

## QUARTERLY ACTIVITIES REPORT

FOR THE PERIOD ENDING 30 SEPTEMBER 2024

31 October 2024

### SUMMARY

#### Sale of Solaroz Lithium Brine Project (Argentina)

- Completion of the sale of the Company's 90% interest in the Solaroz Lithium Project for US\$63 Million (~A\$97 Million) cash to CNGR is pending the satisfaction of a number of outstanding conditions, including principally CNGR's registration as a foreign company in Argentina (required to receive transfer of shares in Solaroz S.A.) and receipt of environmental and concession related approvals relating to the Solaroz Project.
- On 21 October 2024, CNGR requested that the time for completion be extended to 24 December 2024, as permitted under the Solaroz sale agreement.

#### Axon Graphite Limited IPO/spin-out

- The Axon Graphite (\$15 - 25 million) IPO Prospectus is currently being finalised in preparation for lodgement with ASIC.
- On 26 July 2024, the Company announced the finalisation of the composition of the Axon Graphite Board of Directors with the appointment of Mr Peter Turnbull AM (as Non-Executive Chair) and proposed CEO, Mr Graham Fyfe (currently Lithium Energy's General Manager, Projects).

#### Suspension of Trading from ASX

- On 25 October 2024, ASX determined that the Company did 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 (being the Solaroz Project) and suspended the Company's securities from trading on ASX.
- The Company expects that the suspension will remain in place until it has satisfied ASX that it has a sufficient level of operations to justify the reinstatement of quotation of its shares on ASX or the Company has re-complied 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 – likely in conjunction with an acquisition of a new resource project(s) by the Company.

#### Future Activities

- In light of the Solaroz sale and Axon Graphite IPO, Lithium Energy's future activities will depend on whether the sale of the Solaroz Project is completed, whether the Axon Graphite IPO is successful and the application of the ASX Listing Rules in relation to the Company's ongoing operations.
- The Company is evaluating a number of potential new investments principally in the battery minerals sector (i.e. lithium (brines and hard rock), copper, cobalt, vanadium, manganese and REE) in Australia and North and South America.

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#### AUTHORISED FOR RELEASE - FOR FURTHER INFORMATION:

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Executive Chairman

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Lithium Energy Limited (ASX:LEL) (**Lithium Energy** or **LEL** or **Company**) is pleased to report on activities completed during and subsequent to the quarter ending 30 September 2024.

## COMPANY OVERVIEW

Lithium Energy 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 Brine 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, contain 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.

On 25 October 2024, ASX determined that the Company did 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 (being the Solaroz Project) and suspended the Company's securities from trading on ASX. The Company expects that the suspension will remain in place until it has satisfied ASX that it has a sufficient level of operations to justify the reinstatement of quotation of its shares on ASX or the Company has re-complied 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 – likely in conjunction with an acquisition of a new resource project(s) by the Company.

Pending the completion of the sale of Solaroz and the Axon Graphite IPO, Lithium Energy will:

- (a) Focus on advancing operations at Solaroz, including securing the relevant approvals required to satisfy applicable conditions under the Solaroz sale agreement;
- (b) Focus on advancing the Axon Graphite IPO;
- (c) Investigate and potentially undertake (where appropriate) 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 (depending on the nature and scale) by Lithium Energy will require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

## SUSPENSION OF TRADING FROM ASX

Lithium Energy refers to 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**)<sup>1</sup> for consideration totalling US\$63 Million (~A\$97 Million<sup>2</sup>) cash (the **Solaroz Sale**).<sup>3</sup>

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 2024<sup>4</sup>. Whilst some of the Conditions have already been satisfied, including Lithium Energy shareholder approval<sup>5</sup> and receipt by CNNET/CNGR of all necessary Chinese ODI (overseas direct investment) and foreign exchange control regulatory approvals<sup>6</sup>, 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 support the next phase of exploration and evaluation field work on the Solaroz concessions, including drilling campaigns (for resource definition, resource expansion, water bores and pump test wells), hydrological studies to support groundwater modelling to define lithium brine extraction rates and to undertake process test work on relevant lithium brine samples; 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.<sup>7</sup> 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.
- (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.

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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 Announcement 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

- (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 and regulatory authorities) and other project related activities to maintain the Solaroz concessions in good standing and support the approval of the EIA applications.

ASX had previously advised that<sup>8</sup>:

- (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), the Company announced on 25 October 2024<sup>9</sup> that ASX had determined that the Company did 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<sup>10</sup>.

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(s) 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;
- (c) The acquisition of new resource project(s); and
- (d) The reinstatement of quotation of the Company's shares on ASX .

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<sup>8</sup> 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

<sup>9</sup> Refer LEL Announcement dated 25 October 2024: ASX Decision to Suspend Trading in LEL Securities

<sup>10</sup> Refer also LEL ASX Announcement dated 25 October 2024: Suspension from Quotation

## PROJECTS

### SOLARZOZ LITHIUM BRINE PROJECT (ARGENTINA)

(90%)

#### Sale of Solaroz Project for US\$63 Million / ~A\$97 Million

Lithium Energy announced on 30 April 2024 that it had entered into a Share Sale Agreement (**Solaroz SSA**) with CNGR Netherlands New Energy Technology B.V. (**CNNET**), a subsidiary of CNGR Advanced Material Co. Ltd. (Shenzhen Stock Exchange Code: 300919) (**CNGR**), in respect of the sale of Lithium Energy's 90% interest in Argentinian company, Solaroz S.A. (**Solaroz**) (which owns the Solaroz Project) for consideration totalling US\$63 million (~A\$97 million<sup>11</sup>) cash, which includes the assignment of a loan owed by Solaroz to Lithium Energy (**Solaroz Sale**).<sup>12</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 Solaroz SSA, 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 of the Solaroz Sale was to occur after the satisfaction (or waiver, as applicable) of a number of conditions precedent under the Solaroz SSA (**Conditions**) on or before 6 months after the date of the Solaroz SSA (i.e. by 25 October 2024) and may be extended by 60 days by either party under the Solaroz SSA.

Whilst some of the Conditions have already been satisfied, including Lithium Energy shareholder approval<sup>13</sup> and receipt by CNNET/CNGR of all necessary Chinese ODI (overseas direct investment) and foreign exchange control regulatory approvals<sup>14</sup>, several Conditions remains outstanding. The material Conditions still outstanding are:

- (c) 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
- (d) 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.

On 21 October 2024, CNNET requested that the time for completion be extended by a further 60 days to 24 December 2024, as permitted under the Solaroz SSA.<sup>15</sup>

<sup>11</sup> Based on an exchange rate of A\$1.00 : US\$0.65

<sup>12</sup> Refer to LEL ASX Announcement dated 30 April 2024: Sale of Solaroz Lithium Project for A\$97 Million

<sup>13</sup> 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

<sup>14</sup> Refer LEL ASX Announcement dated 3 June 2024: Chinese Regulatory Approvals Secured by CNGR to Acquire Solaroz Lithium Project

<sup>15</sup> Refer LEL ASX Announcement dated 22 October 2024: Timetable for Solaroz Sale Completion Extended by 60 Days

## Environmental Approvals

Lithium Energy is seeking Environmental Impact Assessment (EIA) approval to support the next phase of exploration and evaluation field work on the Solaroz concessions, including drilling campaigns (for resource definition, resource expansion, water bores and pump test wells), hydrological studies to support groundwater modelling to define lithium brine extraction rates and to undertake process test work on relevant lithium brine samples. The securing of these EIA approvals is one of Conditions under the Solaroz SSA. The Company confirms that, as at the date of this report, applications for these environmental approvals are currently in the final stages of being reviewed by the relevant local government agencies.

## About Solaroz Lithium Brine Project (Argentina)

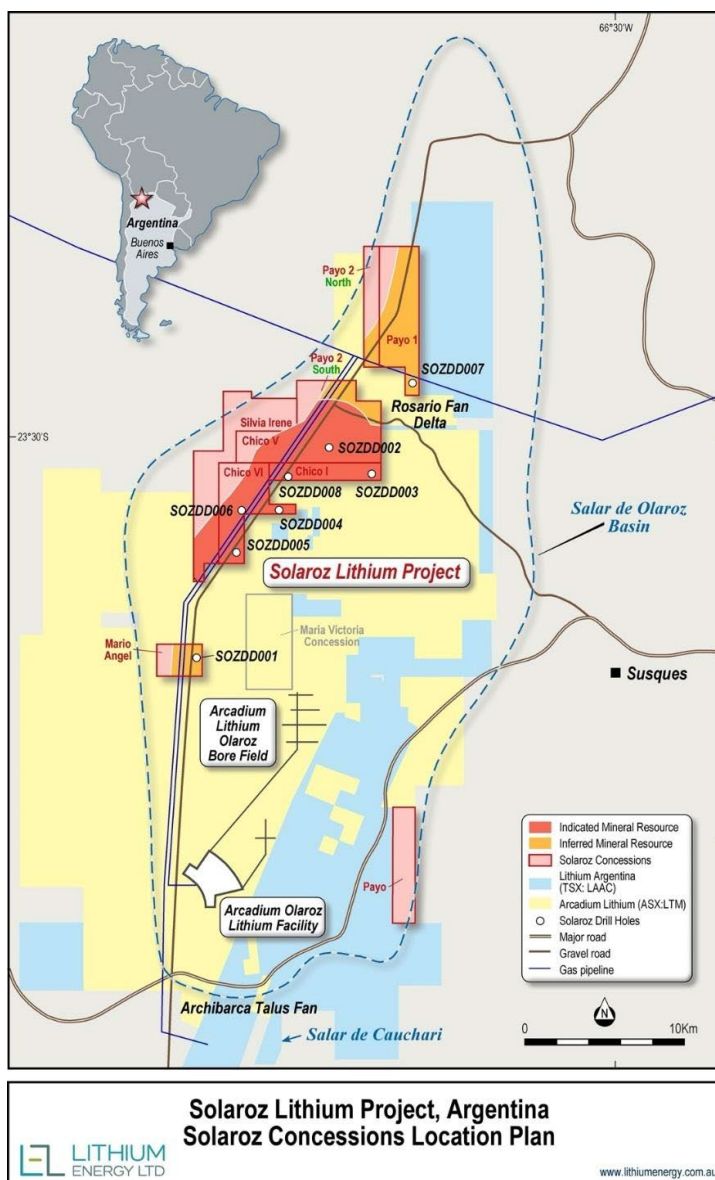
Lithium Energy's Solaroz Lithium Brine Project comprises 8 mineral concessions totalling approximately 12,000 hectares, located approximately 230 kilometres north-west of the provincial capital city of Jujuy within South America's 'Lithium Triangle' in North-West Argentina in the Salar de Olaroz basin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

The Solaroz Project is directly adjacent to two world class Lithium brine production assets - Arcadium Lithium plc's (ASX:LTM)<sup>16</sup> Olaroz Lithium Facility and Lithium Argentina Corporation's<sup>17</sup> (TSX:LAAC) Cauchari-Olaroz Facility. On 9 October 2024, Rio Tinto (ASX/LSR:RIO) announced that it will acquire Arcadium in an all cash transaction valuing Arcadium at US\$6.7 Billion, which will be implemented via a scheme of arrangement.<sup>18</sup>

The Solaroz Mineral Resource Estimate is **3.3Mt** Lithium Carbonate Equivalent (**LCE**).<sup>19</sup> 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**.

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

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



16 Arcadium Lithium plc (ASX/NYSE:LTM/ALTM) is the merged entity of Allkem Limited (former ASX:AKE) and Livent Corporation (NYSE:LTHM)  
 17 Lithium Argentina was separated, under a reorganisation, from Lithium Americas Corporation (TSX:LAC), in October 2023  
 18 Refer RIO ASX/LSE Announcements dated 9 October 2024: Rio Tinto to acquire Arcadium Lithium and 9 October 2024: Presentation on acquisition of Arcadium Lithium  
 19 Refer LEL Announcement dated 26 October 2023: Significant Solaroz Milestone Achieved with Upgrade to 2.4Mt LCE JORC Indicated Resource  
 20 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 changed

**BURKE AND CORELLA GRAPHITE PROJECTS (QUEENSLAND, AUSTRALIA)**

**(100%)**

**Proposed Merger with NOVONIX’s Mt Dromedary Graphite Project (Queensland)**

On 3 April 2024, Lithium Energy entered into a Share Sale and Purchase Agreement (**Mt Dromedary SPA**) with NOVONIX Limited (ASX:NVX) (**NOVONIX**) to acquire its high-grade Mt Dromedary Graphite Deposit, which is located directly adjacent to and is a continuation of the graphite mineralisation within the Company’s Burke Graphite Deposit, in Queensland (refer Figure 3).<sup>21</sup>

Lithium Energy and NOVONIX will spin-out their consolidated high-grade graphite assets via an Initial Public Offering (**IPO**) by Axon Graphite Limited (proposed ASX Code:AXG) (**Axon Graphite**) (currently a subsidiary of Lithium Energy) to form a distinct vertically integrated Battery Anode Material (**BAM**) business in Queensland, Australia (refer Figure 4).

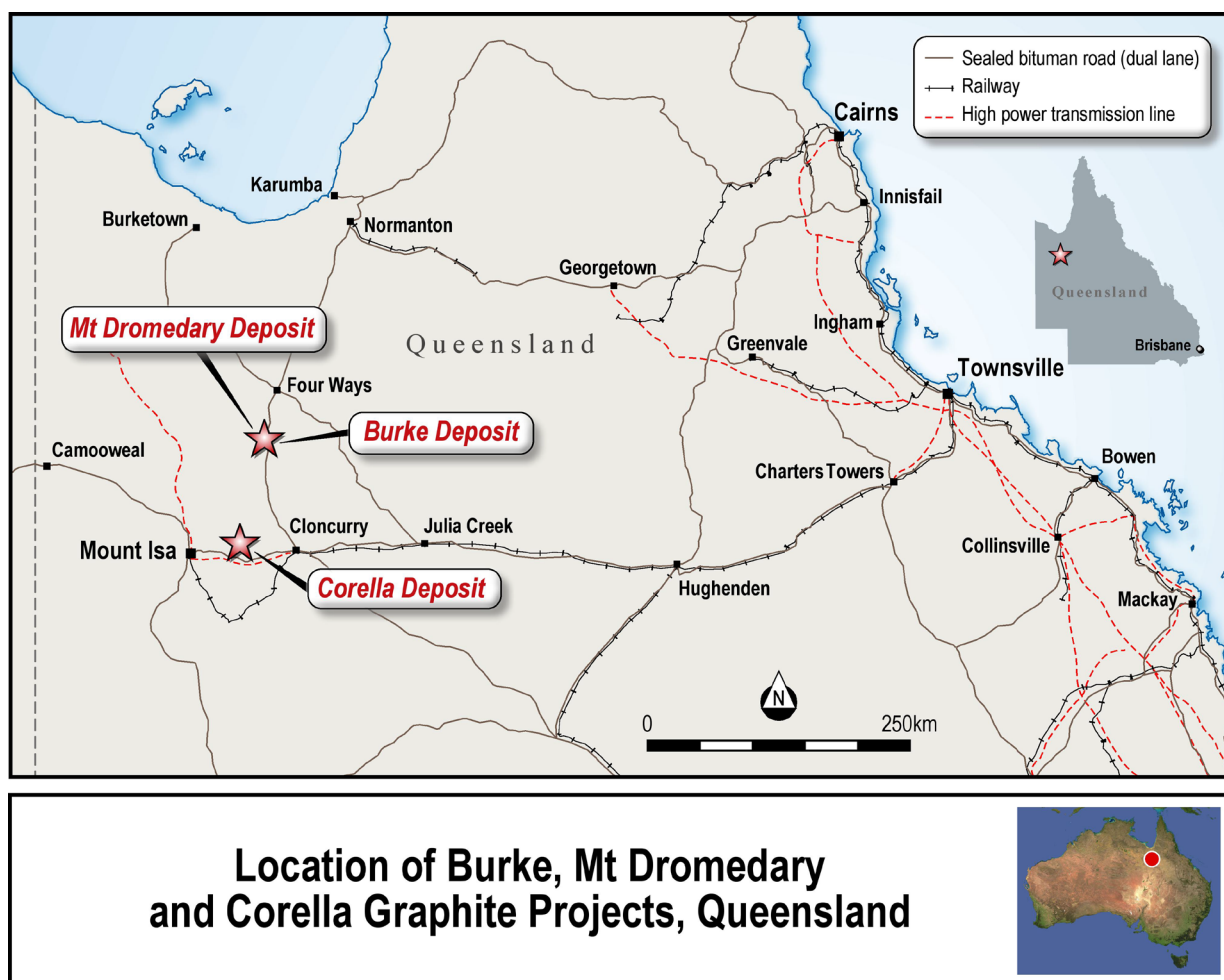


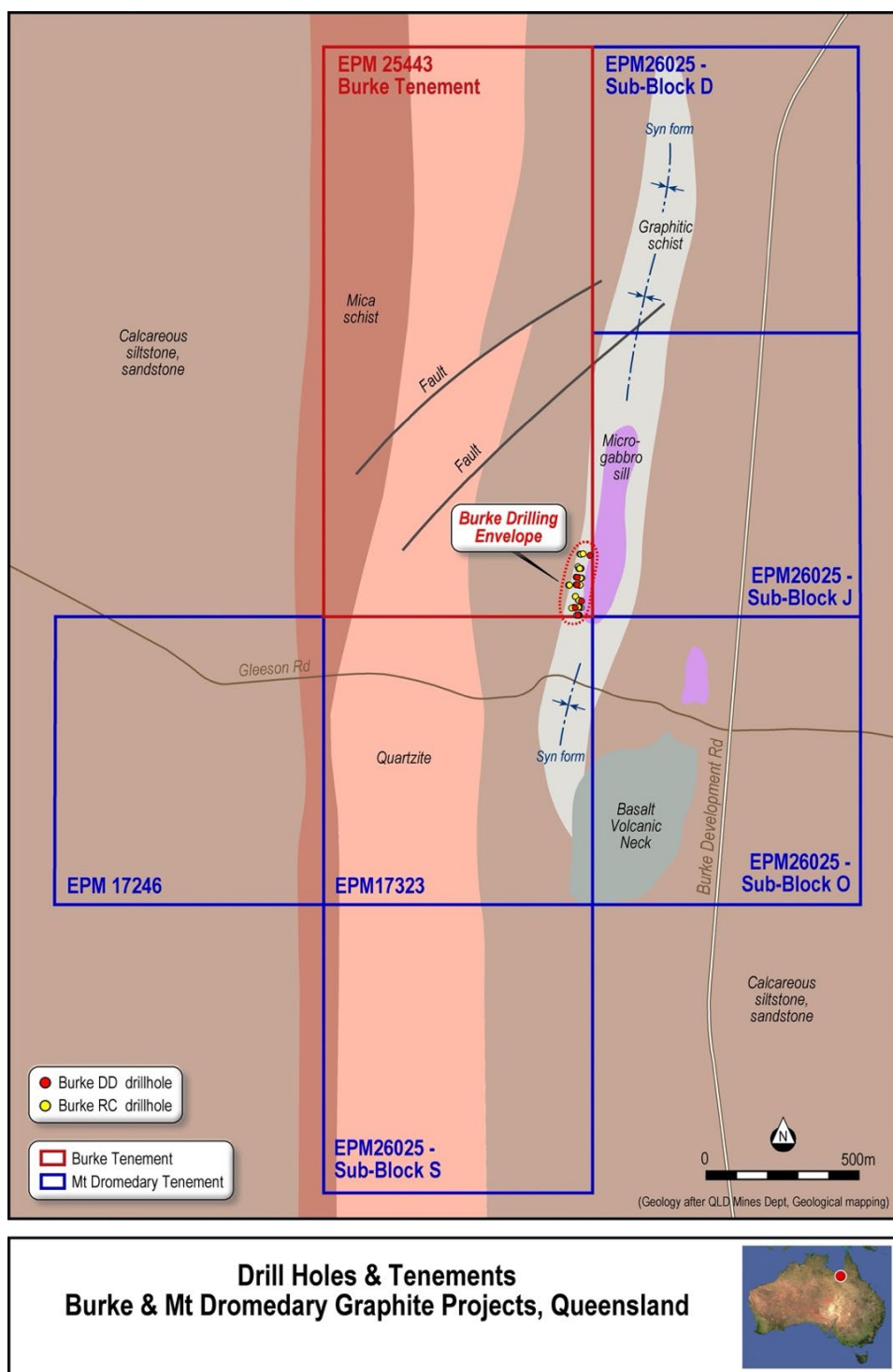
Figure 2: Location of Lithium Energy’s Burke and Corella Graphite Projects and NOVONIX’s Mt Dromedary Graphite Project in Queensland, Australia

<sup>21</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

Post IPO, Axon Graphite’s initial combined graphite inventory will comprise:

- **Mt Dromedary Graphite Deposit** - total JORC Indicated and Inferred Graphite Mineral Resource as reported by NOVONIX<sup>22</sup>;
- **Burke Graphite Deposit** - total JORC Indicated and Inferred Mineral Resource of 9.1Mt at 14.4% Total Graphitic Carbon (TGC) for 1.31Mt of contained graphite<sup>23</sup>; and
- **Corella Graphite Deposit** - total Inferred Mineral Resource of 13.5Mt at 9.5% TGC for 1.3Mt of contained graphite<sup>24</sup>.

Since the Mt Dromedary and Burke graphite deposits form part of the same graphite mineralisation zone, there is potential for significant operational synergies and economies of scale to be gained by combining these two deposits into a single mine.



**Drill Holes & Tenements  
 Burke & Mt Dromedary Graphite Projects, Queensland**

Figure 3: Burke & Mt Dromedary Graphite Projects: Tenements, Geology, Burke Drill Holes and Drilling Envelope

22 Refer Joint LEL and NVX ASX Announcement dated 10 September 2024: Axon Graphite Limited Update – Mt Dromedary Graphite Mineral Resources Review  
 23 Refer LEL ASX Announcement dated 5 April 2023: Burke Graphite Mineral Resource Upgrade Delivers Significant Increases in Size and Confidence  
 24 Refer LEL ASX Announcement dated 16 June 2023: Maiden Corella Graphite Mineral Resource Delivers Doubling of Graphite Inventory



### Terms of Proposed Merger

The merger will be effected through Axon Graphite acquiring NOVONIX's wholly-owned subsidiary, MD South Tenements Pty Ltd (**MDSTPL**), which in turn holds the tenement interests comprising the Mt Dromedary Graphite Project. The tenements comprising the Burke and Corella Graphite Projects are held by Burke Minerals Pty Ltd (**BMPL**), which is a wholly-owned subsidiary of Axon Graphite.

The Mt Dromedary SPA is conditional upon the following matters:

- Completion of due diligence to the satisfaction of both parties and the issue of notices to proceed with the Mt Dromedary SPA, which was confirmed as announced on 16 May 2024<sup>25</sup>;
- The receipt of all necessary regulatory consents and approvals under the *Mineral Resources Act 1989* (Queensland) relating to the transfer and assignment of the relevant mining interests held by NOVONIX to Axon Graphite (as applicable) – the parties do not believe that any such regulatory consents and approvals are required; and
- Completion of the Axon Graphite IPO and receipt of a decision from the ASX confirming (subject to the conditions therein) the admission of the company to the official list of the ASX and the quotation of the company's securities on ASX within 9 months of the date of the Agreement (i.e. by on or about 2 January 2025).

Lithium Energy and NOVONIX have also entered into an IPO Funding Deed to jointly fund the costs of the Axon Graphite IPO and the ASX admission processes, to be repaid by Axon Graphite from the IPO proceeds.

On 26 July 2024, Lithium Energy announced the finalisation of the composition of the Axon Graphite Board of Directors and its proposed Chief Executive Officer (**CEO**)<sup>26</sup>:

- Mr Peter Turnbull AM (LLB and BCom (*Melbourne*), FGIA (Life), FAICD, FCG) has been appointed as independent Non-Executive Chair.
- Mr Anthony Bellas (B.Econ, DipEd, MBA, FAICD, FCPA, FGS) has been appointed an Executive Director – Mr Bellas is the Deputy Non-Executive Chair of NOVONIX.
- Mr Farooq Khan (Bjuris, LLB (*Western Australia*)) has been appointed an Executive Director – Mr Khan is an Executive Director of Lithium Energy.
- Dr J. Christopher Burns (BSc., MSc., PhD) has been appointed Non-Executive Director – Dr Burns is the CEO of NOVONIX.
- Mr William Johnson (BA, MA (*Oxon*), MBA, MAICD) has been appointed Non-Executive Director – Mr Johnson is Executive Chair of Lithium Energy.
- Mr Graham Fyfe (BSc (Chemical Engineering) (*Kwazulu Natal*), AusIMM) has been appointed CEO – Mr Fyfe is currently the General Manager, Projects, of Lithium Energy and will transition to become CEO of Axon Graphite on its ASX listing.
- Mr Victor Ho (BCom, LLB (*Western Australia*), CTA) has been appointed Company Secretary – Mr Ho is the Company Secretary of Lithium Energy.

Further details of the proposed merger, including a summary of the key terms of the SPA, are in Lithium Energy's ASX Announcement dated 3 April 2024: Merger of Lithium Energy and NOVONIX Natural Graphite Assets and Proposed Axon Graphite Limited Spin-Out and IPO.

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25 Refer LEL ASX Announcement dated 16 May 2024: Update on Merger of Graphite Assets and Axon Graphite Limited IPO

26 Refer LEL ASX Announcement dated 26 July 2024: Update on Axon Graphite IPO – Details of Board and CEO

### Proposed Axon Graphite Limited Spin-Out and IPO

The key terms of the proposed IPO of Axon Graphite are as follows:

- Axon Graphite plans to raise a minimum subscription of \$15 Million and a maximum subscription of \$25 Million at an issue price of \$0.20 per share.
- Australian institutional stockbroking firm, Petra Capital has been appointed Lead Manager of the IPO.
- Eligible Lithium Energy and NOVONIX shareholders will be entitled to participate in a (pro-rata) Priority Offer under the IPO Prospectus. Any shortfall in applications lodged by eligible Lithium Energy and NOVONIX shareholders under the Priority Offers will form a pool of shares available to the general public under the Public Offer.
- Lithium Energy and NOVONIX will each hold a 22.2% to 28.6% cornerstone equity holding in Axon Graphite with such shareholdings likely to be subject to a 2 year escrow period as required under ASX Listing Rules.

The Prospectus for the IPO of Axon Graphite is currently being finalised in preparation for lodgement with ASIC.

Lithium Energy will provide further updates on ASX on the indicative timetable for the IPO, including in relation to the record dates for determining entitlements under the Priority Offers to Lithium Energy and NOVONIX shareholders.

### Battery Anode Material (BAM) Manufacturing Business Strategy

The focus of Axon Graphite is to advance its status from a graphite exploration and evaluation company to a graphite miner and BAM producer through the commercial exploitation of its Burke/Mt Dromedary and Corella Graphite Projects.

Axon Graphite intends to evaluate the potential development of a vertically integrated BAM business through the establishment of a BAM manufacturing facility in Queensland (**BAM Facility**), fed by high quality graphite to be mined and concentrated from the company's high-grade Burke/Mt Dromedary and Corella Graphite Deposits.

Axon Graphite envisages mining graphite initially from the combined Mt Dromedary and Burke Deposits and producing a +95% TGC graphite flake concentrate at the mine site. The graphite flake concentrate will then be transported to a BAM Facility for processing. The BAM Facility is expected to firstly mechanically shape and spheronise the flakes followed by chemical purification to form spherical purified graphite (**SPG**), which could be additionally surface coated to produce coated spherical purified graphite (**CSPG**), which are both high quality BAM products. It is proposed that these SPG or CSPG products will be sold as a battery anode material for use in the manufacturing of lithium-ion batteries or battery energy storage solutions.

After the completion of the IPO, Axon Graphite will advance a BAM development strategy taking into account the much larger graphite inventory, expected operational synergies and economies of scale be gained by combining the Burke and Mt Dromedary Graphite Deposits. To this end, Axon Graphite also intends to apply a portion of the funds raised under the IPO towards the design, construction and operation of a BAM Pilot Plant.

# The Battery Anode Material (BAM) Strategy

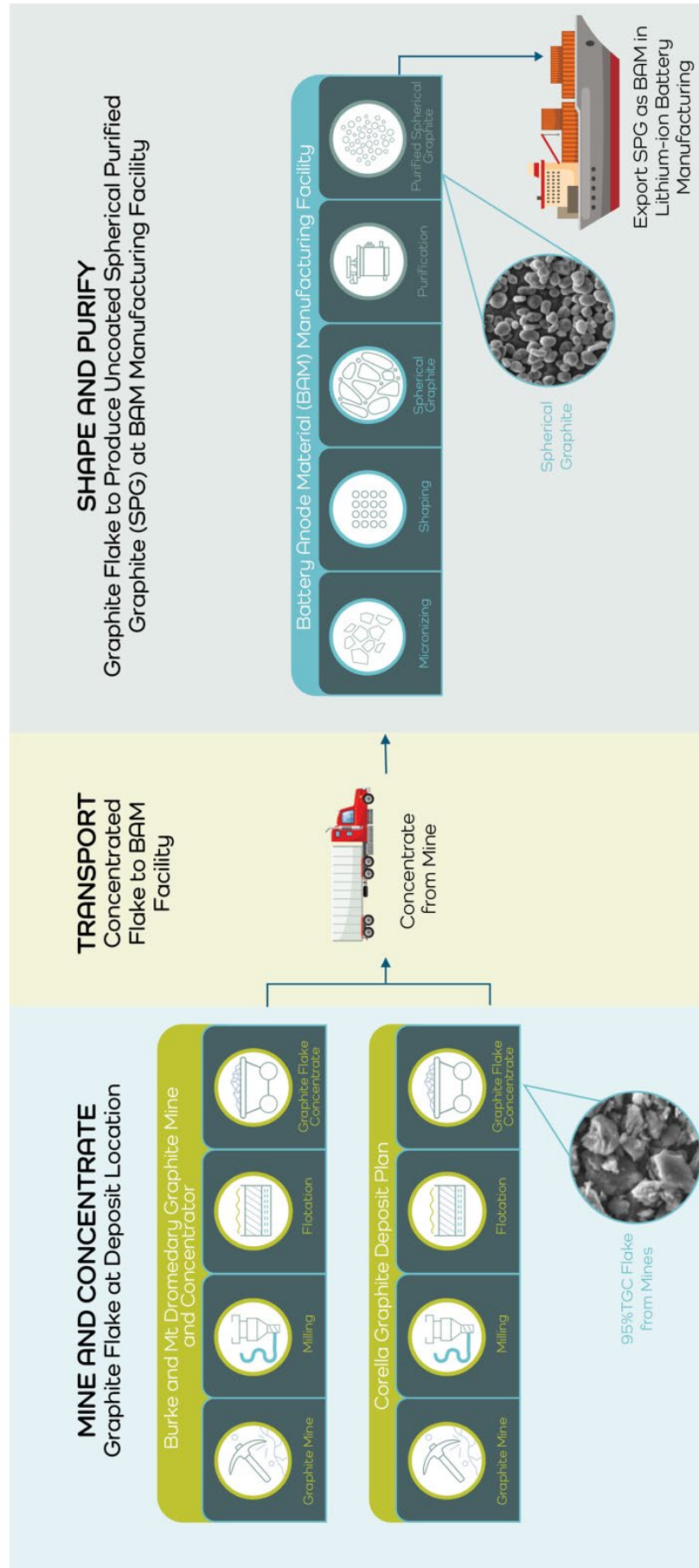


Figure 4: Illustrative Vertically Integrated Operations from Graphite Mine to Manufacturing of BAM Product

### About Burke and Corella Graphite Projects

Lithium Energy's (100% owned) graphite projects are located in the Cloncurry region in North Central Queensland (refer Figure 2):

- (1) The Burke Graphite Project comprises EPM 25443 (the **Burke Tenement** or **Burke**) (of ~6.47km<sup>2</sup>), located ~130km by road north of Cloncurry, adjacent to the Burke Development Road and adjacent to the Mt Dromedary Graphite Project held by NOVONIX (refer also Figure 3); and
- (2) The Corella Graphite Project comprises EPM 25696 (the **Corella Tenement** or **Corella**) (of ~19.41km<sup>2</sup>), located ~40km by road west of Cloncurry and ~170km by road south of the Burke/Mt Dromedary Tenements, adjacent to the Barkly Highway that links Mount Isa to Cloncurry.

The projects have access to well-developed transport infrastructure, including airports at Cloncurry and Mount Isa (located ~250km by road from Burke) and a Port in Townsville (located ~783km by road or rail from Cloncurry) (refer to Figure 2).

Lithium Energy has previously succeeded in doubling its Total Graphite Inventory to 2.6Mt of contained graphite across the Corella and Burke tenements, with the delineation of a maiden JORC Inferred Mineral Resource Estimate of 13.5Mt at 9.5% TGC for 1.3Mt contained graphite at Corella Tenement<sup>27</sup> and an upgrade of the Burke Tenement deposit to a total JORC Indicated and Inferred Mineral Resource of 9.1Mt at 14.4% TGC for a total of 1.3Mt contained graphite<sup>28</sup>.

The Beijing General Research Institute of Mining and Metallurgy (**BGRIMM**) in China has completed a comprehensive flowsheet development metallurgical test work program on a ~one (1) tonne representative sample of graphite from the Burke Deposit recovered from diamond core drilling undertaken in January 2023) to assess and develop an optimised flake concentrator flowsheet, with key results as follows<sup>29</sup>:

- (i) achieved key objectives of grade (>95% TGC) and recovery (>85%) using standard flotation and regrind milling technology;
- (ii) completed concentrator process flowsheet optimisation test work;
- (iii) produced >95% TGC graphite flake concentrate suitable for use as test feedstock material; and
- (iv) defined key concentrator design input metrics including reagent dosing rates and types, flotation and regrind and flotation cell residence times, for feasibility study purposes.

ProGraphite GmbH in Germany has completed spheronising and purification test work on ~15kg of 95.6% TGC graphite concentrate produced by BGRIMM -house pilot plant<sup>30</sup> using graphite from the Burke Deposit.

This BAM test work has defined<sup>31</sup>:

- (i) the process flowsheet requirements to produce a high purity 99.97% TGC SPG product, which will be suitable as feedstock for the battery anode production process; and
- (ii) the metallurgical and process design criteria (including key metrics such as reagent consumption, product size, product recovery and purification conditions) to be used as inputs to the BAM Facility process design for feasibility study purposes.

27 Refer LEL ASX Announcement dated 16 June 2023: Maiden Corella Graphite Mineral Resource Delivers Doubling of Graphite Inventory

28 Refer LEL ASX Announcements dated 5 April 2023: Burke Graphite Mineral Resource Upgrade Delivers Significant Increases in Size and Confidence

29 Refer LEL ASX Announcement dated 23 May 2023: Excellent Metallurgical Testwork Results at Burke Graphite Project Pave Way for Commencement of PFS

30 Refer LEL ASX Announcement dated 28 July 2023: Burke and Corella Graphite Projects Testwork Update

31 Refer LEL ASX Announcement dated 27 November 2023: Testwork Results Highlight Exceptional Potential of Burke Graphite as Battery Anode Material

## CORPORATE

### Future Activities

In light of the Solaroz Sale and Axon Graphite IPO, Lithium Energy's future activities will depend on:

- (a) whether the sale of the Solaroz Project is completed;
- (b) whether the Axon Graphite IPO is successful; and
- (c) the application of the ASX Listing Rules in relation to the Company's ongoing operations (in the context of (a) and/or (b) above).

Scenarios	Sale of Solaroz Project Completes	Sale of Solaroz Project Does Not Complete
<b>Axon Graphite IPO is Successful</b>	<p>Lithium Energy will consider the acquisition of battery mineral projects building upon the expertise developed in this sector by the Company, with a particular focus on lithium (brines and hard rock), copper, cobalt, vanadium, manganese and rare earth elements (REE). The Company will investigate the full spectrum of potential opportunities from grass roots exploration projects to advanced production or near production assets that present significant value accretive upside. If deemed suitable, the Company will also look to invest in related mineral commodities if they meet similar acceptable project metrics. The Company will prioritise projects located in Australia and North and South America.</p> <p>In this scenario, the Company considers that ASX will 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. Accordingly, any material acquisition(s) will be subject to the Company's re-compliance with the ASX Listing Rules.</p> <p>The Company will also consider returning part of the (net after-tax) sale proceeds from the sale of the Solaroz Project to shareholders, subject to an assessment of the taxation consequences (to Lithium Energy and the Company's shareholders) and the quantum of funds required to secure and develop the Company's new mineral projects.</p>	<p>Lithium Energy will continue to:</p> <ul style="list-style-type: none"> <li>(a) advance the exploration, evaluation and development of its Solaroz Lithium-Brine Project in Argentina; and</li> <li>(b) investigate and pursue other prospective projects in the battery minerals sector,</li> </ul> <p>subject to raising sufficient funds including share capital raisings.</p> <p>The Company will retain a 50 million cornerstone equity shareholding 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.</p>

Scenarios	Sale of Solaroz Project Completes	Sale of Solaroz Project Does Not Complete
<p><b>Axon Graphite IPO is Not Successful</b></p>	<p>Lithium Energy will apply part of the net sale proceeds from the sale of the Solaroz Project to advance the development of its own Burke and Corella Graphite Projects in Queensland to create a vertically-integrated mine to BAM manufacturing facility in Queensland, as was originally contemplated prior to entering into the agreement with NOVONIX to proceed with the Axon Graphite IPO.</p> <p>In this scenario, the Company considers that the advancement of the Axon Graphite projects will provide a sufficient level of operations to justify the reinstatement to quotation of its securities (pursuant to ASX Listing Rule 12.1), without the Company having to re-comply with Chapters 1 and 2 of the ASX Listing Rules.</p> <p>The Company will also consider returning part of the (net after-tax) sale proceeds from the sale of the Solaroz Project to shareholders, subject to an assessment of the taxation consequences (to Lithium Energy and the Company's shareholders) and the quantum of funds required to secure and develop the Company's new mineral projects.</p>	<p>Lithium Energy will continue to:</p> <ul style="list-style-type: none"> <li>(a) advance the exploration, evaluation and development of its Solaroz Lithium-Brine Project in Argentina;</li> <li>(b) advance the exploration, evaluation and development of its Burke and Corella Graphite Projects and the development of a vertically integrated BAM manufacturing facility in Queensland, Australia; and</li> <li>(c) investigate and pursue other prospective projects in the battery minerals sector,</li> </ul> <p>subject to raising sufficient funds including share capital raisings.</p>

Pending the completion of the Solaroz Sale and Axon Graphite IPO, Lithium Energy will:

- (a) Focus on securing the relevant approvals required to satisfy applicable Conditions under the Solaroz SSA;
- (b) Focus on advancing the Axon Graphite IPO;
- (c) Investigate and potentially undertake (where appropriate) 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 (depending on the nature and scale) by Lithium Energy will require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

### Securities on Issue (30 September 2024)

Class of Security	Quoted on ASX	Unlisted	Total
Fully paid ordinary shares	112,001,569	-	112,001,569
Executive Options (\$1.39, 29 Nov 2024) <sup>32</sup>	-	3,500,000	3,500,000
Securities Incentive Plan (SIP) <sup>33</sup> Options (\$1.595, 15 February 2025) <sup>34</sup>	-	100,000	100,000
Broker Options (\$1.50, 20 September 2025) <sup>35</sup>	-	750,000	750,000
Executive Options (\$1.06, 4 October 2025) <sup>36</sup>	-	17,500,000	17,500,000
SIP Options (\$1.32, 30 November 2025) <sup>37</sup>	-	400,000	400,000
Executive Options (\$0.935, 10 August 2026) <sup>38</sup>	-	250,000	250,000
<b>TOTAL</b>	<b>112,001,569</b>	<b>22,500,000</b>	<b>134,501,569</b>

### Summary of Expenditure Incurred<sup>39</sup>

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

	Expenditure Incurred / Cash Outflows: \$'000		
	Operating	Investing	Total
<b>For Quarter ending 30 September 2024</b>			
Exploration and evaluation expenditure and tenements	-	228	228
Personnel expenses	255	-	255
Occupancy expenses	2	-	2
Corporate expenses	79	-	79
Administration expenses	90	-	90
Other Solaroz S.A operating costs	67	-	67
Other Burke and Corella Graphite Project costs	114	-	114
Axon Graphite IPO/spin-out costs	-	110	110
<b>Total Expenditure</b>	<b>607</b>	<b>338</b>	<b>945</b>

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

### Payments to Related Parties<sup>40</sup>

During the quarter, Lithium Energy paid a total of \$204k in respect of Directors' remuneration, comprising salaries, PAYG remittances to the ATO and statutory employer superannuation contributions. This is disclosed in Item 6 of the accompanying Appendix 5B Cash Flow Report.

32 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

33 Refer LEL Notice of Annual General Meeting and Explanatory Statement dated 12 September 2023; summary of the Plan is also in Annexure A to the Explanatory Statement.

34 Refer LEL Announcement dated 18 February 2022: Notification regarding unquoted securities – LEL

35 Refer LEL Announcement dated 21 September 2022: Notification regarding unquoted securities – LEL

36 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

37 Refer LEL Announcement dated 5 December 2022: Notification regarding unquoted securities – LEL

38 Refer LEL Announcement dated 16 August 2023: Notification regarding unquoted securities – LEL

39 Per ASX Listing Rule 5.3.1

40 Per ASX Listing Rule 5.3.5

## MINERAL RESOURCE ESTIMATES

### Solaroz Lithium Brine Project (Argentina)

(90%)

Solaroz has a JORC Mineral Resource as follows<sup>41</sup>:

- **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 <sup>3</sup> )	Specific Yield %	Brine volume	Lithium (Li)		LCE Tonnes
				million m <sup>3</sup>	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
	<b>Total</b>	<b>19,253</b>	<b>7.4%</b>	<b>1,421</b>	<b>312</b>	<b>443,200</b>	<b>2,360,000</b>
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
	<b>Total</b>	<b>8,340</b>	<b>7.0%</b>	<b>587</b>	<b>289</b>	<b>170,000</b>	<b>900,000</b>
<b>TOTAL INDICATED &amp; INFERRERD MINERAL RESOURCE</b>			<b>7.3%</b>		<b>305</b>		<b>3,260,000</b>

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 (Li<sub>2</sub>CO<sub>3</sub>) 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

<sup>41</sup> Refer to ASX Announcement dated 26 October 2023: Significant Solaroz Milestone Achieved with Upgrade to 2.4Mt LCE JORC Indicated Resource



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

Mineral Resource Category	Lithology Units	Sediment Volume (million m <sup>3</sup> )	Specific Yield %	Brine volume	Lithium (Li)		LCE Tonnes
				million m <sup>3</sup>	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
	<b>Total</b>	<b>10,337</b>	<b>5.2%</b>	<b>557</b>	<b>400</b>	<b>223,000</b>	<b>1,185,000</b>
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
	<b>Total</b>	<b>637</b>	<b>5.3%</b>	<b>34</b>	<b>403</b>	<b>13,500</b>	<b>73,000</b>
<b>TOTAL INDICATED &amp; INFERRED MINERAL RESOURCE (HIGH-GRADE CORE)</b>			<b>5.2%</b>		<b>400</b>		<b>1,258,000</b>

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) and (d) of Table 1

For further details, refer to the Company's ASX Announcement dated 26 October 2023: Significant Solaroz Milestone Achieved with Upgrade to 2.4Mt LCE JORC Indicated Resource.

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

The Burke Deposit (on Burke EPM 25443 tenement) has a JORC Mineral Resources as follows<sup>42</sup>:

- **Total Mineral Resource of 9.1Mt at 14.4% Total Graphitic Carbon (TGC) for a total of 1.3Mt contained graphite** (at a 5% TGC cut-off grade), comprising (refer Table 3):
  - **Indicated Mineral Resource of 4.5Mt at 14.7% TGC for 670kt of contained graphite;** and
  - **Inferred Mineral Resource of 4.5Mt at 14.2% TGC for 640kt of contained graphite.**
- Within the mineralisation envelope there is included a higher grade **Total Mineral Resource of 7.1Mt at 16.2% TGC for 1.1Mt of contained graphite** (at a 10% TGC cut-off grade).<sup>43</sup>

<sup>42</sup> Refer LEL ASX Announcements 5 April 2023: Burke Graphite Mineral Resource Upgrade Delivers Significant Increases in Size and Confidence

<sup>43</sup> Refer Mineral Resource estimates at different %TGC cut-off grades reported in Table 2 of LEL ASX Announcement dated 5 April 2023: Burke Graphite Mineral Resource Upgrade Delivers Significant Increases in Size and Confidence

**Table 3: Burke Tenement - JORC Indicated and Inferred Mineral Resource Estimate**

Mineral Resource Category	Weathering State	Resource (Mt)	Total Graphitic Carbon (TGC) (%)	Contained Graphite (kt)
Indicated Mineral Resource	Weathered	0.2	12.5	30
	Primary	4.3	14.8	640
	<b>Sub-total</b>	<b>4.5</b>	<b>14.7</b>	<b>670</b>
Inferred Mineral Resource	Weathered	0.1	8.1	10
	Primary	4.4	14.4	630
	<b>Sub-total</b>	<b>4.5</b>	<b>14.2</b>	<b>640</b>
Total Indicated and Inferred Mineral Resource	Weathered	0.3	11.1	40
	Primary	8.7	14.6	1,270
	<b>TOTAL</b>	<b>9.1</b>	<b>14.4</b>	<b>1,310</b>

Notes:

- (a) Mineral Resource estimates are reported above a cut-off grade of 5% TGC; Mineral Resources reported on a dry in-situ basis; Totals may differ due to rounding.
- (b) For further details, refer to the Company's ASX Announcement dated 5 April 2023 entitled "Burke Graphite Mineral Resource Upgrade Delivers Significant Increases in Size and Confidence".

### Corella Graphite Project (Queensland, Australia)

(100%)

The Corella Deposit (on Corella EPM25696 tenement) has a JORC Mineral Resources as follows<sup>44</sup>:

- Inferred Mineral Resource delivers **13.5Mt at 9.5% TGC** for **1.3Mt contained graphite** (at a 5% TGC cut-off grade) (refer Table 4).
- Within the mineralisation envelope, there is included a higher grade Inferred Mineral Resource of **4.5Mt at 12.7% TGC** for 0.57Mt of contained graphite (at a 10% TGC cut-off grade).<sup>45</sup>

**Table 4: Corella Tenement - JORC Inferred Mineral Resource Estimate**

Mineral Resource Category	Weathering State	Resource (Mt)	TGC (%)	Contained Graphite (kt)
Inferred Mineral Resource	Weathered	4.5	9.7	440
	Primary	9.0	9.3	840
	<b>TOTAL</b>	<b>13.5</b>	<b>9.5</b>	<b>1,280</b>

Notes:

- (a) Mineral Resource estimates are reported above a cut-off grade of 5% TGC; Mineral Resources reported on a dry in-situ basis; Totals may differ due to rounding.
- (b) For further details, refer to the Company's ASX Announcement dated 16 June 2023 entitled "Maiden Corella Graphite Mineral Resource Delivers Doubling of Graphite Inventory"

<sup>44</sup> Refer LEL ASX Announcement 16 June 2023: Maiden Corella Graphite Mineral Resource Delivers Doubling of Graphite Inventory

<sup>45</sup> Refer Mineral Resource estimates at different %TGC cut-off grades reported in Table 3 of LEL ASX Announcement 16 June 2023: Maiden Corella Graphite Mineral Resource Delivers Doubling of Graphite Inventory

## LIST OF MINERAL CONCESSIONS

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

### Solaroz Lithium Brine Project (Argentina) (90%)

Concession Group	Tenement Name	Area (Ha)	Province	File No
Northern Block	Payo 1	1,973	Jujuy	1516-M-2010
	Payo 2 (North)	758	Jujuy	1515-M-2010
	Payo 2 (South)	1,435		
Central Block	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
Southern Block	Mario Ángel	543	Jujuy	1707-S-2011
	Payo	990	Jujuy	1514-M-2010

### Burke and Corella Graphite Projects (Queensland, Australia) (100%)

Tenement Name	Tenement Type and No.	Grant Date	Expiry Date	Area (blocks)	Area (km <sup>2</sup> )
Burke	EPM 25443	4/9/2014	3/9/2024	2 sub-blocks	6.47
Corella	EPM 25696	2/4/2015	1/4/2025	6 sub-blocks	19.41
Leichhardt Crossing	EPM 28715	12/4/2023	11/4/2028	30-sub-blocks	97.05

- EPM means Exploration Permit for Minerals
- Each sub-block is 3.235 square kilometres (using projected coordinate system GDA2020 / MGA zone 54)

## JORC CODE COMPETENT PERSON'S STATEMENTS

### Solaroz Lithium Brine Project (Argentina)

(1) The information in this document that relates to Mineral Resources (and the interpretation and reporting of Exploration Results related thereto) 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).

(2) The information in this document that relates to other Exploration Results in relation to the Solaroz Lithium Brine Project is extracted from the following ASX market announcements made by Lithium Energy Limited dated:

- 15 January 2024 entitled "Battery Grade Lithium Carbonate Successfully Produced from Solaroz Brine"
- 31 October 2023 entitled "Quarterly Activities and Cash Flow Reports - 30 September 2023"
- 26 October 2023 entitled "Significant Solaroz Milestone Achieved with Upgrade to 2.4Mt LCE JORC Indicated Resource"
- 29 August 2023 entitled "Lithium Mineralisation Encountered in Northern Solaroz Concession"
- 31 July 2023 entitled "Quarterly Activities and Cash Flow Reports – 30 June 2023"
- 27 July 2023 entitled "Highest Lithium Concentrations Encountered at Solaroz Lithium Project in Hole 6"
- 29 June 2023 entitled "Significant Maiden JORC Lithium Resource of 3.3Mt LCE at Solaroz Project in Argentina"
- 15 May 2023 entitled "Further Assays Confirm Significant Lithium Brine Concentrations Across Massive Intersections at Solaroz"

The information in the original announcements is based on information compiled by Mr Peter Smith (BSc (Geophysics) (Sydney) AIG ASEG), a Competent Person who is a Member of AIG. Mr Smith is an Executive Director of Lithium Energy Limited. Mr Smith 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 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).

## Burke and Corella Graphite Projects

(1) The information in this document that relates to Mineral Resources in relation to the Burke and Corella Graphite Projects is extracted from the following ASX market announcements made by Lithium Energy Limited dated:

- 16 June 2023 entitled "Maiden Corella Graphite Mineral Resource Delivers Doubling of Graphite Inventory"
- 5 April 2023 entitled "Burke Graphite Mineral Resource Upgrade Delivers Significant Increases in Size and Confidence"

The information in the original announcements is based on information compiled by Mr Shaun Searle, a Competent Person who is a Member of the AIG. Mr Searle is an employee of Ashmore Advisory Pty Ltd, an independent consultant to Lithium Energy Limited. Mr Searle 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 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).

(2) The information in this document that relates to test work results in relation to the Burke Graphite Project is extracted from the following ASX market announcement made by Lithium Energy Limited dated:

- 11 March 2024 entitled "Exceptional Battery Testing Results Achieved with Burke Spherical Purified Graphite"
- 27 November 2023 entitled "Testwork Results Highlight Exceptional Potential of Burke Graphite as Battery Anode Material"
- 23 May 2023 entitled "Excellent Metallurgical Testwork Results at Burke Graphite Project Pave Way for Commencement of PFS"

The information in the original announcement is based on information compiled by Mr Graham Fyfe, who is a Member of the Australian Institute of Mining and Metallurgy (**AusIMM**). Mr Fyfe is an employee (General Manager, Projects) of Lithium Energy Limited. Mr Fyfe 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 JORC Code. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement (referred to above). The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement (referred to above).

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

## 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.

## Appendix 5B

# Mining Exploration Entity or Oil and Gas Exploration Entity Quarterly Cash Flow Report

Name of entity

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

ABN

**94 647 135 108**

Quarter Ended (current quarter)

**30 September 2024**

<b>Consolidated statement of cash flows</b>	<b>Current Quarter Sep-2024 \$A' 000</b>	<b>Year to Date 3 months \$A' 000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(255)	(255)
(e) administration and corporate costs	(171)	(171)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	36	36
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
Other Solaroz Project (Argentina) costs	(67)	(67)
Other Burke and Corella Graphite Project (Qld) costs	(114)	(114)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(571)</b>	<b>(571)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(228)	(228)
(e) investments	-	-
(f) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>	<b>Current Quarter Sep-2024 \$A' 000</b>	<b>Year to Date 3 months \$A' 000</b>
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)		
Axon Graphite Limited IPO/spin-out costs	(110)	(110)
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(338)</b>	<b>(338)</b>
<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	5	5
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>5</b>	<b>5</b>
<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	3,396	3,396
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(571)	(571)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(338)	(338)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	5	5
4.5 Effect of movement in exchange rates on cash held	(81)	(81)
<b>4.6 Cash and cash equivalents at end of period</b>	<b>2,411</b>	<b>2,411</b>

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current Quarter \$A' 000	Previous Quarter \$A' 000
5.1 Bank balances	2,308	3,307
5.2 Call deposits	103	89
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,411</b>	<b>3,396</b>

6. Payments to related parties of the entity and their associates	Current Quarter \$A' 000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	(204)
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

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

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

<b>7.5 Unused financing facilities available at quarter end</b>	-
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Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Nil



8. Estimated cash available for future operating activities	\$A' 000
8.1 Net cash from / (used in) operating activities (item 1.9)	(571)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(228)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(799)
8.4 Cash and cash equivalents at quarter end (item 4.6)	2,411
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	2,411
<b>8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	<b>3.02</b>

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

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

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

Not applicable

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

Not applicable

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

Not applicable

## Compliance statement

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

Authorised By:



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**Victor Ho  
Company Secretary**

**31 October 2024**

See Chapter 19 of ASX Listing Rules for defined terms

**Notes**

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee"
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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**AUTHORISED FOR RELEASE - FOR FURTHER INFORMATION:**

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