



# ASX ANNOUNCEMENT

7 December 2022



## Notice of Annual 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 Annual General Meeting, accompany notice and access letter and proxy form.

The Annual General Meeting will be held at 32 Harrogate Street, West Leederville, Western Australia, 6007 at 9:00am (WST) on Friday 20 January 2023.

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

Yours faithfully  
European Lithium Limited

-END-

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5 December 2022

**Annual General Meeting of European Lithium Limited  
to be held on 20 January 2023 at 9:00am (WST)**

Dear Shareholder,

You are invited to attend the annual general meeting of the shareholders of European Lithium Limited (**Company**) (ASX: EUR) to be held on 20 January 2023 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 181633) 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 (08) 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  
Joint Company Secretary  
European Lithium Limited

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**EUROPEAN LITHIUM LIMITED**  
**ACN 141 450 624**  
**NOTICE OF ANNUAL GENERAL MEETING**

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Notice is given that the Meeting will be held at:

**TIME:** 9:00am (WST)

**DATE:** Friday, 20 January 2023

**PLACE:** 32 Harrogate Street, West Leederville, WA 6007

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

***This Notice should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers 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 4:00pm (WST) on Wednesday, 18 January 2023.***

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2022 together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report.

#### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

*“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2022.”*

**Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.**

#### 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR MALCOLM DAY

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

*“That, for the purpose of clause 14.2 of the Constitution, Listing Rule 14.4 and for all other purposes, Mr Malcolm Day, a Director, retires and being eligible, is re-elected as a Director.”*

#### 4. RESOLUTION 3 – APPROVAL OF 7.1A MANDATE

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement.”*

#### 5. RESOLUTION 4 – REPLACEMENT OF CONSTITUTION

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the chairman of the Meeting for identification purposes.”*

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**6. RESOLUTION 5 – VARIATION OF PERFORMANCE SHARE TERMS – OKEWOOD PTY LTD**

To consider, and if thought fit, to pass the following resolution as a **special resolution**:

*“That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, Shareholders approve the variation to the terms of the 40,000,000 Performance Shares issued Okewood Pty Ltd (an entity associated with Mr Tony Sage) under the European Lithium Incentive Scheme on the terms set out in the Explanatory Statement.”*

A voting exclusion and a voting prohibition statement applies to this Resolution. Please see below.

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**7. RESOLUTION 6 – VARIATION OF PERFORMANCE SHARE TERMS – MALCOLM DAY**

To consider, and if thought fit, to pass the following resolution as a **special resolution**:

*“That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.14 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) under the European Lithium Incentive Scheme on the terms set out in the Explanatory Statement.”*

A voting exclusion and a voting prohibition statement applies to this Resolution. Please see below.

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**8. RESOLUTION 7 – VARIATION OF PERFORMANCE SHARE TERMS – MICHAEL CARTER**

To consider, and if thought fit, to pass the following resolution as a **special resolution**:

*“That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.14 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) under the European Lithium Incentive Scheme on the terms set out in the Explanatory Statement.”*

A voting exclusion and a voting prohibition statement applies to this Resolution. Please see below.

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**9. RESOLUTION 8 – ADOPTION OF REVISED EUROPEAN LITHIUM INCENTIVE SCHEME**

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

*“That, for the purposes of Listing Rule 7.2 (Exception 13(b)) and for all other purposes, approval is given for the Company to adopt a revised employee incentive scheme titled ‘European Lithium Incentive Scheme’ and for the issue of 141,923,918 Securities under the scheme, on the terms and conditions set out in the Explanatory Statement.”*

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

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**10. RESOLUTION 9 – APPROVAL TO UNDERTAKE THE PROPOSED TRANSACTION**

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

*“That under and for the purposes of Listing Rule 11.4.1(b) and for all other purposes Shareholders approve the Proposed Transaction on the terms and conditions set out in the Explanatory Memorandum.”*

A voting exclusion statement applies to this Resolution. Please see below.

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**11. RESOLUTION 10 – RATIFICATION OF PRIOR ISSUE OF OPTIONS TO EVOLUTION CAPITAL PTY LTD**

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

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 30,000,000 listed Options to Evolution Capital Pty Ltd on the terms and conditions set out in the Explanatory Statement.”*

A voting exclusion statement applies to this Resolution. Please see below.

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**12. RESOLUTION 11 – RATIFICATION OF PRIOR ISSUE OF SHARES TO WOMBAT RESOURCES PTY LTD**

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

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 5,000,000 Shares to Wombat Resources Pty Ltd (or its nominees) on the terms and conditions set out in the Explanatory Statement.”*

A voting exclusion statement applies to this Resolution. Please see below.

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**Dated: 25 November 2022**

**By order of the Board**

**Melissa Chapman  
Company Secretary**

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## Voting Prohibition Statements

<p><b>Resolution 1 – Adoption of Remuneration Report</b></p>	<p>A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:</p> <ul style="list-style-type: none"> <li>(a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or</li> <li>(b) a Closely Related Party of such a member.</li> </ul> <p>However, a person (the <b>voter</b>) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:</p> <ul style="list-style-type: none"> <li>(a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or</li> <li>(b) the voter is the Chair and the appointment of the Chair as proxy: <ul style="list-style-type: none"> <li>(i) does not specify the way the proxy is to vote on this Resolution; and</li> <li>(ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.</li> </ul> </li> </ul>
<p><b>Resolution 5 – Variation of Performance Share Terms – Okewood Pty Ltd</b></p>	<p>In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (<b>Resolution 5 Excluded Party</b>). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 5 Excluded Party.</p> <p>In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <ul style="list-style-type: none"> <li>(a) the proxy is either: <ul style="list-style-type: none"> <li>(i) a member of the Key Management Personnel; or</li> <li>(ii) a Closely Related Party of such a member; and</li> </ul> </li> <li>(b) the appointment does not specify the way the proxy is to vote on this Resolution.</li> </ul> <p>Provided the Chair is not a Resolution 5 Excluded Party, the above prohibition does not apply if:</p> <ul style="list-style-type: none"> <li>(a) the proxy is the Chair; and</li> <li>(b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.</li> </ul>
<p><b>Resolution 6 – Variation of Performance Share Terms – Malcolm Day</b></p>	<p>In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (<b>Resolution 6 Excluded Party</b>). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 6 Excluded Party.</p> <p>In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <ul style="list-style-type: none"> <li>(a) the proxy is either: <ul style="list-style-type: none"> <li>(i) a member of the Key Management Personnel; or</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>(ii) a Closely Related Party of such a member; and</li> <li>(b) the appointment does not specify the way the proxy is to vote on this Resolution.</li> </ul> <p>Provided the Chair is not a Resolution 6 Excluded Party, the above prohibition does not apply if:</p> <ul style="list-style-type: none"> <li>(a) the proxy is the Chair; and</li> <li>(b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.</li> </ul>
<p><b>Resolution 7 – Variation of Performance Share Terms – Michael Carter</b></p>	<p>In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (<b>Resolution 7 Excluded Party</b>). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 7 Excluded Party.</p> <p>In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <ul style="list-style-type: none"> <li>(a) the proxy is either: <ul style="list-style-type: none"> <li>(i) a member of the Key Management Personnel; or</li> <li>(ii) a Closely Related Party of such a member; and</li> </ul> </li> <li>(b) the appointment does not specify the way the proxy is to vote on this Resolution.</li> </ul> <p>Provided the Chair is not a Resolution 7 Excluded Party, the above prohibition does not apply if:</p> <ul style="list-style-type: none"> <li>(a) the proxy is the Chair; and</li> <li>(b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.</li> </ul>
<p><b>Resolution 8 – Adoption of Revised European Lithium Incentive Scheme</b></p>	<p>A person who is eligible to participate in the employee incentive scheme or an associate of that person or those persons.</p>



## Voting Exclusion Statements

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the Resolution set out below by or on behalf of the following persons:

<b>Resolution 5 – Variation of Performance Share Terms – Okewood Pty Ltd</b>	Any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (including Okewood Pty Ltd) or an associate of that person or those persons.
<b>Resolution 6 – Variation of Performance Share Terms – Malcolm Day</b>	Any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (including Mr Day) or an associate of that person or those persons.
<b>Resolution 7 – Variation of Performance Share Terms – Michael Carter</b>	Any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (including Mr Carter) or an associate of that person or those persons.
<b>Resolution 8 – Adoption of revised European Lithium Incentive Scheme</b>	A person who is eligible to participate in the employee incentive scheme or an associate of that person or those persons.
<b>Resolution 9 - Approval to undertake Proposed Transaction</b>	A person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and a party to the Proposed Transaction, and any associate of that party (or those parties).
<b>Resolution 10 – Ratification of prior issue of Options to Evolution Capital Pty Ltd</b>	A person who participated in the issue or is a counterparty to the agreement being approved (namely Evolution Capital Pty Ltd) or an associate of that person or those persons.
<b>Resolution 11 – Ratification of prior issue of Shares to Wombat Resources Pty Ltd</b>	A person who participated in the issue or is a counterparty to the agreement being approved (namely Wombat Resources Pty Ltd (or its nominees)) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

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

### **Voting by proxy**

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

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

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the Shareholder appoints two 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 one-half of the votes.

Shareholders and their proxies should be aware that:

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

### **Voting in person**

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To vote in person, attend the Meeting at the time, date and place set out above.

***Should you wish to discuss the matters in this Notice please do not hesitate to contact the Company Secretary on +61 8 6181 9792.***

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Corporations Act, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2022 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at [www.europeanlithium.com](http://www.europeanlithium.com).

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

#### 2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

## 2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Meeting.

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## 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR MALCOLM DAY

### 3.1 General

Listing Rule 14.4 and clause 14.2 of the Constitution provide that, other than a managing director, a director of an entity must not hold office (without re-election) past the third annual general meeting following the director's appointment or three years, whichever is the longer. However, where there is more than one managing director, only one is entitled to be exempt from this rotation requirement.

Mr Malcolm Day, who has served as a Director since 2 July 2012 and was last re-elected at the 2021 AGM, retires by rotation and seeks re-election.

### 3.2 Qualifications and other material directorships

Mr Day holds a Bachelor of Applied Science in Surveying and Mapping. He commenced his career working for 3 years in remote Western Australia conducting mining and exploration surveys. Following this period, he worked in the civil construction industry for 8 years in senior management as a Licensed Surveyor and then later as a Civil Engineer. Mr Day is a Member of the Australian Institute of Company Directors. Since 1999, Mr Day has been the Managing Director of ASX listed entity Moab Minerals Limited (ASX Code: MOM).

### 3.3 Independence

If re-elected the Board considers Mr Day will be an independent Director.

### 3.4 Board recommendation

The Board has reviewed Mr Day's performance since his appointment to the Board and considers that his skills and experience will continue to enhance the Board's ability to perform its role. Accordingly, the Board (excluding Mr Day) recommends that Shareholders vote in favour of Resolution 2.

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## 4. RESOLUTION 3 – APPROVAL OF 7.1A MANDATE

### 4.1 General

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

However, under Listing Rule 7.1A, an eligible entity may seek shareholder approval by way of a special resolution passed at its annual general meeting to increase this 15% limit by an extra 10% to 25% (**7.1A Mandate**).

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300,000,000 or less. The Company is an eligible entity for these purposes.

As at the date of this Notice, the Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$120,286,852 (based on the number of Shares on issue and the closing price of Shares on the ASX on 2 December 2022, which was \$0.083).

Resolution 3 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% placement capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

If Resolution 3 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 3 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1A and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

#### **4.2 Technical information required by Listing Rule 7.1A**

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to Resolution 3:

(a) **Period for which the 7.1A Mandate is valid**

The 7.1A Mandate will commence on the date of the Meeting and expire on the first to occur of the following:

- (i) the date that is 12 months after the date of this Meeting;
- (ii) the time and date of the Company's next annual general meeting; and
- (iii) the time and date of approval by Shareholders of any transaction under Listing Rule 11.1.2 (a significant change in the nature or scale of activities) or Listing Rule 11.2 (disposal of the main undertaking).

(b) **Minimum price**

Any Equity Securities issued under the 7.1A Mandate must be in an existing quoted class of Equity Securities and be issued for cash consideration at a minimum price of 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the entity and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 trading days of the date in Section 4.2(b)(i), the date on which the Equity Securities are issued.

(c) **Use of funds raised under the 7.1A Mandate**

The Company intends to use funds raised from issues of Equity Securities under the 7.1A Mandate for acquiring new technologies and/or

businesses (including expenses associated with such an acquisition), sales and marketing, promotional expenses, enhancement of its own software products or any new products which may be acquired or developed, research and development, and for general working capital.

(d) **Risk of Economic and Voting Dilution**

Any issue of Equity Securities under the 7.1A Mandate will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 3 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 7.1A Mandate, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A.2, on the basis of the closing market price of Shares and the number of Equity Securities on issue or proposed to be issued as at 2 December 2022.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 7.1A Mandate.

Number of Shares on Issue (Variable A in Listing Rule 7.1A.2)			Dilution		
			Issue Price		
			\$0.042	\$0.083	\$0.13
			50% decrease	Issue Price	50% increase
			Funds Raised		
<b>Current</b>	1,449,239,175 Shares	144,923,917 Shares	\$6,086,804	\$12,028,685	\$18,115,489
<b>50% increase</b>	2,173,858,763 Shares	217,385,876 Shares	\$9,130,206	\$18,043,027	\$27,173,234
<b>100% increase</b>	2,898,478,350 Shares	289,847,835 Shares	\$12,173,609	\$24,057,370	\$36,230,979

\*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

**The table above uses the following assumptions:**

1. There are currently 1,449,239,175 Shares on issue as at the date of this Notice.
2. The issue price set out above is the closing market price of the Shares on the ASX on 2 December 2022 (being \$0.083).
3. The Company issues the maximum possible number of Equity Securities under the 7.1A Mandate.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
5. The issue of Equity Securities under the 7.1A Mandate consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities. If the issue of Equity Securities includes quoted Options, it is assumed that those quoted Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.

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6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under Listing Rule 7.1 unless otherwise disclosed.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 7.1A Mandate, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(e) **Allocation policy under the 7.1A Mandate**

The recipients of the Equity Securities to be issued under the 7.1A Mandate have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 7.1A Mandate, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue, share purchase plan, placement or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

(f) **Previous approval under Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its annual general meeting held on 29 January 2022 (**Previous Approval**).

During the 12-month period preceding the date of the Meeting, being on and from 29 January 2022, the Company issued 115,188,000 Shares pursuant to the Previous Approval (**Previous Issue**), which represented

approximately 10.14% of the total diluted number of Equity Securities on issue in the Company on 29 January 2022, which was 1,136,331,549.

Further details of the issues of Equity Securities by the Company pursuant to Listing Rule 7.1A.2 during the 12 month period preceding the date of the Meeting are set out below.

The following information is provided in accordance with Listing Rule 7.3A.6(b) in respect of the Previous Issue:

<b>Date of Issue and Appendix 2A</b>	<b>Date of Issue:</b> 12 April 2022 <b>Date of Appendix 2A:</b> 12 April 2022
<b>Recipients</b>	<p>Professional and sophisticated investors as part of a placement announced on 6 April 2022 (<b>Placement</b>). The Placement participants were identified through a bookbuild process through the lead manager Evolution Capital Pty Ltd.</p> <p>In accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms the following in relation to the Placement:</p> <ul style="list-style-type: none"> <li>(a) CS Fourth Nominees Pty Ltd was issued approximately 4.45% of the issued capital of the Company at the time of issue of the Placement Shares;</li> <li>(b) HSBC Custody Nominees (Australia) Limited - A/C 2 was issued approximately 1.59% of the issued capital of the Company at the time of issue of the Placement Shares;</li> <li>(c) J P Morgan Nominees Australia Pty Limited was issued approximately 1.32% of the issued capital of the Company at the time of issue of the Placement Shares;</li> <li>(d) J P Morgan Nominees Australia Pty Limited was issued approximately 1.32% of the issued capital of the Company at the time of issue of the Placement Shares;</li> <li>(e) Merrill Lynch (Australia) Nominees Pty Limited was issued approximately 1.28% of the issued capital of the Company at the time of issue of the Placement Shares;</li> <li>(f) CS Third Nominees Pty Limited &lt;HSBC Cust Nom AU Ltd 13 A/C&gt; was issued approximately 1.16% of the issued capital of the Company at the time of issue of the Placement Shares; and</li> <li>(g) UBS Nominees Pty Ltd was issued approximately 1.11% of the issued capital of the Company at the time of issue of the Placement Shares.</li> </ul>
<b>Number and Class of Equity Securities Issued</b>	115,188,000 Shares <sup>2</sup> (under Listing Rule 7.1A)
<b>Issue Price and discount to Market Price<sup>1</sup> (if any)</b>	\$0.13 per Share (at a 23% discount to the then closing Market Price prior to the Placement).



**Total Cash Consideration and Use of Funds**

**Amount raised:** \$30,000,000 in aggregate (i.e. including additional Shares issued pursuant to Listing Rule 7.1)

**Amount spent:** \$4,226,833 (inclusive of GST)

**Use of funds:** 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.

**Amount remaining:** \$25,773,168 (inclusive of GST)

**Proposed use of remaining funds<sup>3</sup>:** strategic land acquisition, a resource extension drill program of Zone 2 at the Wolfsberg Project, stage 1 of project development metallurgical test work for by-products from Wolfsberg, SRK consulting for JORC compliance, for general exploration purposes, investments in new opportunities and ongoing working capital.

**Notes:**

1. Market Price means the closing price of Shares on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the premium is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. Fully paid ordinary shares in the capital of the Company.
3. This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

(g) **Voting Exclusion Statement**

As at the date of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A. Accordingly, a voting exclusion statement is not included in this Notice.

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## 5. RESOLUTION 4 – AMENDMENT TO CONSTITUTION

A company may modify or repeal its constitution or a provision of its constitution by special resolution of shareholders.

Resolution 4 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and Listing Rules.

This will incorporate amendments to the Corporations Act and Listing Rules since the current Constitution was adopted on 29 November 2017.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature including but not limited to:

- updating references to bodies or legislation which have been renamed (e.g. references to the Australian Settlement and Transfer Corporation Pty Ltd, ASTC Settlement Rules and ASTC Transfer); and
- expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website [www.europeanlithium.com](http://www.europeanlithium.com) and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company (+61 8 6181 9792) Shareholders are invited to contact the Company if they have any queries or concerns.

### 5.1 Summary of material proposed changes

#### **Incentive Plan (new clause 2.4)**

The Proposed Constitution inserts a new clause 2.4 in relation to the issue cap under an employee incentive plan.

#### **Restricted Securities (clause 2.13)**

The Proposed Constitution complies with the changes to Listing Rule 15.12 which took effect from 1 December 2019. As a result of these changes, ASX will require certain more significant holders of restricted securities and their controllers (such as related parties, promoters, substantial holders, service providers and their associates) to execute a formal escrow agreement in the form Appendix 9A, as is currently the case. However, for less significant holdings (such as non-related parties and non-promoters), ASX will permit the Company to issue restriction notices to holders of restricted securities in the form of the new Appendix 9C advising them of the restriction rather than requiring signed restriction agreements.

### **Minimum Securityholding (clause 3)**

This Proposed Constitution now extends the minimum holding provisions to all securities as provided for under the Listing Rules. The clause previously only referred to shares.

### **Joint Holders (clause 9.8)**

CHESS is currently being replaced by ASX with a projected go-live date of April 2023. As part of the CHESS replacement, the registration system will be modernised to record holder registration details in a structured format that will allow up to four joint holders of a security. Clause 9.8 of the Proposed Constitution provides that the number of registered joint holders of securities shall be as permitted under the Listing Rules and the ASX Settlement Operating Rules.

### **Direct Voting (clause 13, specifically clauses 13.35 – 13.40)**

The Proposed Constitution includes a new provision which allows Shareholders to exercise their voting rights through direct voting (in addition to exercising their existing rights to appoint a proxy). Direct voting is a mechanism by which Shareholders can vote directly on resolutions which are to be determined by poll. Votes cast by direct vote by a Shareholder are taken to have been cast on the poll as if the Shareholder had cast the votes on the poll at the meeting. In order for direct voting to be available, Directors must elect that votes can be cast via direct vote for all or any Resolutions and determine the manner appropriate for the casting of direct votes. If such a determination is made by the Directors, the notice of meeting will include information on the application of direct voting.

### **Use of technology (clause 14)**

The Proposed Constitution includes a new provision to permit the use of technology at general meetings (including wholly virtual meetings) to the extent permitted under the Corporations Act, Listing Rules and applicable law.

### **Partial (proportional) takeover provisions (new clause 37)**

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

#### Information required by section 648G of the Corporations Act

##### *Effect of proposed proportional takeover provisions*

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a Resolution to approve the proportional off-market bid is passed.

### *Reasons for proportional takeover provisions*

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

### *Knowledge of any acquisition proposals*

As at the date of this Notice, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

### *Potential advantages and disadvantages of proportional takeover provisions*

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) assisting in preventing Shareholders from being locked in as a minority;
- (c) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (d) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (a) proportional takeover bids may be discouraged;
- (b) lost opportunity to sell a portion of their Shares at a premium; and
- (c) the likelihood of a proportional takeover bid succeeding may be reduced.

## **5.2 Recommendation of the Board**

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 4.

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## 6. RESOLUTIONS 5 TO 7 – VARIATION OF PERFORMANCE SHARE TERMS

### 6.1 Background

On 28 January 2022, the Company issued a total of 80,000,000 performance shares under the European Lithium Incentive Scheme (**Performance Shares**) as follows:

- (a) 40,000,000 Performance Shares to Okewood Pty Ltd, an entity associated with Tony Sage;
- (b) 30,000,000 Performance Shares to Pixsell Pty Ltd ATFT Pixsell Unit Trust, an entity associated with Malcolm Day; and
- (c) 10,000,000 Performance Shares to Michael Carter.

Messrs Sage, Day and Carter are herein referred to as **Performance Shareholders**.

The terms of the Performance Shares presently have the following milestones:

- (a) 40,000,000 Performance Shares will convert into Shares upon the Company's market capitalisation exceeding AU\$250 million prior to 31 December 2022 (**Tranche 1 Milestone**); and
- (b) 40,000,000 Performance Shares will convert into Shares upon the net present value for the Wolfsberg Lithium Project (as determined by the Company's definitive feasibility study) becoming equal to, or greater than, AU\$800 million with such determination being made prior to 31 December 2022 (**Tranche 2 Milestone**),

(together, the **Milestones**).

The terms of the Performance Shares are set out in the 2021 AGM Notice (as amended by the general meeting held on 24 June 2022).

Resolutions 5 to 7 seek Shareholder approval to make the following amendments to the Performance Share terms:

- (a) amend the Tranche 1 Milestones so that the date by which that Milestone must be satisfied is extended from 31 December 2022 to 30 June 2023; and
- (b) amend the Tranche 2 Milestone so that 40,000,000 Performance Shares will convert into Shares:

*“(a) upon the net present value for the Wolfsberg Lithium Project (as determined by the Company's definitive feasibility study) becoming equal to, or greater than, AU\$800 million; or*

*(b) upon the issue of an independent valuation, opinion, study or report by a suitably qualified expert or consulting firm which determines, directly or indirectly, that a fair value for European Lithium AT (Investments) Ltd, the entity which owns the Wolfsberg Lithium Project, is at least AU\$800 million or greater, with such determination(s) being made or findings delivered prior to 30 June 2023”.*

(together, the **Variations**).

## 6.2 Relevant information

Shareholders should note that, in connection with the Proposed Transaction, Sizzle Acquisition Corp. (**Sizzle**) has received a fairness opinion from Marshall & Stevens Transaction Advisory Services LLC which has been lodged with the Securities and Exchange Commission in the U.S. (**Fairness Opinion**).

The findings of the Fairness Opinion determined that the equity value of the consideration payable by Sizzle under the Proposed Transaction for the Wolfsberg Lithium Project is 'fair', which is equal to US\$750 million.

On the basis that Fairness Opinion is considered 'an independent valuation, opinion, study or report delivered by a suitably qualified expert or consulting firm,' independent Director (Mr Mykhailo Zhernov) considers that its findings satisfy the Tranche 2 Milestone (as amended by the Variation), meaning that, upon Shareholders approving Resolutions 5 to 7 the Performance Shares may be converted into Shares at the election of the Performance Shareholders.

## 6.3 Director recommendation

Mr Mykhailo Zhernov does not have a material personal interest in the outcome of Resolutions 5 to 7 due to the fact that he has no relevant interest in Performance Shares and it is not proposed that he will acquire any Performance Shares. Consequently, Mr Zhernov is the only uninterested director. Mr Zhernov recommends that Shareholders approve Resolutions 5 to 7 as the Variations recognise that there is an alternate pathway (to the DFS) for determining an independent, fair value of the Company's assets. Without the Variations, the Performance Shares would lapse without the Milestones having been achieved, which would undermine the purpose for which the Performance Shares were originally issued.

Each Director (other than Mr Zhernov) has a material personal interest in the outcome of Resolutions 5 to 7 on the basis that they are Performance Shareholders. For this reason, the Directors (other than Mr Zhernov) do not believe that it is appropriate to make a recommendation on Resolutions 5 to 7 of this Notice.

## 6.4 Rationale for the Variation

Completion and delivery of a definitive feasibility study (**DFS**) for the Wolfsberg Lithium Project remains the key near-term deliverable in the current assessment and feasibility study stage of the Company's operations.

However, the Company expects that the DFS may not be delivered until Q1 2023.

As a result, the Board has resolved to seek Shareholder approval to amend the Tranche 2 Milestone to provide for the ability of the Company to rely on other opinions and findings from suitably qualified experts or consulting firms in respect of the value for the Wolfsberg Lithium Project, as well as the net present value which will be determined by the DFS.

The Board considers the Variations to be reasonable given the valuation already attributed to the Wolfsberg Lithium Project under to the Proposed Transaction, which is described in further detail in Section 8, coupled with the fact that completion of the DFS has been delayed due to several external circumstances outside of the Company's control, including the impact of COVID-19 travel restrictions on the availability of, and access to, key contractors and consultants

engaged to complete the DFS and geopolitical factors which have arisen since the instigation of the Ukraine/Russia conflict.

## **6.5 Technical information required by Listing Rule 14.1A**

Resolutions 5 to 7 are special resolutions. Consequently, Resolutions 5 to 7 each require at least 75% of votes cast by Shareholders (who are present and eligible to vote at the Meeting) to be cast in favour of that resolution for it to be passed. If Resolutions 5 to 7 are passed, the Variations will take effect from the close of this Meeting.

If Resolutions 5 to 7 are not passed, the Milestones will remain unchanged, and the Company will have Performance Shares on issue which do not align with the Company's current and near-term objectives and aims at the Wolfsberg Lithium Project. In the event Resolutions 5 to 7 are not passed, the Company may also consider alternative forms of incentive-based remuneration to the existing Performance Shareholders.

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

Chapter 2E of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Board has formed the view that the Variations may constitute the giving of a 'financial benefit' to a related party because the Variations will mean that the financial benefit initially conferred on the Performance Shareholders by the issue of the Performance Shares on 28 January 2022 will effectively be 'given again' as a result of the extension to the expiry date by which the Milestones must be satisfied.

Accordingly, for the avoidance of any doubt, and for the purpose of transparency and best practice corporate governance, the Company seeks Shareholder in terms of Chapter 2E of the Corporations Act for the Variations.

## **6.6 Listing Rule 10.14**

Listing Rule 10.14 provides that an entity must not permit any of the following persons to acquire equity securities under an employee incentive scheme without the approval of the holders of its ordinary securities:

- 10.14.1 a director of the entity;
- 10.14.2 an associate of a director of the entity; or
- 10.14.3 a person whose relationship with the entity or a person referred to in Listing Rules 10.14.1 to 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by security holders.

As the Performance Shares have been issued to the Performance Shareholders, who fall within in Listing Rule 10.14.1 (with respect to Mr Carter) and 10.14.2 (with respect to Okewood Pty Ltd and Pixsell Pty Ltd ATFT Pixsell Unit Trust), the Variations therefore require the approval of Shareholders under Listing Rule 10.14.

Resolutions 5 to 7 seek the required Shareholder approval for Variations under and for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.14.

#### **6.7 Technical information required by Listing Rule 10.15 and section 219 of the Corporations Act**

For the purposes of section 219 of the Corporations Act and Listing Rule 10.15, the following information is provided to Shareholders in relation to Resolutions 5 to 7:

- (a) 80,000,000 Performance Shares were issued to the Performance Shareholders for nil cash consideration under the European Lithium Incentive Scheme as follows:
  - (i) 40,000,000 Performance Shares to Okewood Pty Ltd, an entity associated with Tony Sage;
  - (ii) 30,000,000 Performance Shares to Pixsell Pty Ltd ATFT Pixsell Unit Trust, an entity associated with Malcolm Day; and
  - (iii) 10,000,000 Performance Shares to Michael Carter,
- (b) a summary of the current European Lithium Incentive Scheme is set out in Schedule 1;
- (c) each Performance Shareholder falls within in Listing Rule 10.14.1 or Listing Rule 10.14.2 by virtue of being either a Director, or in the case of Okewood Pty Ltd and Pixsell Pty Ltd ATFT Pixsell Unit Trust, an entity associated with a Director;
- (d) the nature of the financial benefit conferred on the Performance Shareholders by the Variations are set out in Section 6.5.1.;
- (e) the Company considers that the Variations are appropriate, as:
  - (i) in terms of the variation to the Tranche 2 Milestone, for the reasons set out in Section 6.4; and
  - (ii) in terms of the variation which relates to the date by which the Milestones must be satisfied:
    - (A) the Board considers the variation to be reasonable as the proposed new expiry date for the Milestones more accurately reflects the Company's current operations and proposed direction regarding the Wolfsberg Lithium Project; and
    - (B) if the variation is not approved, the Company will have Performance Shares on issue which do not align with the Company's current and near-term objectives and aims at the Wolfsberg Lithium Project.
- (f) the number of Performance Shares issued to each of the Performance Shareholders was determined based upon a consideration of:



- (i) current market standards and/or practices of other ASX listed companies of a similar size and stage of development to the Company;
- (ii) the remuneration of the Directors; and
- (iii) incentives to attract and ensure continuity of service of the Directors who have appropriate knowledge and expertise, while maintaining the Company's cash reserves.
- (g) the current relevant interests of Messrs Sage, Day and Carter and their current annual remuneration packages for the financial year ended 30 June 2022 are set out below:

Performance Shareholder	Annual Remuneration FY 2022	Shares	Options	Performance Shares <sup>1</sup>
Tony Sage	\$360,000	13,741,509	25,000,000	40,000,000 <sup>2</sup>
Malcolm Day	\$72,000	5,737,887	20,000,000	30,000,000 <sup>3</sup>
Michael Carter	\$60,000	Nil	8,750,000	10,000,000

**Notes:**

1. These Performance Shares are the subject of Resolutions 5 to 7 and were issued on 28 January 2022.
  2. Held indirectly via Okewood Pty Ltd, an entity associated with Tony Sage.
  3. Held indirectly via Pixsell Pty Ltd ATFT Pixsell Unit Trust, an entity associated with Malcolm Day.
- (h) the value of the Performance Shares and the pricing methodology is set out in Schedule 3;
- (i) other than the Performance Shares, the Company has issued the following Securities pursuant to Listing Rule 10.14 within the last three years is as follow:
- (i) approved by Shareholders at the 2018 annual general meeting:
    - (A) Tony Sage - 2,500,000 Options (\$0.15, expiring 31 May 2019); and
    - (B) Malcolm Day –2,500,000 Options (\$0.15, expiring 31 May 2019),
  - (ii) approved by Shareholders at the 2019 annual general meeting:
    - (A) Tony Sage - 5,000,000 Options (\$0.10, expiring 30 June 2020); and
    - (B) Malcolm Day –5,000,000 Options (\$0.10, expiring 30 June 2020),
  - (iii) approved by Shareholders at a special general meeting held on 16 April 2021:
    - (A) Tony Sage –10,000,000 Options (\$0.075, expiring 19 April 2024); and

- (B) Malcolm Day –10,000,000 Options (\$0.075, expiring 19 April 2024).
- (j) details of any Securities issued under the current or proposed European Lithium Incentive Scheme (subject to the passing of Resolution 8) will be published in the annual report of the Company 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;
  - (k) no loans were made to the Performance Shareholders in connection with the acquisition of their Performance Shares;
  - (l) any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of Securities under the current or proposed European Lithium Incentive Scheme (subject to the passing of Resolution 8) is approved and who were not named in this Notice will not participate until approval is obtained under Listing Rule 10.14;
  - (m) voting exclusion statements are included for Resolutions 5 to 7 in this Notice; and
  - (n) the Board is not aware of any other information that is reasonably required by Shareholders to allow them to decide whether it is in the best interests of the Company to pass Resolutions 5 to 7.

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## 7. RESOLUTION 8 – ADOPTION OF REVISED EUROPEAN LITHIUM INCENTIVE SCHEME

### 7.1 General

Resolution 8 seeks Shareholder approval for the adoption of a revised employee incentive scheme titled “European Lithium Incentive Scheme” (**Proposed Plan**) and for the issue of Securities under the Proposed Plan in accordance with Listing Rule 7.2 (Exception 13(b)).

With effect from 1 October 2022, a new employee share scheme (**ESS**) regime under the Corporations Act (**New Regime**) will be introduced to replace and expand the current level of relief provided by ASIC CO 14/1000 Class Order. The purpose of the New Regime is to make it easier for companies to access regulatory relief from the Corporations Act provisions in respect of licencing, advertising and hawking and the design and distribution obligations with a streamlined set of disclosure requirements applying to the ESS.

The Company's current European Lithium Incentive Scheme (**Current Plan**) was adopted on 21 January 2022. In light of the changes under the New Regime, the Company proposes to adopt the Proposed Plan to ensure compliance with, and to take advantage of the benefits, under the New Regime.

The objective of the Proposed Plan is to attract, motivate and retain key employees and the Company considers that the adoption of the Proposed Plan and the future issue of Securities under the Proposed Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

### 7.2 Listing Rule 7.1 and Listing Rule 7.2 (Exception 13(b))

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval

of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

Listing Rule 7.2 (Exception 13(b)) provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme if, within three years before the date of issue of the securities, the holders of the entity's ordinary securities have approved the issue of equity securities under the scheme as exception to Listing Rule 7.1.

Exception 13(b) is only available if and to the extent that the number of equity securities issued under the scheme does not exceed the maximum number set out in the entity's notice of meeting dispatched to shareholders in respect of the meeting at which shareholder approval was obtained pursuant to Listing Rule 7.2 (Exception 13(b)). Exception 13(b) also ceases to be available if there is a material change to the terms of the scheme from those set out in the notice of meeting.

If Resolution 8 is passed, the Company will be able to issue Securities under the Proposed Plan to eligible participants over a period of 3 years. The issue of any Securities to eligible participants under the Proposed Plan (up to the maximum number of Securities stated in Section 7.3(c) below) 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.

For the avoidance of doubt, the Company must seek Shareholder approval under Listing Rule 10.14 in respect of any future issues of Securities under the Plan to a related party or a person whose relationship with the company or the related party is, in ASX's opinion, such that approval should be obtained.

If Resolution 8 is not passed, the Company will be able to proceed with the issue of Securities under the Proposed Plan to eligible participants, but any issues of Securities will reduce, to that extent, the Company's capacity to issue equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the issue of the Securities.

### **7.3 Technical information required by Listing Rule 7.2 (Exception 13)**

Pursuant to and in accordance with Listing Rule 7.2 (Exception 13), the following information is provided in relation to Resolution 8:

- (a) a summary of the key terms and conditions of the Proposed Plan is set out in Schedule 2;
- (b) the Company has not issued any Securities under the Proposed Plan as this is the first time that Shareholder approval is being sought for the adoption of the Proposed Plan, however, the Company has issued a total of 80,000,000 Performance Shares under the Current Plan since it was first adopted on 21 January 2022; and
- (c) the maximum number of Securities proposed to be issued under the Proposed Plan, following Shareholder approval, is 141,923,918 Securities. It is not envisaged that the maximum number of Securities for which approval is sought will be issued immediately.

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## 8. BACKGROUND TO RESOLUTION 9 – OVERVIEW OF THE PROPOSED TRANSACTION

### 8.1 Proposed Transaction

On 26 October 2022, the Company announced that it had entered into a business combination agreement with Sizzle Acquisition Corp. (**Sizzle**), a US special purpose acquisition company, under which the Company has agreed to sell-down its ownership interest in its BVI and two Austrian subsidiaries, which together hold the Wolfsberg Lithium Project and the Company's interest in the non-core Weinebene and Eastern Alps Lithium Projects, to form "Critical Metals Corp.", which will be listed on NASDAQ (**Proposed Transaction**).

The purpose of Resolution 9 is to seek Shareholder approval for the Proposed Transaction in terms of Listing Rule 11.4 and more generally to provide Shareholders with an opportunity to vote in favour or against the Proposed Transaction.

Shareholders should refer to Section 9.2 for a summary of Listing Rule 11.4 and the implications for the Company if Shareholder approval for the Proposed Transaction is not obtained.

Further information in relation to the Proposed Transaction, including information on Critical Metals Corp., Sizzle and the business combination agreement is set out below.

### 8.2 Background on the Company and its existing projects

The Company is an exploration stage mining exploration and development company with its activities focused on its flagship Wolfsberg Lithium Project, which is a 100% owned advanced lithium project, located 270 km south of Vienna, Austria (**Wolfsberg** or **Wolfsberg Lithium Project**).

The Company also owns a 20% interest in the Weinebene and Eastern Alps Lithium Projects, which lie approximately 20km east of Wolfsberg (**Weinebene and Eastern Alps Projects**). The Company's interest in the Weinebene and Eastern Alps Projects was acquired from Exchange Metals Limited, who previously held the interest in joint venture with EV Resources Limited (ASX:EVR) (formerly "Jadar Resources Limited").

In addition to Wolfsberg, Weinebene and the Eastern Alps Project (together, the **Austrian Lithium Projects**), the Company has in its portfolio a number of other assets that are not being transferred to Critical Metals Corp. including tenements considered to be prospective for gold and iron ore in the northwest of Western Australia and has made two licence applications over ground prospective for lithium in Ukraine.

Further details of the Company's recent activities at the Austrian Lithium Projects and other business operations are available on the Company's ASX platform (ASX:EUR).

A description of the Austrian Lithium Projects and their current valuation is set out below:

#### (a) **Wolfsberg Lithium Project**

The Wolfsberg Lithium Project is located in the heart of Europe, 270km south of Vienna, Austria and in close proximity to several planned giga factories proposed to be built for major battery suppliers and some of

Europe's leading auto makers, who are aiming to satisfy the increasing demand for lithium-ion batteries in the growing electric vehicle market. Wolfsberg comprises 54 exploration licences and 11 mining licences held in perpetuity, covering a total area of 11.33 km<sup>2</sup>. Wolfsberg benefits from exceptional local infrastructure, located close to the Graz and Klagenfurt airports and is serviced by nearby railways and highways.

As of 1 December 2021, the Company has reported Total Measured, Indicated and Inferred Mineral Resources at Wolfsberg of 12.88 Mt @ 1.00% Li<sub>2</sub>O, confirming the potential for Wolfsberg to be a globally significant lithium project, with the possibility that size of the Mineral Resource can increase as drilling of different project zones is undertaken in the future.<sup>1</sup> The breakdown of the Mineral Resource across the Measured, Indicated and Inferred Resource categories has been previously reported as follows:

Category	Tonnage (t)	Grade (Li <sub>2</sub> O)
Measured	4,313,000	1.13%
Indicated	5,430,000	0.95%
<b>Total Measured and Indicated</b>	<b>9,743,000</b>	<b>1.03%</b>
Inferred	3,138,000	0.90%
<b>Total Measured, Indicated and Inferred</b>	<b>12,881,000</b>	<b>1.00%</b>

*EUR confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. EUR confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.*

Analysis undertaken by Dorfner Anzaplan, as independent consultant group based in Germany, on samples received from Wolfsberg have confirmed the potential for high quality, battery grade lithium carbonate and lithium hydroxide to be produced, with results for lithium carbonate demonstrating a grade of 99.60% Li<sub>2</sub>CO<sub>3</sub> and low levels of major impurities below the comparable product specification.<sup>2</sup> The full results of the lithium hydroxide and lithium carbonate testwork undertaken by Dorfner Anzaplan were reported in the ASX announcement released on 2 December 2021.

The Company received a positive preliminary feasibility study on Wolfsberg in April 2018 which supported the Board's decision to progress commissioning of the DFS, which is on-track to be delivered in Q1 2023.

<sup>1</sup> Refer to ASX Announcement released on the Company's ASX platform 1 December 2021.

<sup>2</sup> Refer to ASX Announcement released on the Company's ASX platform 2 December 2021.

The Quarterly Activities Reports of the Company provide further detail on the Company's activities and expenditure at the Wolfsberg Lithium Project, which can be viewed on the ASX platform (ASX: EUR).

At 30 June 2022, the Group's audited statement of financial position carried the Wolfsberg Lithium Project at \$44,199,076.

(b) **Weinebene and Eastern Alps Projects**

The Winebene and Eastern Alps Projects lie approximately 20km to the east of Wolfsberg and as such provide both the Company with optionality in terms of future development and production scenarios.

In November 2020, EVR announced that it has completed a maiden stratigraphic diamond drill hole program at Winebene. The drilling program allowed EVR to renew the Austrian tenement for a future 5-year term (which continues to be in full force and effect). EVR has undertaken early-stage exploration work (including initial boulder sampling results which returned high-grade  $\text{Li}_2\text{O}$  values with the highest value returning 3.39%  $\text{Li}_2\text{O}$  and the average value over the 11 samples being 1.61%  $\text{Li}_2\text{O}$ ) and it is the Company's expectation that further exploration work will be completed over the Winebene area in the coming months.<sup>3</sup>

The Eastern Alps Project licences are located in southern Austria approximately 3 hours south-west of Vienna. Historical exploration activities undertaken at these Austrian prospects contain indications of high-grade lithium targets with significant residual brownfields plus greenfields exploration potential across the entire 64.1 km<sup>2</sup> project area.<sup>4</sup>

EVR has identified several prospect areas within the Eastern Alps Project that require follow up evaluation and drill testing.

At 30 June 2022, the Company's audited statement of financial position carried the Company's interest in the Winebene and Eastern Alps Projects at \$528,578.

### 8.3 Overview of the Proposed Transaction

Under the business combination agreement, the Company's BVI and two Austrian subsidiaries, European Lithium AT (Investments) Ltd, ECM Lithium AT GmbH and ECM Lithium AT Operating GmbH (collectively **EUR Austria**), which collectively hold the Austrian Lithium Projects, will merge with Sizzle via a newly-formed British Virgin Islands company to be named Critical Metals Corp., which will be listed on NASDAQ.

In consideration for the Proposed Transaction, the Company will be issued US\$750 million worth of ordinary shares in Critical Metals Corp., equivalent to approximately 80% (assuming no redemptions, no PIPE, no backstop commitments, or any other equity issued prior to closing) of the issued capital in Critical Metals Corp. on closing of the Proposed Transaction (**Closing**).

The Proposed Transaction is expected to provide the combined group with approximately US\$159 million in capital before expenses to fund the activities of Critical Metals Corp. (assuming no redemptions by the existing stockholders of

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<sup>3</sup> Refer to ASX Announcement released on the Company's ASX platform 11 May 2021; Refer to JDR ASX Announcement released on the JDR's ASX platform 19 February 2019.

<sup>4</sup> Refer to ASX Announcement released on the Company's ASX platform 11 May 2021.

Sizzle, no PIPE and no backstop commitments). The expected capital injection should position Critical Metals Corp. to progress construction and development at Wolfsberg (subject to the findings of the DFS) and develop the Weinebene and Eastern Alps Lithium Projects.

#### 8.4 Material terms

The material terms of the Proposed Transaction are as follows:

- (a) **(Consideration)**: In consideration the sell-down of its ownership interest in EUR Austria to approximately 80% (assuming no redemptions, no PIPE, no backstop commitments, or any other equity issued prior to closing), the Company will receive:
- (i) US\$750 million worth of ordinary shares in Critical Metals Corp. at a deemed issue price of US\$10.20 per share at Closing, being approximately the same price at which the existing stockholders of Sizzle will be able to redeem their shares in Critical Metals Corp. prior to Closing (**Consideration Shares**); and
  - (ii) that number of earn out shares in Critical Metals Corp. equal to approximately 10% of the Consideration Shares, which will vest into ordinary shares subject to the ordinary shares of Critical Metals Corp. trading on NASDAQ above US\$15.00 and US\$20.00 for any 20 trading days within any 30 trading day period in the 5 year period following Closing (**Earnout Shares**),
- (together, the **Consideration**).
- (b) **(Conditions Precedent)**: Closing of the Proposed Transaction is subject to and conditional upon customary closing conditions, including the following:
- (i) the Company obtaining approval of its shareholders to complete the Proposed Transaction;
  - (ii) the Company obtaining a confirmation or tax ruling from the Australian Taxation Office (**ATO**) confirming that the Company can avail itself of capital gains tax relief under the *Income Tax Assessment Act (Cth) 1995*;
  - (iii) the funds in Sizzle's trust account, together with any cash on Sizzle's balance sheet and the aggregate amount of any gross proceeds received pursuant to investment agreements entered into by Critical Metals Corp. for raising capital in connection with the Proposed Transaction, after giving effect to any Sizzle stockholder redemptions and before payment of Sizzle's and the Company's transaction expenses, being not less than US\$40 million;
  - (iv) Sizzle's net tangible assets being at least USD\$5,000,001 after payment of Sizzle's underwriters' fees and commissions;
  - (v) The shares and warrants of Critical Metals Corp. having been approved for listing on NASDAQ and the registration statement to be filed with the US Securities & Exchange Commission (**SEC**) having become effective;

- (vi) Sizzle obtaining approval of its stockholders to complete the Proposed Transaction; and
- (vii) no material adverse change having occurred in respect of Sizzle, the Company or Critical Metals Corp.,

(together, the **Conditions Precedent**).

- (c) **(Break Fee)**: A break fee of US\$5 million is payable by the Company in the event that the Company receives a competing proposal on superior terms to the Proposed Transaction and elects not to proceed with the Proposed Transaction as a result.
- (d) **(Board and management)**: On Closing, the board of Critical Metals Corp. is expected to comprise a total of 5 members, 4 of whom will be nominees of the Company and 1 of whom will be a nominee of Sizzle.

It is currently expected that on Closing, the board and key management personnel of Critical Metals Corp. will comprise of the following individuals:

- (i) **Tony Sage - Executive Chair** (EUR nominee)

Mr Sage is expected to serve as Executive Chairman and a Director of Critical Metals Corp. following the consummation of the proposed Transaction. Mr. Sage has served as Executive Chairman of EUR since September 2016 and has more than 35 years' experience in corporate advisory services, funds management and capital raising predominantly within the resource sector. Mr. Sage is based in Western Australia and has been involved in the management and financing of listed mining companies for the last 22 years. Mr. Sage has operated in Argentina, Brazil, Peru, Romania, Russia, Sierra Leone, Guinea, Cote d'Ivoire, Congo, South Africa, Indonesia, China and Australia. Mr. Sage currently holds the position of Executive Chairman of ASX listed CuFe Ltd and Executive Director of ASX listed Cyclone Metals Limited. Mr. Sage holds a B. Bus. degree from Edith Cowan University, Western Australia.

- (ii) **Dietrich Wanke - Chief Executive Officer** (EUR nominee)

Mr Wanke has more than 30 years' experience in management at operational level for underground and open cut mines. Mr Wanke has held statutory positions as registered manager under the applicable mining acts in several countries and commodities, notably gold/silver, nickel, diamonds, coal and iron. Mr Wanke has lived and served professionally for mining operations in Germany, Australia, Indonesia, Papua New Guinea and Sierra Leone. Mr Wanke has managed mining operations through all phases, starting from greenfield exploration to full scale production as well as extension of existing mines.

Mr Wanke currently holds a position as General Manager for Marampa Iron Ore in Sierra Leone and has worked in the past as General Manager for Tolukuma Gold Mines in Papua New Guinea, Mine Manager for Atlas Iron in Western Australia, Technical Services Manager for Thiess (hard coal) in Indonesia, Mine Manager for Kimberley Diamonds in Western Australia,



Technical Services Manager for Lightning Nickel in Western Australia, Technical Director for LMV, an engineering/surveying service provider for coal mines in Germany and Technical Services Manager and Licensed Surveyor for Laubag (lignite) in Germany.

Mr Wanke holds a Mine Engineering/Mine Surveying degree from Technical University Bergakademie Freiberg, a licensed Mine Surveyor's certificate in Germany and 1st class Mine Manger's certificates in Western Australia and Papua New Guinea.

(iii) **Michael Hanson – Director** (EUR nominee)

Mr Hanson is expected to serve as a Director of Critical Metals Corp. following consummation of the Proposed Transaction. Mr. Hanson is currently a Partner at Hanson Peak LLP. Mr. Hanson brings a wealth of expertise with over 30 years' experience in Natural Resources Corporate Finance advising on a broad range of corporate transactions. Michael has successfully advised on numerous IPOs, public and private equity raises and M&A transactions for many AIM, TSX and ASX listed companies. His postings have included Russia and South Africa.

(iv) **Mykhailo Zhernov – Director** (EUR nominee)

Mykhailo Zhernov is expected to serve as a Director of Critical Metals Corp. following consummation of the Proposed Transaction. Mr. Zhernov has served as a Director of EUR since December 2021. Mr. Zhernov has a track record of twenty years in the financial sector of Ukraine, CIS, Central and Eastern Europe. Mr. Zhernov has served as the managing partner at Millstone & Co Investment Company since 2016, a private investment company specializing on investment, asset and capital management in Central and Eastern Europe. He was the founder and head of ALTERA FINANCE (altera-finance.com), the member of the supervisory boards of the insurance companies VUSO (vuso.ua), INNEX Stock Exchange, the head of the private banking in PJSC DIAMANTBANK. Mr. Zhernov holds an economics degree with a specialization in marketing from the National University Donetsk Ukraine.

(v) **Malcolm Day – Director** (EUR nominee)

Mr Day is expected to serve as a Director of Critical Metals Corp. following consummation of the Proposed Transaction. Mr. Day has served as a Director of EUR since July 2012. In addition, Mr. Day is a Member of the Australian Institute of Company Directors. Mr. Day is the Managing Director of ASX listed entity Delecta Limited (ASX Code: DLC). Mr. Day commenced his career working in the civil construction industry for 10 years, six of which were spent in senior management as a Licensed Surveyor and then later as a Civil Engineer. Whilst working as a Surveyor, Mr. Day spent 3 years conducting mining and exploration surveys in remote Western Australia.. Mr. Day holds a Bachelor of Applied Science in Surveying and Mapping.

(vi) **Carolyn Trabuco – Director** (Sizzle nominee)

Ms Trabuco is expected to serve as a Director of Critical Metals Corp. following the consummation of the Proposed Transaction. Mrs. Trabuco is a business and finance professional with expertise in the fields of strategic advisory, commodities and ESG. With extensive experience in executive leadership, financial analysis, investment and funds management, financial management and audit; Mrs. Trabuco's long career includes leadership roles as CFO, portfolio manager and lead analyst. Mrs. Trabuco is Founder and Board Director of Azul Brazilian Airline (NYSE: AZUL), a member of the Board of Director and Audit Committee for Sizzle Acquisition Corp. and founder of strategic advisory firm, Thistledown Advisory Group, LLC. Mrs. Trabuco supports the community as Adjunct Professor of Finance and Alternative Investments, WCBT, Sacred Heart University, and Town of Fairfield, CT Pension Board, Chairman. Mrs. Trabuco graduated from Georgetown University with a B.S. in Art History and an M.B.A. from Sacred Heart University in Public Administration.

The business combination agreement otherwise contains terms and conditions considered standard for an agreement of its type, including representations and warranties of both parties, customary confidentiality obligations for both parties and termination provisions.

#### 8.5 Indicative timetable for the Proposed Transaction

The following timetable is presented for illustrative purposes only. The timing will be dictated largely by US requirements, in particular filings which must be made by Critical Metals Corp. with the SEC.

Action	Indicative timing
Business combination agreement signed	24 October 2022
EUR shareholder approval	20 January 2023
Sizzle stockholder approval	1H 2023
Closing of Proposed Transaction, listing of Critical Metals on NASDAQ	1H 2023

#### 8.6 Indicative capital structure and valuation of Critical Metals Corp. on Closing

At as the date of this Notice, it is expected that Critical Metals Corp. will have the following capital structure on Closing:

Critical Metals Corp.	(US\$M)
Pro forma ordinary shares outstanding	95.20 <sup>1</sup>
Share price	US\$10.20 per share <sup>2</sup>
<b>Pro forma market capitalisation (undiluted)</b>	<b>US\$972 million<sup>3</sup></b>
Earnout Shares	7.40 <sup>4</sup>
Warrants outstanding	7.50 <sup>5</sup>

<b>Pro forma market capitalisation (diluted)</b>	<b>US\$1,046<sup>6</sup></b>
Pro forma debt	US\$0.00
Pro forma gross cash	US\$159.20 <sup>7</sup>
Pro forma net cash	US\$134.00 <sup>8</sup>
<b>Pro forma enterprise value</b>	<b>US\$838.00<sup>9</sup></b>

**Notes:**

1. Comprising approximately 74 million Consideration Shares in Critical Metals Corp. held by the Company, 6.2 million ordinary shares in Critical Metals Corp. held by the founding stockholders of Sizzle (referred to as "Sponsors" in the U.S.) and 15.5 million ordinary shares in Critical Metals Corp. held by the existing public stockholders of Sizzle, subject to redemptions.
2. The final number of shares in Critical Metals Corp. to be issued at Closing will be determined by reference to the price at which Sizzle's stockholders redeem their shares, which is expected to be approximately US\$10.20 per share. The value of the consideration for the Proposed Transaction will remain fixed at US\$750 million.
3. Implied pro forma market capitalisation on an undiluted basis calculated as expected ordinary shares on issue in Critical Metals Corp. (assuming no redemptions, no PIPE, no backstop commitments, or any other equity issued prior to closing) *multiplied by* \$10.20 per share (being approximately the same price at which the existing stockholders of Sizzle can redeem their shares and the price at which equity capital will be raised in Critical Metals Corp.).
4. The Company can be issued 10% of the number of Consideration Shares in Critical Metals Corp. issued to it at Closing, subject to the ordinary shares of Critical Metals Corp. trading above US\$15.00 and US\$20.00 for any 20 trading days within any 30 trading day period in the 5 year period following closing.
5. Warrants held by the public stockholders of Sizzle that entitle each holder to purchase shares in Sizzle at an exercise price of US\$11.50 per share. Given that the exercise price is greater than the expected redemption price of Sizzle shares, this table assumes that no warrants will be exercised on Closing.
6. Implied pro forma market capitalisation (assuming no redemptions, no PIPE, no backstop commitments, or any other equity issued prior to closing) on a fully diluted basis calculated assuming all earn out shares vest into ordinary shares in Critical Metals Corp. *plus* all ordinary shares on issue in Critical Metals Corp. *multiplied by* \$10.20 per share (being approximately the same price at which the existing stockholders of Sizzle can redeem their shares and the price at which equity capital will be raised in Critical Metals Corp.).
7. Expected cash position of the combined entity assumes no redemptions by the existing stockholders of Sizzle. The balance in Sizzle's trust account was US\$159.2 million as at 11 October 2022. The Expected cash position of the combined entity will be dependent on the amount of redemptions by Sizzle stockholders.
8. Expected cash position less estimated transaction expenses.
9. Implied pro forma enterprise value calculated as implied pro forma market capitalisation less pro forma cash on hand (after transaction expenses).

The data included in the table above is based on the Company's share price as at 23 November 2022 and publicly available data on the Company's ASX platform (ASX:EUR).

## **8.7 Impacts of the Proposed Transaction on the Company on Closing**

### **Financial impacts**

The transaction-based comparison tables set out at Schedule 4 shows the effect of the Proposed Transaction on the financial position of the Company as at 30 June 2022.

Although the Proposed Transaction will result in the effective sell down of the Company's 100% ownership interest in the Austrian Lithium Projects, it will still retain exposure to the Austrian Lithium Projects on Closing, through its controlling shareholding in Critical Metals Corp.

### **Capital structure**

On Closing, the capital structure of the Company will remain unchanged. The key difference will be that the Company's interest in the Austrian Lithium Projects will be held indirectly via its ownership interest in Critical Metals Corp.

### **Changes to the Board**

The Proposed Transaction will not result in any changes to the composition of the Board of the Company.

## **8.8 Impacts of the Proposed Transaction on the Company's Shareholders**

Other than to the extent of the sell-down of the Company's interest in EUR Austria, the Board does not consider the Transaction will result in any impacts to existing Shareholders.

No securities will be distributed to existing Shareholders as part of the Proposed Transaction (noting the Company is not undertaking an in-specie distribution). Accordingly, the Proposed Transaction will not result in any taxation ramifications to Shareholders.

As noted above, as the Proposed Transaction will not result in any change to the Company's current capital structure, there will be no dilution impacts to existing Shareholders resulting from the Proposed Transaction.

The Board considers that Shareholders will benefit from the Proposed Transaction because, whilst the Company will reduce its ownership interest in the Austrian Lithium Projects by approximately 20% (subject to the amount of redemptions by existing stockholders of Sizzle), the implied equity value of the consideration to be paid for the Austrian Lithium Projects under the Proposed Transaction is US\$750 million, which represents a significant increase to the current market capitalisation of the Company of approximately A\$129 million as a whole.

## **8.9 Key Advantages and Disadvantages of the Proposed Transaction**

The Board considers that completion of the Proposed Transaction would be a transformational event for the Austrian Lithium Projects, especially Wolfsberg, particularly in terms of the funding opportunities that would not otherwise be available to the Company but for the Proposed Transaction, which the Board considers will enable rapid progression of construction and development activities. Accordingly, the Board considers the Proposed Transaction is in the best interests of the Company and Shareholders.

The Directors consider that the non-exhaustive list of advantages and disadvantages summarised below may be relevant to a Shareholder's decision on how to vote on Resolution 9.

### **(a) Advantages**

- (i) The Proposed Transaction represents an opportunity for the Company and its shareholders to recognise a significant uplift in the value of the Austrian Lithium Projects (as a result of the

increased valuation) whilst also having the benefit of funding opportunities that would not otherwise be available to the Company but for the Proposed Transaction.

- (ii) The Company will retain full operational and managerial control of Critical Metals Corp. by virtue of having 4 out of 5 nominee board members.
- (iii) The Company will hold an approximate 80% ownership interest in Critical Metals Corp. post-Closing of the Proposed Transaction, which is expected to be sufficiently funded to move through the construction and development stages of Wolfsberg and have exposure to institutional investment opportunities it otherwise would not have but for the Proposed Transaction.
- (iv) The Company will retain exposure to the Austrian Lithium Projects via the controlling interest the Company will hold in Critical Metals Corp. post-Closing.

(b) **Disadvantages**

- (i) The Proposed Transaction involves the sell-down of the Company's interest in the Austrian Lithium Projects, which may not be consistent with the investment objectives of all Shareholders.
- (ii) The Proposed Transaction may result in the Company being inadvertently exposed to regulatory risks as the controlling and majority shareholder of Critical Metals Corp., being a company incorporated in the British Virgin Islands and listed on NASDAQ. Accordingly, changes in relevant taxes, legal and administration regimes, accounting practice and government policies in the British Virgin Islands and in the US may affect the financial and/or operational performance of Critical Metals Corp. and the Austrian Lithium Projects.
- (iii) There is no guarantee that the shares of Critical Metals Corp. will trade on NASDAQ above the deemed price at which the Consideration Shares are proposed to be issued to the Company. Critical Metals Corp.'s shares will be impacted by market factors outside its control. As a result, while the implied value of the Consideration Shares on closing represents a significant uplift to the present equity value of the Company as a whole, the actual value of the Consideration Shares will change in line with the trading price of the shares of Critical Metals Corp. on NASDAQ.

## 8.10 **Activities of the Company post-Closing**

Post-Closing of the Proposed Transaction, the Company will continue to be listed on the ASX as a mining exploration and development company, and its primary focus will remain progressing the Wolfsberg Lithium Project through to the construction and development stages. In the near-term, the Company is committed to the delivery of the DFS for Wolfsberg during Q1 2023.

## 8.11 Activities of Critical Metals Corp. post-Closing

The activities of Critical Metals Corporation post-Closing are consistent with the existing business and development strategies of the Company. Key milestones to development include, but are not limited to, the following:

- (a) execution of binding long-term supply agreement with BMW Group;
- (b) delivery of DFS for Wolfsberg;
- (c) build decision and project financing;
- (d) prepare mining plan for the Mining Authority to authorise the mine and concentrator construction;
- (e) construction of mine and concentrator (for production of 6% Spodumene Concentrate) commences;
- (f) production of Spodumene concentrate commences at Wolfsberg; and
- (g) formalise project partner for future carbonate / hydroxide conversion plant.

## 8.12 Future direction of the Company if the Proposed Transaction is not approved

In the event Shareholders do not approve the Proposed Transaction, the Company will continue to hold its interest in the Austrian Lithium Projects and explore potential opportunities to maximise shareholder value from the Austrian Lithium Projects by:

- (a) working towards delivery of a DFS for Wolfsberg, the delivery date of which may be delayed in the event the Proposed Transaction is not approved by Shareholders;
- (b) further exploring and developing the Austrian Lithium Projects;
- (c) evaluating other potential business combination or divestment arrangements,

and will:

- (d) continue to maintain the Austrian Lithium Projects in good standing in accordance with applicable mining laws and regulations; and
- (e) explore opportunities to raise equity capital to enable the Company to fund further exploration activities at the Austrian Lithium Projects (in addition to the Company's other assets).

## 8.13 Competent persons statement

The information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves of the Wolfsberg Lithium Project and Weinebene and Eastern Alps Projects is extracted from ASX announcements made by EUR on 5 April 2018 "European Lithium Completes Positive PFS", 11 May 2018 "EUR enters into Collaboration Agreement with Jadar Resources", 1 December 2021 "11% increase in total Measured, Indicated and Inferred Resource", 2 December 2021 "High Quality Battery Grade Lithium Product Results Wolfsberg", 9 November 2021 "EUR increases Measured and Indicated Resource by 54%", and 10 June 2021 "Phase 2

Drilling Progress Update" and 19 April 2022 "Positive Interim NPV of A\$862 million" which are available to view of the Company's website: www.europeanlithium.com. EUR confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. EUR confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

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## **9. RESOLUTION 9 – APPROVAL TO UNDERTAKE THE PROPOSED TRANSACTION**

### **9.1 General**

As set out at Section 8.1, Resolution 9 seeks the approval of Shareholders for the Company to undertake the Proposed Transaction for the purposes of Listing Rule 11.4.1(b).

### **9.2 Listing Rule 11.4**

Under Listing Rules 11.4 and 11.4.1, a listed company can only spin out a major asset if:

- (a) the securities in the company (other than those being retained by the company itself) are being offered, issued or transferred pro rata to the holders of the ordinary shares in the company, or in another way that, in ASX's opinion, is fair in all the circumstances; or
- (b) the company's shareholders approve the spin out.

ASX Guidance Note 13 describes the policy and objectives underpinning the application of Listing Rule 11.4. Section 3.2 of the Guidance Note explains that ASX will generally regard an asset to be a "major asset" if:

- (a) its disposal would result in a decrease of 25% or more in the consolidated total assets, consolidated total equity interests, consolidated annual expenditure, consolidated EBITDA or consolidated annual profit/loss before tax; or
- (b) if the value of the consideration received by the listed entity and its security holders for disposing of the asset exceeds 25% of its consolidated total assets.

Having considered the criteria in paragraph (b) above, the Board considers that the Proposed Transaction may be viewed by ASX as a disposal of a "major asset" for the purposes of Listing Rule 11.4(b) because the consideration which will be received by the Company for the transfer of the Austrian Lithium Projects to Critical Metals Corp. will have a value which is greater than 25% of the Company's consolidated total assets.

For this reason, Resolution 9 seeks shareholder approval for the Proposed Transaction for the purposes of Listing Rule 11.4.1(b) and more generally to ensure shareholders are given an opportunity to vote for or against the Proposed Transaction.

As noted in Section 8.4, Closing is conditional upon the receipt of any shareholder approvals required to be obtained by the Company to affect the Proposed Transaction.

If Resolution 9 is passed, the Company will be able to proceed with the Proposed Transaction and intends to focus on developing its Austrian Lithium Projects through a revised structure. Please refer to Section 8.10 for further details on the Company's future plans post completion of the Proposed Transaction.

If Resolution 9 is not passed, the Company will not be able to proceed with the Proposed Transaction. Please refer to Section 8.12 for further details on the Company's future plans in the event the Proposed Transaction is not approved by Shareholders.

### 9.3 Board Recommendation

The Directors do not have any material interests in the Proposed Transaction.

Based on the information set out above, each of the Directors consider that the Proposed Transaction proceeding on the basis of Shareholders approval under Listing Rule 11.4.1(b) (without the offer, issue or transfer referred to in Listing Rule 11.4.1(a)) is in the best interests of the Company and Shareholders.

Consequently, the Directors unanimously recommend Shareholders vote **IN FAVOUR OF** Resolution 9.

### 9.4 Other Material Information

There is no information material to the making of a decision by a Shareholder in the Company whether or not to approve Resolution 9 (being information that is known to any of the Directors, and which has not been previously disclosed to Shareholders) other than as disclosed in this Explanatory Statement and the Schedules.

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## 10. RESOLUTION 10 – RATIFICATION OF PRIOR ISSUE OF OPTIONS TO EVOLUTION CAPITAL PTY LTD

### 10.1 Background

On 26 October 2022, the Company issued 30 million listed Options (ASX:EUROA) to Evolution Capital Pty Ltd (**Evolution Options**) in consideration for Evolution waiving its first right of refusal under a capital raising mandate between Evolution and the Company dated 4 April 2022 (**Evolution Mandate**).

The Company entered into the Evolution Mandate prior to completion of the AU\$30 million capital raising undertaken in April of this year. The Evolution Mandate included a provision which required that, should the Company seek to raise capital at any time in the 12 months following the Evolution Mandate, that Evolution being appointed as lead manager and/or broker to such capital raising (**FROF**).

Subsequently, the Company entered into the Proposed Transaction which, among other things, contemplates an equity raising as part of the listing of Critical Metals on NASDAQ which, if completed, may result in a breach by the Company of the FROF provision.

Evolution has agreed to waive its FROF in relation to the Proposed Transaction under an agreement dated 26 October 2022 (**Settlement Letter**) in consideration



for the issuance of the Evolution Options and a cash payment equal to AU\$1 million, both to be paid on announcement by the Company of the Proposed Transaction.

Resolution 10 seeks Shareholder ratification for the issue of the Evolution Options.

## **10.2 Listing Rule 7.1**

A summary of Listing Rule 7.1 is set out in Section 4.1.

The issue of the Evolution Options does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12-month period following the date of issue of the Evolution Options.

Listing Rule 7.4 allows the shareholders of a listed company to approve 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.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Evolution Options.

Resolution 10 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Evolution Options.

## **10.3 Technical information required by Listing Rule 14.1A**

If Resolution 10 is passed, the Evolution Options will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Evolution Options.

If Resolution 10 is not passed, the Evolution Options will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Evolution Options.

It is noted that the Company's ability to continue to utilise the additional 10% capacity provided for in Listing Rule 7.1A for issues of equity securities following this Meeting remains conditional on Resolution 3 being passed at this Meeting.

## **10.4 Technical information required by Listing Rule 7.5**

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 10:

- (a) the Evolution Options were issued to Evolution Capital Pty Ltd;

- (b) 30,000,000 Evolution Options were issued on the terms and conditions set out in Schedule 5;
- (c) the Evolution Options were issued on 26 October 2022;
- (d) the Evolution Options are listed Options and were issued at a nil issue price in consideration for Evolution waiving its first right of refusal with respect to the Proposed Transaction under the Evolution Mandate. The Company has not and will not receive any other consideration for the issue of the Evolution Options (other than in respect of funds received on exercise of the Evolution Options); and
- (e) the purpose of the issue of the Evolution Options was to satisfy the Company's obligations under the Settlement Letter, described in further detail above.

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## **11. RESOLUTION 11 – RATIFICATION OF PRIOR ISSUE OF SHARES TO WOMBAT RESOURCES PTY LIMITED**

### **11.1 General**

On 10 November 2022, the Company issued 5,000,000 Shares to Wombat Resources Pty Limited (or its nominees) (**Wombat**) as part consideration for the acquisition of 100% of Wombat's legal and beneficial interest in E47/4144 (**Wombat Shares**).

### **11.2 Listing Rule 7.1**

A summary of Listing Rule 7.1 is set out in Section 4.1.

The issue of the Wombat Shares does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12-month period following the date of issue of the Wombat Shares.

Listing Rule 7.4 allows the shareholders of a listed company to approve 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.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Wombat Shares.

Resolution 11 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Wombat Shares.

### **11.3 Technical information required by Listing Rule 14.1A**

If Resolution 11 is passed, the Wombat Shares will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Wombat Shares.

If Resolution 11 is not passed, the Wombat Shares will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Wombat Shares.

It is noted that the Company's ability to continue to utilise the additional 10% capacity provided for in Listing Rule 7.1A for issues of equity securities following this Meeting remains conditional on Resolution 3 being passed at this Meeting.

#### 11.4 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 11:

- (a) an aggregate of 5,000,000 Wombat Shares were issued to Wombat's nominees as follows:
  - (i) 2,500,000 Wombat Shares were issued to Sorrento Resources Pty Ltd; and
  - (ii) 2,500,000 Wombat Shares were issued to CASS (FZE);
- (b) the Wombat Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (c) the Wombat Shares were issued on 10 November 2022;
- (d) the Wombat Shares were issued at a nil issue price, as part consideration for the acquisition of 100% of Wombat's legal and beneficial interest in E47/4144. The Company has not and will not receive any other consideration for the issue of the Wombat Shares;
- (e) the purpose of the issue of the Wombat Shares was to satisfy the Company's obligations under the letter agreement between Wombat and the Company, regarding the acquisition of E47/4144 dated 25 July 2022 (**Wombat Letter Agreement**). A summary of the Wombat Letter Agreement is set out in Schedule 6.

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## GLOSSARY

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**\$** means Australian dollars.

**2021 AGM** means the annual general meeting of Shareholders held on 22 January 2022.

**2021 AGM Notice** means the notice of annual general meeting released on the Company's ASX platform (ASX: EUR) on 21 December 2021.

**7.1A Mandate** has the meaning given in Section 4.1.

**ASIC** means the Australian Securities & Investments Commission.

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

**ATO** means the Australian Taxation Office.

**Austrian Lithium Projects** means the Weinebene and Eastern Alps Projects and the Wolfsberg Lithium Project.

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

**Break Fee** has the meaning given to that term in Section 8.4.

**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.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

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

**Conditions Precedent** has the meaning given to that term in Section 8.4.

**Consideration** has the meaning given to that term in Section 8.4.

**Consideration Shares** has the meaning given to that term in Section 8.4.

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

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

**Current Plan** has the meaning given to that term in Section 7.1.

**DFS** has the meaning given to that term in Section 6.4.

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

**Earnout Shares** has the meaning given to that term in Section 8.4.

**Equity Securities** includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

**ESS** has the meaning given to that term in Section 7.1.

**EUR Austria** means the Company's three Austrian subsidiaries, European Lithium AT (Investments) Ltd, ECM Lithium AT GmbH and ECM Lithium AT Operating GmbH.

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

**Evolution Mandate** has the meaning given to that term in Section 10.1.

**Evolution Options** has the meaning given to that term in Section 10.1.

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

**FROF** has the meaning given to that term in Section 10.1.

**Group** means the Company and its Related Bodies Corporate.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

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

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

**Milestones** has the meaning given to that term in Section 6.1.

**New Regime** has the meaning given to that term in Section 7.1.

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

**Option** means an option to acquire a Share.

**Performance Shareholder** has the meaning given to that term in Section 6.1.

**Performance Shares** has the meaning given to that term in Section 6.1.

**Previous Approval** has the meaning given to that term in Section 4.2(f).

**Previous Issue** has the meaning given to that term in Section 4.2(f).

**Proposed Plan** has the meaning given to that term in Section 7.1.

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

**Related Body Corporate** has the meaning given in the Corporations Act.

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2022.

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

**SEC** means the US Securities & Exchange Commission.

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

**Securities** mean Shares, Performance Shares or Options.

**Settlement Letter** has the meaning given to that term in Section 10.1.

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

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

**Sizzle** means Sizzle Acquisition Corp.

**Spill Meeting** has the meaning given to that term in Section 2.2.

**Spill Resolution** has the meaning given to that term in Section 2.2.

**Proposed Transaction** has the meaning given to that term in Section 8.1.

**Variable A** means "A" as set out in the formula in Listing Rule 7.1A.2.

**Variations** has the meaning given to that term in Section 6.1.

**Weinebene and Eastern Alps Projects** means the Winebene and Eastern Alps Lithium projects, which lie approximately 20km south of Wolfsberg, that the Company also owns a 20% interest in.

**Wolfsberg** or **Wolfsberg Lithium Project** means the Company's Wolfsberg Lithium Project, which is a 100% owned advanced hard rock lithium project, located 270 km south-west of Vienna, Austria.

**Wombat Shares** has the meaning given to that term in Section 11.1.

**Wombat Letter Agreement** has the meaning given to that term in Section 11.4.

**WST** means Western Standard Time as observed in Perth, Western Australia.

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## SCHEDULE 1 - TERMS OF THE CURRENT EUROPEAN LITHIUM INCENTIVE SCHEME

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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:

- For personal use only
- (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.

- (vii) 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.
- (viii) Incentive Securities shall not be listed for Official Quotation on ASX.
- (ix) 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.
- (x) 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.
- (xi) 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.
- (xii) 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.
- (xiii) Subject to paragraph (I), 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.
- (xiv) 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.

- (xv) 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.

(e) **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.

(f) **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.

(g) **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.

(h) **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.

(i) **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.

(j) **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;

- For personal use only
- (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.

## SCHEDULE 2 - TERMS OF THE PROPOSED EUROPEAN LITHIUM INCENTIVE SCHEME

A summary of the material terms of the proposed European Lithium Incentive Scheme (**Plan**) is set out below.

<b>Eligible Participant</b>	<b>Eligible Participant</b> means a person that is a 'primary participant' (as that term is defined in Division 1A of Part 7.12 of the Corporations Act) in relation to the Company or an Associated Body Corporate (as defined in the Corporations Act) and has been determined by the Board to be eligible to participate in the Plan from time to time.
<b>Purpose</b>	The purpose of the Plan is to: <ul style="list-style-type: none"> <li>(a) assist in the reward, retention and motivation of Eligible Participants;</li> <li>(b) link the reward of Eligible Participants to Shareholder value creation; and</li> <li>(c) align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Options, Performance Rights and Shares (<b>Securities</b>).</li> </ul>
<b>Plan administration</b>	The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan rules in its sole and absolute discretion (except to the extent that it prevents the Participant relying on the deferred tax concessions under Subdivision 83A-C of the <i>Income Tax Assessment Act 1997</i> (Cth)). The Board may delegate its powers and discretion.
<b>Eligibility, invitation and application</b>	<p>The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for any (or any combination of) the Securities provided under the Plan on such terms and conditions as the Board decides.</p> <p>On receipt of an invitation, an Eligible Participant may apply for the Securities the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part.</p> <p>If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.</p>
<b>Grant of Securities</b>	The Company will, to the extent that it has accepted a duly completed application, grant the Participant the relevant number and type of Securities, subject to the terms and conditions set out in the invitation, the Plan rules and any ancillary documentation required.
<b>Rights attaching to Convertible Securities</b>	<p>A <b>Convertible Security</b> represents a right to acquire one or more Plan Shares in accordance with the Plan (for example, an Option or a Performance Right).</p> <p>Prior to a Convertible Security being exercised, the holder:</p> <ul style="list-style-type: none"> <li>(a) does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security other than as expressly set out in the Plan;</li> <li>(b) is not entitled to receive notice of, vote at or attend a meeting of the shareholders of the Company;</li> </ul>

	<p>(c) is not entitled to receive any dividends declared by the Company; and</p> <p>(d) is not entitled to participate in any new issue of Shares (see Adjustment of Convertible Securities section below).</p>
<p><b>Vesting of Convertible Securities</b></p>	<p>Any vesting conditions which must be satisfied before Convertible Securities can be exercised and converted to Shares will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Convertible Securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to a Convertible Security are not satisfied and/or otherwise waived by the Board, that Convertible Security will lapse.</p>
<p><b>Exercise of Convertible Securities and cashless exercise</b></p>	<p>To exercise a Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Convertible Securities (see next paragraph below), pay the exercise price (if any) to or as directed by the Company, at any time following vesting of the Convertible Security (if subject to vesting conditions) and prior to the expiry date as set out in the invitation or vesting notice.</p> <p>An invitation may specify that at the time of exercise of the Convertible Securities, the Participant may elect not to be required to provide payment of the exercise price for the number of Convertible Securities specified in a notice of exercise, but that on exercise of those Convertible Securities the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Convertible Securities.</p> <p><b>Market Value</b> means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 trading days immediately preceding that given date, unless otherwise specified in an invitation.</p> <p>A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the Plan rules, or such earlier date as set out in the Plan rules.</p>
<p><b>Timing of issue of Shares and quotation of Shares on exercise</b></p>	<p>As soon as practicable after the valid exercise of a Convertible Security by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Plan rules and issue a substitute certificate for any remaining unexercised Convertible Securities held by that Participant.</p>
<p><b>Restrictions on dealing with Convertible Securities</b></p>	<p>A holder may not sell, assign, transfer, grant a security interest over or otherwise deal with a Convertible Security that has been granted to them unless otherwise determined by the Board. A holder must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.</p> <p>However, in Special Circumstances as defined under the Plan (including in the case of death or total or permanent disability of the Participant) a Participant may deal with Convertible Securities granted to them under the Plan with the consent of the Board.</p>
<p><b>Listing of Convertible Securities</b></p>	<p>A Convertible Security granted under the Plan will not be quoted on the ASX or any other recognised exchange. The Board reserves the right in its absolute discretion to apply for quotation of an Option granted under the Plan on the ASX or any other recognised exchange.</p>
<p><b>Forfeiture of Convertible Securities</b></p>	<p>Convertible Securities will be forfeited in the following circumstances:</p> <p>(a) where a Participant who holds Convertible Securities ceases to be an Eligible Participant (e.g. is no longer employed or their</p>

	<p>office or engagement is discontinued with the Group), all unvested Convertible Securities will automatically be forfeited by the Participant;</p> <p>(b) where a Participant acts fraudulently or dishonestly, negligently, in contravention of any Group policy or wilfully breaches their duties to the Group;</p> <p>(c) where there is a failure to satisfy the vesting conditions in accordance with the Plan;</p> <p>(d) on the date the Participant becomes insolvent; or</p> <p>(e) on the Expiry Date.</p>
<p><b>Change of control</b></p>	<p>If a change of control event occurs, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the holder's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the holder to participate in and/or benefit from any transaction arising from or in connection with the change of control event.</p>
<p><b>Adjustment of Convertible Securities</b></p>	<p>If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Convertible Securities will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.</p> <p>If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Convertible Securities is entitled, upon exercise of the Convertible Securities, to receive an issue of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Convertible Securities are exercised.</p> <p>Unless otherwise determined by the Board, a holder of Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.</p>
<p><b>Plan Shares</b></p>	<p>The Board may, from time to time, make an invitation to an Eligible Participant to acquire Plan Shares under the Plan. The Board will determine in its sole absolute discretion the acquisition price (if any) for each Plan Share which may be nil. The Plan Shares may be subject to performance hurdles and/or vesting conditions as determined by the Board.</p> <p>Where Plan Shares granted to a Participant are subject to performance hurdles and/or vesting conditions, the Participant's Plan Shares will be subject to certain restrictions until the applicable performance hurdles and/or vesting conditions (if any) have been satisfied, waived by the Board or are deemed to have been satisfied under the Rules.</p>
<p><b>Rights attaching to Plan Shares</b></p>	<p>All Shares issued or transferred under the Plan or issued or transferred to a Participant upon the valid exercise of a Convertible Security, (<b>Plan Shares</b>) will rank equally in all respects with the Shares of the same class for the time being on issue except for any rights attaching to the Shares by reference to a record date prior to the date of the allotment or transfer of the Plan Shares. A Participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A Participant may exercise any voting rights attaching to Plan Shares.</p>
<p><b>Disposal restrictions on Plan Shares</b></p>	<p>If the invitation provides that any Plan Shares are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.</p>

	<p>For so long as a Plan Share is subject to any disposal restrictions under the Plan, the Participant will not:</p> <ul style="list-style-type: none"> <li>(a) transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or</li> <li>(b) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.</li> </ul>
<p><b>General Restrictions on Transfer of Plan Shares</b></p>	<p>If the Company is required but is unable to give ASX a notice that complies with section 708A(5) (e) of the Corporations Act, Plan Shares issued under the Plan (including on exercise of Convertible Securities) may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Act.</p> <p>Restrictions are imposed by Applicable Law on dealing in Shares by persons who possess material information likely to affect the value of the Shares and which is not generally available. These laws may restrict the acquisition or disposal of Shares by you during the time the holder has such information.</p> <p>Any Plan Shares issued to a holder under the Plan (including upon exercise of Convertible Securities) shall be subject to the terms of the Company's Securities Trading Policy.</p>
<p><b>Buy-Back</b></p>	<p>Subject to applicable law, the Company may at any time buy-back Securities in accordance with the terms of the Plan.</p>
<p><b>Employee Share Trust</b></p>	<p>The Board may in its sole and absolute discretion use an employee share trust or other mechanism for the purposes of holding Convertible Securities for holders under the Plan and delivering Shares on behalf of holders upon exercise of Convertible Securities.</p>
<p><b>Maximum number of Securities</b></p>	<p>The Company will not make an invitation under the Plan which involves monetary consideration if the number of Plan Shares that may be issued, or acquired upon exercise of Convertible Securities offered under an invitation, when aggregated with the number of Shares issued or that may be issued as a result of all invitations under the Plan during the 3 year period ending on the day of the invitation, will exceed 5% of the total number of issued Shares at the date of the invitation (unless the Constitution specifies a different percentage and subject to any limits approved by Shareholders under Listing Rule 7.2 Exception 13(b)).</p>
<p><b>Amendment of Plan</b></p>	<p>Subject to the following paragraph, the Board may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Plan and determine that any amendments to the Plan rules be given retrospective effect, immediate effect or future effect.</p> <p>No amendment to any provision of the Plan rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.</p>
<p><b>Plan duration</b></p>	<p>The Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely and may end any suspension. If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.</p>

**Income Tax  
Assessment Act**

If a Participant and the Company (acting by the Board) agree in writing that some or all of the Securities granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Securities may be cancelled in the manner agreed between the Company and the Participant.

The Plan is a plan to which Subdivision 83A-C of the *Income Tax Assessment Act 1997* (Cth) applies (subject to the conditions in that Act) except to the extent an invitation provides otherwise.

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**SCHEDULE 3 – VALUATION OF PERFORMANCE SHARES**

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See attachment.

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28 October 2022

European Lithium Limited  
32 Harrogate Street  
West Leederville, WA 6007

**Attention: Melissa Chapman**

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

Dear Melissa,

## 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 Rights were subsequently modified following receipt of shareholder approval to extend their expiry date to 31 December 2022. Currently, the Rights are proposed to be modified again by extending their expiry date, as well as adding an alternate vesting condition to Tranche 2, subject to approval at the Company’s next meeting of Shareholders. As such, we have used 27 October 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 key terms of the Rights

**Table 1: Summary of the Rights**

Tranche	# of Rights	Vesting condition	Current Expiry date	Modified Expiry date	Exercise Price (\$/security)
Tranche 1	40,000,000	The Company reaches a market capitalisation of \$250m	31 Dec 2022	30 Jun 2023	Nil
Tranche 2	40,000,000	Prior to 30 June 2023, either: (a) NPV of Wolfsburg Lithium Project being $\geq$ \$800m per the Company’s DFS; or (b) Valuation of European Lithium AT (Investment) Ltd, the entity which owns the Wolfsberg Lithium Project, being $\geq$ \$800m.	31 Dec 2022	30 Jun 2023	Nil

- The Rights consist of 80,000,000 rights granted to executives of the Company.
- Each individual right is exercisable into one ordinary share in the Company at the exercise prices listed in Table 1 above.

- We understand the Rights are subject to the following non-market-based vesting criteria:
  - Tranche 1: No non-market-based vesting conditions.
  - Tranche 2: either of the following determination(s) being made, or findings delivered, prior to 30 June 2023:
    - (a) The net present value (**NPV**) for the Wolfsberg Lithium Project as determined by the Company's Definitive Feasibility Study (**DFS**) is A\$800m or more; or
    - (b) upon the issue of an independent valuation, opinion, study or report by a suitably qualified expert or consulting firm which determines, directly or indirectly, that a fair value for European Lithium AT (Investment) Ltd, the entity which owns the Wolfsberg Lithium Project, is at least AU\$800 million or greater.

We note that the alternate vesting condition (b) is a proposed addition to the Tranche 2 vesting criteria and is subject to shareholder approval at the Company's next meeting of Shareholders.

- We understand the Rights are subject to the following market-based vesting criteria:
  - Tranche 1: The Company reaches a market capitalisation of \$250m.
  - Tranche 2: No market-based vesting conditions.
- The Rights are exercisable immediately upon vesting (subject to the exercise price) until expiry, following which the Rights lapse.
- At grant, the Rights had an Expiry Date of 30 June 2022. Following receipt of shareholder approval at the Company's General Meeting on 24 June 2022, the Expiry Date was extended until 31 December 2022. For this valuation, it is proposed, subject to shareholder approval at the Company's next meeting of Shareholders, that the Expiry Date be extended until 30 June 2023.
- We understand that dividends are not received by the holder of the Rights prior to exercise
- We understand that there are no other 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.

### 3. 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 2 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 2 below are the key inputs used to determine the hypothetical price path and present value of any vested ordinary shares in the MCSM.

**Table 2: MCSM Inputs**

Input	Values at Valuation Date	
	Tranche 1 – Modified Terms	Tranche 1 – Original Terms
i. Underlying share price	\$0.091	\$0.091
ii. Exercise price	\$nil	\$nil
iii. Term	0.68 yrs	0.18 yrs
iv. Risk-free rate	3.152%	2.861%
v. Dividend yield	nil	nil
vi. Volatility (rounded)	90.0%	90.0%
vii. Market capitalisation hurdle	\$250,000,000	\$250,000,000
viii. Share outstanding	1,444,239,175	1,444,239,175

- i. *Share price* – The underlying price of the Company’s shares at the close of the market on the Valuation Date was \$0.091.
- ii. *Exercise price* – We have been provided with the exercise price of the Rights as listed in Table 2 above.
- iii. *Term* – The term of the Tranche 1 rights, being the period from the Valuation Date to the expiry date is 0.68 years using the modified expiry date of 30 June 2023, and 0.18 years using the current expiry date of 31 December 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 each 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.

- 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 change in price of the Company’s shares. For each tranche, the volatility was calculated using the daily, weekly, and monthly 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 to determine an appropriate go-forward volatility. A summary of our volatility calculations is attached as **Annexure 2**.
- 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 1,444,239,175.

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:

Modified Expiry Date – \$0.0453 per right

Current Expiry Date – \$0.0093 per right

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 3 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 3: Black-Scholes Inputs**

Input	Values at Valuation Date	
	Tranche 2 – Modified Terms	Tranche 2 – Original Terms
i. Underlying share price	\$0.091	\$0.091
ii. Exercise price	\$nil	\$nil
iii. Term	0.68 yrs	0.18 yrs
iv. Risk-free rate	3.152%	2.861%
v. Dividend yield	nil	nil
vi. Volatility (rounded)	90.0%	90.0%

- i. *Underlying Share price* – being the price of the Company’s shares at the close of the market on the Valuation Date.
- ii. *Exercise price* – We have been provided with the exercise price of the Rights as listed in Table 3 above.
- iii. *Term* – The term of the Tranche 1 rights, being the period from the Valuation Date to the expiry date is 0.68 years using the modified expiry date of 30 June 2023, and 0.18 years using the current expiry date of 31 December 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 each 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.
- v. *Dividends* – The dividend yield was assumed to be nil as no dividend has been recently paid by the Company 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 change in price of the Company’s shares. For each tranche, the volatility was calculated using the daily, weekly, and monthly 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 to determine an appropriate go-forward volatility. A summary of our volatility calculations is attached as **Annexure 2**.

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:

- Modified Expiry Date – \$0.0910 per right
- Current Expiry Date – \$0.0910 per right

#### 4. 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. The Tranche 2 rights do have non-market-based vesting conditions, including a modification to include an alternate vesting condition (Valuation hurdle for the Wolfsberg Lithium Project – see Section 2 for further detail), and so the above clauses do apply. Based on discussions with management of the Company, they currently estimate a 100% probability of achievement of the modified vesting criteria. We note that this is the same estimated probability as was used when originally valuing the tranche at the Grant Date, and when valuing the modified term at 24 June 2022. Therefore, there is no change in the estimated number of rights expecting to vest as a result of modifying the expiry date and vesting criteria of the Tranche 2 rights.

#### 5. 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 4 below:

**Table 4: Valuation Conclusions**

Tranche	Fair Value per right	Probability of occurrence	Number of equity instruments	Concluded incremental value
Tranche 1				
Post-modification	\$0.0453			
Pre-modification	\$0.0093			
<b>Incremental value</b>	<b>\$0.0360</b>	<b>n/a</b>	<b>40,000,000</b>	<b>\$1,440,000</b>
Tranche 2				
Post-modification	\$0.0910			
Pre-modification	\$0.0910			
<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>\$1,440,000</b>

Should you have any questions regarding anything contained in this letter please do not hesitate to contact me.

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



**Annexure 1**

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Summary of AASB 2 Share-based Payment

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Table A1-1 below sets out the pertinent clauses of AASB 2 – Share-based Payment as they relate to the Rights.

**Table A1-1: AASB 2 – Share Based Payment**

AASB Paragraph	Comment
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>	<p>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.</p> <p>We have used the closing share price on the Valuation Date as accurately reflecting the per share price of a fully-paid ordinary share in the Company as at the Valuation Date.</p> <p>See Section 3 titled, <i>Valuation of the Rights</i>, for more detail.</p>
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 achievement of share price appreciation to cause an increase in market capitalisation above the \$250m hurdle, and which will be taken into account when determining the fair value of the Rights.</p> <p>Any non-market-based vesting conditions will be taken into account by estimating their probability of achievement and adjusting the number of equity instruments included in the measurement of the transaction.</p> <p>Any market-based vesting conditions will be taken into account when determining the fair value of the Rights.</p>
20	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

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Table A1-1: AASB 2 – Share Based Payment

AASB Paragraph	Comment
	<p>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 equity instruments comprising the Rights, to determine the number of equity instruments expected to vest as at the Valuation Date.</p>
21	<p>Market conditions, such as a target share price upon which vesting (or exercisability) is conditioned, shall be taken into account when estimating the fair value of the equity instruments granted. Therefore, for grants of equity instruments with market conditions, the entity shall recognise the goods or services received from a counterparty who satisfies all other vesting conditions (e.g. services received from an employee who remains in service for the specified period of service), irrespective of whether that market condition is satisfied.</p> <p>We have determined that exercisability of the Rights is subject to market conditions (share price appreciation above the exercise price and increase in market capitalisation above the hurdle) and therefore these market conditions must be taken into account when estimating the fair value of the Rights.</p> <p>Based on information provided, there are no other market conditions upon which vesting is conditioned.</p>
27	<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</p>

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Table A1-1: AASB 2 – Share Based Payment

AASB Paragraph	Comment
	<p>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>
	<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 current Rights (using the current expiry date), both estimated at the Modification Date. Further, per paragraph B43(c), the modification of the vesting condition for Tranche 2 was taken into account when applying the requirements of paragraphs 19-21 (see Section 4 of this report). 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 (<b>MCSM</b>), 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 Black-Scholes Option Pricing (<b>BSOP</b>) methodology to estimate the fair value of the Rights. The valuation under the BSOP methodology is discussed in Section 3 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</p>

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Table A1-1: AASB 2 – Share Based Payment

AASB Paragraph	Comment
	<p>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>
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 Section 3 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 B27 – B29	<p><u>Expected volatility – Unlisted Entities</u></p> <p>An unlisted entity will not have historical information to consider when estimating expected volatility. Some factors to consider instead are set out below.</p> <p>In some cases, an unlisted entity that regularly issues options or shares to employees (or other parties) might have set up an internal market for its shares. The volatility of those share prices could be considered when estimating expected volatility.</p> <p>Alternatively, the entity could consider the historical or implied volatility of similar listed entities, for which share price or option price information is available, to use when</p>

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**Table A1-1: AASB 2 – Share Based Payment**

AASB Paragraph	Comment
	<p>estimating expected volatility. This would be appropriate if the entity has based the value of its shares on the share prices of similar listed entities.</p> <p>As the Company is listed this clause is not applicable to the Rights. See Section 3 titled, <i>Valuation of the Rights</i>, for our discussion on volatility.</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>

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**Annexure 2**

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Volatility Summary

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**Table A2-1: Volatility Summary**

(daily change in share price)

	Modified	Current
Type	Expiry Date	Expiry Date
End date (Valuation Date)	27/10/2022	27/10/2022
Period (days)	246	65
Start date	23/02/2022	23/08/2022

**Workings**

Beginning of period (Trading day)	23/02/2022	23/08/2022
Trading segments in period (days)	172	47
Standard deviation of price change ( $\Delta P$ )	5.00%	4.19%
Annualised Volatility	<b>79.41%</b>	<b>66.59%</b>
<b>Annualised Volatility (rounded)</b>	<b>79.00%</b>	<b>67.00%</b>

**Table A2-2: Volatility Summary – alternate calculation periods**

Calculation period	Change in share price		
	Daily	Weekly	Monthly
6 mnths	70.59%	60.01%	99.37%
7 mnths	73.64%	67.37%	114.25%
8 mnths	77.47%	75.46%	108.86%
9 mnths	82.79%	80.03%	102.17%
10 mnths	86.02%	78.48%	96.54%
11 mnths	86.51%	75.30%	91.60%
12 mnths	93.49%	87.09%	92.42%
15 mnths	95.55%	86.89%	91.79%
18 mnths	89.44%	81.02%	84.77%
24 mnths	88.30%	82.40%	84.90%
30 mnths	90.92%	84.36%	84.97%
36 mnths	90.85%	88.20%	87.27%

**Chosen Volatility: 90%**



**SCHEDULE 4 – PROPOSED TRANSACTION BASED COMPARISON TABLE**

<b>Particulars</b>	<b>Prior to Transaction</b>	<b>Effect of Transaction</b>	<b>Post Proposed Transaction analysis (pro-forma)</b>	<b>Percentage change due to Proposed Transaction</b>
<b>Total Consolidated Assets (\$)</b>	79,300,277	787,681,201	866,981,478	993%
<b>Total Equity (\$)</b>	78,550,748	787,681,201	866,231,949	1003%
<b>Annual Revenue</b>	N/A	N/A	N/A	N/A
<b>Annual (Loss)/Profit (before tax and extraordinary items)</b>	N/A	N/A	N/A	N/A
<b>Net Profit After Tax</b>	N/A	N/A	N/A	N/A
<b>EBITDA</b>	(12,319,670)	0	(12,319,670)	0%
<b>Total No of Shares</b>	1,400,239,175	0	1,400,239,175	0%
<b>Total No of Options</b>	518,575,360	0	518,575,360	0%
<b>Exploration expenditure for next reporting period (12 months)</b>	(4,000,000)	0	(4,000,000)	0%

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## SCHEDULE 5 – OPTIONS – TERMS AND CONDITIONS

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### 1. Entitlement

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

### 2. Exercise Price

The amount payable upon exercise of each Option will be \$0.075 (**Exercise Price**).

### 3. Expiry Date

Each Option will expire on 19 April 2024 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

### 4. Exercise Period

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

### 5. 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.

### 6. 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**).

### 7. Timing of issue of Shares on exercise

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

- (a) 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
- (b) 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.

### 8. Shares issued on exercise

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

### 9. Quotation of Shares issued on exercise

Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

**10. 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.

**11. 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.

**12. 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.

**13. Transferability**

The Options are freely transferable.

**14. Listing Rules**

The Company has been admitted to trading on the Official List of ASX. Accordingly, despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision. If a provision of the Constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

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## SCHEDULE 6 – MATERIAL TERMS OF THE WOMBAT LETTER AGREEMENT

A summary of the material terms of the Wombat Letter Agreement is set out below.

<b>Acquisition</b>	Wombat has agreed to sell, and the Company has agreed to purchase all of Wombat's legal and beneficial interest in E47/4144, free from all third-party interests for the Purchase Price ( <b>Acquisition</b> ).
<b>Purchase Price</b>	The Company has agreed to pay/issue to Wombat the following in consideration for the Acquisition: (a) the Wombat Shares; (b) \$10,000 cash; (c) a royalty of 1% from all revenue from the sale of any minerals mined from E47/4144 ( <b>Royalty</b> ); and (d) 15% of any sale proceeds in shares or cash on the sale of tenement, (together, the <b>Purchase Price</b> ).
<b>Conditions Precedent</b>	Completion of the Acquisition is subject to: (a) all third-party approvals being obtained by the Company and Wombat, including any approvals required under the Mining Act; and (b) the issue of the Wombat Shares, having occurred prior to 29 July 2022 ( <b>Conditions Precedent</b> ).
<b>Completion</b>	Completion will occur 3 days after the last Condition Precedent is satisfied.
<b>Wombat warranties</b>	Wombat warrants to the Company that: (a) its interests in E47/4144 is free from all third-party claims; (b) it has disclosed all information in its possession or power relevant to a buyer of Wombat's interest in E47/4144; and (c) the information disclosed to the Company is not misleading in any material way.
<b>Royalty deed</b>	The Company will within 7 days of the parties signing the Wombat Letter Agreement deliver a draft full form royalty deed to Wombat, and the parties will act in good faith to agree a final full form royalty deed as soon as practicable.

## 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, 18 January 2023.**

# 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:

### 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: 181633**

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

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 Annual General Meeting of European Lithium Limited to be held at 32 Harrogate Street, West Leederville, WA 6007 on Friday, 20 January 2023 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 1, 5, 6, 7 and 8 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1, 5, 6, 7 and 8 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 1, 5, 6, 7 and 8 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
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 7	Variation of Performance Share terms - Michael Carter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director - Mr Malcolm Day	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 8	Adoption of revised European Lithium Incentive Scheme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of 7.1A Mandate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 9	Approval to undertake the Proposed Transaction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Replacement of Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 10	Ratification of prior issue of Options to Evolution Capital Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Variation of Performance Share terms - Okewood Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 11	Ratification of prior issue of Shares to Wombat Resources Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Variation of Performance Share terms - Malcolm Day	<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  Securityholder 2  Securityholder 3  / /  
 Sole Director & Sole Company Secretary Director 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

