



**ASX ANNOUNCEMENT**

**FOR IMMEDIATE RELEASE TO THE MARKET**

**Li-S Energy Limited – ASX Code: LIS**

**Wednesday 26 October 2022**

**Quarterly Activities and Cashflow Reports**

Li-S Energy Limited (ASX: LIS) (“LIS” or “the Company”) is pleased to provide its September 2022 Quarterly Activities and Cashflow Reports.

This announcement has been authorised by the Board.

For further information contact:

**Dr. Lee Finniear**  
Chief Executive Officer  
Li-S Energy Limited  
+61 (0)7 3054 4555

**LI-S ENERGY LIMITED**

ABN: 12 634 839 857

Level 27, 10 Eagle St, Brisbane QLD 4000

Website: [www.lis.energy](http://www.lis.energy)

Tel: +61 7 3054 4555 Email: [info@lis.energy](mailto:info@lis.energy)

**LI-S ENERGY LIMITED**  
**ACN 634 839 857**  
**LEVEL 27, 10 EAGLE STREET**  
**BRISBANE QLD 4000**

## **ASX Announcement**

**Wednesday 26 October 2022**

Li-S Energy Limited (ASX: LIS) ("Li-S Energy" or "the Company") is pleased to provide the following activities report for the quarter ended 30 September 2022, pursuant to Listing Rule 4.7C.

### **Highlights, material developments and changes**

- Entered into an agreement with magniX USA Inc. to develop and evaluate our lithium sulphur and lithium metal battery cells for electric aviation propulsion applications.
- Produced new 10-layer lithium sulphur cells with increased active material content, resulting in a 400% increase in total energy stored without increasing the cell x-y dimensions or layer count, compared to the previous 10-layer cells (such as those that we demonstrated in the drone flight tests in the prior quarter).
- Optimised the coating procedure for Li-Nanomesh , a key requirement to scale up production of lithium-metal and lithium sulphur batteries.
- Commenced targeted research to identify the best ionic liquids and gels to create a semi-solid state battery, to enhance safety and performance versus the use of traditional liquid electrolytes.
- Executed a 3-year lease with Deakin University for 226 sqm of dedicated advanced laboratory facilities, fully fitted out including a negative pressure laboratory, to accommodate our Phase 2 lab scale production.
- Commenced installation of the Phase 2 lab scale production equipment into the new laboratories, including cathode coaters, cathode material preparation machines, cell stacking, welding and pouch cell production equipment, and two 16-glove gloveboxes for anode preparation and cell assembly.
- The Company remains adequately funded with \$40.3 million in cash at 30 September 2022.

## **CEO Dr Lee Finniear commented:**

*“This quarter we have continued our development and scale up activities while opening up new opportunities both with commercial partnerships and technology advances.*

*The magniX USA Inc. collaboration is a key highlight of the quarter. MagniX is a leading company in electric aviation propulsion. Magnix has recently secured a US\$74M contract with NASA for its Electric Powertrain Flight Demonstration (EPFD) project that is targeted to rapidly mature Electrified Aircraft Propulsion (EAP) technologies through ground and flight demonstrations. For Li-S Energy, it gives us an opportunity to demonstrate the highly differentiated capabilities of our lightweight lithium sulphur and lithium metal cells in a high value sector where total weight is of critical importance.*

*Our R&D team continues to progress on several fronts. Of particular note is the optimisation of our 10-layer cells, by increasing the active material content we have been able to store 4 times the total energy compared to our previous cells, without increasing the number of electrode layers or their dimensions. This underlines the importance of our ongoing work on materials optimisation as we prepare to scale up our production capability.*

*Our new advanced laboratories at Deakin University, Geelong, provide a scientific research environment for our Phase 2 scale up, saving time and cost compared to a new build. Installation of our Phase 2 equipment commenced during the quarter. The facility is expected to increase the pace of our R&D, and improve the quality control of materials preparation, coating and assembly processes essential to scaling our cells to a 20+ layer representative commercial cell format.*

## **Summary of expenditure**

Please refer to Appendix 4C below for the detailed quarterly cash flow report, including a summary of the Company's expenditure on the above activities.

Net cash outflows used in operating activities during the quarter were \$1,437,000.

This was primarily driven by:

- Total staff costs of \$197,000, of which \$130,000 were reallocated to investing activities and capitalised against intellectual property and property, plant and equipment;
- Payments for administration and corporate costs of \$1,767,000, consisting of annual insurance premiums of \$851,000, payments for management support services to a subsidiary of PPK Group Limited of \$180,000, and other administration and corporate costs of \$736,000; and
- Partly offset by interest income of \$231,000 and GST refund received of \$168,000.

The net cash outflows used in investing activities during the quarter were \$2,124,000, consisting primarily of:

- Payments for intellectual property of \$668,000, reflecting payments to Deakin University for development activities of \$561,000, as well as the capitalisation of employee costs against the development activities undertaken of \$107,000;
- Payments for property, plant and equipment of \$56,000; and
- Payment for loan advanced to PPK Mining Equipment Group Limited of \$1,400,000, secured against a property in Mt Thorley, NSW, at 8.0%.

The net cash outflows from financing activities for the quarter of \$28,000, consisted of repayments to its lease liability, accounted for in accordance with AASB 16 *Leases*.

## Use of funds

Pursuant to Listing Rule 4.7C.2, the Company provides in Table 1 below, a comparison of its actual expenditure on the individual items in the “use of funds” statement since the date of admission to the official list against the estimated expenditure on those items in the “use of funds” statement in the IPO prospectus and an explanation of any material variances.

\$'000	Use of funds estimate (per Prospectus)	% of Funds	Cash payments to 30 September 2022	% of actual funds expended against Cash Payments to 30 September 2022
Project Expenditure	29,113	85.63%	3,804	42.77%
Costs of the Offer	3,582	10.54%	2,236	25.14%
Other Working Capital	1,305	3.84%	2,854	32.09%
<b>TOTAL</b>	<b>34,000</b>	<b>100.00%</b>	<b>8,894</b>	<b>100.00%</b>

**Table 1** – Comparison of “use of funds” statement per prospectus to cash payments since the date of admission to the official list of the ASX to 30 September 2022

The material variances above are as a result of the Company listing at the end of the September quarter 2021, giving 12 months of comparative cash payments versus a 2-year use of funds period estimate. Expenditure also does not occur in a linear manner.

For the purposes of the above “use of funds” table, the Company has included some administration and corporate costs in the ‘Other Working Capital’ category. Per the Prospectus, these costs were budgeted for as Project Expenditure.

Li-S Energy is still on track to meet the business objectives that sit behind the “use of funds” statement as described in the prospectus.

## **Payments to associates or related parties**

In accordance with Listing Rule 4.7C.3, the Company advises that it paid \$770,000 to related parties of the Company during the quarter, consisting of:

- Payments to Deakin University of \$590,000, broken down between payments relating to project activities undertaken in relation to the Research Framework Agreement of \$561,000, and payments under the lease agreements for two production bays at Deakin's ManuFutures advanced manufacturing hub in Waurin Ponds, Victoria of \$29,000.
- Payments to a subsidiary of PPK Group Limited of \$180,000 for management support services provided in accordance with the relevant agreement, and as disclosed in section 12.6 of the Prospectus.

## **ENDS**

This announcement has been authorised for release by the Board.

For more information contact:

### **Investors**

Dr. Lee Finniear, Chief Executive Officer

+61 (0)7 3054 4555

<https://www.lis.energy/site/about/About-Li-S-Energy>

### **Media**

Mel Hamilton, M&C Partners

0417 750 274

[Melissa.hamilton@mcpartners.com.au](mailto:Melissa.hamilton@mcpartners.com.au)

## **About Li-S Energy**

Li-S Energy was created as the result of a joint venture between Li-S Energy's founding Shareholders, PPK Group Limited, BNNTTL and Deakin University. Li-S Energy is developing a battery technology based on more advanced lithium-sulphur chemistry, whereby BNNTs and other nanomaterials are incorporated into battery components. The aim of this combination is to improve battery energy capacity and cycle stability when compared to current lithium-ion batteries and lithium-sulphur batteries, respectively.

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Li-S Energy Limited

**ABN**

12 634 839 857

**Quarter ended ("current quarter")**

30 September 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(67)	(67)
(f) administration and corporate costs	(1,767)	(1,767)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	231	231
1.5 Interest and other costs of finance paid	(2)	(2)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other – GST refunds	168	168
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,437)</b>	<b>(1,437)</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(56)	(56)
	(d) investments	-	-
	(e) intellectual property	(668)	(668)
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:	-	-
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	(1,400)	(1,400)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(2,124)</b>	<b>(2,124)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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	(28)	(28)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(28)</b>	<b>(28)</b>

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
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<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	43,853	43,853
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,437)	(1,437)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,124)	(2,124)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(28)	(28)
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>40,264</b>	<b>40,264</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	40,264	43,853
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>40,264</b>	<b>43,853</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	209
6.2	Aggregate amount of payments to related parties and their associates included in item 2	561

*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.*



<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	-	-
7.5	<b>Unused financing facilities available at quarter end</b>		-
7.6	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.		
	N/A		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,437)
8.2	Cash and cash equivalents at quarter end (item 4.6)	40,264
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	40,264
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	28.0
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	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?	
	Answer: N/A	
8.6.2	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?	
	Answer: N/A	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

## 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.

Date: 26 October 2022

Authorised by: .....The Board.....  
(Name of body or officer authorising release – see note 4)

## 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 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 standard applies 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.