

# MARKET ANNOUNCEMENT

## Lithium Energy Limited Commences Trading on ASX

### KEY HIGHLIGHTS

- Lithium Energy commences trading today on ASX with the code “LEL” following a heavily oversubscribed IPO that raised \$9 million (before costs)
- The fully underwritten IPO has been supported by a strong mix of institutional investors, resource focused funds, sophisticated and retail investors
- Significant participation by Strike Resources Limited shareholders who were given a priority entitlement under the IPO
- Lithium Energy proposes to become a leading ASX listed battery minerals company focused on its flagship Solaroz Lithium Brine project located in South America’s “Lithium Triangle” in north-west Argentina
- Solaroz is directly adjacent to or principally surrounded by two world class lithium projects being the production assets of Orocobre Limited (ASX/TSX:ORE) and the advanced lithium development project held by Lithium Americas Corporation (TSX/NYSE:LAC), both drawing from the Salar de Olaroz Basin
- Lithium Energy is targeting lithium rich brine from the same basin that hosts the lithium deposits held by Orocobre and Lithium Americas

Lithium Energy Limited (ASX:LEL) (**Lithium Energy**) is pleased to confirm that its shares will commence trading on the Australian Securities Exchange (**ASX**) at 12:00 noon EST / 10:00 am WST today<sup>1</sup>, following the successful completion of the Company’s \$9 million initial public offering (**IPO**) under a Prospectus (dated 30 March 2021<sup>2</sup>).

The Prospectus closed on 29 April 2021 with 45 million shares (at a price of \$0.20 each) issued to successful applicants on 7 May 2021.<sup>3</sup> The fully underwritten IPO was significantly oversubscribed.

Lithium Energy will list with an initial market capitalisation of \$16 million based on 80,010,000 shares on issue, with 45,000,000 shares to be quoted on ASX and 35,010,000 shares being restricted securities subject to escrow for 12/24 months.<sup>4</sup>

Lithium Energy’s flagship project is the Solaroz Lithium Brine Project (LEL:90%) (**Solaroz Project**), which comprises 12,000 hectares of highly prospective lithium mineral tenements located strategically within the Salar de Olaroz Basin in South America’s “Lithium Triangle” in north-west Argentina.

1 Refer LEL’s ASX Announcement released on 17 May 2021: ASX Notice – Admission to Official List

2 Refer LEL’s ASX Announcement released on 17 May 2021: Prospectus

3 Refer LEL’s ASX Announcement released on 17 May 2021: Confirmation Statements

4 Refer LEL’s ASX Announcement released on 17 May 2021: Capital Structure, Top 20 and Distribution Schedule



The Solaroz Project is directly adjacent to or principally surrounded by mineral concessions held by Orocobre Limited (ASX/TSX:ORE) and Lithium Americas Corporation (TSX/NYSE:LAC). The location of Solaroz is considered to be highly prospective given its close proximity to these two world class projects.

Lithium Energy believes that there is a strong likelihood that the Solaroz tenements lie over the same aquifer comprising the Salar de Olaroz Basin from which Orocobre has been extracting and processing lithium rich brine for sale as lithium carbonate since 2015 and which Lithium Americas proposes to develop.

The Solaroz Project is also well placed strategically, particularly in light of robust demand for lithium (with spot lithium carbonate prices up ~90% between December 2020 and March 2021) as highlighted by recent mergers and acquisitions in the sector, including the proposed A\$4 billion merger of Lithium Energy's neighbour, Orocobre Limited, with Galaxy Resources Limited (ASX:GXY) announced on 19 April 2021.<sup>5</sup>

In addition to its lithium assets, Lithium Energy owns the Burke Graphite Project (LEL:100%) (**Burke**) located in Queensland which contains a very high-grade graphite deposit and presents the opportunity for the Company to participate in the anticipated growth in demand for graphite and graphite related products.

With the IPO and ASX listing successfully completed, Lithium Energy is now set to rapidly advance development of its Solaroz and Burke Projects and is well positioned to capitalise on the significant growth potential of the highly attractive Battery Minerals sector.

#### Solaroz Project Location in 'Lithium Triangle'

(LEL:90%)

The Solaroz Project comprises 8 mineral tenements 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.



Figure 1: Lithium Projects Located in 'Lithium Triangle'

<sup>5</sup> Refer Orocobre's and Galaxy's joint ASX Announcement dated 19 April 2021: Orocobre and Galaxy agree to a proposed A\$4B merger of equals, establishing a new force in the global lithium sector

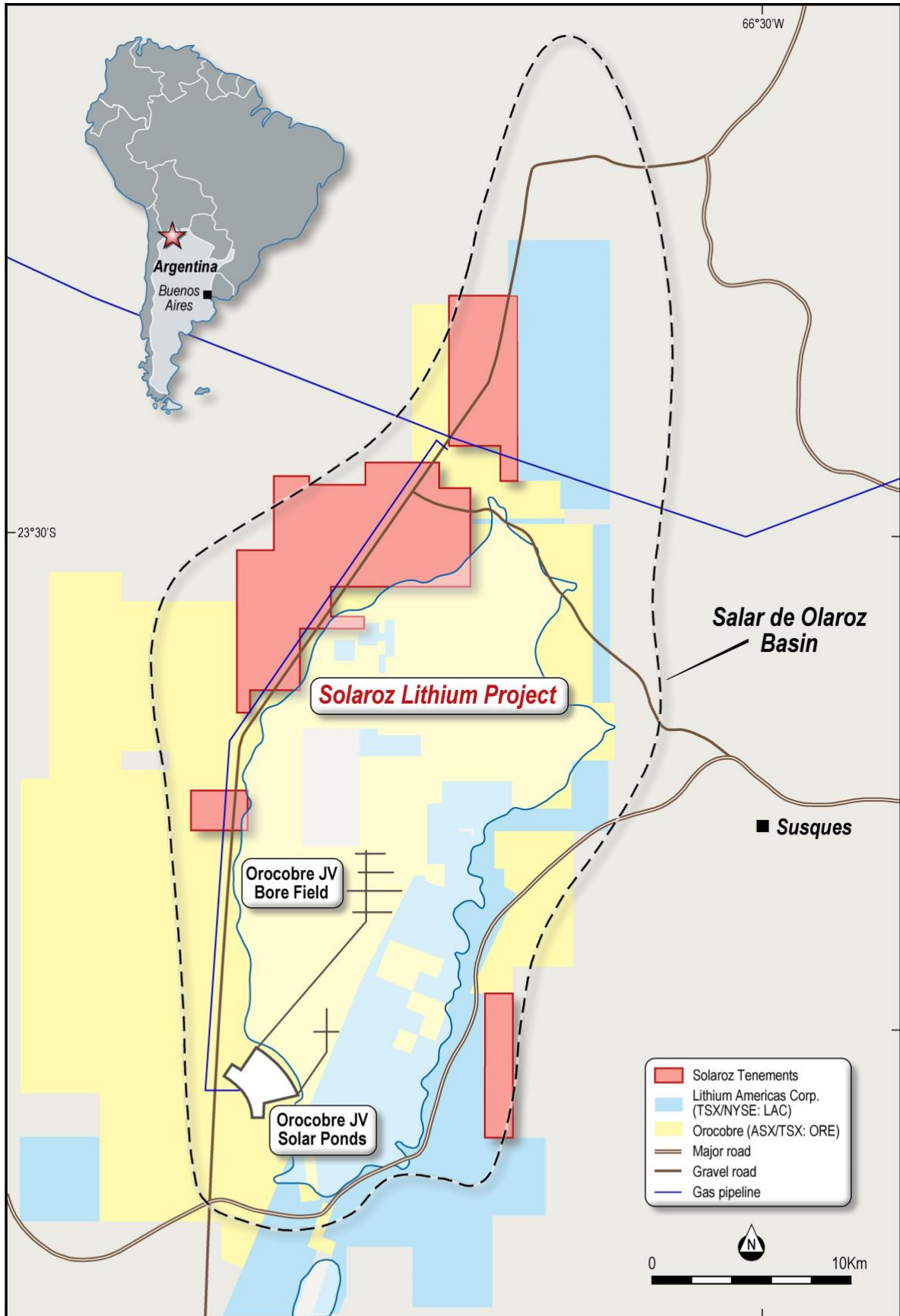
The Solaroz Project is adjacent to the paved highway which passes through the international border with Chile, 45 kms to the southwest (Jama Pass), continuing on to the major mining centre of Calama, and the Port of Mejillones, near Antofagasta in northern Chile. The Solaroz tenements lie at an altitude of approximately 3,900 metres and are accessed by good quality road infrastructure

Approximately 70 kms to the south of the Project site a railway crosses from northern Argentina to Chile, providing potential access to a number of ports in northern Chile. There are a number of local villages within 50 kms of the Project site and the regional administrative centre of Susques is within half an hour's drive.

A gas pipeline running from northern Argentina to Chile passes approximately 15 kms to the north of the Salar de Olaroz.

### **Solaroz Project Potential**

The highly prospective nature of the Solaroz Project is highlighted by its close proximity to two world class Lithium brine projects, being the current production assets of Orocobre Limited and the advanced lithium brine development project held by Lithium Americas Corporation, with the Solaroz Project being directly adjacent to or principally surrounded by these projects as outlined in Figure 2.



### Solaroz Lithium Project, Argentina Solaroz Tenements Location Plan



[www.lithiumenergy.com.au](http://www.lithiumenergy.com.au)

Figure 2: Solaroz Lithium Project – Location of Solaroz Tenements

## Solaroz Project Exploration Concept

Lithium Energy believes that there is a strong likelihood that the Solaroz concessions lie over the same aquifer comprising the Salar de Olaroz Basin from which Orocobre has been extracting and processing lithium rich brine for sale as lithium carbonate since 2015 and from which Lithium Americas will draw upon for its development project.

The Solaroz Project concessions follow and overlap into the visible white halite salt layer of the Salar and extend as substantial flat areas with 1 to 2 metres of elevation to the visible halite area.

Lithium Energy's interpretation of the basin architecture is that the aquifer which supplies the lithium-rich brine being extracted by Orocobre (and forming the lithium mineralisation upon which the Lithium Americas project is based) extends to the west under the Talus Alluvial Wedge and the Solaroz Project concessions.

Lithium Energy's lithium brine exploration concept is that the alluvial deposits beneath the Solaroz Project concessions have been deposited relatively recently and include the productive deep sand unit of the lithium rich aquifer from which Orocobre is extracting its lithium rich brine.

The geological exploration concept underpinning Lithium Energy's proposed exploration strategy is outlined in the following 3D representation.

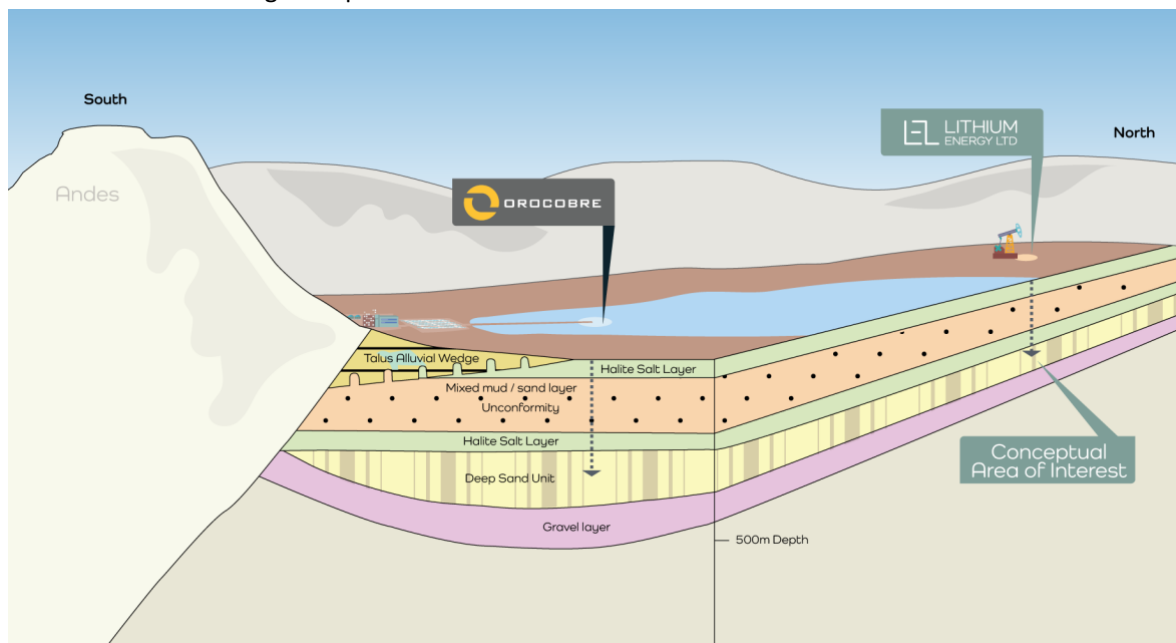


Figure 3 : Lithium Brine Geological Exploration Concept

## Solaroz Project - Proposed Exploration Programme

Lithium Energy is planning to test the proposition that the aquifer which supplies the lithium-rich brine being extracted by Orocobre extends under the Company's Solaroz Project concessions. This will be tested by geophysical work and drilling with a view to fast tracking production of lithium carbonate dependent upon these works being successfully concluded.

The following proposed exploration programme is aimed at locating potentially lithium bearing brines of economic interest and obtaining preliminary information related to the hydrogeological and geochemical characteristics of the aquifer:

- Geophysical surveys to define the basin basement morphology and thickness of the hydrogeological units that have the potential to contain brines of economic interest; and
- A preliminary exploration drilling campaign based on the results from previous work, to assess the distribution and geochemistry of the brine and to obtain data related to basic physical parameters of the different hydrogeological units.



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

Graphite is an important component in the manufacture of lithium-ion batteries (there is typically at least 10 times more graphite than lithium by weight in a lithium-ion battery).

Lithium Energy owns a 100% interest in the Burke Graphite Project which is located immediately adjacent to the Mt Dromedary Graphite Project held by Novonix Limited (formerly Graphitecorp Limited) (ASX: NVX).

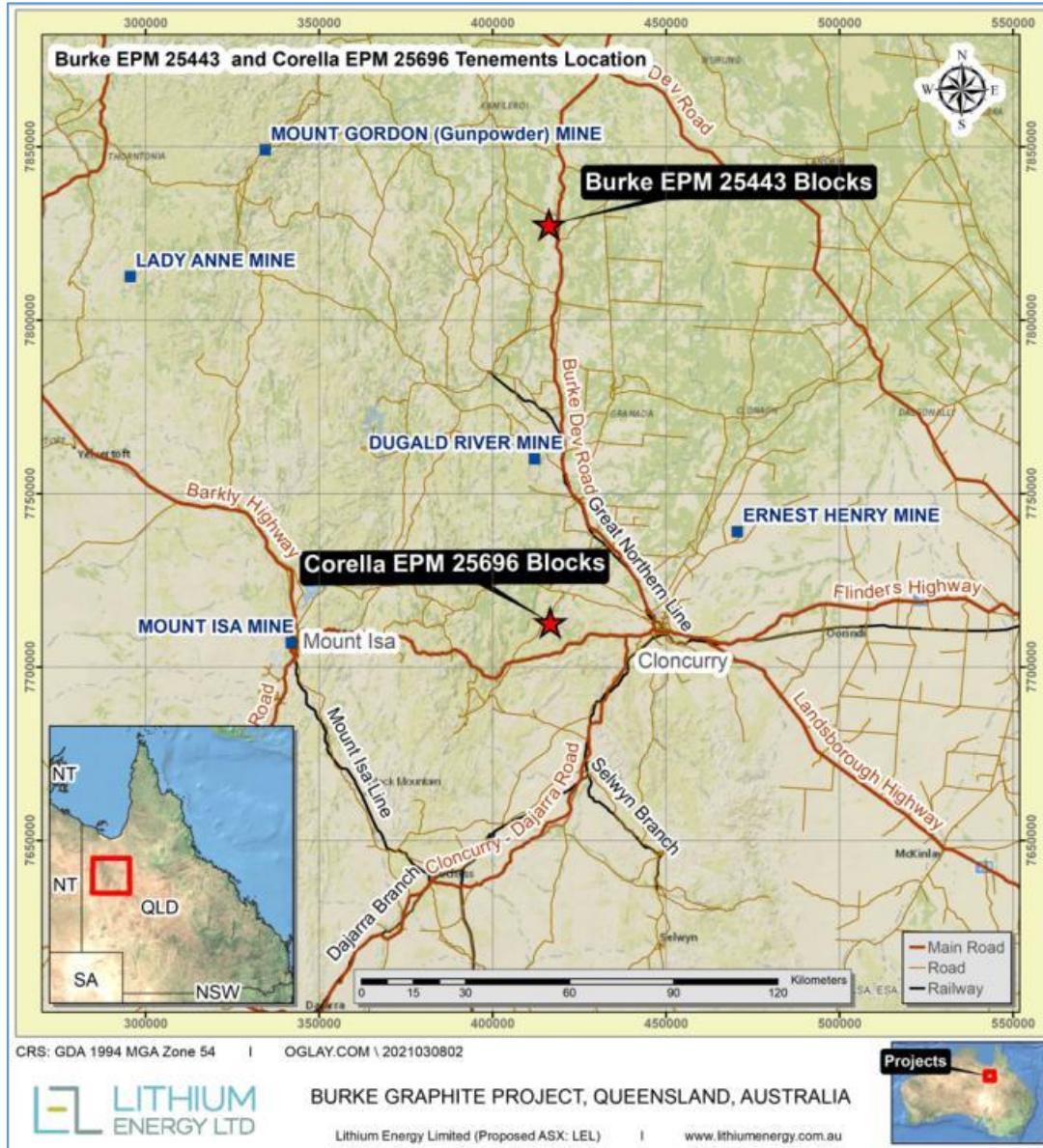


Figure 4 : Burke Graphite Project Tenement Locations in North Central Queensland, Australia

The Burke Graphite Project includes two Exploration Permits for Minerals (EPM). Burke EPM 25443 is well located 125 km north of Cloncurry in northwest Queensland in an established graphite mining province adjacent to Novonix's Mount Dromedary Graphite Deposit. It is also adjacent to a sealed highway (the Burke Development Road) that runs south to the mining town of Cloncurry and north to the port town of Karumba.

An Inferred Mineral Resource Estimate was compiled for Burke EPM 25443 in 2017 as follows:

- **6.3 million tonnes @ 16.0% Total Graphitic Carbon (TGC)** (with a TGC cut-off grade of 5%) for **1,000,000 tonnes** of contained graphite.
- Within the mineralisation envelope there is included higher grade material of **2.3 million tonnes @ 20.6% TGC** (with a TGC cut-off grade of 18%) for **464,000 tonnes** of contained graphite.

- There is potential capacity to expand the current resource estimate down dip towards the tenement boundary and to the north.

| Mineral Resource Category | Weathering State           | Mt         | TGC (%)     | Contained Graphite (Mt) | Density (t/m) |
|---------------------------|----------------------------|------------|-------------|-------------------------|---------------|
| Inferred Mineral Resource | Oxide                      | 0.5        | 14.0        | 0.1                     | 2.5           |
|                           | Fresh                      | 5.8        | 16.2        | 0.9                     | 2.4           |
|                           | <b>Total Oxide + Fresh</b> | <b>6.3</b> | <b>16.0</b> | <b>1.0</b>              | <b>2.4</b>    |

Note: The Mineral Resource was estimated within constraining wireframe solids defined above a nominal 5% TGC cut-off. The Mineral Resource is reported from all blocks within these wireframe solids. Differences may occur due to rounding. A key risk for the project is the production of saleable graphite concentrates, given that the test results are based on a single core intersection.

Refer Grade Tonnage Data in Table 2 of CSA Global Pty Ltd’s Burke Graphite Project MRE Technical Summary dated 9 November 2017 (attached as Annexure A of the ASX Announcement released by Strike Resources Limited (ASX:SRK) dated 13 November 2017: Maiden Mineral Resource Estimate Confirms Burke Project as One of the World’s Highest Grade Natural Graphite Deposits).

The results to date indicate wide, continuous high-grade graphite schists which from previous sampling have demonstrated large to jumbo flake size potential. The geometry of the mineralised zone and its occurrence from surface indicate potential for a low-cost open pit mining operation.

Graphite mineralisation is hosted by graphitic schist as a sub-unit of the Corella Formation within the Mary Kathleen Group and is of Proterozoic age. The graphitic schists within the Burke EPM 25443 tenement are intruded by the Black Mountain gabbro and sills with subsequent metamorphism to amphibolite grade during the Isan Orogeny.

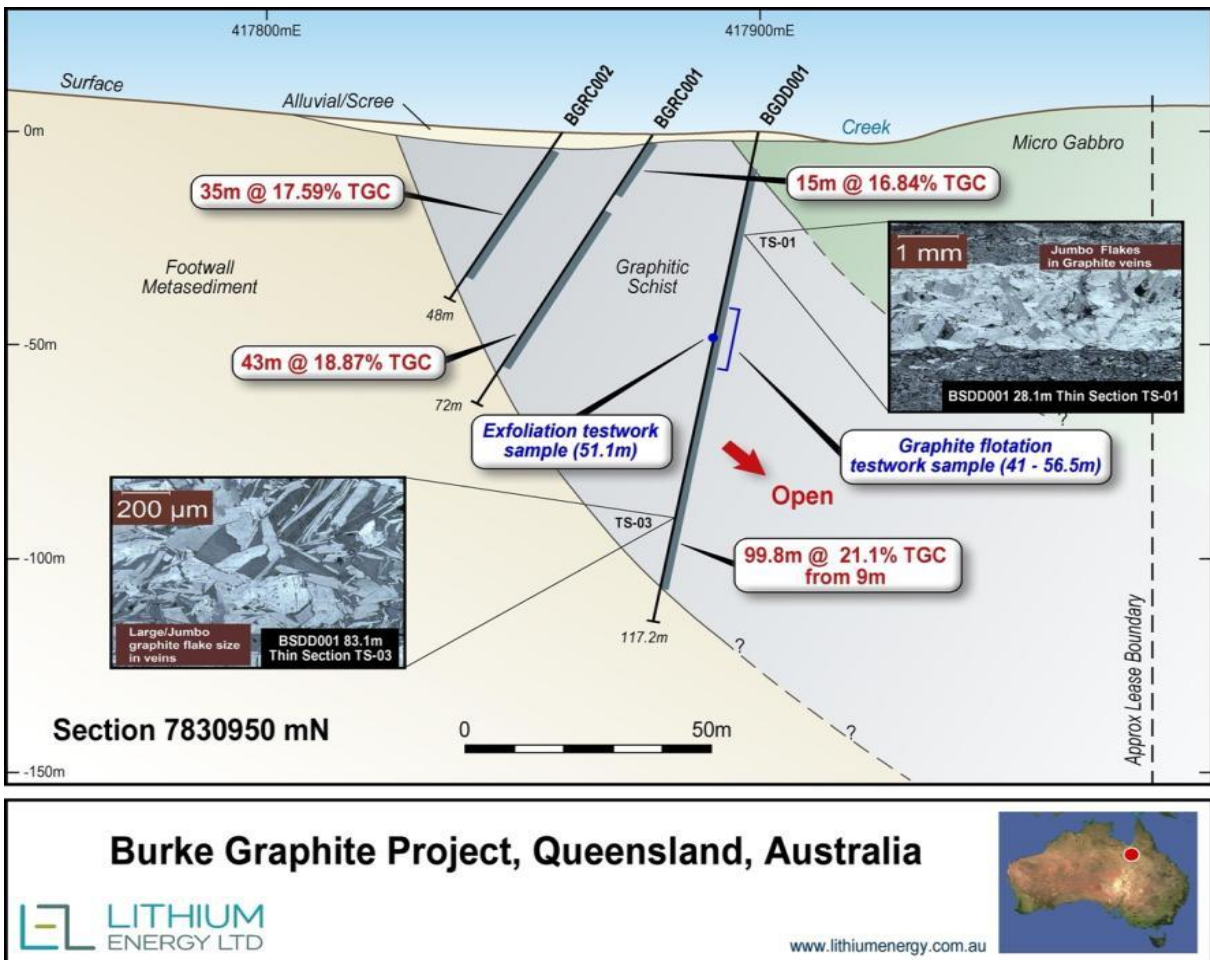


Figure 5: Burke Tenement Drilling Cross Section 7830950mN

Metallurgical test-work undertaken on graphite samples taken from Burke EPM 25443 have previously confirmed that graphite is potentially suitable as anode material for use in lithium-ion electric vehicles (EV), grid storage batteries and for the production of Graphene.

The Corella EPM 25696 is an earlier stage exploration project located 40 km west of Cloncurry near the Flinders Highway that links Mount Isa to Townsville. The tenement covers a sequence of mapped graphitic schists within the Corella Formation which have been intruded by gabbro dykes and sills and with subsequent metamorphism to amphibolite grade during the Isan Orogeny.

### Lithium-ion Battery Potential

To test the potential suitability of the Burke EPM 25443 graphite for use in lithium-ion batteries (and other applications), an industry standard graphite flotation process was applied to core samples taken at a depth of 41.0 – 56.5 metres from diamond drill hole BGDD001.

The flotation tests were conducted by Independent Metallurgical Operations Pty Ltd (IMO). These tests confirmed that a concentrate of purity in excess of 95% and up to 99% Total Graphitic Carbon in individual size fractions can be produced using a standard flotation process, where 95% purity is typically considered as the threshold for saleable graphite concentrate.

Of particular note was the distribution of flake sizes produced from the flotation process, where the majority (67.9%) of the resulting flake graphite material were characterised as “ultra-fine” (flakes less than 38 microns in size). High purity ultra-fine flake graphite material can be particularly suited for use in lithium-ion batteries, which typically use graphite particle sizes of between 5 – 25 microns for anode material.

### Burke Project - Further Works

Lithium Energy proposes to advance its high grade JORC Inferred Mineral Resource of 6.3Mt at 16% Total Graphitic Carbon at Burke EPM 25443 through further test work to determine and promote the suitability of such graphite as a component for Lithium based batteries. The Company also proposes to conduct exploration work at its early stage Corella EPM 25696 tenement to test the quality, grade and extent of previously identified graphite mineralisation.

Further details about the Solaroz and Burke Projects are in the Lithium Energy Prospectus<sup>2</sup> and on the Company’s website: [www.lithiumenergy.com.au](http://www.lithiumenergy.com.au)

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### AUTHORISED FOR RELEASE - FOR FURTHER INFORMATION:

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### ABOUT LITHIUM ENERGY LIMITED (ASX:LEL)

Lithium Energy Limited is an ASX listed battery minerals company which is developing its flagship Solaroz Lithium Brine Project in Argentina and the Burke Graphite Project in Queensland. The Solaroz Lithium Project (LEL:90%) comprises 12,000 hectares of highly prospective lithium mineral tenements located strategically within the Salar de Olaroz Basin in South America’s “Lithium Triangle” in north-west Argentina. The Solaroz Lithium Project is directly adjacent to or principally surrounded by mineral concessions being developed into production by Orocobre Limited (ASX/TSX:ORE) and Lithium Americas Corporation (TSX/NYSE:LAC). The Burke Graphite Project (LEL:100%) contains a high grade graphite deposit and presents an opportunity to participate in the anticipated growth in demand for graphite and graphite related products. LEL was spun out of Strike Resources Limited (ASX:SRK) via a \$9 million IPO; Strike remains a major (43%) shareholder of the Company.



## JORC CODE COMPETENT PERSON'S STATEMENTS

The Competent Persons named below have been previously engaged by Strike Resources Limited (ASX:SRK) (**Strike**), the former parent company of Lithium Energy Limited (and subsidiaries) that hold the interests in the Solaroz Lithium Project and Burke Graphite Project. Lithium Energy Limited was spun out of Strike into a new ASX listing in May 2021.

### JORC Code (2012) Competent Person's Compliance Statement – Solaroz Lithium Project (Argentina)

The information in this document that relates to Exploration Results in relation to the Solaroz Lithium Project is based on, and fairly represents, information and supporting documentation prepared and compiled by Mr Peter Smith (BSc (Geophysics) (Sydney) AIG ASEG), including information extracted from the ASX market announcement made by Strike dated 13 March 2019 and entitled "Strike Secures Solaroz Lithium Brine Project in Argentina's Lithium Triangle".

Mr Smith is a Member of the Australian Institute of Geoscientists (**AIG**) and a consultant to Strike (and also a Director of the Company (since 18 March 2021)). Mr Smith has the requisite experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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 announcement (referred to above). Mr Smith consents to the inclusion in this document of the matters based on his information in the form and context in which it appears.

### JORC Code (2012) Competent Persons' Compliance Statements - Burke Graphite Project (Queensland)

(a) The information in this document that relates to Mineral Resources in relation to the Burke Graphite Project is extracted from the following ASX market announcement made by Strike dated:

- 13 November 2017 entitled "Maiden Mineral Resource Estimate Confirms Burke Project as One of the World's Highest-Grade Natural Graphite Deposits".

The information in the original announcement (including the CSA Global MRE Technical Summary in Annexure A) that relates to these Mineral Resources is based on information compiled by Mr Grant Louw under the direction and supervision of Dr Andrew Scogings. Dr Scogings takes overall responsibility for this information. Dr Scogings and Mr Louw are both former employees of CSA Global Pty Ltd, who had been engaged by Strike to provide mineral resource estimate services. Dr Scogings is a Member of AIG and the Australasian Institute of Mining and Metallurgy (**AusIMM**) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of 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. 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).

(b) The information in this document that relates to metallurgical test work results in relation to the Burke Graphite Project is extracted from the following ASX market announcements made by Strike dated:

- 16 October 2017 entitled "Test-work confirms the potential suitability of Burke graphite for Lithium-ion battery usage and Graphene production".
- 13 November 2017 entitled "Maiden Mineral Resource Estimate Confirms Burke Project as One of the World's Highest-Grade Natural Graphite Deposits".

The information in the original announcements that relates to these metallurgical test work matters is based on, and fairly represents, information and supporting documentation prepared by Mr Peter Adamini, BSc (Mineral Science and Chemistry), who is a Member of AusIMM. Mr Adamini is a full-time employee of Independent Metallurgical Operations Pty Ltd, who had been engaged by Strike to provide metallurgical consulting services. Mr Adamini has the requisite experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code (2012). 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).

(c) The information in this document that relates to Exploration Results in relation to the Burke Graphite Project is based on, and fairly represents, information and supporting documentation prepared and compiled by Mr Peter Smith (BSc (Geophysics) (Sydney) AIG ASEG), including information extracted from the following ASX market announcements made by Strike dated:

- 21 April 2017 entitled “Jumbo Flake Graphite Confirmed at Burke Graphite Project, Queensland”.
- 13 June 2017 entitled “Extended Intersections of High-Grade Graphite Encountered at Burke Graphite Project”.
- 21 June 2017 entitled “Further High-Grade Intersection Encountered at Burke Graphite Project”.
- 16 October 2017 entitled “Test-work confirms the potential suitability of Burke graphite for Lithium-ion battery usage and Graphene production”.
- 13 November 2017 entitled “Maiden Mineral Resource Estimate Confirms Burke Project as One of the World’s Highest-Grade Natural Graphite Deposits”.
- 26 June 2018 entitled “Burke Graphite Project – New Target Area Identified from Ground Electro-Magnetic Surveys”.

Mr Smith is a Member of AIG and a consultant to Strike (and also a Director of the Company (since 18 March 2021)). Mr Smith has the requisite experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code (2012). The Company confirms that it is not aware of any new information or data that materially affects the information included in, and the form and content in which the Competent Person’s findings are presented have not been materially modified from, the original market announcements (referred to above). Mr Smith consents to the inclusion in this document of the matters based on his information in the form and context in which it appears.

## 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 the Company, 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 the Company 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. The Company 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. The Company does not undertake to update any forward-looking information or statements, except in accordance with applicable securities laws.