

ASX Announcement | 28 March 2024

ISSUE OF EXECUTIVE OPTIONS AND PERFORMANCE RIGHTS

Loyal Lithium Limited (ASX:LLI) (**Loyal Lithium, LLI**, or the **Company**) advises that it has issued 1,700,000 unlisted performance rights ("**Performance Rights**") and 1,200,000 unquoted options ("**Options**") to various employees and consultants.

The Performance Rights and Options were issued pursuant to the Company's Long-Term Incentive Plan. **Appendix A** summarises the key terms of the Performance Rights, and **Appendix C** summarises the terms of the Options.

This announcement has been authorised for release by the Company Secretary.

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About Loyal Lithium

Loyal Lithium Limited (ASX: LLI) is a North American focused lithium led battery minerals company with projects in the Tier 1 North American mining jurisdictions in the Northwest Territories, Canada, James Bay Lithium District in Quebec, Canada and Nevada, USA. Through the systematic exploration of its projects, the Company aims to delineate JORC (2012) compliant resources, creating value for its shareholders.

APPENDIX A - TERMS AND CONDITIONS OF EXECUTIVE PERFORMANCE RIGHTS

The Executive Performance Rights will be issued pursuant to the Plan on following material terms and conditions:

- (A) **(Entitlement):** Each Performance Right will entitle its holder, upon vesting and exercise, to be issued, 1 Share.
- (B) **(Exercise price):** Subject to the terms of the Plan, no amount is payable upon exercise of each Performance Right.
- (C) **(Expiry date):** Each Performance Right expires on 1 February 2029 (**Expiry Date**).
- (D) **(Exercise period):** Subject to satisfaction of the vesting milestones (see below), the Performance Rights are exercisable at any time on or before the Expiry Date (**Expiry Period**).
- (E) **(Vesting milestones):** The Performance Rights are subject to the following vesting milestones:

*Refer to **APPENDIX B** for details regarding individual Executives.*

In the event of a takeover or change of control (being control of more than 50% of the ordinary voting securities in the Company), the vesting milestones will be deemed to have been achieved provided that the takeover or change of control is triggered by a person who does not control the Company at the time the Performance Rights are issued.

- (F) **(Notice of Exercise):** The Performance Rights may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Performance Right certificate (**Notice of Exercise**).
- (G) **(Exercise Date):** A Notice of Exercise is only effective on and from the date of receipt of the Notice of Exercise by the Company (**Exercise Date**).
- (H) **(Timing of issue of Shares on exercise):** Within 5 business days after the Exercise Date, the Company will:
 - (1) issue the number of Shares required under these terms and conditions in respect of the number of Performance Rights specified in the Notice of Exercise;
 - (2) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
 - (3) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Performance Rights.

If a notice delivered under paragraph (H)(2) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such

things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

- (I) **(Shares issued on exercise)**: Shares issued on exercise of the Performance Rights will rank equally with the existing Shares on issue.
- (J) **(Reconstruction of capital)**: If at any time the issued capital of the Company is reconstructed, all rights of a Performance Right holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
- (K) **(Participation in new issues)**: There are no participating rights or entitlements inherent in the Performance Rights and participants will not be entitled to participate in new issues of securities offered to Shareholders of the Company during the currency of the Performance Rights.
- (L) **(Adjustment for bonus issues of shares)**: If the Company makes a bonus issue of Shares or other securities to existing shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):
 - (4) the number of Shares which must be issued on the exercise of a Performance Right will be increased by the number of shares which the Performance Right holder would have received if the Performance Right holder had exercised the Performance Right before the record date for the bonus issue; and
 - (5) no change will be made to the Exercise Price.
- (M) **(Transferability)**: The Performance Rights are not transferable.
- (N) **(Dividend)**: The Performance Rights do not carry an entitlement to a dividend.
- (O) **(Return of capital)** The Performance Rights do not permit the holder to participate in a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
- (P) **(Rights on winding up)** The Performance Rights do not confer any right to participate in the surplus profit or assets of the entity upon a winding up.
- (Q) **(Quotation)**: Performance Rights will not be listed for quotation on ASX, however, the Company will apply for official quotation of the Shares issued upon the exercise of any vested Performance Rights.

APPENDIX B – VESTING CONDITIONS OF EXECUTIVE PERFORMANCE RIGHTS

EILEEN MARLOW

Corporate Incentive Milestones			
	Incentive Milestone	Quantum	Condition
1	Approval Receipt of initial regulatory approvals to commence development at Hidden Lake Lithium Project	50,000	12 Months employment from 1 February 2024
2	Receipt of Phase 1 Development approval at the Hidden Lake Lithium Project	50,000	18 Months employment from 1 February 2024
3	Obtaining of National and/or Local Grant(s) of greater than CAD\$1,000,000 that is initiated by and related to the scope of your employment.	50,000	18 Months employment from 1 February 2024
4	Staking of Additional mineral claims by the Company in the Northwest Territories, Canada	50,000	18 Months employment from 1 February 2024

Land Incentive Milestones			
	Incentive Milestone	Quantum	Condition
5	Mackenzie Land & Water Board approval to drill at the Hidden Lake Lithium Project	25,000	6 Months employment from 1 February 2024
6	Accelerated or secondary Mackenzie Land & Water Board approval to drill at the Hidden Lake Lithium Project	12,500	12 Months employment from 1 February 2024
7	Full Environmental Assessment Approval at the Hidden Lake Lithium Project	12,500	24 Months employment from 1 February 2024

Community Incentive Milestones			
	Incentive Milestone	Quantum	Condition
8	Receipt of regulatory Approvals to Commence Drilling at Hidden Lake Lithium Project	12,500	6 Months employment from 1 February 2024
9	Commencement of development at Hidden Lake Lithium Project	12,500	12 Months employment from 1 February 2024
10	Commencement of the Phase 1 development at Hidden Lake Lithium Project	25,000	18 Months employment from 1 February 2024

DARREN ALLINGHAM

Community Incentive Milestones			
	Incentive Milestone	Quantum	Condition
1	A drill or channel intercept of at least 30m (true width) at 1% Li20 on one of the Company's current projects or in any other projects which are acquired	100,000	12 month employment from 1 February 2024

	by 1 February 2028		
2	A drill or channel intercept of at least 50m (true width) at 1% Li2O on one of the Company's current projects or in any other projects which are acquired by 1 February 2028	100,000	18 month employment from 1 February 2024
3	A drill or channel intercept of at least 70m (true width) at 1% Li2O on one of the Company's current projects or in any other projects which are acquired by 1 February 2028	100,000	24 month employment from 1 February 2024
4	The determination of a JORC compliant inferred resource of at least 20mt @ a minimum of 1% Li2O in respect of any of the Company's projects	100,000	12 month employment from 1 February 2024
5	The determination of a JORC compliant inferred resource of at least 30mt @ a minimum of 1% Li2O in respect of any of the Company's projects	100,000	18 month employment from 1 February 2024
6	The determination of a JORC compliant inferred resource of at least 50mt @ a minimum of 1% Li2O in respect of any of the Company's projects	100,000	24 month employment from 1 February 2024

DANIEL CAMPBELL

Community Incentive Milestones			
	Incentive Milestone	Quantum	Condition
1	Identification of Hidden Lake exploration target (in house)	50,000	12 months continuous employment
3	Identification of Trieste exploration target (in house)	50,000	12 months continuous employment
2	Obtaining of National and/or Local Grant(s) of greater than US\$1,000,000 that are initiated by and related to the scope of your employment	50,000	24 months continuous employment
4	Development and management of in house inferred 20mt <1% Li2O Resource (JORC) Model for the Company's mineral claims in the Northwest Territories, Canada	25,000	18 months continuous employment
5	Development and management of in house inferred 20mt <1% Li2O Resource (JORC) Model for the Company's mineral claims in Quebec	25,000	18 months continuous employment
6	Full Execution of Scotty Corporate Strategy including a Desktop Study (minimum study level) and connected economics	50,000	12 months continuous employment
7	Execution of specified major corporate actions (commercial in confidence)	50,000	12 months continuous employment
8	Development of Hidden Lake Project Execution Plan Including a comprehensive study (scoping study as a minimum) with full economics	50,000	24 months continuous employment
9	Development of Trieste Project Execution Plan Including a comprehensive study (scoping study as a minimum) with full economics	50,000	24 months continuous employment

CHRIS KELLY

Community Incentive Milestones			
Incentive Milestone	Quantum	Condition	
1	Establishment and deployment of Project Control System for all of the Company's projects. This includes Team Migration, Timesheet system, Online workplace, JV management, folder structure, Financial & Corporate Structure, Contract & Procurement management system, Document Templates, Workflow, Delegation of Authority Matrix (DOA)	50,000	12 months continuous directorship of Trieste Lithium Ltd
2	Development of Corporate Financial Model This includes company and asset valuation projections and regional and local economic benefit analysis	50,000	12 months continuous directorship of Trieste Lithium Ltd
3	Obtaining of National and/or Local Grant(s) of greater than US\$1,000,000 that are initiated by and related to the scope of your employment	50,000	18 months continuous directorship of Trieste Lithium Ltd
4	Development and management of in house inferred 20mt <1% Li ₂ O Resource (JORC) Model for the Company's mineral claims in the Northwest Territories, Canada	25,000	18 months continuous directorship of Trieste Lithium Ltd
5	Development and management of in house inferred 20mt <1% Li ₂ O Resource (JORC) Model for the Company's mineral claims in Quebec	25,000	18 months continuous directorship of Trieste Lithium Ltd
6	Full Execution of Scotty Corporate Strategy including a Desktop Study (minimum study level) and connected economics	50,000	12 months continuous directorship of Trieste Lithium Ltd
7	Execution of specified major corporate actions (commercial in confidence)	50,000	12 months continuous directorship of Trieste Lithium Ltd
8	Development of Hidden Lake Project Execution Plan Including a comprehensive study (scoping study as a minimum) with full economics	50,000	12 months continuous directorship of Trieste Lithium Ltd
9	Development of Trieste Project Execution Plan Including a comprehensive study (scoping study as a minimum) with full economics	50,000	12 months continuous directorship of Trieste Lithium Ltd

APPENDIX C - TERMS AND CONDITIONS OF OPTIONS

- (A) (**Entitlement**): Each Option entitles the holder to subscribe for 1 fully paid share in the capital of the Company (**Share**) upon exercise of the Option.
- (B) (**Exercise Price**): The amount payable upon exercise of each Option will be \$0.75.
- (C) (**Expiry Date**): Each Option will expire at 5:00 pm (AWST) on 02 February 2027 (**Expiry Date**).
- (D) (**Vesting Date**) Each Option will vest as detailed below:

Darren Campbell

200,000 - After 12 months of continuous employment

200,000 - After 18 months of continuous employment

200,000 After 24 months of continuous employment

Chris Kelly

200,000 - After 12 months of continuous employment

200,000 - After 18 months of continuous employment

200,000 After 24 months of continuous employment

- (E) (**Exercise Period**): The Options are exercisable at any time and from time to time on or prior to the Expiry Date (**Exercise Period**).
- (F) (**Notice of Exercise**): The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
- (G) (**Exercise Date**): A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).
- (H) (**Cashless exercise**): Option holders may, at their election, elect to pay the exercise price for an Option by setting off the exercise price against the number of Shares which they are entitled to receive upon exercise of the option (**Cashless Exercise Facility**). By using the Cashless Exercise Facility, the option holder will receive Shares to the value of the surplus after the exercise price has been set off.

If an option holder elects to use the Cashless Exercise Facility, the option holder will only be issued that number of Shares (rounded down to the nearest whole number) as are equal to the value of the difference between the exercise price otherwise payable for the options and the then market value of the Shares at the time of exercise (determined as the volume

weighted average price on ASX over the five trading days prior to providing a notice of exercise).

- (I) **(Lapse):** Unvested Options will lapse on the earlier of:
- (1) the cessation of employment, engagement or office of the holder;
 - (2) the day the Board makes a determination that all unvested Options and vested options of the holder will lapse because, in the opinion of the Board the holder has acted fraudulently or dishonestly, or is in material breach of his or her duties or obligations to the Company;
 - (3) if any applicable exercise are not achieved by the relevant time;
 - (4) the Expiry Date.

Where a holder of Option ceases to be employed or engaged by the Company and is not a “Bad Leaver” (as that term is defined in the Company’s Long Term Incentive Plan (**Plan**)), and the Options have vested, they will remain exercisable until the Options lapse in accordance with the Plan rules or if they have not vested, the Board will determine as soon as reasonably practicable after the date the holder ceases to be employed or engaged, how many (if any) of those holder’s Options will be deemed to have vested and exercisable. Where a holder becomes a “Bad Leaver” (as that term is defined in the Plan), all Options, unvested or vested, will lapse on the date of the cessation of employment, engagement or office of that holder.

- (J) **(Quotation):** The Company will not apply for quotation of the Options on ASX.
- (K) **(Timing of issue of Shares on exercise):** Within 5 business days after the Exercise Date, the Company will:
- (1) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which, subject to paragraph (H), cleared funds have been received by the Company;
 - (2) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
 - (3) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under paragraph K(2) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 business days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investor.

- (L) **(Shares issued on exercise):** Shares issued on exercise of the Options will rank equally with the then Shares.

- (M) **(Reconstruction of capital)**: If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
- (N) **(Participation in new issues)**: There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options. The Company must give notice to holders of the Options before the record date for determining entitlements to the issue in accordance with the Listing Rules of ASX.
- (O) **(Adjustment for bonus issues of shares)**: If the Company makes a bonus issue of Shares or other securities to existing shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):
 - (1) the number of Shares which must be issued on the exercise of an Option will be increased by the number of shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
 - (2) no change will be made to the Exercise Price.
- (P) **(Change in exercise price)**: An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.
- (Q) **(Transferability)**: The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

