

NOTICE OF GENERAL MEETING AND EXPLANATORY STATEMENT

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| Time and date of Meeting: | 12:00 noon (Perth time) on Thursday, 8 August 2024 |
| Place of Meeting: | Lithium Energy Limited Suite 1, Level 1 680 Murray Street West Perth, Western Australia |

This document is important and requires your immediate attention. It is recommended that Shareholders read this document in full and if there is any matter that you do not understand, you should contact your licensed financial adviser, accountant, stockbroker, solicitor or other professional adviser for advice.

This Notice of General Meeting and Explanatory Statement is dated 3 July 2024.

A Proxy Form is enclosed or has otherwise been provided to you

Please read this Notice of Meeting carefully. If you are unable to attend the Meeting please complete and return the Proxy Form in accordance with the specified directions.

The Chairman of the Meeting will vote open proxies received in favour of Resolution 1 considered at the General Meeting.

The Chairman will call a poll on voting on Resolution 1.



ASX Code: LEL

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IMPORTANT NOTICES

Important information

This Notice of Meeting, Explanatory Statement and Proxy Form are all important documents and require your immediate attention. They should be read carefully in their entirety before you make a decision on how to vote at the Meeting. If you are in any doubt as to what you should do, please consult your financial or other professional adviser.

Defined terms

Capitalised terms not otherwise defined in this Notice of Meeting have the meaning given in the Glossary contained in the Explanatory Statement.

Purpose of Explanatory Statement

The Explanatory Statement, which forms part of the Notice of Meeting, contains an explanation of, and information about, the Proposed Transaction to be considered at the General Meeting of Lithium Energy to be held on 8 August 2024. It is given to Shareholders to provide them with information that the Board believes to be material to Shareholders in deciding whether and how to vote on the Resolution. Shareholders should read the Explanatory Statement in full because individual sections do not give a comprehensive review of the Proposed Transaction. If you are in doubt about what to do in relation to the Proposed Transaction, you should consult your financial or other professional adviser.

The Explanatory Statement does not take into account the individual investment objectives, financial situation and needs of individual Shareholders or any other person. Accordingly, it should not be relied on solely in determining how to vote on the Resolution. Lithium Energy is not licensed to provide financial product advice in relation to Shares or any other financial products.

Disclaimer as to forward looking statements

This Notice of Meeting (which includes the Explanatory Statement and the Proxy Form) contains forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. These forward looking statements are based on, among other things, the assumptions, expectations, estimates, objectives, plans and intentions of the Company.

Forward looking statements are subject to inherent risks and uncertainties. Although the Company believes that the expectations reflected in any forward looking statement included in this Notice of Meeting are reasonable, no assurance can be given that such expectations will prove to be correct. Actual events, results or outcomes may differ materially from the events, results or outcomes expressed or implied in any forward looking statement.

Except as required by applicable law or the Listing Rules, the Company does not undertake to update or revise these forward looking statements, nor any other statement whether written or oral, that may be made from time to time by or on behalf of the Company, whether as a result of new information, future events or otherwise.

None of the Company (nor any of its officers, employees or advisers) or any other person named in, or involved in the preparation of, this Notice of Meeting, makes any representation or warranty (express or implied) as to the accuracy or likelihood or fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement.

The forward looking statements in this Notice of Meeting reflect views held only as at the date of this Notice of Meeting and may change due to future circumstances. Forward looking information is by its very nature subject to uncertainties and can be affected by changed circumstances and unexpected events, many of which are outside the control of the Directors. Any variation to the assumptions on which these forward looking statements have been prepared could be materially positive or negative to the actual performance of the Company.

Risk factors

Shareholders should note that whilst there are many potential benefits to them if the Proposed Transaction proceeds, there are also a number of disadvantages or risk factors that will apply if the Resolution is passed and the Proposed Transaction proceeds. Section 1.6 of the Explanatory Statement sets out some of these disadvantages and risk factors.

Effect of rounding

Certain figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Notice of Meeting may be subject to the effect of rounding. Accordingly, the actual calculation of these figures, amounts, percentages, prices, estimates, calculations of value and fractions may differ from the figures, amounts, percentages, prices, estimates, calculations of value and fractions set out in this Notice of Meeting.

Notice to persons outside Australia

This Notice of Meeting has been prepared in accordance with Australian laws, disclosure requirements and accounting standards. These laws, disclosure requirements and accounting standards may be different to those in other countries.

The distribution of this Notice of Meeting may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Notice of Meeting should inform themselves of, and observe, any such restrictions.

Authorisation

No person is authorised to give any information or make any representation in connection with the Proposed Transaction, as it relates to the Resolution, which is not contained in this Notice of Meeting. Any information or representation not contained in this Notice of Meeting (other than to the extent that information has been provided by the Company), may not be relied on as having been authorised by the Company or the Board in connection with the Resolution.

Privacy

To assist the Company to conduct the Meeting, the Company may collect personal information including names, contact details and shareholdings of Shareholders and the names of persons appointed by Shareholders to act as proxy at the Meeting. Personal information of this nature may be disclosed by the Company to its Share Registry, print and mail service providers, advisers and agents of the Company for the purposes of implementing the Resolution.

Shareholders can contact the Share Registrar, Automic on their website: www.automic.com.au, telephone: 1300 288 664 (within Australia) or +61 2 9698 5414 (from overseas) or email: hello@automicgroup.com.au, if they have questions about their personal information.

Responsibility for information

The information contained in this Notice of Meeting has been prepared by the Company and is the responsibility of the Company.

Time

All references to time in the Explanatory Statement are references to Perth, Western Australia time unless otherwise stated.

ASX involvement

A copy of this Notice of Meeting has been lodged with ASX pursuant to the ASX Listing Rules. Neither ASX, nor any of its officers, takes any responsibility for the contents of this Notice of Meeting.

Date

The Explanatory Statement is dated 3 July 2024.

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of Shareholders of Lithium Energy Limited ABN 94 647 135 108 (ASX:LEL) (**Lithium Energy** or **LEL** or **Company**) will be held at Lithium Energy Limited, Suite 1, Level 1, 680 Murray Street, West Perth, Western Australia, at 12:00 noon (Perth time) on Thursday, 8 August 2024 for the purpose of transacting the following business referred to in this Notice of Meeting.

The Explanatory Statement to this Notice of Meeting provides further details. The Company will update Shareholders if changing circumstances will impact the planning or arrangements for the Meeting by way of announcement on ASX and the details will also be made available on the Company's website at <https://lithiumenergy.com.au/>.

AGENDA

BUSINESS

Resolution 1 – Disposal of interests in the Solaroz Lithium Brine Project

To consider, and if thought fit, to pass the following as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 11.2 and for all other purposes, Shareholder approval is given for Lithium Energy, through its wholly owned subsidiary LEOPL, to give effect to the disposal of LEOPL's 90% interest in Solaroz S.A. (which owns the Solaroz Lithium Brine Project), being the main undertaking of the Company, and the assignment of the Loan owed by Solaroz S.A. to LEOPL, to CNNET in accordance with the terms of the Sale Agreement and as further described in the Explanatory Statement accompanying this Notice.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of Resolution 1 by or on behalf of:

- (a) CNNET, CNGR, or any of their Associates; and
- (b) any other person who will obtain a material benefit as a result of the Proposed Transaction (except such a benefit received by a Shareholder solely in its capacity as a Shareholder) or any Associate of such a person.

However, the Company will not disregard a vote cast in favour of Resolution 1 if:

- (a) it is cast by a person as proxy or attorney for a person who is otherwise entitled to vote on Resolution 1, in accordance with the directions given to the proxy or attorney to vote on Resolution 1 in that way;
- (b) it is cast by the Chairman as proxy or attorney for a person who is entitled to vote on Resolution 1, in accordance with a direction given to the Chairman to vote on Resolution 1 as the Chairman decides; or
- (c) it is cast by a Shareholder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary, provided that the following conditions are met:
 - (i) the beneficiary provides written confirmation to the Shareholder that the beneficiary is not excluded from voting on Resolution 1, and is not an Associate of a person excluded from voting, on Resolution 1; and
 - (ii) the Shareholder votes on Resolution 1 in accordance with directions given by the beneficiary to the Shareholder to vote in that way.

OTHER BUSINESS

To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act.

Details of the definitions and abbreviations used in this Notice are set out in the Glossary to the Explanatory Statement.

BY ORDER OF THE BOARD,

A handwritten signature in black ink, appearing to read 'Victor Ho', written in a cursive style.

**Victor Ho
Company Secretary
LITHIUM ENERGY LIMITED**

3 July 2024

EXPLANATORY STATEMENT

This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the Resolution contained in the accompanying Notice of Meeting. This Explanatory Statement is intended to be read in conjunction with the Notice of Meeting.

Shareholders should read the Explanatory Statement in full before deciding how to vote at the Meeting.

Certain abbreviations and other defined terms are used throughout this Explanatory Statement. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations are set out in the Glossary to the Explanatory Statement.

1. Resolution – Disposal of interests in the Solaroz Lithium Brine Project

1.1. Background and overview of the Proposed Transaction

As announced to ASX on 30 April 2024, the Company and LEOPL entered into a binding Share Sale Agreement (**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 the Company's 90% interest in the Argentinian company, Solaroz S.A. (which owns the Solaroz Lithium Brine Project) for consideration totalling US\$63 million (~A\$97 million¹) cash, which includes the assignment of the Loan owed by Solaroz S.A. to Lithium Energy (**Proposed Transaction**).²

In connection with the Proposed Transaction, CNNET has paid a US\$1.8 million (~A\$2.8 million) deposit to LEOPL, 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 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 will occur after the satisfaction (or waiver, as applicable) of a number of conditions precedent under the Sale Agreement, including:

- (a) receipt of Lithium Energy Shareholder approval for the purposes of ASX Listing Rule 11.2;
- (b) receipt of certain regulatory approvals (in China and Argentina, as required); and
- (c) receipt of environmental and concession related approvals relating to Solaroz,

(Conditions).

The Conditions are required to be satisfied on or before 6 months after the date of the Sale Agreement (i.e. by 25 October 2024), and may be extended by 60 days by either party under the Sale Agreement.

¹ Based on an exchange rate of A\$1.00 : US\$0.65

² Refer to LEL ASX Announcement dated 30 April 2024 titled 'Sale of Solaroz Lithium Project for A\$97 Million'.

CNNET and CNGR have advised the Company that it has received all necessary Chinese overseas direct investment and foreign exchange control regulatory approvals in relation to the Proposed Transaction.³

A summary of the key terms of the Sale Agreement is set out in Annexure B to this Notice of Meeting.

1.2. Background to application of the ASX Listing Rules

ASX Listing Rule 11.2 requires a listed company to obtain the approval of its Shareholders for a disposal of its main undertaking.

ASX Listing Rule 11.2 applies to the Proposed Transaction. ASX has advised that:

- (a) in accordance with paragraph 4.7 of Guidance Note 12 (Significant Changes to Activities), the Company will be afforded a period of 6 months from the date of the Sale Agreement (being 26 April 2024) to demonstrate to the ASX that it is compliant with Listing Rule 12.1; and
- (b) it will suspend trading in the Company's securities if the Company has not demonstrated compliance with Listing Rule 12.1 to ASX's satisfaction at the end of the 6 month period (i.e. by 25 October 2024).

The Company's interest in Solaroz constitutes its main undertaking for the purpose of Listing Rule 11.2, Listing Rule 11.1.3 is likely to apply to any future acquisition by the Company, which 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).

If Completion is not likely to occur by 25 October 2024, the Company will apply to ASX to extend this 6 month period until the Proposed Transaction is Complete (or the Sale Agreement is terminated by mutual agreement of the parties due to the failure to satisfy all Conditions (to the extent not waived, where applicable)). It is likely that the Company's Shares will be immediately suspended from trading on ASX after Completion, with the Company being required to re-comply with Chapters 1 and 2 of the ASX Listing Rules to be reinstated to quotation on ASX, unless Lithium Energy has satisfied ASX (pursuant to Listing Rule 12.1) that it has a sufficient level of operations to justify the continued quotation of its Shares.

If Lithium Energy is unable to satisfy ASX in relation to Listing Rule 12.1, ASX will suspend trading in the Company's Shares (from 28 October 2024, or, subject to ASX agreeing to grant an extension, the date of Completion of the Proposed Transaction). Lithium Energy will remain suspended from ASX until it undertakes an acquisition and re-complies with Chapters 1 and 2 of the Listing Rules. There is a risk that Lithium Energy will be suspended from ASX from 28 October 2024 and may not be reinstated to ASX (for a significant duration or if at all) causing Shareholders to lose the opportunity to sell their Shares on-market on ASX.

1.3. Rationale for the Proposed Transaction

Given prevailing market conditions and the significant financial requirements to bring the Solaroz Lithium Brine Project into production, the Board believes that it is in the best interests of Shareholders to dispose of its interests in the Solaroz Lithium Brine Project on the terms negotiated under the Sale Agreement.

The Company notes the significant decline in the market price of lithium products over the preceding 18 months, the significant financial costs required to advance the Solaroz Lithium Brine Project into production relative to the available capital of the Company (and the dilutory impacts of likely future equity raisings), the ability of the Company to raise project finance and the time horizon associated with advancing the Solaroz Lithium Brine Project through completion of feasibility studies and the commencement of mining and production to achieve economic production rates. Taking these factors into account, the Board has determined that it is in the best interests of Lithium Energy to enter into the Sale Agreement in respect of the Proposed Transaction.

³ Refer LEL ASX Announcement dated 3 June 2024 and titled 'Chinese Regulatory Approvals Secured by CNGR to Acquire Solaroz Lithium Project'.

The Company notes that the total cash consideration under the Sale Agreement of ~A\$97 million (US\$63 million converted at A\$1.00 : US\$0.65) is equivalent to approximately A\$0.865 per Share, based on (undiluted⁴) 112,001,569 Shares on issue and excluding costs and taxes. This A\$0.865 gross value per Share is at a significant premium to Lithium Energy's current market capitalisation (A\$43 million at \$0.385 per Share as at 20 June 2024) and represents a:

- 125% premium to the last bid price of \$0.385;
- 120% premium to the 10 day VWAP (to 20 June 2024);
- 105% premium to the one month VWAP;
- 65% premium to the 3 month VWAP;
- 73% premium to the 6 month VWAP;
- 333% premium to the \$0.20 initial public offering issue price in May 2021.

1.4. Overview of the buyer in respect of the Proposed Transaction

The buyer under the Sale Agreement, CNGR Netherlands New Energy Technology B.V., is a subsidiary of CNGR Advanced Materials Co Ltd.

CNGR was established in China in September 2014 and is a major producer of precursor cathode active materials used by many leading companies in the battery materials supply chain. CNGR products are used in consumer electronics, electric vehicles (EV) and energy storage systems (ESS). CNGR aims to build a global integrated structure with vertical integration of raw ore smelting, raw material refining, precursor production and advanced battery material recycling to serve global customers.

CNGR is listed on the Shenzhen Stock Exchange (SZSE: 300919) in China and has a current market capitalisation of approximately CNY 30 billion (~US\$4.1 billion).

Lithium Energy is satisfied in relation to CNET's financial capacity to Complete the acquisition of Solaroz under the Agreement, after having completed due diligence and having secured a guarantee and indemnity from CNGR under the Sale Agreement.

1.5. Financial effects of Proposed Transaction

Lithium Energy's financial position before (as at 31 December 2023) and (pro-forma) after Completion is set out in Annexure C.

There is no change to the capital structure of Lithium Energy as a consequence of Completion.

⁴ The Company currently has 22,500,000 unlisted options on issue with exercise prices ranging from \$0.935 to \$1.595 and option terms expiry from 29 November 2024 to 10 August 2026) – refer to LEL ASX Announcement dated 9 April 2024 and titled 'Application for Quotation of Securities'.

1.6. Advantages and disadvantages of the Proposed Transaction

The Directors consider that the following non-exhaustive list of advantages and disadvantages may be relevant to a Shareholder's decision on how to vote on Resolution 1:

| Advantages | Disadvantages |
|--|--|
| <p>(a) Refer to the benefits outlined in Section 1.3 (Rationale for the Proposed Transaction) of the Explanatory Statement.</p> <p>(b) Lithium Energy will realise an upfront and certain value (save for the Deferred Consideration) (in cash) for its investment in Solaroz S.A.</p> <p>(c) Lithium Energy will avoid incurring significant capital expenditure and exposure to development and market risks (associated with Lithium prices and foreign exchange rates) associated with the development of the Solaroz Lithium Brine Project into production.</p> <p>(d) Lithium Energy shareholders will not be required to provide additional share capital to fund the development of the Solaroz Lithium Brine Project into production or otherwise risk a dilution of their shareholding interest in the Company if they choose not to participate in one or more future capital raisings.</p> <p>(e) The Company will avoid the risks normally associated with a significant capital raising or raisings that will likely be required to fund the development of the Solaroz Lithium Brine Project into production.</p> <p>(f) The disposal of Solaroz S.A. provides an opportunity for Lithium Energy to remove the risks associated with the Solaroz Lithium Brine Project, including but not limited to exploration, resource estimation, feasibility and development, commodity pricing and technology, future funding, foreign jurisdiction, foreign exchange, access, regulatory, environmental and climate policies.</p> <p>(g) Lithium Energy's net assets and total liabilities position will be significantly improved by the cash injection from the proceeds of the Proposed Transaction.</p> | <p>(a) Lithium Energy will be disposing of its ownership of Solaroz S.A. and will no longer be exposed to the Solaroz Lithium Brine Project and potential lithium production in Argentina. These changes may not align with the investment objectives or risk profile preferences of Shareholders.</p> <p>(b) Lithium Energy will not be able to realise potential future operating revenues attributable to the Solaroz Lithium Brine project (notwithstanding that significant capital expenditure and working capital would be required to bring the Solaroz Lithium Brine Project into production).</p> <p>(c) Shareholders will forgo the opportunity to participate in any upside associated with the Solaroz Lithium Brine Project.</p> <p>(d) Following Completion, Lithium Energy will forgo the opportunity to potentially dispose of Solaroz S.A. on superior terms (than that negotiated with CNGR under the Sale Agreement) in the foreseeable future.</p> <p>(e) The consequence of Completion is that ASX has determined that Lithium Energy will be disposing of its main undertaking pursuant to ASX Listing Rule 11.2 and therefore be required by ASX, within a period of 6 months from the date of the Sale Agreement (i.e. by 25 October 2024) to demonstrate to ASX that the level of its operations is sufficient, and its financial condition is adequate, to warrant its continued quotation of its Shares, or risk being suspended from trading by ASX. If Lithium Energy is unable to satisfy ASX in this regard at this time, Lithium Energy will remain suspended until it undertakes an acquisition and re-complies 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). There is a risk that Lithium Energy will be suspended from ASX in October 2024 and may not be reinstated to ASX (for a significant duration or if at all) and Shareholders will lose the opportunity to sell their Shares on-market on ASX.</p> |

1.7. Company intentions post-Completion

1.7.1. Use of proceeds

Under the terms of the Sale Agreement, Lithium Energy is entitled to receive up to \$63 million (~A\$97 million⁵) cash from CNNET under the Agreement, comprising:

- (a) US\$1.8 million (~A\$2.8 million) deposit, which has been received and is refundable if Completion does not occur or the Sale Agreement is terminated;
- (b) US\$53.7 million (~A\$82.6 million), payable at Completion;
- (c) 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 from the date of Completion, to serve as security for Lithium Energy's performance under the Sale Agreement, after which it will be released to Lithium Energy; and
- (d) 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).

The sale proceeds from the Proposed Transaction (net of any applicable tax and potential return of proceeds to Shareholders) is intended to be applied towards advancing Lithium Energy's future activities and business model (referred to in Section 1.7.2) and for working capital purposes.

The Proposed Transaction will have taxation implications in Argentina and Australia – the Company is not presently able to advise the specific tax consequences arising from Completion of the Proposed Transaction. Where appropriate and applicable, a provision for taxation will be estimated by the Company in the financial statements of Lithium Energy lodged on ASX following Completion.

1.7.2. Future activities and business model

On 3 April 2024, Lithium Energy and NOVONIX Limited (ASX:NVX) (**NOVONIX**) announced on the ASX the proposed merger of their adjoining Burke and Mt Dromedary Queensland Natural Graphite Deposits into Lithium Energy's subsidiary, Axon Graphite Limited (proposed ASX Code: AXG) (**Axon Graphite** or **AXG**), which is proposing to undertake a A\$15 million to \$25 million initial public offering (**IPO**) and seek admission to ASX as a dedicated vertically-integrated mine to Battery Anode Material (**BAM**) product manufacturing company.⁶

If Shareholders approve Resolution 1 and Completion occurs, Lithium Energy's future activities will depend in part on whether the Axon Graphite IPO is successful and the application of the ASX Listing Rules in relation the Company's ongoing operations (as referred to in Section 1.2 (Background to application of the ASX Listing Rules) of the Explanatory Statement):

- (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.

⁵ Based on an exchange rate of A\$1.00 : US\$0.65

⁶ Refer LEL ASX Announcement dated 3 April 2024 and titled 'Merger of Lithium Energy and NOVONIX Natural Graphite Assets and Proposed Axon Graphite Limited Spin-Out and IPO'.

In this scenario, the Company considers that ASX will require Lithium Energy to re-comply with Chapters 1 and 2 of the ASX Listing Rules, which will involve, amongst other matters, the issue of a prospectus and making a fresh application for admission to ASX (as outlined in Section 1.2 (Background to application of the ASX Listing Rules) of the Explanatory Statement). Accordingly, any material acquisition(s) will be subject to the Company's re-compliance with the ASX Listing Rules.

- (ii) The Company will consider returning part of the (net after-tax) sale proceeds from the Proposed Transaction to Shareholders, subject to an assessment of the taxation consequences (to 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 in raising the funds required under the IPO:
- (i) Lithium Energy will apply part of the net sale proceeds from the Proposed Transaction to advance the development of its own Burke and Corella Graphite Projects in Queensland to create a vertically-integrated mine to BAM manufacturing facility in Queensland, as was originally contemplated prior to entering into the agreement with NOVONIX to proceed with the Axon Graphite IPO.

In this scenario, the Company considers that the advancement of the Axon Graphite projects will provide a sufficient level of operations to justify the continued quotation of its securities (pursuant to ASX Listing Rule 12.1), without the Company having to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

- (ii) The Company will consider returning part of the (net after-tax) sale proceeds from the Proposed Transaction to Shareholders, subject to an assessment of the taxation consequences (to Shareholders) and the quantum of funds required to advance the development of the Axon Graphite Projects.

Pending Completion of the Proposed Transaction, Lithium Energy will:

- (a) focus on securing the relevant approvals required to satisfy applicable Conditions under the Sale Agreement and advancing the Axon Graphite IPO;
- (b) pursue investment opportunities in the battery mineral projects sector in Australia and overseas – the Board has considerable experience in the exploitation of resource projects and Lithium Energy will pursue investments in battery minerals/commodities the Board feels is appropriate for mineral exploration, evaluation and development. As noted above, it is likely that any future acquisitions by Lithium Energy will require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules; and
- (c) (upon the successful completion of the Axon Graphite IPO) retain a 50 million cornerstone equity shareholding in Axon Graphite (comprising between 22.2% to 28.6% of Axon Graphite, depending on the final quantum of funds raised under the IPO) with such shareholding likely to be subject to a 2 year escrow period as required under ASX Listing Rules.

1.7.3. Corporate group structure

Lithium Energy's current material corporate group structure is set out in Annexure A.

Upon Completion of the Proposed Transaction, Lithium Energy will dispose of its 90% interest in Solaroz S.A.

Upon the successful completion of the Axon Graphite IPO, Lithium Energy will retain a 22.2% to 28.6% shareholding in Axon Graphite.

1.7.4. Board and management

There are no proposed or intended changes to the composition of the Board following Completion of the Proposed Transaction.

Lithium Energy may seek to appoint one or more managers to manage the development and commercial advancement of any new projects that may be acquired.

Subject to completion of the Axon Graphite IPO occurring, Lithium Energy's current General Manager, Projects, will transition to become Chief Executive Officer (CEO) of Axon Graphite.

1.8. Indicative timetable

An indicative timetable for Shareholder approval and Completion of the Proposed Transaction is set out below:

| Event | Date |
|--|-----------------|
| Execution of the Sale Agreement | 26 April 2024 |
| Issue of the Notice of Meeting to Shareholders | 3 July 2024 |
| Deadline for receipt of Proxy Forms for Meeting | 6 August 2024 |
| Meeting to approve the Proposed Transaction for the purposes of ASX Listing Rule 11.2 | 8 August 2024 |
| Expected Completion of Proposed Transaction under the Sale Agreement (should Shareholder approval be obtained) | Q4 2024 |
| Due date for satisfaction/waiver of Conditions to the Proposed Transaction (6 months after the date of the Sale Agreement, which may be extended by 60 days by either party) | 25 October 2024 |

Note: Some of the dates above (and references to those dates throughout the Notice of Meeting) are indicative only and are subject to (a) any changes that may be agreed between Lithium Energy and CNNET/CNGR (b) any changes that may be agreed in consultation with the ASX or (c) delays caused by the satisfaction (or waiver, if applicable) of the Conditions to Completion of the Proposed Transaction. 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.

2. ORDINARY RESOLUTION 1 – APPROVE DISPOSAL OF SOLAROZ LITHIUM PROJECT

2.1. ASX Listing Rule 11.2

As set out above, Lithium Energy is proposing to dispose of its interests in Solaroz Lithium Brine Project by way of the sale of its 90% shareholding in Solaroz S.A. (which owns the Solaroz Lithium Brine Project mineral concessions) and the assignment of a Loan owed by Solaroz S.A. to Lithium Energy, for consideration totalling US\$63 million (~A\$97 million⁷) cash, in accordance with the terms of the Sale Agreement.

ASX Listing Rule 11.2 requires a listed company to obtain the approval of its shareholders to a disposal of its main undertaking. The ASX has determined that the Proposed Transaction involves a disposal of Lithium Energy's main undertaking for these purposes.

⁷ Based on an exchange rate of A\$1.00 : US\$0.65

Resolution 1 seeks the required Shareholder approval to the Proposed Transaction under and for the purposes of ASX Listing Rule 11.2.

The consequences and implications of the passing or failure to pass Resolution 1 is summarised in the table below (vis a vis the outcome of the Axon Graphite IPO):

| Outcomes | If the Axon Graphite IPO has been successful | If the Axon Graphite IPO has not been successful |
|---|---|---|
| <p>If Shareholders approve Resolution 1</p> | <p>Subject to satisfaction of the remaining Conditions, Lithium Energy will be permitted to proceed to Complete the Proposed Transaction, dispose of Solaroz in accordance with the terms of the Sale Agreement and receive the total cash consideration of up to US\$63 million.</p> | |
| | <p>Lithium Energy will have 6 months (ending on or about 25 October 2024) to demonstrate to the ASX that the level of its operations is sufficient, and its financial condition adequate, to warrant its continued quotation of its securities under ASX Listing Rules 12.1 and 12.2.</p> | |
| | <p>Lithium Energy will consider the acquisition of battery mineral projects, with a particular focus on lithium (brines and hard rock), copper, cobalt, vanadium, manganese and REE primarily located in Australia and North and South America. The Company will consider potential opportunities from grass roots exploration projects to advanced production or near production assets. If deemed suitable, the Company will also consider related mineral commodities if they meet similar acceptable project metrics.</p> | <p>Lithium Energy will apply the net sale proceeds from the Proposed Transaction to advance the development of its Burke and Corella Graphite Projects in Queensland to create a vertically-integrated mine to BAM manufacturing facility in Queensland.</p> |
| | <p>Any acquisition(s) will likely be subject to the Company’s re-compliance 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 (as outlined in Section 1.2).</p> | <p>The Company considers that the advancement of the Axon Graphite projects will provide a sufficient level of operations to justify the continued quotation of its securities (pursuant to ASX Listing Rule 12.1), without the Company having to re-comply with Chapters 1 and 2 of the ASX Listing Rules.</p> |
| | <p>The Company will consider returning part of the (net after-tax) sale proceeds from the Proposed Transaction to Shareholders, subject to an assessment of the taxation consequences (to shareholders) and the quantum of funds required to secure and develop the Company’s new mineral projects.</p> | <p>The Company will consider returning part of the (net after-tax) sale proceeds from the Proposed Transaction to Shareholders, subject to an assessment of the taxation consequences (to Shareholders) and the quantum of funds required to the Axon Graphite projects.</p> |
| <p>If Shareholders do not approve Resolution 1</p> | <p>Lithium Energy will be not able to proceed with the Proposed Transaction.</p> | |
| | <p>The Sale Agreement will likely be terminated, with Lithium Energy to refund the US\$1.8 million (~A\$2.8 million) deposit received from CNET.</p> | |
| | <p>Lithium Energy may seek to renegotiate the terms and conditions of the Sale Agreement with CNET/CNGR on terms that seeks to address Shareholders’ material concerns (leading to Resolution 1 not being passed), which may or may not eventuate, or on terms acceptable to the Board.</p> | |

| Outcomes | If the Axon Graphite IPO has been successful | If the Axon Graphite IPO has not been successful |
|----------|--|--|
| | Lithium Energy will continue to advance the development of Solaroz, subject to raising funds including share capital raisings. | |

2.2. Directors' interests and recommendations

None of the Directors have a material interest in the outcome of Resolution 1 other than as a result of their interest, if any, arising solely in the capacity as Shareholders.

The Directors have a relevant interest in Lithium Energy Shares and unlisted options as set out in the following table:

| Director | Registered Shareholders | Shareholding | Total | % of Share capital | Unlisted Options |
|-----------------|--|--------------|-----------|--------------------|--|
| William Johnson | William Johnson | 1,422,621 | 1,532,621 | 1.37% | 1,000,000 Executive Options (\$1.39, 29 November 2024) ⁸ 5,000,000 Executive Options (\$1.06, 4 October 2025) ⁹ |
| | William Matthew Johnson & Joanne Doris Johnson | 110,000 | | | |
| Farooq Khan | Farooq Khan | 1,422,621 | 1,447,621 | 1.29% | 1,000,000 Executive Options (\$1.39, 29 November 2024) ⁷ 5,000,000 Executive Options (\$1.06, 4 October 2025) ⁸ |
| | Farooq Khan & Rosanna Decampo | 25,000 | | | |
| Peter Smith | Peter Smith | 1,173,706 | | 1.05% | 500,000 Executive Options (\$1.39, 29 November 2024) ⁷ 2,500,000 Executive Options (\$1.06, 4 October 2025) ⁸ |

Based on the information available, each of William Johnson, Farooq Khan and Peter Smith considers that the Proposed Transaction is in the best interests of Shareholders and recommends that Shareholders vote in favour of Resolution 1 and confirm they intend to vote or procure the voting of any Lithium Energy shares that they control in favour of Resolution 1, in the absence of a superior proposal.

The Directors have approved the proposal to put Resolution 1 to Shareholders.

The Chairman of the Meeting will call a poll on voting on Resolution 1.

2.3. Voting Exclusion

In accordance with ASX Listing Rules 11.2 and 14.11.1, a voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting.

Without limiting the voting exclusion statement in the Notice of Meeting, the following matters are noted:

- the counterparties to the Sale Agreement (and their Associates) are excluded from voting on Resolution 1, being CNET and CNGR (and their Associates);
- CNET and CNGR do not currently hold any Shares in Lithium Energy; and
- The Directors' shareholdings in Lithium Energy (set out in Section 2.2 (Directors' interests and recommendation) of this Explanatory Statement) are not excluded from voting on Resolution 1.

⁸ Refer LEL Announcement dated 2 December 2021 'Notification regarding unquoted securities – LEL and Annexure B (Terms and Conditions of New Executive Options)' of LEL's Notice of Annual General Meeting and Explanatory Statement dated 18 October 2021 and released on ASX on 28 October 2021.

⁹ Refer LEL ASX Announcement dated 5 October 2022 'Notification (3G) of Issue of Unquoted Equity Securities and Annexure B (Terms and Conditions of New Executive Options)' of LEL's Notice of Annual General Meeting, Explanatory Statement and Proxy Form dated 22 August 2022 and released on ASX on 2 September 2022.

GLOSSARY

A\$ means Australian dollars.

Accounting Standards has the meaning given to that term in the Corporations Act.

Associate has the meaning given to that term in the Listing Rules.

ASX means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

ASX Listing Rules or **Listing Rules** means the official ASX Listing Rules of the ASX and any other rules of the ASX which are applicable while the Company is admitted to the official list of the ASX, as amended or replaced from time to time, except to the extent of any express written waiver by the ASX.

Benchmark Lithium Carbonate Price means the daily price (in US\$) per metric tonne for battery-grade (of minimum 99.5% Li₂CO₃ purity) Lithium Carbonate (on basis of delivered to China and excluding valued-added (or equivalent) tax), as published by Shanghai Metals Market (<https://www.metal.com/Lithium/201102250059>) (or such other information source agreed by the parties under the Sale Agreement).

Board means the current board of Directors of the Company.

Chairman means the person chairing the Meeting.

Closely Related Party has the meaning given to that term in the Corporations Act.

CNGR means CNGR Advanced Material Co. Ltd. (Shenzhen Stock Exchange Code: 300919).

CNNET means CNGR Netherlands New Energy Technology B.V. (registered in the Netherlands with company number 89033485).

Company, Lithium Energy or **LEL** means Lithium Energy Limited ABN 94 647 135 108 (ASX:LEL).

Completion means completion of the Proposed Transaction under the Sale Agreement and **Complete** has the corresponding meaning.

Completion Amount has the meaning given to that term in Annexure A.

Corporations Act means the *Corporations Act 2001* (Cth).

Deferred Consideration has the meaning given to that term in Annexure A.

Deposit has the meaning given to that term in Annexure A.

Director means a current director of the Company.

Escrow Account Amount has the meaning given to that term in Annexure A.

Explanatory Statement means the explanatory statement accompanying this Notice.

Key Management Personnel has the meaning given to that term in the Accounting Standards.

LEOPL means LE Operations Pty Ltd ACN 102 978 370.

Loan has the meaning given to that term in Annexure A.

Loan Amount has the meaning given to that term in Annexure A.

Meeting means the shareholder meeting to consider the Resolution.

Notice or **Notice of Meeting** means this Notice of Extraordinary General Meeting and the accompanying Explanatory Statement.

Proposed Transaction has the meaning given to that term in Section 1.1 of the Explanatory Statement.

Proxy Form means the proxy form accompanying the Notice by way of email where the Shareholder has elected to receive notices by email, or the personalised proxy form accompanying the postcard circulated by way of post where the Shareholder has not elected to receive notices by email.

Resolution means the resolution set out in this Notice of General Meeting.

Restricted Voter means Key Management Personnel and their Closely Related Parties as at the date of the Meeting.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a member of the Company from time to time who is registered in the Share Register as the holder of at least one Share.

Share Register means the register of members of the Company maintained by the Company in accordance with the Corporations Act.

Share Registrar, Share Registry or **Automic** means the Company's Share Registry, Automic.

Share Sale Agreement or **Sale Agreement** means the share sale agreement dated 26 April 2024 between the Company, LEOPL and CNNET.

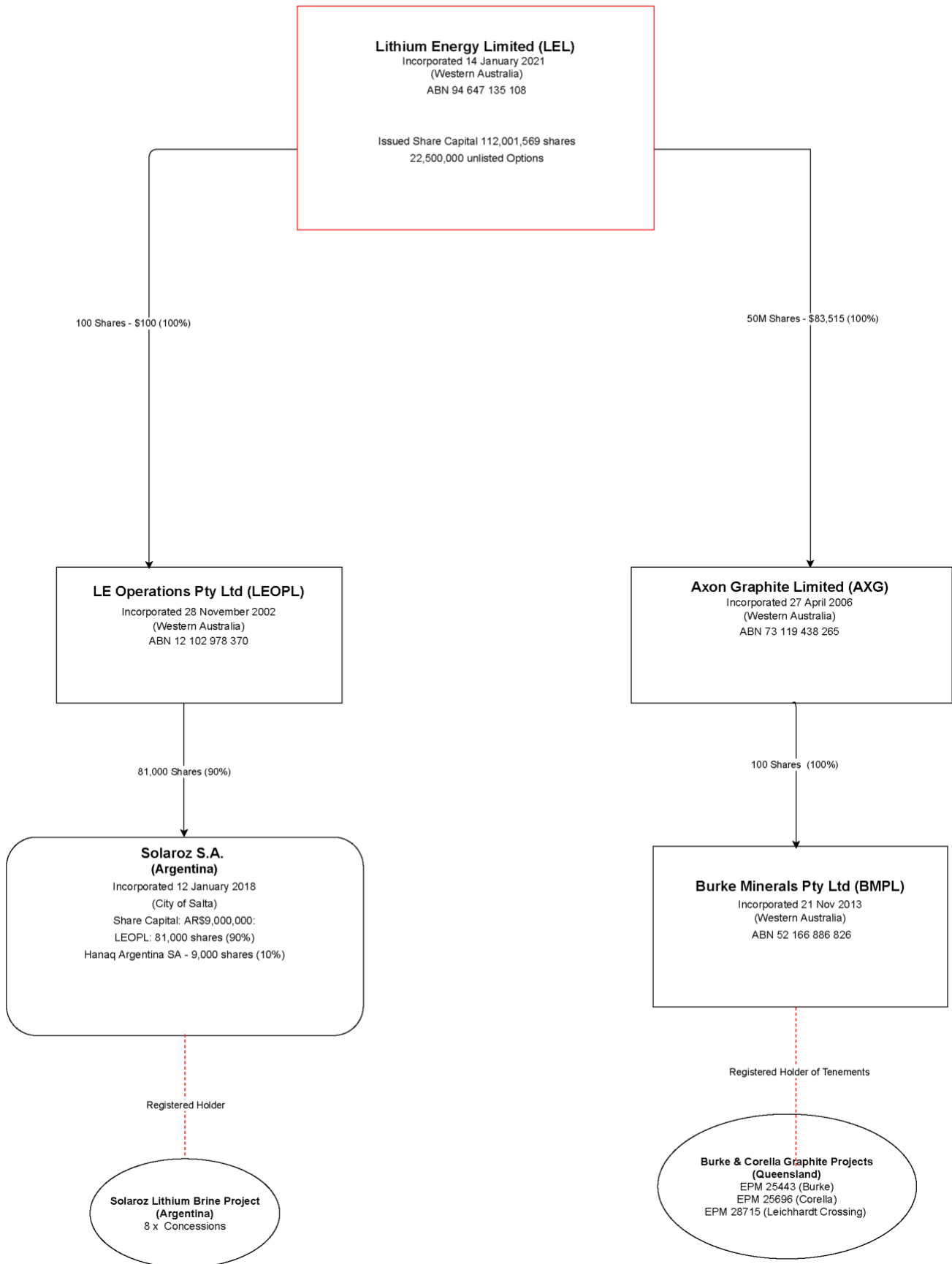
Solaroz or **Solaroz Lithium Brine Project** means the Solaroz Lithium Brine Project comprising 8 lithium mineral concessions located on the Salar de Olaroz basin in Argentina held by Solaroz S.A.

Solaroz S.A. means Solaroz S.A. (registered in Argentina before the Superintendencia of Corporations of the City of Salta with company number 5986).

US\$ means United States dollars.

ANNEXURE A

Lithium Energy corporate group structure



ANNEXURE B**Key terms of the Sale Agreement**

| | |
|-----------------------------|--|
| Parties | <p>LE Operations Pty Ltd (ACN 102 978 370) (LEOPL), a wholly-owned subsidiary of Lithium Energy.</p> <p>Lithium Energy Limited (ACN 647 135 108) (ASX:LEL) (Lithium Energy).</p> <p>CNGR Netherlands New Energy Technology B.V. (registration no. 89033485) (CNNET), a subsidiary of CNGR Advanced Material Co Ltd (Shenzhen Stock Exchange Code: 300919) (CNGR).</p> |
| Proposed Transaction | <p>CNNET to pay total US\$63 million cash consideration to LEOPL to acquire:</p> <p>(a) 100% of LEOPL's shareholding in Solaroz S.A. (5986, Book 20 of Corporations) – Solaroz S.A. is an Argentinian incorporated company which owns the mineral concessions comprising the Solaroz Lithium Brine Project in Argentina; and</p> <p>(b) A loan owed by Solaroz to LEOPL (Loan), advanced under the terms of a 'Memorandum of Understanding for Acquisition of Lithium Mining Properties in Argentina' agreement (dated 28 February 2019; assigned to Lithium Energy and LEOPL on 22 March 2021) with Solaroz and the 10% minority shareholder, Hanaq Argentina S.A. (MOU) pursuant to which LEOPL has funded and will continue to fund (till Completion under the Sale Agreement) the operations of Solaroz.</p> |
| Share sale | <p>Sale of 81,000 shares in the capital of Solaroz S.A. by LEOPL to CNNET, comprising 90% of the issued capital of Solaroz S.A. (being 100% of LEOPL's interest in Solaroz S.A.).</p> |
| Loan assignment | <p>Assignment of LEOPL's benefits and rights to the Loan (which has a current balance of approximately US\$13 million) owed by Solaroz S.A. to CNNET.</p> |
| Consideration | <p>Total cash Purchase Price of US\$63 million payable as follows:</p> <p>(a) US\$1.8 million Deposit payable on execution of the Sale Agreement;</p> <p>(b) US\$3 million Escrow Account Amount, payable at Completion into a joint escrow account held by LEOPL and CNNET (or their nominees) in Hong Kong (to be held for 2 years as a performance security);</p> <p>(c) US\$53.7 million Completion Amount, which will include a portion ascribed to the Loan balance (the Loan Assignment Amount), payable at Completion;</p> <p>(d) US\$4.5 million Deferred Consideration, payable if the Benchmark Lithium Carbonate Price exceeds US\$23,000/tonne.</p> |
| Deposit | <p>The US\$1.8 million Deposit is:</p> <p>(a) applied as part payment of the Purchase Price at Completion; and</p> <p>(b) refunded to CNNET if the Sale Agreement is terminated and Completion does not occur for any reason.</p> |

| | |
|--------------------------------------|---|
| <p>Escrow Account Amount</p> | <p>In relation to the US\$3 million Escrow Account Amount:</p> <ul style="list-style-type: none"> (a) the parties will establish a joint escrow account held by LEOPL (or nominee) and CNNET (or nominee) in Hong Kong; (b) the Escrow Account Amount will be held for a period of 2 years from the date of Completion, to serve as security for LEOPL's performance of all material terms of the Sale Agreement, to cover any damages or losses suffered by CNNET as a result of LEOPL's breach of any such material terms; (c) in the event of a LEOPL material breach of the Sale Agreement (within 2 years after Completion), CNNET is entitled to a release of funds from the Escrow Account Amount to cover actual damages or loss incurred (as reasonably determined by the parties acting in good faith or as independently determined at arbitration); and (d) the Escrow Account Amount will otherwise be released to LEOPL after 2 years. |
| <p>Deferred Consideration</p> | <p>The US\$4.5 million Deferred Consideration will be payable if, within 12 months after Completion:</p> <ul style="list-style-type: none"> (a) The rolling average 4-Month Benchmark Lithium Carbonate Price exceeds US\$23,000 per metric tonne; or (b) CNNET disposes of its interest in Solaroz to an unrelated third-party at a total consideration equal to or greater than 110% of the Purchase Price (of US\$63 million) (subject to a pro-rata reduction if there is a partial sale, with the balance payable if (a) is triggered during the balance of the 12 month term). <p>The Benchmark Lithium Carbonate Price means the daily price (in US\$) per metric tonne for battery-grade (of minimum 99.5% Li₂CO₃ purity) Lithium Carbonate (on basis of delivered to China and excluding valued-added (or equivalent) tax), as published by an information source agreed by the parties.</p> |
| <p>Conditions Precedent</p> | <p>The following material Conditions are required to be satisfied or waived (where applicable) within 6 months of the Sale Agreement – each party may give notice to separately extend this date by 60 days:</p> <ul style="list-style-type: none"> (a) Lithium Energy shareholders approving the Proposed Transaction under, and for the purposes of, ASX Listing Rule 11.2; (b) CNNET obtaining any regulatory approvals in China required to undertake the Proposed Transaction - CNNET has confirmed that all necessary Chinese ODI (overseas direct investment) and foreign exchange control regulatory approvals have been received in this regard¹⁰; (c) CNNET obtaining regulatory approvals in Argentina required to undertake the Proposed Transaction (including registration as a foreign company in Argentina); (d) the receipt of renewal or extension of applicable environmental approvals in respect of the Solaroz Lithium Brine Project; |

10 Refer LEL ASX Announcement dated 3 June 2024 and titled 'Chinese Regulatory Approvals Secured by CNGR to Acquire Solaroz Lithium Project'.

| | |
|--------------------------------------|---|
| | <p>(e) the receipt of certain approvals in connection with the Solaroz Lithium Brine Project including obtaining a relevant resolution in relation to the grant of the Payo mining concession by the Mining Administrative Court of the Province of Jujuy – the Company confirms that the relevant resolution in relation to the grant of the Payo mining concession has been received;</p> <p>(f) no occurrence of any Material Adverse Effect concerning Solaroz S.A. or the Solaroz Lithium Brine Project prior to Completion – being a matter which has, would have, or is reasonably likely to have a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of Solaroz S.A. or the Solaroz Lithium Brine Project taken as a whole, save for a matter which occurred with the express written consent of or is otherwise excluded by CNNET or in relation to underlying commodity prices or rates of taxation;</p> <p>(g) Solaroz S.A. board approvals pertaining to Solaroz S.A. financial statements and agreements associated with the Loan;</p> <p>(h) LEOPL providing a ‘Tag Along Offer’ to Hanaq Argentina S.A. in accordance with the MOU – the Company confirms that notice of this ‘Tag Along Offer’ has been provided to Hanaq; and</p> <p>(i) production of relevant certificate(s) evidencing the ownership of the Solaroz S.A. concessions free from encumbrances.</p> |
| Completion | Three business days after satisfaction (or waiver) of the last of the Conditions. |
| Conduct before Completion | <p>The Sale Agreement includes customary restrictions on the conduct of business of Solaroz S.A. between the date of Sale Agreement and Completion.</p> <p>LEOPL to continue to provide funding to Solaroz S.A. through the Loan to cover its working capital requirements through to Completion and to comply with its obligations under the Sale Agreement.</p> |
| Warranties | The Sale Agreement includes customary warranties and indemnities for a transaction of this nature, subject to usual caps and limitations on claims and indemnities. |
| Termination | <p>LEOPL may terminate the Sale Agreement prior to Completion if CNNET suffers an insolvency event or there is a breach of warranties given by CNNET that would reasonably be expected to have a Material Adverse Effect in excess of US\$5 million.</p> <p>CNNET may terminate the Sale Agreement prior to Completion if LEOPL suffers an insolvency event or there is a breach of warranties given by LEOPL that would reasonably be expected to have a Material Adverse Effect in excess of US\$5 million.</p> |
| Governing law and Arbitration | <p>The Sale Agreement is governed by the laws of Western Australia.</p> <p>Disputes will be referred to arbitration in Singapore pursuant to the arbitration rules of the Singapore International Arbitration Centre.</p> |

ANNEXURE C

Pro-Forma Statement of Financial Position

| | Balance at 31 Dec 23 (Reviewed) \$ | Pro-Forma Adjustments \$ | Pro-Forma Balance \$ |
|--|---|--------------------------------|----------------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 2,362,698 | 85,066,952 | 87,429,649 |
| Receivables | 160,566 | 54,800 | 215,366 |
| Other current assets | 10,000 | - | 10,000 |
| TOTAL CURRENT ASSETS | 2,533,264 | 85,121,752 | 87,655,015 |
| NON-CURRENT ASSETS | | | |
| Receivables | 1,307,476 | 3,312,524 | 4,620,000 |
| Exploration and evaluation expenditure | 28,787,978 | (25,064,731) | 3,723,246 |
| Property, plant and equipment | 228,379 | (210,175) | 18,204 |
| TOTAL NON-CURRENT ASSETS | 30,323,832 | (21,962,382) | 8,361,450 |
| TOTAL ASSETS | 32,857,096 | 63,159,370 | 96,016,466 |
| CURRENT LIABILITIES | | | |
| Payables | 345,940 | (35,727) | 310,214 |
| Provisions | 75,729 | - | 75,729 |
| TOTAL CURRENT LIABILITIES | 421,669 | (35,727) | 385,942 |
| TOTAL LIABILITIES | 421,669 | (35,727) | 385,942 |
| NET ASSETS | 32,435,427 | 63,195,097 | 95,630,524 |
| EQUITY | | | |
| Issued capital | 34,574,590 | - | 34,574,590 |
| Reserves | 14,345,389 | (1,295,586) | 13,049,803 |
| Retained Earnings/(Accumulated Losses) | (16,074,110) | 64,080,241 | 48,006,131 |
| Parent Interest | 32,845,869 | 62,784,655 | 95,630,524 |
| Non-controlling interest | (410,442) | 410,442 | - |
| TOTAL EQUITY | 32,435,427 | 63,195,097 | 95,630,524 |

Pro-Forma Adjustments

The Pro-Forma Statement of Financial Position adopts Lithium Energy's auditor reviewed Consolidated Statement of Financial Position as at 31 December 2023 with a Pro-Forma position based on the Completion of the Proposed Transaction under the terms of the Sale Agreement. The following matters are noted in relation to the Pro-Forma Adjustments:

- There is an assumed disposal of the 90% interest in Solaroz S.A. held by **LEOPL** and deconsolidation of Solaroz S.A., resulting in the elimination of assets (Cash, Receivables, Exploration and Evaluation, Plant and equipment and foreign currency translation reserves) and liabilities (Payables and Provisions) attributable to Solaroz S.A. and a gain on disposal (which is accounted for as part of the adjustment to Accumulated losses), as at 31 December 2023.
- The Deposit (US\$1.8 million or A\$2.8 million) and the Completion Amount (US\$53.7 million or A\$82.6 million) (which includes the Loan Assignment Amount) is recognised in Cash.
- The Escrow Account Amount (US\$3 million or A\$4.6 million) payable at Completion is recognised in Non-Current Receivables.

- (d) The Deferred Consideration (US\$4.5 million or A\$6.9 million) is regarded as a Contingent Asset and is not recognised as an asset.
- (e) An exchange rate of A\$1.00 : US\$0.65 is assumed.
- (f) There is no provision for taxation, as the Company is determining the extent of its liability in this regard. However, the Company expects the Proposed Transaction to be taxable in Argentina and will use part of the Proposed Transaction sale proceeds in relation to that tax liability.

ANNEXURE D**About the Solaroz Lithium Brine Project**

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**).

Solaroz is directly adjacent to two world class Lithium brine production assets - Arcadium Lithium plc's (ASX:LTM)¹¹ Olaroz Lithium Facility and Lithium Argentina Corporation's¹² (TSX:LAAC) Cauchari-Olaroz Facility.

The maiden Solaroz Mineral Resource Estimate has been upgraded to **3.3Mt** Lithium Carbonate Equivalent (**LCE**) (refer Table 1).¹³ 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** (refer Table 2).

This high-grade core underpins the October 2023 Scoping Study outcomes (with 20ktpa and 40ktpa LCE production) using conventional evaporation ponds processing.¹⁴

Solaroz Mineral Resource Estimates

The initial maiden JORC Mineral Resource for Solaroz (defined in June 2023¹⁵) was upgraded in October 2023¹⁶ to:

- **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).

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

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

13 Refer LEL Announcement dated 26 October 2023 and titled 'Significant Solaroz Milestone Achieved with Upgrade to 2.4Mt LCE JORC Indicated Resource'.

14 Refer LEL ASX Announcement dated 31 October 2023 and titled '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 change.

15 Refer LEL ASX Announcement dated 29 June 2023 and titled 'Significant Maiden JORC Lithium Resource of 3.3Mt LCE at Solaroz Project in Argentina'.

16 Refer LEL ASX Announcement dated 26 October 2023 and titled 'Significant Solaroz Milestone Achieved with Upgrade to 2.4Mt LCE JORC Indicated Resource'.

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 & INFERRED 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

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), (d) and (f) of Table 1

Further details are in the Company's ASX Announcement dated 26 October 2023 and titled 'Significant Solaroz Milestone Achieved with Upgrade to 2.4Mt LCE JORC Indicated Resource'.

JORC CODE COMPETENT PERSON STATEMENTS

The information in this Notice of Meeting 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 titled 'Significant Solaroz Milestone Achieved with Upgrade to 2.4Mt LCE JORC Indicated Resource; and
- 29 June 2023 and titled 'Significant Maiden JORC Lithium Resource of 3.3Mt LCE at Solaroz Project in Argentina'.

The information in the original announcements is based on information compiled by Mr Murray Brooker (MAIG, MIAH), a Competent Person who is a Member of Member of the Australian Institute of Geoscientists (**AIG**). Mr Brooker is an employee of Hydrominex Geoscience Pty Ltd, an independent consultant to Lithium Energy Limited. Mr Brooker has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the **JORC Code**). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement (referred to above). The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements (referred to above).

The Lithium Energy ASX market announcements referred to above 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".

TIME AND PLACE OF MEETING AND HOW TO VOTE

Venue

The Meeting of the Shareholders of Lithium Energy Limited will be held at:

| | | |
|--|------------|--|
| Lithium Energy Limited Suite 1, Level 1, 680 Murray Street West Perth, Western Australia | commencing | 12:00 noon (Perth time) Thursday, 8 August 2024 |
|--|------------|--|

How to vote

Shareholders can vote by either:

- attending the Meeting and voting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the Proxy Form accompanying this Notice of Meeting and by submitting their proxy appointment and voting instructions in person, by post, electronically via the internet or by facsimile.

Attending the Meeting as a Proxy holder and voting by proxy

A Shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the Meeting.

The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).

A proxy need not be a Shareholder. The proxy can be either an individual or a body corporate.

If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit. However, where a Restricted Voter is appointed as a proxy, the proxy may only vote on the Resolution in accordance with a direction on how the proxy is to vote or, if the proxy is the Chairman of the Meeting and the appointment expressly authorises the Chairman to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Should any resolution, other than the Resolution specified in this Notice, be proposed at the Meeting, a proxy may vote on that resolution as they think fit.





If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on the poll and the Shares that are the subject of the proxy appointment will not be counted in calculating the required majority.

Shareholders who return their Proxy Forms with a direction how to vote, but who do not nominate the identity of their proxy, will be taken to have appointed the Chairman of the Meeting as their proxy to vote on their behalf. If a Proxy Form is returned but the nominated proxy does not attend the Meeting, the Chairman of the Meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chairman of the Meeting, the secretary or any Director that do not contain a direction how to vote will be used, where possible, to support the Resolution proposed in this Notice, provided they are entitled to cast votes as a proxy under the voting exclusion rules which apply to the proposed Resolution. These rules are explained in this Notice.

The Proxy Form must be signed by the Shareholder or the Shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the Power of Attorney, or the power itself, must be received by the Company at the above address, or by facsimile, and by 12:00 noon (Perth time) on 6 August 2024. If facsimile transmission is used, the Power of Attorney must be certified.

TIME AND PLACE OF MEETING AND HOW TO VOTE

To vote by proxy, please complete and sign the Proxy Form enclosed with this Notice of Meeting as soon as possible and return it to the Company, either:

-  **Online** - <https://investor.automic.com.au/#/loginsah> : Log on to the Share Registry website with your Holder Number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN)) as shown on your Proxy Form
-  **By Facsimile:** (02) 8583 3040 (Automic)
-  **By Mail:** Automic, GPO Box 5193, Sydney NSW 2001, or
-  **By Hand Delivery:** Automic, Level 5, 126 Philip Street, Sydney, New South Wales

so that it is received **no later than 12:00 noon (Perth time) on Tuesday, 6 August 2024**. Proxies received after this time will be invalid.

Proxy Forms received after that time will not be effective. Proxy Forms received by email will be disregarded by the Company.

Voting by a corporation

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed.

Voting in person

Shareholders, or their attorneys, who plan to attend the Meeting are asked to arrive at the venue 15 minutes prior to the time designated for the Meeting, if possible, so that their holding may be checked against the Company's share register and their attendance recorded.

Voting by Attorney

A shareholder may appoint an attorney to vote on his or her behalf. For an appointment to be effective for the General Meeting, the instrument effecting the appointment (or a certified copy of it) must be received by the Company at its registered office or one of the Share Registry's addresses listed above for the receipt of proxy appointments at least 48 hours before the Meeting. Previously lodged Powers of Attorney will be disregarded by the Company.

Questions at the Meeting

Please note, only Shareholders may ask questions once they have been verified. It may not be possible to respond to all questions. Shareholders are encouraged to submit questions prior to the Meeting (please see below).

Submission of written questions to the Company in advance of the Meeting

A Shareholder who is entitled to vote at the Meeting may submit a written question to the Company in advance of the Meeting. We ask that all pre-Meeting questions be received by the Company no later than 5:00 pm (Perth time) on 6 August 2024, before the date of the Meeting, being 12:00 noon (Perth time) on 8 August 2024.

Any questions should be directed to the Company Secretary by email to cosec@lithiumenergy.com.au.

Attending the Meeting as a guest

Please follow the instructions published on the Company's website if you wish to attend the Meeting as a guest.

Voting Entitlement

In accordance with paragraphs 7.11.37 and 7.11.38 of the Corporations Regulations 2001 (Cth), the Company has determined that for the purposes of the General Meeting all Shares in the Company will be taken to be held by the persons who held them as registered Shareholders set out in the Share Register as at 5:00 pm (Perth time) on 6 August 2024. Accordingly, Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting. Subject to the voting exclusions noted earlier in the Notice of Meeting, each Shareholder present has one vote on a show of hands, and one vote for every Share held on a poll.

Your proxy voting instruction must be received by **12.00pm (AWST) on Tuesday, 06 August 2024**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of Key Management Personnel.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online

Use your computer or smartphone to appoint a proxy at <https://investor.automic.com.au/#/loginsah> or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

WEBSITE:

<https://automicgroup.com.au/>

PHONE:

1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

