



LOYAL LITHIUM

LOYAL LITHIUM LIMITED

ACN 644 564 241

PROSPECTUS

An offer of up to 7,345,744 New Shares at an issue price of C\$0.4084 (A\$0.4485) per New Share to raise approximately C\$3 million (A\$3.294 million) (before expenses) (**Offer**).

This Prospectus is also being issued to remove any trading restrictions on the sale of the New Shares issued pursuant to the Offer.

IMPORTANT INFORMATION

This Prospectus is a transaction-specific prospectus issued in accordance with section 713 of the *Corporations Act 2001* (Cth). If you are invited by the Company to apply under the Offer, this is an important document that requires your immediate attention. It should be read in its entirety with the relevant Application Form. If after reading this Prospectus you have any questions about the New Shares being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser. An investment in the New Shares offered under this Prospectus is highly speculative.

This Prospectus is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This Prospectus is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the *US Securities Act of 1933*, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

Important Notices

This Prospectus is dated 20 May 2024 and was lodged with ASIC on that date. Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

This Prospectus is a transaction specific prospectus for an offer of 'continuously quoted securities' (as defined in the Corporations Act). It has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering or 'full form' prospectus. In preparing this Prospectus, regard has been had to the fact that the Company is a 'disclosing entity' for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and their professional advisers.

No securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Website – Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.loyallithium.com. Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus (free of charge) from the Company's principal place of business by contacting the Company. The Offer contemplated by this Prospectus is only available in electronic form to persons receiving an electronic version of this Prospectus within Australia or other eligible jurisdictions.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

Other than as otherwise stated in this Prospectus, no document or information included on our website is incorporated by reference into this Prospectus.

Foreign jurisdictions

This Prospectus is not, and is not intended to constitute, an offer, invitation or issue in any place in which, or to any person to whom, it would be unlawful to make such an offer, invitation or issue.

No action has been taken to permit the offer of New Shares under this Prospectus in any jurisdiction other than Australia and Canada.

Unless permitted under securities legislation, no further trades of the New Shares through an exchange, or a market, within Canada, or to a person or company in Canada is permitted before the day that is four months and one day after the later of (i) 24 May 2024 and (ii) the date the Company became a reporting issuer in any province or territory in Canada.

The New Shares may be traded in accordance with Canadian securities legislation (i) through an exchange, or a market, outside of Canada, or (ii) to a person or company outside of Canada, provided the Company is a foreign issuer within the meaning of applicable Canadian securities laws and is not a reporting issuer in any jurisdiction of Canada.

Risk factors

Eligible Investors should be aware that subscribing for New Shares in the Company involves a number of risks. The key risk factors are set out in Section 7 of this Prospectus. These risks together with other general risks applicable to all investments in quoted securities not specifically referred to, may affect the value of the Company's securities in the future. An investment in the Company should be considered speculative. Eligible Investors should consider these risk factors in light of personal circumstances and should consider consulting their professional advisers before deciding whether to apply for New Shares pursuant to this Prospectus.

Publicly available information

Information about the Company is publicly available and can be obtained from ASIC and ASX (including the ASX website at www.asx.com.au). The contents of any website or ASIC or ASX filing by the Company are not incorporated into this Prospectus and do not constitute part of the Offer. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest in the Company or subscribe for New Shares.

The Company has not authorised any person to give any information or make any representation in connection with an Offer which is not contained in this Prospectus. Any such extraneous information or representation may not be relied upon as having been authorised by the Company in connection with this Prospectus.

Statements of past performance

Past performance and pro-forma financial information included in this Prospectus is given for illustrative purposes only and should not be relied upon as (and is not) an indication of the Company's views on its future financial performance or condition. Investors should note that past performance, including past Share price performance, of the Company cannot be relied upon as an indicator of (and provides no guidance as to) the Company's future performance including future Share price performance. The historical information included in this Prospectus is, or is based on, information that has previously been released to the market.

Investors should also be aware that certain financial data included in this Prospectus may be 'non-IFRS financial information' under Regulatory Guide 230 Disclosing non-IFRS financial information published by ASIC. The Company believes this non-IFRS financial information provides useful information to users in measuring the financial performance and condition of the Company. The non-IFRS financial information does not have a standardised meaning prescribed by Australian Accounting Standards and, therefore, may not be comparable to similarly titled measures presented by other

entities, nor should they be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial information and ratios (if any) included in this Prospectus.

Forward-looking statements

This Prospectus may contain forward-looking statements been based on current expectations about future acts, events and circumstances, such as 'intends', 'may', 'could', 'believes', 'estimates', 'targets' or 'expects'. These forward-looking statements are subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements.

Accordingly, the Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward- looking statements contained in this Prospectus will actually occur. Further, except during an offer period and otherwise as required by law, the Company may not update or revise any forward-looking statement if events subsequently occur or information subsequently becomes available that affects the original forward-looking statement.

Applications

Applications for New Shares offered by this Prospectus can only be made on an original Application Form accompanying this Prospectus. Please read the instructions in this Prospectus and on the accompanying Application Form regarding the acceptance of an Offer.

By returning an Application Form, lodging an Application Form with a stockbroker or otherwise arranging for payment of New Shares in accordance with the instructions on the Application Form, an Applicant acknowledges that they have received and read this Prospectus, acted in accordance with the terms of the Offer to which the Application Form relates and agree to all of the terms and conditions as detailed in this Prospectus.

No cooling-off period

No cooling off rights apply to Applications submitted under the Offer.

Disclaimer of representations

No person is authorised to provide any information or make any representation in connection with the Offer which is not contained in this Prospectus.

Except as required by law, and only to the extent so required, neither the Company nor any other person warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

Privacy

Please read the privacy information located in Section 8.12 of this Prospectus. By submitting an Acceptance Form, you consent to the matters outlined in that section.

Definitions

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary.

All references to time are to AWST, unless otherwise indicated. All references to "\$" or "A\$" are references to Australian dollars and all references to "C\$" are references to Canadian dollars. All references to the A\$ equivalent of C\$ have been derived using an exchange rate of A\$1.00 = C\$0.9108.

Enquiries

Before making a decision about investing in the Offer, you should seek advice from your stockbroker, accountant, financial adviser, taxation adviser or other independent professional adviser to determine whether it meets your objectives, financial situation and needs.

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult with your broker, or legal, financial or other professional adviser without delay. Should you have any questions about the Offer or how to accept the Offer, please call the Company Secretary, Mr Ian Pamensky, on +61 8 6245 2490.

Website

To view annual reports, shareholder and other information about the Company, announcements, background information on the Company's operations and historical information, visit the Company's website at www.loyallithium.com.

CORPORATE DIRECTORY

Directors

Peretz Schapiro, Executive Chairman
Adam Ritchie, Managing Director
Andrew Graham, Non-Executive Director

Financial Controller

Kevin Berry

Company Secretary

Ian Pamensky

Solicitors

Allion Partners Pty Limited
Level 9, 200 St Georges Terrace
Perth WA 6000

Registered Office

Unit 5, 10 Johnson Street
Peppermint Grove WA 6011
Telephone: (08) 6245 2490
Email: info@loyallithium.com
Website: www.loyallithium.com

Share Registry*

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000
Telephone: 1300 288 664

Lead Manager

Canaccord Genuity (Australia) Limited
Level 42, 101 Collins Street
Melbourne VIC 3000

Auditor*

BDO Audit Pty Ltd
Level 18, 727 Collins Street
Melbourne VIC 3008

* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.

1. TIMETABLE TO THE OFFER

Event	Date
Lodgement of Prospectus with ASIC and ASX	20 May 2024
Opening Date of the Offer	21 May 2024
Closing Date of the Offer	24 May 2024
Issue of New Shares pursuant to the Offer	24 May 2024

Note: These dates are indicative only and subject to change. The Company reserves the right, subject to the Corporations Act and the ASX Listing Rules, to vary the above dates. In particular, the Company reserves the right to extend the closing date of the Offer, to accept late applications either generally or in particular cases or to withdraw the Offer without prior notice. The commencement of quotation of New Shares is subject to confirmation from ASX.

2. KEY OFFER TERMS

	Offer
Shares currently on issue ¹	102,637,319
New Shares offered under this Prospectus	7,345,744
Issue price per New Share	C\$0.4084 (A\$0.4485)
Amount raised under this Prospectus	C\$3,000,001 (A\$3,293,809)

Note:

1. As at the date of this Prospectus.

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3. INVESTMENT OVERVIEW AND KEY RISKS

This information is a selective overview only. Prospective investors should read the Prospectus in full before deciding to invest in New Shares.

Question	Response	Where to find more information																							
What is the Offer?	<p>An Offer to PearTree or the Investors (or other persons invited by the Company) to apply for up to 7,345,744 New Shares at an issue price of C\$0.4084 (A\$0.4485) per New Share to raise approximately C\$3 million (A\$3.294 million) (before expenses) (Offer).</p> <p>This Prospectus is also being issued to remove any trading restrictions on the sale of the New Shares issued pursuant to the Offer.</p>	Section 4.2																							
How will the proceeds of the Offer be used?	<p>The Company will use all of the funds raised under the Offer (together with existing cash on hand) at the Trieste Lithium Project, as follows:</p> <table border="1"> <thead> <tr> <th rowspan="2">Use of funds</th> <th colspan="3">Offer</th> </tr> <tr> <th>C\$</th> <th>A\$</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Geophysical Surveys</td> <td>550,154</td> <td>604,034</td> <td>17.9</td> </tr> <tr> <td>Mapping</td> <td>804,683</td> <td>883,490</td> <td>26.1</td> </tr> <tr> <td>Drilling</td> <td>1,725,000</td> <td>1,893,939</td> <td>56</td> </tr> <tr> <td>Total</td> <td>3,079,837</td> <td>3,381,464</td> <td>100</td> </tr> </tbody> </table> <p>Notes:</p> <ol style="list-style-type: none"> Using an exchange rate of A\$1.00 = C\$0.9108. The funds raised from the Offer are intended to be specifically applied towards certain Canadian exploration expenditures that are intended to qualify as flow-through critical mineral mining expenditures under the Act. The costs of the Offer (which are estimated to be A\$243,213) will be paid using the Company's existing cash reserves. <p>A further breakdown of the use of funds is set out in Section 5.2.</p>	Use of funds	Offer			C\$	A\$	%	Geophysical Surveys	550,154	604,034	17.9	Mapping	804,683	883,490	26.1	Drilling	1,725,000	1,893,939	56	Total	3,079,837	3,381,464	100	Section 5.2
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What are the key risks of a subscription under the Offer?	<p>An investment in the Company has risks that you should consider before making a decision to invest. Please carefully consider these risks and the information contained in other sections of this Prospectus before deciding whether or not to apply for New Shares.</p> <p>These risks include:</p> <p>Flow-through placement risk</p> <p>The New Shares issued pursuant to this Prospectus are intended to qualify as "flow-through shares" as defined in the <i>Income Tax Act</i> (Canada) (the Act). The term "flow-through share", as defined in the Act, refers to an ordinary share that will be issued by the Company to an investor under a written agreement with the investor, whereby the Company agrees to incur certain "Canadian exploration expenses" and to</p>	Section 7																							

Question	Response	Where to find more information
	<p>renounce tax deductions associated with those expenditures to the investor. In this regard, the Company has agreed to incur qualifying expenditures in an amount equal to the gross proceeds raised in connection with the Offer by 31 December 2025, and to renounce such qualifying expenditures to the Investors effective no later than 31 December 2024. If the Company and the Investors comply with the rules under the Act, the Investors will be entitled to deduct the amount renounced in computing income for Canadian income tax purposes and receive additional tax credits for expenditures targeting critical minerals. The right to deduct qualifying expenditures renounced in respect of flow-through shares accrues to the initial purchaser of the shares and is not transferable.</p> <p>The applicable tax treatment may constitute a major factor when considering an investment in flow-through shares. The tax consequences of subscribing for New Shares under this Prospectus, including the considerations applicable in connection with the renunciation of qualifying expenditures to Investors, are not described in this Prospectus. Applicants are strongly urged to consult their professional tax advisor in connection with subscribing for Shares under this Prospectus.</p> <p>There is no guarantee that an amount equal to the total proceeds of the sale of the Shares will be expended on qualifying expenditures on or prior to 31 December 2025, or that the renunciation of such expenditures or the expected tax deductions and credits will be accepted by the Canada Revenue Agency or a provincial tax authority. If the Company does not renounce to an Investor, effective on or before 31 December 2024, qualifying expenditures in an amount equal to the aggregate purchase price paid by such Investor for New Shares under the Offer, or if there is a reduction in such amount renounced pursuant to the provisions of the Act, then the Company shall indemnify the Investor for an amount equal to the amount of any tax payable or that may become payable under the Act (and under any corresponding provincial legislation) by the Investor (or if the Investor is a partnership, the partners thereof) as a consequence of such failure or reduction; however, there is no guarantee that the Company will have the financial resources required to satisfy such indemnity. For certainty, the aforementioned indemnity shall have no force and effect to the extent that such indemnity, recourse or rights of action would otherwise cause the New Shares to be "prescribed shares" within the meaning of section 6202.1 of the regulations to the Act.</p> <p>Canadian securities laws</p> <p>The New Shares that are sold to Investors in Canada remain subject to Canadian securities laws and will be</p>	

Question	Response	Where to find more information
	<p>subject to resale restrictions unless the Company is not a reporting issuer in any jurisdiction of Canada the date of trade, and the trade is made through an exchange, or a market, outside of Canada, or to a person or company outside of Canada, and such trade is not part of a plan or scheme to avoid the prospectus requirements in connection with a distribution or other trade to a person or company in Canada.</p> <p>Foreign jurisdiction risk – Canadian government regulation</p> <p>The Company's operating activities are subject to laws and regulations governing exploration of property, health and worker safety, employment standards, waste disposal, protection of the environment, land and water use, prospecting, taxes, labour standards, occupational health standards, toxic wastes, the protection of endangered and protected species and other matters.</p> <p>While the Company understands that it is currently in substantial compliance with all material current laws and regulations affecting its activities, future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits and agreements applicable to the Company or its properties, which could have a material adverse impact on the Company's current operations or planned development projects. Where required, obtaining necessary permits and licences can be a complex, time consuming process and the Company cannot be sure whether any necessary permits will be obtainable on acceptable terms, in a timely manner or at all.</p> <p>The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict Winsome from proceeding with any future exploration or development of its properties. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in interruption or closure of exploration, development or other activities and could result in material fines, penalties or other liabilities.</p> <p>Adverse changes in Canadian government policies or legislation may affect ownership of mineral interests, taxation, royalties, land access, labour relations, and mining and exploration activities of the Company. It is possible that the current system of exploration and mine permitting in Canada may change, resulting in impairment of rights and possibly expropriation of the Company's properties without adequate compensation.</p>	

Question	Response	Where to find more information
	<p>General risks associated with operating overseas</p> <p>The Company conducts and has interests in operations in the USA and Canada. Consequently, the Company will be subject to the risks associated with operating in such countries. Such risks can include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations.</p> <p>Changes to mining or investment policies and legislation or a shift in political attitude may adversely affect the Company's operations and profitability.</p> <p>Future capital requirements</p> <p>The Company believes its available cash should be adequate to fund its exploration and corporate activities and other Company objectives in the short-to medium-term.</p> <p>However, in order to successfully develop its lithium projects and for production to commence, the Company may require additional financing in the future. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the then market price or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.</p> <p>Although the Directors believe that additional capital can be obtained as and when required, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its activities and this could have a material adverse effect on the Company.</p> <p>Title risks</p> <p>The mineral claims in which the Company will, or may, acquire an interest in the future are subject to the applicable local laws and regulations.</p> <p>Mineral claims in which the Company has an interest are subject to the relevant conditions applying in each jurisdiction. Failure to comply with these conditions may render the mineral claims liable for forfeiture.</p> <p>The mineral claims will be subject to application for renewal from time to time. Renewal of the term of each mineral claim is subject to applicable legislation. If the</p>	

Question	Response	Where to find more information
	<p>mineral claim is not renewed for any reason, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that mineral claim.</p> <p>Sovereign risk</p> <p>Overseas jurisdictions are subject to differing legal and political systems, when compared with the systems in place in Australia.</p> <p>Possible risks include, without limitation, changes in the terms of mining legislation, changes to royalty arrangements, changes to taxation rates and concessions and changes in the ability to enforce legal rights. Any of these factors may, in the future, adversely affect the financial performance of the Company and the market price of its Shares.</p> <p>First Nations</p> <p>In relation to the Company's projects in Canada, there may be areas over which First Nations land claims exist at present or in the future. The impact of any such claim on the Company's Canadian projects cannot be foreseen with any degree of certainty and no assurance can be given that a broad recognition of First Nations rights in the areas in which the Canadian Projects are located would not have an adverse effect on the Company's activities. Even in the absence of such recognition, the Company may at some point be required to negotiate with and seek the approval of holders of First Nations interests in order to facilitate exploration and development work on the Company's mineral properties. It cannot be assured that the Company will be able to establish practical working relationships with the First Nations in the area which would allow it to ultimately develop the Company's Canadian projects.</p> <p>Royalties</p> <p>The Company is required to pay royalties on some or all minerals derived from its projects.</p> <p>There is a risk that the royalties will have an impact on the economics of progressing any proposed mining operations. However, the Company has no control over the incurrence of these costs and is unable to predict the magnitude of such costs.</p> <p>Exploration and operating costs</p> <p>The proposed exploration expenditure of the Company is based on certain assumptions with respect to the method and timing of exploration and feasibility work. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly,</p>	

Question	Response	Where to find more information
	<p>no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice.</p> <p>Unforeseen expenses</p> <p>The Company is not aware of any expenses that may need to be incurred that have not been taken into account. However, if such unforeseen expenses were subsequently incurred, the expenditure proposals of the Company may be adversely affected.</p> <p>Environmental</p> <p>The proposed activities of the Company are subject to the laws and regulations of Australia, USA and Canada concerning the environment. As with most exploration projects, the Company's activities are expected to have an impact on the environment, particularly during advanced exploration and future mining activities. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.</p> <p>Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration, development and production. The occurrence of any such safety or environmental incident could delay production or increase costs. Events such as unpredictable rainfall or bushfires may impact on the Company's ongoing compliance with environmental laws, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.</p> <p>The disposal of mining and process waste and mine water discharge and air emissions discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous, which could delay the Company's activities and make its operations more expensive.</p> <p>Infectious disease pandemics</p> <p>Infectious disease pandemics such as the coronavirus, whilst opening up various new opportunities for the deployment of the Company's technology, have the potential to interrupt the Company's operations, impair deployment of its products to customers and prevent suppliers or distributors from honouring their contractual obligations. Such pandemics could also cause hospitalisation or death of the Company's existing and potential customers and staff.</p>	

Question	Response	Where to find more information
	<p>Force majeure</p> <p>The Company's projects now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics, pandemics or quarantine restrictions.</p> <p>Investment speculative</p> <p>The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above may, in the future, materially affect the financial performance of the Company and the value of the new Shares offered under this Prospectus.</p> <p>Therefore, the New Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those new Shares.</p> <p>Potential investors should consider that an investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for new Shares pursuant to this Prospectus.</p> <p>Cyber risks and security breaches</p> <p>The Company stores data in its own systems and networks and also with a variety of third-party service providers. A malicious attack on the Company's systems, processes or people, from external or internal sources, could put the integrity and privacy of customers' data and business systems at risk. It could prevent customers from using the products for a period of time, put its users' premises at risk and could also lead to unauthorised disclosure of data.</p>	
What will be the effect of the Offer on the control of the Company?	The Offer will not have any effect on the control of the Company.	Section 4.7
What is the effect of the Offer on the Company?	<p>The maximum number of New Shares that will be issued under the Offer is 7,345,744 representing 6.68% of the issued share capital on completion of the Offer.</p> <p>The expenses of the Offer are approximately A\$243,213. The expenses of the Offer will be paid out of the Company's current cash at bank. Therefore, the proceeds of the Offer will be approximately A\$3.294 million.</p>	Section 5
How do I accept the Offer?	The Company will separately advise Applicants of the application procedures for the Offer.	

Question	Response	Where to find more information
Is the Offer subject to Shareholder approval?	No, shareholder approval is not required for the Offer.	
How can I obtain further advice?	Contact the Company Secretary, Mr Ian Pamensky, on +61 8 6245 2490 at any time between 8.30am and 5.00pm (WST) Monday to Friday until the Closing Date. Alternatively, consult your broker, accountant or other professional adviser.	

4. DETAILS OF THE OFFER

4.1 Background

On 17 May 2024, the Company announced that it had entered into a subscription and renunciation agreement pursuant to which PearTree Securities Inc. (**PearTree**), as agent for certain investors (**Investors**), agreed to subscribe for an aggregate of 7,345,744 New Shares at an issue price of C\$0.4084 (A\$0.4485) per New Share to raise approximately C\$3 million (A\$3.294 million) (before costs) (**Subscription Agreement**).

Pursuant to a block trade agreement between PearTree and Canaccord Genuity (Australia) Limited (ACN 075 071 466) (**Lead Manager**), the Lead Manager will facilitate the secondary on-sale of the New Shares acquired by PearTree (as agent for the Investors) to select sophisticated and professional investors in Australia and certain other countries (**Hard Placement Participants**), at a price per New Share of A\$0.23 (**Hard Placement**).

4.2 The Offer

This Prospectus invites PearTree or the Investors (or other persons invited by the Company) to apply for up to 7,345,744 Shares (**New Shares**) at an issue price of C\$0.4084 (A\$0.4485) per New Share to raise approximately C\$3 million (A\$3.294 million) (**Offer**).

The New Shares issued pursuant to this Prospectus are intended to qualify as "flow-through shares" as defined in the *Income Tax Act* (Canada) (the **Act**). If the Company and the Investors comply with the detailed rules under the Act, the Investors will be entitled to deduct the amount renounced in computing income for Canadian income tax purposes and receive additional tax credits for expenditures targeting critical minerals. The tax benefits associated with the Shares are available only to the Investors (who are Canadian residents) and not to any other person who acquires the New Shares through the on-sale or transfer of those New Shares. Refer to Section 7 for the risks associated with the "flow-through shares".

The New Shares issued pursuant to the Offer will rank equally with the existing Shares on issue. The New Shares issued pursuant to the Offer will be issued under the Company's existing placement capacity under ASX Listing Rule 7.1.

Refer to Section 6 for details of the rights and liabilities attaching to New Shares. The Company is only extending the Offer to specific Applicants and the Company will only provide Application Forms to these parties.

4.3 Objective

The purpose of this Prospectus is to make the Offer with disclosure under Part 6D of the Corporations Act and enable the on-sale of the New Shares issued pursuant to the Offer.

4.4 Opening and Closing Dates

The Company will accept Application Forms in respect of the Offer from Applicants from the Opening Date until the Closing Date or such other date as the Directors in their absolute discretion shall determine, subject to the Listing Rules.

The Company reserves the right, subject to the Corporations Act and the Listing Rules, to extend the Closing Date without prior notice. If the Closing Date is varied, subsequent dates may also be varied accordingly.

4.5 Minimum subscription

There is no minimum subscription.

4.6 Oversubscription

The Company will not accept any oversubscriptions in relation to the Offer.

4.7 Effect of the Offer on the control of the Company

The Offer will have no impact on the control of the Company as no person as a result of the Offer will increase their voting power in the Company:

- (a) from 20% or below to more than 20% of issued capital of the Company; or

(b) from a starting point that is above 20% and below 90% of issued capital of the Company.

4.8 Not underwritten

The Offer is not underwritten.

4.9 Application for New Shares

The Company will separately advise Applicants of the application procedures for the Offer.

4.10 Application Monies held on trust

All Application Monies received for the New Shares under the Offer will be held on trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus until the New Shares are issued. All Application Monies will be returned (without interest) if the New Shares are not issued.

4.11 ASX listing

Application for Official Quotation of the New Shares offered pursuant to this Prospectus will be made within 7 days of the date of this Prospectus. If ASX does not grant Official Quotation of the New Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by ASIC), the Company will not issue any New Shares and will repay all application monies for the New Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares now offered for subscription.

4.12 Allotment

The Directors will determine the eligible recipients of all the New Shares under the Offer. The Company's decision on the number of New Shares to be issued to an Applicant under the Offer will be final.

4.13 Restrictions on the distribution of the Prospectus

The distribution of this Prospectus outside Australia may be restricted by law. This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

Residents of countries outside Australia should consult their professional advisers as to whether any government or other consents are required, or whether any formalities need to be observed should they wish to make an application to take up Shares on the basis of this Prospectus. The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all approvals and consents have been obtained.

4.14 Enquiries

Any questions concerning the Offer should be directed to the Company Secretary, Mr Ian Pamensky, on +61 8 6245 2490 at any time between 8.30am and 5.00pm (AWST) Monday to Friday until the Closing Date. Alternatively, consult your broker, accountant or other professional adviser.

5. EFFECT OF THE OFFER

5.1 Effect of the Offer on capital structure

The effect of the Offer on the Company's capital structure is set out below:

Shares	Number
Shares currently on issue at the date of this Prospectus ¹	102,637,319
Shares offered under the Offer	7,345,744
Total Shares on issue on completion of the Offer⁴	109,983,063

Notes:

1. The rights and liabilities attached to the Shares are summarised in Section 6 of this Prospectus.
2. Assumes the Offer is fully subscribed and no further Shares are issued and none of the convertible Securities are exercised and converted into Shares.

Options	Number
Unquoted Options exercisable at \$0.30 expiring on 6 July 2024	12,535,550
Unquoted Options exercisable at \$0.30 expiring on 6 July 2024	4,000,000
Unquoted Options exercisable at \$0.45 expiring on 2 May 2025	500,000
Unquoted Options exercisable at \$0.35 expiring on 25 July 2025	1,000,000
Unquoted Options exercisable at \$0.60 expiring on 16 January 2026	2,000,000
Unquoted Options exercisable at \$0.50 expiring on 31 May 2026	3,499,999
Unquoted Options exercisable at \$0.60 expiring on 28 March 2026	4,000,000
Unquoted Options exercisable at \$0.60 expiring on 31 March 2026	2,000,000
Unquoted Options exercisable at \$0.75 expiring on 8 August 2026	400,000
Unquoted Options exercisable at \$0.75 expiring on 2 February 2027	1,200,000
Options offered under the Offer	Nil
Total Options on issue on completion of the Offer¹	31,135,549

Performance Rights and Performance Shares	Number
Performance Securities currently on issue at the date of this Prospectus ¹	10,700,000
Performance Securities offered under the Offer	Nil
Total Performance Securities on issue on completion of the Offer	10,700,000

Note:

1. The full terms and conditions of the Performance Rights and Performance Shares are set out in section 8.2 of the Company's prospectus dated 2 June 2023 (as supplemented by the Company's supplementary prospectus dated 27 July 2023) and in the ASX announcement dated 28 March 2024.

5.2 Use of Funds

Upon completion of the Offer, all of the funds raised (together with existing cash on hand) are intended to be used at the Trieste Lithium Project as set out below.

Use of Funds	Offer		
	C\$	A\$	%
Geophysical Surveys	550,154	604,034	17.9
Mapping	804,683	883,490	26.1
Drilling	1,725,000	893,939	56
Total	3,079,837	3,381,464	100

Notes:

1. Using an exchange rate of A\$1.00 = C\$0.9108.
2. The funds raised from the Offer are intended to be specifically applied towards certain Canadian exploration expenditures that are intended to qualify as flow-through critical mineral mining expenditures under the Act.
3. The costs of the Offer (which are estimated to be A\$243,213) will be paid using the Company's existing cash reserves.

The above table is a statement of current intentions as of the date of this Prospectus. Due to market conditions and/or any number of other factors (including the risk factors outlined in Section 7) actual expenditure levels may differ significantly to the above estimates. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the way funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

Please refer to Section 8.13 for further details on the estimated expenses of the Offer.

5.3 Pro-forma statement of financial position

A pro-forma statement of financial position has been provided below to demonstrate the indicative impact of the Offer on the financial position of the Company. The Company's audited financial statements for the financial year ended 31 December 2023 have been used for the purposes of preparing the pro-forma statement of financial position and adjusted to reflect pro-forma assets and liabilities of the Company as if completion of the Offer had occurred by 31 December 2023.

The pro-forma statement of financial position is presented in an abbreviated form. It does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial statements.

	30-Dec-23 (Audited) (A\$'000)	Offer A\$ (A\$'000)	Pro Forma 30- Dec-23 (Unaudited) (A\$'000)
CURRENT ASSETS			
Cash and cash equivalents	6,400	3,051	9,451
Other financial assets – term deposits	-	-	-
Trade and other receivables	667	-	667
Other assets	-	-	-
TOTAL CURRENT ASSETS	7,067	3,051	10,118
NON-CURRENT ASSETS			
Property, plant and equipment	10	-	10
Exploration and Evaluation Asset	19,803	-	19,803
Right of use assets	-	-	-
Financial assets	-	-	-
TOTAL NON-CURRENT ASSETS	19,813	-	19,813
TOTAL ASSETS	26,880	3,051	29,931
CURRENT LIABILITIES			
Trade and other payables	1,033	-	1,033
Provisions	82	-	82
Lease liabilities	-	-	-
Deferred flow-through premium	-	-	-
TOTAL CURRENT LIABILITIES	1,115	-	1,115
TOTAL LIABILITIES	1,115	-	1,115
NET ASSETS (LIABILITIES)	25,765	3,051	28,816
EQUITY			
Issued capital	30,122	3,051	33,173
Reserves	4,810	-	4,810
Accumulated losses	(9,167)	-	(9,167)
Non-Controlling interest	-	-	-
TOTAL EQUITY	25,765	3,051	28,816

Notes and assumptions:

1. The pro forma statement of financial position has not been audited or reviewed and does not include any expenditure of the proceeds of the Offer.
2. The estimated expenses of the Offer (A\$243,213) will be paid from the Company's existing cash. However, for the purpose of this pro forma statement of financial position, these expenses have been deducted from the total funds raised under the Offer.
3. Approximately A\$3.294 million raised under the Offer.
4. Using an exchange rate of A\$1.00 = C\$0.9108.

6. RIGHTS ATTACHING TO THE NEW SHARES

The following is a summary of the more significant rights attaching to New Shares under the Constitution. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Constitution, which is available for review at the Company's website www.loyallithium.com and at the office of the Company during normal business hours.

- (a) **(General Meeting)** Each member is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Company's Constitution, the Corporations Act or the ASX Listing Rules.
- (b) **(Voting)** Subject to any rights or restrictions for the time being attached to any class or classes of Shares whether by the terms of their issue, the Constitution, the Corporations Act or the ASX Listing Rules, at a general meeting of the Company every holder of fully paid ordinary shares present in person or by a representative, proxy or attorney has one vote on a show of hands and every such holder present in person or by a representative, proxy or attorney has one vote per Share on a poll. A person who holds an ordinary Share which is not fully paid up is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the Share. A member is not entitled to vote unless all calls and other sums presently payable by the member in respect of Shares in the Company have been paid. Where there are two or more joint holders of the Share and more than one of them is present at a meeting and tenders a vote in respect of the Share (whether in person or by proxy or attorney), the Company will count only the vote cast by the member whose name appears before the other(s) in the Company's register of members.
- (c) **(Issues of Further Shares)** The Directors may, on behalf of the Company, issue, grant Options over or otherwise dispose of unissued Shares to any person on the terms, with the rights, and at the times that the Directors decide. However, the Directors must act in accordance with the restrictions imposed by the Company's Constitution, the ASX Listing Rules, the Corporations Act and any rights for the time being attached to the shares in special classes of shares.
- (d) **(Variation of Rights)** At present, the Company has on issue one class of shares only, namely ordinary shares. The rights attached to the shares in any class may be altered only by a special resolution of the Company and a special resolution passed at a separate meeting of the holders of the issued shares of the affected class, or with the written consent of the holders of at least three quarters of the issued shares of the affected class.
- (e) **(Transfer of Shares)** Subject to the Company's Constitution, the Corporations Act, the ASX Settlement Operating Rules and the ASX Listing Rules, ordinary shares are freely transferable. The Shares may be transferred by a proper transfer effected in accordance with ASX Settlement Operating Rules, by any other method of transferring or dealing introduced by ASX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by the Directors that is permitted by the Corporations Act.

The Company may decline to register a transfer of Shares in the circumstances described in the Company's Constitution and where permitted to do so under the ASX Listing Rules. If the Company declines to register a transfer, the Company must give the lodging party written notice of the refusal and the reasons for refusal. The Directors must decline to register a transfer of Shares when required by law, by the ASX Listing Rules or by the ASX Settlement Operating Rules.

- (f) **(Partly Paid Shares)** The Directors may, subject to compliance with the Company's Constitution, the Corporations Act and the ASX Listing Rules, issue partly paid shares upon which amounts are or may become payable at a future time(s) in satisfaction of all or part of the unpaid issue price.

- (g) **(Dividends)** Subject to the Corporations Act, the ASX Listing Rules, the Company's Constitution and the rights of any person entitled to shares with special rights to dividend, the Directors may determine that a dividend is payable. The Company in general meeting may declare a dividend if the Directors have recommended a dividend and a dividend shall not exceed the amount recommended by the Directors. The Directors may authorise the payment to the members of such interim dividends as appear to the Directors to be justified by the Company's profits and for that purpose may declare such interim dividends. Subject to the rights of members entitled to shares with special rights as to dividend (if any), all dividends in respect of shares (including ordinary shares) are to be declared and paid proportionally to the amount paid up or credited as paid up on the shares.
- (h) **(Winding Up)** Subject to the rights of holders of shares with special rights in a winding up, if the Company is wound up, members (including holders of ordinary shares) will be entitled to participate in any surplus assets of the Company in proportion to the shares held by them respectively irrespective of the amount paid up or credited as paid up on the shares.
- (i) **(Dividend Plans)** The Directors may establish and maintain dividend plans under which (among other things) a member may elect that dividends payable by the Company be reinvested by way of subscription for shares in the Company or a member may elect to forego any dividends that may be payable on all or some of the shares held by that member and to receive instead some other entitlement, including the issue of shares.
- (j) **(Directors)** The Company's Constitution states that the minimum number of Directors is three.
- (k) **(Powers of the Board)** The Directors have power to manage the business of the Company and may exercise that power to the exclusion of the members, except as otherwise required by the Corporations Act, any other law, the ASX Listing Rules or the Company's Constitution.

7. RISK FACTORS

7.1 Introduction

The New Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for New Shares and to consult their professional advisers before deciding whether to apply for New Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the New Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 Company specific

(a) Flow-through placement risk

The New Shares issued pursuant to this Prospectus are intended to qualify as "flow-through shares" as defined in the *Income Tax Act* (Canada) (the **Act**). The term "flow-through share", as defined in the Act, refers to an ordinary share that will be issued by the Company to an investor under a written agreement with the investor, whereby the Company agrees to incur certain "Canadian exploration expenses" and to renounce tax deductions associated with those expenditures to the investor. In this regard, the Company has agreed to incur qualifying expenditures in an amount equal to the gross proceeds raised in connection with the Offer by 31 December 2025, and to renounce such qualifying expenditures to the Investors effective no later than 31 December 2024. If the Company and the Investors comply with the rules under the Act, the Investors will be entitled to deduct the amount renounced in computing income for Canadian income tax purposes and receive additional tax credits for expenditures targeting critical minerals. The right to deduct qualifying expenditures renounced in respect of flow-through shares accrues to the initial purchaser of the shares and is not transferable.

The applicable tax treatment may constitute a major factor when considering an investment in flow-through shares. The tax consequences of subscribing for New Shares under this Prospectus, including the considerations applicable in connection with the renunciation of qualifying expenditures to Investors, are not described in this Prospectus. Applicants are strongly urged to consult their professional tax advisor in connection with subscribing for Shares under this Prospectus.

There is no guarantee that an amount equal to the total proceeds of the sale of the Shares will be expended on qualifying expenditures on or prior to 31 December 2025, or that the renunciation of such expenditures or the expected tax deductions and credits will be accepted by the Canada Revenue Agency or a provincial tax authority. If the Company does not renounce to an Investor, effective on or before 31 December 2024, qualifying expenditures in an amount equal to the aggregate purchase price paid by such Investor for New Shares under the Offer, or if there is a reduction in such amount renounced pursuant to the provisions of the Act, then the Company shall indemnify the Investor for an amount equal to the amount of any tax payable or that may become payable under the Act (and under any corresponding provincial legislation) by the Investor (or if the Investor is a partnership, the partners thereof) as a consequence of such failure or reduction; however, there is no guarantee that the Company will have the financial resources required to satisfy such indemnity. For certainty, the aforementioned indemnity shall have no force and effect to the extent that such indemnity, recourse or rights of action would otherwise cause the New Shares to be "prescribed shares" within the meaning of section 6202.1 of the regulations to the Act.

(b) Canadian securities laws

The New Shares that are sold to Investors in Canada remain subject to Canadian securities laws and will be subject to resale restrictions unless the Company is not a reporting issuer in any jurisdiction of Canada the date of trade, and the trade is made through an exchange, or a market, outside of Canada, or to a person or company outside of Canada, and such trade is

not part of a plan or scheme to avoid the prospectus requirements in connection with a distribution or other trade to a person or company in Canada.

(c) **Foreign jurisdiction risk – Canadian government regulation**

The Company's operating activities are subject to laws and regulations governing exploration of property, health and worker safety, employment standards, waste disposal, protection of the environment, land and water use, prospecting, taxes, labour standards, occupational health standards, toxic wastes, the protection of endangered and protected species and other matters.

While the Company understands that it is currently in substantial compliance with all material current laws and regulations affecting its activities, future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits and agreements applicable to the Company or its properties, which could have a material adverse impact on the Company's current operations or planned development projects. Where required, obtaining necessary permits and licences can be a complex, time consuming process and the Company cannot be sure whether any necessary permits will be obtainable on acceptable terms, in a timely manner or at all.

The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict Winsome from proceeding with any future exploration or development of its properties. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in interruption or closure of exploration, development or other activities and could result in material fines, penalties or other liabilities.

Adverse changes in Canadian government policies or legislation may affect ownership of mineral interests, taxation, royalties, land access, labour relations, and mining and exploration activities of the Company. It is possible that the current system of exploration and mine permitting in Canada may change, resulting in impairment of rights and possibly expropriation of the Company's properties without adequate compensation.

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

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

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

(e) **Future capital requirements**

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

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

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

(f) **Title risks**

The mineral claims in which the Company will, or may, acquire an interest in the future are subject to the applicable local laws and regulations.

Mineral claims in which the Company has an interest are subject to the relevant conditions applying in each jurisdiction. Failure to comply with these conditions may render the mineral claims liable for forfeiture.

The mineral claims will be subject to application for renewal from time to time. Renewal of the term of each mineral claim is subject to applicable legislation. If the mineral claim is not renewed for any reason, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that mineral claim.

(g) **Sovereign risk**

Overseas jurisdictions are subject to differing legal and political systems, when compared with the systems in place in Australia.

Possible risks include, without limitation, changes in the terms of mining legislation, changes to royalty arrangements, changes to taxation rates and concessions and changes in the ability to enforce legal rights. Any of these factors may, in the future, adversely affect the financial performance of the Company and the market price of its Shares.

(h) **First Nations**

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

(i) **Royalties**

The Company is required to pay royalties on some or all minerals derived from its projects.

There is a risk that the royalties will have an impact on the economics of progressing any proposed mining operations. However, the Company has no control over the incurrence of these costs and is unable to predict the magnitude of such costs.

(j) **Exploration and operating costs**

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

(k) **Unforeseen expenses**

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

(l) **Access arrangements**

The Company may need to seek various Federal, state or local permits and approvals to undertake exploration or mining activities on its mineral claims. This could result in unforeseen delay in the undertaking of such activities.

The Company is of the view however that the exploration activities as outlined in this Prospectus can be undertaken in the timeframes contemplated.

(m) **Potential acquisitions**

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

(n) **Contractual risks**

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

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

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

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

(p) **International operations**

International sales and operations are subject to a number of risks, including:

- (i) potential difficulties in enforcing agreements (including joint venture agreements) and collecting receivables through foreign local systems;
- (ii) potential difficulties in protecting intellectual property;
- (iii) increases in costs for transportation and shipping; and
- (iv) restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes.

These factors (or others) could materially and adversely affect the Company's business, results of operations and financial condition.

(q) **Commodity prices**

Increases in commodity prices may encourage increases in exploration, development and construction activities, which can result in increased demand for, and cost of, exploration, development and construction services and equipment. Increased demand for services and equipment could cause exploration and project costs to increase materially, resulting in delays if services cannot be obtained in a timely manner due to inadequate availability, and could increase potential scheduling difficulties and costs due to the need to co-ordinate the availability of services or equipment, any of which could materially increase project exploration, development or construction costs or result in project delays or both. Any such material increase in costs would adversely affect the Company's financial condition.

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

(r) **Risk of adverse publicity**

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

7.3 Mining Industry risks

(a) Exploration and evaluation risks

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

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

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

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

(b) Resource estimates

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

(c) Ability to exploit successful discoveries

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

(d) Development risks and costs

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

providing essential services.

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

(e) **Operating risks**

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

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

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

- (i) geological and hydrogeological conditions;
- (ii) limitations on activities due to seasonal weather patterns and monsoon activity;
- (iii) delays associated with the obtaining of permits and approvals to undertake exploration activity including allowing ground disturbing activity associated with operations in Canada and the United States;
- (iv) unanticipated operational and technical difficulties encountered in survey, drilling and production activities;
- (v) electrical and/or mechanical failure of operating plant and equipment, industrial and environmental accidents, industrial disputes and other force majeure events;
- (vi) equipment failure, fires, spills or industrial and environmental accidents;
- (vii) unavailability of aircraft or equipment to undertake airborne surveys and other geological and geophysical investigations;
- (viii) risk that exploration, appraisal, development, plant or operating costs prove to be greater than expected or that the proposed timing of exploration, development or production may not be achieved;
- (ix) failure to achieve exploration success;
- (x) the supply and cost of skilled labour;
- (xi) unexpected shortages or increases in the costs of consumables, diesel fuel, spare parts, plant and equipment; and
- (xii) prevention and restriction of access by reason of political unrest, outbreak of hostilities and inability to obtain consents or approvals.

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

(f) **Environmental**

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

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration, development and production. The occurrence of any such safety or environmental incident

could delay production or increase costs. Events such as unpredictable rainfall or bushfires may impact on the Company's ongoing compliance with environmental laws, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

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

(g) **Occupational Health and Safety**

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

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

(h) **Government regulation**

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

(i) **Inherent mining risks**

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

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

(j) **Exchange rate risks**

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

(k) **Climate risk**

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

- (i) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to air quality emissions and/or climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavor to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences;
- (ii) climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates; and
- (iii) climate change has been a key factor in increasing the risk and extent of wildfires. Wildfire risk depends on a number of factors, including temperature, soil moisture, and the presence of trees, shrubs, and other potential fuel. In addition to damaging properties, wildfire can also cut off access to utilities, emergency services, impact evacuation routes, and may impact the overall economic well-being of an area. Wildfires, can also impact access to the affected areas and delay planned exploration programs.

7.4 **General investment risks**

(a) **Economic**

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

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

The responsibility of overseeing the day-to-day operations and the strategic management of the Company and its controlled entities depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these senior management, key personnel or employees cease their involvement or employment with the Company or its controlled entities.

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

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

(d) **Competition risk**

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

(e) **Market risk**

There are general risks associated with an investment and the share market. The price of the Company's securities on ASX may rise and fall depending on a range of factors beyond the Company's control and which are unrelated to the Company's financial performance. These

factors may include movements on international stock markets, interest rates and exchange rates, together with domestic and international economic conditions, inflation rates, investor perceptions, changes in government policy, commodity supply and demand, government taxation and royalties, war, global hostilities and acts of terrorism.

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

(f) **Liquidity risk**

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

(g) **Insurance and uninsured risks**

The Company, where economically feasible, may insure its operations in accordance with industry practice. However, even if insurance is taken out, in certain circumstances the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered, or fully covered, by insurance could have a material adverse effect on the business, financial condition and results of the Company. Insurance of all risks associated with mineral exploration and production is not always available and, where available, the costs can be prohibitive.

(h) **Infectious disease pandemics**

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

(i) **Force majeure**

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics, pandemics or quarantine restrictions.

(j) **Investment speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above may, in the future, materially affect the financial performance of the Company and the value of the new Shares offered under this Prospectus.

Therefore, the new Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those new Shares.

Potential investors should consider that an investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for new Shares pursuant to this Prospectus.

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

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

7.5 Other risks

Other risk factors include those normally found in conducting business, including litigation through breach of agreements or in relation to employees (through personal injuries, industrial matters or

otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel and other matters that may interfere with the Company's business or trade.

8. ADDITIONAL INFORMATION

8.1 Continuous disclosure obligations

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The New Shares which will be issued pursuant to this Prospectus are in the same class of Shares that have been quoted on the Official List during the 12 months prior to the issue of this Prospectus.

This Prospectus is a "transaction specific prospectus" to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus or an offer of options to acquire securities of that nature. In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of New Shares on the Company and the rights attaching to the New Shares. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the period from lodgement of the Company's annual financial statements of the Company for the financial year ended 31 December 2023 to the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

The Company confirms that, to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in this Prospectus, there is no information:

- (a) that has been excluded from a continuous disclosure notice in accordance with the Listing Rules; and
- (b) is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - (ii) the rights and liabilities attaching to New Shares.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (c) it is subject to regular reporting and disclosure obligations;
- (d) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (e) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial statements of the Company for the financial year ended 31 December 2023 being the last financial statements for a financial year, of the Company lodged with the ASIC before the issue of this Prospectus;

- (ii) any half-year financial report lodged with ASIC by the Company after the lodgement of that annual report and before the lodgement of this Prospectus; and
- (iii) any continuous disclosure notices given by the Company after the lodgement of the financial statements referred to in paragraph (i) and before the lodgement of this Prospectus with ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be obtained free of charge from the Company's registered office during normal office hours or from www.asx.com.au.

The Company has lodged the following announcements with ASX since the lodgement of the annual financial report for the financial year ended 31 December 2023:

Date	Description of Announcement
17 May 2024	Proposed issue of securities - LLI
17 May 2024	Loyal Lithium Raises \$3.3M at 73% Premium to Market
15 May 2024	Trading Halt
1 May 2024	Investor Presentation - May 2024
30 April 2024	Quarterly Activities/Appendix 5B Cash Flow Report
26 April 2024	Notice of Annual General Meeting/Proxy Form
26 April 2024	Trieste Lithium Takes Shape with More High Grade Intercepts (Corrected)
24 April 2024	Trieste Lithium Takes Shape with More High Grade Intercepts
18 April 2024	Innovative Geophysical Survey to Reveal Trieste Potential
28 March 2024	Cleansing prospectus
28 March 2024	Proposed issue of securities
28 March 2024	Issue of Executive Options and Performance Rights
28 March 2024	Notification regarding unquoted securities - LLI
28 March 2024	Notification regarding unquoted securities - LLI
28 March 2024	Notification regarding unquoted securities - LLI
28 March 2024	Notification regarding unquoted securities - LLI
28 March 2024	Application for quotation of securities - LLI
28 March 2024	Appendix 4G and Corporate Governance Statement

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website at www.loyallithium.com.

8.2 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

	\$	Date
Highest	0.33	12 April 2024
Lowest	0.24	2 May 2024
Last	0.26	17 May 2024

8.3 Details of substantial holders

Those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue as at the date of this Prospectus are set out below:

	As at the date of this Prospectus	
Shareholder	Shares ¹	%
Tobias Denniss	8,751,603	8.53
Youssa Pty Ltd	14,220,000	13.85

Note:

1. The information relating to Shares held as at the date of this Prospectus is based on publicly available information as at the date of this Prospectus.

8.4 Board of Directors

The Board presently comprises:

Adam Ritchie, Managing Director

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

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

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

Peretz Schapiro, Executive Chairman

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

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

Andrew Graham, Non-Executive Director

Mr Graham has 35 years of experience in the resources sector across both private and public corporations in senior technical and managerial roles. Mr Graham holds a Bachelor of Applied Science (Applied Geology), a Master of Economic Geology, a Diploma of Management, a Quarry Managers Certificate and is a Member of the Australian Institute of Mining and Metallurgy and the Institute of Quarrying.

Mr Graham is currently the Managing Director of Mineral Strategies Pty Ltd and a Director of Eco Cu Pty Ltd.

8.5 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer pursuant to this Prospectus; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner or director, either to induce them to become, or to qualify them as, a Director or otherwise for services rendered by them or by the firm in connection with the formation or promotion of the Company or the Offer.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is set out in the table below.

Director	Shares	Options	Performance Rights
Adam Ritchie ¹	1,013,473 ¹	1,000,000 ¹	5,500,000 ²
Peretz Schapiro	291,000 ³	1,000,000 ⁴	1,000,000 ⁵
Andrew Graham	Nil	900,000	Nil

Notes:

1. All shares and options held by Adam Ritchie are held indirectly through Vector Concepts Pty Ltd
2. 500,000 Performance Rights held by Adam Ritchie are held indirectly through Vector Concepts Pty Ltd. The remaining 5,000,000 Performance Rights are held indirectly through Equity Plan Services Pty Ltd (a trust which Mr Ritchie is a beneficiary).
3. Shares held by Peretz Schapiro are held indirectly through Breakout Star Holdings Pty Ltd.
4. Options held by Peretz Schapiro are held indirectly through Sapphires Holdings Pty Ltd.
5. Performance Rights held by Peretz Schapiro are held indirectly through Equity Plan Services Pty Ltd (a trust which Mr Schapiro is a beneficiary).

No Director will be issued any New Shares under the Offer.

Remuneration of Directors

The Directors may be paid such remuneration as is from time to time determined by the Company in general meeting. The Directors' remuneration is deemed to accrue from day to day and the remuneration is to be provided wholly in cash unless the Directors, with the agreement of the Director concerned, determine that part is to be satisfied in the form of non-cash benefits, including the issue or purchase of Shares or the grant of Options.

The following table shows the total (and proposed) annual remuneration paid to the Directors. Directors are not required under the Constitution to hold any Shares.

Details of the Directors' remuneration as at the date of this Prospectus is set out below.

Director	Remuneration for year ended 31 Dec 2023¹	Proposed remuneration for year ending 31 Dec 2024¹
Adam Ritchie	\$350,000	\$350,000 ³
Peretz Schapiro	\$180,000	\$180,000 ⁴
Andrew Graham	\$36,000	\$36,000 ³

Notes:

1. Does not include share-based remuneration and payment.
2. Includes superannuation.
3. Excludes superannuation.

8.6 Interests of Experts and Advisors

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the two years preceding lodgement of this Prospectus with ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

The Lead Manager will be paid fees as set out in Section 8.8 for its services in connection with the Offer.

Allion Partners Pty Ltd has acted as the Australian solicitors to the Company in relation to the Offer. The Company estimates it will pay Allion Partners \$15,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with ASIC, Allion Partners has been paid fees totalling \$436,068 (exclusive of GST and disbursements) for legal services provided to the Company.

8.7 Subscription Agreement

On or about 16 May 2024, the Company entered into the Subscription Agreement with PearTree. Pursuant to the Subscription Agreement (amongst other things):

- (a) **(Subscription)** PearTree has agreed to subscribe for the New Shares under the Offer as agent for the Investors;
- (b) **(Expenditure)** the Company has agreed to use the gross proceeds from the Offer to incur resource expenses in the Province of Quebec, Canada in compliance with the *Income Tax Act* (Canada) and the *Taxation Act* (Quebec) on or before 31 December 2025 (**Resource Expenses**);
- (c) **(Renunciation)** the Company agrees to renounce the Resource Expenses for the benefit of PearTree (and the Investors) for the purposes of the *Income Tax Act* (Canada), with an effective date of 31 December 2024;
- (d) **(Indemnity)** subject to the terms of the Subscription Agreement, if the Company does not renounce the Resource Expenses for the benefit of PearTree (and the Investors) equal to the gross proceeds from the Offer on or before 31 December 2024, the Company shall indemnify and hold harmless PearTree (and the Investors) (**Indemnified Person**), and pay to the Indemnified Person on or before the 20th Business Day following 31 March 2025, an amount equal to the amount of any tax payable under the *Income Tax Act* (Canada) (and under the corresponding provincial legislation) incurred by any Indemnified Person as a consequence of such failure;
- (e) **(No Fees)** No fees are payable to PearTree by the Company for its role in respect to the Offer; and
- (f) **(Other)** The Subscription Agreement contains terms and conditions, including representations and warranties, considered standard for an agreement of this nature.

8.8 Lead Manager Mandate

On or about 14 May 2024, the Company entered into a lead manager mandate with the Lead Manager, pursuant to which the Lead Manager agreed to act as lead manager and bookrunner to the Company in connection with the Offer (**Lead Manager Mandate**). The material terms of the Lead Manager Mandate are summarised below:

- (a) **(Block trade)** the Lead Manager will facilitate the end buyer block trade of the New Shares issued pursuant to the Offer, which involves PearTree (as agent for the Investors) selling the New Shares to the Hard Placement Participants at A\$0.23 per Share;

- (b) **(Term)** the Lead Manager Mandate remains in place until the earlier of:
 - (i) completion of the Offer; and
 - (ii) 90 days after the date of the Lead Manager Mandate,
 unless terminated in accordance with its terms;
- (c) **(Fees)** the Company has agreed to pay the Lead Manager the following fees:
 - (i) a management fee of 2% of the gross proceeds raised under the Offer; and
 - (ii) a capital raising fee of 4% of the gross proceeds raised under the Hard Placement,
- (d) **(Expenses)** the Company agrees to reimburse the Lead Manager for all reasonable out-of-pocket expenses incurred by the Lead Manager, including up to \$10,000 for legal fees;
- (e) **(Alternative capital raising)** if the Company announces an alternative capital raising (other than the Offer) during the Term of the Lead Manager Mandate, it will pay the Lead Manager a fee equivalent to the fees as set out in Section 8.8(c);
- (f) **(Indemnity)** the Company indemnifies and holds harmless on an after-tax basis, the Lead Manager from and against all losses it may sustain or incur, whether or not incurred before or after the signing of the Lead Manager Mandate and which refer or relate to or arise from, directly or indirectly, the services or the Offer or otherwise in connection with the Lead Manager Mandate;
- (g) **(Termination)** the Company and the Lead Manager may terminate the Lead Manager Mandate by giving 5 Business Days' notice to the other party; and
- (h) **(Other)** the Lead Manager Mandate is otherwise on terms and conditions considered standard for an agreement of this nature.

8.9 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Shares), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section 8.9:

- (a) has not authorised or caused the issue of the Prospectus or the making of the Offer;
- (b) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section 8.9; and
- (c) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section 8.9.

Allion Partners Pty Ltd has given its written consent to being named as the solicitors to the Company in the form and context in which it is named and has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Canaccord Genuity (Australia) Limited has given its written consent to being named as the lead manager to the Offer in this Prospectus and has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

8.10 Electronic Prospectus

Pursuant to Regulatory Guide 107, ASIC wishes to encourage the distribution of an electronic prospectus and electronic Application Form, subject to compliance with certain requirements.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this

Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at www.loyallithium.com.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8.11 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing Share certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of New Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

8.12 Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your Securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information are governed by legislation including the *Privacy Act 1988* (Cth), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

8.13 Expenses of the Offer

The estimated expenses of the Offer are estimated to be approximately \$243,213 (excluding GST) and are expected to comprise legal fees and other administrative expenses, including ASIC fees. The estimated expenses will be paid out of the Company's existing working capital.

Costs	\$
Legal fees	15,000
ASX	12,378
ASIC lodgement fee	3,206
Lead Manager fees	166,667
Prospectus and preparation expenses	10,000
General administration expenses	5,000
Total	243,213

8.14 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company, in Australia, the

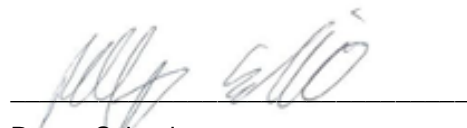
United States (and relevant United States jurisdictions) and Canada (and relevant Canadian jurisdictions).

9. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented, and as at the date of this Prospectus has not withdrawn their consent, to the lodgement of this Prospectus with ASIC.

Signed on behalf of the Directors pursuant to a resolution of the Board.

A handwritten signature in grey ink, appearing to read 'Peretz Schapiro', is written over a horizontal line.

Peretz Schapiro
Executive Chairman
For and on behalf of Loyal Lithium Limited

10. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

\$ or A\$ means an Australian dollar.

Act means the *Income Tax Act* (Canada).

Applicants means an investor that applies for New Shares pursuant to the Offer.

Application Form means the application form attached to or accompanying this Prospectus relating to the Offer.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the official listing rules of the ASX.

ASX Settlement Operating Rules means the rules of the ASX as amended, varied or waived from time to time.

AWST means Australian Western Standard Time.

Board means the board of Directors as constituted from time to time.

C\$ means a Canadian dollar.

CHESS means Clearing House Electronic Sub-Register System.

Closing Date means the date specified in the timetable in Section 1 of this Prospectus (unless extended or brought forward).

Company means Loyal Lithium Limited (ACN 644 564 241).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

Hard Placement has the meaning given in Section 4.1.

Hard Placement Participants has the meaning given in Section 4.1.

Investors has the meaning given in Section 4.1.

Lead Manager means Canaccord Genuity (Australia) Limited (ACN 075 071 466).

Lead Manager Mandate has the meaning given in Section 8.8.

New Shares has the meaning given in Section 4.2.

Offer means the offer of the New Shares referred to in the “Details of the Offer” section of this Prospectus.

Official Quotation means official quotation on ASX.

Opening Date means the opening date of the Offer as specified in the timetable set out in Section 1 of this Prospectus (unless varied).

Option means an option to acquire a Share.

PearTree means PearTree Securities Inc.

Performance Rights means a right, subject to certain terms and conditions, to acquire a Share on the satisfaction (or waiver) of certain performance conditions.

Prospectus means this prospectus dated 20 May 2024.

Section means a section of this Prospectus.

Securities means a Share, Options and/or Performance Rights.

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

Shareholder means a shareholder of the Company.

Subscription Agreement has the meaning given in Section 4.1.

Trieste Lithium Project means the Company's Trieste Lithium Project located in the James Bay Lithium District of Quebec, Canada.