



LOYAL LITHIUM LIMITED

ACN 644 564 241

SUPPLEMENTARY PROSPECTUS

1. IMPORTANT INFORMATION

This document is a supplementary prospectus (**Supplementary Prospectus**) and supplements the Prospectus dated 2 June 2023 (**Prospectus**), issued by Loyal Lithium Limited (ACN 644 564 241) (**Loyal** or the **Company**).

The Supplementary Prospectus is to be read together with the Prospectus. To the extent of any inconsistencies this Supplementary Prospectus prevails over the Prospectus.

This Supplementary Prospectus is dated 27 July 2023 and was lodged with ASIC on that date. ASIC, ASX Limited and each of their respective officers take no responsibility for the contents of this Supplementary Prospectus.

The Directors believe that the changes in this Supplementary Prospectus are not materially adverse from the point of view of an investor. Accordingly, no action needs to be taken if you have already applied for Shares under the Prospectus.

This Supplementary Prospectus and the Prospectus do not constitute an offer of Shares of the Company in any jurisdiction in which it would be unlawful. In particular, this Supplementary Prospectus and the Prospectus may not be distributed to any person, and the Shares may not be offered or sold, in any country outside Australia except to the extent permitted in Section 2.14 of the Prospectus.

Unless otherwise indicated, the terms defined in the Prospectus have the same meaning in this Supplementary Prospectus. Other than as set out below, all details in relation to the Prospectus remain unchanged.

This Supplementary Prospectus and the Prospectus may be accessed the Company's website at www.loyallithium.com.

2. BACKGROUND

The purpose of this Supplementary Prospectus is to provide investors with further disclosure with regards:

- (a) an amendment to the structure of the consideration payable by the Company to Youssa Pty Ltd (**Youssa**), one of the vendors of the Hidden Lake Project, following discussions with ASX;
- (b) the Performance Rights to be issued the Directors and management of the Company following discussions with ASX;
- (c) the Performance Shares to be issued to Jody Dahrouge following discussions with ASX; and
- (d) the Board's determination to issue 3,500,000 fewer Performance Rights to the Directors than was contemplated in the Prospectus following discussions with ASX.

ASX has determined that Youssa is a promoter for the purposes of the ASX Listing Rules and as such, the contemplated cash consideration component of the purchase consideration payable to Youssa, being \$250,000, cannot be paid to Youssa. Youssa has agreed to accept an additional 1,250,000 Shares in lieu of the cash component. As a result, a total of 15,250,000 Shares will be issued to Youssa as consideration for its 60% beneficial interest in 5 contiguous mineral exploration claims of the Hidden Lake Project.

The amendments to the Prospectus outlined in section 3 below are the consequential and ancillary changes to the Prospectus that the Directors believe are necessary to disclose:

- (e) the change in the Company's capital structure and financial position as a result of the agreement to issue a further 1,250,000 Shares to Youssa and the Board's determination to issue 3,500,000 fewer Performance Rights to the Directors; and
- (f) following discussions with ASX, the terms of the Performance Rights to be issued to the Directors and management of the Company and the Performance Shares to be issued to Jody Dahrouge.

The amendments to the Prospectus outlined in section 3 below should be read in conjunction with the Prospectus.

3. AMENDMENTS TO THE PROSPECTUS

The Prospectus is amended as set out below.

3.1 Key Offer Details

The Key Offer Details table is replaced with the following:

KEY OFFER DETAILS*

	Minimum Subscription (\$600,000)	Maximum Subscription (\$1,500,000)
Public Offer Price per Share	\$0.30	\$0.30
Shares currently on issue ¹	62,990,001	62,990,001
Shares to be issued under the Public Offer	2,000,000	5,000,000
Consideration Shares to be issued under the Consideration Offer ²	17,250,000	17,250,000
Gross Proceeds of the Public Offer	\$600,000	\$1,500,000
Total Shares on issue on completion of the Post-Listing, following the Offers (undiluted)^{1,3}	82,240,001	85,240,001
Market capitalisation Post-Listing (undiluted)⁴	\$24,672,000	\$25,572,000
Options currently on issue ^{5a-5f}	29,299,999	29,299,999
Consideration Options to be issued under the Consideration Offer	4,000,000	4,000,000
Options to be issued to Canaccord ^{5g}	2,000,000	2,000,000

	Minimum Subscription (\$600,000)	Maximum Subscription (\$1,500,000)
Total Options on issue following the Offers	35,299,999	35,299,999
Current Performance Rights on issue	3,000,000 ⁶	3,000,000 ⁶
Performance Rights to be issued to Directors ⁷	2,500,000	2,500,000
Performance Rights to be issued to Management ⁸	200,000	200,000
Performance Rights to be cancelled ⁹	(1,500,000)	(1,500,000)
Total Performance Rights on issue following the Offers	4,200,000	4,200,000
Performance Shares to be issued to Jody Dahrouge ¹⁰	4,000,000	4,000,000
Shares on issue Post-Listing (fully diluted)³	125,740,000	128,740,000
Market Capitalisation Post-Listing (fully diluted)⁴	\$37,722,000	\$38,622,000

Notes:

1. This number includes the Shares currently on issue, Shares to be issued under the Public Offer, Shares to be issued under the Consideration Offer and 500,000 Shares proposed to be issued to Osisko Development Corporation that were approved on 12 December 2022, but are yet to be issued. Re-approval will be sought for the issue of these Shares at the 2023 Extraordinary General Meeting.
2. To be issued, subject to Shareholder approval at the 2023 Extraordinary General Meeting, to Youssa Pty Ltd and DG Resource Management Ltd as part consideration payable under the Acquisition Agreements. Refer to Section 7.1 for a summary of the Acquisition Agreements.
3. Certain Shares on issue Post-Listing will be subject to ASX-imposed escrow. Refer to Section 2.10 for further details with respect to the likely escrow position.
4. Assuming a Share price of \$0.30, however the Company notes that the Shares may trade above or below this price.
5. The Company has the following Options on issue:
 - a. 1,000,000 Options exercisable at \$0.35, expiring on 25 July 2025;
 - b. 21,400,000 Options exercisable at \$0.30, expiring on 6 July 2024 (currently subject to escrow restrictions);
 - c. 900,000 Options exercisable at \$0.30, expiring on 6 July 2024;
 - d. 500,000 Options exercisable at \$0.45, expiring on 2 May 2025;
 - e. 2,000,000 Options exercisable at \$0.60, expiring on 16 January 2026;
 - f. 3,499,999 Options exercisable at \$0.50, expiring on 20 February 2026; and
 - g. 2,000,000 Options exercisable at \$0.60, expiring on 31 March 2026.

The issue of the Options referred to at Note 5f were approved by Shareholders at the 2023 Annual General Meeting.
6. The Company has 3,000,000 Performance Rights currently on issue, being Performance Rights issued to Adam Ritchie.
7. Shareholder approval was obtained at the 2023 Extraordinary General Meeting for the issue of up to 1,500,000 Performance Rights to Peretz Schapiro (Resolution 1) and up to 4,500,000 Performance Rights to Adam Ritchie (Resolution 2) (noting that 1,500,000 Performance Rights will be cancelled (see Note 9)). The Company has now resolved to issue a lesser number of Performance Rights to Peretz Schapiro and Adam Ritchie being 500,000 in total to Peretz Schapiro and 2,000,000 in total to Adam Ritchie. A summary of the terms attaching to the Performance Rights is set out in Section 8.2.
8. 200,000 Performance Rights will be issued to Senior Manager – Exploration, Darren Allingham following the 2023 Extraordinary General Meeting. A summary of the terms attaching to the Performance Rights is set out in Section 8.2.
9. The Company will cancel 1,500,000 Performance Rights that were previously issued to Adam Ritchie.
10. 4,000,000 Performance Shares will be issued to Jody Dahrouge following the 2023 Extraordinary General Meeting. A summary of the terms attaching to the Performance Shares is set out in Section 8.2.

3.2 Key Investment Highlights and Risks

The question ‘*What is the consideration payable for the Acquisition?*’ in section 1.1 is replaced with the following:

Question	Answer	Section
What is the consideration payable for the Acquisition?	The consideration payable at settlement under the Acquisition Agreements is 17,250,000 Shares. These Shares are being offered under the Consideration Offer under this Prospectus. 15,250,000 Shares are being offered to Youssa and 2,000,000 Shares are being offered to DGRM under the respective Acquisition Agreements. Under the Youssa Acquisition Agreement the Company will also issue to Youssa 4,000,000 Options. Under the DGRM Acquisition Agreement the Company will also pay to DGRM \$CAD35,000.	2.6

3.3 Shareholders, Directors and key management

(a) The question ‘*Who are the substantial shareholders of the Company?*’ in section 1.5 is replaced with the following:

Question	Answer	Section															
Who are the substantial shareholders in the Company	Upon completion of the Offers it is anticipated that the substantial shareholders of the Company will be as follows: <table><tr><th>Substantial Shareholder</th><th>Current Shares held</th><th>% of Shares held</th><th>Maximum Shares issued</th><th>% following Acquisition</th></tr><tr><td>Tobias Denniss</td><td>7,977,049¹</td><td>12.77%</td><td>7,993,716²</td><td>9.38%</td></tr><tr><td>Youssa Pty Ltd</td><td>Nil</td><td>N/A</td><td>15,250,000³</td><td>17.89%</td></tr></table> Notes: 1. Shares held by Tobias Denniss are held indirectly through Ikigai Strategic Investments (4,000,000 Shares), Hale Court Holdings Pty Ltd (3,366,446 Shares) and Evans Leap Holdings Pty Ltd (610,603 Shares). 2. Assumes maximum take up of 16,667 Shares by Tobias Denniss (and associated entities). 3. 15,250,000 Shares are to be issued to Youssa under the Youssa Acquisition Agreement.	Substantial Shareholder	Current Shares held	% of Shares held	Maximum Shares issued	% following Acquisition	Tobias Denniss	7,977,049 ¹	12.77%	7,993,716 ²	9.38%	Youssa Pty Ltd	Nil	N/A	15,250,000 ³	17.89%	3.11
Substantial Shareholder	Current Shares held	% of Shares held	Maximum Shares issued	% following Acquisition													
Tobias Denniss	7,977,049 ¹	12.77%	7,993,716 ²	9.38%													
Youssa Pty Ltd	Nil	N/A	15,250,000 ³	17.89%													

- (b) The question 'What are the interests of the Directors and Officers in the Company?' in section 1.5 is replaced with the following:

Question	Answer	Section																
What are the interests of the Directors and Officers in the Company?	The Directors and Officers have the following equity interests in the Company: <table><tr><th>Director / Officer</th><th>Shares¹</th><th>Options²</th><th>Performance Rights³</th></tr><tr><td>Adam Ritchie⁴</td><td>13,473</td><td>1,000,000⁵</td><td>3,000,000⁶</td></tr><tr><td>Peretz Schapiro</td><td>291,000⁷</td><td>1,000,000⁸</td><td>Nil⁹</td></tr><tr><td>Andrew Graham</td><td>Nil</td><td>900,000</td><td>Nil</td></tr></table> Notes: - Details on the terms of the Shares are set out in Section 8.2. - Details on the terms of the Options are set out in Section 8.2. - Details on the terms of the LTIP under which the Performance Rights are issued are set out in Section 7.7. The details of the terms of the Performance Rights are set out in Section 8.2. - All securities held by Adam Ritchie are held indirectly through Vector Concepts Pty Ltd. The Shares (13,473) were purchased at \$0.33 per Share. No consideration was payable for the Options (1,000,000) or the Performance Rights (3,000,000). - Unlisted Options exercisable at \$0.35 and expiring on 22 July 2025. 1,500,000 of these Performance Rights will be cancelled following Shareholder approval for the issue of up to a further 4,500,000 Performance Rights at the 2023 Extraordinary General Meeting. The Company has now resolved to issue a lesser number of Performance Rights to Adam Ritchie being 2,000,000 in total. Accordingly, Adam Ritchie will hold 3,500,000 Performance Rights in total. These Performance Rights are subject to various vesting conditions summarised in the Company's announcement of 27 February 2023 and at Section 8.2. - Shares held by Peretz Schapiro are held indirectly through Breakout Star Holdings Pty Ltd. Of these, 251,000 Shares were purchased at \$0.20 per Share and 40,000 Shares were purchased at \$0.27 per Share. - Options held by Peretz Schapiro are held indirectly through Sapphires Holdings Pty Ltd, as trustee for the Sapphires Holdings Family Trust. No consideration was payable for the Options (1,000,000). - Shareholder approval was obtained at the 2023 Extraordinary General Meeting for the issue of up to 1,500,000 Performance Rights to Peretz Schapiro. The Company has now resolved to issue a lesser number of Performance Rights to Peretz Schapiro being 500,000 in total. These Performance Rights are subject to various vesting conditions summarised at Section 8.2.	Director / Officer	Shares ¹	Options ²	Performance Rights ³	Adam Ritchie ⁴	13,473	1,000,000 ⁵	3,000,000 ⁶	Peretz Schapiro	291,000 ⁷	1,000,000 ⁸	Nil ⁹	Andrew Graham	Nil	900,000	Nil	8.4
Director / Officer	Shares ¹	Options ²	Performance Rights ³															
Adam Ritchie ⁴	13,473	1,000,000 ⁵	3,000,000 ⁶															
Peretz Schapiro	291,000 ⁷	1,000,000 ⁸	Nil ⁹															
Andrew Graham	Nil	900,000	Nil															

3.4 The Offers

- (a) The question 'What is the Consideration Offer?' in section 1.6 is replaced with the following:

Question	Answer	Section
What is the Consideration Offer?	The Prospectus also includes the following Consideration Offer: (a) 17,250,000 Shares under the Consideration Offer to the Vendors; and (b) 4,000,000 Options under the Consideration Offer to Youssa. Only specified persons will be entitled to participate in the Consideration Offer, all of whom will be approached directly by the Company.	2.6

- (b) The question 'What are the Securities being Offered?' in section 1.6 is replaced with the following:

Question	Answer	Section
What are the Securities being offered?	The Public Offer is an offer of fully paid ordinary shares in the Company (i.e. Shares). A summary of the rights attaching to Shares is set out in Section 8.2. The Securities to be issued under the Consideration Offer are: (a) 17,250,000 Shares; and (b) 4,000,000 Options. A summary of the rights attaching to the Options is set out in Section 8.2.	8.2

- (c) The question 'What will be the capital structure of the Company on completion of the Offers?' in section 1.6 is replaced with the following:

Question	Answer	Section												
What will be the capital structure of the Company on completion of the Offers?	The table below sets out the capital structure of the Company after the Offers close. Upon completion of the Offers, if the Minimum Subscription is achieved, the Securities to be issued under the Offers will comprise 22.22% (on an undiluted basis) and 15.31% (on a fully-diluted basis) and if the Maximum Subscription is achieved the Securities to be issued under the Offers will comprise 25.00% (on an undiluted basis) and 17.28% (on a fully-diluted basis). <table><tr><th></th><th>Shares¹</th><th>Options¹</th><th>Performance Rights / Performance Shares³</th></tr><tr><td>\$600,000 capital raise</td><td>82,240,001²</td><td>35,299,999</td><td>8,200,000</td></tr><tr><td>\$1,500,000 capital raise</td><td>85,240,001²</td><td>35,299,999</td><td>8,200,000</td></tr></table> Notes: 1. The rights attaching to the Shares and the Options are summarised in Section 8.2(a). 2. Includes the 500,000 Shares to be issued to Osisko Development Corporation subject to Shareholder approval at the 2023 Extraordinary General Meeting. Please refer to Section 3.10 for further details on the capital structure.		Shares ¹	Options ¹	Performance Rights / Performance Shares ³	\$600,000 capital raise	82,240,001 ²	35,299,999	8,200,000	\$1,500,000 capital raise	85,240,001 ²	35,299,999	8,200,000	3.10
	Shares ¹	Options ¹	Performance Rights / Performance Shares ³											
\$600,000 capital raise	82,240,001 ²	35,299,999	8,200,000											
\$1,500,000 capital raise	85,240,001 ²	35,299,999	8,200,000											

3.5 Consideration Offer

Section 2.6 is replaced with the following:

2.6 Consideration Offer

The Prospectus also includes the following offers:

- (a) 17,250,000 Shares under the Consideration Offer to the Vendors; and
- (a) 4,000,000 Options under the Consideration Offer to Youssa,

This Prospectus includes an offer of 17,250,000 Shares to the Vendors in part consideration for the acquisition of a 60% interest in 5 contiguous Mineral Claims of the Hidden Lake Project held by Youssa and 1 Mineral Claim of the Hidden Lake Project held by DGRM.

Pursuant to the Acquisition Agreements (the materials terms of which are summarised at Section 8.2), 17,250,000 Consideration Shares will be issued amongst the Vendors. Pursuant to the respective Acquisition Agreements, 15,250,000 Consideration Shares will be issued to Youssa and 2,000,000 Consideration Shares will be issued to DGRM.

A summary of the rights attaching to the Shares offered under the Consideration Offer is summarised in Section 8.2.

Further, the Consideration Offer includes the offer of 4,000,000 Options to Youssa.

A personalised application form in relation to the Consideration Offer will be issued to the Vendors together with a copy of this Prospectus.

The Shares issued under the Consideration Offer may be subject to escrow under the ASX Listing Rules. Please refer to Section 2.10 for a summary of the likely escrow position.

3.6 Restricted Securities

Section 2.10 is replaced with the following:

2.10 Restricted Securities

Acquisition, certain Shares on issue (including the Shares issued in consideration for the Acquisition) will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. During the period in which these Shares are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

ASX has determined that:

- (a) the Securities under the Consideration Offer to be issued to Youssa will be escrowed for a period of 24 months;
- (b) the Securities under the Consideration Offer to be issued to DGRM will be escrowed for a period of 12 months;
- (c) the 2,500,000 Performance Rights to be issued to Messrs Schapiro and Ritchie following the 2023 Extraordinary General Meeting will be escrowed for a period of 24 months; and
- (d) the 4,000,000 Performance Shares to be issued to Jody Dahrouge following the 2023 Extraordinary General Meeting will be escrowed for a period of 12 months.

No Shares issued pursuant to the Public Offer will be subject to any escrow requirements by ASX.

The Company will announce to the ASX full details (quantity and duration) of the Shares required to be held in escrow prior to the Shares being reinstated to trading on ASX (which reinstatement is subject to ASX's discretion and approval).

Upon the Minimum Subscription being raised under this Prospectus, the Company's 'free float', being the percentage of Shares not subject to escrow and which are held by Shareholders that are not related parties or promoters of the Company (or their associates) at the time of admission to the Official List, will be approximately 76.6% (on an undiluted basis), comprising all Shares on issue following completion of the Offers other than Shares to be applied for by the Directors or promoters.

Upon the Maximum Subscription being raised under this Prospectus, the Company's 'free float', being the percentage of Shares not subject to escrow and which are held by Shareholders that are not related parties or promoters of the Company (or their associates) at the time of admission to the Official List, will be approximately 73.9% (on an undiluted basis), comprising all Shares on issue following completion of the Offers other than Shares to be applied for by the Directors or promoters.

3.7 Use of Funds

The Use of Funds table in section 3.9 is replaced with the following:

Funds Available	Minimum Subscription	Percentage of Funds	Maximum Subscription	Percentage of Funds
Existing cash reserves ¹	\$4,891,648	89.07%	\$4,891,648	76.53%
Funds raised from the Public Offer	\$600,000	10.93%	\$1,500,000	23.47%
Total	\$5,491,648	100.00%	\$6,391,648	100.00%
Allocation of funds				
Expenditure on Initial Lithium Projects ²	\$1,004,999	18.30%	\$1,004,999	15.72%
Expenditure on the Hidden Lake Project ²	\$1,880,952	34.25%	\$1,880,952	29.43%
Payment of environmental bond	\$140,588	2.56%	\$140,588	2.20%
Expenses of the Public Offer (net of recoverable GST)	\$637,924	11.62%	\$694,410	10.86%
Acquisition cash payments	\$38,500	0.70%	\$38,500	0.60%
Additional project evaluation/acquisitions	\$250,000	4.55%	\$250,000	3.91%
Working capital	\$1,288,685	28.02%	\$2,132,199	37.27%
TOTAL	\$5,491,648	100.00%	\$6,141,648	100.00%

Notes:

- 1 Estimated as of 31 May 2023 after expenses of the Public Offer.
- 2 Please see Section 3.8 for details on proposed exploration programs for the first 2 years Post-Listing (including the allocation of costs for each Lithium Project) and the Independent Geologist's Reports in Annexure A.

3.8 Capital Structure

The Shares table in section 3.10 is replaced with the following:

	Number of Shares (\$600,000 capital raise)	Number of Shares (\$1,500,000 capital raise)
Shares¹		
Shares currently on issue ²	62,990,001	62,990,001
Shares to be issued under the Public Offer	2,000,000	5,000,000
Shares to be issued under the Consideration Offer	17,250,000	17,250,000
Total Shares post-Offers	82,240,001	85,240,001

Notes:

- 1 The rights attaching to the Shares are summarised in Section 8.2(a) of this Prospectus.
- 2 Includes the 500,000 Shares to be issued to Osisko Development Corporation subject to Shareholder approval at the 2023 Extraordinary General Meeting.

The Performance Rights table in section 3.10 is deleted and replaced with the following:

	Number of Performance Rights
Performance Rights¹	
Performance Rights currently on issue ²	3,000,000
Performance Rights to be issued to directors of the Company ³	2,500,000
Performance Rights to be issued to management of the Company ⁴	200,000
Performance Rights to be cancelled ²	(1,500,000)
Total Performance Rights post-Offer	4,200,000

Notes:

- 1 Please see Section 7.7 for further information on the LTIP under which the Performance Rights are issued and Section 8.2 for further information on the vesting conditions associated with the Performance Rights.
- 2 The Company has 3,000,000 Performance Rights currently on issue, that were issued to Adam Ritchie. 1,500,000 of these Performance Rights will be cancelled following Shareholder approval for the issue of a further 2,000,000 Performance Rights to Adam Ritchie at the 2023 Extraordinary General Meeting. Following Shareholder approval, Adam Ritchie will hold 3,500,000 Performance Rights in total.
- 3 Shareholder approval was obtained at the 2023 Extraordinary General Meeting for the issue of up to 1,500,000 Performance Rights to Peretz Schapiro (Resolution 1) and up to 4,500,000 Performance Rights to Adam Ritchie (Resolution 2) (noting that 1,500,000 Performance Rights will be cancelled (see Note 2)). The Company has now resolved to issue a lesser number of Performance Rights to Peretz Schapiro and Adam Ritchie being 500,000 in total to Peretz Schapiro and 2,000,000 in total to Adam Ritchie.
- 4 The Company will issue 200,000 Performance Rights to Senior Manager – Exploration, Darren Allingham following the 2023 Extraordinary General Meeting.

3.9 Substantial Shareholders

Section 3.11 is replaced with the following:

3.11 Substantial Shareholders

Tobias Denniss and Youssa will hold the following interests in the Company on completion of the Offers (assuming Maximum Subscription).

Substantial Shareholder	Current Shares held	% of Shares held	Maximum Shares issued	% following Acquisition
Tobias Denniss	7,977,049 ¹	12.77%	7,993,716 ²	9.38%
Youssa Pty Ltd	Nil	N/A	15,250,000 ³	17.89%

Notes:

1. Shares held by Tobias Denniss are held indirectly through Ikigai Strategic Investments (4,000,000 Shares), Hale Court Holdings Pty Ltd (3,366,446 Shares) and Evans Leap Holdings Pty Ltd (610,603 Shares).
2. Assumes maximum take up of 16,667 Shares by Tobias Denniss (and associated entities).
3. 15,250,000 Shares are to be issued to Youssa under the Youssa Acquisition Agreement.

The Company will announce to the ASX details of its top-20 Shareholders (following completion of the Offers) prior to the Shares commencing trading on ASX.

3.10 Historical and Pro Forma Statement of Financial Position

The tables in section 5.5 are replaced with the following:

(i) **Historical and Pro Forma Statement of Financial Position assuming the Minimum Subscription under the Public Offer**

Loyal Lithium Limited								
PRO FORMA Statement of Financial Position								
Minimum Subscription (\$600,000) - Refer Section 5.6								
		Historical Statement of Financial Position	Historical Statement of Financial Position					Minimum Pro Forma Statement of Financial Position
				5.6(a)	5.6(b)	5.6(c)	5.6(d)	
		31/12/2021	31-Dec-22	ACL Variation (20% take up)	Subsequent Events	Public Offering Capital Raise	Hidden Lake Acquisition	Allotment Date
	Notes	\$	\$	\$	\$	\$	\$	\$
Assets								
Current assets								
Cash and cash equivalents	5.8(a)	3,640,881	6,573,702	-	(1,682,054)	(40,624)	(38,500)	4,812,524
Trade and other receivables		58,660	137,519	-	-	2,700	-	140,219
Total current assets		3,699,541	6,711,221	-	(1,682,054)	(37,924)	(38,500)	4,952,743
Non-current assets								
Property, plant and equipment		27,451	23,226	-	-	-	-	23,226
Exploration and evaluation	5.8(b)	1,230,497	5,648,243	2,338,589	1,215,622	-	6,205,587	15,408,041
Total non-current assets		1,257,948	5,671,469	2,338,589	1,215,622	-	6,205,587	15,431,267
Total assets		4,957,489	12,382,690	2,338,589	(466,433)	(37,924)	6,167,087	20,384,009
Liabilities								
Current liabilities								
Trade and other payables		64,291	545,642	-	222,079	-	-	767,721
Total current liabilities		64,291	545,642	-	222,079	-	-	767,721
Total liabilities		64,291	545,642	-	222,079	-	-	767,721
Net assets		4,893,198	11,837,048	2,338,589	(688,512)	(37,924)	6,167,087	19,616,289
Equity								
Issued capital	5.8(c)	4,372,509	12,739,707	2,520,000	240,000	488,098	5,520,000	21,507,805
Foreign currency reserves		-	(3,424)	-	-	-	-	(3,424)
Reserves	5.8(d)	1,683,600	3,555,895	566,201	131,453	-	647,087	4,900,636
Accumulated losses	5.8(e)	(1,162,911)	(5,202,742)	-	(1,059,964)	(526,022)	-	(6,788,728)
Equity attributable to the owners of Loyal Lithium Limited		4,893,198	11,089,436	3,086,201	(688,512)	(37,924)	6,167,087	19,616,289
Non-controlling interest		-	747,612	(747,612)	-	-	-	-
Total equity		4,893,198	11,837,048	2,338,589	(688,512)	(37,924)	6,167,087	19,616,289

This is a supplementary prospectus intended to be read with the prospectus dated 2 June 2023 relating to the offering of shares of Loyal Lithium Limited.

(ii) Historical and Pro Forma Statement of Financial Position assuming the Maximum Subscription under the Public Offer

Loyal Lithium Limited									
PRO FORMA Statement of Financial Position									
Maximum Subscription (\$1,500,000) - Refer Section 5.6									
		Historical Statement of Financial Position	Historical Statement of Financial Position						Minimum Pro Forma Statement of Financial Position
				5.6(a) ACL Variation (20% take up)	5.6(b) Subsequent Events	5.6(c) Public Offering Capital Raise	5.6(d) Hidden Lake Acquisition		
	Notes	31/12/2021 \$	31-Dec-22 \$	\$	\$	\$	\$	Allotment Date	\$
Assets									
Current assets									
Cash and cash equivalents	5.8(a)	3,640,881	6,573,702	-	(1,682,054)	798,840	(38,500)		5,651,988
Trade and other receivables		58,660	137,519	-	-	6,750	-		144,269
Total current assets		3,699,541	6,711,221	-	(1,682,054)	805,590	(38,500)		5,796,257
Non-current assets									
Property, plant and equipment		27,451	23,226	-	-	-	-		23,226
Exploration and evaluation	5.8(b)	1,230,497	5,648,243	2,338,589	1,215,622	-	6,205,587		15,408,041
Total non-current assets		1,257,948	5,671,469	2,338,589	1,215,622	-	6,205,587		15,431,267
Total assets		4,957,489	12,382,690	2,338,589	(466,433)	805,590	6,167,087		21,227,523
Liabilities									
Current liabilities									
Trade and other payables		64,291	545,642	-	222,079	-	-		767,721
Total current liabilities		64,291	545,642	-	222,079	-	-		767,721
Total liabilities		64,291	545,642	-	222,079	-	-		767,721
Net assets		4,893,198	11,837,048	2,338,589	(688,512)	805,590	6,167,087		20,459,802
Equity									
Issued capital	5.8(c)	4,372,509	12,739,707	2,520,000	240,000	1,322,635	5,520,000		22,342,342
Foreign currency reserves		-	(3,424)	-	-	-	-		(3,424)
Reserves	5.8(d)	1,683,600	3,555,895	566,201	131,453	-	647,087		4,900,636
Accumulated losses	5.8(e)	(1,162,911)	(5,202,742)	-	(1,059,964)	(517,045)	-		(6,779,751)
Equity attributable to the owners of Loyal Lithium Limited		4,893,198	11,089,436	3,086,201	(688,512)	805,590	6,167,087		20,459,802
Non-controlling interest		-	747,612	(747,612)	-	-	-		-
Total equity		4,893,198	11,837,048	2,338,589	(688,512)	805,590	6,167,087		20,459,802

This is a supplementary prospectus intended to be read with the prospectus dated 2 June 2023 relating to the offering of shares of Loyal Lithium Limited.

3.11 Description of pro forma adjustments

Section 5.6(b)c. is replaced with the following:

- c. the Company will cancel 1,500,000 Performance Rights that were previously issued to Adam Ritchie (as set out in the Key Offer Details section of this Prospectus) following the 2023 Extraordinary General Meeting, the Company will issue a total of 2,700,00 Performance Rights (as summarised in Section 8.2(d)). The options were valued independently valued at the grant date and accounted for in accordance with AASB 2 Share-based Payments; and

3.12 Additional notes to the Financial Information

Section 5.8 is replaced with the following:

	Notes	Audited 31 Dec 2022 \$	Minimum \$600,000 \$	Maximum \$1,500,000 \$
(a) - Cash and Cash Equivalents				
Audited balance - 31 December 2022		6,573,702	6,573,702	6,573,702
<i>Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:</i>				
Subsequent Events				
- Estimated Exploration & Evaluation Expenditure 1 January - 31 May 2023	5.6(b)(d)		(911,697)	(911,697)
- Estimated Operating Expenditure 1 January - 31 May 2023	5.6(b)(d)		(770,357)	(770,357)
Public Offering Capital Raise				
- Gross Proceeds from the Public Offer	5.6(c)		600,000	1,500,000
- Transaction costs of the Offer	5.6(c)		(640,624)	(701,160)
Hidden Lake Acquisition	5.6(d)		(38,500)	(38,500)
Pro-Forma Adjusted 31 December 2022		6,573,702	4,812,524	5,651,988
(b) - Exploration and Evaluation Expenditure				
Audited balance - 31 December 2022		5,648,243	5,648,243	5,648,243
<i>Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:</i>				
ACL Variation (20% take up)			2,338,589	2,338,589
Subsequent Events				
- Estimated Exploration & Evaluation Expenditure 1 January - 31 May 2023	5.6(b)(d)		1,215,622	1,215,622

Hidden Lake Acquisition	5.6(a) 5.6(d)	6,205,587	6,205,587
Pro-Forma Adjusted 31 December 2022		5,648,243	15,408,041

	Notes	Minimum Pro Forma 31 Dec 2022 No. of Shares	Minimum Pro Forma 31 Dec 2022 \$	Maximum Pro Forma 31 Dec 2022 No. of Shares	Maximum Pro Forma 31 Dec 2022 \$
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(c) - Issued capital

Ordinary Shares

Issued share capital as at 31 December 2022		55,490,001	12,739,707	55,490,001	12,739,707
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Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:

ACL Variation (20% take up)	5.6(a)	7,000,000	2,520,000	7,000,000	2,520,000
Subsequent Events					
- Osisko option fee share issuance	5.6(b)(a)	500,000	240,000	500,000	240,000
Public Offering Capital Raise					
- Gross Proceeds from the Offer	5.6(c)	2,000,000	600,000	5,000,000	1,500,000
- Transaction costs capitalised against issued capital	5.6(c)		(111,902)		(177,365)
Hidden Lake Acquisition	5.6(d)	17,250,000	5,520,000	17,250,000	5,520,000
Pro-Forma Adjusted 31 December 2022		82,240,001	21,507,805	85,240,001	22,342,342

(d) - Reserves

Unquoted Options

Audited balance - 31 December 2022		25,800,000	3,029,651	25,800,000	3,029,651
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Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:

ACL Variation (20% take up)	5.6(a)	3,499,999	566,201	3,499,999	566,201
Subsequent Events					
- Advisor Options expensed to 31 May 2023	5.6(b)(b)	2,000,000	51,111	2,000,000	51,111
Hidden Lake Acquisition	5.6(d)	4,000,000	647,087	4,000,000	647,087
		35,299,999	4,294,050	35,299,999	4,294,050

Performance Rights

Audited balance - 31 December 2022		3,000,000	526,244	3,000,000	526,244
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Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:

Subsequent Events					
- Share based payments to Directors and employees	5.6(b)(c)	2,700,000	80,342	2,700,000	80,342
- Share based payments to Directors and employees	5.6(b)(c)	(1,500,000)		(1,500,000)	
- Brisk performance shares		4,000,000		4,000,000	
		8,200,000	606,586	8,200,000	606,586
Pro-Forma Adjusted 31 December 2022		39,499,999	4,900,636	39,499,999	4,900,636

	Notes	Audited 31 Dec 2022 \$	Minimum \$600,000 \$	Maximum \$1,500,000 \$
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(e) - Accumulated losses

Audited balance - 31 December 2022	(5,202,742)	(5,202,742)	(5,202,742)
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Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:

Subsequent Events			
- Estimated Operating Expenditure 1 January - 31 May 2023	5.6(b)(d)	(928,512)	(928,512)
- Advisor Options expensed to 31 May 2023	5.6(b)(b)	(51,111)	(51,111)
- Share based payments to Directors and employees	5.6(b)(c)	(80,342)	(80,342)
Public Offering Capital Raise			
- Costs of re-compliance	5.6(c)	(526,022)	(517,045)
Pro-Forma Adjusted 31 December 2022		(5,202,742)	(6,779,751)

3.13 Acquisition Agreements

Paragraph (a) of section 7.1 is replaced with the following:

(a) Acquisition Agreement with Youssa

The Company entered into an Acquisition Agreement with Youssa, who holds the 60% interest in 5 mineral exploration claims associated with the Hidden Lake Project, on 28 March 2023 as varied on 19 July 2023. A summary of the material terms of the Acquisition Agreement are set out below:

- (i) **(Agreement)** Youssa agrees to transfer to the Company all of Youssa's undivided right, title and interest in and to Youssa's 60% interest in the 5 mineral exploration claims free from all encumbrances (other than those arising under the Option Agreement and the DGRM Royalty);
- (ii) **(Consideration)** At settlement, following satisfaction of the conditions, the Company will issue to Youssa (and/or its nominees):

- (A) 15,250,000 Shares; and
- (B) 4,000,000 Options at an exercise price of \$0.60 expiring 28 March 2026;
- (iii) **(Escrow)** The Shares issued by the Company to Youssa as consideration will be subject to an escrow period to be determined by the ASX;
- (iv) **(Option Agreement)** The Company agrees to perform all of Youssa's obligations under the Option Agreement in respect to the mineral exploration claims (see Section 7.2 for further details);
- (v) **(Royalty)** The Company acknowledges the existing royalties affecting claims being a 2% net smelter royalty in favour of DGRM;
- (vi) **(Representations and warranties)** Each of the Company and the Vendors have made representations and warranties standard for an agreement of this nature; and
- (vii) **(Governing law)** The agreement is governed by the laws of the State of Western Australia.

3.14 Performance Rights to be issued to Peretz Schapiro, Adam Ritchie and Darren Allingham

- (b) Section 8.2(d) is replaced with the following:

The terms of the Performance Rights to be issued to Adam Ritchie, Peretz Schapiro and Darren Allingham are summarised below:

- (i) **(Entitlement):** Each Performance Right will entitle its holder, upon vesting and exercise, to be issued, 1 Share.
- (ii) **(Exercise price):** Subject to the terms of the LTIP, no amount is payable upon exercise of each Performance Right.
- (iii) **(Expiry date):** Each Performance Right expires on 21 March 2028 (**Expiry Date**).
- (iv) **(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**).
- (v) **(Vesting milestones):** The Performance Rights are subject to the following vesting milestones:

Officer	Item	Number of Performance Rights	Vesting Milestone
Peretz Schapiro	1.	250,000	Vest upon the Company achieving a Share price of \$0.75, and Mr Schapiro being continuously employed with the Company until 21 February 2024.
	2.	250,000	Vest upon the Company achieving a Share price of \$1.00, and Mr Schapiro being continuously employed with the Company until 21 February 2024.
Adam Ritchie	3.	500,000	Vest upon Mr Ritchie being continuously employed with the Company until 25 January 2024 and the volume weighted average Share price being greater than \$0.75 over 20

Officer	Item	Number of Performance Rights	Vesting Milestone
			consecutive days in which the Company's securities are traded. These Performance Rights will be cancelled following the 2023 Extraordinary General Meeting.
	4.	250,000	Vest upon Mr Ritchie being continuously employed with the Company until 25 January 2023 and the Company completing a maiden drilling campaign on (one of) the Company's North American lithium projects. These Performance Rights will be cancelled following the 2023 Extraordinary General Meeting.
	5.	500,000	Vest upon Mr Ritchie being continuously employed with the Company until 25 July 2023 and the development of a Resource and Scoping Study on one of the Company's projects. These Performance Rights will be cancelled following the 2023 Extraordinary General Meeting.
	6.	250,000	Vest upon Mr Ritchie being continuously employed with the Company until 25 January 2024 and a significant grant of at least USD\$1M or a strategic partnership that the Board can determine adds at least USD\$1M of value to the Company. These Performance Rights will be cancelled following the 2023 Extraordinary General Meeting.
	7.	500,000	Vest upon Mr Ritchie being continuously employed with the Company until 25 January 2023 and the development of a comprehensive strategic plan approved by the Board and released to the market
	8.	500,000	Vest upon Mr Ritchie being continuously employed with the Company until 25 July 2023 and the volume weighted average Share price being greater than \$0.35 over 20 consecutive days in which the Company's securities are traded
	9.	500,000	Vest upon Mr Ritchie being continuously employed with the Company until 25 January 2024 and the volume weighted average Share price being greater than \$0.50 over 20 consecutive days in which the Company's securities are traded

Officer	Item	Number of Performance Rights	Vesting Milestone
	10.	500,000	Vest upon Mr Ritchie being continuously employed with the Company until 25 January 2024 and the volume weighted average Share price being greater than \$0.75 over 20 consecutive days in which the Company's securities are traded.
	11.	250,000	Vest upon the Company completing a maiden drilling campaign on (one of) the Company's North American lithium projects.
	12.	250,000	Vest upon Mr Ritchie being continuously employed with the Company until 25 January 2024 and a significant grant of at least \$US1 million or the entry by the Company into a binding strategic partnership agreement with a strategic partner with a total aggregate contract value (including in kind commitments or cash commitments) of not less than USD\$1M.
	13.	1,000,000	Vest upon the Company achieving a share price of \$1.00, and Mr Ritchie being continuously employed with the Company until 21 February 2024.
Darren Allingham	14.	100,000	Vest on the discovery of 5 individual rock chips bearing >1% Li ₂ O on one of the Company's current projects or in any other greenfield projects which are acquired by the Company by 23 April 2024.
	15.	100,000	Vest on a drill or channel intercept of at least 10m at >1% Li ₂ O on one of the Company's current projects or in any other greenfield projects which are acquired by the Company by 23 April 2024.

In the event of a takeover or change of control, the vesting milestones will be deemed to have been achieved.

- (vi) **(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)**.
- (vii) **(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)**.
- (viii) **(Timing of issue of Shares on exercise):** Within 5 Business Days after the Exercise Date, the Company will:
 - (A) 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;

- (B) 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
- (C) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Performance Rights.

If a notice delivered under paragraph (viii)(B) 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.

- (ix) **(Shares issued on exercise):** Shares issued on exercise of the Performance Rights will rank equally with the then Shares.
- (x) **(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 ASX Listing Rules at the time of the reconstruction.
- (XI) **(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.
- (xii) **(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):
 - (A) 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
 - (B) no change will be made to the Exercise Price.
- (xiii) **(Transferability):** The Performance Rights are not transferable, except with prior Board approval.
- (xiv) **(Quotation):** Performance Rights will not be listed for quotation on the ASX, however, the Company will apply for official quotation of the Shares issued upon the exercise of any vested Performance Rights.
- (b) The following section is inserted as a new section 8.2(e) (with existing section 8.2(e) renumbered section 8.2(f)):
- (e) **Additional disclosures in relation to the Performance Rights**

The purpose of Performance Rights to be issued to Peretz Schapiro, Adam Ritchie and Darren Allingham (**Performance Right Holders**) is to reward them for services previously provided, to incentivise them to align their interests with those of the Shareholders, to contribute to the growth of the Company and to assist the Company in achieving its objective in securing and retaining key employees and directors.

- (i) Peretz Schapiro in his capacity as Executive Chairman has provided, and is expected to provide further time, expertise and effort in the guiding the strategic direction and management of the Company and leadership at Board level.
- (ii) Adam Ritchie in his capacity as Managing Director has provided, and is expected to provide further time, expertise and effort in leading and managing the business of the Company, its exploration activities and corporate matters.
- (iii) Darren Allingham is the Company's Senior Manager – Exploration and has provided, and is expected to provide further time, expertise and effort in managing the Company's exploration activities.
- (iv) In relation to Peretz Schapiro and Adam Ritchie, details of their remuneration and relevant interests in the securities of the Company as at the date of this Prospectus and upon completion of the Offers are set out in Sections 1.3 and 1.8.
- (v) Details of Darren Allingham's remuneration and relevant interests in the securities of the Company as at the date of this Prospectus and upon completion of the Offers are set out in the table below:

Remuneration for year ended 31 December 2022	Proposed remuneration for year ending 31 December 2023	Shares	Options	Performance Rights
\$216,951	\$243,100	Nil	500,000 ¹	200,000 ²

Notes:

- 1. No consideration was payable for the Options.
- 2. To be issued following the 2023 Extraordinary General Meeting.

- (vi) The Board considers it necessary and appropriate to further remunerate and incentivise the Performance Rights Holders to achieve the applicable performance milestones for the following reasons:
 - (A) the issue of Performance Rights aligns the interests of the Performance Rights Holders with those of Shareholders;
 - (B) the issue of the Performance Rights is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit allowed the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Performance Rights Holders; and
 - (C) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Performance Rights
- (vii) The number of Performance Rights to be issued to each Performance Rights Holder was determined by the Board, having regard to:
 - (A) their role and contribution within the Company; and
 - (B) the desire of the Company to attract and retain an effective team.

- (viii) The Board considers the number of Performance Rights to be appropriate and equitable for the following reasons:
 - (A) the Board considers the Performance Rights are consistent with ASX's policy regarding the base requirements for performance securities, which are detailed in section 9 of ASX Guidance Note 19;
 - (B) the number of Shares into which the Performance Rights will convert if the performance milestones are achieved is fixed (1 for 1) which allows investors and analysts to readily understand and have reasonable certainty as to the impact on the Company's capital structure if the performance milestones are achieved;
 - (C) there is an appropriate and demonstrable nexus between the performance milestones and the purposes for which the Performance Rights are being issued, and the performance milestones are clearly articulated by reference to objective criteria;
 - (D) there is an appropriate link to the benefit of Shareholders and the Company at large through the achievement of the performance milestones; and
 - (E) the Performance Rights have an expiry date by which the relevant performance milestones are to be achieved and, if the milestones are not achieved by that date, the Performance Rights will lapse.
- (ix) Further, and in addition to the above, the Company confirms that:
 - (A) it will make an announcement immediately upon the satisfaction of any performance milestones, the conversion of any of the Performance Rights and the expiry of any of the Performance Rights;
 - (B) the terms and conditions of the Performance Rights, including without limitation the relevant performance milestones that have to be satisfied before each Performance Right is converted into an ordinary share, are not to be changed without the prior approval of ASX and Shareholders;
 - (C) upon conversion of the Performance Rights into Shares, the Company will apply to the ASX for quotation of the Shares within the requisite time period; and
 - (D) the Company will disclose the following in the notes to the statement of financial position in its annual report, preliminary financial report and half-year report in respect of any period during which any of the Performance Rights remain on issue or were converted or cancelled:
 - (1) the number of Performance Rights on issue at the balance date of the report;
 - (2) a summary of the terms and conditions of the Performance Rights, including without limitation the number of Shares into which they are convertible and the relevant milestones;
 - (3) whether any of the Performance Rights were converted or cancelled during that period; and
 - (4) whether any performance milestones relating to the Performance Rights were met during the period.

- (c) The following section is inserted as a new section 8.2(g):

(g) **Additional disclosures in relation to the Performance Shares**

The 4,000,000 Performance Shares to be issued to Jody Dahrouge (**Dahrouge Consideration Shares**) are issued as part consideration for the acquisition of the Brisk Project by the Company in October 2022.

- (i) The consideration payable on settlement for the acquisition of the Brisk Project by the Company comprised:
 - (A) \$CAD65,000 cash;
 - (B) 1,000,000 Shares at an issue price of \$0.20 per Share; and
 - (C) 4,000,000 Performance Shares in 3 tranches with the vesting milestones referred to in Section 8.2(f).
- (ii) The Company obtained Shareholder approval for the issue of the Dahrouge Consideration Shares at a general meeting held on 31 October 2022. However, the Dahrouge Consideration Shares were not issued within the 3-month period mandated by the Listing Rules and the Company re-obtained Shareholder approval for the issue of the Dahrouge Consideration Shares at the 2023 Extraordinary General Meeting,
- (iii) Details of the Brisk Project are set out in Section 3.6.3.
- (iv) Jody Dahrouge was the vendor of the Brisk Project and held a 100% interest therein.
- (v) The Company agreed to issue the Dahrouge Consideration Shares as a form of contingent deferred consideration. The vesting milestones are aimed at ensuring the Company does not overpay for the Brisk Project prior to it proving prospective while at the same time ensuring the vendor would be appropriately compensated if the Brisk Project does prove prospective for lithium and achieves the vesting milestones.
- (vi) The Board considers the number of Performance Shares to be appropriate and equitable for the following reasons:
 - (A) the Board considers Dahrouge Consideration Shares are consistent with ASX's policy regarding the base requirements for performance securities, which are detailed in section 9 of ASX Guidance Note 19;
 - (B) the number of Shares into which the Dahrouge Consideration Shares will convert if the performance milestones are achieved is fixed (1 for 1) which allows investors and analysts to readily understand and have reasonable certainty as to the impact on the Company's capital structure if the performance milestones are achieved;
 - (C) there is an appropriate and demonstrable nexus between the performance milestones and the purposes for which the Dahrouge Consideration Shares are being issued, and the performance milestones are clearly articulated by reference to objective criteria;
 - (D) there is an appropriate link to the benefit of Shareholders and the Company at large through the achievement of the performance milestones; and
 - (E) the Dahrouge Consideration Shares have an expiry date by which the relevant performance milestones are to be achieved and, if the milestones are not achieved by that date, the Performance Shares will lapse.

- (vii) Further, and in addition to the above, the Company confirms that:
- (A) it will make an announcement immediately upon the satisfaction of any performance milestones, the conversion of any of the Dahrouge Consideration Shares and the expiry of any of the Performance Shares;
 - (B) the terms and conditions of the Dahrouge Consideration Shares, including without limitation the relevant performance milestones that have to be satisfied before each Dahrouge Consideration Share is converted into an ordinary share, are not to be changed without the prior approval of ASX and Shareholders;
 - (C) upon conversion of the Performance Rights into Shares, the Company will apply to the ASX for quotation of the Shares within the requisite time period; and
 - (D) the Company will disclose the following in the notes to the statement of financial position in its annual report, preliminary financial report and half-year report in respect of any period during which any of the Dahrouge Consideration Shares remain on issue or were converted or cancelled:
 - (E) the number of Dahrouge Consideration Shares on issue at the balance date of the report;
 - (F) a summary of the terms and conditions of the Dahrouge Consideration Shares, including without limitation the number of Shares into which they are convertible and the relevant milestones;
 - (G) whether any of the Dahrouge Consideration Shares were converted or cancelled during that period; and
 - (H) whether any performance milestones relating to the Dahrouge Consideration Shares were met during the period.

3.15 Glossary

The definition of **Youssa Acquisition Agreement** in section 10 of the Prospectus is replaced with:

Youssa Acquisition Agreement means the acquisition agreement between the Company and Youssa, dated 28 March 2023 as varied on 19 July 2023.

4. CONSENTS

The Company confirms that as at the date of this Supplementary Prospectus, each of the parties that have been named as having consented to being named in the Prospectus have not withdrawn that consent.

5. UPDATE ON OFFER

The Company confirms that applications for the Maximum Subscription (\$1,500,000) have been received and the Offer has been closed.

Having considered the nature of the amendments set out in this Supplementary Prospectus and the disclosures in the Prospectus, the Directors have formed the opinion that the changes to the Prospectus as set out in this Supplementary Prospectus are not materially adverse from the point of view of an investor. Accordingly, no action needs to be taken by investors who have already applied for Shares under the Prospectus as a result of this Supplementary Prospectus.

6. SUPPLEMENTARY PROSPECTUS

This Supplementary Prospectus will be issued as an electronic prospectus and may be accessed on the Company's website at www.loyallithium.com.

This is an important document and should be read in its entirety. If you do not understand it, you should consult your professional advisers without delay.

7. DIRECTORS' AUTHORISATION

This Supplementary 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 Supplementary Prospectus has not withdrawn their consent, to the lodgement of this Supplementary Prospectus with ASIC.

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



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