

QUARTERLY ACTIVITIES REPORT

for the quarter ending 31 December 2024

31 January 2025

SUMMARY

Sale of Solaroz Lithium Brine Project (Argentina)

- On 6 December 2024, Lithium Energy and CNGR agreed to amend the terms of the Solaroz sale which will now be completed in two tranches in April 2025 and January 2026, with no change to the total purchase price of US\$63 million (the Amended Sale Agreement).
- On 23 December 2024, Lithium Energy received Environmental Impact Assessment (EIA) approvals for the next phase of exploration at the Mario Angel and Payo concessions at Solaroz.
- On 15 January 2025, shareholders approved the disposal of the Company's interests in the Solaroz Lithium Project under the Amended Sale Agreement, which is now unconditional.
- On 20 January 2025, Lithium Energy received a US\$6 million Second Deposit from CNGR

Axon Graphite Limited IPO/spin-out

- A General Meeting of shareholders is scheduled for 7 February 2025 to approve the proposed spin-out of Axon Graphite Limited, as required by ASX under the Listing Rules.

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 and or is otherwise compliant with the Listing Rules of the ASX.

Future Activities

- Continue to advance operations at Solaroz (until completion of the sale in January 2026), with up to US\$15 million funding to be provided by CNGR under the terms of the Amended Sale Agreement.
- Advance the Axon Graphite IPO - If shareholders approve the proposed spin-out of Axon Graphite at the General Meeting on 7 February 2025, Lithium Energy's future activities may also depend in part on whether the Axon Graphite IPO is successful and the application of the ASX Listing Rules in relation to the lifting of the suspension of the Company's shares from quotation and its reinstatement to the ASX.
- Investigate and potentially undertake (where appropriate) investment opportunities 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, subject to compliance with the Listing Rules of the ASX.

AUTHORISED FOR RELEASE - FOR FURTHER INFORMATION:

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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 31 December 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 already 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) (Axon Graphite), which will undertake a \$15M to \$25M initial public offering (IPO) and seek admission to ASX as a dedicated vertically-integrated mine to Battery Anode Material (BAM) product manufacturing company. Lithium Energy's spin-out of Axon Graphite is subject to shareholder approval at a general meeting to be held on 7 February 2025.

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 (CNGR) 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). Lithium Energy shareholders approved the proposed sale of Solaroz at a general meeting held on 8 August 2024 (in respect of the original sale agreement) and on 15 January 2025 (in respect of the Amended Sale Agreement).

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 and or is otherwise compliant with the Listing Rules of the ASX.

Pending the completion of the sale of Solaroz, Lithium Energy will:

- (a) continue to advance operations at Solaroz, with funding to be provided by CNGR (under the terms of the Amended Sale Agreement);
- (b) advance the Axon Graphite IPO; and
- (c) investigate and potentially undertake (where appropriate) investment opportunities principally in the battery mineral projects sector in Australia and overseas, subject to compliance with the Listing Rules of the ASX.

SUSPENSION OF TRADING FROM ASX

Lithium Energy announced on 25 October 2024¹ that ASX had determined that Lithium Energy did not have a sufficient level of operations to warrant the continued quotation of its securities in the context of Lithium Energy having entered into a sale agreement to dispose of its main undertaking (being the Solaroz Lithium Project) and suspended the Company's securities from trading on ASX.²

Lithium Energy expects that the suspension will remain in place until:

- (a) Lithium Energy has satisfied ASX that it has a sufficient level of operations to justify the reinstatement of its shares to quotation; or
- (b) Lithium Energy has satisfied any conditions imposed by ASX to the reinstatement of the shares to quotation – likely in conjunction with an acquisition of a new resource project(s) by the Company.

PROJECTS

SOLAROSZ LITHIUM BRINE PROJECT (ARGENTINA)

(90%)

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

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

In connection with the Solaroz Sale under the Original Solaroz Sale Agreement, CNNET has paid a US\$1.8 million (~A\$2.7 million) deposit to Lithium Energy (received on 6 May 2024), 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 Original Solaroz 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 under the Original Solaroz Sale Agreement was 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 2024,⁵ which was able to be extended by a further 60 days and was required to be satisfied (or waived) in any event by 25 April 2025 (being 12 months after the date of the Original Solaroz Sale Agreement).

1 Refer to LEL Announcement dated 25 October 2024: ASX Decision to Suspend Trading in LEL Securities

2 Refer also LEL ASX Announcement dated 25 October 2024: Suspension from Quotation

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

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

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

Whilst some of the Conditions have already been satisfied, including Lithium Energy shareholder approval⁶ and receipt by CNET/CNCR of all necessary Chinese ODI (overseas direct investment) and foreign exchange control regulatory approvals,⁷ several Conditions remained outstanding. The material Conditions still outstanding were:

- (a) CNET's registration as a foreign company in Argentina (required to receive transfer of shares in Solaroz) (**Foreign Company Registration Condition**); and
- (b) receipt of environmental and concession related approvals relating to the Solaroz Project.

On 3 December 2024, Lithium Energy and CNET 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**).⁸ The Amended Solaroz Sale Agreement is unconditional, meaning that the unsatisfied Conditions **has effectively been waived**.

The Deed of Amendment was conditional only on Lithium Energy obtaining shareholder approval for the Amended Sale Agreement under Listing Rule 11.2, which was obtained at a General Meeting held on 15 January 2025⁹. Accordingly, the Deed of Amendment was implemented and the Amended Sale Agreement took effect on 15 January 2025, with the sale of Lithium Energy's interest in the Solaroz Project to CNCR now being unconditional.¹⁰

Under the terms of the Amended Sale Agreement, the total cash purchase price of US\$63 million (~A\$97 million³) 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
- (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**).

CNET is 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 million³) purchase price will be paid as follows:

- (a) The **US\$1.8 million** (A\$2.713 million¹¹) 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) was received on 20 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/or a 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);

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

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

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

9 Refer to LEL ASX Announcement dated 15 January 2025: Results of General Meeting and LEL's Notice of General Meeting, Explanatory Statement and Proxy Form dated and released on ASX on 16 December 2024

10 Refer to LEL ASX Announcement dated 20 January 2025: US\$6 Million Received as Second Deposit for Solaroz Sale

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

- (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).

Under the Amended Sale Agreement, CNNET has also agreed to provide up to **US\$15 million funding** for Solaroz from 1 January 2025 to the Tranche 2 Completion Date (9 January 2026), on the same terms as the Lithium Energy Loan to Solaroz (**CNNET Loan**).

A summary of the Amended Sale Agreement is 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.

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 CNNET 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 CNNET/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.

Solaroz Development Program

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 (the 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 is proposed to include the following work programs:

- additional (including in-fill) drill holes 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 to further evaluate the Northern Block (Payo 1 and Payo 2 North concessions);

- large diameter wells drilled and installed on target areas for pump testing;
- hydrological studies to support groundwater modelling to define lithium brine extraction rates; and
- process test work (equivalent to metallurgical test work) on relevant lithium brine samples.

Lithium Energy, CNNET and Solaroz will develop an agreed work plan and budget in relation to the above work programs, to be implemented following the receipt of updated EIA approvals. The up to US\$15 million CNNET loan funding is expected to be sufficient to fund the proposed activities of the Solaroz Project until the Tranche 2 Completion Date.

Environmental Approvals

Environmental Impact Assessment (EIA) approvals were received in December 2024 to support the next phase of exploration and evaluation field work at the Mario Angel and Payo concessions at the Solaroz Project.¹² Lithium Energy is still awaiting the EIA approval for the 'Central Block' (comprising Chico I, V and VI, Payo 2 South and Silvia Irene) and 'Northern Block' (comprising Payo 1 and Payo 2 North) concessions at Solaroz (refer Figure 1). The Central and Northern blocks (10,666 hectares) are where the majority of the existing lithium resources¹³ at Solaroz are located and where the majority of the next phase of exploration activities is proposed to be conducted.

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)¹⁴ Olaroz Lithium Facility and Lithium Argentina Corporation's¹⁵ (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.¹⁶

The Solaroz Mineral Resource Estimate is **3.3Mt** Lithium Carbonate Equivalent (**LCE**).¹⁷ 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**. Further details are in the Lithium Energy's ASX Announcement dated 26 October 2023 and titled 'Significant Solaroz Milestone Achieved with Upgrade to 2.4Mt LCE JORC Indicated Resource'.

This high-grade core underpins the October 2023 Scoping Study outcomes (with 20ktpa and 40ktpa LCE production) using conventional evaporation ponds processing.¹⁸

12 Refer to LEL ASX Announcement dated 23 December 2024: Environmental Approvals Update at Solaroz

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

14 Arcadium Lithium plc (ASX/NYSE:LTM/ALTM) is the merged entity of Allkem Limited (former ASX:AKE) and Livent Corporation (NYSE:LTHM)

15 Lithium Argentina was separated, under a reorganisation, from Lithium Americas Corporation (TSX:LAC), in October 2023

16 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

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

18 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

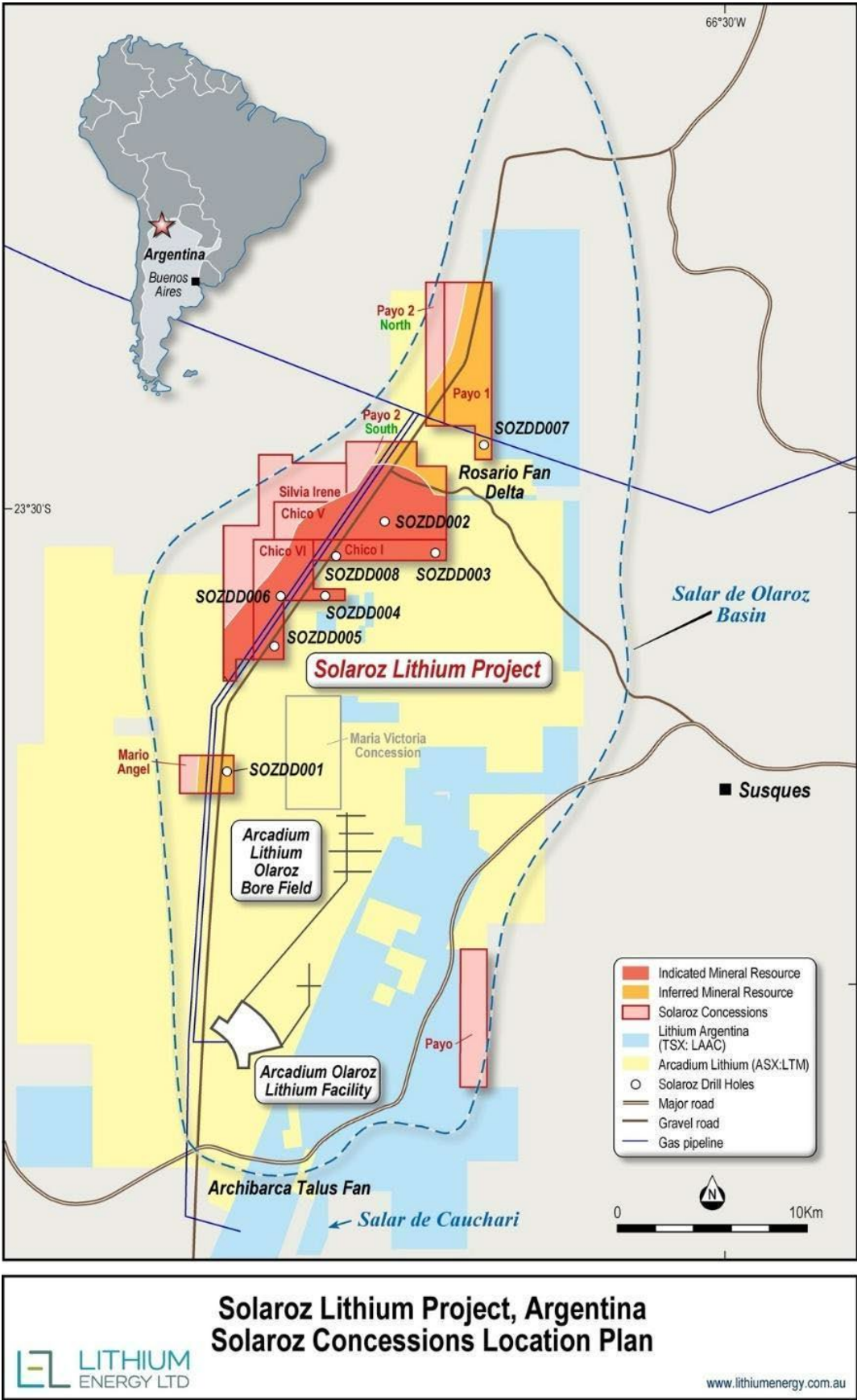


Figure 1: Mineral Resource Areas within Solaroz Concessions (and Drillhole Locations) in Olaroz Salar (Adjacent to Arcadium Lithium and Lithium Argentina Concessions)

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 Lithium Energy's Burke Graphite Deposit, in Queensland (refer Figure 3).¹⁹

Lithium Energy and NOVONIX proposes to 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).

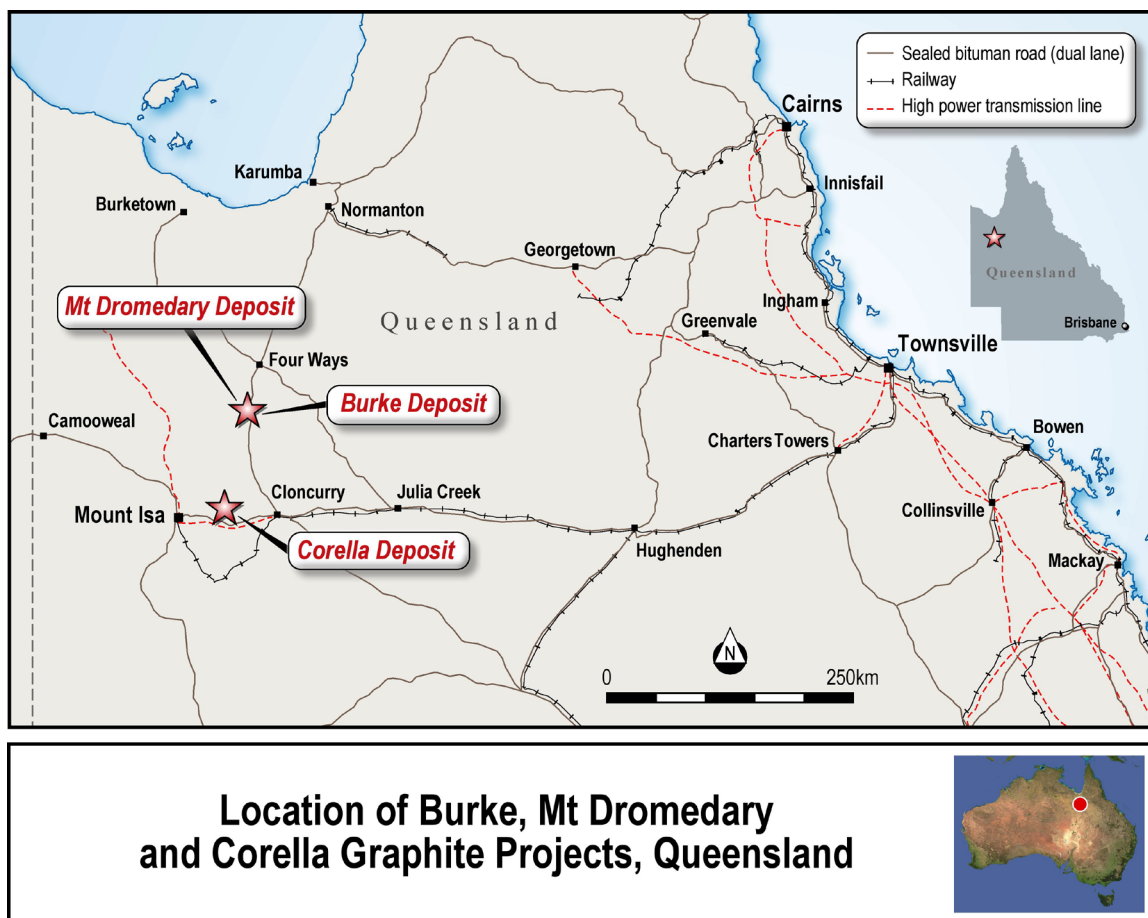


Figure 2: Location of Lithium Energy's Burke and Corella Graphite Projects and NOVONIX's Mt Dromedary Graphite Project in Queensland, Australia

Axon Graphite intends to make an initial public offering (**IPO**) of fully paid ordinary shares at an issue price of \$0.20 per share to raise \$15 million (before costs) (**Minimum Subscription**), with the ability to accept oversubscriptions to raise up to an additional \$10 million (before costs) (**Maximum Subscription**), (the **Offer**) and seek admission to the Official List of the ASX (**Proposed Spin-Out or Listing**).

¹⁹ 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

Lithium Energy and NOVONIX will each retain upside exposure to Axon Graphite and the Burke, Corella and Mt Dromedary Graphite Projects through a 22.2% to 28.6% cornerstone equity shareholding (50 million shares each; based on a raising of \$15 to \$25 million) in Axon Graphite post-Listing.

At Listing, Axon Graphite's initial combined graphite inventory of 4.42Mt will comprise:

- **Mt Dromedary Graphite Deposit** - total JORC Indicated and Inferred Graphite Mineral Resource of 12.7Mt graphite at 14.5% Total Graphitic Carbon (TGC), for a total 1.83Mt of contained graphite²⁰;
- **Burke Graphite Deposit** - total JORC Indicated and Inferred Mineral Resource of 9.1Mt at 14.4% TGC, for 1.31Mt of contained graphite²¹; and
- **Corella Graphite Deposit** - total Inferred Mineral Resource of 13.5Mt at 9.5% TGC, for 1.28Mt of contained graphite²².

By consolidating these adjacent graphite assets currently held by Lithium Energy and NOVONIX, Axon Graphite will hold a substantial, world class inventory of high-grade graphite. Since the Mt Dromedary and Burke 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.

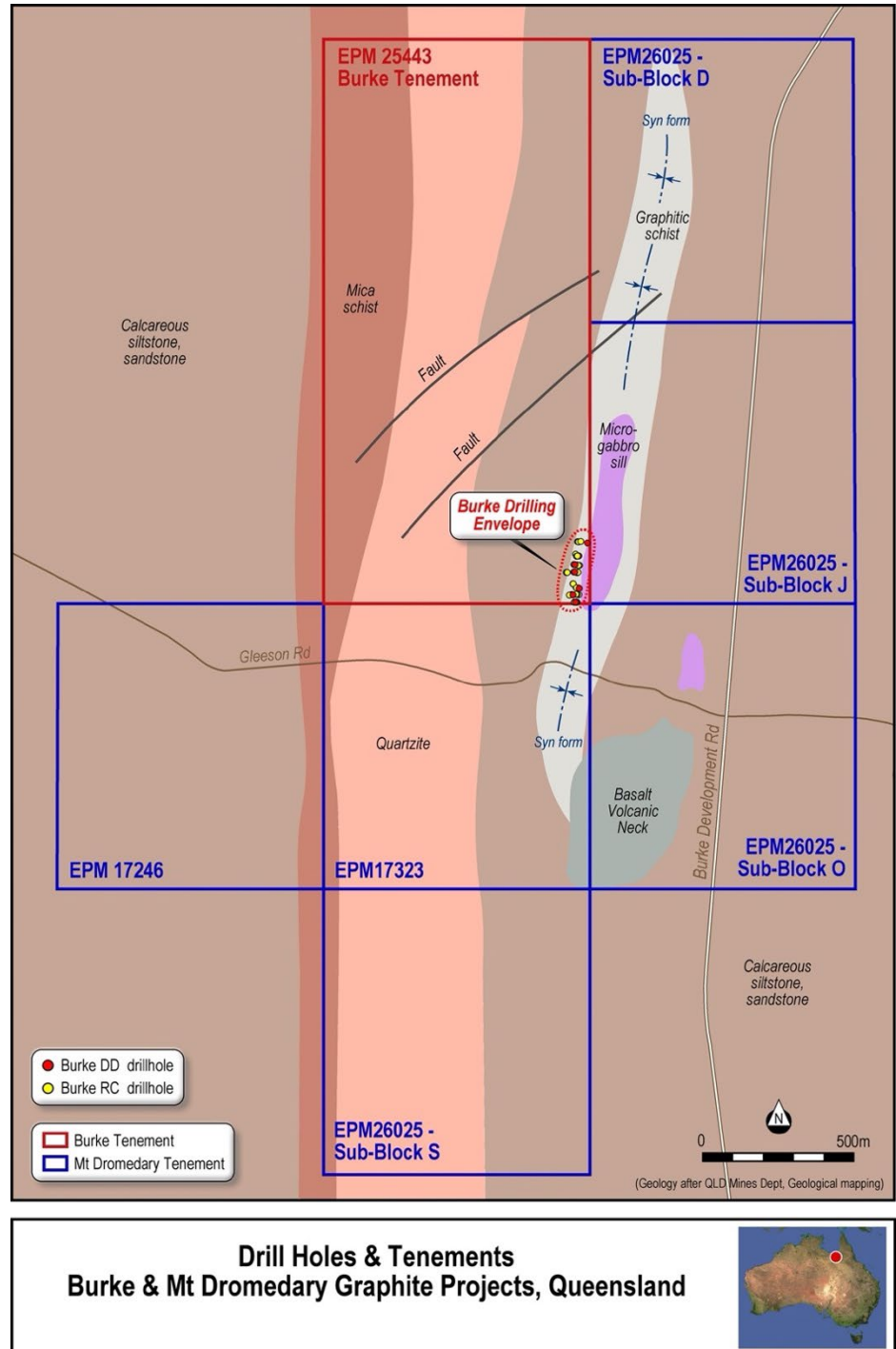


Figure 3: Burke & Mt Dromedary Graphite Projects:
Tenements, Geology, Burke Drill Holes and Drilling Envelope

20 Refer Joint LEL and NVX ASX Announcement dated 10 September 2024: Axon Graphite Limited Update – Mt Dromedary Graphite Mineral Resources Review

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

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

Shareholder Approval at General Meeting on 7 February 2025

The Proposed Spin-Out is regarded by the ASX as a spin-out of a major asset for the purposes of Listing Rule 11.4, which is permitted for a listed company if:

- (a) the securities in the spin-out vehicle (other than those being retained by the company itself) are being offered, issued or transferred pro rata to the holders of the ordinary shares in the company, or in another way that, in ASX's opinion is fair in all the circumstances; or
- (b) the company's shareholders approve the spin out.

ASX had previously provided in-principle advice to Lithium Energy that paragraph (a) did apply to the Proposed Spin-Out and accordingly, shareholder approval was not required for the Proposed Spin-Out.

However, given timing considerations and changes to Lithium Energy's circumstances, including entering into the Amended Solaroz Sale Agreement, ASX has recently confirmed that:

- (i) paragraph (a) (above) does not apply to the Proposed Spin-Out; and
- (ii) it is a requirement for the Proposed Spin-Out that Lithium Energy's shareholders approve the Proposed Spin-Out under paragraph (b) above.

A General Meeting has therefore been called (to be held on 7 February 2025²³) to seek shareholder approval for Lithium Energy to complete the Proposed Spin-Out for the purposes of ASX Listing Rule 11.4.1(b) (under paragraph (b) above).

Terms of Proposed Merger

The merger will be effected through Axon Graphite acquiring NOVONIX's wholly-owned subsidiary, MD South Tenements Pty Ltd (**MDCo**), in consideration for the issue of 50 million shares at an issue price of \$0.20 per share (valued at \$10 million in aggregate).

MDCo 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.

Completion of the MDCo SPA is conditional on, relevantly:

- (a) ASX providing Axon Graphite with a list of conditions which, once satisfied, would result in ASX admitting Axon Graphite to the Official List; and
- (b) all liabilities of MDCo owed to NOVONIX and any related body corporate or otherwise (if any) being released, forgiven or discharged.

If the conditions to the MDCo SPA are not satisfied or waived, or have become incapable of being satisfied, on or before 12 months after the date of the agreement (i.e. by 2 April 2025) or such later date as the parties may agree in writing, either party may terminate the MDCo SPA by giving written notice to the other party. However, no termination right will arise if the relevant party has not co-operated with the other party and used their best efforts to satisfy each of the conditions to the MDCo SPA.

Under the MDCo SPA, NOVONIX is entitled to nominate two directors to Axon Graphite's board of directors, with Lithium Energy and NOVONIX to agree on the appointment of an independent Non-Executive Chair.

²³ Refer to LEL's Notice of General Meeting, Explanatory Statement and Proxy Form dated and released on ASX on 8 January 2025

NOVONIX's nominees to the Board are Anthony Bellas (appointed on 15 May 2024 as an Executive Director) and Christopher Burns (appointed on 31 May 2024 as a Non-Executive Director). Mr Bellas is also the Deputy Non-Executive Chair of NOVONIX and Dr Burns is a Special Advisor to the NOVONIX Board (and was formerly the CEO of NOVONIX until 24 January 2025).

Axon Graphite has also agreed to offer eligible NOVONIX shareholders a right to participate in the Offer under priority offer (alongside a priority offer to eligible Lithium Energy shareholders).

Lithium Energy and NOVONIX have also entered into an IPO Funding Deed to jointly fund costs incurred by Axon Graphite in undertaking the IPO. Axon Graphite will repay any funds advanced by Lithium Energy and NOVONIX after the successful completion of its Listing.

Further details of the proposed merger, including a summary of the key terms of the MDCo 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 and Lithium Energy's Notice of General Meeting, Explanatory Statement and Proxy Form dated and released on ASX on 8 January 2025.

Board and Management of Axon Graphite

The Axon Graphite board of directors, company secretary and proposed Chief Executive Officer (CEO) comprise:²⁴

- Mr Peter Turnbull AM (LLB and BCom (*Melbourne*), FGIA (Life), FAICD, FCG) as the independent Non-Executive Chair;
- Mr Anthony Bellas (B.Econ, DipEd, MBA, FAICD, FCPA, FGS) as an Executive Director – Mr Bellas is also the Deputy Non-Executive Chair of NOVONIX;
- Mr Farooq Khan (Bjuris, LLB (*Western Australia*)) as an Executive Director – Mr Khan is also an Executive Director of Lithium Energy;
- Dr J. Christopher Burns (BSc., MSc., PhD) as a Non-Executive Director – Dr Burns is a Special Advisor to the NOVONIX Board and was formerly the CEO of NOVONIX (until 24 January 2025)
- Mr William Johnson (BA, MA (*Oxon*), MBA, MAICD) as a Non-Executive Director – Mr Johnson is also Executive Chair of Lithium Energy;
- Mr Graham Fyfe (BSc (Chemical Engineering) (*Kwazulu Natal*), AusIMM) will be the CEO – Mr Fyfe is currently the General Manager, Projects, of Lithium Energy and will transition to become CEO of Axon Graphite on its Listing; and
- Mr Victor Ho (BCom, LLB (*Western Australia*), CTA) as the Company Secretary – Mr Ho is also the Company Secretary of Lithium Energy.

Proposed Axon Graphite IPO/Offer

Axon Graphite proposes to undertake an IPO of 75 million shares at an issue price of \$0.20 per share to raise \$15 million (before costs) (Minimum Subscription) with the ability to accept oversubscriptions of up to a further 50 million shares to raise up to an additional \$10 million (before costs) (Maximum Subscription) under a Prospectus (the Offer).

The Offer will comprise:

- (a) a **Lithium Energy Priority Offer**, which is open to eligible Lithium Energy shareholders; and

²⁴ Refer LEL ASX Announcement dated 26 July 2024: Update on Axon Graphite IPO – Details of Board and CEO

- (b) a **NOVONIX Priority Offer**, which is open to eligible NOVONIX shareholders (together, the **Priority Offers**),

and to the extent of any shortfall arising from applications received under the Priority Offers:

- (c) an **Institutional Offer**, which is an invitation (by the Lead Manager, in consultation with Axon Graphite) to certain institutional investors in Australia and permitted overseas jurisdictions to apply for shares under the Prospectus; and
- (d) a **Public Offer**, which is open to the general public in Australia.

The Offer under the Prospectus will be conditional upon:

- (a) the conditions precedent to the MDCo SPA being satisfied or waived (as applicable) and completion occurring under the MDCo SPA;
- (b) Axon Graphite raising the Minimum Subscription under the Offer; and
- (c) ASX approving Axon Graphite's application for Listing.

Petra Capital Pty Ltd has been appointed Lead Manager of the Axon Graphite IPO.

The timetable associated with the completion of the Proposed Spin-Out (including the completion of the Offer and MDCo SPA) will be contained in the Axon Graphite Prospectus and announced by Lithium Energy on ASX (assuming shareholders approve the Proposed Spin-Out at the General Meeting on 7 February 2025).

Further details of the Offer (including the Priority Offers) are in Lithium Energy's Notice of General Meeting, Explanatory Statement and Proxy Form dated and released on ASX on 8 January 2025.

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.

Further details of Axon Graphite business overview are in Annexure F of Lithium Energy's Notice of General Meeting, Explanatory Statement and Proxy Form dated and released on ASX on 8 January 2025.

The Battery Anode Material (BAM) Strategy

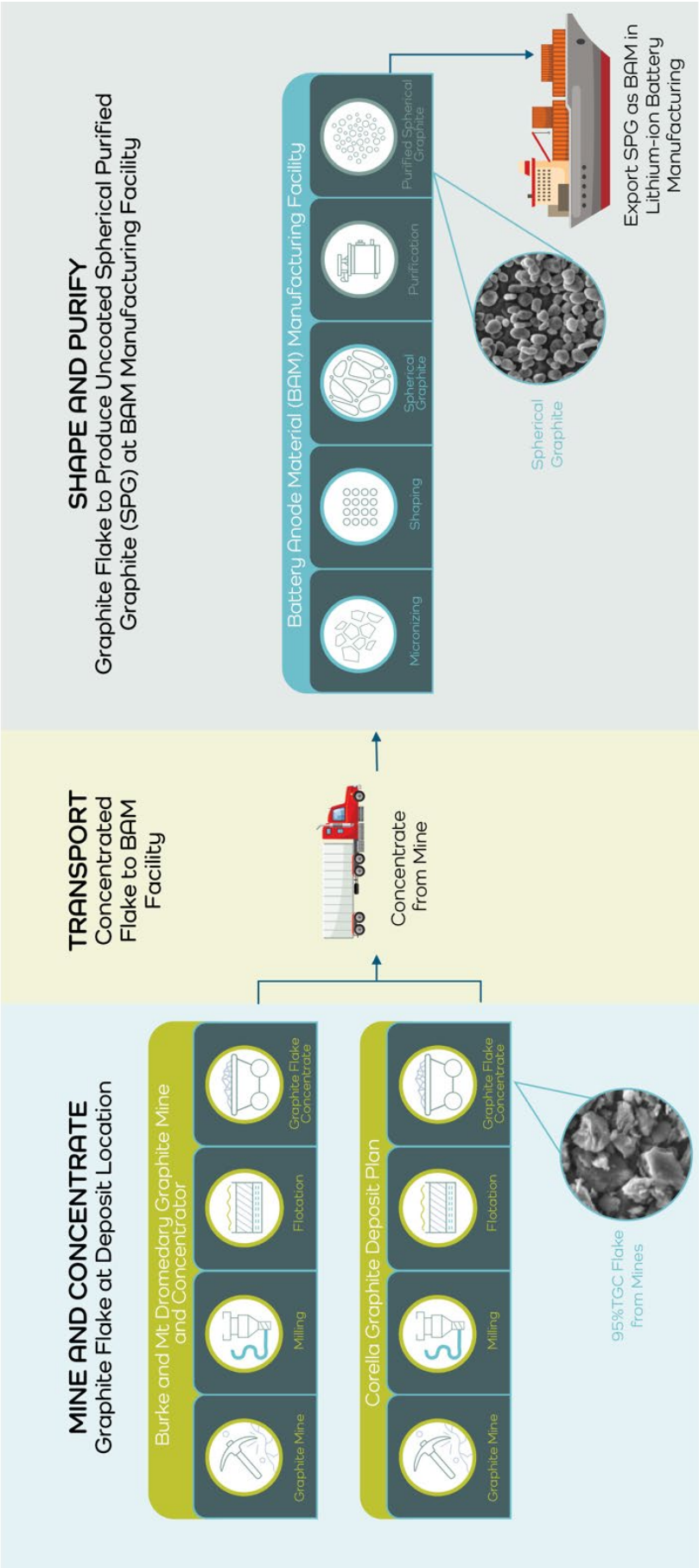


Figure 3: Illustrative Vertically Integrated Operations from Graphite Mine to Manufacturing of BAM Product

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 ~6.47km²), 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 ~19.41km²), 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/Mt Dromedary) 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 Tenement²⁵ 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 graphite²⁶.

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 follows²⁷:

- (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 plant²⁸ using graphite from the Burke Deposit.

This BAM test work has defined²⁹:

- (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.

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

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

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

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

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

CORPORATE

Future Activities

As referred to above, (until the full completion of the Solaroz Sale in January 2026) Lithium Energy, through Solaroz, will undertake the next phases of exploration and evaluation at the Solaroz Lithium Project utilising the US\$15 million CNNET Loan after securing updated EIA approvals in respect of the Solaroz Project concessions.

If shareholders approve the Proposed Spin-Out of Axon Graphite at the General Meeting on 7 February 2025, Lithium Energy's future activities may also depend in part on whether the Axon Graphite IPO is successful and the application of the ASX Listing Rules in relation to the lifting of the suspension of the Company's shares from quotation and its reinstatement to the ASX (as referred to above):

(a) If the Axon Graphite IPO is successful:

- (i) 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.

In this scenario, ASX 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. Accordingly, material acquisition(s) may be subject to the Company's re-compliance with the ASX Listing Rules.

- (ii) The Company will also consider returning part of the (net after-tax) proceeds from the sale of the Solaroz Project to shareholders, subject to an assessment of the taxation consequences (to Lithium Energy and shareholders) and the quantum of funds required to secure and develop the Company's new mineral projects.

(b) If the Axon Graphite IPO has not been successful:

- (i) Lithium Energy will apply part of the net proceeds from the sale of the Solaroz Project to advance the development of its own Burke and/or Corella Graphite Projects to create a vertically-integrated mine to BAM manufacturing facility, as was originally contemplated prior to entering into the MDCo SPA with Axon Graphite, NOVONIX and MDCo.

In this scenario, the Company may seek a reinstatement of its shares to quotation (pursuant to ASX Listing Rule 12.1) on the basis that the advancement of the Burke and/or Corella Graphite Projects constitutes a sufficient level of operations to support reinstatement.

- (ii) The Company will also consider returning part of the (net after-tax) 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.

As referred to above, the Company will investigate and potentially undertake (where appropriate) investment opportunities principally in the battery mineral projects sector in Australia and overseas, subject to compliance with the Listing Rules.

Securities on Issue (31 December 2024)

Class of Security	Quoted on ASX	Unlisted	Total
Fully paid ordinary shares	112,001,569	-	112,001,569
Securities Incentive Plan (SIP) ³⁰ Options (\$1.595, 15 February 2025) ³¹	-	100,000	100,000
Broker Options (\$1.50, 20 September 2025) ³²	-	750,000	750,000
Executive Options (\$1.06, 4 October 2025) ³³	-	17,500,000	17,500,000
SIP Options (\$1.32, 30 November 2025) ³⁴	-	400,000	400,000
Executive Options (\$0.935, 10 August 2026) ³⁵	-	250,000	250,000
TOTAL	112,001,569	19,000,000	131,001,569

Summary of Expenditure Incurred ³⁶

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
For Quarter ending 31 December 2024			
Exploration and evaluation expenditure and tenements	-	457	457
Personnel expenses	279	-	279
Occupancy expenses	3	-	3
Corporate expenses	80	-	80
Administration expenses	185	-	185
Axon Graphite IPO/spin-out costs	-	16	16
Total Expenditure	547	473	1,020

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

Payments to Related Parties ³⁷

During the quarter, Lithium Energy paid a total of \$163k 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.

30 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.

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

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

33 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

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

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

36 Per ASX Listing Rule 5.3.1

37 Per ASX Listing Rule 5.3.5

MINERAL RESOURCE ESTIMATES

Solaroz Lithium Brine Project (Argentina)

(90%)

Solaroz has a JORC Mineral Resource as follows³⁸:

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

Table 1: Upgraded Total JORC Indicated and Inferred Mineral Resource

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

Notes:

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

³⁸ 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 ³)	Specific Yield %	Brine volume	Lithium (Li)		LCE Tonnes
				million m ³	mg/l	Tonnes	
Indicated Mineral Resource	A	878	10.0%	88	349	30,000	165,000
	B	1,289	4.0%	52	357	18,000	100,000
	C	3,288	5.6%	183	401	75,000	390,000
	D	4,881	4.8%	235	425	100,000	530,000
	Total	10,337	5.2%	557	400	223,000	1,185,000
Inferred Mineral Resource	B	92	4.0%	4	418	1,500	8,000
	C	436	5.7%	25	401	10,000	53,000
	D	109	4.9%	5	405	2,000	12,000
	Total	637	5.3%	34	403	13,500	73,000
TOTAL INDICATED & INFERRED MINERAL RESOURCE (HIGH-GRADE CORE)			5.2%		400		1,258,000

Notes:

- 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
- The Indicated Mineral Resource encompasses the Chico I, Chico V, Chico VI, Payo 2 South and Silvia Irene (Central Block) concessions
- 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
- Reported at a 320 mg/l Lithium cut-off grade
- 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 follows³⁹:

- 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).⁴⁰

³⁹ Refer LEL ASX Announcements 5 April 2023: Burke Graphite Mineral Resource Upgrade Delivers Significant Increases in Size and Confidence

⁴⁰ 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
	Sub-total	4.5	14.7	670
Inferred Mineral Resource	Weathered	0.1	8.1	10
	Primary	4.4	14.4	630
	Sub-total	4.5	14.2	640
Total Indicated and Inferred Mineral Resource	Weathered	0.3	11.1	40
	Primary	8.7	14.6	1,270
	TOTAL	9.1	14.4	1,310

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 follows⁴¹:

- 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).⁴²

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
	TOTAL	13.5	9.5	1,280

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"

⁴¹ Refer LEL ASX Announcement 16 June 2023: Maiden Corella Graphite Mineral Resource Delivers Doubling of Graphite Inventory

⁴² 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 ²)
Burke	EPM 25443	4/9/2014	3/9/2028	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 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 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).

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).

Mt Dromedary Graphite Project

- (1) The information in this document that relates to Mineral Resources in relation to the Mt Dromedary Graphite Project is extracted from the following ASX market announcement made jointly by Lithium Energy Limited and NOVONIX Limited (ASX:NVX) dated:

- 10 September 2024 entitled “Axon Graphite Limited Update – Mt Dromedary Graphite Mineral Resources Review

The information in the original announcement 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 Axon Graphite Limited (a subsidiary of 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).

Lithium Energy’s ASX Announcements may be viewed and downloaded from the Company’s website: www.lithiumenergy.com.au or the ASX website: 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)

31 December 2024

Consolidated statement of cash flows

	Current Quarter Dec-2024 \$A' 000	Year to Date 6 months \$A' 000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(279)	(647)
(e) administration and corporate costs	(268)	(666)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	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)	-	-
1.9 Net cash from / (used in) operating activities	(547)	(1,277)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(457)	(525)
(e) investments	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows	Current Quarter Dec-2024 \$A' 000	Year to Date 6 months \$A' 000
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	(16)	(127)
2.6 Net cash from / (used in) investing activities	(473)	(652)
3. Cash flows from financing activities		
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	62	67
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)	-	-
3.10 Net cash from / (used in) financing activities	62	67
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	2,411	3,396
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(547)	(1,277)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(473)	(652)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	62	67
4.5 Effect of movement in exchange rates on cash held	195	114
4.6 Cash and cash equivalents at end of period	1,648	1,648

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	1,595	2,308
5.2	Call deposits	53	103
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,648	2,411

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	(163)
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)	-	-
7.4	Total financing facilities	-	-

7.5	Unused financing facilities available at quarter end	-
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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)	(547)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(457)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,004)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,648
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	1,648
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.64

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?

LEL notes that some expenditure relates to activities which are not expected to continue in future quarters; the Company will prudently manage its expenditure in future quarters having regard to its current and expected cash position. Refer also the response in 8.8.2 below.

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?

The Consolidated Entity received US\$6 million (A\$9.66 million at an exchange rate of A\$1.00:US\$0.621) on 20 January 2025, being the 'Second Deposit' from the buyer in respect of the sale of the Consolidated Entity's interest in the Solaroz Lithium Project. The Consolidated Entity will receive US\$26 million (A\$41.9 million) on or about 24 April 2025 upon completion of tranche 1 of the sale. For further details, refer to the LEL ASX Announcement dated 20 January 2025 titled "US\$6 Million Received as Second Deposit for Solaroz Sale".

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?

Yes, LEL will prudently manage its expenditure in future quarters having regard to its current and expected cash position.

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:



**Victor Ho
Company Secretary**

31 January 2025

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.

AUTHORISED FOR RELEASE - FOR FURTHER INFORMATION:

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