



**ASX ANNOUNCEMENT**

**FOR IMMEDIATE RELEASE TO THE MARKET**

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

**Monday 23 January 2023**

**Quarterly Activities and Cashflow Reports**

Li-S Energy Limited (ASX: LIS) (“LIS” or “the Company”) is pleased to provide its December 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**

**Monday 23 January 2023**

Li-S Energy Limited (ASX: LIS) ("Li-S Energy" or "the Company") is pleased to provide the following activities report for the quarter ended 31 December 2022, pursuant to Listing Rule 4.7C.

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

- Completed the movement of our Geelong based R&D team into five new dedicated laboratories totalling 220sqm on the Deakin University Waurn Ponds campus. These laboratories include an advanced negative-pressure laboratory, walk-in fume containment & extraction facility, eight in-built fume hoods and a wet chemistry laboratory.
- Completed installation of our Phase 2 micro-production equipment into the new laboratories, including two roll-to-roll 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.
- Commenced first roll-to-roll cathode coating trials, with initial result showing good cathode coating adhesion and material porosity.
- Built 20-layer Li-S cells to test larger cell construction techniques and to assess initial gravimetric energy density of larger cells. Initial results delivered more than 400Wh/kg energy density, measured on first discharge.
- Executed a 5-year lease (3+2) with Deakin University for an additional 397sqm of production space and fully fitted out office facilities in the newly completed Deakin Manufutures 2 building. This space will accommodate our new dry room, which forms part of our Phase 3, 2MWh automated production plant. The additional office space will house our development and production teams.
- Appointed an Australian prime contractor to design and build our Phase 3, 220sqm dry room. A European specialist manufacturer has commenced the production of the dry room dehumidifier and associated equipment.
- Engaged an Australian specialist robotics company to design and build the multi-robot automated cell electrode stacking system required for the Phase 3 2MWh production line.

- Signed a research & development agreement funded to \$1.23M to develop solid-state Li-S batteries with the ARC Research Hub for Safe and Reliable Energy (SafeREnergy) over the next three years. Li-S Energy will contribute \$450,000 towards the cost of the project, with the ARC Research Hub and Deakin University contributing the balance.
- Undertook an exhaustive review of the global value chain for next generation batteries. In particular, this review identified a range of prospective new partners in Europe in terms of product OEMs and gigafactories that we will look to engage with.
- The Company remains adequately funded with \$38.1 million in cash at 31 December 2022.

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

*“This quarter has been focused on scaling up our development capabilities and locking in key components of our Phase 3 construction.*

*Moving into the new laboratories and installing our Phase 2 micro-production line provides the opportunity for our team to significantly enhance the quality, consistency, size and quantity of the test cells produced as we continue to optimise our cell chemistry and design.*

*Securing the space for our Phase 3 facility was a highlight of the quarter, particularly as it is the largest bay in the newly constructed Manufutures 2 building on the Deakin Waurin Ponds campus. This site enables our lab and 2MWh production spaces and teams to be closely integrated. It also offers on-site access to Deakin’s advanced scientific, diagnostic and imaging equipment and expertise across all three phases of our development & commercialisation activities.*

*It has been gratifying to find and contract Australian companies with expertise in dry room construction and in robotics for battery cell manufacturing. In both cases this improves our ability to rapidly communicate requirements, build and test equipment, and rely on ongoing support for these essential facilities needed for our 2MWh production facility.*

*The ARC Research Hub for Safe and Reliable Energy, together with Deakin University, are providing substantial funding to drive our solid-state lithium sulfur battery cell development program. We anticipate this will drive a further increase in Li-S Energy cell capability and enhance the value of our IP portfolio.”*

## **Summary of expenditure**

Please refer to the 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 \$395,000. This was primarily driven by:

- Total staff costs of \$270,000, of which \$91,000 were reallocated to investing activities and capitalised against intellectual property and property, plant and equipment;
- Payments for administration and corporate costs of \$670,000, consisting of payments for management support services to a subsidiary of PPK Group Limited of \$180,000, and other administration and corporate costs of \$490,000; and
- Partly offset by interest income of \$308,000 and a GST refund received of \$163,000.

The net cash outflows used in investing activities during the quarter were \$1,753,000, consisting primarily of:

- Payments for intellectual property of \$629,000, reflecting payments to Deakin University for development activities of \$596,000, as well as the capitalisation of employee costs against the development activities undertaken of \$33,000; and
- Payments for property, plant and equipment of \$1,124,000, primarily driven by the initial progress payment on the new Phase 3 Dry Room facility of \$756,000.

The net cash outflows from financing activities for the quarter of \$31,000, 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 31 December 2022	% of actual funds expended against Cash Payments to 31 December 2022
Project Expenditure	29,113	85.63%	5,958	52.76%
Costs of the Offer	3,582	10.54%	2,236	19.79%
Other Working Capital	1,305	3.84%	3,100	27.45%
<b>TOTAL</b>	<b>34,000</b>	<b>100.00%</b>	<b>11,294</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 31 December 2022

The material variances above are a result of the Company listing at the end of the September quarter 2021, giving 15 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 to 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 \$831,000 to related parties of the Company during the quarter, consisting of:

- Payments to Deakin University of \$626,000, broken down between payments relating to project activities undertaken in relation to the Research Framework Agreement of \$596,000, and payments under the lease agreements for two production bays at Deakin’s ManuFutures advanced manufacturing hub in Waurin Ponds, Victoria of \$30,000.
- 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

### **Media**

Mel Hamilton, M&C Partners  
0417 750 274  
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 sulfur 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 sulfur batteries, respectively.

For more information visit [www.lis.energy](http://www.lis.energy).

## 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")**

31 December 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 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	(179)	(246)
(f) administration and corporate costs	(670)	(2,437)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	308	539
1.5 Interest and other costs of finance paid	(17)	(19)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other – GST refunds	163	331
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(395)</b>	<b>(1,832)</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	(1,124)	(1,180)
	(d) investments	-	-
	(e) intellectual property	(629)	(1,297)
	(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)
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>(1,753)</b>	<b>(3,877)</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	(31)	(59)
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>(31)</b>	<b>(59)</b>

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 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	40,264	43,853
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(395)	(1,832)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,753)	(3,877)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(31)	(59)
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>38,085</b>	<b>38,085</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	38,085	40,264
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>38,085</b>	<b>40,264</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	210
6.2	Aggregate amount of payments to related parties and their associates included in item 2	596

*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)	(395)
8.2	Cash and cash equivalents at quarter end (item 4.6)	38,085
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	38,085
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	96.4
	<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: 23 January 2023

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.