ASX ANNOUNCEMENT

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Li-S Energy Limited – ASX Code: LIS

Wednesday 30 April 2025

Quarterly Activities and Cashflow Reports

Li-S Energy Limited (ASX: LIS) ("LIS" or "the Company") is pleased to provide its March 2025 Quarterly Activities and Cashflow Reports.

This announcement has been authorised by the Board.

For further information contact:

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QUARTERLY ACTIVITIES REPORT

March 2025

Li-S Energy

KEA's solar-powered 'ATMOS' aircraft

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Collaboration with Kea Aerospace

Li-S Energy attends Avalon International Airshow

Work advances following completion of successful UAV Flights

New board appointment of experienced Non-Executive Director

CEO's REPORT

The Company made impressive progress in the March quarter with a new collaboration secured with a credible industry participant, strong representation at a leading aviation industry event and the skills of our Board enhanced with the appointment of an experienced Non-Executive Director. Our critical workstreams continued to advance favourably.

Collaboration signed with Kea Aerospace

During the period, we signed a collaboration agreement with Kea Aerospace (Kea) to integrate Li-S' advanced lithium sulfur battery technology into Kea's high altitude uncrewed aerial vehicles (UAVs), to significantly enhance flight endurance and operational efficiency.

Kea is a respected and accomplished business. Founded in New Zealand in 2018, it is currently flight-testing its solar-powered 'ATMOS' aircraft in the stratosphere, between 55,000 and 65,000 feet. ATMOS operates as a High-Altitude Platform Station (HAPS) and High-Altitude Long Endurance (HALE) aircraft.

Our collaboration with Kea is consistent with the Company's strategy to target the rapidly growing markets of drones, defence and electric aviation.

This collaboration is another example of how we are continuing to expand our partnerships with leading industry participants, thus broadening the commercialisation pathways for our technology.

Li-S Energy showcasing its technology at the 2025 Avalon International Airshow

The 2025 Avalon International Airshow, held in Geelong, Victoria in late March, reaffirmed its status as the Southern Hemisphere's premier aerospace and defence showcase, drawing in global leaders, innovators, and investors from across the aviation sector.

This year's event placed a spotlight on advanced aerospace systems, sustainable aviation technologies, and dual-use innovations with commercial and defence applications.

Li-S exhibited at the show and it was pleasing to note the substantial interest from multiple industry participants. Extending range, flight time and improving payload carrying capacity are key in shaping the future of aerospace mobility and is a growing area of investment. A short video on the impact of Li-S Energy's presence at the show can be seen here.

New Director Appointed

In February, the Board was pleased to announce the appointment of Mr Rick Francis as a Non-Executive Director, replacing Mr. Marc Fenton who stepped down as the PPK nominee director.

Mr Francis has considerable experience as a company director, relevant sector expertise and a track record of success as a C Suite executive, most notably as Managing Director of Spark Infrastructure Group.

Growing the Team

Due to the number of opportunities being generated with partners and potential customers, we are now recruiting a senior role to lead strategic and commercial partnership development and customer engagement.

Critical workstreams continue to advance

After the successful 30-minute UAV flight in the December quarter, our focus this quarter has been on producing the hundreds of high quality, performance matched cells needed for the Pegasus 1 battery packs as part of the Emerging Aviation Technology Partnership (EATP) Program in partnership with VTOL Aerospace and Halocell. In parallel our engineers have been designing the battery pack structure and integrating the BMS. Meanwhile production development continues and we look forward to providing further updates during this quarter.

Li-S Energy is in good shape with a growing commercial pipeline. The Company ended the quarter well-funded with cash and cash equivalents of $15.8 million, and a further $4.0 million in short term investments and loans receivable, giving us the necessary flexibility to unlock increased value for shareholders. I look forward to keeping you updated on progress.

Dr Lee Finniear
Chief Executive Officer

Stock Image

Highlights, material developments and changes

Q1 '25

Signed a collaboration agreement with Kea Aerospace to send our batteries into the stratosphere

Strong progress made with ongoing workstreams

Board is augmented with appointment of a new Non-Executive Director

Currently hiring for our new 'Head of Strategic Partnerships' Role

Li-S Energy exhibited at Avalon International Airshow

Lithium foil extruder machine delivered to Phase 3 Dry Room

Scan or click the QR Code to watch our video from Avalon International Airshow

The Company had $19.8 million in cash, cash equivalents, short term investments, and loans receivable at 31 March 2025

Li-S Energy

Collaboration with Kea Aerospace

During the period the Company signed a collaboration agreement with Kea Aerospace (**Kea**) to integrate Li-S' advanced lithium sulfur battery technology into Kea's high altitude solar-powered 'ATMOS' aircraft.

Li-S' CEO, Dr Lee Finniear, and Kea's CEO, Dr Mark Rocket, signing the collaboration agreement

ATMOS operates as a High-Altitude Platform Station (HAPS) and High-Altitude Long Endurance (HALE) aircraft, and the parties are targeting multi-month flight times for the ATMOS fleet. The collaboration will see Li-S' battery technology integrated into Kea's high-altitude solar-powered UAVs, to significantly enhance flight endurance and operational efficiency.

The collaboration will integrate Li-S' ultra-light lithium-sulfur battery cells and Li-S BMS technology into a Kea battery pack design, with ground testing expected in 2025 followed by flight testing. The goal is to demonstrate the technology and integration in the 12.5 metre wingspan ATMOS Mk1 aircraft, followed by integration into the ATMOS Mk2 design, which will be targeting continuous flight for several months.

Kea is currently flight-testing its aircraft in the stratosphere (55,000–65,000 feet). ATMOS collects high-resolution imagery and persistent video for maritime awareness, environmental monitoring, disaster response, and other commercial uses like supporting telecommunications. HAPS offer major advantages: lower costs than satellites, greater persistence than aircraft, and more control than balloons.

Kea's CEO Dr Mark Rocket noted at the signing of the agreement: "*Li-S' next generation lithium-sulfur battery offers more than twice the energy density of conventional lithium-ion batteries, while being greener due to the absence of key materials such as cobalt. This year promises to be a pivotal year for Kea as we develop our ATMOS Mk2 aircraft and the successful integration of Li-S battery technology into our ATMOS UAVs would give us an incredible competitive advantage in an industry where the commercial applications are vast.*"

New Board Member Appointed

During the period Li-S announced the appointment of Mr Rick Francis as a non-executive director, with the Company continuing to expand the skills of the Board as it advances its commercialisation efforts for its core lithium-sulfur battery technology.

Mr Francis, who replaced retiring director Mr Marc Fenton, currently holds the position of non-executive independent director at PPK Group Limited (ASX:PPK), a significant shareholder in the Company. He has 25 years' experience in the energy and infrastructure sectors and was the Managing Director and CEO (and previously Chief Financial Officer) of Spark Infrastructure Group (previously ASX: SKI) for over a decade.

At the time of Mr Francis' appointment, Li-S Energy Chair Ben Spincer said:

"We are delighted to welcome Rick to the Board. The appointment provides further depth to the Board, particularly in light of his experience in energy infrastructure and renewable technologies. Rick's experience greatly complements the existing Board and we all look forward to working with him."

Li-S Exhibits at the Avalon International Airshow

The 2025 Avalon International Airshow, held in late March, again demonstrated its value as a strategic hub for aviation technology stakeholders including investors. Li-S Energy exhibited at the show as part of the Victorian State Government Pavilion, centrally located in Hall 1, with excellent visibility and visitor attendance.

Please click on the following link to see a brief video interview with Andrew Garth of DIAS, giving his view on the opportunities for Li-S Energy from this event: https://lis.plus/AeroUpdate

Our senior leadership team, including CTO Dr Steve Rowlands, Operations Manager Tim Hanley and CEO Dr Lee Finniear attended the entire event to provide visitors and prospective partners with informed insights on our technology and its applications, both on the stand and in a packed agenda of pre-arranged meetings throughout all 4 days of the industry trade show.

Key highlights included signing the Kea Aerospace collaboration agreement, briefing senior Australian & US defence personnel, furthering engagement with major aerospace organisations, and briefing the Victorian Premier and Minister of Industry on opportunities to support Li-S Energy as it drives forward on its commercialisation pathway.

The event not only facilitated high-level B2B engagements and government-industry partnerships, but it also offered venture-focused panels, giving investors a unique vantage point into emerging trends and commercialisation pipelines.

Our lithium sulfur battery technology garnered significant attention from the defence sector and drone manufacturers seeking to enhance system performance. Beyond our lightweight advantages, the defence industry was particularly drawn to our safety performance, highlighted by the successful nail penetration tests announced last year[1]. The strong interest underscored the Airshow's role as a catalyst for growth-stage technology ventures seeking strategic capital and market traction.

Avalon 2025 served as a showcase of cutting-edge aviation innovation for those seeking exposure to the fast-evolving aerospace and defence technology landscape. Events such as Avalon are central to building awareness for our technology, benchmarking it against the competition and expanding our pipeline of commercial opportunities.

Li-S Energy's CEO Dr Lee Finniear presenting Li-S Energy technologies to the Victorian Premier, Hon. Jacinta Allan MP and the Hon. Colin Brooks, Victorian Minister for Industry and Advanced Manufacturing & Minister for Creative Industries at the Avalon International Airshow, March 2025

[1] Li-S-Energy-Quarterly-Report_March-24-with-4C.pdf

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 $1,098,000. This was primarily driven by:

- Total staff costs of $757,000, of which $472,000 was reallocated to investing activities and capitalised against intellectual property and property, plant and equipment;
- Payments of $129,000 for research and development associated with government grants received;
- Payments for administration and corporate costs of $847,000, consisting of payments for management support services to a subsidiary of PPK Group Limited of $240,000, and other administration and corporate costs of $607,000; and
- Partly offset by interest and grant income of $150,000 and a GST refund received of $34,000.

The net cash outflows used in investing activities during the quarter were $748,000, consisting primarily of:

- Payments for property, plant and equipment of $520,000, primarily related to equipment purchases for IGP extruder grant of $305,000, equipment purchases associated with the phase 3 production facility of $22,000, and capitalisation of employee costs of $193,000;
- Payments for intellectual property of $864,000, mainly reflecting payments to Deakin University for development activities of $513,000, capitalisation of employee costs against the development activities undertaken of $279,000, and payments associated with the EATP grant dawn-to-dusk drone development of $69,000; and
- Partly offset by government grants received in relation to payments for intellectual property and plant and equipment of $636,000.

The net cash outflows from financing activities for the quarter consists of repayments to lease liabilities of $56,000, 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 on 28 September 2021 against the estimated expenditure on those items in the "use of funds" statement in the IPO prospectus dated 29 July 2021, and an explanation of any material variances.

$'000	Use of funds estimate (per Prospectus)	% of Funds	Cash payments to 31 March 2025	% of actual funds expended against Cash Payments to 31 March 2025
Project Expenditure	29,113	85.63%	25,848	73.42%
Costs of the Offer	3,582	10.54%	2,236	6.35%
Other Working Capital	1,305	3.84%	7,123	20.23%
TOTAL	**34,000**	**100.00%**	**35,207[2]**	**100.00%**

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 March 2025*

For the purposes of the above "use of funds" table, the Company has allocated significant administration and corporate costs to the 'Other Working Capital' category. Per section 5.11 of the Prospectus, the Company held additional funds from pre-IPO capital raisings for the purpose of funding working capital requirements. The 'Other Working Capital' cash payments to 31 March 2025 includes the secured loans advanced in the year ended 30 June 2023, along with cash outflows related to the acquisition of investments. The total cash and cash equivalents at the date of IPO was $50,563,000. Total cash and cash equivalents as at 31 March 25 was $15,756,000. In addition, the Company also holds $4,000,000 in short term investments and secured loans receivable.

The material variances above are a result of both the inclusion of all cash payments in the table versus the use of funds estimate, which excluded the pre-IPO capital raisings and deployment of funds into investments, along with the timing of the actual cash payments versus the use of funds period estimate utilised in the IPO prospectus, being the period to 31 March 2025. Furthermore, expenditure does not occur in a linear manner, with actual cash payments evolving as the Company continues to advance it's critical workstreams.

[2] The total cash payments to 31 March 2025 of $35.207 million is greater than the total IPO funds of $34.0 million as the total cash payments since the date of admission include the use of the $20.0 million pre-IPO raise completed in April 2021.

Payments to associates or related parties

In accordance with Listing Rule 4.7C.3, the Company advises that it paid $880,000 to related parties of the Company during the quarter, consisting of:

- Payments to Deakin University of $513,000 relating to project activities undertaken in relation to the Recycling and Clean Energy Commercialisation Hub Research Framework Agreement, which forms part of the Federal Government's Trailblazer Universities Program;
- Payments to Deakin University of $115,000 relating to various lease agreements for production bays (including outgoings) at Deakin's ManuFutures advanced manufacturing hub in Geelong, Victoria;
- Payments to a subsidiary of PPK Group Limited of $240,000 for management support services provided in accordance with the relevant agreement, and as disclosed in section 12.6 of the Prospectus; and
- Payments to subsidiaries of PPK Group Limited of $12,000 for purchase of nanomaterials, recovery of contracted labour costs, and pass through of costs incurred on behalf of the Company.

V-TOL Aerospace's Pegasus Solar Drone

CORPORATE DIRECTORY (as at 30 April 2025)

Li-S Energy Ltd ABN 12 634 839 857

A public company incorporated in Queensland and listed on the ASX (code LIS)

Chief Executive Officer	Dr Lee Finniear
Chief Financial Officer	Ms Sarah Price
Board of Directors	Mr Benjamin Spincer Ms Hedy Cray Mr Rick Francis
Company Secretaries	Mr Will Shiel Mr Liam Fairhall
Registered Office	Level 13 120 Edward St Brisbane QLD 4000 p +61 7 3054 4555 e info@lis.energy w lis.energy
Stock Exchange Listing	ASX Code: LIS
Auditor	Ernst & Young
Share Registry	Automic Share Registry Level 5, 126 Phillip Street Syndey NSW 2000 www.automicgroup.com.au
Investor & Media Enquiries	Six Degrees e Ben.Jarvis@sdir.com.au p +61 (0) 413 150 448

Li-S Energy

Appendix 4C

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

Name of entity	
Li-S Energy Limited	
ABN	**Quarter ended ("current quarter")**
12 634 839 857	31 March 2025

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	1
1.2	Payments for		
	(a) research and development	(129)	(513)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	-	-
	(d) leased assets	-	-
	(e) staff costs	(285)	(1,087)
	(f) administration and corporate costs	(847)	(3,191)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	138	816
1.5	Interest and other costs of finance paid	(21)	(65)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	12	312
1.8	Other – GST refunds	34	376
1.9	**Net cash from / (used in) operating activities**	**(1,098)**	**(3,351)**

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(520)	(1,811)
	(d) investments	-	-
	(e) intellectual property	(864)	(2,135)
	(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	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (proceeds from government grants)	636	1,306
2.6	**Net cash from / (used in) investing activities**	**(748)**	**(2,640)**

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	(56)	(164)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (purchase of shares in Li-S Energy Limited by the employee share trust)	-	(900)
3.10	**Net cash from / (used in) financing activities**	**(56)**	**(1,064)**

Consolidated statement of cash flows	Current quarter $A'000	Year to date (9 months) $A'000

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	17,658	22,811
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,098)	(3,351)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(748)	(2,640)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(56)	(1,064)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**15,756**	**15,756**

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	15,756	17,658
5.2	Call deposits	-	-
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)**	**15,756**	**17,658**

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	367
6.2	Aggregate amount of payments to related parties and their associates included in item 2	513

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** *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.*	**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**	-

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

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9) [1]	(1,098)
8.2	Cash and cash equivalents at quarter end (item 4.6)	15,756
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	15,756
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	14.3

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.

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

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.

[1] Refer to the Summary of Expenditure on page 6 of the Quarterly Activities Report for more information.

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: 30 April 2025

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.