

Notice of General Meeting and Explanatory Memorandum

First Lithium Limited ACN 009 081 770

Date of Meeting: Tuesday, 13 February 2024

Time of Meeting: 12:00pm (Perth time)

Venue: Mining Corporate Boardroom, Level 8, 216 St Georges Terrace
Perth WA 6000

If you are unable to attend the Meeting, please complete the proxy form enclosed and return it in accordance with the instructions set out on that form.

Notice of General Meeting

Notice is given that First Lithium Limited ACN 009 081 770 (**Company**) will hold a General Meeting (**Meeting** or **General Meeting**) of Shareholders at Mining Corporate Boardroom, Level 8, 216 St Georges Terrace Perth WA 6000 on Tuesday, 13 February 2024 at 12:00pm (Perth time).

Shareholders may submit questions in advance of the Meeting. Questions may be submitted by email to alan@miningcorporate.com.au. More frequently asked questions will be attempted to be addressed in the Chairman's address at the Meeting.

If you are unable to attend the Meeting in person, you are encouraged to complete and return the proxy form accompanying this Notice. You can lodge your completed proxy form with the Company's Share Registry manager, Automic by:

- (a) mailing it to Automic using the reply paid envelope;
- (b) posting it to GPO Box 5193, Sydney NSW 2001 Australia;
- (c) lodging it online at Automic's website <https://investor.automic.com.au/#/loginsah> and logging in using the holder number found on the front of the accompanying proxy form, or scanning the QR code on the front of the accompanying proxy form with your mobile device; or
- (d) faxing it to +61 2 8583 3040.

The completed proxy form must be received by Automic no later than 12:00pm (Perth time) on Sunday, 11 February 2024. **If you appoint a proxy the Company encourages you to direct your proxy how to vote on each item, by marking the appropriate box on the proxy form.**

The Notice is important and should be read in its entirety. If you are in doubt as to the course of action you should follow, you should consult your financial adviser or other professional adviser. If you have any difficulties obtaining a copy of the Notice of Meeting please contact the Company's share registry, Automic on 1300 288 664 (within Australia) or +61 (2) 9698 5414 (overseas).

Terms used in this Notice of Meeting are defined in section 7 (Interpretation) of the accompanying Explanatory Memorandum.

Agenda

Special business

1. Approval to amend the Company's Constitution

To consider and, if thought fit, pass the following Resolution, as a Special Resolution of the Company:

"That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to amend its Constitution in the manner set out in the Explanatory Memorandum."

Notice of General Meeting

Ordinary business

2. Approval of Employee Share Option Plan

To consider and, if thought fit, pass the following Resolution, with or without amendment, as an Ordinary Resolution of the Company:

“That, subject to the passing of Resolution 1, the Employee Share Option Plan, which is summarised in the Explanatory Memorandum and at Schedule 1, be approved for the purposes of Exception 13(b) of Listing Rule 7.2 and for all other purposes, and the issue of Options under the Employee Share Option Plan within three (3) years from the date of this Resolution be an exception to Listing Rules 7.1 and 7.1A.”

Voting exclusion statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- any person who is eligible to participate in the Employee Share Option Plan; or
- an Associate of that person.

However, this does not apply to a vote cast in favour of this Resolution 2 by:

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

Voting restriction pursuant to section 250BD of the Corporations Act

As Resolution 2 is connected directly or indirectly with the remuneration of a member of the KMP for the Company (or, if the Company is a consolidated entity, for the entity), pursuant to section 250BD of the Corporations Act, a vote on Resolution 2 must not be cast by:

- any member of the KMP for the Company (or, if the Company is a consolidated entity, for the entity); or
- a Closely Related Party of such KMP,

who is appointed as a Shareholder's proxy, on the basis of that appointment, where the Shareholder does not specify in writing the way the proxy is to vote on Resolution 2.

However, the Company need not disregard a vote on this Resolution 2 if it is cast by the person Chairing the Meeting as proxy for a person who is entitled to vote and the Shareholder expressly authorises the person Chairing the Meeting to exercise the proxy even if Resolution 2 is connected directly or indirectly with the remuneration of a member of the KMP for the Company, or if the Company is part of a consolidated entity, for the entity.

Voting Intention of the Chair

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions subject to this Meeting, including Resolution 2, subject to compliance with the Corporations Act. In exceptional circumstances,

Notice of General Meeting

the Chair may change his voting intention on any Resolution, in which case an ASX announcement will be made. Further details, in relation to the ability of the Chair to vote on undirected proxies are set out in the accompanying proxy form.

3. Issue of Options to Venkatesh Padala under Employee Share Option Plan

To consider and, if thought fit, pass the following Resolution, as an Ordinary Resolution of the Company:

“That, subject to the passing of Resolutions 1 and 2, for the purposes of Listing Rule 10.14, sections 195(4) and 208 of the Corporations Act and for all other purposes, the Company be authorised to offer to issue 3,500,000 Options under the Employee Share Option Plan to Mr Venkatesh Padala (or his nominee), and otherwise on the terms and conditions set out in the Explanatory Memorandum.”

Voting exclusion statement

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 Company's Employee Share Option Plan (including Venkatesh Padala); or
- an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of this Resolution 3 by:

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

Voting restriction pursuant to section 250BD of the Corporations Act

As Resolution 3 is connected directly or indirectly with the remuneration of a member of the KMP for the Company (or, if the Company is a consolidated entity, for the entity), pursuant to section 250BD of the Corporations Act, a vote on Resolution 3 must not be cast by:

- any member of the KMP for the Company (or, if the Company is a consolidated entity, for the entity); or
- a Closely Related Party of such KMP,

who is appointed as a Shareholder's proxy, on the basis of that appointment, where the Shareholder does not specify in writing the way the proxy is to vote on Resolution 3.

However, the Company need not disregard a vote on this Resolution 3 if it is cast by the person Chairing the Meeting as proxy for a person who is entitled to vote and the Shareholder expressly authorises the person Chairing the Meeting to exercise the proxy even

Notice of General Meeting

if Resolution 3 is connected directly or indirectly with the remuneration of a member of the KMP for the Company, or if the Company is part of a consolidated entity, for the entity.

Voting Intention of the Chair

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions subject to this Meeting, including Resolution 3, subject to compliance with the Corporations Act. In exceptional circumstances, the Chair may change his voting intention on any Resolution, in which case an ASX announcement will be made. Further details, in relation to the ability of the Chair to vote on undirected proxies are set out in the accompanying proxy form.

4. Issue of Options to Lee Christensen under Employee Share Option Plan

To consider and, if thought fit, pass the following Resolution, as an Ordinary Resolution of the Company:

"That, subject to the passing of Resolutions 1 and 2, for the purposes of Listing Rule 10.14, sections 195(4) and 208 of the Corporations Act, and for all other purposes, the Company be authorised to offer to issue 500,000 Options under the Employee Share Option Plan to Mr Lee Christensen (or his nominee), and otherwise on the terms and conditions set out in the Explanatory Memorandum."

Voting exclusion statement

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 Company's Employee Share Option Plan (including Lee Christensen); or
- an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of this Resolution 4 by:

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

Voting restriction pursuant to section 250BD of the Corporations Act

As Resolution 4 is connected directly or indirectly with the remuneration of a member of the KMP for the Company (or, if the Company is a consolidated entity, for the entity), pursuant to section 250BD of the Corporations Act, a vote on Resolution 4 must not be cast by:

- any member of the KMP for the Company (or, if the Company is a consolidated entity, for the entity); or
- a Closely Related Party of such KMP,

Notice of General Meeting

who is appointed as a Shareholder's proxy, on the basis of that appointment, where the Shareholder does not specify in writing the way the proxy is to vote on Resolution 4.

However, the Company need not disregard a vote on this Resolution 4 if it is cast by the person Chairing the Meeting as proxy for a person who is entitled to vote and the Shareholder expressly authorises the person Chairing the Meeting to exercise the proxy even if Resolution 4 is connected directly or indirectly with the remuneration of a member of the KMP for the Company, or if the Company is part of a consolidated entity, for the entity.

Voting Intention of the Chair

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions subject to this Meeting, including Resolution 4, subject to compliance with the Corporations Act. In exceptional circumstances, the Chair may change his voting intention on any Resolution, in which case an ASX announcement will be made. Further details, in relation to the ability of the Chair to vote on undirected proxies are set out in the accompanying proxy form.

5. Issue of Options to Jason Ferris under Employee Share Option Plan

To consider and, if thought fit, pass the following Resolution, as an Ordinary Resolution of the Company:

"That, subject to the passing of Resolutions 1 and 2, for the purposes of Listing Rule 10.14, sections 195(4) and 208 of the Corporations Act and for all other purposes, the Company be authorised to offer to issue 500,000 Options under the Employee Share Option Plan to Mr Jason Ferris (or his nominee), and otherwise on the terms and conditions set out in the Explanatory Memorandum."

Voting exclusion statement

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 Company's Employee Share Option Plan (including Jason Ferris); or
- an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of this Resolution 5 by:

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

Voting restriction pursuant to section 250BD of the Corporations Act

Notice of General Meeting

As Resolution 5 is connected directly or indirectly with the remuneration of a member of the KMP for the Company (or, if the Company is a consolidated entity, for the entity), pursuant to section 250BD of the Corporations Act, a vote on Resolution 5 must not be cast by:

- any member of the KMP for the Company (or, if the Company is a consolidated entity, for the entity); or
- a Closely Related Party of such KMP,

who is appointed as a Shareholder's proxy, on the basis of that appointment, where the Shareholder does not specify in writing the way the proxy is to vote on Resolution 5.

However, the Company need not disregard a vote on this Resolution 5 if it is cast by the person Chairing the Meeting as proxy for a person who is entitled to vote and the Shareholder expressly authorises the person Chairing the Meeting to exercise the proxy even if Resolution 5 is connected directly or indirectly with the remuneration of a member of the KMP for the Company, or if the Company is part of a consolidated entity, for the entity.

Voting Intention of the Chair

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions subject to this Meeting, including Resolution 5, subject to compliance with the Corporations Act. In exceptional circumstances, the Chair may change his voting intention on any Resolution, in which case an ASX announcement will be made. Further details, in relation to the ability of the Chair to vote on undirected proxies are set out in the accompanying proxy form.

6. Issue of Options to Andrew Law under Employee Share Option Plan

To consider and, if thought fit, pass the following Resolution, as an Ordinary Resolution of the Company:

"That, subject to the passing of Resolutions 1 and 2, for the purposes of Listing Rule 10.14, sections 195(4) and 208 of the Corporations Act and for all other purposes, the Company be authorised to offer to issue 500,000 Options under the Employee Share Option Plan to Mr Andrew Law (or his nominee), and otherwise on the terms and conditions set out in the Explanatory Memorandum."

Voting exclusion statement

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 Company's Employee Share Option Plan (including Andrew Law); or
- an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of this Resolution 6 by:

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

Notice of General Meeting

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

Voting restriction pursuant to section 250BD of the Corporations Act

As Resolution 6 is connected directly or indirectly with the remuneration of a member of the KMP for the Company (or, if the Company is a consolidated entity, for the entity), pursuant to section 250BD of the Corporations Act, a vote on Resolution 6 must not be cast by:

- any member of the KMP for the Company (or, if the Company is a consolidated entity, for the entity); or
- a Closely Related Party of such KMP,

who is appointed as a Shareholder's proxy, on the basis of that appointment, where the Shareholder does not specify in writing the way the proxy is to vote on Resolution 6.

However, the Company need not disregard a vote on this Resolution 6 if it is cast by the person Chairing the Meeting as proxy for a person who is entitled to vote and the Shareholder expressly authorises the person Chairing the Meeting to exercise the proxy even if Resolution 6 is connected directly or indirectly with the remuneration of a member of the KMP for the Company, or if the Company is part of a consolidated entity, for the entity.

Voting Intention of the Chair

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions subject to this Meeting, including Resolution 6, subject to compliance with the Corporations Act. In exceptional circumstances, the Chair may change his voting intention on any Resolution, in which case an ASX announcement will be made. Further details, in relation to the ability of the Chair to vote on undirected proxies are set out in the accompanying proxy form.

7. Approval of termination policy

To consider and, if thought fit, pass the following Resolution, as an Ordinary Resolution of the Company:

"That, for the purposes of sections 200B and 200E of the Corporations Act, Listing Rule 10.19, and for all other purposes, approval is given for the giving of benefits on the terms set out in the Explanatory Memorandum to Relevant Executives, in connection with the person retiring from an office or position, in the Company or a related body corporate."

Voting exclusion statement

The Company will disregard any votes cast in favour of this Resolution 7 by or on behalf of:

- an officer of the entity or any of its child entities who is entitled to participate in a termination benefit; or
- an Associate of that person.

However, this does not apply to a vote cast in favour of this Resolution 7 by:

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

Notice of General Meeting

- the Chair of the Meeting 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
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - 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
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting restriction pursuant to section 250BD of the Corporations Act

As Resolution 7 is connected directly or indirectly with the remuneration of a member of the KMP for the Company (or, if the Company is a consolidated entity, for the entity), pursuant to section 250BD of the Corporations Act, a vote on Resolution 7 must not be cast by:

- any member of the KMP for the Company (or, if the Company is a consolidated entity, for the entity); or
- a Closely Related Party of such KMP,

who is appointed as a Shareholder's proxy, on the basis of that appointment, where the Shareholder does not specify in writing the way the proxy is to vote on Resolution 7.

However, the Company need not disregard a vote on this Resolution 7 if it is cast by the person Chairing the Meeting as proxy for a person who is entitled to vote and the Shareholder expressly authorises the person Chairing the Meeting to exercise the proxy even if Resolution 7 is connected directly or indirectly with the remuneration of a member of the KMP for the Company, or if the Company is part of a consolidated entity, for the entity.

Voting Intention of the Chair

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions subject to this Meeting, including Resolution 7, subject to compliance with the Corporations Act. In exceptional circumstances, the Chair may change his voting intention on any Resolution, in which case an ASX announcement will be made. Further details, in relation to the ability of the Chair to vote on undirected proxies are set out in the accompanying proxy form.

General business

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

Notice of General Meeting

Voting

All Resolutions shall be conducted by poll.

Voting by proxy

To vote by proxy, please complete and sign the enclosed proxy form and return by the time and in accordance with the instructions set out on the proxy form.

Your proxy form must be received by 12:00pm (WST) on Sunday, 11 February 2024, being not later than 48 hours before the commencement of the Meeting. Any proxy form received after that time will not be valid for the scheduled Meeting.

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

- (a) each Shareholder has a right to appoint a proxy;
- (b) the proxy need not be a Shareholder of the Company; and
- (c) a Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two (2) proxies and the appointment does not specify the proportion or number of the member'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:

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

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

You may still attend the Meeting and vote in person even if you have appointed a proxy. If you have previously submitted a proxy form, your attendance will not revoke your proxy appointment unless you actually vote at the Meeting for which the proxy is proposed to be used, in which case, the proxy's appointment is deemed to be revoked with respect to voting on that Resolution.

Please bring your personalised proxy form with you as it will help you to register your attendance at the Meeting. If you do not bring your proxy form with you, you can still attend the Meeting but representatives from the Company will need to verify your identity.

Accordingly, the Directors strongly encourage all Shareholders to lodge a directed proxy form prior to the Meeting and appoint the Chair as their proxy.

General Notes

- (a) The Explanatory Memorandum to Shareholders attached to this Notice of Meeting is hereby incorporated into and forms part of this Notice of General Meeting.
- (b) The Directors have determined in accordance with Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that, for the purposes of voting at the Meeting, Shares will be taken to be held by the registered holders at 12:00pm (WST) on Sunday, 11 February 2024.

Notice of General Meeting

By order of the Board

A handwritten signature in dark ink, appearing to read 'Alan Armstrong', written in a cursive style.

Alan Armstrong
Company Secretary

10 January 2024

Notice of General Meeting

1. Introduction

This Explanatory Memorandum is provided to Shareholders of First Lithium Limited ACN 009 081 770 (**Company**) to explain the Resolutions to be put to Shareholders at the General Meeting to be held at Mining Corporate Boardroom, Level 8, 216 St Georges Terrace Perth WA 6000 on Tuesday, 13 February 2024 at 12:00pm (Perth time).

The Directors recommend Shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Terms used in this Explanatory Memorandum are defined in section 7.

2. Resolution 1 – Approval to amend the Company's Constitution

2.1 Background

A company may modify its constitution or a provision of its constitution by Special Resolution of its shareholders. Resolution 1 is a Special Resolution which seeks to amend the Company's existing Constitution.

The proposed amendment to the existing Constitution will incorporate recent amendments to the Corporations Act regarding the new regime for the making of offers in connection with an employee incentive scheme under Division 1A of Part 7.12 of the Corporations Act.

The Directors believe that the amendment is not material, nor will it have any significant impact on Shareholders.

A summary of the proposed amendment is set out below. A copy of the amended Constitution is available upon request from the Company Secretary.

2.2 Summary of the proposed amendment

Under the new Division 1A of Part 7.12 of the Corporations Act, which came into effect on 1 October 2022, offers under an employee incentive scheme that do not require a monetary payment can be issued without an issue cap. However, offers requiring a monetary payment (whether upon grant or upon exercise/vesting of the awards and issue of the underlying shares) must comply with an issue cap. The cap is set at 5% under the Corporations Act unless raised by the company's constitution. A company may include a higher issue cap in its constitution to allow for more than 5% of Securities to be issued under a scheme.

By this Resolution, the Company proposes to increase the issue cap to 10%.

If this Resolution is passed, the following new clause 2.16 will be inserted into the Constitution:

2.16 Employee incentive securities plan

Subject to the Listing Rules and the Corporations Act and for the purposes of section 1100V(2)(a) of Division 1A of Part 7.12 of the Corporations Act, the issue cap is 10%.

If this Resolution does not pass, the Constitution will not be amended and Resolutions 2 to 6 will not pass (or be put to Shareholders) as they are subject to the passing of Resolution 1.

Notice of General Meeting

2.3 Special Resolution

This Resolution is a Special Resolution. Accordingly, at least 75% of votes cast by Shareholders entitled to vote and voting on this Resolution must be in favour of the Resolution for it to be passed.

2.4 Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

3. Resolution 2 – Approval of Employee Share Option Plan

3.1 Background

As part of the Company's Board transition associated with its recent re-listing on the ASX, the Company considers it necessary to bolster its management and executive teams, in order to attract and retain highly skilled Key Management Personnel to maximise Shareholder value, having regard to market sentiment and current industry standards.

The First Lithium Limited Employee Share Option Plan (**Employee Share Option Plan** or **ESOP**) represents a modernisation of the available equity instruments and terms, aligned with current regulations and market best-practices. If the Employee Share Option Plan is approved by Shareholders, grants under the Employee Share Option Plan will facilitate the Company providing appropriate, competitive and performance-linked remuneration to eligible persons (including employees) of the Company.

To enable the Company to secure and retain key employees who can assist the Company in achieving its objectives particularly in its current growth phase, it is necessary to provide remuneration and incentives to such personnel. The Employee Share Option Plan is designed to achieve this objective by encouraging long term employment with the Company and continued improvement in performance over time and encouraging personnel to acquire and retain an interest in the Company.

The Company is thereby seeking approval of the Employee Share Option Plan by way of Resolution 2, and subject to the passing of Resolution 1.

3.2 Employee Share Option Plan

A summary of the terms of the Employee Share Option Plan are set out in Schedule 1 to this Explanatory Memorandum.

3.3 Listing Rules

(a) Introduction

Pursuant to Resolution 2, the Company is seeking Shareholder approval for the issue of Equity Securities under the Company's Employee Share Option Plan as an exception under Listing Rule 7.2, Exception 13(b) which would enable Equity Securities issued under the Employee Share Option Plan over the next three years to be excluded from the calculation of the number of Securities issued for the purposes of Listing Rules 7.1 and 7.1A.

Subject to certain exceptions, Listing Rule 7.1 restricts a listed company from issuing or agreeing to issue Equity Securities equivalent in number to more than 15% of its ordinary Securities on issue in the 12 month period immediately preceding the date of the issue or agreement (if the entity has been admitted to the official list for 12 months or more) or the period from the date the entity was admitted to the official list to the

Notice of General Meeting

date immediately preceding the date of the issue or agreement (if the entity has been admitted to the official list for less than 12 months) without the approval of its shareholders.

As a result, any issue of Securities by the Company to eligible persons under the Employee Share Option Plan would reduce the Company's 15% capacity to issue Shares under Listing Rule 7.1.

Exception 13 of Listing Rule 7.2 however allows the Company to issue Securities under the Employee Share Option Plan without the issue of such Securities being counted towards the Company's 15% placement capacity under Listing Rule 7.1, where Shareholders have approved the issue of Securities under the Employee Share Option Plan as an exception to Listing Rule 7.1, within three years prior to the issue of the Securities. Resolution 2 is being put to Shareholders for this purpose and will allow the Company to utilise Exception 13 of Listing Rule 7.2 for three years from the date of the Resolution being passed.

Exception 13(b) of Listing Rule 7.2 is only available if and to the extent that the number of Equity Securities issued under the Employee Share Option Plan does not exceed the maximum number set out in the entity's notice of meeting dispatched to shareholders in respect of the meeting at which shareholder approval was obtained pursuant to Exception 13(b) of Listing Rule 7.2. Exception 13(b) of Listing Rule 7.2 also ceases to be available if there is a material change to the terms of the Employee Share Option Plan from those set out Schedule 1 of the Notice of Meeting.

Prior Shareholder approval will be required before any Director or Related Party of the Company can participate in the Employee Share Option Plan.

Under the Employee Share Option Plan, the Board may offer to eligible persons the opportunity to subscribe for such number of Options in the Company as the Board may decide, and on the terms set out in the rules of the Employee Share Option Plan. Options granted under the Employee Share Option Plan will be offered to eligible persons in the Plan on the basis of the Board's view of the contribution of the eligible person to the Company.

(b) Information for Shareholders

In accordance with Exception 13 of Listing Rule 7.2, the Company advises as follows:

- (1) as this is the first time that the Shareholder approval is being sought for the adoption of the Employee Share Option Plan, no Shares or Options have previously been issued under the Employee Share Option Plan;
- (2) a summary of the key terms of the Employee Share Option Plan are set out in Schedule 1;
- (3) the maximum number of Equity Securities proposed to be issued under the Employee Share Option Plan following the approval is 9,907,166. This figure broadly reflects 10% of the Company's issued capital as at the date of this Notice, which aligns with the issue cap for the making of offers in connection with employee share schemes under Part 7.12 of the Corporations Act specified in the Company's Constitution, as amended subject to Shareholder approval under Resolution 1; and
- (4) a voting exclusion statement is included in the Notice of Meeting.

(c) Dilutionary effect

Notice of General Meeting

In the event the Company were to issue the maximum number of Equity Securities specified in section 3.3(b) above over a three-year period, the effect that the maximum number of Equity Securities for which approval is sought will have on the issued Share capital of the Company if all Equity Securities are issued is as follows:

Type of Security	Number	Percentage
Ordinary Shares currently on issue as at date of this Notice ¹	99,071,667	90.91%
Total amount of Securities that may be issued under the ESOP	9,907,166 ²	9.09%
Total Ordinary Shares¹	108,978,833	100.00%

Notes:

1. This figure assumes that none of the existing Options on issue in the Company have been exercised.
2. This figure assumes that all Options are issued under the Employee Share Option Plan over the three-year period for which approval is sought pursuant to this Resolution.

(d) Further considerations

The Company is seeking approval to issue the proposed maximum number of Equity Securities under the Employee Share Option Plan for the purposes of Listing Rule 7.1. This does not mean that the Company will issue the entire amount over the three-year period but rather that the Company believes it to be in the best interests of the Company to preserve the maximum commercial flexibility to issue Equity Securities that is afforded to it by Listing Rule 7.1, particularly given its current growth phase. Furthermore, the Company believes that it will derive a significant benefit by incentivising its senior management and key employees through the issue of Options under the Employee Share Option Plan.

The Employee Share Option Plan incorporates the facility for participants to undertake a 'cashless exercise', whereby, in lieu of paying the aggregate exercise price to purchase the Shares, the Board may, in its sole and absolute discretion, permit a participant to elect to receive a reduced number of Shares, in lieu of payment of cash or other consideration.

The number of Shares received will be determined in accordance with the following formula:

$$A = \frac{B(C - D)}{C}$$

where:

A = the number of Shares (rounded down to the nearest whole number) to be issued to the participant;

B = the number of Shares otherwise issuable upon the exercise of the Option or portion of the Option being exercised;

C = the Market Value of one Share determined as of the date of delivery to the Company Secretary; and

D = the exercise price.

Notice of General Meeting

For example, if a participant holds 50 Options (which have vested and are therefore capable of exercise), each with an exercise price of \$1.00 and they elect to exercise all of their Options by paying the exercise price, they would pay \$50 and receive 50 Shares. However, if the participant elects their rights under the cashless exercise facility, and the Market Value of one Share prior to exercise is \$1.50, the participant will pay no cash and receive 16 Shares (being $50(\$1.50 - \$1.00)/\$1.50 = 16.67$, rounded down to 16 Shares).

(e) **Effect of Shareholder approval**

If Resolution 2 is passed, the Company will be able to over the next three years take advantage of Exception 13 of Listing Rule 7.2 to issue Options under the Employee Share Option Plan without the issue of such Securities being counted towards the Company's 15% placement capacity under Listing Rule 7.1.

If Resolution 2 is not passed, the Company will not be able to take advantage of Exception 13 of Listing Rule 7.2, and will not be able to issue Options under the Employee Share Option Plan without either reducing the Company's 15% placement capacity under Listing Rule 7.1 or obtaining further Shareholder approval for each issue of Options.

3.4 **Sections 200B and 200E of the Corporations Act**

The Company is separately seeking approval for the purposes of section 200B and section 200E of the Corporations Act for any termination benefits that may be given to Relevant Executives under the Employee Share Option Plan, including as a result of the exercise of Board discretion or automatic or accelerated vesting under the Employee Share Option Plan, when they cease to hold an office or position of employment within the Group, pursuant to Resolution 7. The Company refers Shareholders to section 5 of this Explanatory Memorandum regarding termination benefits and repeats the information contained therein in respect of the Employee Share Option Plan.

3.5 **Directors' recommendation**

The Directors (Venkatesh Padala, Lee Christensen, Jason Ferris and Andrew Law) abstain from making a recommendation in relation to Resolution 2 in light of the proposed issues to them under the Employee Share Option Plan the subject of Resolutions 3 to 6.

The Listing Rules and the Corporations Act prohibit certain persons from voting on Resolution 2. A voting exclusion statement with regard to Resolution 2 is included in the Notice.

4. **Resolutions 3 to 6 – Issue of Options to Directors under the Company's Employee Share Option Plan**

4.1 **Background**

The Company has agreed, subject to the approval of the amendment to the Company's Constitution pursuant to Resolution 1 and approval of the Employee Share Option Plan pursuant to Resolution 2, to seek Shareholder approval under Resolutions 3, 4, 5 and 6, pursuant to ASX Listing Rule 10.14, and sections 195(4) and 208 of the Corporations Act for the offer to issue 5,000,000 Options (**Director Options**) under the Company's Employee Share Option Plan (detailed in the Explanatory Memorandum for Resolution 2 and summarised at Schedule 1) to each of the following Related Parties (being Directors) of the Company, or their respective nominees (together, the **Proposed Option Recipients**) as set out in the table below:

Notice of General Meeting

Director	Role	Number of Options
Venkatesh Padala	Managing Director and CEO	3,500,000
Lee Christensen	Non-Executive Chairman	500,000
Jason Ferris	Non-Executive Director	500,000
Andrew Law	Non-Executive Director	500,000

Venkatesh Padala, Lee Christensen, Jason Ferris and Andrew Law are Related Parties within the meaning of ASX Listing Rule 19 and the Corporations Act because they are each Directors of the Company.

4.2 Overview of Director Options

The purpose of the equity component of the Non-Executive Director's (**NED**) remuneration package is to ensure a strong alignment between the Board and Shareholder interests.

It should be noted that the equity component of the NED package does not increase the NED fee above that of the market but rather, aligns the NED fees with market-based responsibilities and calibre of the incumbent.

From a Shareholder's perspective, continuous and sustainable value will be created when the Company achieves the Performance Hurdles (described below) attached to the Options contemplated by the Employee Share Option Plan and the subject of Resolutions 3 to 6. To better ensure the probability of this occurrence, the Company requires the services of the current executive and NED team whose mix of skills and experience are required to ensure that the Performance Hurdles eventuate.

The Company believes that these proposed rewards to executives and NEDs do not conflict with their obligation to bring an independent judgement and will not compromise their objectivity to matters before the Board.

In order to ensure that executives and NEDs have the ability to participate in the value that is being created and delivered over the period, it is envisaged that the proposed allocated Options be awarded at the beginning of the current period in the form of Director Options to each executive and NED.

The Options will vest on meeting of the Performance Hurdles and are subsequently exercisable subject to payment of the Exercise Price prior to the Expiry Date. Subject to the Employee Share Option Plan as summarised in Schedule 1, and the terms of the Director Options in Schedule 2, if the executive or NED leaves the Company before vesting, they will lose their unvested Director Options. The scheme therefore has a retentive element as well.

The Company's current stage of development does not represent "business as usual" as the Company is in development stage. The Company considers that the proposed Performance Hurdles are the first identified value creation events. If the Performance Hurdles are not achieved prior to the Expiry Date, then it flows that Shareholder value will be lost. It is for this reason that the Director Options will only vest once the Performance Hurdles have been achieved.

4.3 Listing Rule 10.14

The Company is proposing to issue the Director Options to the Proposed Option Participants, being the Directors of the Company.

Notice of General Meeting

Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire Equity Securities under an employee incentive scheme:

- 10.14.1 a director of the company;
- 10.14.2 an Associate of a director of the company; or
- 10.14.3 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 its shareholders.

Listing Rule 10.11 also provides (amongst other things) that the Company must not issue Equity Securities to a Related Party or an Associate of a Related Party without Shareholder approval. However, Listing Rule 10.12 (Exception 8) provides that approval under Listing Rule 10.11 is not required for an issue of Equity Securities under an employee incentive scheme made, or taken to have been made, with the approval of the issuing entity's shareholders under Listing Rule 10.14.

Further, Listing Rule 7.2 (Exception 14) provides that where an issue of Securities is approved by Shareholders for the purposes of Listing Rule 10.11 or Listing Rule 10.14, then it will be excluded from the calculation of the Company's placement capacity under Listing Rule 7.1.

As the Director Options are proposed to be issued to the Proposed Option Recipients (each being Directors, falling under the category set out in Listing Rule 10.14.1, or if applicable their respective nominees, falling under the category set out in Listing Rule 10.14.2) pursuant to the Company's new Employee Share Option Plan (summarised in Schedule 1), Resolutions 3 to 6 seek Shareholder approval for the offer to issue of those Options under Listing Rule 10.14. Accordingly, the Board is not seeking Shareholder approval to the issue of the Director Options under Listing Rule 10.11 (pursuant to Exception 8 under Listing Rule 10.12) or under Listing Rule 7.1 (pursuant to Exception 14 under Listing Rule 7.2).

In addition to the Listing Rules, the requirements of Chapter 2E of the Corporations Act must also be considered.

4.4 Chapter 2E of the Corporations Act

Pursuant to Chapter 2E of the Corporations Act, for a public company, or an entity that the public company controls, to give a financial benefit to a Related Party of the public company, the public company must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

A "Related Party" is defined widely in section 228 of the Corporations Act and includes, relevantly, a director (or proposed director) of a public company, any entity that controls (or is reasonably likely to control) a public company, and any entity that is controlled by a person or entity which is otherwise a Related Party, or there are reasonable grounds to believe that a person/entity is likely to become a Related Party of the public company.

A "Financial Benefit" for the purposes of the Corporations Act has a very wide meaning. It includes the public company paying money or issuing Securities to the Related Party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather

Notice of General Meeting

than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

For the purposes of Chapter 2E, as noted above a director is considered to be a Related Party of the Company. Each of Resolutions 3 to 6, if passed, will confer financial benefits to the Proposed Option Recipients who are Directors and therefore Related Parties of the Company.

Relevantly, there is an exception to Chapter 2E set out section 211 of the Corporations Act, which provides that shareholder approval is not required where a financial benefit is given to a Related Party as reasonable remuneration for the Related Party's role as an officer or employee of the company.

Further, section 195(1) of the Corporations Act provides that a director of a public company who has a material personal interest in a matter that is being considered at a directors' meeting must not be present while the matters are being considered at the meeting or vote on the matter. However, section 195(4) of the Corporations Act provides that if there are then not enough directors to form a quorum for a directors' meeting, one or more of the directors (including those who have a material personal interest in that matter) may call a general meeting and the general meeting may pass a resolution to deal with the matter.

Having considered the circumstances of the Company and the positions held by each of the respective Proposed Option Recipients, the Board believes that the issue of the Director Options to the Proposed Option Recipients, in lieu of cash payments, constitutes reasonable remuneration within the exception set out in section 211 of the Corporations Act. The Board believes that the Director Options are an effective remuneration tool and incentive tool, which preserves the cash reserves of the Company whilst providing valuable remuneration and incentive to each respective Proposed Option Recipients. However, in the interests of good governance and in the current market conditions, the Board believes it is appropriate to give Shareholders the right to vote on these Resolutions under the approval regime of section 195(4) and Chapter 2E of the Corporations Act. Accordingly, the Directors have determined the Shareholders should have the opportunity to vote on the giving of the financial benefit pursuant to sections 195(4) and 208 of the Corporations Act under each of Resolutions 3 to 6.

The following information is provided to Shareholders to allow them to assess the proposed Resolutions for the purposes of Chapter 2E of the Corporations Act.

- (a) The Related Party to whom the proposed Resolution would permit the financial benefit to be given and nature of financial benefit

The Director Options will be granted to the following persons:

Director	Number of Director Options	Expiry Date	Exercise Price
Mr Venkatesh Padala (or nominee)	3,500,000	4 years from date of issue	10% above 5 Trading Day VWAP prior to date of Meeting
Mr Lee Christensen (or nominee)	500,000	4 years from date of issue	10% above 5 Trading Day VWAP prior to date of Meeting
Mr Jason Ferris (or nominee)	500,000	4 years from date of issue	10% above 5 Trading Day VWAP prior to date of Meeting

Notice of General Meeting

Director	Number of Director Options	Expiry Date	Exercise Price
Mr Andrew Law (or nominee)	500,000	4 years from date of issue	10% above 5 Trading Day VWAP prior to date of Meeting

The Director Options will have an Expiry Date as disclosed in the table above and will be issued in accordance with terms and conditions as set out in Schedule 2 of this Explanatory Memorandum and being subject to the terms of the Employee Share Option Plan as summarised in Schedule 1 of this Explanatory Memorandum.

For completeness, and as detailed in Schedule 2 of this Explanatory Memorandum, the Director Options may be exercised by the Option holder at any time prior to the Expiry Date, but subject to the prior satisfaction of the following Performance Hurdles, being the Company releasing a JORC Code 2012 compliant Mineral Resource Estimate of:

- (1) 10 million tonnes at 1.1% Li₂O within 2 years; or
- (2) 15 million tonnes at 1.1% Li₂O within 3 years.

The value of the Director Options and the pricing methodology is set out in Schedule 3 of this Explanatory Memorandum.

(b) Directors' recommendations

The Proposed Option Recipients have a material personal interest in the outcome of Resolutions 3 to 6 on the basis that all Proposed Option Recipients (or their nominees) are to be issued Director Options should Resolutions 3 to 6 be passed. For this reason, the Directors do not believe that it is appropriate to make a recommendation on Resolutions 3 to 6.

Resolutions 4, 5, and 6 propose the issue of Director Options to NEDs, which is not consistent with the Recommendations of the ASX Corporate Governance Council (Principle 8) 4th Edition. The Board considers that the proposed issue of Director Options to NEDs will align their interests with those of existing Security holders in general, but are not likely to lead to bias in their decision making or compromise their objectivity.

(c) Directors' interests

- (1) Mr Padala has a material personal interest in the outcome of Resolution 3 as the recipient of Director Options.
- (2) Mr Christensen has a material personal interest in the outcome of Resolution 4 as the recipient of Director Options.
- (3) Mr Ferris has a material personal interest in the outcome of Resolution 5 as the recipient of Director Options.
- (4) Mr Law has a material personal interest in the outcome of Resolution 6 as the recipient of Director Options.

(d) Terms and conditions of Director Options

The Director Options proposed to be granted to the Proposed Option Recipients are subject to the terms of the Employee Share Option Plan as summarised in Schedule 1,

Notice of General Meeting

as well as the key terms and conditions set out in section 4.4(a) above and in Schedule 2 of this Explanatory Memorandum.

The Director Options will also have the benefit of the cashless exercise facility on the terms and conditions set out in section 3.3(d) and clause 1(i) of Schedule 2 of this Explanatory Memorandum.

- (e) Other information reasonably required by the members to make a decision and that is known to the Company or any of its Directors

The primary purpose of the grant of the Director Options to the Proposed Option Recipients is to ensure a strong alignment between the Board and Shareholder interests. The Director Options provide a performance linked incentive component in the remuneration package for the Proposed Option Recipients to motivate and reward the performance of the Proposed Option Recipients in their respective roles as Directors and to preserve cash holdings in the most effective way possible as the Company does not earn revenue.

Additionally, the Exercise Price of the Director Options is linked to improve Share price performance. Importantly, this provides ongoing incentive to increase Shareholder value over time and the Exercise Price reflects levels in excess of the current market price of the Company's Shares.

The number of Director Options to be issued to the Proposed Option Recipients has been determined based on the reasons outlined in the overview of Director Options at section 4.2 of the Explanatory Memorandum and in the Directors' recommendation to Shareholders at section 4.4(b) of the Explanatory Memorandum. The number of Director Options has also been determined having regard to less tangible factors such as alignment of interests to the Company. The Director Options shall be granted for nil consideration to the Proposed Option Recipients (or their respective nominees) and are anticipated to be issued (subject to each Proposed Option Recipient accepting their respective offer of Director Options) as soon as possible following the passing Resolutions 3 to 6, but no later than 3 years after the date of the Meeting. Exercise of the Incentive Options is allowable immediately after issue, but subject to achieving the Performance Hurdles specified in Schedule 2 and payment of the Exercise Price prior to the Expiry Date.

Subject to the Employee Share Option Plan as summarised in Schedule 1, and the terms of the Director Options in Schedule 2, if the executive or NED leaves the Company before vesting, they will lose their unvested Director Options.

From a Shareholder's perspective, continuous and sustainable value will be created when the Company achieves the milestones represented by the Performance Hurdles attached to the Director Options contemplated by the Employee Share Option Plan and the subject of Resolutions 3 to 6. To better ensure the probability of this occurrence, the Company requires the services of the current executive and NED team whose mix of skills and experience are required to ensure that the milestones eventuate.

If the Director Options proposed to be granted to the Proposed Option Recipients (or their respective nominees) under Resolutions 3 to 6 are exercised, the Company's issued Share capital would increase by a maximum of 5,000,000 Shares to a total of issued Share capital of 104,071,667 Shares (assuming no other Shares are issued or outstanding Options are exercised), and will represent a maximum of approximately aggregate 4.80% of the total issued capital of the Company on a fully diluted basis, comprising 3.36% by Venkatesh Padala, 0.48% by Lee Christensen, 0.48% by Jason Ferris, and 0.48% by Andrew Law. The maximum dilution stated is calculated based on all of the Director Options being exercised by payment of the Exercise Price in full.

Notice of General Meeting

Should any of the Proposed Option Participants elect to utilise the cashless exercise provisions, pursuant to clause 1(i) of the terms in Schedule 2 to the Explanatory Memorandum, this would result in a lesser number of Shares to be issued, and a reduction in the funds receivable by the Company, on the exercise of the Director Options.

As at 22 December 2023 the issued capital of the Company comprised the following Shares and Options:

Class of Security	Number
Ordinary Shares	99,071,667
Options ¹	39,800,000
Performance shares ²	15,000,000

Notes:

- See the Company's prospectus dated 30 June 2023 for further information. These Options comprise:
 - 1,800,000 lead manager Options exercisable at \$0.40 on or before 27 September 2027.
 - 30,500,000 vendor Options exercisable at \$0.30 each on or before 4 September 2026.
 - 6,000,000 FL1OB Options exercisable at \$0.30 each on or before 8 July 2024.
 - 1,500,000 unquoted Options exercisable at \$0.30 each on or before 8 July 2024.
- Refer to section 9.8 of the Company's prospectus dated 30 June 2023 for a summary of the terms and conditions of the performance shares.

The following table sets out the current relevant interests of the Proposed Option Recipients:

Director	Relevant interest in Shares	Relevant interest in Options	Relevant interest in Performance Shares
Mr Venkatesh Padala (or nominee)	Nil	Nil	Nil
Mr Lee Christensen (or nominee)	200,000	Nil	Nil
Mr Jason Ferris (or nominee)	400,000	Nil	Nil
Mr Andrew Law (or nominee)	Nil	Nil	Nil

Details of the nature and amount of each major element of the emoluments of the Proposed Option Participants for the financial year ended 30 June 2023, and proposed emoluments of the Proposed Option Participants for the financial year ended 30 June 2024 are set out in section 4.6 of this Explanatory Memorandum below.

If at any time any of the Director Options are exercised and the Shares are trading on ASX at a price that is higher than the Exercise Price of the Director Options, it is likely that the Options will be exercised and there may be a perceived cost to the Company. A benefit would accrue on the exercise of the Options by the payment of the amount determined under this Notice and the sale of the Shares for an amount in excess of these amounts. The trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.72	1 December 2023

Notice of General Meeting

	Price	Date
Lowest	\$0.18	8 December 2022 to 27 September 2023 (in suspension)
Last	\$0.555	21 December 2023

The Directors do not consider there are opportunity costs to the Company or benefits foregone by the Company in issuing the Director Options. For accounting purposes, the Options will be recognised as an expense.

All Shares issued pursuant to the exercise of Director Options under Resolutions 3 to 6 will rank pari passu with the existing Shares on issue.

4.5 Sections 200B and 200E of the Corporations Act

The Company is separately seeking approval for the purposes of section 200B and section 200E of the Corporations Act for any termination benefits that may be given to the Proposed Option Recipients under the Employee Share Option Plan and pursuant to the terms of the Director Options detailed in Schedule 2 on cessation of their employment, such as the discretion of the Board to waive any Performance Hurdles attached to the Director Options pursuant to Resolution 7. The Company refers Shareholders to section 5 of this Explanatory Memorandum regarding termination benefits and repeats the information contained therein in respect of the issue of the Director Options under the Employee Share Option Plan and pursuant to the terms of the Director Options detailed in Schedule 2 pursuant to Resolutions 3 to 6.

4.6 Listing Rule 10.14 – Information required under Listing Rule 10.15

The Company is seeking Shareholder approval under Listing Rule 10.14 to offer to issue the Director Options which will also mean the issue of the Director Options will not be counted towards its existing 15% placement capacity.

Pursuant to and in accordance with the requirements of Listing Rule 10.15, the following information is provided in relation to the proposed issue of Director Options:

(a) Listing Rule 10.15.1 – The name of the person receiving the Securities

The Director Options will be issued to Venkatesh Padala, Lee Christensen, Jason Ferris and Andrew Law (or their respective nominees).

(b) Listing Rule 10.15.2 – Which category in Listing Rules 10.14.1-10.14.5 the person falls in and why

Venkatesh Padala, Lee Christensen, Jason Ferris and Andrew Law are Directors of the Company and therefore fall within the category under Listing Rule 10.14.1. Their respective nominees (if applicable) would fall within the category under Listing Rule 10.14.2, as their Associates.

(c) Listing Rule 10.15.3 – The number and class of Securities to be issued to the person

The total number of Director Options to be issued (subject to the Proposed Option Recipients accepting an offer for the issue of their respective Director Options) pursuant to Resolutions 3 to 6 is 5,000,000 comprising:

Proposed Option Recipient	Number of Director Options
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Notice of General Meeting

Venkatesh Padala	3,500,000
Lee Christensen	500,000
Jason Ferris	500,000
Andrew Law	500,000
Total	5,000,000

(d) Listing Rule 10.15.4 – Remuneration packages

The remuneration packages of the Proposed Option Recipients as at the date of this Notice are as follows:

Proposed Option Recipient	Current Financial Year Ended 30 June 2024¹	Previous Financial Year Ended 30 June 2023¹
Venkatesh Padala ²	\$120,000	Not yet appointed
Lee Christensen ³	\$90,000	Not yet appointed
Jason Ferris ⁴	\$60,000	Not yet appointed
Andrew Law ⁵	\$60,000	\$56,731

Notes:

1. Amounts included total fixed remuneration (TFR) and value of Securities received as remuneration during the period, Securities yet to be issued have not been included.
2. Mr Padala was appointed on 4 September 2023 and consequently did not receive any fees from the Company for the financial year ended 30 June 2023. Mr Padala's fees comprise salaries and fees and other short term benefits of \$120,000 in the current financial year on an annualised basis.
3. Mr Christensen was appointed on 4 September 2023 and consequently did not receive any fees from the Company for the financial year ended 30 June 2023. Mr Christensen's fees comprise director fees and other short term benefits of \$90,000 (ex GST) in the current financial year on an annualised basis.
4. Mr Ferris was appointed on 4 September 2023 and consequently did not receive any fees from the Company for the financial year ended 30 June 2023. Mr Ferris' fees comprise director fees and other short term benefits of \$60,000 (ex GST) in the current financial year on an annualised basis.
5. Mr Law was appointed on 21 April 2022. Mr Law's fees (payable to Fusion (WA) Pty Ltd, a company controlled by Andrew Law) comprise salaries and fees and other short term benefits of \$48,000, superannuation of \$nil and Share based payments of \$8,731 in the previous year, and director fees and other short term benefits of \$60,000 (ex GST) in the current financial year on an annualised basis.

(e) Listing Rule 10.15.5 – Securities previously issued to the person under the Employee Share Option Plan and the average acquisition price (if any) paid by the person for those Securities.

There have been no previous grants under the Employee Share Option Plan.

(f) Listing Rule 10.15.6 – Details of the Director Options

(1) Summary of material terms

The proposed grant of Director Options to the Proposed Option Recipients will be pursuant to the terms of the Employee Share Option Plan which is summarised at Schedule 1 and also subject to the specific terms of the Director Options set out in Schedule 2 to this Explanatory Memorandum.

(2) Explanation as to why Options are being used

The primary purpose of the grant of the Director Options to the Proposed Option Recipients is to ensure a strong alignment between the Board and Shareholder Interests. The Director Options provide a performance linked

Notice of General Meeting

incentive component in the remuneration package for the Proposed Option Recipients to motivate and reward the performance for the Proposed Option Recipients in their respective roles as Directors and to preserve cash holdings in the most effective way possible as the Company does not earn revenue.

The grant of the Director Options to each of the Proposed Option Recipients is being proposed for the reasons set out below:

- (A) the Director Options are unlisted, therefore the grant of the Director Options has no immediate dilutionary impact on Shareholders;
- (B) the issue of Director Options to the Proposed Option Recipients will align the interests of the Proposed Option Recipients with those of Shareholders;
- (C) the issue of the Director Options is a reasonable and appropriate method to provide cost-effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Proposed Option Recipients; and
- (D) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Director Options on the terms proposed.

(3) Value attributed to the Director Options and basis for valuation

The value of the Director Options to be granted to each Proposed Option Recipient under Resolutions 3 to 6 (subject to each Proposed Option Recipient accepting their respective offer of Director Options) and the pricing methodology is set out in Schedule 3.

(g) Listing Rule 10.15.7 – The date or dates on or by which the entity will issue the Securities

The Director Options are anticipated to be issued (subject to each Proposed Option Recipient accepting their respective offer of Director Options) as soon as possible following the passing of Resolutions 3 to 6, but no later than 3 years after the date of the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the Listing Rules).

(h) Listing Rule 10.15.8 – The price at which the entity will issue the Securities to the person under the Employee Share Option Plan

The Director Options will be granted for nil cash consideration and therefore no funds will be raised from their issue (noting that Shares to be issued or transferred upon vesting of the Director Options will be issued or transferred for the Exercise Price, being an amount equal to 10% above the 5 Trading Day VWAP prior to the date of the Meeting).

(i) Listing Rule 10.15.9 – Summary of material terms of the Employee Share Option Plan

A summary of the material terms of the Employee Share Option Plan is set out in Schedule 1 to this Explanatory Memorandum.

(j) Listing Rule 10.15.10 – Summary of material terms of any loan made to the Proposed Option Recipients in relation to the acquisition of the Director Options

Notice of General Meeting

The Company will not provide a loan to any of the Proposed Option Recipients in relation to the acquisition of the Director Options or any Shares issued pursuant to the exercise of the Director Options.

- (k) Listing Rule 10.15.11 – Reporting of Securities issued under Employee Share Option Plan

Details of any Securities issued under the Employee Share Option Plan will be published in the Company's annual 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 will become entitled to participate in an issue of Securities under the Employee Share Option Plan after Resolutions 3 to 6 are approved (should they be approved) and who are not named in this Notice of Meeting will not participate until approval is obtained under Listing Rule 10.14.

- (l) Listing Rule 10.15.12 – Voting exclusion statement

A voting exclusion statement is included in the Notice.

4.7 Effect of Shareholder approval

If Resolution 3 to Resolution 6 are each passed, the Company will be able to proceed to offer to issue the Director Options to each of the Proposed Option Recipients.

If Resolution 3 to Resolution 6 are each not passed, the Company will not be able to proceed to offer to issue the Director Options to each of the Proposed Option Recipients and the Company may then need to consider alternative remuneration arrangements for each of the Proposed Option Recipients to ensure appropriate and aligned incentive packages are in place.

4.8 No other information

Save as set out in this Explanatory Memorandum, there is no other information known to the Directors that is reasonably required by Shareholders to allow them to make a decision whether or not it is in the Company's best interests to pass Resolutions 3 to 6.

5. Resolution 7 – Approval of termination policy

5.1 Introduction

Under Part 2D.2 of the Corporations Act, the Company (as a listed company), its Associates and any prescribed superannuation fund in connection with the Company, are prohibited from giving a person who holds, or have held in the last three years, a "managerial or executive office" (namely, the Relevant Executives) a benefit or entitlement in connection with their ceasing to hold an office or position of employment in the Group unless Shareholders approve the benefit or some other exemption applies.

Australian laws restrict benefits which can be given to people who hold offices in the Company in connection with cessation of office or employment, unless shareholder approval is obtained. These laws are complex and affect the Company's ability to treat employees across the Company consistently; this Resolution 7 seeks to potentially provide benefits that are consistent with the Company's remuneration policies and practices.

In addition, Listing Rule 10.19 provides that, without the approval of ordinary shareholders, an entity must ensure that no officer of the entity or any of its child entities will be, or may be,

Notice of General Meeting

entitled to termination benefits if the value of those benefits and the termination benefits that are or 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.

Depending upon the value attributed to the relevant termination benefits and the equity interests of the Company at the time of payment of any termination benefit or vesting of any Shares and/or Options, it is uncertain if such benefit would exceed the 5% threshold. Accordingly, Shareholder approval is being sought in case such termination benefit does exceed the 5% threshold.

Accordingly, the Company is seeking Shareholder approval for the termination benefits that may be given to Relevant Executives under the proposed Employee Share Option Plan the subject of Resolution 2, including as a result of the exercise of Board discretion or automatic or accelerated vesting under the Employee Share Option Plan (and including under the terms of the Director Options the subject of Resolutions 3 to 6), when they cease to hold an office or position of employment within the Group under both the Corporations Act and the Listing Rules (**Potential Termination Benefits**).

5.2 The Company's approach to termination benefits

The Company's policy in relation to termination benefits which may be given to Relevant Executives upon leaving employment with the Group is to treat ceasing Relevant Executives fairly and consistently, as well as in accordance with the applicable laws and market practice. The Company's remuneration strategy is focused on delivering Shareholder value over the long term. In line with the above, the overriding objective is to attract and retain valuable employees while aligning the interests of executives and Shareholders and, in particular, to provide rewards that support Shareholder value creation.

To ensure the Company is able to meet this objective, Shareholder approval is sought in respect of the termination benefits outlined in this Explanatory Memorandum. The Company considers it appropriate to obtain Shareholder approval so that the Company's ability to discharge any obligations to ceasing Relevant Executives is not otherwise restricted by the termination benefits provisions of the Corporations Act.

5.3 Which employees are covered by the approval?

As noted above, approval is being sought in respect of Relevant Executives, being persons who, from time to time, are Key Management Personnel of the Company or who, from time to time, hold a managerial or executive office in the Company or a related body corporate, in connection with the person retiring from an office or position, in the Company or a related body corporate, and either hold that role at the time of their termination or were in the role within the three years prior to their termination.

5.4 What is the Company seeking Shareholder approval for?

The Company is seeking Shareholder approval for any Potential Termination Benefits (as defined above).

Approval by Shareholders does not guarantee that a Relevant Executive will receive any termination benefits, but rather preserves the discretion of the Board to exercise its discretion under the Employee Share Option Plan. The Company is conscious of the need to strike an appropriate balance between ensuring fair treatment of Key Management Personnel on retirement from office and avoiding excessive termination payouts.

The Board's discretion to make a payment or give a benefit on termination is intended for "good leaver" circumstances, including Uncontrollable Events pursuant to the ESOP.

Notice of General Meeting

5.5 Termination benefits that require Shareholder approval and termination benefits that are exempt

“Benefit” is defined broadly in the Corporations Act to include most forms of valuable consideration. Termination benefits under the Corporations Act include a range of payments or benefits given in connection with a person ceasing to hold an office or position of employment including termination payments or other benefits such as an accelerated or automatic vesting of share-based payments at or due to retirement.

There is an exception to the prohibition on the provision of benefits where the value of the benefits do not exceed one year’s fixed pay (as calculated in accordance with the Corporations Act). In addition, there are certain benefits which are excluded from the definition of “benefit” under the Corporations Act and which do not require Shareholder approval. These include:

- (a) certain types of “deferred bonuses”;
- (b) a payment from a defined benefits superannuation scheme that was in existence when Regulation 2D.2 of the Corporations Regulations 2001 (Cth) commenced;
- (c) genuine accrued benefits that are payable;
- (d) a payment made under a requirement imposed by a law of another country;
- (e) a reasonable payment that is made:
 - (1) in accordance with a policy of the company or body that applies to all employees; and
 - (2) as a result of a genuine redundancy; and
 - (3) having regard to the length of a person’s service in an office or position; and
- (f) a payment from a prescribed superannuation fund due to death or incapacity.

5.6 Summary of potential termination benefits

A summary of the Potential Termination Benefits for which Shareholder approval is sought (including the various discretions that may be exercised by the Board or its delegate, as the case may be) are set out below. The summary is not intended to provide an exhaustive list of every benefit that could become payable to a Relevant Executive in every potential termination scenario.

Part of the reason the Company is seeking Shareholder approval is to maintain some flexibility for the Company to tailor executive termination arrangements having regard to the circumstances of the executive’s cessation of employment and within the constraints of:

- (a) the Company’s remuneration policy as described in the Remuneration Report;
- (b) the executive’s employment or service agreement;
- (c) the terms of the Employee Share Option Plan;
- (d) if applicable, the terms of the Director Options; and
- (e) prevailing market practice and corporate governance expectations at the time that the executive ceases employment with the Company.

Notice of General Meeting

Details of the Employee Share Option Plan (the subject of Resolution 2) are summarised in Schedule 1. Details of the terms of the Director Options the subject of Resolutions 3 to 6 are set out in Schedule 2 (and also being subject to the Employee Share Option Plan).

Under the Employee Share Option Plan, eligible persons may be granted Options for nil consideration, which vest if certain performance hurdles are met (and may be exercised subject to payment of an exercise price, if any). Relevantly, for the purposes of this Resolution 7, if an eligible person's employment or engagement with the Company ceases because of an Uncontrollable Event, the Board has a general discretion under the Employee Share Option Plan to reduce, vary or waive any performance hurdle that has not been satisfied as at the date of the Uncontrollable Event so that the Options subject to the performance hurdle may be exercised despite termination of employment. In respect of Uncontrollable Events, a participant may at any time prior to the earlier of the expiry of the Option period or six months (or such other period as the Board will in its full discretion, determine) from the date on which the eligible person ceased employment or engagement, exercise any Options capable of being exercised.

In respect of cessation of employment or engagement with the Company because of Controllable Events:

- (a) unless otherwise determined by the Board, all Options subject to performance hurdles that have not been satisfied as at the date of the Controllable Event will lapse; and
- (b) a participant may at any time prior to the earlier of the expiry of the Option period and one month (or such other period as the Board will in its full discretion, determine) from the date on which the eligible person ceased employment or engagement, exercise any Options not subject to performance hurdles (including any Options that have performance hurdles that have been satisfied and have vested as at the date of the Controllable Event).

The ability to allow Options to remain on-foot despite the participant's failure to meet service conditions under the Employee Share Option Plan in connection with the cessation of employment of a member of the Company's KMP will constitute a termination benefit.

In addition, under clause 4 of Schedule 2, being of the terms of the Director Options the subject of Resolutions 3 to 6, on the occurrence of a Change of Control Event (as defined in clause 4(c) of Schedule 2), the Board may in its sole and absolute discretion determine that unvested Options will vest despite the non-satisfaction of any Performance Hurdles and become exercisable in accordance with clause 4(b) of Schedule 2, with such vesting deemed to have taken place immediately prior to the effective date of the Change of Control Event, regardless of whether or not the employment, engagement or office of the participant is terminated or ceases in connection with the Change of Control Event.

The accelerated vesting of Options, including as described in relation to a Change of Control Event in respect of the Director Options above, is considered a "benefit" (the value of that benefit being the **Acceleration Benefit**) for the purposes of Part 2D.2 of the Corporations Act. When combined with the participant's other termination benefits under their employment or other arrangements with the Company, the Acceleration Benefit may, in some circumstances, result in the total benefit payable exceeding the limit permitted where there is no shareholder approval under the Corporations Act.

In addition to the above, certain existing equity incentives already on issue in the Company contain similar Acceleration Benefits.

Consequently, to the extent that the value of the Acceleration Benefit arising upon the retirement from office or employment of a Relevant Executive may be beyond the benefit permitted to be given by the Company without Shareholder approval, Shareholder approval is

Notice of General Meeting

now sought in accordance with section 200B and 200E of the Corporations Act under Resolution 7.

5.7 Value of Potential Termination Benefits

The Company is unable to determine the amount and value of the termination benefits that may be provided to an executive in connection with their termination in accordance with this approval at the present time.

Key matters, events or circumstances which will, or are likely to affect the calculation of the value of any Accelerated Benefits or allowing Options to remain on-foot include:

- (a) the circumstances in which the Relevant Executive ceases employment;
- (b) the Relevant Executive's base salary and the number of Shares or Options held by the Relevant Executive at the time any benefits accrued and the time they cease employment;
- (c) the Relevant Executive's length of service and any relevant performance periods for incentive awards that have expired at the time they cease employment;
- (d) the number of unvested Options that the Board determines to vest, lapse or leave on foot;
- (e) the Company's Share price when the value of any equity based termination entitlements are determined, and the terms of those entitlements;
- (f) any other factors which the Board considers relevant when exercising its discretion, including its assessment of the performance of the Relevant Executive up to the date of termination of employment (where appropriate);
- (g) the jurisdiction and location in which the Relevant Executive is based at the time they cease employment and the applicable laws in that jurisdiction; and
- (h) any changes in law between the date the Company enters into an employment agreement with the Relevant Executive and the date they cease employment.

If Shareholder approval is obtained, the value of the benefits outlined in this Resolution and Explanatory Memorandum will be disregarded when calculating the Relevant Executive's termination benefits cap for the purpose of section 200F(2)(b) or section 200G(1)(c) of the Corporations Act and Listing Rule 10.19.

5.8 Effect of Shareholder approval

If Resolution 7 is approved at the Meeting, the Relevant Executives will be entitled to be paid the Potential Termination Benefits and the value may exceed the 5% threshold. The Potential Termination Benefits could be granted to the Relevant Executives over the course of the next three years. It is therefore anticipated that this approval will be effective for a period of three years from the date Resolution 7 is passed. If considered appropriate, the Board may seek the further approval of Shareholders on or about the time of the expiry of the approval the subject of Resolution 7 in respect of the Potential Termination Benefits. It can be reasonably anticipated that the relevant employment agreements and ESOP may be amended (or replaced) from time to time in line with market practice and governance standards and, where relevant, changes in relation to persons who hold a 'managerial or executive office' will be reported in the Company's annual report for the relevant period.

If Resolution 7 is not approved at the Meeting, the Relevant Executives will not be entitled to be paid any Potential Termination Benefits, unless they fall within an exception under the

Notice of General Meeting

Corporations Act or do not breach the 5% threshold. Further, the Company may find it challenging to source the high calibre personnel required for the Company to grow and succeed. The Company expects to source personnel from different jurisdictions; these highly qualified persons have expectations in relation to their termination benefits that may be outside the current termination policy in Australia. The Company expects to bridge the gap with this policy (if adopted).

5.9 **Approval is sought for a three year period**

If Shareholder approval is obtained for the purposes of Resolution 7, it will be effective for a period of three years from the date this Resolution 7 is passed, consistent with the approval of the Company's Employee Share Option Plan for the purposes of Listing Rule 7.1 pursuant to Resolution 2.

5.10 **Directors' recommendation**

The Directors (Venkatesh Padala, Lee Christensen, Jason Ferris and Andrew Law) abstain from making a recommendation in relation to Resolution 7 on the basis they are Relevant Executives who may be entitled to a Potential Termination Benefit.

The Listing Rules and the Corporations Act prohibit certain persons from voting on Resolution 7. A voting exclusion statement with regard to Resolution 7 is included in the Notice.

6. **Voting entitlement**

For the purposes of determining voting entitlements at the Meeting, Shares will be taken to be held by the persons who are registered as holding the Shares at 12:00pm (Perth time) on Sunday, 11 February 2024. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

7. **Interpretation**

Accelerated Benefits has the meaning given to that term in section 5.6 of the Explanatory Memorandum.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given to that term in the Corporations Act or Chapter 19 of the Listing Rules (as applicable).

Associated Entity, in relation to the Company, has the meaning given to that term in section 50AAA of the Corporations Act.

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange (as applicable).

Board means the board of directors of the Company.

Business Day means a day on which ASX is open for business.

Chair means the person who chairs the Meeting.

Change of Control Event has the meaning given to that term in clause 4(c) of Schedule 2.

Notice of General Meeting

Closely Related Party (as defined in the Corporations Act) of a member of the Key Management Personnel for an entity means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the regulations for the purposes of this definition.

Company means First Lithium Limited ACN 009 081 770.

Constitution means the constitution of the Company from time to time.

Controllable Event has the meaning given to that term in Schedule 1.

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

Director means a director of the Company.

Director Options means the 5,000,000 Options proposed to be offered and issued to the Proposed Option Recipients under the Employee Share Option Plan, pursuant to Resolutions 3 to 6.

Division means Division 1A of Part 7.12 of the Corporations Act.

Employee Share Option Plan or **ESOP** means the Company's equity incentive scheme proposed to be adopted pursuant to Resolution 2, the key terms of which are summarised in Schedule 1.

Equity Securities has the meaning given to that term in the Listing Rules.

Exercise Price has the meaning given to that term in clause 1(a) of Schedule 2.

Expiry Date has the meaning given to that term in clause 1(e) of Schedule 2.

Explanatory Memorandum means this explanatory memorandum accompanying the Notice of Meeting.

Group means the Company and its subsidiaries.

JORC Code 2012 means the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 Edition.

Key Management Personnel or **KMP** has the definition given in *Accounting Standards AASB 124 Related Party Disclosure* as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity.

Listing Rule means the official listing rules of the ASX as amended from time to time.

Notice of General Meeting

Market Value means the value of Shares as determined by the volume weighted average trading price of Shares sold on the ASX over the last 5 Trading Days immediately before the relevant date.

Meeting or General Meeting means the general meeting to be held at Mining Corporate Boardroom, Level 8, 216 St Georges Terrace Perth WA 6000 on Tuesday, 13 February 2024 at 12:00pm (Perth time).

Mineral Resource has the meaning given to that term in the JORC Code 2012.

NED means non-executive Director.

Notice of Meeting or Notice means the notice of meeting giving notice to Shareholders of the Meeting, accompanying this Explanatory Memorandum.

Ordinary Resolution means a resolution passed by more than 50% of the votes cast at a general meeting of Shareholders.

Options means a right to subscribe for a Share.

Performance Hurdles means the vesting conditions of the Director Options as described in clause 1(f) of Schedule 2.

Potential Termination Benefits has the meaning given to that term in section 5.1 of the Explanatory Memorandum.

Proposed Option Recipients means Venkatesh Padala, Lee Christensen, Jason Ferris and Andrew Law or their respective nominees.

Related Party has the meaning in section 228 of the Corporations Act or Chapter 19 of the Listing Rules (as applicable).

Relevant Executives means persons who, from time to time, are Key Management Personnel of the Company or who, from time to time, hold a managerial or executive office in the Company or a related body corporate, in connection with the person retiring from an office or position, in the Company or a related body corporate.

Remuneration Report means the remuneration report as contained in the annual Directors Report of the Company for the relevant financial year.

Resolution means a resolution as set out in the Notice of Meeting.

Securities has the meaning in section 92(1) of the Corporations Act or Chapter 19 of the Listing Rules (as applicable).

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

Shareholder means a holder of Shares in the Company.

Special Resolution means a resolution:

- (a) of which notice has been given as set out in paragraph 249L(1)(c) of the Corporations Act; and
- (b) that has been passed by at least 75% of the votes cast by members entitled to vote on the resolution.

Notice of General Meeting

Tax Law means the *Income Tax Assessment Act 1997* (Cth) and the *Income Tax Assessment Act 1936* (Cth), as the case may be.

Trading Day has the meaning given to that term in the Listing Rules.

Uncontrollable Event has the meaning given to that term in Schedule 1.

VWAP means the volume weighted average closing price on the ASX.

WST means Australian Western Standard Time.

Any inquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to the Company Secretary at alan@miningcorporate.com.au.

Notice of General Meeting

Schedule 1 – Summary of the terms of the Employee Share Option Plan

1. The ESOP is to extend to Eligible Persons or their Related Persons (as the case may be and as defined in the ESOP) of the Company or an Associated Entity of the Company as the Board may in its discretion determine.
2. If the Company is relying on the Division, and subject to applicable law, an offer that involves consideration must not be made unless the Company reasonably believes:
 - (a) the total number of Shares in the Company that are, or are covered by, the Securities of the Company that may be issued under the offer; and
 - (b) the total number of Shares in the Company that are, or are covered by, the Securities that have been issued, or may be issued, under Offers that were both received in Australia and made in connection with the ESOP (or other employee share scheme) at any time during the three year period prior to the offer being made,does not exceed either the specified percentage in the Company's Constitution, or if no percentage is specified in the Company's Constitution, 5% of the number of those Shares actually issued by the Company.
3. The Shares are to be issued at an issue price determined by the Board.
4. The Options are to be issued for no consideration.
5. The exercise price of an Option is to be determined by the Board at its sole discretion.
6. In lieu of paying the aggregate exercise price to purchase Shares, a participant may elect to receive, without payment of cash or other consideration, upon surrender of the applicable portion of exercisable Options to the Company, a number of Shares determined in accordance with the formula included in the ESOP.
7. The Option commencement date will be any such date or dates with respect to the Options or tranches of Options (as the case may be) as may be determined by the Board prior to the issue of the relevant Options.
8. The Option period commences on the Option commencement date and ends on the earlier of:
 - (a) the expiration of such period nominated by the Board at its sole discretion at the time of the grant of the Option but being not less than two years;
 - (b) if an Eligible Person's employment or engagement with the Company or an Associated Entity ceases because of an Uncontrollable Event (as defined below), the earlier of:
 - (1) the expiry of the Option period; or
 - (2) six months (or such other period as the Board shall, in its absolute discretion, determine) from the date on which the Eligible Person ceased that employment or engagement;
 - (c) if an Eligible Person's employment or engagement with the Company or an Associated Entity ceases because of a Controllable Event (as defined below):
 - (1) the expiry of the Option period; or
 - (2) one month (or such other period as the Board shall, in its absolute discretion, determine) from the date on which the Eligible Person ceased that employment or engagement; or

Notice of General Meeting

- (d) the Eligible Person ceasing to be employed or engaged by the Company or an Associated Entity of the Company due to fraud, dishonesty or being in material breach of their obligations to the Company or an Associated Entity.
- 9. Eligibility to participate is determined by the Board. Eligibility is restricted to Eligible Persons (or their Related Persons where applicable) of the Company or an Associated Entity of the Company. The Board is entitled to determine:
 - (a) subject to paragraph 2, the total number of Shares and Options to be offered in any one year to Eligible Persons or Related Persons;
 - (b) the Eligible Persons to whom offers will be made; and
 - (c) the terms and conditions of any Shares and Options granted, subject to the ESOP.
- 10. In respect of Options, Option holders do not participate in dividends or in bonus issues unless the Options are exercised.
- 11. Option holders do not have any right to participate in new issues of Securities in the Company made to Shareholders generally. The Company will, where required pursuant to the Listing Rules, provide Option holders with notice prior to the books record date (to determine entitlements to any new issue of Securities made to Shareholders generally) to exercise the Options, in accordance with the requirements of the Listing Rules.
- 12. In the event of a pro rata issue (except a bonus issue) made by the Company during the term of the Options the Company may adjust the exercise price for the Options in accordance with the formula in the terms of the ESOP.
- 13. The Board has the right to vary the entitlements of participants to take account of the effect of capital reorganisations, bonus issues or rights issues.
- 14. The terms of the Options shall only be changed if holders (whose votes are not to be disregarded) of Shares in the Company approve of such a change. However, the terms of the Options shall not be changed to reduce the exercise price, increase the number of Options or change any period for exercise of the Options.
- 15. The Board may impose as a condition of any offer of Shares and Options under the ESOP any restrictions on the transfer or encumbrance of such Shares and Options as it determines.
- 16. The Board may by resolution amend, add to, revoke, or replace the ESOP or any of the terms of allotment of a participant Share or Option, subject to certain terms of the ESOP and the Listing Rules. The Board may not amend the ESOP if the amendment would materially reduce the rights of a participant in respect of a participant Share or Option allotted before the date of the amendment unless the amendment is introduced primarily to comply with relevant legislation, its Constitution or the Listing Rules, to correct a manifest error, or to address possible adverse tax implications (arising from rulings or legislative changes or interpretations).
- 17. The ESOP is separate to and does not in any way form part of, vary or otherwise affect the rights and obligations of an Eligible Person under the terms of his or her employment or arrangement.
- 18. At any time from the date of an offer under the ESOP until the acceptance date of that offer, the Board undertakes that it shall provide information as to:
 - (a) the current market price of the Shares; and

Notice of General Meeting

- (b) the acquisition price of the Shares or Options offered where this is calculated by reference to a formula, as at the date of the offer,

to any participant within three Business Days of a written request to the Company from that participant to do so.

- 19. Any offer made pursuant to this ESOP will specify whether subdivision 83A-C of the applicable Tax Laws applies to that offer such that any tax payable by a participant under the offer will be deferred to the applicable deferred taxing point described in that subdivision.

In the ESOP:

- 1. **Controllable Event** means cessation of employment or engagement other than by an Uncontrollable Event.
- 2. **Uncontrollable Event** means:
 - (a) death, serious injury, disability or illness which renders the Eligible Person incapable of continuing their employment or engagement (or providing the services the subject of the engagement) with the Company or Associated Entity;
 - (b) forced early retirement, retrenchment or redundancy; or
 - (c) such other circumstances which results in an Eligible Person leaving the employment of or ceasing their engagement with the Company or Associated Entity and which the Board determines is an Uncontrollable Event.

Notice of General Meeting

Schedule 2 – Terms and Conditions of Director Options

1. General

- (a) No monies will be payable for the grant of the Options. Subject to provisions of the ESOP with respect to the effect of capital reorganisations, the amount payable upon exercise of each Option will be an amount equal to 10% above the 5 Trading Day VWAP prior to date of the Meeting (**Exercise Price**).
- (b) The Options will not be listed for official quotation on the ASX.
- (c) The Options are not transferable subject to the approval of the Board.
- (d) Each Option shall carry the right to subscribe for one Share upon exercise of the Option.
- (e) The Options shall expire at 5.00pm WST on the expiry date, being the date which is four (4) years from the date of issue of the Options (and being a date nominated by the Board at its sole discretion at the time of the grant of the Option being not less than two years after grant) (**Expiry Date**).
- (f) Subject to clauses 1(a), 1(e), 3 and 4, the Options may be exercised by the Option holder at any time until the Expiry Date, but subject to the prior satisfaction of the following conditions (being **Performance Hurdles**), being the Company releasing a JORC Code 2012 compliant Mineral Resource Estimate of:
 - (1) 10 million tonnes at 1.1% Li₂O within 2 years; or
 - (2) 15 million tonnes at 1.1% Li₂O within 3 years.
- (g) The Board may, at its discretion, by notice to the Option holder adjust or vary the terms of an Option, subject to the requirements of the Listing Rules. No adjustment or variation will be made without the consent of the Option holder if such adjustment or variation would have a materially prejudicial effect upon the Option holder (in respect of their outstanding Options).
- (h) Options may only be exercised by delivery to the Company Secretary (at a time when the Options may be exercised) of:
 - (1) a notice, in the required form, addressed to the Company and signed by the Option holder stating that the Option holder exercises the Options and specifying the number of Options which are exercised (**Notice of Exercise**); and
 - (2) subject to clause 1(i), payment to the Company of an amount equal to the Exercise Price multiplied by the number of Options which are being exercised unless there is no Exercise Price payable in respect of the Options to be exercised. Unless clause 1(i) applies, the Notice of Exercise is only effective (and only becomes effective) when the Company has received value for the full amount of the Exercise Price (for example, if the Exercise Price is paid by cheque, by clearance of that cheque) by the Expiry Date and subject to the Options the subject of the Notice of Exercise vesting in accordance with any Performance Hurdles (if any) stipulated in these terms and conditions.
- (i) In lieu of paying the aggregate Exercise Price to purchase Shares under clause 1(h)(2), the Board may, in its sole and absolute discretion, permit an Option holder to elect to receive, without payment of cash or other consideration, upon surrender of the

Notice of General Meeting

applicable portion of exercisable Options to the Company, a number of Shares determined in accordance with the following formula (a cashless exercise):

$$A = \frac{B(C - D)}{C}$$

where:

A = the number of Shares (rounded down to the nearest whole number) to be issued to the Option holder;

B = the number of Shares otherwise issuable upon the exercise of the Options or portion of the Options being exercised;

C = the Market Value of one Share determined as of the date of delivery to the Company Secretary; and

D = the Exercise Price.

- (j) Options may be exercised in one or more parcels of any size, provided that the number of Shares issued upon exercise of the number of Options in any parcel is not less than a marketable parcel. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by the Option holder.

2. Timing of issue of Shares on exercise

- (a) Within 15 Business Days after the later of the following:

- (1) the date the Options are exercised under clause 1(h); and
- (2) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the date the Options are exercised under clause 1(h), the Company will:

- (3) issue the number of Shares and deliver the holding statements 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;
- (4) 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
- (5) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under clause 2(a)(4) 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 investors.

Notice of General Meeting

- (b) Shares allotted pursuant to an exercise of Options shall rank, from the date of allotment, equally with existing Shares of the Company in all respects.

3. Lapse of Options

- (a) Unless clause 3(b), 3(c) or 3(d) applies, the Options will lapse immediately and all rights in respect of the Options will be lost:
 - (1) if an Eligible Person's employment or engagement with a member of the Group ceases for any reason whatsoever (including without limitation resignation or termination for cause) and the Performance Hurdles have not been met; or
 - (2) the Performance Hurdles are unable to be met; or
 - (3) the Expiry Date has passed; or
 - (4) the deadline provided for in clause 3(d) has passed,whichever is earlier.
- (b) If the term of an Option would otherwise expire outside a trading window applicable to the Eligible Person or the Option holder, then the term of such Option shall be extended to the close of business on the 10th Business Day during the next trading window applicable to the Eligible Person or the Option holder.
- (c) Subject to the terms of the ESOP, if an Eligible Person's employment or engagement with a member of the Group ceases because of an Uncontrollable Event prior to the Expiry Date of any Options granted to the Option holder, the following provisions apply:
 - (1) the Option holder or the Option holder's legal personal representative, where relevant, may exercise those Options which at that date:
 - (A) have become exercisable;
 - (B) have not already been exercised; and
 - (C) have not lapsed,in accordance with clause 3(c)(3);
 - (2) at the absolute discretion of the Board, the Board may resolve that the Option holder, or the Option holder's legal personal representative, where relevant, may exercise those Options which at that date:
 - (A) have not become exercisable; and
 - (B) have not lapsed,in accordance with clause 3(c)(3) and, if the Board exercises that discretion, those unexercisable Options will not lapse other than as provided in clause 3(c)(3);
 - (3) the Option holder or the Option holder's legal personal representative (as the case may be) must exercise the Options referred to in clause 3(c)(1) and, where permitted, clause 3(c)(2), not later than the first to occur of:
 - (A) the Expiry Date of the Options in question; and

Notice of General Meeting

- (B) the date which is 6 months after the Uncontrollable Event provided that in the case of Options referred to in clause 3(c)(2), all Performance Hurdles have been met at that time (unless the Board decides to waive any relevant Performance Hurdles, in its absolute discretion); and
 - (4) Options which have not been exercised by the end of the period specified in clause 3(c)(3) lapse immediately at the end of that period and all rights in respect of those Options will thereupon be lost.
 - (d) Subject to terms of the ESOP, if an Eligible Person's employment or engagement with a member of the Group ceases because of a Controllable Event prior to the Expiry Date in relation to the Options and the Performance Hurdles have been met, the Option holder will be entitled to exercise Options for a period of up to 1 month after the Controllable Event, after which the Options will lapse immediately and all rights in respect of those Options will be lost.
- 4. Change of Control Event
 - (a) On the occurrence of a Change of Control Event (as defined in clause 4(c) below), the Board may in its sole and absolute discretion determine that unvested Options will vest despite the non-satisfaction of any Performance Hurdles and become exercisable in accordance with clause 4(b), with such vesting deemed to have taken place immediately prior to the effective date of the Change of Control Event, regardless of whether or not the employment, engagement or office of the participant is terminated or ceases in connection with the Change of Control Event.
 - (b) Whether or not the Board determines to accelerate the vesting of any Options, the Company shall give written notice of any proposed Change of Control Event to the Option holder. Upon the giving of any such notice the Option holder shall be entitled to exercise, at any time within the 14-day period following the giving of such notice, all or a portion of those Options granted to the Option holder which are then vested and exercisable in accordance with their terms, as well as any unvested Options which shall become vested and exercisable in connection with the completion of such Change of Control Event. Unless the Board determines otherwise (in its sole and absolute discretion), upon the expiration of such 14 day period, all rights of the Option holder to exercise any outstanding Options, whether vested or unvested, shall terminate and all such Options shall immediately lapse, expire and cease to have any further force or effect, subject to the completion of the relevant Change of Control Event.
 - (c) **A Change of Control Event** occurs where:
 - (1) an offer is made for Shares pursuant to a takeover bid under Chapter 6 of the Corporations Act and is, or is declared, unconditional; or
 - (2) the Court sanctions under Part 5.1 of the Corporations Act a compromise or arrangement relating to the Company or a compromise or arrangement proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
 - (3) any other merger, consolidation or amalgamation involving the Company occurs which results in the holders of Shares immediately prior to the merger, consolidation or amalgamation being entitled to 50 per cent or less of the voting Shares in the body corporate resulting from the merger, consolidation or amalgamation; or

Notice of General Meeting

- (4) the Company enters into agreements to dispose of its main business undertaking or the principal assets (whether or not in the form of Shares in the Company) of the Company to a person, or a number of persons, and those agreements become unconditional.

5. Participation rights

- (a) If at any time the issued capital of the Company is reconstructed (including a consolidation, subdivision, reduction or return), all rights of an Option holder (including the number of Options to which each Option holder is entitled and the Exercise Price) are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
- (b) Option holders do not have any right to participate in new issues of Securities in the Company made to Shareholders generally. The Company will, where required pursuant to the Listing Rules, provide Option holders with notice prior to the books record date (to determine entitlements to any new issue of Securities made to Shareholders generally) to exercise the Options, in accordance with the requirements of the Listing Rules.
- (c) In the event of a pro rata issue (except a bonus issue) made by the Company during the term of the Options the Company may adjust the exercise price for the Options in accordance with the formula in the terms of the ESOP.
- (d) If there is a bonus issue to the holders of Shares in the Company, the number of Shares over which the Option is exercisable may be increased by the number of Shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue.
- (e) If, prior to the expiry of any Options, a resolution for a members' voluntary winding up of the Company is proposed (other than the purpose of a reconstruction or amalgamation) the Board may, in its absolute discretion, give written notice to Option holders of the proposed resolution. Subject to the Performance Hurdles, Option holders may, during the period referred to in the notice, exercise their Options.

6. Deferred taxation

- (a) Subdivision 83A-C of the *Income Tax Assessment Act 1997* (Cth) applies to the Options.

7. Employee Share Option Plan

- (a) In addition to these terms, the Options are subject to the terms of the Employee Share Option Plan.
- (b) In the event of any inconsistency between these terms of the Options and the terms of the Employee Share Option Plan, the terms of the Employee Share Option Plan prevail to the extent of inconsistency.

Notice of General Meeting

Schedule 3 – Valuation of Director Options

The Director Options to be issued to the Proposed Option Recipients pursuant to Resolutions 3, 4, 5, and 6 have been valued by internal management and the assumptions have been reviewed independently.

Using the Black & Scholes option pricing model and based on the assumptions set out below, the Director Options were ascribed the following value range:

Assumptions	
Valuation date	18 December 2023
Market price of Shares ¹	\$0.40
Exercise price	\$0.494
Expiry date (length of time from issue)	Four years from the date of Issue
Risk free interest rate ²	3.74%
Volatility ³	118.78%
Annual dividend yield	0.00%
Days in year	365
Indicative value per Director Option	\$0.3032
Total value of Director Options	\$1,516,104
Venkatesh Padala	\$1,061,273
Lee Christensen	\$151,610
Jason Ferris	\$151,610
Andrew Law	\$151,610

Notes:

1. Being the 5 day volume weighted average trading price of a fully paid Share as at the valuation date.
2. Based on the 5 year Reserve Bank treasury bond rates respectively as at 19 December 2023.
3. As determined using the daily closing Share prices for the previous 12 months from 19 December 2023.

Additional note: The valuation ranges noted above are not necessarily the market prices that the Director Options could be traded at and they are not automatically the market prices for taxation. The Black & Scholes option pricing model assumes that the Options the subject of the valuation can be sold on a secondary market. The terms and conditions of the proposed Options state that the Options shall not be listed for official quotation on ASX. Any change in the variables applied in the Black & Scholes calculation between the date of the valuation and the date of the Options are granted would have an impact on their value.

Your proxy voting instruction must be received by **12.00pm (AWST) on Sunday, 11 February 2024**, 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/#/loginsah> 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:

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