

ASX Announcement | 12 April 2023

## Transformational Acquisition of Advanced, High-Grade Hidden Lake Lithium Project in Yellowknife, Northwest Territories, Canada

### Overview:

- Loyal Lithium to acquire a controlling majority stake in the advanced, high-grade Hidden Lake Lithium Project in Yellowknife, Northwest Territories, Canada
- Acquisition includes a 2,500-hectare land position across 6 contiguous claims containing 14 mapped lithium spodumene bearing pegmatite outcrops - with the 4 drill tested spanning a cumulative strike length of 2,250m
- Significant scope to expand the known mineralisation along strike and at depth with multiple outcropping lithium spodumene bearing pegmatites yet to be drill tested
- Acquisition formalises a Joint Venture arrangement between Loyal Lithium and Patriot Battery Metals (ASX:PMT, TSXV:PMET) – minority owner of 5 of the claims
- Drilling in 2018 targeted 4 spodumene rich pegmatites to a limited depth of 30–50m vertical with all 10 drill holes intercepting high-grade spodumene of up to 1.81% Li<sub>2</sub>O<sup>1,2</sup>
- Metallurgical testwork indicates consistency across spodumene rich dykes with very simple mineralogy of predominantly coarse grained spodumene, quartz, and feldspars, with low impurities (<0.25% FeO)
- Dense Media Separation (DMS) pilot plant produced a high-grade concentrate of 6.11% Li<sub>2</sub>O from a 400kg bulk sample with minimal loss to tailings
- The Project is strategically located 45km east of Yellowknife, the capital of Northwest Territories, and is located within the emerging Yellowknife Lithium District between an all-weather highway to the south and Li-FT Power's (CSE: LIFT; FSE: WS0) properties to the North
- In November 2022, Li-FT Power (CSE: LIFT; FSE: WS0) acquired a portfolio of 14 spodumene pegmatites in the Yellowknife region in an all-scrip deal valued at ~CAD\$155m<sup>4</sup>
- Yellowknife has a proud history of mining with well-established services and a workforce supporting numerous active mines, including Rio Tinto's (ASX:RIO) Diavik Diamond Mine and Vital Metals' (ASX:VML) Nechalacho REE Mine
- Notable infrastructure connects the Project to the rest of Canada with a domestic airport located 65km from the Project with daily connections to Calgary, Vancouver and Edmonton, an all-weather highway to the Project and heavy rail terminal and seaport facilities within trucking distance
- Loyal Lithium is fully-funded to complete the proposed acquisition and undertake exploration and feasibility workstreams into CY2025 utilising existing cash reserves of A\$6.573 million (see Table 6)

## Transaction Overview

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Loyal Lithium Limited (**ASX: LLI, Loyal** or the **Company**) is pleased to announce that it has entered into binding agreements with two independent parties to secure the controlling interest in the Hidden Lake Lithium Project (**Project**), located 45km east of Yellowknife, Northwest Territories, Canada (**Acquisition**). Binding agreements have been executed with:

- Youssa Pty Ltd (ACN 009 231 467) (**Vendor**), dated 28 March 2023 (**Agreement**) to acquire a 60% interest in 1,660 hectares (5 contiguous claims) of the Project, and
- DG Resource Management Ltd (**DGRM**) (**Vendor**), dated 28 March 2023 (**Agreement**) to acquire a 100% interest in 841 hectares (1 claim) of the Project.

Patriot Battery Metals (ASX:PMT, TSXV:PMET) will retain 40% of 5 contiguous claims (1,660 hectares) with a Joint Venture (**JV**) arrangement to be formed with Loyal Lithium.

If completed, the Acquisition will result in a formal change of nature for the Company, from a gold exploration company to a lithium exploration and development company. Accordingly, in order to effect the Acquisition, the Company will, inter alia, be required to re-comply with the requirements of Chapters 1 and 2 of the Listing Rules. A Prospectus will be issued to assist the Company to re-comply with those requirements. To satisfy the Listing Rules, the Company will be required to seek shareholder approval for the Acquisition and demonstrate investor spread via a small capital raising. Details of the Acquisition, the effect of the Acquisition on the Company and other important information for the benefit of investors are detailed throughout this announcement.

### Loyal Lithium's Managing Director, Adam Ritchie, commented:

*"The acquisition of the Hidden Lake Lithium Project is a game-changer for Loyal Lithium. We are delighted to collaborate with our new joint venture partner, Patriot Battery Metals, and bring a fresh approach to this remarkable spodumene project."*

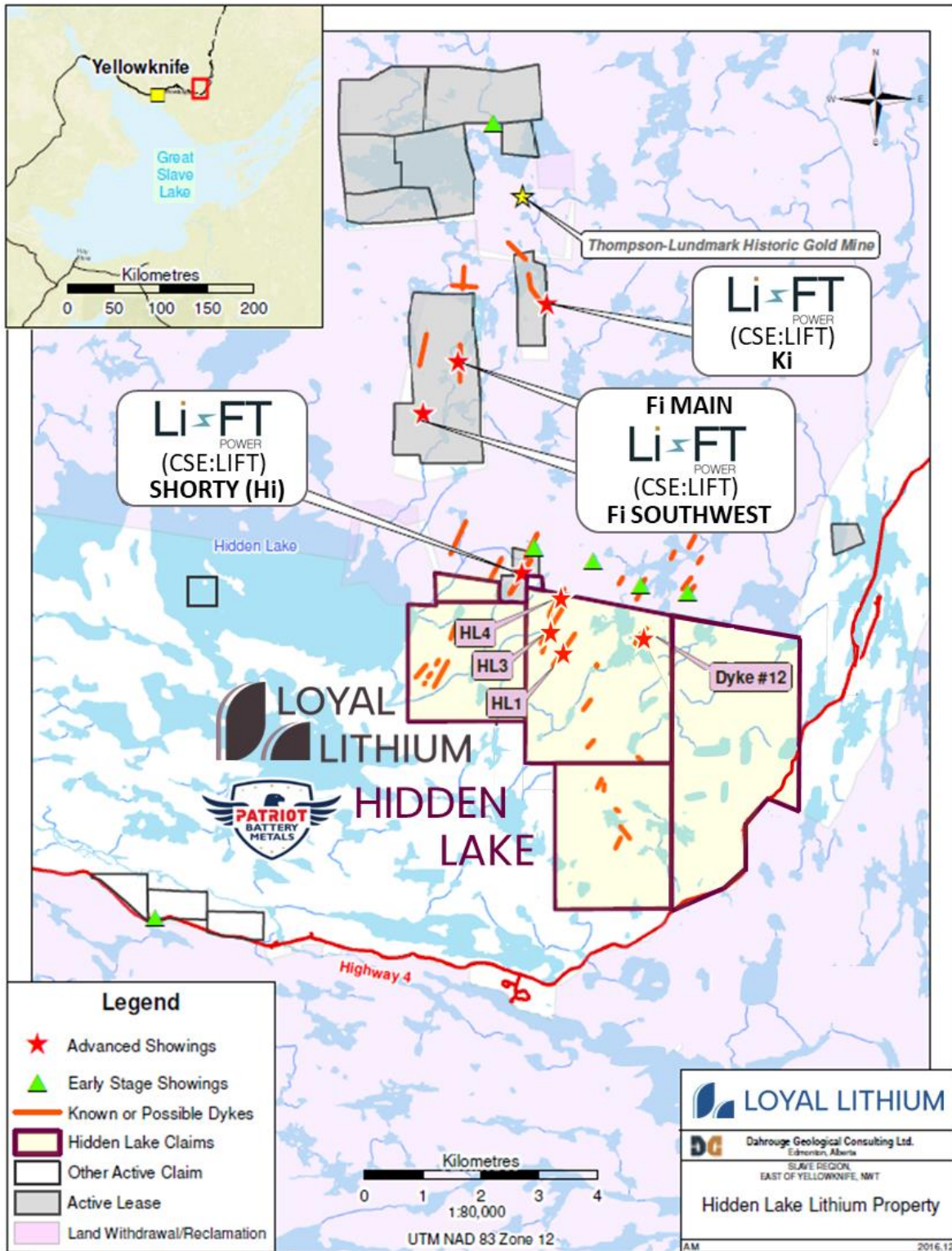
*"The Yellowknife region has a proud history of lithium exploration, dating back to the 1950's. However, the district has been relatively overlooked in recent times until Li-FT Power secured its potentially world-class Yellowknife Lithium Project in late 2022. Yellowknife is a well-established mining city with experienced mining services and workforce. Loyal Lithium is looking forward to fostering relationships with the local stakeholders and becoming an important part of this emerging lithium district."*

*"The exploration work conducted to-date has been very encouraging with all of the spodumene rich dykes remaining open along strike and at depth. Additionally, the metallurgical pilot plant performance to date is exceptional and is a direct product of the consistency and purity of the Hidden Lake ore. I have no doubt that Hidden Lake will provide desired feedstock to many potential downstream partners."*

*"In partnership with the Yellowknife community, we intend to responsibly explore and develop this project further through the utilisation of innovative exploration techniques and utilising our extensive lithium mining and processing expertise."*

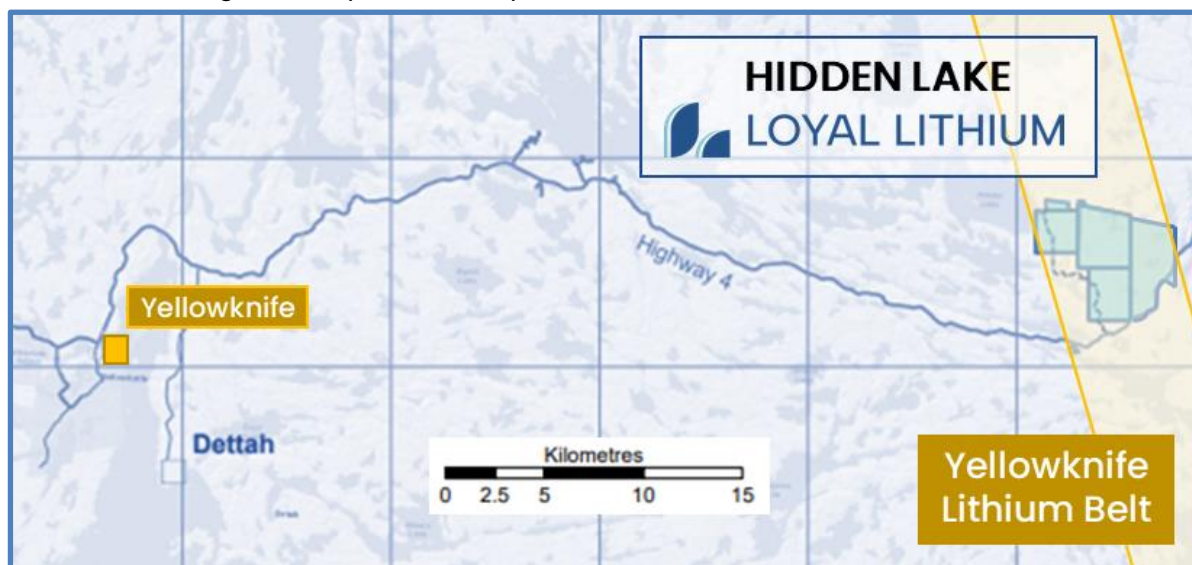
**Hidden Lake Project Overview**

The Hidden Lake Lithium Project consists of 6 contiguous claims, totalling 2,500 hectares and is located approximately 45km east of Yellowknife, Northwest Territories, Canada – just north of Highway 4.



**Figure 1 – Hidden Lake Lithium Project: Yellowknife, Northwest Territories, Canada**

From Yellowknife, the Project can be accessed by travelling east on the all-weather Highway 4/Ingraham Trail for approximately 65km. From there, a pre-existing ATV trail trends northward toward the historic Hidden Lake Mine and crosses portions of the Project (Figure 2). Alternatively, the Property can be accessed using a helicopter or float plane based out of Yellowknife.



**Figure 2 – Hidden Lake Lithium Project: Yellowknife, Northwest Territories, Canada**

Yellowknife has a proud history of mining with a well-established workforce supporting numerous active regional mines including Rio Tinto's (ASX:RIO) Diavik Diamond Mine and Vital Metals' (ASX:VML) Nechalacho REE Mine. Notable infrastructure connects Yellowknife to the rest of Canada:

- Domestic Airport - daily connections to Calgary, Vancouver and Edmonton
- All weather roads - south into Alberta and British Columbia
- Heavy rail terminal and seaport - Hay River
- Hydroelectric power network – 2030 plans to extend to the Lithium Belt



**Figure 3 – Hidden Lake Lithium Project: Yellowknife, Northwest Territories,**

**Project Details**

The Project has 14 individually identified lithium spodumene bearing pegmatite dykes, with seven confirmed to be spodumene rich. Each individual discrete dyke is inferred from aligned parallel NNE striking extensive resistive outcrops. Although there are extensive resistive outcrops on the property, there has only been very limited field mapping conducted. There may be additional pegmatites on the property, as it contains marshes, lakes, and forests, all of which are known to conceal pegmatite dyke connections and extensions.

The four most significant pegmatites (D12, HL1, HL3 and HL4) have been extensively channel sampled and confirmed to a minimum depth of 30-50m by diamond drilling. Three additional spodumene-bearing pegmatite dykes, HL6, HL8 and HL13, have also been located on the property and explored to varying degrees. The seven spodumene rich pegmatites have a cumulative strike length of 2,660m with the most significant pegmatites exposed at surface over lengths of up 800m and widths up to 11.58m. There is significant scope to expand the known mineralisation along strike and at depth with multiple outcropping lithium spodumene bearing pegmatites yet to be drill tested.

Pegmatite Dyke	Number of Channels	Number of Drillholes	Surface Exposure		Downhole Intersection	
			Length (m)	Max Width (m)	Min Length (m)	Max Length (m)
D12	15	3	350	11.58	7.37	11.12
HL1	16	2	700	8.72	3.42	7.59
HL3	15	2	800	9.64	7.68	8.68
HL4	15	3	400	8.02	5.62	7.72
HL6	8	-	180	5.2	-	-
HL8	2	-	30	5.1	-	-
HL13	-	-	200	4	-	-

**Table 1 – Surface Expressional and Downhole Intersections of Hidden Lake Pegmatites**

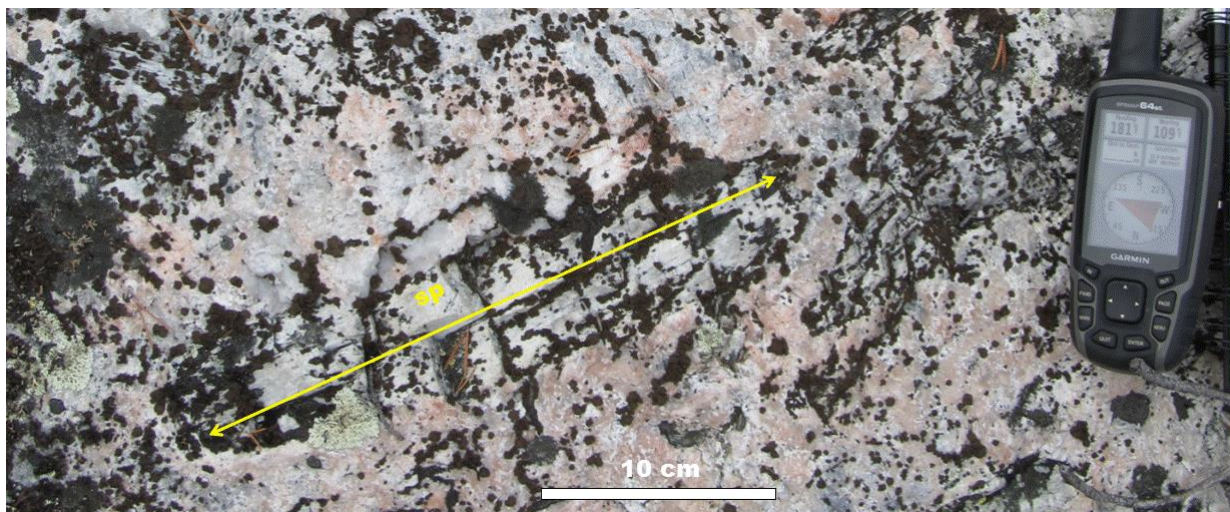
Seven spodumene rich dykes were identified during 4 early-stage exploration programs and have spodumene rich zones visible in fresh rock outcrop shown in images 1, 2 and 3.



**Image 1 – Large spodumene crystal in pegmatite outcrop from D-12 dyke**

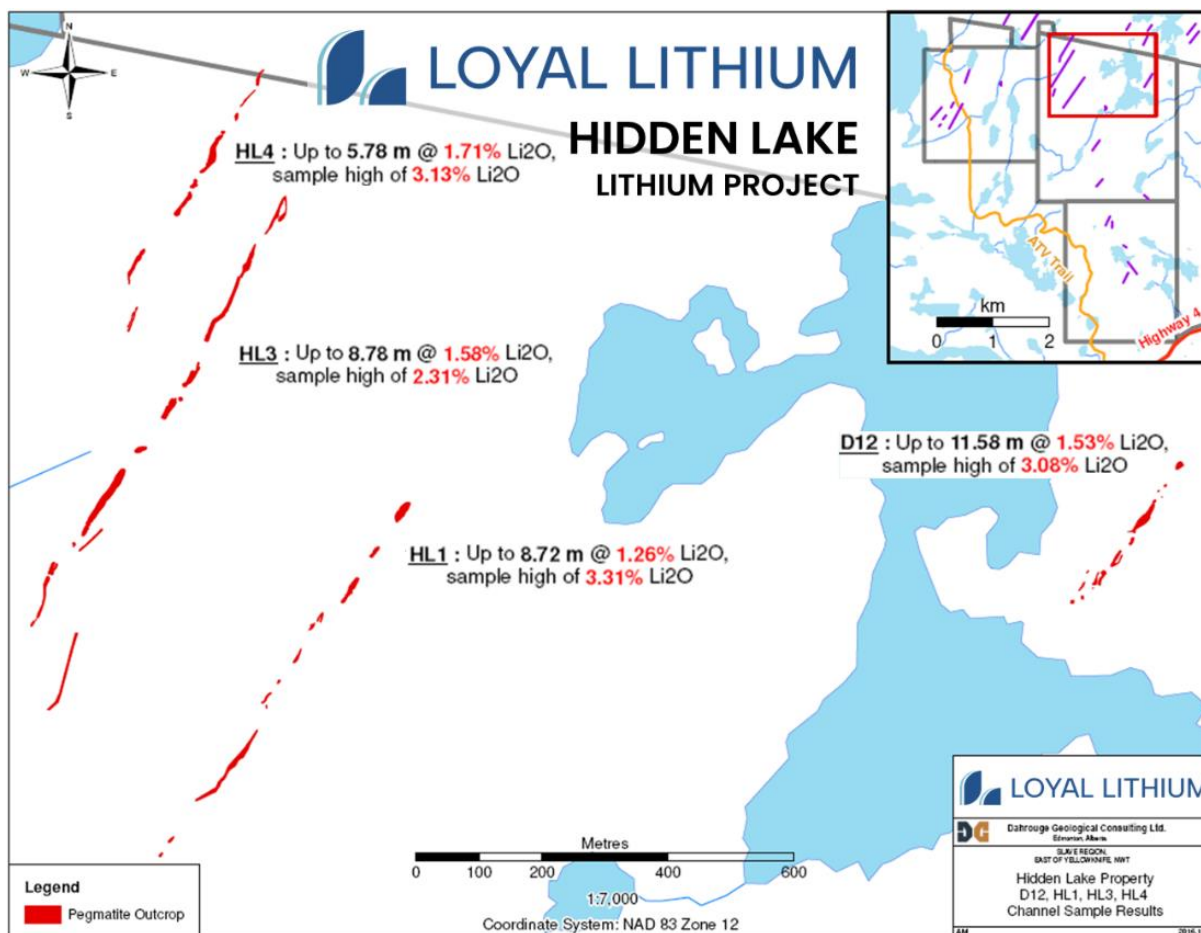


**Image 2 – Channel sampling – spodumene crystal shown from the outcrop**



**Image 3 – Large spodumene crystal in pegmatite outcrop from D-12 dyke outcrop sampled**

Importantly, the four most significant pegmatite outcrops align laterally and are inferred to be discrete continuous to sub-continuous units. The four dykes have a cumulative total strike of 2,250m and have undergone 29 rock chip sample assays and 341 rock saw channels sample assays before drill testing confirmed vertical continuity of subsurface spodumene mineralisation.



**Figure 4 – Hidden Lake Lithium Project – 4 most significant dykes channel sample results**

The other 10 dykes have a cumulative total strike of 1,700m which require further sampling and drill testing to determine the distribution of spodumene within each dyke (two have had some channel sampling; HL6, HL8). The extensive lateral extent of all pegmatite dykes appears to be a feature of the Yellowknife Lithium Belt.

In 2018<sup>1,2</sup> Foremost Lithium conducted an exploration program to test the vertical continuity of subsurface spodumene mineralisation. The program consisted of 10 NQ core drill holes for 1,079.37 m on the four most significant pegmatite dykes. All 10 NQ diamond drill holes recording high-grade intercepts and confirmed mineralisation to a minimum vertical depth of 30 to 50m from surface, but all dykes remain open at depth.

A total of 197 core samples were collected and submitted for assaying at SGS Mineral Services Lakefield facility.

Pegmatite Dyke	Hole/Channel ID	# of Samples	Length (m)	Li <sub>2</sub> O (%)	Ta <sub>2</sub> O <sub>5</sub> (ppm)
D12	HL18-001	11	11.03	1.27	55.5
	HL18-002	8	7.37	1.26	78.2
	HL18-003	13	11.12	1.32	61.6
HL1	HL18-004	9	7.59	1.42	36.1
	HL18-005	5	3.42	0.74	81.8
HL3	HL18-009	10	8.68	0.58	17.3
	HL18-010	8	7.68	0.99	23.5
HL4	HL18-006	8	7.72	1.31	51.3
	HL18-007	6	5.98	1.83	55
	HL18-008	6	5.62	0.96	98.8

**Table 2 – Hidden Lake Pegmatites Drillhole Intersection Summary**



**Image 4 – Spodumene mineral crystals in drill core hole HL18-003 from 38.80-49.86m**

Composite channel samples were produced to conduct a series of metallurgical tests. The testing proved that the mineralogy responded well to typical spodumene beneficiation processes such as Dense Media Separation (DMS) and floatation. These composite samples were also evaluated using QEMSCAN and Electron Probe Micro Analysis to conclude that the four main pegmatite dykes possessed

similar liberation and mineralogical characteristics. Namely, a simple mineralogy of predominantly coarse grained spodumene, quartz, plagioclase and K-feldspar with comparatively low impurities. Iron content for all four composite samples was low, averaging 0.22% FeO (SGS, 2017).

<b>Mineral</b>	<b>HL1 Composite</b>	<b>HL3 Composite</b>	<b>HL4 Composite</b>	<b>D12 Composite</b>
Spodumene	15.8	16.1	14.2	14.5
Quartz	27.9	26.5	28.5	27.3
Plagioclase	38.5	36.2	39.8	39.3
K-Feldspar	8.66	14	9.16	9.66
Muscovite	4.86	4.2	4.48	4.03
Biotite	0.02	0.03	0.01	0.01
Clays	1.09	0.91	0.93	1.07
Apatite	0.28	0.26	0.34	0.3
Montebrasite	2.68	1.54	2.36	3.69
Other	0.2	0.27	0.22	0.17
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Table 3 - Hidden Lake Modal Mineralogy (wt%) of Composite Samples from D12, HL1, HL3 and HL4 Pegmatite**

A single composite sample was created for subsequent metallurgical testwork which included a DMS pilot plant that produced a high-grade concentrate of 6.11% Li<sub>2</sub>O from a 400kg bulk sample with minimal loss to tailings – validating HLS testwork that produced a concentrate of 6.3% Li<sub>2</sub>O.



**Image 5 - Hidden Lake - marketable Spodumene concentrate sample (6.11% Li<sub>2</sub>O)**



## Project History

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The 5 contiguous claims (HID1 to HID5) of the Project were discovered by DG Resource Management Ltd., who vended the Project into Patriot Battery Metals (TSXV:PMET, ASX:PMT)(previously 92 Resources) in 2016. The Project was transitioned to an earn in Joint Venture with Foremost Lithium (CSE:FAT)(previously Far Resources) in 2018.

In 2019 Foremost Lithium ceased the remaining earn-in for the Project which resulted in the immediate constitution of a 60/40 Joint Venture agreement. In November 2022, Foremost Lithium sold their 60% interest to Youssa Pty Ltd, who in-turn have now entered a binding agreement with Loyal Lithium for the controlling 60% ownership on the Project. A Joint Venture agreement will therefore exist between Loyal Lithium (**Optionee**) and Patriot Battery Metals (**Optionor**).

Under the Hidden Lake 'Material Joint Venture Terms' the following key terms have been extracted:

- The Optionee will be the initial operator (the **JV Operator**) under the Joint Venture and will remain as JV Operator unless its interest is reduced below 50% or the Optionee resigns, in which event the Optionor shall become JV Operator.
- The Optionee shall be responsible for funding 100% of the first CAD\$1,000,000 in Joint Venture expenditures pursuant to one or more approved Exploration Programs (as defined below), such that the Optionor's interest is a carried interest respecting such amount. Thereafter, each Party will contribute its proportionate share to the Joint Venture. At present the Optionee's spend is approximately ~CAD\$50,000.
- The JV Operator must keep the Project in good standing and free from encumbrances (save for the DGRM Royalty), comply with applicable laws, maintain proper books and accounts and adequate insurance with respect to the Joint Venture.
- The JV Operator shall be entitled to receive a management fee equal to 5% of the Exploration Expenditures of the Joint Venture in consideration for its efforts and services as JV Operator.
- Each Party to the Joint Venture shall be responsible for its proportionate share of the costs and expenses of the Joint Venture including, but not limited to, any lease, purchase and/or royalty payments (including the DGRM Royalty) and other monies due to arm's length third parties including, but not limited to, DGRM.
- If a Party elects not to participate in an Exploration Program for any calendar year during the joint venture period, or elects to participate in an Exploration Program but subsequently fails to pay in full for its proportionate share of the costs thereof, the interest of the non-participating or defaulting Party, as the case may be, shall be subject to dilution in accordance with agreement.

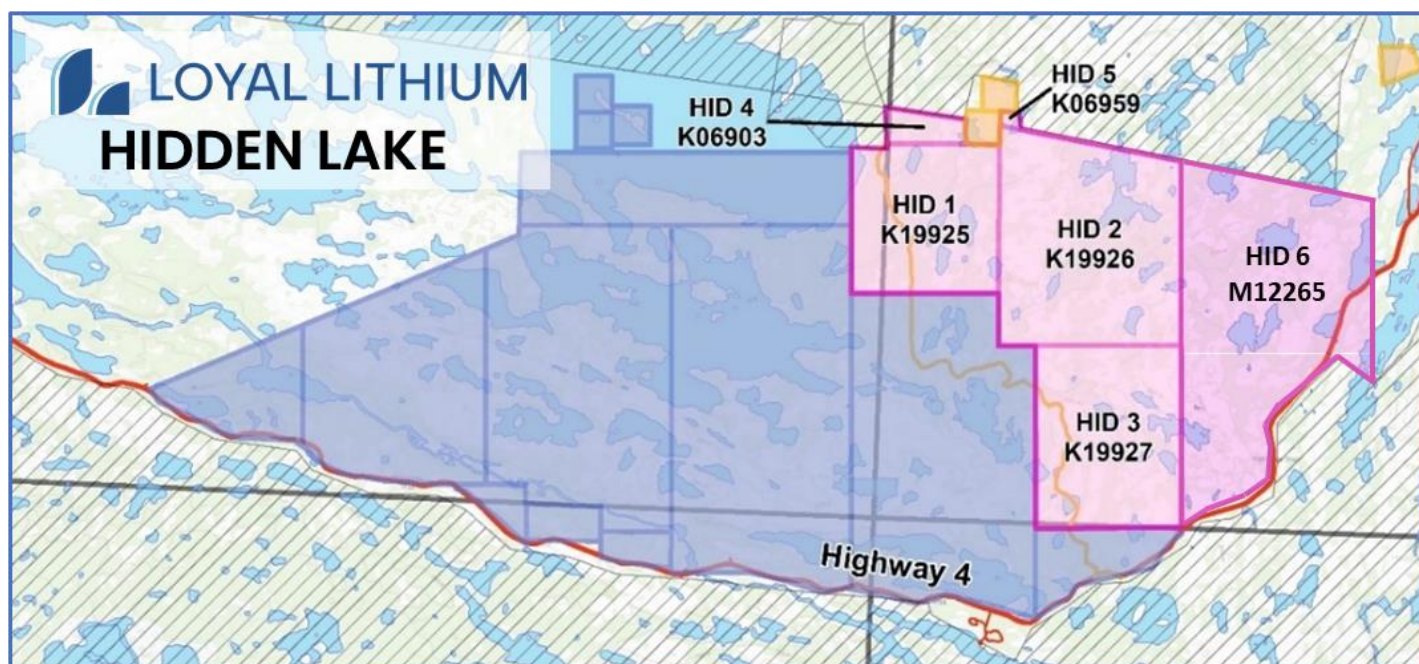
The most eastern contiguous claim (HID6) of the Project was founded by DGRM in December 2022. DGRM has entered into a binding agreement with Loyal Lithium for 100% ownership on the Project. A 2% NSR royalty is held by DGRM for all 6 contiguous claims of the Project.

**Mineral Tenure**

The Project consists of 6 contiguous claims, totalling 2,500.29 hectares. The first three claims (HID 1 to 3) were staked and recorded in February 2016. HID 4 and 5 were staked and recorded in June 2016. HID 6 was staked and recorded in December 2022.

Claim Number	Claim Name	Size (ha)	Issue Date	Anniversary Date	Required Spending	Total Expenditure To date
K19925	HID 1	410.14	2/29/2016	2/29/2026	\$20,507	requirement met
K19926	HID 2	692.15	2/29/2016	2/29/2026	\$34,607	requirement met
K19927	HID 3	500	2/29/2016	2/29/2026	\$25,000	requirement met
K06903	HID 4	48	6/29/2016	6/29/2026	\$2,400	requirement met
K06959	HID 5	9	6/29/2016	6/29/2026	\$450	requirement met
M12265	HID 6	841	14/12/2022	14/12/2024	\$16,820	\$0

**Table 4 – Mineral Tenure and Expenditures**



**Figure 5 – Hidden Lake Lithium Project – Mineral Tenure**

**Resource Classification and information regarding the resource at the Project**

Due to the sparseness of exploration data, no JORC compliant resource classification study has been determined or commissioned for the Project.

### Details of the Vendors

Youssa Pty Ltd (**Youssa**) is a Western Australia based Australian private company. Active since 1987, Youssa is the parent company for several businesses and investments across mining, industrial and commercial sectors with a particular focus on the mining services industry.

DG Resource Management (**DGRM**) is a Canadian private company. DGRM are geological project generators with a unique perspective on mineral exploration that has resulted in numerous grass roots discoveries across multiple commodities, including lithium, REE's, uranium and specialty metals. DGRM identified, acquired and vended the potentially world-class Corvette Lithium Project for Patriot Battery Metals.

### Details of the Acquisition

#### Terms of the Agreement with Youssa Pty Ltd

The Company entered into the Agreement on 28 March 2023. A summary of the material terms of the Agreement are set out below:

- (i) **Parties:** the Company entered into the Agreement with the Vendor, Youssa Pty Ltd, who holds the 60% interest in 5 claims associated with the Project;
- (ii) **Material terms:**
  - a. **Cash Consideration:** At Settlement, the Company will pay the Vendor (and/or its nominees) A\$250,000 cash;
  - b. **LLI Shares Consideration:** At Settlement, the Company will issue the Vendor (and/or its nominees) 14,000,000 LLI Shares;
  - c. **Escrow:** Shares issued by the Company to the Vendor for consideration will be subject to an escrow period to be determined by the ASX;
  - d. **LLI Options Consideration:** At Settlement, the Company will issue the Vendor (and/or its nominees) 4,000,000 LLI Options at an exercise price of \$0.60. Each Option will expire 3 years from the date of issue;
  - e. **Royalty:** The Company acknowledges the existing 2% net smelter royalty payable in respect of the claims; and
  - f. **Representations and warranties:** each party makes representations and warranties standard for an agreement of this nature.

#### Terms of the Agreement with DGRM

The Company entered into the Agreement on 28 March 2023. A summary of the material terms of the Agreement are set out below:

- (i) **Parties:** the Company entered into the Agreement with the Vendor, DGRM, who holds the 100% interest in 1 claim associated with the Project;
- (ii) **Material terms:**
  - a. **Cash Consideration:** At Settlement, the Company will pay the Vendor (and/or its nominees) \$35,000 cash (Canadian dollars);
  - b. **LLI Shares Consideration:** At Settlement, the Company will issue the Vendor (and/or its nominees) 2,000,000 Loyal Ordinary Shares (ASX: LLI);
  - c. **Escrow:** Shares issued by the Company to the Vendor for consideration will be subject to an escrow period to be determined by the ASX; and

- d. **Royalty:** A 2% net smelter royalty is payable to the Vendor in respect of the claim; and
- e. **Representations and warranties:** each party makes representations and warranties standard for an agreement of this nature.

The Agreements are conditional, among other things, on the Company receiving conditional approval from the ASX that the Company has met the requirements in Chapters 1 and 2 of the Listing Rules as if the Company were applying for admission to the Official List and the Company obtains all necessary shareholder and regulatory approvals under the Listing Rules and the Corporations Act.

### **Capital Raising – re-compliance**

As part of the Acquisition, the Company is proposing to undertake a capital raising to raise up to a maximum of \$1,500,000 to satisfy the Listing Rules and to demonstrate investor spread of a minimum of 300 non-affiliated shareholders (**Capital Raising**).

The Company has been advised by the ASX that if an existing shareholder were to invest a minimum of \$2,000 in the Capital Raising, that shareholder could be counted towards the spread requirements.

Investors will therefore be able to apply for a minimum of \$2,000 worth of Shares each and up to a maximum of \$5,000 worth of Shares each.

The Company is yet to determine the method by way of which it will conduct the Capital Raising. As at the date of the announcement, the Company is proposing to conduct a general offer, which is open to the wider market, with a priority offer to be offered to existing shareholders that are on the Company's register at a record date to be determined.

The Company has engaged Canaccord Genuity (Canaccord) as Lead Manager for the Capital Raising. Canaccord will charge the Company a fee of 6% on funds raised through the proposed Capital Raising. The Capital Raising will not be underwritten.

The price of the Shares under the proposed Capital Raising is yet to be determined, however for the purposes of calculating the effect of the Capital Raising on the Company's capital structure an issue price of \$0.30 (being the deemed issue price of the Shares to be issued to the Vendors under the Acquisition) has been used.

Table 5 details the manner in which the funds raised under the Capital Raising will be applied. Details of the effect of the Capital Raising on the Company are detailed in Table 6 of this Announcement.

### **Proposed Use of Funds**

The Company intends to apply the funds raised under the Capital Raising, together with its existing cash reserves, over the two years following re-admission of the Company to the Official List of the ASX as follows:

<b>Drill Exploration</b>	<b>1 April 2023/24</b>	<b>1 April 2024/25</b>
Wages, commercial travel, deposit modelling, misc. transport and supplies	\$190,476	\$50,000
Accommodations, food, fuel	\$104,286	\$40,000

Charter aircraft - helicopter	\$108,254	\$20,000
3,331 m core drilling (NQ), core boxes, immediate support	\$721,429	\$278,000
Sample Analysis and Mineralogy	\$55,233	\$25,000
<b>Surface Exploration</b>		
Wages, commercial travel, misc. supplies	\$30,079	\$0
Prospecting, rock sampling, mapping	\$40,800	\$0
Geophysics - IP-Resistivity	\$44,048	\$0
Sample analysis and mineralogy (380 samples at 75\$ per sample)	\$28,500	\$0
<b>Airborne Survey</b>		
Lidar and Ortho-imagery survey	\$12,024	\$0
<b>Metallurgical Testing</b>		
Flowsheet development to spodumene concentrate	\$43,301	\$0
<i>Subtotal</i>	<i>\$1,378,429</i>	<i>\$413,000</i>
Contingency (5%)	\$68,921	\$20,650
<b>TOTAL PROGRAM COST</b>	<b>\$1,447,350</b>	<b>\$433,650</b>

**Table 5 – Hidden Lake 24 Month Exploration Budget**

The above table is a statement of current intentions as of the date of this announcement. As with any budget, 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 manner in which the funds are ultimately applied on this basis.

### **Unaudited Pro-forma Consolidated Statement of Financial Position**

The effect of the Acquisition on the Company's consolidated statement of financial position is set out below assuming a successful Capital Raising.

The principal effects on the Company's consolidated statement of financial position will be:

	<b>Prior to Proposed Transaction &amp; Capital Raise</b>	<b>Effect of Proposed Transaction &amp; Capital Raise</b>	<b>Post Proposed Transaction &amp; Capital Raise</b>
<b>Total Consolidated Assets</b>	\$ 17,921,657	\$ 6,526,250	\$ 24,447,907
<b>Total Equity</b>	\$ 17,404,460	\$ 6,526,250	\$ 23,930,710
<b>Cash in Bank (1)</b>	\$ 6,573,000	\$ 1,121,500	\$ 7,694,500
<b>Consolidated EBITDA</b>	\$ 142	N/A	N/A
<b>Exploration Budget</b>	\$ 1,675,289	\$ 1,881,000	\$ 3,556,289

**Table 6 – Loyal Lithium Consolidated Statement of Financial Position**

**Note 1:** Cash in bank prior to proposed transaction & capital raise is Dec 2022 end of quarter cash in bank figure. Cash in bank effect of proposed transaction & capital raise does not include operation expenditure for the March 2023 quarter.

### **Capital Structure and Effect of the Acquisition on the Company**

The capital structure of the Company before the Acquisition and the indicative capital structure after the Acquisition is set out below:

<b>Class of Securities</b>	<b>Prior to Proposed Transaction &amp; Capital Raise</b>	<b>Effect of Proposed Transaction &amp; Capital Raise</b>	<b>Post Proposed Transaction &amp; Capital Raise</b>
<b>Shares (1,2,3)</b>	62,990,001	21,000,000	83,990,001
<b>Options (4)</b>	31,300,000	4,000,000	35,300,000
<b>Performance Rights</b>	7,700,000	-	7,700,000
<b>Number of shares on a fully diluted basis</b>	101,990,001	25,000,000	126,990,001

**Table 7 – Loyal Lithium Capital Structure**

**Note 1:** This number of Shares includes 3,000,001 Shares that are subject to escrow restrictions (which expire on 6 July 2023).

**Note 2:** This number of Shares includes 500,000 Shares proposed to be issued to Osisko Development Corporation that were approved on 12 December 2022, but are yet to be issued.

**Note 3:** This table includes the securities that have been issued in the previous 6 months, namely, as announced to the ASX on 27 October 2022 the institutional placement. The institutional placement was undertaken in two-tranches. Securities issued under Tranche One were issued on 1 November 2022 and the securities issued under Tranche Two were issued on 12 December 2022. The institutional placement was undertaken by domestic and offshore institutional, sophisticated and professional investors. The shares were issued at \$0.40 per share. Proceeds were for exploration field works at the Brisk and Trieste Lithium Projects, potential additional acquisitions, drilling at the Scotty Lithium Project and general working capital.

**Note 4:** 900,000 Options have an exercise price of \$0.30 and expire on 6 July 2024, 500,000 Options have an exercise price of \$0.45 and expire on 2 May 2025, 1,000,000 Options have an exercise price of \$0.35 and expire on 25 July 2025, 2,000,000 Options have an exercise price of \$0.60 and expire on 16 January 2026, 3,500,000 Options have an exercise price of \$0.50 and expire on 20 February 2026, 2,000,000 Options have an exercise price of \$0.60 and expire on 31 March 2026, 21,400,000 Options expire on 6 July 2024 and are subject to escrow restrictions (which expire on 6 July 2023).

No shareholder will acquire control of 20% or more of the Company as a result of the Acquisition. There will be no changes to the board or senior management as part of the Acquisition.

### **Indicative timetable**

The anticipated timetable for the Acquisition and associated events under the Listing Rules is set out below:

<b>Action</b>	<b>Date</b>
Date of announcement of Acquisition	12 April 2023
Despatch of the Notice of Annual General Meeting	26 April 2023
Lodge Prospectus with ASIC	1 May 2023
Exposure Period commences	2 May 2023

<b>Action</b>	<b>Date</b>
Opening Date of Priority Offer	9 May 2023
Opening Date of General Offer	9 May 2023
2023 Annual General Meeting to approve the Acquisition	24 May 2023
Closing Date of Priority Offer	31 May 2023
Closing Date of General Offer	31 May 2023
Securities issued under the General and Priority Offer	1 June 2023
Despatch of holding statements	2 June 2023
Settlement of the Acquisition	7 June 2023
Expected Re-quotations Date on ASX	14 June 2023

**Table 8 – Hidden Lake Acquisition Indicative timetable**

The above timetable is indicative only and has not been endorsed by ASX.

Actual dates will be subject to the *Corporations Act 2001* (Cth) and the Listing Rules, and the Company reserves the right to vary any and all of the above dates without notice.

#### **ASX waivers and confirmations**

The Company does not require any waivers or confirmations from ASX with respect to the Acquisition.

#### **Fees paid or payable in connection with the Acquisition**

Other than as disclosed in this announcement, there are no fees payable to any person in connection with finding, arranging, or facilitating the Acquisition or Capital Raising.

The Company currently expects to pay fees to advisers in connection with its Capital Raising and re-admission to ASX.

#### **Risks**

The Company is unaware of any additional significant factors or risks that may affect access, title, or the right to perform work on the Hidden Lake Property. Inquiries have been made directly with both the Mackenzie Valley Land and Water Board and the Northwest Territories mining recorder's office, and confirmation was provided that no extraordinary circumstances exist that would affect permitting or executing work on the project.

Further details of key risks will be included in the Company's Notice of Meeting and Prospectus.

### **Regulatory requirements generally**

On 17 February 2023, the Company received favourable in-principle advice from the ASX that, subject to certain factors, the ASX is not aware of other reasons, other than those factors, that would cause the Company not to have a structure and operations suitable for a listed entity.

The Company notes that pursuant to the Listing Rules:

- (i) the issue of the securities under the Acquisition Agreements requires shareholder approval and therefore may not proceed if such approval is not forthcoming;
- (ii) the Company is required, inter alia, to re-comply with ASX's requirements for admission and quotation and therefore the Acquisition may not proceed if those requirements are not met; and
- (iii) ASX has an absolute discretion in deciding whether or not to re-admit the Company to the Official List and to quote its securities and therefore the Acquisition may not proceed if ASX exercises that discretion.

Investors should take account of these uncertainties in deciding whether or not to buy or sell the Company's securities.

Furthermore, the Company:

- (i) notes that ASX takes no responsibility for the contents of this announcement; and
- (ii) confirms that it is in compliance with its continuous disclosure obligations under Listing Rule 3.1.

### **Shareholder approvals**

Shareholder approval for the resolutions required to give effect to the Acquisition will be sought at the Company's Annual General Meeting to be held in May 2023. Shareholder approval will be sought for the following matters, among other, in respect of the Acquisition:

- (i) approval for the issue of the shares under the Prospectus (as required); and
- (ii) approval for the issue of the securities to the vendors under the Acquisition Agreements.

### **Due diligence**

The Company has undertaken appropriate enquiries and will undertake further due diligence into the assets and liabilities, financial position and performance, profits and losses, and prospects of the Project to enable the Board to be satisfied that the Acquisition is in the interests of the Company and its shareholders.

*The release of this announcement has been authorised by the Board of Loyal Lithium Limited.*



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**About Loyal Lithium**

Loyal Lithium Limited (ASX: LLI) is a well-structured listed resource exploration company with projects in Tier 1 North American mining jurisdictions in Nevada, USA and the James Bay Lithium District in Quebec, Canada. Through the systematic exploration of its projects, the Company aims to delineate JORC compliant resources, creating value for its shareholders.

**References**

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1. June 27, 2018 Foremost Lithium Resource & Technology Ltd. (Formerly Far Resources Ltd.) Far Resources Completes Drill Program at its High-Grade Hidden Lake Lithium Project, NWT and Confirms Spodumene Mineralised Pegmatite in Every Hole. <https://www.sedar.com/>. The technical content of this news release has been reviewed and approved by Mark Fedikow P.Geo., a qualified person as defined under NI 43-101.
2. September 10, 2018 Foremost Lithium Resource & Technology Ltd. (Formerly Far Resources Ltd.) Far Resources Earns First Option and Receives Drilling Results for its Hidden Lake Project, NT, Including Numerous High-Grade Intercepts of up to 1.6% Li<sub>2</sub>O over 9.2 metres. <https://www.sedar.com/>. The technical content of this news release has been reviewed and approved by Mark Fedikow P.Geo., a qualified person as defined under NI 43-101.
3. NWT Geoscience Detailed Showing Report ID 085INW0042.
4. November 23, 2022 Li-FT Li-FT Power Ltd. (CSE: LIFT): Li-FT to Acquire the Yellowknife Lithium Project, a Portfolio of 14 Significant Spodumene Pegmatites

## **Annexure 1 – JORC Code, 2012 Edition – Table 1**

### **Section 1 – Sampling Techniques and Data**

Criteria	JORC Code explanation	Commentary
<p><i>Sampling techniques</i></p>	<ul style="list-style-type: none"> <li>• <i>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialized industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i></li> <li>• <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></li> <li>• <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i></li> <li>• <i>In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i></li> </ul>	<ul style="list-style-type: none"> <li>• In 2016, 60 channel cuts were completed resulting in 308 roughly 1 m channel samples collected.</li> <li>• In 2017, 10 channel cuts were completed resulting in 33 ~1 m channel samples collected.</li> <li>• Channel samples from 2016 to 2017 were sent to Activation Laboratories ("Actlabs") Ltd. in Kamloops, BC, Canada, for analysis.</li> <li>• In 2018, a total of 1,079.37 m of NQ core was recovered and 159 half-core samples collected. Mineralized core was sampled at ~1 m lengths and unmineralized core at a maximum of ~1.5 m.</li> <li>• Half-core samples along with 38 QAQC samples made up of ¼ NQ core duplicates, certified reference materials (CRMs) and quartz blanks were sent to SGS Canada Inc. Laboratories in Lakefield, Ontario for analysis.</li> </ul>

Criteria	JORC Code explanation	Commentary
<i>Drilling techniques</i>	<ul style="list-style-type: none"> <li>• <i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i></li> </ul>	<ul style="list-style-type: none"> <li>• A portable gas-powered diamond-bladed saw was utilized for channel cuts.</li> <li>• A Boyles 27A diamond drill was used for drilling.</li> <li>• All diamond drill holes were drilled by standard tube wireline methods. All holes are collared using NW casing and drilled with NQ rods.</li> <li>• Core was not oriented.</li> </ul>
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> <li>• <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></li> <li>• <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></li> <li>• <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Channel cuts only sampled visually mineralized rock. Overburden resulted in gaps in channel cuts.</li> <li>• Drill core recoveries were measured after each drill run, comparing length of core recovered vs. drill depth. Core recoveries were good due to the competent nature of the rock, averaging 97% over all 10 drillholes</li> <li>• Mineralized rock in drillholes was sampled at smaller sample lengths (~1 m) than unmineralized rock (~1.5 m)</li> <li>• There is no observed relationship between core recovery and grade.</li> </ul>
<i>Logging</i>	<ul style="list-style-type: none"> <li>• <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i></li> <li>• <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i></li> <li>• <i>The total length and percentage of the relevant intersections logged.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Channel cuts were geologically logged in the field qualitatively with pen and paper as they were collected. The records are available only in physical form.</li> <li>• Photos were taken of the channel cuts after the channel sample was removed.</li> <li>• Drill core was all geologically and geotechnically logged using an industry-standard logging scheme.</li> <li>• Logged intervals were based on geological boundaries. The geological log incorporates geotechnical parameters, lithology, weathering, alteration, and veining.</li> <li>• Geological logging was based on both qualitative identifications of geological characteristics and semi-quantitative estimates of mineral abundance. Geotechnical logging uses standard semi-quantitative definitions for estimating rock strength and fracture density.</li> <li>• A digital photographic record was maintained for all drill core.</li> <li>• Electronic geological logs were created using a Microsoft Excel logging template on laptop computers.</li> </ul>

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <li>• <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></li> <li>• <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i></li> <li>• <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></li> <li>• <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></li> <li>• <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i></li> <li>• <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Channel cuts roughly 5 cm thick were made with a handheld gas-powered diamond-bladed saw.</li> <li>• The channel samples were removed with a hammer and chisel, and the entire channel cut was sampled at ~1 m intervals.</li> <li>• All channel samples were sent to Actlabs in Kamloops, BC, for standard sample preparation (Code RX1), which includes crushing up to 80% passing 2 mm, riffle splitting (250 g) and pulverizing to 95% passing 105 µm.</li> <li>• Drill core was cut in half with an electric diamond-bladed saw. Quarter-cut duplicates were made periodically for QAQC.</li> <li>• The Author have no other direct knowledge of other sampling method details undertaken during the drill campaign but have no reason to believe the operators did not follow industry standard practices.</li> <li>• Sizes were appropriate for the grain size of the material sampled in both the channel cuts and drill core samples.</li> <li>• Channels were cut perpendicular to vein strike and spaced regularly (generally &lt; 50 m).</li> <li>• All core samples collected were shipped to SGS Canada's laboratory in Lakefield, ON, for standard sample preparation (code PRP89) which includes drying at 105°C, crushing to 75% passing 2 mm, riffle splitting 250 g, and pulverizing to 85% passing 75 microns</li> </ul>
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <li>• <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></li> <li>• <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i></li> <li>• <i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external</i></li> </ul>	<ul style="list-style-type: none"> <li>• All channel samples were analyzed by Actlabs in Kamloops, B.C., for analysis using packages UT7 (55 elements ICP-MS after sodium peroxide fusion) and 2017 samples were also analyzed with code 1A2-ICP (Au by Fire Assay). Overlimit Li values were analyzed with code 8 Li</li> <li>• No certified reference materials were submitted with the channel samples for analysis due to the preliminary nature of the fieldwork, with the operator relying on the laboratory's internal QA/QC.</li> <li>• Analytical procedures are considered adequate for the early-stage nature of the programs.</li> <li>• All drill core samples were submitted to SGS Canada in Lakefield, Ontario, for analysis with packages GE ICM90A (55 elements ICP-AES after sodium peroxide fusion) and GE FAA313 (Au by Fire Assay).</li> <li>• In addition to the ½ NQ core samples, ¼ NQ core duplicates, pulp duplicates, certified reference materials (CRMs) and quartz blanks were inserted into the sample stream at systematic intervals for QA/QC.</li> <li>• QA/QC samples comprised 14% of total drill core samples submitted for analysis.</li> </ul>

Criteria	JORC Code explanation	Commentary
	<p><i>laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i></p>	<ul style="list-style-type: none"> <li>Both Actlabs and SGS Canada are ISO 17025 certified laboratories and implement routine Quality Assurance and Quality Control (QA/QC) protocols during the analytical process. The procedures include using pulp duplicates and internally certified reference materials.</li> </ul> <p>The Competent Person considers the sample and analytical procedures acceptable for an early-stage project.</p>
<p><i>Verification of sampling and assaying</i></p>	<ul style="list-style-type: none"> <li><i>The verification of significant intersections by either independent or alternative company personnel.</i></li> <li><i>The use of twinned holes.</i></li> <li><i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i></li> <li><i>Discuss any adjustment to assay data.</i></li> </ul>	<ul style="list-style-type: none"> <li>A 43-101 report was published in 2016 that verified the 2016 channel sampling procedure and confirmed lithium-bearing pegmatites on the Property.</li> <li>No additional verification or testing was completed during this evaluation.</li> <li>No holes have been twinned.</li> <li>All original assay data is stored in a database in an as-received basis with no adjustment to the returned data.</li> <li>2016 and 2017 channel samples are recorded in physical books that have been photographed. All other data is stored electronically in databases.</li> </ul>
<p><i>Location of data points</i></p>	<ul style="list-style-type: none"> <li><i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i></li> <li><i>Specification of the grid system used.</i></li> <li><i>Quality and adequacy of topographic control.</i></li> </ul>	<ul style="list-style-type: none"> <li>Data is stored in UTM NAD 83 Zone 12N projection format.</li> <li>Historical surface mapping points were georeferenced and validated against topography.</li> <li>2016 and 2017 channel sample location data was obtained using handheld GPS, with azimuth measurements collected using a compass.</li> <li>Data points were generally well-constrained for X-Y coordinates but less reliable for Z coordinates for channel samples. Channel locations were verified against topography.</li> <li>Drill hole collars were surveyed using a Topcon RTK differential GPS system, and are well-constrained in the X, Y and Z directions.</li> <li>Drillholes were surveyed using a Reflex EZ-Gyro. Single shots were taken every 10 m down the entire length of the hole with multi-shots taken at the top, middle and bottom of the hole to optimize the collected orientation data.</li> <li>Topographic control is from open-sourced High-Resolution Digital Elevation Model (HRDEM) from Natural Resources Canada (NRCAN).</li> </ul>
<p><i>Data spacing and distribution</i></p>	<ul style="list-style-type: none"> <li><i>Data spacing for reporting of Exploration Results.</i></li> <li><i>Whether the data spacing and distribution is sufficient to establish the degree of</i></li> </ul>	<ul style="list-style-type: none"> <li>A geological model was constructed using a database of 10 drillholes and 70 channels totalling 1,411.82 m.</li> <li>Geological mapping shows continuity along strike of pegmatite outcrops.</li> <li>Channels are spaced between 25 to 50 m over six different pegmatite surficial showings.</li> </ul>

Criteria	JORC Code explanation	Commentary
	<p><i>geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i></p> <ul style="list-style-type: none"> <li>• <i>Whether sample compositing has been applied.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Drillholes are spaced between approximately 70 m to 150 m apart on four different pegmatite showings with two drillholes completed on the HL4 and D12 pegmatites and three drillholes completed on the HL1 and HL3 pegmatites.</li> <li>• Pegmatite intersections from all drillholes are less than 50 m vertical depth from surface, resulting in high concentrations of data at shallower depths.</li> <li>• No compositing of samples was applied prior to assaying.</li> </ul>
<p><i>Orientation of data in relation to geological structure</i></p>	<ul style="list-style-type: none"> <li>• <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i></li> <li>• <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Drill holes were designed to intersect known mineralized features in a nominally perpendicular orientation as much as is practicable given the availability of drill pads.</li> <li>• Channel cuts were perpendicular to strike of the mineralized feature.</li> </ul>
<p><i>Sample security</i></p>	<ul style="list-style-type: none"> <li>• <i>The measures taken to ensure sample security.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Site employees were the only personnel with access to samples.</li> <li>• Logging, sampling and core cutting for the 2018 drilling program were performed in a secure yard in Yellowknife, NWT.</li> <li>• Samples were given a unique sample number that was provided for analysis. Each sample tag listed the project name, drillhole, top and base of sample interval, and sample number.</li> <li>• Laboratory services were in secure compounds.</li> </ul>
<p><i>Audits or reviews</i></p>	<ul style="list-style-type: none"> <li>• <i>The results of any audits or reviews of sampling techniques and data.</i></li> </ul>	<ul style="list-style-type: none"> <li>• The channel sampling and mapping were verified in the 2016 NI 43-101 report.</li> </ul>

## **Section 2 Reporting of Exploration Results**

Criteria	JORC Code explanation	Commentary
<p><i>Mineral tenement and land tenure status</i></p>	<ul style="list-style-type: none"> <li>• <i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i></li> <li>• <i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i></li> </ul>	<ul style="list-style-type: none"> <li>• The Hidden Lake Property is located 45 km east of Yellowknife, NWT, Canada. The Property consists of 6 contiguous claims (grouping number GC2129), located on NTS sheets 085111 and 085112, totalling 2,500.29 ha. Claims HID 1 to 3 were issued on March 1, 2016, and HID 4 and 5 were issued on June 30, 2016. Claim MON-1 was issued on December 14, 2022. Claims HID 1-3 have March 1, 2026 anniversary dates and claims HID 4-5 have June 30, 2026 anniversary dates. Claim MON-1 has an anniversary date of December 14, 2024.</li> <li>• A 21-year mining lease is required after these anniversary dates.</li> <li>• In January 2018, the HID1-5 claims that made up the Hidden Lake Property at the time were acquired by Patriot Battery Metals (previously 92 Resources Corp.).</li> <li>• In January 2018, Patriot Battery Metals signed an earn-in agreement with Foremost Lithium Resources and Technology (previously FAR Resources) for a 60% stake in the Hidden Lake Property.</li> <li>• On November 24, 2022, Foremost Lithium entered into an option agreement with Youssa Pty Ltd. to sell 60% interest in the five (5) HID 1-5 contiguous mineral exploration claims that make up the Hidden Lake Property.</li> <li>• The HID 1-5 claims are currently held in the name of Patriot Battery Metals and are in good standing. Claims HID 1-3 have an anniversary date of March 1, 2026, and claims HID 4-5 have an anniversary date of June 30, 2026.</li> <li>• The MON-1 claim was staked on December 14, 2022, is owned by DGRM, and currently in the name of Jordan Pearson. The MON-1 claim is currently in good standing and has an anniversary date of December 14, 2024.</li> <li>• Loyal Lithium is in the process of acquiring the 60% ownership stake in HID 1-5 previously held by Foremost Lithium and currently resides in the name of Youssa Pty Ltd as well as 100% interest in the MON-1 claim that is currently owned by DGRM. Loyal is also in the process of entering a Joint Venture arrangement with Patriot Battery Metals who currently owns the other 40% ownership of the HID 1-5 claims.</li> <li>• The Property is surrounded by land withdrawals to the north and other claims to the south and west. No claims or land withdrawals are to the east.</li> <li>• Consultation and engagement are required for 8 stakeholders in the area, consisting of local Indigenous Groups and land users, which include             <ul style="list-style-type: none"> <li>○ The Akaitcho Dene First Nation</li> <li>○ The Yellowknives Dene First Nation</li> <li>○ The Lutsel K'e Dene First Nation</li> <li>○ The Deninu Kue First Nation</li> <li>○ The North Slave Métis Alliance</li> </ul> </li> </ul>

Criteria	JORC Code explanation	Commentary
		<ul style="list-style-type: none"> <li>○ The Fort Resolution Métis Council</li> <li>○ The Northwest Territories Métis Nation</li> <li>○ The Tlicho Government</li> <li>• A previous archaeological study of the area in 2018 found no archaeological findings in the Property area and that a winter drill program would not require an archaeological impact assessment due to low anticipated disturbance.</li> <li>• An archaeological assessment may be warranted in the future should further exploration or camp development occur in high-potential areas or occur under summer conditions.</li> <li>• A Land Permit from the Mackenzie Valley Land and Water Board may be required under certain conditions, including drill programs and the use of any heavy equipment. No impediments to obtaining this Permit are anticipated.</li> </ul>
<p><i>Exploration done by other parties</i></p>	<ul style="list-style-type: none"> <li>• <i>Acknowledgment and appraisal of exploration by other parties.</i></li> </ul>	<ul style="list-style-type: none"> <li>• The most significant historical exploration work on the Property has been completed on the D12 pegmatite, first discovered by the Geological Survey of Canada in 1947.</li> <li>• Lithium-bearing pegmatite dykes in the Hidden Lake area were first staked by General Lithium Corp Ltd. in 1955.</li> <li>• In July 1975, pegmatites in the area were staked by Canadian Superior Exploration Ltd., as the LU claims; they later completed a large exploration program in 1978.</li> <li>• In the late 1980s, the northern parts of the Property were staked by the Continental Pacific Resources as part of the Shorty 1 Project, however much of the historical work completed was on pegmatites outside of the current Property boundary with the exception of pegmatite D12.</li> <li>• In 2016, 92 Resources Corp. conducted a prospecting and sampling program; 10 rock samples were collected initially. A follow-up program the same year resulted in a total of 308 channel samples collected from 60 channels across the D12, HL1, HL3, and HL4 dykes and 10 grab samples from other pegmatites on the Property.</li> <li>• In 2017 92 Resources collected 33 samples from 10 channels on dykes HL6 and HL8, with an additional 24 grab samples from the south end of the Property.</li> <li>• In 2018 a 10-hole, 1,079.37 m diamond drilling campaign yielded a combined 159 half-core samples from dykes D12, HL1, HL3, and HL4.</li> </ul>
<p><i>Geology</i></p>	<ul style="list-style-type: none"> <li>• <i>Deposit type, geological setting and style of mineralisation.</i></li> </ul>	<ul style="list-style-type: none"> <li>• The Hidden Lake Property lies within the southern Archean Slave Craton of the Canadian Shield, which comprises Mesoarchean gneissic basement covered by a Neoproterozoic supracrustal assemblage known as the Yellowknife Supergroup. The Yellowknife Supergroup consists of a thick sequence of metavolcanics and metasedimentary rocks, and within the Property area, this assemblage is dominated by the Burwash Formation.</li> <li>• The large Neoproterozoic granitic plutons which intrude the Burwash Formation include the two-mica granites of the Prosperous Suite and the biotite ± hornblende tonalite to granodiorite of the Defeat Suite.</li> </ul>



Criteria	JORC Code explanation	Commentary																																																																																								
		<ul style="list-style-type: none"> <li>The Prosperous Suite consists of several S-type biotite-muscovite leucogranite plutons that are spatially associated with granitic pegmatites. These pegmatites, some of which are rare-element-bearing, intrude the surrounding Burwash Formation and the granitic plutons, forming the Yellowknife pegmatite field.</li> <li>These lithium-bearing pegmatites are the target for exploration on the Property and fall under the "LCT", lithium-cesium-tantalum, pegmatite deposit type.</li> <li>The lithium-bearing pegmatites on the Property are recorded as long, discontinuous, NNE-SSW trending bodies with sharp contacts with the metasediments. They are measured at up to 800 m long and 11.5 m wide, with spodumene and lesser montebrasite being the primary lithium-bearing minerals.</li> </ul>																																																																																								
<p><i>Drill hole Information</i></p>	<ul style="list-style-type: none"> <li>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> <li>easting and northing of the drill hole collar</li> <li>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>dip and azimuth of the hole</li> <li>down hole length and interception depth</li> <li>hole length.</li> </ul> </li> <li>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should</li> </ul>	<ul style="list-style-type: none"> <li>Detailed drillhole information and lithium pegmatite intersections were compiled from the Hidden Lake Property to develop the geological model. The drillhole attributes and pegmatite intersection summary are presented in the following tables.</li> </ul> <p>2018 Drillhole Summary</p> <table border="1" data-bbox="846 619 1865 1278"> <thead> <tr> <th>Hole ID</th> <th>Easting (m)</th> <th>Northing (m)</th> <th>Elevation (m)</th> <th>Azimuth (°)</th> <th>Dip (°)</th> <th>DDH Depth (m)</th> <th>Hole Diameter</th> </tr> </thead> <tbody> <tr> <td>HL18-001</td> <td>374934.7</td> <td>6936971</td> <td>250.34</td> <td>145</td> <td>45</td> <td>109</td> <td>NQ</td> </tr> <tr> <td>HL18-002</td> <td>375022.6</td> <td>6937090</td> <td>248.55</td> <td>145</td> <td>45</td> <td>101.34</td> <td>NQ</td> </tr> <tr> <td>HL18-003</td> <td>374892.8</td> <td>6936899</td> <td>247.35</td> <td>145</td> <td>45</td> <td>108.94</td> <td>NQ</td> </tr> <tr> <td>HL18-004</td> <td>373748.2</td> <td>6936978</td> <td>249.42</td> <td>145</td> <td>45</td> <td>106.19</td> <td>NQ</td> </tr> <tr> <td>HL18-005</td> <td>373702.2</td> <td>6936886</td> <td>251.34</td> <td>145</td> <td>45</td> <td>108.82</td> <td>NQ</td> </tr> <tr> <td>HL18-006</td> <td>373440</td> <td>6937524</td> <td>259.75</td> <td>145</td> <td>45</td> <td>108.94</td> <td>NQ</td> </tr> <tr> <td>HL18-007</td> <td>373407.1</td> <td>6937465</td> <td>258.9</td> <td>145</td> <td>45</td> <td>109</td> <td>NQ</td> </tr> <tr> <td>HL18-008</td> <td>373361.2</td> <td>6937389</td> <td>256.82</td> <td>145</td> <td>45</td> <td>108.94</td> <td>NQ</td> </tr> <tr> <td>HL18-009</td> <td>373363.9</td> <td>6937097</td> <td>253.43</td> <td>145</td> <td>45</td> <td>109.2</td> <td>NQ</td> </tr> <tr> <td>HL18-010</td> <td>373305.9</td> <td>6937011</td> <td>254.77</td> <td>145</td> <td>45</td> <td>109</td> <td>NQ</td> </tr> </tbody> </table> <p>Drillhole and Channel Intersection Summary</p>	Hole ID	Easting (m)	Northing (m)	Elevation (m)	Azimuth (°)	Dip (°)	DDH Depth (m)	Hole Diameter	HL18-001	374934.7	6936971	250.34	145	45	109	NQ	HL18-002	375022.6	6937090	248.55	145	45	101.34	NQ	HL18-003	374892.8	6936899	247.35	145	45	108.94	NQ	HL18-004	373748.2	6936978	249.42	145	45	106.19	NQ	HL18-005	373702.2	6936886	251.34	145	45	108.82	NQ	HL18-006	373440	6937524	259.75	145	45	108.94	NQ	HL18-007	373407.1	6937465	258.9	145	45	109	NQ	HL18-008	373361.2	6937389	256.82	145	45	108.94	NQ	HL18-009	373363.9	6937097	253.43	145	45	109.2	NQ	HL18-010	373305.9	6937011	254.77	145	45	109	NQ
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Criteria	JORC Code explanation	Commentary							
	<i>clearly explain why this is the case.</i>	Pegmatite Dyke	Number of Channels	Number of Drillholes	Surface Exposure			Downhole Intersection	
		Length (m)	Minimum Width (m)	Maximum Width (m)	Minimum Length (m)	Maximum Length (m)			
		D12	15	3	350	2.25	11.58		
		HL1	16	2	700	1	8.72		
		HL3	15	2	800	1.63	9.64		
		HL4	15	3	400	2.48	8.02		
		HL6	8	-	180	2.13	5.2		
		HL8	2	-	30	1.8	5.1		
		HL13	-	-	200	1	4		
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> <li><i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i></li> <li><i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i></li> <li><i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i></li> </ul>	<ul style="list-style-type: none"> <li>Exploration results are reported within distinct geological boundaries, typically the contact between pegmatite and metaturbidite.</li> <li>Lithium-bearing pegmatite intersections were generally sampled at ~1 m lengths.</li> <li>The grades are compiled using length weighting with no top cutting.</li> <li>No metal equivalent values were used.</li> </ul>							
<i>Relationship between</i>	<ul style="list-style-type: none"> <li><i>These relationships are particularly important in the</i></li> </ul>	<ul style="list-style-type: none"> <li>Drill holes were designed to intersect known mineralized features in a nominally perpendicular orientation as much as is practicable given the availability of drill pads.</li> <li>Channel cuts were perpendicular to strike of the mineralized feature.</li> </ul>							

Criteria	JORC Code explanation	Commentary
<i>mineralisation widths and intercept lengths</i>	<p><i>reporting of Exploration Results.</i></p> <ul style="list-style-type: none"> <li><i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i></li> <li><i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i></li> </ul>	<ul style="list-style-type: none"> <li>Drill intercepts are reported as apparent thickness. Unless otherwise specified, all thicknesses within this document are apparent thicknesses.</li> </ul> <p>The geological modelling software combines drillhole orientation and intercepts from downhole logs with known and extrapolated surface mapping to project the geometry of pegmatite dykes.</p>
<i>Diagrams</i>	<ul style="list-style-type: none"> <li><i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i></li> </ul>	<ul style="list-style-type: none"> <li>See Figure 2-1 through Figure 4-5 in Geologists Report</li> <li>All values presented within Figures are reported as length-weighted averages</li> </ul>
<i>Balanced reporting</i>	<ul style="list-style-type: none"> <li><i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i></li> </ul>	<ul style="list-style-type: none"> <li>There is no preferential reporting of results. The current Hidden Lake Property geological model is a tool for targeting future exploration. Data has been validated against raw records, no material has been excluded, and the outputs from the model honour data inputs.</li> </ul>

Criteria	JORC Code explanation	Commentary
<p><i>Other substantive exploration data</i></p>	<ul style="list-style-type: none"> <li><i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i></li> </ul>	<ul style="list-style-type: none"> <li>Historical mapping on the Property has been used to constrain the surficial expression of the mineralized pegmatites.</li> <li>Density information was collected at roughly 5 m intervals within mineralized pegmatite and approximately 30 m intervals outside of pegmatite using the dry volumetric method.</li> <li>A metallurgical program was initiated for the Hidden Lake Property following the completion of the 2016 channel sampling program with the primary objective of determining the amenability of pegmatite material to be processed for a potentially marketable concentrate.</li> </ul>
<p><i>Further work</i></p>	<ul style="list-style-type: none"> <li><i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></li> <li><i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is</i></li> <li><i>not commercially sensitive.</i></li> </ul>	<ul style="list-style-type: none"> <li>Recommended follow-up work includes: <ul style="list-style-type: none"> <li>High-resolution LiDAR survey is flown for the entirety of the Hidden Lake Project</li> <li>Follow-up surface exploration to run concurrently with drilling. Utilizing newly developed targets from new aerial image surveys, systematic Property wide prospecting should be completed to identify new showings and/or mineralized boulders.</li> <li>Geophysical IP survey</li> <li>A drill exploration program totalling 3,300m, with a focus on further delineating the four main pegmatite dykes on the Property. A systematic approach to drilling should be conducted to fully understand the orientation of the mineralized bodies: <ul style="list-style-type: none"> <li>The northeast and southwest extents of the pegmatites beyond the surficial expressions should be drill tested to determine the extent along strike</li> <li>Drilling should step out from 2018 drill holes to intersect the pegmatite bodies at greater depths below surface and develop an understanding of orientation at depth</li> </ul> </li> <li>Explore emerging non-invasive technologies to aid in defining pegmatite bodies at depth. Recent trials from Fleet Technologies ambient noise tomography (ANT) surveys from similar projects have produced encouraging results and should be evaluated for use on the Hidden Lake Property</li> </ul> </li> <li>2023 and 2024 Hidden Lake Proposed Exploration Budget</li> </ul>

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	<b><u>Drill Exploration</u></b>	<b><u>1st April 2023/24</u></b>	<b><u>1st April 2024/25</u></b>
	Wages, commercial travel, deposit modelling, misc. transport and supplies	\$190,476	\$50,000
	Accommodations, food, fuel	\$104,286	\$40,000
	Charter aircraft - helicopter	\$108,254	\$20,000
	3,300 m core drilling (NQ), core boxes, immediate support	\$721,429	\$278,000
	Sample Analysis and Mineralogy	\$55,233	\$25,000
	<b><u>Surface Exploration</u></b>		
	Wages, commercial travel, misc. supplies	\$30,079	\$0
	Prospecting, rock sampling, mapping	\$40,800	\$0
	Geophysics - IP-Resistivity	\$44,048	\$0
	Sample analysis and mineralogy (380 samples at 75\$ per sample)	\$28,500	\$0
	<b><u>Airborne Survey</u></b>		
	Lidar and Ortho-imagery survey	\$12,024	\$0
	<b><u>Metallurgical Testing</u></b>		
	Flowsheet development to spodumene concentrate	\$43,301	\$0
	<i>Subtotal</i>	<i>\$1,378,429</i>	<i>\$413,000</i>
	Contingency (5%)	\$68,921	\$20,650
	<b>TOTAL PROGRAM COST</b>	<b>\$1,447,350</b>	<b>\$433,650</b>