ASX ANNOUNCEMENT

FOR IMMEDIATE RELEASE TO THE MARKET

Li-S Energy Limited – ASX Code: LIS

Friday 24 July 2026

Quarterly Activities and Cashflow Reports

Li-S Energy Limited (ASX: LIS) ("LIS" or "the Company") is pleased to provide its June 2026 Quarterly Activities and Cashflow Reports.

This announcement has been authorised by the Board.

For further information contact:

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JUNE 2026

QUARTERLY REPORT

Li-S Energy's first commercial order of Australian-made lithium foil - ready for shipment.

Li-S Energy

MANAGING DIRECTOR'S REPORT

The June 2026 quarter delivered a series of important commercial and regulatory firsts for the Company. We achieved ISO 9001:2015 certification for our lithium foil production line and completed our first commercial sale of lithium foil, we secured the final approvals required to ship our lithium-sulfur cells by air to the United States, and we commenced depth testing of our cells with MSubs. Each of these milestones moves Li-S Energy further along the path from technology development to commercial delivery.

ISO 9001:2015 Certification and First Lithium Foil Sale

Our Geelong lithium foil production line, Australia's first and only dedicated lithium foil line, achieved ISO 9001:2015 quality management systems certification during the quarter. Shortly afterwards, the Company completed its first commercial sale of Australian-made lithium foil, shipped to a major Australian battery research institution. While moderate in scale, this first order provides external validation of our foil capability and begins the development of lithium foil supply as a new commercial revenue stream.

US Air Transport Approvals

Building on the CASA approval received last quarter, the Company secured US PHMSA and FAA approvals during the quarter, completing the regulatory certifications required to airfreight our prototype cells from Australia to the United States. This milestone was the culmination of over 18 months of work by our technical and compliance teams and opens a direct pathway to place our cells with US-based defence primes, drone manufacturers and government agencies for evaluation.

Phase 4 Feasibility and Manufacturing Optimisation

Our ARENA-supported FEL-1 feasibility study progressed well, with HATCH conducting its kick-off workshop in Australia together with our technical and engineering teams. The study remains on track for completion in the third quarter of calendar year 2026. The four manufacturing optimisation studies, covering cathode, anode, cell stacking and recycling, also continued during the quarter, with their results feeding directly into the FEL-1 knowledge base.

Battery Testing Centre Expansion Completed

The expansion of our Battery Testing Centre, which commenced last quarter, was largely completed during the period, doubling the Centre's floor area and adding substantial new test capability, including advanced cell cyclers, power cyclers and thermal chambers, a battery pack construction workshop, and secure safety containers for vibration and high-pressure depth testing. This investment was driven by the extended cycle life now being achieved by cells under test, and by growing production cell volumes for partner battery packs and module testing.

Partners and Programmes

Depth testing of our cells commenced during the quarter, with the MSubs high-pressure test chamber commissioned at our Geelong facility to simulate the extreme pressures of deep-ocean deployment. Under the EATP drone programme, additional battery packs were built during the quarter in preparation for flight testing anticipated in the coming quarter.

Market Engagement

In May, the team attended SOF Week 2026 in Tampa, Florida, the premier annual gathering of the United States and allied special operations community, as part of the Team Defence Australia delegation and with the support of Austrade. The event was a considerable success for the Company, generating valuable engagement with US defence stakeholders and platform developers.

Lee Finniear

Dr Lee Finniear
Managing Director &
Chief Executive Officer

JUNE QUARTER 2026

Highlights, material developments and changes

First commercial lithium foil order supplied to Australian Research Institution

ISO 9001 certification strengthens access to defence, aerospace and battery markets.

$15.6 million in cash, cash equivalents, short term investments at 30 June 2026

International shipping approvals open direct pathways to United States customers.

SOF Week participation strengthens global defence engagement with Team Defence Australia.

Investor Stream interview highlights commercial progress from SOF Week.
- Scan to watch -

OPERATIONAL & TECHNICAL DEVELOPMENTS

First Commercial Sale of Lithium Foil

Li-S Energy achieved a significant commercial milestone during the quarter with the successful fulfilment of its first lithium foil order, marking the transition from capability development to revenue-generating supply. The order was supplied to a major Australian battery research institution.

Manufactured at Li-S Energy's Geelong facility, the lithium foil demonstrates the Company's ability to supply high-quality, sovereign manufactured materials to support battery research and advanced technology development. The sale validates both the production capability and commercial potential of Li-S Energy's lithium foil manufacturing line and represents the first step towards establishing a broader customer base across research, defence and commercial markets.

Li-S Energy's first commercial lithium foil order packaged and ready for shipment

ISO Certification Unlocks New Markets

During the quarter, Li-S Energy achieved **ISO 9001:2015 certification** for its lithium foil manufacturing operations, providing internationally recognised validation of the Company's quality management systems.

The certification strengthens Li-S Energy's commercial credentials and supports engagement with customers operating in highly regulated sectors, including defence, aerospace and advanced manufacturing, where certified quality systems are often a prerequisite for supplier qualification.

TQCSI ISO 9001:2015 Quality Certified AU1988-QC

As Li-S Energy continues to expand its commercial activities, ISO certification provides an important foundation for future growth, reinforcing the Company's commitment to consistent manufacturing quality, operational excellence and continuous improvement. This achievement further enhances Li-S Energy's position as a sovereign Australian manufacturer of advanced battery materials capable of meeting international quality standards.

International Shipping Approvals Expand Global Reach

Li-S Energy secured key regulatory approvals during the quarter to transport lithium metal and lithium sulfur battery cells internationally, including shipments to the United States.

The approvals, granted by the Civil Aviation Safety Authority (CASA) in Australia, and the Pipeline and Hazardous Materials Safety Administration (PHMSA) (working in coordination with the Federal Aviation Administration (FAA)) in the United States, provide a compliant pathway for shipping cells under ICAO and IATA Special Provision A88.

These approvals represent a significant commercial milestone for Li-S Energy, enabling the Company to supply evaluation cells directly to international customers, including defence organisations, government agencies and commercial partners.

The ability to ship products internationally complements Li-S Energy's AUKUS membership, removes a critical barrier to customer engagement, and supports the Company's strategy to accelerate commercialisation, strengthen international partnerships and expand access to key overseas markets.

Battery Testing Centre Expansion Completed

The expansion of the Company's Battery Testing Centre which commenced in the prior quarter, was completed during the period. The expansion doubles the Centre's floor area and adds a significant range of new capability, including 64 channels of power cyclers (100A per channel) and thermal chambers, a new battery pack construction workshop, and secure safety containers for vibration testing and high-pressure depth testing.

The expansion has become necessary due to the extended cycle times being achieved by cells under long-duration testing, which keep cyclers occupied for longer as cell performance improves, alongside increased production of cells for partner battery packs and the growing requirement for battery module testing. The power cyclers provide the capability for characterisation of the new 10Ah power cell. The expanded Centre supports the Company's certification programmes, partner evaluation projects and battery pack development activities, and provides the capacity to manage a growing number of simultaneous test programmes.

Our expanded Battery Testing Centre doubles testing capacity, accelerating product development and customer evaluation programmes.

Phase 4 Feasibility Study (FEL-1)

The FEL-1 (Front End Loading Level 1) feasibility study for the Li-S Energy Phase 4 Manufacturing Plant progressed during the quarter, supported by ARENA's $7.8 million Advancing Renewables Programme grant. The study, led by global engineering consultancy HATCH, is developing an initial framework assessment of the scale, infrastructure requirements, capital cost envelope and development timeline for a phased manufacturing ramp-up to 1 GWh of annual production capacity.

A key milestone during the quarter was the HATCH kick-off workshop, held in Australia with the Company's technical and engineering teams. The workshop built on the detailed knowledge elicitation exercise completed last quarter, in which the Company systematically documented the process parameters, equipment specifications and infrastructure requirements needed to populate the HATCH study framework. The FEL-1 study remains on track for completion in the third quarter of calendar year 2026.

Manufacturing Optimisation Studies

The four manufacturing optimisation studies, covering cathode production, anode production, cell stacking, and recycling, continued to progress during the quarter. These studies are designed to improve manufacturing processes, reduce production cost and complexity, and inform Phase 4 planning. Results from the studies are being incorporated into the knowledge base informing the HATCH FEL-1 study as they emerge.

PARTNERS & PROJECTS

MSubs: Initial Depth Cell Testing Commenced

Cell testing under the Company's collaboration with MSubs, the UK-based manufacturer of submarines and large uncrewed underwater vehicles for US SOCOM, US Navy and UK MoD applications, commenced during the quarter. The MSubs high-pressure test chamber has been commissioned at the Company's Geelong facility, supported by the high-pressure containment infrastructure installed as part of the recent Battery Testing Centre expansion.

Li-S Energy cells are being tested under simulated deep-ocean conditions building up to depths of up to 1,000 metres, as part of the evaluation of Li-S battery technology for large-scale propulsion battery systems for MSubs' extra-large uncrewed underwater vehicle (XLUUV) platforms, including the XV Excalibur delivered to the Royal Navy. Results from the depth testing programme will inform simulated mission-profile endurance testing planned for later in the year.

EATP Drone Programme: Battery Packs Built for Flight Testing

Following the delivery of the Company's first complete battery pack to VTOL Aerospace in March for bench testing, additional battery packs were manufactured during the quarter under the Federal Government-supported Emerging Aviation Technology Partnership (EATP) programme. Each pack is a complete, integrated power system incorporating Li-S Energy lithium-sulfur cells, including the Company's Power Cell technology, together with an Li-S Energy designed Battery Management System and control electronics.

The packs have been built in advance of flight testing of the VTOL Aerospace platform, which is anticipated in the coming quarter.

MARKET ENGAGEMENT

Special Operations Forces Week (SOF Week), Tampa Florida

Li-S Energy strengthened its engagement with the international defence community during the quarter through its participation at SOF Week 2026 in Tampa, Florida. The Company exhibited as part of the Team Defence Australia delegation, with the support of Austrade, providing a valuable platform to showcase its advanced lithium sulfur battery technology to defence, government and industry stakeholders.

SOF Week is one of the world's premier events for the special operations community, attracting military end users, defence primes and technology innovators from around the globe. Li-S Energy used the event to strengthen existing relationships, establish new commercial connections and further position its Australian sovereign manufactured battery technology within key international defence markets.Participation with Team Defence Australia, and Austrade sponsored events, continue to support Li-S Energy's export strategy by increasing global visibility, facilitating high-value engagement opportunities and reinforcing the Company's growing presence within the defence and aerospace sectors.

International Partner Development

Work continued during the quarter on a number of prospective international partner relationships. The completion of US air transport approvals, ISO 9001 certification of the lithium foil line and the growing body of independent test data each strengthen the Company’s position in these discussions. Further updates will be provided as partner engagements progress.

SUMMARY OF EXPENDITURE

Please refer to the Appendix 4C for the detailed quarterly cash flow report, including a summary of the Company's expenditure on the above activities.

Net cash outflows used in operating activities during the quarter were $1,267,000. This was primarily driven by:

- Payments for staff costs for the quarter of $1,103,000, reduced by the reallocation of $784,000 to investing activities, reflecting staff costs capitalised against intellectual property and property, plant and equipment.
- Payments for research and development associated with government grants received of $101,000;
- Payments for administration and corporate costs of $1,152,000, consisting of payments for management support services to a subsidiary of PPK Group Limited of $150,000, and other administration and corporate costs of $1,002,000;
- Partly offset by interest income of $310,000.

The net cash inflows generated from investing activities during the quarter were $1,398,000, consisting primarily of:

- Proceeds from repayment of loan of $2,000,000;
- Proceeds from disposal of investment of $150,000;
- Proceeds from government grants received of $491,000, primarily related to the receipt of the first tranche of funding under ARENA's Advancing Renewables Program;
- Partly offset by payments for property, plant and equipment of $676,000, primarily related to equipment purchases associated with the phase 3 production facility of $310,000, and capitalisation of employee costs of $366,000; and
- Payments for intellectual property of $567,000, mainly reflecting payments to Deakin University for development activities of $125,000, capitalisation of employee costs undertaken for development activities of $418,000, and payments associated with other government grant programs of $24,000;

The net cash outflows from financing activities for the quarter consists of repayments to lease liabilities of $64,000, accounted for in accordance with AASB 16 *Leases*.

Payments to associates or related parties

In accordance with Listing Rule 4.7C.3, the Company advises that it paid $527,000 to related parties of the Company during the quarter, consisting of:

- Payment to Deakin University of $125,000 relating to development project activities undertaken in relation to the Recycling and Clean Energy Commercialisation Hub Research Framework Agreement, which forms part of the Federal Government's Trailblazer Universities Program;
- Payments to Deakin University of $125,000 relating to various lease agreements for production bays (including outgoings) at Deakin's ManuFutures advanced manufacturing hub in Geelong, Victoria;
- Payments to a subsidiary of PPK Group Limited of $150,000 for management support services provided in accordance with the relevant agreement, and as disclosed in Note 29 of the FY25 Annual Report; and
- Payments to subsidiaries of PPK Group Limited of $127,000 for purchase of nanomaterials, recovery of contracted labour costs, and pass through of costs incurred on behalf of the Company.

CORPORATE DIRECTORY (as at 30 June 2026)

Li-S Energy Limited ABN 12 634 839 857

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

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

Li-S Energy

Appendix 4C

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

Name of entity

Li-S Energy Limited

ABN	**Quarter ended ("current quarter")**
12 634 839 857	30 June 2026

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) research and development	(101)	(286)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	-	-
	(d) leased assets	-	-
	(e) staff costs[1]	(319)	(1,110)
	(f) administration and corporate costs	(1,152)	(4,384)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	310	813
1.5	Interest and other costs of finance paid	(15)	(67)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	10	2,204
1.8	Other – GST refunds	-	433
1.9	**Net cash from / (used in) operating activities**	**(1,267)**	**(2,397)**

1 Refer to the Summary of Expenditure on page 9 of the Quarterly Activities Report for more information.

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 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	(676)	(2,471)
	(d) investments	-	-
	(e) intellectual property	(567)	(2,303)
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:	-	-
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	150	1,350
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	2,000	2,000
2.4	Dividends received (see note 3)	-	-
2.5	Other (proceeds from government grants)	491	4,186
2.6	**Net cash from / (used in) investing activities**	**1,398**	**2,762**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(64)	(240)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (purchase of shares in Li-S Energy Limited by the employee share trust)	-	-
3.10	**Net cash from / (used in) financing activities**	**(64)**	**(240)**

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	14,913	14,855
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,267)	(2,397)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1,398	2,762
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(64)	(240)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**14,980**	**14,980**

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	14,980	14,913
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)**	**14,980**	**14,913**

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	402
6.2	Aggregate amount of payments to related parties and their associates included in item 2	125

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

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

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9) [2]	(1,267)
8.2	Cash and cash equivalents at quarter end (item 4.6)	14,980
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	14,980
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	11.8

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

[2] Refer to the Summary of Expenditure on page 9 of the Quarterly Activities Report for more information.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 24 July 2026

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.