

ASX RELEASE



20 May 2022

### Notice of General Meeting

Pursuant to ASX Listing Rule 3.17.1, European Lithium Limited (ASX:**EUR**, FRA:PF8, OTC:EULIF) (the **Company**) provides the attached copy of Notice of General Meeting, accompanying notice and access letter and proxy form.

The General Meeting will be held at 32 Harrogate Street, West Leederville, WA, 6007 at 9:00am (WST) on Friday 24 June 2022.

This announcement has been approved by Melissa Chapman, Company Secretary.

Yours faithfully  
European Lithium Limited

- END -

20 May 2022

**General Meeting of European Lithium Limited  
to be held on 24 June 2022 at 9:00am (WST)**

Dear Shareholder,

You are invited to attend the general meeting of the shareholders of European Lithium Limited (**Company**) (ASX: EUR) to be held on 24 June 2022 at 9:00am (WST) at the Company's office at:

**32 Harrogate Street, West Leederville, Western Australia 6007**

The Company will not be dispatching physical copies of the notice of meeting, accompanying explanatory statement, and annexures (the **Meeting Materials**), other than those shareholders who have elected to receive a printed copy of the Meeting Materials. A copy of the Meeting Materials can be viewed and downloaded online as follows:

- You are able to access the Meeting Materials online at the Company's website: [www.europeanlithium.com](http://www.europeanlithium.com).
- A complete copy of the Meeting Materials has been posted on the Company's ASX market announcements page.
- If you have nominated an email address and have elected to receive electronic communications from the Company, you will receive an email to your nominated email address with a link to an electronic copy of the Meeting Materials and the proxy form.

In order to be able to receive electronic communications from the Company in the future, please update your shareholder details online at [www.investorvote.com.au](http://www.investorvote.com.au) (Control number 181043) and log in with your unique shareholder identification number and postcode (or country for overseas residents), that you can find on your enclosed personalised proxy form.

Once logged in you can also lodge your proxy vote online by following the prompts. As a valued shareholder in the Company, we look forward to your participation in the meeting. If you prefer not to vote online, please return the attached proxy form to the share registry.

If you are unable to access the Meeting Materials online please contact the Company Secretary on +61 9380 9555 or [MelissaC@europeanlithium.com](mailto:MelissaC@europeanlithium.com) between 9:00am and 5:00pm (WST) Monday to Friday, to arrange a copy.

Yours sincerely,

Melissa Chapman  
Company Secretary  
European Lithium Limited



European Lithium Limited

ACN: 141 450 624

## Notice of General Meeting

A General Meeting of European Lithium Limited will be held at 32 Harrogate Street, West Leederville, Western Australia 6007 at 9:00am (WST) on 24 June 2022.

This Notice of General Meeting should be read in its entirety. If Shareholders are in any doubt as to how they should vote, they should seek advice from their professional advisor prior to voting. Please contact the Company Secretary on + 61 9380 9555 or [melissac@europeanlithium.com](mailto:melissac@europeanlithium.com) if you wish to discuss any matter concerning the Meeting.

**European Lithium Limited**  
**ACN 141 450 624**

**Notice of General Meeting**

Notice is hereby given that a General Meeting of Shareholders of European Lithium Limited will be held at 32 Harrogate Street, West Leederville, Western Australia 6007 at 9:00am (WST) on 24 June 2022 (**Meeting**).

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Meeting. The Explanatory Statement and Proxy Form forms part of this Notice of Meeting.

Shareholders can vote by attending the Meeting by returning a completed Proxy Form or attending the Meeting in person. Instructions on how to complete a Proxy Form are set out in the Explanatory Statement.

Proxy Forms must be received by no later than 9:00am (WST) on 22 June 2022.

Terms and abbreviations used in this Notice and Explanatory Statement are defined in Schedule 1 of the Explanatory Statement.

The business of the Meeting affects your shareholding and your vote is important. This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisors prior to voting.

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 (WST) on 22 June 2022.

**AGENDA**

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**RESOLUTION 1 - RATIFICATION OF PRIOR ISSUE OF SHARES UNDER THE PLACEMENT**

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

*“That for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 115,581,237 Shares under the Placement using the Company’s capacity under Listing Rule 7.1, and otherwise on the terms set out in the Explanatory Statement.”*

A voting exclusion statement is set out below.

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**RESOLUTION 2 - RATIFICATION OF PRIOR ISSUE OF SHARES UNDER THE PLACEMENT**

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

*“That for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 115,188,000 Shares under the Placement using the Company’s capacity under Listing Rule 7.1A, and otherwise on the terms set out in the Explanatory Statement.”*

A voting exclusion statement is set out below.

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**RESOLUTION 3 - APPROVAL TO ISSUE FREE ATTACHING OPTIONS UNDER THE PLACEMENT**

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

*“That for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 115,384,648 attaching Placement Options to the participants of the Placement on a 1 attaching Placement Option for every two Placement Shares issued, and otherwise on the terms set out in the Explanatory Statement.”*

A voting exclusion statement is set out below.

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**RESOLUTION 4 - APPROVAL TO ISSUE BROKER PLACEMENT OPTIONS**

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

*“That for the purposes ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 57,692,324 Placement Options to Evolution Capital Advisors or their nominees, and otherwise on the terms set out in the Explanatory Statement.”*

A voting exclusion statement is set out below.

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**RESOLUTION 5 - ISSUE OF DIRECTOR OPTIONS - TONY SAGE**

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

*“That for the purposes of Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, Shareholders approve the issue of 15,000,000 Placement Options to Tony Sage (or his nominee) on the terms set out in the Explanatory Statement.”*

A voting exclusion statement is set out below.

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**RESOLUTION 6 - ISSUE OF DIRECTOR OPTIONS - MALCOLM DAY**

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

*“That for the purposes of Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, Shareholders approve the issue of 10,000,000 Placement Options to Malcolm Day (or his nominee) on the terms set out in the Explanatory Statement.”*

A voting exclusion statement is set out below.

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**RESOLUTION 7 - ISSUE OF DIRECTOR OPTIONS - MICHAEL CARTER**

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

*“That for the purposes of Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, Shareholders approve the issue of 10,000,000 Placement Options to Michael Carter (or his nominee) on the terms set out in the Explanatory Statement.”*

A voting exclusion statement is set out below.

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**RESOLUTION 8 - ISSUE OF DIRECTOR OPTIONS - MYKHAILO ZHERNOV**

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

*“That for the purposes of Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, Shareholders approve the issue of 10,000,000 Placement Options to Mykhailo Zhernov (or his nominee) on the terms set out in the Explanatory Statement.”*

A voting exclusion statement is set out below.

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**RESOLUTION 9 - APPROVAL TO ISSUE SECURITIES - CONSULTANTS**

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

*“That for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 5,000,000 Placement Options to consultants of the Company on the terms set out in the Explanatory Statement.”*

A voting exclusion statement is set out below.

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**RESOLUTION 10 - VARIATION OF PERFORMANCE SHARE TERMS - TONY SAGE**

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

*“For the purposes of Listing Rule 10.14, section 208 of the Corporations Act and for all other purposes, Shareholders approve the variation to the terms of the 40,000,000 Performance Shares issued to Tony Sage (or his nominee) as set out in the Explanatory Statement by extending the date to satisfy the Performance Share milestones to 31 December 2022.”*

A voting exclusion statement is set out below.

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**RESOLUTION 11 - VARIATION OF PERFORMANCE SHARE TERMS - MALCOLM DAY**

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

*“For the purposes of Listing Rule 10.14, section 208 of the Corporations Act and for all other purposes, Shareholders approve the variation to the terms of the 30,000,000 Performance Shares issued to Malcolm Day (or his nominee) as set out in the Explanatory Statement by extending the date to satisfy the Performance Share milestones to 31 December 2022.”*

A voting exclusion statement is set out below.

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#### **RESOLUTION 12 - VARIATION OF PERFORMANCE SHARE TERMS - MICHAEL CARTER**

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

*“For the purposes of Listing Rule 10.14, section 208 of the Corporations Act and for all other purposes, Shareholders approve the variation to the terms of the 10,000,000 Performance Shares issued to Michael Carter (or his nominee) as set out in the Explanatory Statement by extending the date to satisfy the Performance Share milestones to 31 December 2022.”*

A voting exclusion statement is set out below.

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#### **RESOLUTION 13 - APPROVAL TO ISSUE ODEON OPTIONS**

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

*“That for the purposes ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 20,000,000 Odeon Options to EAS Advisors LLC and Odeon Capital Group LLC or their nominees, and otherwise on the terms set out in the Explanatory Statement.”*

A voting exclusion statement is set out below.

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#### **VOTING PROHIBITION AND EXCLUSION STATEMENTS**

##### **Corporations Act**

The Corporations Act prohibits votes being cast (in any capacity) on the following resolutions by any of the following persons:

<b>Resolution</b>	<b>Persons Excluded from Voting</b>
Resolution 5 - Issue of Director Options to Tony Sage	Tony Sage and his associates.
Resolution 6 - Issue of Director Options to Malcolm Day	Malcolm Day and his associates.
Resolution 7 - Issue of Director Options to Michael Carter	Michael Carter and his associates.

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Resolution 10 - Variation of Tony Sage and his associates.  
Performance Share terms - Tony Sage

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Resolution 11 - Variation of Malcolm Day and his associates.  
Performance Share terms - Malcolm Day

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Resolution 12 - Variation of Michael Carter and his associates.  
Performance Share terms - Michael Carter

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### ASX Listing Rules

Under Listing Rule 14.11, the Company will disregard any votes cast in favour of a resolution by or on behalf of:

- (a) the below named person or class of persons excluded from voting; or
- (b) an associate of that person or those persons:

Resolution	Persons excluded from voting
Resolution 1 - Ratification of prior issue of Shares under the Placement	Persons who participated in the issue or is a counterparty to the agreement being approved, or any associate of those persons.
Resolution 2 - Ratification of prior issue of Shares under the Placement	Persons who participated in the issue or is a counterparty to the agreement being approved, or any associate of those persons.
Resolution 3 - Approval to issue Placement Options under the Placement	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or any associate of such person.
Resolution 4 - Approval to issue Broker Placement Securities	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or any associate of such person, including Evolution Capital Advisors and their nominees.
Resolution 5 - Issue of Director Options to Tony Sage	Tony Sage and any other person who will obtain a material benefit as a result of the issue of the



	securities (except a benefit solely by reason of being a holder of Shares).
Resolution 6 - Issue of Director Options to Malcolm Day	Malcolm Day and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of Shares).
Resolution 7 - Issue of Director Options to Michael Carter	Michael Carter and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of Shares).
Resolution 8 - Issue of Director Options to Mykhailo Zhernov	Mykhailo Zhernov and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of Shares).
Resolution 9 - Issue of securities to Consultants	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or any associate of such person.
Resolution 10 - Variation of Performance Share terms - Tony Sage	A person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the European Lithium Incentive Scheme.
Resolution 11 - Variation of Performance Share terms - Malcolm Day	A person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the European Lithium Incentive Scheme.
Resolution 12 - Variation of Performance Share terms - Michael Carter	A person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the European Lithium Incentive Scheme.
Resolution 13 - Approval to issue Options	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or any associate of such person, including EAS Advisors LLC and Odeon Capital Group LLC and their nominees.

However, this does not apply to a vote cast in favour of a resolution 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 of the meeting 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 as 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.

By order of the Board of Directors

Ms Melissa Chapman  
Company Secretary  
17 May 2022

# Explanatory Statement

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## 1 INTRODUCTION

This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at 32 Harrogate Street, West Leederville, Western Australia 6007 at 9:00am (WST) on 24 June 2022. The purpose of this Explanatory Statement is to provide information to Shareholders in deciding how to vote on the Resolutions set out in the Notice.

This Explanatory Statement should be read in conjunction with and forms part of the accompanying Notice, and includes the following:

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A Proxy Form is located at the end of this Explanatory Statement.

ASX takes no responsibility for the contents of the Notice or Explanatory Statement.

Please contact the Company Secretary on + 61 9380 9555 or by email at [melissac@europeanlithium.com](mailto:melissac@europeanlithium.com) if you wish to discuss any matter concerning the Meeting.

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## 2 ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders should read the Notice and this Explanatory Statement carefully before deciding how to vote on the Resolutions.

### 2.1 Voting by Proxy

To vote by proxy, please complete and sign and return the Proxy Form (attached to the Notice) to the Company in accordance with the instructions on the Proxy Form.

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

- (a) each Shareholder has the right to appoint a proxy;

- (b) the proxy need not be a Shareholder of the Company; and
- (c) 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 member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise half of the votes.

The Company encourages Shareholders completing a Proxy Form to direct the proxy how to vote on the Resolutions.

The Proxy Form must be received no later than 48 hours before the commencement of the Meeting, i.e. by no later than 9:00am (WST) on 22 June 2022. Any Proxy Form received after that time will not be valid for the Meeting.

Shareholders can appoint the Chair of the Meeting 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 of the Meeting must follow your instructions.

## **2.2 Voting in person**

In light of the status of the evolving COVID-19 situation and the Commonwealth and State government restrictions on public gatherings in place at the date of this Notice of Meeting, the Directors strongly encourage all Shareholders to lodge a directed proxy form prior to the Meeting. The Chairman will adjourn the Meeting where the number of attendees may lead to the breach local public health laws and regulations.

## **2.3 Corporate representatives**

Shareholders who are body corporates may appoint a person to act as their corporate representative at the Meeting by providing that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as the body corporate's representative. The authority may be sent to the Company and/or registry in advance of the Meeting.

## **2.4 Eligibility to vote**

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 (WST) on 22 June 2022.

## **2.5 Voting by Shareholders at the Meeting**

All Resolutions will be determined by a poll at the Meeting.

The Company encourages Shareholders who submit proxies to direct their proxy on how to vote on the Resolutions. As at the date of this Notice the Chairman of the Meeting intends to vote all undirected proxies in favour of each of the Resolutions.

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## 3 INTRODUCTION

### 3.1 Introduction

#### (a) Placement

On 6 April 2022 the Company announced that it had received commitments to raise \$30 million through a placement (**Placement**) to sophisticated investors introduced by the Placement's lead manager, Evolution Capital Advisors, at \$0.13 per Share (**Placement Shares**). Investors would also, subject to Shareholder approval, be issued one Option (exercise price \$0.18, expiring 31 March 2025 and otherwise on the terms set out in SCHEDULE 2) for every 2 Shares issued (**Placement Options**). The Company will offer the Placement Options to investors to the Placement under a prospectus and seek to have the Placement Options quoted.

The Shares were agreed to be issued without Shareholder approval using the Company's capacity under Listing Rule 7.1 and 7.1A. The Placement Options were subject to Shareholder approval.

A total of 230,769,237 Placement Shares were issued on 12 April 2022.

Funds raised will be used for strategic land acquisition, a resource extension drill program of Zone 2 at the Company's Wolfsberg Lithium Project (**Wolfsberg Project** or **Wolfsberg**), stage 1 of project development metallurgical test work for by-products from Wolfsberg, SRK consulting for JORC compliance, for general exploration purposes, and working capital.

Resolutions 1 and 2 seek Shareholder approval to ratify the issue of Placement Shares and Resolution 3 seeks Shareholder approval for the issue of Placement Options.

The Placement was lead managed by Evolution Capital Advisors, who were paid 6% of the amount raised and, subject to Shareholder approval, be issued 1 Placement Option for every 2 Placement Options issued under the Placement (**Placement Broker Options**). Resolution 4 seeks that approval.

See section 4 for further information.

#### (b) Issue of Options to Directors and Consultants

The Company proposes to issue 50,000,000 Placement Options to the Company's Directors and consultants in consideration of their efforts to complete the Placement. Resolutions 5 to 9 seek approval for the issue.

See sections 5 and 6 for further information.

#### (c) Extension of period to achieve milestones for Performance Shares

In January 2022 Shareholders approved the issue of 80 million Performance Shares to Directors Messrs Tony Sage, the Executive Chairman, and Malcolm Day and Michael Carter, non-executive Directors.

The Performance Shares were subject to milestones linked to the Company's market capitalization and completing a definitive feasibility study for its Wolfsberg lithium project. The study has been delayed as a result COVID travel restrictions and Russia's invasion of Ukraine, and is now expected to be completed in the third quarter of 2022. As a result the Company proposes to extend the date for Directors to achieve the Incentive Milestones by six months to 31 December 2022.

Resolutions 10 to 13 seek Shareholder approval for the extension.

See section 7 for further information.

(d) Issue of Options to Odeon

The Company proposes to issue 20,000,000 Options to Odeon in consideration consultancy services. Resolution 13 seeks approval for the issue.

See section 8 for further information.

The Company's capital structure and dilutive effect of the issue of the securities the subject of the Resolutions on existing Shareholders are set out in section 3.2 below.

### 3.2 Effect on the capital structure of the Company and dilution

The effect of the various issues on the capital structure of the Company is as follows (assuming no other Shares are issued):

Items	Shares on issue		Fully diluted	
	Number	%	Number	%
Shares currently on issue (excluding securities issued under Resolutions 1 and 2)	1,152,144,399	83.31%	1,152,144,399	59.94
Convertible securities currently on issue (excluding securities the subject of Resolutions 10 to 12)	0	0	216,157,262	11.25
Ratification of prior issue of Placement Shares (Resolutions 1 and 2)	230,769,237	16.69%	230,769,237	12.01

Approval to issue Placement Options (Resolution 3)	0	0	115,384,648	6.00
Approval to issue Placement Broker Options (Resolution 4)	0	0	57,692,324	3.00
Director and consultants Options (Resolutions 5 to 9)	0	0	50,000,000	2.60
Performance Shares (Resolutions 10 to 12)	0	0	80,000,000	4.16
Odeon Options (Resolution 13)	0	0.00	20,000,000	1.04
<b>Total</b>	<b>1,382,913,636</b>	<b>100.00</b>	<b>1,922,147,870</b>	<b>100.00</b>

1 These Performance Shares were issued on 28 January 2022. Resolutions 10 and 12 seek Shareholder approval to extend the date by which milestones must be reached.

### 3.3 Listing Rules

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

ASX Listing Rule 7.1A provides that in addition to issues permitted without prior shareholder approval under ASX Listing Rule 7.1, an entity that is eligible and obtains shareholder approval under ASX Listing Rule 7.1A may issue or agree to issue during the period for which the approval is valid a number of quoted equity securities which represents 10% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period as adjusted in accordance with the formula in ASX Listing Rule 7.1A.

Where an eligible entity obtains shareholder approval to increase its placement capacity under ASX Listing Rule 7.1A, then any ordinary securities issued under that additional placement capacity:

- (a) will not be counted in variable “A” in the formula in ASX Listing Rule 7.1A; and
- (b) are counted in variable “E”,

until their issues have been ratified under ASX Listing Rule 7.4 (and provided that the previous issue did not breach ASX Listing Rule 7.1A) or 12 months has passed since their issues.

Listing Rule 7.4 allows shareholders to ratify an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1, and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

Broadly speaking, Listing Rule 10.11 requires prior shareholder approval for the issue of equity securities to related parties (which includes directors, certain relatives and their controlled entities), except for certain issues.

Securities issues that are approved by Shareholders under Listing Rules 7.4 and 10.11 are not included in calculating an entity's 15% capacity under Listing Rule 7.1.

### **3.4 Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the company unless either:

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

Related party is widely defined under the Corporations Act, and includes directors of a company. Financial benefit is defined broadly and includes the issue of securities, such as options, and a variation of contractual benefits. The Corporations Act requires that any consideration that is given is disregarded, even if the consideration is adequate.

Section 195(4) of the Corporations Act provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a material personal interest are being considered, except in certain circumstances or unless non-interested directors pass a resolution approving the interested director's participation.

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## **4 RESOLUTIONS 1 TO 4 - RATIFICATION AND APPROVAL OF ISSUE OF SECURITIES RELATING TO THE PLACEMENT**

### **4.1 Terms of Evolution Capital mandate**

The terms of the mandate appointing Evolution Capital Advisors (**Evolution**) to lead manage the Placement were as follows:

- (a) Evolution would act as exclusive lead manager for the Placement
- (b) Evolution will be paid 6% of the amount raised and, subject to Shareholder approval, be issued 1 Placement Option for every 2 Placement Options issued under the Placement (Placement Broker Options).



- (c) In the event Shareholders do not approve the issue of the Placement Options and Placement Broker Options by 30 June 2022, Evolution and the recipients of the remaining Placement Options will be paid the monetary equivalent of the Placement Broker Options based on a Black Scholes Model based on the following assumptions (i) 80% volatility, (ii) Risk free rate of 2.00% (iii) no dividends (iv) issue date equal to the date of issue of the Placement Shares (vi) exercise at any time for three years (American Style).
- (d) Should the Company decide to seek to undertake a capital raising prior to 4 April 2023, the Company will offer Evolution the opportunity to subscribe for the total book and, if relevant due to the size of the raise, choose the other broker involved.
- (e) If there is a shortfall in the exercise of Placement Options or Placement Broker Options, the Company will offer Evolution the opportunity to place the shortfall, other than in circumstances where Evolution is in material breach of its obligations under the mandate at the time of termination.

#### **4.2 Resolutions 1 and 2 - Information required by Listing Rule 7.5**

Resolutions 1 and 2 seek Shareholder approval under Listing Rule 7.4 to ratify the issue of 230,769,237 Placement Shares. The dilutive effect of the issue is set out in section 3.2.

If Resolutions 1 and 2 are passed, the issues will be excluded in calculating the Company's 15% and 10% limit under Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12 months following the issues. If Resolutions 1 and/or 2 are not passed, the issues will be included in calculating the Company's 15% and 10% limits under Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities it can issue without Shareholder approval under Listing Rule 7.1 and 7.1A over the 12 months following the issues.

For the purposes of Listing Rule 7.5, the following information is provided for the ratification of the issue of the Placement Shares:

- (a) The securities were issued to institutional and sophisticated investors lead-managed by Evolution Capital Advisors, who are not related parties to the Company or otherwise persons to whom Listing Rule 10.11 applies.
- (b) The number of securities issued by the Company was
  - (i) Resolution 1 - 115,581,237 Placement Shares.
  - (ii) Resolution 2 - 115,188,000 Placement Shares.
- (c) The Placement Shares are fully paid ordinary shares in the capital of the Company, ranking equally with existing Shares on issue.
- (d) The Placement Shares were issued on 12 April 2022.
- (e) The Placement Shares were issued at an issue price of \$0.13 per Share.

- (f) The Placement Shares were issued to raise \$30 million. The intended use of funds is set out in section 3.1(a).
- (g) Other than those set out in section 3.1 and this section 4, there are no other material terms in relation to the issue.
- (h) Voting exclusion statements are included in the Notice.

#### **4.3 Resolution 3 - Information required by Listing Rule 7.3**

Resolution 3 seeks Shareholder approval under Listing Rule 7.1 for the Company to issue 115,384,648 Placement Options as attaching Options to the participants of the Placement; being persons who received Shares the subject of Resolutions 1 and 2. The basis upon which they were introduced to the Company is set out in section The dilutive effect of the issue is set out in section 3.2. The basis upon which they were intro

If Resolution 3 is passed, the Company can proceed with the issue. In addition, the issue will be excluded from the calculation of the number of equity securities that the Company can issue without shareholder approval under Listing Rule 7.1. If Resolution 3 is not passed, the Company will not proceed with the issue and will be required to pay the participants of the Placement amounts equal to the value of the Placement Options (see section 4.1 for the valuation method).

For the purposes of Listing Rule 7.3, the following information is provided about the proposed issue of Placement Options:

- (a) The Placement Options will be issued to institutional and sophisticated investors issued Placement Shares, who are not related parties to the Company or otherwise persons to whom Listing Rule 10.11 applies.
- (b) The maximum number of securities agreed to be issued is 115,384,648 Placement Options.
- (c) The securities to be issued are Options which have an exercisable price of \$0.18 each and an expiration date of 31 March 2025, and otherwise are on the terms and condition set out in SCHEDULE 2.
- (d) The securities will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (e) The Placement Options will be issued as attaching Options, on the basis of 1 Placement Option for every 2 Placement Shares issued, to the participants under the Placement for nil cash consideration.
- (f) No Funds will be raised from the issue of the Placement Options as they are issued as attaching Options under the Placement. Funds raised from the exercise of the Placement Options will be used towards working capital of the Company.

- (g) As of the date of this Notice, other than those set out in section 3.1, this section 4 and SCHEDULE 2, there are no other material terms relating to the proposed issue.
- (h) A voting exclusion statement is included in the Notice.

#### **4.4 Resolution 4 - Information required by Listing Rule 7.3**

Resolution 4 seeks Shareholder approval under Listing Rule 7.1 for the Company to issue 57,692,324 Placement Options to the Lead Manager. The dilutive effect of the issue is set out in section 3.2.

If Resolution 4 is passed, the Company can proceed with the issue. In addition, the issue will be excluded from the calculation of the number of equity securities that the Company can issue without shareholder approval under Listing Rule 7.1. If Resolution 4 is not passed, the Company will not proceed with the issue and will be required to pay the participants of the Placement amounts equal to the value of the Placement Options (see section 4.1 for the valuation method).

For the purposes of Listing Rule 7.3, the following information is provided about the proposed issue of Placement Broker Options to the Lead Managers:

- (a) The Placement Broker Options will be issued to the lead managers of the Placement, Evolution Capital Advisors (or their nominee), who is not a related party to the Company or otherwise a person to whom Listing Rule 10.11 applies.
- (b) The maximum number of securities to be issued is 57,692,324 Broker Placement Options.
- (c) The securities to be issued are Placement Options which have an exercisable price of \$0.18 each and an expiration date of 31 March 2025 and otherwise are on the terms and condition set out in SCHEDULE 2.
- (d) The securities will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (e) The Placement Broker Options will be issued for nil cash consideration but as part of the remunerations for Evolution Capital Advisors to act as the lead managers of the Placement.
- (f) No Funds will be raised from the issue of the Placement Broker Options as they are issued to remunerate Evolution Capital Advisors to act as the lead managers of the Placement. Funds raised from the exercise of the Placement Options issued to the Lead Managers will be used towards working capital of the Company.
- (g) As of the date of this Notice, other than set out in section 3.1, this section 4 and SCHEDULE 2, there are no other terms relating to the proposed issue.
- (h) A voting exclusion statement is included in the Notice.

#### 4.5 Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolutions 1 and 2. These will restore the Company's 15% and 10% annual limit permitted by Listing Rule 7.1 and 7.1A and allow the Company to issue further securities as permitted by Listing Rule 7.1A without Shareholder approval.

The Directors unanimously recommend that Shareholders vote in favour of Resolutions 3 and 4. These will allow the Company to issue securities in accordance with the terms of the Placement and mandate with Evolution Capital, and avoid making cash payments to the Placement investors and Evolution.

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## 5 RESOLUTIONS 5 TO 8 - ISSUE OF DIRECTOR OPTIONS TO DIRECTORS

### 5.1 Introduction

The Directors are proposing to, in recognition of their efforts in respect to the Placement and subject to Shareholder approval, issue themselves the following Options on the same terms as the Placement Options (**Director Options**):

	Director Options	Total value (\$)
Tony Sage	15,000,000	760,500
Malcolm Day	10,000,000	507,000
Michael Carter	10,000,000	507,000
Mykhailo Zhernov	10,000,000	507,000
Total	50,000,000	2,281,500

A valuation of the Director Options dated 22 April 2022 is set out in SCHEDULE 4.

Resolutions 5 to 8 see Shareholder approval for the issue of Director Options.

If Resolutions 5 to 8 are passed, the Company can proceed with the issue. In addition, the issue will be excluded from the calculation of the number of equity securities that the Company can issue without shareholder approval under Listing Rule 7.1 and, by reason of Listing Rule 10.17, excluded in calculating the total aggregate amount of Directors' fees payable to non-executive Directors.

If any of Resolutions 5 to 8 are not passed, the Company will not proceed with the issue the subject of the Resolution that was not passed, and the Directors to whom the Options are proposed to be issued to may not be adequately incentivised for their services to the Company.

The effect of the issues under Resolutions 5 to 8 (assuming Shareholders pass these Resolutions) on the capital structure of the Company is set out in section 3.2.

## 5.2 Regulatory requirements

Listing Rule 10.11 is summarised in section 3.3.

Chapter 2E of the Corporations Act is summarised in section 3.4.

Given approval is being sought for the issue of Director Options to all Directors pursuant to Resolutions 5 to 8, each Director (comprising the Board) have a material personal interest in the outcomes of Resolutions 5 to 8 and a quorum cannot be formed to consider the matters contemplated by Resolutions 5 to 8 at Board level. The Board therefore proposes to seek Shareholder approval for such issues.

Accordingly, Resolutions 5 to 8 seek Shareholder approval under Chapter 2E of the Corporations Act for the issue of Director Options to Directors.

## 5.3 Resolutions 5 to 8 - Information required by Chapter 2E of the Corporations Act

For the purposes of section 219 of the Corporations Act and ASIC Regulatory Guide 76, the following information is provided to Shareholders to enable them to assess the merits of Resolutions 5 to 8:

- (a) The related party to whom Resolutions 5 to 8 would permit the benefit to be given are set out in section 5.1, who are each Directors, or their nominees.
- (b) The nature of the financial benefit is set out in section 5.1.
- (c) The securities to be issued are Director Options which have an exercisable price of \$0.18 each and an expiration date of 31 March 2025 and otherwise are on the terms and condition set out in SCHEDULE 2.
- (d) Reasons for giving the benefit:  
The reason for giving the benefit is set out in section 5.1 above.
- (e) The existing relevant interest of the Directors in securities of the Company and annual remuneration package are set out below:

	Annual Remuneration	Shares	Options	Performance Shares <sup>1</sup>
Tony Sage	\$360,000	12,763,733	10,977,776	40,000,000
Malcolm Day	\$72,000	5,248,997	10,488,890	30,000,000
Michael Carter	\$60,000	0	1,750,000	10,000,000
Mykhailo Zhernov	\$60,000	52,631,580	0	0

<sup>1</sup> These Performance Shares are the subject of Resolutions 10 to 12.

- (f) The dilutive effect of the issues under Resolutions 5 to 8 on the capital structure of the Company is set out in section 3.2.
- (g) Valuation of the financial benefit to be given  
The value of the Director Options are summarised in section 5.1 and detailed in SCHEDULE 4.
- (h) Other Information - The Directors are not aware of any other information that is reasonably required by Shareholders to allow them to make a decision on whether it is in the best interests of the Company to pass Resolutions 5 to 8.

#### **5.4 Resolutions 5 to 8 - Information required by Listing Rule 10.13**

For the purposes of Listing Rule 10.13, the following information is provided about the proposed issue of Director Options to the Directors under Resolutions 5 to 8:

- (a) Name of person to who securities will be issued to
  - (1) Resolution 5 - Tony Sage, or nominee
  - (2) Resolution 6 - Malcolm Day, or nominee
  - (3) Resolution 7 - Michael Carter, or nominee
  - (4) Resolution 8 - Mykhailo Zhernov, or nominee
- (b) The persons are Directors, who fall within Listing Rule 10.11.1.
- (c) The number and class of securities proposed to be issued to each Director are set out in section 5.1.
- (d) The securities to be issued are Options which have an exercisable price of \$0.18 each and an expiration date of 31 March 2025, and otherwise are on the terms and condition set out in SCHEDULE 2.
- (e) The Director Options will be issued as soon as practicable following the Meeting and by no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (f) The Director Options will be issued without a price and for the purpose of recognising Directors' services in completing the Placement.
- (g) Details (including the amount) of the Directors current total remuneration package are set out in section 5.3(e) above.
- (h) There are no other material terms to the issue.
- (i) A voting exclusion statement is included in the Notice.

#### **5.5 Directors recommendation**

The Directors refrain from making a recommendation in relation to Resolutions 5 to 8 as they have a personal interest in the Resolutions.

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## **6 RESOLUTION 9 - APPROVAL TO ISSUE OPTIONS TO CONSULTANTS OF THE COMPANY**

### **6.1 Introduction**

The Company agreed, subject to Shareholder approval, to issue 5,000,000 Placement Options to consultants of the Company for services provided in respect to the Placement.

Resolution 9 seeks Shareholder approval for the issue of the Placement Options to consultants.

If Resolution 9 is passed, the Company can proceed with the issue. In addition, the issue will be excluded from the calculation of the number of equity securities that the Company can issue without shareholder approval under Listing Rule 7.1. If Resolution 9 is not passed, the Company will not proceed with the issue and the consultants to whom the Options are proposed to be issued to may not be adequately incentivised for their services to the Company.

### **6.2 Information required by Listing Rule 7.3**

For the purposes of Listing Rule 7.3, the following information is provided about the issue of the Options to Empire:

- (a) The maximum number of Options to be issued is 5,000,000 Options.
- (b) The Options will be issued no later than 3 months after the date of the meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue will occur on the same date.
- (c) The Options are issued in consideration of services provided in respect to the Placement.
- (d) The Options will be issued to Bellatrix Corporate Pty Ltd (or nominee) and EVP Investments Pty Ltd (or nominee), who are unrelated parties of the Company.
- (e) The Options which have an exercisable price of \$0.18 each and an expiration date of 31 March 2025, and otherwise are on the terms and condition set out in SCHEDULE 2.
- (f) No funds will be raised through the issue of the Options. Funds raised from exercising Options will be used to meet the Company's financial needs at the time including for working capital.
- (g) A voting exclusion statement is included in the Notice.

### 6.3 Directors' recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 9. This will allow the Company to issue the securities to the consultants involved in the Placement.

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## 7 RESOLUTIONS 10 TO 13 - VARIATION OF PERFORMANCE SHARE TERMS

### 7.1 Introduction

On 21 January 2022 Shareholders approved the issue of 80 million Performance Shares to Messrs Tony Sage, the Company's Executive Chairman and non-executive Directors Malcolm Day and Michael Carter.

The Performance Shares were to link the Company's performance and Shareholder returns with Directors' remuneration and align Directors' interests with Shareholders, and had the following milestones (**Incentive Milestones**), which had to be met prior to 1 July 2022:

	Upon the Company's market capitalisation exceeding \$250m	The net present value for the Wolfsberg Project as determined by the Company's DFS is A\$800 million or more
Holder	Performance Shares	Performance Shares
Okewood Pty Limited (an associate of Tony Sage)	20,000,000	20,000,000
Malcolm Day	15,000,000	15,000,000
Michael Carter	5,000,000	5,000,000
Total	40,000,000	40,000,000

The Performance Shares were issued under the Company's employee incentive scheme.

The definitive feasibility study for the Company's Wolfsberg Project has been delayed as a result COVID travel restrictions and Russia's invasion of Ukraine, and is now expected to be completed in the third quarter of 2022. As a result the Company seeks to extend the date for Directors to achieve the Incentive Milestones by six months to 31 December 2022.

Resolutions 10 to 12 seek Shareholder approval for that extension. If the Resolutions are passed the date to satisfy the Performance Share's milestones will be extended



to 31 December 2022. If the Resolutions are not passed there will be no change to the date by which the Incentive Milestones must be satisfied.

There will be no change to the Company's capital structure as a result of approving Resolutions 10 to 12.

## **7.2 Regulatory requirements**

Given Shareholder approval was previously obtained under Chapter 2E to issue the Performance Shares, Mr Zhernov, the only Director who does not hold Performance Shares, considers it prudent that Shareholder approval is sought under Chapter 2E for the extension in the term of the Performance Rights.

Accordingly, Resolutions 10 to 12 seek Shareholder approval under Chapter 2E of the Corporations Act for the extension of the term of Performance Shares.

The Performance Shares were issued under the European Lithium Incentive Scheme, an employee share plan under the Listing Rules. Listing Rule 10.14 provides that an entity must not issue securities to certain persons, including directors and their associates, without prior shareholder approval. Shareholders approved the issue of the Performance Shares on 21 January 2022.

Shareholder approval is required to vary the terms of any securities issued to directors under an employee share plan.

## **7.3 Resolutions 10 to 12 - Information required by Chapter 2E of the Corporations Act**

For the purposes of section 219 of the Corporations Act and ASIC Regulatory Guide 76, the following information is provided to Shareholders to enable them to assess the merits of Resolutions 10 to 12:

- (a) The related party to whom Resolutions 10 to 12 would permit the benefit to be given are set out in section 7.1, who are each Directors or entities controlled by Directors.
- (b) The nature of the financial benefit is to extend the date by which the Performance Share milestones must be met for the Performance Shares to convert to ordinary shares, from 30 June 2022 to 31 December 2022.
- (c) The securities issued are Performance Shares upon the terms set out in the European Lithium Incentive Scheme that, upon satisfying the relevant milestone, convert to fully paid ordinary shares which rank equally with existing Shares on issue.
- (d) The reason for giving the benefit is set out in section 7.1 above.
- (e) The existing relevant interest of the Directors in securities of the Company and annual remuneration package are set out in section 5.3(e) above.
- (f) The dilutive effect of the extension under Resolutions 10 to 12 on the capital structure of the Company is set out in section 3.2.

- (g) Valuation of the financial benefit to be given - The incremental increase in value of the Performance Shares as a result of the extension is \$1,628,000, as detailed in SCHEDULE 5.
- (h) Other Information - The Directors are not aware of any other information that is reasonably required by Shareholders to allow them to make a decision on whether it is in the best interests of the Company to pass Resolutions 10 to 12.

#### 7.4 Resolutions 10 to 12 - Information required by Listing Rule 10.15

For the purposes of Listing Rule 10.15, the following information is provided about the proposed issue of Shares to the Directors under Resolutions 10 to 12:

- (a) Name of person who hold Performance Shares:
  - (1) Resolution 10 - Tony Sage, or nominee
  - (2) Resolution 11 - Malcolm Day, or nominee
  - (3) Resolution 12 - Michael Carter, or nominee
- (b) The persons are Directors, who fall within Listing Rule 10.14.1.
- (c) The number and class of securities the subject of the extension are set out in section 7.1.
- (d) Details of the Directors' remuneration packages is set out in section 5.3(e).
- (e) The only securities to have been issued to the Directors under the European Lithium Incentive Scheme are the 80,000,000 Performance Shares approved by Shareholders on 21 January 2022 and which is the subject to Resolutions 10 to 12.
- (f) The securities issued, and for which the extension in the period to meet the Incentive Milestones is sought, are Performance Shares upon the terms set out in the European Lithium Incentive Scheme that, upon satisfying the Incentive Milestones, convert to fully paid ordinary shares which rank equally with existing Shares on issue:

	Upon the Company' market capitalisation exceeding \$250m	The net present value for the Wolfsberg Project as determined by the Company's DFS is A\$800 million or more
Tony Sage	20,000,000	20,000,000
Malcolm Day	15,000,000	15,000,000
Michael Carter	5,000,000	5,000,000

Total	40,000,000	40,000,000
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The reason for giving the benefit, being the extension in the period to meet the Incentive Milestones, is set out in section 7.1.

The incremental increase in value of the Performance Shares as a result of the extension is \$1,628,000, as detailed in SCHEDULE 5.

- (g) The securities the subject of Resolutions 10 to 12 were issued on 28 January 2022 following Shareholder approval on 21 January 2022. The terms are set out in the European Lithium Incentive Scheme that, upon satisfying the Incentive Milestones set out in section 7.1, convert to fully paid ordinary shares which rank equally with existing Shares on issue.
- (h) The extension to the period to satisfy the Incentive Milestones for the Performance Shares will, if approved, become effective immediately following the Meeting.
- (i) The Company will not receive any consideration for the extension, and it is being made as remuneration for holders.
- (j) A summary of the material terms of the scheme are set out in section SCHEDULE 3.
- (k) No loans will be made available under the scheme.
- (l) Details of any securities issued under the scheme will be published in the Company's annual 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.
- (m) Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the scheme and who were not named in this Notice of Meeting will not participate until approval is obtained under that rule.
- (n) A voting exclusion statement is included in the Notice.

## 7.5 Directors recommendation

Mr Zhernov recommends that Shareholders approve Resolutions 10 to 12, as it will extend the period to satisfy the Incentive Milestones for the Performance Shares and better incentivise holders of Performance Share holders.

The remaining Directors refrain from making a recommendation in relation to Resolutions 10 to 12 as they have a personal interest in the Resolutions.

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## 8 RESOLUTION 13 - APPROVAL TO ISSUE ODEON OPTIONS TO ODEON

### 8.1 Introduction

The Company has appointed EAS Advisors LLC and Odeon Capital Group LLC (together Odeon) to provide consultancy services, subject to the following terms:

- (a) Odeon will provide the following consultancy services:
  - (i) Strategy and consultation on investor relations;
  - (ii) Advice on general corporate issues and participation in strategic planning;
  - (iii) Assisting with the preparation and review of marketing documentation and market announcements;
  - (iv) Introductions to equity research providers in order to secure analyst coverage (both paid and regular);
  - (v) Advice and counsel with respect to equity capital markets;
  - (vi) Introduction to potential strategic investors and assist in generating investor awareness (USA, Australia, Asia and Europe).
- (b) Odeon will be paid a monthly retainer of US\$10,000 and 20,000,000 Odeon Options, expiring on 1 May 2025 and with the following exercise prices:
  - (i) 5,000,000 Odeon Options have an exercise price of \$0.12.
  - (ii) 5,000,000 Odeon Options have an exercise price of \$0.14.
  - (iii) 5,000,000 Odeon Options have an exercise price of \$0.16.
  - (iv) 5,000,000 Odeon Options have an exercise price of \$0.18.
- (c) The appointment is for a 12 month term, with either party having the right to terminate without cause on 3 months notice..

### 8.2 Resolution 13 - Information required by Listing Rule 7.3

Resolution 13 seeks Shareholder approval under Listing Rule 7.1 for the Company to issue 20,000,000 Odeon Options to Odeon or its nominee. The dilutive effect of the issue is set out in section 3.2.

If Resolution 13 is passed, the Company can proceed with the issue. In addition, the issue will be excluded from the calculation of the number of equity securities that the Company can issue without shareholder approval under Listing Rule 7.1. If Resolution 13 is not passed, the Company will not proceed with the issue and will be in breach of the terms of the consultancy agreement with Odeon.

For the purposes of Listing Rule 7.3, the following information is provided about the proposed issue of the Odeon Options:

- (a) The Odeon Options will be issued to EAS Advisors LLC and Odeon Capital Group LLC (or their nominee), who is not a related party to the Company or otherwise a person to whom Listing Rule 10.11 applies.
- (b) The maximum number of securities to be issued is 20,000,000 Odeon Options.
- (c) The securities to be issued are Odeon Options which have an expiry date of 31 May 2022, exercise prices as set out in section 8.1 and otherwise are on the terms and condition set out in SCHEDULE 6.
- (d) The securities will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (e) The Odeon Options will be issued for nil cash consideration but as part of the remunerations for Odeon to provide the consultancy services set out in section 8.1.
- (f) No Funds will be raised from the issue of the Odeon Options as they are issued to remunerate Evolution Capital Advisors to act as the lead managers of the Placement. Funds raised from the exercise of the Odeon Options will be used towards working capital of the Company.
- (g) As of the date of this Notice, other than set out in section 3.1, this section 8 and SCHEDULE 6, there are no other terms relating to the proposed issue.
- (h) A voting exclusion statement is included in the Notice.

### **8.3 Directors' recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 13. These will allow the Company to issue securities in accordance with the terms of the consultancy agreement with Odeon.

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## SCHEDULE 1 GLOSSARY

**\$ or A\$** means Australian dollars.

**ASX Listing Rules** means the Listing Rules of ASX.

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

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means the chair of the Meeting.

**Company** means European Lithium Limited (ACN 141 450 624).

**Constitution** means the Company's constitution.

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

**Directors** means the current directors of the Company.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**General Meeting or Meeting** means the meeting convened by the Notice.

**Notice or Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Odeon** means EAS Advisors LLC and Odeon Capital Group LLC.

**Odeon Option** means an Option on the terms in SCHEDULE 6.

**Option** means an option to be issued a Share.

**Performance Share** means a performance share issued by the Company as approved by Shareholders on 21 January 2022.

**Placement Broker Options** has the meaning given in section 3.1(a).

**Placement** has the meaning given in section 3.1(a).

**Placement Options** has the meaning given in section 3.1(a).

**Placement Shares** has the meaning given in section 3.1(a).

**Proxy Form** means the proxy form accompanying the Notice.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Section** means a section of the Explanatory Statement.

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

**Shareholder** means a registered holder of a Share.

**WST** means Western Australian Standard Time.

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## SCHEDULE 2 PLACEMENT AND DIRECTOR OPTION TERMS AND CONDITIONS

(a) Entitlement

Each Option entitles the holder to be issued one Share upon exercise of the Option.

(b) Exercise Price

The amount payable upon exercise of each Option will be \$0.18 (**Exercise Price**).

(c) Expiry Date

Each Option will expire on 31 March 2025 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (Notice of Exercise) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) Timing of issue of Shares on exercise

Within 15 Business Days after the Exercise Date, the Company will:

- (i) Allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; and
- (ii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

(h) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) Quotation of Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options

(j) Reconstruction of capital



If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) Transferability

The Options are freely transferable.

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### SCHEDULE 3 TERMS OF THE EUROPEAN LITHIUM INCENTIVE SCHEME

The material terms of the European Lithium Incentive Scheme are as follows:

(a) Purpose of the Plan

- (i) provide an incentive for Eligible Participants to participate in the future growth of the Company and, upon becoming shareholders, to participate in the Company's profits and development;
- (ii) ensure that securities issued under the Equity Incentive Plan are issued in accordance with the Corporations Act and the Listing Rules.

(b) Participants in the Plan

The Board may offer Shares, Options and/or Performance Rights (**Incentive Securities**) to persons (**Plan Participants**) who are Directors, employees or consultants of the Company based on a number of criteria including potential contribution to the Company in the future and other factors the Board considers relevant and on such issue terms as the Directors see fit.

Upon receipt of such an offer, the Plan Participant may nominate a nominee acceptable to the Board to be issued with the Incentive Securities.

(c) Number of Incentive Securities

The maximum number of Incentive Securities that may be issued under the Plan over a 3 year period is the lesser of:

- (i) 107,547,066 Incentive Securities; and
- (ii) the maximum number of securities that can be issued in accordance with paragraph 19 of ASIC Class Order [CO 14/1000].

(d) Terms of Incentive Securities

- (i) An uncertified holding statement will be issued for the Incentive Securities;
- (ii) The Incentive Securities shall lapse on the earliest of the relevant dates set out below (Expiry Date):
  - (A) the date on which the Plan Participant's appointment with the Company is terminated for cause;
  - (B) unless the Board agrees otherwise, the Participant's resignation or employment or engagement with the Company or an associated body corporate is terminated;
  - (C) the date specified by the Board upon the grant of an Incentive Securities.
- (iii) Incentive Securities shall be issued subject to such vesting conditions as the Board determines.

- (iv) Other than Shares, each Incentive Security shall carry the right in favour of the Plan Participant to be issued one (1) Share upon:
  - (A) in the case of Options, vesting of the Option and (if applicable) payment of the Option exercise price determined by the Board in its discretion (Exercise Price); and
  - (B) In the case of Performance Rights, vesting of the Performance Rights.
- (v) The Option Exercise Price shall be payable in full on exercise of the Options.
- (vi) The Options held by each Option holder may be exercised in whole or in part, at any time upon any vesting conditions being satisfied, up to and including the Expiry Date by the delivery to the registered office of the Company of a notice in writing stating the intention of the Plan Participant to:
  - (A) exercise all or a specified number of Options; and
  - (B) pay the Exercise Price by way of subscription monies in full for the exercise of each Option.

The notice must be accompanied by a cheque made payable to the Company for the subscription monies for the shares. An exercise of only some Options shall not affect the rights of the Plan Participant to the balance of the Options held by the Plan Participant, subject to any vesting conditions.

- (e) The Company shall allot the resultant shares and deliver the share certificate or uncertified holding statement within 5 business days of the exercise of the Options or vesting of Performance Rights (as the case may be), or such other date as required by the Listing Rules.
- (f) Incentive Securities shall not be listed for Official Quotation on ASX.
- (g) The Incentive Securities are not transferable except to an associate (as defined in the Corporations Act) of the Plan Participant or nominee approved by the Board in its discretion.
- (h) Shares allotted pursuant to an exercise of the Options or vesting of Performance Rights shall rank from the date of allotment, equally with existing fully paid ordinary shares in all respects.
- (i) The Company shall, in accordance with the Listing Rules, make application to have Shares allotted pursuant to an exercise of Options or vesting of Performance Rights listed for Official Quotation on ASX.
- (j) In the event of a reconstruction (including consolidation, subdivision, reduction or return of the issued capital of the Company), all rights of the Plan Participant shall be reconstructed in accordance with the Listing Rules.

- (k) Subject to paragraph (l), the Plan Participant shall have no rights to a change in the Exercise Price of an Option or a change to the number of Shares issued upon exercise of an Option or conversion of Performance Share.
- (l) If the Company enters into a scheme of arrangement, a takeover bid is made for the Company's shares, or a party acquires a sufficient interest in the Company to enable them to replace the Board (or the Board forms the view that one of those events is likely to occur) then the Board may declare an Incentive Security to be free of any conditions of conversion. Incentive Securities which are so declared may be converted at any time on or before they lapse.
- (m) There are no participating rights or entitlement inherent in the Incentive Securities and Plan Participants will not be entitled to participate in new issues of securities offered to Shareholders of the Company during the currency of the Incentive Securities.

(n) Taxation

Under current taxation laws any taxation liability in relation to the Incentive Securities, or the Shares issued on exercise of the Options or vesting of Performance Rights, will fall on the Plan Participants.

(o) Lapse

If at any time before the exercise of an Incentive Securities, the holder of the Incentive Securities ceases to be an Eligible Employee, all Incentive Securities held by the Eligible Employee will automatically lapse unless the Board otherwise determines.

(p) Participation by Directors

Although Directors are eligible to be offered Incentive Securities under the Plan, this requires specific shareholder approval due to the requirements of the ASX Listing Rules and the Corporations Act.

(q) Administration of the Plan

The Incentive Plan will be administered under the directions of the Board and the Board may make regulations and establish procedures for the administration and management of the Incentive Plan as it considers appropriate.

(r) Operation

The operation of the Incentive Plan is subject to the ASX Listing Rules (including Guidance Notes) and the Corporations Act, and the terms of the Incentive Plan will be amended to the extent required to comply with the Listing Rules and Corporations Act.

(s) Specific requirements for Performance Rights granted under the Incentive Plan to be issued Shares

Performance Rights granted under the Incentive Plan to be issued Shares:

- (i) are not transferrable (and, consequently, will not be quoted on ASX or any other exchange);
- (ii) do not confer any right to vote, except as otherwise required by law;
- (iii) do not confer any entitlement to a dividend, whether fixed or at the discretion of the Directors;
- (iv) do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise;
- (v) do not confer any right to participate in the surplus profit or assets of the Company upon a winding up; and
- (vi) do not confer any right to participate in new issues of securities such as bonus issues or entitlement issues,

unless and until the applicable performance milestone is achieved and ordinary Shares issued.

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#### SCHEDULE 4 VALUATION OF DIRECTOR OPTIONS

Valuation Date - 21 April 2022 (being the most recently concluded market day prior to this valuation).

Expiry Date - 31 March 2025

The valuation of the Options was undertaken using Black-Scholes Option Pricing methodology using the below inputs.

##### Black-Scholes Inputs

Input		Values at Valuation Date
(a)	Underlying share price	\$0.110
(b)	Exercise price	\$0.180
(c)	Term	2.94yrs
(d)	Risk-free rate	2.571%
(e)	Dividend yield	nil
(f)	Volatility (rounded)	89.0%
Vesting conditions		None (exercisable immediately)
Fair value of an Option		\$0.0507

##### Determination on inputs

- (a) Share price - The underlying price of the Company's shares at the close of the market on the Valuation Date was \$0.110.
- (b) Exercise price - \$0.180 per Option.
- (c) Term - The term of the Options, being the period beginning on the Valuation Date to Expiry Date is 2.94 years.
- (d) Risk-free rate - The risk-free rate was determined to be the yield-to-maturity of an Australian government bond on the Valuation Date and with a term of equal duration the term of the Options. The government bond interest rates were taken from the F16 - Indicative Mid Rates of Australian Government Securities interest rate table on the Reserve Bank of Australia website. As the term of the Options did not match the any term listed on the interest rate table for Australian government bonds as at the Valuation Date, linear interpolation was used to determine the risk-free rate. Given the aforementioned, the risk-free rate was determined to be 2.571%.
- (e) Dividends - The dividend yield was assumed to be nil as the Company does not forecast any dividends to be paid over the term of the Options.

- (f) Volatility - In accordance with AASB 2 paragraph B22, volatility was determined to be the annualised standard deviation of the continuously compounded daily change in price of the Company's shares. As the term of the Options is 2.94years, the volatility was calculated using the daily share prices for the approximate 2.94-year period prior to the Valuation Date. Based on the aforementioned method, volatility was determined to be 89.00% (rounded).

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**SCHEDULE 5 VALUATION OF PERFORMANCE RIGHTS**



27 April 2022

European Lithium Limited  
32 Harrogate Street  
West Leederville, WA 6007

**Attention: Julian Atkinson**

**RE: Valuation of European Lithium Limited performance rights with a modified term**

Dear Julian,

## 1. Introduction

You have requested that we determine the fair market value of two modified-term tranches of performance rights (the **Rights**) in accordance with AASB 2 – Share Based Payment (the **Engagement**). The Rights were granted by European Lithium Limited (the **Company**) to executives of the Company following shareholder approval at the Company’s General meeting of Shareholders on 21 January 2022. The terms of the Rights are proposed to be modified by extending their expiry date, subject to approval at the Company’s next general meeting of Shareholders. As such, we have used 26 April 2022 as the modification date (the **Valuation Date** or **Modification Date**), being the most recently concluded market day prior to the date of this report.

Our valuation, summarised below, concludes at an incremental per-right value and incremental total-tranche value for the Rights. Our valuation of the Rights as at the Valuation Date is contained in the following letter, including Annexures, and is subject to the attached statement of limiting conditions.

## 2. Summary of the Rights

Table 1 below summarises the two tranches comprising the Rights.

**Table 1: Summary of the Rights**

Tranche	# of Rights	Vesting condition	Original Expiry date	Modified Expiry date	Exercise Price (\$/security)
Tranche 1	40,000,000	The Company reaches a market capitalisation of \$250m	30 June 2022	31 Dec 2022	Nil
Tranche 2	40,000,000	NPV hurdle of \$800m for the soon to be completed Wolfsburg lithium project	30 June 2022	31 Dec 2022	Nil

- Each individual right is exercisable into one ordinary share in the Company at the exercise prices listed in Table 1 above.
- The Rights are exercisable immediately upon vesting until Expiry Date, following which the Rights lapse.
- We understand that there are no restrictions on disposal of shares after exercise of the Rights, and that there are no other market-based or non-market-based vesting conditions, or any other conditions that impact on the value of the Rights.
- We understand that the only modified term of the Rights is the Expiry Date as listed in Table 1 above.

### 3. Summary of AASB 2 Share-based Payment

Table 2 below sets out the pertinent clauses of AASB 2 – Share-based Payment as they relate to the modification of the term of the Rights.

**Table 2: AASB 2 – Share Based Payment**

<b>AASB Paragraph</b>	<b>Comment</b>
16 <i>Applicable paragraph</i>	For transactions measured by reference to the fair value of the equity instruments granted, an entity shall measure the fair value of equity instruments granted at the measurement date, based on market prices if available, taking into account the terms and conditions upon which those equity instruments were granted (subject to the requirements of paragraphs 19-22).
22 <i>Corporate Advisory comment</i>	Given we are determining the incremental fair value of the modified Rights, we have used the Modification Date as the Valuation Date for the purposes of this letter. On 26 April 2022 the shares of the Company closed at \$0.100. We have used this price as accurately reflecting the per share price of a fully-paid ordinary share in the Company as at the Valuation Date.
19	<p>A grant of equity instruments might be conditional upon satisfying specified <i>vesting conditions</i>. For example, a grant of shares or share options to an employee is typically conditional on the employee remaining in the entity’s employ for a specified period of time. There might be performance conditions that must be satisfied, such as the entity achieving a specified growth in profit or a specified increase in the entity’s share price. Vesting conditions, other than market conditions, shall not be taken into account when estimating the fair value of the shares or share options at the measurement date. Instead, vesting conditions shall be taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for goods or services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Hence, on a cumulative basis, no amount is recognised for goods or services received if the equity instruments granted do not vest because of failure to satisfy a vesting condition, for example, the counterparty fails to complete a specified service period, or a performance condition is not satisfied, subject to the requirements of paragraph 21.</p> <p>The granting of shares from exercise of the Rights is conditional upon meeting performance conditions, namely: (i) Tranche 1 – an increase in market capitalisation above the \$250m hurdle; and (ii) Tranche 2 – achievement of a target NPV for the soon to be completed Wolfsburg lithium project.</p> <p>We consider the Tranche 1 condition to be a market conditions and will take it into account when determining the fair value of these tranches of rights.</p> <p>We consider the Tranche 2 condition to be a non-market-based vesting conditions in respect of the NPV target. As a result, the Company must estimate the probability of achievement of the non-market-based condition to determine the estimated number of equity instructions to be included in the measure of the transaction for these tranches.</p>

**Table 2: AASB 2 – Share Based Payment**

AASB Paragraph	Comment
20	<p>To apply the requirements of paragraph 19, the entity shall recognise an amount for the goods or services received during the vesting period based on the best available estimate of the number of equity instruments expected to vest and shall revise that estimate, if necessary, if subsequent information indicates that the number of equity instruments expected to vest differs from previous estimates. On vesting date, the entity shall revise the estimate to equal the number of equity instruments that ultimately vested, subject to the requirements of paragraph 21.</p> <p>The Company must estimate the probability of achievement of each non-market-based vesting condition (expressed as a % probability) and apply that percentage to the total number of performance rights comprising the Rights, to determine the number of equity instruments expected to vest as at the Valuation Date.</p>
27 <i>Applicable paragraph</i>	<p>The entity shall recognise, as a minimum, the services received measured at the grant date fair value of the equity instruments granted, unless those equity instruments do not vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at grant date. This applies irrespective of any modifications to the terms and conditions on which the equity instruments were granted, or a cancellation or settlement of that grant of equity instruments. In addition, the entity shall recognise the effects of modifications that increase the total fair value of the share-based payment arrangement or are otherwise beneficial to the employee. Guidance on applying this requirement is given in Appendix B.</p>
AG B43	<p>To apply the requirements of paragraph 27:</p> <p>(a) if the modification increases the fair value of the equity instruments granted (eg by reducing the exercise price), measured immediately before and after the modification, the entity shall include the incremental fair value granted in the measurement of the amount recognised for services received as consideration for the equity instruments granted. The incremental fair value granted is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognised for services received over the period from the modification date until the date when the modified equity instruments vest, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognised over the remainder of the original vesting period. If the modification occurs after vesting date, the incremental fair value granted is recognised immediately, or over the vesting period if the employee is required to complete an additional period of service before becoming unconditionally entitled to those modified equity instruments.</p> <p>(c) if the entity modifies the vesting conditions in a manner that is beneficial to the employee, for example, by reducing the vesting period or by modifying or eliminating a performance condition (other than a market condition, changes to which are accounted for in accordance with (a) above), the entity shall take the modified vesting conditions into account when applying the requirements of paragraphs 19–21.</p>

**Table 2: AASB 2 – Share Based Payment**

AASB Paragraph	Comment
22 <i>Corporate Advisory comment</i>	<p>We have determined the incremental increase in fair value of the Rights measured immediately before and after the modification. The incremental fair value was calculated as the difference between the fair value of the modified Rights (using the extended expiry date), to that of the original Rights, both estimated at the Modification Date. We have done this based on our interpretation of the accounting standards. We recommend that you confirm our interpretation with your auditors.</p>
AG B4	<p>For share options granted to employees, in many cases market prices are not available, because the options granted are subject to terms and conditions that do not apply to traded options. If traded options with similar terms and conditions do not exist, the fair value of the options granted shall be estimated by applying an option pricing model.</p> <p>For the valuation of the Tranche 1 rights, we have used the Monte Carlo Simulation Methodology (MCSM), which utilises the Binomial Option Pricing Model, to estimate the fair value of the rights. The valuation under the MCSM methodology is discussed in the next section titled, <i>Valuation of the Rights</i>.</p> <p>For the valuation of the Tranche 2 rights, we have used the Black-Scholes Option Pricing (BSOP) methodology to estimate the fair value of these rights. The valuation under the BSOP methodology is discussed in the next section titled, <i>Valuation of the Rights</i>.</p>
AG B5	<p>The entity shall consider factors that knowledgeable, willing market participants would consider in selecting the option pricing model to apply. For example, many employee options have long lives, are usually exercisable during the period between vesting date and the end of the options' life, and are often exercised early. These factors should be considered when estimating the grant date fair value of the options. For many entities, this might preclude the use of the Black-Scholes-Merton formula, which does not allow for the possibility of exercise before the end of the option's life and may not adequately reflect the effects of expected early exercise. It also does not allow for the possibility that expected volatility and other model inputs might vary over the option's life. However, for share options with relatively short contractual lives, or that must be exercised within a short period of time after vesting date, the factors identified above may not apply. In these instances, the Black-Scholes-Merton formula may produce a value that is substantially the same as a more flexible option pricing model.</p> <p>Given that the Rights can be exercised for nil consideration, we consider that they would be exercised immediately after satisfaction of the vesting criteria.</p> <p>For the Tranche 1 rights, this would be at achievement of \$250m in market capitalisation, which could occur at any point before expiry. Consequently, we consider the MSCM to be the most appropriate method to value this tranche as it allows more flexibly around the potential of early exercise.</p> <p>For the Tranche 2 rights, given their non-market-based vesting condition and nil exercise price, we consider the impact of early exercise to be negligible on value. As a result, we consider the Tranche 2 rights to be sufficiently simple enough for the BSOP methodology to be an appropriate price model to use in their valuation.</p>

**Table 2: AASB 2 – Share Based Payment**

AASB Paragraph	Comment
AG B6	<p>All option pricing models take into account, as a minimum, the following factors:</p> <ul style="list-style-type: none"> <li>(a) the exercise price of the option;</li> <li>(b) the life of the option;</li> <li>(c) the current price of the underlying shares;</li> <li>(d) the expected volatility of the share price;</li> <li>(e) the dividends expected on the shares (if appropriate); and</li> <li>(f) the risk-free interest rate for the life of the option.</li> </ul> <p>In the following section titled, <i>Valuation of the Rights</i>, the above factors are taken into account in the valuation of the Rights.</p>
AG B7	<p>Other factors that knowledgeable, willing market participants would consider in setting the price shall also be taken into account (except for vesting conditions and reload features that are excluded from the measurement of fair value in accordance with paragraphs 19-22).</p> <p>Based on our instructions, there are no other factors a knowledgeable, willing market participant would consider in setting the price of the Rights.</p>
AG B34 & B35	<p>Conversely, if the employees are not entitled to dividends or dividend equivalents during the vesting period (or before exercise, in the case of an option), the grant date valuation of the rights to shares or options should take expected dividends into account. That is to say, when the fair value of an option grant is estimated, expected dividends should be included in the application of an option pricing model. When the fair value of a share grant is estimated, that valuation should be reduced by the present value of dividends expected to be paid during the vesting period.</p> <p>Option pricing models generally call for expected dividend yield. However, the models may be modified to use an expected dividend amount rather than a yield. An entity may use either its expected yield or its expected payments. If the entity uses the latter, it should consider its historical pattern of increases in dividends. For example, if an entity's policy has generally been to increase dividends by approximately 3 per cent per year, its estimated option value should not assume a fixed dividend amount throughout the option's life unless there is evidence that supports that assumption.</p> <p>The Company has not paid any dividends recently and is assumed to continue this trend for the term of the Rights. As such, this clause is not applicable to the valuation of the Rights.</p>

## 4. Valuation of the Rights

### Tranche 1

In determining the fair value of Tranche 1 rights (both pre- and post-modification), we used a Monte Carlo Simulation Methodology (MCSM).

Specifically, we undertook the following process for each of 1,000,000 simulations, to determine the fair value of the tranche having regard to the market-based vesting condition of the market capitalisation hurdle:

1. We created a hypothetical price path using the principles of the Binomial model, on a daily basis, for an ordinary share in the Company between the Valuation Date and the Expiry Date, being a duration equal to the Term of the tranche.
2. At each day of the hypothetical price path, we determined the simulated market capitalisation – using the simulated share price and shares outstanding at the Valuation Date – and compared it to the market capitalisation hurdle (see Table 3 below).
3. When the simulated market capitalisation exceeded the hurdle, the rights were considered to have vested, and it was assumed that the rights would be exercised immediately. As such, in each simulation that the hurdle condition was met, we discounted the value of the exercised right, being the difference between the simulated share price on the date the vesting condition was satisfied and the exercise price of \$nil, to the Valuation Date.
4. In simulations that did not result in the performance hurdle being met, we assumed a value of nil for the simulation.
5. Finally, we averaged the results in points 2 – 4 above to determine the value of the tranche.

Following and in Table 3 below are the key inputs used to determine the hypothetical price path and present value of any vested ordinary shares in the MCSM.

**Table 3: MCSM Inputs**

Input	Values at Valuation Date	
	Tranche 1 – Modified Terms	Tranche 1 – Original Terms
i. Underlying share price	\$0.100	\$0.100
ii. Exercise price	\$nil	\$nil
iii. Term	0.681yrs	0.178yrs
iv. Risk-free rate	1.148%	0.256%
v. Dividend yield	nil	nil
vi. Volatility (rounded)	100.0%	100.0%
vii. Market capitalisation hurdle	\$250,000,000	\$250,000,000
viii. Share outstanding	1,382,913,636	1,382,913,636

- i. *Share price* – The underlying price of the Company’s shares at the close of the market on the Valuation Date was \$0.100.
- ii. *Exercise price* – We have been instructed that the exercise price of the Rights is \$nil/share.
- iii. *Term* – The term of the Tranche 1 rights, being the period from the Valuation Date to the expiry date is 0.681 years using the modified expiry date of 31 December 2022, and 0.178 years using the original expiry date of 30 June 2022.
- iv. *Risk-free rate* – The risk-free rate was determined to be the yield-to-maturity of an Australian government bond on the Valuation Date and with a term of equal duration to the tranche. The government bond interest rates were taken from the *F16 – Indicative Mid Rates of Australian*

*Government Securities* interest rate table on the Reserve Bank of Australia website. As the term of the Tranche 1 rights did not match the any term listed on the interest rate table for Australian government bonds as at the Valuation Date, linear interpolation was used to determine the risk-free rate. Given the aforementioned, the risk-free rate was determined to be 1.148% using the modified term of the tranche, and 0.256% using the original term of the tranche.

- v. *Dividends* – The dividend yield was assumed to be nil as no dividend has been paid by the Company recently and it was assumed that this trend would continue over the term of the Rights.
- vi. *Volatility* – In accordance with AASB 2 paragraph B22, volatility was determined to be the annualised standard deviation of the continuously compounded daily change in price of the Company’s shares. The volatility was calculated using the daily share prices for a period prior to the Valuation Date with equal duration to the term of the Tranche. Also, given the relatively short Term of the tranche, which results in only a small number of data points on which to calculate the volatility, we also examined the volatility in one-month increments up to a 1-year calculation period. Based on the aforementioned method, we consider a volatility of 100.0% (rounded) to be appropriate and reflective of the go-forward volatility to use in the MCS calculations for both the modified term and original term of the tranche.
- vii. *Market Capitalisation Hurdle* – We have been instructed that the market capitalisation hurdle is \$250m.
- viii. *Shares outstanding* – per the Company’s ASX profile ([www2.asx.com.au/markets/company/eur](http://www2.asx.com.au/markets/company/eur)), on the Valuation Date the total shares outstanding was 1,382,913,636.

As at the Valuation Date, based on the foregoing methodology and inputs, and before any discount discussed in the next section, we determined the value of the Tranche 1 rights to be \$0.0616 using the modified expiry date and \$0.0209 using the original terms of the tranche.

Therefore, the incremental increase in the fair value resulting from modification of the Tranche 1 rights is \$0.0407 per right (being \$0.0616 - \$0.0209).

## Tranche 2

In determining the fair value of the Tranche 2 rights (both pre- and post-modification), we used the Black-Scholes Option Pricing (**BSOP**) methodology. Table 4 below summarises the key inputs used in the BSOP methodology, and is followed by an explanation of each of the six key inputs and how they were determined.

**Table 4: Black-Scholes Inputs**

Input	Values at Valuation Date	
	Tranche 2 – Modified Terms	Tranche 2 – Original Terms
i. Underlying share price	\$0.100	\$0.100
ii. Exercise price	\$nil	\$nil
iii. Term	0.681yrs	0.178yrs
iv. Risk-free rate	1.148%	0.256%
v. Dividend yield	nil	nil
vi. Volatility (rounded)	100%	100%

- i. *Share price* – The underlying price of the Company’s shares at the close of the market on the Valuation Date was \$0.100.
- ii. *Exercise price* – We have been instructed that the exercise price of the Rights is \$nil/share.
- iii. *Term* – The term of the Tranche 1 rights, being the period from the Valuation Date to the expiry date is 0.681 years using the modified expiry date of 31 December 2022, and 0.178 years using the original expiry date of 30 June 2022.
- iv. *Risk-free rate* – The risk-free rate was determined to be the yield-to-maturity of an Australian government bond on the Valuation Date and with a term of equal duration to the tranche. The government bond interest rates were taken from the *F16 – Indicative Mid Rates of Australian Government Securities* interest rate table on the Reserve Bank of Australia website. As the term of the Tranche 1 rights did not match the any term listed on the interest rate table for Australian government bonds as at the Valuation Date, linear interpolation was used to determine the risk-free rate. Given the aforementioned, the risk-free rate was determined to be 1.148% using the modified term of the tranche, and 0.256% using the original term of the tranche.
- v. *Dividends* – The dividend yield was assumed to be nil as no dividend has been paid by the Company recently and it was assumed that this trend would continue over the term of the Rights.
- vi. *Volatility* – In accordance with AASB 2 paragraph B22, volatility was determined to be the annualised standard deviation of the continuously compounded daily change in price of the Company’s shares. The volatility was calculated using the daily share prices for a period prior to the Valuation Date with equal duration to the term of the Tranche. Also, given the relatively short Term of the tranche, which results in only a small number of data points on which to calculate the volatility, we also examined the volatility in one-month increments up to a 1-year calculation period. Based on the aforementioned method, we consider a volatility of 100.0% (rounded) to be appropriate and reflective of the go-forward volatility to use in the BSOP calculations for both the modified term and original term of the tranche.

As at the Valuation Date, based on the foregoing methodology and inputs, and before any discount discussed in the next section, we determined the value of the Tranche 2 rights to be \$0.100 using the modified expiry date and \$0.100 using the original terms of the tranche.

Therefore, the incremental increase in the fair value resulting from modification of the Tranche 2 rights is \$nil per right.



## 5. Other Considerations

Non-market based vesting conditions – Per clause 19 and 20 of AASB 2, any non-market-based vesting conditions are taken into account in the valuation of the Rights by adjusting the number of equity instruments included in the measurement. The Company must estimate the probability of achievement of any non-market-based vesting condition (expressed as a % probability) and apply that percentage to the total number of rights comprising the Rights, to determine the number of equity instruments expected to vest as at the Valuation Date.

We note that the Tranche 1 rights do not have any non-market-based vesting conditions, and so the above clauses do not apply to them. For the Tranche 2 rights, based on discussions with management of the Company, they currently estimate a 100% probability of achievement of the vesting condition. We note that this is the same estimated probability as was used with originally valuing the tranche at the Grant Date. Therefore, there is no change in the estimated number of rights expecting to vest as a result of modifying the terms of the Tranche 2 rights.

6. Valuation Conclusion

Based on the above inputs and assumptions, and as at the Valuation Date, the resulting incremental increase in fair value for each tranche from modification of the expiry date is summarised in Table 5 below:

<b>Table 5: Valuation Conclusions</b>				
<b>Tranche</b>	<b>Fair Value per right</b>	<b>Probability of occurrence</b>	<b>Number of equity instruments</b>	<b>Concluded incremental value</b>
Tranche 1				
Post-modification	\$0.0616			
Pre-modification	\$0.0209			
<b>Incremental value</b>	<b>\$0.0407</b>	<b>n/a</b>	<b>40,000,000</b>	<b>\$1,628,000</b>
Tranche 2				
Post-modification	\$0.1000			
Pre-modification	\$0.1000			
<b>Incremental value</b>	<b>\$0.0000</b>	<b>100%</b>	<b>40,000,000</b>	<b>\$0</b>
<b>Total</b>			<b>80,000,000</b>	<b>\$1,628,000</b>

Should you have any questions regarding anything contained in this letter please do not hesitate to contact me on (07) 3054 4521.

Yours faithfully



Oliver Schweizer, CFA  
Director

## STATEMENT OF LIMITING CONDITIONS

In accordance with professional ethics, our fees for this service are not contingent upon the opinions expressed herein. Information provided by management or its representatives in the course of this investigation has been accepted, without further verification, as correctly reflecting European Lithium Limited's business conditions and operating results.

Financial and statistical information is from sources we deem reliable. We make no representation as to our sources' accuracy or completeness and have accepted their information without further verification.

The conclusions are based upon the assumption that present management will continue to maintain the character and integrity of European Lithium Limited through any sale, reorganisation, or diminution of the owners' participation.

Our opinions expressed herein are valid only for the stated purpose and date of the appraisal. Though some similarities exist between the value as set forth for this purpose and others, it would be incorrect to use the opinions as determined herein for any other purpose due to specific timing, performance, and marketability issues. Accordingly, any such use of the conclusions as determined herein for other purposes would be inaccurate and possibly misleading.

Future services regarding the subject matter contained herein, including, but not limited to, testimony or attendance in court shall not be required of 22 Corporate Advisory Pty Ltd unless previous arrangements have been made in writing.

Neither all nor any part of the contents contained herein shall be conveyed to the public through advertising, public relations, news, sales, mail, direct transmittal, or other media without the prior written consent and approval of 22 Corporate Advisory Pty Ltd.

## VALUERS' CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this letter are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is our personal, unbiased professional analyses, opinion, and conclusion.
- Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- No one provided significant professional assistance to the persons signing this certification other than other employees of 22 Corporate Advisory Pty Ltd.



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Oliver Schweizer, CFA

Director

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## SCHEDULE 6 ODEON OPTION TERMS AND CONDITIONS

(a) Entitlement

Each Option entitles the holder to be issued one Share upon exercise of the Option.

(b) Exercise Price

The amount payable upon exercise of each Option will be as follows (**Exercise Price**):

- (i) 5,000,000 Options have an exercise price of \$0.12.
- (ii) 5,000,000 Options have an exercise price of \$0.14.
- (iii) 5,000,000 Options have an exercise price of \$0.16.
- (iv) 5,000,000 Options have an exercise price of \$0.18.

(c) Expiry Date

Each Option will expire on 1 May 2025 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (Notice of Exercise) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) Timing of issue of Shares on exercise

Within 15 Business Days after the Exercise Date, the Company will:

- (i) Allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; and
- (ii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

(h) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) Quotation of Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options

(j) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.


(l) Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) Transferability

The Options are non transferable.

## Need assistance?

 **Phone:**  
1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)

 **Online:**  
[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **9:00am (AWST) on Wednesday, 22 June 2022.**

# Proxy Form

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### APPOINTMENT OF PROXY

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

**Joint Holding:** Where the holding is in more than one name, all of the securityholders 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 form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### PARTICIPATING IN THE MEETING

#### Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at [www.investorcentre.com/au](http://www.investorcentre.com/au) and select "Printable Forms".

## Lodge your Proxy Form:

**XX**

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number: 181043**

**SRN/HIN:**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

# Proxy Form

Please mark  to indicate your directions

## Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of European Lithium Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of European Lithium Limited to be held at 32 Harrogate Street, West Leederville, WA 6007 on Friday, 24 June 2022 at 9:00am (AWST) and at any adjournment or postponement of that meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 5, 6, 7, 8, 10, 11 and 12 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 5, 6, 7, 8, 10, 11 and 12 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 5, 6, 7, 8, 10, 11 and 12 by marking the appropriate box in step 2.

## Step 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain		For	Against	Abstain	
1	Ratification of prior issue of Shares under the Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10	Variation of Performance Share Terms – Tony Sage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Ratification of prior issue of Shares under the Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11	Variation of Performance Share Terms – Malcolm Day	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Approval to issue free attaching Options under the Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12	Variation of Performance Share Terms – Michael Carter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Approval to issue Broker Placement Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13	Approval to issue Odeon Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Issue of Director Options – Tony Sage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
6	Issue of Director Options – Malcolm Day	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
7	Issue of Director Options – Michael Carter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
8	Issue of Director Options – Mykhailo Zhernov	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
9	Approval to issue Securities – Consultants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

**Update your communication details** (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

