

ASX Announcement | 17 May 2024

Loyal Lithium Raises \$3.3M at a 73% Premium to Market in Heavily Oversubscribed Flow-Through Placement

Highlights

- Loyal Lithium has raised \$3.3M at a 73% Premium to the 15-day VWAP by utilising the “flow-through shares” provisions under Canadian tax law.
- Flow-through shares to be placed at \$0.45 per share with an immediate on-sale via a block trade agreement to predominately existing major shareholders in Australia and Canada.
- Placement received exceptionally strong demand with funds raised dedicated to exploration works at the highly prospective Trieste Lithium Project, James Bay Quebec.
- The \$3.3M raised bolsters Loyal Lithium’s existing \$5.0M⁽¹⁾ in funding and enables the collaborative advancement of the Trieste Greenstone Belt into a premier lithium hub.
- The Trieste Lithium Project is strategically located along the Trieste Greenstone Belt and connected to multiple spodumene bearing lithium projects, including Rio Tinto/Midland Exploration, Azimut Exploration/SEQUEM and Winsome Resources’ (ASX:WR1) Adina-Jamar project with a JORC Inferred Mineral Resource Estimate of 59 Mt at 1.12% Li₂O⁽²⁾.

Loyal Lithium Limited (ASX:LLI) (**Loyal Lithium, LLI**, or the **Company**) is pleased to announce that it has received firm commitments to raise \$3.3M through the issue of 7,345,744 new fully-paid ordinary shares in the Company (Flow-Through Placement) at an issue price of ~\$0.45 per share representing a 73% premium to LLI’s 15 Day VWAP price of ~\$0.26 and a 95% premium to the offering share price of \$0.23 under the block trade agreement referred to below. The Flow Through Placement has utilised the “flow-through shares” provisions under Canadian tax law. Canaccord Genuity (Australia) Limited acted as the sole lead manager (Lead Manager).

The Placement received overwhelming support from the market with significant scaling required and priority given to major existing shareholders in Australia and Canada. The response underscores the substantial interest in Loyal Lithium's Trieste Lithium Project which is strategically located along the Trieste Greenstone Belt and connected to multiple spodumene bearing lithium projects, including Rio Tinto/Midland Exploration, Azimut Exploration/SEQUEM and Winsome Resources’ (ASX:WR1) Adina-Jamar project with a JORC Inferred Mineral Resource Estimate of 59 Mt at 1.12% Li₂O⁽²⁾.

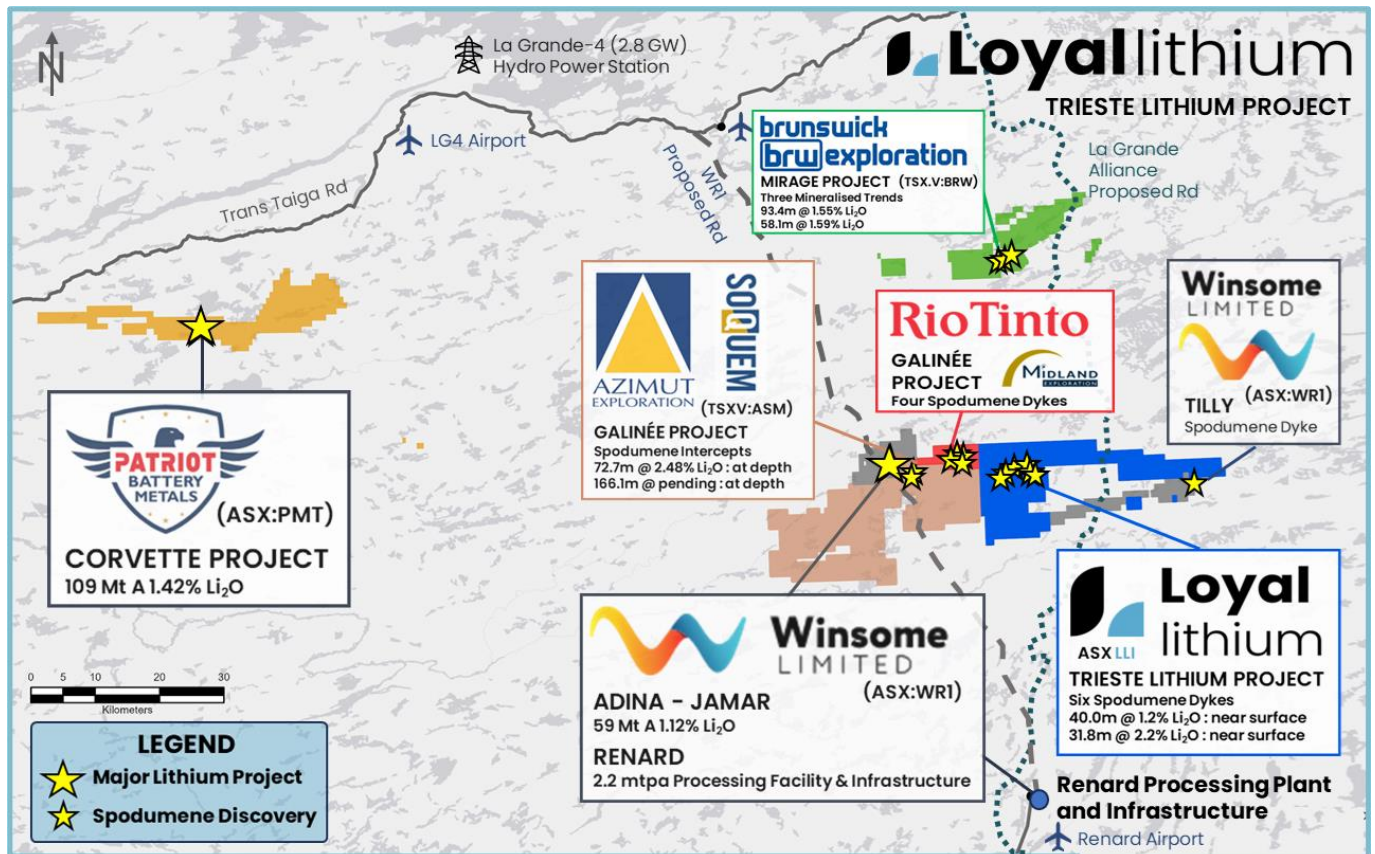


Figure 1: Location of the Trieste Lithium Project, and other GW nearby projects, located in Quebec, Canada.

Placement proceeds will be dedicated to the highly prospective Trieste Lithium Project for:

- the upcoming innovative geophysical survey
- an extensive summer field program, and
- a subsequent targeted drilling campaign.

Loyal Lithium’s Managing Director, Mr. Adam Ritchie, commented:

“The demand for the placement and ongoing support from our shareholders has been overwhelming. The vast majority of our major shareholders participated in this placement including Jody Dahrouge, principle of our in-country geological partner, Dahrouge Geological Consulting. Their support is a reflection of the potential of the project and the solid foundation that our team has built in Canada.”

“The “flow-through shares” provisions under Canadian tax law reduces shareholder dilution but more importantly ensures valuable exploration and development work can be accelerated.”

“The opportunity and potential of this northeastern region of James Bay is growing every week as world class exploration results continue to be published by Patriot Battery Metals, Winsome Resources, Azimut Exploration, Brunswick Exploration and Rio Tinto/Midland Exploration. In fact, four of the top five lithium drill intercepts published by Miner Decks for the month of April 2024 came from this northeastern region of James Bay, demonstrating the growing prominence and potential scale of the region. It’s a pleasure to make the list and be published alongside such companies.”

Flow-Through Shares Placement Details

The offer for Flow-Through Shares has been facilitated by Canadian flow-through share dealer, PearTree Securities Inc. (PearTree), pursuant to a subscription and renunciation agreement with the Company. PearTree will not receive any fees or commission for its role in the Flow-Through Placement.

The Company has received firm commitments to undertake the Flow-Through Placement to raise approximately CAD\$3.0m (AUD\$3.294M), before costs, through the issue of 7,345,744 fully-paid ordinary shares at an issue price of CAD\$0.4036 (AUD\$0.4485) per share ("Flow-Through Shares or new shares") as Canadian "flow-through shares", which provide tax incentives to investors for expenditures that qualify as flow-through critical mineral mining expenditures under the Income Tax Act (Canada).

The Flow-Through Shares will be issued at a premium to market. The term 'flow-through share' is a defined term in the Income Tax Act (Canada) and is not a special type of share under corporate law.

Pursuant to a block trade agreement between PearTree and Canaccord Genuity (Australia) Limited (the "Lead Manager"), the Lead Manager will facilitate the secondary sale of the Flow-Through Shares acquired by PearTree clients under the Flow-Through Share Placement to sophisticated and professional investors by way of a block trade at AUD\$0.23 per new share.

The Flow-Through Shares will cease to be flow-through shares on completion of the Flow-Through Share Placement and investors taking Flow-Through Shares in the block trade will receive ordinary shares.

The tax benefits associated with the Flow-Through Shares are available only to the initial investors (who are Canadian residents) and not to any other person who acquires the Flow-Through Shares through the on-sale or transfer of those Flow-Through Shares. The Flow-Through Shares will be issued under the Company's existing placement capacity under ASX Listing Rules 7.1. Settlement of the Flow-Through is expected to occur on 24 May 2024 and (followed by the block trade) the Flow-Through Shares will rank equally with the Company's existing shares on issue.

A cleansing Prospectus under section 713 of the Corporations Act 2001 (Cth) will be issued in connection with the Offer to facilitate secondary trading of the New Shares subject of the Offer.

An Appendix 3B (Proposed Issue of Securities) will follow this announcement.

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

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About Loyal Lithium

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

Future Performance

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

References

¹ ASX Announcement LLI: 30 April 2024: Quarterly Activities Report – For the Quarter Ending 31 March 2024.

² ASX Announcement WR1: 11 December 2023: Globally significant maiden Mineral Resource of 59 Mt at 100% owned Adina Lithium Project.