

Lithium Australia

Lithium Australia Limited

ACN 126 129 413

Options Prospectus

This Prospectus is being issued for up to 139,329,261 Options exercisable at \$0.10 each and expiring three (3) years from the date of issue (**Quoted Options**) comprising of the following offers:

1. an offer of 92,886,174 Quoted Options to subscribers under the Placement, on the basis of 1 free attaching Quoted Option for every 2 Shares subscribed for under the Placement (**Placement Options Offer**); and
2. an offer of 46,443,087 Quoted Options to the Lead Manager (or its nominees) (**Lead Manager Options Offer**),

(together, the **Offer**).

The Offer under this Prospectus closes at 5.00pm (WST) on 20 October 2022.*

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT SHOULD BE READ IN ITS ENTIRETY.

IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR SUITABLY QUALIFIED PROFESSIONAL ADVISER WITHOUT DELAY.

The Options offered under this Prospectus are of a speculative nature.

*The Company reserves the right, subject to the Corporations Act and Listing Rules to extend the Closing Date for the Offer.

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Important Information

This Prospectus is dated 12 October 2022 and was lodged with the ASIC on that date with the consent of all Directors. Neither ASIC nor ASX nor their respective officers take any responsibility for the contents of this Prospectus.

No Placement Options will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus).

The Prospectus will be made available in electronic form. Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus (free of charge) from the Company's registered office by contacting the Company as detailed in the Corporate Directory.

The Company will also provide copies of other documents on request (see Section 5.3).

The Placement Options offered by this Prospectus should be considered speculative. Please refer to Section 4 for details relating to investment risks.

Applications for Placement Options will only be accepted on an Application Form attached to or provided by the Company with a copy of this Prospectus either in paper or electronic form. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is accompanied by a complete and unaltered copy of this Prospectus.

Revenues and expenditures disclosed in this Prospectus are recognised exclusive of the amount of goods and services tax, unless otherwise disclosed. No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

The Offer constituted by this Prospectus in electronic form is only available to persons receiving an electronic version of this Prospectus and accompanying Application Form within Australia and New Zealand.

No action has been taken to permit the offer of Placement Options under this Prospectus in any jurisdiction other than Australia.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of Placement Options in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

This document is important and should be read in its entirety before deciding to participate in the Offer. This does not take into account the investment objectives, financial or taxation, or particular needs of any particular Applicant. Before making any investment in the Company, each Applicant should consider whether such an investment is appropriate to their particular needs, and considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Applicant should consult their stockbroker, solicitor, accountant or other professional adviser without delay.

Definitions of certain terms used in this Prospectus are contained in Section 7. All references to currency are to Australian dollars and all references to time are to the time in Perth, Western Australia unless otherwise indicated.

Corporate Directory

Directors

George Bauk	Non-Executive Chair
Kristie Young	Non-Executive Director
Phil Thick	Non-Executive Director

Officers

Stuart Tarrant	Chief Financial Officer
Catherine Grant-Edwards	Joint Company Secretary
Melissa Chapman	Joint Company Secretary

Registered and Principal Office

Level 1, 677 Murray Street
West Perth WA 6005

Phone: +61 8 6145 0288

Email: info@lithium-au.com

Website: www.lithium-au.com

Share Registry

Advanced Share Registry
110 Stirling Highway
Nedlands WA 6009

Phone: +61 8 9389 8033

Fax: +61 8 9262 372

Email: admin@advancedshare.com.au

Auditor*

Hall Chadwick WA Audit Pty Ltd
283 Rokeby Road
Subiaco WA 6008

Lead Manager

CPS Capital Group Pty Ltd
Level 45/108 St Georges Terrace
Perth WA 6000

Solicitors

Hamilton Locke
Central Park Building
Level 27, 152 - 158 St Georges Terrace
Perth WA 6000

ASX Code: LIT

* These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus.

Indicative Timetable

Event	Date
Lodgement of Prospectus with ASIC	12 October 2022
Opening Date of Offer	12 October 2022
Closing Date of Offer*	20 October 2022
Appendix 2A	20 October 2022
Issue of Options offered under this Prospectus	20 October 2022
Commencement of trading on a normal settlement basis of the Options issued under this Prospectus	25 October 2022

Note

- * The dates and times noted above are indicative only and subject to change. Any material changes will be notified by the Company to ASX. The Company reserves the right to amend any or all of these dates and times, including amending the Closing Date of the Offer, without prior notice subject to the Corporations Act, the Listing Rules and other applicable laws.

Investment Overview

This Section is intended to highlight key information for potential investors. It is an overview only, and is not intended to replace the Prospectus. Potential investors should read the Prospectus in full before deciding to invest in Placement Options.

Key Information	Further Information
<p>Transaction specific prospectus</p> <p>This Prospectus is a transaction specific prospectus for an offer of options to acquire continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with Section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.</p>	
<p>Placement Options Offer</p> <p>This Prospectus contains an offer of up to 92,886,174 Quoted Options to subscribers under the Placement, on the basis of 1 free attaching Placement Option for every for every 2 Shares subscribed for under the Placement.</p> <p>The Placement Options will have an exercise price of \$0.10 each and will expire three (3) years from the date of issue.</p> <p>The issue of the Placement Options is subject to Shareholder approval and is expected to occur after the date of this Prospectus and, following Shareholder approval at the upcoming extraordinary general meeting of Shareholders (Meeting), the day after the Meeting.</p> <p>The issue of Placement Shares raised approximately \$12 million (before costs). No additional funds will be raised through the issue of Placement Options under the Offer.</p> <p>An additional \$100,000 will be raised through the proposed participation of Director Mr Phil Thick under the Placement via the issue of 1,538,462 Placement Shares (Director Placement Shares) and 769,231 free attaching quoted Options (Director Placement Options) subject to the approval of Shareholders. The Director Placement Options are included in the total Quoted Options being offered under this Prospectus. The issue of the Director Placement Shares and Director Placement Options are subject to Shareholder approval and is expected to occur after the date of this Prospectus and, following Shareholder approval at the Meeting, the day after the Meeting.</p>	<p>Sections 1.1 and 1.2</p>
<p>Lead Manager Options Offer</p> <p>The Company has agreed to issue 46,443,087 Quoted Options to the Lead Manager (or its nominees) at an issue price of \$0.0001 per Quoted Option as part of its lead manager fee (see Section 5.10 in relation to the Lead Manager Mandate). A total of \$4,644 (before costs) will be raised pursuant to the Lead Manager Options Offer.</p>	<p>Sections 1.3 and 5.10</p>
<p>Eligibility</p> <p>The Placement Options Offer is limited to participants of the Placement.</p> <p>The Lead Manager Options Offer is limited to the Lead Manager (or its nominees).</p>	<p>Sections 1.2 and 1.3</p>
<p>What is the purpose of the Offer?</p>	<p>Section 1.2</p>

Key Information	Further Information
<p>The primary purpose of the Offer is to remove the need for an additional disclosure document to be issued upon the sale of any Shares that are issued upon conversion of any Quoted Options that are issued under the Offer and to facilitate the quotation of the Quoted Options.</p>	
<p>Risk factors</p> <p>Potential investors should be aware that subscribing for Quoted Options in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 4, including (but not limited to) risks in respect of:</p> <ul style="list-style-type: none"> <p>• Growth opportunities</p> <p>The Company is actively pursuing international growth of the cathode powder (VSPC) and battery recycling (Envirostream) businesses. This growth strategy includes engagement with third parties and identification of potential partnership, joint venture or joint development opportunities.</p> <p>The Company cautions that there are no legally binding proposals at this stage. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions. Refer to Section 5.4 for additional information.</p> <p>There is no guarantee that any proposed partnership, joint venture or joint development opportunities will be completed or will be successful.</p> <p>• Commercialisation risks</p> <p>The Company has integrated its 100% owned SiLeach®, LieNA® and VSPC processes with the aim of establishing a pathway from mine waste to lithium-ion battery manufacturing. The Company has completed a successful pilot-plant run at its Generation 2 SiLeach® facility, and has provided evaluation samples of VSPC cathode powder to a number of battery manufacturers.</p> <p>The Company is progressing towards continuous pilot plant operations for its 100% owned LieNA® process.</p> <p>SiLeach® and LieNA® are new processes that have only been tested under small, controlled laboratory conditions or at a mini-plant scale respectively. The technologies have not been scaled up and tested, and there is a risk that the processes may not be technically feasible, may not perform as designed, may prove uneconomic and/or unreliable, may not be developed on a timely basis, and may not produce a marketable product.</p> <p>• No profit to date and uncertainty of future profitability</p> <p>The Company has incurred losses in the past and it is therefore not possible to evaluate the Company's future prospects based on past performance. The Company expects to make losses in the foreseeable future even though its VSPC business, Envirostream recycling business, SiLeach® and LieNA® processes and lithium phosphate recovery technology related to these processes may be commercialised. Factors that will determine the Company's future profitability include its ability to manage its costs to execute its development and growth strategies, the success of its activities in research and development and ability to commercialise its technology, the ability to claim R&D rebates, the actions of competitors and market developments. As a result, the extent of future profits, if any, and the time required to achieve sustainable</p> 	<p>Section 4</p>

Key Information	Further Information
<p>profitability, is uncertain. In addition, the level of any such future profitability (or loss) cannot be predicted.</p> <ul style="list-style-type: none"> Development and production risks - Technology The Company seeks to develop and operate new battery material plants in the future including cathode material production, SiLeach®, LieNA® and battery recycling. The development and operation of any plant may be affected by various factors, including failure to achieve predicted grades necessary to satisfy customer requirements; failure to obtain or maintain any necessary regulatory approvals; operational and technical difficulties encountered in processing; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment. Research and development tax incentive The Company is partially reliant upon receiving research and development rebates through the Commonwealth Research and Development Tax Incentive, including receipt of approximately \$1.16 million (net of costs) for the year ending 30 June 2022. There is a risk that these incentive types may change or the Company may no longer be eligible to receive these types of rebates in the future. Intellectual Property Rights The Company has a family of patents in relation to its VSPC technology, a process to manufacture battery cathode materials. There is no guarantee that the grant of a patent concerned is valid or that the technology (patented or otherwise) does not infringe the rights of others. The Company has made patent applications, for extraction technology, the SiLeach® process and the LieNA® process and lithium phosphate recovery technology related to these processes. There is no guarantee the patents will be granted; nor does the grant of a patent guarantee that the patent concerned is valid or that the technology (patented or otherwise) does not infringe the rights of others. This patent will be subject to examination in due course; however, it may not be approved for final acceptance and grant. The Company has made a patent application for the LieNA® technology, a process of extracting lithium from lithium bearing silicate minerals. There is no guarantee the patent will be granted nor does the grant of a patent guarantee that the patent concerned is valid or that the technology (patented or otherwise) does not infringe the rights of others. This patent will be subject to examination in due course; however, it may not be approved for final acceptance and grant. The success of the Company's lithium extraction and recovery technology will depend in part on the Company's ability to maintain patents (and therefore proprietary rights) without infringing the proprietary rights of others. The validity and strength of patents involves complex legal and scientific questions and can be uncertain. There can be no assurance that patents in relation to the SiLeach® process or the LieNA® technology will afford the Company commercially significant protection of the SiLeach® process or the LieNA® technology or that competitors will not develop competing technologies that circumvents such patents. 	

Key Information	Further Information																									
<ul style="list-style-type: none"> Litigation risks <p>The Company is exposed to possible litigation risks including intellectual property claims, contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position.</p> <p>As previously disclosed, Envirostream has been served writs in regard to statements of claims concerning damage caused by a fire at 31 Colbert Road, Campbellfield, Victoria, on 19 January 2019. The claims were estimated to total \$5 million as at 30 June 2022 (\$5 million: 30 June 2021) (included as a provision). On 7 September 2022, the Company announced it had received confirmation that the litigated claims had been settled by Envirostream's insurance company for \$1.715 million. However, as at the date of this Prospectus, settlement of the litigated claim remains incomplete and subject to completion of the Company's half year financial report for the period ending 31 December 2022.</p> 																										
<p>Use of funds</p> <p>No funds will be raised as a result of the Placement Options Offer.</p> <p>A total of \$4,644 (before costs) will be raised pursuant to the Lead Manager Options Offer.</p> <p>It is currently intended that the funds raised pursuant to the Lead Manager Options Offer, and any funds raised by the exercise of the Placement Options will be used towards commercialisation of the Company's wholly owned subsidiaries Envirostream Australia Pty Ltd (Envirostream) and VSPC Pty Ltd, driving the increase of safe recycling of spent battery volumes at Envirostream's operational facilities in Victoria the completion of engineering studies for the expansion of our current facilities and to advance offtake and raw material relationships for the lithium ferro phosphate supply chain and general working capital.</p>	Section 3.2																									
<p>Effect on control of the Company</p> <p>It is not expected that the Offer will have any effect on the control of the Company.</p>	Section 3.5																									
<p>Indicative capital structure</p> <p>The indicative capital structure upon completion of the Offer is set out below:</p> <table border="1"> <thead> <tr> <th></th> <th>Shares</th> <th>Quoted Options</th> <th>Unquoted Options</th> <th>Performance Rights</th> </tr> </thead> <tbody> <tr> <td>Existing</td> <td>1,219,643,210</td> <td>61,715,990</td> <td>1,833,333</td> <td>10,500,000</td> </tr> <tr> <td>Proposed issue of Director Placement Shares</td> <td>1,538,462</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Maximum Securities to be issued under the Offer</td> <td>-</td> <td>139,329,261</td> <td>-</td> <td>-</td> </tr> <tr> <td>Total</td> <td>1,221,181,672</td> <td>201,045,251</td> <td>1,833,333</td> <td>10,500,000</td> </tr> </tbody> </table>		Shares	Quoted Options	Unquoted Options	Performance Rights	Existing	1,219,643,210	61,715,990	1,833,333	10,500,000	Proposed issue of Director Placement Shares	1,538,462	-	-	-	Maximum Securities to be issued under the Offer	-	139,329,261	-	-	Total	1,221,181,672	201,045,251	1,833,333	10,500,000	Sections 3.1
	Shares	Quoted Options	Unquoted Options	Performance Rights																						
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Maximum Securities to be issued under the Offer	-	139,329,261	-	-																						
Total	1,221,181,672	201,045,251	1,833,333	10,500,000																						

Key Information	Further Information
<p>Directors' participation</p> <p>Mr Phil Thick (or his nominees) has agreed to subscribe for \$100,000 in Shares under the Placement resulting in a total issue of up to 1,538,462 Shares and 769,231 free attaching quoted Options. The issue of the Director Securities is subject to Shareholder approval at the Meeting to be held on 19 October 2022.</p> <p>The proposed issue of Director Placement Options pursuant to the Director Participation forms part of the Offer under this Prospectus.</p>	<p>Sections 1.1</p>
<p>Forward looking statements</p> <p>This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.</p> <p>These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are considered reasonable.</p> <p>Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the management.</p> <p>The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.</p> <p>The Directors have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.</p> <p>These forward looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section4.</p>	<p>Section 4</p>

1. Details of the Offer

1.1 Background to the Offer

On 31 August 2022, the Company announced a capital raising of approximately \$12.1 million (before costs) (**Placement**). The capital raising is comprised of the following two tranches:

- (a) the issue of 184,233,885 Shares at an issue price of \$0.065 per Share (**Placement Shares**), with one free-attaching Quoted Option for every 2 Shares subscribed for under the Placement (**Placement Options**); and
- (b) the issue of 1,538,462 Shares to Mr Phil Thick (or his nominees) at an issue price of \$0.065 per Share (**Director Placement Shares**), with one free-attaching Quoted Option for every 2 Director Placement Shares subscribed for under the Placement (**Director Placement Options**) (collectively, the **Director Securities**).

The Placement Shares were issued on 7 September 2022 using the Company's available 15% placement capacity under ASX Listing Rule 7.1 and 10% placement capacity under ASX Listing Rule 7.1A. The Placement Shares issued under the Placement were offered to sophisticated and professional investors without disclosure under the Corporations Act.

The Director Placement Shares will be issued subject to Shareholder approval at an extraordinary general meeting to be held on 19 October 2022 (**Meeting**).

The Placement Options and Director Placement Options will be issued subject to Shareholder approval at the Meeting.

The Company expects the issue of the Quoted Options to occur on or around 20 October 2022.

1.2 The Placement Options Offer

The Company is offering pursuant to this Prospectus, up to 92,116,943 Placement Options and up to 769,231 Director Placement Options (total of 92,886,174 Options) exercisable at \$0.10 per Option and expiring three (3) years from the date of issue (**Placement Options Offer**).

Only parties that were issued Placement Shares may apply for Placement Options under the Placement Options Offer.

Only Mr Phil Thick (or his nominees) may be issued Director Placement Shares and may apply for Director Placement Options under the Placement Options Offer.

No funds are payable under the Placement Options Offer.

An Application Form in relation to the Placement Options Offer will be issued to the person eligible to receive Placement Options or Director Placement Options under the Placement Options Offer (or their nominees) together with a copy of this Prospectus in electronic form.

Applications for Placement Options or Director Placement Options under the Placement Options Offer must be made on the Application Form accompanying this Prospectus and received by the Company on or before the relevant Closing Date.

No funds will be raised as a result of the Placement Options Offer as the Placement Options and Director Placement Options are offered on a free-attaching basis to the Shares issued under the Placement.

The Company will apply for quotation of the Placement Options and Director Placement Options (see Section 1.9).

1.3 Lead Manager Options Offer

Pursuant to the Lead Manager Mandate and subject to Shareholder approval at the upcoming Meeting, the Company has agreed to issue up to 46,443,087 Lead Manager Options exercisable at \$0.10 per Option and expiring three (3) years from the date of issue (to the Lead Manager (or its nominees) as partial consideration for lead manager services provided in respect to the Placement (**Lead Manager Options Offer**)).

The Lead Manager Options will be issued at a price of \$0.0001 each. Negligible funds will therefore be raised from the Lead Manager Options Offer.

The Lead Manager Options are being issued under the same terms and conditions as the Placement Options and Director Placement Options set out in Section 5.1. If the Lead Manager Options are exercised, the resultant Shares will be of the same class and will rank equally in all respects with the existing Shares in the Company.

Only the Lead Manager (or its nominees) may accept the Lead Manager Options Offer. An Application Form in relation to the Lead Manager Options Offers will be issued to the Lead Manager (or its nominees) together with a copy of this Prospectus.

The Company will apply for quotation of the Lead Manager Options (see Section 1.9).

Refer to Section 5.10 for a summary of the Lead Manager Mandate.

1.4 Purpose of the Offer

The primary purpose of the Offer is to remove the need for an additional disclosure document to be issued upon the sale of any Shares that are issued upon conversion of any Quoted Options that are issued under the Offer and to facilitate the quotation of the Quoted Options.

The Offer is being made such that the relief provided under ASIC Corporations (Sale Offers That Do Not Need Disclosure) Instrument 2016/80 with respect to the on-sale provisions of section 707 of the Corporations Act is available.

Specifically, if the Quoted Options are issued with disclosure under this Prospectus, then the Shares issued upon the exercise of any of the Quoted Options can be on-sold within 12 months of their issue, without a disclosure document for the on-sale offer.

1.5 Opening and Closing Dates

The Company will accept Application Forms from 12 October 2022 (**Opening Date**) until 5.00pm (WST) on 20 October 2022 or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules (**Closing Date**).

1.6 Minimum subscription

There is no minimum subscription for the Offer.

1.7 Withdrawal of Offer

The Company reserves the right not to proceed with the Offer at any time before the issue of Quoted Options.

1.8 Issue date

The Quoted Options will be issued only after ASX has granted permission for the Quoted Options to be quoted. It is expected that Quoted Options will be issued on 20 October 2022 and trading of the Quoted Options on the ASX is expected to commence on 25 October 2022.

It is the responsibility of Applicants to determine their allocation prior to trading in the Quoted Options. Applicants who sell Quoted Options before they receive their holding statements do so at their own risk.

1.9 ASX quotation

An initial application has been made to the ASX for Official Quotation of the Quoted Options by the way of an Appendix 3B announced on the ASX market announcements platform on 31 August 2022. The Company intends to submit an Appendix 2A for Official Quotation of the Quoted Options on or around 20 October 2022.

The Quoted Options offered under this Prospectus will only be admitted to quotation by ASX if the conditions for quotation of a new class of securities are satisfied, which include (amongst other things):

- (a) there being a minimum of 100,000 of the Quoted Options on issue; and
- (b) there are at least 50 holders with a marketable parcel (within the meaning of the Listing Rules).

If the Quoted Options to be issued under this Prospectus are not admitted to quotation within a period of three months from the date of this Prospectus, any Quoted Options issued will be void in accordance with section 723 of the Corporations Act.

The fact that ASX may grant Official Quotation is not to be taken in any way as an indication of the merits of the Company or the Quoted Options offered pursuant to this Prospectus. ASX takes no responsibility for the contents of this Prospectus.

1.10 CHESS

The Company participates in the Clearing House Electronic Sub-register System, known as CHESS. ASX Settlement Pty Limited, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of Quoted Options.

If you elect to hold your Securities on the CHESS sub-register, ASX Settlement Pty Limited will send you a CHESS statement.

If you elect to hold your Securities on the Issuer Sponsored sub-register, your statement will be despatched by the Share Registry.

The statements will set out the number of existing Securities held (where applicable) and the number of new Quoted Options allotted under this Prospectus and provide details of a Shareholder's holder identification number (for Shareholders who elect to hold Securities on the CHESS sub-register) or Shareholder reference number (for Shareholders who elect to hold their Securities on the Issuer Sponsored sub-register).

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time; however, a charge may be made for additional statements.

1.11 International Offer Restrictions

This Prospectus, and any accompanying Application Form, do not, and is not intended to, constitute an offer of Quoted Options in any jurisdiction in which it would be unlawful. In particular, this Prospectus, and any accompanying Application Form, may not be distributed to any person, and the Quoted Options may not be offered or sold, in any country outside Australia where it would be unlawful to do so.

1.12 Risk factors

An investment in Securities should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are certain specific risks associated with an investment in the Company which are detailed in Section 4.

1.13 Taxation implications

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for Quoted Options.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. As a result, Applicants should consult their professional tax adviser in connection with subscribing for Quoted Options.

1.14 Major activities and financial information

A summary of the major activities and financial information relating to the Company, for the financial year ended 30 June 2022, can be found in the Company's Annual Report announced on ASX on 23 September 2022. Copies of this document are available free of charge from the Company. The Company's continuous disclosure notices (i.e. ASX announcements) since 30 June 2022 are listed in Section 5.3. The Directors strongly recommend that Applicants review the Annual Report and all other announcements prior to deciding whether or not to participate in the Offer.

1.15 Privacy

If you complete an application for Quoted Options, you will be providing personal information to the Company (directly or by the Share Registry). The Company collects, holds and will use that information to assess the Application, service your needs as a Security holder, facilitate distribution payments and corporate communications to you as a Security holder, and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your Securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

An Applicant has an entitlement to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access.

Access requests can be made in accordance with Principle 12 of the Australian Privacy Principles and may be made in writing to the Company's registered office.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules.

1.16 Enquiries concerning Prospectus

Enquiries relating to this Prospectus should be directed to the Company by telephone on +61 (0) 6145 0288 or by email via info@lithium-au.com.

For general shareholder enquiries, please contact the Share Registry on +61 (8) 9389 8033.

2. Application for Placement Options

2.1 Application Form

Persons entitled to apply for Quoted Options under the Offer should complete and submit an Application Form, in accordance with the instructions on the Application Form. Please read the instructions carefully.

Please complete the Application Form by filling in the details in the spaces provided.

Completed Application Forms must be lodged at any time after the issue of this Prospectus and on or before the Closing Date.

2.2 Acceptance of Application

Acceptance of a completed Application Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Quoted Options accepted by the Company. The Application Form does not need to be signed to be a binding acceptance of Quoted Options.

If the Application Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the Application as valid and how to construe, amend or complete the Application Form is final.

By completing and returning your Application Form, you will be deemed to have represented that you are entitled to apply for Quoted Options under the Offer. In addition, you will also be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Prospectus, does not prohibit you from being given the Prospectus and that you:

- (a) agree to be bound by the terms of the Offer;
- (b) declare that all details and statements in the Application Form are complete and accurate;
- (c) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Application Form;
- (d) authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the Quoted Options to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Application Form;

- (e) declare that you have a registered address in Australia, or another country which permits the Company to make the Offer to you without the requirement to lodge any documents with your local regulatory authority;
- (f) acknowledge that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that Quoted Options are suitable for you given your investment objectives, financial situation or particular needs; and
- (g) acknowledge that the Quoted Options have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia.

3. Effect of the Offer

3.1 Capital structure on completion of the Offer

Assuming that no existing Options are exercised, or Performance Rights or Convertible Notes converted into Shares, the effect of the Offer on the Company's issued capital as at the date of this Prospectus is as shown in the following table.

	Shares ¹	Quoted Options ³	Unquoted Options ⁴	Performance Rights ⁵
Existing Securities on issue	1,219,643,210	61,715,990	1,833,333	10,500,000
Proposed issue of Director Placement Shares ⁶	1,538,462	-	-	-
Maximum Securities to be issued under the Offer ²	-	139,329,261	-	-
Total	1,221,181,672	201,045,251	1,833,333	10,500,000

Notes:

1. Includes 184,233,885 Shares issued under the Placement on 7 September 2022.
2. Assumes the Offer is fully subscribed.
3. Comprising:
 - (a) 61,715,990 Quoted Options exercisable at \$0.0499 each and expiring on 28 February 2025; and
 - (b) 139,329,261 Quoted Options to be issued under this Prospectus (being in respect of the Placement Options, Director Placement Options, and Lead Manager Options), the terms and conditions of which are set out in Section 5.1.
4. 1,833,333 unquoted Options exercisable at \$0.055 each and expiring on 28 February 2023.
5. Performance Rights issued to Directors (or nominees) and employees under the Company's employee securities incentive plan approved at the general meetings held on 30 April 2018 and 11 October 2021.
6. Being the proposed issue of 1,538,462 Director Placement Shares that will be issued to Mr Phil Thick (or his nominees) subject to the receipt of Shareholder approval at the Meeting.

3.2 Use of funds

No funds will be raised as a result of the Placement Options Offer.

A total of \$4,644 (before costs) will be raised pursuant to the Lead Manager Options Offer.

The Company will receive \$0.10 for each Quoted Option exercised. If all Quoted Options are issued and exercised, the Company will receive approximately \$13.93 million (before costs). There is no certainty that any of the Quoted Option will be exercised.

It is currently intended that the funds raised pursuant to the Lead Manager Options Offer, and any funds raised by the exercise of the Placement Options will be used towards commercialisation of the Company's wholly owned subsidiaries Envirostream Australia Pty Ltd (**Envirostream**) and VSPC Pty Ltd, driving the increase of safe recycling of spent battery volumes at Envirostream's operational facilities in Victoria the completion of engineering studies for the expansion of our current facilities and to advance offtake and raw material relationships for the lithium ferro phosphate supply chain and general working capital.

The application of funds will depend on when Quoted Options are exercised and the status of the Company's projects and requirements at the relevant time.

The above is a statement of current intentions at the date of this Prospectus. Intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

3.3 Substantial Shareholders

Based off the information available to the Company, no Shareholders hold an interest in 5% or more of the Shares on issue as at the date of this Prospectus.

The Offer will not have an effect on the quantity of Shares held by existing Shareholders as only Quoted Options are being offered under this Prospectus.

3.4 Diluting effect of the Offer

On the assumptions that:

- (a) all of the Quoted Options offered under this Prospectus are issued and exercised into Shares;
- (b) the proposed Director Placement Share are issued; and
- (c) no other Securities are issued or exercised (including the Options and Performance Rights currently on issue),

the diluting effect on the percentage interest of existing Shareholders' would be 10.24%.

3.5 Effect of the Offer on control of the Company

The Company is of the view that the Offer will not affect the control (as defined by section 50AA of the Corporations Act) of the Company. No new investor or existing Shareholder will have a voting power greater than 20% as a result of the completion of the Offer.

3.6 Financial effect of the Offer

The Company does not consider that the Offer will have a material effect on the financial position of the Company, as the Quoted Options will either be issued as free attaching options for no consideration, or as partial consideration for lead manager services, for nominal consideration.

The expenses of the Offer will be met from the Company's existing cash reserves. The Offer will have an effect on the Company's financial position of reducing the cash balance by approximately \$39,362

Please refer to Section 5.11 for further details on the estimated expenses of the Offer.

4. Risk Factors

As with any investment in Securities, there are risks involved. This Section identifies the major areas of risk associated with an investment in the Company but should not be taken as an exhaustive list of the potential risk factors to which the Company and its security holders are exposed. Potential investors should read the entire Prospectus and consult their professional advisers before deciding whether to apply for Quoted Options.

The Directors consider that the following summary represents some of the major risk factors which Shareholders need to be aware of in evaluating the Company's business and risks of increasing your investment in the Company. Investors should carefully consider the following factors in addition to the other information presented in this Prospectus.

The principal risks include, but are not limited to, the following:

4.1 Risks specific to the Company

(a) Additional requirements for capital

The Company's capital requirements rely on numerous factors.

The Company expects to require further financing in order to progress development of its business. For the foreseeable future, it is expected that this funding will be obtained from traditional financing sources. Any equity financing undertaken will dilute existing Shareholders.

There is a risk that the development schedule for new products or services, or the adoption of new products or services may take longer than expected, delaying the development of new revenue streams.

There is no guarantee that the Company will be able to secure any additional funding or will be able to secure funding on terms that are favourable or acceptable to the Company. If the Company is unable to obtain additional financing as needed, or is unable to obtain it on acceptable terms (whether or not due to the Company's circumstances or economic and share market conditions or both), it may be necessary to reduce the scope of the Company's operations and scale back its activities. This could have a material adverse effect on the Company's activities and the value of Shares.

(b) Growth opportunities

The Company is actively pursuing international growth of the cathode powder (VSPC) and battery recycling (Envirostream) businesses. This growth strategy includes engagement with third parties and identification of potential partnership, joint venture or joint development opportunities.

The Company cautions that there are no legally binding proposals at this stage. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions. Refer to Section 5.4 for additional information.

There is no guarantee that any proposed partnership, joint venture or joint development opportunities will be completed or will be successful.

(c) Third party investments

The Company owns shareholdings in Blackearth Minerals NL (ASX: BEM) and Charger Metals NL (ASX:CHR).

There is a potential that the BEM and/or CHR positions will be disposed of in part or in whole. Funds received from these disposals are intended to be put towards the ongoing development of the Company.

There is a risk that the value of these entities, or any other entities in which the Company may hold an interest in the future, may be reduced as a result of many factors outside of the Company or in some cases, the relevant entity's, control.

(d) **Commercialisation risks**

The Company has integrated its 100% owned SiLeach®, LieNA® and VSPC processes with the aim of establishing a pathway from mine waste to lithium-ion battery manufacturing. The Company has completed a successful pilot-plant run at its Generation 2 SiLeach® facility, and has provided evaluation samples of VSPC cathode powder to a number of battery manufacturers.

The Company is progressing towards continuous pilot plant operations for its 100% owned LieNA® process.

SiLeach® and LieNA® are new processes that have only been tested under small, controlled laboratory conditions or at a mini-plant scale respectively. The technologies have not been scaled up and tested, and there is a risk that the processes may not be technically feasible, may not perform as designed, may prove uneconomic and/or unreliable, may not be developed on a timely basis, and may not produce a marketable product.

(e) **Management of growth**

The Company's ability to implement its strategy requires effective planning and management control systems. The Company's plans may place a significant strain on the Company's management, operational, financial and personnel resources.

The Company's future growth and prospects will depend on its ability to manage this growth and to continue to expand and improve operational, financial and management information and control systems on a timely basis, whilst at the same time maintaining effective cost controls. Any failure to expand and improve operational, financial and management information and quality control systems in line with the Company's growth could have a material adverse effect on the Company's business, financial condition and operations.

(f) **No profit to date and uncertainty of future profitability**

The Company has incurred losses in the past and it is therefore not possible to evaluate the Company's future prospects based on past performance. The Company expects to make losses in the foreseeable future even though its VSPC business, recycling business, SiLeach® and LieNA® processes and lithium phosphate recovery technology related to these processes may be commercialised. Factors that will determine the Company's future profitability include its ability to manage its costs to execute its development and growth strategies, the success of its activities in research and development and ability to commercialise its technology, the ability to claim R&D rebates, the actions of competitors and market developments. As a result, the extent of future profits, if any, and the time required to achieve sustainable profitability, is uncertain. In addition, the level of any such future profitability (or loss) cannot be predicted.

(g) **Research and development tax incentive**

The Company is partially reliant upon receiving research and development rebates through the Commonwealth Research and Development Tax Incentive, including receipt of approximately \$1.16 million (net of costs) for the year ending 30 June 2022. There is a risk that these incentive types may change or the Company may no longer be eligible to receive these types of rebates in the future.

(h) **Intellectual property risk**

The Company has a family of patents in relation to its VSPC technology, a process to manufacture battery cathode materials. There is no guarantee that the grant of a patent concerned is valid or that the technology (patented or otherwise) does not infringe the rights of others.

The Company has made patent applications, for extraction technology, the SiLeach® process and the LieNA® process and lithium phosphate recovery technology related to these processes. There is no guarantee the patents will be granted; nor does the grant of a patent guarantee that the patent concerned is valid or that the technology (patented or otherwise) does not infringe the rights of others. This patent will be subject to examination in due course; however, it may not be approved for final acceptance and grant.

The Company has made a patent application for the LieNA® technology, a process of extracting lithium from lithium bearing silicate minerals. There is no guarantee the patent will be granted nor does the grant of a patent guarantee that the patent concerned is valid or that the technology (patented or otherwise) does not infringe the rights of others. This patent will be subject to examination in due course; however, it may not be approved for final acceptance and grant.

The success of the Company's lithium extraction and recovery technology will depend in part on the Company's ability to maintain patents (and therefore proprietary rights) without infringing the proprietary rights of others. The validity and strength of patents involves complex legal and scientific questions and can be uncertain. There can be no assurance that patents in relation to the SiLeach® process or the LieNA® technology will afford the Company commercially significant protection of the SiLeach® process or the LieNA® technology or that competitors will not develop competing technologies that circumvents such patents.

(i) **Technology Risk**

The Company is focused on the lithium battery industry with activities ranging from exploration to battery development and recycling. It has intellectual property rights to a suite of processes for the extraction and recovery of lithium from a broad range of lithium-bearing feedstocks. It also has significant intellectual property rights with respect to the production of lithium-ion battery cathode powders and is developing intellectual property for the recycling of lithium-ion batteries. A significant risk is whether the Company successfully commercialises these processes. A failure to commercialise one or more of the proprietary processes may have a significant adverse impact on the Company's business model, operating results, and financial position.

(j) **Development and production risks - Technology**

The Company seeks to develop and operate new battery material plants in the future including cathode material production, SiLeach®, LieNA® and battery recycling. The development and operation of any plant may be affected by various factors, including failure to achieve predicted grades necessary to satisfy customer requirements;

failure to obtain or maintain any necessary regulatory approvals; operational and technical difficulties encountered in processing; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

(k) **Operating risks - Technology**

In relation to commercialisation of the Company's intellectual property and technology, including cathode production, recycling, SiLeach®, LieNA® and lithium phosphate recovery technology, such operational risk factors may include project appraisal, development of the Company's technology and intellectual property and possible production activities may be affected by various factors that can limit or prevent such activities. Such factors may include failure to obtain raw materials at the required grade; failure to achieve predicted grades of final product; operational and technical difficulties encountered in production activities; difficulties in commissioning and operating plant and equipment; electrical or mechanical failure or plant break; industrial and environmental accidents; industrial disputes, and unexpected shortages or increases in the costs of skilled labour, consumables, spare parts, plant and equipment.

The storage of end-of-life batteries is undertaken by the recycling business. Should these batteries be stored incorrectly, especially end of life lithium-ion batteries, this could present a risk of fire.

(l) **Commercial risk**

The mining and lithium treatment, recycling, cathode manufacture and production industries are competitive and there is no assurance that, even if the Company discovers commercial quantities of minerals and technology is proved technically feasible, a profitable market will exist for sales of such minerals. There can be no assurance that the quality of any such minerals will be such that they can be mined economically or the technologies exploited commercially.

(m) **Access to infrastructure**

If the Company progresses to production, there is no guarantee that appropriate infrastructure, including affordable rail and port capacity, or location for construction of treatment and production plants and facilities will be available, and this could have an adverse effect on the Company. In the event of production the Company will also require the use of both power and water infrastructure. Due to high demand for power and water access there is a risk that the Company may not be able to procure such access which could have an adverse effect on the Company.

(n) **Contractual and joint venture risk**

The Company owns joint venture holdings for certain tenements held by of Charger Metals NL (ASX: CHR) and Galan Lithium Ltd (ASX: GLN) of 30% and 20% respectively, and also has joint venture relationships with these companies.

There is no guarantee that a JORC Code compliant resource will be discovered on any of the joint venture tenements. The success of the joint ventures will depend on the joint venture having access to sufficient development capital, being able to maintain title to its projects and obtaining all required approvals for its activities.

The Company is entitled to the rights in lithium contained in the tenements the subject of its joint venture interests in the proportion in which it has earned its joint venture

interest. The Company may not be the registered holder of its interest in those tenements and therefore the Company's ability to achieve its objectives in respect of the tenements is dependent upon it and the registered holder of the tenements complying with their obligations under the relevant agreement giving rise to the Company's interest, and on the registered holder complying with the terms and conditions of the tenements and any other applicable legislation. Any failure to comply with these obligations may result in the Company losing its interest in those tenements, which may have a material adverse effect on the Company's operations and the performance and value of the Share. Currently, the Company has no reason to believe that the registered owner of those tenements will not meet and satisfy its obligations under the relevant agreements, the tenement conditions and other applicable legislation.

The Directors are not able to presently assess the risk of financial failure or default by a participant in any joint venture to which the Company is, or may become, a party, or the insolvency or other failure by any of the contractors engaged by the Company for any exploration or other activity. Any such failure or default could adversely affect the operations and performance of the Company and the value of its Shares.

4.2 Risks relating to the technology industry generally

(a) Operating risks

The current and future operations of the Company, including project appraisal, development of the Company's technology and intellectual property and possible production activities may be affected by various factors that can limit or prevent such activities. In relation to commercialisation of the Company's intellectual property and technology, including SiLeach[®], LieNA[®], the production of lithium-ion battery cathode powders and recycling of lithium ion batteries; such factors may include technical issues in designing, engineering and realising processes that successfully achieve desktop test results, or pilot plant test results, or prefeasibility or feasibility study assumed feasible outcomes.

(b) Commercial risk

The lithium treatment, recycling, cathode manufacture and production industries are competitive and there is no assurance that, even if the Company technology is proved technically feasible, a profitable market will exist for sales of such products. There can be no assurance that the quality of or the technologies exploited commercially.

The Company has advanced its lithium-ion battery powder production technology to pilot scale and has successfully tested powders produced with the VSPC process in commercial format cells. It has further entered into a partnership to manufacture and market cells containing the VSPC powders however there is no guarantee that commercial production will be affected nor is there any assurance of a positive financial outcome.

(c) Commodity price volatility and exchange rate risks

If the Company achieves success leading to lithium processing, the revenue it will derive through the sale of lithium, sale of cathode materials or any other minerals or materials it may discover or produce exposes the potential income of the Company to commodity price and exchange rate risks.

Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include: supply and demand fluctuations for precious and base metals; technological advancements; forward selling activities, and other macro-economic factors such as inflation expectations, interest rates and general global economic conditions.

Further, international prices for various commodities are denominated in United States dollars whereas the income and expenditure of the Company may be taken into account in a number of currencies. This exposes the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and currencies relevant to the Company's operations.

If the price of commodities fluctuates this could have an adverse effect on the Company's exploration, development and possible processing, production and battery component manufacturing activities, as well as its ability to fund these activities, which may no longer be profitable.

(d) **Insurance risks**

Development of recycling, cathode manufacture and production industries involves hazards and risks that could result in the Company incurring losses or liabilities that could arise from its operations. If the Company incurs losses or liabilities which are not covered by its insurance policies, the funds available for such development will be reduced and the value and/or title to the Company's assets may be at risk.

The Company insures its operations in accordance with industry practice. However in certain circumstances the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance against all risks associated with technology is not always available and, where available, the costs can be prohibitive or not adequate to cover all claims.

(e) **Environmental risks**

The operations and proposed activities of the Company are subject to State, Territory and Commonwealth laws and regulations concerning the environment. As with most recycling, cathode manufacture and production industries, the Company's activities are expected to have an impact on the environment, particularly if development proceeds. Future legislation and regulations governing exploration, development and possible production may impose significant environmental obligations on the Company.

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from successfully commercialising SiLeach®, LieNA®, lithium phosphate recovery technology, recycling or cathode production. The Company may require approval from the relevant authorities before undertaking activities that are likely to impact the environment. Failure to obtain such approvals, or to obtain them on terms acceptable to the Company may prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which

could have a material adverse effect on the Company's business, financial condition and results of operations.

(f) **Competition**

The Company is competing with other companies in its development activities, many of which will have access to greater resources than the Company and may be in a better position to compete for future business opportunities. There can be no assurances that the Company can compete effectively with these companies.

4.3 General risks

(a) **Force majeure**

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company, including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, pandemics, explosions or other catastrophes, epidemics or quarantine restrictions.

(b) **Liquidity risk**

The market for the Company's Securities may be illiquid. As a consequence, investors may be unable to readily exit or realise their investment.

(c) **Economic risk**

Changes in both Australian and world economic conditions may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, industrial disruption and economic growth may impact on future operations and earnings.

(d) **Coronavirus disease (COVID-19)**

The global economic outlook is facing uncertainty due to the current COVID-19 pandemic, which has been having, and will likely continue to have, a significant impact on global capital markets, commodity prices and foreign exchange.

To date, the COVID-19 pandemic has not had any material impact on the Company's operations, however, any infections occurring on site at the Company's projects or offices could result in the Company's operations being suspended and otherwise disrupted for an unknown period of time, which may have an adverse impact on the Company's operations as well as adverse implications on the Company's future cash flows, profitability and financial condition. Supply chain disruptions resulting from the COVID-19 pandemic and measures implemented by governmental authorities around the world to limit the transmission of the virus (such as travel bans and quarantining) may, in addition to the general level of economic uncertainty caused by the COVID-19 pandemic, also adversely impact the Company's operations, financial position and prospects.

(e) **Option risk and dilution**

There is no guarantee that the Quoted Options offered under this Prospectus will, at any particular time, have an exercise price which is lower than the price of the Shares.

There is a risk that the Quoted Options may expire at a time when they have little or no value.

139,329,261 Quoted Options are offered under this Prospectus. If all such Options are exercised, Shareholders will be diluted by up to 10.24% (assuming no other Securities are issued or exercised (including the Options and Performance Rights currently on issue), other than the Director Placement Shares). As the Quoted Options have an exercise price of \$0.10, in the event that all such Quoted Options are exercised, the Company will receive additional funds of up to \$13,932,926 (before costs),

(f) **Share market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of capital; and
- (vi) war, terrorism or other hostilities.

The market price of Securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(g) **Litigation risks**

The Company is exposed to possible litigation risks including intellectual property claims, contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position.

As previously disclosed, Envirostream has been served writs in regard to statements of claims concerning damage caused by a fire at 31 Colbert Road, Campbellfield, Victoria, on 19 January 2019. The claims were estimated to total \$5 million as at 30 June 2022 (\$5 million: 30 June 2021) (included as a provision). On 7 September 2022, the Company announced it had received confirmation that the litigated claims had been settled by Envirostream's insurance company for \$1.715 million. However, as at the date of this Prospectus, settlement of the litigated claim remains incomplete and subject to completion of the Company's half year financial report for the period ending 31 December 2022.

The Company is not otherwise currently engaged in any material litigation.

(h) **Information technology risks**

There is a risk that the Company's core systems and technologies could be exposed to damage or interruption from systems failures, computer viruses, cyber-attacks, power or telecommunications providers' failures, fire, natural disasters, terrorist acts, war or human error. Cyber-attacks may include computer hacking, data theft, system

disruption or security breaches, and viruses and malware. These situations might include, among others, a breach of sensitive commercial information, loss of Company assets or negative publicity.

(i) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(j) **Unforeseen expenditure risks**

Expenditure may need to be incurred which has not been taken into account in the preparation of this Prospectus. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently required or incurred, this may adversely impact budgeted expenditure proposals by the Company.

(k) **Climate change risks**

The climate change risks particularly attributable to the Company include:

- (i) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and
- (ii) climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.

4.4 Investment speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Quoted Options offered under this Prospectus.

Therefore, the Placement Options to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Quoted Options.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Quoted Options pursuant to this Prospectus.

5. Additional information

5.1 Terms and conditions of Quoted Options

The terms and conditions of the Quoted Options are as follows:

- (a) **(Entitlement)**: Each Quoted Option (**Option**) entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) **(Exercise Price)**: The Options have an exercise price of \$0.10 per Option (**Exercise Price**).
- (c) **(Expiry Date)**: The Options expire at 5.00 pm (WST) on three years from date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (d) **(Exercise Period)**: The Options are exercisable at any time and from time to time on or prior to the Expiry Date.
- (e) **(Quotation of the Options)**: It is the Company's current intention to seek quotation of the Options. There is no certainty that quotation of the Options will be granted. The quotation of the Options will be subject to the Company offering the Options under a prospectus prepared in accordance with Chapter 6D of *the Corporations Act 2001* (Cth) and lodged with ASIC and satisfying the quotation conditions set out in the Listing Rules.
- (f) **(Notice of Exercise)**: The Options may be exercised by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

The Options held by each holder may be exercised in whole or in part, and if exercised in part, at least 1,000 must be exercised on each occasion.

Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

- (g) **(Timing of issue of Shares on exercise)**: Within 5 Business Days after the Exercise Date the Company will:
 - (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
 - (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
 - (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

- (h) **(Transferability)**: The Options are freely transferable from the date of issue, subject to any restriction or escrow arrangements imposed by ASX or under Australian securities laws and paragraph (i).
- (i) **(Restrictions on transfer of Shares)**: If the Company is required but unable to give ASX a notice under paragraph (g)(ii), or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, Shares issued on exercise of Options may not be traded and will be subject to a holding lock until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.
- (j) **(Shares issued on exercise)**: Shares issued on exercise of the Options will rank equally with the then Shares of the Company.
- (k) **(Quotation of Shares on exercise)**: If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options in accordance with the Listing Rules.
- (l) **(Reconstruction of capital)**: If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
- (m) **(Participation in new issues)**: There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (n) **(Change in exercise price)**: There will be no change to the exercise price of the Options or the number of Shares over which the Options are exercisable in the event of the Company making a pro-rata issue of Shares or other securities to the holders of Shares in the Company (other than a bonus issue).
- (o) **(Adjustment for bonus issues of Shares)**: If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):
 - (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
 - (ii) no change will be made to the Exercise Price.

5.2 Rights and liabilities attaching to Shares

A summary of the rights attaching to Shares in the Company is below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution and the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstances, the Shareholder should seek legal advice.

(a) **General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company. Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

(b) **Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder will, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares will have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which will be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

No dividend will carry interest as against the Company.

Subject to the Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit, under which participants may elect in respect of all or part of their Shares to receive a dividend or to forego a dividend from the Company and receive some other form of distribution or entitlement (including securities) from the Company or another body corporate or a trust.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

(e) **Shareholder liability**

As the Company will only have fully paid shares on issue, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of Shares**

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

(g) **Variation of rights**

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(h) **Alteration of Constitution**

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

5.3 Copies of documents

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC. The Company will provide free of charge to any person who requests it during the period of the Offer a copy of:

- (a) the financial statements of the Company for the financial year ended 30 June 2022, being the last financial statements for a financial year of the Company lodged with ASIC before the issue of this Prospectus; and
- (b) the following notices given by the Company to notify ASX of information relating to the Company during the period from the date of lodgement of the financial statements referred to in paragraph (a) above until the date of this Prospectus:

Date lodged	Subject of Announcement
23 September 2022	Corporate Governance Statement
23 September 2022	Appendix 4G
23 September 2022	Annual Report
29 September 2022	Annual General Meeting Information
5 October 2022	Change in substantial holding for CHR

Date lodged	Subject of Announcement
5 October 2022	Advances commercialisation of high density cathode material

The following documents are available for inspection throughout the period of the Offer during normal business hours at the registered office of the Company:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Section 5.12 and the consents provided by the Directors to the issue of this Prospectus.

5.4 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules other than as is set out in this Prospectus and in this Section 5.4.

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules other than as is set out in this Prospectus.

5.5 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on Section 713 of the Corporations Act in issuing the Shares under this Prospectus.

5.6 Market price of Shares

The highest and lowest closing market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

Highest: \$0.088 on 15 August 2022.

Lowest: \$0.053 on 10 and 11 October 2022.

The latest available market sale price of the Shares on ASX prior to the date of lodgement of this Prospectus with ASIC was \$0.053 per Share on 11 October 2022.

5.7 Interests of Directors

(a) Information disclosed in this Prospectus

Other than as set out in this Prospectus, no Director (or entity in which they are a partner or director) holds or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (i) the formation or promotion of the Company;
- (ii) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offer; or
- (iii) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed director:

- (i) as an inducement to become, or to qualify as, a Director; or
- (ii) for services provided in connection with the formation or promotion of the Company, or the Offer.

(b) **Directors' interests in Securities**

The relevant interests of each of the Directors in Securities as at the date of this Prospectus is set out below.

Director	Shares	Options	Performance Rights
George Bauk ¹	3,793,101	-	1,000,000
Kristie Young ²	3,850,000	-	-
Phil Thick ³	1,075,000	-	3,000,000

Notes:

1. Mr Bauk's Securities are held as follows:
 - (a) 3,793,101 Shares held indirectly through Totode Pty Ltd; and
 - (b) 1,000,000 performance rights held indirectly through Totode Pty Ltd.
2. Ms Young's 3,850,000 Shares are held directly.
3. Mr Thick's Securities are held as follows:
 - (a) 275,000 Shares held directly;
 - (b) 800,000 Shares held indirectly through Pthick Pty Ltd
 - (c) 3,000,000 performance rights held directly.
4. Mr Thick intends to subscribe for a total of 1,538,462 Shares with 769,231 free attaching Options under the Placement. The issue of the Director Placement Shares and Director Placement Options are subject to shareholder approval at the Meeting. These securities are not included in the above 5.7(b) table.

(c) **Remuneration of Directors**

The Constitution of the Company provides that the non-executive directors are entitled to be paid an amount of fees which does not in any year exceed in aggregate the amount last fixed by ordinary resolution. The aggregate amount fixed is \$500,000. This aggregate amount is to be allocated among the non-executive directors equally, having regard to the proportion of the relevant year for which each director held office, or as otherwise decided by the Board. The amount may also be provided in a manner the Board decides, which may include provision of non-cash benefits, in which case, the Board must also decide the manner in which the value of those benefits is to be calculated.

The Constitution also provides that:

- (i) the Directors shall be entitled to be paid reasonable travelling, accommodation and other expenses incurred by them respectively in or about the performance of their duties as Directors; and
- (ii) if any of the Directors being willing are called upon to perform additional or special duties for Company, the Company may remunerate that Director as

determined by the Directors and that remuneration may be either in addition to or in substitution for his or her share in the fee-pool described.

The remuneration of executive directors is to be fixed by the Board. As at the date of this Prospectus, the Company does not have an executive director.

The table below sets out the remuneration provided to the Directors of the Company and their associated companies during the last two financial years (FY), inclusive of directors fees, consultancy fees, superannuation benefits and share-based payments.

Director	FY ended 30 June 2021 (\$)	FY ended 30 June 2022 (\$)
Adrian Griffin ¹	1,210,740	643,663
George Bauk	416,450	109,735
Phil Thick ²	10,000	304,241
Bryan Dixon ³	356,450	-
Kristie Young ⁴	31,639	408,788

Notes:

1. Adrian Griffin resigned as a Director effective 31 May 2022.
2. Phil Thick was appointed as a Director effective 1 May 2021 and re-elected by Shareholders at the annual general meeting on 31 January 2022.
3. Bryan Dixon resigned as a Director effective 27 January 2021.
4. Kristie Young was appointed as a Director effective 21 December 2020 and re-elected by Shareholders at the annual general meeting on 31 January 2022.

5.8 Related party transactions

Other than the issue of 769,231 Director Placement Options being offered under the Placement Option Offer to Mr Phil Thick (or his nominees), there are no related party transactions involved in the Offer.

As set out in Section 1.1, Mr Phil Thick (or his nominees) the issue of 1,538,462 Director Placement Shares and 769,231 Director Placement Options to Mr Phil Thick (or his nominees) under the Placement is subject to Shareholder approval.

5.9 Interests of other persons

Except as disclosed in this Prospectus, no expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Placement Options offered under this Prospectus or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Placement Options offered under this Prospectus; or
- (b) has been paid or given or will be paid or given any amount or benefit in connection with the formation or promotion of the Company or the Placement Options offered under this Prospectus.

Hamilton Locke will be paid approximately \$10,000 (plus GST) in fees for legal services in connection with the Offer and Placement. Hamilton Locke has been paid approximately \$20,691 (plus GST) for other legal services to the Company over the past 24 months.

5.10 Lead Manager Mandate

On 26 August 2022, the Company entered into a mandate with CPS Capital Group Pty Ltd (**Lead Manager**) in connection with the Placement for the provision of lead manager services and bookrunner services, including the coordination and management of the Placement as well as corporate and commercial advisory services (**Lead Manager Mandate**).

Under the Lead Manager Mandate, the Lead Manager will receive:

- (a) a 6% capital raising fee in cash in respect of funds raised under the Placement;
- (b) 46,443,087 Quoted Options under the Lead Manager Options Offer as partial consideration for services in association with the Placement and subject to Shareholder approval at the Meeting; and
- (c) a monthly corporate advisory fee of \$6,000 for a period of at least 12 months following execution of the Lead Manager Mandate.

The Lead Manager Mandate contains additional provisions, including warranties and indemnities in respect of the Company, which are considered standard for agreements of this nature.

No further fees are payable to the Lead Manager in respect of the Offer.

5.11 Expenses of Offer

The estimated expenses of the Offer are as follows:

Estimated expenses of the Offer	\$
ASIC lodgement fee	3,206
ASX quotation fee (excluding GST)	26,156
Legal and preparation expenses (excluding GST)	10,000
Total	39,362

5.12 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of Options under this Prospectus), the Directors, any persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Hamilton Locke has given its written consent to being named as the solicitors to the Company in this Prospectus. Hamilton Locke has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

CPS Capital Group has given its written consent to being named in this Prospectus as the lead manager to the Placement. CPS Capital Group has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Advanced Share Registry has given its written consent to being named in this Prospectus as share registry to the Company. Advanced Share Registry has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

5.13 Electronic Prospectus

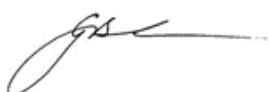
Pursuant to Regulatory Guide 107 ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an Electronic Prospectus on the basis of a paper Prospectus lodged with ASIC and the issue of Shares in response to an electronic application form, subject to compliance with certain provisions. If you have received this Prospectus as an Electronic Prospectus please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please email the Company and the Company will send to you, for free, either a hard copy or a further electronic copy of this Prospectus or both.

The Company and the Lead Manager reserve the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the Electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application Monies received will be dealt with in accordance with section 722 of the Corporations Act.

6. Directors' Statement and Consent

This Prospectus is authorised by each of the Directors of the Company.

This Prospectus is signed for and on behalf of Company by:



George Bauk
Non-Executive Chairman

Dated: 12 October 2022

7. Definitions

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

\$ means Australian dollars.

Advanced Share Registry means Advanced Share Registry Ltd trading as Advanced Share Registry Services (ABN 14 127 175 946).

Applicant means a person who submits an Application Form.

Application means a valid application for Placement Options made on an Application Form.

Application Form means the application form accompanying this Prospectus relating to the Offer.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

ASX Settlement means ASX Settlement Pty Limited ACN 008 504 532.

ASX Settlement Operating Rules means ASX Settlement Operating Rules of ASX Settlement.

Board means the Directors meeting as a board.

Business Day means Monday to Friday inclusive, other than a day that ASX declares is not a business day.

CHES means ASX Clearing House Electronic Subregister System.

Closing Date has the meaning given to it in Section 1.5.

Company means Lithium Australia Limited (ACN 126 129 413).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means *Corporations Act 2001* (Cth), as amended or modified from time to time.

CPS Capital Group means CPS Capital Group Pty Ltd trading as CPS Capital Group (ABN 73 088 055 636).

Director Placement Options means 769,231 free-attaching Options proposed to be issued to Mr Phil Thick under the Placement, subject to Shareholder approval.

Director Placement Shares means 1,538,462 Shares proposed to be issued to Mr Phil Thick under the Placement, subject to Shareholder approval.

Director Securities means the Director Placement Shares and Director Placement Options.

Directors mean the directors of the Company as at the date of this Prospectus.

Electronic Prospectus means the electronic copy of this Prospectus located at the Company's website <https://www.lithium-au.com/prospectus/>.

Envirostream means Envirostream Australia Pty Ltd (ACN 617 582 420).

Group means the Company and any entity that it controls for the purpose of section 50AA of the Corporations Act (but read as though that section did not exclude fiduciary holdings where the relevant holdings are held for the ultimate benefit of the Company) or any other entity which is consolidated in the consolidated financial statements of the Company.

Issuer Sponsored means Shares issued by an issuer that are held in uncertified form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESSE.

Lead Manager means the lead manager of the Placement, being CPS Capital Group.

Lead Manager Mandate has the meaning given in Section 5.10.

Lead Manager Options means the free attaching Quoted Options to be issued to the Lead Manager (or its nominees), subject to Shareholder approval.

Lead Manager Options Offer means the 46,443,087 quoted Options offered under this Prospectus to the Lead Manager (or its nominees), exercisable at \$0.10 per Option and expiring on the date that is three (3) years from the date of issue.

Listing Rules means the listing rules of ASX.

Meeting means the general meeting of Shareholders to be held on 19 October 2022.

Offer means collectively, the Placement Options Offer and Lead Manager Options Offer.

Official List means the official list of ASX.

Official Quotation means quotation of Securities on the Official List.

Opening Date has the meaning given to it in Section 1.5.

Option means the right to acquire one Share in the capital of the Company.

Placement has the meaning given in Section 1.1.

Placement Shares means the 184,233,885 Shares issued under the Placement.

Placement Options means the free attaching Quoted Options to be issued to participants of the Placement, subject to Shareholder approval.

Placement Options Offer means the offer of Quoted Options to participants in the Placement and Mr Philip Thick (or his nominee) as made pursuant to this Prospectus.

Prospectus means this prospectus dated 12 October 2022.

Quoted Options means the Placement Options, Director Placement Options, and Lead Manager Options offered under this Prospectus.

Section means a Section of this Prospectus.

Securities mean any securities including Shares or Options issued or granted by the Company.

Share means a fully paid ordinary share in the capital of the Company.

Share Registry means Advanced Share Registry.

Shareholder means a holder of Shares.

WST means Western Standard Time.