

Pre-Quotation Disclosure

Loyal Lithium Limited (ACN 644 564 241) (**Company**) provides the following confirmations to satisfy conditions for re-admission of the Company's securities to quotation on ASX.

Capitalised terms not defined have the meaning given to them in the Company's Prospectus, dated 2 June 2023 (**Prospectus**) and Supplementary Prospectus dated 27 July 2023 (**Supplementary Prospectus**).

1. Confirmation of issue of securities under the Offers

The Company confirms the issue of:

- (a) 5,000,000 shares (**Shares**) at an issue price of \$0.30 each, pursuant to the Public Offer;
- (b) 15,250,000 Shares to Youssa Pty Ltd (**Youssa**) and its nominees on 28 July 2023, as follows:
 - i. 13,500,000 Shares to Youssa;
 - ii. 750,000 Shares to Tegra Pty Ltd (ACN 008 805 614) as trustee for the Tegra Trust; and
 - iii. 750,000 Shares to Erinore Pty Ltd (ACN 073 521 338) as trustee for the Van Kleef Trust; and
 - iv. 250,000 Shares to LJMR Holdings Pty Ltd (ACN 665 358 494) as trustee for the Rear Family Trust;
- (c) 2,000,000 Shares to DG Resource Management Ltd (**DGRM**) and its nominees on 28 July 2023 as follows:
 - i. 1,000,000 Shares to DGRM; and
 - ii. 1,000,000 Shares to Yarrowindi Holdings Pty Ltd (ACN 653 433 473);
- (d) 4,000,000 options (**Options**) to Youssa and its nominees on 28 July 2023 as follows:
 - i. 3,600,000 Options to Youssa;
 - ii. 200,000 Options to Tegra Pty Ltd (ACN 008 805 614) as trustee for the Tegra Trust; and
 - iii. 200,000 Options to Erinore Pty Ltd (ACN 073 521 338) as trustee for the Van Kleef Trust.

The Options issued to Youssa and its nominees are exercisable at \$0.60 on or before 28 March 2026;

- (e) 4,000,000 performance shares (**Performance Shares**) to the nominees of Jody Dahrouge on 28 July 2023 as follows:
 - i. 2,000,000 Performance Shares to DGRM;
 - ii. 1,000,000 Performance Shares to Bullseye Geoservices Pty Ltd (ACN 108 625 403);
 - iii. 1,000,000 Performance Shares to Ikigai Strategic Investments Pty Ltd (ACN 654 460 018);
- (f) 2,000,000 Options to the Corporate Advisor, Canaccord Genuity (Australia) Limited, exercisable at \$0.60 on or before 31 March 2026 on 28 July 2023;

The Company confirms the issue of all unquoted securities that had not been issued prior to the application for admission but are to be issued prior to the commencement of official quotation.

2. Capital Structure

The Company's capital structure as at the date of admission to the Official List is as follows:

	Number of Securities
Shares on issue as at the date of the Prospectus	62,490,001 ¹
Shares issued under the Offer	5,000,000
Shares issued to Youssa and DGRM (and their respective nominees)	17,250,000
Total Shares on issue on completion of the Offers	84,740,001
Options on issue as at the date of the Prospectus	29,299,999
Options issued to Youssa (and its nominees)	4,000,000
Options issued to the Corporate Advisor (or its nominees)	2,000,000
Total Options on issue on completion of the Offers	35,299,999
Performance Rights on issue as at the date of the Prospectus	3,000,000
Performance Rights issued to Directors	2,500,000
Performance Rights issued to management	200,000
Performance Rights to be cancelled	(1,500,000)
Total Performance Rights on issue on completion of the Offers	4,200,000
Performance Shares issued to Jody Dahrouge (and his nominees)	4,000,000
Total Performance Shares on issue on completion of the Offers	4,000,000

Notes:

- 1 Excludes 500,000 Shares proposed to be issued to Osisko Development Corporation that were approved on 12 December 2022 and re-approved at the Company EGM on 26 June 2023, but are yet to be issued.

3. Performance Rights

The Company confirms that it has issued 500,000 Performance Rights to Executive Chairman Peretz Schapiro, 2,000,000 Performance Rights to Managing Director Adam Ritchie and 200,000 Performance Rights to Senior Manager – Exploration Darren Allingham under the Company's Long Term Incentive Plan.

The Company confirms the cancellation of 1,500,000 Performance Rights held by Vector Concepts Pty Ltd on 28 July 2023.

4. Restricted Securities

The Company confirms that subject to quotation, the following securities will be restricted from trading pursuant to the ASX Listing Rules for the period as set out below:

Security	Holder	Number	Restriction Period
Shares	Youssa	13,500,000	24 months from quotation
	Tegra Pty Ltd as trustee for the Tegra Trust	750,000	24 months from quotation
	Erinore Pty Ltd as trustee for the Van Kleef Trust	750,000	24 months from quotation
	LJMR Holdings Pty Ltd as trustee for the Rear Family Trust	250,000	24 months from quotation
	DGRM	1,000,000	12 months from the date of issue
	Yarrowindi Holdings Pty Ltd	1,000,000	12 months from the date of issue
Options	Youssa	3,600,000	24 months from quotation
	Tegra Pty Ltd as trustee for the Tegra Trust	200,000	24 months from quotation
	Erinore Pty Ltd as trustee for the Van Kleef Trust	200,000	24 months from quotation
	Canaccord Genuity (Australia) Limited	2,000,000	24 months from quotation
Performance Shares	DGRM	2,000,000	12 months from the date of issue
	Bullseye Geoservices Pty Ltd	1,000,000	12 months from the date of issue
	Ikigai Strategic Investments Pty Ltd	1,000,000	12 months from the date of issue
Performance Rights	Saphires Holdings Pty Ltd	500,000	24 months from quotation
	Adam Caine Ritchie as trustee for Cayman Investment Trust	2,000,000	24 months from quotation

The Company currently has on issue 3,500,001 Shares subject to voluntary escrow until 16 August 2023. These Shares were issued to the vendors of the Scotty Lithium Project, to permit the Company to acquire the remaining 20% of the project. Please see the Company's ASX Announcement of 16 February 2023 "*Drilling to Commence at 100% Owned Scotty Lithium Project*" for further information.

5. Confirmation of satisfaction of conditions precedent and completion under the Acquisition Agreements

The Company confirms all conditions precedent under the:

- (a) Acquisition Agreement, dated 28 March 2023 as varied by letter agreement dated 31 May 2023 and a Deed of Variation dated 19 July 2023, between the Company and Youssa in relation to the acquisition of a 60% interest 5 mineral exploration claims (**Mineral Claim**) at the Hidden Lake Project; and
- (b) Acquisition Agreement dated 28 March 2023 as varied by letter agreement dated 31 May 2023, between the Company, DGRM, Yarrawindi Holdings Pty Ltd and Jordan Pearson in relation to the acquisition of a 100% interest in 1 Mineral Claim at the Hidden Lake Project, (collectively, **Acquisition Agreements**),

have now been satisfied.

As such, completion has now occurred under the Acquisition Agreements and the consideration securities under each agreement, being:

- (a) 15,250,000 Shares and 4,000,000 Options exercisable at \$0.60 on or before 28 March 2026, have been issued to Youssa (or its nominees); and
- (b) 2,000,000 Shares have been issued to DGRM (or its nominee).

The Company confirms that CAD\$35,000 in aggregate was paid to DGRM and Yarrawindi Holdings Pty Ltd on 31 July 2023.

6. No legal, regulatory, statutory or contractual impediments

The Company confirms that there are no legal, regulatory, statutory or contractual impediments to the Company entering the Mineral Claims and carrying out exploration activities such that the Company will be able to spend its cash in accordance with its commitments for the purposes of ASX Listing Rule 1.3.2(b).

7. Updated Statements of Commitments

The Company confirm that it intends to apply the funds received from the Public Offer, being \$1,500,000 (before costs) plus its existing cash reserves of \$4,891,648¹ as follows:

Allocation of funds	Maximum Subscription (\$1,500,000)	Percentage of Funds
Expenditure on Initial Lithium Projects	\$1,004,999	15.72%
Expenditure on the Hidden Lake Project	\$1,880,952	29.43%
Payment of environmental bond	\$140,588	2.20%
Expenses of the Public Offer (net of recoverable GST)	\$694,410	10.86%
Acquisition cash payments	\$38,500	0.60%
Additional project evaluation/acquisitions	\$250,000	3.91%
Working capital	\$2,132,199	37.27%
TOTAL	\$6,141,648	100.00%

Notes:

1 Estimated as of 31 May 2023 after expenses of the Public Offer.

8. Updated pro forma statement of financial position

The following updated pro forma statement of financial position for the Company is based on actual funds raised of \$1,500,000 under the Prospectus including the cost paid associated with re-compliance with Chapters 1 and 2 of the ASX Listing Rules and the expenses of the Public Offers of \$694,410.

Loyal Lithium Limited									
PRO FORMA Statement of Financial Position									
Maximum Subscription (\$1,500,000) - Refer Section 5.6									
		Historical Statement of Financial Position	Historical Statement of Financial Position	5.6(a) ACL Variation (20% take up)	5.6(b) Subsequent Events	5.6(c) Public Offering Capital Raise	5.6(d) Hidden Lake Acquisition		Minimum Pro Forma Statement of Financial Position
	Notes	31/12/2021 \$	31-Dec-22 \$	\$	\$	\$	\$	Allotment Date	\$
Assets									
Current assets									
Cash and cash equivalents	5.8(a)	3,640,881	6,573,702	-	(1,682,054)	798,840	(38,500)		5,651,988
Trade and other receivables		58,660	137,519	-	-	6,750	-		144,269
Total current assets		3,699,541	6,711,221	-	(1,682,054)	805,590	(38,500)		5,796,257
Non-current assets									
Property, plant and equipment		27,451	23,226	-	-	-	-		23,226
Exploration and evaluation	5.8(b)	1,230,497	5,648,243	2,338,589	1,215,622	-	6,205,587		15,408,041
Total non-current assets		1,257,948	5,671,469	2,338,589	1,215,622	-	6,205,587		15,431,267
Total assets		4,957,489	12,382,690	2,338,589	(466,433)	805,590	6,167,087		21,227,523
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)	805,590	6,167,087		20,459,802
Equity									
Issued capital	5.8(c)	4,372,509	12,739,707	2,520,000	240,000	1,322,635	5,520,000		22,342,342
Foreign currency reserves		-	(3,424)	-	-	-	-		(3,424)
Reserves	5.8(d)	1,683,600	3,555,895	566,201	131,453	-	647,087		4,900,636
Accumulated losses	5.8(e)	(1,162,911)	(5,202,742)	-	(1,059,964)	(517,045)	-		(6,779,751)
Equity attributable to the owners of Loyal Lithium Limited		4,893,198	11,089,436	3,086,201	(688,512)	805,590	6,167,087		20,459,802
Non-controlling interest		-	747,612	(747,612)	-	-	-		-
Total equity		4,893,198	11,837,048	2,338,589	(688,512)	805,590	6,167,087		20,459,802

Notes - please refer to section 5.8 of the Prospectus as supplemented by the Supplementary Prospectus.

9. ASX confirmation and waiver

The Company has received the following confirmation and waiver from ASX:

- (a) confirmation that the terms of the Company's Performance Rights (as defined in the Prospectus) are appropriate and equitable for the purpose of ASX Listing Rule 6.1; and
- (b) a waiver from ASX Listing Rule 1.1 condition 12.

The terms of the waiver are **attached** to this announcement.

Signed for and on behalf of the Company.

A handwritten signature in black ink, appearing to read 'Peretz Schapiro', is written over a faint, illegible printed name.

Peretz Schapiro
Executive Chairman
Loyal Lithium Limited

ASX WAIVER AND CONFIRMATION

Loyal Lithium Limited (**Company**) has been granted the following confirmations and waivers from the ASX Listing Rules (**Listing Rules**) in connection with its application for admission to the official list of ASX.

Listing Rule 1.1 Condition 12

A waiver from Listing Rule 1.1 condition 12 to the extent necessary to permit the Company to have on issue 2,700,000 Performance Rights issued to directors and employees of the Company and 4,000,000 Performance Shares issued to Jody Dahrouge (or her nominees) (**Vendor**) with a nil exercise price (collectively, **Performance Securities**).

Listing Rule 6.1

The Company has also obtained a confirmation from ASX that the terms of the Performance Securities are appropriate and equitable to ASX for the purposes of Listing Rule 6.1. The confirmation was granted subject to the following conditions:

1. a supplementary prospectus issued in connection with the Company's re-compliance listing discloses the following details in respect of the Performance Securities:
 - (a) the party or parties to whom the Performance Securities are to be issued and the number of Performance Securities to be issued to them or each of them;
 - (b) any relationship the recipient of the Performance Securities or an associate of the recipient has with the Company;
 - (c) in respect of those Performance Securities proposed to be issued to the directors and management of the Company:
 - i. a statement that the Performance Securities are being issued to remunerate or incentivise a director or employee;
 - ii. details of the role (if any) the director or employee will play in meeting the respective performance milestones;
 - iii. details of the existing total remuneration package of the director or employee;
 - iv. if the director or employee or any of their associates hold securities in the entity, details of those securities and the consideration they paid or provided for those securities;
 - v. an explanation why it is considered necessary or appropriate to further remunerate or incentivise the director or employee to achieve the applicable performance milestone; and
 - vi. details of how the Company determined the number of Performance Securities to be issued to the director and why it considers that number to be appropriate and equitable;
 - (d) in respect of those Performance Securities proposed to be issued to the Vendor:
 - i. an explanation why the Performance Securities are being issued in connection with the acquisition, including the commercial goals the entity is trying to achieve, and the risks it is trying to manage, by imposing the relevant performance milestone;
 - ii. details of the undertaking being acquired;
 - iii. details of the vendor(s) from whom the entity is acquiring the undertaking and their respective ownership interests in the undertaking;

- iv. details of how the entity determined the number of Performance Securities to be issued to the vendor(s) and why it considers that number to be appropriate and equitable; and
 - v. if any of the Performance Securities are being issued to someone who does not have an ownership interest in the undertaking being acquired, or if the Performance Securities are being issued disproportionately to the ownership interests of the vendors, an explanation why that is the case and how that is considered appropriate and equitable;
- (e) the number of ordinary shares that the Performance Securities will convert into if the applicable performance milestone is met and the impact that will have on the Company's capital structure;
- (f) the full terms of the Performance Securities;
- 2. the Company makes an announcement immediately upon satisfaction of any milestones, the issue of any of the Performance Securities and the expiry of any of the Performance Securities;
- 3. the terms and conditions of the Performance Securities, including without limitation the relevant milestones that have to be satisfied before each Performance Security converts into an ordinary share, are not to be changed without the prior approval of ASX and the Company's shareholders;
- 4. upon conversion of the Performance Securities into ordinary shares, the Company will apply to the ASX for quotation of the shares within the requisite time period;
- 5. the Company discloses the following in each annual report and half yearly report issued by the Company in respect of any period during which any of the Performance Securities remain on issue or were converted or cancelled:
 - (a) the number of Performance Securities on issue during the relevant period;
 - (b) a summary of the terms and conditions of the Performance Securities, including without limitation the number of ordinary shares into which they are convertible and the relevant milestones;
 - (c) whether any of the Performance Securities were converted or cancelled during that period; and
 - (d) whether any performance milestones were met during the period.