

ASX Announcement | 29 December 2023

Issuance of Performance Shares and Completion of Acquisition, Trieste Lithium Project James Bay, Canada

Highlights:

- Loyal Lithium has issued Performance Shares to DG Resource Management following positive rock chips assays results on the 100% owned mineral claims of the Trieste Lithium Project.
- The acquisition of 228 mineral claims from General Partnership Osisko Baie James, representing approximately half of the 466 claims of the Trieste Lithium Project, has been completed.
- Loyal Lithium is the single largest landholder within the highly prospective Trieste Greenstone Belt, with a land position of 251 km².

Loyal Lithium Limited (ASX:LLI) (**Loyal Lithium, LLI**, or the **Company**) is pleased to announce that it continues to advance its key in-country relationships with the vesting of Performance Shares to DG Resource Management (**DGRM**) and the completion of the acquisition of 228 mineral claims) from General Partnership Osisko Baie James (**Osisko**).

DGRM is a Canadian project generator accredited with a multitude of significant discoveries across multiple commodities, including lithium, REE's, uranium and specialty metals. Together with Dahrouge Geological, DGRM played a key role in the discovery of spodumene at the Trieste Lithium Project, just as it has at other James Bay lithium projects, such as the world-class Corvette Lithium Project owned by Patriot Battery Metals (ASX: PMT).

Three tranches of Performance Shares were issued to DGRM as part consideration for the acquisition of the Brisk Project by the Company in October 2022. The rock chip assay results obtained from the Company's summer field program¹ contained exceptional results of up to 7.60% Li₂O and satisfied the vesting milestone for the first tranche of the Performance Shares being the sourcing at least 5 rock samples of at least 1% Li₂O (or equivalent) on the Company's 100% owned Trieste Project mineral claims, as verified by an independent competent person under the JORC Code 2012. As per the Company's supplementary prospectus dated 27 July 2023, the Performance Shares will be escrowed until the 3rd of August 2024.

The vesting milestone for tranches 2 and 3 of Performance Shares are yet to be satisfied:

- Milestone 2 – 1 million LLI Shares: A drilled or surface channel sample interval of at least 5m of at least 1% Li₂O (or equivalent) on the Brisk Project or the Company's 100% owned Trieste Project mineral claims, as verified by an independent competent person under the JORC Code 2012.
- Milestone 3 – 2 million LLI Shares: Delineation of a JORC compliant resource on the Brisk Project or the Company's 100% owned Trieste Project 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.

Further details of the Performance Shares are contained within the Company's previous announcements referenced below^{2,3,4}.

Osisko is a leading North American mining company based in Montreal Quebec and focused on Canadian gold opportunities. Following the exercise of Loyal Lithium's option under the Earn-In Option Agreement, the parties have amended certain aspects of the transaction as announced on 20 October 2022². Under the revised terms, Osisko has a 25% free carried interest in the 228 mineral claims until final construction decision, whilst the previous obligation for Loyal Lithium to pay CDN\$3,000,000 to Osisko in either cash or LLI shares should a JORC resource of at least 10MT @ a minimum of 1% Li₂O be discovered has been extinguished.

On completion of the acquisition:

- Loyal Lithium and Osisko entered into a co-ownership agreement with respect to the 228 mineral claims. Under the co-ownership agreement, Loyal Lithium is appointed the manager of all operations and will be responsible for preparing any bankable feasibility study. The co-ownership agreement otherwise contains industry standard terms including in relation to the maintenance of the claims, the free carry of Osisko's participating interest, the composition of the management committee, circumstances giving rise to the dilution of the parties' participating interests, pre-emptive rights on transfer of a party's participating interest and withdrawal and termination rights; and
- as consideration, Loyal Lithium issued 1,766,201 LLI shares to Osisko (subject to 12 months voluntary escrow) representing an aggregate issue price of CDN\$500,000 based on the volume weighted average price of LLI shares calculated over the five trading days immediately before the completion date.

An Appendix 2A will be lodged with the ASX separately for each of the parties (DGRM & Osisko) and an offer for the sale of the New Shares cannot be made until the end of their respective escrow periods and after the Company lodges a cleansing prospectus. Pending the lodgement of a cleansing prospectus by the Company, the parties have agreed to the application of a holding lock over the New Shares. The Company has applied for the application of a holding lock over the New Shares.

This announcement has been authorised for release by Loyal Lithium's Board of Directors

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About Loyal Lithium

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

Future Performance

This announcement may contain certain forward-looking statements and opinion. Forward-looking statements, including projections, forecasts and estimates, are provided as a general guide only and should not be relied on as an indication or guarantee of future performance and involve known and unknown risks, uncertainties, assumptions, contingencies and other important factors, many of which are outside the control of the Company and which are subject to change without notice and could cause the actual results, performance or achievements of the Company to be materially different from the future results, performance or achievements expressed or implied by such statements. Past performance is not necessarily a guide to future performance and no representation or warranty is made as to the likelihood of achievement or reasonableness of any forward-looking statements or other forecast. Nothing contained in this announcement, nor any information made available to you is, or and shall be relied upon as, a promise, representation, warranty or guarantee as to the past, present or the future performance of Loyal Lithium Limited.

References

¹ASX Announcement LLI: 4 December 2023. New Discovery of 6th Spodumene Bearing Pegmatite Dyke at the Trieste Lithium Project, James Bay, Quebec, Canada

² ASX Announcement LLI: 18 August 2022. Monger secures option to acquire the Brisk Lithium Project located in the James Bay Lithium District, Québec

³ASX Announcement LLI: 20 October 2022. Monger triples land position with the acquisition of the Trieste Lithium Project in the James Bay Lithium District, Quebec

⁴ ASX Announcement LLI: 21 November 2022. Loyal expands Trieste Lithium Project to cover an additional 11km of inferred Greenstone