

ASX ANNOUNCEMENT**Li-S Energy Limited – ASX Code: LIS****18 November 2025****Li-S Energy Secures \$7.8 Million ARENA Grant to Accelerate
Advanced Australian Battery Manufacturing Facility**

Key Highlights:

- Li-S Energy awarded a \$7.8 million grant under the Australian Renewable Energy Agency's (ARENA) Advancing Renewables Program.
- The grant will support a manufacturing optimisation program, a feasibility study and front-end engineering design (FEED) for a staged development of a lithium-sulfur (Li-S) battery cell manufacturing facility targeting up to 1 GWh per year of production.
- Represents up to a 500 times increase in the production capacity from Li-S Energy's existing 2 MWh automated production line in Geelong, Victoria.
- Reinforces Federal Government support for sovereign domestic advanced battery manufacturing and renewable energy supply chain resilience.
- On completion of this work the Company expects to engage with strategic and joint venture partners to collaborate on delivery of the proposed facility development.

Li-S Energy Limited ("Li-S Energy" or "the Company") is pleased to announce it has been awarded a \$7.8 million Advancing Renewables Program (ARP) grant from ARENA to progress planning for a potential large-scale Li-S battery cell manufacturing facility in Australia.

The proposed facility is expected to be built in stages to align with market demand, targeting an eventual output of up to 1 GWh per year. This scalable design ensures capital efficiency while providing a clear path to large-scale domestic Li-S cell production.

The grant will support three (3) key workstreams:

1. Manufacturing Optimisation

A program to further optimise cathode and anode manufacture, cell stacking and recycling, with the grant supporting new capital equipment and the Company's scientific and engineering teams.

2. Feasibility Study

Assessing the staged development of a Li-S manufacturing facility with capacity of up to 1 GWh per year, defining inputs, outputs and the commercial business case.

3. Front-End Engineering Design (FEED)

Delivering detailed, tender-ready engineering and cost packages to support project financing, partnership development and construction readiness.

The program will be completed in two stages: Stage 1 covering the optimisation and feasibility studies and Stage 2 (subject to positive Stage 1 outcomes) progressing the FEED study to create a “shovel-ready” project.

For both stages, independent engineering consultants, experienced in gigafactory design, will be engaged to ensure the study outputs are credible and they harness the latest global expertise in the battery manufacturing industry.



Figure 1: Indicative aerial view of proposed production facility

Advancing Commercial Readiness

Li-S Energy’s proprietary lithium-sulfur chemistry and manufacturing processes are now reaching commercial maturity, generating strong interest from partners in the drone, defence, aerospace and marine sectors. Over the last year we have signed commercial partnerships with a number of businesses across the drone and defence sectors, including Kea Aerospace, Praetorian and a significant defence prime, and our partner and business development is continuing at pace.

Demonstrating the ability to scale production is a key enabler for customer adoption and offtake agreements.

With current energy densities of 456 Wh/kg, Li-S Energy cells are among the most advanced globally. Li-S Energy's recent installation of lithium foil and laminate production capability at its Geelong facility further strengthens domestic supply resilience and reduces reliance on imported materials.

Building on Li-S Energy's Proven 2MWh Manufacturing Platform

The ARENA-supported initiative builds on the Company's Phase 3 Geelong facility, Australia's largest advanced pouch-cell production line. The 2 MWh line has enabled the Company to develop automated manufacturing processes to produce and test 10 Ah Li-S cells, supporting customer trials and validation.

This proven foundation positions Li-S Energy to scale confidently, leveraging operational experience, established supply chains and a skilled local workforce.

Strategic Significance

Li-S Energy's program represents a major step forward for sovereign advanced manufacturing in Australia and aligns with Federal Government priorities in renewable energy, supply chain security, and Net Zero 2050 commitments.

Initial commercial focus will remain on high-value applications – defence, drone and aerospace markets – before expanding into e-aviation and heavy vehicle sectors over time, where lightweight Li-S technology also offers significant performance and sustainability advantages.

Next Steps

Stage 1 activities under the ARENA grant will begin immediately, with completion of the feasibility and optimisation studies expected within 12 months, paving the way for FEED commencement. ARENA funding will be matched by Li-S Energy, combining cash and in-kind (non-cash) contributions.

The Company has consistently been of the view that a substantial manufacturing facility scale-up will require significant additional capital. With our maturing technology and rapidly increasing customer demand, plus a clear commercial business case supported by professional engineering feasibility and FEED studies, we expect to be able to engage with strategic and joint venture partners, and access low-cost capital from a variety of sources including government and private sector project financing.

It is expected that binding or conditional off-take agreements will be secured prior to any material financial commitments being entered into for facility construction.

The Federal Government announcement regarding this grant is attached for reference.

Comments by the Chair and MD

Dr Lee Finniear, Chief Executive Officer and Managing Director, said:

“We are delighted to have the support of the Australian Federal Government to expand Australia’s capability to produce our world leading advanced battery cells. The ARP Grant enables us to accelerate the critical commercial and engineering studies needed to progress advanced lithium-sulfur batteries toward large-scale production.

This will support growing demand for lightweight batteries in drones, defence, aerospace and other relevant high-value commercial markets. In particular, it strengthens domestic supply chains and backs Australian innovation to deliver commercial production right here in Australia.”

Ben Spincer, Chairman, added:

“With the significant lead times required to stand up a substantial manufacturing facility, it is an essential and prudent strategy for us to develop our manufacturing scale up pathway in parallel to building our partner and customer pipeline toward future offtake agreements.

A credible, well developed pathway to scale, supported by the Federal Government, substantially enhances our credibility to engage early and effectively with large customers, strategic partners and financial institutions that seek to deploy project capital, expertise and offtake into strategically relevant advanced battery manufacturing.”

This announcement has been authorised by the Board.

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About Li-S Energy:

Li-S Energy (ASX: LIS) is commercialising next-generation lithium-sulfur and lithium-metal battery cells with more than double the energy density of traditional lithium-ion batteries. Its technology - incorporating BNNTs and Li-Nanomesh™ - is designed for high-performance sectors such as drones, electric aviation, and defence. Visit: www.lis.energy

Media Release

18 November 2025

Next generation battery manufacturing gets funding boost

The Australian Renewable Energy Agency (ARENA) has announced \$7.86 million in funding to Li-S Energy Ltd (Li-S Energy) to support the next phase of Australia's advanced battery manufacturing capability.

The funding will enable Li-S Energy to undertake manufacturing optimisation, a feasibility study and front-end engineering design (FEED) for a proposed lithium-sulfur battery cell manufacturing facility. The proposed facility aims to produce up to 1 GWh per year of battery cell capacity – 500 times the capacity of Li-S Energy's current Geelong-based facility.

ARENA CEO Darren Miller said the project reflects Australia's commitment to building local manufacturing capability and accelerating innovation in energy storage.

"By supporting Li-S Energy's plans to scale up lithium-sulfur battery production, we are helping to fast-track the commercialisation of breakthrough battery technologies."

"Batteries are essential to the clean energy transition, both for energy storage and transport. That's why it's critical we keep advancing innovations that improve performance, increase energy density and drive down costs," Mr Miller said.

Lithium-sulfur batteries have the potential to deliver up to twice the energy density of conventional lithium-ion batteries, enabling longer range and lighter weight for electric vehicles, drones, wearables and other applications. This aligns with the Australian Government's energy storage strategy, which prioritises technologies that support renewable integration and reduce reliance on imported battery systems.

Li-S Energy CEO and MD Dr Lee Finniear said the funding is a major step towards commercial readiness.

"This funding enables us to accelerate the critical commercial and engineering studies needed to progress advanced lithium-sulfur batteries toward large-scale production. It will help meet growing demand for lightweight batteries in drones, defence, aerospace and other relevant high-value commercial markets," Dr Finniear said.

As more renewable energy generation enters the grid, the need for energy storage is increasing. This funding reflects ARENA's strategic priority to reduce the cost and increase the diversity of technologies available to support the deployment of energy storage in Australia.

This funding has been administered under ARENA's Advancing Renewables Program, which is continuously open for applications that address our investment focus areas and involve a renewable energy technology or technologies that increase the supply of, or improve the competitiveness of, renewable energy in Australia.

About ARENA

ARENA has a unique role in the transition to a net zero economy. We provide funding support for projects spanning the innovation chain, from research to early-stage deployment, bridging the gap between innovators and investment to help push emerging and early-stage technologies towards commercialisation.

Since its establishment in 2012, ARENA has supported more than 800 projects with over \$3 billion in grant funding, unlocking a total investment of almost \$15 billion in Australia's renewable energy industry.

Our expertise, deep understanding of the renewable energy sector and willingness to fund innovative and ground-breaking projects mean we provide a pathway to commercialisation for many new technologies and businesses that would otherwise struggle to get off the ground or be potentially lost to overseas markets.

Through these projects, strong stakeholder engagement and insight sharing, ARENA has been instrumental in building the foundations of the renewable energy ecosystem in Australia.

Learn more about our investment priorities: <https://arena.gov.au/about/arena-strategic-priorities/>