

**ASX Announcement** | 16 February 2023 *(Corrected Date – Only Change)*

## **Drilling to Commence at 100% Owned Scotty Lithium Project, Nevada USA**

### **Highlights:**

- Drilling to commence at Loyal Lithium's 100% owned Scotty Lithium Project, Nevada, in March 2023.
- All required drilling approvals have been obtained and drilling contractor engaged.
- Subject to drilling results, a successful drilling program could achieve a maiden lithium resource for Loyal Lithium.
- Drilling will target lithium bearing sediments at the Scotty Target 2, just 1km west of the strong lithium-boron drill results recorded at the adjacent Bonnie Claire Lithium Project<sup>1</sup>.
- Scotty Target 2 soils show a lithium-boron anomalous assay results to a maximum of 448ppm Lithium and 3,360ppm Boron<sup>2</sup>.
- Loyal Lithium has negotiated the acquisition of the remaining 20% of the Project and is now the 100% owner of the Scotty Lithium Project.
- Nevada lithium is poised to be a significant part of the global lithium supply, underpinned by President Biden's Inflation Reduction Act, which supports and encourages locally sourced critical minerals. Recent regional industry catalysts include:
  - Ioneer (ASX:INR) obtaining US\$700m loan from U.S. Dept of Energy to develop their Rhyolite Ridge Project in Nevada<sup>3</sup> (Jan 2023)
  - General Motors (GM) and Lithium Americas Corp. (NYSE: LAC) partner through US\$650m equity investment and exclusive supply agreement for the Thacker Pass Project in Nevada<sup>4</sup> (Jan 2023)
  - Lithium Americas Corp's Thacker Pass Project in Nevada receives favourable federal court ruling allowing construction to commence<sup>5</sup> (Feb 2023)

Loyal Lithium Limited (**ASX:LLI**) (**Loyal Lithium** or the **Company**) is pleased to announce that the Company will commence drilling at its 100% owned Scotty Lithium Project (**Project**) in Nevada, USA, in March 2023, having obtained all required drilling approvals from the Bureau of Land Management (BLM), with Boart Longyear engaged as the drilling contractor. The sonic drill program will be focused within the highly prospective

Scotty Target 2 in search for lithium bearing sediments similar to the adjacent Bonnie Claire Lithium Project.

**Commenting on the Drilling Program, Loyal Lithium CEO, Mr Adam Ritchie, said:**

*"We are excited about the targeted drilling program at our Scotty Lithium Project and encouraged by our neighbours' recent exceptional drill results – just 1km from our lease boundary. Our team has done a phenomenal job of derisking this drilling program whilst providing a cost-effective solution for shareholders."*

*"Securing 100% of the Scotty Lithium Project is an important step for Loyal Lithium as it gives us full control over our lithium assets and ensures that all incentives are aligned for us to make the best decisions in the interest of our shareholders at all times."*

*"The excitement and potential of Nevada lithium continues to build, and we continue to monitor the progress of our surrounding peers, with respect to approvals, testwork, flowsheet design and partnerships."*

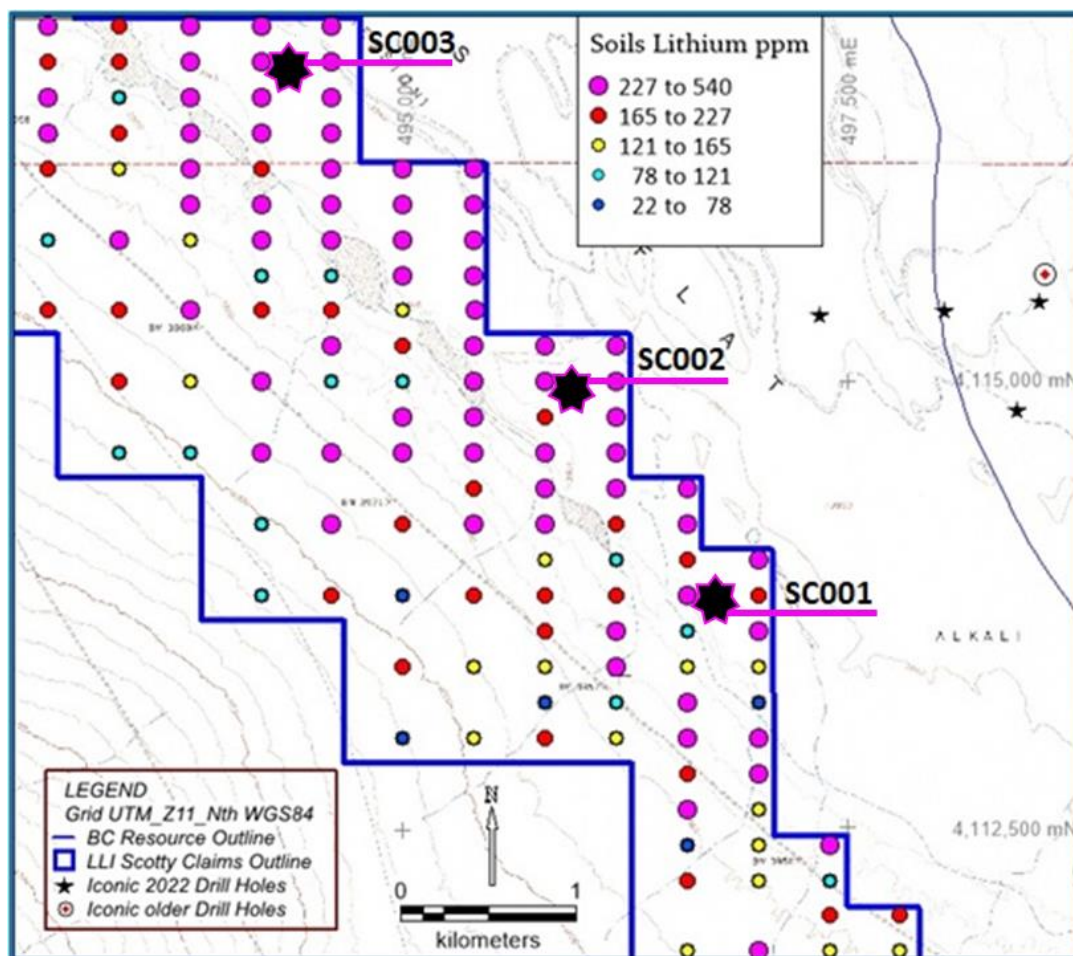
**DRILLING PROGRAM – LITHIUM-BORON POTENTIAL**

Loyal Lithium has engaged the services of Boart Longyear to conduct sonic drilling within Target 2 of the Scotty Lithium Project. The commencement of the drilling program is planned for March 2023, however will be subject to weather and ground conditions as significant rain and snow has been recorded at the property over the winter period.

Drilling will target the western extension of the basin with findings from a recently completed MT Survey being used to define the final location and depth of drilling. Drill core samples will be tested for lithium and boron, with the adjacent Bonnie Claire Lithium Project recording remarkable lithium values to a maximum of up to 5,570ppm and boron to >10,000ppm<sup>6</sup> just 2.24km east of LLI's Target 2 boundary. These results compare favourably with Loneer's (ASX:INR) world class Rhyolite Ridge Project lithium-boron resource approximately 100km to the northwest of the Scotty Lithium Project.

Scotty Target 2 is in the mid-west of the Project area covering an area in excess of 10km<sup>2</sup>, with soil sampling returning >165ppm lithium and a peak value of 448ppm lithium in soils, which is more than 40% higher than the maximum soils value found on the adjacent Bonnie Claire resource surface, that occurs over an approximate 16km<sup>2</sup> area at depth.

Target 2 soil assay results have confirmed anomalous boron values with a maximum of up to 3,360ppm. The below figure provides an overview of Target 2's lithium soil assay results in relation to the proposed drill hole locations.



**Figure 1 - Drill targets (SC001-003) against the Target 2 lithium ppm soil assay results**

### 100% OWNED SCOTTY LITHIUM PROJECT

Loyal Lithium has negotiated the acquisition of the remaining 20% of the Project and is now the 100% owner of the Scotty Lithium Project. The agreement removes the Company's various performance obligations<sup>7</sup> (18,000,000 ordinary fully paid LLI shares & 9,000,000 LLI Options) for a settlement of escrowed ordinary fully paid LLI shares and options (7,000,000 ordinary fully paid LLI shares & 3,500,000 LLI Options).

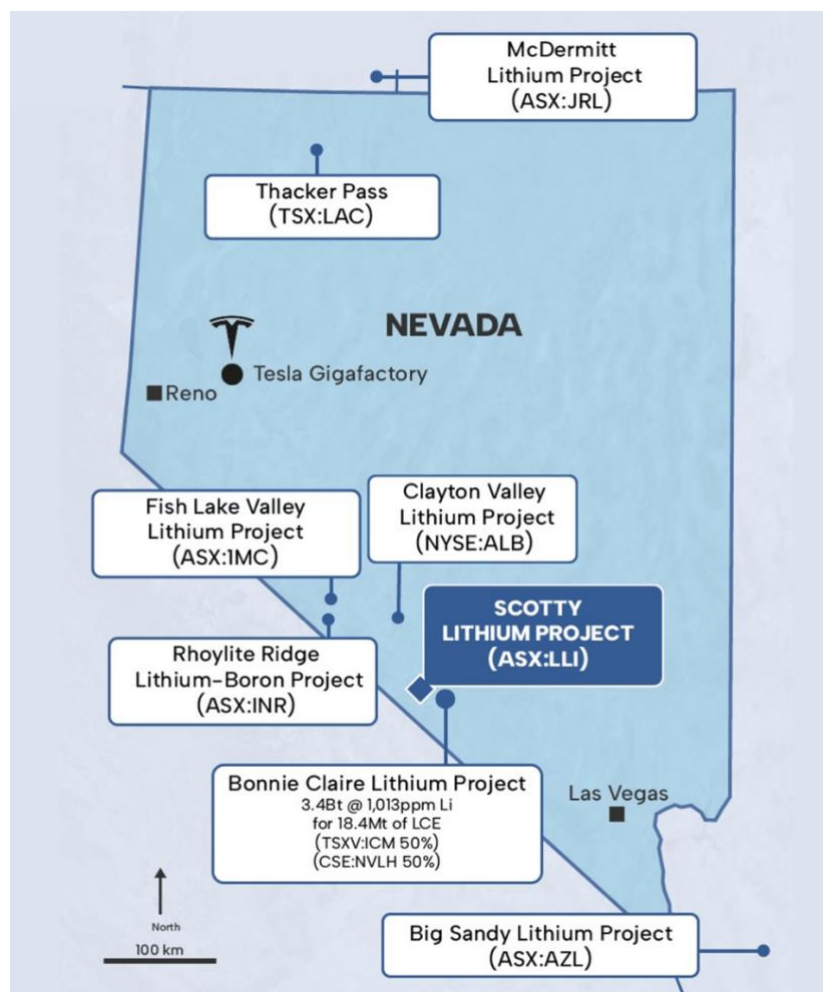
Key terms of the contract amendment are:

- a) In consideration for the purchase of the remaining 20% of the Scotty Lithium Project, Loyal Lithium will issue:
  - i) 7,000,000 ordinary fully paid shares in the capital of Loyal Lithium; and
  - ii) 3,500,000 Loyal Lithium Options exercisable at \$0.50 and expiring 3 years from the date of issue.

- b) The 7,000,000 ordinary fully paid shares will be issued out of the company's 7.1 capacity and subject to voluntary escrow (3,500,000 expiring 3 months from the date of their issue and 3,500,000 expiring 6 months from the date of their issue).
- c) The 3,500,000 LLI unquoted options will be subject to shareholder approval at the next Loyal Lithium general meeting.

### THE SCOTTY LITHIUM PROJECT

The Scotty Lithium Project covers 78.1 km<sup>2</sup> and is located 189 km northwest of Las Vegas and 517 km from Reno in the Tier 1 mining jurisdiction of Nevada USA. The Scotty Lithium Project has twin prospects of lithium brines and lithium sediments and is adjacent to the existing Iconic Minerals Ltd (TSXV: ICM) Bonnie Claire Project, with similar geology. The Project is also less than 100km from Albemarle's operational Silver Peak Operation in Clayton Valley (NYSE:ALB) and Ioneer's Rhyolite Ridge Lithium-Boron Project (ASX:INR).



**Figure 2 – Scotty Lithium Project well positioned within Nevada**

Approved by the board of Loyal Lithium Limited.

### **For more information:**

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### **About Loyal Lithium**

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

### **References**

<sup>1</sup> Iconic Finds Strong Correlation Between Drill Holes at Bonnie Claire Lithium Project Vancouver, British Columbia—(Newsfile Corp. – December 07, 2022) – Iconic Minerals Ltd. (TSXV: ICM) (OTCQB: BVTEF)

<sup>2</sup> ASX Announcement MMG (LLI): Strong Soil Assay Results Define Targets at the Scotty Lithium Project, Nevada USA 21st September 2022

<sup>3</sup> ASX Announcement Ioneer (INR): US Dept of Energy Loan Offer of US\$700m for Rhyolite Ridge 16<sup>th</sup> January 2023

<sup>4</sup> NYSE Announcement Lithium Americas Corp. (NYSE:LAC): GM AND LITHIUM AMERICAS TO DEVELOP U.S.-SOURCED LITHIUM PRODUCTION THROUGH \$650 MILLION EQUITY INVESTMENT AND SUPPLY AGREEMENT 31<sup>st</sup> January 2023

<sup>5</sup> NYSE Announcement Lithium Americas Corp. (NYSE:LAC): LITHIUM AMERICAS RECEIVES FAVORABLE RULING ON RECORD OF DECISION FOR THACKER PASS 7<sup>th</sup> February 2023

<sup>6</sup> Iconic Intercepts Lithium Grades up to 5570ppm at Bonnie Claire Project Vancouver, British Columbia—(Newsfile Corp. – September 29, 2022) – Iconic Minerals Ltd. (TSXV: ICM) (OTCQB: BVTEF)

<sup>7</sup> ASX Announcement MMG (LLI): Transformational Acquisition of the Strategically Located and Large-Scale Scotty Lithium Project, Nevada, USA 03 May 2022

### **Future Performance**

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



### **Competent Person Statement**

The information in this announcement that relates to exploration results, is based, and fairly reflects, information compiled by Mr Darren Allingham, who is the Company's geologist. Mr Allingham is a Fellow of the Australian Institute of Geoscientists. Mr Allingham has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results and Mineral Resources (JORC Code). Mr Allingham consents to the inclusion in the announcement of the matters based on the information in the form and context in which it appears.