

ASX ANNOUNCEMENT

30 April 2024

Sale of Solaroz Lithium Project for A\$97 Million

SUMMARY

- Lithium Energy and CNGR, one of the world's largest producers of precursor materials for leading companies in the battery materials supply chain, have executed a share purchase agreement where CNGR will purchase the Company's 90% interest in the Solaroz Lithium Brine Project in Argentina for **US\$63 Million (~A\$97 Million) cash**.
- Sale price of ~A\$97 Million (excluding costs and taxes) is equivalent to A\$0.865 per share, being a 79% premium to Lithium Energy's 3 month VWAP and a 52% premium to Lithium Energy's one month VWAP, and reflects the substantial value created by the Company at Solaroz since its IPO in May 2021 at \$0.20 per share.
- The sale is subject to a number of conditions precedent including receipt of Lithium Energy shareholder approval and receipt of regulatory approvals (in China and Argentina, as required) to be satisfied within 6 months of the agreement.
- Completion of the proposed transaction is targeted to occur in Q4 2024.
- Subject to completion of the sale of Solaroz and completion of the proposed spin-out and IPO of Axon Graphite Limited (announced on 3 April 2024), the Company will consider new investments in the battery minerals sector and/or a distribution of capital to shareholders.

Lithium Energy Limited (ASX:LEL) (**Lithium Energy** or **Company**) is pleased to confirm that it has entered into a binding Share Sale Agreement (**Agreement**) with CNGR Netherlands New Energy Technology B.V. (**CNGR**) (a subsidiary of CNGR Advanced Material Co Ltd (Shenzhen: 300919)) for the sale of the Lithium Energy's 90% interest in the Solaroz Lithium Brine Project in Argentina (**Solaroz Project**) for consideration totalling US\$63 Million (~A\$97 Million¹) cash (the **Sale**).

CNGR will pay a **US\$1.8 Million (~A\$2.8M) deposit** with the balance of the **US\$61.2 Million (~A\$94.1M)** consideration payable by CNGR as follows:

- US\$53.7 Million (~A\$82.6M)**, payable at completion;
- US\$3 Million (~A\$4.6M)** to be transferred to a joint escrow account held for the benefit of both Lithium Energy and CNGR for a period of 2 years from the date of completion, to serve as security for Lithium Energy's performance under the Agreement, after which it will be released to Lithium Energy; and
- US\$4.5 Million (~A\$6.9M)** deferred consideration payable by CNGR if the Benchmark Lithium Carbonate Price exceeds US\$23,000/tonne (averaged over any 4 month period in the 12 months after completion).

Completion will occur after the satisfaction (or waiver, as applicable) of a number of conditions precedent, including receipt of Lithium Energy shareholder approval, receipt of regulatory approvals (in China and Argentina, as required) and receipt of environmental and concession related approvals relating to the Solaroz Project. The conditions precedent are to be satisfied on or before 6 months after the date of the Agreement.

¹ Based on an exchange rate of US\$1.00 : A\$0.65

The sale of the Solaroz Project will be effected through the sale of the whole of Lithium Energy's 90% shareholding in Argentinian company, Solaroz S.A. (**Solaroz**) (which owns the Solaroz Project mineral concessions) and the assignment of a Loan owed by Solaroz to Lithium Energy.

The Sale will constitute a sale of the main undertaking of the Company under ASX Listing Rule 11.2 and the Company will seek shareholder approval for the proposed Sale. As detailed further below, the Company expects to convene a general meeting for Q2/Q3 2024 to seek shareholder approval for the Sale.

William Johnson, Executive Chairman:

The proposed sale follows the conclusion of a formal process initiated by the Company to seek a strategic partner for the development of Solaroz. At the end of this process, taking account the multiple offers received and current market conditions, the Board has determined that it is in the best interest of shareholders to consider the sale of the Company's interest in the Solaroz Project to CNGR on the terms proposed.

The US\$63 Million (or A\$97 Million based on current exchange rates¹) Purchase Price reflects the significant value that the Company has created at the Solaroz Project since Lithium Energy was listed on ASX in May 2021.

The transaction will remove the Company's funding and development risks associated with the Project while delivering the Company a very substantial cash balance. Post completion, the Company will have the capital required to consider investment opportunities in the battery minerals area. The Board will also give consideration to a potential distribution to shareholders.

Rationale for the Proposed Sale of Solaroz Project

Given prevailing market conditions and the significant financial requirements to bring the Solaroz Project into production, the Board of Lithium Energy believes that it is in the best interests of shareholders to dispose of its interest in the Solaroz Project on the terms negotiated under the Agreement.

The Company notes the significant decline in the market price of lithium products over the preceding 12 months, the significant financial costs required to advance the Solaroz Project into production relative to the available capital of the Company (and the dilutory impacts of likely future equity raisings), the ability of the Company to raise project finance and the time horizon associated with advancing the Solaroz Project through completion of feasibility studies and the commencement of mining and production to achieve economic production rates. Taking these factors into account, the Board has determined that it is in the best interests of Lithium Energy to enter into the Agreement for the sale of the Project.

The Company notes that the total cash consideration under the Agreement of ~A\$97 Million (US\$63 Million converted at US\$1.00:A\$0.65), is equivalent to approximately A\$0.865 per share, based on (undiluted²) 112,001,569 shares on issue and excluding costs and taxes. This A\$0.865 gross value per share is at a significant premium to Lithium Energy's current market capitalisation (A\$56 Million at \$0.50 per share as at 26 April 2024) and represents a:

- 71% premium to the last bid price of \$0.505;
- 67% premium to the 10 day VWAP (to 26 April 2024);
- 52% premium to the one month VWAP;
- 79% premium to the 3 month VWAP;
- 65% premium to the 6 month VWAP;

² The Company currently has 22,500,000 unlisted options on issue with exercise prices ranging from \$0.935 to \$1.595 and option terms expiry from 29 November 2024 to 10 August 2026) – refer to LEL ASX Announcement dated 9 April 2024: Application for Quotation of Securities

- 333% premium to the \$0.20 IPO issue price in May 2021.

Overview of the Agreement

A summary of the key terms of the Agreement (dated 26 April 2024) is set out in Annexure A to this announcement.

Lithium Energy's financial position before (as at 31 December 2023) and (pro-forma) after completion of the sale of the Solaroz Project, is set out in Annexure B to this announcement.

Overview of CNGR

CNGR Advanced Materials Co Ltd was established in China in September 2014 and is one of the world's largest producers of precursors cathode active materials used by many leading companies in the battery materials supply chain. CNGR products are used in consumer electronics, electric vehicles (EV) and energy storage systems (ESS). CNGR aims to build a global integrated structure with vertical integration of raw ore smelting, raw material refining, precursor production and advanced battery material recycling to serve global customers.

CNGR Advanced Material Co Ltd is listed on the Shenzhen Stock Exchange (SZSE: 300919) in China and has a current market capitalisation of approximately CNY 34 Billion (~US\$4.7 Billion).

Lithium Energy is satisfied in relation to CNGR's financial capacity to complete the acquisition of Solaroz under the Agreement, after having completed due diligence and having secured a guarantee and indemnity from CNGR Advanced Material Co Ltd under the Agreement.

CNGR (and its associates) do not currently have a relevant interest in any securities in Lithium Energy, is not a related party and does not hold (and has not held in the past 6 months) a substantial interest of 10% in Lithium Energy.

ASX Listing Rules

The Company will be disposing of its main undertaking (being the Solaroz Project) under the Agreement and accordingly, Listing Rule 11.2 will apply to require the Company to seek prior shareholder approval.

A disposal by a listed entity of its main undertaking can also raise issues under ASX Listing Rule 12.1 and 12.2, which obliges a listed entity to satisfy ASX on an ongoing basis that the level of its operations is sufficient and its financial condition adequate, to warrant its continued quotation of its securities.

ASX has advised that:

- (a) in accordance with paragraph 4.7 of Guidance Note 12 (Significant Changes to Activities), the Company will be afforded a period of 6 months from the date of the Agreement (being 26 April 2024) to demonstrate to the ASX that it is compliant with Listing Rule 12.1; and
- (b) it will suspend trading in the Company's securities if the Company has not demonstrated compliance with Listing Rule 12.1 to ASX's satisfaction at the end of the 6-month period (ie. on 25 October 2024).

As a result of Lithium Energy having disposed of its main undertaking for the purpose of Listing Rule 11.2, Listing Rule 11.1.3 is likely to apply to any future acquisition by the Company, which may require Lithium Energy to re-comply with Chapters 1 and 2 of the ASX Listing Rules (which will involve, amongst other matters, the issue of a prospectus and making a fresh application for admission to ASX).

On 3 April 2024, Lithium Energy and NOVONIX Limited (ASX:NVX) announced the proposed merger of their adjoining Burke and Mt Dromedary Queensland Natural Graphite Deposits into Lithium Energy subsidiary, Axon Graphite Limited (Proposed ASX Code: AXG), which will undertake a \$15 Million to \$25 Million Initial Public Offering (IPO) and seek admission to ASX as a dedicated vertically-integrated mine to Battery Anode Material (BAM) product manufacturing company.³ The agreement for the proposed merger is subject to completion of satisfactory due diligence by Lithium Energy and NOVONIX by 1 May 2024.

Pending completion of the Sale of the Solaroz Project, Lithium Energy will focus on advancing the Axon Graphite IPO and continuing to advance operations at Solaroz, including securing the relevant approvals required to satisfy the applicable condition precedent under the Agreement.

Following completion of the Sale of the Solaroz Project and using the funds from the Sale:

- (a) If the Axon Graphite IPO has been successful – Lithium Energy will consider the acquisition of battery mineral projects, as well as giving consideration to returning part of the proceeds from the Sale to shareholders; or
- (b) If the Axon Graphite IPO does not proceed due to due diligence not being satisfactory to one or both parties or has not been successful in raising the funds required under the IPO - the Company will apply the Sale proceeds to advance the development of its Burke and Corella Graphite Projects in Queensland to create a vertically-integrated mine to BAM manufacturing facility in Queensland.

The Company is currently considering its options as to whether it will make future investments in the battery minerals sector and/or a distribution of capital to shareholders and more updated information on this will be provided in the Meeting Document to seek Shareholder Approval for the proposed Sale of the Solaroz Project.

Shareholder Approval

As set out above, the Agreement is subject to a number of conditions, including Lithium Energy shareholder approval under Listing Rule 11.2 (**Shareholder Approval**). The Lithium Energy Board expects to convene a general meeting to seek Shareholder Approval for the proposed Sale (**General Meeting**), in Q2/Q3 2024.

Subject to Shareholder Approval being obtained and the other conditions being satisfied (or waived, as applicable), completion of the Agreement is targeted for Q4 2024 (with the due date for satisfaction/waiver of all conditions on 25 October 2024, which may be extended by 60 days by either party). Lithium Energy shareholders do not need to take any action at the present time.

Further detail of the resolution seeking Shareholder Approval, including the advantages and disadvantages of the proposed Sale and a voting exclusion statement will be provided in the Notice of Meeting and Explanatory Statement for the General Meeting of shareholders to approve the proposed Sale (**Meeting Document**).

Indicative timetable

26 April 2024	Execution of the Agreement
Q2/Q3 2024	Issue of Meeting Document and despatch to Lithium Energy shareholders. The Meeting Document will provide additional details on the proposed Sale
Q2/Q3 2024	Lithium Energy shareholder meeting to approve the proposed Sale for the purposes of Listing Rule 11.2
Q4 2024	Expected satisfaction of conditions and completion under the Agreement
25 October 2024	Due date for satisfaction/waiver of conditions to the proposed Sale (6 months after the date of the Agreement, which may be extended by 60 days by either party)

³ Refer LEL ASX Announcement dated 3 April 2024: Merger of Lithium Energy and NOVONIX Natural Graphite Assets and Proposed Axon Graphite Limited Spin-Out and IPO

The dates above (and references to those dates throughout this document) are indicative only and are subject to (a) any changes that may be agreed between Lithium Energy and CNGR, (b) any changes that may be agreed in consultation with the ASX or (c) delays caused by the satisfaction of the conditions (including Shareholder Approval) to completion of the proposed Sale. The Company will update shareholders via the ASX market announcements platform and Lithium Energy's website as appropriate when the relevant events are reached, changed, or decisions made.

AUTHORISED FOR RELEASE - FOR FURTHER INFORMATION:

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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 and Corella Graphite Projects in Queensland. The Solaroz Lithium Project (LEL:90%) comprises 12,000 hectares of highly prospective lithium mineral concessions (where a JORC Indicated and Inferred Mineral Resource of lithium has been delineated) located strategically within the Salar de Olaroz Basin in South America's "Lithium Triangle" in north-west Argentina. Lithium Energy shares the lithium rights in the Olaroz Salar basin with lithium carbonate producers Arcadium Lithium plc (ASX:LTM) and Lithium Argentina Corporation (TSX:LAAC). Lithium Energy has completed a Scoping Study on Solaroz and is investigating the development of a 20/40ktpa lithium carbonate equivalent (LCE) production facility using conventional evaporation ponds; the Company is also evaluating direct-lithium extraction (DLE) technologies. The Burke and Corella Graphite Projects (LEL:100%) in Queensland, Australia, contains high grade JORC Indicated and Inferred Mineral Resources of graphite. On 3 April 2024, Lithium Energy and NOVONIX Limited (ASX:NVX) announced the proposed merger of their adjoining Burke and Mt Dromedary Queensland Natural Graphite Deposits into Lithium Energy subsidiary, Axon Graphite Limited (Proposed ASX Code: AXG), which will undertake a \$15M to \$25M IPO and seek admission to ASX as a dedicated vertically-integrated mine to Battery Anode Material (BAM) product manufacturing company.

JORC CODE COMPETENT PERSON'S STATEMENT

The information in this document that relates to Mineral Resources in relation to the Solaroz Lithium Brine Project is extracted from the following ASX market announcements made by Lithium Energy Limited dated:

- 26 October 2023 entitled "Significant Solaroz Milestone Achieved with Upgrade to 2.4Mt LCE JORC Indicated Resource"
- 29 June 2023 entitled "Significant Maiden JORC Lithium Resource of 3.3Mt LCE at Solaroz Project in Argentina"

The information in the original announcements is based on information compiled by Mr Murray Brooker (MAIG, MIAH), a Competent Person who is a Member of Member of the Australian Institute of Geoscientists (**AIG**). Mr Brooker is an employee of Hydrominex Geoscience Pty Ltd, an independent consultant to Lithium Energy Limited. Mr Brooker has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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 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 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 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.

KEY TERMS OF THE SHARE SALE AGREEMENT (AGREEMENT)

Parties	<p>LE Operations Pty Ltd (ACN 102 978 370) (LEOPL), a wholly-owned subsidiary of Lithium Energy.</p> <p>Lithium Energy Limited (ACN 647 135 108) (ASX:LEL) (Lithium Energy).</p> <p>CNGR Netherlands New Energy Technology B.V. (registration no. 89033485) (CNGR), a subsidiary of CNGR Advanced Material Co Ltd (Shenzhen: 300919).</p>
Transaction	<p>CNGR to pay total US\$63 million cash consideration to LEOPL to acquire:</p> <p>(a) 100% of LEOPL's shareholding in Solaroz S.A. (5986, Book 20 of Corporations) (Solaroz) - Solaroz is an Argentinian incorporated company which owns the mineral concessions comprising the Solaroz Lithium Brine Project in Argentina; and</p> <p>(b) A Loan owed by Solaroz to LEOPL (Loan), advanced under the terms of a 'Memorandum of Understanding for Acquisition of Lithium Mining Properties in Argentina' agreement (dated 28 February 2019; assigned to Lithium Energy and LEOPL on 22 March 2021) with Solaroz and the 10% minority shareholder, Hanaq Argentina S.A. (MOU) pursuant to which LEOPL has funded and will continue to fund (till Completion under the Agreement) the operations of Solaroz.</p>
Share Sale	Sale of 81,000 shares in the capital of Solaroz by LEOPL to CNGR, comprising 90% of the issued capital of Solaroz (being 100% of LEOPL's interest in Solaroz).
Loan Assignment	Assignment of LEOPL's benefits and rights to the Loan (which has a current balance of approximately US\$13 million) owed by Solaroz, to CNGR.
Consideration	<p>Total cash Purchase Price of US\$63 million payable as follows:</p> <p>(a) US\$1.8 million Deposit payable on execution of the Agreement;</p> <p>(b) US\$3 million Escrow Account Amount, payable at Completion into a joint escrow account held by LEOPL and CNGR (or their nominees) in Hong Kong (to be held for 2 years as a performance security);</p> <p>(c) US\$53.7 million Completion Amount, which will include a portion ascribed to the Loan balance (the Loan Assignment Amount), payable at Completion;</p> <p>(d) US\$4.5 million Deferred Consideration, payable if the Benchmark Lithium Carbonate Price exceeds US\$23,000/tonne.</p>
Deposit	<p>The US\$1.8 million Deposit is:</p> <p>(a) applied as part payment of the Purchase Price at Completion; and</p> <p>(b) refunded to CNGR if the Agreement is terminated and Completion does not occur for any reason.</p>
Escrow Account Amount	<p>In relation to the US\$3 million Escrow Account Amount:</p> <p>(a) The parties will establish a joint escrow account held by LEOPL (or nominee) and CNGR (or nominee) in Hong Kong;</p>

	<p>(b) The Escrow Account Amount will be held for a period of 2 years from the date of Completion, to serve as security for LEOPL's performance of all material terms of the Agreement, to cover any damages or losses suffered by CNGR as a result of LEOPL's breach of any such material terms;</p> <p>(c) In the event of a LEOPL material breach of the Agreement (within 2 years after Completion), CNGR is entitled to a release of funds from the Escrow Account to cover actual damages or loss incurred (as reasonably determined by the parties acting in good faith or as independently determined at arbitration);</p> <p>(d) The Escrow Account Amount will otherwise be released to LEOPL after 2 years.</p>
Deferred Consideration	<p>The US\$4.5 million Deferred Consideration will be payable if, within 12 months after Completion:</p> <p>(a) The rolling average 4-Month Benchmark Lithium Carbonate Price exceeds US\$23,000 per metric tonne; or</p> <p>(b) CNGR disposes of its interest in Solaroz to a unrelated third-party at a total consideration equal to or greater than 110% of the Purchase Price (of US\$63 million) (subject to a pro-rata reduction if there is a partial sale, with the balance payable if (a) is triggered during the balance of the 12 month term).</p> <p>The Benchmark Lithium Carbonate Price means the daily price (in US\$) per metric tonne for battery-grade (of minimum 99.5% Li₂CO₃ purity) Lithium Carbonate (on basis of delivered to China and excluding valued-added (or equivalent) tax), as published by an information source agreed by the parties.</p>
Conditions Precedent	<p>The following material conditions are required to be satisfied or waived (where applicable) within 6 months of the Agreement – each party may give notice to separately extend this date by 60 days:</p> <p>(a) Lithium Energy shareholders approving the proposed transaction under, and for the purposes of, ASX Listing Rule 11.2;</p> <p>(b) CNGR obtaining any regulatory approvals in China required to undertake the proposed transaction;</p> <p>(c) CNGR obtaining regulatory approvals in Argentina required to undertake the proposed transaction (including registration as a foreign company in Argentina);</p> <p>(d) The receipt of renewal or extension of applicable environmental approvals in respect of the Solaroz Project;</p> <p>(e) The receipt of certain approvals in connection with the Solaroz Project including obtaining the grant of the Payo mining concession by the Mining Administrative Court of the Province of Jujuy;</p> <p>(f) No occurrence of any 'Material Adverse Effect' concerning Solaroz or the Solaroz Project prior to Completion – being a matter which has, would have, or is reasonably likely to have a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of Solaroz or the Solaroz Project taken as a whole, save for a matter which occurred with the express written consent of or is otherwise excluded by CNGR or in relation to underlying commodity prices or rates of taxation;</p> <p>(g) Solaroz Board approvals pertaining to Solaroz financial statements and agreements associated with the Loan;</p> <p>(h) LEOPL providing a 'Tag Along Offer' to Hanaq in accordance with the MOU; and</p>

	(i) Production of relevant certificate(s) evidencing the ownership of the Solaroz concessions free from encumbrances.
Completion	3 business days after satisfaction (or waiver) of the last of the Conditions Precedent.
Conduct before completion	<p>Customary restrictions on the conduct of business of Solaroz between the date of Agreement and completion.</p> <p>LEOPL to continue to provide funding to Solaroz through the Loan to cover its working capital requirements through to completion and to comply with its obligations under the Agreement.</p>
Warranties	Customary warranties and indemnities for a transaction of this nature, subject to usual caps and limitations on claims and indemnities.
Termination	<p>LEOPL may terminate the Agreement prior to completion if CNGR suffers an insolvency event or there is a breach of warranties given by CNGR that would reasonably be expected to have a material adverse in excess of US\$5 million.</p> <p>CNGR may terminate the Agreement prior to completion if LEOPL suffers an insolvency event or there is a breach of warranties given by LEOPL that would reasonably be expected to have a material adverse in excess of US\$5 million.</p>
Governing law and Arbitration	<p>The Agreement is governed by the laws of Western Australia.</p> <p>Disputes will be referred to arbitration in Singapore pursuant to the arbitration rules of the Singapore International Arbitration Centre.</p>

PRO-FORMA STATEMENT OF FINANCIAL POSITION

	Balance at 31 Dec 23 (Reviewed) \$	Pro-Forma Adjustments \$	Pro-Forma Balance \$
CURRENT ASSETS			
Cash and cash equivalents	2,362,698	85,066,952	87,429,649
Receivables	160,566	54,800	215,366
Other current assets	10,000	-	10,000
TOTAL CURRENT ASSETS	2,533,264	85,121,752	87,655,015
NON-CURRENT ASSETS			
Receivables	1,307,476	3,312,524	4,620,000
Exploration and evaluation expenditure	28,787,978	(25,064,731)	3,723,246
Property, plant and equipment	228,379	(210,175)	18,204
TOTAL NON-CURRENT ASSETS	30,323,832	(21,962,382)	8,361,450
TOTAL ASSETS	32,857,096	63,159,370	96,016,466
CURRENT LIABILITIES			
Payables	345,940	(35,727)	310,214
Provisions	75,729	-	75,729
TOTAL CURRENT LIABILITIES	421,669	(35,727)	385,942
TOTAL LIABILITIES	421,669	(35,727)	385,942
NET ASSETS	32,435,427	63,195,097	95,630,524
EQUITY			
Issued capital	34,574,590	-	34,574,590
Reserves	14,345,389	(1,295,586)	13,049,803
Retained Earnings/(Accumulated Losses)	(16,074,110)	64,080,241	48,006,131
Parent Interest	32,845,869	62,784,655	95,630,524
Non-controlling interest	(410,442)	410,442	-
TOTAL EQUITY	32,435,427	63,195,097	95,630,524

Pro-Forma Adjustments

The Pro-Forma Statement of Financial Position adopts Lithium Energy's auditor reviewed Consolidated Statement of Financial Position as at 31 December 2023 with a Pro-Forma position based on the completion of the proposed Sale under the terms of the Agreement. The following matters are noted in relation to the Pro-Forma Adjustments:

- (a) There is an assumed disposal of the 90% shareholding in Solaroz S.A. (**Solaroz**) held by LE Operations Pty Ltd (**LEOPL**) (a wholly-owned subsidiary of Lithium Energy Limited) and deconsolidation of Solaroz, resulting in the elimination of assets (Cash, Receivables, Exploration and Evaluation, Plant and equipment and foreign currency translation reserves) and liabilities (Payables and Provisions) attributable to Solaroz and a gain on disposal (which is accounted for as part of the adjustment to Accumulated losses), as at 31 December 2023.
- (b) The Deposit (US\$1.8M or A\$2.8M) and the Completion Amount (US\$53.7M or A\$82.6M) (which includes the Loan Assignment Amount) is recognised in Cash.
- (c) The Escrow Account Amount (US\$3M or A\$4.6M) payable at Completion is recognised in Non-Current Receivables.

- (d) The Deferred Consideration (US\$4.5M or A\$6.9M) is regarded as a Contingent Asset and is not recognised as an asset.
- (e) An exchange rate of US\$1.00:A\$0.65 is assumed.
- (f) There is no provision for taxation, as the Company is determining the extent of its liability in this regard. However, the Company expects the transaction to be taxable in Argentina and will use part of the Sale proceeds in relation to that tax liability.

ABOUT SOLAROZ LITHIUM BRINE PROJECT (ARGENTINA)

Lithium Energy’s 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 1) in the Salar de Olaroz basin (the **Olaroz Salar**).

The Solaroz Project is directly adjacent to two world class Lithium brine production assets - Arcadium Lithium plc’s (ASX:LTM)⁴ Olaroz Lithium Facility and Lithium Argentina Corporation’s⁵ (TSX:LAAC) Cauchari-Olaroz Facility.

The Solaroz Mineral Resource Estimate has been upgraded to **3.3Mt** Lithium Carbonate Equivalent (**LCE**) (refer Table 1).⁶ Within the 3.3Mt LCE Total Mineral Resource, there is a **high-grade core of 1.3Mt of LCE** with an average concentration of **400 mg/l Lithium** (refer Table 2).

This high-grade core underpins the October 2023 Scoping Study outcomes (with 20ktpa and 40ktpa LCE production) using conventional evaporation ponds processing.⁷

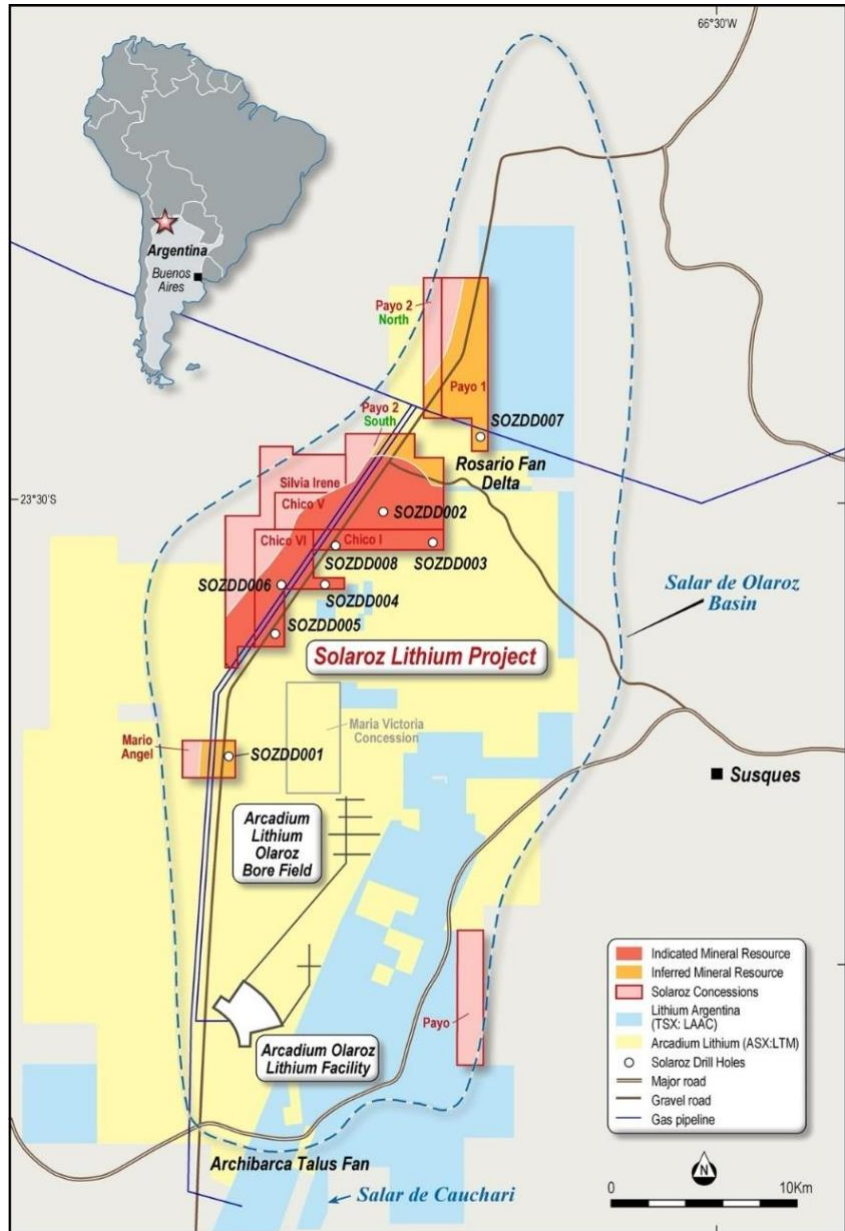


Figure 1: Mineral Resource Areas within Solaroz Concessions (and Drillhole Locations) in Olaroz Salar (Adjacent to Arcadium Lithium and Lithium Argentina Concessions)

Solaroz Lithium Project, Argentina
Solaroz Concessions Location Plan

www.lithiumenergy.com.au

4 Arcadium Lithium plc (ASX/NYSE:LTM/ALTM) is the merged entity of Allkem Limited (former ASX:AKE) and Livent Corporation (NYSE:LTHM)
 5 Lithium Argentina was separated, under a reorganisation, from Lithium Americas Corporation (TSX:LAC), in October 2023
 6 Refer LEL Announcement dated 26 October 2023: Significant Solaroz Milestone Achieved with Upgrade to 2.4Mt LCE JORC Indicated Resource
 7 Refer LEL ASX Announcement dated 31 October 2023: Scoping Study Highlights Solaroz Potential as a Large Scale, Long Life, High Margin Lithium Project - the Company confirms that all material assumptions underpinning the production targets and forecast financial information derived from the production targets in this announcement continue to apply and have not materially change

Solaroz Mineral Resource Estimates

The initial maiden JORC Mineral Resource for Solaroz (defined in June 2023⁸) was upgraded in October 2023⁹ to:

- **Total Mineral Resource of 3.3Mt LCE** (at a zero Li mg/l cut-off grade), comprising (refer Table 1):
 - **Indicated Mineral Resource of 2.36Mt LCE**; and
 - **Inferred Mineral Resource of 0.9Mt LCE**.
- Within the 3.3Mt LCE Total Mineral Resource, there is a **high-grade core of 1.3Mt of LCE** with an average concentration of **400 mg/l Lithium** (at a 320 mg/l Li cut-off grade) (refer Table 2).

Table 1 : Upgraded Total JORC Indicated and Inferred Mineral Resource

Mineral Resource Category	Lithology Units	Sediment Volume (million m ³)	Specific Yield %	Brine volume million m ³	Lithium (Li)		LCE Tonnes
					mg/l	Tonnes	
Indicated Mineral Resource	A (Upper Aquifer)	7,200	10.0%	720	245	176,600	940,000
	B (Halite Salt Unit)	1,731	4.0%	69	340	23,600	125,000
	C (Lower Aquifer)	4,671	6.5%	304	363	110,000	590,000
	D (Tertiary Bedrock)	5,651	5.8%	328	406	133,000	705,000
	Total	19,253	7.4%	1,421	312	443,200	2,360,000
Inferred Mineral Resource	A	3,589	10.0%	359	245	88,000	470,000
	B	3,060	4.0%	122	340	42,000	220,000
	C	1,058	6.5%	69	362	25,000	130,000
	D	634	5.8%	37	405	15,000	80,000
	Total	8,340	7.0%	587	289	170,000	900,000
TOTAL INDICATED & INFERRERD MINERAL RESOURCE			7.3%		305		3,260,000

Notes:

- (a) The Indicated Mineral Resource Estimate encompasses the Chico I, Chico V, Chico VI, Payo 2 South and Silvia Irene (Central Block) concessions
- (b) The Inferred Mineral Resource Estimate encompasses the Mario Angel, Payo 2 South and Silvia Irene, Payo 1 and Payo 2 North concessions, and is in addition to the Indicated Mineral Resource Estimate
- (c) Lithium (Li) is converted to lithium carbonate (Li₂CO₃) equivalent (LCE) using a conversion factor of 5.323
- (d) Totals may differ due to rounding
- (e) Reported at a zero Lithium mg/l cut-off grade
- (f) Total Specific Yields are weighted averages

Table 2 : Upgraded High-Grade Core within Total JORC Indicated and Inferred Mineral Resource

Mineral Resource Category	Lithology Units	Sediment Volume (million m ³)	Specific Yield %	Brine volume million m ³	Lithium (Li)		LCE Tonnes
					mg/l	Tonnes	
Indicated Mineral Resource	A	878	10.0%	88	349	30,000	165,000
	B	1,289	4.0%	52	357	18,000	100,000
	C	3,288	5.6%	183	401	75,000	390,000
	D	4,881	4.8%	235	425	100,000	530,000
	Total	10,337	5.2%	557	400	223,000	1,185,000
Inferred Mineral Resource	B	92	4.0%	4	418	1,500	8,000
	C	436	5.7%	25	401	10,000	53,000
	D	109	4.9%	5	405	2,000	12,000
	Total	637	5.3%	34	403	13,500	73,000
TOTAL INDICATED & INFERRERD MINERAL RESOURCE (HIGH-GRADE CORE)			5.2%		400		1,258,000

⁸ Refer LEL ASX Announcement dated 29 June 2023: Significant Maiden JORC Lithium Resource of 3.3Mt LCE at Solaroz Project in Argentina

⁹ Refer LEL ASX Announcement dated 26 October 2023: Significant Solaroz Milestone Achieved with Upgrade to 2.4Mt LCE JORC Indicated Resource

Notes:

- (a) The high-grade core comprises JORC Indicated and Inferred Mineral Resources estimated within the mineralisation envelope of (not in addition to) the Mineral Resource Estimates outlined in Table 1
- (b) The Indicated Mineral Resource encompasses the Chico I, Chico V, Chico VI, Payo 2 South and Silvia Irene (Central Block) concessions
- (c) The inferred Mineral Resource encompasses the southern Mario Angel (Units B and C) and Payo 1 and Payo 2 North (Northern Block) (Unit D) concessions, and is in addition to the Indicated Mineral Resource Estimate
- (d) Reported at a 320 mg/l Lithium cut-off grade
- (e) Refer Notes (c), (d) and (f) of Table 1

Further details are in the Company's ASX Announcement dated 26 October 2023 entitled "Significant Solaroz Milestone Achieved with Upgrade to 2.4Mt LCE JORC Indicated Resource".