

Loyal Lithium Limited
ACN 644 564 241

EXTRAORDINARY GENERAL MEETING – NOTICE AND PROXY FORM

Dear Shareholder,

Loyal Lithium Limited (ASX: LLI) (**Loyal Lithium** or the **Company**) advises that it is convening its 2023 Extraordinary General Meeting (**EGM or Meeting**) of shareholders to be held at 9.00am (AWST) on Monday 26 June 2023 via a virtual meeting.

Loyal Lithium respects the rights of shareholders to participate in the EGM and understands the importance of the meeting to shareholders. Shareholders who attend the Virtual Meeting will be able to watch, listen, ask questions and participate in all poll votes put to the Meeting. The Notice of Meeting can be downloaded from the link below or will be available on the [ASX Market Announcement page](#) (ASX: LLI) or <https://loyallithium.com/investor-centre/>

In accordance with the *Corporations Act 2001* (Cth) the Company will not be sending hard copies of the Notice of Meeting to shareholders unless a shareholder has requested a hard copy.

All resolutions will be decided on a poll. The poll will be conducted based on votes submitted by proxy and at the Meeting by shareholders who can vote in accordance with the instructions set out below.

If you wish to virtually attend the EGM, please pre-register in advance for the virtual meeting here: https://us02web.zoom.us/webinar/register/WN_qcMAgVz-RMS5iwPWLA3vBw

After registering, you will receive a confirmation containing information on how to attend the virtual meeting on the day of the EGM.

Shareholders may submit questions in advance of the Meeting by email to the Company Secretary at ipamensky@loyallithium.com. Responses will be provided at the Meeting in respect of all valid questions received prior to 9:00am (AWST) on 23 June 2023.

A copy of the Notice of Meeting can be viewed and downloaded online at the following links: [ASX Market Announcement page](#) (ASX: LLI) or <https://loyallithium.com/investor-centre/>

A copy of your personalised Proxy Form is enclosed for convenience. Proxy votes may also be lodged online by using the link: <https://investor.automic.com.au/#/loginsah>

(Login and click on **'Meetings'**. Use the Holder Number shown at the top of your Proxy Form.)

If you have any difficulties obtaining a copy of the Notice of Meeting please contact the Company's share registry, Automic Group Pty Ltd on 1300 288 664 (within Australia) or +61 2 9698 5414 (Overseas).

Yours sincerely



Ian Pamensky – Company Secretary
26 May 2023

LOYAL LITHIUM LIMITED (ACN 644 564 241)

NOTICE OF EXTRAORDINARY GENERAL MEETING AND EXPLANATORY STATEMENT

TIME: 9:00am (AWST)

DATE: 26 June 2023

PLACE: Online at https://us02web.zoom.us/webinar/register/WN_qcMAgVz-RMS5iwPWLA3vBw

This Notice of Extraordinary General Meeting and Explanatory Statement should be read in its entirety.

If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor, stockbroker or other professional adviser without delay.

Should you wish to discuss the matters in this Notice of Extraordinary General Meeting please do not hesitate to contact the Company Secretary on +61 8 6245 2490.

Based on the information available at the date of the Notice of Extraordinary General Meeting, the Board considers that it is appropriate to hold a virtual meeting. Shareholders will be able to attend the Meeting online at the following link: https://us02web.zoom.us/webinar/register/WN_gcMAqVz-RMS5iwPWLA3vBw

Shareholders who attend online will have the opportunity to vote, ask questions (written and oral) and make comments in real time.

Whilst Shareholders will be able to attend and participate in the Meeting online, the Company strongly encourages you to submit completed Proxy Forms prior to the Meeting in accordance with the instructions set out in the Proxy Form and the Notice of Extraordinary General Meeting.

As permitted by the Corporations Act, the Company will not be sending hard copies of the Notice of Extraordinary General Meeting to Shareholders unless the Shareholder has made a valid election to receive documents in hard copy.

How Shareholders Can Participate

1. Shareholders are urged to appoint the Chair as their proxy. Shareholders can complete the Proxy Form to provide specific instructions on how a Shareholder's vote is to be cast on each item of business and the Chair must follow the Shareholder's instructions. Lodgement instructions (which include the ability to lodge proxies electronically) are set out in the Proxy Form attached to the Notice of Extraordinary General Meeting. If a person other than the Chair is appointed as proxy, the proxy will revert to the Chair in the absence of the appointed proxy holder's attendance at the Meeting. Your proxy voting instructions must be received by 9:00am (AWST) on Saturday, 24 June 2023.
2. Shareholders may submit questions in advance of the Meeting by email to the Company Secretary at ipamensky@loyallithium.com. Responses will be provided at the Meeting in respect of all valid questions received prior to 9:00am (AWST) on Friday, 23 June 2023.

Shareholders should contact the Company Secretary on +61 8 6245 2490 or by email at ipamensky@loyallithium.com if they have any queries in relation to the Meeting arrangements.

If the above arrangements with respect to the Meeting change, Shareholders will be updated via the ASX Market Announcements Platform and on the Company's website at: www.loyallithium.com.

IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the Extraordinary General Meeting will be held online at 9:00am (AWST) on Monday, 26 June 2023.

YOUR VOTE IS IMPORTANT

The business of the Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 11:00am (AWST) on Saturday, 24 June 2023.

VOTING BY PROXY

To vote by proxy, you must complete and lodge the Proxy Form using one of the following methods:

Online	Lodge the Proxy Form online at https://investor.automic.com.au/#/loginsah by following the instructions: Login to the Automic website using the holding details as shown on the Proxy Form. Click on 'View Meetings' – 'Vote'. To use the online lodgement facility, Shareholders will need their holder number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN)) as shown on the front of the Proxy Form. For further information on the online proxy lodgement process please see the Online Proxy Lodgement Guide at https://investor.automic.com.au/#/loginsah .
By post	Automic, GPO Box 5193, Sydney NSW 2001.
By hand	Automic, Level 5, 126 Phillip Street, Sydney NSW 2000.

Your Proxy instruction must be received not later than 48 hours before the commencement of the Meeting. **Proxy Forms received later than this time will be invalid.**

For details on how to complete and lodge the Proxy Form, please refer to the instructions on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the Shareholder appoints 2 proxies and the appointment does not specify the proportion or number of the Shareholder's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and

- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the Chair, the proxy must vote on a poll, and must vote that way (i.e, as directed); and
- if the proxy is not the Chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's shareholders; and
- the appointed proxy is not the Chair; and
- at the meeting, a poll is duly demanded on the resolution or is otherwise required by section 250JA of the Corporations Act; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the Chair is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

VOTING ON THE DAY

1. Open your internet browser and go to investor.automic.com.au.
2. Login with your username and password or click “**register**” if you haven’t already created an account. **Shareholders are encouraged to create an account prior to the start of the meeting to ensure there is no delay in attending the virtual meeting.**
3. After logging in, a banner will display at the bottom of your screen to indicate that the meeting is open for registration, click on “**Register**” when this appears. Alternatively, click on “**Meetings**” on the left-hand menu bar to access registration.
4. Click on “**Register**” and follow the steps.
5. Click on the URL to join the webcast where you can view and listen to the virtual meeting.
6. Once the Chair of the Meeting has declared the poll open for voting click on “**Refresh**” to be taken to the voting screen.
7. Select your voting direction and click “**confirm**” to submit your vote. **Note that you cannot amend your vote after it has been submitted.**

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is given that the Extraordinary General Meeting of the Shareholders of Loyal Lithium Limited (**Loyal Lithium** or the **Company**) will be held online on Monday, 26 June 2023 commencing at 9:00am (AWST) to consider and, if thought fit, to pass the Resolutions set out below.

Terms used in this Notice of Extraordinary General Meeting and accompanying Explanatory Statement are defined in the glossary to the Explanatory Statement.

The Explanatory Statement which accompanies, and forms part of this Notice of Extraordinary General Meeting describes the matters to be considered at the Extraordinary General Meeting.

SPECIAL BUSINESS

1. RESOLUTION 1 – APPROVAL OF ISSUE OF PERFORMANCE RIGHTS TO PERETZ SCHAPIRO

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 10.14 and 10.19 and sections 195(4), 200B, 200E and 208 of the Corporations Act and for all other purposes, Shareholders approve the issue of up to 1,500,000 Performance Rights under the Long Term Incentive Plan to Peretz Schapiro (or his nominee), on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Plan in respect of which the approval is sought (**Excluded Persons**), and any Associate of those persons, or an officer of the Company or any of its child entities who is entitled to participate in a termination benefit. However, the Company need not disregard a vote if:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

2. RESOLUTION 2 – APPROVAL OF ISSUE OF PERFORMANCE RIGHTS TO ADAM RITCHIE

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 10.14 and 10.19 and sections 195(4), 200B, 200E and 208 of the Corporations Act and for all other purposes, Shareholders approve the issue of up to 4,500,000 Performance Rights under the Long Term Incentive Plan to Adam Ritchie (or his nominee), on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Plan in respect of which the approval is sought (**Excluded Persons**), and any Associate of those persons, or an officer of the Company or any of its child entities who is entitled to participate in a termination benefit. However, the Company need not disregard a vote if:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

3. **RESOLUTION 3 – APPROVAL OF ISSUE OF PERFORMANCE RIGHTS TO DARREN ALLINGHAM**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 200,000 Performance Rights to Darren Allingham on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of Darren Allingham, or any other person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of securities in the Company) or any Associate of those persons. However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

4. **RESOLUTION 4 – ISSUE OF POTENTIAL TERMINATION BENEFITS IN RELATION TO EQUITY SECURITIES ISSUED PURSUANT TO THE CURRENT PLAN**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 10.19 and for all other purposes, approval is given for the giving of termination benefits (if any) during the period of 3 years following the approval of this Resolution to the Directors, Peretz Schapiro and Adam Ritchie in respect of the Performance Rights (in each case the subject of Resolutions 1 and 2) as a result of the terms of the Long Term Incentive Plan as set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of an officer of the Company (as defined in the Listing Rules) who is entitled to participate in a termination benefit or any Associate of those persons. However, the Company need not disregard a vote if:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

5. RESOLUTION 5 – ADOPTION OF LONG TERM INCENTIVE PLAN

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.2 Exception 13(b), and for all other purposes, Shareholders approve the adoption of the employee incentive scheme known as the “Loyal Lithium Limited Long Term Incentive Plan”, a summary of which is set out in the Explanatory Statement, and the issue of up to 6,719,200 Equity Securities thereunder, on the terms and conditions set out in the Explanatory Statement, as an exception to Listing Rule 7.1.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who is eligible to participate in the employee incentive scheme, and any Associate of those persons. The Company need not disregard a vote if it is cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

6. **RESOLUTION 6 – APPROVAL TO ISSUE PERFORMANCE SHARES TO JODY DAHROUGE**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 4,000,000 Performance Shares to Jody Dahrouge on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of Jody Dahrouge, or any other person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of securities in the Company) or any Associate of those persons. However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

7. **RESOLUTION 7 – APPROVAL TO ISSUE SHARES TO OSISKO DEVELOPMENT CORPORATION**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 500,000 Shares to Osisko Development Corporation, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of Osisko Development Corporation, or any person who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or any Associate of those persons. However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and

- (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

8. RESOLUTION 8 – RATIFICATION OF ISSUE OF SHARES TO THE ACL VENDORS

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 7,000,000 Shares to the ACL Vendors, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of securities in the Company), including the ACL Vendors, or any Associate of those persons. However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

9. RESOLUTION 9 – APPROVAL TO ISSUE OPTIONS TO CANACCORD GENUITY

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 2,000,000 Options to Canaccord Genuity (Australia) Limited on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of Canaccord Genuity (Australia) Limited, or any person who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or any Associate of those persons. However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and

- (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

10. RESOLUTION 10 – APPROVAL OF PROPOSED ACQUISITION

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, subject to and conditional upon the passing of all Essential Resolutions, for the purpose of Listing Rule 11.1.2 and for all other purposes, Shareholders approve the Proposed Acquisition in connection with the Company’s re-compliance with Chapters 1 and 2 of the Listing Rules, as described in this Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of a counterparty to the transaction and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of securities in the Company) or any Associate of those persons. However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

11. RESOLUTION 11 – APPROVAL TO ISSUE SECURITIES TO YOUSSA PTY LTD IN CONSIDERATION FOR THE PROPOSED ACQUISITION

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, subject to and conditional upon the passing of all Essential Resolutions, for the purpose of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 14,000,000 Shares and 4,000,000 Options to Youssa Pty Ltd (or its nominees) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of the Youssa Pty Ltd, or any other person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of securities in the Company) or any Associate of those persons. However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
- (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

12. RESOLUTION 12 – APPROVAL TO ISSUE SHARES TO DG RESOURCE MANAGEMENT IN CONSIDERATION FOR THE PROPOSED ACQUISITION

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, subject to and conditional upon the passing of all Essential Resolutions, for the purpose of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 2,000,000 Shares to DG Resource Management Ltd (or its nominees) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of DG Resource Management Ltd, or any other person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of securities in the Company) or any Associate of those persons. However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

13. RESOLUTION 13 – APPROVAL TO ISSUE SHARES PURSUANT TO THE PUBLIC OFFER

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, subject to and conditional upon the passing of all Essential Resolutions, for the purpose of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 5,000,000 Shares at an issue price of \$0.30 per Share on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or any Associate of those persons. However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or

- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

14. RESOLUTION 14 – DIRECTOR PARTICIPATION IN PUBLIC OFFER – PERETZ SCHAPIRO

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, subject to and conditional upon the passing of all Essential Resolutions, for the purpose of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 5,000 Shares to Peretz Schapiro (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by Peretz Schapiro (or his nominee) and any other person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or any Associate of those persons. However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

15. RESOLUTION 15 – DIRECTOR PARTICIPATION IN PUBLIC OFFER – ADAM RITCHIE

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, subject to and conditional upon the passing of all Essential Resolutions, for the purpose of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 5,000 Shares to Adam Ritchie (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by Peretz Schapiro (or his nominee) and any other person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or any Associate of those persons. However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or

- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

ENQUIRIES

Shareholders are invited to contact the Company Secretary at ipamensky@loyallithium.com or +61 8 6245 2490 if they have any queries in respect of the matters set out in this document.

BY ORDER OF THE BOARD OF DIRECTORS



Ian Pamensky
Company Secretary

The Notice of Extraordinary General Meeting, Explanatory Statement and Proxy Form should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor, stockbroker or other professional adviser prior to voting.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Extraordinary General Meeting to be held online at 9:00am (AWST) on Monday, 26 June 2023.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Extraordinary General Meeting.

This Explanatory Statement should be read in conjunction with the Notice of Extraordinary General Meeting preceding this Explanatory Statement. Capitalised terms in this Explanatory Statement are defined in the glossary to this document.

If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice of Extraordinary General Meeting, please contact the Company Secretary, your accountant, solicitor, stockbroker or other professional adviser before voting.

ASX takes no responsibility for the contents of this Notice of Meeting.

1. RESOLUTIONS 1 AND 2 – ISSUE OF PERFORMANCE RIGHTS TO DIRECTORS UNDER THE LONG TERM INCENTIVE PLAN

1.1 Background

The Company has resolved to grant 6,000,000 Performance Rights (in aggregate) pursuant to the Company's current Long Term Incentive Plan (**Current Plan**) to Directors (**Director Performance Rights**).

Subject to Shareholder approval under Resolutions 1 and 2, the Company proposes to issue 6,000,000 Director Performance Rights (in aggregate) to the Directors as follows:

Resolution	Director	Number of Director Performance Rights
Resolution 1	Peretz Schapiro (Non-Executive Chairman)	1,500,000
Resolution 2	Adam Ritchie (Managing Director)	4,500,000

1.2 Regulatory Requirements

Resolutions 1 and 2 seek Shareholder approval in order to comply with the requirements of Listing Rules 10.14 and sections 195(4), 200B, 200E and 208 of the Corporations Act.

1.3 Listing Rules

Listing Rule 10.14 provides that a company must not issue, under an employee incentive scheme, Equity Securities to:

- (a) a director of the Company;
- (b) an associate of a director of the Company;
- (c) a person whose relationship with the Company or a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by the Shareholders,

unless the issue has been approved by holders of ordinary securities.

The Director Performance Rights to be issued to Messrs Schapiro and Ritchie fall within Listing Rule 10.14.1 above and therefore requires the approval of Shareholders under Listing Rule 10.14.

Resolutions 1 and 2 seek the required Shareholder approval to the issue of the Performance Rights under and for the purposes of Listing Rule 10.14.

If approval is given by Shareholders under Listing Rule 10.14 under Resolutions 1 and 2, the Company will be able to proceed with the issue of the Director Performance Rights.

If approval is not given by Shareholders under Listing Rule 10.14 under Resolutions 1 and 2, the issue of the Director Performance Rights will not be able to proceed.

Accordingly, under Resolutions 1 and 2, the Company seeks approval from Shareholders for the issue of the Director Performance Rights to Messrs Schapiro and Ritchie, who by virtue of their positions as Directors of the Company are related parties of the Company.

1.4 Listing Rule 10.15

In compliance with the information requirements of Listing Rule 10.15, Shareholders are advised of the following information:

(a) **Nature of relationship between person to receive securities and the Company**

The Director Performance Rights under Resolutions 1 and 2, will be issued to Messrs Schapiro and Ritchie respectively, who fall within the category set out in Listing Rule 10.14.1, as each is a related party of the Company by virtue of being a Director.

(b) **Maximum number of securities that may be acquired pursuant to the Resolution**

The maximum number of Director Performance Rights to be issued to each of Messrs Schapiro and Ritchie (or their nominees) is outlined in section 1.1 of this Explanatory Statement.

(c) **Issue price**

The Director Performance Rights will be issued for nil consideration and accordingly no funds will be raised.

(d) **Previous issues to the recipients under the Current Plan**

The Company has not previously issued Equity Securities under the Current Plan to Mr Schapiro (or any nominee).

On his appointment as Chief Executive Officer of the Company on 25 July 2022, the Company issued Mr Ritchie 3,000,000 Performance Rights under the Current Plan (please refer to the ASX Announcement dated 27 June 2022).

The Company and Mr Ritchie have agreed that 1,500,000 of these Performance Rights will be cancelled subject to Shareholder approval being received for the issue of the Director Performance Rights to Mr Ritchie under Resolution 2.

Subject to Shareholder approval being received for the issue of the Director Performance Rights to Mr Ritchie under Resolution 2 the remaining 1,500,000 Performance Rights issued to Mr Ritchie on 25 July 2022 are subject to the following vesting conditions:

- (i) 500,000 performance rights vesting on:
 - (A) the volume weighted average price of Shares being greater than \$0.35 over 20 consecutive days in which trading in the Company's securities occurred; and
 - (B) 12 months of continuous employment from 25 July 2022; and
- (ii) 500,000 performance rights vesting on:
 - (A) the volume weighted average price of Shares being greater than \$0.50 over 20 consecutive days in which trading in the Company's securities occurred; and
 - (B) 18 months of continuous employment from 25 July 2022.
- (iii) 500,000 performance rights vesting on:

- (A) the development of a comprehensive strategic plan approved by the Board and released to the market; and
- (B) 6 months of continuous employment from 25 July 2022.

(e) **Directors' current total remuneration package**

Details of the remuneration of Messrs Schapiro and Ritchie, including their related entities, for the year ending 31 December 2022, is as follows:

Director	Salary and Fees (inc superannuation)	Number of Equity Securities issued as compensation ¹	Total Remuneration
Peretz Schapiro	\$90,908	Nil	\$90,908
Adam Ritchie	\$137,500 ²	3,000,000 Performance Rights ³ 1,000,000 Options ⁴	\$789,361 ⁵

Notes:

- 1 Excludes the Director Performance Rights the subject of Resolutions 1 and 2.
- 2 Payments to Mr Ritchie as Chief Executive Officer to 31 December 2022.
- 3 See section 1.4(d) of this Explanatory Memorandum.
- 4 Unquoted options exercisable at \$0.35 each and expiring 22 July 2025.
- 5 Includes share-based payments expenses of \$526,244 on account of the 3,000,000 Performance Rights and \$125,617 on account of the 1,000,000 Options.

(f) **Rights**

A summary of the material terms of the Director Performance Rights, including their exercise price, expiry date and vesting conditions, is provided for in Schedule 1 to this Notice.

The Company has proposed to issue the Director Performance Rights to reward and incentivise Messrs Schapiro and Ritchie to contribute to the growth of the Company and to secure and retain employees and directors who can assist the Company in achieving its objectives. The Company believes that the grant of the Director Performance Rights provides a cost-effective and efficient incentive as opposed to alternative forms of incentives (e.g. cash bonuses).

Details of the value of the Director Performance Rights are set out in section 1.6(c) of this Explanatory Statement.

(g) **Summary of material terms of the Current Plan**

A summary of the material terms of the Current Plan is provided for in Schedule 2 to this Notice.

(h) **Eligible participants under the Current Plan**

Details of any securities issued under the Current Plan will be published in the Company's Extraordinary report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.

Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the Current Plan and who were not named in this Notice of Meeting will not participate until approval is obtained under that Listing Rule 10.14.

- (i) **Issue date**

The Company will issue the Director Performance Rights under Resolutions 1 and 2 as soon as practicable after the date of the Meeting and in any event within 3 month after the date of the Meeting.
- (j) **Loan**

No loans have or will be made by the Company in connection with the proposed issue of the Director Performance Rights.
- (k) **Voting exclusion statement**

A Voting Exclusion Statement for Resolutions 1 and 2 is included in the Special Business Section of this Notice of Meeting.

1.5 Section 195(4) of the Corporations Act

Messrs Schapiro and Ritchie have a material personal interest in the outcome of Resolutions 1 and 2 (as applicable to each Director) in this Notice of Meeting by virtue of the fact that Resolutions 1 and 2 are concerned with the issue of Director Performance Rights to Messrs Schapiro and Ritchie respectively.

Section 195 of the Corporations Act essentially provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a material personal interest are being considered.

In the absence of Shareholder approval under section 195(4) of the Corporations Act, the Directors may not be able to form a quorum at Board meetings necessary to carry out the terms of these Resolutions.

The Directors have accordingly exercised their right under section 195(4) of the Corporations Act to put the issue to Shareholders to determine.

1.6 Section 208 of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of “financial benefits” to “related parties” by a public company. Chapter 2E prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

A “related party” is widely defined under the Corporations Act and includes the directors of a company. As such, the Directors of the Company are related parties of the Company for the purposes of section 208 of the Corporations Act.

A “financial benefit” is construed widely and in determining whether a financial benefit is being given, section 229 of the Corporations Act requires that any consideration that is given is disregarded, even if the consideration is adequate. It is necessary to look at the economic and commercial substance and the effect of the transaction in determining the financial benefit. Section 229 of the Corporations Act includes as an example of a financial benefit, the issuing of securities or the granting of an option to a related party.

In compliance with the information requirements of section 219 of the Corporations Act, Shareholders are advised of the information below. The Company is not aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by Resolutions 1 and 2.

- (a) **Identity of the parties to whom Resolutions 1 and 2 permit financial benefits to be given**

The Director Performance Rights are proposed to be issued to Messrs Schapiro and Ritchie both of whom are Directors of the Company and are, as such, related parties of the Company.

(b) **Nature of the financial benefits**

Resolutions 1 and 2 seek approval from Shareholders to allow the Company to issue to Messrs Schapiro and Ritchie the Director Performance Rights outlined in section 1.1 of the Explanatory Statement.

Schedule 1 to this Notice sets out the key terms and conditions of the Director Performance Rights including, the vesting conditions and expiry date of the Director Performance Rights.

The Shares to be issued upon exercise of the Director Performance Rights will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and will rank equally in all respects with the Company's existing Shares. The Company will apply for official quotation of the Shares on ASX.

The issue of the Director Performance Rights and Shares are a cost effective and efficient means for the Company to provide incentive to its personnel as opposed to alternative forms of incentives such as cash bonuses or increased remuneration. To enable the Company to secure and retain employees and directors who can assist the Company in achieving its objectives, it is necessary to provide remuneration and incentives to such personnel. The issue of the Director Performance Rights is designed to achieve this objective, by encouraging continued improvement in performance over time and by encouraging personnel to acquire and retain significant shareholdings in the Company.

(c) **Valuation of financial benefit**

The valuation of the Director Performance Rights to be issued under Resolutions 1 and 2 is \$131,025 and \$550,450 respectively.

Full details in respect of this valuation, including the valuation methodology is set out in Schedule 3 to this Notice.

(d) **Dilution**

If the Director Performance Rights vest and are exercised, the effect will be to dilute the holdings of Shares of other Shareholders.

The issue of the Director Performance Rights in Resolutions 1 and 2 will in aggregate be equal to approximately 8.76% of the Company's diluted share capital and exercise of all the Director Performance Rights granted pursuant to Resolutions 1 and 2 (based on the number of Shares on issue as at the date of this Notice of Meeting), resulting in a total of 68,490,001 Shares on issue.

(e) **Interests of Messrs Schapiro and Ritchie in the Company**

The direct and indirect interests of Messrs Schapiro and Ritchie in securities of the Company as at the date of this Notice of Meeting are:

Director	Equity Securities
Peretz Schapiro (Non-Executive Chairman)	291,000 Shares ¹ 1,000,000 Options ²
Adam Ritchie (Managing Director)	13,473 Shares ^{3,4} 1,000,000 Options ^{3,4} 3,000,000 Performance Rights ⁵

Notes:

- 1 These shares are indirectly held by Breakout Star Holdings Pty Ltd.
- 2 Unquoted options exercisable at \$0.30 each and expiring 6 July 2024.
- 3 These securities are indirectly held by Vector Concepts Pty Ltd.
- 4 Unquoted options exercisable at \$0.35 each and expiring 22 July 2025.
- 5 See section 1.4(d) of this Explanatory Memorandum.

(f) **Remuneration of Directors**

Details of the remuneration of Messrs Schapiro and Ritchie, including their related entities, for the year ended 31 December 2023, is set out in section 1.4(e) of this Explanatory Statement.

(g) **Trading history**

The highest and lowest closing market sale prices of the Shares on ASX during the 12 months prior to the date of this Notice were:

Highest: \$0.70 per Share on 7 November 2023

Lowest: \$0.195 per Share on 24 June 2022

The latest available closing market sale price of the Shares on ASX prior to the date of this Notice was \$0.32 per Share on 28 March 2023.

(h) **Corporate Governance**

The Board acknowledges the grant of the Director Performance Rights to Mr Schapiro as a Non-Executive Director is contrary to Recommendation 8.2 of the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

The Board considers that the grant of Director Performance Rights is reasonable in the circumstances as the proposed issue will further align the interests of Messrs Schapiro and Ritchie with those of the Shareholders and provide appropriate remuneration for these Directors' ongoing commitment and contribution to the Company whilst minimising the expenditure of the Company's cash resources.

(i) **Taxation consequences**

There are no taxation consequences for the Company arising from the issue of the Director Performance Rights (including fringe benefits tax).

1.7 **Board Recommendation**

The Directors (other than Mr Schapiro abstaining) recommend that Shareholders vote in favour of Resolution 1.

The Directors (other than Mr Ritchie abstaining) recommend that Shareholders vote in favour of Resolution 2.

2. **RESOLUTION 3 – APPROVAL OF ISSUE OF PERFORMANCE RIGHTS TO DARREN ALLINGHAM**

2.1 **Background**

The Company has agreed to grant 200,000 Performance Rights pursuant to the Company's current Long Term Incentive Plan (**Current Plan**) to Darren Allingham, the Company's Exploration Manager (**Allingham Performance Rights**).

The issue of the Allingham Performance Rights does not fit within any of the exceptions and whilst it does not exceed the 15% limit in Listing Rule 7.1 and can therefore be made without breaching that rule, the Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval under Listing Rule 7.1.

To this end, Resolution 3 seeks shareholder approval of issue of the Allingham Performance Rights.

If Resolution 3 is passed, the issue of the Allingham Performance Rights will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without shareholder approval over the 12 months period following the date of issue of the Allingham Performance Rights.

If Resolution 3 is not passed, the issue of the Allingham Performance Rights will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of Equity Securities it can issue without shareholder approval over the 12-month period following the date of issue of the Allingham Performance Rights.

2.2 Information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 2:

(a) **Name of the person who shall receive the securities**

The Allingham Performance Rights will be issued to Darren Allingham.

Darren Allingham is not a material investor¹ of the Company.

(b) **The number and class of securities the entity will issue**

The Company will issue a maximum of 200,000 Allingham Performance Rights.

(c) **Date the entity will issue the securities**

The Allingham Performance Rights will be issued as soon as practicable after the date of the Meeting and otherwise within 3 months after the date of the Meeting.

The Allingham Performance Rights will not vest until the relevant performance milestone with respect to that tranche of Allingham Performance Rights is achieved being:

(i) 100,000 Performance Rights vesting on the discovery of 5 individual rock chips bearing >1% Li₂O on one of the Company's current projects or in any other greenfield projects which are acquired by the Company by 23 April 2024; and

(ii) 100,000 Performance Rights vesting on a drill or channel intercept of at least 10m at >1% Li₂O on one of the Company's current projects or in any other greenfield projects which are acquired by the Company by 23 April 2024.

(d) **The price of consideration the entity will receive for the securities**

The Allingham Performance Rights will be issued for nil consideration and accordingly no funds were raised.

(e) **The purpose of the issue**

The purpose of the issue of the Allingham Performance Rights is to reward and incentivise Darren Allington to contribute to the growth of the Company and to assist the Company in achieving its objectives. The Company believes that the grant of the Allingham Performance Rights provides a cost-effective and efficient incentive as opposed to alternative forms of incentives (e.g. cash bonuses).

(f) **A summary of the material terms of the agreement**

The Allington Performance Rights will be issued pursuant to the Current Plan.

A summary of the material terms of the Current Plan is set out in Schedule 2 to this Notice.

¹ ASX consider the following to be material investors:

- (i). a related party of the entity;
- (ii). a member of the entity's Key Management Personnel;
- (iii). a substantial holder in the entity;
- (iv). an adviser to the entity; or
- (v). an Associate of any of the above,

where such person or entity is being issued more than 1% of the entity's current issued capital.

(g) **Voting exclusion statement**

A Voting Exclusion Statement has been provided for Resolution 3 in the Special Business section of this Notice of Meeting.

2.3 Board Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 3.

3. RESOLUTION 4 – APPROVAL OF TERMINATION BENEFITS IN RELATION TO PERFORMANCE RIGHTS ISSUED PURSUANT TO THE LONG TERM INCENTIVE PLAN

3.1 Background

Resolution 4 seeks Shareholder approval for the purposes of Listing Rule 10.19 to approve the potential giving of benefits under the Current Plan to the Directors in connection with the Director Performance Rights the subject of Resolutions 1 and 2 and on the terms and conditions in this Explanatory Statement.

The term "benefit" has a wide operation and would include any automatic and accelerated vesting of convertible securities upon termination or cessation of employment or engagement in accordance with their terms, or the exercise of any Board discretion regarding the same.

The Current Plan terms allow for Board discretion to waive any of the vesting conditions applying to convertible securities issued under the Current Plan, which may include a waiver of the vesting conditions of any Performance Rights on the termination or cessation of a Director's employment or engagement.

The exercise of the Board's discretion under the Current Plan in respect of Performance Rights may constitute a "benefit" for the purposes of Listing Rule 10.19. The Company is therefore seeking Shareholder approval for the potential exercise of the Board's discretion in respect of any Performance Rights the Directors of the Company may hold at the time of the termination of their engagement.

3.2 Sections 200B and 200E of the Corporations Act

The Corporations Act restricts the benefits that can be given to persons who hold a "managerial or executive office" (as defined in the Corporations Act) on leaving their employment with the Company or any of its related bodies corporate.

Under sections 200B and 200E of the Corporations Act, a company may only give a person a benefit in connection with them ceasing to hold a managerial or executive office if the benefit is approved by shareholders or an exemption applies.

Amendments to the Corporations Act in 2009 significantly expanded the scope of these provisions and lowered the threshold for termination benefits that do not require shareholder approval. The term "benefit" has a wide meaning and may include benefits resulting from the Board exercising certain discretions under the rules of the Current Plan, including the discretion to determine the accelerated vesting or automatic vesting of Performance Rights in certain circumstances.

Under the Current Plan, a participant may become entitled to accelerated vesting or automatic vesting of Performance Rights if there is a change of control of the Company or if the Board exercises its discretion upon cessation of employment. Accordingly, Shareholder approval is sought for Messrs Schapiro and Ritchie, to be given any such benefit in connection with their retirement from office or employment with the Company.

The value of the benefit will depend on the number of Director Performance Rights that may vest pursuant to the Current Plan and the market value of the Shares at the time the accelerated vesting or automatic vesting event occurs.

(a) **Details of Termination Benefit**

The Board possesses the discretion to determine, where a participant ceases employment before the vesting or exercise of their Performance Rights that some or all of the Performance Rights do not lapse.

The exercise of this discretion may constitute a “benefit” for the purposes of section 200B of the Corporations Act.

In addition, a participant may become entitled to accelerated vesting or automatic vesting of Performance Rights if there is a change of control of the Company. This accelerated or automatic vesting of Performance Rights may constitute a “benefit” for the purposes of section 200B of the Corporations Act.

The Company is therefore seeking Shareholder approval for the exercise of the Board’s discretion and for the provision of such accelerated or automatic vesting rights in respect of any current or future participant in the Current Plan who holds:

- (i) a managerial or executive office in the Company (or any of its related body corporate) at the time of their leaving or at any time in the 3 years prior to their leaving; and
- (ii) Performance Rights under the Current Plan at the time of their leaving.

The Board’s current intention is to only exercise the above discretion:

- (i) where the employee leaves employment without fault on their part; and
- (ii) so as only to preserve that number of unvested Performance Rights as are pro-rated to the date of leaving.

Provided Shareholder approval is given, the value of these benefits may be disregarded when applying section 200F(2)(b) or section 200G(1)(c) of the Corporations Act (i.e. the approved benefit will not count towards the statutory cap under the legislation) to the relevant employee.

(b) Value of the Termination Benefits

The value of the termination benefits that the Board may give under the Current Plan cannot be determined in advance. This is because various matters will or are likely to affect that value. In particular, the value of a particular benefit will depend on factors such as the Company’s Share price at the time of vesting and the number of Performance Rights that vest.

The following additional factors may also affect the benefit’s value:

- (i) the participant’s length of service and the portion of vesting periods at the time they cease employment;
- (ii) the status of the performance hurdles attaching to the Performance Rights at the time the participant’s employment ceases; and
- (iii) the number of unvested Performance Rights that the participant holds at the time they cease employment or at the time the change of control occurs (as applicable).

3.3 Listing Rule 10.19

Listing Rule 10.19 provides that without the approval of shareholders, an entity must ensure that no officer of the entity or any of its child entities will be, or may be, entitled to termination benefits if the value of those benefits and the termination benefits that may become payable to all officers together exceed 5% of the equity interests of the entity as set out in the latest accounts given to ASX under the Listing Rules.

The Company is seeking Shareholder approval for the purposes of Listing Rule 10.19. It is the Board’s intention to exercise its discretion so that the Director Performance Rights to be issued to Messrs Schapiro and Ritchie (or their nominees) for past performance are not forfeited by virtue of their resignation.

The value of the termination benefit payable to Messrs Schapiro and Ritchie (or their nominees) under Resolutions 1 and 2 depend on the factors set out above in section 3.2 of this Explanatory Statement. It is possible that the provision of the benefit associated with the vesting and exercise of the Director Performance Rights in the future may exceed 5% of the equity interests of the Company at the relevant time, although it is unlikely.

If Resolution 4 is passed, the Company will be able to give termination benefits to Messrs Schapiro and Ritchie in respect of the Director Performance Rights the subject of Resolutions 1 and 2 which exceed the 5% threshold. If Resolution 4 is passed, it will be effective for a period of 3 years from the date the Resolution is passed. This means that the approval will be effective if the Board exercises its discretion under the Current Plan and Messrs Schapiro or Ritchie's employment or office ceases during the period of 3 years after the approval of the Resolution. If considered appropriate, the Board may seek new approval from Shareholders at the expiry of this 3-year period.

If Resolution 4 is not passed, the Company will not be able to give termination benefits to Messrs Schapiro and Ritchie in respect of the Director Performance Rights the subject of Resolutions 1 and 2 where those termination benefits exceed the 5% threshold.

3.4 Board Recommendation

The Board declines to make a recommendation in relation to Resolution 4 due to the potential personal interests of Messrs Schapiro and Ritchie in the outcome of the Resolution.

4. RESOLUTION 5 – ADOPTION OF LONG TERM INCENTIVE PLAN

4.1 Background

Resolution 5 seeks Shareholder approval for the purposes of Listing Rule 7.2 Exception 13(b), to adopt a new employee incentive plan titled the "Loyal Lithium Limited Long Term Incentive Plan" (**New Plan**), pursuant to which eligible participants may be offered the opportunity to be granted performance rights, Options and Shares in the Company (**Incentive Securities**). The Company adopted a previous employee incentive plan on its Initial Listing, however the Board considers it desirable to adopt a new plan to reflect the recent changes to employee share schemes under the Corporations Act. Such changes include removing the ability to make offers of securities under an employee incentive scheme in reliance on relief in ASIC Class Orders 14/1000 and 14/1001 after 1 March 2023 (**Class Orders**). The relief available under the Class Orders have been replaced by a new regime set out in Division 1A of Part 7.12 of the Corporations Act.

The purpose of the New Plan is to:

- (a) reward employees of the Company;
- (b) assist in the retention and motivation of employees of the Company;
- (c) provide an incentive to employees of the Company to grow shareholder value by providing them with an opportunity to receive an ownership interest in the Company; and
- (d) comply with the recent changes to employee share schemes as set out in Division 1A of Part 7.12 of the Corporations Act.

4.2 Listing Rule Requirements

Listing Rule 7.1 provides that, unless an exception applies, a company must not, without prior approval of shareholders, issue or agree to issue Equity Securities if the Equity Securities will in themselves, or when aggregated with the Equity Securities issued by the company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12-month period.

Listing Rule 7.2 Exception 13(b) sets out an exception to Listing Rule 7.1. It provides that issues of securities under an employee incentive scheme are not included in a company's 15% limit under Listing Rule 7.1, if within 3 years before the date of issue, shareholders have approved the issue of securities thereunder as an exception to Listing Rule 7.1.

Accordingly, Resolution 5 seeks approval from Shareholders for adoption of the New Plan and the issue of Incentive Securities thereunder for a period of 3 years from the date of the Meeting, as an exception to Listing Rule 7.1.

If Resolution 5 is passed, the Company will be able to issue Incentive Securities under the New Plan to eligible participants over a period of 3 years from the date of the Meeting without

impacting on the Company's ability to issue to up to 15% of its total ordinary securities without Shareholder approval in any 12-month period.

If Resolution 5 is not passed, the Company will be able to proceed with the issue of Incentive Securities under the New Plan, but the issue will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of Equity Securities the Company can issue without Shareholder approval over the 12-month period following the date of issue of the Incentive Securities.

For the avoidance of doubt, the Company must seek Shareholder approval under Listing Rule 10.14 in respect of any future issues of Incentive Securities under the New Plan to a related party or a person whose relationship with the Company or the related party, is in ASX's opinion, such that Shareholder approval should be obtained.

4.3 Information for the purpose of Listing Rule 7.2 Exception 13(b)

The following information is provided to Shareholders for the purpose of Listing Rule 7.2 Exception 13(b):

(a) **A summary of the material terms of the New Plan**

A summary of the material terms of the New Plan is set out in Schedule 4 to this Notice.

(b) **Previous issues of securities**

This is the first approval sought under Listing Rule 7.2 Exception 13(b) with respect to the New Plan. No Incentive Securities have previously been issued under the New Plan as it is a new incentive plan.

(c) **Maximum number of securities to be issued**

The maximum number of Incentive Securities proposed to be issued under the New Plan following Shareholder approval is 6,719,200. It is not envisaged that the maximum number of Incentive Securities for which approval is sought will be issued immediately.

(d) **Voting exclusion statement**

A Voting Exclusion Statement has been provided for Resolution 5 in the Special Business section of this Notice of Meeting.

4.4 Board Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 5.

5. RESOLUTION 6 - APPROVAL TO ISSUE PERFORMANCE SHARES TO JODY DAHROUGE

5.1 Background

On 18 August 2022, the Company announced that it had entered into an exclusive option agreement to acquire 100% of the Brisk Lithium Project located in the James Bay Lithium District in Quebec, Canada (**Brisk Project**) pursuant to a binding term sheet (**Binding Term Sheet**) with Jody Dahrouge (**Dahrouge**).

The material terms of the Binding Term Sheet are summarised in Schedule 5 to this Notice.

For further information, please refer to the ASX Announcement dated 18 August 2022.

The consideration under the Binding Term Sheet comprised:

- (a) CDN\$65,000 cash;
- (b) 1,000,000 fully paid ordinary shares in the Company at an issue price of AUD\$0.20 per share (**Dahrouge Consideration Shares**);
- (c) 4,000,000 performance shares in 3 tranches with the following performance milestones:

- (i) Milestone 1 – 1,000,000 performance shares upon the sourcing of at least 5 rock samples of at least 1% Li₂O (or equivalent) on the Brisk Project mineral claims and select mineral claims at the Trieste Lithium Project, as verified by an independent competent person under the JORC Code 2012 within 48 months of issue;
- (ii) Milestone 2 – 1,000,000 performance shares upon obtaining a drilled or surface channel sample interval of at least 5m of at least 1% Li₂O (or equivalent) on the Brisk Project mineral claims and select mineral claims at the Trieste Lithium Project, as verified by an independent competent person under the JORC Code 2012 within 48 months of issue; and
- (iii) Milestone 3 – 2,000,000 performance shares upon obtaining the delineation of a JORC compliant resource on the Brisk Project mineral claims and select mineral claims at the Trieste Lithium Project, of a minimum of 10,000,000 tonnes grading at least 1% Li₂O, as verified by an independent competent person under the JORC Code 2012 within 60 months of issue,

(together, the **Dahrouge Performance Shares**).

The Company previously obtained Shareholder approval for the issue of the Dahrouge Consideration Shares and the Dahrouge Performance Shares at a general meeting on 31 October 2022.

The Dahrouge Consideration Shares were issued on 2 November 2022, however the Dahrouge Performance Shares have not been issued. As 3 months have lapsed since the Company sought Shareholder approval for the issue, the Company is required to seek Shareholder approval again to issue the Dahrouge Performance Shares to Dahrouge.

For further details regarding the performance milestones with respect to the Dahrouge Performance Shares, see Schedule 6 to this Notice.

Resolution 6 seeks Shareholder approval pursuant to Listing Rule 7.1 to issue the Dahrouge Performance Shares to Dahrouge.

5.2 Listing Rule Requirements

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid Equity Securities it had on issue at the start of that period.

The issue of the Dahrouge Performance Shares does not fit within any of the exceptions and whilst it does not exceed the 15% limit in Listing Rule 7.1 and can therefore be made without breaching that rule, the Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval under Listing Rule 7.1.

To this end, Resolution 6 seeks shareholder approval of issue of the Dahrouge Performance Shares.

If Resolution 6 is passed, the issue of the Dahrouge Performance Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without shareholder approval over the 12-month period following the date of issue of the Dahrouge Performance Shares.

If Resolution 6 is not passed, the issue of the Dahrouge Performance Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of Equity Securities it can issue without shareholder approval over the 12-month period following the date of issue of the Dahrouge Performance Shares.

5.3 Information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 6:

(a) **Name of the person who shall receive the securities**

The Dahrouge Performance Shares will be issued to Dahrouge.

Dahrouge is not a material investor² of the Company.

(b) **The number and class of securities the entity will issue**

The Company will issue a maximum of 4,000,000 Dahrouge Performance Shares.

As Dahrouge has a right to the Dahrouge Performance Shares if certain performance milestones are achieved, the proposed issue of the Dahrouge Performance Shares falls within the definition of “performance securities” as set out in ASX Guidance Note 19.

The performance securities (i.e. the right to be issued the Dahrouge Performance Shares on achievement of the relevant performance milestones) have the following terms:

- (i) they are not quoted;
- (ii) they are not transferrable
- (iii) they do not confer any right to vote;
- (iv) they do not permit the holder to participate in new issues of capital such as bonus issues and entitlement issues;
- (v) they do not carry an entitlement to a dividend;
- (vi) they do not permit the holder to participate in a return of capital, whether in a winding up, upon a reduction of capital or otherwise; and
- (vii) they do not confer any right to participate in the surplus profit or assets of the entity upon a winding up.

Upon satisfaction of the applicable performance milestones with respect to a relevant tranche of Dahrouge Performance Shares, the Dahrouge Performance Shares will convert into fully paid ordinary Shares in the Company.

The Company considers that the number of Dahrouge Performance Shares to be issued is appropriate and equitable because:

- (i) there is an appropriate and demonstrable nexus between the relevant performance milestones and the purpose for which Dahrouge is being granted the right to be issued the Dahrouge Performance Shares;
- (ii) the relevant performance milestones (detailed in section 5.1) are clearly articulated with reference to objective criteria that provides Shareholders with certainty as to the circumstances under which the milestone will be met;
- (iii) the number of Shares into which the Dahrouge Performance Shares will convert if the relevant performance milestone is achieved is fixed, which allows investors and analysts to readily understand and have reasonable certainty as to the impact on the Company’s capital structure if one of the relevant performance milestone is achieved; and
- (iv) each tranche of the Dahrouge Performance Shares has an expiry date by which the relevant performance milestone must be achieved and, if the

² ASX consider the following to be material investors:

- (i). a related party of the entity;
- (ii). a member of the entity’s Key Management Personnel;
- (iii). a substantial holder in the entity;
- (iv). an adviser to the entity; or
- (v). an Associate of any of the above,

where such person or entity is being issued more than 1% of the entity’s current issued capital.

milestone is not achieved by that date, the relevant tranche of Dahrouge Performance Shares will lapse.

The Dahrouge Performance Shares will be subject to the performance milestones described in section 5.1 of this Explanatory Statement.

(c) **Date the entity will issue the securities**

It is anticipated that, subject to Shareholder approval being received, the Dahrouge Performance Shares will be issued on 14 June 2023 and otherwise within 3 months after the date of the Meeting.

The Dahrouge Performance Shares will not vest until the relevant performance milestone with respect to that tranche of Dahrouge Performance Shares is achieved.

(d) **The price of consideration the entity will receive for the securities**

The Dahrouge Performance Shares are being issued as part of the consideration for the transaction the subject of the Binding Term Sheet. There is no issue price for the Dahrouge Performance Shares.

(e) **The purpose of the issue**

The purpose of the issue of the Dahrouge Performance Shares is to satisfy the consideration agreed to under the Binding Term Sheet.

(f) **A summary of the material terms of the agreement**

The Dahrouge Performance Shares are being issued pursuant to the Binding Term Sheet.

A summary of the material terms of the Binding Term Sheet is set out in Schedule 5 to this Notice.

(g) **Voting exclusion statement**

A Voting Exclusion Statement has been provided for Resolution 6 in the Special Business section of this Notice of Meeting.

5.4 Board Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 6.

6. RESOLUTION 7 - APPROVAL TO ISSUE SHARES TO OSISKO DEVELOPMENT CORPORATION

6.1 Background

As announced to ASX on 20 October 2022, the Company has entered into a binding letter of intent (**LOI**) with Osisko Development Corporation (**Osisko**) pursuant to which the Company has been granted an exclusive option to work towards the formulation of an agreement to acquire 100% of the mineral claims held by Osisko at the Trieste Lithium Project, in the James Bay Lithium District of Quebec.

Pursuant to the LOI, the Company agreed to issue 500,000 Shares to Osisko (**Osisko Shares**). The Company obtained Shareholder approval to issue the Osisko Shares at the general meeting on 12 December 2022, however the Osisko Shares have not been issued. As 3 months have passed since Shareholder approval was obtained, the Company is required to obtain Shareholder approval again to issue the Osisko Shares.

Resolution 7 seeks Shareholder approval pursuant to Listing Rule 7.1 to issue the Osisko Shares to Osisko.

6.2 Listing Rule Requirements

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid Equity Securities it had on issue at the start of that period.

The issue of the Osisko Shares does not fit within any of the exceptions and whilst it does not exceed the 15% limit in Listing Rule 7.1 and can therefore be made without breaching that rule, the Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval under Listing Rule 7.1.

To this end, Resolution 7 seeks shareholder approval of issue of the Osisko Shares.

If Resolution 7 is passed, the issue of the Osisko Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without shareholder approval over the 12-month period following the date of issue of the Osisko Shares.

If Resolution 7 is not passed, the issue of the Osisko Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of Equity Securities it can issue without shareholder approval over the 12-month period following the date of issue of the Osisko Shares.

6.3 Information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 7:

- (a) **Name of the person who shall receive the securities**
The Osisko Shares will be issued to Osisko.
Osisko is not a material investor³ of the Company.
- (b) **The number and class of securities the entity will issue**
The Company will issue a maximum of 500,000 Shares to Osisko.
- (c) **Date the entity will issue the securities**
It is anticipated that, subject to Shareholder approval being received, the Osisko Shares will be issued on 14 June 2023 and otherwise within 3 months after the date of the Meeting.
- (d) **The price of consideration the entity will receive for the securities**
The Osisko Shares will be issued at a nil issue price as the consideration for a 12-month exclusive option period, whereby the Company will conduct due diligence and exploration on the mineral claims at the Trieste Lithium Project.
- (e) **The purpose of the issue**
The purpose of the issue of the Osisko Shares is to satisfy the consideration payable to Osisko under the LOI.
- (f) **A summary of the material terms of the agreement**
The Osisko Shares are being issued pursuant to the LOI.
A summary of the material terms of the LOI is set out in Schedule 7 to this Notice.
- (g) **Voting exclusion statement**
A Voting Exclusion Statement has been provided for Resolution 7 in the Special Business section of this Notice of Meeting.

³ ASX consider the following to be material investors:

- (i). a related party of the entity;
- (ii). a member of the entity's Key Management Personnel;
- (iii). a substantial holder in the entity;
- (iv). an adviser to the entity; or
- (v). an Associate of any of the above,

where such person or entity is being issued more than 1% of the entity's current issued capital.

6.4 Board Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 7.

7. RESOLUTION 8 – RATIFICATION OF ISSUE OF SHARES TO THE ACL VENDORS

7.1 Background

On 16 February 2023, the Company announced that it acquired the remaining 20% of securities in American Consolidated Lithium Pty Ltd (ACN 654 897 275) (**ACL**) which it did not previously hold (**Further ACL Acquisition**).

As a result, the Company now holds 100% of the securities in ACL. ACL holds the rights to acquire a 100% interest in 962 unpatented placer mining claims covering approximately 14,000 acres in Nye County, southern Nevada). Collectively these claims comprise the Scotty Lithium Project (**Scotty Project**).

The Further ACL Acquisition was effected by a deed of variation dated 15 February 2023 (**ACL Deed of Variation**) to the acquisition agreement entered into by the Company in relation to the securities in ACL on 3 May 2022 (**ACL Acquisition Agreement**).

Under the ACL Deed of Variation, the Company agreed to purchase the remaining 20% of the shares and options in the capital of ACL through the issue of:

- (a) 7,000,000 Shares (at a deemed issue price of \$0.45 per Share) (**Additional Consideration Shares**); and
- (b) 3,499,000 Options exercisable at \$0.50 and expiring 3 years from their date of issue (**Additional Consideration Options**),

to the vendors (being the shareholders and option holders of ACL other than the Company) apportioned pro-rata to their respective holding in ACL (**ACL Vendors**).

In consideration of the issue of the Additional Consideration Shares and the Additional Consideration Options, each ACL Vendor agreed that the previously agreed consideration payable under the ACL Acquisition Agreement for the acquisition of the remaining 20% of securities in ACL (being, in aggregate, the issue of 18,000,000 Shares and 9,000,000 Options in two stages subject to the satisfaction of certain performance milestones and which were the subject of Shareholder approval received on 31 May 2022) will not vest in the ACL Vendors.

The Additional Consideration Shares were issued to the ACL Vendors on 16 February 2023 under the Company's capacity pursuant to Listing Rule 7.1.

The Additional Consideration Shares are subject to a voluntary escrow period (3,500,000 Additional Consideration Shares expiring 3 months from the date of their issue and 3,500,000 Additional Consideration Shares expiring 6 months from the date of their issue

The issue of each of the Additional Consideration Options is subject to Shareholder approval at the Company's Annual General Meeting on 31 May 2023. Shareholder approval is required as the Company does not currently have sufficient placement capacity under the Listing Rules to issue all the Additional Consideration Options.

7.2 Regulatory Requirements

Resolution 8 seeks the approval of Shareholders to ratify the issue of the Additional Consideration Shares that were issued in accordance with Listing Rule 7.1.

Listing Rule 7.4 states that an issue by company of securities made without approval under Listing rule 7.1 is treated as having been made with the approval for the purposes of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the company's members subsequently approved it.

Resolution 8 seeks Shareholder approval under Listing Rule 7.4 to ratify the issue of the Additional Consideration Shares under Listing Rule 7.1. The Company confirms that the issue of the Additional Consideration Shares did not breach Listing Rule 7.1. None of the recipients

of the Additional Consideration Shares were a related party of the Company within the meaning of the Corporations Act and the Listing Rules.

The effect of approval under Listing Rule 7.4 of the issue of the Additional Consideration Shares will be that these Shares will not be counted as reducing the number of securities which the Company can issue in the future without Shareholder approval under the 15% placement limit imposed by Listing Rule 7.1 (i.e. the 15% limit is 'renewed' to the extent of the approval).

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval under Listing Rule 7.1.

To this end, Resolution 8 seeks Shareholder approval for, and ratification of, the issue of the Additional Consideration Shares under Listing Rule 7.1 and for the purposes of Listing Rule 7.4.

If Resolution 8 is passed, the issue of the Additional Consideration Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without shareholder approval over the 12 months period following the date of issue of the Additional Consideration Shares.

If Resolution 8 is not passed, the issue of the Additional Consideration Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of Equity Securities it can issue without shareholder approval over the 12-month period following the date of issue of the Additional Consideration Shares.

Information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 8:

(a) **Names of the persons to whom the securities were issued**

The Additional Consideration Shares were issued to the ACL Vendors. The ACL Vendors include Bullseye Geo Services Pty Ltd and Ikigai Strategic Investments Pty Ltd (as trustee for Ikigai Strategic Investment Trust) and various other unrelated third parties, all of whom are not material investors in the Company.⁴

(b) **The number and class of securities issued**

The Company seek Shareholder approval for, and ratification of, 7,000,000 Shares.

The Additional Consideration Shares are fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and rank equally in all respects with existing Shares.

The Company applied to ASX for official quotation of all of the Additional Consideration Shares.

(c) **Date of issue**

The Additional Consideration Shares were issued on 16 February 2023.

(d) **The price of consideration the entity received for the securities**

No cash consideration was received for the issue of the Additional Consideration Shares as the issue was part consideration for the Further ACL Acquisition.

⁴ ASX consider the following to be material investors:

- (vi). a related party of the entity;
- (vii). a member of the entity's Key Management Personnel;
- (viii). a substantial holder in the entity;
- (ix). an adviser to the entity; or
- (x). an Associate of any of the above,

where such person or entity is being issued more than 1% of the entity's current issued capital.

(e) **A summary of the material terms of the agreement**

The Additional Consideration Shares were pursuant to the ACL Deed of Variation. A summary of the material terms of the ACL Deed of Variation is included in Schedule 8 to this Notice.

(f) **Voting exclusion statement**

A Voting Exclusion Statement has been provided for Resolution 8 in the Special Business section of this Notice of Meeting.

7.3 **Board Recommendation**

The Board unanimously recommends that Shareholders vote in favour of Resolution 8.

8. **RESOLUTION 9 – ISSUE OF OPTIONS TO CANACCORD GENUITY**

8.1 **Background**

On 4 April 2023, the Company entered into a mandate with Canaccord Genuity (**Canaccord**) to provide capital markets advisory services to the Company on certain terms and conditions for a period of 12 months (**Mandate**).

Under the terms of the Mandate, the Company has agreed to issue 2,000,000 Options with an exercise price of \$0.60 per Share and an expiry date of 31 March 2026 (**Canaccord Options**). The Canaccord Options are otherwise on the terms and conditions as summarised in Schedule 9 to this Notice. A summary of the material terms of the Mandate are included in Schedule 10 to this Notice.

The Company has also engaged Canaccord to act as Lead Manager to the Offer (**Lead Manager Agreement**) and will be entitled to receive a capital raising fee and a management fee of 4.0% and 2.0% respectively of the gross proceeds raised under the Public Offer. A summary of the Lead Manager Agreement is included in Schedule 11 to this Notice.

Resolution 9 seeks Shareholder approval for the issue of the Canaccord Options to Canaccord pursuant to the Mandate.

8.2 **Listing Rule Requirements**

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid Equity Securities it had on issue at the start of that period.

The issue of the Canaccord Options does not exceed the 15% limit in Listing Rule 7.1 and can therefore be made without breaching that rule. However, the Company wishes to retain as much flexibility as possible to issue the additional Equity Securities into the future without having to obtain Shareholder approval under Listing Rule 7.1. To do this, the Company is asking Shareholders to approve the issue under Listing Rule 7.1 so that it does not use up any of the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

Resolution 9 seeks Shareholder approval of issue of the Canaccord Options.

If Resolution 9 is passed, the issue of the Canaccord Options can proceed without using any of the Company's 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

If Resolution 9 is not passed, the Company will still be able to proceed with the issue of the Canaccord Options, but it will reduce, to that extent, the Company's capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1 for 12 months following the issue.

8.3 **Information required by Listing Rule 7.3**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 9:

- (a) **Name of the person who shall receive the securities**
The Canaccord Options will be issued to Canaccord.
Canaccord is not a material investor⁵ of the Company.
- (b) **The number and class of securities the entity will issue**
The Company will issue a maximum of 2,000,000 Options under the Mandate.
The Canaccord Options are to be issued on the terms described in Schedule 9 to this Notice.
- (c) **Date the entity will issue the securities**
It is anticipated that, subject to Shareholder approval being received, the Canaccord Options will be issued on 14 June 2023 and otherwise within 3 months of the date of the Meeting.
- (d) **The price of consideration the entity will receive for the securities**
The Canaccord Options will be issued as consideration under the Mandate.
- (e) **The purpose of the issue**
The purpose of the issue of the Canaccord Options is to satisfy the consideration to be paid to Canaccord for the services with respect to the provision of capital markets advisory services to the Company.
- (f) **A summary of the material terms of the agreement**
A summary of the material terms of the Mandate is included in Schedule 10 to this Notice.
- (g) **Voting exclusion statement**
A Voting Exclusion Statement has been provided for Resolution 9 in the Special Business section of this Notice of Meeting.

8.4 Board Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 9.

9. BACKGROUND TO THE PROPOSED ACQUISITION

9.1 Overview of the Proposed Acquisition

(a) **General Background**

The Company is an Australian public company, which was incorporated on 23 September 2020 and was admitted to the Official List of the ASX on 2 July 2021, with quotation of the Company's securities commencing on 6 July 2021 (**Initial Listing**).

The Company is a lithium-led battery minerals and technology company exploring highly prospective targets in the renowned lithium producing areas of the James Bay District of Quebec and the Sarcobatus Flat in Nevada.

The Company's focus upon Initial Listing was its **Initial Listing Projects** – being the Mt Monger North, Mt Monger South and Gibraltar South Projects.

⁵ ASX consider the following to be material investors:

- (i). a related party of the entity;
- (ii). a member of the entity's Key Management Personnel;
- (iii). a substantial holder in the entity;
- (iv). an adviser to the entity; or
- (v). an Associate of any of the above,

where such person or entity is being issued more than 1% of the entity's current issued capital.

Following exploration work conducted on the Initial Listing Projects, the Company announced on 26 August 2022 and in a subsequent update in the Company's Quarterly Activities Report on 31 October 2022 that the Monger North and Gibraltar Projects will be maintained in good standing, but no further exploration expenditure will be incurred on the Initial Listing Projects.

The Company made a similar announcement regarding the Monger South Project on 10 November 2022.

This decision was made by the Company on the basis that, in light of the results of the exploration following the Company's Initial Listing and the consideration of those results by the Board, the Company formed the view that without significant further expenditure on the Monger North, the Monger South and the Gibraltar Projects was required and that the projects were better suited as part of a larger regional package.

As such, and to ensure that the Company realises as much value as possible from these Initial Listing Projects, the Company would consider opportunities to divest or look to joint venture the Initial Listing Projects with other regional players.

As previously announced to the ASX on 10 and 15 November 2022, each of the Initial Listing Projects are being maintained in good standing, whilst opportunities are considered and investigated.

Since its Initial Listing, the Company has made acquisitions of 3 lithium projects – the Scotty Lithium Project, the Brisk Lithium Project and the Trieste Lithium Project (**Initial Lithium Projects**).

The Company proposes to acquire the interests in the Hidden Lake Project and continue to explore the Initial Lithium Projects.

(b) **Proposed Acquisition**

On 12 April 2023, the Company announced that it had entered into acquisition agreements with Youssa Pty Ltd (ACN 009 231 467) (**Youssa**) and DG Resource Management Ltd (a Canadian incorporated private company) (**DGRM**) (together, the **HL Vendors**) to acquire a 60% interest in 16.6km² (5 contiguous claims) from Youssa and a 100% interest in 8.4km² (1 claim) from DGRM in the Hidden Lake Project, a project located in Canada (**Hidden Lake Acquisition Agreements**) (**Proposed Acquisition**).

With respect to the 5 claims the subject of the Youssa Acquisition Agreement, Patriot Battery Metals (TSXV: PMET), an unrelated third party, will retain a 40% interest in in joint venture with the Company.

The key terms of the Hidden Lake Acquisition Agreements are summarised in section 9.2 of this Explanatory Statement. As part of the consideration under the Hidden Lake Acquisition Agreements, the Company proposes to issue 14,000,000 Shares and 4,000,000 Options to Youssa (**Youssa Consideration**) and 2,000,000 Shares to DGRM (**DGRM Consideration**).

ASX has determined that, upon considering the Proposed Acquisition, together with the Company's acquisition of the Initial Lithium Projects which have taken place post-listing, the Company must re-comply with Chapters 1 and 2 of the Listing Rules pursuant to Listing Rule 11.1.3. In order to achieve this:

- (i) Shareholder approval of the Essential Resolutions to effect the Proposed Acquisition must be obtained; and
- (ii) the Company must satisfy all other requirements of ASX for the reinstatement to Official Quotation of the Shares on ASX. This will include the Company successfully undertaking a capital raising under the Prospectus for the purposes of satisfying Chapters 1 and 2 of the Listing Rules as though it is seeking re-admission to the Official List.

Resolution 10 seeks Shareholder approval for the Proposed Acquisition.

Resolution 11 seeks Shareholder approval for the issue of the Youssa Consideration to Youssa.

Resolution 12 seeks Shareholder approval for the issue of the DGRM Consideration to DGRM.

Resolution 13 seeks Shareholder approval for the issue of up to 5,000,000 Shares at an issue price of \$0.30 per Share under the Prospectus.

(c) **Hidden Lake Project**

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).

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 project can be accessed using a helicopter or float plane based out of Yellowknife.

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.

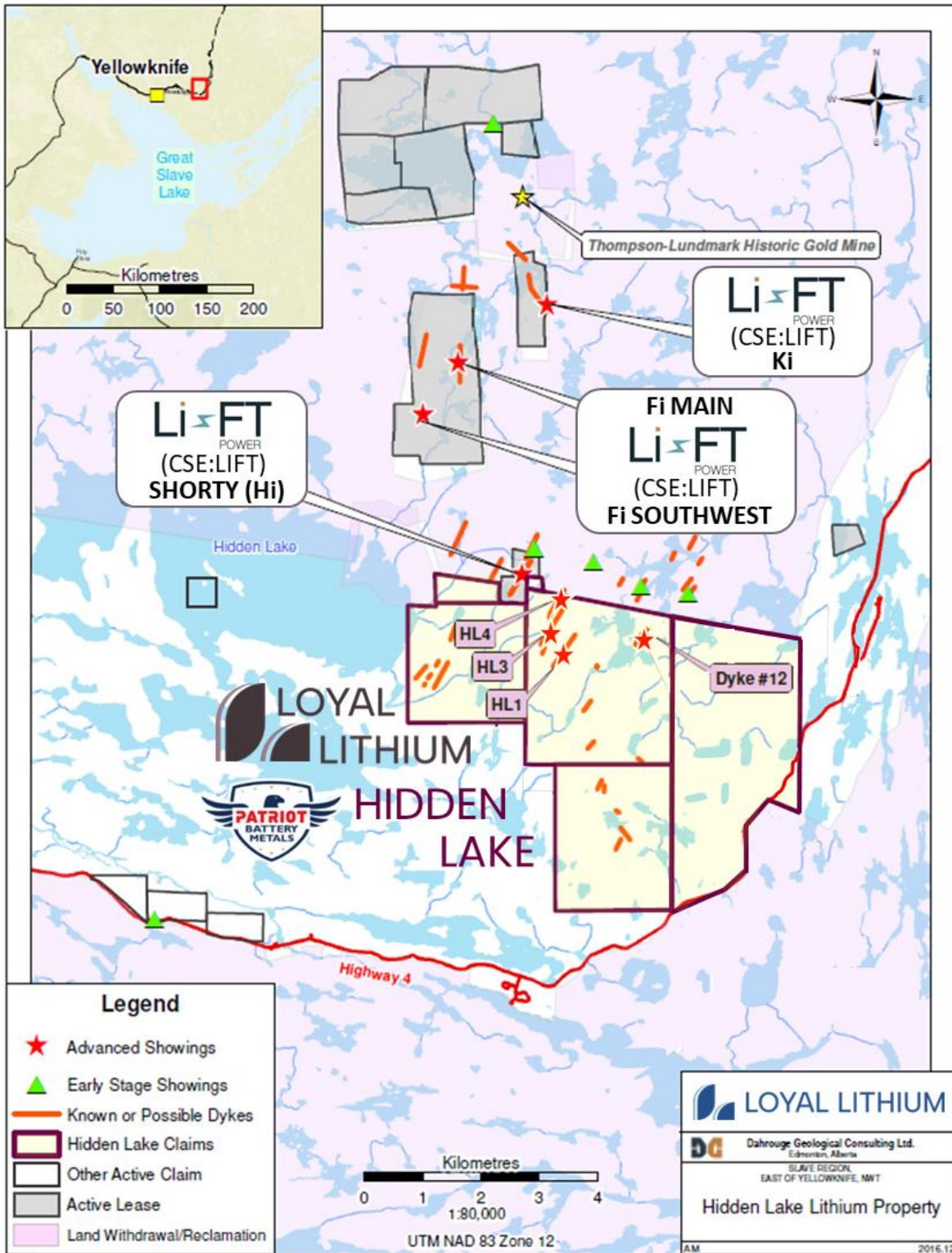


Figure 1 - Hidden Lake Lithium Project: Yellowknife, Northwest Territories, Canada

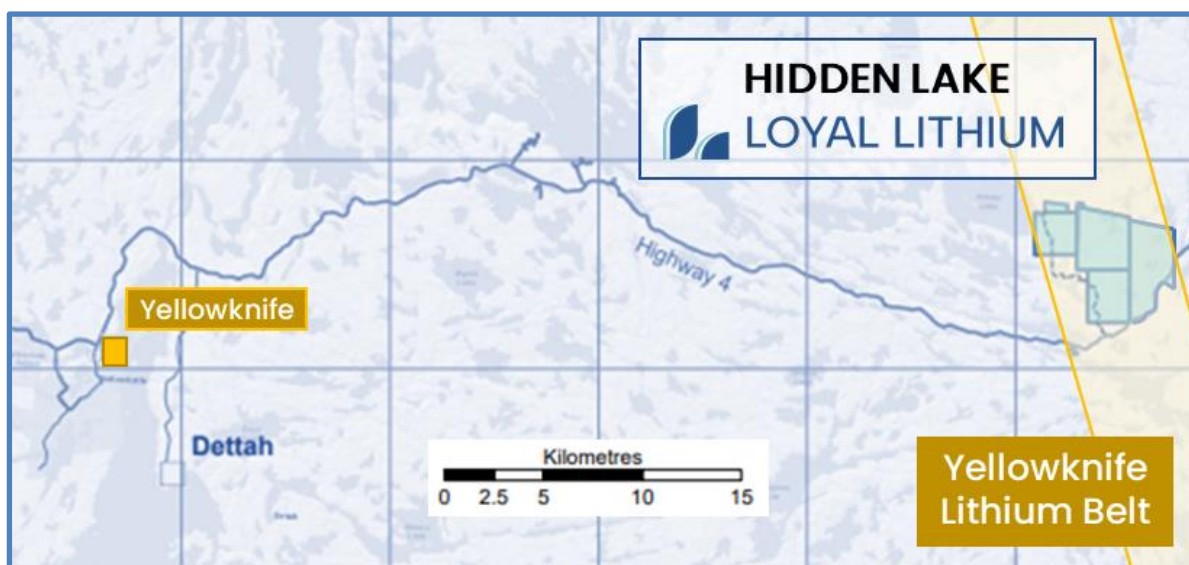


Figure 2 – Hidden Lake Lithium Project: Yellowknife, Northwest Territories, Canada

Hidden Lake Project details

The Hidden Lake 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 4 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 7 spodumene rich pegmatites have a cumulative strike length of 2,660m with the most significant pegmatites exposed at surface over lengths of up to 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. Importantly, the 4 most significant pegmatite outcrops align laterally and are inferred to be discrete continuous to sub-continuous units. The 4 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.

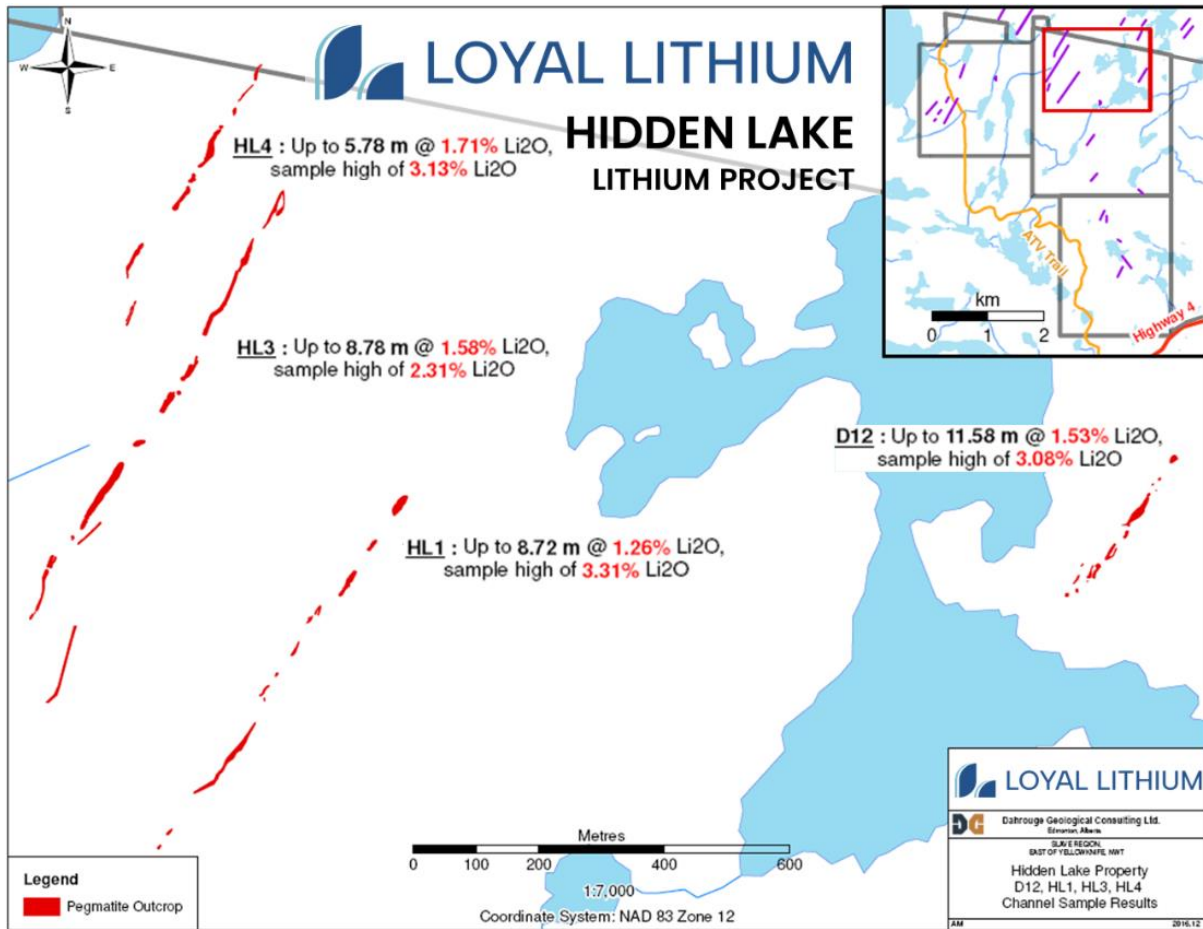


Figure 4 – Hidden Lake Lithium Project – most significant dykes channel sample results

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 2018,⁶ 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.

⁶ 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; 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% Li₂O 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.

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 ₂ O (%)	Ta ₂ O ₅ (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

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 f 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).

Mineral	HL1 Composite	HL3 Composite	HL4 Composite	D12 Composite
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
Total	100	100	100	100

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% Li₂O from a 400kg bulk sample with minimal loss to tailings – validating HLS testwork that produced a concentrate of 6.3% Li₂O.

Project history

The 5 contiguous claims (HID1 to HID5) of the Hidden Lake Project were discovered by DGRM, who vended the project into Patriot Battery Metals (TSXV:PMET, ASX:PMT) (previously 92 Resources) in 2016. These claims were 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 these claims which resulted in the immediate constitution of a 60/40 joint venture agreement between the parties. In November 2022, Foremost Lithium sold its 60% interest in the these claims to Youssa Pty Ltd, who in-turn have now entered a binding agreement with the Company for the sale of the controlling 60% ownership on the claims. A joint venture agreement will therefore exist between the Company and Patriot Battery Metals.

The most eastern contiguous claim (HID6) of the Hidden Lake Project was founded by DGRM in December 2022. DGRM has entered into a binding agreement with Loyal Lithium for the sale of 100% of this claim.

Mineral tenure

The Hidden Lake Project consists of 6 contiguous claims, totalling 2,500.29 hectares. The first 3 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 (Yrs 1-10)	Total Assigned Expenditures
K19925	HID 1	410.14	2/29/2016	2/29/2026	\$20,507.00	\$20,507.00
K19926	HID 2	692.15	2/29/2016	2/29/2026	\$34,607.50	\$34,607.50
K19927	HID 3	500	2/29/2016	2/29/2026	\$25,000.00	\$25,000.00
K06903	HID 4	48	6/29/2016	6/29/2026	\$2,400.00	\$2,400.00
K06959	HID 5	9	6/29/2016	6/29/2026	\$450.00	\$450.00
M12265	HID 6	841	14/12/2022	14/12/2032	\$42,050.00	\$0

Table 4 - Mineral Tenure and Expenditures

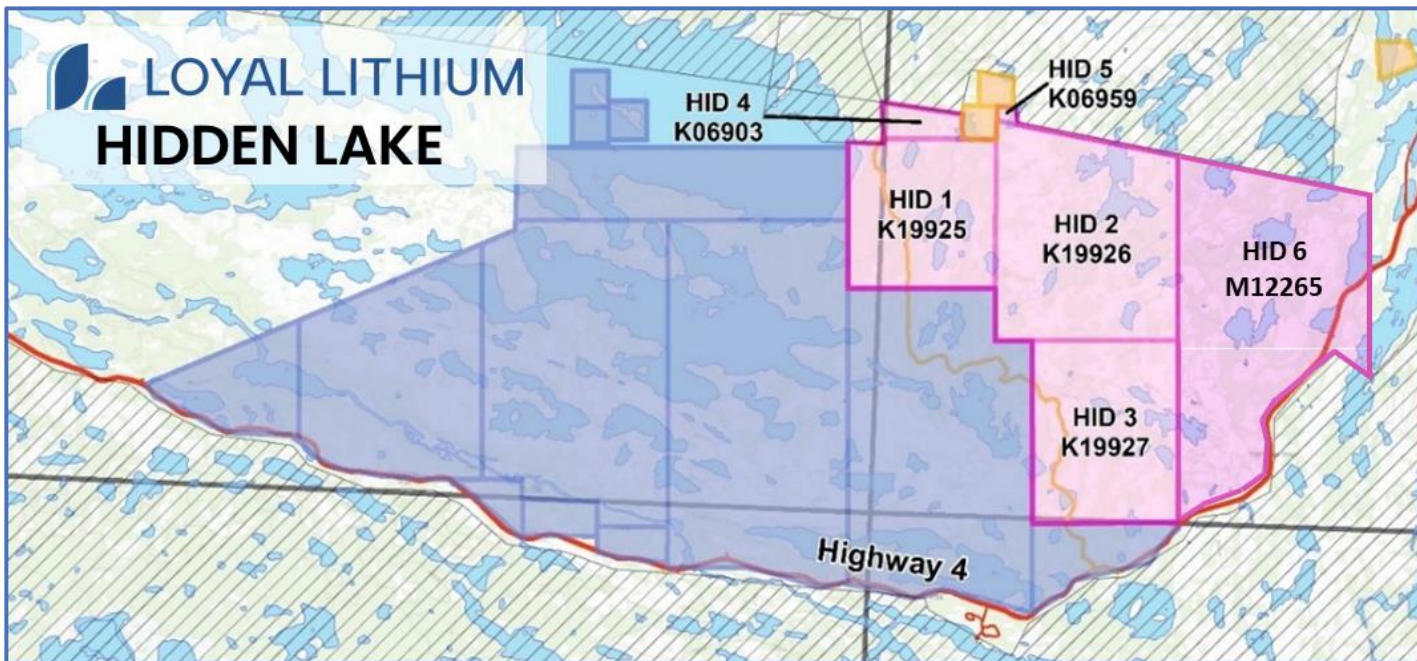


Figure 5 – Hidden Lake Lithium Project – Mineral Tenure

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 Hidden Lake Project.

9.2 Summary of the Hidden Lake Acquisition Agreements

(a) Terms of the Youssa Acquisition Agreement

The Company entered into the Youssa Acquisition Agreement on 28 March 2023.

A summary of the material terms of the agreement is set out below:

- (i) Parties: the Company entered into the agreement with Youssa, who holds the 60% interest in 5 mining claims associated with the Hidden Lake Project;
- (ii) Material terms:
 - (A) **(Cash Consideration)** At settlement, the Company will pay Youssa (and/or its nominees) AUD\$250,000 cash;
 - (B) **(Share Consideration)** At settlement, the Company will issue Youssa (and/or its nominees) 14,000,000 Shares;
 - (C) **(Escrow)** Shares issued by the Company to Youssa for consideration will be subject to an escrow period to be determined by ASX;
 - (D) **(Option Consideration)** At settlement, the Company will issue Youssa (and/or its nominees) 4,000,000 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 mining claims; and
 - (F) **(Representations and warranties)** Each party makes representations and warranties standard for an agreement of this nature.

The Youssa Consideration payable under this agreement is the subject of Resolution 11.

(b) Terms of the DGRM Acquisition Agreement

The Company entered into the DGRM Acquisition Agreement on 28 March 2023.

A summary of the material terms of the agreement is set out below:

- (i) Parties: the Company entered into the agreement with DGRM, who holds the 100% interest in 1 mining claim associated with the Hidden Lake Project, and certain other parties.
- (ii) Material terms:
 - (A) **(Cash Consideration)** At settlement, the Company will pay DGRM (and/or its nominees) CDN\$35,000 cash;
 - (B) **(Share Consideration)** At settlement, the Company will issue DGRM (and/or its nominees) 2,000,000 Shares;
 - (C) **(Escrow)** Shares issued by the Company to DGRM for consideration will be subject to an escrow period to be determined by ASX;
 - (D) **(Royalty)** A 2% net smelter royalty is payable to DGRM in respect of the mining claim; and
 - (E) **(Representations and warranties)** Each party makes representations and warranties standard for an agreement of

this nature.

The DGRM Consideration payable under this agreement is the subject of Resolution 12.

The Hidden Lake Acquisition Agreements are conditional, among other things, on the Company receiving conditional approval from 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 obtaining all necessary shareholder and regulatory approvals under the Listing Rules and the Corporations Act. Accordingly, it is a condition of completion under the Proposed Acquisition that all Essential Resolutions contemplated by this Notice are passed. Other than as noted above, there are no other regulatory approvals or material conditions that need to be satisfied in order for completion to occur under the Hidden Lake Acquisition Agreements.

9.3 Company's other projects

(a) Initial Listing Projects

Following exploration work conducted on the Initial Listing Projects, the Company announced on 26 August 2022 and in a subsequent update in the Company's Quarterly Activities Report on 31 October 2022 that the Monger North and Gibraltar Projects will be maintained in good standing, but no further exploration expenditure will be incurred on the Initial Listing Projects.

The Company made a similar announcement regarding the Monger South Project on 10 November 2022.

This decision was made by the Company on the basis that, in light of the results of the exploration following the Company's Initial Listing and the consideration of those results by the Board, the Company formed the view that without significant further expenditure on the Monger North, the Monger South and the Gibraltar Projects was required and that the projects were better suited as part of a larger regional package.

As such, and to ensure that the Company realises as much value as possible from these Initial Listing Projects, the Company would consider opportunities to divest or look to joint venture the Initial Listing Projects with other regional players.

As previously announced to ASX on 10 and 15 November 2022, each of the Initial Listing Projects are being maintained in good standing, whilst opportunities are considered and investigated.

(b) Scotty Project

The Company's wholly owned subsidiary, American Consolidated Lithium Pty Ltd, holds the rights to acquire a 100% interest in 962 unpatented placer mining claims covering approximately 14,000 acres in Nye County, southern Nevada, United States). Collectively these claims comprise the Scotty Project. The Scotty Project covers 78.1 km² and is located 189 km northwest of Las Vegas and 517 km from Reno.

The Scotty Project has twin prospects of lithium brines and lithium sediments and is adjacent to the existing Iconic Minerals Ltd (TSXV: ICM) Bonnie Claire Project, with similar geology.

The claims are within the Sarcobatus Flat that is approximately 30 km long and 20 km wide, with the associated drainage basin covering an area of 2,070 km². Quartz-rich volcanic rocks that contain anomalous amounts of lithium occur within and adjacent to the drainage basin with recent soil samples of up to 540ppm lithium.

A recently completed Magnetotelluric Survey (MT), has implied a 3.6km² sedimentary basin (highly conductive <3 ohm.m) at Target 2.

The Target 2 sedimentary basin is beneath strong lithium-boron soil assay results (maximum of 448ppm lithium and 3,360ppm boron) and just 1km west of Nevada Lithium's (CSE: NVHL) 2022 drilling that confirmed 2 layers of lithium mineralisation.

The MT interpretation implies the Target 2 sediment basin starts at surface and extends to a depth of ~150m in the north and deepens to ~500m in the south - a substantial sedimentary target for the Company.

An inaugural drill campaign commenced in March 2023 to confirm mineralisation at Target 2 and a successful drilling program could achieve a maiden lithium resource for the Company.

(c) Brisk Project

In October 2022, the Company acquired 100% of the Brisk Project located in the prolific James Bay Lithium District of Québec, Canada. The project sits along trend from Patriot Battery Metals' (TSXV: PMET) Corvette Project (80km east) and Winsome Resources' (ASX:WR1) Cancet Project (15km east).

The Brisk Project covers 6 prospects over a large project area consisting of 192 mineral claims totalling 9,849 hectares (98.5km²), which is host to several known pegmatite outcrops.

(d) Trieste Project

In October 2022, the Company entered agreements to acquire 100% of the Trieste Lithium Project, comprising 466 mineral claims totalling 251 km², located in the James Bay Region of Québec, Canada, proximate to many world-class lithium projects.

The Trieste Project was identified due to its prospective nature for hosting hard-rock, pegmatite-hosted lithium mineralisation. The acquisition of Osisko Development Corporations' Trieste Property connects the eastern extension of the Trieste greenstone belt with its inferred eastern continuation.

The Company is the largest land holder within the highly prospective Trieste greenstone belt with a land position of 251km² which is just 14km east along strike of Winsome Resources' (ASX: WR1) Adina Lithium Project. Work to date, has demonstrated the projects prospectivity with historical data confirming 153 logged pegmatite outcrop observations including 35 'A-Type' pegmatite samples (I1A) - which is the same classification (and 11 times more) as originally sampled at Winsome Resources' (ASX: WR1) Adina Lithium Project

The Company intends to execute a 60-day field program in the Canadian summer of 2023, which will include up to 1,000 samples from both geochemical till and outcrop sampling programs with positive results to support subsequent drilling shortly thereafter.

The Company believes Nevada lithium is also poised to play a significant role in global lithium supply, underpinned by President Biden's Inflation Reduction Act, which supports and encourages locally sourced critical minerals.

9.4 Summary of Resolutions

This Notice of Meeting sets out the Resolutions necessary to complete the Proposed Acquisition and associated transactions, being Resolutions 10 to 13 (**Essential Resolutions**).

Each of the Essential Resolutions are conditional upon the approval by Shareholders of each of the other Essential Resolutions. If any of the Essential Resolutions are not approved by Shareholders, all of the Essential Resolutions will fail, and completion of the Proposed Acquisition will not occur.

A summary of the Essential Resolutions is as follows:

- (a) (**Resolution 10**) in connection with the Company's re-compliance with Chapters 1 and 2 of the Listing Rules, Shareholder approval for the Proposed Acquisition is sought under Listing Rule 11.1.2;
- (b) (**Resolutions 11 and 12**) the issue of Securities to the HL Vendors (or their nominee/s) in consideration of the Proposed Acquisition; and

- (c) **(Resolution 13)** the Company is required to re-comply with Chapters 1 and 2 of the Listing Rules and, to achieve this, must successfully undertake a capital raising under the Prospectus. The Company proposes offer up to 5,000,000 Shares at an issue price of \$0.30 per Share under the Prospectus, which Shares are subject to approval under Resolution 13.

Resolutions 14 and 15 which relate to related party participation in the Priority Offer are conditional upon and subject to the Essential Resolutions being passed but are not themselves Essential Resolutions.

9.5 Regulatory Matters

ASX has determined that, upon considering the Proposed Acquisition, together with the Company's acquisition of the Initial Lithium Projects which have taken place post-listing, the Company must re-comply with Chapters 1 and 2 of the Listing Rules pursuant to Listing Rule 11.1.3. In order to achieve this:

- (a) Shareholder approval of the Essential Resolutions to effect the Proposed Acquisition must be obtained; and
- (b) the Company must satisfy all other requirements of ASX for the reinstatement to Official Quotation of the Shares on ASX. This will include the Company successfully undertaking a capital raising under the Prospectus for the purposes of satisfying Chapters 1 and 2 of the Listing Rules as though it is seeking re-admission to the Official List.

ASX has an absolute discretion in deciding whether to re-admit the Company to the Official List and to reinstate the Shares to quotation on the Official List and therefore the Company will not proceed with the Proposed Acquisition or the Offers if ASX exercises that discretion.

Further, trading in the Shares will remain suspended until the Company re-complies with Chapters 1 and 2 of the Listing Rules or can otherwise satisfied ASX that its level operations are sufficient for the purposes of Listing Rules 12.1 and 12.2.

No person or entity will acquire a holding of Shares of, or an increase to their holding to an amount in excess of, 19.99% of all of the Shares on issue on completion of the Proposed Acquisition.

9.6 Previous Securities Issues

In the 6 months prior to the date of this Notice, the Company has issued the following securities:

Date of issue	Nature of the issue	Securities issued	Consideration	Amount raised	Use of funds
16 December 2022	Placement	5,750,000 Shares	\$0.40 per Share	\$2,300,000	Exploration field works at the Brisk and Trieste Projects Potential additional acquisitions Drilling at the Scotty Project General working capital
16 February 2023	Acquisition issue	7,000,000 Shares	Deemed issue price of \$0.45	Nil	Part consideration for the acquisition of the remaining

Date of issue	Nature of the issue	Securities issued	Consideration	Amount raised	Use of funds
					20% of the issued capital of ACL

None of these issues were underwritten.

The Company confirms it does not propose to issue any securities prior to its readmission to the Official List, other than as contemplated by this Notice.

9.7 Business Model

The Company's intention is to generate value for Shareholders by directing funds raised in the Public Offer into targeted and systematic exploration at the Initial Lithium Projects and the Hidden Lake Project.

The Company's main objectives on completion of the Offers and the Proposed Acquisition are to:

- (a) advance the Hidden Lake Project through exploration and the commencement of various studies;
- (b) continue to advance the Initial Lithium Projects through exploration;
- (c) implement a growth strategy to seek out further exploration and acquisition opportunities; and
- (d) provide working capital for the Company.

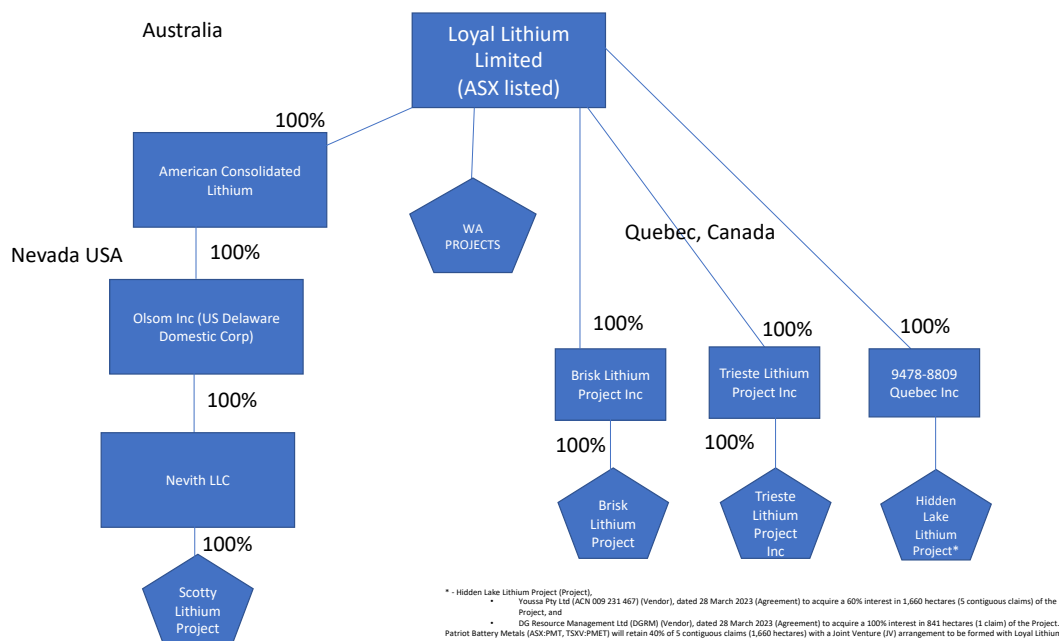
9.8 Key Dependencies of the Business Model

The key dependencies which underpin the Company's strategy and plans outlined above include:

- (a) closing the Public Offer and successfully raising a maximum of \$1,500,000 before costs;
- (b) the availability of drill rigs to commence drilling programs;
- (c) the Company's ability to secure further funds for continued exploration and the development of any economic resources; and
- (d) maintaining title to the Initial Lithium Projects and the Hidden Lake Project.

9.9 Group Structure

Upon completion of the Proposed Acquisition, the corporate structure of the Company is intended to be as follows:



9.10 Public Offer

The Company proposes offer up to 5,000,000 Shares at an issue price of \$0.30 per Share under the Prospectus to raise up to \$1,500,000 (before the costs of the Offer) (**Public Offer**).

The Public Offer comprises:

- (a) a priority offer to Shareholders as at the Priority Offer Record Date (**Priority Offer**); and
- (b) an offer to the general public (**General Offer**).

The Company has engaged Canaccord to act as Lead Manager to the Offer (**Lead Manager Agreement**) and will be entitled to receive a capital raising fee and a management fee of 4.0% and 2.0% respectively of the gross proceeds raised under the Public Offer. A summary of the Lead Manager Agreement is included in Schedule 11 to this Notice.

The minimum subscription under the Public Offer is \$600,000.

9.11 The Public Offer will not be underwritten. Anticipated Timetable

The anticipated timetable for the Proposed Acquisition and the Public Offer is as follows:

Action	Date
Despatch of this Notice of Meeting	29 May 2023
Lodge Prospectus with ASIC	30 May 2023
Exposure Period commences	31 May 2023
Opening Date of Priority Offer	7 June 2023
Opening Date of Public Offer	7 June 2023
2023 Extraordinary General Meeting	26 June 2023
Closing Date Priority Offer	26 June 2023
Closing Date of Public Offer	26 June 2023
Securities issued under the Public Offer	28 June 2023
Despatch of holding statements	28 June 2023
Settlement of the Proposed Acquisition	29 June 2023

Action	Date
Expected re-quotations Date on ASX	5 July 2023

9.12 Proposed Use of Funds

To assist the Company to re-comply with Chapters 1 and 2 of the Listing Rules and to support its strategy and completion of the re-compliance, the Company intends, subject to Shareholder approval to conduct the Public Offer. Shareholder approval to issue the Shares the subject of the Public Offer is the subject of Resolution 13.

The Company intends to apply funds raised from the Public Offer, together with existing cash reserves, over the first 2 years following re-admission of the Company to the Official List of ASX as follows:

Funds Available	Full Subscription	Percentage of Funds
Existing cash reserves ¹	\$5,564,000	79%
Funds raised from the Public Offer	\$1,500,000	21%
Total	\$7,064,000	100%
Allocation of funds		
Expenditure on Initial Lithium Projects	\$1,004,999	17%
Expenditure on the Hidden Lake Project	\$1,860,352	31%
Payment of environmental bond	\$150,000	3%
Payment of offset surety	\$230,000	4%
Expenses of the Public Offer	\$250,000	11%
Acquisition cash payments	\$277,500	5%
Stamp duty	Nil	0%
Additional project evaluation/acquisitions	\$250,000	4%
Working capital	\$1,500,000	25%
Total	\$5,522,851	100%

Note:

1 As at 31 March 2023.

The above table is a statement of current intentions as of the date of this Notice of Meeting. 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 considers that following completion of the Public Offer, the Company will have sufficient working capital to carry out its stated objectives.

9.13 Pro-forma Capital Structure

The capital structure of the Company following completion of the matters contemplated by Resolutions 10 to 13 is set out below:

Description	Maximum Subscription
Current issued capital	62,990,001 ¹
Total number of Shares available under the Priority Offer (to be issued out of the Priority or General Offer)	5,000,000
Shares to be issued under the Proposed Acquisition	16,000,000
Total	83,990,001

Note:

1 Includes the 500,000 Shares to be issued to Osisko the subject to Resolution 7.

9.14 Pro-forma balance sheet

The pro-forma balance sheet is set out in Schedule 12 to this Notice and assumes that all of the Essential Resolutions are passed, the Proposed Acquisition, the Public Offer, and other events which are the subject of the Essential Resolutions have occurred.

The historical and pro-forma information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to Extraordinary financial statements.

The Company does not expect to generate revenue from operations or sale of assets during the relevant period. Accordingly, the Proposed Acquisition will have no impact on the Company's annual revenue or profit.

9.15 Board and Key Management Personnel following completion

Following completion of the Proposed Acquisition, there will be no changes to the Board and the Key Management Personnel of the Company. The Board upon re-listing on ASX will be:

(a) Adam Ritchie, Managing Director

Mr Ritchie has over 20 years' experience in the resources industry and has been heavily focused on project delivery in senior positions for many of Australia's best performing companies in the mining and minerals sector including Pilbara Minerals, FMG, Rio Tinto and BHP.

Mr Ritchie is known for delivering complex projects with a particular focus on high-value mineral processing assets and is recognised for his contributions to major Australian Lithium and Iron Ore projects, delivering across all project stages.

He holds a Masters degree in Utility Engineering, is committed to a sustainable future and harbors a long term-personal passion for technology and innovation.

(b) Peretz Schapiro, Executive Chairman

Mr Schapiro holds a Master of Applied Finance and has been a global investor for more than a decade, with a particular focus in the resources sector. He understands the fundamental parameters, strategic drivers, market requirements and what it takes for a high growth business.

In addition to being the founding chairman of Loyal Lithium, Mr Schapiro has a diverse professional background, with deep experience in resource exploration, corporate finance, management consulting, marketing and fundraising. Mr Schapiro is also Chairman of Summit Minerals (ASX:SUM), Director at Snow Lake Resources (NASDAQ:LITM) and has previously held directorships Asra Minerals Limited (ASX:ASR) and Okapi Resources (ASX:OKR).

(c) Andrew Graham, Non-Executive Director

Mr Graham has 33 years of experience in the resources sector across both private and public corporations in senior technical and managerial roles. Mr Graham holds a Bachelor of Applied Science (Applied Geology), a Master of Economic Geology,

a Diploma of Management, a Quarry Managers Certificate and is a Member of the Australian Institute of Mining and Metallurgy and the Institute of Quarrying.

Mr Graham is currently the CEO / Executive Director of Cohiba Minerals Limited (ASX:CHK) and the Managing Director of Mineral Strategies Pty Ltd and a Director of Eco Cu Pty Ltd.

9.16 Directors' interest in Shares and other securities

None of the Company's existing Directors have any interest in the Proposed Acquisition, other than as disclosed in this Notice.

The Director's interests in Shares and other securities in the Company after settlement of the Proposed Acquisitions are set out below:

Director	Shares	Options	Performance Rights
Peretz Schapiro, Non-Executive Chairman	291,000 ¹	1,000,000 ²	1,500,000 ³
Adam Ritchie, Managing Director	13,473 ⁴	1,000,000 ^{4,5}	6,000,000 ⁶
Andrew Graham, Non-Executive Director	Nil	900,000 ⁷	N/A

Notes:

- 1 These shares are indirectly held by Breakout Star Holdings Pty Ltd.
- 2 Unquoted options exercisable at \$0.30 each and expiring 6 July 2024.
- 3 Subject to the passing of Resolution 1
- 4 These securities are indirectly held by Vector Concepts Pty Ltd.
- 5 Unquoted options exercisable at \$0.35 each and expiring 22 July 2025.
- 6 Subject to the passing of Resolution 2.
- 7 Unquoted options at \$0.30 each and expiring 6 July 2024.

9.17 Advantages of the proposals in the Resolutions

The Directors are of the view that the following non-exhaustive list of advantages to completing the Proposed Acquisition and the re-listing on ASX may be relevant to a Shareholder's decision on how to vote on the Resolutions:

- (a) the Company believes there is significant interest from investors, both national and international, in the lithium market;
- (b) the Company will be able to access capital from retail and professional investors to fund growth through the Public Offer; and
- (c) the Company will create liquidity in its shares for the benefit of its shareholders and to use as currency to support its growth by acquisition.

In addition, the Company believes that the outcome for its current shareholders is significantly enhanced rather than the alternative of liquidation of the current group.

9.18 Disadvantages of the proposals in the Resolutions

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Resolutions:

- (a) the Company will be changing its activities to comprise its participation in and development of the lithium market, which may not be consistent with the objectives of all Shareholders;
- (b) the acquisition of the Hidden Lake Project will result in the issue of New Shares under the Public Offer and the issue of the Youssa Consideration and DGRM Consideration securities pursuant to the Hidden Lake Acquisition Agreements, which will have a dilutionary effect on the holdings of Shareholders; and
- (c) risk factors associated with the Proposed Acquisition, some of which are summarised in Schedule 13 to this Notice.

9.19 Plans for the Company if the Essential Resolutions are not passed

If any of the Essential Resolutions are not passed and the Proposed Acquisition is therefore not able to be completed, the Company will continue to look for new business opportunities.

Trading in the Shares is currently suspended and will remain suspended until the Company re-complies with Chapters 1 and 2 of the Listing Rules following completion of the Proposed Acquisition and the Public Offer or can otherwise satisfy ASX that its level operations are sufficient for the purposes of Listing Rules 12.1 and 12.2.

9.20 Directors' interests in the Proposed Acquisition

None of the Directors have any interest in the Proposed Acquisition, other than as disclosed in this Notice of Meeting.

9.21 Related Parties

Pursuant to Resolutions 14 and 15, the Company is seeking Shareholder approval to permit Directors Peretz Shapiro and Adam Ritchie to subscribe for and be issued Shares under the Priority Offer, should they wish to do so.

9.22 Forward-looking statements

The forward-looking statements in this Explanatory Statement are based on the Company's current expectations about future events. However, they are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors, which would cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward-looking statements in this Explanatory Statement. These risks include but are not limited to, the risks set out in Schedule 13 to this Notice. Forward looking statements include those containing words such as 'anticipates', 'estimates', 'should', 'will', 'expects', 'plans' or similar expressions.

9.23 Confirmations

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

No fees have been paid or are payable by the Company to any person for finding, arranging or facilitating the Proposed Acquisition.

The Company confirms that it is in compliance with its disclosure obligations under Listing Rule 3.1.

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

The Company confirms that all material and accessible information with respect to the Proposed Acquisition available to the Directors has been included in this Notice of Meeting.

10. RESOLUTION 10 – APPROVAL OF PROPOSED ACQUISITION

10.1 General

Resolution 10 seeks Shareholder approval for the Proposed Acquisition in connection with the Company's re-compliance with Chapters 1 and 2 of the Listing Rules.

A detailed description of the Proposed Acquisition is outlined in section 9.1 of this Explanatory Statement.

Resolution 10 is an Essential Resolution.

If Resolution 10 is passed, the Company will, subject to all of the other Essential Resolutions being passed, be able to proceed with the Proposed Acquisition and the Public Offer.

If Resolution 10 is not passed, the Company will not be able to proceed with the Proposed Acquisition. Resolutions 11, 12 and 13 in the Notice will be withdrawn and no securities proposed to be issued as set out in those Resolutions will be issued.

10.2 Listing Rule 11.1

Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature and or scale of its activities, it must provide full details to ASX as soon as practicable (and before making the change) and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, obtain the approval of holders of its shares and comply with any requirements of ASX in relation to the notice of meeting; and
- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the Listing Rules as if the entity were applying for admission to the official list of ASX.

The Company has consulted with ASX in relation to the Proposed Acquisition, and ASX provided an in-principle advice on 4 November 2022 requiring the Company to re-comply with the admission requirements set out in Chapters 1 and 2 of the Listing Rules (in accordance with Listing Rule 11.1.3).

Accordingly, the Company seeks Shareholder approval for the Proposed Acquisition in connection with the Company's re-compliance with Chapters 1 and 2 of the Listing Rules pursuant to Listing Rule 11.1.3.

10.3 Suspension until re-compliance with Chapters 1 and 2 of the Listing Rules

Shareholders should be aware that the Shares have been suspended from the Official List since 29 March 2023.

The Shares will continue to remain suspended until such time that:

- (a) Shareholders have approved all the Essential Resolutions under this Notice; and
- (b) the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules in accordance with ASX Listing Rule 11.1.3.

Some of the key requirements of Chapters 1 and 2 of the Listing Rules are:

- (a) the Company must satisfy the shareholder spread requirements relating to the minimum number of Shareholders and the minimum value of the shareholdings of those Shareholders; and
- (b) the Company must satisfy the 'assets test' as set out in Listing Rule 1.3.

The above do not, and are not proposed to, constitute a full list of the requirements under the Listing Rules that the Company may be required to satisfy. It is expected that completion of the Proposed Acquisition and the Offers under the Prospectus will enable the Company to satisfy the requirements for re-compliance with Chapters 1 and 2 of the Listing Rules.

The Company also notes that:

- (a) the Proposed Acquisition requires Shareholder approval under the Listing Rules and therefore will not proceed if that approval is not forthcoming;
- (b) the Company is required to re-comply with ASX's requirements for admission and quotation and therefore the Proposed Acquisition may not proceed if those requirements are not met;
- (c) 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 Proposed Acquisition may not proceed if ASX exercises that discretion; and
- (d) investors should take into account these uncertainties in deciding whether or not to buy or sell the Company's securities.

10.4 Board recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 10.

11. RESOLUTIONS 11 AND 12 – APPROVAL TO ISSUE SECURITIES TO THE VENDORS OF THE HIDDEN LAKE PROJECT

11.1 Background

As stated in section 9 of the Explanatory Statement, the purpose of Resolutions 11 and 12 is for Shareholders to approve the issue of the Youssa and DGRM Consideration securities, which the Company proposes to issue pursuant to the Proposed Acquisition.

11.2 Listing Rule Requirements

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid Equity Securities it had on issue at the start of that period.

The issue of the Youssa Consideration exceeds the 15% limit in Listing Rule 7.1 and therefore requires the approval of Shareholders.

Resolution 11 seeks Shareholder approval of issue of the Youssa Consideration to Youssa.

If Resolution 11 and all other Essential Resolutions are passed, the Company will be able to proceed with the issue of the securities to Youssa and complete the Proposed Acquisition, subject to other conditions. In addition, the issue of the securities will be excluded from the calculation of the number of Equity Securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 11 is not passed, the Company will not be able to proceed with the issue to Youssa and the Proposed Acquisition. Resolutions 10, 12 and 13 in the Notice will be withdrawn, the Company will not acquire the Hidden Lake Project and no securities proposed to be issued as set out in those Resolutions will be issued.

The issue of the DGRM Consideration exceeds the 15% limit in Listing Rule 7.1 and therefore requires the approval of Shareholders.

Resolution 12 seeks shareholder approval of issue of the DGRM Consideration to DGRM.

If Resolution 12 and all other Essential Resolutions are passed, the Company will be able to proceed with the issue of the Shares to DGRM and complete the Proposed Acquisition, subject to other conditions. In addition, the issue of the Shares to DGRM will be excluded from the calculation of the number of Equity Securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 12 is not passed, the Company will not be able to proceed with the issue to DGRM and Youssa and the Proposed Acquisition. Resolutions 10, 11 and 13 in the Notice will be withdrawn, the Company will not acquire the Hidden Lake Project and no securities proposed to be issued as set out in those Resolutions will be issued.

11.3 Information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolutions 11 and 12:

(a) **Name of the person who shall receive the securities**

The securities will be issued to Youssa and DGRM – under Resolutions 10 and 11 respectively.

Neither of the HL Vendors is a material investor⁷ of the Company as at the date of this Notice.

⁷ ASX consider the following to be material investors:

(i). a related party of the entity;

(b) **The number and class of securities the entity will issue**

The Company will issue a maximum of 16,000,000 Shares to the HL Vendors.

Youssa will receive 14,000,000 Shares.

DGRM will receive 2,000,000 Shares.

The Shares issued to the HL Vendors are expected to be subject to an escrow period of 24 months from the date of issue.

The Company will also issue 4,000,000 Options to Youssa.

(c) **Date the entity will issue the securities**

It is anticipated that, subject to Shareholder approval being received, the securities under Resolutions 11 and 12 will be issued on 28 June 2023, the same day as Shares are issued under the Offers. In any event, the securities will be issued within 3 months of the date of the Meeting.

(d) **The price of consideration the entity will receive for the securities**

No cash consideration will be received for the issue of the securities to the HL Vendors as the issue is part consideration for the Proposed Acquisition.

(e) **The purpose of the issue**

The purpose of the issue of the securities to Youssa and DGRM is to satisfy the consideration agreed to under the Hidden Lake Acquisition Agreements thereby permitting the Company to acquire the Hidden Lake Project.

(f) **A summary of the material terms of the agreement**

The Shares and Options to be issued to Youssa are being issued under the Youssa Acquisition Agreement.

The Shares to be issued to DGRM are being issued under the DGRM Acquisition Agreement.

A summary of the material terms of the Hidden Lake Acquisition Agreements is set out in section 9.2 of this Explanatory Statement.

(g) **Voting exclusion statement**

A Voting Exclusion Statement has been provided for Resolutions 11 and 12 in the Special Business section of this Notice of Meeting.

11.4 Board Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolutions 11 and 12.

12. RESOLUTION 12 – ISSUE OF SHARES PURSUANT TO THE PUBLIC OFFER

12.1 Background

As stated in section 9 of this Explanatory Statement, the Company will, as part of its re-compliance, undertake a Public Offer, which comprises a Priority Offer and a General Offer.

The Public Offer will be made under the Prospectus.

Resolution 13 seeks Shareholder approval for the issue of the Shares under the Public Offer.

-
- (ii). a member of the entity's Key Management Personnel;
 - (iii). a substantial holder in the entity;
 - (iv). an adviser to the entity; or
 - (v). an Associate of any of the above,

where such person or entity is being issued more than 1% of the entity's current issued capital.

12.2 Listing Rule Requirements

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid Equity Securities it had on issue at the start of that period.

The issue of the Shares under the Public Offer exceeds the 15% limit in Listing Rule 7.1 and therefore requires the approval of Shareholders.

Resolution 13 seeks Shareholder approval of the issue of the Shares under the Public Offer.

If Resolution 13 is passed, the Company will be able to proceed with the issue of the Shares under the Public Offer and complete the re-listing, subject to other conditions. In addition, the issue will be excluded from the calculation of the number of Equity Securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 13 is not passed, the Company will not be able to proceed with the issue of the Shares under the Public Offer. Resolutions 10, 11 and 12 in the Notice will be withdrawn, the Company will not acquire the Hidden Lake Project and no securities proposed to be issued as set out in those Resolutions will be issued.

12.3 Information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 13:

(a) **Name of the person who shall receive the securities**

The Shares under the Public Offer will be issued to members of the general public, and otherwise to current Shareholders of the Company.

(b) **The number and class of securities the entity will issue**

The Company will issue a maximum of 5,000,000 Shares under the Public Offer.

(c) **Date the entity will issue the securities**

It is anticipated that, subject to Shareholder approval being received, the Shares under the Public Offer will be issued on 28 June 2023. In any event, the Shares will be issued within 3 months of the date of the Meeting.

(d) **The price of consideration the entity will receive for the securities**

The Shares under the Public Offer are being issued at \$0.30 per Share.

(e) **The purpose of the issue**

The purpose of the issue of the Shares under the Public Offer is to satisfy part of the requirements in Chapters 1 and 2 of the Listing Rules as if the Company were applying for admission to the Official List.

The amount raised under the Public Offer will be used toward exploration of the Hidden Lake Project, as described in section **Error! Reference source not found.** of this Explanatory Statement, and the Initial Lithium Projects.

(f) **A summary of the material terms of the agreement**

The Shares to be issued under the Public Offer are not being issued pursuant to any agreement.

(g) **Voting exclusion statement**

A Voting Exclusion Statement has been provided for Resolution 13 in the Special Business section of this Notice of Meeting.

12.4 Board Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 13.

13. RESOLUTIONS 14 AND 15 – DIRECTOR PARTICIPATION IN PUBLIC OFFER

13.1 Background

Directors, Peretz Schapiro and Adam Ritche, intend to participate in the Priority Offer on the same terms as other Shareholders (**Director Participation**).

Accordingly, Resolutions 14 and 15 seek Shareholder approval for the issue of up to 5,000 Shares to each of Messrs Schapiro and Ritchie (or their respective nominees) under the Priority Offer.

13.2 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of “financial benefits” to “related parties” by a public company. Chapter 2E prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

A “related party” is widely defined under the Corporations Act and includes the directors of a company. As such, the Directors are related parties of the Company for the purposes of section 208 of the Corporations Act.

A “financial benefit” is construed widely and in determining whether a financial benefit is being given, section 229 of the Corporations Act requires that any consideration that is given is disregarded, even if the consideration is adequate. It is necessary to look at the economic and commercial substance and the effect of the transaction in determining the financial benefit. Section 229 of the Corporations Act includes as an example of a financial benefit, the issuing of securities or the granting of an option to a related party. Accordingly, the Director Participation will result in the issue of Shares to Mr Schapiro, which constitutes giving a financial benefit to a related party of the Company, by virtue of his directorship.

The Board considers that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Director Participation, because the Shares to be issued to Messrs Schapiro and Ritchie will be on the same terms as Shares to be issued to other participants in the Priority Offer, and accordingly the issue will be on arm’s length terms.

13.3 Listing Rule Requirements

Listing Rule 10.11 provides that, unless a specified exception applies, a company must not issue or agree to issue securities to a related party without the approval of ordinary shareholders. A “related party”, for the purposes of the Listing Rules, has the meaning given to it in the Corporations Act, and includes the directors of a company.

As such, Shareholder approval is sought under Listing Rule 10.11 as Resolutions 13 and 14 propose the issue of Shares to Mr Schapiro and Mr Ritchie who are related parties of the Company by virtue of their directorships.

If all of the Essential Resolutions and Resolution 14 are passed, Mr Schapiro will be able to subscribe for Shares in the Priority Offer and the Company will be able to proceed to issue those Shares to him.

If all of the Essential Resolutions and Resolution 14 are not passed, Mr Schapiro will not be able to subscribe for Shares in the Priority Offer.

If all of the Essential Resolutions and Resolution 15 are passed, Mr Ritchie will be able to subscribe for Shares in the Priority Offer and the Company will be able to proceed to issue those Shares to him.

If all of the Essential Resolutions and Resolution 15 are not passed, Mr Ritchie will not be able to subscribe for Shares in the Priority Offer.

If Shareholder approval is obtained under Listing Rule 10.11, approval is not also required under Listing Rule 7.1. Accordingly, any issue to Messrs Schapiro and Ritchie as part of the Priority Offer will not use up any of the Company’s 15% placement capacity.

13.4 Information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolutions 14 and 15:

- (a) **Name of person who shall receive securities**
The Shares will be issued to Messrs Schapiro and Ritchie (or their respective nominees).
- (b) **Nature of relationship between person to receive securities and the Company**
Messrs Schapiro and Ritchie are Directors and are, as such, persons who fall within Listing Rule 10.11.1.
- (c) **The number and class of securities the entity will issue**
The maximum number of Shares that may be issued to:
(i) Mr Schapiro under Resolution 14 is 5,000; and
(ii) Mr Ritchie under Resolution 15 is 5,000.
- (d) **Date the entity will issue the securities**
It is anticipated that, subject to Shareholder approval being received, the Shares under Resolutions 14 and 15 will be issued on or 28 June 2023, the same day as Shares are issued under the Priority Offer. In any event, the Shares will be issued not later than 1 month after the date of the Meeting (or such later date as permitted by ASX waiver or modification of the Listing Rules).
- (e) **The price or other consideration the entity will receive for the securities**
The Shares are being issued at \$0.30 per Share, being the same issue price as all other Shares issued under the Priority Offer.
- (f) **The purpose of the issue**
The purpose of the issue of the Shares under the Priority Offer, as part of the Public Offer, is to satisfy part of the requirements in Chapters 1 and 2 of the Listing Rules as if the Company were applying for admission to the Official List.
The amount raised under the Priority Offer will be used toward exploration of the Company's Projects, as described in section **Error! Reference source not found.** of this Explanatory Statement.
- (g) **Remuneration**
The Shares are not intended to remunerate or incentivise either Mr Schapiro or Mr Ritchie.
- (h) **A summary of the material terms of the agreement**
The Shares to be issued under the Priority Offer are not being issued pursuant to any agreement.
- (i) **Voting exclusion statements**
Voting Exclusion Statement has been provided for Resolutions 14 and 15 in the Special Business section of this Notice of Meeting.

13.5 Board Recommendation

The Board (other than Mr Schapiro abstaining) recommends that Shareholders vote in favour of Resolution 14.

The Board (other than Mr Ritchie abstaining) recommends that Shareholders vote in favour of Resolution 15.

GLOSSARY

In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

AUD\$ or \$	an Australian dollar
ACL	American Consolidated Lithium Pty Ltd (ACN 654 897 275)
ACL Acquisition Agreement	has the meaning given to that term in section 7.1 of the Explanatory Statement
ACL Deed of Variation	means the deed of variation dated 15 February 2023 entered into by the Company in relation the ACL Acquisition Agreement
ACL Vendors	has the meaning given to that term in section 7.1 of the Explanatory Statement
Additional Consideration Options	has the meaning given to that term in section 7.1 of the Explanatory Statement
Additional Consideration Shares	has the meaning given to that term in section 7.1 of the Explanatory Statement
Allingham Performance Rights	means the performance rights issued to Darren Allingham the subject of Resolution 3
Canaccord Options	means the 2,000,000 Options with an exercise price of \$0.60 per Share and an expiry date of 31 March 2026 to be issued to Canaccord pursuant to the Mandate
CDN\$	a Canadian dollar
Chair	Chair of the Extraordinary General Meeting
Class Order	ASIC Class Order 14/1000 and Class Order 14/1001
Constitution	means the constitution of the Company
Corporations Act	the <i>Corporations Act 2001</i> (Cth)
Current Plan	means the Company's current Long Term Incentive Plan
Dahrouge	means Jody Dahrouge
Dahrouge Consideration Shares	means the 1,000,000 Shares issued to Dahrouge pursuant to the Binding Term Sheet
Dahrouge Performance Shares	means the 4,000,000 performance shares to be issued in 3 tranches to Dahrouge pursuant to the Binding Term Sheet and the subject of Resolution 6
DGRM	means DG Resource Management Ltd (Alberta Corporate Access Number 2015807635), a Canadian incorporated private company.
DGRM Acquisition Agreement	means the Hidden Lake Acquisition Agreement made between DGRM, Yarrowindi Holdings Pty Ltd, Jordan Pearson and the Company
DGRM Consideration	means the 2,000,000 Shares to be issued to DGRM as consideration pursuant to DGRM Acquisition Agreement
Director	a director of the Company
Director Participation	has the meaning given to that term in section 13.1 of the Explanatory Statement
Director Performance Rights	means the performance rights to be issued to Messrs Schapiro and Ritchie the subject of Resolutions 1 and 2

Essential Resolutions	means Resolutions 10 to 13
Equity Securities	has the meaning given to that term in the Listing Rules
Explanatory Statement	the explanatory statement that accompanies this Notice of Meeting
Extraordinary General Meeting or Meeting	the Extraordinary General Meeting convened by this Notice of Meeting
Hidden Lake Acquisition Agreements	has the meaning given to that term in section 9.1(b) of the Explanatory Statement
HL Vendors	means Youssa and DGRM
Incentive Securities	means performance rights, Options and Shares that may be issued pursuant to the New Plan
Initial Listing	has the meaning given to that term in section 9.1(a) of the Explanatory Statement
Initial Listing Projects	means the Mt Monger North, Mt Monger South and Gibraltar South Projects
Initial Lithium Projects	means the Scotty Lithium Project, the Brisk Lithium Project and the Trieste Lithium Project
Lead Manager	means Canaccord Genuity Pty Ltd
Lead Manager Agreement	means the agreement between Canaccord and the Company dated 4 April 2023 pursuant to which Canaccord agreed to lead manage the Offers subject to certain terms and conditions
Listing Rules	the official ASX Listing Rules of the ASX
Li2O	means lithium oxide
LOI	means the letter of intent entered into between the Company and Osisko, dated 20 October 2022
Loyal Lithium or the Company	Loyal Lithium Limited (ACN 644 564 241)
Mandate	means the agreement entered into by the Company and Canaccord on 4 April 2023 pursuant to which Canaccord has agreed to provide capital markets advisory services to the Company on certain terms and conditions for a period of 12 months
New Plan	means the Company's proposed new Long Term Incentive Plan the subject of Resolution 5
New Shares	means the Shares to be issued under the Offers
Non-Executive Director	a non-executive director of the Company
Notice, Notice of Meeting or Notice of Extraordinary General Meeting	this Notice of Meeting
Offers	means the Priority Offer and General Offer under the Public Offer
Official List	means the Official List of the ASX
Option	an option to subscribe for a Share in the Company
Osisko	means Osisko Development Corporation (TSXV: ODV)
Osisko Shares	means the 500,000 Shares to be issued to Osisko pursuant to Resolution 7

Performance Rights	means the Allingham Performance Rights and the Director Performance Rights
Priority Offer	has the meaning given to that term in section 9.1(c) of the Explanatory Statement
Proposed Acquisition	has the meaning given to that term in section 9.1(b) of the Explanatory Statement
Prospectus	the full form prospectus for the purpose of the offer of securities under the Offers
Proxy Form	the proxy form enclosed with this Notice of Meeting
Public Offer	has the meaning given to that term in section 9.1(c) of the Explanatory Statement
Resolutions	the resolutions contained in this Notice of Meeting and Resolution means one of the resolutions as required
Scotty Project	means the Scotty Lithium Project located in Nye County, Nevada.
Share	fully paid ordinary share in the capital of the Company
Shareholder	holder of a Share in the Company
Youssa	means Youssa Pty Ltd (ACN 009 231 467)
Youssa Acquisition Agreement	means the Hidden Lake Acquisition Agreement made between Youssa and the Company
Youssa Consideration	means the 14,000,000 Shares to be issued to Youssa pursuant to the the Youssa Acquisition Agreement

SCHEDULE 1 – TERMS AND CONDITIONS OF THE DIRECTOR PERFORMANCE RIGHTS

The Director Performance Rights will be issued pursuant to the Current Plan on following material terms and conditions:

- (A) **(Entitlement):** Each Performance Right will entitle its holder, upon vesting and exercise, to be issued, 1 Share.
- (B) **(Exercise price):** Subject to the terms of the Current Plan, no amount is payable upon exercise of each Performance Right.
- (C) **(Expiry date):** Each Performance Right expires on 21 March 2028 (**Expiry Date**).
- (D) **(Exercise period):** Subject to satisfaction of the vesting milestones (see below), the Performance Rights are exercisable at any time on or before the Expiry Date (**Expiry Period**).
- (E) **(Vesting milestones):** The Performance Rights are subject to the following vesting milestones:

Officer	Item	Number of Performance Rights	Vesting Milestone
Peretz Schapiro	1.	250,000	Vest upon the Company achieving a Share price of \$0.75, and Mr Schapiro being continuously employed with the Company until 21 February 2024.
	2.	250,000	Vest upon the Company achieving a Share price of \$1.00, and Mr Schapiro being continuously employed with the Company until 21 February 2024.
	3.	500,000	Vest upon the Company achieving a Share price of \$2.00, and Mr Schapiro being continuously employed with the Company until 21 August 2024.
	4.	500,000	Vest upon Company achieving a Share price of \$3.00, and Mr Schapiro being continuously employed with the Company until 21 August the 2024.
Adam Ritchie	5.	500,000	Vest upon Mr Ritchie being continuously employed with the Company until 25 January 2024 and the volume weighted average Share price being greater than \$0.75 over 20 consecutive days in which the Company's securities are traded.
	6.	250,000	Vest upon the Company completing a maiden drilling campaign on (one of) the Company's North American Lithium projects.
	7.	500,000	Vest upon Mr Ritchie being continuously employed with the Company until 25 July 2023 and the development of a Resource and Scoping Study on one of the Company's projects.
	8.	250,000	Vest upon Mr Ritchie being continuously employed with the Company until 25 January 2024 and a significant grant of at least US\$1 million or the entry by the Company into a binding strategic partnership agreement with a strategic partner with a total aggregate contract value (including in kind commitments or cash commitments) of not less than USD\$1M.

	9.	1,000,000	Vest upon the Company achieving a share price of \$1.00, and Mr Ritchie being continuously employed with the Company until 21 February 2024.
	10.	1,000,000	Vest upon the Company achieving a share price of \$2.00, and Mr Ritchie being continuously employed with the Company until 21 August 2024.
	11.	1,000,000	Vest upon the Company achieving a share price of \$3.00, and Mr Ritchie being continuously employed with the Company until 21 August 2024.

In the event of a takeover or change of control, the vesting milestones will be deemed to have been achieved.

- (F) **(Notice of Exercise):** The Performance Rights may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Performance Right certificate **(Notice of Exercise)**.
- (G) **(Exercise Date):** A Notice of Exercise is only effective on and from the date of receipt of the Notice of Exercise by the Company **(Exercise Date)**.
- (H) **(Timing of issue of Shares on exercise):** Within 5 Business Days after the Exercise Date, the Company will:
- (1) issue the number of Shares required under these terms and conditions in respect of the number of Performance Rights specified in the Notice of Exercise;
 - (2) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
 - (3) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Performance Rights.

If a notice delivered under paragraph (H)(2) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investor.

- (I) **(Shares issued on exercise):** Shares issued on exercise of the Performance Rights will rank equally with the then Shares.
- (J) **(Reconstruction of capital):** If at any time the issued capital of the Company is reconstructed, all rights of a Performance Right holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
- (K) **(Participation in new issues):** There are no participating rights or entitlements inherent in the Performance Rights and participants will not be entitled to participate in new issues of securities offered to Shareholders of the Company during the currency of the Performance Rights.
- (L) **(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):
- (1) the number of Shares which must be issued on the exercise of a Performance Right will be increased by the number of shares which the Performance Right holder would have received if the Performance Right holder had exercised the Performance Right before the record date for the bonus issue; and
 - (2) no change will be made to the Exercise Price.

- (M) **(Transferability):** The Performance Rights are not transferable, except with prior Board approval.
- (N) **(Quotation):** Performance Rights will not be listed for quotation on the ASX, however, the Company will apply for official quotation of the Shares issued upon the exercise of any vested Performance Rights.

SCHEDULE 2 – MATERIAL TERMS OF THE CURRENT PLAN

On its Initial Listing, the Company adopted a long-term incentive plan, the Loyal Lithium Incentive Plan (formerly the Monger Gold Incentive Plan), to enable eligible persons to be granted Options and/or Performance Rights (**Awards**), the material terms of which are summarised below:

- (A) (**Eligibility**): The Board may, in its absolute discretion, invite an “Eligible Person” to participate in the Loyal Lithium Incentives Plan. An “Eligible Person” includes a director, contractor, consultant or employee of the Company.
- (B) (**Nature of Awards**): Each Option or Performance Right entitles the participant holding the Option or Performance Right, to subscribe for, or be transferred, one Share. Any Share acquired pursuant to the exercise of an Award will rank equally with all existing Shares from the date of acquisition.
- (C) (**Vesting**): Awards may be subject to exercise conditions, performance hurdles or vesting conditions (**Conditions**). These Conditions must be specified in the Offer Letter to Eligible Persons. In the event that a takeover bid for the Company is declared unconditional, there is a change of control in the Company, or if a merger by way of a scheme of arrangement has been approved by a court, then the Board may determine that:
- (1) all or a percentage of unvested Options will vest and become exercisable;
 - (2) all or a percentage of Performance Rights will be automatically exercised; and
 - (3) any Shares issued or transferred to a participant under the Loyal Lithium Incentives Plan that have restrictions (on their disposal, the granting of any security interests in or over, or otherwise on dealing with), will be free from any restrictions on disposal.
- (D) (**Exercise Period**): The period during which a vested Award may be exercised will commence when all Conditions have been satisfied, waived by the Board, or are deemed to have been satisfied under the rules of the Loyal Lithium Incentives Plan and the Company has issued a Vesting Notification to the participant, and ends on the Expiry Date (as defined at (F)(4) below).
- (E) (**Disposal restrictions**): Awards granted under the Loyal Lithium Incentives Plan may not be assigned, transferred, novated, encumbered with a security interest (such as a mortgage, charge, pledge, lien, encumbrance or other third party interest of any nature) over them, or otherwise disposed of by a participant, other than to a nominated party (such as an immediate family member, trustee of a trust or company) in accordance with the Loyal Lithium Incentives Plan, unless:
- (1) the prior consent of the Board is obtained; or
 - (2) such assignment or transfer occurs by force of law upon the death of a participant to the participant's legal personal representative.
- (F) (**Lapse**): Unvested Awards will generally lapse on the earlier of:
- (1) the cessation of employment, engagement or office of a participant;
 - (2) the day the Board makes a determination that all unvested Awards and vested Options of the participant will lapse because, in the opinion of the Board a relevant person has acted fraudulently or dishonestly, or is in material breach of his or her duties or obligations to the Company;
 - (3) if any applicable Conditions are not achieved by the relevant time;
 - (4) if the Board determines that any applicable Conditions have not been met and cannot be met prior to the date that is 5 years from the grant date of an Award or any other date determined by the Board and as specified in the Offer (**Expiry Date**); or
 - (5) the Expiry Date.

Where a participant ceases to be employed or engaged by the Company and is not a “Bad Leaver” (as that term is defined in the Loyal Lithium Incentives Plan), and the Awards have vested, they will remain exercisable until the Awards lapse in accordance with the Loyal

Lithium Incentives Plan rules or if they have not vested, the Board will determine as soon as reasonably practicable after the date the participant ceases to be employed or engaged, how many (if any) of those participant's Awards will be deemed to have vested and exercisable.

Where a participant becomes a "Bad Leaver" (as that term is defined in the Loyal Lithium Incentives Plan), all Awards, unvested or vested, will lapse on the date of the cessation of employment, engagement or office of that participant.

SCHEDULE 3 – VALUATION OF THE DIRECTOR PERFORMANCE RIGHTS

The Director Performance Rights have been independently valued by Remuneration Strategies Pty Ltd (**Remuneration Strategies**) using the Monte Carlo binomial valuation method. The valuation method determines the value of a performance right as a function of the following variables:

- (a) current share price of the underlying Shares;
- (b) exercise price of the Performance Rights;
- (c) volatility of the Share price;
- (d) vesting conditions;
- (e) time to maturity;
- (f) risk-free rate of interest; and
- (g) expected dividend yield.

The valuation has been conducted using a Share price of \$0.2375 which was the Company's Share price on 21 March 2023.

The risk-free rate of interest used was 3.2620% and there was no expected dividend yield as the Company does not anticipate issuing dividends in the near future.

The value of the Director Performance Rights as determined by Remuneration Strategies is as follows:

Officer	Item	Number of Performance Rights	Vesting Milestone	Value of one Performance Right (\$)	Total Value (\$)
Peretz Schapiro	1.	250,000	Vest upon the Company achieving a Share price of \$0.75, and Mr Schapiro being continuously employed with the Company until 21 February 2024	0.1083	27,075
	2.	250,000	Vest upon the Company achieving a Share price of \$1.00, and Mr Schapiro being continuously employed with the Company until 21 February 2024	0.1022	25,550
	3.	500,000	Vest upon the Company achieving a Share price of \$2.00, and Mr Schapiro being continuously employed with the Company until 21 August 2024	0.0824	41,200
	4.	500,000	Vest upon Company achieving a Share price of \$3.00, and Mr Schapiro being continuously employed with the Company until 21 August 2024	0.0744	37,200
TOTAL (Schapiro)		1,500,000			131,025
Adam Ritchie	5.	500,000	Vest upon Mr Ritchie being continuously employed with the Company until 25 January 2024 and the volume weighted average Share price being	0.1079	53,950

			greater than \$0.75 over 20 consecutive days in which the Company's securities are traded		
	6.	250,000	Vest upon the Company completing a maiden drilling campaign on (one of) the Company's North American Lithium projects	0.2375	59,375
	7.	500,000	Vest upon Mr Ritchie being continuously employed with the Company until 25 July 2023 and the development of a Resources and Scoping Study on one of the Company's projects	0.2375	118,750
	8.	250,000	Vest upon Mr Ritchie being continuously employed with the Company until 25 January 2024 and a significant grant of at least US\$1 million or the entry by the Company into a binding strategic partnership agreement with a strategic partner with a total aggregate contract value (including in kind commitments or cash commitments) of not less than USD\$1M	0.2375	59,375
	9.	1,000,000	Vest upon the Company achieving a share price of \$1.00, and Mr Ritchie being continuously employed with the Company until 21 February 2024	0.1022	102,200
	10.	1,000,000	Vest upon the Company achieving a share price of \$2.00, and Mr Ritchie being continuously employed with the Company until 21 August 2024	0.0824	82,400
	11.	1,000,000	Vest upon the Company achieving a share price of \$3.00, and Mr Ritchie being continuously employed with the Company until 21 August 2024	0.0744	74,400
	TOTAL (Ritchie)	4,500,000			550,450

The total value of the Performance Rights to be issued to Mr Schapiro and Mr Ritchie is \$131,025 and \$550,450 respectively.

SCHEDULE 4 – MATERIAL TERMS OF THE NEW PLAN

The material terms of the New Plan, under which eligible persons may be granted performance rights, Options and Shares (**Awards**) are summarised below:

- (A) (**Eligibility**): The Board may, in its absolute discretion, invite an “Eligible Person” to participate in the Plan. An “Eligible Person” means a person that is a “primary participant” (as that term is defined in Division 1A of Part 7.12 of the Corporations Act) in relation to the Company or an associated body corporate and has been determined by the Board to be eligible to participate in the Plan from time to time.
- (B) (**Offer**): Following determination that an Eligible Person may participate in the Plan, the Board may make an offer to that person by an offer letter setting out the terms of the offer and any Conditions which may apply to the offer or the Awards (**Offer Letter**).
- (C) (**Issue cap**): Unless the Company is unlisted or the Company constitution provides otherwise, the Company must not make an offer of Awards for monetary consideration under the Plan, where the total number of Shares to be issued under the Plan (**Plan Shares**) (or that will be issued upon conversion of convertible securities to be issued), when aggregated with the number of Plan Shares that may be issued as a result of offers made under the Plan, at any time during the previous 3 year period, would exceed 5% of the total number of Shares on issue at the date of the offer.

The Plan does not contain an issue cap on the number of Awards that may be issued for no monetary consideration, however the Board has decided to impose a cap of 2,519,700 Awards where no consideration is payable. This does not include the issue of Awards that are otherwise approved by Shareholders.

- (D) (**Disclosure**): All offers of Awards under the Plan for no monetary consideration are made pursuant to Division 1A of Part 7.12 of the Corporations Act and accordingly the Company will not issue a disclosure document for such an offer.

If the Company makes an offer to issue Awards under the Plan for monetary consideration, the Company will comply with the disclosure requirements in Division 1A of Part 7.12 of the Corporations Act.

- (E) (**Nature of Awards**): Each option or performance right entitles the holder, to subscribe for, or be transferred, 1 Share. Any Shares acquired as an Award or pursuant to the exercise of an Award will rank equally with all existing Shares from the date of acquisition.
- (F) (**Vesting**) Awards may be subject to exercise conditions, performance hurdles or vesting conditions (**Conditions**). These Conditions must be specified in the Offer Letter to Eligible Persons. In the event that a takeover bid for the Company is declared unconditional, there is a change of control in the Company, or if a merger by way of a scheme of arrangement has been approved by a court, then the Board may determine that:
- (1) all or a percentage of unvested options will vest and become exercisable;
 - (2) all or a percentage of performance rights will be automatically exercised; and
 - (3) any Shares issued or transferred to a holder under the Plan that have restrictions (on their disposal, the granting of any security interests in or over, or otherwise on dealing with), will be free from any restrictions on disposal.
- (G) (**Exercise Period**): The period during which a vested Award may be exercised will commence when all Conditions have been satisfied, waived by the Board, or are deemed to have been satisfied under the rules of the Plan and the Company has issued a vesting notification to the holder, and ends on the Expiry Date (as defined at (J)(4) below).
- (H) (**Disposal restrictions**): Awards granted under the Plan may not be assigned, transferred, novated, encumbered with a security interest (such as a mortgage, charge, pledge, lien, encumbrance or other third party interest of any nature) over them, or otherwise disposed of by a holder, other than to a nominated party (such as an immediate family member, trustee of a trust or company) in accordance with the Plan, unless:
- (1) the prior consent of the Board is obtained; or

- (2) such assignment or transfer occurs by force of law upon the death of a holder to the holder's legal personal representative.
- (I) (**Cashless exercise**): Option holders may, at their election, elect to pay the exercise price for an option by setting off the exercise price against the number of Shares which they are entitled to receive upon exercise of the option (**Cashless Exercise Facility**). By using the Cashless Exercise Facility, the option holder will receive Shares to the value of the surplus after the exercise price has been set off.

If an option holder elects to use the Cashless Exercise Facility, the option holder will only be issued that number of Shares (rounded down to the nearest whole number) as are equal to the value of the difference between the exercise price otherwise payable for the options and the then market value of the Shares at the time of exercise (determined as the volume weighted average price on ASX over the five trading days prior to providing a notice of exercise).

- (J) (**Lapse**): Unvested Awards will generally lapse on the earlier of:
- (1) the cessation of employment, engagement or office of the holder;
 - (2) the day the Board makes a determination that all unvested Awards and vested options of the holder will lapse because, in the opinion of the Board the holder has acted fraudulently or dishonestly, or is in material breach of his or her duties or obligations to the Company;
 - (3) if any applicable Conditions are not achieved by the relevant time;
 - (4) if the Board determines that any applicable Conditions have not been met and cannot be met prior to the date that is 5 years from the grant date of an Award or any other date determined by the Board and as specified in the Offer (**Expiry Date**); or
 - (5) the Expiry Date.

Where a holder of Awards ceases to be employed or engaged by the Company and is not a "Bad Leaver" (as that term is defined in the Plan), and the Awards have vested, they will remain exercisable until the Awards lapse in accordance with the Plan rules or if they have not vested, the Board will determine as soon as reasonably practicable after the date the holder ceases to be employed or engaged, how many (if any) of those holder's Awards will be deemed to have vested and exercisable.

Where a holder becomes a "Bad Leaver" (as that term is defined in the New Plan), all Awards, unvested or vested, will lapse on the date of the cessation of employment, engagement or office of that holder.

SCHEDULE 5 – MATERIAL TERMS OF THE BINDING TERM SHEET

The material terms of the Binding Term Sheet are as follows:

- (A) **(Grant of Option)** In exchange for payment of a non-refundable Option Fee of CDN\$35,000 (payable on signing), Jody Dahrouge (**Vendor**) grants the Company the exclusive right to acquire 100% of all of the Mineral Claims (**Option**).
- (B) **(Exercise of the Option)** On payment of the Option Fee, the Company may exercise the Option at any time until expiry of the Option Period on 5.00pm (AWST) on 30 September 2022.
- (C) **(Exploration during Option Period)** During the Option Period, the Company has an exclusive licence to conduct surface exploration activities on the Mineral Claims.
- (D) **(Settlement)** Settlement under the Binding Term Sheet will occur on the date that is 5 days after the date of the Option Exercise Notice, or such other date as the parties agree in writing (**Settlement Date**).
- (E) **(Consideration)** At Settlement, the following consideration is payable by the Company to the Vendor (and/or its nominees):
- (1) CDN\$65,000 cash;
 - (2) 1 million fully paid ordinary shares in the Company (**Shares**) at a deemed issue price of AUD\$0.20 per Share (**Consideration Shares**); and
 - (3) 4 million Performance Shares, convertible to Shares, subject to satisfaction of the Vesting Conditions as follows:
 - (i) Milestone 1 – 1,000,000 performance shares upon the sourcing of at least five rock samples of at least 1% Li₂O (or equivalent) on the Brisk Project mineral claims and select mineral claims at the Trieste Lithium Project, as verified by an independent competent person under the JORC Code 2012 within 48 months of issue;
 - (ii) Milestone 2 – 1,000,000 performance shares upon obtaining a drilled or surface channel sample interval of at least 5m of at least 1% Li₂O (or equivalent) on the Brisk Project mineral claims and select mineral claims at the Trieste Lithium Project, as verified by an independent competent person under the JORC Code 2012 within 48 months of issue; and
 - (iii) Milestone 3 – 2,000,000 performance shares upon obtaining the delineation of a JORC compliant resource on the Brisk Project mineral claims and select mineral claims at the Trieste Lithium Project of a minimum of 10,000,000 tonnes grading at least 1% Li₂O, as verified by an independent competent person under the JORC Code 2012 within 60 months of issue.
- The Consideration Shares will be subject to voluntary escrow for a 6-month period to commence on the Settlement Date.
- (F) **(Royalty)** From Settlement, the Company grants the Vendor (and/or their nominee) a 3.0% net smelter royalty on all minerals recovered from the Mineral Claims (**Royalty**). The Company has the option to buy-back 1.00% of the Royalty (**Royalty Option**) for the following consideration if the Royalty Option is exercised within 4 years of the Settlement Date, for CDN\$1 million and if the Royalty Option is exercised thereafter, for CDN\$2.5 million.
- (G) **(Expenditure Commitment)** Subject to Settlement occurring, on or before 31 December 2023 (**Expenditure Deadline**), the Company undertakes to expend up to CDN\$750,000 on exploration activities on the Mineral Claims (**Expenditure Commitment**). However, the Company is not obliged to spend the full CDN\$750,000 if it forms the view that further expenditure is not warranted, provided that at a minimum, the Company has spent CDN\$150,000 on exploration activities on the Mineral Claims and, on or before the Expenditure Deadline, the Company has completed a reconnaissance field trip (**Field Trip**) with respect to the Mineral Claims and procure experienced geologists to conduct and complete a program of rock chip sampling. If the Company undertakes further exploration on the Mineral Claims, all costs associated with the Field Trip and rock chip sampling will count

towards the CDN\$750,000 Expenditure Commitment. In any event, should lithium bearing pegmatite(s) be detected on the Mineral Claims as a result of the Field Trip, the Purchaser must expend CDN\$750,000 on exploration activities on the Mineral Claims by the Expenditure Deadline, subject to Settlement occurring.

- (H) **(Other)** The Binding Term Sheet otherwise contains terms and conditions typical for binding agreements of this nature.

SCHEDULE 6 – DAHROUGE PERFORMANCE SHARE VESTING CONDITIONS

Milestone/ Tranche	Number of Performance Shares	Particulars of Performance Milestone Conditions
Milestone 1	1,000,000	<p>Due date: This milestone must be achieved within 48 months of issuing the Dahrouge Performance Shares.</p> <p>Expiry Date: The holder must elect to convert any vested Dahrouge Performance Shares to Shares before the date which is 5 years after their date of issue, failing which, the relevant Dahrouge Performance Shares will automatically lapse.</p> <p>Vesting criteria/Performance Milestone Condition: The sourcing of at least 5 rock samples of at least 1% Li₂O (or equivalent) on the Brisk Project mineral claims and select mineral claims at the Trieste Lithium Project (Mineral Claims), as verified by an independent competent person under the JORC Code 2012, from the Mineral Claims.</p>
Milestone 2	1,000,000	<p>Due date: This milestone must be achieved within 48 months of issuing this class of Dahrouge Performance Shares.</p> <p>Expiry Date: The holder must elect to convert any vested, the Dahrouge Performance Shares to Shares before the date which is 5 years after their date of issue, failing which, the relevant Dahrouge Performance Shares will automatically lapse.</p> <p>Vesting criteria/Performance Milestone Condition: A drilled or surface channel sample interval of at least 5m of at least 1% Li₂O (or equivalent) on the Mineral Claims, as verified by an independent competent person under the JORC Code 2012.</p>
Milestone 3	2,000,000	<p>Due date: This milestone must be achieved within 60 months of issuing this class of Dahrouge Performance Shares.</p> <p>Expiry Date: The holder must elect to convert any vested Performance Shares to Shares before the date which is 5 years after their date of issue, failing which, the relevant Dahrouge Performance Shares will automatically lapse.</p> <p>Vesting criteria/Performance Milestone Condition: Delineation of a JORC compliant resource on the Mineral Claims of a minimum of 10,000,000 tonnes grading at least 1% Li₂O, as verified by an independent competent person under the JORC Code 2012.</p>

The Dahrouge Performance Shares (i.e. the right to be issued the Dahrouge Performance Shares on achievement of the relevant Performance Milestones) have the following terms;

(A) they are not quoted;

- (B) they are not transferrable
- (C) they do not confer any right to vote;
- (D) they do not permit the holder to participate in new issues of capital such as bonus issues and entitlement issues;
- (E) they do not carry an entitlement to a dividend;
- (F) they do not permit the holder to participate in a return of capital, whether in a winding up, upon a reduction of capital or otherwise; and
- (G) they do not confer any right to participate in the surplus profit or assets of the entity upon a winding up.

SCHEDULE 7 – MATERIAL TERMS OF THE LOI

The Company and Osisko have signed a LOI pursuant to which the Company has exclusivity to work towards the formulation of an agreement to acquire 100% of the mineral claims held by Osisko at the Trieste Lithium Project (**Claims**) on the following material terms:

- (A) (**Option**): The Company will issue Osisko 500,000 Shares for a 12-month exclusive option period (**Option Period**), whereby the Company will conduct due diligence and exploration on the Claims.
- (B) (**Escrow**): Shares issued by the Company to Osisko for the grant of the Option will be subject to a 12-month escrow period from the date of issue.
- (C) (**Minimum Expenditure**): As a pre-condition to the exercise of the Option, the Company must spend a minimum of CDN\$200,000 during the Option Period so that it has the right to purchase the Claims from Osisko (**Minimum Expenditure Condition**).
- (D) (**Purchase Price**): At any time up until the end of the Option Period and subject to satisfaction of the Minimum Expenditure Condition, the Company may purchase the Claims for CDN\$500,000 in either cash or Shares at the Company's election provided that the Company has met the Minimum Expenditure Condition.
- (E) (**Exercise**): The Company may exercise the Option at any time during the Option Period (but subject to the satisfaction of the Minimum Expenditure Condition) by notice in writing to Osisko. Settlement will occur no later than 30 days after the exercise of the Option, or at such other time as the parties may agree, acting reasonably.
- (F) (**Milestone Payment**): Should a JORC resource of at least 10MT @ a minimum of 1% Li₂O be discovered on the Claims the Company will pay Osisko CDN\$3,000,000 in either cash or Shares at the Company's election.
- (G) (**Royalty**): The Company acknowledges the existing royalties on the Claims (2% net smelter return royalty).

SCHEDULE 8 – MATERIAL TERMS OF THE ACL DEED OF VARIATION

On 15 February 2023, the Company and the ACL Vendors entered into the ACL Deed of Variation. The material terms of the ACL Deed of Variation are summarised below:

- (H) **(20% acquisition)** The Company agreed to purchase the 20% of the fully paid ordinary shares and options in the capital of ACL not already held by the Company (**Additional Sale Securities**).
- (I) **(Consideration)** In consideration for the purchase of the Additional Sale Securities, the Company agreed to issue to the ACL Vendors, apportioned pro-rata to their respective holding in ACL:
 - (1) 7,000,000 Shares (at a deemed issue price of \$0.45 per share) (**Additional Consideration Shares**); and
 - (2) subject to Shareholder approval, 3,499,999 Options exercisable at \$0.50 and expiring 3 years from their date of issue (**Additional Consideration Options**).
- (J) **(Voluntary escrow)** The Additional Consideration Shares are subject to a voluntary escrow period (3,500,000 Additional Consideration Shares expiring 3 months from the date of their issue and 3,500,000 Additional Consideration Shares expiring 6 months from the date of their issue).
- (K) **(Shareholder approval)** The issue of the Additional Consideration Options is subject to the Company obtaining all necessary Shareholder approvals. If Shareholder approval is not obtained for the issue of the Additional Consideration Options by 30 June 2023, in lieu of the Additional Consideration Options, the Company will pay each ACL Vendor in cash an amount equal to the number of Additional Consideration Options to which it is entitled in line with a Black-Scholes option pricing valuation methodology with an applied 100% volatility.
- (L) **(Previously agreed consideration)** In consideration of the issue of the Additional Consideration Shares and the Additional Consideration Options, each ACL Vendor agreed that the previously agreed consideration payable under the ACL Acquisition Agreement for the acquisition of the remaining 20% of securities in ACL (being, in aggregate, the issue of 18,000,000 Shares and 9,000,000 Options in two stages subject to the satisfaction of certain performance milestones will not vest in the ACL Vendors) and the Company is authorised to take such action as it determines to cancel or procure the lapsing of such securities.
- (M) **(Completion)** Completion of the sale and purchase of the Additional Sale Securities took place on the date of execution of the ACL Deed of Variation.
- (N) **(Warranties and representations)** Each ACL Vendor and the Company repeat their respective warranties and representations made in the ACL Acquisition Agreement. Each ACL Vendor warrants and represents that they are the legal and beneficial owners of the applicable Additional Sale Securities.
- (O) **(Indemnities)** Each ACL Vendors severally indemnifies the Company against all loss, damage and costs suffered by the Company by reason of the warranties or representations made by the ACL Vendors proving to be false, misleading or incorrect. The indemnity is subject to a claim being notified to the relevant ACL Vendor within 12 months of completion and subject to the maximum liability of an ACL Vendor not exceeding the deemed value of the consideration issued to an ACL Vendor.
- (P) **(Other)** The ACL Deed of Variation otherwise contains customary provisions.

SCHEDULE 9 – TERMS OF OPTIONS TO BE ISSUED TO CANACCORD

- (A) **(Entitlement):** Each Option entitles the holder to subscribe for 1 Share upon exercise of the Option.
- (B) **(Exercise Price):** The amount payable upon exercise of each Option will be \$0.60.
- (C) **(Expiry Date):** Each Option will expire at 5:00 pm (AWST) on 31 March 2026 (**Expiry Date**).
- (D) **(Exercise Period):** The Options are exercisable at any time and from time to time on or prior to the Expiry Date (**Exercise Period**).
- (E) **(Notice of Exercise):** The Options may be exercised during the Exercise Period 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.
- (F) **(Exercise Date):** A Notice of Exercise is only effective on and from the later of 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) **(Quotation):** The Company will not apply for quotation of the Options on ASX.
- (H) **(Timing of issue of Shares on exercise):** Within 5 Business Days after the Exercise Date, the Company will:
- (1) 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;
 - (2) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
 - (3) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.
- If a notice delivered under paragraph H(2) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investor.
- (I) **(Shares issued on exercise):** Shares issued on exercise of the Options will rank equally with the then Shares.
- (J) **(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.
- (K) **(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. The Company must give notice to holders of the Options before the record date for determining entitlements to the issue in accordance with the Listing Rules of ASX.
- (L) **(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):
- (1) 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
 - (2) no change will be made to the Exercise Price.

- (M) **(Change in exercise price)**: An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.
- (N) **(Transferability)**: The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 10 – MATERIAL TERMS OF MANDATE

On 4 April 2023, the Company and Canaccord executed the Mandate, pursuant to which the Company has engaged Canaccord to provide capital markets advisory services. The material terms of the Mandate are summarised below:

- (A) **(Services)** The Company has engaged Canaccord to provide capital markets advisory services and assist with the Company's on-going capital markets strategy. As reasonably required by the Company, Canaccord will provide the following services:
- (1) advising and assisting on capital management issues;
 - (2) reviewing investor presentation materials and Company announcements and communications to the market;
 - (3) assisting the Company with its strategy for engaging with existing and prospective institutional and strategic shareholders;
 - (4) providing introductions to institutional and strategic investors;
 - (5) monitoring and reviewing any unusual trading of the Company's shares; and
 - (6) coordinating as required with the Company's other advisers in connection with the above services.
- (B) **(Term)** The minimum term of the Mandate is for 12 months commencing on 4 April 2023. Thereafter the Mandate may be terminated by the Company by providing 30 days written notice to Canaccord. Canaccord may terminate the Mandate at any time.
- (C) **(Option Fee)** In exchange for the Services, the Company will issue to Canaccord 2,000,000 options with an exercise price of \$0.60 and an expiry date of 31 March 2026. Subject to the need to obtain Shareholder approval, the options will be issued immediately after the date of execution of the Mandate. If Shareholder approval is required to issue the options, the Company will convene a general meeting to seek such approval.
- (D) **(Expenses)** The Company will reimburse Canaccord for all reasonable expenses incurred in connection with the Mandate including legal fees, marketing and communication costs, printing, overtime expenses and travel and accommodation expenses. Canaccord will obtain the Company's prior consent before incurring any cost anticipated to exceed \$2,000.
- (E) **(Indemnity)** The Company will indemnify Canaccord, its related bodies corporate and their respective directors, employees and agents for all loss or damage arising directly or indirectly out of or in connection with the Mandate.
- (F) **(Other)** The Mandate contains other terms, including warranties, that are standard for agreements of this nature.

SCHEDULE 11 – MATERIAL TERMS OF LEAD MANAGER AGREEMENT

On 4 April 2023, the Company and Canaccord executed the Lead Manager Agreement, pursuant to which the Company has appointed Canaccord to act as lead manager for the Offers. The material terms of the Lead Manager Agreement are summarised below:

- (A) **(Engagement)** The Company has exclusively appointed Canaccord to act as the lead manager, broker and sole book runner to the Offers **(Engagement)**.
- (B) **(Term)** The term of the Engagement is for 1 month and may be extended by mutual agreement of the parties.
- (C) **(Services)** As lead manager for the Offers, Canaccord will provide the following services to the Company:
- (1) lead managing and marketing the Offers;
 - (2) advising on the structure and timing of the Offers, in conjunction with the Company's legal and professional advisers;
 - (3) assisting in the drafting of marketing materials and developing a communications strategy for the Offers;
 - (4) assisting the Company with its due diligence process for the Offers;
 - (5) identifying suitable potential investors to participate in the Offers;
 - (6) managing the administration of the Offers, including the book build process; and
 - (7) managing the allocation process and assisting the Company with coordinating settlement processes.

The Company will obtain its own professional advice on technical, legal, accounting, taxation and other specialist matters.

- (D) **(Fees)** The Company agrees to pay Canaccord the following fees (exclusive of GST) for the Services:
- (1) a capital raising fee of 4% of the gross proceeds raised under the Offers; and
 - (2) a management fee of 2% of the gross proceeds raised under the Offers.

Canaccord may elect that any part of or all the fees be paid in cash or Shares.

If the Company does not proceed with the Offers, but completes another offer of securities within 3 months of the Lead Manager Agreement, Canaccord will be entitled to the fees set out above based on the gross proceeds of the subsequent offer.

- (E) **(No underwriting)** The Lead Manager Agreement does not constitute a commitment on the part of Canaccord to subscribe for any securities under the Offers or procure others to do so.
- (F) **(Due diligence)** The Company will procure that appropriate due diligence investigations are undertaken in relation to the Offers and the lead manager will be able to rely on the results of the due diligence enquiries.
- (G) **(Expenses)** The Company will reimburse Canaccord for all reasonable expenses incurred in connection with the Lead Manager Agreement including legal fees (up to \$15,000), marketing and communication costs, printing, overtime expenses and travel and accommodation expenses. Canaccord will obtain the Company's prior consent before incurring any cost anticipated to exceed \$2,000 (excluding legal fees).
- (H) **(Indemnity)** The Company will indemnify Canaccord, its related bodies corporate and their respective directors, employees and agents for all loss or damage arising directly or indirectly out of or in connection with the Offers or the Lead Manager Agreement.
- (I) **(Other)** The Lead Manager Agreements contains other terms, including warranties, that are standard for agreements of this nature.

SCHEDULE 12 – PRO-FORMA BALANCE SHEET

The pro-forma balance sheet set out below is provided for illustrative purposes only and is not represented as being necessarily indicative of the Company's view of its financial position upon completion of the Proposed Acquisition and the Public Offer or at a future date.

Loyal Lithium Limited PRO FORMA BALANCE SHEET								
		Statutory Balance sheet	Statutory Balance sheet					Pro Forma Balance Sheet
		2021	2022	ACL Variation (20% take up)	Subsequent Events	Public Offering Capital Raise	Hidden Lake Acquisition	31-May-23
	Notes	\$	\$	\$	\$	\$	\$	\$
Assets								
Current assets								
Cash and cash equivalents	1	3,640,881	6,573,702		(1,682,054)	866,713	(288,500)	5,469,861
Trade and other receivables		58,660	137,519		-	-		137,519
GST receivable					-	6,750		6,750
Total current assets		3,699,541	6,711,221	-	(1,682,054)	873,463	(288,500)	5,614,130
Non-current assets								
Property, plant and equipment		27,451	23,226		-			23,226
Exploration and evaluation	2	1,230,497	5,648,243	2,338,589	1,215,622	-	6,055,587	15,258,041
Total non-current assets		1,257,948	5,671,469	2,338,589	1,215,622	-	6,055,587	15,281,267
Total assets		4,957,489	12,382,690	2,338,589	(466,433)	873,463	5,767,087	20,895,396
Liabilities								
Current liabilities								
Trade and other payables		64,291	545,642		222,079			767,721
Total current liabilities		64,291	545,642	-	222,079	-	-	767,721
Total liabilities		64,291	545,642	-	222,079	-	-	767,721
Net assets		4,893,198	11,837,048	2,338,589	(688,512)	873,463	5,767,087	20,127,676
Equity								
Issued capital	3	4,372,509	12,739,707	2,520,000	240,000	1,267,332	5,120,000	21,887,039
Foreign currency reserves		-	(3,424)		-	-	-	(3,424)
Reserves	4	1,683,600	3,555,895	566,201	163,735	-	647,087	4,932,918
Accumulated losses	5	(1,162,911)	(5,202,742)		(1,092,247)	(393,869)	-	(6,688,858)
Equity attributable to the owners of Loyal Lithium Limited		4,893,198	11,089,436	3,086,201	(688,512)	873,463	5,767,087	20,127,676
Non-controlling interest		-	747,612	(747,612)	-			-
Total equity		4,893,198	11,837,048	2,338,589	(688,512)	873,463	5,767,087	20,127,676

SCHEDULE 13 – SUMMARY OF KEY RISKS

Risks relating to the Proposed Acquisition

(A) **Completion risk**

There is a risk that the conditions for settlement of the Proposed Acquisition cannot be fulfilled, including where the Company is unable to meet the requirements of ASX to re-comply with Chapters 1 and 2 of the Listing Rules. If the Proposed Acquisition is not completed, the Company will incur costs relating to advisors and other costs without any material benefit being achieved. Should this occur, Shares will not be able to be traded on ASX until such time as the Company has re-complied with Chapters 1 and 2 of the Listing Rules and Shareholders may be prevented from trading the Shares until such time as a successful re-compliance is completed.

(B) **Re-quotations risk**

ASX has determined that upon considering the Proposed Acquisition, together with the Company's acquisition of the Initial Lithium Projects, which have taken place post-listing, that Loyal Lithium must re-comply with Chapters 1 and 2 of the Listing Rules pursuant to Listing Rule 11.1.3.

There is a risk that the Company will not be able to satisfy one or more of these requirements and that its securities will remain suspended from Official Quotation in the future.

Company specific risks

(C) **Future capital requirements**

The Company believes its available cash and the net proceeds of the Offers should be adequate to fund its exploration and corporate activities and other Company objectives in the short-to medium-term.

However, in order to successfully develop its lithium projects and for production to commence, the Company may require additional financing in the future, in addition to amounts raised pursuant to the Public Offer. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the then market price or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.

Although the Directors believe that additional capital can be obtained as and when required, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its activities and this could have a material adverse effect on the Company.

(D) **General risks associated with operating overseas**

The Company will be subject to the risks associated with operating in Canada and the United States. Such risks can include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations.

Changes to mining or investment policies and legislation or a shift in political attitude may adversely affect the Company's operations and profitability.

(E) **Title risks**

The mineral claims in which the Company may acquire are subject to the applicable local laws and regulations.

These mineral claims are subject to conditions. Failure to comply with these conditions may render the mineral claims liable for forfeiture.

The mineral claims will be subject to application for renewal from time to time. Renewal of the term of each mineral claim is subject to applicable local laws and regulations. If a mineral

claim is not renewed for any reason, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that mineral claim.

(F) **First Nations**

There are areas over the mineral claims in which the Company may acquire interests over which First Nations land claims exist or may in the future exist. The impact of any such claims cannot be foreseen with any degree of certainty and no assurance can be given that a broad recognition of First Nations rights in these areas would not have an adverse effect on the Company's activities. Even in the absence of such recognition, the Company may at some point be required to negotiate with and seek the approval of holders of First Nations interests in order to facilitate exploration and development work on the Company's mineral properties. It cannot be assured that the Company will be able to establish practical working relationships with the First Nations in the area which would allow it to ultimately develop its projects.

(G) **Royalties**

The Company is required to pay royalties on some or all minerals derived from its projects. There is a risk that the royalties will have an impact on the economics of progressing any proposed mining operations. However, the Company has no control over the incurrence of these costs and is unable to predict the magnitude of such costs.

(H) **Contractual risks**

The ability of the Company to achieve its objectives will depend on the performance by the counterparties to any agreements that the Company may enter into. If any counterparty defaults in the performance of their obligations, it may be necessary for the Company to approach a court to seek a legal remedy. Legal action can be costly.

Furthermore, certain contracts to which the Company is a party are governed by laws of Canada and the United States. There is a risk that the Company may not be able to seek the legal redress that it could expect under Australian law and generally there can be no guarantee that a legal remedy will ultimately be granted on the appropriate terms.

(I) **Exploration and operating costs**

The proposed exploration expenditure of the Company is based on certain assumptions with respect to the method and timing of exploration and feasibility work. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice.

(J) **Unforeseen expenses**

The Company is not aware of any expenses that may need to be incurred that have not been taken into account. However, if such unforeseen expenses were subsequently incurred, the expenditure proposals of the Company may be adversely affected.

(K) **Potential acquisitions**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, other resource projects. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of resource projects.

(L) **Health, safety and the environment**

The conduct of business in the resources sector involves a variety of risks to the health and safety of personnel and to the environment. If it is conceivable that an incident may occur which might negatively impact on the Company's business.

(M) **Commodity prices**

Increases in commodity prices may encourage increases in exploration, development and construction activities, which can result in increased demand for, and cost of, exploration, development and construction services and equipment. Increased demand for services and equipment could cause exploration and project costs to increase materially, resulting in delays if services cannot be obtained in a timely manner due to inadequate availability, and could

increase potential scheduling difficulties and costs due to the need to co-ordinate the availability of services or equipment, any of which could materially increase project exploration, development or construction costs or result in project delays or both. Any such material increase in costs would adversely affect the Company's financial condition.

A decrease in commodity prices may render mineral properties uneconomic or may result in material reductions in the value of exploration, development or developed mineral properties.

(N) **Risk of adverse publicity**

The projects which the Company aims to develop involves exploration and ore processing within the relevant local communities. Any failure to adequately manage community expectations with respect to compensation for land access, artisanal mining activity, employment opportunities, impact on local business and any other expectations may lead to local dissatisfaction. The political and social pressures resulting from local dissatisfaction and adverse publicity could lead to delays in approval of, and increased expenses in the Company's proposed exploration programme.

Mining industry risk

(O) **Exploration and evaluation risks**

Mineral exploration and development are high-risk undertakings. There can be no assurance that exploration of the Company's mineral claims, or any other mineral claims that may be acquired in the future, will result in the development of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to permitting conditions, seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its mineral claims and obtaining all required approvals for its activities and so doing in a timely manner considering constraints associated with the presence of special management areas, the absence of existing or suitable physical access or seasonal road closures. In the event that exploration programs prove to be unsuccessful this could lead to a diminution in the value of the mineral claims and possible relinquishment or sale of the mineral claims.

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(P) **Resource estimates**

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

(Q) **Ability to exploit successful discoveries**

It may not always be possible for the Company to exploit successful discoveries which may be made in areas in which the Company has an interest. Such exploration would involve obtaining the necessary licences or clearances from the relevant authorities that may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further, the decision to proceed to further

exploration may require participation of other companies whose interests and objectives may not be the same as those of the Company.

(R) Development risks and costs

Possible future development of mining operations at any of the Company's projects is dependent on a number of factors and avoiding various risks including, but not limited to, failure to acquire and/or delineate economically recoverable ore bodies, unfavourable geological conditions, failing to receive the necessary approvals from all relevant authorities and parties, failure to withstand legal challenges to government agency permit approvals, unseasonal weather patterns, excessive seasonal weather patterns, fire, flooding, unanticipated challenges related to background conditions or area soil or water quality, access and utilities, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, unexpected shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, risk of access to the required level of funding and contracting risk from third parties providing essential services.

In addition, the exploration and pre-development government approvals prior to construction of any proposed development may exceed the expected timeframe or cost for a variety of reasons out of the Company's control, including but not limited to government agency approvals being subject to administrative and judicial appeals. Any delays to project development could adversely affect the Company's operations and financial results and may require the Company to raise further funds to complete resource delineation, project development and commence operations.

(S) Operating risks

There can be no assurance that the Company's intended goals will lead to successful exploration, mining and/or production operations. Further, no assurance can be given that the Company will be able to initiate or sustain minerals production, or that future operations will achieve commercial viability.

When additional exploration is undertaken and if a JORC compliant resource or reserve is not defined, then it may have a negative impact on the Company.

Future operations of the Company may be affected by various factors including:

- (a) geological and hydrogeological conditions;
- (b) limitations on activities due to seasonal weather patterns and monsoon activity;
- (c) delays associated with the obtaining of permits and approvals to undertake exploration activity including allowing ground disturbing activity associated with operations in Canada and the United States;
- (d) unanticipated operational and technical difficulties encountered in survey, drilling and production activities;
- (e) electrical and/or mechanical failure of operating plant and equipment, industrial and environmental accidents, industrial disputes and other force majeure events;
- (f) equipment failure, fires, spills or industrial and environmental accidents;
- (g) unavailability of aircraft or equipment to undertake airborne surveys and other geological and geophysical investigations;
- (h) risk that exploration, appraisal, development, plant or operating costs prove to be greater than expected or that the proposed timing of exploration, development or production may not be achieved;
- (i) failure to achieve exploration success;
- (j) the supply and cost of skilled labour;
- (k) unexpected shortages or increases in the costs of consumables, diesel fuel, spare parts, plant and equipment; and

- (I) prevention and restriction of access by reason of political unrest, outbreak of hostilities and inability to obtain consents or approvals.

No assurances can be given that the Company's operations will achieve commercial viability through successful exploration and/or mining.

(T) **Environmental**

The proposed activities of the Company are subject to the laws and regulations of Canada and the United States concerning the environment. As with most exploration projects, the Company's activities are expected to have an impact on the environment, particularly during advanced exploration and future mining activities. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration, development and production. The occurrence of any such safety or environmental incident could delay production or increase costs. Events such as unpredictable rainfall or bushfires may impact on the Company's ongoing compliance with environmental laws, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge and air emissions discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous, which could delay the Company's activities and make its operations more expensive.

(U) **Occupational Health and Safety**

The exploration and mining industry is subject to increasing occupational health and safety responsibility and liability. The Company may become liable for past and current conduct which violates such laws and regulations, which may be amended by the relevant authorities. Penalties for breaching health and safety laws can be significant and victims of workplace accidents may also commence civil proceedings against the Company. These events may not be insured, or may be uninsurable.

Changes to health and safety laws and regulations may also increase compliance costs for the Company, which would negatively impact the financial results of the Company.

(V) **Government regulation**

The mining, processing, development and mineral exploration activities of the Company are subject to various laws and regulations governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use authorisations, water use protection of water quality, sensitive, threatened and endangered species and cultural resources and other matters. Although the Company's activities are and will be currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new statutes, regulations, executive orders, agency directives or policies or judicial decisions will not be adopted or that existing statutes, regulations or policies will not be applied in a manner which could limit exploration efforts or preclude or curtail future development or production. Amendments to current laws and regulations governing exploration and operations or more stringent implementation thereof could have a substantial adverse impact on the Company's ability to further delineate and develop the resource.

(W) **Inherent mining risks**

The Company's business operations are subject to risks and hazards inherent in the mining industry. The exploration for and the development of mineral deposits involves significant risks, including environmental hazards; industrial accidents; metallurgical and other processing problems; unusual or unexpected rock formations; structure cave-in or slides; flooding; fires and interruption due to inclement or hazardous weather conditions. These risks could result in damage to, or destruction of, mineral properties, production facilities or other properties, personal injury or death, environmental damage, delays in mining, increased production costs, monetary losses and possible legal liability.

Whether income will result from projects undergoing exploration and development programs depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of ore grades and commodity prices affect successful project development.

(X) **Exchange rate risks**

The Company operates in multiple currencies and exchange rates are constantly fluctuating. International prices of various commodities as well as the exploration expenditure of the Company are denominated in Canadian or United States dollars, whereas the Company will rely principally on funds raised and accounted for in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the Canadian or United States dollar and the Australian dollar as determined in international markets.

(Y) **Climate risk**

There are a number of climate-related factors that may affect the operations and proposed activities of the Company. The climate change risks particularly attributable to the Company include:

- (a) 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 air quality emissions and/or 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 endeavor 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
- (b) 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.

General investment risks

(Z) **Economic**

General economic conditions, introduction of tax reform, new legislation, movements in interest rates, inflation and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(AA) **Reliance on key management personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company and its controlled entities 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 senior management, key personnel or employees cease their involvement or employment with the Company or its controlled entities.

(BB) **Market risk and interest rate volatility**

From time to time, the Company may borrow money and accordingly will be subject to interest rates which may be fixed or floating. A change in interest rates would be expected to result in a change in the interest rate to the Company and, hence, may affect its profit.

(CC) **Competition risk**

The industry in which the Company will be involved is subject to global competition. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, whose activities or actions may, positively or negatively, affect the operating and financial performance of the Company's Projects and business. The potential also exists for the nature and extent of the competition to change rapidly, which may cause loss to the Company.

(DD) **Market risk**

There are general risks associated with an investment and the share market. The price of the Shares on ASX may rise and fall depending on a range of factors beyond the Company's control and which are unrelated to the Company's financial performance. These factors may include movements on international stock markets, interest rates and exchange rates, together with domestic and international economic conditions, inflation rates, investor perceptions, changes in government policy, commodity supply and demand, government taxation and royalties, war, global hostilities and acts of terrorism.

Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(EE) **Liquidity risk**

There is no guarantee that there will be an ongoing liquid market for the Shares. Accordingly, there is a risk that, should the market for the Shares become illiquid, Shareholders will be unable to realise their investment in the Company.

(FF) **Insurance and uninsured risks**

The Company, where economically feasible, may insure its operations in accordance with industry practice. However, even if insurance is taken out, 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 of all risks associated with mineral exploration and production is not always available and, where available, the costs can be prohibitive.

(GG) **Infectious disease pandemics**

Infectious disease pandemics such as the coronavirus, whilst opening up various new opportunities for the deployment of the Company's technology, have the potential to interrupt the Company's operations, impair deployment of its products to customers and prevent suppliers or distributors from honouring their contractual obligations. Such pandemics could also cause hospitalisation or death of the Company's existing and potential customers and staff.

(HH) **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, explosions or other catastrophes, epidemics, pandemics or quarantine restrictions.

(II) **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.

(JJ) **Cyber risks and security breaches**

The Company stores data in its own systems and networks and also with a variety of third-party service providers. A malicious attack on the Company's systems, processes or people, from external or internal sources, could put the integrity and privacy of customers' data and business systems at risk. It could prevent customers from using the products for a period of time, put its users' premises at risk and could also lead to unauthorised disclosure of data.

(KK) **Other risks**

Other risk factors include those normally found in conducting business, including litigation through breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel and other matters that may interfere with the Company's business or trade.

Holder Number:

Your proxy voting instruction must be received by **9.00am (AWST) on Saturday, 24 June 2023**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at
<https://investor.automic.com.au/#/login>

or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

WEBSITE: <https://automicgroup.com.au/>

PHONE: 1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

