

ASX ANNOUNCEMENT

6 December 2024

Amended Terms of A\$97 million Sale of Solaroz Lithium Project

SUMMARY

- Lithium Energy and CNGR have agreed to amend the terms under which CNGR will purchase the Company's 90% interest in the Solaroz Lithium Brine Project in Argentina for **US\$63 million (~A\$97 million)** cash.
- Whilst the total purchase price of US\$63 million remains unchanged, under the amended and restated sale agreement (the **Amended Agreement**), the parties have agreed to remove all conditions precedent and CNGR will:
 - Pay a second deposit of **US\$6 million** in January 2025 (after receipt of shareholder approval of the Amended Agreement) – this second deposit is non-refundable save in limited circumstances and the parties have agreed that the first deposit of US\$1.8 million (received in May 2024) is now fully non-refundable;
 - Pay **US\$26 million** on 24 April 2025, upon which Lithium Energy will transfer a 39.9% shareholding in Solaroz to CNGR;
 - Pay **US\$21.7 million** (together with the transfer of **US\$3 million** into a joint escrow account to be held for 12 months) on 9 January 2026, upon which Lithium Energy will transfer its remaining 50.1% shareholding in Solaroz to CNGR;
 - Pay **US\$4.5 million** deferred consideration contingent on the Benchmark Lithium Carbonate Price exceeding US\$23,000/tonne; and
 - Contribute up to **US\$15 million** (via unsecured loans repayable from future production) to fund Solaroz operations from 1 January 2025.
- The Amended Agreement is subject to Lithium Energy obtaining shareholder approval for the same under Listing Rule 11.2 at a general meeting expected to be held in January 2025.

Lithium Energy Limited (ASX:LEL) (**Lithium Energy** or **Company**) refers to its previous announcements regarding the sale of the whole of the Company's 90% interest in the Solaroz Lithium Brine Project in Argentina (**Solaroz Project**) to CNGR Netherlands New Energy Technology B.V. (**CNNET**)¹ for consideration totalling US\$63 million (~A\$97 million²) cash (the **Solaroz Sale**).³

The Solaroz Sale is to be affected 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 to Lithium Energy by Solaroz (**Loan**).

1 CNNET is a subsidiary of Chinese listed CNGR Advanced Material Co Ltd (Shenzhen Stock Exchange Code: 300919) (**CNGR**), one of the world's largest producers of precursors cathode active materials used by many leading companies in the battery materials supply chain

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

3 Refer LEL ASX Announcements dated 22 October 2024: Timetable for Solaroz Sale Completion Extended by 60 Days, 8 August 2024: Shareholders Approve Sale of Interests in Solaroz Lithium Brine Project, 3 June 2024: Chinese Regulatory Approvals Secured by CNGR to Acquire Solaroz Lithium Project and 30 April 2024: Sale of Solaroz Lithium Project for A\$97 million

Completion of the Solaroz Sale was to occur after the satisfaction (or waiver, as applicable) of a number of conditions precedent under the Solaroz Sale agreement (**Conditions**) on or before 24 December 2024⁴ (which is able to be extended by a further 60 days and is required to be satisfied (or waived) in any event by 25 April 2025, being 12 months after the date of the original Solaroz Sale agreement (dated 26 April 2024) (**Original Sale Agreement**)).

Whilst some of the Conditions have already been satisfied, including Lithium Energy shareholder approval⁵ and receipt by CNET/CNGR of all necessary Chinese ODI (overseas direct investment) and foreign exchange control regulatory approvals⁶, several Conditions remain outstanding. The material Conditions still outstanding are:

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

The parties have entered into a deed of amendment and restatement (the **Deed of Amendment**) which amends and restates the Original Sale Agreement (the **Amended Agreement**). The Deed of Amendment is conditional only on Lithium Energy obtaining shareholder approval for the Amended Agreement under Listing Rule 11.2 at a general meeting expected to be held in January 2025. Once this approval is obtained, the Deed of Amendment will be implemented such that the Amended Agreement takes effect.

The Amended Agreement is unconditional, meaning that the unsatisfied Conditions will be effectively waived. Separately, Lithium Energy and CNET have agreed to waive the Foreign Company Registration Condition, with such waiver having taken effect upon execution of the Deed of Amendment.

Under the terms of the Amended Agreement, the total cash **Purchase Price** of **US\$63 million** remains unchanged but completion of the Solaroz Sale will now occur in two tranches:

- (a) **Tranche 1** – transfer of 39.9% of Solaroz (with Lithium Energy retaining 50.1%) and assignment of US\$12 million Loan amount, to be completed on 24 April 2025 (**Tranche 1 Completion Date**); and
- (b) **Tranche 2** – transfer of Lithium Energy's balance of 50.1% of Solaroz and assignment of balance of outstanding Loan amount, to be completed on 9 January 2026 (**Tranche 2 Completion Date**).

There are also changes to the deposit structure, as follows:

- (a) The **US\$1.8 million** (A\$2.713M⁷) deposit (now known as the **First Deposit**) previously paid upon execution of the Original Sale Agreement (received in May 2024) is now fully non-refundable, immediately upon execution of the Amended Agreement (whereas previously, it was refundable if the Original Sale Agreement was terminated and completion did not occur for any reason); and
- (b) CNET will pay a further **Second Deposit** of **US\$6 million** (A\$9.2M²) subject to and after receipt of shareholder approval in January 2025 – this Second Deposit is refundable on termination only in limited circumstances relating to the insolvency of Lithium Energy and breach of seller warranties having a material adverse effect of more than US\$5 million.

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

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

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

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

The **US\$55.2 million** (~A\$85M²) balance of the total Purchase Price is payable as follows:

- (a) **US\$26 million** (A\$40M²) (**Tranche 1 Amount**) payable on the Tranche 1 Completion Date (24 April 2025);
- (b) **US\$21.7 million** (~A\$33.4M²) (**Tranche 2 Amount**) payable on the Tranche 2 Completion Date (9 January 2026);
- (c) **US\$3 million** (~A\$4.6M²) (**Escrow Account Amount**) to be transferred to a joint escrow account on the Tranche 2 Completion Date and held for the benefit of both Lithium Energy and CNNET for a period of one year, to serve as security for Lithium Energy 's performance under the Amended Agreement, after which it will be released to Lithium Energy (on 8 January 2027); and
- (d) **US\$4.5 million** (~A\$6.9M²) (**Deferred Consideration**) payable if the Benchmark Lithium Carbonate Price exceeds US\$23,000/tonne averaged over any 4-month period beginning from the Tranche 1 Completion Date and ending 12 months after the Tranche 2 Completion Date (ie. between 25 April 2025 and 8 January 2027).

Solaroz Development Program

Under the Amended Agreement, CNNET has also agreed to provide up to **US\$15 million funding** for Solaroz from 1 January 2025 to the Tranche 2 Completion Date (9 January 2026), on the same terms as the Lithium Energy Loan to Solaroz (subject to receipt of shareholder approval of the Amended Agreement). A summary of the terms of the funding is set out in Annexure A to this announcement.

Lithium Energy and CNNET, through Solaroz, will undertake the next phases of exploration and evaluation at the Solaroz Project utilising this US\$15 million funding mechanism after securing updated Environmental Impact Assessment (**EIA**) approvals, which include the following work programs:

- additional (including in-fill) drill holes are planned in the Central Block (Chico I, V and VI, Payo 2 South and Silvia Irene concessions) (refer Figure 1 in Annexure C), to improve the confidence in correlation of lithology, porosity and brine concentration between holes in the Central Block;
- drilling is planned to further evaluate the Northern Block (Payo 1 and Payo 2 North concessions) (refer Figure 1 in Annexure C);
- large diameter wells are planned to be drilled and installed on target areas for pump testing;
- hydrological studies will be undertaken to support groundwater modelling to define lithium brine extraction rates; and
- process test work (equivalent to metallurgical test work) will be undertaken on relevant lithium brine samples.

CNNET will be entitled to nominate one representative to the Solaroz Board upon the completion of Tranche 1, however the Solaroz Board will continue to comprise a majority of Lithium Energy representatives, until the completion of Tranche 2.

LEL, CNNET and Solaroz will consult in good faith to develop a detailed work plan and budget in relation to the above work programs following the receipt of updated EIA approvals.

The US\$15 million funding to be made available by CNNET is expected to be sufficient to fund the proposed activities of Solaroz until the Tranche 2 Completion Date.

The Transaction Documents

Summaries of the Deed of Amendment and the Amended Agreement are set out in Annexure A to this announcement.

Financial Effects of Solaroz Sale

Lithium Energy's financial position before (as at 30 June 2024) and (pro-forma) after the assumed completion of the Solaroz Sale is set out in Annexure B to this announcement.

There is no change to the capital structure of Lithium Energy as a consequence of completion of the Solaroz Sale.

Overview of CNET and CNGR

The buyer under the Solaroz Sale, CNGR Netherlands New Energy Technology B.V. (**CNET**), is a subsidiary of CNGR Advanced Materials Co Ltd (**CNGR**). CNGR was established in China in September 2014 and is a major producer of precursor cathode active materials used by many leading companies in the battery materials supply chain. CNGR products are used in consumer electronics, electric vehicles (EV) and energy storage systems (ESS). CNGR aims to build a global integrated structure with vertical integration of raw ore smelting, raw material refining, precursor production and advanced battery material recycling to serve global customers. CNGR is listed on the Shenzhen Stock Exchange (SZSE: 300919) in China and has a current market capitalisation of approximately CNY 38 billion (~A\$8 billion).

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

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 6 months prior to the Original Sale Agreement) a substantial interest of 10% in Lithium Energy.

Shareholder Approval

The Solaroz Sale constitutes the disposal of the Company's 'main undertaking' for the purpose of Listing Rule 11.2. On 8 August 2024, a general meeting of Lithium Energy shareholders was held at which 98.9% of votes cast were voted in favour of a resolution to approve the Solaroz Sale for the purposes of Listing Rule 11.2 and for all other purposes.⁵

In light of the changes to the terms of the Solaroz Sale under the Amended Agreement, the Directors will seek fresh shareholder approval for the Solaroz Sale (in accordance with the Amended Agreement) (**Amended Solaroz Sale**) and expects to convene a general meeting to be held in January 2025.

Lithium Energy shareholders do not need to take any action at the present time.

Further details of the resolution seeking shareholder approval and a voting exclusion statement will be provided in the Notice of Meeting and Explanatory Statement for the General Meeting of shareholders to approve the Amended Solaroz Sale (**Meeting Document**).

Indicative timetable

An indicative timetable for shareholder approval and completion of the Amended Solaroz Sale is set out below:

Event	Date
Execution of the Deed of Amendment (incorporating the Amended Agreement)	3 December 2024
Issue of Meeting Document and despatch to Lithium Energy shareholders. The Meeting Document will provide additional details on the Amended Solaroz Sale	December 2024
Lithium Energy shareholder meeting to approve the Amended Solaroz Sale for the purposes of Listing Rule 11.2	January 2025
Receipt of US\$6 million Second Deposit (subject to and after receipt of Lithium Energy shareholder approval of the Amended Solaroz Sale)	January 2025
Completion of Tranche 1 and receipt of US\$26 million	24 April 2025
Completion of Tranche 2 and receipt of US\$21.7 million	10 January 2026
Release of Escrow Account Amount (US\$3 million) from escrow (subject to there being no claims from CNNET arising under the Amended Agreement)	8 January 2027
Potential receipt of US\$4.5 million Deferred Consideration if the Benchmark Lithium Carbonate Price exceeds US\$23,000/tonne averaged over any 4-month period	Between 25 April 2025 to 8 January 2027

Note: Some of the dates above (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 CNNET/CNGR or (b) any changes that may be agreed in consultation with the ASX. The Company will update shareholders via the ASX market announcements platform and Lithium Energy's website as appropriate when the relevant events are reached, changed, or decisions made.

ASX Suspension

As previously announced on 25 October 2024⁸, ASX determined that the Company did not have a sufficient level of operations to warrant the continued quotation of its securities in the context of the agreement to dispose of its main undertaking (being the Solaroz Project) and suspended the Company's securities from trading on ASX⁹.

The Company expects that the suspension will remain in place until:

- (a) The Company has satisfied ASX that it has a sufficient level of operations to justify the reinstatement of quotation of its shares on ASX; or
- (b) The Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules, which will involve, amongst other matters, the issue of prospectus and making a fresh application for admission to ASX – likely in conjunction with an acquisition of a new resource project by the Company.

Pending the completion of Tranche 1 of the Solaroz Sale, Lithium Energy will:

- (a) Focus on advancing operations at Solaroz Project, including securing the relevant EIA approvals required to undertake the next phases of exploration and evaluation;
- (b) Focus on advancing the Axon Graphite Limited Initial Public Offering (IPO)¹⁰; and

⁸ Refer LEL Announcement dated 25 October 2024: ASX Decision to Suspend Trading in LEL Securities

⁹ Refer LEL ASX Announcement dated 25 October 2024: Suspension from Quotation

¹⁰ Refer LEL ASX Announcements dated 10 September 2024: LEL NVX Joint ASX Axon Graphite Update - Mt Dromedary Graphite Mineral Resources Review, 26 July 2024: Update on Axon Graphite IPO – Details of Board and CEO, 16 May 2024: Update on Merger of Graphite Assets and Axon Graphite Limited IPO, 3 April 2024: Merger of Lithium Energy and NOVONIX Natural Graphite Assets and Proposed Axon Graphite Limited Spin-Out and IPO

- (c) Investigate and potentially undertake (where appropriate) investment opportunities principally in the battery mineral projects sector in Australia and overseas – Lithium Energy will pursue investments in battery minerals/commodities the Board feels is appropriate for mineral exploration, evaluation and development. As noted above, it is likely that any future acquisitions (depending on the nature and scale) by Lithium Energy will require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

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). Prior to the announced sale of the Solaroz Project (settlement pending), Lithium Energy had completed a Scoping Study on Solaroz and had been investigating the development of a 20/40ktpa lithium carbonate equivalent (LCE) production facility using conventional evaporation ponds; the Company has also been evaluating direct-lithium extraction (DLE) technologies. The Burke and Corella Graphite Projects (LEL:100%) in Queensland, Australia, contains high grade JORC Indicated and Inferred Mineral Resources of graphite.

On 3 April 2024, Lithium Energy and NOVONIX Limited (ASX:NVX) announced the merger of their adjoining Burke and Mt Dromedary Queensland Natural Graphite Deposits into Lithium Energy subsidiary, Axon Graphite Limited (Proposed ASX Code: AXG), 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.

On 30 April 2024, Lithium Energy announced the sale of its interest in the Solaroz Project to a subsidiary of CNGR Advanced Materials Co Ltd for US\$63 million (~A\$97 million) cash.

Pending completion of the sale of Solaroz, Lithium Energy will focus on advancing the Axon Graphite IPO and continuing to advance operations at Solaroz.

JORC CODE COMPETENT PERSON'S STATEMENT

The information in this document that relates to Mineral Resources in relation to the Solaroz Lithium Brine Project is extracted from the following ASX market announcements made by Lithium Energy Limited dated:

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

The information in the original announcements is based on information compiled by Mr Murray Brooker (MAIG, MIAH), a Competent Person who is a Member of 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).

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 DEED OF AMENDMENT

Parties	<p>LE Operations Pty Ltd (ACN 102 978 370) (LEOPL), a wholly-owned subsidiary of Lithium Energy.</p> <p>Lithium Energy Limited (ACN 647 135 108) (ASX:LEL) (Lithium Energy or LEL).</p> <p>CNGR Netherlands New Energy Technology B.V. (registration no. 89033485) (CNNET) (as the Buyer), a subsidiary of CNGR Advanced Material Co Ltd (Shenzhen Stock Exchange Code: 300919) (CNGR).</p>
Amendment and Restatement	<p>Subject to the satisfaction of the LEL Shareholder Approval Condition, the parties have agreed to amend and restate the terms of the Share Sale Agreement dated 26 April 2024 (the Original Sale Agreement) on the basis set out below.</p>
LEL Shareholder Approval Condition	<p>Implementation of the amendment and restatement of the Original Sale Agreement is conditional on LEL obtaining shareholder approval for the Amended Agreement under and for the purpose of Listing Rule 11.2</p>
First Deposit	<p>With effect from execution of the Deed of Amendment (3 December 2024), the parties have agreed that the US\$1.8 million (~A\$2.713 million, as at 30 June 2024) deposit (now regarded as the First Deposit) is fully non-refundable.</p>
Waiver of Foreign Company Registration Condition	<p>With effect from execution of the Deed of Amendment, CNNET will waive the condition precedent to the Original Sale Agreement that CNNET be registered as a foreign company in Argentina prior to completion.</p>

SUMMARY OF AMENDED AGREEMENT

Parties	<p>LEOPL (as the Seller).</p> <p>LEL (as the Seller Guarantor).</p> <p>CNNET (as the Buyer).</p>
Transaction	<p>CNGR to pay total US\$63 million cash consideration to LEOPL to acquire:</p> <p>(a) 100% of LEOPL’s shareholding in Solaroz S.A. (5986, Book 20 of Corporations) (Solaroz) - Solaroz is an Argentinian incorporated company which owns the mineral concessions comprising the Solaroz Lithium Brine Project in Argentina; and</p> <p>(b) A Loan owed by Solaroz to LEOPL (Loan), advanced under the terms of a ‘Memorandum of Understanding for Acquisition of Lithium Mining Properties in Argentina’ agreement (dated 28 February 2019; assigned to Lithium Energy and LEOPL on 22 March 2021) with Solaroz and the 10% minority shareholder, Hanaq Argentina S.A. (Hanaq) (MOU) pursuant to which LEOPL has funded and will continue to fund (subject to the CNNET funding arrangements under the Amended Agreement) the operations of Solaroz.</p>

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Share Sale	Sale of 81,000 shares in the capital of Solaroz by LEOPL to CNGR, comprising 90% of the issued capital of Solaroz (being 100% of LEOPL's interest in Solaroz).
Loan Assignment	Assignment of LEOPL's benefits and rights to the Loan (which has a current balance of approximately US\$14 million) owed by Solaroz, to CNGR.
Completion in 2 Tranches	<p>The Share Sale and Loan Assignment shall occur in 2 tranches:</p> <p>(a) Tranche 1 – transfer of 35,910 (39.9%) Solaroz shares and assignment of US\$12 million Loan amount, to be completed on 24 April 2025 ; and</p> <p>(b) Tranche 2 – transfer of 45,090 (50.1%) Solaroz shares and assignment of balance of outstanding Loan amount, to be completed on 9 January 2026.</p> <p>If LEL shareholders have approved the amended terms of the sale pursuant to the Amended Agreement and CNET fails to pay the Second Deposit by 10 January 2025, LEOPL may elect to proceed to completion 10 business days thereafter.</p>
Consideration	<p>Total cash Purchase Price of US\$63 million is payable as follows:</p> <p>(a) US\$1.8 million First Deposit (payable on execution of the Original Sale Agreement and received in May 2024);</p> <p>(b) US\$6 million Second Deposit, payable on or before 10 January 2025;</p> <p>(c) US\$26 million Tranche 1 Amount, payable on completion of Tranche 1 on 24 April 2025;</p> <p>(d) US\$21.7 million Tranche 2 Amount, payable on completion of Tranche 2 on 9 January 2026;</p> <p>(e) US\$3 million Escrow Account Amount, payable at completion of Tranche 2 into a joint escrow account held by LEOPL and CNET (or their nominees) in Hong Kong (to be held for one year as a performance security); and</p> <p>(f) US\$4.5 million Deferred Consideration, payable if the Benchmark Lithium Carbonate Price exceeds US\$23,000/tonne.</p>
Deposits	<p>The US\$1.8 million First Deposit and US\$6 million Second Deposit are applied towards the payment of the Purchase Price in respect of Tranche 1 completion.</p> <p>The First Deposit is not refundable to CNET under any circumstances, with effect from the date of the Deed of Amendment.</p> <p>The Second Deposit is refundable to CNET if the Amended Agreement is terminated by CNET in limited circumstances, as follows:</p> <p>(a) If LEOPL suffers an insolvency event prior to the completion of Tranche 2; or</p> <p>(b) If LEOPL breaches a seller's warranty (having a material adverse effect of greater than US\$5 million) which subsists and is not waived by CNET at the completion of Tranche 1.</p>

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<p>Escrow Account Amount</p>	<p>In relation to the US\$3 million Escrow Account Amount:</p> <p>The parties will establish a joint escrow account in the name of JPMorgan Chase Bank held by LEOPL (or nominee) and CNNET (or nominee) in Hong Kong;</p> <p>(a) The Escrow Account Amount will be held for a period of one year from the completion of Tranche 2, to serve as security for LEOPL's performance of all material terms of the Amended Agreement, to cover any damages or losses suffered by CNNET as a result of LEOPL's breach of any such material terms;</p> <p>(b) In the event of a LEOPL material breach of the Amended Agreement (within one year after completion of Tranche 2), CNGR is entitled to a release of funds from the Escrow Account to cover actual damages or loss incurred (as reasonably determined by the parties acting in good faith or as independently determined at arbitration);</p> <p>(c) The Escrow Account Amount will otherwise be released to LEOPL one year after completion of Tranche 2 (ie. on 8 January 2027).</p>
<p>Deferred Consideration</p>	<p>The US\$4.5 million Deferred Consideration will be payable if, during the period starting on the completion of Tranche 1 and ending 12 months after the completion of Tranche 2 (Term) (i.e. between 25 April 2025 and 8 January 2027):</p> <p>(a) The rolling average 4-Month Benchmark Lithium Carbonate Price exceeds US\$23,000 per metric tonne; or</p> <p>(b) CNNET disposes of its interest in Solaroz to a unrelated third-party at a total consideration equal to or greater than 110% of the Purchase Price (of US\$63 million) (subject to a pro-rata reduction if there is a partial sale, with the balance payable if (a) is triggered during the balance of the Term).</p> <p>The Benchmark Lithium Carbonate Price means the daily price (in US\$) per metric tonne for battery-grade (of minimum 99.5% Li₂CO₃ purity) Lithium Carbonate (on basis of delivered to China and excluding valued-added (or equivalent) tax), as published by an information source agreed by the parties.</p>
<p>Condition Precedent</p>	<p>The Amended Agreement has no conditions precedent.</p>
<p>Solaroz Board representation</p>	<p>CNNET is entitled to nominate one representative to the Solaroz Board upon the completion of Tranche 1.</p> <p>The Solaroz Board will continue to comprise a majority of LEL/LEOPL representatives, until the completion of Tranche 2.</p>
<p>Solaroz Funding Arrangements</p>	<p>(a) Up to 31 December 2024, LEOPL will continue to provide funding to Solaroz through the Loan to cover its working capital requirements and to comply with its obligations under the Amended Agreement.</p> <p>(b) From 1 January 2025 to the completion of Tranche 2, CNNET has agreed to provide funding for Solaroz up to a maximum of US\$15 million, on the same terms as the LEOPL Loan to Solaroz in accordance with the MOU (CNNET Loan).</p> <p>(c) After the US\$15 million CNNET Loan cap has been drawn-down, LEOPL and CNNET will provide co-funding for Solaroz in equal amounts and on equal terms until the completion of Tranche 2 (or the termination of the Amended Agreement).</p>

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	(d) The parties and Solaroz will consult in good faith as to the funding of Solaroz and the work programs on the Solaroz Project under the CNNET Loan.
CNNET Loan	<p>The CNNET Loan is:</p> <p>(a) non-interest bearing; and</p> <p>(b) repayable by Solaroz (as a priority prior to the distribution of dividends or capital to shareholders) from the net profits earned by Solaroz, capital (via debt or equity) raised by Solaroz from third-parties or the cash reserves of Solaroz, from time to time as approved by the majority Board and shareholders of Solaroz having regard to, amongst other matters the then on-going and future cash working capital requirements of Solaroz and the Solaroz Project, the then current and anticipated financial performance and financial position of Solaroz and the then on-going and future capital requirements of Solaroz and the Solaroz Project, provided that no repayment may be made before the Tranche 2 Completion Date.</p> <p>The parties envisage that the LEOPL Loan and CNNET Loan will be repaid proportionately.</p>
Conduct before completion	The Amended Agreement includes customary restrictions on the conduct of business of Solaroz between the date of the Amended Agreement and completion (of each of Tranches 1 and 2).
Hanaq's Minority Interest	CNNET has agreed to acquire Hanaq's 10% shareholding in Solaroz (pursuant to a tag-along provision in the MOU), to be completed on or before the completion of Tranche 1.
Buy-back right	<p>If, after the completion of Tranche 1, CNNET (or CNRG as a buyer guarantor) fails to make the (\$21.7 million) Tranche 2 Amount at completion on 9 January 2026, LEOPL is entitled to seek damages from CNNET/CNCR, or in the alternative either;</p> <p>(a) LEOPL is entitled (for a period of 6 months thereafter) to buy-back the Tranche 1 Solaroz shares (39.9%) and receive back the (US\$12 million) assigned Loan from CNNET at a 25% discount to the US\$33.8 million previously paid by CNNET to LEOPL for these shares/Loan assignment; or</p> <p>(b) the parties will enter into a shareholders' agreement (SHA) on customary commercial terms; the SHA will include a pre-emptive right and a drag-along right in favour of LEOPL only.</p>
Warranties	<p>The Amended Agreement includes:</p> <p>(a) customary warranties and indemnities for a transaction of this nature to apply up until completion of Tranche 1; and</p> <p>(b) limited warranties (pertaining to LEOPL's incorporation, status and authority, Solaroz's authority and status and the status of the Solaroz sale shares and Loan) to apply after the completion of Tranche 1 until the completion of Tranche 2,</p> <p>subject to usual caps and limitations on claims and indemnities.</p>

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Termination	<p>LEOPL may terminate the Amended Agreement prior to completion of Tranche 2 if CNNET suffers an 'Insolvency Event' or prior to completion of Tranche 1, there is a breach of warranties by CNNET that would reasonably be expected to have a material adverse effect in excess of US\$5 million.</p> <p>CNNET may terminate the Amended Agreement prior to completion of Tranche 2 if LEOPL suffers an 'Insolvency Event' or prior to completion of Tranche 1, there is a breach of warranties given by LEOPL that would reasonably be expected to have a 'Material Adverse Effect' in excess of US\$5 million.</p>
Governing law and Arbitration	<p>The Amended Agreement is governed by the laws of Western Australia.</p> <p>Disputes under the Amended Agreement will be referred to arbitration in Singapore pursuant to the arbitration rules of the Singapore International Arbitration Centre.</p>

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ANNEXURE B

PRO-FORMA STATEMENT OF FINANCIAL POSITION

	Audited 30 June 2024 \$	Completion of Tranche 1 Adjustments	Pro-Forma 30 June 2024 \$	Completion of Tranche 2 Adjustments	Pro-Forma 30 June 2024 \$
CURRENT ASSETS					
Cash and cash equivalents	3,515,174	49,230,769 ^{(2)(b),(c)}	52,745,943	33,176,498 ^{(3)(a)}	85,922,442
Receivables	224,852	-	224,852	4,612,528 ^{(3)(b)}	4,837,380
Other current assets	26,017	-	26,017	-	26,017
	3,766,043	49,230,769	52,996,812	37,789,027	90,785,839
Assets classified as held for sale	24,959,953	(9,959,021) ^{(2)(d)}	15,000,932	(15,000,932) ^{(3)(c)}	-
	-	-	-	-	-
TOTAL CURRENT ASSETS	28,725,996	39,271,748	67,997,744	22,788,095	90,785,839
NON-CURRENT ASSETS					
Exploration and evaluation expenditure	3,806,312	-	3,806,312	-	3,806,312
Property, plant and equipment	15,461	-	15,461	(174,221) ^{(3)(d)}	(158,760)
	-	-	-	-	-
TOTAL NON-CURRENT ASSETS	3,821,773	-	3,821,773	(174,221)	3,647,553
	-	-	-	-	-
TOTAL ASSETS	32,547,769	39,271,748	71,819,517	22,613,874	94,433,391
CURRENT LIABILITIES					
Payables	(2,974,584)	2,713,066 ^{(2)(a)}	(261,518)	7,260 ^{(3)(d)}	(254,258)
Provisions	(127,343)	-	(127,343)	12,708 ^{(3)(d)}	(114,635)
	(3,101,928)	2,713,066	(388,862)	19,969	(368,893)
Liabilities directly associated with assets classified as held for sale	(125,995)	50,272 ^{(2)(d)}	(75,723)	75,723 ^{(3)(d)}	-
TOTAL CURRENT LIABILITIES	(3,227,923)	2,763,338	(464,585)	95,692	(368,893)
	-	-	-	-	-
TOTAL LIABILITIES	(3,227,923)	2,763,338	(464,585)	95,692	(368,893)
	-	-	-	-	-
NET ASSETS	29,319,846	42,035,086	71,354,932	22,709,566	94,064,498
EQUITY					
Issued capital	36,827,877	-	36,827,877	-	36,827,877
Reserves	12,434,767	-	12,434,767	(530,892) ^{(3)(d)}	11,903,875
Accumulated losses	(20,081,559)	42,035,086 ^{(2)(a)-(e)}	21,953,527	23,379,219 ^{(3)(a)-(d)}	45,332,746
Parent Interest	29,181,084	42,035,086	71,216,171	22,848,327	94,064,498
	-	-	-	-	-
Non-controlling interest	138,761	-	138,761	(138,761) ^{(3)(c)}	-
	-	-	-	-	-
TOTAL EQUITY	29,319,846	42,035,086	71,354,932	22,709,566	94,064,498

Pro-Forma Adjustments

The Pro-Forma Statement of Financial Position adopts Lithium Energy's audited Consolidated Statement of Financial Position as at 30 June 2024 with a Pro-Forma position based on the completion of the Solaroz Sale under the terms of the Amended Agreement.

The following matters are noted in relation to the Pro-Forma Adjustments and positions:

- (1) There is an assumed disposal of the 90% shareholding in Solaroz S.A. (**Solaroz**) held by LE Operations Pty Ltd (**LEOPL**) (a wholly-owned subsidiary of Lithium Energy Limited) in two tranches, with the cash purchase price received posted to Cash and adjustments to (external) Liabilities directly associated with assets classified as held for sale posted to Assets classified as held for sale (where LEOPL's investment in Solaroz is recognised for accounting purposes).
- (2) At completion of Tranche 1:
 - (a) The First Deposit (of US\$1.8 million (A\$2,713,066), as at 30 June 2024) is eliminated from Current payables and the corresponding income is posted to Accumulated Losses;
 - (b) The Second Deposit (of US\$6 million (A\$9,230,769)) is recognised in Cash and the corresponding income is posted to Accumulated Losses;
 - (c) The Tranche 1 Amount (of US\$26 million (A\$40,000,000)) is recognised in Cash and the corresponding income is posted to Accumulated Losses;
 - (d) 39.9% of (external) Liabilities directly associated with assets classified as held for sale is eliminated and the corresponding income is posted to Accumulated Losses; and
 - (e) Assets classified as held for sale is reduced by 39.9% (representing the 39.9% of Solaroz shares sold) and is posted to Accumulated Losses.
- (3) At completion of Tranche 2:
 - (a) The Tranche 1 Amount (of US\$21.7 million (A\$33,384,615)) is recognised in Cash and the corresponding income is posted to Accumulated Losses;
 - (b) The Escrow Account Amount (US\$3M or A\$4,615,385) payable at completion of Tranche 2 is recognised in Current Receivables and the corresponding income is posted to Accumulated Losses;
 - (c) Assets classified as held for sale is reduced to nil representing the sale of the balance of 50.1% of Solaroz held by LEOPL and the elimination of a 10% minority interest (on the deconsolidation of Solaroz as a controlled entity);
 - (d) There is a deconsolidation of Solaroz, resulting in the elimination of Assets classified as held for sale and assets (Cash, Receivables, Plant and equipment and foreign currency translation reserves) and liabilities (Payables, Provisions and Liabilities directly associated with assets classified as held for sale) attributable to Solaroz and the Non-controlling interest, which are posted to Accumulated Losses;
- (4) The Deferred Consideration (US\$4.5M or A\$6.9M) is regarded as a Contingent Asset and is not recognised as an asset under either scenario.
- (5) An exchange rate of US\$1.00:A\$0.65 is assumed.
- (6) The Loan owed by Solaroz to LEOPL (with a current balance of approximately US\$14 million (~A\$21.5 million)) and the subject of assignment to CNET under Tranche 1 (to the extent of US\$12 million) and Tranche 2 (to the extent of the outstanding balance as at the Tranche 2 Completion Date) is not reflected in the Statements of Financial Position (as at 30 June 2024 and in the Pro-Forma positions) as the Loan is eliminated on consolidation (due to Solaroz being a controlled entity of Lithium Energy).
- (7) There is no provision for taxation, as the Company is determining the extent of its liability in this regard. However, the Company expects the transaction to be taxable in Argentina and will use part of the Solaroz Sale proceeds in relation to that tax liability.

ABOUT SOLARAZ 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)¹¹ Olaroz Lithium Facility and Lithium Argentina Corporation’s¹² (TSX:LAAC) Cauchari-Olaroz Facility.

On 9 October 2024, Rio Tinto (ASX/LSR:RIO) announced that it will acquire Arcadium in an all cash transaction valuing Arcadium at US\$6.7 Billion, which will be implemented via a scheme of arrangement.¹³

The Solaroz Mineral Resource Estimate has been upgraded to **3.3Mt** Lithium Carbonate Equivalent (LCE) (refer Table 1).¹⁴ 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.¹⁵

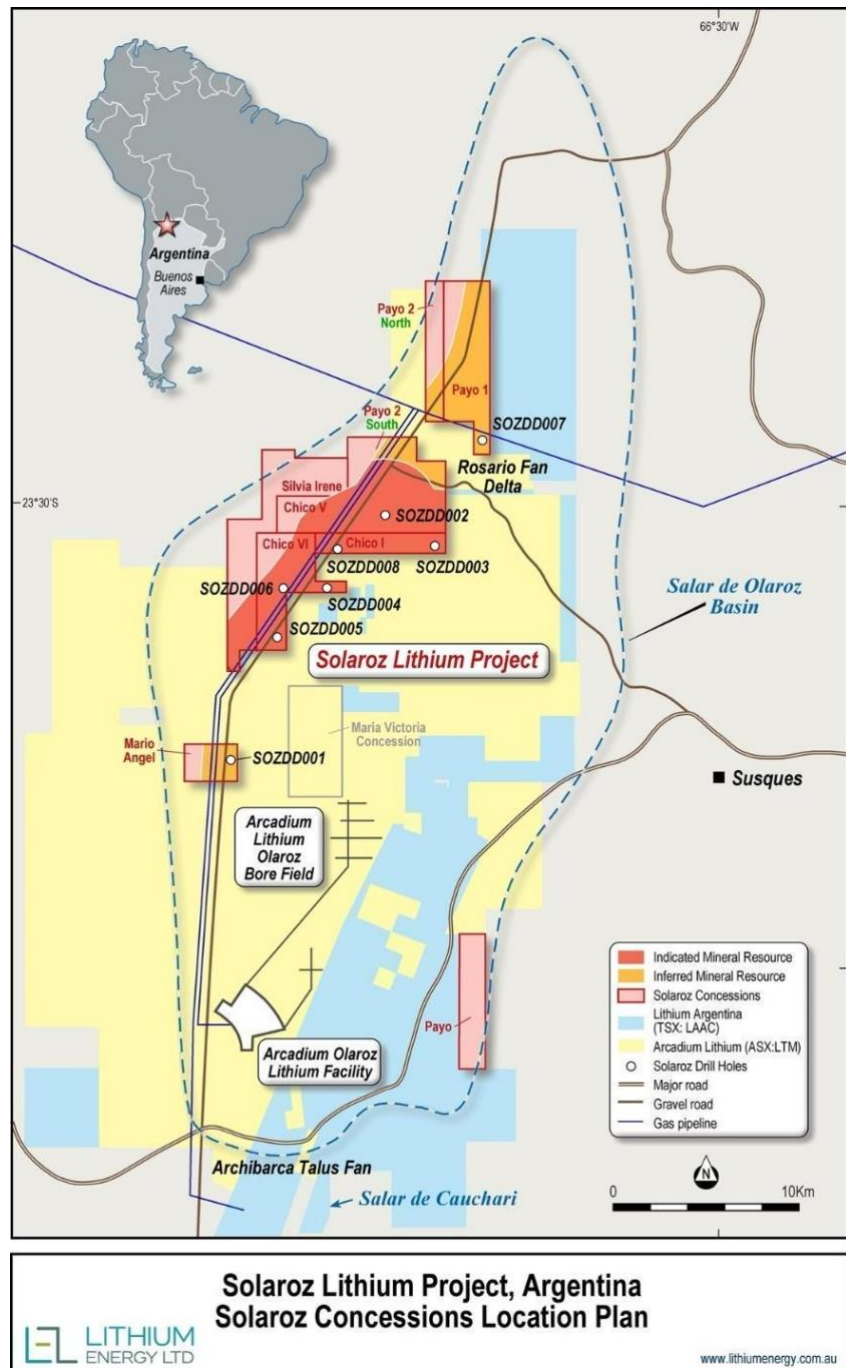


Figure 1: Mineral Resource Areas within Solaroz Concessions (and Drillhole Locations) in Olaroz Salar (Adjacent to Arcadium Lithium and Lithium Argentina Concessions)

11 Arcadium Lithium plc (ASX/NYSE:LTM/ALTM) is the merged entity of Allkem Limited (former ASX:AKE) and Livent Corporation (NYSE:LTHM)
 12 Lithium Argentina was separated, under a reorganisation, from Lithium Americas Corporation (TSX:LAC), in October 2023
 13 Refer RIO ASX/LSE Announcements dated 9 October 2024: Rio Tinto to acquire Arcadium Lithium and 9 October 2024: Presentation on acquisition of Arcadium Lithium
 14 Refer LEL Announcement dated 26 October 2023: Significant Solaroz Milestone Achieved with Upgrade to 2.4Mt LCE JORC Indicated Resource
 15 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

Solaroz Mineral Resource Estimates

The initial maiden JORC Mineral Resource for Solaroz (defined in June 2023¹⁶) was upgraded in October 2023¹⁷ to:

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

Table 1 : Upgraded Total JORC Indicated and Inferred Mineral Resource

Mineral Resource Category	Lithology Units	Sediment Volume (million m ³)	Specific Yield %	Brine volume million m ³	Lithium (Li)		LCE Tonnes
					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 & INFERRERD MINERAL RESOURCE			7.3%		305		3,260,000

Notes:

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

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

Mineral Resource Category	Lithology Units	Sediment Volume (million m ³)	Specific Yield %	Brine volume million m ³	Lithium (Li)		LCE Tonnes
					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

16 Refer LEL ASX Announcement dated 29 June 2023: Significant Maiden JORC Lithium Resource of 3.3Mt LCE at Solaroz Project in Argentina

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

Notes:

- (a) 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
- (b) The Indicated Mineral Resource encompasses the Chico I, Chico V, Chico VI, Payo 2 South and Silvia Irene (Central Block) concessions
- (c) 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
- (d) Reported at a 320 mg/l Lithium cut-off grade
- (e) Refer Notes (c), (d) and (f) of Table 1

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