

ASX ANNOUNCEMENT

3 April 2024

Merger of Lithium Energy and NOVONIX Natural Graphite Assets and Proposed Axon Graphite Limited Spin-Out and IPO

SUMMARY

- Lithium Energy and NOVONIX Limited (ASX:NVX) to merge their adjoining Queensland Graphite Assets into spin-out company, Axon Graphite Limited (**Axon Graphite**), through an IPO as a dedicated ASX-listed vertically-integrated mine to Battery Anode Material (**BAM**) product manufacturing company.
- NOVONIX's Mt Dromedary Graphite Project is directly adjoining to Lithium Energy's Burke Graphite Project – the merger will create a substantial, world class inventory of high-grade natural graphite, comprising:
 - **Burke Deposit:** Total Indicated and Inferred Mineral Resource of **9.1Mt at a grade of 14.4% Total Graphitic Carbon (TGC)** for **1.31Mt of contained graphite**; and
 - **Mt Dromedary Deposit:** Total Measured, Indicated and Inferred Graphite Mineral Resource as reported in the contemporaneously lodged NOVONIX ASX Announcement of today's date¹.
- The combination of these two adjoining high grade graphite deposits creates the potential for significant operational synergies and economies of scale in the development of a vertically-integrated BAM Manufacturing Facility based in Queensland.
- Axon Graphite also owns Lithium Energy's Corella Graphite Deposit, which holds an Inferred Mineral Resource of **13.5Mt at 9.5% TGC** for **1.3Mt of contained graphite**.
- Axon Graphite plans to raise \$20 Million through the IPO, with a minimum subscription of \$15 Million and oversubscriptions of up to \$5 Million (for \$25 Million in maximum subscriptions) at an issue price of \$0.20 per share.
- Eligible Lithium Energy and NOVONIX shareholders will be entitled to participate in a (pro-rata) priority offer of Axon Graphite IPO shares.
- Post successful completion of the Axon Graphite IPO (assuming a \$20 million raising), Lithium Energy and NOVONIX will each hold a 25% cornerstone equity holding in Axon Graphite.
- Petra Capital has been appointed Lead Manager of the IPO.
- The Prospectus for the IPO is expected to be lodged within the next ~6 to 8 weeks.

Lithium Energy Limited (ASX:LEL) (**Lithium Energy** or the **Company**) is pleased to announced that it has entered into an agreement with NOVONIX Limited (ASX:NVX) (**NOVONIX**) to acquire its high-grade Mt Dromedary Graphite Deposit, which is located directly adjacent to and is a continuation of the graphite mineralisation within the Company's Burke Graphite Deposit, in Queensland.

Lithium Energy and NOVONIX will spin-out the consolidated graphite assets via an Initial Public Offering (**IPO**) by Axon Graphite Limited (**Axon Graphite**) to form a distinct vertically integrated Battery Anode Material (**BAM**) business in Queensland, Australia.

¹ Refer NVX ASX Announcements dated 3 April 2024: NOVONIX Limited and Lithium Energy Limited to Combine Natural Graphite Interests with Intention to Take Combined Business Public

Axon Graphite's initial combined graphite inventory will comprise:

- **Mt Dromedary Graphite Deposit** - total JORC Measured, Indicated and Inferred Graphite Mineral Resource as reported in the contemporaneously lodged NOVONIX ASX Announcement of today's date^{1,2};
- **Burke Graphite Deposit** - total JORC Indicated and Inferred Mineral Resource of 9.1Mt at 14.4% TGC for 1.31Mt of contained graphite³; and
- **Corella Graphite Deposit** – total Inferred Mineral Resource of 13.5Mt at 9.5% TGC for 1.3Mt of contained graphite⁴.

By consolidating these adjacent graphite assets currently held by Lithium Energy and NOVONIX, Axon Graphite will hold a substantial, world class inventory of high-grade graphite. Since the Mt Dromedary and Burke graphite deposits form part of the same graphite mineralisation zone, there is potential for significant operational synergies and economies of scale to be gained by combining these two deposits.

Axon Graphite plans to raise \$20 Million under the IPO, with a minimum subscription of \$15 Million and maximum subscription of \$25 Million (at \$0.20 per share) and seek admission to the Official List of ASX.

Lithium Energy and NOVONIX will both retain upside exposure through each having a 22.2% to 28.6% (50 Million shares; based on a raising of \$15 to \$25 Million) cornerstone equity shareholding in Axon Graphite post IPO.

The Axon Graphite IPO will contain (pro-rata) Priority Offers to eligible Lithium Energy and NOVONIX shareholders.

Petra Capital has been appointed Lead Manager of the IPO.

It is anticipated that the Prospectus for the Axon Graphite IPO will be lodged within the next ~6 to 8 weeks.

Executive Chairman of Lithium Energy, William Johnson:

The consolidation of the adjacent high quality Burke and Mr Dromedary graphite deposits will create a world-class inventory of high-grade graphite to support plans to develop an Australian-based, vertically integrated battery anode material (BAM) business. We expect significant operational synergies and economies of scale will be gained from the consolidation of these adjacent graphite deposits.

We are delighted also to have NOVONIX as a partner in Axon Graphite. NOVONIX has established an enviable position within the global battery industry and their experience and industry contacts will be of great value for Axon Graphite moving forward.

Through a priority offer to Lithium Energy shareholders and Lithium Energy's retained interest in Axon Graphite (post IPO), shareholders will benefit from significant upside exposure to a dedicated Australian graphite business.

CEO of NOVONIX, Dr Chris Burns:

The growth opportunity in the electric vehicle and energy storage systems battery markets for anode materials and high-grade graphite products is significant over the next decade. We believe the combination of the Mt Dromedary and Burke assets will enhance the scale and economics of these resources and provide the focus for the development of a substantial natural graphite mine and business. We believe a stand-alone vehicle provides the opportunity to attract new development capital to enable the development of the resource and production of highly refined grade natural graphite for EVs and ESS. It will also highlight the value of these assets for NOVONIX shareholders.

2 Refer also NVX ASX Announcement dated 20 October 2016: Upgraded Independent JORC Mineral Resource Estimate

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

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

Burke, Mt Dromedary and Corella Graphite Projects

The Burke Graphite Project is located 125km north of Cloncurry in North Central Queensland, where there is access to well-developed transport infrastructure to an airport at Mt Isa (~122km) and a port in Townsville (~783km). The Burke Tenement is directly adjacent to the Mt Dromedary Graphite Project held by NOVONIX Limited (ASX:NVX). The Corella Graphite Project is located 40km west of Cloncurry near the Flinders Highway that links Mt Isa to Townsville.

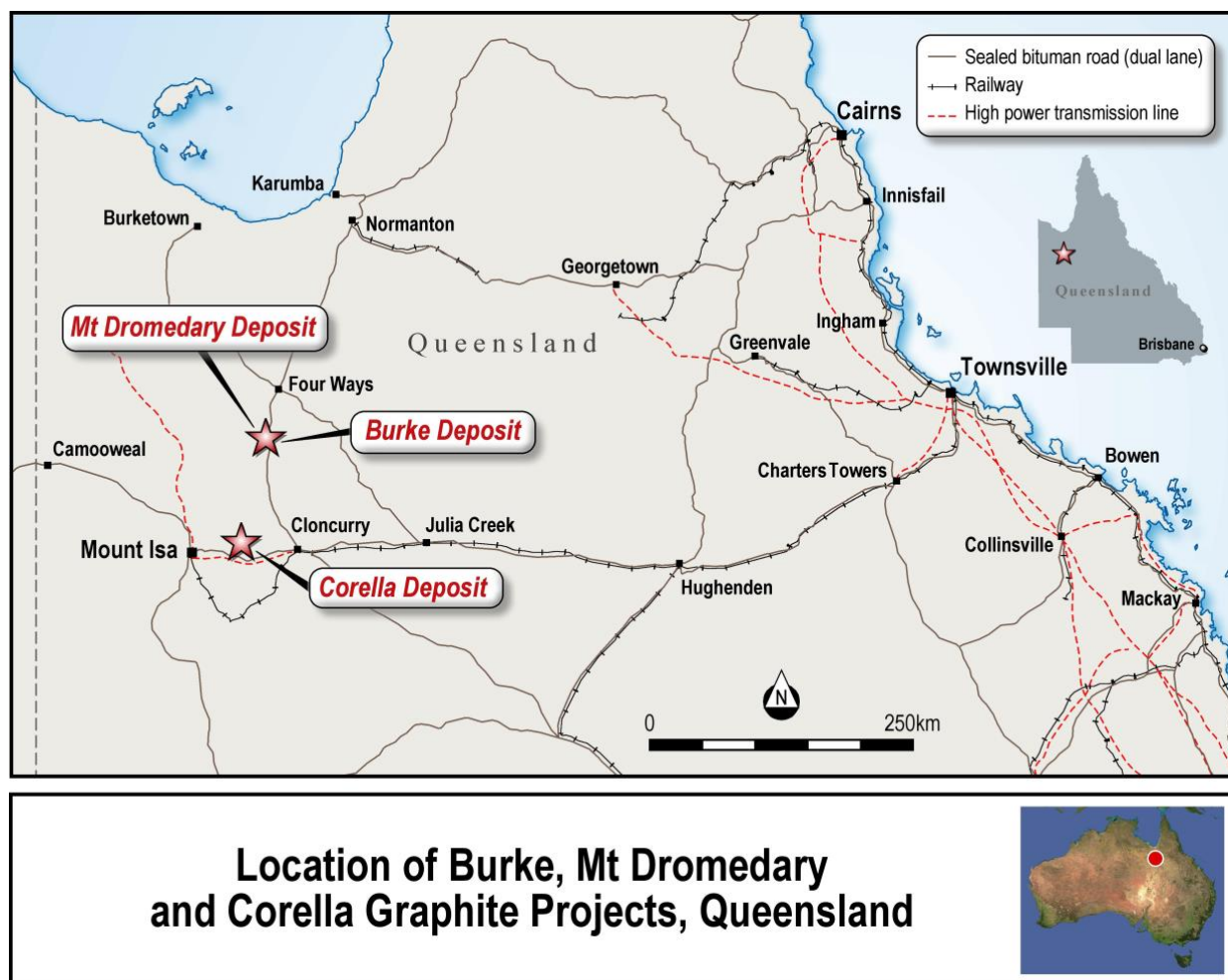


Figure 1: Location of Lithium Energy's Burke and Corella Graphite Projects and NOVONIX's Mt Dromedary Graphite Project in Queensland, Australia

Townsville in North Queensland is emerging as an important location for the production of critical materials for battery technologies in Australia and is currently proposed as the location of the BAM facility utilising graphite sourced from the combined deposits.



Figure 2: Mt Dromedary, Queensland

Figure 3 outlines the tenements comprising the Burke⁵ and Mt Dromedary⁶ Graphite Projects (against a background geology) and the Burke drilling envelope and drill holes in support of the Burke JORC Mineral Resources.

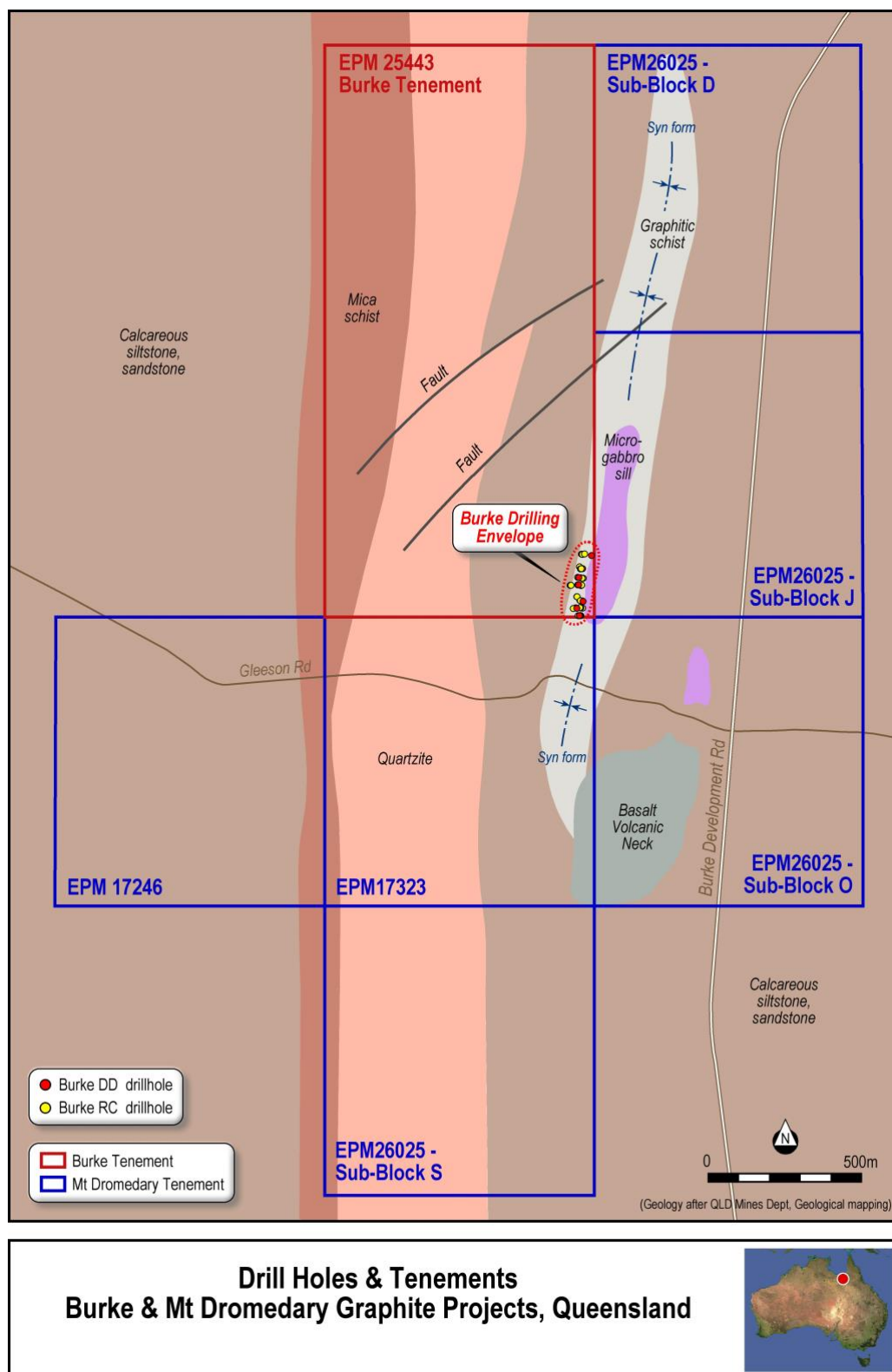


Figure 3: Burke & Mt Dromedary Graphite Projects: Tenements, Geology, Burke Drill Holes and Drilling Envelope

- ⁵ Refer LEL ASX Announcements dated 5 April 2023: Burke Graphite Mineral Resource Upgrade Delivers Significant Increases in Size and Confidence, 22 February 2023: Update – Infill Drilling Results at Burke Graphite Deposit and 16 February 2023: Significant High Grade Graphite Intercepts Continue at Burke Graphite Deposit
- ⁶ Refer also NVX ASX Announcements dated 3 April 2024: NOVONIX Limited and Lithium Energy Limited to Combine Natural Graphite Interests with Intention to Take Combined Business Public and 20 October 2016: Upgraded Independent JORC Mineral Resource Estimate

Further details (JORC Mineral Resources and tenement details) on Lithium Energy's Burke and Corella Graphite Projects are in Annexure C.

Further details (JORC Mineral Resources Announcements and tenement details) on NOVONIX's Mt Dromedary Graphite Project are in Annexure D.

Battery Anode Material (BAM) Manufacturing Business

Subject to the successful completion of the IPO, Axon Graphite plans to develop a vertically integrated BAM business utilising high-grade graphite from its consolidated Graphite Deposits as feedstock material to a BAM Manufacturing Facility located in Queensland.

Axon Graphite's vertically integrated BAM business envisages mining graphite initially from the combined Mt Dromedary/Burke Graphite Deposit and producing a +95% TGC graphite flake concentrate at the mine site. The flake concentrate will then be transported to a proposed BAM Manufacturing Facility in Queensland for processing by firstly mechanically shaping and spheronising the flakes and then chemically purifying the spheronised graphite to form Spherical Purified Graphite (**SPG**), a high quality BAM product. It is proposed that this SPG product will be sold as a battery anode material for use in lithium-ion battery manufacturing or for battery energy storage solutions. Further details are in Annexure B.

Axon Graphite Work Programmes (post-IPO)

Lithium Energy has conducted a metallurgical and BAM testwork programme on the Burke Graphite which has yielded positive results to date⁷ (refer further details in Annexure C):

- Produced >95% TGC graphite flake concentrate;
- Produced high purity 99.97% TGC SPG material;
- Electrochemical battery testing shows Burke uncoated SPG material to be highly suitable as anode material for use in Li-ion batteries.

Axon Graphite will leverage off Lithium Energy's pre-feasibility study work⁸, the metallurgical and BAM testwork programme on the Burke Graphite and NOVONIX's testwork programmes on the Mt Dromedary Graphite to advance technical and economic feasibility studies on a combined mine (encompassing the Burke and Mt Dromedary Graphite Deposits) and integrated (potentially expanded and or with a longer duration) BAM manufacturing facility.

Axon Graphite's proposed work programme (post-IPO) will include:

- Resource development drilling on Burke/Mt Dromedary and Corella;
- Bulk sampling from Burke / Mt Dromedary;
- Metallurgical and BAM testwork on Burke / Mt Dromedary and Corella;
- Evaluation and construction of SPG Pilot Plant to produce flake concentrate from Burke / Mt Dromedary bulk samples;
- Feasibility studies on the combined Burke / Mt Dromedary mining operations;
- Feasibility studies on proposed BAM manufacturing facility in Queensland;
- Advancing product marketing and offtake discussions with potential BAM customers;

⁷ Refer LEL ASX Announcements dated 11 March 2024: Exceptional Battery Testing Results Achieved with Burke Spherical Purified Graphite, 27 November 2023: Testwork Results Highlight Exceptional Potential of Burke Graphite as Battery Anode Material, 28 July 2023: Burke and Corella Graphite Projects Testwork Update

⁸ Refer LEL ASX Announcement dated 23 May 2023: Excellent Metallurgical Testwork Results at Burke Graphite Project Pave Way for Commencement of PFS

- Engaging with the Australian Commonwealth and Queensland State Governments to access joint development funding and or grants/incentives available for critical minerals development projects;
- Securing of environmental approvals;
- Securing of Mining Lease over Burke / Mt Dromedary; and
- Securing land and approvals for BAM manufacturing facility.

Consolidation of Burke and Mt Dromedary Graphite Projects

The Boards of Lithium Energy and NOVONIX have determined that the best means of commercially exploiting the significant graphite deposits spread across the neighbouring Burke and Mt Dromedary Projects is to develop the deposits as a single mining project and merge and spin out both companies' graphite assets via an IPO of Axon Graphite and new listing on the ASX. Significant benefits are expected from increased scale and operational efficiencies arising from the combination of these adjoining high grade graphite deposits.

Axon Graphite, which is currently a wholly-owned subsidiary of Lithium Energy, has therefore entered into a Share Sale and Purchase Agreement (dated 3 April 2024) (**Agreement**) with NOVONIX to acquire NOVONIX's wholly-owned subsidiary MD South Tenements Pty Ltd (**MDSTPL**), which in turn holds the tenement interests in the Mt Dromedary Graphite Project. The tenements comprising the Burke and Corella Graphite Projects are held by Burke Minerals Pty Ltd (**BMPL**), a wholly-owned subsidiary of Axon Graphite.

The Agreement is conditional upon the following matters (refer also summary in Annexure A):

- Completion of due diligence to the satisfaction of both parties by on or about 17 April 2024;
- The receipt of all necessary regulatory consents and approvals under the *Mineral Resources Act 1989* (Queensland) relating to the transfer and assignment of the relevant mining interests held by NOVONIX to Axon Graphite (as applicable); and
- Completion of the Axon Graphite IPO and ASX confirming the admission of the company to the Official List of the ASX, within 6 months of the date of the Agreement (ie. by on or about 2 October 2024).

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

Axon Graphite Limited IPO

Prior to the IPO being undertaken (and after the declaration of satisfaction of due diligence under the Agreement), two nominees of NOVONIX will join the Board of Axon Graphite to facilitate the completion of the IPO Prospectus. An independent Chairman will join the Board after the completion of the IPO and upon Axon Graphite's admission to ASX. Further details on the Board composition of Axon Graphite will be outlined in the Prospectus.

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

- Axon Graphite plans to raise \$20 Million to support the development of an Australian-based vertically integrated BAM business, with a minimum subscription of \$15 Million and the ability to accept oversubscriptions of a further \$5 Million (resulting in a maximum subscription of \$25 Million) at an issue price of \$0.20 per share.
- Eligible Lithium Energy and NOVONIX shareholders will be entitled to participate in a (pro-rata) Priority Offer under the IPO Prospectus. Any shortfall in applications lodged by eligible Lithium Energy and NOVONIX shareholders under the Priority Offers will form a pool of shares available to the public under the Public Offer. Further details about the Priority Offers are in Annexure E (which are subject to final terms as outlined in the Prospectus).
- Lithium Energy and NOVONIX will each hold a 22.2% to 28.6% cornerstone equity holding in Axon Graphite with such shareholdings likely to be subject to a 2 year escrow period as required under ASX Listing Rules – refer Pro-Forma Axon Graphite Capital Structure below.

- Australian institutional stockbroking firm, Petra Capital has been appointed Lead Manager of the IPO.
- The Prospectus for the IPO of Axon Graphite is expected to be lodged within the next ~6 to 8 weeks – Lithium Energy will provide further updates on ASX on the indicative timetable for the IPO, including in relation to the record dates for determining entitlements under the Priority Offers.

Pro-Forma Axon Graphite Capital Structure

| | Minimum Subscription | | Offer | | Maximum Subscription | |
|---|----------------------|------------------------------|---------------------|------------------------------|----------------------|------------------------------|
| | No. Shares | Fund Raised | No. Shares | Fund Raised | No. Shares | Fund Raised |
| Proposed IPO at \$0.20 Issue Price | 75,000,000 | \$15,000,000 | 100,000,000 | \$20,000,000 | 125,000,000 | \$25,000,000 |
| | No. Shares | % of Post-IPO Issued Capital | No. Shares | % of Post-IPO Issued Capital | No. Shares | % of Post-IPO Issued Capital |
| Post-IPO Shareholders | | | | | | |
| Lithium Energy Limited | 50,000,000 | 28.57% | 50,000,000 | 25% | 50,000,000 | 22.22% |
| NOVONIX Limited | 50,000,000 | 28.57% | 50,000,000 | 25% | 50,000,000 | 22.22% |
| New Shareholders under IPO | 75,000,000 | 42.86% | 100,000,000 | 50% | 125,000,000 | 55.56% |
| Total | 175,000,000 | 100% | 200,000,000 | 100% | 225,000,000 | 100% |
| Indicative Market Capitalisation (based on \$0.20 IPO Issue Price) | \$35,000,000 | | \$40,000,000 | | \$45,000,000 | |

About NOVONIX Limited (ASX:NVX)



NOVONIX (then known as Graphitecorp Limited) completed its IPO and admission to ASX in December 2015 as the developer of the Mt Dromedary Graphite Project.⁹ The Company changed its name to NOVONIX in July 2017 after completing the acquisition of NOVONIX Battery Testing Services, Inc. and establishment of the PUREgraphite anode material joint venture in North America.¹⁰

NOVONIX is now a leading battery materials and technology company aiming to revolutionise the global lithium-ion battery industry with innovative, sustainable technologies, high-performance materials, and more efficient production methods. NOVONIX manufactures industry-leading battery cell testing equipment, is growing its high-performance synthetic graphite anode material manufacturing operations, and has developed an all-dry, zero-waste cathode synthesis process. Through advanced R&D capabilities, proprietary technology, strategic partnerships, and as a leading North American supplier of battery-grade synthetic graphite, NOVONIX has gained a prominent position in the electric vehicle (EV) and energy storage systems (ESS) battery industry and is working to power a cleaner energy future.¹¹

AUTHORISED FOR RELEASE - FOR FURTHER INFORMATION:

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⁹ Refer Graphitecorp Limited Prospectus dated 10 November 2015, released on ASX on 1 December 2015

¹⁰ Refer NVX ASX Announcements dated 13 July 2017: Change of Name to NOVONIX Limited and 8 June 2017: Proposed Change of Company Name

¹¹ Refer NOVONIX 2023 Annual Report released on ASX on 28 February 2024 and NOVONIX website: <https://www.novonixgroup.com/>

ABOUT LITHIUM ENERGY LIMITED (ASX:LEL)

Lithium Energy Limited is an ASX listed battery minerals company which is developing its flagship Solaroz Lithium Brine Project in Argentina and the Burke and Corella Graphite Projects in Queensland. The Solaroz Lithium Project (LEL:90%) comprises 12,000 hectares of highly prospective lithium mineral concessions (where a JORC Indicated and Inferred Mineral Resource of lithium has been delineated) located strategically within the Salar de Olaroz Basin in South America's "Lithium Triangle" in north-west Argentina. Lithium Energy shares the lithium rights in the Olaroz Salar basin with lithium carbonate producers Arcadium Lithium plc (ASX:LTM) and Lithium Argentina Corporation (TSX:LAAC). Lithium Energy has completed a Scoping Study on Solaroz and is investigating the development of a 20/40ktpa lithium carbonate equivalent (LCE) production facility using conventional evaporation ponds; the Company is also evaluating direct-lithium extraction (DLE) technologies. The Burke and Corella Graphite Projects (LEL:100%) in Queensland, Australia, contains high grade JORC Indicated and Inferred Mineral Resources of graphite; Lithium Energy is investigating the proposed development of a vertically integrated battery anode material manufacturing facility in Queensland.

JORC CODE (2012) COMPETENT PERSONS' STATEMENTS

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

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

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

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

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

The information in the original announcements is based on information compiled by Mr Graham Fyfe, who is a Member of the Australian Institute of Mining and Metallurgy (**AusIMM**). Mr Fyfe is an employee (General Manager, Projects) of Lithium Energy Limited. Mr Fyfe has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market 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 announcement (referred to above).

FORWARD LOOKING STATEMENTS

This document contains “forward-looking statements” and “forward-looking information”, including statements and forecasts which include without limitation, expectations regarding future performance, costs, production levels or rates, mineral reserves and resources, the financial position of Lithium Energy, industry growth and other trend projections. Often, but not always, forward-looking information can be identified by the use of words such as “plans”, “expects”, “is expected”, “is expecting”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes”, or variations (including negative variations) of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might”, or “will” be taken, occur or be achieved. Such information is based on assumptions and judgements of management regarding future events and results. The purpose of forward-looking information is to provide the audience with information about management’s expectations and plans. Readers are cautioned that forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Lithium Energy and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, changes in market conditions, future prices of minerals/commodities, the actual results of current production, development and/or exploration activities, changes in project parameters as plans continue to be refined, variations in grade or recovery rates, plant and/or equipment failure and the possibility of cost overruns. Forward-looking information and statements are based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date such statements are made, but which may prove to be incorrect. Lithium Energy believes that the assumptions and expectations reflected in such forward-looking statements and information are reasonable. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Lithium Energy does not undertake to update any forward-looking information or statements, except in accordance with applicable securities laws.

SUMMARY OF SHARE SALE AND PURCHASE AGREEMENT

| | |
|---|--|
| Parties | Lithium Energy Limited (ABN 94 647 135 108) (ASX:LEL) (Lithium Energy or LEL) NOVONIX Limited (ABN 54 157 690 830) (ASX:NVX) (NOVONIX or NVX or Seller) Axon Graphite Limited (ABN 73 119 438 265) Axon Graphite or Buyer) MD South Tenements Pty Ltd (ABN 89 609 223 467) (MDSTPL or Company) |
| Share Sale | Sale of 100 shares in the capital of MDSTPL by NOVONIX to Lithium Energy, comprising 100% of the issued capital of MDSTPL. MDSTPL is the holder of a 100% interest in the tenements comprising the Mt Dromedary Graphite Project: EPM 17246, EPM 17323 and EPM 26025 (Sub-Blocks D, J, O and S within Normanton 3123 Block) (Mt Dromedary Mining Interests). |
| Conditions Precedent | <ul style="list-style-type: none"> (a) Both the Buyer and Seller electing to proceed with the Agreement after completion of due diligence (14 days after the date of the Agreement); (b) Axon Graphite completing its IPO and receiving decision from the ASX confirming (subject to the conditions therein) its admission to the official list of the ASX and the quotation of its securities on ASX; (c) MDSTPL obtaining all consents and approvals under the <i>Mineral Resources Act 1989</i> (Queensland) to allow the transfer of the Mt Dromedary Mining Interests contemplated in the Agreement; (d) All liabilities of MDSTPL owed to the Seller (or any related body corporate) being released, forgiven or discharged. |
| Completion | One business day after the last of the parties have given their notice of compliance with all of their obligations under the Conditions Precedent, to the other parties. |
| Cut-Off Date (for satisfaction or waiver of Conditions Precedent) | Six months from the date of the Agreement. |
| Consideration | Axon Graphite issuing 50 million fully paid ordinary shares (issued at \$0.20 per share) to the Seller. |
| Axon Graphite IPO | <p>The parties acknowledge that Axon Graphite proposes to undertake an initial public offering of its shares pursuant to a prospectus and associated application for admission to the official list of the ASX and the quotation of its securities on the ASX (IPO).</p> <p>NOVONIX will be involved in the IPO process, including completion of the prospectus (including as observer on the due diligence committee), engagement of experts, adoption of new constitution, corporate governance policies, terms of the priority offers to shareholders of Lithium Energy and NOVONIX, terms of the lead manager's mandate, application for admission to ASX and engagement with Government agencies.</p> |

| | |
|---|---|
| Axon Graphite Share Capital Structure | <p>The composition of the Axon Graphite Share Capital Structure (post-IPO) shall be as follows:</p> <ul style="list-style-type: none"> (i) Lithium Energy - 50 million shares; (ii) NOVONIX - 50 million shares; (iii) IPO shareholders - between 75 million shares (based on minimum subscriptions of \$15 million) and 125 million shares (based on maximum subscriptions of \$25 million) (issued at \$0.20 per share) (subject to changes agreed by Lithium Energy, NOVONIX and Axon Graphite). <p>Axon Graphite will apply for quotation of the above shares on ASX (subject to ASX imposed escrow on the shares held by Lithium Energy and NOVONIX, as 'restricted securities').</p> |
| Axon Graphite Board of Directors | <p>NOVONIX is entitled to nominate 2 directors to the Board of Axon Graphite, who will be appointed (to a 4 member Board) after the satisfaction of Conditions Precedent (a) (referred to above).</p> <p>The parties shall agree on the appointment of an independent Non-Executive Chair, to take effect upon the completion of the Agreement and the IPO.</p> |
| Priority Offers to Lithium Energy and NOVONIX Shareholders | <p>Axon Graphite will offer eligible Lithium Energy and NOVONIX shareholders a priority offer to subscribe for shares in the IPO, pursuant to ASX requirements and as agreed by the parties.</p> |
| Governing law | <p>The Agreement is governed by Western Australian law.</p> |
| Other | <p>Customary terms and conditions for a transaction of this nature, including customary covenants, warranties and indemnities (including by Lithium Energy), customary caps and limitations on claims, and customary termination mechanisms.</p> |

BATTERY ANODE MATERIAL (BAM) MANUFACTURING BUSINESS

Axon Graphite plans to develop a vertically integrated BAM business utilising high-grade graphite from the Burkle/Mt Dromedary and Corella Graphite Deposits as feedstock material to a BAM Manufacturing Facility located in Queensland (refer Figure 9).

Axon Graphite envisages mining graphite initially from the Mt Dromedary/Burke Graphite Deposit and producing a +95% TGC graphite flake concentrate at the mine site. The flake concentrate will then be transported to a proposed BAM Manufacturing Facility in Queensland for processing by firstly mechanically shaping and spheronising the flakes and then chemically purifying the spheronised graphite to form Spherical Purified Graphite (**SPG**), a high quality BAM product. It is proposed that this SPG product will be sold as a battery anode material for use in lithium-ion battery manufacturing or for battery energy storage solutions.



Figure 4: Photos of Burke Graphite Recovered from Core Drilling, January 2023

After the completion of the IPO, Axon Graphite will advance a BAM development strategy taking into account the much larger graphite inventory, expected operational synergies and economies of scale be gained by combining the Burke and Mt Dromedary Graphite Deposits.

The Battery Anode Material (BAM) Strategy

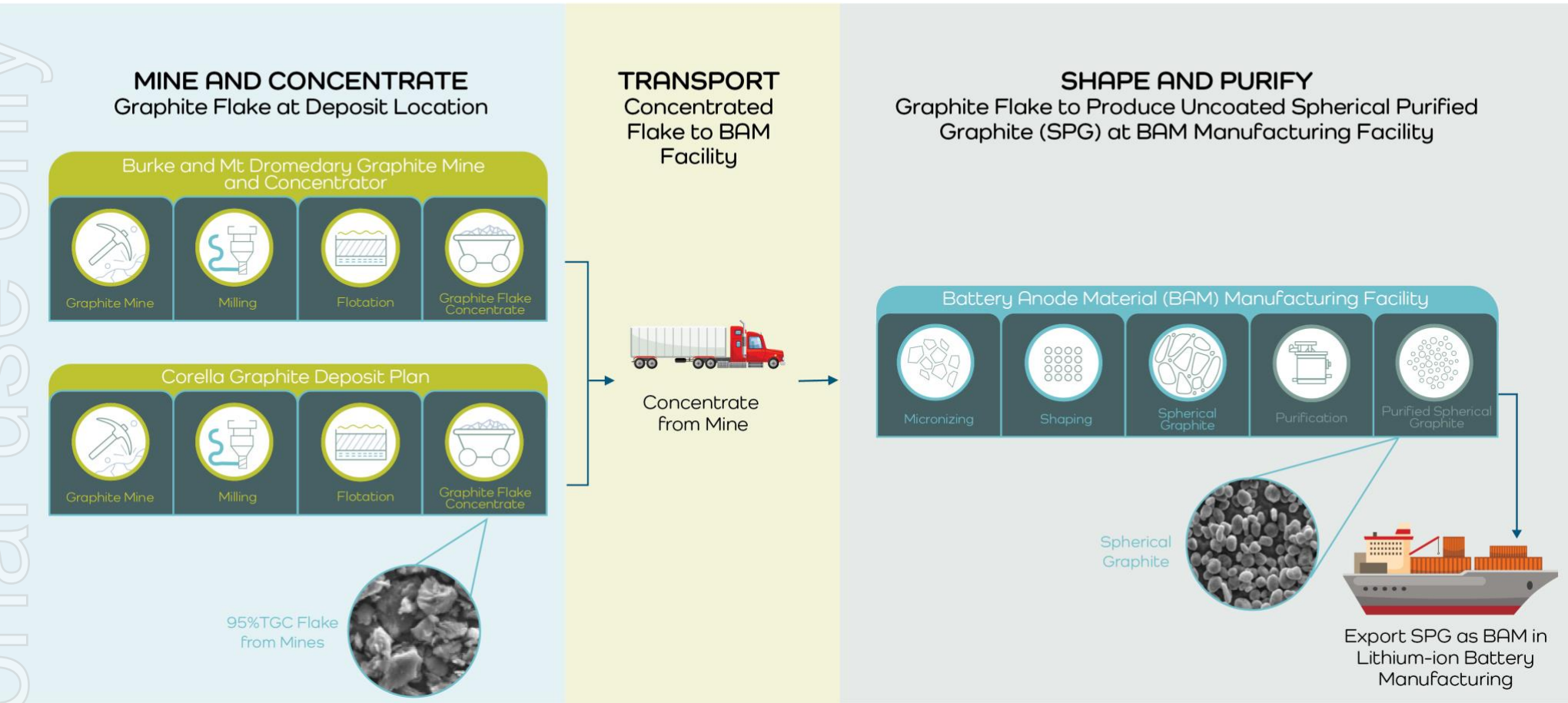











Figure 5: Illustrative Vertically Integrated Operations from Graphite Mine to Production of BAM Product

The Market for Battery Anode Material

Figure 10 highlights the importance of graphite in a Li-ion battery, regardless of the cathode chemistry - on average, there is 8 times more graphite in a Li-ion battery than there is lithium.¹²

HOW BATTERY CHEMISTRIES DIFFER, BY MINERAL CONTENT FOR A 60KWH LITHIUM-ION BATTERY

The name of the battery chemistry typically indicates the composition of the cathode.

| | NMC811 Nickel (80%) Manganese (10%) Cobalt (10%) | NMC523 Nickel (50%) Manganese (20%) Cobalt (30%) | NMC622 Nickel (60%) Manganese (20%) Cobalt (20%) | NCA+ Nickel Cobalt Aluminum Oxide | LFP Lithium iron phosphate |
|--|---|---|---|---|--------------------------------------|
|  LITHIUM | 5KG | 7KG | 6KG | 6KG | 6KG |
|  COBALT | 5KG | 11KG | 11KG | 2KG | 0KG |
|  NICKEL | 39KG | 28KG | 32KG | 43KG | 0KG |
|  MANGANESE | 5KG | 16KG | 10KG | 0KG | 0KG |
|  GRAPHITE | 45KG | 53KG | 50KG | 44KG | 66KG |
|  ALUMINUM | 30KG | 35KG | 33KG | 30KG | 44KG |
|  COPPER | 20KG | 20KG | 19KG | 17KG | 26KG |
|  STEEL | 20KG | 20KG | 19KG | 17KG | 26KG |
|  IRON | 0KG | 0KG | 0KG | 0KG | 41KG |

ELEMENTS 

Figure 6: Battery Chemistry Mineral Constituent Elements¹⁵

As shown in Figure 11 it is forecast that 97 new graphite mines, with production of at least 56,000t per annum of graphite concentrate, will be required to come online by 2035 to meet the Li-ion battery demand forecasts.¹³

In addition to this huge demand forecast, the Company notes that the announcement by the Chinese Government regarding pending graphite export restrictions will further fuel graphite demand by non-Chinese battery makers.¹⁴

This highlights the importance of Axon Graphite's BAM from Australia as a valuable source of feed material for global battery supply chains, given that approximately 74% of anode material is currently supplied by China¹⁵.

¹² Source: <https://elements.visualcapitalist.com/the-key-minerals-in-an-ev-battery/> (May 2022)

¹³ Source: <https://source.benchmarkminerals.com/article/more-than-300-new-mines-required-to-meet-battery-demand-by-2035> (September 2022)

¹⁴ Refer: <https://source.benchmarkminerals.com/article/china-graphite-export-restrictions-could-hinder-ex-china-anode-development> (20 October 2023) and <https://www.reuters.com/world/china/china-require-export-permits-some-graphite-products-dec-1-2023-10-20/> (21 October 2023)

¹⁵ Source: <https://source.benchmarkminerals.com/article/infographic-china-controls-three-quarters-of-graphite-anode-supply-chain> (November 2023)

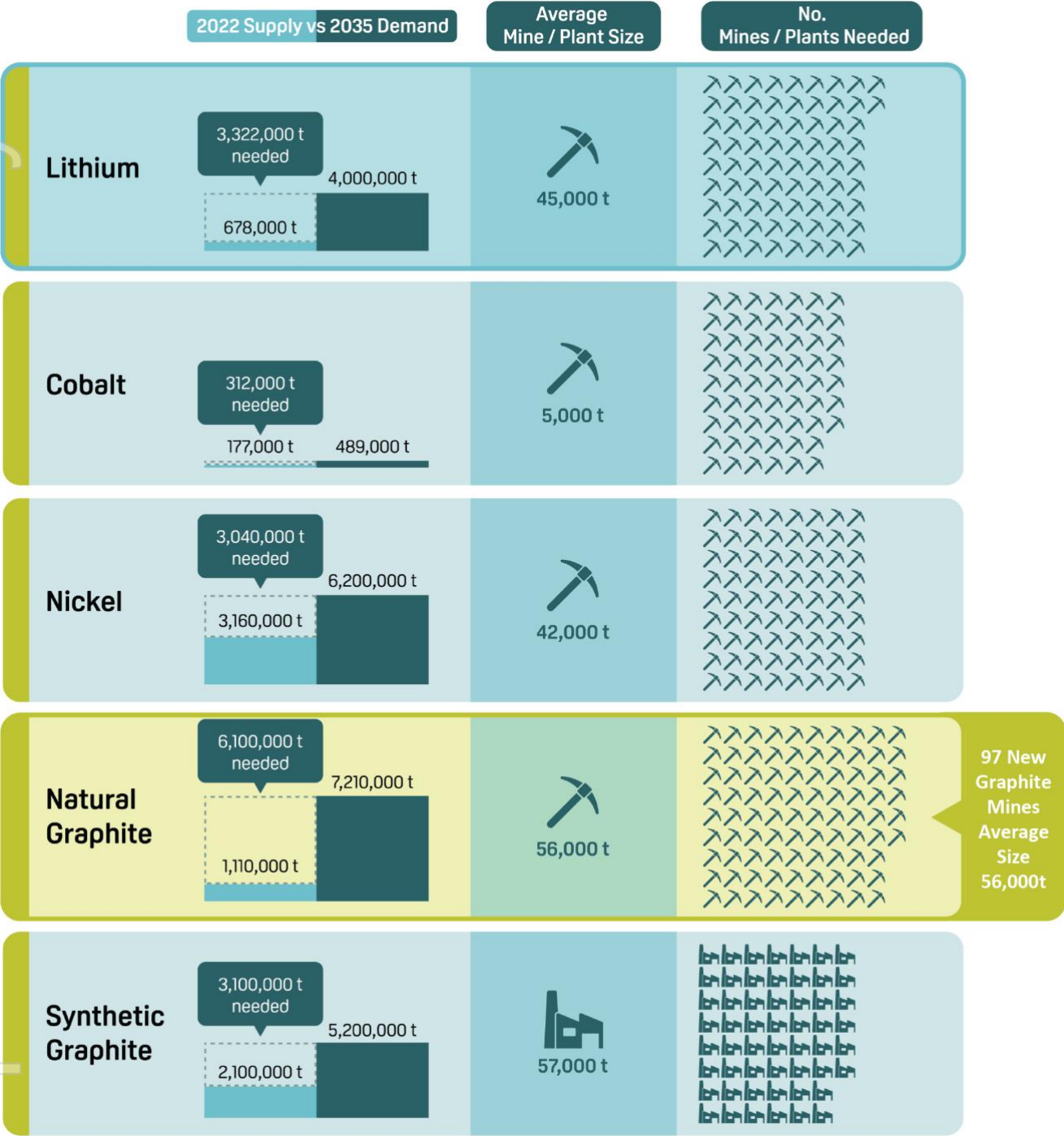


Figure 7: Increased Battery Demand Needs Graphite Supplies¹⁶

ABOUT BURKE AND CORELLA GRAPHITE PROJECTS

Lithium Energy is developing (100% owned) graphite projects located in the Cloncurry region in North Central Queensland:

- (1) The Burke Graphite Project comprises EPM 25443 (the **Burke Tenement** or **Burke**) (of ~6.58km²), located 125km north of Cloncurry and adjacent to the Mt Dromedary Graphite Project held by NOVONIX; and
- (2) The Corella Graphite Project comprises EPM 25696 (the **Corella Tenement** or **Corella**) (of ~19.74km²), located 40km west of Cloncurry. Corella is located ~120km south of Burke.

The Leichhardt Crossing Tenement (EPM 28715) is located ~25km north north-west of the Burke Tenement, where the Company is targeting outcropping limestone required for potential graphite processing operations.

Lithium Energy succeeded in doubling its Total Graphite Inventory to 2.6Mt of contained graphite, with the delineation of a maiden JORC Inferred Mineral Resource Estimate of 13.5Mt at 9.5% TGC for 1.3Mt contained graphite at Corella Tenement¹⁶ and an upgrade of the Burke Deposit to a total JORC Indicated and Inferred Mineral Resource of 9.1Mt at 14.4% TGC for a total of 1.3Mt contained graphite¹⁷.

Burke JORC Mineral Resource

The Burke Deposit (on the Burke Tenement) has an upgraded JORC Mineral Resource as follows:

- Total Mineral Resource of 9.1Mt at 14.4% TGC for a total of 1.3Mt contained graphite (at a 5% TGC cut-off grade), comprising:
 - Indicated Mineral Resource of 4.5Mt at 14.7% TGC for 670kt of contained graphite; and
 - Inferred Mineral Resource of 4.5Mt at 14.2% TGC for 640kt of contained graphite.
- Within the mineralisation envelope, there is included a higher grade Total Mineral Resource of 7.1Mt at 16.2% TGC for 1.1Mt of contained graphite (at a 10% TGC cut-off grade).¹⁸

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

Notes:

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

¹⁶ Refer LEL ASX Announcements dated 16 June 2023: Maiden Corella Graphite Mineral Resource Delivers Doubling of Graphite Inventory, 17 April 2023: Completion of Drilling Programme at Corella Graphite Prospect and 2 June 2023: Significant High Grade Graphite Discovery at the Corella Project

¹⁷ Refer LEL ASX Announcements dated 5 April 2023: Burke Graphite Mineral Resource Upgrade Delivers Significant Increases in Size and Confidence, 22 February 2023: Update – Infill Drilling Results at Burke Graphite Deposit and 16 February 2023: Significant High Grade Graphite Intercepts Continue at Burke Graphite Deposit

¹⁸ Refer Mineral Resource estimates at different %TGC cut-off grades reported in Table 2 of LEL ASX Announcement dated 5 April 2023: Burke Graphite Mineral Resource Upgrade Delivers Significant Increases in Size and Confidence

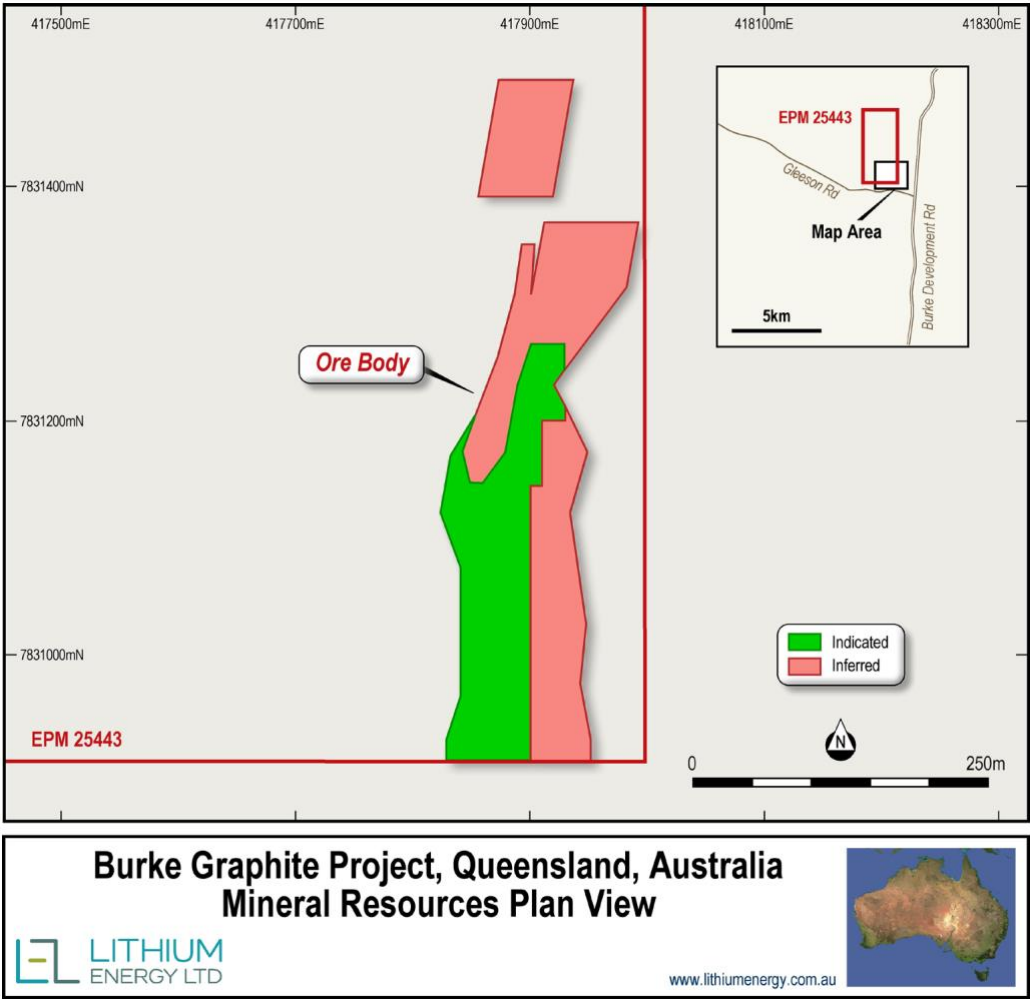


Figure 8: Burke Tenement JORC Indicated and Inferred Mineral Resources Plan View

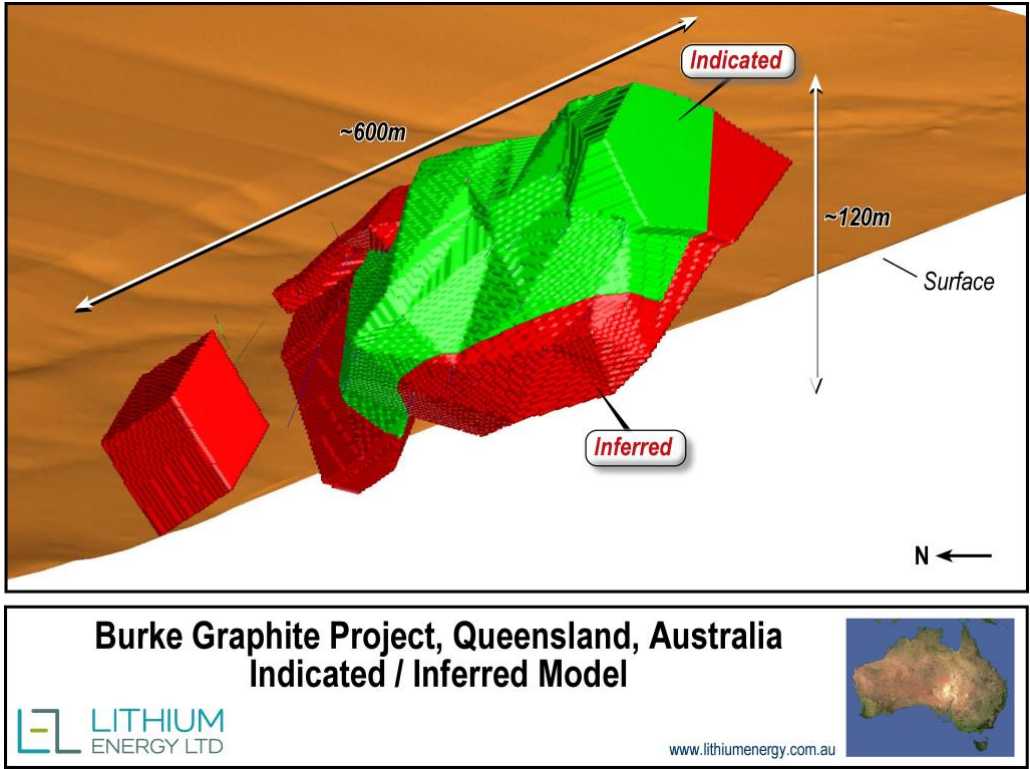


Figure 9: Burke Graphite Project Indicated/Inferred 3D Model

Corella JORC Mineral Resource

The Corella Deposit (on the Corella Tenement) has an initial maiden JORC Mineral Resource as follows:

- Inferred Mineral Resource of 13.5Mt at 9.5% TGC for 1.3Mt contained graphite (at a 5% TGC cut-off grade).
- Within the mineralisation envelope, there is included a higher grade Inferred Mineral Resource of 4.5Mt at 12.7% TGC for 0.57Mt of contained graphite (at a 10% TGC cut-off grade).¹⁹

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

Notes:

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

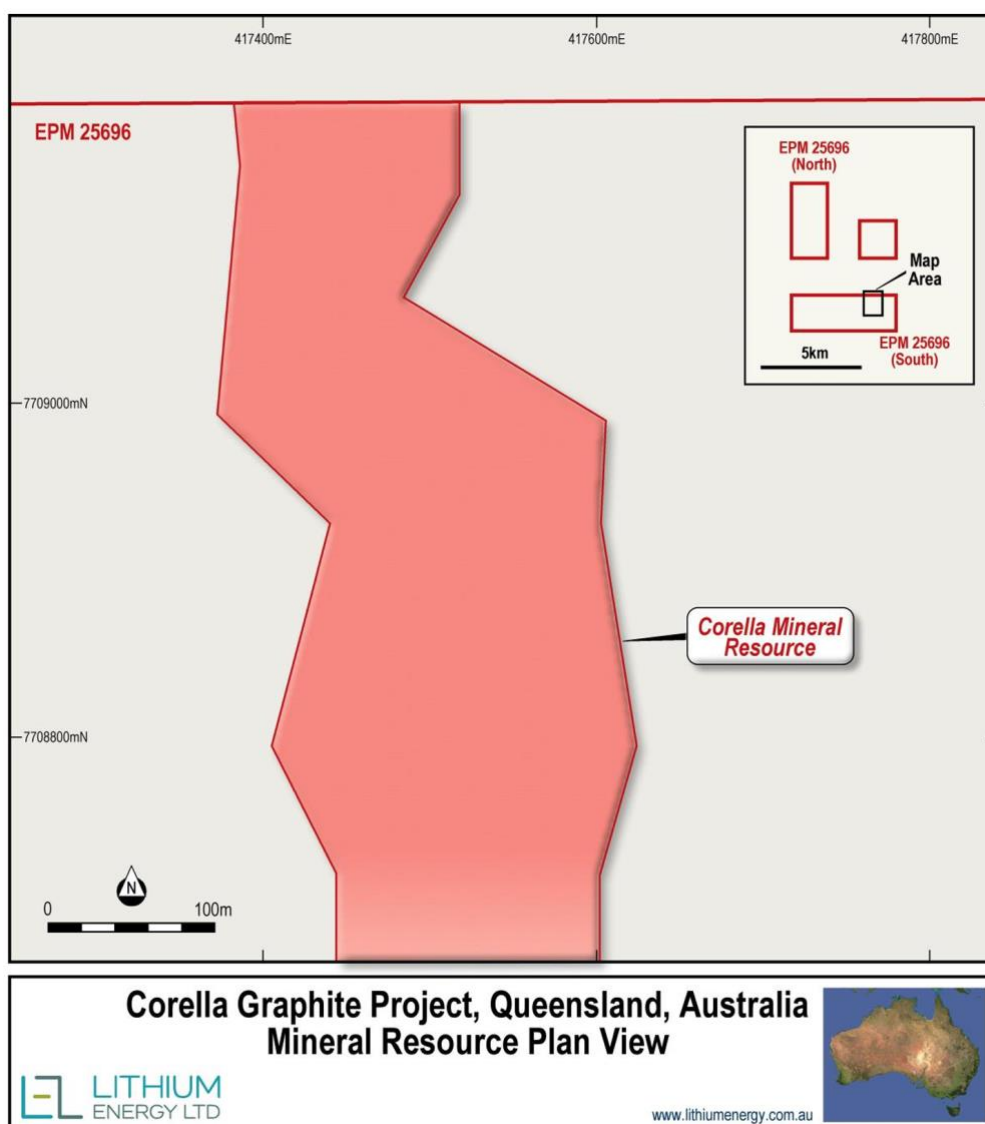


Figure 10: Corella Tenement JORC Inferred Mineral Resources Plan View

¹⁹ Refer Mineral Resource estimates at different %TGC cut-off grades reported in Table 3 of LEL ASX Announcement dated 16 June 2023: Maiden Corella Graphite Mineral Resource Delivers Doubling of Graphite Inventory

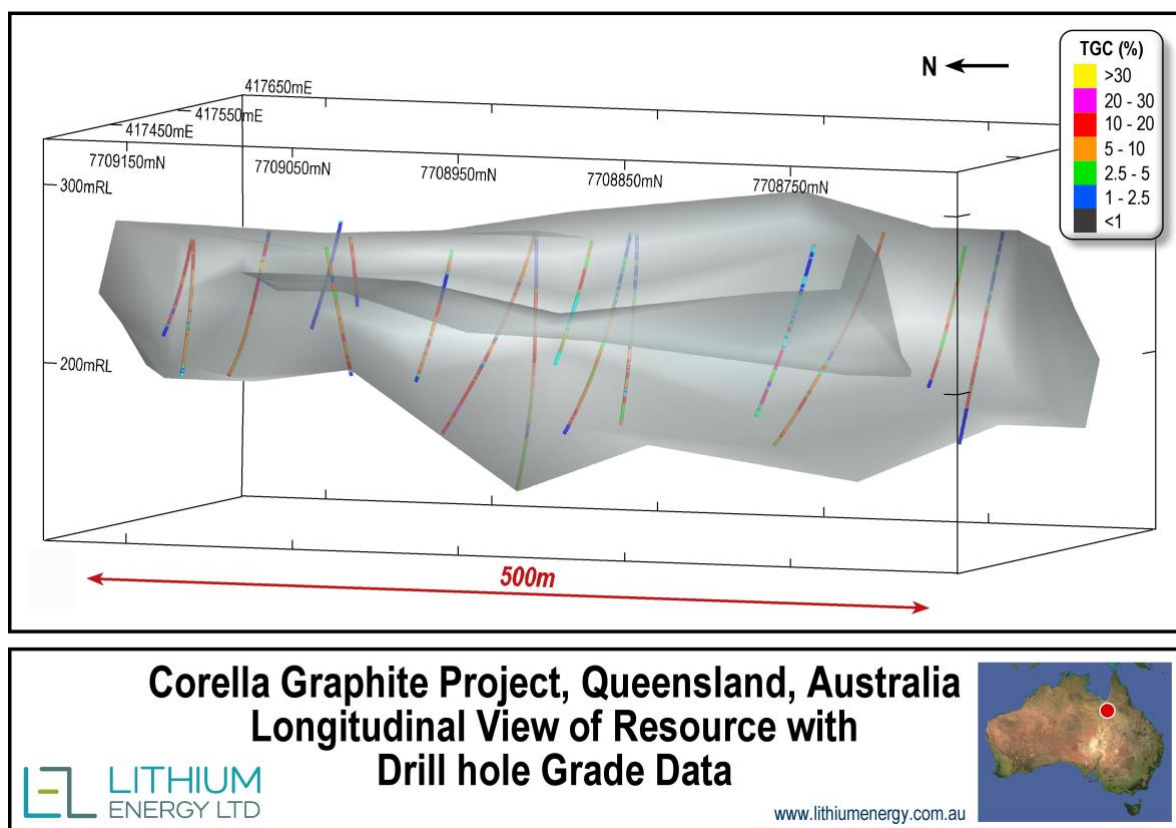


Figure 11: Corella JORC Inferred Mineral Resource – 3D Longitudinal View also Showing Drill Holes and %TGC Results

Burke Graphite Testwork Programmes

Lithium Energy has conducted a metallurgical and BAM testwork programme on the Burke Graphite which has yielded positive results to date²⁰:

- (a) The Beijing General Research Institute for Mining and Metallurgy Technology Group (**BGRIMM**) in China has completed a comprehensive flowsheet development metallurgical testwork programme to assess and develop an optimised flake concentrator flowsheet:
 - (i) Achieved key objectives of grade (>95% TGC) and recovery (>85%) using standard flotation and regrind milling technology;
 - (ii) Produced >95% TGC graphite flake concentrate suitable for use as test feedstock material;
 - (iii) Defined key concentrator design input metrics including reagent dosing rates and types, flotation and regrind and flotation cell residence times, which will form part of the feasibility study for the vertically integrated BAM manufacturing facility;
- (b) ProGraphite GmbH in Germany has confirmed excellent BAM test work results on the 95.6% TGC Burke Graphite concentrate produced by BGRIMM:
 - (i) Defined the process flowsheet requirements to produce high purity 99.97% TGC spheronised graphite material, which will be suitable as feedstock for the battery anode making process;

²⁰ Refer LEL ASX Announcements dated 11 March 2024: Exceptional Battery Testing Results Achieved with Burke Spherical Purified Graphite, 27 November 2023: Testwork Results Highlight Exceptional Potential of Burke Graphite as Battery Anode Material, 28 July 2023: Burke and Corella Graphite Projects Testwork Update

- (ii) Produced spheronised products (of alternate product sizes) to assess the effectiveness and impact of the mechanical shaping process on the Burke Graphite concentrate – there were 3 primary materials produced, designated SPG15, SPG16 and SPG20; a secondary material, designated SPG10, was produced as a by-product from the primary spheronisation processes that produced SPG16; this is highly positive as the ability to generate two product streams provides for an improved recovery and a diversity in product size and value, which could have a positive impact on eventual product sales; the two-product spheronising flowsheet achieved an overall recovery of 63% (SPG15 or SPG16 or SPG20 plus SPG10) which is considered to be extremely positive by reference to general industry standards of between 45% to 55% recovery;
- (iii) Conducted purification processes on the spheronised Burke Graphite at different temperatures, durations and reagents; the low temperature process produced outstanding 99.97% TGC results;
- (iv) Defined metallurgical and process design criteria (including key metrics such as reagent consumption, product size, product recovery and purification conditions), to be used as inputs to the BAM Facility process design in the feasibility study;
- (v) Completed electrochemical battery testing which showed uncoated Burke spheronised purified graphite (**SPG**) (SPG20, purified to 99.97% TGC) to be highly suitable as anode material for use in Li-ion batteries - high reversible capacity (a measure of the charge the battery can hold) of 362 - 364mAh/g, which is close to the theoretical maximum for natural graphite of 372mAh/g, very high Coulometric efficiencies of 99.3 – 99.8% over multiple charging and discharging cycles of the battery test (implying the anode returns a very high portion of the Li-ions stored during the charging process, which implies a high quality, high performing battery process) and high crystallinity and low levels of graphite degradation under multiple high charging/discharging cycles (indicating enhanced battery stability and longer battery life).

Tenement Details

| Tenement Name | Tenement Type and No. | Grant Date | Expiry Date | Area (blocks) | Area (km ²) |
|---------------------|-----------------------|------------|-------------|---------------|-------------------------|
| Burke | EPM 25443 | 4/9/2014 | 3/9/2024 | 2 sub-blocks | ~6.58 |
| Corella | EPM 25696 | 2/4/2015 | 1/4/2025 | 6 sub-blocks | ~19.74 |
| Leichhardt Crossing | EPM 28715 | 12/4/2023 | 11/4/2028 | 30-sub-blocks | ~97 |

Notes:

- (1) EPM 25443 is able to be renewed for 5 years (to 2029) prior to its 2024 expiry date; and again for a further 5 years (to 2034) prior to its expiry in 2029; the tenement will expire on 3 September 2034.
- (2) EPM 25696 is able to be renewed for 5 years (to 2030) prior to its 2025 expiry date; and again for a further 5 years (to 2035) prior to its expiry in 2030; the tenement will expire on 1 April 2035.
- (3) EPM 28715 is able to be renewed for 5 years (to 2033) prior to its 2028 expiry date (with a 50% relinquishment of its current 30 sub-blocks); and again for a further 5 years (to 2038) prior to its expiry in 2033 (with a 50% relinquishment of sub-blocks); the tenement will expire on 11 April 2038.
- (4) The renewals and expiry of EPM 25443, EPM 25696 and EPM 28715 are pursuant to the transitional arrangements under NROLA.

ANNEXURE D

ABOUT MT DROMEDARY GRAPHITE PROJECT

JORC Mineral Resources²¹

The Mt Dromedary Graphite Project has a Measured, Indicated and Inferred Graphite Mineral Resource as reported in the following ASX announcements released by NOVONIX Limited (ASX:NVX) (then known as Graphitecorp Limited (former ASX:GRA)) dated:

- 20 October 2016 entitled “Upgraded Independent JORC Mineral Resource Estimate”;
- 14 March 2016 entitled “Updated Independent JORC Mineral Resource Statement”; and
- 1 December 2015: Graphitecorp Limited Replacement Prospectus dated 10 November 2015.

NOVONIX’s historical ASX Announcements may be viewed and downloaded from the ASX website: www.asx.com.au under ASX code “NVX”.

Tenement Details

| Tenement Holder | Tenement Name | Tenement No. | Grant Date | Expiry Date | Area (sub-blocks) | Area (km ²) |
|----------------------------|------------------------|---|------------|-------------|-------------------|-------------------------|
| MD South Tenements Pty Ltd | Pigeon South | EPM 17246 | 26/10/2010 | 25/10/2024 | 1 | ~3.29 |
| | Pigeon South | EPM 17323 | 20/10/2010 | 19/10/2024 | 1 | ~3.29 |
| Exco Resources Pty Limited | Boomarra Consolidation | EPM 26025 (Sub-Blocks D, J, O and S within Normanton 3123 Block) | 14/12/2015 | 13/12/2025 | 5 | ~16.45 |

NOTES:

- (1) **EPM** means Exploration Permit for Minerals; **MDL** means Mineral Development Licence
- (2) Interest in EPM 26025 is held pursuant to:
 - (a) Mount Dromedary Development Rights Agreement between NOVONIX Limited (formerly Graphitecorp Limited) and Exco Resources Pty Limited ACN 080 339 671 (formerly Exco Resources Limited) dated 29 August 2016 (**DRA**)– refer also, NVX ASX Announcement dated 29 August 2016: Washington H. Soul Pattinson and Company to Merge JV Interest into GraphiteCorp; the DRA was assigned by NOVONIX to MDSTPL under the MRD.
 - (b) Mineral Rights Deed (Mt Dromedary MDL) between NOVONIX Limited, MD South Tenements Pty Ltd (**MDSTPL**) and Exco Resources Pty Ltd 23 February 2024 (**MRD**).
- (3) Each of EPM 17246 and EPM 17323 are able to be renewed for 4 years (to 2028) prior to their 2024 expiry dates; and again for a further 2 years (to 2030) prior to their expiry in 2028; the tenements will expire in October 2030.
- (4) EPM 26025 is able to be renewed for 5 years (to 2030) prior to its 2025 expiry date (with a 50% relinquishment of its current 105 sub-blocks); the tenement will expire on 13 December 2033.
- (5) The renewals and expiry of EPM 17246, EPM 17323 and EPM 26025 are pursuant to the transitional arrangements under the *Natural Resources and Other Legislation Amendments Act 2019* (Qld) (effective 25 May 2020) (**NROLA**).

²¹ Refer also NVX ASX Announcement dated 18 February 2016: Phase 2 Drilling Programme Results

ANNEXURE E

AXON GRAPHITE IPO PROSPECTUS - PRIORITY OFFERS TO LITHIUM ENERGY AND NOVONIX SHAREHOLDERS

- (1) Lithium Energy (**LEL**) shareholders as at a defined entitlement record date will be eligible to subscribe for shares in the Axon Graphite IPO Prospectus (**Prospectus**) (the **LEL Priority Offer**);
- (2) NOVONIX (**NVX**) shareholders as at a defined entitlement record date will be eligible to subscribe for shares in the Prospectus (the **NVX Priority Offer**);
- (3) Axon Graphite will likely restrict the offer under the Prospectus to applicants with a registered address in Australia (and potentially New Zealand) only – this restriction will extend to LEL holders under the LEL Priority Offer and NVX holders under the NVX Priority Offer;
- (4) The LEL/NVX Priority Offers are likely to have the same entitlement record date, which will be set prior to the lodgement of the Prospectus with ASIC and announced on ASX;
- (5) Eligible LEL holders will have a provisional pro-rata entitlement to subscribe for 100% of the Issue (based on a \$25 million Issue), subject to the Scale-Back;
- (6) Eligible NVX holders will have a provisional pro-rata entitlement to subscribe for 100% of the Issue (based on a \$25 million Issue), subject to the Scale-Back;
- (7) There will be a general public offer pool to the extent of any shortfall of shares after the LEL Priority Offer and NVX Priority Offer (**Public Pool**); applications under the Public Pool will have a minimum subscription of \$2,000;
- (8) The LEL/NVX Priority Offers will not have a minimum subscription (eg. \$2,000); however, LEL/NVX holders with a pro-rata entitlement to less than 10,000 Axon Graphite shares (of less than a \$2,000 value) may choose (at their discretion) to top-up their application to \$2,000 (**'Topped-Up' Application**);
- (9) Applications lodged by eligible LEL/NVX holders in excess of their provisional pro-rata entitlement will fall to be considered in the Public Pool (where applicable);
- (10) The LEL/NVX Priority Offers will close on the same date, being expected to be no earlier than 10 business days after the Prospectus opening date (**Minimum Offer Period**);
- (11) The Issue (under the Prospectus) generally, is expected to close approximately 15 to 20 business days after the Prospectus opening date;
- (12) Axon Graphite Directors will have the right to extend the Minimum Offer Period, close the Issue early (subject to the Minimum Offer Period) or extend the closing date under the Prospectus;
- (13) If the Issue is closed after minimum subscriptions have been received but prior to attaining maximum subscriptions, applications will be scaled-back (pro-rata) to the final Issue size;
- (14) If valid applications received from eligible holders under the LEL and NVX Priority Offers are within the final Issue size, there will be no requirement to scale-back these LEL/NVX holder applications; ie. these applicants will receive 100% of their provisional pro-rata entitlement to subscribe for 100% of the Issue;
- (15) If valid applications received from eligible holders under the LEL and NVX Priority Offers exceed the final Issue size, applications will be provisionally scaled-back on a pro-rata basis to the final Issue size (**Scale-Back**) (subject to the Minimum Spread Adjustment);

- (16) Where, after the Scale-Back, Axon Graphite does not provisionally satisfy the minimum shareholder spread requirements (under ASX Listing Rule 1.1 (Condition 8)), the Directors may accept 'Topped-Up' Applications to ensure Axon Graphite satisfies these requirements, with a resulting (pro-rata) reduction in the applications of other LEL/NVX holders (whose applications exceed \$2,000) (**Minimum Spread Adjustment**);
- (17) Axon Graphite Directors will have the right to process, reject or scale-back applications in the Public Pool, at their discretion; and
- (18) Axon Graphite Directors will have the right to make administrative determinations in respect of the setting of the LEL/NVX Priority Offers, Minimum Spread Adjustment and the Public Pool (eg. rounding mechanism, dealing with applications lodged by multiple/duplicate holdings in respect of the same holder, dealing with applications submitted by custodians or nominees in respect of their beneficial holders) to facilitate the operation of the Issue, at their discretion. Such administrative determinations will not change the fundamental terms of the LEL/NVX Priority Offers, as outlined above (ie. the integrity of the pro-rata aspect, subject to the Minimum Spread Adjustment to ensure compliance with ASX's minimum shareholder spread requirements).