

ASX ANNOUNCEMENT

20 January 2025

US\$6 Million Received as Second Deposit for Solaroz Sale

Lithium Energy Limited (ASX:LEL) (**Lithium Energy** or **Company**) is pleased to confirm that a second deposit (**Second Deposit**) of US\$6 Million in cash has been received from 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 the whole of the Company's interest in the Solaroz Lithium Brine Project (**Solaroz Project**) in Argentina.

The payment of the Second Deposit follows a General Meeting held on 15th January 2025¹, at which the Company's shareholders voted overwhelmingly in favour of the Amended Sale Agreement in respect of the sale of the whole of the Company's interest in the Solaroz Project, with ~96% of votes cast at the meeting approving the sale.²

With the receipt of shareholder approval of the Amended Sale Agreement, the sale of the Company's interest in the Solaroz Project to CNGR is now unconditional.

By way of background:

- (a) On 26 April 2024, Lithium Energy entered into a Share Sale Agreement (**Original 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**), in respect of the sale of Lithium Energy's 90% interest in the Argentinian company, Solaroz S.A. (**Solaroz**) (which owns the Solaroz Lithium Brine Project) for consideration totalling US\$63 million (~A\$97 million³) cash, which includes the assignment of a loan owed by Solaroz to Lithium Energy (**Loan**) (the **Solaroz Sale**).⁴
- (b) On 3 December 2024, Lithium Energy and CNNET entered into a deed of amendment and restatement (the **Deed of Amendment**) which amends and restates the Original Sale Agreement (now the **Amended Sale Agreement**).⁵ The Deed of Amendment was conditional only on Lithium Energy obtaining shareholder approval for the Amended Sale Agreement under Listing Rule 11.2. Once this approval is obtained, the Deed of Amendment will be implemented such that the Amended Sale Agreement will take effect.

Accordingly, the Deed of Amendment has now been implemented and the Amended Sale Agreement has now taken effect on 15 January 2025.

Under the terms of the Amended Sale Agreement, the total cash purchase price of US\$63 million (~A\$97 million¹) remains unchanged but completion of the Solaroz Sale will now occur in two tranches:

- (a) **Tranche 1** – comprising the transfer of a 39.9% shareholding in Solaroz (with Lithium Energy retaining a 50.1% shareholding) and the assignment of a US\$12 million (~A\$18.5 million) Loan amount, to be completed on 24 April 2025 (**Tranche 1 Completion Date**); and

1 Refer LEL's Notice of General Meeting, Explanatory Statement and Proxy Form dated and released on ASX on 16 December 2024

2 Refer LEL ASX Announcement dated 15 January 2025: Results of General Meeting

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

4 Refer to LEL ASX Announcement dated 30 April 2024 titled "Sale of Solaroz Lithium Project for A\$97 Million"

5 Refer to LEL ASX Announcement dated 6 December 2024 titled "Amended Terms of A\$97 Million Sale of Solaroz Lithium Project"

- (b) **Tranche 2** – comprising the transfer of the 50.1% balance of Lithium Energy’s shareholding in Solaroz and the assignment of the balance of the outstanding Loan amount, to be completed on 9 January 2026 (**Tranche 2 Completion Date**).

CNNET will be entitled to nominate one representative to the Solaroz Board upon the completion of Tranche 1, however the Solaroz Board will continue to comprise a majority of Lithium Energy representatives, until the completion of Tranche 2.

The US\$63 million (~A\$97 million¹) purchase price will be paid as follows:

- (a) The **US\$1.8 million** (A\$2.713 million⁶) deposit (now known as the **First Deposit**) previously paid upon execution of the Original Sale Agreement (received in May 2024) is now fully non-refundable, immediately upon execution of the Amended Sale Agreement (whereas previously, it was refundable if the Original Sale Agreement was terminated and completion did not occur for any reason); and
- (b) A further **Second Deposit of US\$6 million** (~A\$9.2 million) which has now been received following shareholder approval for the Amended Sale Agreement at the General Meeting held by the Company on 15th January 2025. This Second Deposit is refundable on termination of the Amended Sale Agreement only in limited circumstances relating to the insolvency of Lithium Energy and breach of Lithium Energy’s (seller) warranties having a material adverse effect of more than US\$5 million (~A\$7.7 million).
- (c) **US\$26 million** (A\$40 million) (**Tranche 1 Amount**) payable on the Tranche 1 Completion Date (24 April 2025);
- (d) **US\$21.7 million** (~A\$33.4 million) (**Tranche 2 Amount**) payable on the Tranche 2 Completion Date (9 January 2026);
- (e) **US\$3 million** (~A\$4.6 million) (**Escrow Account Amount**) to be transferred to a joint escrow account on the Tranche 2 Completion Date and held for the benefit of both Lithium Energy and CNNET for a period of one year, to serve as security for Lithium Energy’s performance under the Amended Sale Agreement, after which it will be released to Lithium Energy (on 8 January 2027); and
- (f) **US\$4.5 million** (~A\$6.9 million) (**Deferred Consideration**) payable if the Benchmark Lithium Carbonate Price exceeds US\$23,000/tonne averaged over any 4-month period beginning from the Tranche 1 Completion Date and ending 12 months after the Tranche 2 Completion Date (i.e. between 25 April 2025 and 8 January 2027).

Additionally, Lithium Energy has secured an up to US\$15 million (A\$23.1 million³) commitment from CNNET to fund (as loans to Solaroz) the development of the Solaroz Project from 1 January 2025 under the Amended Sale Agreement (**CNNET Loan**).

Lithium Energy and CNNET, through Solaroz, will undertake the next phases of exploration and evaluation at the Solaroz Project utilising the CNNET Loan after securing updated Environmental Impact Assessment (**EIA**) approvals in respect of the Solaroz Project concessions, which will include the following work programs:

- additional (including in-fill) drill holes are planned in the Central Block (Chico I, V and VI, Payo 2 South and Silvia Irene concessions), to improve the confidence in correlation of lithology, porosity and brine concentration between holes in the Central Block;
- drilling is planned to further evaluate the Northern Block (Payo 1 and Payo 2 North concessions);
- large diameter wells are planned to be drilled and installed on target areas for pump testing;
- hydrological studies will be undertaken to support groundwater modelling to define lithium brine extraction rates; and
- process test work (equivalent to metallurgical test work) will be undertaken on relevant lithium brine samples.

⁶ The carrying value for accounting purposes as at 30 June 2024

Summaries of the Deed of Amendment and the Amended Sale Agreement are set out in Annexure B to Lithium Energy’s Notice of General Meeting, Explanatory Statement and Proxy Form dated and released on ASX on 16 December 2024.

Indicative timetable

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

Event	Date
Execution of the Deed of Amendment (incorporating the Amended Sale Agreement)	3 December 2024
Shareholder approval of the Solaroz Sale for the purposes of ASX Listing Rule 11.2	15 January 2025
Receipt of US\$6 million Second Deposit	20 January 2025
Expected completion of Tranche 1 and receipt of US\$26 million Tranche 1 Amount	24 April 2025
Expected completion of Tranche 2 and receipt of US\$21.7 million Tranche 2 Amount	10 January 2026
Expected Release of US\$3 million Escrow Account Amount from escrow (subject to there being no claims from CNET arising under the Amended Sale Agreement)	8 January 2027
Potential receipt of US\$4.5 million Deferred Consideration if the Benchmark Lithium Carbonate Price exceeds US\$23,000/tonne averaged over any 4-month period	Between 25 April 2025 to 8 January 2027

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 or (b) any changes that may be agreed in consultation with the ASX. The Company will update Shareholders via the ASX market announcements platform and Lithium Energy’s website as appropriate when the relevant events are reached, changed, or decisions made.

AUTHORISED FOR RELEASE - FOR FURTHER INFORMATION:

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ABOUT LITHIUM ENERGY LIMITED (ASX:LEL)

Lithium Energy Limited is an ASX listed battery minerals company which is developing its flagship Solaroz Lithium Brine Project in Argentina and the Burke and Corella Graphite Projects in Queensland. The Solaroz Lithium Project (LEL:90%) comprises 12,000 hectares of highly prospective lithium mineral concessions (where a JORC Indicated and Inferred Mineral Resource of lithium has been delineated) located strategically within the Salar de Olaroz Basin in South America’s “Lithium Triangle” in north-west Argentina. Lithium Energy shares the lithium rights in the Olaroz Salar basin with lithium carbonate producers Arcadium Lithium plc (ASX:LTM) and Lithium Argentina Corporation (TSX:LAAC). 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. On 6 December 2024, Lithium Energy announced amended Solaroz sale terms (with completion in two tranches (April 2025 and January 2026) and with no change to the total cash consideration).

Pending completion of the sale of Solaroz, Lithium Energy will focus on advancing the Axon Graphite IPO and continuing to advance operations at Solaroz.