



ASX ANNOUNCEMENT

FOR IMMEDIATE RELEASE TO THE MARKET

Li-S Energy Limited – ASX Code: LIS

Thursday 28 October 2021

Quarterly Activities and Cashflow Reports

Li-S Energy Limited (ASX: LIS) (“LIS” or “the Company”) is pleased to provide its September 2021 Quarter Activity and Cashflow Reports.

This announcement has been authorised by the Board.

For further information contact:

Dr. Lee Finniear
Chief Executive Officer
On 07 3054 4555

LI-S ENERGY LIMITED

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ASX Announcement

Thursday 28 October 2021

Li-S Energy Limited (ASX: LIS) ("Li-S Energy" or "the Company") is pleased to report on its activities for the quarter ended 30 September 2021.

Highlights

- \$34m raised via an oversubscribed IPO supported by retail and well recognized institutional shareholders
- Successfully listed on the ASX and commenced trading on 28 September 2021
- Well-funded to execute business objectives, with cash and cash equivalents of \$50.5 million at 30 September 2021
- Further testing on Li-S Energy lithium sulphur pouch cells with BNNT showed a performance increase to 900 charge/discharge cycles while retaining greater than 60% of initial capacity.
- Initial test results on Li-S Energy's new Li-Nanomesh nano-composite material has shown it can prevent dendrite formation on lithium anodes for 1000 charge/discharge cycles.

Successful initial public offering

Li-S Energy commenced trading on the ASX on 28 September 2021, after raising \$34.0 million via an IPO of 40 million shares at \$0.85 per share. The market capitalisation at the Offer Price was \$544.0 million.

Li-S Energy is exceptionally well capitalised to pursue its commercial and R&D activities, ending the quarter with a cash balance of \$50.5 million. Of this, \$29.1 million is earmarked for project expenditure, plus working capital of more than \$16.0 million to fund potential expansion and acceleration of existing projects, commencement of new development projects and the pursuit and engagement in revenue generating opportunities through Original Equipment Manufacturer (OEM) collaboration and other partnerships.

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Operations & results update

The company made substantial progress in the quarter to 30 September 2021, including:

Extended cycle testing on the single layer BNNT protected pouch cell reported in the Prospectus reaching 900 charge/discharge cycles at greater than 60% retained capacity.

Initial testing on Li-S Energy's Li-Nanomesh has shown it can prevent dendrite growth on lithium anodes for 1000 charge/discharge cycles in symmetric lithium half cells. Identical tests on identical cells without Li-Nanomesh, showed dendrite growth and failure in as few as 24 charge/discharge cycles.

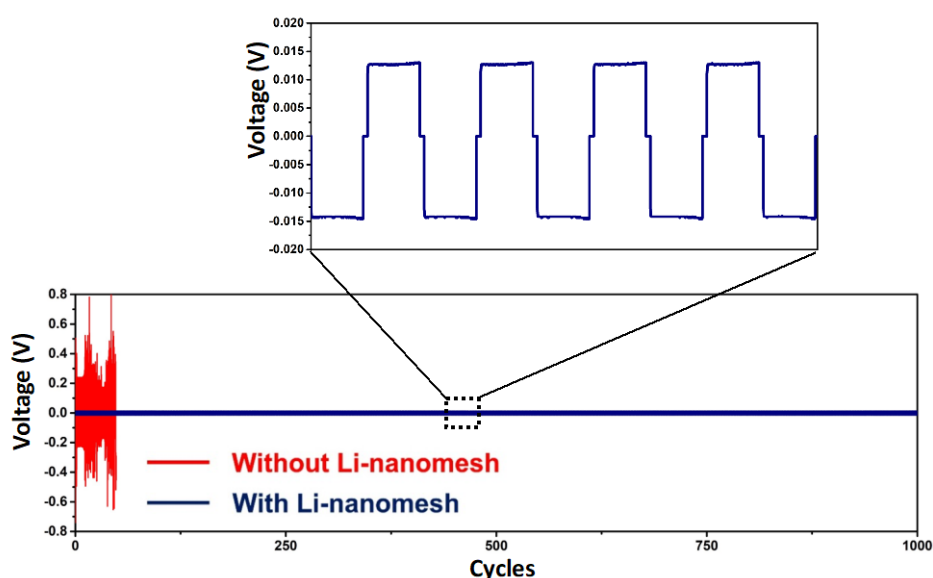


Figure 1 – Li-Nanomesh testing Voltage Hysteresis Graph – higher voltage denotes dendrite formation

The Company is currently fitting out the new laboratory and test areas in the Deakin ManuFutures building in Geelong. This will expand the R&D and cell testing capacity to accommodate additional lab-scale cell production and testing.

CEO Dr Lee Finniear commented:

“We are very pleased with the success of the IPO and we would like to thank all our institutional and retail investors for their overwhelming support.

Our results over the last quarter demonstrate strong technical progress as we continue to drive forward on our development and commercialisation path. We are particularly pleased with the initial test results of our unique Li-nanomesh composite preventing dendrite formation, as this has the potential to be applied in any battery incorporating a metal anode, not just lithium sulphur.

As we move forward, we are scaling our test regime by building multi-layer lithium sulphur pouch cells with BNNT and Li-Nanomesh. This will enable larger cell testing, as a pre-cursor to the design and build of our multi-layer cell pilot production line. To further test the potential of Li-Nanomesh in other battery chemistries, we have commenced building Lithium Metal pouch cells. Lithium metal pouch cells use a lithium metal anode and a conventional lithium-ion cathode, and have a higher energy density than conventional lithium ion cells. If cycling tests with Li-Nanomesh treated cells prove successful, this has the potential to deliver a second product and revenue stream for the Company”

Financial update

Please refer to Appendix 4C below for the detailed quarterly cash flow report.

Net cash flows used in operating activities during the quarter were \$1.8 million. This was primarily driven by administration and corporate costs of \$1.7 million. The abnormally high administration and corporate costs were driven by the timing of annual insurance renewals, and one-off IPO costs. Furthermore, the Company paid \$0.2 million to related parties of the Company during the quarter for management services provided, in accordance with the relevant Agreement, and as disclosed in section 12.6 of the Prospectus.

The net cash flows used in investing activities during the quarter were \$0.2 million, consisting primarily of payments for plant and equipment as part of the fit out of the new laboratory and test areas.

The net cash flows from financing activities for the quarter were \$34.0 million, consisting primarily of IPO proceeds.

Pursuant to Listing Rule 4.7C.2, refer to table 1 below for the Company’s “use of funds” statement comparison for the period from 24 September 2021, being the date of admission to the official list, to 30 September 2021.

\$'000	Use of funds estimate (per Prospectus)	% of Funds	Cash payments to 30 September 2021 ¹	% of actual funds expended against Use of Funds estimate
Project Expenditure	29,113	85.63%	-	0.00%
Costs of the Offer	3,582	10.54%	-	0.00%
Other Working Capital	1,305	3.84%	-	0.00%
TOTAL	34,000	100.00%	-	0.00%

¹ Nil funds spent during the period from the date of admission to the ASX to 30 September 2021.

Table 1 – Comparison of “use of funds” statement per prospectus since the date of admission to the official list of the ASX to 30 September 2021

With the date of admission aligning with the end of the September quarter, nil cash outflows were recorded in the “use of funds” statement comparison. Despite this, Li-S Energy is still on track to meet the business objectives that sit behind the “use of funds” statement as described in the prospectus.

The remaining costs of the offer are expected to be settled during the December quarter. The company incurred cash expenses before the date of admission to the official list, that have not been included in the above “use of funds” statement comparison.

ENDS

This announcement has been authorised for release by the Board.

For more information:

Investors

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

Media

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About Li-S Energy

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

Appendix 4C

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

Name of entity

Li-S Energy Limited

ABN

12 634 839 857

Quarter ended ("current quarter")

30 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(60)	(60)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(54)	(54)
(f) administration and corporate costs	(1,717)	(1,717)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(2)	(2)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,834)	(1,834)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(156)	(156)
	(d) investments	-	-
	(e) intellectual property	(12)	(12)
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(169)	(169)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	34,000	34,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(14)	(14)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(26)	(26)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	33,960	33,960

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
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4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	18,607	18,607
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,834)	(1,834)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(169)	(169)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	33,960	33,960
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	50,564	50,564

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	50,564	18,607
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	50,564	18,607

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	150
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	N/A		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,834)
8.2	Cash and cash equivalents at quarter end (item 4.6)	50,564
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	50,564
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	27.6
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 October 2021

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

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.