

11 April 2023

Karina So
Adviser, Listings Compliance
ASX Limited
20 Bridge Street
Sydney NSW 2000

By email to:

ListingsComplianceSydney@asx.com.au

Dear Ms So

Re: Li-S Energy Limited: aware query

1. *Please explain the basis on which the proposed announcement was described by LIS as being not material in its discussion with ASX on 30 March 2023.*

In those discussions, LIS described the announcement as not being material in the context of a conversation that LIS had initiated with the ASX about possible atypical trading on that day.

At that time, LIS was working on a draft announcement that remained incomplete and insufficiently definite in nature. LIS began preparing the broad outlines of a draft announcement on 17 March. The drafting process was necessarily iterative in nature, involving multiple emails and phone calls between the Chair, Chief Executive Officer, Chief Technology Officer, R&D Manager, Marketing, Company Secretary and broader Board, to ensure the research and development results were appropriately and accurately explained. LIS was targeting finalisation of that announcement for release to the market on Monday 3 April.

On 30 March, ongoing work was still required to validate the accuracy and completeness of the claims made and, critically, two of the key data points on the GEN3 cells described in the release (being the gravimetric energy density and the volumetric energy density).

2. *Did LIS's assessment of the materiality of the announcement change following its conversation with ASX? If it did, please explain why LIS's assessment changed, when it changed and why the change was not communicated to ASX.*

LIS' assessment of the materiality of the announcement continued to evolve on reflection over the weekend of 1 and 2 April, as work continued to validate the accuracy and completeness of the claims made in the draft announcement. In particular, the work to clarify and enumerate the 'key benefits' of the GEN3 cells in comparison to the earlier GEN2 cells looked more compelling. Those discussions occurred by way of international phone calls between the Chair, the Chief Executive Officer and the R&D Manager. The priority remained to finalise the two outstanding data points (described above) to allow the announcement to be released to the market.

At 7:30 am on Monday 3 April, LIS formed the view that it would not be possible to release the announcement before the market opened as the outstanding data points were still being verified. Because its assessment of the potential materiality of the draft announcement had evolved and increased since trading closed on Friday, a trading halt was required to manage its continuous disclosure obligations.

The outstanding data points were ultimately received by the Chair after the market closed on Monday 3 April and the announcement was finalised and approved by the Board later that evening.

3. *When did LIS first become aware of the Information?*

LIS became aware of the increasingly compelling nature of the information in the draft announcement on reflection over the weekend of 1 and 2 April. There was a concern that if the outstanding data points proved to be robust when verified, the announcement would potentially be even more compelling.

LIS did not become fully aware of the information until after the market closed on Monday 3 April.

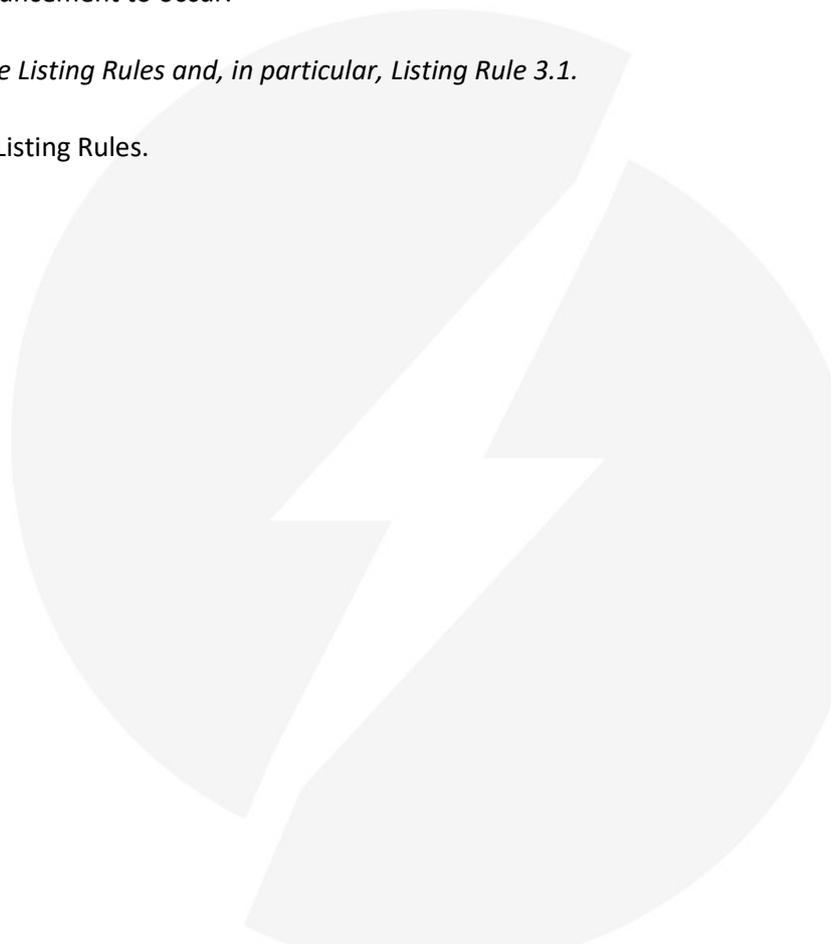
4. *If LIS first became aware of the Information before it made the announcement, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe LIS was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps LIS took to ensure that the information was released promptly and without delay.*

As noted above, LIS became aware of the increasingly compelling nature of the information in the draft announcement over the weekend and during the course of Monday (all of which occurred outside of trading). LIS did not have the requisite awareness on either Thursday or Friday.

LIS was required to tell the ASX immediately, that is promptly and without delay. LIS used a trading halt appropriately on Monday to manage its continuous disclosure obligations, ensure our shareholders remained fully and uniformly informed, and to allow the final scientific validation of the contents of the draft announcement to occur.

5. *Please confirm that LIS is complying with the Listing Rules and, in particular, Listing Rule 3.1.*

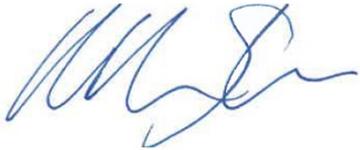
I confirm that LIS is in compliance with the Listing Rules.



6. *Please confirm that LIS's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of LIS with delegated authority from the board to respond to ASX on disclosure matters.*

I confirm that I have prepared this response in my role as company secretary and that it has been authorised and approved by the Board of LIS.

Yours sincerely,



Will Shiel

General Counsel and Company Secretary





5 April 2023

Reference: 72059

Mr Will Shiel and Mr Liam Fairhall
Company Secretaries
Li-S Energy Limited
Level 27, 10 Eagle Street
Brisbane QLD 4000

By email

Dear Mr Shiel and Mr Fairhall

Li-S Energy Limited ('LIS'): Aware Query

ASX refers to the following:

- A. The increase in both price and volume of LIS's securities on Thursday, 30 March 2023. LIS's securities closed at \$0.26, up 18% from the previous close of \$0.22, on elevated volumes.
- B. Mr Will Shiel's comments on phone calls with ASX around 2.13 pm and 3.22 pm on 30 March 2023 that LIS noticed the increase in price and volume on 30 March 2023 but was not aware of any material undisclosed information to the market which, if it ceased to be confidential, would explain the trading. Mr Shiel also commented that LIS would lodge a non-sensitive announcement about research and development on Monday 3 April 2023, but was of the view that announcement would not be of the nature that could explain the price and volume increase on 30 March 2023. Mr Shiel confirmed that he was not aware of an information leak.
- C. LIS's request for a trading halt on 3 April 2023, "...pending a material announcement in relation to research and development results".
- D. LIS's announcement titled "Li-S Energy achieves 45% increase in volumetric energy density with new 20-layer semi-solid state lithium sulfur battery" lodged on the ASX Market Announcements Platform and released at 8.46 AM on 4 April 2023, lifting the trading halt and disclosing "*the development of its first 20-layer battery cells utilising its third-generation (GEN3) semi-automated Phase 2 facility in Geelong, Victoria with test cell production capacity anticipated later in the year when our new Phase 3 facility is completed. ... Based on inquiries to date we anticipate this will be of significant commercial interest to high value partners in sectors such as drones and eAviation.*" ('Information').
- E. The increase in price and volume of LIS's securities on 4 April 2023 following the announcement. LIS's securities closed at \$0.325, up 27.5% from a previous close of \$0.255, on elevated volumes.
- F. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- G. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:
"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."
- H. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

“3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed.”

- I. ASX’s policy position on the concept of “confidentiality”, which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”

Request for information

Having regard to the above, ASX asks LIS to respond separately to each of the following questions and requests for information:

1. Please explain the basis on which the proposed announcement was described by LIS as being not material in its discussion with ASX on 30 March 2023.
2. Did LIS’s assessment of the materiality of the announcement change following its conversation with ASX? If it did, please explain why LIS’s assessment changed, when it changed and why the change was not communicated to ASX.
3. When did LIS first become aware of the Information?
4. If LIS first became aware of the Information before it made the announcement, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe LIS was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps LIS took to ensure that the information was released promptly and without delay.
5. Please confirm that LIS is complying with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that LIS’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of LIS with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9.00 AM AEST Wednesday, 12 April 2023**. You should note that if the information

requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, LIS's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require LIS to request a trading halt immediately.

Your response should be sent to me by e-mail at ListingsComplianceSydney@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in LIS's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in LIS's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to LIS's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that LIS's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Kind regards

Karina So
Adviser, Listings Compliance