount drawn at quarter end $A' 000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	**-**	**-**

7.5	**Unused financing facilities available at quarter end**	**-**

Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Nil

8.	**Estimated cash available for future operating activities**	**$A' 000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(173)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(69)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(242)
8.4	Cash and cash equivalents at quarter end (item 4.6)	7,938
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	7,938
8.7	**Estimated quarters of funding available** (item 8.6 divided by item 8.3)	**32.80**

Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

N/A

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

N/A

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

N/A

Compliance statement

1. This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
2. This statement gives a true and fair view of the matters disclosed.

Authorised By:

William Johnson
Executive Chairman

30 July 2021

See Chapter 19 of ASX Listing Rules for defined terms

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee"

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

AUTHORISED FOR RELEASE - FOR FURTHER INFORMATION:

William Johnson
Executive Chairman
T | (08) 9214 9737
E | cosec@lithiumenergy.com.au

Victor Ho
Company Secretary
T | (08) 9214 9737
E | cosec@lithiumenergy.com.au