

## ASX ANNOUNCEMENT

8 August 2024

### Shareholders Approve Sale of Interests in Solaroz Lithium Brine Project

Lithium Energy Limited (ASX:LEL) (**Lithium Energy or Company**) is pleased to announce that at a General Meeting held today<sup>1</sup>, shareholders voted overwhelmingly in favour of the sale of the whole of the Company's interest in the Solaroz Lithium Brine Project (**Solaroz Project**), with ~99% of votes cast at the meeting approving the sale.<sup>2</sup>

The sale is pursuant to a Share Sale Agreement (**Sale Agreement**) with CNGR Netherlands New Energy Technology B.V. (**CNNET**), a subsidiary of CNGR Advanced Material Co. Ltd. (Shenzhen Stock Exchange Code: 300919) (**CNGR**), where Lithium Energy has agreed to sell its 90% interest in Argentinian company, Solaroz S.A. (which owns the Solaroz Project) for consideration totalling US\$63 million (~A\$97 million<sup>3</sup>) cash, which includes the assignment of a loan owed by Solaroz S.A. (**Solaroz**) to Lithium Energy (**Solaroz Sale**).<sup>4</sup>

In connection with the Solaroz Sale, Lithium Energy has received a US\$1.8 million (~A\$2.8 million) deposit, with the balance of the US\$61.2 million (~A\$94.1 million) consideration payable by CNNET as follows:

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

Completion will occur after the satisfaction (or waiver, as applicable) of a number of conditions precedent under the Sale Agreement (**Conditions**), including:

- (a) receipt of Lithium Energy shareholder approval of the sale for the purposes of ASX Listing Rule 11.2 – which has been attained at the General Meeting held earlier today;
- (b) receipt of certain regulatory approvals (in China and Argentina, as required) – in May 2024, CNNET and CNGR received all necessary Chinese overseas direct investment and foreign exchange control regulatory approvals in relation to the Solaroz Sale<sup>5</sup>; CNNET's registration as a foreign company in Argentina (required to receive transfer of shares in Solaroz S.A.) is pending approval; the parties are not aware of any other regulatory approvals required to be satisfied under this Condition; and

<sup>1</sup> Refer to Lithium Energy's Notice of General Meeting, Explanatory Statement and Proxy Form dated and released on ASX on 3 July 2024

<sup>2</sup> Refer LEL ASX Announcement dated 8 August 2024: Results of General Meeting

<sup>3</sup> Based on an exchange rate of A\$1.00 : US\$0.65

<sup>4</sup> Refer LEL ASX Announcement dated 30 April 2024: Sale of Solaroz Lithium Project for A\$97 Million

<sup>5</sup> Refer LEL ASX Announcement dated 3 June 2024: Chinese Regulatory Approvals Secured by CNGR to Acquire Solaroz Lithium Project

- (c) receipt of environmental and concession related approvals relating to the Solaroz Project – these principally relate to securing approvals of updated Environmental Impact Assessment (EIA) applications to undertake the next phases of exploration and evaluation (including drilling, installation of water bores and pump test wells) on the Solaroz Project concessions.

The Conditions are required to be satisfied on or before 6 months after the date of the Sale Agreement (i.e. by 25 October 2024) and may be extended by 60 days by either party under the Sale Agreement.

The Company will provide further updates as material Conditions are attained.

#### Application of the ASX Listing Rules to the Solaroz Sale

ASX Listing Rule 11.2 requires a listed company to obtain the approval of its shareholders for a disposal of its main undertaking. ASX Listing Rule 11.2 applies to the Solaroz Sale. 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 Sale 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 (i.e. by 25 October 2024).

As the Company’s interest in the Solaroz Project constitutes its main undertaking for the purpose of Listing Rule 11.2, Listing Rule 11.1.3 is likely to apply to any future acquisition(s) 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).

If completion under the Sale Agreement is not likely to occur by 25 October 2024 (due to further time being required to fulfil outstanding Condition(s)), the Company will apply to ASX to extend this 6-month period until the Solaroz Sale is complete (or the Sale Agreement is terminated by mutual agreement of the parties due to the failure to satisfy all Conditions (to the extent not waived, where applicable)). It is likely that the Company’s shares will be immediately suspended from trading on ASX after completion of the Solaroz Sale, with the Company being required to re-comply with Chapters 1 and 2 of the ASX Listing Rules to be reinstated to quotation on ASX, unless Lithium Energy has satisfied ASX (pursuant to Listing Rule 12.1) that it has a sufficient level of operations to justify the continued quotation of its shares.

If Lithium Energy is unable to satisfy ASX in relation to Listing Rule 12.1, ASX will suspend trading in the Company’s shares (from 28 October 2024, or, subject to ASX agreeing to grant an extension, the date of completion of the Solaroz Sale). Lithium Energy will remain suspended from ASX until it undertakes an acquisition and re-complies with Chapters 1 and 2 of the Listing Rules.

#### Indicative timetable

An indicative timetable for completion of the Solaroz Sale is set out below:

Event	Date
Execution of the Sale Agreement	26 April 2024
Shareholder approval of the Solaroz Sale for the purposes of ASX Listing Rule 11.2	8 August 2024
Expected completion of Solaroz Sale under the Sale Agreement	Q4 2024
Due date for satisfaction/waiver of Conditions to the Solaroz Sale (6 months after the date of the Sale Agreement, which may be extended by 60 days by either party)	25 October 2024

*Note: Some of the dates above are indicative only and are subject to (a) any changes that may be agreed between Lithium Energy and CNET/CNGR (b) any changes that may be agreed in consultation with the ASX or (c) delays caused by the satisfaction (or waiver, if applicable) of the Conditions to completion of the Solaroz 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.*

### Future Activities

Pending completion of the Solaroz Sale, Lithium Energy will:

- (a) Focus on securing the relevant approvals required to satisfy applicable Conditions under the Sale Agreement;
- (b) Focus on advancing the Axon Graphite Limited (proposed ASX Code : AXG) (**Axon Graphite**) initial public offering (**IPO**)<sup>6</sup>;
- (c) Investigate investment opportunities principally in the battery mineral projects sector in Australia and overseas – the Board has considerable experience in the exploitation of resource projects and Lithium Energy will pursue investments in battery minerals/commodities the Board feels is appropriate for mineral exploration, evaluation and development. As noted above, it is likely that any future acquisitions by Lithium Energy will require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules; and
- (d) (Upon the successful completion of the Axon Graphite IPO) Retain a 50 million share cornerstone equity holding in Axon Graphite (comprising between 22.2% to 28.6% of Axon Graphite, depending on the final quantum of funds raised under the IPO) with such shareholding likely to be subject to a 2-year escrow period as required under ASX Listing Rules.

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### 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). Prior to the announced sale of the Solaroz Project (settlement pending), Lithium Energy had completed a Scoping Study on Solaroz and had been investigating the development of a 20/40ktpa lithium carbonate equivalent (LCE) production facility using conventional evaporation ponds; the Company has also been 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 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.

On 30 April 2024, Lithium Energy announced the sale of its interest in the Solaroz Project to a subsidiary of CNGR Advanced Materials Co Ltd for US\$63 Million (~A\$97 Million) cash; completion is subject to the satisfaction (or waiver, as applicable) of a number of conditions precedent, including receipt of regulatory approvals (in China and Argentina, as required) and receipt of environmental and concession related approvals relating to Solaroz.

Pending completion of the sale of Solaroz, 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 applicable conditions precedent to the sale.

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<sup>6</sup> 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