

QUARTERLY ACTIVITIES REPORT

FOR THE PERIOD ENDING 31 March 2024

30 April 2024

HIGHLIGHTS

Solaroz Lithium Brine Project, Argentina

- Lithium Energy and CNGR, one of the world's largest producers of precursor materials for leading companies in the battery materials supply chain, have executed a share purchase agreement (26 April 2024) where CNGR will purchase the Company's 90% interest in the Solaroz Lithium Project for US\$63 Million (~A\$97 Million) cash.
- Sale price of ~A\$97 Million (excluding costs and taxes) is equivalent to A\$0.865 per share, being a 79% premium to Lithium Energy's 3 month VWAP and a 52% premium to Lithium Energy's one month VWAP, and reflects the substantial value created by the Company at Solaroz since its IPO in May 2021 at \$0.20 per share.
- The sale is subject to a number of conditions precedent including receipt of Lithium Energy shareholder approval and receipt of regulatory approvals (in China and Argentina, as required) to be satisfied within 6 months of the agreement.
- Subject to completion of the sale of Solaroz and completion of the proposed spin-out and IPO of Axon Graphite Limited (announced on 3 April 2024), the Company will consider new investments in the battery minerals sector and/or a distribution of capital to shareholders.

Burke and Corella Graphite Projects, Queensland

- Lithium Energy and NOVONIX Limited (ASX:NVX) have entered into a share sale and purchase agreement (dated 3 April 2024) 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.
- The combination of the Lithium Energy's Burke and NOVONIX's adjoining Mt Dromedary 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 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. 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.
- Eligible Lithium Energy and NOVONIX shareholders will be entitled to participate in a (pro-rata) priority offer of Axon Graphite IPO shares.

AUTHORISED FOR RELEASE - FOR FURTHER INFORMATION:

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ABOUT LITHIUM ENERGY LIMITED (ASX:LEL)

Lithium Energy Limited is an ASX listed battery minerals company which is developing its flagship Solaroz Lithium Brine Project in Argentina and the Burke and Corella Graphite Projects in Queensland. The Solaroz Lithium Project (LEL:90%) comprises 12,000 hectares of highly prospective lithium mineral concessions (where a JORC Indicated and Inferred Mineral Resource of lithium has been delineated) located strategically within the Salar de Olaroz Basin in South America's "Lithium Triangle" in north-west Argentina. Lithium Energy shares the lithium rights in the Olaroz Salar basin with lithium carbonate producers Arcadium Lithium plc (ASX:LTM) and Lithium Argentina Corporation (TSX:LAAC). 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. On 3 April 2024, Lithium Energy and NOVONIX Limited (ASX:NVX) announced the proposed merger of their adjoining Burke and Mt Dromedary Queensland Natural Graphite Deposits into Lithium Energy subsidiary, Axon Graphite Limited (Proposed ASX Code: AXG), which will undertake a \$15M to \$25M IPO and seek admission to ASX as a dedicated vertically-integrated mine to Battery Anode Material (BAM) product manufacturing company.

Lithium Energy Limited (ASX:LEL) (**Lithium Energy** or **Company**) is pleased to report on activities completed during and subsequent to the quarter ending 31 March 2024.

PROJECTS

SOLAROSZ LITHIUM BRINE PROJECT (ARGENTINA)

(90%)

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

On 26 April 2024, Lithium Energy entered into a Share Sale Agreement (**SSA**) with CNGR Netherlands New Energy Technology B.V. (**CNGR**) (a subsidiary of CNGR Advanced Material Co Ltd (Shenzhen: 300919)) for the sale of the Lithium Energy's 90% interest in the Solaroz Lithium Brine Project in Argentina (**Solaroz Project**) for consideration totalling US\$63 Million (~A\$97M¹) cash (the **Sale**).

CNGR will pay a US\$1.8 Million (~A\$2.8M) deposit with the balance of the US\$61.2 Million (~A\$94.1M) consideration payable by CNGR as follows:

- (a) **US\$53.7 Million** (~A\$82.6M), payable at completion;
- (b) **US\$3 Million** (~A\$4.6M) to be transferred to a joint escrow account held for the benefit of both Lithium Energy and CNGR for a period of 2 years from the date of completion, to serve as security for Lithium Energy's performance under the SSA, after which it will be released to Lithium Energy; and
- (c) **US\$4.5 Million** (~A\$6.9M) deferred consideration payable by CNGR if the Benchmark Lithium Carbonate Price exceeds US\$23,000/tonne (averaged over any 4 month period in the 12 months after completion).

Completion will occur after the satisfaction (or waiver, as applicable) of a number of conditions precedent, including receipt of Lithium Energy shareholder approval, receipt of regulatory approvals (in China and Argentina, as required) and receipt of environmental and concession related approvals relating to the Solaroz Project. The conditions precedent are to be satisfied on or before 6 months after the date of the SSA.

The sale of the Solaroz Project will be effected through the sale of the whole of Lithium Energy's 90% shareholding in Argentinian company, Solaroz S.A. (**Solaroz**) (which owns the Solaroz Project mineral concessions) and the assignment of a Loan owed by Solaroz to Lithium Energy.

Further details of the proposed Sale, including a summary of the key terms of the SSA, are in Lithium Energy's ASX Announcement dated 31 April 2024: Sale of Solaroz Lithium Project for A\$97 Million.

The sale will constitute a sale of the main undertaking of the Company under ASX Listing Rule 11.2 and the Company will seek shareholder approval for the proposed Sale. As detailed further below, the Company expects to convene a general meeting for Q2/Q3 2024 to seek shareholder approval for the Sale.

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

Rationale for the Proposed Sale of Solaroz Project

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

The Company notes the significant decline in the market price of lithium products over the preceding 12 months, the significant financial costs required to advance the Solaroz 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 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 SSA for the sale of the Project.

The Company notes that the total cash consideration under the SSA of ~A\$97 Million (US\$63 Million converted at US\$1.00:A\$0.65), is equivalent to approximately A\$0.865 per share, based on (undiluted²) 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\$56 Million at \$0.50 per share as at 26 April 2024³) and represents a:

- 79% premium to the 3 month VWAP;
- 71% premium to the last bid price of \$0.505;
- 67% premium to the 10 day VWAP (to 26 April 2024);
- 65% premium to the 6 month VWAP;
- 52% premium to the one month VWAP;
- 333% premium to the \$0.20 IPO issue price in May 2021.

Overview of CNGR

CNGR Advanced Materials Co Ltd was established in China in September 2014 and is one of the world's largest producers of precursors 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 Advanced Material Co Ltd is listed on the Shenzhen Stock Exchange (SZSE: 300919) in China and has a current market capitalisation of approximately CNY 34 Billion (~US\$4.7 Billion).

Lithium Energy is satisfied in relation to CNGR's financial capacity to complete the acquisition of Solaroz under the SSA, after having completed due diligence and having secured a guarantee and indemnity from CNGR Advanced Material Co Ltd under the SSA.

CNGR (and its associates) do not currently have a relevant interest in any securities in Lithium Energy, is not a related party and does not hold (and has not held in the past 6 months) a substantial interest of 10% in Lithium Energy.

2 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: Application for Quotation of Securities

3 The Company requested a Trading Halt on 29 April 2024, which was lifted when the proposed Sale of Solaroz was announced on 31 April 2024

Shareholder Approval

As set out above, the SSA is subject to a number of conditions, including Lithium Energy shareholder approval under Listing Rule 11.2 (**Shareholder Approval**). The Lithium Energy Board expects to convene a general meeting to seek Shareholder Approval for the proposed Sale (**General Meeting**), in Q2/Q3 2024.

Subject to Shareholder Approval being obtained and the other conditions being satisfied (or waived, as applicable), completion of the SSA is targeted for Q4 2024 (with the due date for satisfaction/waiver of all conditions on 25 October 2024, which may be extended by 60 days by either party). Lithium Energy shareholders do not need to take any action at the present time.

Further details of the resolution seeking Shareholder Approval, including the advantages and disadvantages of the proposed Sale and a voting exclusion statement will be provided in the Meeting Document.

Indicative timetable

26 April 2024	Execution of the SSA
Q2/Q3 2024	Issue of Meeting Document and despatch to Lithium Energy shareholders. The Meeting Document will provide additional details on the proposed Sale
Q2/Q3 2024	Lithium Energy shareholder meeting to approve the proposed Sale for the purposes of Listing Rule 11.2
Q4 2024	Expected satisfaction of conditions and completion under the SSA
25 October 2024	Due date for satisfaction/waiver of conditions to the proposed Sale (6 months after the date of the SSA, which may be extended by 60 days by either party)

The dates above (and references to those dates throughout this document) are indicative only and are subject to (a) any changes that may be agreed between Lithium Energy and CNGR, (b) any changes that may be agreed in consultation with the ASX or (c) delays caused by the satisfaction of the conditions (including Shareholder Approval) to completion of the proposed Sale. 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.

About Solaroz Lithium Brine Project (Argentina)

Lithium Energy's Solaroz Lithium Brine Project comprises 8 mineral concessions totalling approximately 12,000 hectares, located approximately 230 kilometres north-west of the provincial capital city of Jujuy within South America's 'Lithium Triangle' in North-West Argentina (refer Figure 1) in the Salar de Olaroz basin (the **Olaroz Salar**).

The Solaroz Project is directly adjacent to two world class Lithium brine production assets - Arcadium Lithium plc's (ASX:LTM)⁴ Olaroz Lithium Facility and Lithium Argentina Corporation's⁵ (TSX:LAAC) Cauchari-Olaroz Facility.

The Solaroz Mineral Resource Estimate has been upgraded to **3.3Mt** Lithium Carbonate Equivalent (**LCE**) (refer Table 1).⁶ 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.⁷

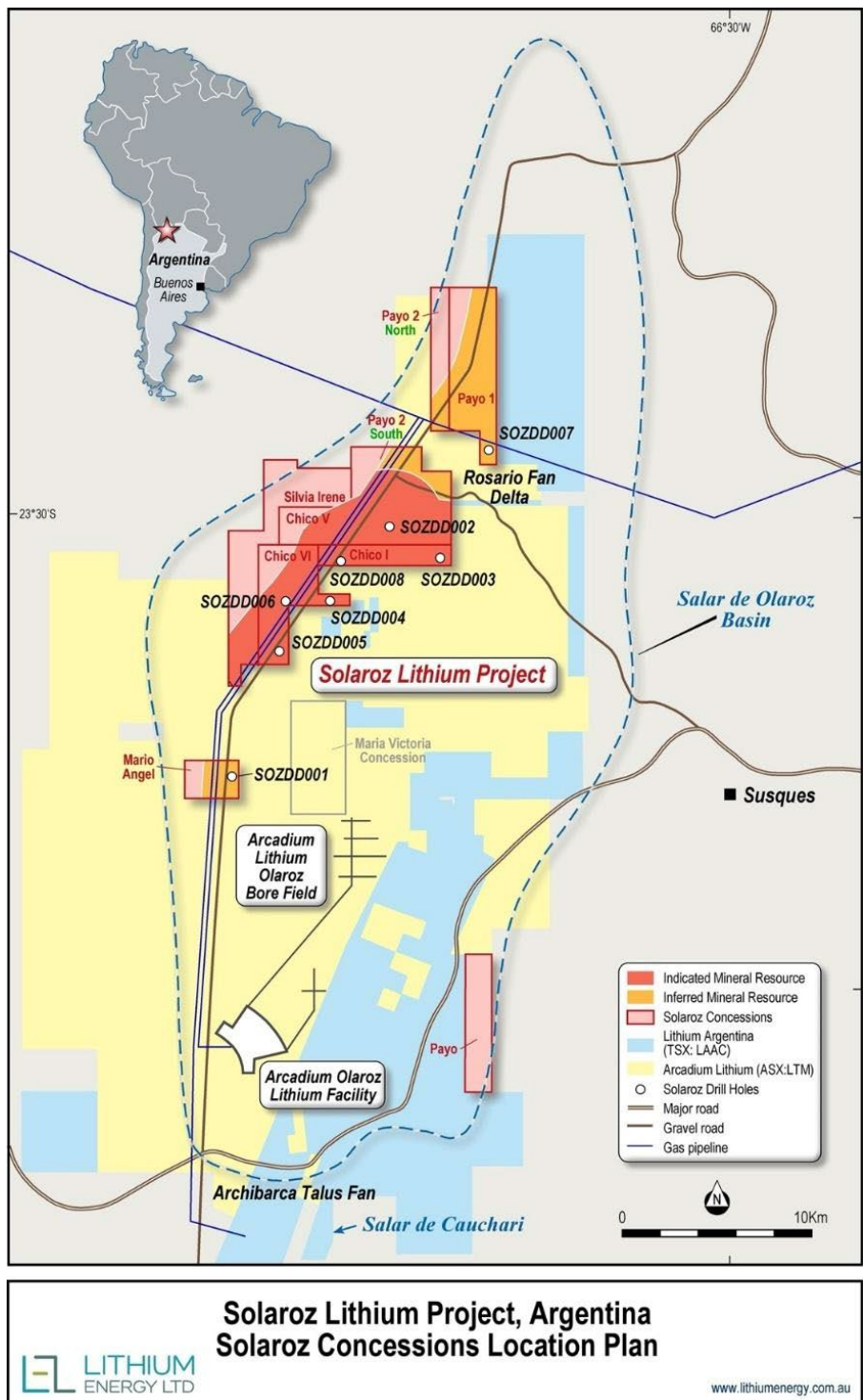


Figure 1: Mineral Resource Areas within Solaroz Concessions (and Drillhole Locations) in Olaroz Salar (Adjacent to Arcadium Lithium and Lithium Argentina Concessions)

⁴ Arcadium Lithium plc (ASX/NYSE:LTM/ALTM) is the merged entity of Allkem Limited (former ASX:AKE) and Livent Corporation (NYSE:LTHM)

⁵ Lithium Argentina was separated, under a reorganisation, from Lithium Americas Corporation (TSX:LAC), in October 2023

⁶ Refer LEL Announcement dated 26 October 2023: Significant Solaroz Milestone Achieved with Upgrade to 2.4Mt LCE JORC Indicated Resource

⁷ Refer LEL ASX Announcement dated 31 October 2023: Scoping Study Highlights Solaroz Potential as a Large Scale, Long Life, High Margin Lithium Project - the Company confirms that all material assumptions underpinning the production targets and forecast financial information derived from the production targets in this announcement continue to apply and have not materially change

Testwork Undertaken During Quarter

Site Based Evaporation Pond Testwork

As previously reported⁸, the Company has been conducting on-site evaporation tests using Solaroz brine sourced from Drillhole 3 – SOZDD003 (located on the Chico I concession) and collected at a depth of between 514 and 552 metres. These tests have provided on-site field data on evaporation rates and brine chemistry providing site based environmental information for the further work required to advance to production. The two installed ponds are being emptied, cleaned and refilled during each evaporation test work cycle, which is on-going to assess the seasonal differences that can be expected on the Olaroz Salar.

DLE Metallurgical Laboratory Pilot Scale Testwork

In parallel with assessing conventional evaporation pond technology for the development of Solaroz, the Company is assessing the applicability of Direct Lithium Extraction (**DLE**) technology. This evaluation is progressing principally through an agreement with Xi'an Lanshen New Material Technology Co. Ltd⁹.

As previously reported, Lanshen's laboratory in Santiago, Chile, is undertaking detailed testwork on a 10,000 litre lithium brine sample from Solaroz (sourced from Drillhole 1 – SOZDD001 located on the Mario Angel concession; collected at a depth of between 127 and 305 metres, with an assayed head grade of 463 mg/l lithium¹⁰)).

This testwork is seeking to optimise the Lanshen DLE module process flowsheet, determine optimal resin performance, minimise water consumption and provide preliminary engineering data for the development of a battery grade lithium carbonate plant at Solaroz.

During the quarter, the DLE laboratory testwork programme continued with resin adsorption optimisation tests and process tests, using low pressure, high pressure and nanofiltration processes to recover water and to increase the concentration of Li prior to impurities removal testwork.

Environmental Approvals

Lithium Energy is filing Environmental Impact Assessment (**EIA**) applications to support the next phase of exploration and evaluation field work on the Solaroz concessions, including drilling campaigns (for resource definition, resource expansion, water bores and pump test wells), hydrological studies to support groundwater modelling to define lithium brine extraction rates and undertaking process test work on relevant lithium brine samples.

8 Refer LEL ASX Announcements dated 15 January 2024: Battery Grade Lithium Carbonate Successfully Produced from Solaroz Brine and 9 October 2023: Evaporation and Direct Lithium Extraction (DLE) Metallurgical Testwork Programmes Advancing at Solaroz Lithium Project

9 Refer LEL ASX Announcement dated 20 June 2023: Agreement with Lanshen to Build and Fund a 3,000tpa Battery Grade Lithium Plant at Solaroz

10 Refer LEL ASX Announcements dated 21 February 2024: Lanshen Resin (DLE) Testwork Recovers 92% of Lithium from Solaroz Brine and 4 December 2023: 10,000 Lithium Brine Sample from Solaroz Sent to Lanshen for DLE Plant Design and Specification and Test Works

BURKE AND CORELLA GRAPHITE PROJECTS (QUEENSLAND, AUSTRALIA)

(100%)

Proposed Merger with NOVONIX's Mt Dromedary Graphite Project (Queensland)

On 3 April 2024, Lithium Energy entered into a Share Sale and Purchase Agreement (**SPA**) with NOVONIX Limited (ASX:NVX) (**NOVONIX**) to acquire its high-grade Mt Dromedary Graphite Deposit, which is located directly adjacent to and is a continuation of the graphite mineralisation within the Company's Burke Graphite Deposit, in Queensland.¹¹

Lithium Energy and NOVONIX will spin-out their consolidated high-grade graphite assets via an Initial Public Offering (**IPO**) by Axon Graphite Limited (**Axon Graphite**) (currently a subsidiary of Lithium Energy) to form a distinct vertically integrated Battery Anode Material (**BAM**) business in Queensland, Australia. Further details about the Axon Graphite spin-out and IPO are outlined below.

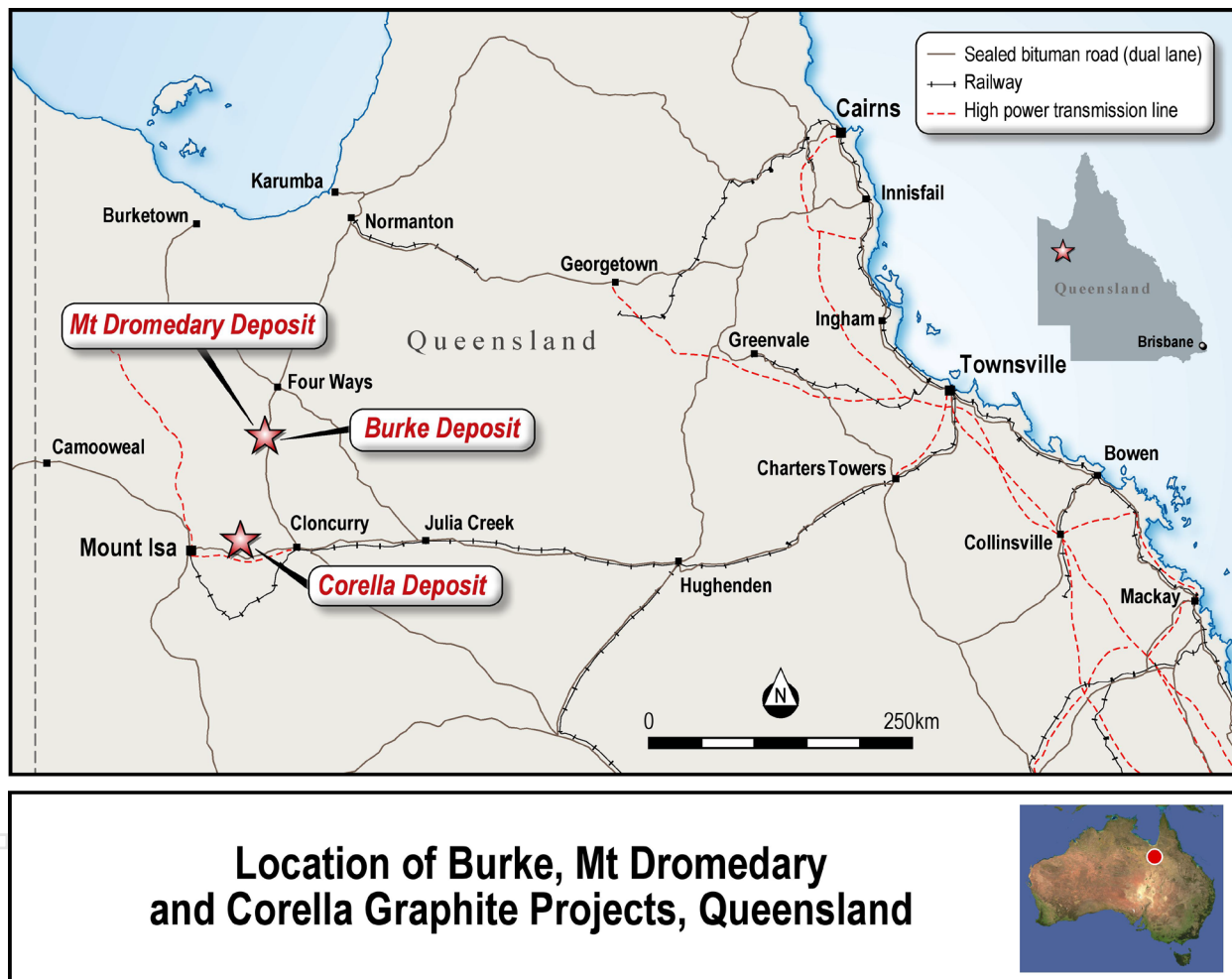


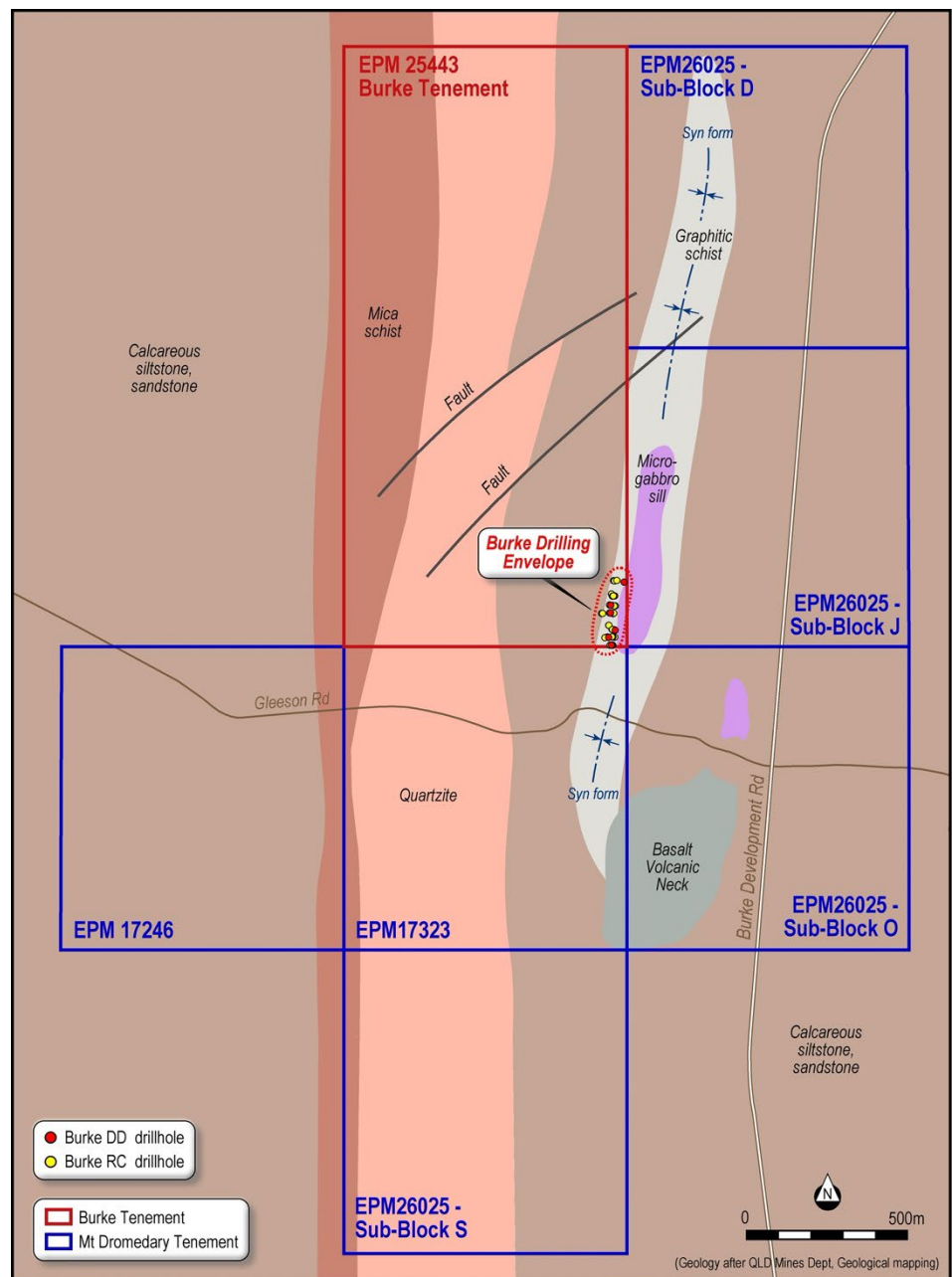
Figure 2: Location of Lithium Energy's Burke and Corella Graphite Projects and NOVONIX's Mt Dromedary Graphite Project in Queensland, Australia

¹¹ Refer LEL ASX Announcement dated 3 April 2024: Merger of Lithium Energy and NOVONIX Natural Graphite Assets and Proposed Axon Graphite Limited Spin-Out and IPO

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 date¹²;
- **Burke Graphite Deposit** - total JORC Indicated and Inferred Mineral Resource of 9.1Mt at 14.4% TGC for 1.31Mt of contained graphite¹³; and
- **Corella Graphite Deposit** - total Inferred Mineral Resource of 13.5Mt at 9.5% TGC for 1.3Mt of contained graphite¹⁴.

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.



Drill Holes & Tenements Burke & Mt Dromedary Graphite Projects, Queensland



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

12 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

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

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

Terms of Proposed Merger

The merger will be effected through Axon Graphite acquiring 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**), which is a wholly-owned subsidiary of Axon Graphite.

The SPA is conditional upon the following matters:

- Completion of due diligence to the satisfaction of both parties by on or about 1 May 2024¹⁵;
- 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).

Prior to the Axon Graphite IPO being undertaken (and after the declaration of satisfaction of due diligence under the SPA), two nominees of NOVONIX will join the Board of Axon Graphite to facilitate the completion of the IPO Prospectus. An independent Chairman will also 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 Axon Graphite Prospectus.

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.

Further details of the proposed merger, including a summary of the key terms of the SPA, are in Lithium Energy's ASX Announcement dated 3 April 2024: Merger of Lithium Energy and NOVONIX Natural Graphite Assets and Proposed Axon Graphite Limited Spin-Out and IPO.

Overview of 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.¹⁶ 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.¹⁷

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.¹⁸

¹⁵ Refer LEL ASX Announcement dated 22 April 2024: Update on Merger of Graphite Assets

¹⁶ Refer Graphitecorp Limited Prospectus dated 10 November 2015, released on ASX on 1 December 2015

¹⁷ Refer NVX ASX Announcements dated 13 July 2017: Change of Name to NOVONIX Limited and 8 June 2017: Proposed Change of Company Name

¹⁸ Refer NOVONIX 2023 Annual Report released on ASX on 28 February 2024 and NOVONIX website: <https://www.novonixgroup.com/>

Proposed Axon Graphite Limited Spin-Out and IPO

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) of Lithium Energy's ASX Announcement dated 3 April 2024: Merger of Lithium Energy and NOVONIX Natural Graphite Assets and Proposed Axon Graphite Limited Spin-Out and IPO.
- 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 in Lithium Energy's ASX Announcement dated 3 April 2024: Merger of Lithium Energy and NOVONIX Natural Graphite Assets and Proposed Axon Graphite Limited Spin-Out and IPO.
- Australian institutional stockbroking firm, Petra Capital has been appointed Lead Manager of the IPO.
- 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.

Further details of the proposed Axon Graphite IPO are in Lithium Energy's ASX Announcement dated 3 April 2024: Merger of Lithium Energy and NOVONIX Natural Graphite Assets and Proposed Axon Graphite Limited Spin-Out and IPO.

About Burke And Corella Graphite Projects

Lithium Energy's (100% owned) graphite projects are 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.

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 Tenement¹⁹ 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 graphite²⁰.

Battery Anode Material (BAM) Manufacturing Business

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

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.

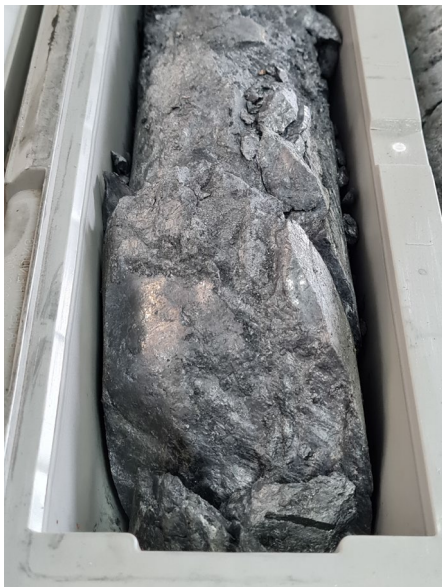


Figure 4: Photos of Burke Graphite Recovered from Core Drilling, January 2023

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.

19 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

20 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

The Battery Anode Material (BAM) Strategy

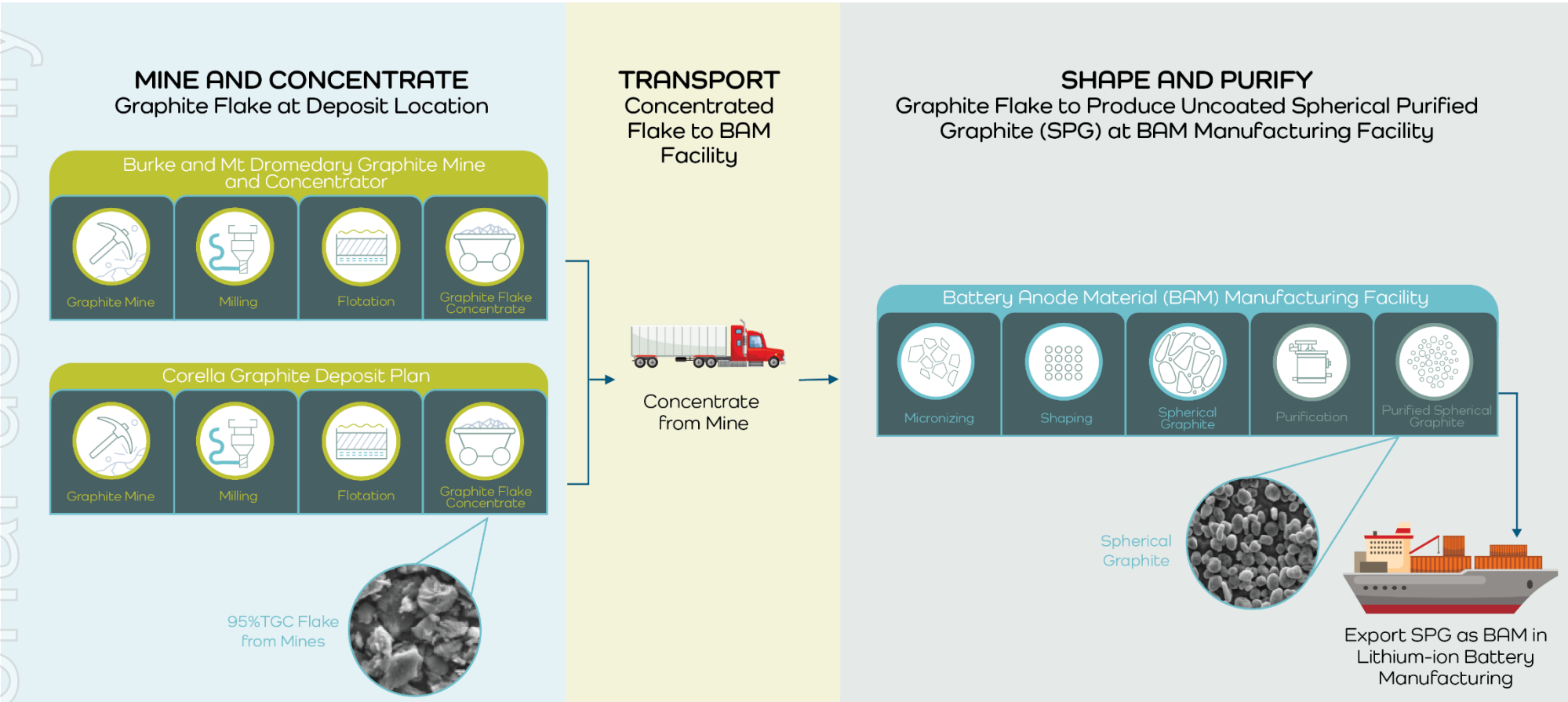


Figure 5: Illustrative Vertically Integrated Operations from Graphite Mine to Production of BAM Product

Burke Graphite Testwork Programmes

Lithium Energy has conducted a metallurgical and BAM testwork programme on the Burke Graphite which has yielded positive results to date²¹:

- (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 graphite flake concentrator. ;
- (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;
 - (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).

²¹ 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

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 date²²:

- Produced >95% TGC graphite flake concentrate;
- Produced high purity 99.97% TGC SPG material; and
- 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 work²³, 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;
- 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.

22 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

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

MINERAL RESOURCE ESTIMATES

Solaroz Lithium Brine Project (Argentina)

(90%)

Solaroz has an upgraded JORC Mineral Resource as follows²⁴:

- **Total Mineral Resource of 3.3Mt LCE** (at a zero Li mg/l cut-off grade), comprising:
 - **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).

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

²⁴ Refer to ASX Announcement dated 26 October 2023: Significant Solaroz Milestone Achieved with Upgrade to 2.4Mt LCE JORC Indicated Resource

Table 2: Upgraded High-Grade Core within Total JORC Indicated and Inferred Mineral Resource

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

Notes:

- The high-grade core comprises JORC Indicated and Inferred Mineral Resources estimated within the mineralisation envelope of (not in addition to) the Mineral Resource Estimates outlined in Table 1
- The Indicated Mineral Resource encompasses the Chico I, Chico V, Chico VI, Payo 2 South and Silvia Irene (Central Block) concessions
- The inferred Mineral Resource encompasses the southern Mario Angel (Units B and C) and Payo 1 and Payo 2 North (Northern Block) (Unit D) concessions, and is in addition to the Indicated Mineral Resource Estimate
- Reported at a 320 mg/l Lithium cut-off grade
- Refer Notes (c) and (d) of Table 1

Burke Graphite Project (Queensland, Australia)

(100%)

An infill drilling programme (completed in January 2023)²⁵ on the Burke Tenement has delivered a significant increase in the size and confidence of the JORC Mineral Resource Estimate (**Burke Deposit**):

- Total Mineral Resource of 9.1Mt at 14.4% Total Graphitic Carbon (TGC) for a total of 1.3Mt contained graphite** (at a 5% TGC cut-off grade), comprising:
 - 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).²⁶

²⁵ Refer to ASX Announcements dated 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

²⁶ Refer Mineral Resource estimates at different %TGC cut-off grades reported in Table 2 of LEL ASX Announcement dated 5 April 2023: Burke Graphite Mineral Resource Upgrade Delivers Significant Increases in Size and Confidence

Table 3: Burke Tenement - JORC Indicated and Inferred Mineral Resource Estimate

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

Notes:

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

Corella Graphite Project (Queensland, Australia)

(100%)

A maiden resource definition drilling programme (completed in April 2023²⁷) on the Corella Tenement has delivered a maiden JORC Inferred Mineral Resource Estimate (**Corella Graphite Deposit**):

- Inferred Mineral Resource delivers **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).²⁸

Table 4: Corella Tenement - JORC Inferred Mineral Resource Estimate

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

Notes:

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

²⁷ Refer to ASX Announcements dated 17 April 2023: Completion of Drilling Programme at Corella Graphite Prospect and 2 June 2023: Significant High Grade Graphite Discovery at the Corella Project

²⁸ Refer Mineral Resource estimates at different %TGC cut-off grades reported in Table 3 of LEL ASX Announcement 16 June 2023: Maiden Corella Graphite Mineral Resource Delivers Doubling of Graphite Inventory

CORPORATE

ASX Listing Rules

The Company will be disposing of its main undertaking (being the Solaroz Project) under the SSA with CNGR and accordingly, Listing Rule 11.2 will apply to require the Company to seek prior shareholder approval.

A disposal by a listed entity of its main undertaking can also raise issues under ASX Listing Rule 12.1 and 12.2, which obliges a listed entity to satisfy ASX on an ongoing basis that the level of its operations is sufficient and its financial condition adequate, to warrant its continued quotation of its securities.

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 SSA (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 (ie. on 25 October 2024).

As a result of Lithium Energy having disposed of 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).

Pending completion of the Sale of the Solaroz Project, Lithium Energy will focus on advancing the Axon Graphite IPO and continuing to advance operations at Solaroz, including securing the relevant approvals required to satisfy the applicable condition precedent under the SSA.

Following completion of the Sale of the Solaroz Project and using the funds from the Sale:

- (a) If the Axon Graphite IPO has been successful – Lithium Energy will consider the acquisition of battery mineral projects, as well as giving consideration to returning part of the proceeds from the Sale to shareholders; or
- (b) If the Axon Graphite IPO does not proceed due to due diligence not being satisfactory to one or both parties or has not been successful in raising the funds required under the IPO - the Company will apply the Sale proceeds 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.

The Company is still in the process of considering its options as to whether it will make investments in the battery minerals sector and/or a distribution of capital to shareholders and more updated information on this will be provided in the Meeting Document to seek Shareholder Approval for the proposed Sale of the Solaroz Project.

Unlisted Options

During (and subsequent to the end of) the quarter, 8,991,569 new shares were issued by the Company on the exercise of a total of 14 million unlisted options:

Class of Unlisted Options	Exercise Price	Expiry Date	Exercise Date	No. Options Exercised	No. Shares Issued on Exercise of Options
Executive Options (\$0.30, 18 Mar 2024) ²⁹	\$0.30	18 March 2024	18 March 2024	10,000,000	4,991,569 ³⁰
Broker Options (\$0.30, 4 May 2024) ³¹	\$0.30	4 May 2024	8 April 2024	4,000,000	4,000,000 ³²

The Company received \$1,200,000 on the exercise of the 4,000,000 Broker Options (\$0.30, 4 May 2024).

Securities on Issue (30 April 2024)

Class of Security	Quoted on ASX	Unlisted	Total
Fully paid ordinary shares	112,001,569	-	112,001,569
Executive Options (\$1.39, 29 Nov 2024) ³³	-	3,500,000	3,500,000
Securities Incentive Plan (SIP) ³⁴ Options (\$1.595, 15 February 2025) ³⁵	-	100,000	100,000
Broker Options (\$1.50, 20 September 2025) ³⁶	-	750,000	750,000
Executive Options (\$1.06, 4 October 2025) ³⁷	-	17,500,000	17,500,000
SIP Options (\$1.32, 30 November 2025) ³⁸	-	400,000	400,000
Executive Options (\$0.935, 10 August 2026) ³⁹	-	250,000	250,000
TOTAL	112,001,569	22,500,000	134,501,569

29 Refer Section 16.3 (Rights Attaching to Executive Options) of the Company's Prospectus (dated 30 March 2021) for terms and conditions of the Executive Options

30 Shares were issued utilising the Option Exercise Facility pursuant to clause 8.3 of the option terms and conditions; refer also LEL ASX Announcement dated 19 March 2024: Application for quotation of securities - LEL

31 Refer Section 16.2 (Rights Attaching to Broker's Options) of the Company's Prospectus (dated 30 March 2021) for terms and conditions of the Broker Options

32 Refer LEL ASX Announcement dated 9 April 2024: Application for quotation of securities - LEL

33 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

34 Refer LEL Notice of Annual General Meeting and Explanatory Statement dated 12 September 2023; summary of the Plan is also in Annexure A to the Explanatory Statement.

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

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

37 Refer LEL Announcement dated 5 October 2022: Notification regarding unquoted securities – LEL and Annexure B (Terms and Conditions of Executive Options) of LEL's Notice of Annual General Meeting and Explanatory Statement dated 22 August 2022 and released on ASX on 2 September 2022

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

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

Summary of Expenditure Incurred⁴⁰

A summary of expenditure incurred by Lithium Energy during the quarter, in relation to cash flows from operating and investing activities reported in the accompanying Appendix 5B Cash Flow Report is as follows:

	Expenditure Incurred / Cash Outflows: \$'000		
	Operating	Investing	Total
For Quarter ending 31 March 2024			
Exploration and evaluation expenditure and tenements	-	617	617
Personnel expenses	337	-	337
Occupancy expenses	6	-	6
Corporate expenses	65	-	65
Administration expenses	70	-	70
Total Expenditure	478	617	1,095

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

Payments to Related Parties⁴¹

During the quarter, Lithium Energy paid a total of \$161k in respect of Directors' remuneration, comprising salaries, PAYG remittances to the ATO and statutory employer superannuation contributions. This is disclosed in Item 6 of the accompanying Appendix 5B Cash Flow Report.

⁴⁰ Per ASX Listing Rule 5.3.1

⁴¹ Per ASX Listing Rule 5.3.5

LIST OF MINERAL TENEMENTS

Lithium Energy has interests in the following mineral tenements as at the end of the quarter and currently:

Solaroz Lithium Brine Project (Argentina)

(90%)

Concession Group	Tenement Name	Area (Ha)	Province	File No
Northern Block	Payo 1	1,973	Jujuy	1516-M-2010
	Payo 2 (North)	758	Jujuy	1515-M-2010
	Payo 2 (South)	1,435		
Central Block	Chico I	835	Jujuy	1229-M-2009
	Chico V	1,800	Jujuy	1312-M-2009
	Chico VI	1,400	Jujuy	1313-M-2009
	Silvia Irene	2,465	Jujuy	1706-S-2011
Southern Block	Mario Ángel	543	Jujuy	1707-S-2011
	Payo	990	Jujuy	1514-M-2010

Burke and Corella Graphite Projects (Queensland, Australia)

(100%)

Tenement Name	Tenement Type and No.	Grant Date	Expiry Date	Area (blocks)	Area (km ²)
Burke	EPM 25443	4/9/2014	3/9/2024	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

- EPM means Exploration Permit for Minerals

JORC CODE COMPETENT PERSON'S STATEMENTS

Solaroz Lithium Brine Project (Argentina)

- (1) The information in this document that relates to Mineral Resources (and the interpretation and reporting of Exploration Results related thereto) in relation to the Solaroz Lithium Brine Project is extracted from the following ASX market announcements made by Lithium Energy Limited dated:

- 26 October 2023 entitled "Significant Solaroz Milestone Achieved with Upgrade to 2.4Mt LCE JORC Indicated Resource"
- 29 June 2023 entitled "Significant Maiden JORC Lithium Resource of 3.3Mt LCE at Solaroz Project in Argentina"

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

- (2) The information in this document that relates to other Exploration Results in relation to the Solaroz Lithium Brine Project is extracted from the following ASX market announcements made by Lithium Energy Limited dated:

- 15 January 2024 entitled "Battery Grade Lithium Carbonate Successfully Produced from Solaroz Brine"
- 31 October 2023 entitled "Quarterly Activities and Cash Flow Reports - 30 September 2023"
- 26 October 2023 entitled "Significant Solaroz Milestone Achieved with Upgrade to 2.4Mt LCE JORC Indicated Resource"
- 29 August 2023 entitled "Lithium Mineralisation Encountered in Northern Solaroz Concession"
- 31 July 2023 entitled "Quarterly Activities and Cash Flow Reports – 30 June 2023"
- 27 July 2023 entitled "Highest Lithium Concentrations Encountered at Solaroz Lithium Project in Hole 6"
- 29 June 2023 entitled "Significant Maiden JORC Lithium Resource of 3.3Mt LCE at Solaroz Project in Argentina"
- 15 May 2023 entitled "Further Assays Confirm Significant Lithium Brine Concentrations Across Massive Intersections at Solaroz"

The information in the original announcements is based on information compiled by Mr Peter Smith (BSc (Geophysics) (Sydney) AIG ASEG), a Competent Person who is a Member of AIG. Mr Smith is an Executive Director of Lithium Energy Limited. Mr Smith has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements (referred to above). The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements (referred to above).

Burke and Corella Graphite Projects

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

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

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

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

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

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

Lithium Energy's ASX Announcements may be viewed and downloaded from the Company's website: www.lithiumenergy.com.au or the ASX website: www.asx.com.au under ASX code "LEL".

FORWARD LOOKING STATEMENTS

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

Appendix 5B

Mining Exploration Entity or Oil and Gas Exploration Entity Quarterly Cash Flow Report

2

Name of entity

LITHIUM ENERGY LIMITED (ASX:LEL) and its controlled entities

ABN

94 647 135 108

Quarter Ended (current quarter)

31 March 2024

Consolidated statement of cash flows

	Current Quarter Mar-2024 \$A' 000	Year to Date 9 months \$A' 000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(337)	(890)
(e) administration and corporate costs	(141)	(757)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	25	168
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(453)	(1,479)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(617)	(6,431)
(e) investments	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current Quarter Mar-2024 \$A' 000	Year to Date 9 months \$A' 000
2.2	Proceeds from the disposal of:		
(a)	entities	-	-
(b)	tenements	-	-
(c)	property, plant and equipment	-	-
(d)	investments	-	-
(e)	other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(617)	(6,431)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,123	8,976
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(453)	(1,479)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(617)	(6,431)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	18	5
4.6	Cash and cash equivalents at end of period	1,071	1,071

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current Quarter \$A' 000	Previous Quarter \$A' 000
5.1 Bank balances		995	2,060
5.2 Call deposits		76	63
5.3 Bank overdrafts		-	-
5.4 Other (provide details)		-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)		1,071	2,123

6. Payments to related parties of the entity and their associates		Current Quarter \$A' 000
6.1 Aggregate amount of payments to related parties and their associates included in item 1		(161)
6.2 Aggregate amount of payments to related parties and their associates included in item 2		-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		Total facility amount at quarter end \$A' 000	Amount drawn at quarter end \$A' 000
7.1 Loan facilities		-	-
7.2 Credit standby arrangements		-	-
7.3 Other (please specify)		-	-
7.4 Total financing facilities		-	-

7.5 Unused financing facilities available at quarter end	-
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Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Nil

8. Estimated cash available for future operating activities	\$A' 000
8.1 Net cash from / (used in) operating activities (item 1.9)	(453)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(617)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,070)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,071
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	1,071
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.00

Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

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

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

On 9 April 2024, 4 million options were exercised, raising \$1.2 million cash. The Company will consider capital raising initiatives in the future if appropriate.

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

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

Compliance statement

1. This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
2. This statement gives a true and fair view of the matters disclosed.

Authorised By:



Victor Ho
Company Secretary

30 April 2024

See Chapter 19 of ASX Listing Rules for defined terms

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee"
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

AUTHORISED FOR RELEASE - FOR FURTHER INFORMATION:

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