



HALF YEAR REPORT

31 December 2022

THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH THE
30 JUNE 2022 ANNUAL REPORT OF THE COMPANY
LODGED ON 8 SEPTEMBER 2022



ASX Code: LEL

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DIRECTORS' REPORT

The Directors present their report on Lithium Energy Limited ABN 94 647 135 108 (ASX Code: LEL) (**Company** or **LEL**) and its controlled entities (the **Consolidated Entity** or **Lithium Energy**) for the financial half year ended 31 December 2022 (**balance date**).

LEL is a company limited by shares that was incorporated in Western Australia on 14 January 2021 as a wholly-owned subsidiary of Strike Resources Limited (ASX:SRK) (**Strike** or **SRK**). Lithium Energy (holding various battery minerals assets) was spun-out of Strike following the successful completion of LEL's \$9 million initial public offering (**IPO**) under a Prospectus (dated 30 March 2021).

The Company was admitted to the Official List of the Australian Securities Exchange (**ASX**) on 17 May 2021 and commenced quotation/trading on ASX on 19 May 2021.

Lithium Energy has prepared a consolidated financial report incorporating the entities that it controlled during the financial half year.

OPERATING RESULTS

	December 2022	December 2021
Consolidated	\$	\$
Total income	978,273	17,795
Total expenses	(10,857,760)	(1,774,994)
Loss before tax	(9,879,487)	(1,757,199)
Income tax expense	-	-
Loss after tax	(9,879,487)	(1,757,199)

CASH FLOWS

	December 2022	December 2021
Consolidated	\$	\$
Net cash flow used in operating activities	(2,516,229)	(656,355)
Net cash flow from investing activities	(5,822,182)	5,490
Net cash flow from financing activities	13,978,211	-
Net change in cash held	5,639,800	(650,865)
Effect of exchange rate changes on cash held	(434,347)	19,358
Cash held at half year end	11,878,004	7,362,837

FINANCIAL POSITION

	December 2022	June 2022
Consolidated	\$	\$
Cash	11,878,004	6,672,551
Exploration and evaluation expenditure	14,926,021	7,306,914
Receivables	866,205	220,194
Other assets	81,638	53,608
Liabilities	(797,290)	(166,814)
Net assets	26,954,578	14,086,453
Issued capital	28,635,165	15,006,458
Reserves	11,632,627	2,513,722
Accumulated losses	(13,313,214)	(3,433,727)
Total equity	26,954,578	14,086,453

DIRECTORS' REPORT

DIVIDENDS

No dividends have been paid or declared during the financial half year.

CAPITAL MANAGEMENT

Securities on Issue

The following securities were on issue as at balance date:

Class of Security	Quoted on ASX	Unlisted	Total
Fully paid ordinary shares	60,150,000	34,860,000	95,010,000
Executive Options (\$0.30, 18 Mar 2024) ¹	-	10,000,000	10,000,000
Broker Options (\$0.30, 4 May 2024) ²	-	4,000,000	4,000,000
Executive Options (\$1.39, 29 Nov 2024) ³	-	3,500,000	3,500,000
Securities Incentive Plan (SIP) ⁴ Options (\$1.595, 15 February 2025) ⁵	-	100,000	100,000
Broker Options (\$1.50, 20 September 2025) ⁶	-	750,000	750,000
Executive Options (\$1.06, 4 October 2025) ⁷	-	17,500,000	17,500,000
SIP Options (\$1.32, 30 November 2025) ⁸	-	400,000	400,000

Restricted Securities

The following restricted securities are subject to escrow (as imposed under the ASX Listing Rules) as at balance date:

Class of Security	Number	Escrow Period
Fully paid ordinary shares	34,860,000	19 May 2023 (24 months from date of Quotation ⁹)
Executive Options (\$0.30, 18 Mar 2024)	10,000,000	19 May 2023 (24 months from Quotation)
Broker Options (\$0.30, 4 May 2024)	4,000,000	19 May 2023 (24 months from Quotation)

Capital Raising

Lithium Energy completed a \$15 million capital raising (before costs) via the issue of 15,000,000 shares at an issue price of \$1.00 per share.¹⁰ The issue was completed within the Company's 15% placement capacity and additional 10% placement capacity (approved at the last AGM) under the ASX Listing Rules, to new and existing institutional and sophisticated and professional shareholders/investors.

-
- 1 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
 - 2 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
 - 3 Refer LEL Announcement dated 2 December 2021: Notification regarding unquoted securities – LEL and Annexure B (Terms and Conditions of New Executive Options) of LEL's Notice of Annual General Meeting and Explanatory Statement dated 18 October 2021 and released on ASX on 28 October 2021
 - 4 Refer LEL Announcement dated 17 May 2022: Securities Incentive Plan Terms
 - 5 Refer LEL Announcement dated 18 February 2022: Notification regarding unquoted securities – LEL
 - 6 Refer LEL Announcement dated 21 September 2022: Notification regarding unquoted securities – LEL
 - 7 Refer LEL Announcement dated 5 October 2022: Notification regarding unquoted securities – LEL and Annexure B (Terms and Conditions of Executive Options) of LEL's Notice of Annual General Meeting and Explanatory Statement dated 22 August 2022 and released on ASX on 2 September 2022
 - 8 Refer LEL Announcement dated 5 December 2022: Notification regarding unquoted securities – LEL
 - 9 The Company was admitted to the Official List of ASX on 17 May 2021 and commenced quotation/trading on ASX on 19 May 2021.
 - 10 Refer LEL Announcement dated 21 September 2022: Application for quotation of securities – LEL

DIRECTORS' REPORT

Option Issues

The following options were issued during the financial half year:

Class of Unlisted Options	Issue Date	Exercise Price	Expiry Date	Number of Options
Broker Options (\$1.50, 20 September 2025)	15 Sept 2022	\$1.50	20 Sept 2025	750,000
Executive Options (\$1.06, 5 October 2025)	5 Oct 2022	\$1.06	4 Oct 2025	17,500,000
SIP Options (\$1.32, 30 November 2025)	5 Dec 2022	\$1.32	30 Nov 2025	400,000

The Executive Options (\$1.06, 5 October 2025) were issued after receipt of shareholder approval at the Company's annual general meeting held on 5 October 2022.¹¹

REVIEW OF OPERATIONS

Solaroz Lithium Brine Project (Argentina)

(90%)

Significant Discovery of Lithium at Solaroz

Lithium Energy is currently conducting an initial 10 hole, ~5,000m drilling programme at Solaroz to validate the previously announced Exploration Target and define a maiden JORC Mineral Resource of lithium.

Drilling at the first drill hole (SOZDD001) within the Mario Angel concession at Solaroz (refer Figure 1) has confirmed a significant lithium discovery, with lithium concentrations of up to **555 mg/L**.

Drilling at the second and third holes, SOZDD002 (Chico V concession) and SOZDD003 (Chico 1 concession), in the northern central section of the Olaroz Salar, has encountered significant intersections of highly conductive brines, with assays pending.

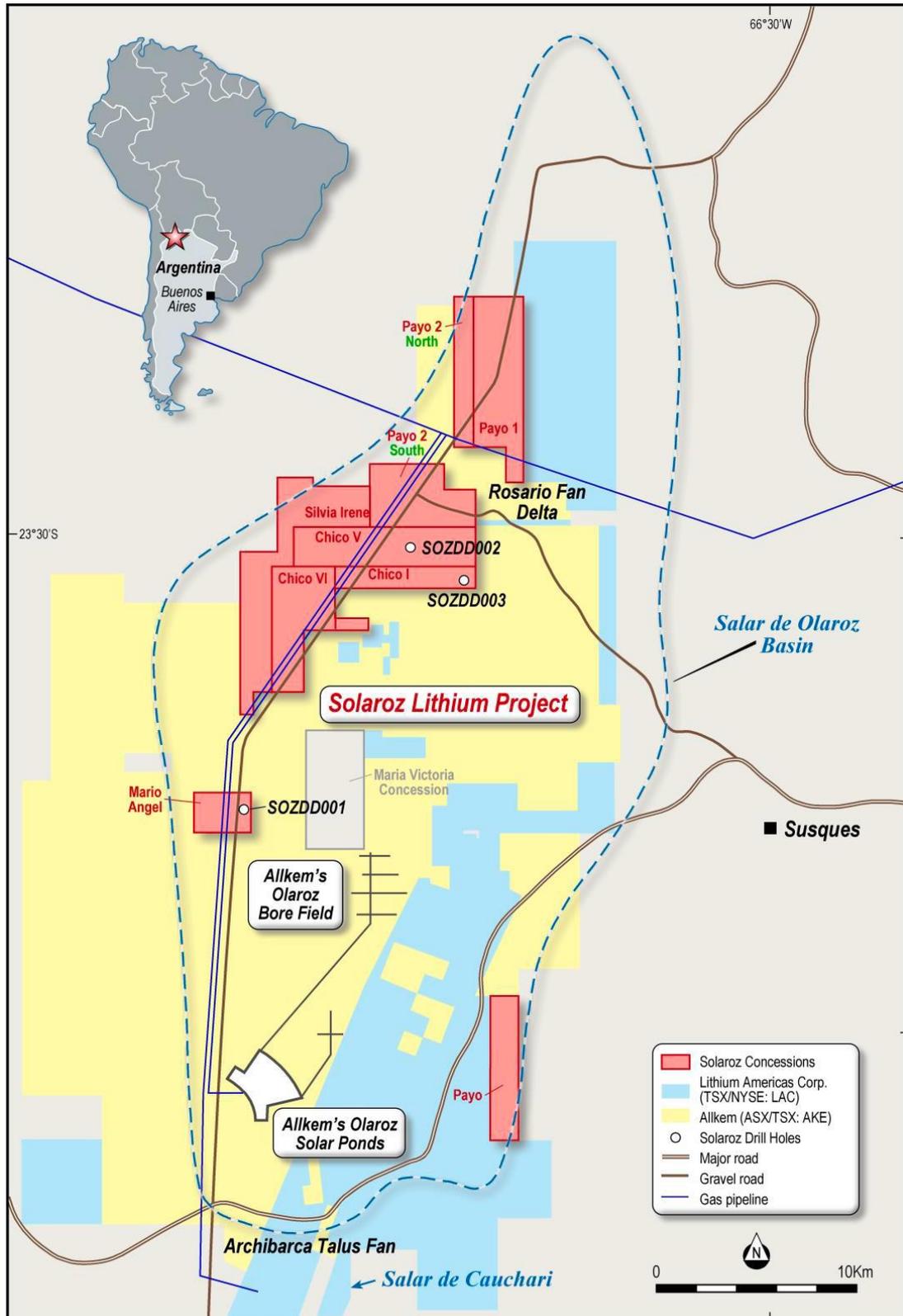
Lithium Energy currently has two drilling rigs operating concurrently, which are scheduled to commence at the fourth and fifth holes shortly, also in the northern central section of the Olaroz Salar.

Further details on drillhole 1 (SOZDD001) are contained in the following Lithium Energy ASX market announcements:

- 10 March 2023: Positive Specific Yields and Significant Averaged Lithium Concentrations in SOZDD001 at Solaroz Lithium Brine Project
- 16 November 2022: Drilling Completed at Maiden Drillhole at Solaroz Lithium Brine Project
- 1 November 2022: Further Significant Lithium Concentrations Encountered in Maiden Drillhole at Solaroz Lithium Brine Project
- 19 October 2022: Major Lithium Discovery Confirmed In First Drillhole of Maiden Programme at the Solaroz Lithium Brine Project
- 5 October 2022: Significant Intersection of Highly Conductive Brines in Maiden Drillhole at Solaroz Lithium Brine Project

¹¹ Refer LEL Announcement dated 5 October 2022: Results of 2022 Annual General Meeting and LEL's Notice of Annual General Meeting and Explanatory Statement dated 22 August 2022 and released on ASX on 2 September 2022

DIRECTORS' REPORT



LITHIUM ENERGY LTD Solaroz Lithium Project, Argentina
Solaroz Concessions Location Plan

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Figure 1: Solaroz Drill Hole Locations within Solaroz Concessions in Olaroz Salar (Adjacent to Allkem and LAC Concessions)

DIRECTORS' REPORT

Further details on drillholes 2 (SOZDD002) and (SOZDD003) are contained in the following Lithium Energy ASX market announcements:

- 14 March 2023: Further Significant Lithium Discovery Extends Mineralisation at Solaroz Lithium Brine Project
- 27 February 2023: Drilling Continues to Advance at Solaroz Lithium Brine Project
- 31 January 2023: Drilling Continues to Encounter Significant Intersections of Highly Conductive Brines at Solaroz Lithium Project
- 14 December 2022: Intersections of Conductive Brines Encountered in Further Drillholes at Solaroz Lithium Project in Argentina

Lithium Energy will provide a hole completion update on SOZDD002 after the completion and review of geophysical logging and receipt of assays from packer sampling.

Completion of Geophysics Programme

Lithium Energy has undertaken a series of geophysical surveys over the Solaroz concession area:

- Passive Seismic surveys were used to determine the approximate depth of the underlying basement rock (i.e. the theoretical limit of potential lithium mineralisation) underneath the concessions.
- Transient Electromagnetic geophysics (**TEM**) surveys measures electrical conductivity at depth and were used to identify the approximate depth of conductive brines (i.e. salty water with low electrical resistivity) above the basement rocks identified by the Passive Seismic programme.

These results have confirmed the presence of significant quantities of conductive brines in the Solaroz concession area. Further details are in the Lithium Energy ASX market announcement dated 18 August 2022: Highly Encouraging Geophysics Paves Way for Commencement of Drill Testing of Brines at Solaroz

Early Exercise of Option to Acquire Solaroz Concessions

Lithium Energy has exercised its option early, to acquire the Solaroz mineral concessions in consideration of a cash payment of US\$3.84 million (made in October 2022).¹²

Lithium Energy (through its 90% owned subsidiary in Argentina, Solaroz S.A.), had previously entered into an Option and Purchase Agreement (dated March 2019) (**Option Agreement**) with the registered legal and beneficial owner (**Owner**) of mineral concessions which comprise the Solaroz Project. Under the Option Agreement, Solaroz S.A. was required to make a series of payments in cash and (at the election of the company) shares over 4 years totalling US\$6.59 million to the Owner. Lithium Energy had (prior to the early option exercise) made option payments totalling US\$0.26 million, with US\$6.33 million remaining to be paid in tranches (with the final payment due in October 2025).¹³ The US\$3.84 million paid on early exercise of the option represents a (40%) discount of US\$2.49 million.

¹² Refer LEL ASX Announcement dated 31 October 2022: Early Exercise of Option to Acquire Solaroz Lithium Brine Project Concessions

¹³ Refer also, Note 21(d) (Contingencies - Deferred Payments Relating to Acquisition of Solaroz Lithium (Argentina)) to the financial statements in the Company's 2022 Annual Report

DIRECTORS' REPORT

Solaroz Project Background

Lithium Energy's flagship Solaroz Lithium Brine Project comprises 8 mineral concessions 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 (refer Figure 2) in the Salar de Olaroz basin (the **Olaroz Salar**).

The highly prospective nature of the Solaroz Project is highlighted by its close proximity to two world class Lithium brine assets, being the flagship Olaroz Lithium Facility of Allkem Limited (ASX/TSX:**AKE**) (formerly Orocobre Limited) (**Allkem**) and the advanced Cauchari-Olaroz development project held by Lithium Americas Corporation (TSX/NYSE:LAC) (**Lithium Americas**) (under a joint venture with Ganfeng Lithium).

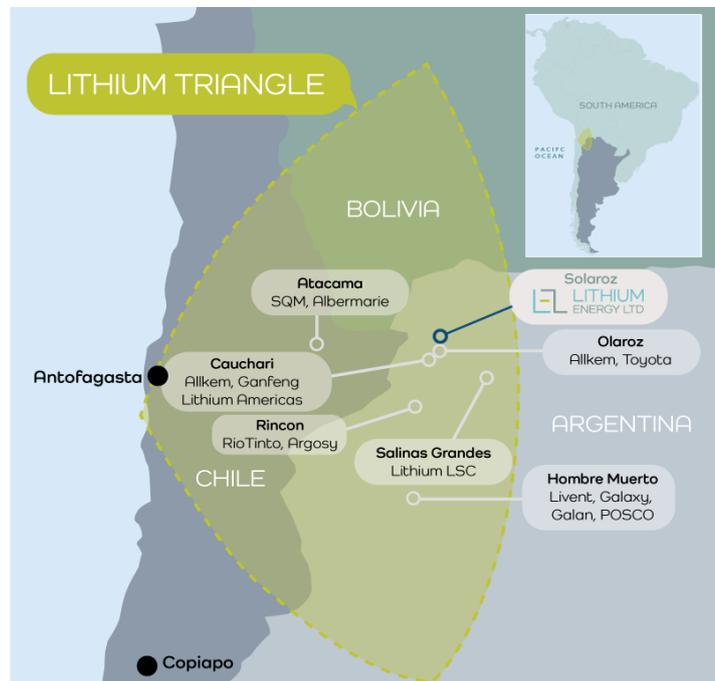


Figure 2: Lithium Projects Located in 'Lithium Triangle'

The Solaroz Project is directly adjacent to or principally surrounded by concessions held by Allkem and Lithium Americas in the Olaroz Salar (refer Figure 1). Allkem's Olaroz Lithium Facility at the Olaroz Salar (under a joint venture with Tokyo Stock Exchange listed Toyota Tsusho Corporation (TYO:8015)) has been extracting lithium brine and producing lithium carbonate since ~2015.¹⁴ Lithium Americas' Cauchari-Olaroz Project is located in the Olaroz Salar and neighbouring Salar de Cauchari adjacent to Allkem's Olaroz Lithium Facility.¹⁵

The location of Lithium Energy's Solaroz concessions is outlined in Figure 1.

¹⁴ Source: Allkem ASX announcements

¹⁵ Source: Lithium America's public releases

DIRECTORS' REPORT

Solaroz Exploration Target

Lithium Energy has established a conceptual Exploration Target for the Solaroz Project of 16:

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**

Brine Area (km ²)	SOLAROZ EXPLORATION TARGET					
	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), Allkem (23 October 2014) and Lithium Americas (30 September 2020).
- (4) Lithium grade ranges have been approximated from a review of open file information (Houston et al (13 May 2011), Allkem (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 Li₂CO₃ ((LCE).
- (7) For further details in relation to the Exploration Target, refer to Lithium Energy's ASX Announcement dated 8 June 2021: Substantial Lithium Exploration Target Identified at the Solaroz Project in Argentina.

DIRECTORS' REPORT

Burke Graphite Project (Queensland, Australia)

(100%)

Burke Tenement – Infill Drilling Programme, Resource Upgrade, Further Testwork and Studies

Lithium Energy has completed an infill drilling programme at the Burke Tenement (EPM 25443), with a total of 29 Reverse Circulation (**RC**) holes (totalling ~2,600m) and 7 diamond core (metallurgical and geotechnical) holes (totalling ~700m).

Assays from the RC holes received to date show multiple significant intercepts of exceptionally high grade graphite in excess of 20% Total Graphitic Carbon (**TGC**) and over thick widths in multiple drill holes.

Figure 3 shows the location of the drillholes on the south-east corner of the Burke Tenement (with the results of the previous Electro Magnetic (**EM**) surveys¹⁷ also shown), including RC holes BGRC015 to BGRC034 where assay results (and their cross-section lines) have been announced. The balance of the assay results for both RC and diamond holes are pending receipt and review/analysis by the Company.

Further details of the results of drilling at the Burke Tenement are contained in the following Lithium Energy ASX market announcements:

- 22 February 2023: Update – Infill Drilling Results at Burke Graphite Deposit
- 16 February 2023: Significant High Grade Graphite Intercepts Continue at Burke Graphite Deposit
- 9 February 2023: Burke Graphite Deposit Continues to Deliver Exceptional Drilling Results
- 3 February 2023: Multiple Exceptional Drilling Results from Burke Graphite Deposit

The Burke Tenement currently has a 6.3Mt JORC Inferred Mineral Resource Grade of 16% Total Graphitic Carbon (**TGC**), within which there is a higher-grade component of 2.3Mt @ 20.6% TGC¹⁸ (**Burke Deposit**). Lithium Energy has engaged a consultant geologist to upgrade the Burke Deposit to an Indicated JORC Mineral Resource category.

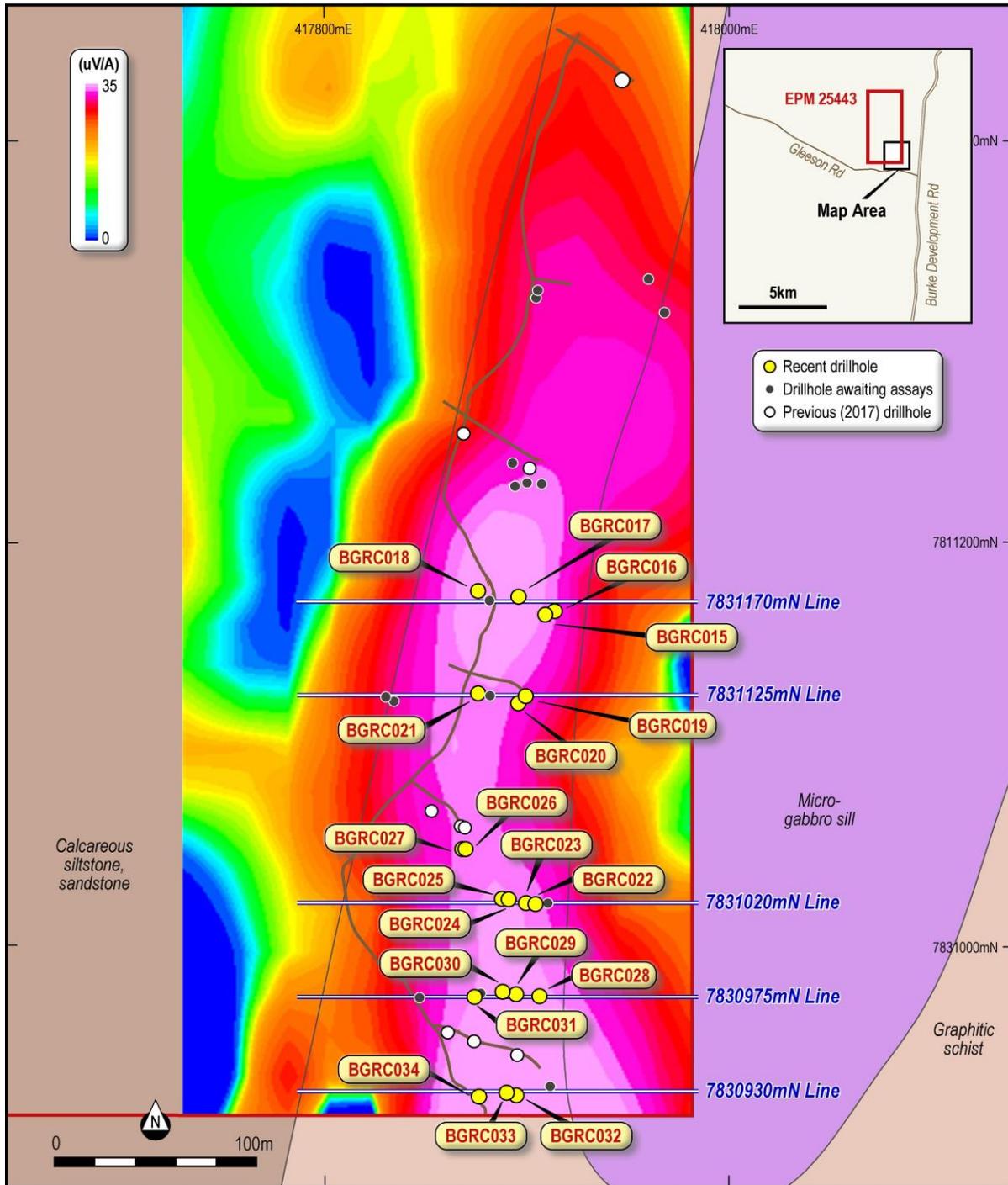
The diamond core has also provided representative graphite samples of the Burke Deposit for an extensive metallurgical, Purified Spherical Graphite (**PSG**) and anode testwork and development programme.

The upgrade in the resource classification of the Burke Deposit and the metallurgical and PSG optimisation testwork will support a planned Engineering Study to assess the viability of establishing a PSG Anode manufacturing facility, using the Burke Graphite as feedstock material.

¹⁷ Refer SRK ASX Announcement dated 26 June 2018: Burke Graphite Project – New Target Area Identified from Ground Electro-Magnetic Surveys

¹⁸ Refer Strike Resources Limited (ASX:SRK) ASX Announcement dated 13 November 2017: Maiden Mineral Resource Estimate Confirms Burke Project as One of the World's Highest-Grade Natural Graphite Deposits

DIRECTORS' REPORT



Burke Tenement - EM Survey & Drill Holes
Burke Graphite Project, Queensland, Australia




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Figure 3: Location of Drillholes and Cross-Sections Lines on Burke Tenement

DIRECTORS' REPORT

Corella Tenement – Maiden Drilling Programme

Lithium Energy has planned a maiden drilling programme at the Corella Tenement (EPM 25696), located ~150km south of the Burke Tenement, to test the extent of graphite mineralisation (identified through previous sampling and EM surveys¹⁷) with the objective of delineating a maiden JORC Inferred Mineral Resource.

Approximately 2,000 metres of RC drilling and ~200 metres of diamond drilling is planned at the Corella Tenement, which will provide assays and samples for supporting resource development and metallurgical testwork. The Corella drilling programme is expected to commence after the end of the Queensland wet season, in March/April 2023.

A previous EM survey and surface sampling programme (that indicated multiple occurrences of high grade graphite of up to 14.8% TGC) in the north-east corner of the Corella Tenement (refer Figure 4) identified the potential for significant graphite mineralisation.¹⁷ 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 4) within which conductive features similar to those corresponding to high-grade graphite occurring at the Burke Tenement were identified.

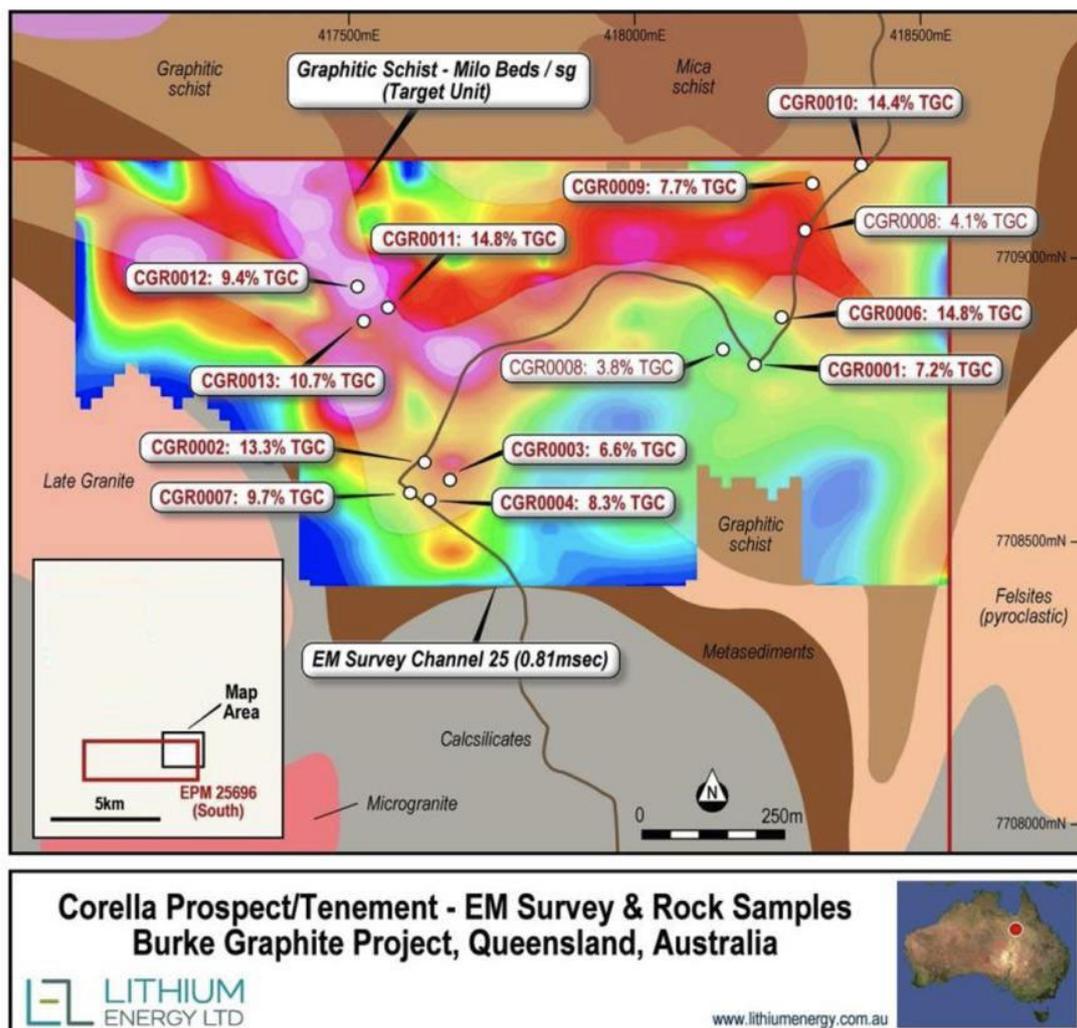


Figure 4 – EM Survey – Corella Prospect, Burke Graphite Project

DIRECTORS' REPORT

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 of up to 14.85% TGC¹⁹.

CSIRO Testwork – Li ion Battery Anode Material

CSIRO has undertaken characterisation, purification and spheronisation testwork on natural graphite from the Burke Deposit (**Burke Graphite**) to determine its suitability for use as a battery anode material.²⁰ This work was partially funded under CSIRO's (research related) Kick Start Programme.

The preliminary results achieved by the CSIRO testwork are considered highly encouraging as they closely approach or meet the relevant industry benchmarks typically required for lithium-ion battery anode material. Furthermore, the Company considers these results particularly positive given that the electrochemical testing of natural graphite anodes was made from spheronised Burke Graphite without the benefit of final purification or any coating material being applied, both of which would typically improve cell performance even further. Further details are in the Lithium Energy ASX market announcement dated 1 December 2022: Burke Graphite Shows Excellent Lithium-Ion Battery Anode Potential.

Based on these excellent preliminary results, the Company is planning further anode development testwork, with the objective of producing samples of purified spherical graphite (PSG) material which meet or exceed relevant industry performance benchmarks, for prospective customers to evaluate for use as anode material in lithium-ion batteries.

Burke Graphite Project Background

The Burke Graphite Project (**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 5).

The Burke EPM 25443 tenement (**Burke 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 (**Corella Tenement**) is located 40km west of Cloncurry near the Flinders Highway that links Mt Isa to Townsville. The Corella Tenement located ~150km south of the Burke Tenement.

¹⁹ Refer SRK ASX announcement dated 21 April 2017: Jumbo Flake Graphite Confirmed at Burke Graphite Project, Queensland

²⁰ Refer LEL ASX Announcement dated 1 December 2022: Burke Graphite Shows Excellent Lithium-Ion Battery Anode Potential

DIRECTORS' REPORT

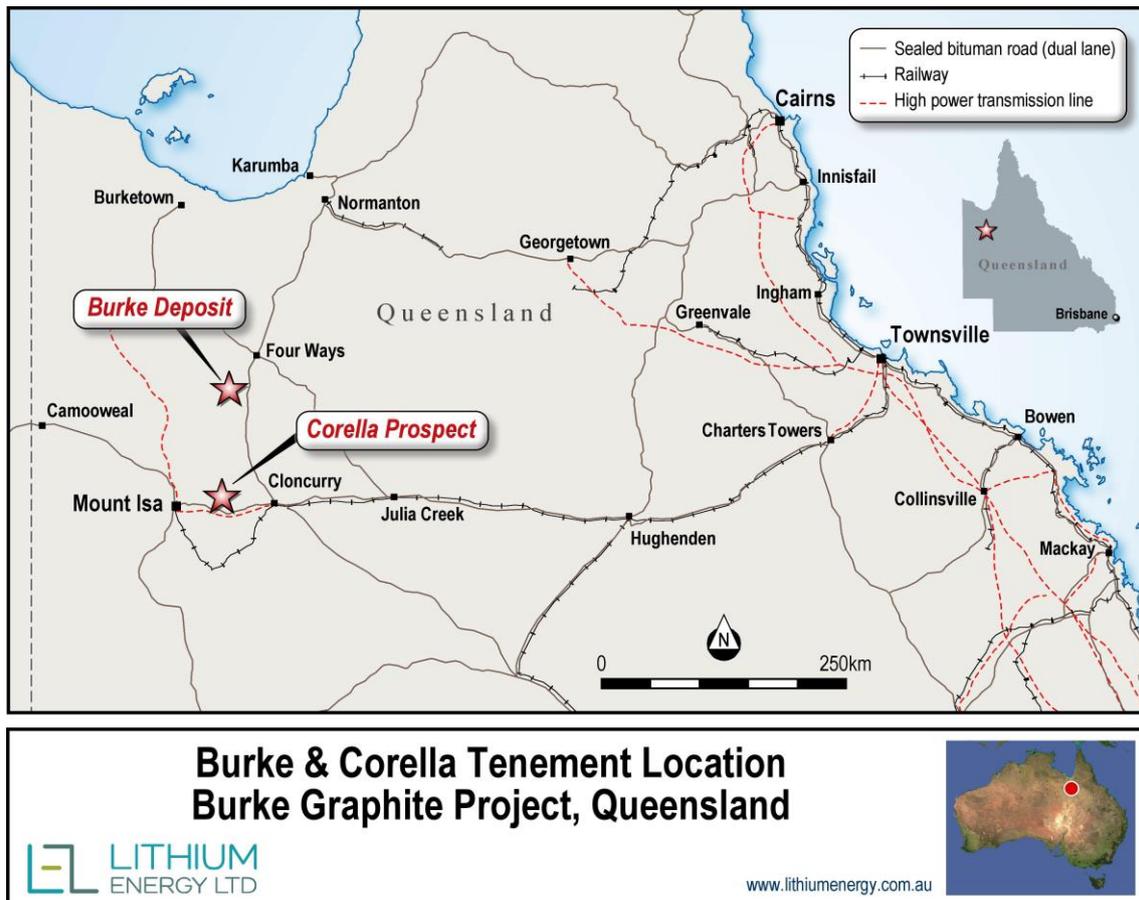


Figure 5: Burke Graphite Project Tenement Locations in North Central Queensland

Burke Deposit

A Mineral Resource Estimate (MRE) for the Burke Tenement previously defined a maiden Inferred Mineral Resource (Burke Deposit) 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 13ineralization 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

The grades from the Burke Deposit are exceptionally high when compared with most other known graphite deposits globally.

DIRECTORS' REPORT

The results from the recently completed 36 hole RC and diamond core (metallurgical and geotechnical) drilling programme at the Burke Tenement will be used to upgrade the maiden inferred Mineral Resource for the Burke Deposit from an Inferred to Indicated JORC Mineral Resource category.

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. The flotation tests previously conducted have confirmed that a concentrate of purity **in excess of 95%** can be produced using a standard flotation process.²¹
- Contains graphite from which Graphene Nano Platelets (**GNP**) have been successfully extracted direct from the Burke Deposit via Electrochemical Exfoliation (**ECE**).²² 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.
- Has highly encouraging preliminary results from CSIRO testwork (to determine its suitability for use as a battery anode material), including achieving a purity of 99.94 % TGC, which closely compares to typical industry requirements of +99.95% TGC for lithium-ion battery anode material.²³
- Is favourably located with well-developed transport infrastructure and logistics and relative to the Lansdown Eco-Industrial Precinct near Townsville in North Queensland, which is emerging as an important precinct for the production of critical materials for battery technologies in Australia.

Quarterly Reports

Further information on the Consolidated Entity's activities and operations during the financial half year are also contained in Lithium Energy's Quarterly Activities and Cash Flow Reports lodged on ASX dated:

- 31 January 2023: Quarterly Report – 31 December 2022;
- 1 November 2022: Quarterly Report – 30 September 2022; and
- 1 August 2022: Quarterly Report – 30 June 2022.

21 Refer SRK ASX Announcement dated 16 October 2017: Test-work confirms the potential suitability of Burke graphite for Lithium-ion battery usage and Graphene production

22 Refer SRK ASX announcement dated 21 April 2017: Jumbo Flake Graphite Confirmed at Burke Graphite Project, Queensland

23 Refer LEL ASX Announcement dated 1 December 2022: Burke Graphite Shows Excellent Lithium-Ion Battery Anode Potential

DIRECTORS' REPORT

FUTURE DEVELOPMENTS

Lithium Energy intends to advance the exploration and evaluation of its Solaroz Lithium-Brine Project in Argentina and Burke Graphite Project in Queensland and potentially investigate and pursue other prospective resource projects in the battery minerals sector. The likely outcomes of these activities depend on a range of technical and economic factors and also industry, geographic and other strategy specific issues (including the impacts of health pandemics). In the opinion of the Directors, it is not possible or appropriate to make a prediction on the results of these activities, the future course of markets or the forecast of the likely results of Lithium Energy's activities.

ENVIRONMENTAL REGULATION

Lithium Energy holds mineral tenement/concession licences issued by the relevant mining and environmental protection authorities of the various countries in which it operates (from time to time). In the course of its mineral exploration, evaluation and development activities, Lithium Energy adheres to licence conditions and environmental regulations imposed upon it by various authorities (as applicable). Lithium Energy has complied with all licence conditions and environmental requirements (as applicable) during the financial half year and up to the date of this report. There have been no known material breaches of Lithium Energy's licence conditions and environmental regulations during the financial year and up to the date of this report.

BOARD OF DIRECTORS

William M. Johnson

Executive Chairman

<i>Appointed</i>	14 January 2021
<i>Qualifications</i>	MA (Oxon), MBA
<i>Experience</i>	William Johnson holds a Masters Degree in Engineering Science from Oxford University, England and an MBA from Victoria University, New Zealand. His 35-year business career spans multiple industries and countries, with executive/CEO experience in mineral exploration and investment (Australia, Peru, Chile, Saudi Arabia, Oman, North Africa and Indonesia), telecommunications infrastructure investment (New Zealand, India, Thailand and Malaysia) and information technology and Internet ventures (New Zealand, Philippines and Australia). Mr Johnson is a highly experienced public company director and has considerable depth of experience in corporate governance, business strategy and operations, investment analysis, finance and execution.
<i>Special responsibilities</i>	None (other than as Chairman of the Board of Directors)
<i>Relevant interest in securities</i>	110,000 shares 2,850,000 Executive Options (\$0.30, 18 March 2024) 1,000,000 Executive Options (\$1.39, 29 November 2024) 5,000,000 Executive Options (\$1.06, 4 October 2025)
<i>Current directorships in listed entities</i>	Managing Director of Strike Resources Limited (ASX:SRK) (since 25 March 2013; Director since 14 July 2006) Executive Director of Bentley Capital Limited (ASX:BEL) (since 1 January 2016; Director since March 2009)

DIRECTORS' REPORT

Peter C. Smith	Executive Director
<i>Appointed</i>	18 March 2021
<i>Qualifications</i>	BSc (Geophysics) (Sydney), AIG, ASEG
<i>Experience</i>	Peter Smith has 35 years' experience in mineral exploration having worked for Normandy, Pasmenco, BHP-Billiton and Cliffs Natural Resources. Mr Smith has held exploration management positions in ASX-listed NGM Resources Limited (ASX:NGM) and NYSE-listed Cliffs Natural Resources (as Regional Exploration Manager for Australia and Oceania) and has been a Director of Volta Mining Limited (ASX:VTM) and Castillo Copper Limited (ASX:CCZ). Mr Smith brings a broad range of skills and experience in mineral exploration.
<i>Special responsibilities</i>	None
<i>Relevant interest in securities</i>	450,000 shares (subject to escrow until 19 May 2023) 1,450,000 Executive Options (\$0.30, 18 March 2024) 500,000 Executive Options (\$1.39, 29 November 2024) 2,500,000 Executive Options (\$1.06, 4 October 2025)
<i>Other current directorships in listed entities</i>	None

Farooq Khan	Executive Director
<i>Appointed</i>	14 January 2021
<i>Qualifications</i>	BJuris, LLB (Western Australia)
<i>Experience</i>	Farooq Khan is a qualified lawyer having previously practised principally in the field of corporate law. Mr Khan has extensive experience in the securities industry, capital markets and the executive management of ASX-listed companies. In particular, Mr Khan has guided the establishment and growth of a number of public listed companies in the investment, mining and financial services sector. He has considerable experience in the fields of capital raisings, mergers and acquisitions and investments.
<i>Special responsibilities</i>	None
<i>Relevant interest in securities</i>	25,000 shares 2,850,000 Executive Options (\$0.30, 18 March 2024) 1,000,000 Executive Options (\$1.39, 29 November 2024) 5,000,000 Executive Options (\$1.06, 4 October 2025)
<i>Other current directorships in listed entities</i>	Executive Chairman of: <ul style="list-style-type: none"> • Strike Resources Limited (ASX:SRK) (since 18 December 2015; Director since 1 October 2015) • Orion Equities Limited (ASX:OEQ) (since 23 October 2006) • Bentley Capital Limited (ASX:BEL) (since 2 December 2003) Executive Chairman and Managing Director of: <ul style="list-style-type: none"> • Queste Communications Ltd (ASX:QUE) (since 10 March 1998)

DIRECTORS' REPORT

COMPANY SECRETARY

Victor P.H. Ho Company Secretary

Appointed 14 January 2021

Qualifications BCom, LLB (*Western Australia*), CTA

Experience Victor Ho has been in Executive roles with a number of ASX-listed companies across the investments, resources and technology sectors over the past 23 years. Mr Ho is a Chartered Tax Adviser (CTA) and previously had 9 years' experience in the taxation profession with the Australian Tax Office (ATO) and in a specialist tax law firm. Mr Ho has been actively involved in the investment management of listed investment companies (as an Executive Director and/or a member of the Investment Committee), the structuring and execution of a number of corporate, M&A and international joint venture (in South America (Peru, Chile and Argentina), Indonesia and the Middle East (Saudi Arabia and Oman)) transactions, capital raisings, resources project (debt) financing, spin-outs/demergers and IPO's/re-listings on ASX and capital management initiatives and has extensive experience in public company administration, corporations' law, ASIC/ASX compliance and investor/shareholder relations.

Special responsibilities None

Relevant interest in securities 96,154 shares
2,850,000 Executive Options (\$0.30, 18 March 2024)
1,000,000 Executive Options (\$1.39, 29 November 2024)
5,000,000 Executive Options (\$1.06, 4 October 2025)

Other positions held in listed entities Executive Director and Company Secretary of:

- Strike Resources Limited (ASX:SRK) (Director since 17 January 2014; Secretary since 30 September 2015)
- Orion Equities Limited (ASX:OEQ) (Secretary since 2 August 2000; Director since 4 July 2003)
- Queste Communications Ltd (ASX:QUE) (Secretary since 30 August 2000; Director since 3 April 2013)

Company Secretary of Bentley Capital Limited (ASX:BEL) (since 5 February 2004)

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001 (Cth)* forms part of this Directors Report and is set out on page 18. This relates to the Auditor's Independent Review Report, where the Auditors state that they have issued an independence declaration.

Signed for and on behalf of the Directors in accordance with a resolution of the Board,



William Johnson
Executive Chairman

14 March 2023

ROTHSAY

AUDIT & ASSURANCE PTY LTD

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead auditor of the review of Lithium Energy Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Lithium Energy Limited and the entities it controlled during the half-year.

Rothsay Audit & Assurance Pty Ltd



Daniel Dalla
Director

14 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half year ended 31 December 2022

	Note	31 Dec 22	31 Dec 21
REVENUE	2	\$	\$
Interest revenue		238,406	13,284
Other			
Foreign exchange gain		739,867	4,511
TOTAL REVENUE AND INCOME		978,273	17,795
EXPENSES	3		
Personnel expenses		(488,554)	(216,830)
Share-based payments		(9,943,615)	(1,344,262)
Corporate expenses		(163,077)	(90,617)
Occupancy expenses		(14,977)	(20,659)
Exploration and evaluation expenses		(738)	(8,547)
Finance expenses		(2,195)	205
Administration expenses		(244,604)	(94,284)
LOSS BEFORE INCOME TAX		(9,879,487)	(1,757,199)
Income tax expense		-	-
LOSS FOR THE HALF YEAR		(9,879,487)	(1,757,199)
OTHER COMPREHENSIVE INCOME			
Other Comprehensive Income, Net of Tax			
Exchange differences on translation of foreign operations		(1,174,214)	14,825
TOTAL COMPREHENSIVE LOSS FOR THE HALF YEAR		(11,053,701)	(1,742,374)
LOSS PER SHARE FOR LOSS ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY:			
Basic and diluted loss per share (cents)	5	(10.78)	(2.20)

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2022

	Note	31 Dec 22 \$	30 Jun 22 \$
CURRENT ASSETS			
Cash and cash equivalents	6	11,878,004	6,672,551
Receivables		866,205	220,194
TOTAL CURRENT ASSETS		12,744,209	6,892,745
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	7	14,926,021	7,306,914
Property, plant and equipment		81,638	53,608
TOTAL NON-CURRENT ASSETS		15,007,659	7,360,522
TOTAL ASSETS		27,751,868	14,253,267
CURRENT LIABILITIES			
Payables		772,652	148,569
Provisions		24,638	18,245
TOTAL CURRENT LIABILITIES		797,290	166,814
TOTAL LIABILITIES		797,290	166,814
NET ASSETS		26,954,578	14,086,453
EQUITY			
Issued capital	8	28,635,165	15,006,458
Reserves	9	11,632,627	2,513,722
Accumulated losses		(13,313,214)	(3,433,727)
TOTAL EQUITY		26,954,578	14,086,453

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half year ended 31 December 2022

	Issued capital	Foreign Currency Translation reserve	Share-based payments reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$
BALANCE AT 1 JULY 2021	15,006,458	60,572	1,066,102	(1,128,361)	15,004,771
Loss for the half year	-	-	-	(1,757,199)	(1,757,199)
Other comprehensive income	-	14,825	-	-	14,825
Total comprehensive loss for the half year	-	14,825	-	(1,757,199)	(1,742,374)
Transactions with owners in their capacity as owners:					
Issue of options	10	-	1,344,262	-	1,344,262
BALANCE AT 31 DECEMBER 2021	15,006,458	75,397	2,410,364	(2,885,560)	14,606,659
BALANCE AT 1 JULY 2022	15,006,458	79,618	2,434,104	(3,433,727)	14,086,453
Loss for the half year	-	-	-	(9,879,487)	(9,879,487)
Other comprehensive income	-	(1,174,214)	-	-	(1,174,214)
Total comprehensive loss for the half year	-	(1,174,214)	-	(9,879,487)	(11,053,701)
Transactions with owners in their capacity as owners:					
Issue of shares	8	13,628,707	-	-	13,628,707
Issue of options	10	-	10,293,119	-	10,293,119
BALANCE AT 31 DECEMBER 2022	28,635,165	(1,094,596)	12,727,223	(13,313,214)	26,954,578

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

for the half year ended 31 December 2022

	Note	31 Dec 22 \$	31 Dec 21 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(890,006)	(536,787)
Payments for exploration and evaluation		(1,626,223)	(119,568)
NET CASH USED IN OPERATING ACTIVITIES		<u>(2,516,229)</u>	<u>(656,355)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for tenement acquisition		(5,993,622)	-
Payment for purchases of plant and equipment		(31,708)	(7,794)
Interest received		203,148	13,284
NET CASH USED IN INVESTING ACTIVITIES		<u>(5,822,182)</u>	<u>5,490</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of shares		15,000,000	-
Cost of issuing shares		(1,021,789)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES		<u>13,978,211</u>	<u>-</u>
NET DECREASE IN CASH HELD		5,639,800	(650,865)
Cash and cash equivalents at beginning of the year		6,672,551	7,994,344
Effect of exchange rate changes on cash held		(434,347)	19,358
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	6	<u><u>11,878,004</u></u>	<u><u>7,362,837</u></u>

The accompanying notes form part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2022

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The half year financial statements are a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. These half year financial statements do not include notes of the type normally included in the annual financial statements and should be read in conjunction with the most recent annual financial statements and the Company's ASX announcements released from 1 July 2022 to the date of this report.

Basis of Preparation

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half year financial statements are consistent with those adopted and disclosed in the Consolidated Entity's financial statements for the financial year ended 30 June 2022.

New, revised or amending Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not mandatory have not been early adopted. These are not expected to have a material impact on the Consolidated Entity's financial statements.

2. REVENUE	31 Dec 22	31 Dec 21
	\$	\$
The Consolidated Entity's operating loss before income tax includes the following items of revenue:		
Revenue		
Interest revenue	238,406	13,284
	<u>238,406</u>	<u>13,284</u>
Other		
Foreign exchange gain	739,867	4,511
	<u>978,273</u>	<u>17,795</u>

3. EXPENSES

The Consolidated Entity's operating loss before income tax includes the following items of expenses:

Personnel expenses		
Salaries, fees and employee benefits	488,554	216,830
Share-based payments - Executive and SIP Options	9,943,615	1,344,262

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2022

3. EXPENSES (continued)	31 Dec 22	31 Dec 21
	\$	\$
Corporate expenses		
Professional fees	30,082	3,031
Auditor fees	7,000	6,000
ASX and CHESS fees	51,786	43,183
Share registry	13,617	16,267
ASIC fees	1,599	1,402
Accounting, taxation and related administration	38,731	13,458
Other corporate expenses	20,262	7,276
Occupancy expenses	14,977	20,659
Exploration and evaluation expenses	738	8,547
Finance expenses	2,195	(205)
Administration expenses		
Marketing	53,276	34,445
Insurance	13,217	24,589
Depreciation	3,678	1,321
Other administration expenses	174,433	33,929
	10,857,760	1,774,994

4. SEGMENT INFORMATION

31 Dec 22	Argentina	Australia	Total
	\$	\$	\$
Revenue	123,774	114,632	238,406
Other	903,762	(163,895)	739,867
Total segment revenues	1,027,536	(49,263)	978,273
Personnel expenses	158,081	10,274,088	10,432,169
Corporate expenses	15,442	147,635	163,077
Occupancy expenses	-	14,977	14,977
Exploration and evaluation expenses	-	738	738
Finance expenses	1,149	1,046	2,195
Depreciation expense	-	3,678	3,678
Other expenses	74,656	166,270	240,926
Total segment profit/(loss)	778,208	(10,657,695)	(9,879,487)
Adjusted EBITDA	778,208	(10,661,373)	(9,883,165)
Total segment assets	14,643,684	13,108,184	27,751,868
Total segment liabilities	250,289	547,001	797,290

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2022

4. SEGMENT INFORMATION (continued)	Argentina \$	Australia \$	Total \$
31 Dec 21			
Revenue	-	13,284	13,284
Other	4,405	106	4,511
Total segment revenues	4,405	13,390	17,795
Personnel expenses	-	1,561,092	1,561,092
Corporate expenses	3,826	86,791	90,617
Occupancy expenses	-	20,659	20,659
Exploration and evaluation expenses	8,269	278	8,547
Finance expenses	(348)	143	(205)
Depreciation expense	-	1,321	1,321
Other expenses	460	92,503	92,963
Total segment loss	(7,802)	(1,749,397)	(1,757,199)
Adjusted EBITDA	(7,802)	(1,750,718)	(1,758,520)
30 Jun 22			
Total segment assets	849,910	13,403,357	14,253,267
Total segment liabilities	7,798	159,016	166,814
5. LOSS PER SHARE			
	31 Dec 22	31 Dec 21	
	cents	cents	
Basic and diluted loss per share (cents)	(10.78)	(2.20)	
The following represents the loss and weighted average number of shares used in the loss per share calculations:			
Net loss after income tax	(9,879,487)	(1,757,199)	
	Shares	Shares	
Weighted average number of ordinary shares	91,640,137	80,010,000	
6. CASH AND CASH EQUIVALENTS			
	31 Dec 22	30 Jun 22	
	\$	\$	
Cash at bank	1,678,004	1,872,551	
Term deposits	10,200,000	4,800,000	
	11,878,004	6,672,551	
7. EXPLORATION AND EVALUATION EXPENDITURE			
Opening balance	7,306,914	7,011,511	
Exploration and evaluation costs	1,625,485	295,403	
Exploration assets acquired	5,993,622	-	
Closing balance	14,926,021	7,306,914	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2022

8. ISSUED CAPITAL	31 Dec 22	30 Jun 22
	\$	\$
95,010,000 fully paid ordinary shares (30 Jun 2022: 80,010,000 shares)	28,635,165	15,006,458
Movement in fully paid ordinary shares	of shares	\$
At 1 July 2021	80,010,000	15,006,458
Issue of shares at \$1.00 each	21 Sep 22 15,000,000	15,000,000
Cost of share issue	-	(1,371,293)
At 31 December 2022	95,010,000	28,635,165
9. RESERVES	31 Dec 22	30 Jun 22
	\$	\$
Share-based payments reserve (refer also to Note 15)	12,727,223	2,434,104
Foreign currency translation reserve	(1,094,596)	79,618
	11,632,627	2,513,722

10. SHARE BASED PAYMENTS

The Company had share based payments, as follows:

Grant date	Expiry date	Fair value at grant date (\$)	Exercise price (\$)	Opening balance	During the period			Closing balance	Vested and exercisable at period end
					Granted/Issued	Exercised	Cancelled		
For the half year ended 31 December 2022									
19-Mar-21	18-Mar-24	0.076	0.300	10,000,000	-	-	-	10,000,000	10,000,000
05-May-21	04-May-24	0.076	0.300	4,000,000	-	-	-	4,000,000	4,000,000
30-Nov-21	29-Nov-24	0.384	1.390	3,500,000	-	-	-	3,500,000	3,500,000
16-Feb-22	15-Feb-25	0.460	1.595	100,000	-	-	-	100,000	33,333
21-Sep-22	20-Sep-25	0.466	1.500	-	750,000	-	-	750,000	750,000
05-Oct-22	04-Oct-25	0.568	1.060	-	17,500,000	-	-	17,500,000	17,500,000
01-Dec-22	30-Nov-25	0.440	1.320	-	400,000	-	-	400,000	-
				17,600,000	18,650,000	-	-	36,250,000	35,783,333
Weighted average exercise price (\$)				0.239	1.055	-	-	0.252	0.255

Grant date	Expiry date	Fair value at grant date (\$)	Exercise price (\$)	Opening balance	During the period			Closing balance	Vested and exercisable at period end
					Granted/Issued	Exercised	Cancelled		
For the year ended 30 June 2022									
19-Mar-21	18-Mar-24	0.076	0.300	10,000,000	-	-	-	10,000,000	10,000,000
05-May-21	04-May-24	0.076	0.300	4,000,000	-	-	-	4,000,000	4,000,000
30-Nov-21	29-Nov-24	0.384	1.390	-	3,500,000	-	-	3,500,000	3,500,000
16-Feb-22	15-Feb-25	0.460	1.595	-	100,000	-	-	100,000	33,333
				14,000,000	3,600,000	-	-	17,600,000	17,533,333
Weighted average exercise price (\$)				0.300	1.366	-	-	0.518	0.520

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2022

10. SHARE BASED PAYMENTS (continued)

The following options were issued during the financial half year:

- (a) 750,000 Broker's Options were granted on 21 September 2022, each with an exercise price of \$1.50 and an exercise term expiring on 20 September 2025.
- (b) 17,500,000 Executive Options were granted (after approval of shareholders at the Company's Annual General Meeting) on 5 October 2022, each with an exercise price of \$1.069 and a term expiring on 4 October 2025.
- (c) 400,000 Securities Incentive Plan (SIP) Options were granted on 1 December 2022, each with an exercise price of \$1.32 and an exercise term expiring on 30 November 2025. These options will vest on 31 December 2023 and will be expensed over the vesting period.

The fair value of the Brokers, Executives and SIP options issued were calculated using an options valuation model which assumes (as at the date of grant) an underlying Company share price, a risk-free rate per annum (based on the 3 year Australian bond yield rate) and a volatility rate for the underlying shares in the Company as follows:

	Share Price	Risk-Free rate	Volatility rate
Broker's Options (\$1.50, 20 September 2025)	\$0.990	3.33%	86%
Executive Options (\$1.069, 4 October 2025)	\$1.020	3.16%	86%
SIP Options (\$1.32, 30 November 2025)	\$0.915	3.09%	86%

11. COMMITMENTS

(a) Mining Tenements/Concessions – Annual Fees and Expenditure Commitments

(i) Australian Tenements

The Consolidated Entity is required to pay rates, rent and other annual fees to relevant Regulatory Authorities of the State (and Local) Government and meet minimum annual expenditure commitments (subject to successful applications for exemption in relation thereto) in order to maintain rights of tenure over its granted Australian mining tenements. The total amount of these commitments will depend upon the number and area of granted mining tenements held/retained, the length of time of each tenement held and whether and to what extent the Consolidated Entity has been successful in obtaining exemption(s) from meeting annual expenditure commitments.

(ii) Argentinian Concessions

The Consolidated Entity is required to pay a licence and other annual fees to relevant Regulatory Authorities of the Argentine (and or regional/provincial) Government in respect of mineral concessions held in Argentina. The total amount of this commitment will depend upon, inter alia, the number and area of concessions held/retained and the length of time of each concession held.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2022

12. CONTINGENCIES

(a) **Directors' Deeds**

The Consolidated Entity has entered into deeds of indemnity with the Directors and Company Secretary of the Company, indemnifying them against liability incurred in discharging their duties as officers. As at the reporting date, no claims have been made under any such indemnities and, accordingly, it is not possible to quantify the potential financial obligation of the Consolidated Entity under these indemnities.

(b) **Australian Native Title**

The Consolidated Entity's tenements in Australia are (or may in the future be) subject to native title rights of the traditional owners under the *Native Title Act 1993 (Cth)*. As at the reporting date, the Consolidated Entity has not entered into any native title related access and compensation agreements with any traditional owners and it is not possible to quantify the impact that native title may have on the operations of the Consolidated Entity in relation to these tenements.

(c) **Government Royalties**

The Consolidated Entity may be liable to pay royalties to Government on production obtained from its mineral tenements/concessions.

13. EVENTS OCCURRING AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since the end of the financial period that significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Lithium Energy Limited made pursuant to sub-section 303(5) of the *Corporations Act 2001 (Cth)*, we state that:

In the opinion of the Directors:

- (1) The financial statements and notes of the Consolidated Entity are in accordance with the *Corporations Act 2001 (Cth)*, including:
 - (a) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2022 and of its performance for the financial half year ended on that date; and
 - (b) complying with Accounting Standards AASB 134 "Interim Financial Reporting", *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (2) There are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



William Johnson
Executive Chairman

14 March 2023

ROTHSAY

AUDIT & ASSURANCE PTY LTD

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF

LITHIUM ENERGY LIMITED

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Lithium Energy Limited ("the Company"), and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

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CHARTERED ACCOUNTANTS
AUSTRALIA - NEW ZEALAND



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
LITHIUM ENERGY LIMITED (continued)

Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Rothsay Audit & Assurance Pty Ltd

Daniel Dalla
Director

Dated 14 March 2023

LIST OF MINERAL CONCESSIONS

Lithium Energy has interests in the following mineral concessions/tenements as at 31 December 2022 and currently:

Solaroz Lithium 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

Burke Graphite Project (Queensland, Australia)

(100%)

Tenement No.	Grant Date	Expiry Date	Area (blocks)	Area (km ²)
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

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	Oxide	0.5	14.0	0.1	2.5
Mineral	Fresh	5.8	16.2	0.9	2.4
Resource	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 Resources Limited'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 PERSONS' 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:

- 14 March 2023 entitled "Further Significant Lithium Discovery Extends Mineralisation at Solaroz Lithium Brine Project"
- 10 March 2023 entitled "Positive Specific Yields and Significant Averaged Lithium Concentrations in SOZDD001 at Solaroz Lithium Brine Project"
- 27 February 2023 entitled "Drilling Continues to Advance at Solaroz Lithium Brine Project"
- 31 January 2023 entitled "Drilling Continues to Encounter Significant Intersections of Highly Conductive Brines at Solaroz Lithium Project"
- 14 December 2022 entitled "Intersections of Conductive Brines Encountered in Further Drillholes at Solaroz Lithium Project in Argentina"
- 16 November 2022 entitled "Drilling Completed at Maiden Drillhole at Solaroz Lithium Brine Project"
- 1 November 2022 entitled "Further Significant Lithium Concentrations Encountered in Maiden Drillhole at Solaroz Lithium Brine Project"
- 19 October 2022 entitled "Major Lithium Discovery Confirmed In First Drillhole of Maiden Programme at the Solaroz Lithium Brine Project"
- 5 October 2022 entitled "Significant Intersection of Highly Conductive Brines in Maiden Drillhole at Solaroz Lithium Brine Project"
- 18 August 2022 entitled "Highly Encouraging Geophysics Paves Way for Commencement of Drill Testing of Brines at Solaroz"
- 9 May 2022 entitled "Geophysics Expanded Across all Concessions to Refine Drill Targets at Solaroz Lithium Project"
- 8 June 2021 entitled "Substantial Lithium Exploration Target Identified at the Solaroz Project in Argentina"

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. At the time of the Mineral Resource estimation, Dr Scogings and Mr Louw were 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 at the time of the Mineral Resource estimation, also a member of the Australian 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

JORC CODE COMPETENT PERSONS' STATEMENTS

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:
- 22 February 2023 entitled "Update - Infill Drilling Results at Burke Graphite Deposit"
 - 16 February 2023 entitled "Significant High Grade Graphite Intercepts Continue at Burke Graphite Deposit"
 - 9 February 2023 entitled "Burke Graphite Deposit Continues to Deliver Exceptional Drilling Results"
 - 3 February 2023 entitled "Multiple Exceptional Drilling Results from Burke Graphite Deposit"
 - 27 September 2021 entitled "High Grade Burke Graphite to be Optimised for Lithium Battery Application"
 - 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).

JORC CODE COMPETENT PERSONS' STATEMENTS

Lithium Energy's ASX Announcements may be viewed and downloaded from the Company's website: www.lithiumenergy.com.au or the ASX website: www.asx.com.au under ASX code "LEL".

Strike's ASX Announcements may be viewed and downloaded from the Company's website: www.strikeresources.com.au or the ASX website: www.asx.com.au under ASX code "SRK".

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 Lithium Energy, 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 Lithium Energy 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. Lithium Energy 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. Lithium Energy does not undertake to update any forward-looking information or statements, except in accordance with applicable securities laws.

SECURITIES INFORMATION

as at 31 December 2022

SECURITIES ON ISSUE

Class of Security	Quoted on ASX	Unlisted	Total
Fully paid ordinary shares	60,150,000	34,860,000	95,010,000
Executive Options (\$0.30, 18 Mar 2024) ¹	-	10,000,000	10,000,000
Broker Options (\$0.30, 4 May 2024) ²	-	4,000,000	4,000,000
Executive Options (\$1.39, 29 Nov 2024) ³	-	3,500,000	3,500,000
Securities Incentive Plan (SIP) ⁴ Options (\$1.595, 15 February 2025) ⁵	-	100,000	100,000
Broker Options (\$1.50, 20 September 2025) ⁶	-	750,000	750,000
Executive Options (\$1.06, 4 October 2025) ⁷	-	17,500,000	17,500,000
SIP Options (\$1.32, 30 November 2025) ⁸	-	400,000	400,000

RESTRICTED SECURITIES

Class of Security	Number	Escrow Period
Fully paid ordinary shares	34,860,000	19 May 2023 (24 months from date of Quotation)
Executive Options (\$0.30, 18 March 2024)	10,000,000	19 May 2023 (24 months from Quotation)
Broker Options (\$0.30, 4 May 2024)	4,000,000	19 May 2023 (24 months from Quotation)

The Company was admitted to the Official List of the Australian Securities Exchange (ASX) on 17 May 2021 and commenced quotation/trading on ASX on 19 May 2021.

SUBSTANTIAL SHAREHOLDER

Substantial Shareholder	Registered Shareholder	Shares Held	% Voting Power
Strike Resources Limited (ASX:SRK) ⁹	Strike Resources Limited	34,410,000	36.22%

- 1 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
- 2 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
- 3 Refer LEL Announcement dated 2 December 2021: Notification regarding unquoted securities – LEL and Annexure B (Terms and Conditions of New Executive Options) of LEL's Notice of Annual General Meeting and Explanatory Statement dated 18 October 2021 and released on ASX on 28 October 2021
- 4 Refer LEL Announcement dated 17 May 2022: Securities Incentive Plan Terms
- 5 Refer LEL Announcement dated 18 February 2022: Notification regarding unquoted securities – LEL
- 6 Refer LEL Announcement dated 21 September 2022: Notification regarding unquoted securities – LEL
- 7 Refer LEL Announcement dated 5 October 2022: Notification regarding unquoted securities – LEL and Annexure B (Terms and Conditions of Executive Options) of LEL's Notice of Annual General Meeting and Explanatory Statement dated 22 August 2022 and released on ASX on 2 September 2022
- 8 Refer LEL Announcement dated 5 December 2022: Notification regarding unquoted securities – LEL
- 9 Refer Strike's ASX Announcement dated 23 September 2022: Notice of Change in Interests of Substantial Holder

SECURITIES INFORMATION

as at 31 December 2022

DISTRIBUTION OF FULLY PAID ORDINARY SHARES

Spread	of	Holdings	Number of Holders	Number of Shares	% of Total Issued Capital
1	-	1,000	770	516,802	0.54%
1,001	-	5,000	1,273	3,447,162	3.63%
5,001	-	10,000	600	4,871,126	5.13%
10,001	-	100,000	687	19,869,167	20.91%
100,001	-	and over	78	66,305,743	69.79%
TOTAL			3,408	95,010,000	100%

UNMARKETABLE PARCELS

Spread	of	Holdings	Number of Holders	Number of Shares	% of Total Issued Capital
1	-	704	400	183,402	0.19%
705	-	over	3,008	94,826,598	99.81%
TOTAL			3,408	95,010,000	100%

An unmarketable parcel is considered, for the purposes of the above table, to be a shareholding of 704 shares or less (being a value of \$500 or less in total), based upon the Company's closing share price of \$0.71 on 31 December 2022.

TOP TWENTY, ORDINARY FULLY PAID SHAREHOLDERS

Rank	Holder name	Shares Held	% Issued Capital
1	STRIKE RESOURCES LIMITED	*34,410,000	36.22
2	BNP PARIBAS NOMINEES PTY LTD	3,098,958	3.26
3	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	2,886,915	3.04
4	CITICORP NOMINEES PTY LIMITED	2,687,864	2.83
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,831,605	1.93
6	RUBI HOLDINGS PTY LTD	1,548,750	1.63
7	NATIONAL NOMINEES LIMITED	1,142,939	1.20
8	RECO HOLDINGS PTY LTD	1,000,000	1.05
9	BENTLEY CAPITAL LIMITED	985,000	1.04
10	STANDARD PASTORAL COMPANY PTY LTD	900,000	0.95
11	WOWE PTY LTD	700,000	0.74
12	HONGZE GROUP LTD	641,500	0.68
13	MR MICHAEL OWEN SHERRY	597,496	0.63
14	MR GANG DU	550,000	0.58
15	CRANPORT PTY LTD	500,000	0.53
16	SNAZZYBOY VENTURES PTY LTD	477,566	0.50
17	MR ROBERT VELLETRI + MRS FRANCINE LEE VELLETRI	464,625	0.49
18	MRS HYEOK HELEN MA	460,140	0.48
19	IRIS SYDNEY HOLDINGS PTY LTD	460,000	0.48
20	PETER CRAIG SMITH	450,000	0.47
TOTAL		55,793,358	58.73%

* Subject to escrow until 19 May 2023