

ASX ANNOUNCEMENT

25 October 2024

ASX Decision to Suspend Trading in LEL Securities

Lithium Energy Limited (ASX:LEL) (**Lithium Energy** or **Company**) refers to its previous announcements regarding the sale of the whole of the Company's 90% interest in the Solaroz Lithium Brine Project in Argentina (**Solaroz Project**) to CNGR Netherlands New Energy Technology B.V. (**CNNET**)¹ for consideration totalling US\$63 Million (~A\$97 Million²) cash (the **Solaroz Sale**).³

Completion of the Solaroz Sale is to occur after the satisfaction (or waiver, as applicable) of a number of conditions precedent under the Solaroz Sale agreement (**Conditions**) on or before 24 December 2024⁴. Whilst some of the Conditions have already been satisfied, including Lithium Energy shareholder approval⁵ and receipt by CNNET/CNGR of all necessary Chinese ODI (overseas direct investment) and foreign exchange control regulatory approvals⁶, several Conditions remain outstanding. The material Conditions still outstanding are:

- (a) CNNET's registration as a foreign company in Argentina (required to receive transfer of shares in Solaroz S.A.) - which CNGR has advised was filed in August 2024 and is currently being processed by the relevant authority in Argentina; and
- (b) 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; EIA applications were filed earlier in the year in this regard and are currently in the final stages of being reviewed and approved by the relevant local government agencies.

The Company also notes that:

- (a) 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 Initial Public Offering (**IPO**) and seek admission to ASX (**Listing**) as a dedicated vertically-integrated mine to Battery Anode Material (**BAM**) product manufacturing company.⁷ Lithium Energy is focussing on advancing the Axon Graphite IPO, with the Prospectus for the IPO of Axon Graphite currently being finalised in preparation for lodgement with ASIC. Lithium Energy's General Manager (who will transition to become Chief Executive Officer of Axon Graphite post Listing) is also preparing for the implementation of the development work programme for Axon Graphite immediately after its Listing.

1 CNNET is a subsidiary of Chinese listed CNGR Advanced Material Co Ltd (Shenzhen Stock Exchange Code: 300919) (**CNGR**), one of the world's largest producers of precursors cathode active materials used by many leading companies in the battery materials supply chain

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

3 Refer LEL ASX Announcements dated 22 October 2024: Timetable for Solaroz Sale Completion Extended by 60 Days, 8 August 2024: Shareholders Approve Sale of Interests in Solaroz Lithium Brine Project, 3 June 2024: Chinese Regulatory Approvals Secured by CNGR to Acquire Solaroz Lithium Project and 30 April 2024: Sale of Solaroz Lithium Project for A\$97 Million

4 Refer LEL ASX Announcements dated 22 October 2024: Timetable for Solaroz Sale Completion Extended by 60 Days

5 Refer LEL ASX Announcement dated 8 August 2024: Results of General Meeting and Lithium Energy's Notice of General Meeting, Explanatory Statement and Proxy Form dated and released on ASX on 3 July 2024

6 Refer LEL ASX Announcement dated 3 June 2024: Chinese Regulatory Approvals Secured by CNGR to Acquire Solaroz Lithium Project

7 Refer LEL ASX Announcements dated 10 September 2024: LEL NVX Joint ASX Axon Graphite Update - Mt Dromedary Graphite Mineral Resources Review, 26 July 2024: Update on Axon Graphite IPO – Details of Board and CEO, 16 May 2024: Update on Merger of Graphite Assets and Axon Graphite Limited IPO, 3 April 2024: Merger of Lithium Energy and NOVONIX Natural Graphite Assets and Proposed Axon Graphite Limited Spin-Out and IPO

- (b) Pending completion of the sale of Solaroz, Lithium Energy is focussing on advancing the Axon Graphite IPO and advancing operations at Solaroz, including securing the relevant approvals required to satisfy applicable conditions precedent to the Solaroz Sale.
- (c) Whilst Lithium Energy is able to undertake limited drilling at the Solaroz Project based on the previous EIA approvals (obtained in 2022), the Company's next phase drilling programme was based on the grant of the updated/renewed 2024 EIA applications. As such, Lithium Energy's operations at Solaroz is focussed on securing these EIA approvals (which includes engagement with relevant stakeholders authorities) and other project related activities to maintain the Solaroz concessions in good standing and support the approval of the EIA applications.

ASX has previously advised that⁸:

- (a) The Solaroz Sale constitutes the disposal of the Company's 'main undertaking' for the purpose of Listing Rule 11.2.
- (b) 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 Solaroz Sale agreement (being 26 April 2024) to demonstrate to the ASX that it is compliant with Listing Rule 12.1 – that, in ASX's opinion, the level of the Company's operations is sufficient to warrant the continued quotation of its shares on ASX and its continued listing.
- (c) ASX 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).

The Company had applied to ASX to extend this 6-month period until the Solaroz Sale is complete or the Solaroz 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).

After submissions from the Company (including the Company outlining the aforementioned activities in relation to the Axon Graphite IPO and the Solaroz Project and the status of the completion of the Solaroz Sale), ASX has determined that the Company does not have a sufficient level of operations to warrant the continued quotation of its securities in the context of the agreement to dispose of its main undertaking and that ASX will suspend the Company's securities from the close of trading on 25 October 2024.

The Company expects that the suspension will remain in place until:

- (a) The Company has satisfied ASX that it has a sufficient level of operations to justify the reinstatement of quotation of its shares on ASX; or
- (b) The Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules, which will involve, amongst other matters, the issue of prospectus and making a fresh application for admission to ASX – likely in conjunction with an acquisition of a new resource project by the Company.

The Company will provide further updates on material developments in relation to:

- (a) The completion of the Solaroz Sale;
- (b) The Axon Graphite IPO; and
- (c) The reinstatement of quotation of the Company's shares on ASX .

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⁸ Refer Lithium Energy's Notice of General Meeting, Explanatory Statement and Proxy Form dated and released on ASX on 3 July 2024 and LEL ASX Announcement dated 30 April 2024: Sale of Solaroz Lithium Project for A\$97 Million

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.