



Loyal Lithium Limited
ACN 644 564 241

ANNUAL GENERAL MEETING – NOTICE AND PROXY FORM

Dear Shareholder,

Loyal Lithium Limited (ASX: LLI) (**loyal Lithium** or the **Company**) advises that it is convening an Extraordinary General Meeting (**EGM or Meeting**) of shareholders to be held at 9.00am (AWDT) on Wednesday, 15 November 2023 via a virtual meeting.

Loyal Lithium respects the rights of shareholders to participate in the EGM and understands the importance of the meeting to shareholders. Shareholders who attend the Virtual Meeting will be able to watch, listen, ask questions and participate in all poll votes put to the Meeting. The Notice of Meeting can be downloaded from the link below or will be available on the ASX Market Announcement page (ASX: LLI): https://www.asx.com.au/markets/trade-our-cash-market/todays-announcements?utm_source=asx.com.au&utm_medium=webpage&utm_campaign=cutover-message

In accordance with the *Corporations Act 2001* (Cth) the Company will not be sending hard copies of the Notice of Meeting to shareholders unless a shareholder has requested a hard copy.

All resolutions will be decided on a poll. The poll will be conducted based on votes submitted by proxy and at the Meeting by shareholders who can vote in accordance with the instructions set out below.

If you wish to virtually attend the EGM, please pre-register in advance for the virtual meeting here: https://us02web.zoom.us/webinar/register/WN_ce3xiMfbTo66pwyfvEstbw

After registering, you will receive a confirmation containing information on how to attend the virtual meeting on the day of the EGM.

Shareholders may submit questions in advance of the Meeting by email to the Company Secretary at ipamensky@loyallithium.com. Responses will be provided at the Meeting in respect of all valid questions received prior to 9:00am (AWST) on xxx October 2023.

A copy of the Notice of Meeting can be viewed and downloaded online at the following link: <https://loyallithium.com/investor-centre/>

A copy of your personalised Proxy Form is enclosed for convenience. Proxy votes may also be lodged online by using the link: <https://investor.automic.com.au/#/loginsah>

(Login and click on '**Meetings**'. Use the Holder Number shown at the top of your Proxy Form.)

If you have any difficulties obtaining a copy of the Notice of Meeting please contact the Company's share registry, Automic Group Pty Ltd on 1300 288 664 (within Australia) or +61 2 9698 5414 (Overseas).

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Ian Pamensky'.

Ian Pamensky – Company Secretary
06 October 2023

LOYAL LITHIUM LIMITED

(ACN 644 564 241)

NOTICE OF EXTRAORDINARY GENERAL MEETING AND EXPLANATORY STATEMENT

TIME: 9:00am (AWDT)

DATE: 15 November 2023

PLACE: Online at
https://us02web.zoom.us/webinar/register/WN_ce3xiMfbTo66pwyfvEstbw

This Notice of Extraordinary General Meeting and Explanatory Statement should be read in its entirety.

If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor, stockbroker or other professional adviser without delay.

Should you wish to discuss the matters in this Notice of Extraordinary General Meeting please do not hesitate to contact the Company Secretary on +61 8 6245 2490.

Based on the information available at the date of the Notice of Extraordinary General Meeting, the Board considers that it is appropriate to hold a virtual meeting. Shareholders will be able to attend the Meeting online at the following link: https://us02web.zoom.us/webinar/register/WN_ce3xiMfbTo66pwyfvEstbw.

Shareholders who attend online will have the opportunity to vote, ask questions (written and oral) and make comments in real time.

Whilst Shareholders will be able to attend and participate in the Meeting online, the Company strongly encourages you to submit completed Proxy Forms prior to the Meeting in accordance with the instructions set out in the Proxy Form and the Notice of Extraordinary General Meeting.

As permitted by the Corporations Act, the Company will not be sending hard copies of the Notice of Extraordinary General Meeting to Shareholders unless the Shareholder has made a valid election to receive documents in hard copy.

How Shareholders Can Participate

1. Shareholders are urged to appoint the Chair as their proxy. Shareholders can complete the Proxy Form to provide specific instructions on how a Shareholder's vote is to be cast on each item of business and the Chair must follow the Shareholder's instructions. Lodgement instructions (which include the ability to lodge proxies electronically) are set out in the Proxy Form attached to the Notice of Extraordinary General Meeting. If a person other than the Chair is appointed as proxy, the proxy will revert to the Chair in the absence of the appointed proxy holder's attendance at the Meeting. Your proxy voting instructions must be received by 9:00am (AWDT) on Monday, 13 November 2023.
2. Shareholders may submit questions in advance of the Meeting by email to the Company Secretary at ipamensky@loyallithium.com. Responses will be provided at the Meeting in respect of all valid questions received prior to 9:00am (AWDT) on Monday, 13 November 2023.

Shareholders should contact the Company Secretary on +61 8 6245 2490 or by email at ipamensky@loyallithium.com if they have any queries in relation to the Meeting arrangements.

If the above arrangements with respect to the Meeting change, Shareholders will be updated via the ASX Market Announcements Platform and on the Company's website at: www.loyallithium.com.

IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the Extraordinary General Meeting will be held online at 9:00am (AWDT) on Wednesday, 15 November 2023.

YOUR VOTE IS IMPORTANT

The business of the Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5.00pm (AWDT) on Monday, 13 November 2023.

VOTING BY PROXY

To vote by proxy, you must complete and lodge the Proxy Form using one of the following methods:

Online	Lodge the Proxy Form online at https://investor.automic.com.au/#/loginsah by following the instructions: Login to the Automic website using the holding details as shown on the Proxy Form. Click on 'View Meetings' – 'Vote'. To use the online lodgement facility, Shareholders will need their holder number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN)) as shown on the front of the Proxy Form. For further information on the online proxy lodgement process please see the Online Proxy Lodgement Guide at https://investor.automic.com.au/#/loginsah .
By post	Automic, GPO Box 5193, Sydney NSW 2001.
By hand	Automic, Level 5, 126 Phillip Street, Sydney NSW 2000.

Your Proxy instruction must be received not later than 48 hours before the commencement of the Meeting. **Proxy Forms received later than this time will be invalid.**

For details on how to complete and lodge the Proxy Form, please refer to the instructions on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the Shareholder appoints 2 proxies and the appointment does not specify the proportion or number of the Shareholder's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and

- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the Chair, the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the Chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's shareholders; and
- the appointed proxy is not the Chair; and
- at the meeting, a poll is duly demanded on the resolution or is otherwise required by section 250JA of the Corporations Act; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the Chair is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

VOTING ON THE DAY

1. Open your internet browser and go to investor.automic.com.au.
2. Login with your username and password or click "**register**" if you haven't already created an account. **Shareholders are encouraged to create an account prior to the start of the meeting to ensure there is no delay in attending the virtual meeting.**
3. After logging in, a banner will display at the bottom of your screen to indicate that the meeting is open for registration, click on "**Register**" when this appears. Alternatively, click on "**Meetings**" on the left-hand menu bar to access registration.
4. Click on "**Register**" and follow the steps.
5. Click on the URL to join the webcast where you can view and listen to the virtual meeting.
6. Once the Chair of the Meeting has declared the poll open for voting click on "**Refresh**" to be taken to the voting screen.
7. Select your voting direction and click "**confirm**" to submit your vote. **Note that you cannot amend your vote after it has been submitted.**

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is given that the Extraordinary General Meeting of the Shareholders of Loyal Lithium Limited (**Loyal Lithium** or the **Company**) will be held online on Wednesday, 15 November 2023 commencing at 9:00am (AWDT) to consider and, if thought fit, to pass the Resolutions set out below.

Terms used in this Notice of Extraordinary General Meeting and accompanying Explanatory Statement are defined in the glossary to the Explanatory Statement.

The Explanatory Statement which accompanies, and forms part of this Notice of Extraordinary General Meeting describes the matters to be considered at the Extraordinary General Meeting.

SPECIAL BUSINESS

1. RESOLUTION 1 – APPROVAL OF ISSUE OF PERFORMANCE RIGHTS TO PERETZ SCHAPIRO

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rules 10.14, 10.19 and sections 200B, 200E and 208 of the Corporations Act and for all other purposes, Shareholders approve the issue of 1,000,000 Performance Rights under the Long Term Incentive Plan to Peretz Schapiro (or his nominee), on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Plan in respect of which the approval is sought (**Excluded Persons**), and any Associate of those persons, or an officer of the Company or any of its child entities who is entitled to participate in a termination benefit. However, the Company need not disregard a vote if:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

2. RESOLUTION 2 – APPROVAL OF ISSUE OF PERFORMANCE RIGHTS TO ADAM RITCHIE

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rules 10.14, 10.19 and sections 200B, 200E and 208 of the Corporations Act and for all other purposes, Shareholders approve the issue of 3,000,000 Performance Rights under the Long-Term Incentive Plan to Adam Ritchie (or his nominee), on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Plan in respect of which the approval is sought (**Excluded Persons**), and any Associate of those persons, or an officer of the Company or any of its child entities who is entitled to participate in a termination benefit. However, the Company need not disregard a vote if:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

3. **RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES UNDER LISTING RULE 7.1**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the issue by the Company of 6,666.667 Shares pursuant to the Placement for the purpose and on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Extraordinary General Meeting.”

Voting exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who participated in the Placement or any Associate of those persons. However, this does not apply to a vote cast in favour of Resolution 1 by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

ENQUIRIES

Shareholders are invited to contact the Company Secretary at ipamensky@loyallithium.com or +61 8 6245 2490 if they have any queries in respect of the matters set out in this document.

BY ORDER OF THE BOARD OF DIRECTORS



Ian Pamensky
Company Secretary

06 October 2023

The Notice of Extraordinary General Meeting, Explanatory Statement and Proxy Form should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor, stockbroker or other professional adviser prior to voting.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Extraordinary General Meeting to be held online at 9:00am (AWDT) on Wednesday, 15 November 2023.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Extraordinary General Meeting.

This Explanatory Statement should be read in conjunction with the Notice of Extraordinary General Meeting preceding this Explanatory Statement. Capitalised terms in this Explanatory Statement are defined in the glossary to this document.

If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice of Extraordinary General Meeting, please contact the Company Secretary, your accountant, solicitor, stockbroker or other professional adviser before voting.

1. RESOLUTIONS 1 AND 2 – ISSUE OF PERFORMANCE RIGHTS TO DIRECTORS UNDER THE LONG-TERM INCENTIVE PLAN

1.1 Background

Shareholder approval was obtained at the Company's Extraordinary General Meeting held on 26 June 2023 for the issue of up to 1,500,000 Performance Rights to Peretz Schapiro and up to 4,500,000 Performance Rights to Adam Ritchie.

As part of the Company's recent readmission to the Official List of the ASX, the Board resolved to issue 3,500,000 fewer Performance Rights in total to Messrs Schapiro and Ritchie. As a result, the Company only issued 500,000 Performance Rights to Peretz Schapiro and 2,000,000 Performance Rights to Adam Ritchie. Further, 1,500,000 Performance Rights already held by Adam Ritchie were cancelled.

The Board has now resolved to grant 4,000,000 Performance Rights (in aggregate) pursuant to the Company's Long Term Incentive Plan (**Plan**) to Messrs Schapiro and Ritchie (**Director Performance Rights**).

Subject to Shareholder approval under Resolutions 1 and 2, the Company proposes to issue 4,000,000 Director Performance Rights (in aggregate) to Messrs Schapiro and Ritchie as follows:

Resolution	Director	Number of Director Performance Rights
Resolution 1	Peretz Schapiro (Executive Chairman)	1,000,000
Resolution 2	Adam Ritchie (Managing Director)	3,000,000

1.2 Regulatory Requirements

Resolutions 1 and 2 seek Shareholder approval in order to comply with the requirements of Listing Rules 10.14, 10.19 and sections 200B, 200E and 208 of the Corporations Act.

1.3 Listing Rules

Listing Rule 10.14 provides that a company must not issue, under an employee incentive scheme, Equity Securities to:

- (a) a director of the Company;
- (b) an associate of a director of the Company;

- (c) a person whose relationship with the Company or a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by the Shareholders,

unless the issue has been approved by holders of ordinary securities.

The Director Performance Rights to be issued to Messrs Schapiro and Ritchie fall within Listing Rule 10.14.1 and therefore requires the approval of Shareholders under Listing Rule 10.14.

Resolutions 1 and 2 seek the required Shareholder approval to the issue of the Performance Rights under and for the purposes of Listing Rule 10.14.

If approval is given by Shareholders under Listing Rule 10.14 under Resolutions 1 and 2, the Company will be able to proceed with the issue of the Director Performance Rights the subject of the respective Resolution which is passed.

If approval is not given by Shareholders under Listing Rule 10.14 under Resolutions 1 and 2, the Company will not be able to proceed with the issue of the Director Performance Rights the subject of the respective Resolution which are not passed.

However, Resolution 1 is not dependent on Resolution 2 being passed, and Resolution 2 is not dependent on Resolution 1 being passed.

1.4 Listing Rule 10.15 and ASX Guidance Note 19

In compliance with the information requirements of Listing Rule 10.15 and ASX Guidance Note 19, Shareholders are advised of the following information:

(a) **Nature of relationship between person to receive securities and the Company**

The Director Performance Rights under Resolutions 1 and 2, will be issued to Messrs Schapiro and Ritchie respectively, who fall within the category set out in Listing Rule 10.14.1, as each is a related party of the Company by virtue of being a Director.

(b) **Rationale**

The Company has proposed to issue the Director Performance Rights to reward and incentivise Messrs Schapiro and Ritchie to contribute to the growth of the Company and to secure and retain employees and directors who can assist the Company in achieving its objectives. The Company believes that the grant of the Director Performance Rights provides a cost-effective and efficient incentive as opposed to alternative forms of incentives (e.g. cash bonuses). In this regard:

- (i) Peretz Shapiro 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.

The number of Director Performance Rights to be issued to each Director was determined by the Board, having regard to:

- (iii) their role and contribution within the Company; and
- (iv) the desire of the Company to attract and retain an effective team.

The Board considers the number of Director Performance Rights to be appropriate and equitable for the following reasons:

- (v) the Board considers the Director 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;

- (vi) the number of Shares into which the Director 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;
- (vii) there is an appropriate and demonstrable nexus between the performance milestones and the purposes for which the Director Performance Rights are being issued, and the performance milestones are clearly articulated by reference to objective criteria;
- (viii) there is an appropriate link to the benefit of Shareholders and the Company at large through the achievement of the performance milestones; and
- (ix) the Director 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.

(c) **Maximum number of securities that may be acquired pursuant to the Resolution**

The maximum number of Director Performance Rights to be issued to each of Messrs Schapiro and Ritchie (or their nominees) is outlined in section 1.1 of this Explanatory Statement.

(d) **Issue price**

The Director Performance Rights will be issued for nil consideration and accordingly no funds will be raised.

(e) **Directors' current total remuneration package**

Details of the remuneration of Messrs Schapiro and Ritchie for the previous financial year and the proposed remuneration for the current financial year are set out below:

Director	Financial Year ended 31 December 2022 ¹ (\$)	Financial Year ended 31 December 2023 (proposed) ¹ (\$)
Peretz Schapiro	90,908	198,000
Adam Ritchie	150,829 ²	350,000

Notes:

1 Includes salary & fees and equity based payments but excluding the Director Performance Rights the subject of Resolutions 1 and 2.

2 Adam Ritchie received payment for 5 full months and 1 part month employment.

(f) **Previous issues to the recipients under the Plan**

The Company has not previously issued Performance Rights under the Plan to the Directors as the Plan was only approved at the Company's Extraordinary General Meeting held on 26 June 2023.

The Company has previously issued 5,500,000 Performance Rights in aggregate under the Company's previous employee incentive plan to the Directors as follows:

Director	Previous issue of Performance Rights
Peretz Schapiro	500,000
Adam Ritchie	5,000,000
Andrew Graham	Nil

Of the 5,000,000 Performance Rights previously issued to Mr Ritchie:

- (i) 1,500,000 of these have been cancelled; and
- (ii) 1,000,000 of these have vested and Shares issued to Mr Ritchie in accordance with their terms.

(g) **Rights**

A summary of the terms and conditions of the Director Performance Rights, including their exercise price, expiry date and vesting conditions, is provided for in Schedule 1 to this Notice.

(h) **Value of the Director Performance Rights**

The Company has engaged Remuneration Strategies Pty Ltd to value the Director Performance Rights. Full details of the valuation are set out in Schedule 3 to this Notice.

(i) **Summary of material terms of the Plan**

A summary of the material terms of the Plan is provided for in Schedule 2 to this Notice.

(j) **Eligible participants under the Plan**

Details of any securities issued under the Plan will be published in the Company's Extraordinary report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.

Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the Plan and who were not named in this Notice of Meeting will not participate until approval is obtained under that Listing Rule 10.14.

(k) **Issue date**

The Company will issue the Director Performance Rights under Resolutions 1 and 2 as soon as practicable after the date of the Meeting and in any event within 3 month after the date of the Meeting.

(l) **Loan**

No loans have or will be made by the Company in connection with the proposed issue of the Director Performance Rights.

(m) **Voting exclusion statement**

A Voting Exclusion Statement for Resolutions 1 and 2 is included in the Special Business Section of this Notice of Meeting.

1.5 Section 208 of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of "financial benefits" to "related parties" by a public company. Chapter 2E prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

A "related party" is widely defined under the Corporations Act and includes the directors of a company. As such, the Directors of the Company are related parties of the Company for the purposes of section 208 of the Corporations Act.

A "financial benefit" is construed widely and in determining whether a financial benefit is being given, section 229 of the Corporations Act requires that any consideration that is given is disregarded, even if the consideration is adequate. It is necessary to look at the economic and commercial substance and the effect of the transaction in determining the financial

benefit. Section 229 of the Corporations Act includes as an example of a financial benefit, the issuing of securities or the granting of an option to a related party.

In compliance with the information requirements of section 219 of the Corporations Act, Shareholders are advised of the information below. The Company is not aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by Resolutions 1 and 2.

(a) **Identity of the parties to whom Resolutions 1 and 2 permit financial benefits to be given**

The Director Performance Rights are proposed to be issued to Messrs Schapiro and Ritchie both of whom are Directors of the Company and are, as such, related parties of the Company.

(b) **Nature of the financial benefits**

Resolutions 1 and 2 seek approval from Shareholders to allow the Company to issue to Messrs Schapiro and Ritchie the Director Performance Rights outlined in section 1.1 of the Explanatory Statement.

Schedule 1 to this Notice sets out the terms and conditions of the Director Performance Rights including, the vesting conditions and expiry date of the Director Performance Rights.

The Shares to be issued upon exercise of the Director Performance Rights will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and will rank equally in all respects with the Company's existing Shares. The Company will apply for official quotation of the Shares on ASX.

The issue of the Director Performance Rights and Shares are a cost effective and efficient means for the Company to provide incentive to its personnel as opposed to alternative forms of incentives such as cash bonuses or increased remuneration. To enable the Company to secure and retain employees and directors who can assist the Company in achieving its objectives, it is necessary to provide remuneration and incentives to such personnel. The issue of the Director Performance Rights is designed to achieve this objective, by encouraging continued improvement in performance over time and by encouraging personnel to acquire and retain significant shareholdings in the Company.

(c) **Valuation of financial benefit**

The value of the Director Performance Rights to be issued under Resolutions 1 and 2 are set out below:

Director	Number of Director Performance Rights	Value (\$)
Peretz Schapiro	1,000,000	221,733.34
Adam Ritchie	3,000,000	665,200.00

Full details in respect of this valuation, including the valuation methodology, is set out in Schedule 3 to this Notice.

(d) **Dilution**

If the Director Performance Rights vest and are exercised, the effect will be to dilute the holdings of Shares of other Shareholders.

If Director Performance Rights are issued:

- (i) under Resolution 1, a total of 1,000,000 Director Performance Rights would be issued. Upon vesting of these Director Performance Rights (based on the number of Shares and Options on issue as at the date of this Notice of Meeting and assuming no Options are exercised and no

other Shares are issued), the shareholding of existing Shareholders would be diluted by an aggregate 1.03%; and

- (ii) under Resolution 2, a total of 3,000,000 Director Performance Rights would be issued. Upon vesting of these Director Performance Rights (based on the number of Shares and Options on issue as at the date of this Notice of Meeting and assuming no Options are exercised and no other Shares are issued), the shareholding of existing Shareholders would be diluted by an aggregate 3.08%.

(e) **Interests of Messrs Schapiro and Ritchie in the Company**

The direct and indirect interests of Messrs Schapiro and Ritchie in securities of the Company as at the date of this Notice of Meeting are:

Director	Equity Securities
Peretz Schapiro	291,000 Shares ¹ 1,000,000 Options ² 500,000 Performance Rights ³
Adam Ritchie	1,013,473 Shares ⁴ 1,000,000 Options ^{4,5} 2,500,000 Performance Rights ⁶

Notes:

- 1 The Shares are indirectly held by Breakout Star Holdings Pty Ltd. Of these, 251,000 Shares were acquired at \$0.20 per Share and 40,000 Shares were acquired at \$0.27 per Share.
- 2 Unquoted options exercisable at \$0.30 each and expiring 6 July 2024. The Options are held indirectly by Sapphires Holdings Pty Ltd as trustee for the Sapphires Holdings Family Trust. No consideration was payable for the Options.
- 3 The Performance Rights are held indirectly through Sapphires Holding Pty Ltd. No consideration was payable for the Performance Rights.
- 4 These securities are indirectly held by Vector Concepts Pty Ltd. 13,473 Shares were acquired at \$0.37 per Share. 1,000,000 Shares were issued for nil consideration on the exercise of 1,000,000 Performance Rights.
- 5 Unquoted options exercisable at \$0.35 each and expiring 22 July 2025. No consideration was payable for the Options.
- 6 2,000,000 performance rights are held by Mr Ritchie as trustee for the Cayman Investment Trust. 500,000 performance rights are held by indirectly held by Vector Concepts Pty Ltd. No consideration was payable for the Performance Rights.

(f) **Remuneration of Directors**

Details of the remuneration of Messrs Schapiro and Ritchie for the year ended 31 December 2023 is set out in section 1.4(e) of this Explanatory Statement.

(g) **Trading history**

The highest and lowest closing market sale prices of the Shares on ASX during the 12 months prior to the date of this Notice were:

Highest: \$0.98 per Share on 18 August 2023

Lowest: \$0.20 per Share on 28 March 2022

The latest available closing market sale price of the Shares on ASX prior to the date of this Notice was \$0.59 per Share on 05 October 2023.

(h) **Corporate Governance**

The Board considers that the grant of Director Performance Rights is reasonable in the circumstances as the proposed issue will further align the interests of Messrs Schapiro and Ritchie with those of the Shareholders and provide appropriate remuneration for these Directors' ongoing commitment and contribution to the Company whilst minimising the expenditure of the Company's cash resources.

(i) **Taxation consequences**

There are no taxation consequences for the Company arising from the issue of the Director Performance Rights (including fringe benefits tax).

(j) **Other information**

Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by Resolutions

1.6 Sections 200B and 200E of the Corporations Act

The Corporations Act restricts the benefits that can be given to persons who hold a “managerial or executive office” (as defined in the Corporations Act) on leaving their employment with the Company or any of its related bodies corporate.

Under sections 200B and 200E of the Corporations Act, a company may only give a person a benefit in connection with them ceasing to hold a managerial or executive office if the benefit is approved by shareholders or an exemption applies.

Amendments to the Corporations Act in 2009 significantly expanded the scope of these provisions and lowered the threshold for termination benefits that do not require shareholder approval. The term “benefit” has a wide meaning and may include benefits resulting from the Board exercising certain discretions under the rules of the Plan, including the discretion to determine the accelerated vesting or automatic vesting of Performance Rights in certain circumstances.

Under the Plan, a participant may become entitled to accelerated vesting or automatic vesting of Performance Rights if there is a change of control of the Company or if the Board exercises its discretion upon cessation of employment. Accordingly, Shareholder approval is sought for Messrs Schapiro and Ritchie to be given any such benefit in connection with their retirement from office or employment with the Company.

The value of the termination benefits that the Board may give under the Plan cannot be determined in advance. The value of the benefit will depend on the number of Director Performance Rights that may vest pursuant to the Plan and the market value of the Shares at the time the accelerated vesting or automatic vesting event occurs.

1.7 Listing Rule 10.19

Listing Rule 10.19 provides that without the approval of shareholders, an entity must ensure that no officer of the entity or any of its child entities will be, or may be, entitled to termination benefits if the value of those benefits and the termination benefits that may become payable to all officers together exceed 5% of the equity interests of the entity as set out in the latest accounts given to ASX under the Listing Rules.

The Company is also seeking Shareholder approval for the purposes of Listing Rule 10.19. As noted in section 1.6 of this Explanatory Statement, it is at the discretion of the Board whether the Director Performance Rights issued to the Directors are forfeited by virtue of their resignation.

As noted in section 1.6 of this Explanatory Statement, the value of the termination benefits that the Board may give under the Plan cannot be determined in advance. It is possible that the provision of the benefit associated with the vesting and exercise of the Director Performance Rights in the future may exceed 5% of the equity interests of the Company at the relevant time, although it is unlikely. If the Board does exercise its discretion to vest some or all of the Director Performance Rights upon the cessation of employment of either Mr Schapiro or Mr Ritchie, the Company will seek further Shareholder approval for the purposes of Listing Rule 10.19 if the value of those benefits and the termination benefits that may become payable to all officers together exceed 5% of the equity interests of the Company.

1.8 Board Recommendation

The Directors, other than Mr Schapiro who has a material personal interest in the outcome of Resolution 1, recommend that Shareholders vote in favour of Resolution 1 on the basis that the grant of the Director Performance Rights will allow the Company to adequately reward and incentivise Mr Ritchie in a cost-effective and efficient manner as opposed to alternative forms of incentives (e.g. cash bonuses or increased remuneration).

The Directors, other than Mr Ritchie who has a material personal interest in the outcome of Resolution 2, recommend that Shareholders vote in favour of Resolution 2 on the basis that the grant of the Director Performance Rights will allow the Company to adequately reward and incentivise Mr Ritchie in a cost-effective and efficient manner as opposed to alternative forms of incentives (e.g. cash bonuses or increased remuneration).

2. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES UNDER LISTING RULE 7.1

2.1 Background

On 14 September 2023, the Company announced a placement to Australian and international institutional investors, existing major shareholders, as well as other sophisticated and professional investors, for approximately 6,666,667 Shares at an issue price of \$0.75 per Share to raise approximately \$5 million, before costs (**Placement**).

6,666,667 shares were issued under the Placement on 20 September 2023 (**Placement Shares**) pursuant to the Company's placement capacity under Listing Rule 7.1.

Resolution 3 seeks the approval of Shareholders to ratify the issue of the Placement Shares that were issued in accordance with Listing Rule 7.1.

2.2 Regulatory Requirements

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

Listing Rule 7.4 sets out an exception to Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made without shareholder approval under Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1 and so it does not reduce the company's capacity to issue further Equity Securities without shareholder approval under that rule.

The issue of the Placement Shares did not breach Listing Rule 7.1 at the time of issue.

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1.

If Resolution 1 is passed, the issue of the Placement Shares will be excluded in calculating the Company's 15% limit in Listing Rules 7.1, effectively increasing the number of Equity Securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Placement Shares.

If Resolution 1 is not passed, the issue of the Placement Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the date of issue of the Placement Shares.

2.3 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 3:

(a) **The names of the persons to whom the entity issued or agreed to issue the securities or the basis on which those persons were identified and selected**

The Placement Shares were issued to Australian and international institutional investors, existing major shareholders, as well as other sophisticated and professional investors who were identified through a bookbuild process which involved Cannacord Genuity (Australia) Limited through expressions of interest to participate in the Placement. None of the investors were material investors in the

Company.¹

(b) **Number of securities and class of securities issued**

6,666,667 Placement Shares were issued pursuant to the Company's capacity under Listing Rule 7.1.

(c) **Terms of the securities**

The Placement Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.

(d) **Date of issue**

The Placement Shares were issued on 20 September 2023.

(e) **Issue price or other consideration**

The Placement Shares were issued at \$0.75 per Share.

(f) **Purpose of the issue, including the intended use of funds raised**

The proceeds of the Placement are intended to be used for:

- (i) the Company's upcoming drilling campaign at the Trieste Lithium Project;
- (ii) the Company's larger winter drilling campaign at the Hidden Lake Lithium Project; and
- (iii) general working capital.

(g) **Relevant agreement**

The Placement Shares were not issued pursuant to any agreement.

(h) **Voting exclusion statement**

A voting exclusion statement for Resolution 3 is included in the Special Business section of this Notice of Meeting.

2.4 Board Recommendation

The Directors believe that the ratification of issue of Placement Shares is beneficial for the Company as it allows the Company to retain the flexibility to issue further securities representing up to 15% of the Company's share capital under Listing Rule 7.1 without the requirement to obtain prior Shareholder approval. Accordingly, the Board recommends Shareholders vote in favour of Resolution 3.

¹ ASX consider the following to be material investors:

- (i). a related party of the entity;
- (ii). a member of the entity's Key Management Personnel;
- (iii). a substantial holder in the entity;
- (iv). an adviser to the entity; or
- (v). an associate of any of the above,

where such person or entity is being issued more than 1% of the entity's current issued capital.

GLOSSARY

In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

AUD\$ or \$	an Australian dollar
Chair	Chair of the Extraordinary General Meeting
Constitution	the constitution of the Company
Corporations Act	the <i>Corporations Act 2001</i> (Cth)
Director	a director of the Company
Director Performance Rights	the performance rights to be issued to Messrs Schapiro and Ritchie the subject of Resolutions 1 and 2
Equity Securities	has the meaning given to that term in the Listing Rules
Explanatory Statement	the explanatory statement that accompanies this Notice of Meeting
Extraordinary General Meeting or Meeting	the Extraordinary General Meeting convened by this Notice of Meeting
Incentive Securities	performance rights, Options and Shares that may be issued pursuant to the Plan
Listing Rules	the official ASX Listing Rules of the ASX
Li2O	lithium oxide
Loyal Lithium or the Company	Loyal Lithium Limited (ACN 644 564 241)
Notice, Notice of Meeting or Notice of Extraordinary General Meeting	this Notice of Meeting
Official List	the Official List of the ASX
Option	an option to subscribe for a Share in the Company
Performance Rights	a performance right in the issued capital of the Company
Placement	has the meaning given in Section 2.1 of the Explanatory Statement
Placement Shares	has the meaning given in Section 2.1 of the Explanatory Statement
Plan	the Company's Long Term Incentive Plan
Proxy Form	the proxy form enclosed with this Notice of Meeting
Resolutions	the resolutions contained in this Notice of Meeting and Resolution means one of the resolutions as required
Share	a fully paid ordinary share in the capital of the Company
Shareholder	the holder of a Share in the Company

SCHEDULE 1 – TERMS AND CONDITIONS OF THE DIRECTOR PERFORMANCE RIGHTS

The Director 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 7 August 2028 **(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:

Officer	Item	Number of Performance Rights	Vesting Milestones
Peretz Schapiro	1.	333,333	The Performance Rights vest on: (a) either: (i) the determination of a Hard Rock Lithium JORC compliant inferred resource/s of at least 20mt or equivalent @ a minimum of 1% Li₂O eq. in respect of any of, or aggregated across all of, the Company's mineral claims located in any Canadian province; or (ii) the volume weighted share price over a period of 20 consecutive trading days on which trades in the Company's shares are recorded on ASX being at least \$1.50 per share; and (b) 12 months continuous employment from 8 August 2023
	2.	333,333	The Performance Rights vest on: (a) either: (i) the determination of a Hard Rock Lithium JORC compliant inferred resource/s of at least 30mt or equivalent @ a minimum of 1% Li₂O eq. in respect of any of, or aggregated across all of, the Company's mineral claims located in any Canadian province; or (ii) the volume weighted share price over a period of 20 consecutive trading days on which trades in the Company's shares are recorded on ASX being at least \$2.00 per share; and (b) 18 months continuous employment from 8 August 2023
	3.	333,334	The Performance Rights vest on: (a) either: (i) the determination of a Hard Rock Lithium JORC compliant inferred resource/s of at least 50mt or equivalent @ a minimum of

			1% Li₂O eq. in respect of any of, or aggregated across all of, the Company's mineral claims located in any Canadian province; or (ii) the volume weighted share price over a period of 20 consecutive trading days on which trades in the Company's shares are recorded on ASX being at least \$2.50 per share; and (b) 24 months continuous employment from 8 August 2023
Adam Ritchie	4.	1,000,000	The Performance Rights vest on: (a) either: (i) the determination of a Hard Rock Lithium JORC compliant inferred resource/s of at least 20mt or equivalent @ a minimum of 1% Li₂O eq. in respect of any of, or aggregated across all of, the Company's mineral claims located in any Canadian province; or (ii) the volume weighted share price over a period of 20 consecutive trading days on which trades in the Company's shares are recorded on ASX being at least \$1.50 per share; and (b) 12 months continuous employment from 8 August 2023
	5.	1,000,000	The Performance Rights vest on: (a) either: (i) the determination of a Hard Rock Lithium JORC compliant inferred resource/s of at least 30mt or equivalent @ a minimum of 1% Li₂O eq. in respect of any of, or aggregated across all of, the Company's mineral claims located in any Canadian province; or (ii) the volume weighted share price over a period of 20 consecutive trading days on which trades in the Company's shares are recorded on ASX being at least \$2.00 per share; and (b) 18 months continuous employment from 8 August 2023
	6.	1,000,000	The Performance Rights vest on: (a) either: (i) the determination of a Hard Rock Lithium JORC compliant inferred resource/s of at least 50mt or equivalent @ a minimum of 1% Li₂O eq. in respect of any of, or aggregated across all of, the Company's mineral claims located in any Canadian province; or (ii) the volume weighted share price over a period of 20 consecutive trading days on

			which trades in the Company's shares are recorded on ASX being at least \$2.50 per share; and
			(b) 24 months continuous employment from 8 August 2023

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.

SCHEDULE 2 – MATERIAL TERMS OF THE PLAN

The material terms of the Plan, under which eligible persons may be granted performance rights, Options and Shares (**Awards**) are summarised below:

- (A) (**Eligibility**): The Board may, in its absolute discretion, invite an “Eligible Person” to participate in the Plan. An “Eligible Person” means a person that is a “primary participant” (as that term is defined in Division 1A of Part 7.12 of the Corporations Act) in relation to the Company or an associated body corporate and has been determined by the Board to be eligible to participate in the Plan from time to time.
- (B) (**Offer**): Following determination that an Eligible Person may participate in the Plan, the Board may make an offer to that person by an offer letter setting out the terms of the offer and any Conditions which may apply to the offer or the Awards (**Offer Letter**).
- (C) (**Issue cap**): Unless the Company is unlisted or the Company constitution provides otherwise, the Company must not make an offer of Awards for monetary consideration under the Plan, where the total number of Shares to be issued under the Plan (**Plan Shares**) (or that will be issued upon conversion of convertible securities to be issued), when aggregated with the number of Plan Shares that may be issued as a result of offers made under the Plan, at any time during the previous 3 year period, would exceed 5% of the total number of Shares on issue at the date of the offer.
- The Plan does not contain an issue cap on the number of Awards that may be issued for no monetary consideration, however the Board has decided to impose a cap of 2,519,700 Awards where no consideration is payable. This does not include the issue of Awards that are otherwise approved by Shareholders.
- (D) (**Disclosure**): All offers of Awards under the Plan for no monetary consideration are made pursuant to Division 1A of Part 7.12 of the Corporations Act and accordingly the Company will not issue a disclosure document for such an offer.
- If the Company makes an offer to issue Awards under the Plan for monetary consideration, the Company will comply with the disclosure requirements in Division 1A of Part 7.12 of the Corporations Act.
- (E) (**Nature of Awards**): Each option or performance right entitles the holder, to subscribe for, or be transferred, 1 Share. Any Shares acquired as an Award or pursuant to the exercise of an Award will rank equally with all existing Shares from the date of acquisition.
- (F) (**Vesting**) Awards may be subject to exercise conditions, performance hurdles or vesting conditions (**Conditions**). These Conditions must be specified in the Offer Letter to Eligible Persons. In the event that a takeover bid for the Company is declared unconditional, there is a change of control in the Company, or if a merger by way of a scheme of arrangement has been approved by a court, then the Board may determine that:
- (1) all or a percentage of unvested options will vest and become exercisable;
 - (2) all or a percentage of performance rights will be automatically exercised; and
 - (3) any Shares issued or transferred to a holder under the Plan that have restrictions (on their disposal, the granting of any security interests in or over, or otherwise on dealing with), will be free from any restrictions on disposal.
- (G) (**Exercise Period**): The period during which a vested Award may be exercised will commence when all Conditions have been satisfied, waived by the Board, or are deemed to have been satisfied under the rules of the Plan and the Company has issued a vesting notification to the holder, and ends on the Expiry Date (as defined at (J)(4) below).
- (H) (**Disposal restrictions**): Awards granted under the Plan may not be assigned, transferred, novated, encumbered with a security interest (such as a mortgage, charge, pledge, lien, encumbrance or other third party interest of any nature) over them, or otherwise disposed of by a holder, other than to a nominated party (such as an immediate family member, trustee of a trust or company) in accordance with the Plan, unless:

- (1) the prior consent of the Board is obtained; or
- (2) such assignment or transfer occurs by force of law upon the death of a holder to the holder's legal personal representative.

- (I) **(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).

- (J) **(Lapse):** Unvested Awards will generally 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 Awards 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 Conditions are not achieved by the relevant time;
- (4) if the Board determines that any applicable Conditions have not been met and cannot be met prior to the date that is 5 years from the grant date of an Award or any other date determined by the Board and as specified in the Offer (**Expiry Date**); or
- (5) the Expiry Date.

Where a holder of Awards ceases to be employed or engaged by the Company and is not a "Bad Leaver" (as that term is defined in the Plan), and the Awards have vested, they will remain exercisable until the Awards 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 Awards will be deemed to have vested and exercisable.

Where a holder becomes a "Bad Leaver" (as that term is defined in the New Plan), all Awards, unvested or vested, will lapse on the date of the cessation of employment, engagement or office of that holder.

SCHEDULE 3 – VALUATION OF THE DIRECTOR PERFORMANCE RIGHTS

The Director Performance Rights have been independently valued by Remuneration Strategies Pty Ltd (**Remuneration Strategies**). The Monte Carlo binomial valuation method was applied in providing valuation information based on the following principal assumptions:

Assumptions	
Valuation Date	7 August 2023
Market Price of Shares (at Valuation Date)	\$0.50
Exercise Price	Nil
Expiry Date	7 August 2028
Risk Free Interest Rate	3.826%
Volatility	107.0185%
Dividend yield	No expected dividend yield

The valuation has been prepared in accordance with AASB2: Share Based Payments.

The value of the Director Performance Rights as determined by Remuneration Strategies is as follows:

Officer	Item	Number of Performance Rights	Vesting Milestones	Value of one Performance Right (\$)	Total Value (\$)
Peretz Schapiro	1.	333,333	The Performance Rights vest on: (a) either: (i) the determination of a Hard Rock Lithium JORC compliant inferred resource/s of at least 20mt or equivalent @ a minimum of 1% Li2O eq. in respect of any of, or aggregated across all of, the Company's mineral claims located in any Canadian province; or (ii) the volume weighted share price over a period of 20 consecutive trading days on which trades in the Company's shares are	0.2184	72,799.93

Officer	Item	Number of Performance Rights	Vesting Milestones	Value of one Performance Right (\$)	Total Value (\$)
			recorded on ASX being at least \$1.50 per share; and (b) 12 months continuous employment from 8 August 2023		
	2.	333,333	The Performance Rights vest on: (a) either: (i) the determination of a Hard Rock Lithium JORC compliant inferred resource/s of at least 30mt or equivalent @ a minimum of 1% Li₂O eq. in respect of any of, or aggregated across all of, the Company's mineral claims located in any Canadian province; or (ii) the volume weighted share price over a period of 20 consecutive trading days on which trades in the Company's shares are recorded on ASX being at least \$2.00 per share; and (b) 18 months continuous employment from 8 August 2023	0.2198	73,266.59
	3.	333,334	The Performance Rights vest on: (a) either: (i) the determination of a Hard Rock Lithium JORC compliant inferred resource/s of at least 50mt or equivalent @ a	0.2270	75,666.82

Officer	Item	Number of Performance Rights	Vesting Milestones	Value of one Performance Right (\$)	Total Value (\$)
			minimum of 1% Li₂O eq. in respect of any of, or aggregated across all of, the Company's mineral claims located in any Canadian province; or (ii) the volume weighted share price over a period of 20 consecutive trading days on which trades in the Company's shares are recorded on ASX being at least \$2.50 per share; and (b) 24 months continuous employment from 8 August 2023		
TOTAL (Schapiro)		1,000,000			221,733.34
Adam Ritchie	4.	1,00,000	The Performance Rights vest on: (a) either: (i) the determination of a Hard Rock Lithium JORC compliant inferred resource/s of at least 20mt or equivalent @ a minimum of 1% Li₂O eq. in respect of any of, or aggregated across all of, the Company's mineral claims located in any Canadian province; or (ii) the volume weighted share price over a period of 20 consecutive	0.2184	218,400.00

Officer	Item	Number of Performance Rights	Vesting Milestones	Value of one Performance Right (\$)	Total Value (\$)
			trading days on which trades in the Company's shares are recorded on ASX being at least \$1.50 per share; and (b) 12 months continuous employment from 8 August 2023		
	5.	1,000,000	The Performance Rights vest on: (a) either: (i) the determination of a Hard Rock Lithium JORC compliant inferred resource/s of at least 30mt or equivalent @ a minimum of 1% Li2O eq. in respect of any of, or aggregated across all of, the Company's mineral claims located in any Canadian province; or (ii) the volume weighted share price over a period of 20 consecutive trading days on which trades in the Company's shares are recorded on ASX being at least \$2.00 per share; and (b) 18 months continuous employment from 8 August 2023	0.2198	219,800.00
	6.	1,000,000	The Performance Rights vest on: (a) either: (i) the determination of a Hard Rock Lithium JORC	0.2270	227,000.00

Officer	Item	Number of Performance Rights	Vesting Milestones	Value of one Performance Right (\$)	Total Value (\$)
			compliant inferred resource/s of at least 50mt or equivalent @ a minimum of 1% Li2O eq. in respect of any of, or aggregated across all of, the Company's mineral claims located in any Canadian province; or (ii) the volume weighted share price over a period of 20 consecutive trading days on which trades in the Company's shares are recorded on ASX being at least \$2.50 per share; and (b) 24 months continuous employment from 8 August 2023		
TOTAL (Ritchie)		3,000,000			665,200.00

Your proxy voting instruction must be received by **09.00am (AWST) on Monday, 13 November 2023**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online

Use your computer or smartphone to appoint a proxy at <https://investor.automic.com.au/#/loginsah> or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

WEBSITE:

<https://automicgroup.com.au/>

PHONE:

1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

