



HALF YEAR REPORT

31 December 2024

THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH THE
30 JUNE 2024 ANNUAL REPORT OF THE COMPANY
LODGED ON 31 OCTOBER 2024



ASX Code: LEL

Lithium Energy Limited
A.B.N. 94 647 135 108

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CORPORATE DIRECTORY

BOARD

| | |
|-----------------|--------------------|
| William Johnson | Executive Chairman |
| Peter Smith | Executive Director |
| Farooq Khan | Executive Director |

COMPANY SECRETARY

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Perth, Western Australia

ASX CODE

LEL

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COMPANY OVERVIEW

Lithium Energy Limited (ASX:LEL) 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 Brine Project** (LEL:90%) comprises 12,000 hectares of highly prospective lithium mineral concessions (where a JORC Indicated and Inferred Mineral Resource of lithium has already 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 (former ASX:LTM) (acquired by Rio Tinto Limited (ASX/LSR:RIO) in March 2025) 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; Lithium Energy has also been evaluating direct-lithium extraction (DLE) technologies.
- The **Burke and Corella Graphite Projects** (LEL:100%) in Queensland, Australia, contain 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) (Axon Graphite), which will undertake a \$15M to \$25M initial public offering (IPO) and seek admission to ASX as a dedicated vertically-integrated mine to Battery Anode Material (BAM) product manufacturing company. Lithium Energy shareholders approved the proposed spin-out of Axon Graphite at a general meeting held on 7 February 2025.

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 (CNGR) for US\$63 Million (~A\$97 Million) cash. On 6 December 2024, Lithium Energy announced amended Solaroz sale terms (with completion in two tranches (April 2025 and January 2026) and with no change to the total cash consideration). Lithium Energy shareholders approved the proposed sale of Solaroz at a general meeting held on 8 August 2024 (in respect of the original sale agreement) and on 15 January 2025 (in respect of the Amended Sale Agreement).

Lithium Energy announced on 25 October 2024 that ASX had determined the Company did not have a sufficient level of operations to warrant the continued quotation of its securities in the context of Lithium Energy having entered into an agreement to dispose of its main undertaking (being the Solaroz Project). The Company's securities were accordingly suspended from trading on ASX. Lithium Energy has subsequently engaged with the ASX to address the conditions required for the lifting of the suspension. Efforts are currently focused on meeting ASX's criteria for the reinstatement of the Company's securities to quotation, including resuming exploration drilling at the Solaroz Project. Additionally, Lithium Energy is pursuing the acquisition of new resource projects, such as the Capricorn Gold-Copper Belt Project, as part of its strategy to achieve the reinstatement of its securities.

On 14 March 2025, Lithium Energy announced the acquisition of a 1,795 km² consolidated contiguous tenement package in Central Queensland (adjacent to and surrounding the historic Mt Morgan Gold Mine) to create the significant new district-scale **Capricorn Gold-Copper Belt Project**, which the Company considers to be prospective for gold, porphyry copper and VMS mineralisation. The acquisition will occur in 2 tranches (of 51% and 49%) over a 2 year period in consideration of stage payments to the vendors totalling \$3 Million, contingent payments of up to \$2.5 Million on achievement of exploration success and feasibility study milestones, a 2% NSR royalty and a \$4 Million expenditure commitment on the tenements.

Pending the completion of the sale of Solaroz, Lithium Energy will:

- (a) continue to engage with ASX to seek the reinstatement of the Company's securities to quotation;
- (b) advance the Axon Graphite IPO;
- (c) continue to advance operations at Solaroz, subject to loan funding provided by CNGR (under the terms of the Amended Sale Agreement);
- (d) advance the exploration and evaluation of the Capricorn Gold-Copper Belt Project, after the completion of the acquisition of the first (51%) tranche; and
- (e) continue to investigate and potentially undertake (where appropriate) investment opportunities principally in the battery mineral projects sector in Australia and overseas, subject to compliance with the Listing Rules of the ASX.

DIRECTORS' REPORT

The Directors present their report on Lithium Energy Limited ABN 94 647 135 108 (ASX Code: LEL) (**Company** or **LEL**) and its controlled entities (the **Consolidated Entity** or **Lithium Energy**) for the financial half year ended 31 December 2024 (**balance date**).

LEL is a company limited by shares that was incorporated in Western Australia on 14 January 2021 as a wholly-owned subsidiary of Strike Resources Limited (ASX:SRK) (**Strike** or **SRK**). Lithium Energy (holding various battery minerals assets) was spun-out of Strike following the successful completion of LEL's \$9 million initial public offering (**IPO**) under a Prospectus (dated 30 March 2021).

The Company was admitted to the Official List of the Australian Securities Exchange (**ASX**) on 17 May 2021 and commenced quotation/trading on ASX on 19 May 2021.

Lithium Energy has prepared a consolidated financial report incorporating the entities that it controlled during the financial half year.

SUSPENSION OF TRADING FROM ASX

The Company announced on 25 October 2024¹ that ASX had determined that the Company did not have a sufficient level of operations to warrant the continued quotation of its securities in the context of Lithium Energy having entered into a sale agreement to dispose of its main undertaking (being the Solaroz Lithium Project) and suspended the Company's securities from trading on ASX.²

The Company has subsequently engaged with the ASX to ascertain the conditions required for the reinstatement of its securities to quotation. 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 its shares to quotation; or
- (b) The Company has satisfied any conditions imposed by ASX to the reinstatement of the shares to quotation – likely in conjunction with an acquisition of a new resource project(s) by the Company.

The Company's efforts are currently focused on meeting ASX's criteria for the reinstatement of the Company's securities to quotation, including resuming exploration drilling at the Solaroz Project. Additionally, Lithium Energy is pursuing the acquisition of new resource projects, such as the Capricorn Gold-Copper Belt Project, as part of its strategy to achieve the reinstatement of its securities.

OPERATING RESULTS FROM CONTINUING OPERATIONS

| Consolidated | December 2024 | December 2023 |
|--|----------------------|----------------------|
| | \$ | \$ |
| Total income | 153,020 | 93,049 |
| Total expenses | (1,344,235) | (1,469,998) |
| Loss before tax | (1,191,215) | (1,376,949) |
| Income tax expense | - | - |
| Loss after tax from continuing operations | (1,191,215) | (1,376,949) |

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

2 Refer also LEL Announcement dated 25 October 2024: Suspension from Quotation

DIRECTORS' REPORT

FINANCIAL POSITION

| | December 2024 | June 2024 |
|---|--------------------------|--------------------------|
| | \$ | \$ |
| Consolidated | | |
| Cash | 1,771,199 | 3,515,174 |
| Exploration and evaluation expenditure | 3,824,945 | 3,806,312 |
| Receivables | 176,366 | 224,852 |
| Other assets | 158,071 | 41,478 |
| Liabilities | (3,399,085) | (3,101,927) |
| | <u>2,531,496</u> | <u>4,485,889</u> |
| Assets classified as held for sale | 25,517,582 | 24,959,954 |
| Liabilities directly associated with assets classified as held for sale | (174,343) | (125,995) |
| Net assets | <u>27,874,735</u> | <u>29,319,848</u> |
| Issued capital | 36,827,877 | 36,827,877 |
| Reserves | 13,790,585 | 12,434,767 |
| Accumulated losses | (22,800,751) | (20,081,557) |
| | <u>27,817,711</u> | <u>29,181,087</u> |
| Non-controlling interest | 57,024 | 138,761 |
| Total equity | <u>27,874,735</u> | <u>29,319,848</u> |

CASH FLOWS

| | December 2024 | December 2023 |
|--|-------------------------|-------------------------|
| | \$ | \$ |
| Consolidated | | |
| Net cash flow used in operating activities | (1,698,433) | (1,647,691) |
| Net cash flow used in investing activities | (67,907) | (7,411,815) |
| Net cash flow from financing activities | 67,000 | - |
| Net change in cash held | (1,699,340) | (9,059,506) |
| Effect of exchange rate changes on cash held | (44,635) | 1,985,979 |
| Cash held at half year end | <u>1,771,199</u> | <u>2,362,698</u> |

DIVIDENDS

No dividends have been paid or declared during the financial half year.

DIRECTORS' REPORT

CAPITAL MANAGEMENT

Securities on Issue

The following securities were on issue as at balance date:

| Class of Security | Quoted on ASX | Unlisted | Total |
|--|--------------------|-------------------|--------------------|
| Fully paid ordinary shares | 112,001,569 | - | 112,001,569 |
| Securities Incentive Plan (SIP) Options (\$1.595, 15 February 2025) ³ | - | 100,000 | 100,000 |
| Broker Options (\$1.50, 20 September 2025) ⁴ | - | 750,000 | 750,000 |
| Executive Options (\$1.06, 4 October 2025) ⁵ | - | 17,500,000 | 17,500,000 |
| SIP Options (\$1.32, 30 November 2025) ⁶ | - | 400,000 | 400,000 |
| SIP Options (\$0.935, 10 August 2026) ⁷ | - | 250,000 | 250,000 |
| TOTAL | 112,001,569 | 19,000,000 | 131,001,569 |

Lapse of Options

The following unlisted options lapsed during the half year:

| Class of Unlisted Options | Exercise Price | Date of Lapse | Number of Options |
|--|----------------|-------------------------------|-------------------|
| Executive Options (\$1.39, 29 Nov 2024) ⁸ | \$1.39 | 29 November 2024 ⁹ | 3,500,000 |

The following unlisted options lapsed subsequent to the balance date:

| Class of Unlisted Options | Exercise Price | Date of Lapse | Number of Options |
|--|----------------|--------------------------------|-------------------|
| SIP Options (\$1.595, 15 February 2025) ³ | \$1.595 | 15 February 2025 ¹⁰ | 100,000 |

3 Refer LEL Announcement dated 18 February 2025: Notification of cessation of securities – LEL

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

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

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

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

8 Refer LEL Announcement dated 2 December 2021: Notification regarding unquoted securities – LEL and Annexure B (Terms and Conditions of New Executive Options) of LEL's Notice of Annual General Meeting and Explanatory Statement dated 18 October 2021 and released on ASX on 28 October 2021

9 Refer LEL Announcement dated 2 December 2024: Notification of cessation of securities - LEL

10 Refer LEL Announcement dated 17 February 2025: Notification of cessation of securities - LEL

DIRECTORS' REPORT

Securities Incentive Plan

The Company has adopted a Securities Incentive Plan (**Plan** or **SIP**)¹¹ pursuant to which the Board may offer to eligible persons the opportunity to subscribe for securities in the Company on such terms and conditions as the Board may decide and otherwise pursuant to the rules of the Plan. The purpose of the Plan is to:

- (a) assist in the reward, retention, and motivation of 'Eligible Participants' (which includes directors¹², employees, consultants, contractors and service providers);
- (b) link the reward of Eligible Participants to shareholder value creation; and
- (c) align the interests of Eligible Participants with shareholders of the Company by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of securities (which includes a share, a right to a share, an option over an issued or unissued security and a convertible security).

The Company's original Plan¹³ was adopted in March 2021 (prior to the Company's admission to ASX). The Company has reviewed and updated the Plan in light of changes to the Corporations Act, which was adopted by shareholders at the Company's 2023 AGM¹⁴.

REVIEW OF OPERATIONS

Proposed Acquisition of Capricorn Gold-Copper Belt Project (Queensland)¹⁵

On 12 March 2025, Lithium Energy entered into Asset Sale Agreements with 2 vendors to acquire a 100% interest in 10 contiguous exploration tenements of 1,795 km² (adjacent to and surrounding the historic Mt Morgan Gold Mine) in Central Queensland to create the significant new district-scale **Capricorn Gold-Copper Belt Project**, which Lithium Energy considers to be prospective for gold, porphyry copper and volcanic massive sulphide (**VMS**) mineralisation.

The acquisition will occur in 2 tranches (of 51% on satisfaction of conditions and 49% after 21 months) in consideration of stage payments to the vendors totalling ~\$3 Million, a series of contingent payments (of up to \$2.5 Million) on achievement of exploration success and feasibility study milestones, a 2% Net Smelter Return (**NSR**) royalty and a \$4 Million expenditure commitment on the tenements over up to a 21 month period.

Upon completion of the acquisition of the first (51%) tranche of the Capricorn Project, which is expected to occur during March/April 2025, Lithium Energy plans to undertake an extensive program of exploration using modern geophysical techniques (including the use of advanced 3D analytics which will be applied to historical and new data) to guide an extensive drilling program over identified priority areas, targeting multiple large-scale Au, Cu, Mo, and Zn mineralised systems.

Further details of the Capricorn Project are in Lithium Energy's ASX Announcement dated 14 March 2025: Tenement Consolidation Creates Significant New District-Scale Gold-Copper Belt Project in Central Queensland.

¹¹ Refer LEL Announcement dated 17 May 2021: Securities Incentive Plan Terms; a summary of the Plan is also in Section 16.4 (Securities Incentive Plan) of the Lithium Energy Prospectus (dated 30 March 2021).

¹² The issue of securities to Directors and Key Management Personnel will require prior shareholder approval, as required under the ASX Listing Rules and/or Corporations Act, as applicable.

¹³ Refer LEL Announcement dated 17 May 2021: Securities Incentive Plan Terms; a summary of the Plan was also in Section 16.4 (Securities Incentive Plan) of the Lithium Energy Prospectus (dated 30 March 2021).

¹⁴ Refer LEL Notice of Annual General Meeting and Explanatory Statement dated 12 September 2023; summary of the Plan is also in Annexure A to the Explanatory Statement.

¹⁵ Refer LEL Announcement dated 14 March 2025: Tenement Consolidation Creates Significant New District-Scale Gold-Copper Belt Project in Central Queensland

DIRECTORS' REPORT

Capricorn Project Tenements

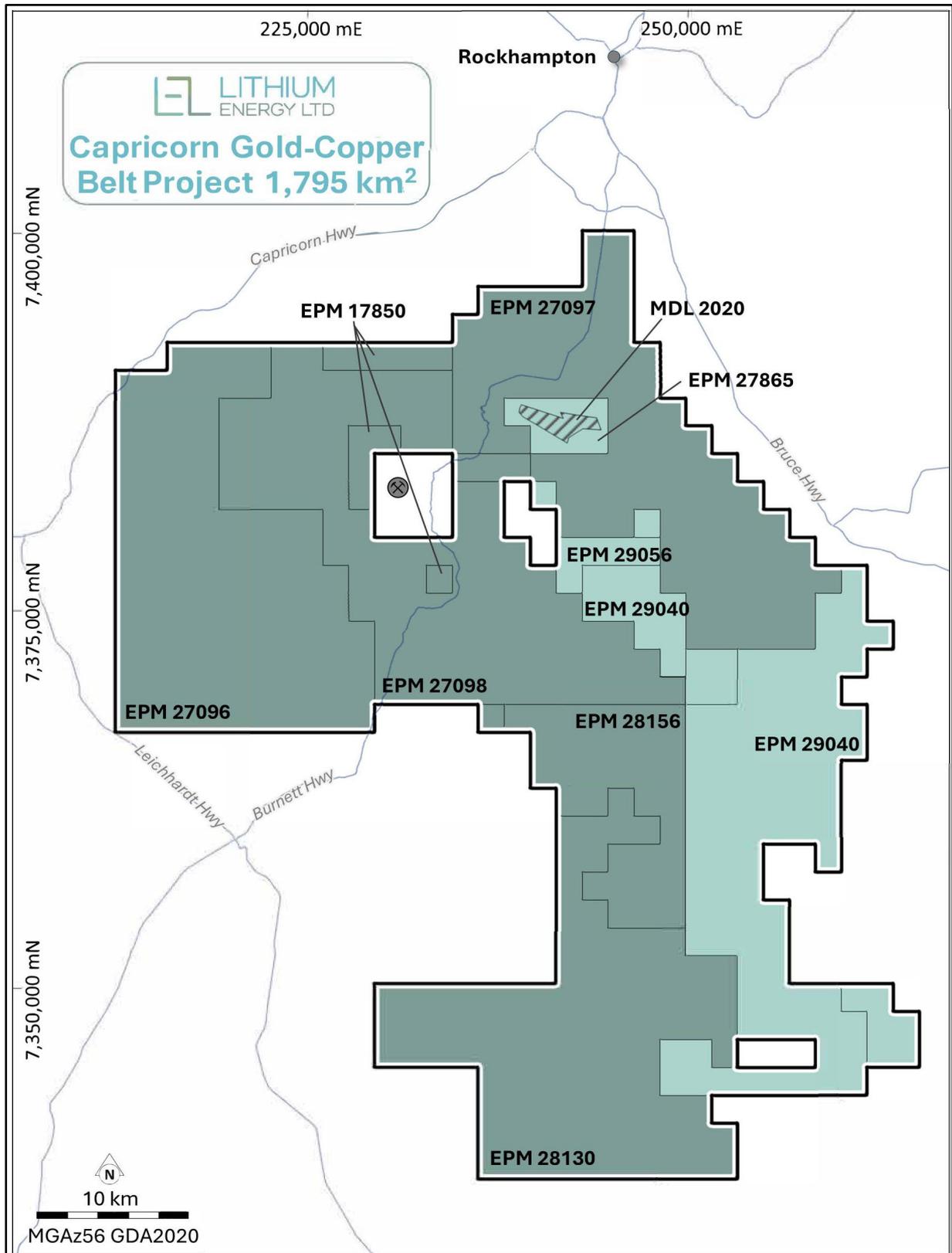


Figure 1: Capricorn Gold-Copper Belt Project Tenements

DIRECTORS' REPORT

| Current Holder/ Applicant | Tenement Name | Tenement Type and No. | Status | Grant/ Application Date | Expiry Date (subject to renewal) | Area (sub-blocks) | Area (km ²) |
|------------------------------|-------------------|-----------------------|-------------|----------------------------|-------------------------------------|----------------------|----------------------------|
| GBZ | Mt Morgan | EPM 17850 | Granted | 15 April 2010 | 14 April 2025 (pending renewal) | 13 | 42.06 |
| GBZ | Mt Morgan West | EPM 27096 | Granted | 27 August 2019 | 26 August 2024 (pending renewal) | 100 | 323.5 |
| GBZ | Mt Morgan East | EPM 27097 | Granted | 10 January 2021 | 9 January 2026 | 92 | 297.62 |
| GBZ | Mt Morgan Central | EPM 27098 | Granted | 15 December 2020 | 14 December 2025 | 98 | 317.03 |
| GBZ | Mount Usher | EPM 27865 | Application | 1 April 2021 | Up to 5 years after grant | 7 | 22.65 |
| GBZ | Mount Usher | MDL 2020 | Application | 4 November 2020 | Up to 5 years after grant | 265.1 Ha | 2.651 |
| PTr | Capella North | EPM 28156 | Granted | 15 November 2023 | 14 November 2028 | 34 | 109.99 |
| PTr | Capella South | EPM 28130 | Granted | 15 November 2023 | 14 November 2028 | 99 | 320.27 |
| PTr | Dee Ranges | EPM 29040 | Application | 21 May 2024 | Up to 5 years after grant | 96 | 310.56 |
| PTr | Dee Ranges 2 | EPM 29056 | Application | 1 July 2024 | Up to 5 years after grant | 16 | 51.76 |

Notes:

EPM is an exploration permit for minerals

GBZ is GBM Resources Limited (ACN 124 752 745) (ASX:GBZ)

PTr is PTr Resources Pty Ltd (ACN 153 851 702)

Terms of Acquisition

Lithium Energy and subsidiaries (**LEL Group**) have entered into agreements to acquire a 100% interest in the Capricorn Project tenements, as follows:

- an Asset Sale Agreement (dated 12 March 2025) with GBM Resources Limited (ASX:GBZ) (**GBZ**) to acquire the GBZ tenements/tenement applications (**GBZ Tenements**) and mining information (**GBZ Agreement**);
- an Asset Sale Agreement (dated 12 March 2025) with PTr Resources Pty Ltd (**PTr**) to acquire the PTr tenements/tenement applications (**PTr Tenements**) and mining information (**PTr Agreement**); and
- a Royalty Deed (dated 12 March 2025) with Mt Morgan Metals Pty Ltd (being a subsidiary of GBZ) (**MMM**), and PTr (as Payees) (**Royalty Deed**).

The acquisition of the GBZ Tenements and PTr Tenements (collectively, **Tenements**) and mining information under the GBZ/PTr Agreements will occur in 2 tranches:

- Tranche 1** – transfer of a 51% interest in the Tenements and 100% of the mining information, to be completed after the satisfaction or waiver of Conditions (**Tranche 1 Completion Date**); and
- Tranche 2** – transfer of the remaining 49% interest in the Tenements, to be completed 21 months after the Tranche 1 Completion Date (**Tranche 2 Completion Date**).

Completion of each tranche under the GBZ Agreement will occur contemporaneously with completion of each tranche under the PTr Agreement.

Consideration payable to the vendors are as follows (ex GST):

- Cash Purchase Price** totalling **\$3,025,290** comprising:
 - Deposit: \$100,000:** Paid on execution of the GBZ/PTr Agreements (**Execution Date**) to GBZ (\$66,667) and PTr (\$33,333). The deposit is refundable if Tranche 1 does not complete due to a breach by the Seller or if an insolvency event occurs in relation to the Seller prior to Tranche 1 Completion.

DIRECTORS' REPORT

- (b) **Tranche 1 Completion Payment: \$600,000:** Payable on the Tranche 1 Completion Date to GBZ (\$400,000) and PTr (\$200,000).
 - (c) **Tranche 1 Deferred Payment: \$825,290:** Payable 9 months after the Tranche 1 Completion Date to GBZ (\$561,675) and PTr (\$263,615).
 - (d) **Tranche 2 Payment: \$1,500,000:** Payable 21 months after the Tranche 1 Completion Date to GBZ (\$1,000,000) and PTr (\$500,000).
- (ii) **Contingent Payments** totalling up to **\$2,500,000** comprising:
- (a) **First JORC MRE: \$250,000 (capped at \$1,000,000):** Payable on the delineation and public announcement of a maiden JORC Mineral Resource Estimate (**MRE**) located within any of the Tenements, to GBZ (\$166,667) and PTr (\$83,333). This payment may be made on multiple maiden MRE's delineated on different deposits but is capped at a total of \$1,000,000.
 - (b) **First Scoping Study: \$500,000:** Payable on the completion and public announcement of a Scoping Study in respect of the development of one or more mineral deposits located within any of the Tenements, to GBZ (\$333,333) and PTr (\$166,667). This payment shall be paid only once.
 - (c) **First DFS: \$1,000,000:** Payable on the completion and public announcement of a Definitive Feasibility Study (in respect of the development of one or more mineral deposits within any of the Tenements, to GBZ (\$666,666) and PTr (\$333,334). This payment shall be paid only once.
- (iii) **2% NSR Royalty** on the sale of product produced from the Tenements, to MMM (1.333%) and PTr (0.667%) (pursuant to the Royalty Deed). Lithium Energy may buy-back 0.5% of the Royalty from MMM (0.333%) and PTr (0.167%) at any time at a cost of \$500,000, payable to MMM (\$333,333) and PTr (\$166,667). The Royalty is inclusive of any pre-existing or other royalties payable in respect of the Tenements, including a 1% NSR royalty owed to Rio Tinto Exploration Pty Limited (**RTX**) in respect of the 5 'Moonmera' sub-blocks within GBZ's EPM 27098 (Mt Morgan Central) (**Moonmera Blocks**) (**Rio Royalty**) under a 2016 agreement (**Rio Agreement**).

The GBZ/PTr Agreements are conditional upon the satisfaction or waiver of conditions precedent on or before 4 months after the Execution Date, including relevantly:

- (a) Lithium Energy being satisfied with due diligence investigations within 14 days after the Execution Date (or such later date as agreed between the parties);
- (b) execution of all required material contracts;
- (c) receipt of RTX's waiver of a first right of refusal (in respect of the Moonmera Blocks) under the Rio Agreement (under the GBZ Agreement);
- (d) the assignment of all material contracts and required material contracts (including the Rio Agreement and Rio Royalty, under the GBZ Agreement) from the Seller to the Buyer on terms approved by the Buyer;
- (e) the receipt of any consents and approvals required under material contracts and required material contracts; and
- (f) the receipt of any required regulatory approvals.

Further details about the terms of the GBZ/PTr Agreements and the Royalty Deed are in Lithium Energy's ASX Announcement dated 14 March 2025: Tenement Consolidation Creates Significant New District-Scale Gold-Copper Belt Project in Central Queensland.

DIRECTORS' REPORT

Solaroz Lithium Brine Project (Argentina)

(90%)

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

On 26 April 2024, Lithium Energy entered into a Share Sale Agreement (**Original Sale Agreement**) with CNGR Netherlands New Energy Technology B.V. (**CNNET**), a subsidiary of CNGR Advanced Material Co. Ltd. (Shenzhen Stock Exchange Code: 300919) (**CNGR**), in respect of the sale of Lithium Energy's 90% interest in the Argentinian company, Solaroz S.A. (**Solaroz**) (which owns the Solaroz Lithium Brine Project) for consideration totalling US\$63 million (~A\$97 million¹⁶) cash, which includes the assignment of a loan owed by Solaroz to Lithium Energy (**Loan**) (the **Solaroz Sale**).¹⁷

In connection with the Solaroz Sale under the Original Solaroz Sale Agreement, CNNET has paid a US\$1.8 million (~A\$2.7 million) deposit to Lithium Energy (received on 6 May 2024), with the balance of the US\$61.2 million (~A\$94.1 million) consideration payable by CNNET as follows:

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

Completion under the Original Solaroz Sale Agreement 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 2024,¹⁸ which was able to be extended by a further 60 days and was 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). Whilst some of the Conditions have already been satisfied, including Lithium Energy shareholder approval¹⁹ and receipt by CNNET/CNGR of all necessary Chinese ODI (overseas direct investment) and foreign exchange control regulatory approvals,²⁰ several Conditions remained outstanding. The material Conditions still outstanding were:

- (a) CNNET'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.

On 3 December 2024, Lithium Energy and CNNET entered into a deed of amendment and restatement (the **Deed of Amendment**) which amends and restates the Original Sale Agreement (now the **Amended Sale Agreement**).²¹ The Amended Solaroz Sale Agreement is unconditional, meaning that the unsatisfied Conditions has effectively been waived.

¹⁶ Based on an exchange rate of A\$1.00 : US\$0.65

¹⁷ Refer to LEL Announcement dated 30 April 2024: Sale of Solaroz Lithium Project for A\$97 Million

¹⁸ Refer to LEL Announcements dated 22 October 2024: Timetable for Solaroz Sale Completion Extended by 60 Days

¹⁹ Refer to LEL Announcement dated 8 August 2024: Results of General Meeting and LEL's Notice of General Meeting, Explanatory Statement and Proxy Form dated and released on ASX on 3 July 2024

²⁰ Refer to LEL Announcement dated 3 June 2024: Chinese Regulatory Approvals Secured by CNGR to Acquire Solaroz Lithium Project

²¹ Refer to LEL Announcement dated 6 December 2024: Amended Terms of A\$97 Million Sale of Solaroz Lithium Project

DIRECTORS' REPORT

The Deed of Amendment was conditional only on Lithium Energy obtaining shareholder approval for the Amended Sale Agreement under Listing Rule 11.2, which was obtained at a General Meeting held on 15 January 2025²². Accordingly, the Deed of Amendment was implemented and the Amended Sale Agreement took effect on 15 January 2025, with the sale of Lithium Energy's interest in the Solaroz Project to CNGR now being unconditional.²³

Under the terms of the Amended Sale Agreement, the total cash purchase price of US\$63 million (~A\$97 million¹⁶) remains unchanged but completion of the Solaroz Sale will now occur in two tranches:

- (a) **Tranche 1** – comprising the transfer of a 39.9% shareholding in Solaroz (with Lithium Energy retaining a 50.1% shareholding) and the assignment of a US\$12 million (~A\$18.5 million) Loan amount, to be completed on 24 April 2025 (**Tranche 1 Completion Date**); and
- (b) **Tranche 2** – comprising the transfer of the 50.1% balance of **Lithium Energy's** shareholding in Solaroz and the assignment of the balance of the outstanding Loan amount, to be completed on 9 January 2026 (**Tranche 2 Completion Date**).

CNNET is 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.

The US\$63 million (~A\$97 million¹⁶) purchase price will be paid as follows:

- (a) The **US\$1.8 million** (A\$2.713 million²⁴) 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 Sale Agreement (whereas previously, it was refundable if the Original Sale Agreement was terminated and completion did not occur for any reason); and
- (b) A further **Second Deposit** of **US\$6 million** (~A\$9.2 million) was received on 20 January 2025 - this Second Deposit is refundable on termination of the Amended Sale Agreement only in limited circumstances relating to the insolvency of Lithium Energy and/or a breach of Lithium Energy's (seller) warranties having a material adverse effect of more than US\$5 million (~A\$7.7 million).
- (c) **US\$26 million** (A\$40 million) (**Tranche 1 Amount**) payable on the Tranche 1 Completion Date (24 April 2025);
- (d) **US\$21.7 million** (~A\$33.4 million) (**Tranche 2 Amount**) payable on the Tranche 2 Completion Date (9 January 2026);
- (e) **US\$3 million** (~A\$4.6 million) (**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 Sale Agreement, after which it will be released to Lithium Energy (on 8 January 2027); and
- (f) **US\$4.5 million** (~A\$6.9 million) (**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 (i.e. between 25 April 2025 and 8 January 2027).

Under the Amended Sale 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 (**CNNET Loan**).

22 Refer to LEL Announcement dated 15 January 2025: Results of General Meeting and LEL's Notice of General Meeting, Explanatory Statement and Proxy Form dated and released on ASX on 16 December 2024

23 Refer to LEL Announcement dated 20 January 2025: US\$6 Million Received as Second Deposit for Solaroz Sale

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

DIRECTORS' REPORT

A summary of the Amended Sale Agreement is set out in Annexure B to Lithium Energy's Notice of General Meeting, Explanatory Statement and Proxy Form dated and released on ASX on 16 December 2024.

An indicative timetable for completion of the Solaroz Sale is set out below:

| Event | Date |
|--|---|
| Execution of the Deed of Amendment (incorporating the Amended Sale Agreement) | 3 December 2024 |
| Shareholder approval of the Solaroz Sale for the purposes of ASX Listing Rule 11.2 | 15 January 2025 |
| Receipt of US\$6 million Second Deposit | 20 January 2025 |
| Expected completion of Tranche 1 and receipt of US\$26 million Tranche 1 Amount | 24 April 2025 |
| Expected completion of Tranche 2 and receipt of US\$21.7 million Tranche 2 Amount | 10 January 2026 |
| Expected Release of US\$3 million Escrow Account Amount from escrow (subject to there being no claims from CNET arising under the Amended Sale 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 are indicative only and are subject to (a) any changes that may be agreed between Lithium Energy and CNET/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.

Environmental Approvals

Environmental Impact Assessment (EIA) approvals were received in December 2024 (for the Mario Angel and Payo concessions)²⁵ and February 2025 (for the 'Central Block' (comprising Chico I, V and VI, Payo 2 South and Silvia Irene) and 'Northern Block' (comprising Payo 1 and Payo 2 North) concessions)²⁶ (refer Figure 2) to support the next phase of exploration and evaluation field work at the Solaroz Project. The Central and Northern blocks (10,666 hectares) are where the majority of the existing lithium resources²⁷ at Solaroz are located and where the majority of the next phase of exploration activities is proposed to be conducted.

Solaroz Development Program

Lithium Energy has secured an up to US\$15 million (A\$23.1 million¹⁶) commitment from CNET to fund (as loans to Solaroz) the development of the Solaroz Project from 1 January 2025 under the Amended Sale Agreement (the CNET Loan). Lithium Energy and CNET, through Solaroz, will undertake the next phases of exploration and evaluation at the Solaroz Project utilising the CNET Loan, which is proposed to include the following work programs:

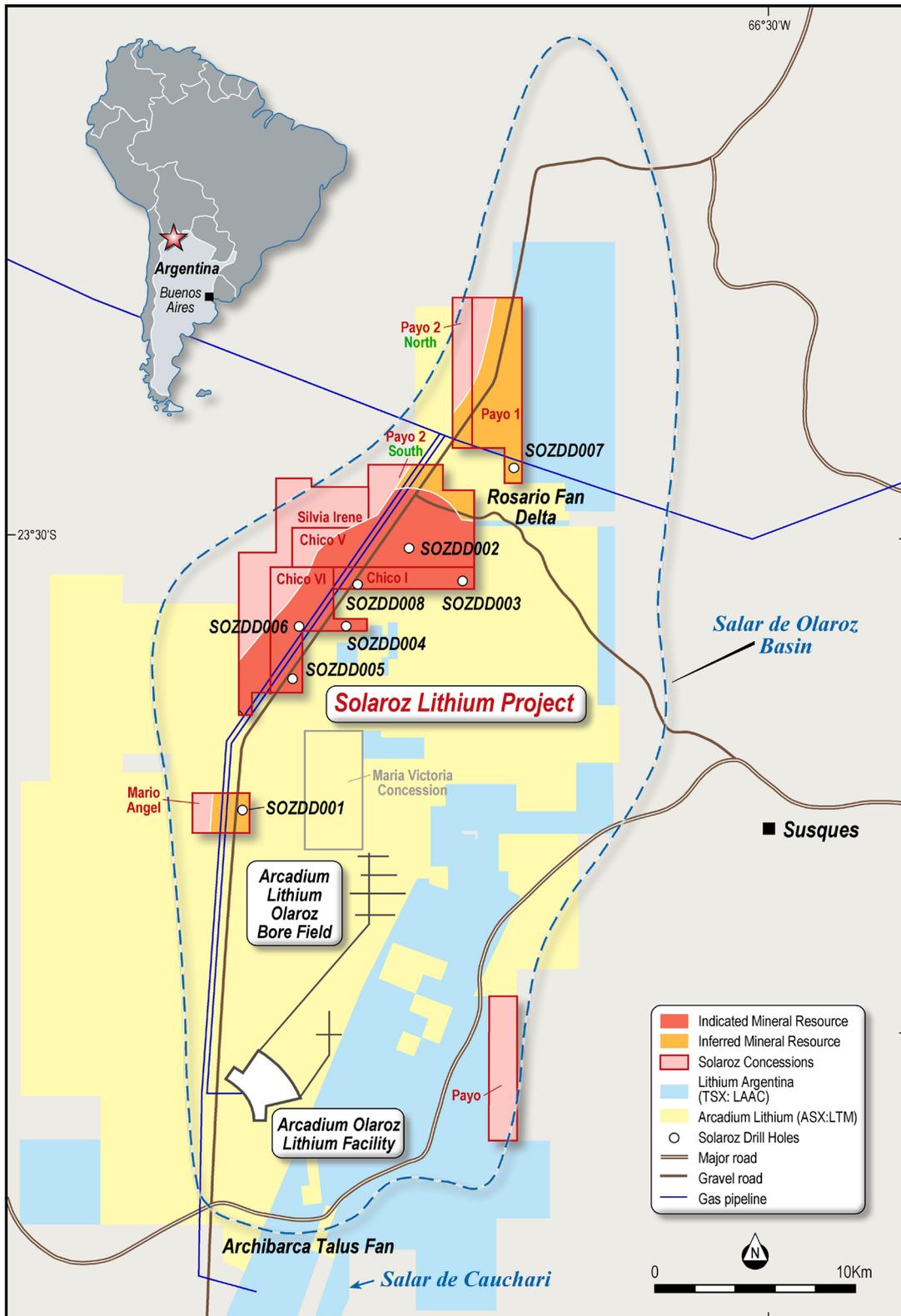
- additional (including in-fill) drill holes in the Central Block (Chico I, V and VI, Payo 2 South and Silvia Irene concessions), to improve the confidence in correlation of lithology, porosity and brine concentration between holes in the Central Block;
- drilling to further evaluate the Northern Block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

25 Refer to LEL Announcement dated 23 December 2024: Environmental Approvals Update at Solaroz

26 Refer to LEL Announcement dated 5 February 2025: Final Environmental Approvals Received for Next Phase of Development at Solaroz

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

DIRECTORS' REPORT



**Solaroz Lithium Project, Argentina
Solaroz Concessions Location Plan**


www.lithiumenergy.com.au

Figure 2: Mineral Resource areas within Solaroz concessions (and drillhole locations) in Olaroz Salar (adjacent to Arcadium and Lithium Argentina concessions)

DIRECTORS' REPORT

About Solaroz Lithium Brine Project (Argentina)

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

The Solaroz Project is directly adjacent to two world class Lithium brine production assets – Rio Tinto Limited's²⁸ (ASX/LSR:RIO) Olaroz Lithium Facility and Lithium Argentina Corporation's²⁹ (TSX:LAAC) Cauchari-Olaroz Facility.

The Solaroz Mineral Resource Estimate is **3.3Mt** Lithium Carbonate Equivalent (**LCE**).³⁰ 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**. Further details are in the Lithium Energy's ASX Announcement dated 26 October 2023 and titled 'Significant Solaroz Milestone Achieved with Upgrade to 2.4Mt LCE JORC Indicated Resource'. This high-grade core underpins the October 2023 Scoping Study outcomes (with 20ktpa and 40ktpa LCE production) using conventional evaporation ponds processing.³¹

ASX Announcements

The following ASX market announcements on Solaroz were released during the financial half year and to the date of this report:

- 5 February 2025 entitled "Final EIA Received for Next Phase of Development at Solaroz"
- 20 January 2025 entitled "US\$6 Million Received as Second Deposit for Solaroz Sale"
- 15 January 2025 entitled "Results of General Meeting"
- Notice of General Meeting, Explanatory Statement and Proxy Form dated and released on ASX on 16 December 2024
- 23 December 2024 entitled "Environmental Approvals Update at Solaroz"
- 6 December 2024 entitled "Amended Terms of A\$97 Million Sale of Solaroz Project"
- 22 October 2024 entitled "Timetable for Solaroz Sale Completion Extended by 60 Days"
- 8 August 2024 entitled "Shareholders Approve Sale of Solaroz Lithium Interests"
- 8 August 2024 entitled "Results of General Meeting"
- LEL's Notice of General Meeting, Explanatory Statement and Proxy Form dated and released on ASX on 3 July 2024

28 Previously owned by Arcadium Lithium plc (former ASX/NYSE:LTM/ALTM); RIO acquired LTM under a scheme of arrangement which was completed in March 2025; refer RIO ASX/LSE Announcements dated 6 March 2025: Rio Tinto completes acquisition of Arcadium Lithium, 9 October 2024: Rio Tinto to acquire Arcadium Lithium and 9 October 2024: Presentation on acquisition of Arcadium Lithium

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

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

31 Refer LEL 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 changed

DIRECTORS' REPORT

Burke Graphite Project (Queensland, Australia)

(100%)

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

On 3 April 2024, Lithium Energy entered into a Share Sale and Purchase Agreement (**Mt Dromedary SPA**) with NOVONIX Limited (ASX:NVX) (**NOVONIX**) to acquire its high-grade Mt Dromedary Graphite Deposit, which is located directly adjacent to and is a continuation of the graphite mineralisation within Lithium Energy's Burke Graphite Deposit, in Queensland (refer Figure 4).³²

Lithium Energy and NOVONIX proposes to spin-out their consolidated high-grade graphite assets via an Initial Public Offering (**IPO**) by Axon Graphite Limited (proposed ASX Code: AXG) (**Axon Graphite**) (currently a subsidiary of Lithium Energy) to form a distinct vertically integrated Battery Anode Material (**BAM**) business in Queensland, Australia (refer Figure 5).

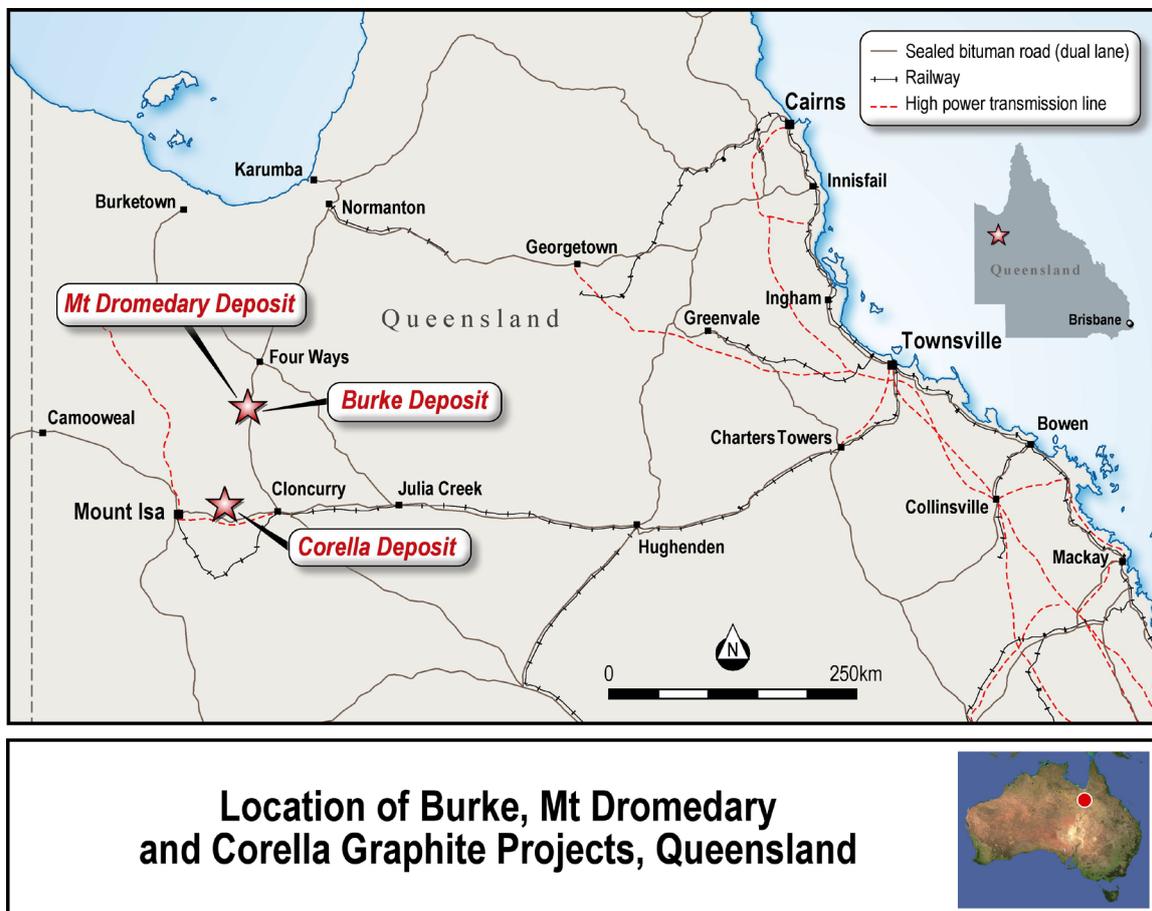


Figure 3: Location of Lithium Energy's Burke and Corella Graphite Projects and NOVONIX's Mt Dromedary Graphite Project in Queensland, Australia

Axon Graphite intends to make an initial public offering (**IPO**) of fully paid ordinary shares at an issue price of \$0.20 per share to raise \$15 million (before costs) (**Minimum Subscription**), with the ability to accept oversubscriptions to raise up to an additional \$10 million (before costs) (**Maximum Subscription**), (the **Offer**) and seek admission to the Official List of the ASX (**Proposed Spin-Out or Listing**).

³² Refer LEL Announcement dated 3 April 2024: Merger of Lithium Energy and NOVONIX Natural Graphite Assets and Proposed Axon Graphite Limited Spin-Out and IPO

DIRECTORS' REPORT

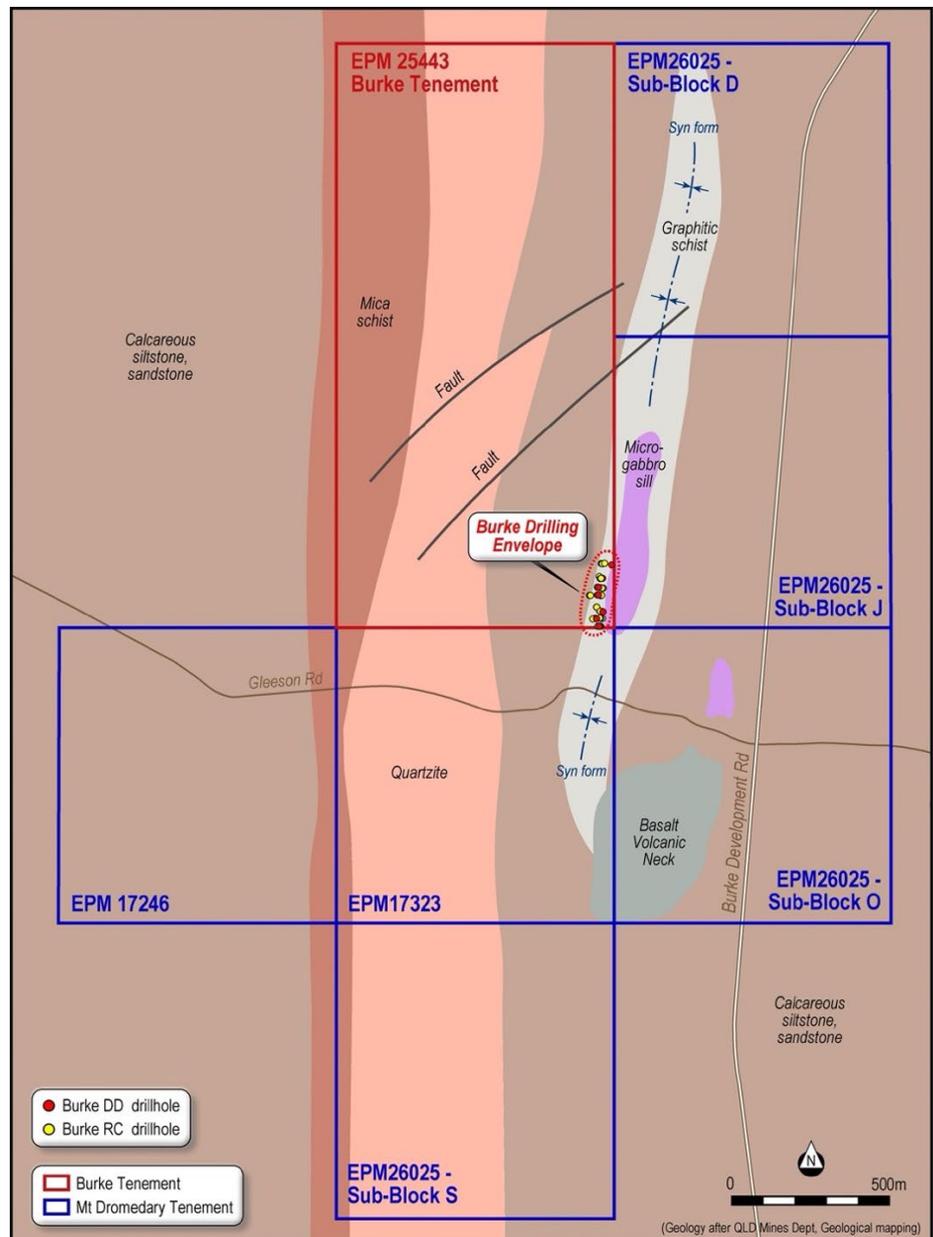
Lithium Energy and NOVONIX will each retain upside exposure to Axon Graphite and the Burke, Corella and Mt Dromedary Graphite Projects through a 22.2% to 28.6% cornerstone equity shareholding (50 million shares each; based on a raising of \$15 to \$25 million) in Axon Graphite post-Listing.

At Listing, Axon Graphite's initial combined graphite inventory of 4.42Mt will comprise:

- **Mt Dromedary Graphite Deposit** - total JORC Indicated and Inferred Graphite Mineral Resource of 12.7Mt graphite at 14.5% Total Graphitic Carbon (TGC), for a total 1.83Mt of contained graphite³³;
- **Burke Graphite Deposit** - total JORC Indicated and Inferred Mineral Resource of 9.1Mt at 14.4% TGC, for 1.31Mt of contained graphite³⁴; and
- **Corella Graphite Deposit** – total Inferred Mineral Resource of 13.5Mt at 9.5% TGC, for 1.28Mt of contained graphite³⁵.

By consolidating these adjacent graphite assets currently held by Lithium Energy and NOVONIX, Axon Graphite will hold a substantial, world class inventory of high-grade graphite. Since the Mt Dromedary and Burke Deposits form part of the same graphite mineralisation zone, there is potential for significant operational synergies and economies of scale to be gained by combining these two deposits.

Figure 4: Burke & Mt Dromedary Graphite Projects: Tenements, Geology, Burke Drill Holes and Drilling Envelope



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



33 Refer Joint LEL and NVX ASX Announcement dated 10 September 2024: Axon Graphite Limited Update – Mt Dromedary Graphite Mineral Resources Review

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

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

DIRECTORS' REPORT

Shareholder Approval at General Meeting on 7 February 2025

The Proposed Spin-Out is regarded by the ASX as a spin-out of a major asset for the purposes of Listing Rule 11.4, which is permitted for a listed company if:

- (a) the securities in the spin-out vehicle (other than those being retained by the company itself) are being offered, issued or transferred pro rata to the holders of the ordinary shares in the company, or in another way that, in ASX's opinion is fair in all the circumstances; or
- (b) the company's shareholders approve the spin out.

ASX had previously provided in-principle advice to Lithium Energy that paragraph (a) did apply to the Proposed Spin-Out and accordingly, shareholder approval was not required for the Proposed Spin-Out. However, given timing considerations and changes to Lithium Energy's circumstances, including entering into the Amended Solaroz Sale Agreement, ASX had advised that:

- (i) paragraph (a) (above) did not apply to the Proposed Spin-Out; and
- (ii) Lithium Energy shareholders were required to approve the Proposed Spin-Out under paragraph (b) above.

Shareholders approved the Proposed Spin-Out for the purposes of ASX Listing Rule 11.4.1(b) (under paragraph (b) above) at a General Meeting held on 7 February 2025.³⁶

Terms of Proposed Merger

The merger of the Burke and Mt Dromedary Projects will be affected through Axon Graphite acquiring NOVONIX's wholly-owned subsidiary, MD South Tenements Pty Ltd (**MDCo**), in consideration for the issue of 50 million shares at an issue price of \$0.20 per share (valued at \$10 million in aggregate).

MDCo holds the tenement interests comprising the Mt Dromedary Graphite Project. The tenements comprising the Burke and Corella Graphite Projects are held by Burke Minerals Pty Ltd (**BMPL**), which is a wholly-owned subsidiary of Axon Graphite.

Completion of the MDCo SPA is conditional on, relevantly:

- (a) ASX providing Axon Graphite with a list of conditions which, once satisfied, would result in ASX admitting Axon Graphite to the Official List; and
- (b) all liabilities of MDCo owed to NOVONIX and any related body corporate or otherwise (if any) being released, forgiven or discharged.

If the conditions to the MDCo SPA are not satisfied or waived, or have become incapable of being satisfied, on or before 2 August 2025 (or such later date as the parties may agree in writing), either party may terminate the MDCo SPA.

Under the MDCo SPA, NOVONIX is entitled to nominate two directors to Axon Graphite's board of directors, with Lithium Energy and NOVONIX to agree on the appointment of an independent Non-Executive Chair.

NOVONIX's nominees to the Board are Anthony Bellas (appointed on 15 May 2024 as an Executive Director) and Christopher Burns (appointed on 31 May 2024 as a Non-Executive Director). Mr Bellas is also the Deputy Non-Executive Chair of NOVONIX and Dr Burns is a Special Advisor to the NOVONIX Board (and was formerly the CEO of NOVONIX until 24 January 2025).

³⁶ Refer LEL Announcement dated 7 February 2025: Results of General Meeting and LEL's Notice of General Meeting, Explanatory Statement and Proxy Form dated and released on ASX on 8 January 2025

DIRECTORS' REPORT

Axon Graphite has also agreed to offer eligible NOVONIX shareholders a right to participate in the Offer under priority offer (alongside a priority offer to eligible Lithium Energy shareholders).

Lithium Energy and NOVONIX have also entered into an IPO Funding Deed to jointly fund costs incurred by Axon Graphite in undertaking the IPO. Axon Graphite will repay any funds advanced by Lithium Energy and NOVONIX after the successful completion of its Listing.

Further details of the proposed merger, including a summary of the key terms of the MDCo SPA, are in Lithium Energy's ASX Announcement dated 3 April 2024: Merger of Lithium Energy and NOVONIX Natural Graphite Assets and Proposed Axon Graphite Limited Spin-Out and IPO and Lithium Energy's Notice of General Meeting, Explanatory Statement and Proxy Form dated and released on ASX on 8 January 2025.

Board and Management of Axon Graphite

The Axon Graphite board of directors, company secretary and proposed Chief Executive Officer (CEO) comprise:³⁷

- Mr Peter Turnbull AM (LLB and BCom (*Melbourne*), FGIA (Life), FAICD, FCG) as the independent Non-Executive Chair;
- Mr Anthony Bellas (B.Econ, DipEd, MBA, FAICD, FCPA, FGS) as an Executive Director – Mr Bellas is also the Deputy Non-Executive Chair of NOVONIX;
- Mr Farooq Khan (Bjuris, LLB (*Western Australia*)) as an Executive Director – Mr Khan is also an Executive Director of Lithium Energy;
- Dr J. Christopher Burns (BSc., MSc., PhD) as a Non-Executive Director – Dr Burns is a Special Advisor to the NOVONIX Board and was formerly the CEO of NOVONIX (until 24 January 2025)
- Mr William Johnson (BA, MA (*Oxon*), MBA, MAICD) as a Non-Executive Director – Mr Johnson is also Executive Chair of Lithium Energy;
- Mr Graham Fyfe (BSc (Chemical Engineering) (*Kwazulu Natal*), AusIMM) will be the CEO – Mr Fyfe is currently the General Manager, Projects, of Lithium Energy and will transition to become CEO of Axon Graphite on its Listing; and
- Mr Victor Ho (BCom, LLB (*Western Australia*), CTA) as the Company Secretary – Mr Ho is also the Company Secretary of Lithium Energy.

Proposed Axon Graphite IPO/Offer

Axon Graphite proposes to undertake an IPO of 75 million shares at an issue price of \$0.20 per share to raise \$15 million (before costs) (Minimum Subscription) with the ability to accept oversubscriptions of up to a further 50 million shares to raise up to an additional \$10 million (before costs) (Maximum Subscription) under a Prospectus (the Offer).

The Offer will comprise:

- (a) a **Lithium Energy Priority Offer**, which is open to eligible Lithium Energy shareholders; and
- (b) a **NOVONIX Priority Offer**, which is open to eligible NOVONIX shareholders (together, the **Priority Offers**), and to the extent of any shortfall arising from applications received under the Priority Offers:
- (c) an **Institutional Offer**, which is an invitation (by the Lead Manager, in consultation with Axon Graphite) to certain institutional investors in Australia and permitted overseas jurisdictions to apply for shares under the Prospectus; and

³⁷ Refer LEL Announcement dated 26 July 2024: Update on Axon Graphite IPO – Details of Board and CEO

DIRECTORS' REPORT

(d) a **Public Offer**, which is open to the general public in Australia.

The Offer under the Prospectus will be conditional upon:

- (a) the conditions precedent to the MDCo SPA being satisfied or waived (as applicable) and completion occurring under the MDCo SPA;
- (b) Axon Graphite raising the Minimum Subscription under the Offer; and
- (c) ASX approving Axon Graphite's application for Listing.

Petra Capital Pty Ltd has been appointed Lead Manager of the Axon Graphite IPO.

The timetable associated with the completion of the Proposed Spin-Out (including the completion of the Offer and MDCo SPA) will be contained in the Axon Graphite Prospectus and announced by Lithium Energy on ASX.

Further details of the Offer (including the Priority Offers) are also in Lithium Energy's Notice of General Meeting, Explanatory Statement and Proxy Form dated and released on ASX on 8 January 2025.

Battery Anode Material (BAM) Manufacturing Business Strategy

The focus of Axon Graphite is to advance its status from a graphite exploration and evaluation company to a graphite miner and BAM producer through the commercial exploitation of its Burke/Mt Dromedary and Corella Graphite Projects.

Axon Graphite intends to evaluate the potential development of a vertically integrated BAM business through the establishment of a BAM manufacturing facility in Queensland (**BAM Facility**), fed by high quality graphite to be mined and concentrated from the company's high-grade Burke/Mt Dromedary and Corella Graphite Deposits.

Axon Graphite envisages mining graphite initially from the combined Mt Dromedary and Burke Deposits and producing a +95% TGC graphite flake concentrate at the mine site. The graphite flake concentrate will then be transported to a BAM Facility for processing. The BAM Facility is expected to firstly mechanically shape and spheronise the flakes followed by chemical purification to form spherical purified graphite (**SPG**), which could be additionally surface coated to produce coated spherical purified graphite (**CSPG**), which are both high quality BAM products. It is proposed that these SPG or CSPG products will be sold as a battery anode material for use in the manufacturing of lithium-ion batteries or battery energy storage solutions.

After the completion of the IPO, Axon Graphite will advance a BAM development strategy taking into account the much larger graphite inventory, expected operational synergies and economies of scale be gained by combining the Burke and Mt Dromedary Graphite Deposits. To this end, Axon Graphite also intends to apply a portion of the funds raised under the IPO towards the design, construction and operation of a BAM Pilot Plant.

Further details of Axon Graphite business overview are in Annexure F of Lithium Energy's Notice of General Meeting, Explanatory Statement and Proxy Form dated and released on ASX on 8 January 2025.

DIRECTORS' REPORT

The Battery Anode Material (BAM) Strategy

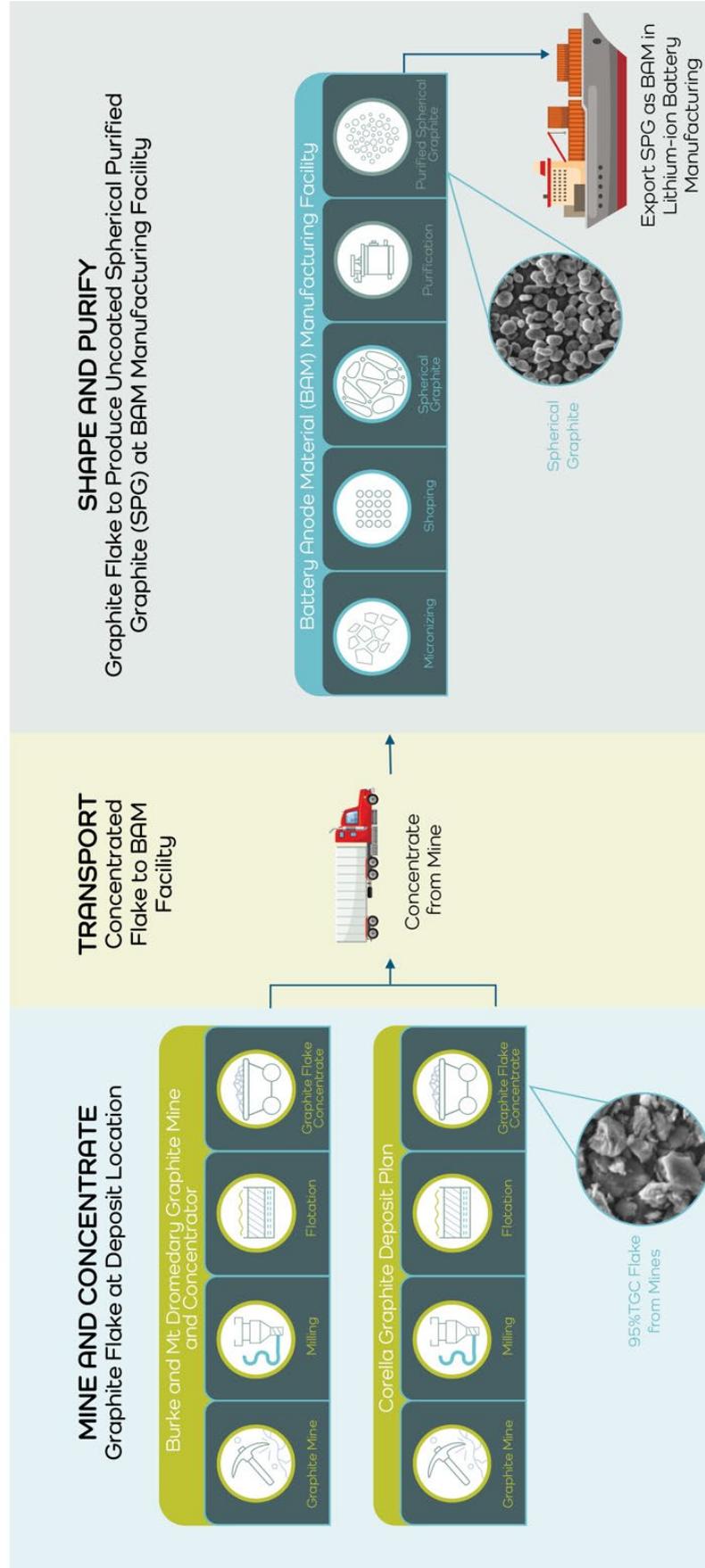


Figure 5: Illustrative Vertically Integrated Operations from Graphite Mine to Manufacturing of BAM Product

DIRECTORS' REPORT

About Burke and Corella Graphite Projects

Lithium Energy's (100% owned) graphite projects are located in the Cloncurry region in North Central Queensland (refer Figure 3):

- (1) The Burke Graphite Project comprises EPM 25443 (the **Burke Tenement** or **Burke**) (of ~6.47km²), located ~130km by road north of Cloncurry, adjacent to the Burke Development Road and adjacent to the Mt Dromedary Graphite Project held by NOVONIX (refer also Figure 4); and
- (2) The Corella Graphite Project comprises EPM 25696 (the **Corella Tenement** or **Corella**) (of ~19.41km²), located ~40km by road west of Cloncurry and ~170km by road south of the Burke/Mt Dromedary Tenements, adjacent to the Barkly Highway that links Mount Isa to Cloncurry.

The projects have access to well-developed transport infrastructure, including airports at Cloncurry and Mount Isa (located ~250km by road from Burke/Mt Dromedary) and a Port in Townsville (located ~783km by road or rail from Cloncurry) (refer to Figure 3).

Lithium Energy has previously succeeded in doubling its Total Graphite Inventory to 2.6Mt of contained graphite across the Corella and Burke tenements, with the delineation of a maiden JORC Inferred Mineral Resource Estimate of 13.5Mt at 9.5% TGC for 1.3Mt contained graphite at Corella Tenement³⁸ and an upgrade of the Burke Tenement deposit to a total JORC Indicated and Inferred Mineral Resource of 9.1Mt at 14.4% TGC for a total of 1.3Mt contained graphite³⁹.

The Beijing General Research Institute of Mining and Metallurgy (**BGRIMM**) in China has completed a comprehensive flowsheet development metallurgical test work program on a ~one (1) tonne representative sample of graphite from the Burke Deposit recovered from diamond core drilling undertaken in January 2023) to assess and develop an optimised flake concentrator flowsheet, with key results as follows⁴⁰:

- (i) achieved key objectives of grade (>95% TGC) and recovery (>85%) using standard flotation and regrind milling technology;
- (ii) completed concentrator process flowsheet optimisation test work;
- (iii) produced >95% TGC graphite flake concentrate suitable for use as test feedstock material; and
- (iv) defined key concentrator design input metrics including reagent dosing rates and types, flotation and regrind and flotation cell residence times, for feasibility study purposes.

ProGraphite GmbH in Germany has completed spheronising and purification test work on ~15kg of 95.6% TGC graphite concentrate produced by BGRIMM -house pilot plant⁴¹ using graphite from the Burke Deposit.

This BAM test work has defined⁴²:

- (i) the process flowsheet requirements to produce a high purity 99.97% TGC SPG product, which will be suitable as feedstock for the battery anode production process; and
- (ii) the metallurgical and process design criteria (including key metrics such as reagent consumption, product size, product recovery and purification conditions) to be used as inputs to the BAM Facility process design for feasibility study purposes.

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

39 Refer LEL Announcements dated 5 April 2023: Burke Graphite Mineral Resource Upgrade Delivers Significant Increases in Size and Confidence

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

41 Refer LEL Announcement dated 28 July 2023: Burke and Corella Graphite Projects Testwork Update

42 Refer LEL Announcement dated 27 November 2023: Testwork Results Highlight Exceptional Potential of Burke Graphite as Battery Anode Material

DIRECTORS' REPORT

ASX Announcements

The following ASX market announcements on Burke and Corella and the Axon Graphite IPO were released during the financial half year and to the date of this report:

- 7 February 2025: Results of General Meeting
- LEL's Notice of General Meeting, Explanatory Statement and Proxy Form dated and released on ASX on 8 January 2025
- 10 September 2024: Axon Graphite Update-Mt Dromedary Graphite Resources Review
- 26 July 2024: Update on Axon Graphite IPO Details of Board and CEO

Quarterly Reports

Further information on the Consolidated Entity's activities and operations during the financial half year are also contained in Lithium Energy's Quarterly Activities and Cash Flow Reports lodged on ASX dated:

- 31 January 2025: Quarterly Activities and Cash Flow Report - 31 December 2024;
- 31 October 2024: Quarterly Activities and Cash Flow Reports - 30 September 2024; and
- 30 July 2024: Quarterly Activities and Cash Flow Reports - 30 June 2024

DIRECTORS' REPORT

MATERIAL BUSINESS RISKS

Lithium Energy's exploration and development operations will be subject to the normal risks of mineral exploration and development, and any revenues will be subject to factors beyond Lithium Energy's control. The material business risks that may affect Lithium Energy are summarised below:

Exploration Risk: Lithium Energy's resource projects are at various stages of exploration. There is no assurance that future exploration will result in the discovery of an economic resource or reserve or that it can be economically exploited. Future exploration activities may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns or adverse weather conditions, unanticipated operational and technical difficulties, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs/recovery rates, industrial and environmental accidents, industrial disputes, unexpected shortages and increases in the costs of consumables, spare parts, plant, equipment and personnel, local communities/indigenous and existing land/lease holder stakeholder engagements, changing government regulations and many other factors beyond the control of Lithium Energy. Exploration and evaluation costs are based on certain assumptions in relation to the nature, method and timing of these activities, which are subject to significant uncertainties and, accordingly, the actual costs may materially differ. Cost estimates and the underlying assumptions may not be realised in practice, which may materially and adversely affect Lithium Energy's financial performance and or position.

Resource Estimation Risk: Resource estimates are expressions of judgement based on knowledge, experience and industry practice. These estimates were appropriate when made but may change significantly when new information becomes available. Resource estimates which depend on interpretations may require adjustment. Adjustments to resource estimates could affect Lithium Energy's future plans and ultimately its financial performance. Mineral and commodity price fluctuations, as well as increased production costs or reduced throughput and/or recovery rates, may render resources containing relatively lower grades uneconomic and may materially affect resource estimations.

Feasibility and Development Risks: There is risk associated with the successful commercial exploitation of resource discoveries. Such exploitation would involve securing necessary approvals from relevant authorities that may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied or in a timely manner. Advancing exploitation may involve the participation of other parties/stakeholders whose interests and objectives may differ from Lithium Energy's. There is a complex, multidisciplinary process involved to evaluate and assess development pathways and undertake feasibility-related studies to support a development proposal.

Evaluations/assessments and studies and associated technical works may not achieve the results expected. Even if supported by a positive feasibility study, a project may not be successfully developed for a range of technical, commercial and or financial reasons.

Commodity Pricing and Technology Risk: The commercial prospects of Lithium Energy (if exploration success is achieved) is dependent principally upon the demand for lithium (in particular, lithium carbonate) and natural graphite (in particular, graphite related battery anode materials). This demand is mainly a function of the demand for lithium and graphite materials as a component of electrical batteries. Battery technology is a rapidly advancing field and there is a risk that the demand for these minerals/commodities may change as a result of technological changes in this sector. Such changes may reduce the demand and therefore the price of lithium/graphite materials as a component of batteries which in turn will have significant impact upon the commercial prospects of Lithium Energy.

Key Personnel: In formulating its exploration and evaluation programmes, feasibility-related studies and development strategies, Lithium Energy relies on the experience and expertise of its directors, senior executives and other senior management. There is a risk that key personnel may leave their employment, which may adversely affect the business, at least in the short term. Recruiting and retaining qualified, skilled and experienced key personnel in the minerals/commodities sectors and geography in which Lithium Energy operates may also be challenging in a strong and competitive resources sector.

Future Funding: Lithium Energy's ongoing exploration, evaluation and development activities will require substantial further funding in the future. Any additional equity capital may be dilutive to shareholders and may be undertaken at lower issue prices than the current market price. Debt financing, if available, may involve restrictive covenants which limit Lithium Energy's operations and business strategy. There is no assurance that appropriate funding, if and when needed, will be available on terms satisfactory to Lithium Energy or at all. The inability to obtain funding will adversely affect Lithium Energy and may result in some or all of its projects not proceeding or their scale and/or scope being altered or defaults in licences or permits or agreements occurring, which, if not remedied, could result in forfeiture of its tenements.

Foreign Jurisdiction: Lithium Energy holds its interest in the Solaroz Lithium Project in Argentina through its 90% shareholding in an Argentine registered company. This overseas company is subject to risks normally associated with the conduct of business in foreign countries.

DIRECTORS' REPORT

Risks pertaining to Argentina may include, among other things, political risk, uncertain economic environments (such as hyper-inflation, increasing interest rates and significant fluctuations in foreign exchange), disruptions to logistics, access to infrastructure and services (water, power and gas), labour disputes, corruption, civil disturbances and crime, arbitrary changes in law or policies, opposition to mining from environmental or other non-governmental organisations or changes in political attitudes towards mining activities and earthquakes and severe weather conditions.

Foreign Exchange Risk: The expenditure of Lithium Energy is and will be in Australian, United States and Argentine currencies, exposing the Company to fluctuations and volatility of the rates of exchange between the Australian dollar, United States dollar and Argentine peso as determined in international markets. Lithium Energy does not currently undertake any hedging of foreign currency items, however as operations develop and expand, more sophisticated foreign exchange risk management strategies may be adopted.

Access Risk: There may be areas of Lithium Energy's projects over which indigenous rights exist or are claimed by indigenous owners. Similarly, Lithium Energy's tenements may encroach on existing land or lease holders. As such, Lithium Energy's ability to gain access to the tenements or to progress from the exploration phase to the development and mining phases of operations, may require reaching agreement with these stakeholders to facilitate access and development, which is not assured, on terms satisfactory to Lithium Energy, or at all. Negotiations with stakeholders may also result in a delay with the development of Lithium Energy's projects.

Regulatory Risk: Lithium Energy's operations are subject to various Federal, State/Provincial and local laws and regulations, including those relating to exploration, development and mining permit and licence requirements, industrial relations, environment, land use, royalties, water, native title/indigenous and Aboriginal cultural heritage, mine safety and occupational work, health and safety. Approvals, licences and permits required to comply with such rules may be subject to the discretion of the applicable government officials/authorities. No assurance can be given that Lithium Energy will be successful in maintaining such authorisations in full force and effect without modification or revocation. To the extent such approvals are required and not retained or obtained in a timely manner or at all, Lithium Energy may be curtailed or prohibited from continuing or proceeding with exploration and production. Lithium Energy's business and results of operations could be adversely affected if applications lodged for relevant licences are not granted. Mineral tenements are also subject to periodic renewal, which may be subject to the discretion of the relevant government official/authority or renewal conditions (such as increased expenditure and work commitments and/or compulsory relinquishment of tenement areas). The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of Lithium Energy.

Environmental Risk: The operations and activities of Lithium Energy are subject to environmental laws and regulations. Lithium Energy is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase Lithium Energy's cost of doing business or affect its operations in any area. However, there can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige Lithium Energy to incur significant expenses and undertake significant investments which could have a material adverse effect on Lithium Energy's business, financial condition and performance.

Climate Change Risk: The operations and activities of Lithium Energy may be subject to local or international compliance regulations related to climate change mitigation efforts, specific taxation or penalties for carbon emissions or environmental damage, and other possible restraints on industry that may further impact Lithium Energy and its profitability. Climate change may also cause certain physical and environmental risks that cannot be predicted by Lithium Energy, including events such as increased severity of weather patterns, incidence of extreme weather events and longer-term physical risks such as shifting climate pattern.

Pandemic and other Public Health Risks: Future health pandemics (such as COVID-19) and other possible outbreaks of viruses/disease may have a significant adverse effect on Lithium Energy's business. The spread of such diseases amongst management, employees, contractors, suppliers and logistic networks, as well as any health related government imposed quarantine and isolation requirements, may reduce the ability to operate and have detrimental financial implications. More broadly, Lithium Energy may also be affected by the macroeconomic effects and likely ensuing financial volatility in the economies where the Company operates.

DIRECTORS' REPORT

FUTURE DEVELOPMENTS

Lithium Energy will, through Solaroz and in consultation with CNET, (until the full completion of the Solaroz Sale in January 2026) undertake the next phases of exploration and evaluation at the Solaroz Lithium Project utilising the US\$15 million CNET Loan.

Lithium Energy's future activities may also depend in part on whether the Axon Graphite IPO is successful and the application of the ASX Listing Rules in relation to the lifting of the suspension of the Company's shares from quotation and its reinstatement to the ASX:

(a) If the Axon Graphite IPO is successful:

- (i) Lithium Energy will consider the acquisition of battery mineral projects building upon the expertise developed in this sector by the Company, with a particular focus on lithium (brines and hard rock), copper, cobalt, vanadium, manganese and rare earth elements (**REE**). The Company will investigate the full spectrum of potential opportunities from grass roots exploration projects to advanced production or near production assets that present significant value accretive upside. If deemed suitable, the Company will also look to invest in related mineral commodities if they meet similar acceptable project metrics. The Company will prioritise projects located in Australia and North and South America.

In this scenario, ASX may require Lithium Energy to re-comply with Chapters 1 and 2 of the ASX Listing Rules, which will involve, amongst other matters, the issue of a prospectus and making a fresh application for admission to ASX. Accordingly, material acquisition(s) may be subject to the Company's re-compliance with the ASX Listing Rules.

- (ii) The Company will also consider returning part of the (net after-tax) proceeds from the sale of the Solaroz Project to shareholders, subject to an assessment of the taxation consequences (to Lithium Energy and shareholders) and the quantum of funds required to secure and develop the Company's new mineral projects.

(b) If the Axon Graphite IPO does not proceed:

- (i) Lithium Energy may apply part of the net proceeds from the sale of the Solaroz Project to advance the development of its own Burke and/or Corella Graphite Projects to create a vertically-integrated mine to BAM manufacturing facility, as was originally contemplated prior to entering into the MDCo SPA with Axon Graphite, NOVONIX and MDCo.

In this scenario, the Company will seek a reinstatement of its shares to quotation (pursuant to ASX Listing Rule 12.1) on the basis that the advancement of the Burke and/or Corella Graphite Projects together with the Capricorn Gold-Copper Belt Project (and potentially other new projects) constitutes a sufficient level of operations to support reinstatement.

- (ii) The Company will also consider returning part of the (net after-tax) proceeds from the sale of the Solaroz Project to shareholders, subject to an assessment of the taxation consequences (to Lithium Energy and the Company's shareholders) and the quantum of funds required to secure and develop the Company's new mineral projects.

DIRECTORS' REPORT

ENVIRONMENTAL REGULATION

Lithium Energy holds mineral tenement/concession licences issued by the relevant mining and environmental protection authorities of the various countries in which it operates (from time to time). In the course of its mineral exploration, evaluation and development activities, Lithium Energy adheres to licence conditions and environmental regulations imposed upon it by various authorities (as applicable). Lithium Energy has complied with all licence conditions and environmental requirements (as applicable) during the financial half year and up to the date of this report. There have been no known material breaches of Lithium Energy's licence conditions and environmental regulations during the financial half year and up to the date of this report.

BOARD OF DIRECTORS

| William M. Johnson | Executive Chairman |
|--|---|
| <i>Appointed</i> | 14 January 2021 |
| <i>Qualifications</i> | MA (Oxon), MBA, MAICD |
| <i>Experience</i> | William Johnson holds a Masters Degree in Engineering Science from Oxford University, England and an MBA from Victoria University, New Zealand. His 40+ year business career spans multiple industries and countries, with executive/CEO experience in mineral exploration and investment (Australia, Argentina, Peru, Chile, Saudi Arabia, Oman, North Africa and Indonesia), telecommunications infrastructure investment (New Zealand, India, Thailand and Malaysia) and information technology and Internet ventures (New Zealand, Philippines and Australia). Mr Johnson is a highly experienced public company director and has considerable depth of experience in corporate governance, business strategy and operations, investment analysis, finance and execution. |
| <i>Special responsibilities</i> | None (other than as Chairman of the Board of Directors) |
| <i>Relevant interest in securities</i> | 1,532,621 shares 5,000,000 Executive Options (\$1.06, 4 October 2025) |
| <i>Current directorships in listed entities</i> | Managing Director of Strike Resources Limited (ASX:SRK) (since 25 March 2013; Director since 14 July 2006) Executive Director of Bentley Capital Limited (ASX:BEL) (since 1 January 2016; Director since March 2009) |
| <i>Former directorships in other listed entities in past 3 years</i> | - |

DIRECTORS' REPORT

Peter C. Smith

Executive Director

| | |
|--|--|
| <i>Appointed</i> | 18 March 2021 |
| <i>Qualifications</i> | BSc (Geophysics) (Sydney), AIG, ASEG |
| <i>Experience</i> | Peter Smith has 38 years' experience in mineral exploration having worked for Normandy, Pasminco, BHP-Billiton and Cliffs Natural Resources. Mr Smith has held exploration management positions in ASX-listed NGM Resources Limited (ASX:NGM) and NYSE-listed Cliffs Natural Resources (as Regional Exploration Manager for Australia and Oceania) and has been a Director of Volta Mining Limited (ASX:VTM) and Castillo Copper Limited (ASX:CCZ). Mr Smith brings a broad range of skills and experience in mineral exploration. |
| <i>Special responsibilities</i> | None |
| <i>Relevant interest in securities</i> | 1,173,706 shares 2,500,000 Executive Options (\$1.06, 4 October 2025) |
| <i>Other current directorships in listed entities</i> | None |
| <i>Former directorships in other listed entities in past 3 years</i> | - |

Farooq Khan

Executive Director

| | |
|--|--|
| <i>Appointed</i> | 14 January 2021 |
| <i>Qualifications</i> | BJuris, LLB (Western Australia) |
| <i>Experience</i> | Farooq Khan is a qualified lawyer having previously practised principally in the field of corporate law. Mr Khan has extensive experience in the securities industry, capital markets and the executive management of ASX-listed companies. In particular, Mr Khan has guided the establishment and growth of a number of public listed companies in the investment, mining and financial services sector. He has considerable experience in the fields of capital raisings, mergers and acquisitions and investments. |
| <i>Special responsibilities</i> | None |
| <i>Relevant interest in securities</i> | 1,447,621 shares 5,000,000 Executive Options (\$1.06, 4 October 2025) |
| <i>Other current directorships in listed entities</i> | Executive Chairman of: <ul style="list-style-type: none"> • Strike Resources Limited (ASX:SRK) (since 18 December 2015; Director since 1 October 2015) • Orion Equities Limited (ASX:OEQ) (since 23 October 2006) • Bentley Capital Limited (ASX:BEL) (since 2 December 2003) Executive Chairman and Managing Director of: <ul style="list-style-type: none"> • Queste Communications Ltd (ASX:QUE) (since 10 March 1998) |
| <i>Former directorships in other listed entities in past 3 years</i> | - |

DIRECTORS' REPORT

COMPANY SECRETARY

Victor P.H. Ho

Company Secretary

| | |
|--|--|
| <i>Appointed</i> | 14 January 2021 |
| <i>Qualifications</i> | BCom, LLB (Western Australia), CTA |
| <i>Experience</i> | <p>Victor Ho has been in Executive roles with a number of ASX-listed companies across the investments, resources and technology sectors over the past 25+ years. Mr Ho is a Chartered Tax Adviser (CTA) and previously had 9 years' experience in the taxation profession with the Australian Tax Office (ATO) and in a specialist tax law firm.</p> <p>Mr Ho has been actively involved in the executive management of listed resources companies, the investment management of listed investment companies (as an Executive Director and/or a member of the Investment Committee), the structuring and execution of a number of corporate, M&A and international joint venture (in South America (Peru, Chile and Argentina), Indonesia and the Middle East (Saudi Arabia and Oman)) transactions, capital raisings, resources project (debt) financing, spin-outs/demergers and IPO's/re-listings on ASX and capital management initiatives and has extensive experience in public company administration, corporations' law, ASIC/ASX compliance and investor/shareholder relations.</p> |
| <i>Special responsibilities</i> | None |
| <i>Relevant interest in securities</i> | 1,518,775 shares 5,000,000 Executive Options (\$1.06, 4 October 2025) |
| <i>Other positions held in listed entities</i> | <p>Executive Director and Company Secretary of:</p> <ul style="list-style-type: none"> • Strike Resources Limited (ASX:SRK) (Director since 17 January 2014; Secretary since 30 September 2015) • Orion Equities Limited (ASX:OEQ) (Secretary since 2 August 2000; Director since 4 July 2003) • Queste Communications Ltd (ASX:QUE) (Secretary since 30 August 2000; Director since 3 April 2013) • Company Secretary of Bentley Capital Limited (ASX:BEL) (since 5 February 2004) |

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001 (Cth)* forms part of this Directors Report and is set out on page 29. This relates to the Auditor's Independent Review Report, where the Auditors state that they have issued an independence declaration.

Signed for and on behalf of the Directors in accordance with a resolution of the Board,



William Johnson
Executive Chairman

14 March 2025

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION
307C OF THE CORPORATIONS ACT 2001**

To the Directors of Lithium Energy Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2024 there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in relation to Lithium Energy Limited and the entities it controlled during the half-year.

In.Corp Audit & Assurance Pty Ltd



Daniel Dalla

Director

Perth 14 March 2025

In.Corp Audit & Assurance Pty Ltd
ABN 14 129 769 151

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half year ended 31 December 2024

| | | 31 Dec 24 | 31 Dec 23 |
|--|------|--------------------|--------------------|
| | Note | \$ | \$ |
| CONTINUING OPERATIONS | | | |
| Interest revenue | 2 | 38,098 | 107,359 |
| Other income | | | |
| Foreign exchange gain | | 114,922 | (14,310) |
| TOTAL REVENUE AND INCOME | | 153,020 | 93,049 |
| EXPENSES | | | |
| | 3 | | |
| Personnel expenses | | (674,072) | (836,618) |
| Share-based payments | | (15,399) | (101,801) |
| Corporate expenses | | (297,538) | (265,496) |
| Occupancy expenses | | (34,146) | (32,968) |
| Exploration and evaluation expenses | | (14,317) | (6,945) |
| Finance expenses | | (1,909) | (13,166) |
| Spin-out expenses | | (135,225) | - |
| Administration expenses | | (171,629) | (213,004) |
| LOSS BEFORE INCOME TAX FROM CONTINUING OPERATIONS | | (1,191,215) | (1,376,949) |
| Income tax expense | | - | - |
| LOSS AFTER INCOME TAX FROM CONTINUING OPERATIONS | | (1,191,215) | (1,376,949) |
| PROFIT/(LOSS) AFTER INCOME TAX FROM DISCONTINUED OPERATIONS | 5 | (1,697,755) | 392,975 |
| LOSS FOR THE HALF YEAR | | (2,888,970) | (983,974) |
| OTHER COMPREHENSIVE INCOME (net of tax) | | | |
| Exchange differences on translation of foreign operations | | 1,428,458 | 1,193,907 |
| TOTAL COMPREHENSIVE INCOME FOR THE HALF YEAR | | (1,460,512) | 209,933 |
| LOSS ATTRIBUTABLE TO: | | | |
| Owners of Lithium Energy Limited | | (2,719,194) | (1,023,271) |
| Non-controlling interest | | (169,776) | 39,297 |
| | | (2,888,970) | (983,974) |
| TOTAL COMPREHENSIVE INCOME FOR THE HALF YEAR IS ATTRIBUTABLE TO: | | | |
| Continuing operations | | (479,670) | (261,631) |
| Discontinued operations | | (899,105) | 432,267 |
| Owners of Lithium Energy Limited | | (1,378,775) | 170,636 |
| Continuing operations | | - | - |
| Discontinued operations | | (81,737) | 39,297 |
| Non-controlling interest | | (81,737) | 39,297 |
| | | (1,460,512) | 209,933 |
| LOSS PER SHARE FOR LOSS ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY: | | | |
| | 6 | | |
| Basic and diluted loss per share from continuing operations (cents) | | (1.06) | (1.34) |
| Basic and diluted loss per share from discontinued operations (cents) | | (1.52) | 0.34 |
| Basic and diluted loss per share (cents) | | (2.43) | (0.99) |

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2024

| | Note | 31 Dec 24 \$ | 30 Jun 24 \$ |
|--|------|--------------------------|--------------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 7 | 1,771,199 | 3,515,174 |
| Receivables | 8 | 176,366 | 224,852 |
| Other current assets | | 146,180 | 26,017 |
| | | <u>2,093,745</u> | <u>3,766,043</u> |
| Assets classified as held for sale | 9 | 25,517,582 | 24,959,954 |
| TOTAL CURRENT ASSETS | | <u>27,611,327</u> | <u>28,725,997</u> |
| NON-CURRENT ASSETS | | | |
| Exploration and evaluation expenditure | 10 | 3,824,945 | 3,806,312 |
| Property, plant and equipment | | 11,891 | 15,461 |
| TOTAL NON-CURRENT ASSETS | | <u>3,836,836</u> | <u>3,821,773</u> |
| TOTAL ASSETS | | <u>31,448,163</u> | <u>32,547,770</u> |
| CURRENT LIABILITIES | | | |
| Payables | 11 | 3,247,667 | 2,974,584 |
| Provisions | | 151,418 | 127,343 |
| | | <u>3,399,085</u> | <u>3,101,927</u> |
| Liabilities directly associated with assets classified as held for sale | 9 | 174,343 | 125,995 |
| TOTAL CURRENT LIABILITIES | | <u>3,573,428</u> | <u>3,227,922</u> |
| TOTAL LIABILITIES | | <u>3,573,428</u> | <u>3,227,922</u> |
| NET ASSETS | | <u>27,874,735</u> | <u>29,319,848</u> |
| EQUITY | | | |
| Issued capital | | 36,827,877 | 36,827,877 |
| Reserves | 12 | 13,790,585 | 12,434,767 |
| Accumulated losses | | (22,800,751) | (20,081,557) |
| Parent Interest | | <u>27,817,711</u> | <u>29,181,087</u> |
| Non-controlling interest | | 57,024 | 138,761 |
| TOTAL EQUITY | | <u>27,874,735</u> | <u>29,319,848</u> |

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half year ended 31 December 2024

| | Note | Issued capital \$ | Foreign Currency Translation reserve \$ | Share- based payments reserve \$ | Non- controlling interest \$ | Accumulated losses \$ | Total \$ |
|--|------|----------------------|---|---|---------------------------------------|-----------------------------|--------------------|
| BALANCE AT 1 JUL 2023 | | 34,574,590 | 214,102 | 12,835,579 | (449,739) | (15,050,839) | 32,123,693 |
| Loss for the half year | | - | - | - | 39,297 | (1,023,271) | (983,974) |
| Other comprehensive income | | - | 1,193,907 | - | - | - | 1,193,907 |
| Total comprehensive income for the half year | | - | 1,193,907 | - | 39,297 | (1,023,271) | 209,933 |
| Transactions with owners in their capacity as owners: | | | | | | | |
| Issue of options | 13 | - | - | 101,801 | - | - | 101,801 |
| BALANCE AT 31 DEC 2023 | | 34,574,590 | 1,408,009 | 12,937,380 | (410,442) | (16,074,110) | 32,435,427 |
| BALANCE AT 1 JUL 2024 | | 36,827,877 | 530,892 | 11,903,875 | 138,761 | (20,081,557) | 29,319,848 |
| Loss for the half year | | - | - | - | (169,776) | (2,719,194) | (2,888,970) |
| Other comprehensive income | | - | 1,340,419 | - | 88,039 | - | 1,428,458 |
| Total comprehensive income for the half year | | - | 1,340,419 | - | (81,737) | (2,719,194) | (1,460,512) |
| Transactions with owners in their capacity as owners: | | | | | | | |
| Issue of options | 13 | - | - | 15,399 | - | - | 15,399 |
| BALANCE AT 31 DEC 2024 | | 36,827,877 | 1,871,311 | 11,919,274 | 57,024 | (22,800,751) | 27,874,735 |

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

for the half year ended 31 December 2024

| | 31 Dec 24 | 31 Dec 23 |
|--|--------------------|--------------------|
| Note | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Payments to suppliers and employees | (1,698,433) | (1,640,746) |
| Payments for exploration and evaluation | - | (6,945) |
| NET CASH USED IN OPERATING ACTIVITIES | (1,698,433) | (1,647,691) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest received | 44,103 | 150,667 |
| Payments for exploration and evaluation | - | (7,536,175) |
| Payment for purchases of plant and equipment | (294) | (26,307) |
| Axon Graphite IPO costs | (111,716) | - |
| NET CASH USED IN INVESTING ACTIVITIES | (67,907) | (7,411,815) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from borrowings | 67,000 | - |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | 67,000 | - |
| NET DECREASE IN CASH HELD | (1,699,340) | (9,059,506) |
| Cash and cash equivalents at beginning of the half year | 3,515,174 | 9,436,225 |
| Effect of exchange rate changes on cash held | (44,635) | 1,985,979 |
| CASH AND CASH EQUIVALENTS AT END OF THE HALF YEAR | 7 1,771,199 | 2,362,698 |

The accompanying notes form part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2024

1. MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

The half year financial statements are a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. These half year financial statements do not include notes of the type normally included in the annual financial statements and should be read in conjunction with the most recent annual financial statements and the Company's ASX announcements released from 1 July 2024 to the date of this report.

Basis of Preparation

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half year financial statements are consistent with those adopted and disclosed in the Consolidated Entity's financial statements for the financial year ended 30 June 2024.

New, revised or amending Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not mandatory have not been early adopted. These are not expected to have a material impact on the Consolidated Entity's financial statements.

2. REVENUE

The Consolidated Entity's operating loss before income tax includes the following items of revenue:

| | 31 Dec 24 | 31 Dec 23 |
|------------------------------|----------------|---------------|
| Revenue | \$ | \$ |
| Interest revenue | 38,098 | 107,359 |
| Other | | |
| Foreign exchange gain/(loss) | 114,922 | (14,310) |
| | 153,020 | 93,049 |

3. EXPENSES

The Consolidated Entity's operating loss before income tax includes the following items of expenses:

| | | |
|--|---------|---------|
| Personnel expenses | | |
| Salaries, fees and employee benefits | 581,225 | 725,916 |
| Superannuation | 66,841 | 79,556 |
| Share-based payments - Executive and SIP Options | 15,399 | 101,801 |
| Other personnel expenses | 26,006 | 31,146 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2024

3. EXPENSES (continued)

| | 31 Dec 24 | 31 Dec 23 |
|---|------------------|------------------|
| | \$ | \$ |
| Corporate expenses | | |
| Professional fees | 148,304 | 43,688 |
| Auditor fees | 11,767 | 7,500 |
| ASX and CHESS fees | 42,203 | 54,028 |
| Share registry | 18,804 | 11,862 |
| ASIC fees | 1,089 | 457 |
| Accounting, taxation and related administration | 56,441 | 45,959 |
| Investor relations | 13,762 | 95,585 |
| Other corporate expenses | 5,168 | 6,417 |
| Occupancy expenses | 34,146 | 32,968 |
| Exploration and evaluation expenses | 14,317 | 6,945 |
| Finance expenses | 1,909 | 13,166 |
| Spin-out expenses | 135,225 | - |
| Administration expenses | | |
| Travel, accommodation and incidentals | 63,414 | 82,357 |
| Insurance | 28,998 | 28,632 |
| Depreciation | 3,864 | 12,553 |
| Other administration expenses | 75,353 | 89,462 |
| | 1,344,235 | 1,469,998 |

4. SEGMENT INFORMATION

| | Argentina | Australia | Total |
|-------------------------------------|--------------------|--------------------|--------------------|
| | \$ | \$ | \$ |
| 31 Dec 24 | | | |
| Revenue | 307,059 | 153,020 | 460,079 |
| Total segment revenues | 307,059 | 153,020 | 460,079 |
| Personnel expenses | 524,528 | 689,471 | 1,213,999 |
| Corporate expenses | 73,508 | 297,538 | 371,046 |
| Occupancy expenses | 32,216 | 34,146 | 66,362 |
| Exploration and evaluation expenses | 6,855 | 14,317 | 21,172 |
| Finance expenses | 5,659 | 1,909 | 7,568 |
| Spin-out expenses | - | 135,225 | 135,225 |
| Depreciation expense | - | 3,864 | 3,864 |
| Other expenses | 1,362,048 | 167,765 | 1,529,813 |
| Total segment loss | (1,697,755) | (1,191,215) | (2,888,970) |
| Adjusted EBITDA | (1,697,755) | (1,187,351) | (2,885,106) |
| Total segment assets | 25,496,994 | 5,951,169 | 31,448,163 |
| Total segment liabilities | 174,343 | 3,399,085 | 3,573,428 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2024

4. SEGMENT INFORMATION (continued)

| | Argentina | Australia | Total |
|-------------------------------------|-------------------|--------------------|-------------------|
| | \$ | \$ | \$ |
| 31 Dec 23 | | | |
| Revenue | 21,526 | 107,359 | 128,885 |
| Other | 806,381 | (14,310) | 792,071 |
| Total segment revenues | 827,907 | 93,049 | 920,956 |
| Personnel expenses | 320,648 | 938,419 | 1,259,067 |
| Corporate expenses | 202 | 265,496 | 265,698 |
| Occupancy expenses | - | 32,968 | 32,968 |
| Exploration and evaluation expenses | - | 6,945 | 6,945 |
| Finance expenses | 1,271 | 13,166 | 14,437 |
| Depreciation expense | - | 12,553 | 12,553 |
| Other expenses | 112,811 | 200,451 | 313,262 |
| Total segment profit/(loss) | 392,975 | (1,376,949) | (983,974) |
| Adjusted EBITDA | 392,975 | (1,364,396) | (971,421) |
| 30 Jun 24 | | | |
| Total segment assets | 24,925,166 | 7,622,604 | 32,547,770 |
| Total segment liabilities | 125,995 | 3,101,927 | 3,227,922 |

5. DISCONTINUED OPERATIONS

On 26 April 2024, the Company and subsidiary, LE Operations Pty Ltd (**LEOPL**), entered into a share sale agreement with CNGR Netherlands New Energy Technology B.V. (**CNNET**) in relation to the sale of LEOPL's 90% shareholding in Solaroz S.A. The agreement was amended with effect on 15 January 2025 and the sale is pending completion in 2 tranches in April 2025 (39.9%) and January 2026 (50.1%). Refer to Note 15(d).

| | 31 Dec 24 | 31 Dec 23 |
|---|--------------------|--------------------|
| | \$ | \$ |
| Revenue | | |
| Interest revenue | 6,005 | 21,526 |
| Foreign exchange gain | 301,054 | 806,381 |
| | 307,059 | 827,907 |
| Personnel expenses | (524,528) | (320,648) |
| Corporate expenses | (73,508) | (202) |
| Occupancy expenses | (32,216) | - |
| Exploration and evaluation expenses | (6,855) | - |
| Finance expenses | (5,659) | (1,271) |
| Administration expenses | (1,362,048) | (112,811) |
| Loss before income tax | (1,697,755) | 392,975 |
| Income tax expense | - | - |
| Loss after income tax from discontinued operations | (1,697,755) | 392,975 |
| Net cash used in operating activities | (706,323) | (434,932) |
| Net cash used in investing activities | 6,005 | (6,863,902) |
| Net movement in cash and cash equivalents from discontinued operations | (700,318) | (7,298,834) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2024

| 6. LOSS PER SHARE | 31 Dec 24 | 31 Dec 23 |
|--|-------------------|-------------------|
| Basic and diluted loss per share from continuing operations (cents) | (1.06) | (1.34) |
| Basic and diluted loss per share from discontinued operations (cents) | (1.52) | 0.34 |
| Basic and diluted loss per share (cents) | (2.43) | (0.99) |
| The following represents the loss and weighted average number of shares used in the loss per share calculations: | | |
| Loss after income tax from continuing operations (\$) | (1,191,215) | (1,376,949) |
| Profit/(Loss) after income tax from discontinuing operations (\$) | (1,697,755) | 392,975 |
| Loss after income tax attributable to the owners of Lithium Energy Limited (\$) | (2,719,194) | (1,023,271) |
| Weighted average number of ordinary shares (shares) | 112,001,569 | 103,010,000 |
| | | |
| 7. CASH AND CASH EQUIVALENTS | 31 Dec 24 | 30 Jun 24 |
| | \$ | \$ |
| Cash at bank | <u>1,771,199</u> | <u>3,515,174</u> |
| | | |
| 8. RECEIVABLES | | |
| Current | | |
| Deposits and bonds | 70,509 | 68,000 |
| Receivables | 79,887 | 65,211 |
| Other receivables | 25,970 | 91,641 |
| | <u>176,366</u> | <u>224,852</u> |
| Non-current | | |
| VAT receivable by subsidiary, Solaroz S.A. | - | 1,288,494 |
| Classification as assets held for sale (refer to Note 9) | - | (1,288,494) |
| | <u>-</u> | <u>-</u> |
| | | |
| 9. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE | | |
| Assets classified as held for sale | | |
| Exploration and evaluation (Note 10) | 25,362,279 | 23,497,239 |
| Non-current receivable (Note 8) | - | 1,288,494 |
| Property, plant and equipment | 155,303 | 174,221 |
| | <u>25,517,582</u> | <u>24,959,954</u> |
| Liabilities directly associated with assets classified as held for sale | | |
| Payables | 155,524 | 113,287 |
| Provisions | 18,819 | 12,708 |
| | <u>174,343</u> | <u>125,995</u> |
| | | |
| 10. EXPLORATION AND EVALUATION EXPENDITURE | | |
| Opening balance | 3,806,312 | 21,251,803 |
| Exploration and evaluation costs | 18,633 | 6,041,748 |
| Acquisition of tenements | - | 10,000 |
| | <u>3,824,945</u> | <u>27,303,551</u> |
| Classification as assets held for sale (refer to Note 9) | - | (23,497,239) |
| Closing balance | <u>3,824,945</u> | <u>3,806,312</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2024

| 11. PAYABLES | 31 Dec 24 | 30 Jun 24 |
|---|------------------|------------------|
| | \$ | \$ |
| Trade payables | 288,400 | 121,371 |
| Financial assistance provided under IPO Funding Deed | 178,044 | 51,000 |
| Deferred revenue | 2,713,066 | - |
| Deposit received under agreement for sale of interest in Solaroz Lithium Project | - | 2,713,066 |
| Other creditors and accruals | 68,157 | 89,147 |
| | <u>3,247,667</u> | <u>2,974,584</u> |

The Deferred revenue relates to the deposit of US\$1.8 million received in May 2024 under a share sale agreement (dated 26 April 2024) in relation to the sale of LEOPL's 90% shareholding in Solaroz S.A. Under an amended share sale agreement (dated 3 December 2024), this deposit is non-refundable. The sale is pending completion in 2 tranches in April 2025 (39.9%) and January 2026 (50.1%). Refer to Note 15(d) for further details. The deposit will be recognised as part of the sale proceeds on completion of tranche 1 of the sale in April 2025. If the sale agreement is terminated prior to completion, the deposit will be recognised as revenue (as the deposit is non-refundable).

| 12. RESERVES | 31 Dec 24 | 30 Jun 24 |
|--|-------------------|-------------------|
| | \$ | \$ |
| Share-based payments reserve (refer also to Note 13) | 11,919,274 | 11,903,875 |
| Foreign currency translation reserve | 1,871,311 | 530,892 |
| | <u>13,790,585</u> | <u>12,434,767</u> |

13. SHARE BASED PAYMENTS

The Company had share based payments, as follows:

| Grant date | Expiry date | Fair value at grant date (\$) | Exercise price (\$) | Opening balance | During the period | | | Closing balance | Vested and exercisable at period end |
|---|-------------|-------------------------------|---------------------|-------------------|-------------------|--------------|-------------|-----------------|--------------------------------------|
| | | | | | Granted/ Issued | Exercised | Cancelled | | |
| For the half year ended 31 December 2024 | | | | | | | | | |
| 30-Nov-21 | 29-Nov-24 | 0.384 | 1.390 | 3,500,000 | - | - | (3,500,000) | - | - |
| 16-Feb-22 | 15-Feb-25 | 0.460 | 1.595 | 100,000 | - | - | - | 100,000 | 100,000 |
| 21-Sep-22 | 20-Sep-25 | 0.466 | 1.500 | 750,000 | - | - | - | 750,000 | 750,000 |
| 05-Oct-22 | 04-Oct-25 | 0.568 | 1.060 | 17,500,000 | - | - | - | 17,500,000 | 17,500,000 |
| 01-Dec-22 | 30-Nov-25 | 0.440 | 1.320 | 400,000 | - | - | - | 400,000 | 400,000 |
| 11-Aug-23 | 10-Aug-26 | 0.338 | 0.935 | 250,000 | - | - | - | 250,000 | 125,000 |
| | | | | <u>22,500,000</u> | - | - | (3,500,000) | 19,000,000 | 18,875,000 |
| Weighted average exercise price (\$) | | | | 1.121 | - | - | - | 1.084 | 1.085 |
| For the year ended 30 June 2024 | | | | | | | | | |
| 19-Mar-21 | 18-Mar-24 | 0.076 | 0.300 | 10,000,000 | - | (10,000,000) | - | - | - |
| 05-May-21 | 04-May-24 | 0.076 | 0.300 | 4,000,000 | - | (4,000,000) | - | - | - |
| 30-Nov-21 | 29-Nov-24 | 0.384 | 1.390 | 3,500,000 | - | - | - | 3,500,000 | 3,500,000 |
| 16-Feb-22 | 15-Feb-25 | 0.460 | 1.595 | 100,000 | - | - | - | 100,000 | 100,000 |
| 21-Sep-22 | 20-Sep-25 | 0.466 | 1.500 | 750,000 | - | - | - | 750,000 | 750,000 |
| 05-Oct-22 | 04-Oct-25 | 0.568 | 1.060 | 17,500,000 | - | - | - | 17,500,000 | 17,500,000 |
| 01-Dec-22 | 30-Nov-25 | 0.440 | 1.320 | 400,000 | - | - | - | 400,000 | 400,000 |
| 11-Aug-23 | 10-Aug-26 | 0.338 | 0.935 | - | 250,000 | - | - | 250,000 | - |
| | | | | <u>36,250,000</u> | 250,000 | (14,000,000) | - | 22,500,000 | 22,250,000 |
| Weighted average exercise price (\$) | | | | 0.696 | - | - | - | 1.121 | 1.134 |

The following options lapsed during the financial half year:

- (a) On 29 November 2024, 3,500,000 Executive options (each with an exercise price of \$1.39 and a term expiring 29 November 2024) lapsed on expiry.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2024

14. COMMITMENTS

Mining Tenements/Concessions

(a) Australian Tenements

The Consolidated Entity is required to pay rates, rent and other annual fees to relevant Regulatory Authorities of the State (and Local) Government and meet minimum annual expenditure commitments (subject to successful applications for exemption in relation thereto) in order to maintain rights of tenure over its granted Australian mining tenements. The total amount of these commitments will depend upon the number and area of granted mining tenements held/retained, the length of time of each tenement held and whether and to what extent the Consolidated Entity has been successful in obtaining exemption(s) from meeting annual expenditure commitments.

In relation to the Consolidated Entity's tenements in Queensland, Australia, the Consolidated Entity is liable to pay the native title holder an administrative fee in respect of each tenement, pursuant to the Mineral Resources Act 1989 (Qld) and Mineral Resources Regulation 2013 (Qld).

(b) Argentinean Concessions

The Consolidated Entity is required to pay a licence and other annual fees to relevant Regulatory Authorities of the Argentine (and or regional/provincial) Government in respect of mineral concessions held in Argentina. The total amount of this commitment will depend upon, inter alia, the number and area of concessions held/retained and the length of time of each concession held.

15. CONTINGENCIES

(a) Directors' Deeds

The Consolidated Entity has entered into deeds of indemnity with the Directors and Company Secretary of the Company, indemnifying them against liability incurred in discharging their duties as officers. As at the reporting date, no claims have been made under any such indemnities and, accordingly, it is not possible to quantify the potential financial obligation of the Consolidated Entity under these indemnities.

(b) Australian Native Title

The Consolidated Entity's tenements in Australia are (or may in the future be) subject to native title rights of the traditional owners under the Native Title Act 1993 (Cth). As at the reporting date, the Consolidated Entity has not entered into any native title related access and compensation agreements with any traditional owners and it is not possible to quantify the impact that native title may have on the operations of the Consolidated Entity in relation to these tenements.

(c) Government Royalties

The Consolidated Entity may be liable to pay royalties to Government on production obtained from its mineral tenements/concessions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2024

15. CONTINGENCIES (continued)

(d) Sale of Solaroz Lithium Brine Project Under Share Sale Agreement

On 26 April 2024, the Company and LE Operations Pty Ltd (**LEOPL**) (being a wholly-owned subsidiary of the Company) entered into a Share Sale Agreement (**Original Sale Agreement**) with CNGR Netherlands New Energy Technology B.V. (**CNNET**), a subsidiary of CNGR Advanced Material Co. Ltd. (Shenzhen Stock Exchange Code: 300919) (**CNGR**), in respect of the sale of LEOPL's 90% interest in the Argentinian company, Solaroz S.A. (**Solaroz**) (which owns the Solaroz Lithium Brine Project) for consideration totalling US\$63 million cash, which includes the assignment of a loan owed by Solaroz to LEOPL (**Loan**) (the **Solaroz Sale**).

CNNET has paid a US\$1.8 million (~A\$2.7 million) deposit to LEOPL (received on 6 May 2024) and completion under the Original Solaroz Sale Agreement was to occur after the satisfaction (or waiver, as applicable) of a number of conditions precedent (**Conditions**) on or before 25 April 2025.

On 3 December 2024, the parties entered into a deed of amendment and restatement (the **Deed of Amendment**) which amends and restates the Original Sale Agreement (now the **Amended Sale Agreement**). The Amended Solaroz Sale Agreement is unconditional, meaning that the unsatisfied Conditions have effectively been waived. The Deed of Amendment was conditional only on the Company obtaining shareholder approval for the Amended Sale Agreement under ASX Listing Rule 11.2, which was obtained at a General Meeting held on 15 January 2025. Accordingly, the Deed of Amendment was implemented and the Amended Sale Agreement took effect on 15 January 2025, with the sale of LEOPL's interest in the Solaroz Project to CNGR now being unconditional.

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

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

The US\$63 million purchase price will be paid as follows:

- (i) The US\$1.8 million 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, whereas previously, it was refundable if the Original Sale Agreement was terminated and completion did not occur; and
- (ii) A further **Second Deposit** of US\$6 million was received on 20 January 2025 - this Second Deposit is refundable on termination of the Amended Sale Agreement only in limited circumstances relating to the insolvency of LEOPL and/or a breach of LEOPL's (seller) warranties having a material adverse effect of more than US\$5 million.
- (iii) US\$26 million (**Tranche 1 Amount**) payable on the Tranche 1 Completion Date (24 April 2025);
- (iv) US\$21.7 million (**Tranche 2 Amount**) payable on the Tranche 2 Completion Date (9 January 2026);
- (v) US\$3 million (**Escrow Account Amount**) to be transferred to a joint escrow account on the Tranche 2 Completion Date and held for the benefit of both LEOPL and CNNET for a period of one year, to serve as security for LEOPL's performance under the Amended Sale Agreement, after which it will be released to LEOPL (on 8 January 2027); and
- (vi) US\$4.5 million (**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 (i.e. between 25 April 2025 and 8 January 2027).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2024

15. CONTINGENCIES (continued)

(d) Sale of Solaroz Lithium Brine Project Under Share Sale Agreement (continued)

Under the Amended Sale Agreement, CNET 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 LEOPL Loan to Solaroz (**CNET Loan**).

Further details, including a summary of the key terms of the Amended Sale Agreement, are in the Company's ASX Announcement dated 6 December 2024 entitled "Amended Terms of A\$97 Million Sale of Solaroz Lithium Project" and the Company's Notice of General Meeting, Explanatory Statement and Proxy Form dated and released on ASX on 16 December 2024.

(e) Acquisition of Mt Dromedary Graphite Project Under Share Sale and Purchase Agreement

On 3 April 2024, the Company and Axon Graphite Limited (**Axon Graphite**) (being a wholly-owned subsidiary of the Company) entered into a Share Sale and Purchase Agreement (**MDCo SPA**) with NOVONIX Limited (ASX:NVX) (**NOVONIX**) to acquire NOVONIX's wholly-owned subsidiary MD South Tenements Pty Ltd (**MDCo**). MDCo holds the tenement interests in the Mt Dromedary Graphite Project, which is located adjacent to Axon Graphite's Burke Graphite Project in Queensland, Australia.

Completion of the MDCo SPA is conditional on, relevantly:

- (i) ASX providing Axon Graphite with a list of conditions which, once satisfied, would result in ASX admitting Axon Graphite to the Official List of the ASX; and
- (ii) all liabilities of MDCo owed to NOVONIX and any related body corporate or otherwise (if any) being released, forgiven or discharged.

If the conditions to the MDCo SPA are not satisfied or waived or have become incapable of being satisfied on or before 2 August 2025 (or such later date as the parties may agree in writing), either party may terminate the MDCo SPA. However, no termination right will arise if the relevant party has not co-operated with the other party and used their best efforts to satisfy each of the conditions to the MDCo SPA.

Axon Graphite intends to make an initial public offering (**IPO**) of shares at an issue price of \$0.20 per share to raise \$15 million (before costs) (**Minimum Subscription**), with the ability to accept oversubscriptions to raise up to an additional \$10 million (before costs) (**Maximum Subscription**) and seek admission to the Official List of the ASX.

Axon Graphite will issue 50 million shares (at an issue price of \$0.20 per share) to NOVONIX as consideration for the acquisition of MDCo, on completion of the MDCo SPA. The Company currently holds 50 million shares in Axon Graphite, which is 100% of its issued capital.

After the completion of the MDCo SPA and IPO, each of the Company and NOVONIX will hold between 22.22% (if the Maximum Subscription is reached) and 28.57% (if the Minimum Subscription is reached) of Axon Graphite's total issued share capital.

Under the terms of the MDCo SPA, the Company's loans (save for the financial assistance provided under the IPO Funding Deed) advanced to Axon Graphite will be forgiven prior to completion of the MDCo SPA.

Further details, including a summary of the key terms of the MDCo SPA, are in the Company's ASX Announcement dated 3 April 2024 entitled "Merger of Lithium Energy and NOVONIX Natural Graphite Assets and Proposed Axon Graphite Limited Spin-Out and IPO" and the Company's Notice of General Meeting, Explanatory Statement and Proxy Form dated and released on ASX on 8 January 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2024

15. CONTINGENCIES (continued)

(f) Axon Graphite IPO Funding Deed

The Company and NOVONIX have entered into an IPO Funding Deed (dated 3 April 2024) with Axon Graphite, whereby the Company and NOVONIX (together, the 'Funders') have agreed (inter alia) to jointly advance monies to Axon Graphite for agreed costs and expenses incurred by Axon Graphite in undertaking and completing its IPO (the 'Financial Assistance'), through the provision of unsecured non-recourse loan funds to Axon Graphite as requested by the company from the Funders, from time to time. The Financial Assistance is capped at \$500,000 (or \$250,000 from each of the Company and NOVONIX). Axon Graphite will repay any Financial Assistance advanced by the Funders if there is a successful completion of the IPO. If the MDCo SPA is terminated or is no longer on foot or the IPO not completed, any Financial Assistance advanced by the Funders shall be treated as a non-recourse loan owing by Axon Graphite to the Funders and repayable by Axon Graphite at its absolute discretion as to the quantum of repayment and the time of repayment provided that any repayment of Financial Assistance by Axon Graphite must be made to each Funder at the same time and in the same proportion as the amount of Financial Assistance provided by each Funder. The Financial Assistance provided to Axon Graphite (as at 31 December 2024) are as follows:

- (i) by the Company - \$181,733; and
- (ii) by NOVONIX – \$178,044.

16. EVENTS OCCURRING AFTER THE REPORTING PERIOD

- (a) On 15 January 2025, shareholders approved the Company's proposed Solaroz Sale (under the Amended Sale Agreement) (refer Note 15(d)) under ASX Listing Rule 11.2.
- (b) On 20 January 2025, the Consolidated Entity received the US\$6 million Second Deposit from CNNET under the Amended Sale Agreement (refer Note 15(d)).
- (c) On 7 February 2025, shareholders approved the Company's proposed spin-out of Axon Graphite (refer Note 15(e)) for the purposes of ASX Listing 11.4.1(b).
- (d) On 15 February 2025, 100,000 Securities Incentive Plan (SIP) Options (\$1.595, 15 February 2025) lapsed on expiry.
- (e) The Consolidated Entity has entered into agreements to acquire a 100% interest in the Capricorn Gold-Copper Belt Project tenements in Central Queensland, as follows:
 - (i) an Asset Sale Agreement (dated 12 March 2025) between the Company (as Buyer Guarantor), LE Minerals Pty Ltd (being a subsidiary of LEL) (LEM), Mt Morgan Pty Ltd (being a subsidiary of LEM) (MM) (as Buyer) with GBM Resources Limited (ASX:GBZ) (GBZ) (as Seller), to acquire the GBZ tenements/tenement applications (GBZ Tenements) and mining information (GBZ Agreement);
 - (ii) an Asset Sale Agreement (dated 12 March 2025) between LEL (as Buyer Guarantor), LEM, Mt Morgan South Pty Ltd (being a subsidiary of LEM) (MMS) (as Buyer) with PTR Resources Pty Ltd (PTR) (being a subsidiary of MZPL) (as Seller), Great Southern Gold Corp. (GSGC) (as a Seller Guarantor) and Management Z Pty Ltd (being a subsidiary of GSGC) (MZPL) (as a Seller Guarantor), to acquire the PTR tenements/tenement applications (PTR Tenements) and mining information (PTR Agreement); and
 - (iii) a Royalty Deed (dated 12 March 2025) between LEL (as Payer Guarantor), LEM (as Payer), MM, MMS, Mt Morgan Metals Pty Ltd (being a subsidiary of GBZ) (MMM) (as a Payee) and PTR (as a Payees) (Royalty Deed).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2024

16. EVENTS OCCURRING AFTER THE REPORTING PERIOD (continued)

The acquisition of the GBZ Tenements and PTR Tenements (collectively, **Tenements**) and mining information under the GBZ/PTR Agreements will occur in 2 tranches:

- (i) **Tranche 1** – transfer of a 51% interest in the Tenements and 100% of the mining information, to be completed after the satisfaction or waiver of the Conditions (**Tranche 1 Completion Date**); and
- (ii) **Tranche 2** – transfer of the remaining 49% interest in the Tenements, to be completed 21 months after the Tranche 1 Completion Date (**Tranche 2 Completion Date**).

Completion of each tranche under the GBZ Agreement will occur contemporaneously with completion of each tranche under the PTR Agreement.

The cash consideration payable to the vendors are as follows (excluding GST):

- (i) **Purchase Price** totalling **\$3,025,290** comprising:
 - A. **Deposit: \$100,000:** Paid on execution of the GBZ/PTR Agreements (**Execution Date**) to GBZ (\$66,667) and PTR (\$33,333). The deposit is refundable if Tranche 1 does not complete due to a breach by the Seller or if an insolvency event occurs in relation to the Seller prior to Tranche 1 Completion.
 - B. **Tranche 1 Completion Payment: \$600,000:** Payable on the Tranche 1 Completion Date to GBZ (\$400,000) and PTR (\$200,000).
 - C. **Tranche 1 Deferred Payment: \$825,290:** Payable 9 months after the Tranche 1 Completion Date to GBZ (\$561,675) and PTR (\$263,615).
 - D. **Tranche 2 Payment: \$1,500,000:** Payable 21 months after the Tranche 1 Completion Date to GBZ (\$1,000,000) and PTR (\$500,000).
- (ii) **Contingent Payments** totalling up to **\$2,500,000** comprising:
 - A. **First JORC MRE: \$250,000 (capped at \$1,000,000):** Payable on the delineation and public announcement of a maiden JORC Mineral Resource Estimate (**MRE**) located within any of the Tenements, to GBZ (\$166,667) and PTR (\$83,333). This payment may be made on multiple maiden MRE's delineated on different deposits but is capped at a total of \$1,000,000.
 - B. **First Scoping Study: \$500,000:** Payable on the completion and public announcement of a Scoping Study in respect of the development of one or more mineral deposits located within any of the Tenements, to GBZ (\$333,333) and PTR (\$166,667). This payment shall be paid only once.
 - C. **First DFS: \$1,000,000:** Payable on the completion and public announcement of a Definitive Feasibility Study (in respect of the development of one or more mineral deposits within any of the Tenements, to GBZ (\$666,666) and PTR (\$333,334). This payment shall be paid only once.
- (iii) **2% NSR Royalty:** Payable on the sale of product produced from the Tenements, to MMM (1.333%) and PTR (0.667%) (pursuant to the Royalty Deed). The Company may buy-back 0.5% of the Royalty from MMM (0.333%) and PTR (0.167%) at any time at a cost of \$500,000, payable to MMM (\$333,333) and PTR (\$166,667). The Royalty is inclusive of any pre-existing or other royalties payable in respect of the Tenements, including a 1% NSR royalty owed to Rio Tinto Exploration Pty Limited (**RTX**) in respect of the 5 'Moonmera' sub-blocks within GBZ's EPM 27098 (Mt Morgan Central) (**Moonmera Blocks**) (**Rio Royalty**) under a 2016 agreement (**Rio Agreement**).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2024

16. EVENTS OCCURRING AFTER THE REPORTING PERIOD (continued)

The GBZ/PTr Agreements are conditional upon the satisfaction or waiver of conditions precedent (**Conditions**) on or before 4 months after the Execution Date, including relevantly:

- (i) The Buyer being satisfied with due diligence investigations within 14 days after the Execution Date (or such later date as agreed between the parties);
- (ii) execution of all required material contracts;
- (iii) receipt of RTX's waiver of a first right of refusal (in respect of the Moonmera Blocks) under the Rio Agreement (pursuant to the GBZ Agreement);
- (iv) the assignment of all material contracts and required material contracts (including the Rio Agreement and Rio Royalty, pursuant to the GBZ Agreement) from the Seller to the Buyer on terms approved by the Buyer;
- (v) the receipt of any consents and approvals required under material contracts and required material contracts; and
- (vi) the receipt of any required regulatory approvals.

Further details about the terms of the GBZ/PTr Agreements and the Royalty Deed are in the Company's ASX Announcement dated 14 March 2025: Tenement Consolidation Creates Significant New District-Scale Gold-Copper Belt Project in Central Queensland.

No other matter or circumstance has arisen since the end of the year that significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Lithium Energy Limited made pursuant to sub-section 303(5) of the *Corporations Act 2001 (Cth)*, we state that:

In the opinion of the Directors:

- (1) The financial statements and notes of the Consolidated Entity are in accordance with the *Corporations Act 2001 (Cth)*, including:
 - (a) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2024 and of its performance for the financial half year ended on that date; and
 - (b) complying with Accounting Standard AASB 134 "Interim Financial Reporting", *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (2) There are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



William Johnson
Executive Chairman

14 March 2025

**LITHIUM ENERGY LIMITED
INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Lithium Energy Limited

Conclusion

We have reviewed the half-year financial report of Lithium Energy Limited (“the Company”), and its controlled entities (“the Group”), which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, material accounting policy information, other explanatory information, and the directors’ declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Group’s financial position as at 31 December 2024 and of its financial performance for the half-year ended on that date; and
- b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor’s Responsibilities for the Review of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (“the Code”) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company would be in the same terms if given to the directors as at the time of this auditor’s review report.

**In.Corp Audit & Assurance Pty Ltd
ABN 14 129 769 151**

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LITHIUM ENERGY LIMITED

INDEPENDENT AUDITOR'S REVIEW REPORT (continued)

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and *the Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with *the Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In.Corp Audit & Assurance Pty Ltd



Daniel Dalla
Director

Perth, 14 March 2025

LIST OF MINERAL CONCESSIONS

Lithium Energy has interests in the following mineral concessions/tenements as at 31 December 2024 and currently:

Solaroz Lithium Brine Project (Argentina) (90%)

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

Burke and Corella Graphite Projects (Queensland, Australia) (100%)

| Tenement Name | Tenement Type and No. | Grant Date | Expiry Date | Area (blocks) | Area (km ²) |
|---------------------|-----------------------|------------|-------------------------------|---------------|-------------------------|
| Burke | EPM 25443 | 4/9/2014 | 3/9/2029 | 2 sub-blocks | 6.47 |
| Corella | EPM 25696 | 2/4/2015 | 1/4/2025 (pending renewal) | 6 sub-blocks | 19.41 |
| Leichhardt Crossing | EPM 28715 | 12/4/2023 | 11/4/2028 | 30-sub-blocks | 97.05 |

- EPM means Exploration Permit for Minerals
- Each sub-block is 3.235 square kilometres (using projected coordinate system GDA2020 / MGA zone 54)

JORC MINERAL RESOURCES

Solaroz Lithium Brine Project (Argentina)

(90%)

Solaroz has a JORC Mineral Resource as follows⁴³:

- **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: Total JORC Indicated and Inferred Mineral Resource

| Mineral Resource Category | Lithology Units | Sediment Volume (million m ³) | Specific Yield % | Brine volume | Lithium (Li) | | LCE Tonnes |
|---|----------------------|---|------------------|------------------------|--------------|----------------|------------------|
| | | | | million m ³ | mg/l | Tonnes | |
| Indicated Mineral Resource | A (Upper Aquifer) | 7,200 | 10.0% | 720 | 245 | 176,600 | 940,000 |
| | B (Halite Salt Unit) | 1,731 | 4.0% | 69 | 340 | 23,600 | 125,000 |
| | C (Lower Aquifer) | 4,671 | 6.5% | 304 | 363 | 110,000 | 590,000 |
| | D (Tertiary Bedrock) | 5,651 | 5.8% | 328 | 406 | 133,000 | 705,000 |
| | Total | 19,253 | 7.4% | 1,421 | 312 | 443,200 | 2,360,000 |
| Inferred Mineral Resource | A | 3,589 | 10.0% | 359 | 245 | 88,000 | 470,000 |
| | B | 3,060 | 4.0% | 122 | 340 | 42,000 | 220,000 |
| | C | 1,058 | 6.5% | 69 | 362 | 25,000 | 130,000 |
| | D | 634 | 5.8% | 37 | 405 | 15,000 | 80,000 |
| | Total | 8,340 | 7.0% | 587 | 289 | 170,000 | 900,000 |
| TOTAL INDICATED & 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

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

JORC MINERAL RESOURCES

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

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

Notes:

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

For further details, refer to the Company's ASX Announcement dated 26 October 2023: Significant Solaroz Milestone Achieved with Upgrade to 2.4Mt LCE JORC Indicated Resource.

JORC MINERAL RESOURCES

Burke Graphite Project (Queensland, Australia)

(100%)

The Burke Deposit (on Burke EPM 25443 tenement) has a JORC Mineral Resources as follows⁴⁴:

- **Total Mineral Resource of 9.1Mt at 14.4% Total Graphitic Carbon (TGC) for a total of 1.3Mt contained graphite** (at a 5% TGC cut-off grade), comprising (refer Table 3):
 - **Indicated Mineral Resource of 4.5Mt at 14.7% TGC for 670kt of contained graphite;** and
 - **Inferred Mineral Resource of 4.5Mt at 14.2% TGC for 640kt of contained graphite.**
- Within the mineralisation envelope there is included a higher grade **Total Mineral Resource of 7.1Mt at 16.2% TGC for 1.1Mt of contained graphite** (at a 10% TGC cut-off grade).⁴⁵

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

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

Notes:

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

⁴⁴ Refer LEL Announcements dated 22 February 2023: Update – Infill Drilling Results at Burke Graphite Deposit and 16 February 2023: Significant High Grade Graphite Intercepts Continue at Burke Graphite Deposit

⁴⁵ Refer Mineral Resource estimates at different %TGC cut-off grades reported in Table 2 of LEL Announcement dated 5 April 2023: Burke Graphite Mineral Resource Upgrade Delivers Significant Increases in Size and Confidence

JORC MINERAL RESOURCES

Corella Graphite Project (Queensland, Australia)

(100%)

The Corella Deposit (on Corella EPM25696 tenement) has a JORC Mineral Resources as follows⁴⁶:

- Inferred Mineral Resource delivers **13.5Mt at 9.5% TGC** for **1.3Mt contained graphite** (at a 5% TGC cut-off grade) (refer Table 4).
- Within the mineralisation envelope, there is included a higher grade Inferred Mineral Resource of **4.5Mt at 12.7% TGC** for 0.57Mt of contained graphite (at a 10% TGC cut-off grade).⁴⁷

Table 4: Corella Tenement - JORC Inferred Mineral Resource Estimate

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

Notes:

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

⁴⁶ Refer LEL Announcements dated 17 April 2023: Completion of Drilling Programme at Corella Graphite Prospect and 2 June 2023: Significant High Grade Graphite Discovery at the Corella Project

⁴⁷ Refer Mineral Resource estimates at different %TGC cut-off grades reported in Table 3 of LEL Announcement 16 June 2023: Maiden Corella Graphite Mineral Resource Delivers Doubling of Graphite Inventory

JORC CODE COMPETENT PERSONS' STATEMENTS

Solaroz Lithium Brine Project (Argentina)

- (a) 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).

- (b) The information in this document that relates to other Exploration Results in relation to the Solaroz Lithium Brine Project is extracted from the following ASX market announcements made by Lithium Energy Limited dated:
- 15 January 2024 entitled "Battery Grade Lithium Carbonate Successfully Produced from Solaroz Brine"
 - 31 October 2023 entitled "Quarterly Activities and Cash Flow Reports - 30 September 2023"
 - 26 October 2023 entitled "Significant Solaroz Milestone Achieved with Upgrade to 2.4Mt LCE JORC Indicated Resource"
 - 29 August 2023 entitled "Lithium Mineralisation Encountered in Northern Solaroz Concession"
 - 31 July 2023 entitled "Quarterly Activities and Cash Flow Reports – 30 June 2023"
 - 27 July 2023 entitled "Highest Lithium Concentrations Encountered at Solaroz Lithium Project in Hole 6"
 - 29 June 2023 entitled "Significant Maiden JORC Lithium Resource of 3.3Mt LCE at Solaroz Project in Argentina"
 - 15 May 2023 entitled "Further Assays Confirm Significant Lithium Brine Concentrations Across Massive Intersections at Solaroz"

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

Capricorn Gold-Copper Belt Project (Queensland)

- (a) The information in this document that relates to Exploration Results in relation to the Capricorn Gold-Copper Belt Project is extracted from the following ASX market announcement made by Lithium Energy Limited dated:
- 14 March 2025 entitled "Tenement Consolidation Creates Significant New District-Scale Gold-Copper Belt Project in Central Queensland"

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

JORC CODE COMPETENT PERSONS' STATEMENTS

Burke and Corella Graphite Projects

- (a) The information in this document that relates to Mineral Resources in relation to the Burke and Corella Graphite Projects is extracted from the following ASX market announcements made by Lithium Energy Limited dated:
- 16 June 2023 entitled "Maiden Corella Graphite Mineral Resource Delivers Doubling of Graphite Inventory"
 - 5 April 2023 entitled "Burke Graphite Mineral Resource Upgrade Delivers Significant Increases in Size and Confidence"

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

- (b) The information in this document that relates to test work results in relation to the Burke Graphite Project is extracted from the following ASX market announcement made by Lithium Energy Limited dated:
- 11 March 2024 entitled "Exceptional Battery Testing Results Achieved with Burke Spherical Purified Graphite"
 - 27 November 2023 entitled "Testwork Results Highlight Exceptional Potential of Burke Graphite as Battery Anode Material"
 - 23 May 2023 entitled "Excellent Metallurgical Testwork Results at Burke Graphite Project Pave Way for Commencement of PFS"

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

Mt Dromedary Graphite Project

- (a) The information in this document that relates to Mineral Resources in relation to the Mt Dromedary Graphite Project is extracted from the following ASX market announcement made jointly by Lithium Energy Limited and NOVONIX Limited (ASX:NVX) dated:
- 10 September 2024 entitled "Axon Graphite Limited Update – Mt Dromedary Graphite Mineral Resources Review"

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

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

FORWARD LOOKING STATEMENTS

This document contains “forward-looking statements” and “forward-looking information”, including statements and forecasts which include without limitation, expectations regarding future performance, costs, production levels or rates, mineral reserves and resources, the financial position of Lithium Energy, industry growth and other trend projections. Often, but not always, forward-looking information can be identified by the use of words such as “plans”, “expects”, “is expected”, “is expecting”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes”, or variations (including negative variations) of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might”, or “will” be taken, occur or be achieved. Such information is based on assumptions and judgements of management regarding future events and results. The purpose of forward-looking information is to provide the audience with information about management’s expectations and plans. Readers are cautioned that forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Lithium Energy and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, changes in market conditions, future prices of minerals/commodities, the actual results of current production, development and/or exploration activities, changes in project parameters as plans continue to be refined, variations in grade or recovery rates, plant and/or equipment failure and the possibility of cost overruns.

Forward-looking information and statements are based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date such statements are made, but which may prove to be incorrect. Lithium Energy believes that the assumptions and expectations reflected in such forward-looking statements and information are reasonable. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Lithium Energy does not undertake to update any forward-looking information or statements, except in accordance with applicable securities laws.

SECURITIES INFORMATION

as at 31 December 2024

SECURITIES ON ISSUE

| Class of Security | Quoted on ASX | Unlisted | Total |
|--|--------------------|-------------------|--------------------|
| Fully paid ordinary shares | 112,001,569 | - | 112,001,569 |
| Securities Incentive Plan (SIP) Options (\$1.595, 15 February 2025) ¹ | - | 100,000 | 100,000 |
| Broker Options (\$1.50, 20 September 2025) ² | - | 750,000 | 750,000 |
| Executive Options (\$1.06, 4 October 2025) ³ | - | 17,500,000 | 17,500,000 |
| SIP Options (\$1.32, 30 November 2025) ⁴ | - | 400,000 | 400,000 |
| SIP Options (\$0.935, 10 August 2026) ⁵ | - | 250,000 | 250,000 |
| TOTAL | 112,001,569 | 19,000,000 | 131,001,569 |

On 15 February 2025, 100,000 SIP Options (\$1.595, 15 February 2025) lapsed on expiry.⁶

DISTRIBUTION OF FULLY PAID ORDINARY SHARES

| Spread | of | Holdings | Number of Holders | Number of Shares | % of Total Issued Capital |
|--------------|----|----------|-------------------|--------------------|---------------------------|
| 1 | - | 1,000 | 621 | 412,694 | 0.37% |
| 1,001 | - | 5,000 | 1,068 | 2,840,917 | 2.54% |
| 5,001 | - | 10,000 | 504 | 4,200,474 | 3.75% |
| 10,001 | - | 100,000 | 728 | 23,906,844 | 21.35% |
| 100,001 | - | and over | 112 | 80,640,640 | 72.00% |
| TOTAL | | | 3,033 | 112,001,569 | 100% |

UNMARKETABLE PARCELS

| Spread | of | Holdings | Number of Holders | Number of Shares | % of Total Issued Capital |
|--------------|----|----------|-------------------|--------------------|---------------------------|
| 1 | - | 1,351 | 778 | 597,753 | 0.53% |
| 1,352 | - | over | 2,255 | 111,403,816 | 99.47% |
| TOTAL | | | 3,033 | 112,001,569 | 100% |

An unmarketable parcel is considered, for the purposes of the above table, to be a shareholding of 1,351 shares or less (being a value of \$500 or less in total), based upon the Company's closing share price of \$0.37 on 25 October 2024, with trading in the Company's shares on ASX suspended since 25 October 2024⁷.

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

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

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

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

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

6 Refer LEL Announcement dated 17 February 2025: Notification of cessation of securities - LEL

7 Refer LEL Announcements dated 25 October 2024: Suspension from Quotation and 25 October 2024: ASX Decision to Suspend Trading in LEL Securities

SECURITIES INFORMATION

as at 31 December 2024

TOP TWENTY, ORDINARY FULLY PAID SHAREHOLDERS

| Rank | Holder name | Shares Held | % Issued Capital |
|------|---|-------------------|------------------|
| 1 | STRIKE RESOURCES LIMITED | 31,010,000 | 27.69 |
| 2 | CG NOMINEES (AUSTRALIA) PTY LTD | 4,000,000 | 3.57 |
| 3 | CITICORP NOMINEES PTY LIMITED | 3,132,332 | 2.80 |
| 4 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 2,544,818 | 2.27 |
| 5 | BNP PARIBAS NOMINEES PTY LTD | 2,476,500 | 2.21 |
| 6 | MR MICHAEL OWEN SHERRY | 1,687,000 | 1.51 |
| 7 | CIRCUMFERENCE CAPITAL CT PTY LTD | 1,625,000 | 1.45 |
| 8 | RUBI HOLDINGS PTY LTD | 1,548,750 | 1.38 |
| 9 | MR WILLIAM JOHNSON | 1,532,621 | 1.37 |
| 10 | MR FAROOQ KHAN | 1,447,621 | 1.29 |
| 11 | MR VICTOR HO | 1,422,621 | 1.27 |
| 12 | FERGUSON CORPORATION PTY LTD | 1,195,479 | 1.07 |
| 13 | MR PETER CRAIG SMITH | 1,173,706 | 1.05 |
| 14 | HOOKS ENTERPRISES PTY LTD | 1,079,000 | 0.96 |
| 15 | CLUNE PTY LTD | 1,000,000 | 0.89 |
| 16 | MR GANG DU | 1,000,000 | 0.89 |
| 17 | FERGUSON STOCKS PTY LTD | 985,847 | 0.88 |
| 18 | RECO HOLDINGS PTY LTD | 930,000 | 0.83 |
| 19 | WES CAPITAL (PTE) LTD | 884,000 | 0.79 |
| 20 | MR GEORGE DELICOMPAGNI | 769,092 | 0.69 |
| | TOTAL | 61,444,387 | 54.86% |

SUBSTANTIAL SHAREHOLDER

| Substantial Shareholder | Registered Shareholder | Shares Held | % Voting Power |
|------------------------------------|--------------------------|-------------|----------------|
| Strike Resources Limited (ASX:SRK) | Strike Resources Limited | 31,010,000 | 27.69% |