

MACRO METALS
L I M I T E D

13 February 2023

MACRO METALS LIMITED – GENERAL MEETING OF SHAREHOLDERS
22 MARCH 2023

Notice is hereby given that the General Meeting of Shareholders of Macro Metals Limited (“Macro Metals” or the “Company”) will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia, 6005 at 10:00am (AWST) on Wednesday, 22 March 2023 (“GM”).

Recent legislative changes to the *Corporations Act 2001* (Cth) means there are new options available to shareholders as to how the communication from the Company can be received. The Company will not be dispatching physical copies of the meeting documents and notices, including the Notice of Meeting for the GM, unless you request a physical copy to be posted to you.

The Notice of Meeting and accompanying explanatory statement (“**Meeting Materials**”) are being made available to shareholders electronically. This means that:

- You can access the Meeting Materials online at the Company’s website: <https://www.kogjiiron.com>
- A complete copy of the Meeting Materials have been posted to the Company’s ASX Market announcements page at www.asx.com.au under the Company’s ASX code “M4M”.
- If you have provided 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 voting instruction form.

Shareholders can still elect to receive some or all of their communications in physical or electronic form, or elect not to receive certain documents such as annual reports. To review your communication preferences or sign up to receive your shareholder communications via email, please update your details at www.linkmarketservices.com.au. If you have not yet registered, you will need your shareholder information including SRN/HIN details.

If you are unable to access the Meeting Materials online at the above website links, please contact our share registry LINK at registrars@linkmarketservices.com.au or by phone on 1300 554 474 (within Australia) or on +61 1300 554 474 (outside Australia) between 8:30am and 5:30pm (AEDT) Monday to Friday, to obtain a copy.

Yours sincerely,

Stefan Ross
Company Secretary
Macro Metals Limited



MACRO METALS

L I M I T E D

MACRO METALS LIMITED

(ACN 001 894 033)

Notice of General Meeting

**General Meeting to be held at
The Celtic Club, 48 Ord Street, West Perth, Western Australia, 6005
on 22 March 2023, commencing at 10:00am (AWST).**

Important

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their professional adviser prior to voting.

CONTENTS

| | |
|--|-----------|
| NOTICE OF MEETING | 3 |
| EXPLANATORY STATEMENT | 9 |
| 1. PROPOSED ACQUISITION | 11 |
| 1.1 Background | 11 |
| 1.2 Proposed Acquisition | 11 |
| 1.3 Terms Sheet | 11 |
| 1.4 Placement | 13 |
| 1.5 Consultant Shares | 13 |
| 1.6 Directors Options | 13 |
| 1.7 Indicative Timetable | 14 |
| 1.8 Proposed Use of Funds | 14 |
| 1.9 Pro Forma Capital Structure | 14 |
| 1.10 Pro Forma Statement of Financial Position | 16 |
| 1.11 Overview of the Sellers | 16 |
| 1.12 Tenements | 16 |
| 2. REGULATORY INFORMATION | 17 |
| 2.1 Resolution 1 – Ratification of prior issue of Option Shares to Sellers | 17 |
| 2.2 Resolutions 2(a) & (b) – Ratification of prior issue of Tranche 1 Placement Shares to Exempt Investors | 18 |
| 2.3 Resolution 3 – Ratification of prior issue of Consultant Shares to Consultant | 20 |
| 2.4 Resolution 4 – Issue of Option Extension Shares to Sellers | 22 |
| 2.5 Resolution 5 – Issue of Consideration Shares to Sellers | 24 |
| 2.6 Resolution 6 – Issue of Performance Rights to Sellers | 26 |
| 2.7 Resolutions 7(a), (b) & (c) – Issue of Tranche 2 Placement Shares to Directors .. | 27 |
| 2.8 Resolutions 8(a), (b) & (c) – Issue of Directors Options to Directors | 30 |
| 3. DEFINITIONS | 36 |
| SCHEDULE 1 - SELLERS | 40 |
| SCHEDULE 2 - PRO FORMA STATEMENT OF FINANCIAL POSITION | 41 |
| SCHEDULE 3 - TENEMENTS | 42 |
| SCHEDULE 4 – TERMS OF PERFORMANCE RIGHTS | 46 |
| SCHEDULE 5 – TERMS OF DIRECTORS OPTIONS | 49 |
| PROXY FORM | 52 |

NOTICE OF MEETING

Notice is hereby given that the General Meeting of the Shareholders of Macro Metals Limited (ACN 001 894 033) ("**Company**") will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia, 6005 on 22 March 2023, commencing at 10:00am (AWST).

COVID-19 INFORMATION

It is currently anticipated that the Meeting will be held in person (and not by virtual means). The Company has taken steps to ensure that all attendees will be able to participate in the Meeting while maintaining their health and safety.

Shareholders do not need to attend the Meeting in order to cast their vote(s). The Company therefore recommends that Shareholders who do not wish to attend the Meeting in person, but who wish to vote, appoint the Chair as their proxy (and where desired, direct the Chair how to vote on a Resolution) rather than attending in person. If the Meeting cannot be held in person, the Company will make additional arrangements as required.

The Explanatory Statement that accompanies and forms part of this Notice of Meeting describes in more detail the matters to be considered.

Business

Resolution 1 – Ratification of prior issue of Option Shares to Sellers

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, approval is given for the Company to ratify the issue of 25,000,000 Option Shares to the Sellers (and/or their nominee(s)), at a deemed issue price of \$0.004 per Share, as consideration for the Company being granted the Option for the Option Period, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement

The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- a Person who participated in the issue or is a counterparty to the agreement being approved; or
- an Associate of that Person or those Persons.

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

- a Person as proxy or attorney for a Person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- the Chair of the meeting as proxy or attorney for a Person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - 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
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolutions 2(a) & (b) – Ratification of prior issue of Tranche 1 Placement Shares to Exempt Investors

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, approval is given for the Company to ratify the issue of:

(a) 106,792,225 Tranche 1 Placement Shares under Listing Rule 7.1; and

(b) 163,207,775 Tranche 1 Placement Shares under Listing Rule 7.1A; and

at an issue price of \$0.005 per Share to raise up to \$1,350,000 under a Placement to Exempt Investors (and/or their nominee(s)), on the terms and conditions set out in this Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- a Person who participated in the issue or is a counterparty to the agreement being approved; or
- an Associate of that Person or those Persons.

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

- a Person as proxy or attorney for a Person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- the Chair of the meeting as proxy or attorney for a Person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - 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
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 3 – Ratification of prior issue of Consultant Shares to Consultant

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, approval is given for the Company to ratify the issue of 20,000,000 Consultant Shares at an issue price of \$0.005 per Share to the Consultant (and/or their nominee(s)), as consideration for ongoing services to the Company under a consulting mandate, on the terms and conditions set out in this Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- a Person who participated in the issue or is a counterparty to the agreement being approved; or
- an Associate of that Person or those Persons.

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

- a Person as proxy or attorney for a Person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or

- the Chair of the meeting as proxy or attorney for a Person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - 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
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 4 – Issue of Option Extension Shares to Sellers

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

“That, subject to all Transaction Resolutions being passed, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 10,000,000 Option Extension Shares to the Sellers (and/or their nominee(s)), at a deemed issue price of \$0.004 per Share, as consideration should the Company be required to extend the Option for the Extended Option Period, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- a Person who is expected to participate in, or will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity); or
- an Associate of that Person or those Persons.

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

- a Person as proxy or attorney for a Person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- the Chair of the meeting as proxy or attorney for a Person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - 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
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 5 – Issue of Consideration Shares to Sellers

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

“That, subject to all Transaction Resolutions being passed, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 500,000,000 Consideration Shares to the Sellers (and/or their nominee(s)), at a deemed issued price of \$0.004 per Share, as consideration for the Company exercising its Option to acquire the Tenements, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- a Person who is expected to participate in, or will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity); or

- an Associate of that Person or those Persons.
- However, this does not apply to a vote cast in favour of a Resolution by:
- a Person as proxy or attorney for a Person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
 - the Chair of the meeting as proxy or attorney for a Person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
 - a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - 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
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 6 – Issue of Performance Rights to Sellers

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

“That, subject to all Transaction Resolutions being passed, for the purposes of Listing Rule 7.1, and for all other purposes, approval is given for the Company to issue 250,000,000 Performance Rights to the Sellers (and/or their nominee(s)), on the terms and conditions set out in this Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- a Person who is expected to participate in, or will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity); or
- an Associate of that Person or those Persons.

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

- a Person as proxy or attorney for a Person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- the Chair of the meeting as proxy or attorney for a Person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - 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
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolutions 7(a), (b) & (c) – Issue of Tranche 2 Placement Shares to Directors

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

“That, for the purposes of Listing Rule 10.11, and for all other purposes, approval is given for the Company to issue up to:

- (a) 10,000,000 Tranche 2 Placement Shares to Mr Peter Huljich (and/or his nominee(s));
- (b) 10,000,000 Tranche 2 Placement Shares to Mr John Campbell Smyth (and/or his nominee(s)); and

(c) 10,000,000 Tranche 2 Placement Shares to Mr Ashley Pattison (and/or his nominee(s)),
at an issue price of \$0.005 per Share to raise up to \$150,000 under a Placement, on the terms and conditions set out in this Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast in favour of the Resolutions by or on behalf of:

- the Person who is to receive the securities in question and any other Person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity); or
- an Associate of that Person or those Persons.

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

- a Person as proxy or attorney for a Person who is entitled to vote on the Resolutions, in accordance with directions given to the proxy or attorney to vote on the Resolutions in that way; or
- the Chair of the meeting as proxy or attorney for a Person who is entitled to vote on the Resolutions, in accordance with a direction given to the Chair to vote on the Resolutions as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - 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
 - the holder votes on the Resolutions in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolutions 8(a), (b) & (c) – Issue of Directors Options to Directors

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

“That, for the purposes of Listing Rule 10.11 and Section 208 of the Corporations Act, and for all other purposes, approval is given for the Company to issue up to:

- (a) 25,000,000 Directors Options to Mr Peter Huljich (and/or his nominee(s));
- (b) 15,000,000 Directors Options to Mr John Campbell Smyth (and/or his nominee(s)); and
- (c) 15,000,000 Directors Options to Mr Ashley Pattison (and/or his nominee(s)),

at an exercise price of \$0.008 per Share and expiry date of 2 years from the date of issue to the Directors (and/or their nominee(s)), on the terms and conditions set out in this Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast in favour of the Resolutions by or on behalf of:

- the Person who is to receive the securities in question and any other Person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity); or
- an Associate of that Person or those Persons.

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

- a Person as proxy or attorney for a Person who is entitled to vote on the Resolutions, in accordance with directions given to the proxy or attorney to vote on the Resolutions in that way; or

- For personal use only
- the Chair of the meeting as proxy or attorney for a Person who is entitled to vote on the Resolutions, in accordance with a direction given to the Chair to vote on the Resolutions as the Chair decides; or
 - a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - 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
 - the holder votes on the Resolutions in accordance with directions given by the beneficiary to the holder to vote in that way.

Other business

In accordance with section 250S(1) of the Corporations Act, Shareholders are invited to ask questions about or make comments on the management of the Company and to raise any other business which may lawfully be brought before the General Meeting.

By order of the Board



Stefan Ross
Company Secretary
Macro Metals Limited

13 February 2023

EXPLANATORY STATEMENT

Important information

This Explanatory Statement has been prepared for the information of the Shareholders of Macro Metals Limited (ACN 001 894 033) ("**Company**") in connection with the Resolutions to be considered at the General Meeting to be held The Celtic Club, 48 Ord Street, West Perth, Western Australia, 6005 on 22 March 2023, commencing at 10.00am (AWST).

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

Important: Each of the Transaction Resolutions is subject to, and conditional on, each of the other Transaction Resolutions being passed. Accordingly, the Transaction Resolutions should be considered collectively as well as individually.

This Notice of Meeting and Explanatory Statement should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their professional adviser prior to voting.

Interpretation

Capitalised terms which are not otherwise defined in this Notice of Meeting and Explanatory Statement have the meanings given to those terms under the Definitions in section 3.

References to "\$" and "A\$" in this Notice of Meeting and Explanatory Statement are references to Australian currency unless otherwise stated.

References to time in this Notice of Meeting and Explanatory Statement relate to the time in Perth, Western Australia.

Voting Exclusion Statements

Certain voting restrictions apply to the Resolutions as detailed beneath the applicable Resolutions in the Notice of Meeting.

Proxies

Please note that:

- a Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- a proxy need not be a Shareholder;
- a Shareholder may appoint a body corporate or an individual as its proxy;
- a body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder's proxy; and
- Shareholders 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, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative.

The authority may be sent to the Company or its share registry in advance of the General Meeting or handed in at the General Meeting when registering as a corporate representative.

To vote by proxy, please complete and sign the enclosed Proxy Form and send by:

- post to the Company, c/- Link Market Services Limited, Locked Bag A14, Sydney South, NSW, 1235;
- on facsimile number (+61 2) 9287 0309; or
- email to the Company at info@kogiiron.com,

so that it is received by no later than 10:00am (AWST) on 20 March 2023. Proxy Forms received later than this time will be invalid.

Voting entitlements

In accordance with Regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth), the Board has determined that a person's entitlement to vote at the General Meeting will be the entitlement of that person set out in the register of Shareholders as at 10:00am (AWST) on 20 March 2023. Accordingly, transactions registered after that time will be disregarded in determining a Shareholder's entitlement to attend and vote at the General Meeting.

1. PROPOSED ACQUISITION

1.1 Background

The Company was incorporated on 5 May 1980 and was admitted to the Official List of the ASX on 16 January 1987. The Company currently holds exploration interests prospective for iron ore in the Republic of Nigeria and in the Pilbara and Mid-West regions of Western Australia.

As announced on 30 November 2022, the Company has entered into a binding terms sheet ("**Terms Sheet**") with the interest holders in the Tenements, being John MacArthur Rapkoch, Jonathan Paul Owen, Katrina Teresa Owen, Scott Everett Curry, Duncan Craig as trustee for Erracht Trust Account and Manuel Eduardo Bravo Martinez, as set out in further detail in Schedule 1, ("**Sellers**") to acquire approximately one hundred (100) mining concessions prospective for lithium in the Salar de Llamara, in northern Chile's Tarapacá Region (further details of the Tenements are set out in Schedule 3) ("**Tenements**") owned by the Sellers ("**Proposed Acquisition**").

The Terms Sheet is conditional on a number of conditions precedent being satisfied (or waived) by the parties that are considered standard for transactions of that nature, including written confirmation from the ASX that the Company will not be required to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules in connection with the Proposed Acquisition, which was received by ASX on 18 November 2022.

1.2 Proposed Acquisition

Under the Proposed Acquisition, and subject to the Shareholders approving the Transaction Resolutions, the Company:

- has issued 25,000,000 Option Shares (defined below);
- has raised \$1,350,000 by issuing 270,000,000 Tranche 1 Placement Shares (defined below) at an issue price of \$0.005 per Share.
- will acquire the Tenements from the Sellers;
- will issue:
 - 10,000,000 Option Extension Shares (defined below) (if applicable);
 - 500,000,000 Consideration Shares (defined below); and
 - 250,000,000 Performance Rights (defined below);
- will grant to the Sellers (or their nominee(s)) a Royalty (defined below); and
- will raise a further \$150,000 by issuing 30,000,000 Tranche 2 Placement Shares (defined below) at an issue price of \$0.005 per Share.

1.3 Terms Sheet

As announced on 30 November 2022, the Company entered into the Terms Sheet to acquire the Tenements from the Sellers.

The consideration payable by the Company under the Proposed Acquisition is:

- 25,000,000 fully paid ordinary shares ("**Shares**") at a deemed issue price of \$0.004 per Share ("**Option Shares**") to the Sellers, or nominee(s) thereof, in consideration of the Company being granted the exclusive option to acquire the Tenements free from any material encumbrances ("**Option**") during the exclusive period of three (3) months from the execution date of the Terms Sheet ("**Option Period**"). The Option Shares were issued to the Sellers, or nominee(s) thereof, on or about 1 December 2022;

- 10,000,000 Shares at a deemed issue price of \$0.004 per Share ("**Option Extension Shares**") to the Sellers, or nominee(s) thereof, in consideration of the option for the Company to elect to extend the Option Period for a further three (3) months from the day immediately following the end of the Option Period ("**Extended Option Period**") if the Company makes this election by written notice to the Sellers at any time prior to the expiry of the Option Period; and
- 500,000,000 Shares at a deemed issue price of \$0.004 per Share ("**Consideration Shares**") to be issued at completion of the Proposed Acquisition to the Sellers, or nominee(s) thereof. The Sellers and the Company have agreed that fifty percent (50%) of the Consideration Shares to be issued to each of John MacArthur Rapkoch, Jonathan Paul Owen and Duncan Craib ("**Major Sellers**") will be subject to imposed voluntary escrow restrictions for a minimum period of six (6) months from the date of issue of the Consideration Shares and, during this period, the restricted Consideration Shares will be subject to a holding lock (as that term is defined in Section 2 of the ASX Settlement Operating Rules). Each of the Major Sellers respectively and the Company will enter into standard voluntary restriction deed's with respect to the restricted Consideration Shares at, or prior, to completion of the Proposed Acquisition.

In addition, prior to, or at, completion of the Proposed Acquisition, the Company will issue 250,000,000 performance rights ("**Performance Rights**") to the Sellers, or nominee(s) thereof, which will convert into Shares on a one (1) for one (1) basis upon the delineation of an independently verified Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition) ("**JORC Code**") compliant resource of at least one (1) million tonnes of lithium carbonate equivalent (Li_2CO_3) (convertible from other types of lithium in accordance with industry standard conversion calculations) ("**LCE**") at a minimum grade of 620mg per litre of lithium from the area concerning the Tenements within twenty-four (24) months from completion of the Proposed Acquisition ("**Vesting Condition**"). The terms and conditions of the Performance Rights are set out in Schedule 4 and the ASX has approved the issue of the Performance Rights.

Furthermore, the Company will grant to the Sellers (or their nominee(s)) a total royalty of one percent (1%) in relation to the net smelter return in respect of any products from any additional tenements (not including the Tenements) that the Company acquires that are directly introduced by the Sellers to the Company within a three hundred kilometre (300km) radius of the boundaries of any of the Tenements during a period of five (5) years from the completion date of the Proposed Acquisition ("**Royalty**").

In connection with the Proposed Acquisition, the Company has undertaken, and will undertake, subject to Shareholder approval, a placement to professional and sophisticated investors ("**Exempt Investors**") of a total of up to 300,000,000 Shares at an issue price of \$0.005 per Share ("**Placement Shares**") to raise an aggregate total of \$1,500,000 (before costs) ("**Placement**").

The Placement will be completed in two (2) tranches, with the first tranche of the Placement completed on or about 8 December 2022, being the issue of 270,000,000 Placement Shares at an issue price of \$0.005 per Share ("**Tranche 1 Placement Shares**") to raise an aggregate total of \$1,350,000 (before costs) to Exempt Investors ("**Tranche 1 Placement**"). 106,792,225 Tranche 1 Placement Shares were issued under the Company's placement capacity under Listing Rule 7.1 and the remaining 163,207,775 Tranche 1 Placement Shares were issued under the Company's additional placement capacity under Listing Rule 7.1A.

The second tranche of the placement is the proposed issue of up to 30,000,000 Placement Shares at an issue price of \$0.005 per Share ("**Tranche 2 Placement Shares**") to raise an aggregate total of \$150,000 (before costs) to Exempt Investors, being, specifically, the Directors ("**Tranche 2 Placement**").

Completion of the Proposed Acquisition is subject to, and conditional upon, the following material conditions being satisfied or waived by the Company:

- the Company giving written notice to the Sellers, during the Option Period (or, if applicable, the Extended Option Period), of its election to exercise the Option and proceed to completion of the Proposed Acquisition ("**Option Exercise Notice**") at the Company's absolute discretion;
- the Company completing commercial, legal and technical due diligence investigations in respect of the Sellers and the Tenements and giving notice to the Sellers in writing that it is satisfied in its sole discretion with its due diligence investigations;
- each party obtaining all necessary regulatory, shareholder and other third party consents, approvals or waivers required to enable the Proposed Acquisition to achieve completion, including written confirmation from the ASX that the Company will not be required to re-comply with the requirements of Chapter 1 and 2 of the Listing Rules in connection with the Proposed Acquisition (which was received from the ASX on 18 November 2022);
- the Sellers being the sole registered legal or beneficial owner of the Tenements (refer to Schedule 3 for a list of the Tenements); and
- to the extent required by relevant mining laws and regulations in the applicable jurisdiction, the consent of the relevant minister's consent to the transfer of the Tenements from the Sellers to the Company.

The Terms Sheet is otherwise on terms and conditions considered standard for agreements of this nature, including warranties and indemnities given by the Sellers in favour of the Company.

The Option Shares, Option Extension Shares (if applicable), Consideration Shares, Performance Rights and Royalty (together, the "**Consideration**") is to be allocated amongst the Sellers, or nominee(s) thereof, as outlined in Schedule 1.

1.4 Placement

As part of the Proposed Acquisition, the Company has raised, and will raise, an aggregate total of \$1,500,000 (before costs) under the Placement of the Placement Shares. The Tranche 1 Placement completed on or about 8 December 2022 and the Tranche 2 Placement is subject to Shareholder approval. The Placement was not underwritten.

The Company has agreed to pay a fee of six percent (6%) on a portion of the gross proceeds raised under the Placement (i.e. a \$100,000 portion) to a licensed Australian Financial Services Licence holder for their services in relation the Placement. This fee totalled at \$6,000 (plus GST).

Funds raised under the Placement will be used in accordance with the table set out in section 1.8.

1.5 Consultant Shares

The Company issued 20,000,000 Shares at an issue price of \$0.005 per Share ("**Consultant Shares**") to Geonomics Australia Pty Ltd (ACN 167 454 631) ("**Consultant**") (and/or their nominee(s)), as consideration for the Consultant's ongoing geological services to the Company for the period of six (6) months, commencing on 29 November 2022, as established under a consulting mandate. The Consultant Shares were therefore issued on or about 8 December 2022 for nil consideration.

1.6 Directors Options

The Company intends to issue 55,000,000 options at an exercise price of \$0.008 per Share and expiry date of two (2) years from the date of issue to the Directors (and/or their nominee(s)) ("**Directors Options**").

1.7 Indicative Timetable

The indicative timetable for the Proposed Acquisition is set out below.

| Event | Date |
|--|---|
| Trading halt Offer of Placement Shares | 28 November 2022 |
| Acceptance and application form due for Placement | 5:00pm (AWST) on 29 November 2022 |
| Announcement of proposed acquisition and Placement | 30 November 2022 |
| Application monies due for Placement | 5:00pm (AWST) on 2 December 2022 |
| Issue of Tranche 1 Placement Shares | 8 December 2022 |
| Quotation of Tranche 1 Placement Shares on the ASX | 9 December 2022 |
| Notice of Meeting sent to Shareholders | 13 February 2023 |
| General Meeting held | 22 March 2023 |
| Issue of Tranche 2 Placement Shares | 27 March 2023 |
| Quotation of Tranche 2 Placement Shares on the ASX | 28 March 2023 |
| Completion of Proposed Acquisition Issue of Consideration Shares and Performance Rights | no later than 3 months after the General Meeting |

Note: the dates shown in the table above are indicative only and may vary subject to the Corporations Act, the Listing Rules and other applicable laws.

1.8 Proposed Use of Funds

The Company intends to use the funds raised from the Placement as set out in the table below.

| Item | Amount |
|--|--------------------|
| Placement fees, ASX fees, Shareholder meeting costs and other costs associated with the Proposed Acquisition | \$100,000 |
| Exploration on the Tenements | \$1,060,000 |
| General working capital | \$704,000 |
| Total | \$1,864,000 |

Note: The total figure includes the funds raised from the Placement and the Company's cashflow as at 30 September 2022. The Company advises that some of the cashflow amount may have been used since 30 September 2022.

1.9 Pro Forma Capital Structure

The pro forma capital structure of the Company, assuming the Transaction Resolutions are passed and the Proposed Acquisition completes, is set out in the table below.

| Capital Structure | Existing No. of securities | No. of securities upon completion of Proposed Acquisition, Placement and issue of Directors Options |
|---|----------------------------|---|
| Existing Shares | 1,632,077,756 | 1,632,077,756 |
| Tranche 1 Placement Shares | - | 270,000,000 |
| Tranche 2 Placement Shares | - | 30,000,000 |
| Consultant Shares | - | 20,000,000 |
| Option Shares | - | 25,000,000 |
| Option Extension Shares | - | 10,000,000 |
| Consideration Shares | - | 500,000,000 |
| Total Shares | 1,632,077,756 | 2,487,077,756 |
| Listed options ex. price \$0.02 expiring 31/12/2024 (KFE0B) | 119,749,999 | 119,749,999 |
| Unlisted options ex. price \$0.023765 expiring 15/06/2024 (KFEAM) | 14,800,000 | 14,800,000 |
| Unlisted options ex. price \$0.03 expiring 01/12/2023 (KFEAB) | 5,000,000 | 5,000,000 |
| Ordinary fully paid shares (employee loan shares) (KFEAI) | 1,000,000 | 1,000,000 |
| Performance Rights new class – code and expiry date to be confirmed | Nil | 250,000,000 |
| Directors Options new class – code and expiry date to be confirmed | Nil | 55,000,000 |
| Fully diluted share capital | 1,772,627,755 | 2,932,627,755 |

Notes:

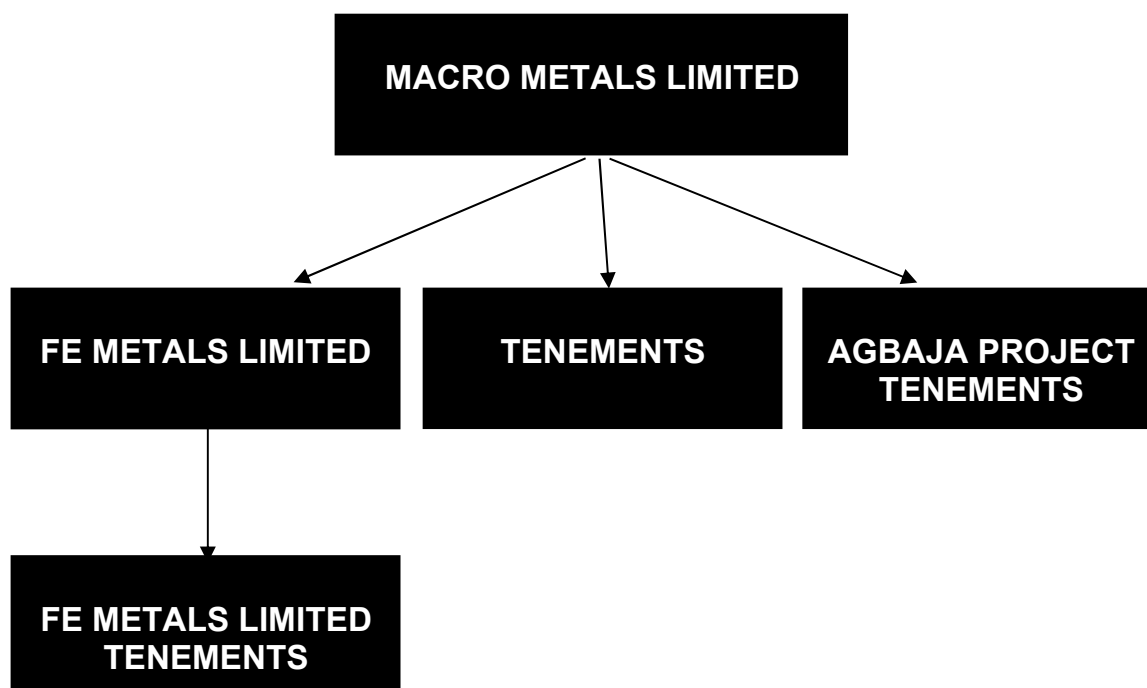
1. The table above provides a summary of the capital structure of the Company as at the date of this letter and upon completion of the Proposed Acquisition, Placement and issue of Directors Options.
2. The table assumes that the Company will elect to extend the Option Period for the Extended Option Period. If the Company does not extend the Option Period, it is not required to issue the Option Extension Shares and the total Shares and fully diluted share capital numbers would both decrease by 10,000,000.
3. The Proposed Acquisition results in a 37% increase in the fully diluted share capital of the Company or a 51% increase in the fully diluted share capital of the Company if the Placement is included.
4. Securities are subject to vesting conditions.
5. The Performance Rights and Directors Options are both new classes of securities and the code is to be confirmed in due course. The Performance Rights will expire on the date that is 24 months from the completion date of the Proposed Acquisition, whilst the Directors Options will expire on the date that is 24 months from their issue date.

1.10 Pro Forma Statement of Financial Position

The unaudited pro forma statement of financial position of the Company (based on the 30 June 2022 audited accounts of the Company), assuming the Transaction Resolutions are passed and implemented, is set out in Schedule 2.

1.11 Overview of the Sellers

The Sellers are a group of persons who hold the Tenements for the primary purpose of exploration. The Tenements lie within the 'lithium triangle' of Chile, Argentina and Bolivia and further details of the Tenements are set out in Schedule 3. If the Proposed Acquisition completes, the Tenements will be held entirely by the Company. The corporate structure at completion of the Proposed Acquisition is set out below.



1.12 Tenements

The Sellers have acquired a one hundred percent (100%) interest in approximately one hundred (100) Tenements prospective for lithium in the Salar de Llamara, in northern Chile's Tarapacá Region. Schedule 3 provides the details of the Tenements pursuant to the Terms Sheet.

Refer to the Company's ASX announcement dated 30 November 2022 on the Company's ASX platform for a summary of the Tenements.

2. REGULATORY INFORMATION

2.1 Resolution 1 – Ratification of prior issue of Option Shares to Sellers

The Company is seeking Shareholder approval under Listing Rule 7.4 to ratify the prior issue of the Option Shares to the Sellers, or nominee(s) thereof, in connection with the Proposed Acquisition pursuant to the Terms Sheet. The Option Shares were issued on or about 1 December 2022 in accordance with Listing Rule 7.4. The Company did not breach Listing Rule 7.1 by issuing the Option Shares to the Sellers.

Listing Rule 7.4

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of shareholders is required for an issue of securities by a company if those securities, when aggregated with the securities issued by the company during the previous twelve (12) months (without approval and which were not subject to an exception), exceed fifteen percent (15%) of the number of shares on issue at the commencement of that twelve (12) month period.

The issue of the Option Shares does not fall within any of the exceptions in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the fifteen percent (15%) limit in Listing Rule 7.1, reducing the Company's capacity to issue further Shares without Shareholder approval under Listing Rule 7.1 for the twelve (12) month period following the date of issue of the Option Shares.

Listing Rule 7.4 sets out the procedure and effect of Shareholder approval of a prior issue of securities and provides that where shareholders in general meeting ratify a previous issue of securities made without approval under Listing Rule 7.1, provided that the previous issue of securities did not breach ASX Listing Rule 7.1, those securities shall be deemed to have been made with shareholder approval for the purposes of Listing Rule 7.1.

By ratifying the Option Shares, the Company will retain the flexibility to issue shares in the future up to the fifteen percent (15%) placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Listing Rule 7.5 requires that the following information be provided to the Shareholders in relation to obtaining approval of Resolution 1 for the purposes of Listing Rule 7.4:

- (a) **Name of the persons to whom the entity will issue the securities or the basis on which those persons were determined**
The Option Shares were issued to the Sellers, or nominee(s) thereof, pursuant to the terms of the Proposed Acquisition in the proportions set out in Schedule 1.
- (b) **Number and class of securities issued**
25,000,000 Shares.
- (c) **Terms of the securities**
The Option Shares issued rank equally in all respects with existing Shares on issue.
- (d) **The date the securities were issued**
The Option Shares were issued on or about 1 December 2022.
- (e) **Price at which the securities were issued**
The Option Shares were issued at a deemed issue price of \$0.004 per Share.

(f) **Purpose and intended use of the funds raised**

The purpose of the issue of the Option Shares was to provide the Sellers with consideration for the Company being granted the Option for the Option Period. No funds were raised from the issue of the Option Shares, as they were issued in connection with the Proposed Acquisition.

(g) **If the securities were issued under an agreement, a summary of the material terms of the agreement**

The Option Shares were issued pursuant to the Terms Sheet. Refer to section 1.3 above for a summary of the material terms and conditions of the Terms Sheet.

(h) **Voting Exclusion Statement**

Refer to the Voting Exclusion Statement beneath the applicable Resolution in the Notice of Meeting.

Listing Rule 14.1A

Listing Rule 14.1A provides that a notice of meeting which contains a resolution approval of security holders under the Listing Rules must summarise the relevant Listing Rule (see summary of Listing Rule 7.4 above) and what will happen if security holders give, or do not give, that approval.

If Resolution 1 is approved by Shareholders, then the Option Shares will be excluded in calculating the Company's fifteen percent (15%) limit in Listing Rule 7.1 and the Company will retain the flexibility to issue Shares in the future up to the fifteen percent (15%) placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

If Resolution 1 is not approved by Shareholders, the Option Shares will be included in calculating the Company's fifteen percent (15%) limit in Listing Rule 7.1, effectively decreasing the number of Shares that the Company can issue without Shareholder approval over the twelve (12) month period following the date of issue of the Option Shares.

Directors' recommendations

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

2.2 Resolutions 2(a) & (b) – Ratification of prior issue of Tranche 1 Placement Shares to Exempt Investors

The Company is seeking Shareholder approval under Listing Rule 7.4 to ratify the prior issue of the Tranche 1 Placement Shares by way of the Tranche 1 Placement to Exempt Investors (and/or their nominee(s)) to raise up to \$1,350,000 (before costs). The Tranche 1 Placement Shares were issued on or about 8 December 2022 in accordance with Listing Rule 7.4, with 106,792,225 Tranche 1 Placement Shares issued under the Company's placement capacity under Listing Rule 7.1 and the remaining 163,207,775 Tranche 1 Placement Shares issued under the Company's additional placement capacity under Listing Rule 7.1A. The Company did not breach Listing Rule 7.1 by issuing the Tranche 1 Placement Shares to Exempt Investors.

Listing Rules 7.1 and 7.1A

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 a twelve (12) month period to fifteen percent (15%) of the fully paid ordinary shares it had on issue at the start of that period. Listing Rule 7.1A provides that an eligible entity may seek shareholder approval at its annual general meeting to allow it to issue equity securities comprising up to ten percent (10%) of issued capital. The Company obtained this approval at its annual general meeting on 29 November 2022.

The issue of the Tranche 1 Placement Shares does not fall within any of those exceptions and, as it has not been approved by the Company's shareholders, it effectively uses up part of the fifteen percent (15%) limit in Listing Rule 7.1 and the Company's ten percent (10%) placement capacity under Listing Rule 7.1A. This reduces the Company's capacity to issue further equity securities without shareholder approval under Listing Rule 7.1 and under Listing Rule 7.1A for the twelve (12) months following the date of issue of the Tranche 1 Placement Shares.

Listing Rule 7.4

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 has been 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 into the future without having to obtain shareholder approval for such issues under Listing Rule 7.1 and Listing Rule 7.1A.

If Resolutions 2(a) & (b) are passed, the issue of the Tranche 1 Placement Shares will be excluded in calculating the Company's fifteen percent (15%) limit in Listing Rule 7.1 and the Company's ten percent (10%) limit in Listing Rule 7.1A, effectively increasing the number of equity securities it can issue without shareholder approval over the twelve (12) month period following the date of issue of the Tranche 1 Placement Shares.

If Resolutions 2(a) & (b) are not passed, the issue of the Tranche 1 Placement Shares will be included in calculating the Company's fifteen percent (15%) limit in Listing Rule 7.1 and the Company's ten percent (10%) limit in Listing Rule 7.1A, effectively decreasing the number of equity securities it can issue without shareholder approval over the twelve (12) month period following the date of issue of the Tranche 1 Placement Shares.

Listing Rule 7.5 requires that the following information be provided to the Shareholders in relation to obtaining approval of Resolutions 2(a) & (b) for the purposes of Listing Rule 7.4:

(a) Name of the persons to whom the entity will issue the securities or the basis on which those persons were determined

The Tranche 1 Placement Shares were issued to Exempt Investors to raise up to \$1,350,000 (before costs).

None of the Exempt Investors that participated in the Tranche 1 Placement are Related Parties of the Company or persons to whom Listing Rule 10.11 applied. The recipients were identified through a bookbuild process, where expressions of interest to participate in the capital raising from non-Related Parties of the Company were sought.

A licensed Australian Financial Services Licence holder for the Placement will receive a placement fee equal to six percent (6%) on a portion of the gross proceeds raised under the Placement (i.e. a \$100,000 portion). This fee totalled at \$6,000 (plus GST).

(b) Number and class of securities issued

A total of 270,000,000 Shares were issued, with 106,792,225 Tranche 1 Placement Shares issued under the Company's placement capacity under Listing Rule 7.1 and the remaining 163,207,775 Tranche 1 Placement Shares issued under the Company's additional placement capacity under Listing Rule 7.1A.

(c) Terms of the securities

The Tranche 1 Placement Shares issued rank equally in all respects with existing Shares on issue.

(d) **The date the securities were issued**

The Tranche 1 Placement Shares were issued on or about 8 December 2022.

(e) **Price at which the securities were issued**

The Tranche 1 Placement Shares were issued at a deemed issue price of \$0.005 per Share.

(f) **Purpose and intended use of the funds raised**

The purpose of the issue of the Tranche 1 Placement Shares was to raise up to \$1,350,000 (before costs). Funds raised from the Tranche 1 Placement have been, or are to be used, towards costs associated with the Proposed Acquisition, ASIC/ASX regulatory fees, exploration expenditure on the Tenements and general working capital purposes.

(g) **If the securities were issued under an agreement, a summary of the material terms of the agreement**

The Tranche 1 Placement Shares were not issued under an agreement.

(h) **Voting Exclusion Statement**

Refer to the Voting Exclusion Statement beneath the applicable Resolution in the Notice of Meeting.

Listing Rule 14.1A

Listing Rule 14.1A provides that a notice of meeting which contains a resolution approval of security holders under the Listing Rules must summarise the relevant Listing Rule (see summary of Listing Rule 7.4 above) and what will happen if security holders give, or do not give, that approval.

If Resolution 2(a) is passed, the issue of 106,792,225 Shares under the Tranche 1 Placement will be excluded in calculating the Company's fifteen percent (15%) limit for the purposes of Listing Rule 7.1, effectively increasing the number of equity securities it can issue without shareholder approval over the twelve (12) month period following the date of issue of the Shares.

If Resolution 2(b) is passed the issue of 163,207,775 Shares under the Tranche 2 Placement will be excluded in calculating the Company's ten percent (10%) limit for the purposes of Listing Rule 7.1A, effectively increasing the number of equity securities it can issue without shareholder approval over the twelve (12) month period following the date of issue of the Shares.

If Resolution 2(a) is not passed, the issue of 106,792,225 Shares under the Tranche 1 Placement will be included in calculating the Company's fifteen percent (15%) limit for the purposes of Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without shareholder approval over the twelve (12) month period following the date of issue of the Shares.

If Resolution 2(b) is not passed, the issue of 163,207,775 Shares under the Tranche 2 Placement will be included in calculating the Company's ten percent (10%) limit for the purposes of Listing Rule 7.1A, effectively decreasing the number of equity securities it can issue without shareholder approval over the twelve (12) month period following the date of issue of the Shares.

Directors' recommendations

The Directors unanimously recommend that Shareholders vote in favour of Resolutions 2(a) & (b).

2.3 Resolution 3 – Ratification of prior issue of Consultant Shares to Consultant

The Company is seeking Shareholder approval under Listing Rule 7.4 to ratify the prior issue of the Consultant Shares to the Consultant (and/or their nominee(s)). The Consultant Shares were issued on or about 8 December 2022 in accordance with Listing Rule 7.4. The Company did not breach Listing Rule 7.1 by issuing the Consultant Shares to the Consultant.

Listing Rule 7.4

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of shareholders is required for an issue of securities by a company if those securities, when aggregated with the securities issued by the company during the previous twelve (12) months (without approval and which were not subject to an exception), exceed fifteen percent (15%) of the number of shares on issue at the commencement of that twelve (12) month period.

The issue of the Consultant Shares does not fall within any of the exceptions in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the fifteen percent (15%) limit in Listing Rule 7.1, reducing the Company's capacity to issue further Shares without Shareholder approval under Listing Rule 7.1 for the twelve (12) month period following the date of issue of the Consultant Shares.

Listing Rule 7.4 sets out the procedure and effect of Shareholder approval of a prior issue of securities and provides that where shareholders in general meeting ratify a previous issue of securities made without approval under Listing Rule 7.1, provided that the previous issue of securities did not breach ASX Listing Rule 7.1, those securities shall be deemed to have been made with shareholder approval for the purposes of Listing Rule 7.1.

By ratifying the Consultant Shares, the Company will retain the flexibility to issue shares in the future up to the fifteen percent (15%) placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Listing Rule 7.5 requires that the following information be provided to the Shareholders in relation to obtaining approval of Resolution 3 for the purposes of Listing Rule 7.4:

(a) **Name of the persons to whom the entity will issue the securities or the basis on which those persons were determined**

The Consultant Shares were issued to the Consultant (and/or their nominee(s)) as consideration for the Consultant's ongoing geological services to the Company for the period of six (6) months, commencing on 29 November 2022, as established under a consulting mandate.

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

20,000,000 Shares.

(c) **Terms of the securities**

The Consultant Shares issued rank equally in all respects with existing Shares on issue.

(d) **The date the securities were issued**

The Consultant Shares were issued on or about 8 December 2022.

(e) **Price at which the securities were issued**

The Consultant Shares were issued at an issue price of \$0.005 per Share.

(f) **Purpose and intended use of the funds raised**

The purpose of the issue of the Consultant Shares was to remunerate the Consultant for the Consultant's ongoing geological services to the Company for the period of six (6) months, commencing on 29 November 2022, as established under a consulting mandate. The Consultant Shares were therefore issued for nil consideration.

(g) **If the securities were issued under an agreement, a summary of the material terms of the agreement**

The Consultant Shares were issued under a consulting mandate, with the material terms of the consulting mandate being:

- the Consultant is to provide geological consulting services to the Company with these services including the following tasks and activities:
 - collating historical exploration information, reports and data pertaining to the Tenements;
 - conducting peer analysis and comparing the Company with other companies located within the 'lithium triangle' of Chile, Argentina and Bolivia;
 - preparation of ASX releases and marketing plans associated with the Tenements; and
 - oversight on exploration and targeting with respect to the Tenements;
- the consideration for the Consultant's services is the issue of the Consultant Shares; and
- the Company will also reimburse the Consultant's out-of-pocket expenses, with any individual expense in excess of \$250.00 requiring the Company's prior written consent.

(h) **Voting Exclusion Statement**

Refer to the Voting Exclusion Statement beneath the applicable Resolution in the Notice of Meeting.

Listing Rule 14.1A

Listing Rule 14.1A provides that a notice of meeting which contains a resolution approval of security holders under the Listing Rules must summarise the relevant Listing Rule (see summary of Listing Rule 7.4 above) and what will happen if security holders give, or do not give, that approval.

If Resolution 3 is approved by Shareholders, then the Consultant Shares will be excluded in calculating the Company's fifteen percent (15%) limit in Listing Rule 7.1 and the Company will retain the flexibility to issue Shares in the future up to the fifteen percent (15%) placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

If Resolution 3 is not approved by Shareholders, the Consultant Shares will be included in calculating the Company's fifteen percent (15%) limit in Listing Rule 7.1, effectively decreasing the number of Shares that the Company can issue without Shareholder approval over the twelve (12) month period following the date of issue of the Consultant Shares.

Directors' recommendations

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3.

2.4 Resolution 4 – Issue of Option Extension Shares to Sellers

Resolution 4 is an ordinary resolution which seeks Shareholder approval under Listing Rule 7.1 for the issue of the Option Extension Shares to the Sellers, or nominee(s) thereof, in connection with the Proposed Acquisition pursuant to the Terms Sheet. The Option Extension Shares will only be issued by the Company if they elect to extend the Option for the Option Extension Period.

Listing Rule 7.1

Listing Rule 7.1 provides that, subject to certain exceptions, prior Shareholder approval is required for an issue of securities by a company if those securities, when aggregated with the securities

issued by the company without approval and which were not subject to an exception during the previous twelve (12) months, exceed fifteen percent (15%) of the number of Shares on issue at the commencement of that twelve (12) month period.

The proposed issue of the Option Extension Shares does not fall within any of the exceptions to Listing Rule 7.1 and the Company does not have sufficient placement capacity remaining under Listing Rule 7.1 or 7.1A to accommodate the issue. The Company therefore requires the approval of Shareholders under Listing Rule 7.1 for the issue of the Option Extension Shares.

The effect of Resolution 4 will be to allow the Company to issue the Option Extension Shares during the period of three (3) months after the Meeting or a longer period, if allowed by ASX, without using the Company's fifteen percent (15%) annual placement capacity under Listing Rule 7.1.

Resolution 4 seeks approval for the issue of the Option Extension Shares for the purpose of satisfying the requirements of Listing Rule 7.1. If Resolution 4 is approved, the Option Extension Shares issued will not affect the capacity of the Company to issue securities in the next twelve (12) months under Listing Rule 7.1 as those securities, once issued, will be excluded from the calculations under Listing Rule 7.1.

For the purposes of Listing Rule 7.3, the following information is provided to Shareholders in relation to Resolution 4:

(a) **Names of the persons to whom the entity will issue the securities or basis upon which those persons will be identified or selected**

The Option Extension Shares will be issued to the Sellers, or nominee(s) thereof, pursuant to the terms of the Proposed Acquisition in the proportions set out in Schedule 1.

(b) **Maximum number and class of securities the entity is to issue**

10,000,000 Shares.

(c) **Terms of the securities**

If issued, the Option Extension Shares will rank equally in all respects with existing Shares on issue.

(d) **Date by which the entity will issue the securities**

The Option Extension Shares will be issued to the Sellers, or nominee(s) thereof, shortly after the Meeting. In any event, however, no Option Extension Shares will be issued later than three (3) months after the Meeting (or any such longer period permitted by ASX).

(e) **Issue price of the securities**

If issued, the deemed issue price for the Option Extension Shares is \$0.004 per Share.

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

If issued, the Option Extension Shares would be issued to provide the Sellers with consideration for the Company electing to extend the Option for the Extended Option Period. No funds will be raised from the issue of the Option Extension Shares if they are issued, as they are to be issued in connection with the Proposed Acquisition.

(g) **If the securities are to be issued under an agreement, a summary of the material terms of the agreement**

The Option Extension Shares are being issued pursuant to the Terms Sheet. Refer to section 1.3 above for a summary of the material terms and conditions of the Terms Sheet.

(h) **If the securities are to be issued under, or to fund, a reverse takeover, information about the reverse takeover**

The Option Extension Shares are not being issued under, or to fund, a reverse takeover.

(i) **Voting Exclusion Statement**

Refer to the Voting Exclusion Statement beneath the applicable Resolution in the Notice of Meeting.

Listing Rule 14.1A

Listing Rule 14.1A provides that a notice of meeting which contains a resolution seeking approval of security holders under the Listing Rules must summarise the relevant Listing Rule (see summary of Listing Rule 7.1 above) and what will happen if security holders give, or do not give, that approval.

If Resolution 4 is approved by Shareholders, then the Option Extension Shares will be excluded in calculating the Company's fifteen percent (15%) limit in Listing Rule 7.1 and the Company will retain the flexibility to issue shares in the future up to the fifteen percent (15%) placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

If Resolution 4 is not approved by Shareholders, the Company will not be able to proceed with the issue of the Option Extension Shares, and the Company will not be able to complete the Proposed Acquisition.

Directors' Recommendation

The Directors unanimously recommend that Shareholders approve Resolution 4.

2.5 Resolution 5 – Issue of Consideration Shares to Sellers

Resolution 5 is an ordinary resolution which seeks Shareholder approval under Listing Rule 7.1 for the issue of the Consideration Shares to the Sellers, or nominee(s) thereof, in connection with the Proposed Acquisition pursuant to the Terms Sheet. The Consideration Shares will only be issued by the Company if the Proposed Acquisition is to complete.

Listing Rule 7.1

Listing Rule 7.1 provides that, subject to certain exceptions, prior Shareholder approval is required for an issue of securities by a company if those securities, when aggregated with the securities issued by the company without approval and which were not subject to an exception during the previous twelve (12) months, exceed fifteen percent (15%) of the number of Shares on issue at the commencement of that twelve (12) month period.

The proposed issue of the Consideration Shares does not fall within any of the exceptions to Listing Rule 7.1 and the Company does not have sufficient placement capacity remaining under Listing Rule 7.1 or 7.1A to accommodate the issue. The Company therefore requires the approval of Shareholders under Listing Rule 7.1 for the issue of the Consideration Shares.

The effect of Resolution 5 will be to allow the Company to issue the Consideration Shares during the period of three (3) months after the Meeting or a longer period, if allowed by ASX, without using the Company's fifteen percent (15%) annual placement capacity under Listing Rule 7.1.

Resolution 5 seeks approval for the issue of the Consideration Shares for the purpose of satisfying the requirements of Listing Rule 7.1. If Resolution 5 is approved, the Consideration Shares issued will not affect the capacity of the Company to issue securities in the next twelve (12) months under Listing Rule 7.1 as those securities, once issued, will be excluded from the calculations under Listing Rule 7.1.

For the purposes of Listing Rule 7.3, the following information is provided to Shareholders in relation to Resolution 5:

(a) **Names of the persons to whom the entity will issue the securities or basis upon which those persons will be identified or selected**

The Consideration Shares will be issued to the Sellers, or nominee(s) thereof, pursuant to the terms of the Proposed Acquisition in the proportions set out in Schedule 1.

(b) **Maximum number and class of securities the entity is to issue**

500,000,000 Shares.

(c) **Terms of the securities**

The Consideration Shares will rank equally in all respects with existing Shares on issue.

(d) **Date by which the entity will issue the securities**

The Consideration Shares will be issued to the Sellers, or nominee(s) thereof, shortly after the Meeting. In any event, however, no Consideration Shares will be issued later than three (3) months after the Meeting (or any such longer period permitted by ASX).

(e) **Issue price of the securities**

The deemed issue price for the Consideration Shares is \$0.004 per Share.

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

The Consideration Shares are to be issued to provide the Sellers with consideration for the Proposed Acquisition. No funds will be raised from the issue of the Consideration Shares if they are issued, as they are to be issued in connection with the Proposed Acquisition.

(g) **If the securities are to be issued under an agreement, a summary of the material terms of the agreement**

The Consideration Shares are being issued pursuant to the Terms Sheet. Refer to section 1.3 above for a summary of the material terms and conditions of the Terms Sheet.

(h) **If the securities are to be issued under, or to fund, a reverse takeover, information about the reverse takeover**

The Consideration Shares are not being issued under, or to fund, a reverse takeover.

(i) **Voting Exclusion Statement**

Refer to the Voting Exclusion Statement beneath the applicable Resolution in the Notice of Meeting.

Listing Rule 14.1A

Listing Rule 14.1A provides that a notice of meeting which contains a resolution seeking approval of security holders under the Listing Rules must summarise the relevant Listing Rule (see summary of Listing Rule 7.1 above) and what will happen if security holders give, or do not give, that approval.

If Resolution 5 is approved by Shareholders, then the Consideration Shares will be excluded in calculating the Company's fifteen percent (15%) limit in Listing Rule 7.1 and the Company will retain the flexibility to issue shares in the future up to the fifteen percent (15%) placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

If Resolution 5 is not approved by Shareholders, the Company will not be able to proceed with the issue of the Consideration Shares, and the Company will not be able to complete the Proposed Acquisition.

Directors' Recommendation

The Directors unanimously recommend that Shareholders approve Resolution 5.

2.6 Resolution 6 – Issue of Performance Rights to Sellers

Resolution 6 is an ordinary resolution which seeks Shareholder approval under Listing Rule 7.1 for the issue of the Performance Rights to the Sellers, or nominee(s) thereof, in connection with the Proposed Acquisition pursuant to the Terms Sheet. The Performance Rights will only be issued by the Company if the Proposed Acquisition is to complete.

Listing Rule 7.1

Listing Rule 7.1 provides that, subject to certain exceptions, prior Shareholder approval is required for an issue of securities by a company if those securities, when aggregated with the securities issued by the company without approval and which were not subject to an exception during the previous twelve (12) months, exceed fifteen percent (15%) of the number of Shares on issue at the commencement of that twelve (12) month period.

The proposed issue of the Performance Rights does not fall within any of the exceptions to Listing Rule 7.1 and the Company does not have sufficient placement capacity remaining under Listing Rule 7.1 or 7.1A to accommodate the issue. The Company therefore requires the approval of Shareholders under Listing Rule 7.1 for the issue of the Performance Rights.

The effect of Resolution 6 will be to allow the Company to issue the Performance Rights during the period of three (3) months after the Meeting or a longer period, if allowed by ASX, without using the Company's fifteen percent (15%) annual placement capacity under Listing Rule 7.1.

Resolution 6 seeks approval for the issue of the Performance Rights for the purpose of satisfying the requirements of Listing Rule 7.1. If Resolution 6 is approved, the Performance Rights issued will not affect the capacity of the Company to issue securities in the next twelve (12) months under Listing Rule 7.1 as those securities, once issued, will be excluded from the calculations under Listing Rule 7.1.

For the purposes of Listing Rule 7.3, the following information is provided to Shareholders in relation to Resolution 6:

(a) **Names of the persons to whom the entity will issue the securities or basis upon which those persons will be identified or selected**

The Performance Rights will be issued to the Sellers, or nominee(s) thereof, pursuant to the terms of the Proposed Acquisition in the proportions set out in Schedule 1.

(b) **Maximum number and class of securities the entity is to issue**

250,000,000 Performance Rights.

(c) **Terms of the securities**

The material terms of the Performance Rights are set out in Schedule 4.

(d) **Date by which the entity will issue the securities**

The Performance Rights will be issued to the Sellers, or nominee(s) thereof, shortly after the Meeting. In any event, however, no Performance Rights will be issued later than three (3) months after the Meeting (or any such longer period permitted by ASX).

(e) **Issue price of the securities**

The Performance Rights will be issued for nil consideration (either at their issue or upon their conversion in accordance with the terms of the Performance Rights as set out in Schedule 4). The Company has not, and will not, receive any other consideration for the issue or conversion of the Performance Rights.

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

The Performance Rights are to be issued to provide the Sellers with consideration for the Proposed Acquisition. No funds will be raised from the issue of the Performance Rights if they are issued, as they are to be issued in connection with the Proposed Acquisition.

(g) **If the securities are to be issued under an agreement, a summary of the material terms of the agreement**

The Performance Rights are being issued pursuant to the Terms Sheet. Refer to section 1.3 above for a summary of the material terms and conditions of the Terms Sheet.

(h) **If the securities are to be issued under, or to fund, a reverse takeover, information about the reverse takeover**

The Performance Rights are not being issued under, or to fund, a reverse takeover.

(i) **Voting Exclusion Statement**

Refer to the Voting Exclusion Statement beneath the applicable Resolution in the Notice of Meeting.

Listing Rule 14.1A

Listing Rule 14.1A provides that a notice of meeting which contains a resolution seeking approval of security holders under the Listing Rules must summarise the relevant Listing Rule (see summary of Listing Rule 7.1 above) and what will happen if security holders give, or do not give, that approval.

If Resolution 6 is approved by Shareholders, then the Performance Rights will be excluded in calculating the Company's fifteen percent (15%) limit in Listing Rule 7.1 and the Company will retain the flexibility to issue shares in the future up to the fifteen percent (15%) placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

If Resolution 6 is not approved by Shareholders, the Company will not be able to proceed with the issue of the Performance Rights, and the Company will not be able to complete the Proposed Acquisition.

Directors' Recommendation

The Directors unanimously recommend that Shareholders approve Resolution 6.

2.7 Resolutions 7(a), (b) & (c) – Issue of Tranche 2 Placement Shares to Directors

Resolutions 7(a), (b) & (c) are ordinary resolutions which seek Shareholder approval under Listing Rule 10.11 for the issue of Tranche 2 Placement Shares to the Directors, or nominee(s) thereof, within one (1) month of the date of the Meeting at a deemed issue price of \$0.005 per Share.

Corporations Act Section 208

Section 208(1)(a) of the Corporations Act prohibits a company from giving a financial benefit (including an issue of securities) to a related party of a company without the approval of shareholders by a resolution passed at a general meeting at which no votes are cast in relation to the resolution in respect of any shares held by the related party or by an associate.

The Directors are Related Parties of the Company under section 228 of the Corporations Act. However, the Company considers that the proposed issues of Shares under Resolutions 7(a), (b) & (c) fall within the 'arm's length' exception in section 210 of the Corporations Act for the following reasons and, therefore, Shareholder approval is not required:

- the Directors who wish to participate in the Tranche 2 Placement will only be entitled to apply for Tranche 2 Placement Shares under the Tranche 2 Placement on the same terms

(including the offer price of \$0.005 per Share) as those that apply to other Exempt Investors who are not Related Parties of the Company;

- the ability of the Directors to participate in the Tranche 2 Placement may facilitate the Company's ability to complete the Proposed Transaction;
- the dilutionary impact on existing Shareholders would be the same irrespective of whether the Shares are issued to Directors or any other person under the Placement;
- the issue of Shares to the Directors under the Tranche 2 Placement would be reasonable in the circumstances if the Company were dealing at arm's length; and
- there are benefits to the Directors holding or otherwise having an interest in Shares in the Company as this will help to incentivise their performance as Directors and, in doing so, further align their interests with those of Shareholders.

Resolutions 7(a), (b) & (c) therefore does not require Shareholder approval under section 208 of the Corporations Act to allow the Directors to issue the Tranche 2 Placement Shares to the Directors, or nominee(s) thereof.

Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- (a) a related party;
- (b) a person who is, or was at any time in the six (6) months before the issue or agreement, a substantial (30%+) holder in the company;
- (c) a person who is, or was at any time in the six (6) months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- (d) an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- (e) a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue of the Tranche 2 Placement Shares to the Directors falls within Listing Rule 10.11.1 (a related party) and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of the Company's Shareholders under Listing Rule 10.11.

Resolutions 7(a), (b) and (c) seek the required Shareholder approval to the issue of the Tranche 2 Placement Shares to the Directors, being Mr Peter Huljich, Mr John Campbell Smyth and Mr Ashley Pattison, or nominee(s) thereof, under, and for, the purposes of Listing Rule 10.11.

If Resolutions 7(a), (b) and (c) are passed, the Company will be able to proceed with the issue of the Tranche 2 Placement Shares to Mr Peter Huljich, Mr John Campbell Smyth and Mr Ashley Pattison, or nominee(s) thereof, respectively.

If Resolutions 7(a), (b) and (c) are not passed, the Company will not be able to proceed with the issue of the Tranche 2 Placement Shares to Mr Peter Huljich, Mr John Campbell Smyth and Mr Ashley Pattison, or nominee(s) thereof, respectively.

Further, exception 14 of Listing Rule 7.2 states that approval pursuant to Listing Rule 7.1 is not required if shareholder approval is obtained under Listing Rule 10.11.

Listing Rule 10.13

ASX Listing Rule 10.13 requires that the following information be provided to the Shareholders in relation to obtaining approval of Resolutions 7(a), (b) and (c) as an exception to ASX Listing Rule 10.11:

(a) **The name of the allottee of the securities**

The names of the allottees of the securities are, for Resolution 7(a) Mr Peter Huljich, for Resolution 7(b) Mr John Campbell Smyth and for Resolution 7(c) Mr Ashley Pattison, or nominee(s) thereof.

(b) **The maximum number of securities to be allotted and issued**

The maximum number of securities to be allotted and issued pursuant to Resolutions 7(a), (b) and (c) respectively are as follows:

| Director | Securities |
|--|--|
| Mr Peter Huljich (or nominee(s)) | 10,000,000 Tranche 2 Placement Shares |
| Mr John Campbell Smyth (or nominee(s)) | 10,000,000 Tranche 2 Placement Shares |
| Mr Ashley Pattison (or nominee(s)) | 10,000,000 Tranche 2 Placement Shares |
| Total | 30,000,000 Tranche 2 Placement Shares |

(c) **The date of allotment and issue of the securities**

The Tranche 2 Placement Shares will be issued to the Directors, or nominee(s) thereof, shortly after the Meeting. In any event, however, no Tranche 2 Placement Shares will be issued later than one (1) month after the Meeting (or any such longer period permitted by ASX).

(d) **The relationship that requires Shareholder approval**

Mr Peter Huljich, Mr John Campbell Smyth and Mr Ashley Pattison are all Related Parties of the Company under section 228 of the Corporations Act, and related parties for the purposes of Listing Rule 10.11.1, by virtue of being Directors of the Company.

(e) **The issue price of the securities**

The issue price for the Tranche 2 Placement Shares is \$0.005 per Share.

(f) **The terms of the securities**

The Tranche 2 Placement Shares will rank equally in all respects with existing Shares on issue.

(g) **The intended use of the funds**

The Tranche 2 Placement Shares are to be issued to raise up to \$150,000 (before costs). Funds raised from the Tranche 2 Placement are to be used towards costs associated with

the Proposed Acquisition, ASIC/ASX regulatory fees, exploration expenditure on the Tenements and general working capital purposes.

(h) **Director's total remuneration package for the current financial year**

The table below sets out the total remuneration package for the current financial year for each Director (including all cash, securities (including the Directors Options) and superannuation payments).

| Director | Remuneration for current financial year |
|---|---|
| Mr Peter Huljich (or related parties) | \$152,500 |
| Mr John Campbell Smyth (or related parties) | \$91,500 |
| Mr Ashley Pattison (or related parties) | \$91,500 |
| Total | \$335,500 |

(i) **If the securities are to be issued under an agreement, a summary of the material terms of the agreement**

The Tranche 2 Placement Shares were not issued under an agreement.

2.8 Resolutions 8(a), (b) & (c) – Issue of Directors Options to Directors

Resolutions 8(a), (b) & (c) are ordinary resolutions which seek Shareholder approval under Listing Rule 10.11 and Section 208 of the Corporations Act for the issue of Directors Options to the Directors, or nominee(s) thereof, within one (1) month of the date of the Meeting at an exercise price of \$0.008 and expiry date of two (2) years from the date of issue to the Directors, or nominee(s) thereof.

Corporations Act Section 208

Section 208(1)(a) of the Corporations Act prohibits a company from giving a financial benefit (including an issue of securities) to a related party of a company without the approval of shareholders by a resolution passed at a general meeting at which no votes are cast in relation to the resolution in respect of any shares held by the related party or by an associate.

Resolutions 8(a), (b) & (c) therefore requires Shareholder approval under section 208 of the Corporations Act to allow the Directors to issue the Directors Options to the Directors, or nominee(s) thereof, on the terms set out in this Explanatory Statement.

Corporations Act Section 219

Section 219 of the Corporations Act requires the following information be provided to Shareholders for approval to be granted under section 208 of the Corporations Act for Resolutions 8(a), (b) & (c):

(a) **The Related Parties to whom financial benefits will be given**

The Related Parties to whom financial benefits will be given are the Directors, being Mr Peter Huljich, Mr John Campbell Smyth and Mr Ashley Pattison, or nominee(s) thereof.

(b) **The nature of the financial benefits**

The financial benefit being obtained by the Directors is as follows:

| Director | Financial benefit | Annual Salary |
|--|------------------------------|---------------|
| Mr Peter Huljich (or nominee(s)) | 25,000,000 Directors Options | \$100,000 |
| Mr John Campbell Smyth (or nominee(s)) | 15,000,000 Directors Options | \$60,000 |
| Mr Ashley Pattison (or nominee(s)) | 15,000,000 Directors Options | \$60,000 |

(c) **Valuation of Financial Benefits**

The value of the Directors Options being issued to the Directors is set out in the table below and is determined by the Black-Scholes valuation in accordance with the following assumptions and inputs on 6 February 2023. According to AASB 2 paragraph 19, "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". Options without market based vesting conditions can be exercised at any time following vesting up to expiry date, and as such are more suitably valued using a Black Scholes option pricing model.

| Directors Options | Valuation |
|--|------------|
| Number of Directors Options issued to Mr Peter Huljich (or nominee(s)) | 25,000,000 |
| Number of Directors Options issued to Mr John Campbell Smyth (or nominee(s)) | 15,000,000 |
| Number of Directors Options issued to Mr Ashley Pattison (or nominee(s)) | 15,000,000 |
| Total number of Directors Options issued to Directors | 55,000,000 |
| Underlying share price ¹ | \$0.005 |
| Exercise price | \$0.008 |
| Expected volatility | 100% |
| Expiry date (years) | 2 |
| Expected dividends | Nil |
| Interest rate | 3.2% |
| Value per Directors Option | \$0.0021 |
| Value of Directors Options issued to Mr Peter Huljich (or nominee(s)) | \$52,500 |
| Value of Directors Options issued to Mr John Campbell Smyth (or nominee(s)) | \$31,500 |
| Value of Directors Options issued to Mr Ashley Pattison (or nominee(s)) | \$31,500 |

| Directors Options | Valuation |
|---|-----------|
| Total value of Directors Options issued to Directors ² | \$115,500 |

Notes:

1. Assumed volume-weighted average price on the date of issue (being the volume-weighted average price of the shares traded price of Shares on the five (5) days the shares traded prior to 6 February 2023).
2. Any change in the variables applied in the Black-Scholes Model between the date of the valuation and the date that the Directors Options are issued would have an impact on their value.
3. Accordingly, the total value of Directors Options to be issued to the Directors is \$115,500.

(d) Directors' Recommendation

The Directors, in accordance with Table 2 of ASIC Regulatory Guide 76 do not make any recommendation to the Shareholders in relation to Resolutions 8(a), (b) & (c). Shareholders must decide how to vote on these Resolutions based on the contents of the Notice of Meeting and this Explanatory Statement.

(e) Interest of Directors

The Directors, other than Mr Peter Huljich, do not have a material personal interest in the outcome of Resolution 8(a).

The Directors, other than Mr John Campbell Smyth, do not have a material personal interest in the outcome of Resolution 8(b).

The Directors, other than Mr Ashley Pattison, do not have a material personal interest in the outcome of Resolution 8(c).

(f) Terms of the Financial Benefits

Full terms of the Directors Options proposed to be issued to the Directors are set out in Schedule 5.

(g) Related Parties existing interest

| Director | Existing Shares | Existing Options | Total Existing Interest |
|---|-----------------|------------------|-------------------------|
| Mr Peter Huljich (or related parties) | 2,000,000 | 4,355,000 | 6,355,000 |
| Mr John Campbell Smyth (or related parties) | 38,600,000 | 6,250,000 | 44,850,000 |
| Mr Ashley Pattison (or related parties) | 83,394,886 | 6,250,000 | 89,644,886 |

(h) Effect of issue of securities contemplated by Resolutions 8(a), (b) & (c)

Mr Peter Huljich

The maximum voting power that Mr Peter Huljich may obtain in the Company as a result of being issued the Shares from the vesting and exercise of all of the Directors Options the subject of Resolution 8(a) is 1.41% (assuming a fully diluted share capital structure).

The maximum voting power that Mr Peter Hулjich may obtain in the Company as a result of being issued the Shares from the vesting and exercise of all of the Directors Options the subject of Resolution 8(a) is 1.37% (assuming no further issue of Shares (including those contemplated in Resolutions 4 to 7) or conversion of convertible securities into Shares occurs from the date of this Notice).

The dilutionary effect as a result of Mr Peter Hулjich being issued the Shares from the vesting and exercise of all of the Directors Options the subject of Resolution 8(a) is 1.27% (assuming no further issue of Shares (including those contemplated in Resolutions 4 to 7) or conversion of convertible securities into Shares occurs from the date of this Notice).

Mr John Campbell Smyth

The maximum voting power that Mr John Campbell Smyth may obtain in the Company as a result of being issued the Shares from the vesting and exercise of all of the Directors Options the subject of Resolution 8(b) is 2.38% (assuming a fully diluted share capital structure).

The maximum voting power that Mr John Campbell Smyth may obtain in the Company as a result of being issued the Shares from the vesting and exercise of all of the Directors Options the subject of Resolution 8(b) is 2.73% (assuming no further issue of Shares (including those contemplated in Resolutions 4 to 7) or conversion of convertible securities into Shares occurs from the date of this Notice).

The dilutionary effect as a result of Mr John Campbell Smyth being issued the Shares from the vesting and exercise of all of the Directors Options the subject of Resolution 8(b) is 0.76% (assuming no further issue of Shares (including those contemplated in Resolutions 4 to 7) or conversion of convertible securities into Shares occurs from the date of this Notice).

Mr Ashley Pattison

The maximum voting power that Mr Ashley Pattison may obtain in the Company as a result of being issued the Shares from the vesting and exercise of all of the Directors Options the subject of Resolution 8(c) is 3.91% (assuming a fully diluted share capital structure).

The maximum voting power that Mr Ashley Pattison may obtain in the Company as a result of being issued the Shares from the vesting and exercise of all of the Directors Options the subject of Resolution 8(c) is 5.01% (assuming no further issue of Shares (including those contemplated in Resolutions 4 to 7) or conversion of convertible securities into Shares occurs from the date of this Notice).

The dilutionary effect as a result of Mr Ashley Pattison being issued the Shares from the vesting and exercise of all of the Directors Options the subject of Resolution 8(c) is 0.76% (assuming no further issue of Shares (including those contemplated in Resolutions 4 to 7) or conversion of convertible securities into Shares occurs from the date of this Notice).

(i) Other information

Other than as set out in this Explanatory Statement, there is no further information that is known to the Company or any of the Directors which Shareholders would reasonably require in order to decide whether or not in favour of Resolutions 8(a), (b) and/or (c).

Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- (a) a related party;

- (b) a person who is, or was at any time in the six (6) months before the issue or agreement, a substantial (30%+) holder in the company;
- (c) a person who is, or was at any time in the six (6) months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- (d) an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- (e) a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue of the Directors Options to the Directors falls within Listing Rule 10.11.1 (a related party) and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of the Company's Shareholders under Listing Rule 10.11.

Resolutions 8(a), (b) and (c) seek the required Shareholder approval to the issue of the Directors Options to the Directors, being Mr Peter Huljich, Mr John Campbell Smyth and Mr Ashley Pattison, or nominee(s) thereof, under, and for, the purposes of Listing Rule 10.11.

If Resolutions 8(a), (b) and (c) are passed, the Company will be able to proceed with the issue of the Directors Options to Mr Peter Huljich, Mr John Campbell Smyth and Mr Ashley Pattison, or nominee(s) thereof, respectively.

If Resolutions 8(a), (b) and (c) are not passed, the Company will not be able to proceed with the issue of the Directors Options to Mr Peter Huljich, Mr John Campbell Smyth and Mr Ashley Pattison, or nominee(s) thereof, respectively and, as a result, may not be able to retain the service of the Directors.

Further, exception 14 of Listing Rule 7.2 states that approval pursuant to Listing Rule 7.1 is not required if shareholder approval is obtained under Listing Rule 10.11.

Listing Rule 10.13

ASX Listing Rule 10.13 requires that the following information be provided to the Shareholders in relation to obtaining approval of Resolutions 8(a), (b) and (c) as an exception to ASX Listing Rule 10.11:

(a) The name of the allottee of the securities

The names of the allottees of the securities are, for Resolution 8(a) Mr Peter Huljich, for Resolution 8(b) Mr John Campbell Smyth and for Resolution 8(c) Mr Ashley Pattison, or nominee(s) thereof.

(b) The maximum number of securities to be allotted and issued

The maximum number of securities to be allotted and issued pursuant to Resolutions 8(a), (b) & (c) respectively are as follows:

| Director | Directors Options |
|--|------------------------------|
| Mr Peter Huljich (or nominee(s)) | 25,000,000 Directors Options |
| Mr John Campbell Smyth (or nominee(s)) | 15,000,000 Directors Options |

| Director | Directors Options |
|------------------------------------|-------------------------------------|
| Mr Ashley Pattison (or nominee(s)) | 15,000,000 Directors Options |
| Total | 55,000,000 Directors Options |

(c) **The date of allotment and issue of the securities**

Any Directors Options to be issued to the Directors will be issued at the same time as the Directors Options will be issued to the Directors, or nominee(s) thereof, shortly after the Meeting. In any event, however, no Directors Options will be issued later than one (1) month after the Meeting (or any such longer period permitted by ASX).

(d) **The relationship that requires Shareholder approval**

Mr Peter Huljich, Mr John Campbell Smyth and Mr Ashley Pattison are all Related Parties of the Company under section 228 of the Corporations Act, and related parties for the purposes of Listing Rule 10.11.1, by virtue of being Directors of the Company.

(e) **The issue price of the securities**

The Directors Options will be issued for nil consideration, however, if exercised, will have an exercise price of \$0.008 each.

(f) **The terms of the securities**

Full terms of the Directors Options are set out in Schedule 5.

(g) **The intended use of the funds**

No funds will be raised through the issue of the Directors Options under Resolutions 8(a), (b) & (c). Funds raised in the event of exercise of the Directors Options will be applied towards working capital requirements or in any other manner that the Board considers appropriate at the relevant time. However, there is no guarantee that any of the Directors Options will be exercised at any future time.

(h) **Director's total remuneration package for the current financial year**

The table below sets out the total remuneration package for the current financial year for each Director (including all cash, securities (including the Directors Options) and superannuation payments).

| Director | Remuneration for current financial year |
|---|---|
| Mr Peter Huljich (or related parties) | \$152,500 |
| Mr John Campbell Smyth (or related parties) | \$91,500 |
| Mr Ashley Pattison (or related parties) | \$91,500 |
| Total | \$335,500 |

(i) **If the securities are to be issued under an agreement, a summary of the material terms of the agreement**

The Directors Options were not issued under an agreement.

3. DEFINITIONS

In this Notice of Meeting and Explanatory Statement, the following terms have the following meanings:

"ASIC" means the Australian Securities and Investments Commission.

"Associate" has the meaning set out in sections 11 to 17 of the Corporations Act, as applicable and as applied in accordance with the note to Listing Rule 14.11.

"ASX" means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

"AWST" means Australian Western Standard Time.

"Board" means the board of Directors.

"Placement" means the Placement described in section 1.4.

"Chair" means the chairperson of the Meeting.

"Company" means Macro Metals Limited (ACN 001 894 033).

"Consideration" mean the Option Shares, Option Extension Shares (if applicable), Consideration Shares and Performance Rights.

"Consideration Shares" means the 500,000,000 Shares at a deemed issue price of \$0.004 per Share to be issued at completion of the Proposed Acquisition to the Sellers, or nominee(s) thereof.

"Constitution" means the current constitution of the Company.

"Consultant" means Geonomics Australia Pty Ltd (ACN 167 454 631).

"Consultant Shares" means the 20,000,000 Shares at an issue price of \$0.005 per Share issued to the Consultant in lieu of cash payments owed to the Consultant under a technical consultancy agreement.

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

"COVID-19" means the coronavirus disease COVID-19.

"Director" means a director of the Company.

"Directors" means the directors of the Company, being Mr Peter Huljich, Mr John Campbell Smyth and Mr Ashley Pattison.

"Directors Options" means the 55,000,000 options to acquire Shares with an exercise price of \$0.008 and expiry date of two (2) years from the date of issue to the Directors, or nominee(s) thereof.

"Exempt Investor" means a sophisticated and/or professional investor or otherwise exempt investor to whom securities may be offered by the Company without disclosure under section 708 of the Corporations Act.

"Explanatory Statement" means this explanatory statement incorporated in this Notice of Meeting.

“Extended Option Period” means the extended period of three (3) months from the date immediately following the end of the Option Period during which the Company may elect to exercise the Option (assuming that the Company first elects to extend the Option Period by issuing the Option Extension Shares).

“JORC” means the Joint Ore Reserve Committee.

“JORC Code” means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition).

“JORC Code Resources” means JORC Code compliant resources.

“LCE” means lithium carbonate equivalent (Li_2CO_3) (convertible from other types of lithium in accordance with industry standard conversion calculations).

“Listing Rules” means the listing rules of the ASX, as amended from time to time.

“Meeting” or **“General Meeting”** means the General Meeting of Shareholders to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia, 6005 on 22 March 2023, commencing at 10:00am (AWST).

“Non-Executive Director” means a non-executive director of the Company.

“Notice of Meeting” means the notice of General Meeting incorporating this Explanatory Statement.

“Official List” means the official list of the ASX.

“Option” means the exclusive option granted to the Company to acquire the Tenements from the Sellers free from any encumbrances.

“Option Exercise Notice” means the written notice that the Company must give to the Sellers, during the Option Period (or, if applicable, the Extended Option Period) of its election to exercise the Option and proceed to completion of the Proposed Acquisition.

“Option Extension Shares” means 10,000,000 Shares at a deemed issue price of \$0.004 per Share to the Sellers, or nominee(s) thereof, if the Company elects to extend the Option for the Extended Option Period.

“Option Period” means the exclusive period of three (3) months from the execution date of the Terms Sheet for the Company to exercise the Option.

“Option Shares” means 25,000,000 Shares at a deemed issue price of \$0.004 per Share to be issued to the Sellers, or nominee(s) thereof, in consideration of the Company being granted the Option.

“Performance Rights” means 250,000,000 performance rights to be issued to the Sellers, or nominee(s) thereof, prior to, or at, completion of the Proposed Acquisition, which will convert into Shares on a one (1) for one (1) basis upon satisfaction of the Vesting Condition. The terms and conditions of the Performance Rights are set out in Schedule 4 and the ASX has approved the issue of the Performance Rights.

“Person” means, in relation to a Voting Exclusion Statement for a Resolution for the purposes of:

- Listing Rules 7.1 or 7.1A, a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of Shares in the Company);

- Listing Rule 7.4, a person who participated in the issue or is a counterparty to the agreement being approved; and
- Listing Rule 10.11, a person who is to receive the securities in question and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of Shares in the Company).

“Placement” means the placement of the Placement Shares to Exempt Investors to raise an aggregate total of \$1,500,000.

“Placement Shares” means a total of 300,000,000 Shares at an issue price of \$0.005 per Share to be issued pursuant to the Placement.

“Proposed Acquisition” means the proposed acquisition of the Tenements from the Sellers as summarised in section 1.2 and described in more detail throughout this Notice.

“Proxy Form” means the proxy form attached to this Notice of Meeting.

“Related Party” has the meaning given in Chapter 19 of the Listing Rules.

“Resolution” means a resolution to be put to the Shareholders as set out in the Notice of Meeting.

“Royalty” means the a total royalty of one percent (1%) in relation to the net smelter return in respect of any products from any additional tenements (not including the Tenements) that the Company acquires that are directly introduced by the Sellers to the Company within a three hundred kilometre (300km) radius of the boundaries of any of the Tenements during a period of five (5) years from the completion date of the Proposed Acquisition to be granted by the Company to the Sellers (or their nominee(s)).

“Schedule” means a schedule to this Explanatory Statement.

“Sellers” means John MacArthur Rapkoch, Jonathan Paul Owen, Katrina Teresa Owen, Scott Everett Curry, Duncan Craig as trustee for Erracht Trust Account and Manuel Eduardo Bravo Martinez, as set out in further detail in Schedule 1.

“Share” means an ordinary fully paid share in the Company.

“Shareholder” means a holder of one or more Shares.

“Tenements” means the tenements held by the Sellers at completion of the Proposed Acquisition as detailed in Schedule 3.

“Terms Sheet” means the binding terms sheet dated 28 November 2022 entered into by the Company and the Sellers in relation to the sale and purchase of the Tenements.

“Tranche 1 Placement” means the placement of the Tranche 1 Placement Shares, as part of the Placement, to Exempt Investors to raise an aggregate total of \$1,350,000.

“Tranche 1 Placement Shares” means a total of 270,000,000 Shares at an issue price of \$0.005 per Share to be issued pursuant to the Tranche 1 Placement.

“Tranche 2 Placement” means the placement of the Tranche 2 Placement Shares, as part of the Placement, to the Directors to raise an aggregate total of \$150,000.

“Tranche 2 Placement Shares” means a total of 30,000,000 Shares at an issue price of \$0.005 per Share to be issued pursuant to the Tranche 2 Placement.

“Transaction Resolutions” means the transaction resolutions under this Notice of Meeting, being Resolutions 4 to 6.

“Vesting Condition” means the milestone condition for the Performance Rights, being the delineation of a JORC Code compliant resource of at least one (1) million tonnes of LCE at a minimum grade of 620mg per litre of lithium from the Tenements within twenty-four (24) months from completion of the Proposed Acquisition.

“Voting Exclusion Statement” means a voting exclusion statement as required by ASX Listing Rule 14.11.

“Voting Power” has the same meaning as given to that term in the Corporations Act.

SCHEDULE 1 - SELLERS

| Shareholder | Related entity | Percentage interest in Tenements (%) | Option Shares | Option Extension Shares (if issued) | Consideration Shares | Performance Rights | Royalty (%) |
|-------------------------------|-------------------|--------------------------------------|-------------------|-------------------------------------|----------------------|--------------------|-------------|
| John MacArthur Rapkoch | N/A | 31.84% | 7,960,000 | 3,184,000 | 159,200,000 | 79,600,000 | 0.3184% |
| Jonathan Paul Owen | N/A | 31.84% | 7,960,000 | 3,184,000 | 159,200,000 | 79,600,000 | 0.3184% |
| Katrina Teresa Owen | N/A | 11.30% | 2,825,000 | 1,130,000 | 56,500,000 | 28,250,000 | 0.1130% |
| Scott Everett Curry | N/A | 5.22% | 1,305,000 | 522,000 | 26,100,000 | 13,050,000 | 0.0522% |
| Duncan Craib | Erracht Trust A/c | 13.05% | 3,262,500 | 1,305,000 | 65,250,000 | 32,625,000 | 0.1305% |
| Manuel Eduardo Bravo Martinez | N/A | 6.75% | 1,687,500 | 675,000 | 33,750,000 | 16,875,000 | 0.0675% |
| Total | | 100% | 25,000,000 | 10,000,000 | 500,000,000 | 250,000,000 | 1% |

SCHEDULE 2 - PRO FORMA STATEMENT OF FINANCIAL POSITION

| | Note | 30/06/2022 \$ | Adjustment \$ | Proforma \$ |
|--------------------------------------|-----------|------------------|------------------|-------------------|
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents | 1,5 | 1,519,639 | 1,400,000 | 2,919,639 |
| Trade and other receivables | | 105,096 | | 105,096 |
| Total current assets | | 1,624,735 | | 3,024,735 |
| Non-current assets | | | | |
| Exploration assets | 2,3,6 | 5,173,292 | 2,240,000 | 7,413,292 |
| Plant and equipment | | 94,967 | | 94,967 |
| Total non-current assets | | 5,268,259 | | 7,508,259 |
| Total assets | | 6,892,994 | | 10,532,994 |
| Liabilities | | | | |
| Current Liabilities | | | | |
| Trade and other payables | | 403,111 | | 403,111 |
| Financial liabilities | | 710,280 | | 710,280 |
| Total current Liabilities | | 1,113,391 | | 1,113,391 |
| Non-current Liabilities | | | | |
| Total non-current liabilities | | | | |
| Total liabilities | | 1,113,391 | | 1,113,391 |
| Net Assets | | 5,779,603 | | 9,419,603 |
| Equity | | | | |
| Contributed Equity | 1,2,3,4,6 | 81,908,917 | 3,740,000 | 85,648,917 |
| Reserves | 7 | 1,646,026 | 115,500 | 1,761,526 |
| Accumulated losses | 5,7 | -77,775,339 | -215,500 | -77,990,839 |
| Total Equity | | 5,779,603 | | 9,419,603 |

1. Capital raising

300,000,000 @ \$0.005= \$1,500,000

2. Option shares and Option extension shares

25,000,000 @ \$0.004= \$100,000

10,000,000 @ \$0.004= \$40,000

3. Consideration shares

500,000,000 @ \$0.004= \$2,000,000

4. 250,000,000 Performance shares

at this stage, the probability of achieving performance hurdle is less than 50% and therefore not brought to account

5. Cash cost of the transaction

ASX, commission & meeting cost \$100,000

6. Consultant Shares

20,000,000 @ \$0.005 = \$100,000

7 Director options

Option value 55,000,000 @ \$.0021 = \$115,500

SCHEDULE 3 - TENEMENTS

Table 1: The Sellers SEGER project mining concessions

| No. | Project Name | Type | Concession Number | Year | Jurisdiction | Area |
|-----|--------------|------|-------------------|------|--------------|------|
| 1 | Seger | V | 1331 | 2019 | Pozo Almonte | 100 |
| 3 | Seger | V | 1333 | 2019 | Pozo Almonte | 100 |
| 4 | Seger | V | 1334 | 2019 | Pozo Almonte | 200 |
| 5 | Seger | V | 1335 | 2019 | Pozo Almonte | 200 |
| 15 | Seger | V | 1341 | 2019 | Pozo Almonte | 300 |
| 16 | Seger | V | 1346 | 2019 | Pozo Almonte | 300 |
| 17 | Seger | V | 1347 | 2019 | Pozo Almonte | 300 |
| 18 | Seger | V | 1348 | 2019 | Pozo Almonte | 300 |
| 20 | Seger | V | 1350 | 2019 | Pozo Almonte | 300 |
| 25 | Seger | V | 1355 | 2019 | Pozo Almonte | 300 |
| 26 | Seger | V | 1356 | 2019 | Pozo Almonte | 300 |
| 27 | Seger | V | 1357 | 2019 | Pozo Almonte | 300 |
| 28 | Seger | V | 1358 | 2019 | Pozo Almonte | 300 |
| 29 | Seger | V | 1359 | 2019 | Pozo Almonte | 300 |
| 30 | Seger | V | 1360 | 2019 | Pozo Almonte | 300 |
| 31 | Seger | V | 1361 | 2019 | Pozo Almonte | 300 |
| 32 | Seger | V | 1362 | 2019 | Pozo Almonte | 200 |
| 33 | Seger | V | 1363 | 2019 | Pozo Almonte | 300 |
| 34 | Seger | V | 1364 | 2019 | Pozo Almonte | 300 |
| 35 | Seger | V | 1365 | 2019 | Pozo Almonte | 200 |
| 36 | Seger | V | 1366 | 2019 | Pozo Almonte | 300 |
| 37 | Seger | V | 1367 | 2019 | Pozo Almonte | 300 |
| 38 | Seger | V | 1368 | 2019 | Pozo Almonte | 300 |
| 39 | Seger | V | 1369 | 2019 | Pozo Almonte | 300 |
| 40 | Seger | V | 1370 | 2019 | Pozo Almonte | 300 |
| 41 | Seger | V | 1371 | 2019 | Pozo Almonte | 200 |
| 42 | Seger | V | 1372 | 2019 | Pozo Almonte | 100 |
| 43 | Seger | V | 1373 | 2019 | Pozo Almonte | 300 |

| No. | Project Name | Type | Concession Number | Year | Jurisdiction | Area |
|-----|--------------|------|-------------------|------|--------------|------|
| 44 | Seger | V | 1374 | 2019 | Pozo Almonte | 300 |
| 45 | Seger | V | 1375 | 2019 | Pozo Almonte | 300 |
| 46 | Seger | V | 1376 | 2019 | Pozo Almonte | 300 |
| 47 | Seger | V | 1377 | 2019 | Pozo Almonte | 300 |

Table 2: The Sellers SEGER project mining concessions

| No. | Project Name | Type | Concession Number | Year | Jurisdiction | Area |
|-----|--------------|------|-------------------|------|--------------|------|
| 1 | Verde Sol | V | 4279 | 2021 | Pozo Almonte | 300 |
| 2 | Verde Sol | V | 4278 | 2021 | Pozo Almonte | 300 |
| 3 | Verde Sol | V | 4277 | 2021 | Pozo Almonte | 300 |
| 4 | Verde Sol | V | 4276 | 2021 | Pozo Almonte | 300 |
| 5 | Verde Sol | V | 4275 | 2021 | Pozo Almonte | 100 |
| 6 | Verde Sol | V | 4274 | 2021 | Pozo Almonte | 300 |
| 7 | Verde Sol | V | 4273 | 2021 | Pozo Almonte | 300 |
| 8 | Verde Sol | V | 4272 | 2021 | Pozo Almonte | 100 |
| 9 | Verde Sol | V | 4271 | 2021 | Pozo Almonte | 200 |
| 10 | Verde Sol | V | 4270 | 2021 | Pozo Almonte | 300 |
| 11 | Verde Sol | V | 1441 | 2021 | Maria Elena | - |
| 12 | Verde Sol | V | 114 | 2021 | Tocopilla | - |
| 13 | Verde Sol | V | 113 | 2021 | Tocopilla | - |
| 14 | Verde Sol | V | 4269 | 2021 | Pozo Almonte | 300 |
| 15 | Verde Sol | V | 4268 | 2021 | Pozo Almonte | 300 |
| 16 | Verde Sol | V | 1440 | 2021 | Maria Elena | - |
| 17 | Verde Sol | V | 4267 | 2021 | Pozo Almonte | 300 |
| 18 | Verde Sol | V | 1439 | 2021 | Maria Elena | - |
| 19 | Verde Sol | V | 1438 | 2021 | Maria Elena | - |
| 20 | Verde Sol | V | 1437 | 2021 | Maria Elena | - |
| 21 | Verde Sol | V | 1436 | 2021 | Maria Elena | - |
| 22 | Verde Sol | V | 1435 | 2021 | Maria Elena | - |
| 23 | Verde Sol | V | 1434 | 2021 | Maria Elena | - |
| 24 | Verde Sol | V | 1468 | 2021 | Maria Elena | - |

| No. | Project Name | Type | Concession Number | Year | Jurisdiction | Area |
|-----|--------------|------|-------------------|------|--------------|------|
| 25 | Verde Sol | V | 1467 | 2021 | Maria Elena | - |
| 26 | Verde Sol | V | 1466 | 2021 | Maria Elena | - |
| 27 | Verde Sol | V | 4266 | 2021 | Pozo Almonte | 300 |
| 28 | Verde Sol | V | 4305 | 2021 | Pozo Almonte | 100 |
| 29 | Verde Sol | V | 4304 | 2021 | Pozo Almonte | 300 |
| 30 | Verde Sol | V | 4303 | 2021 | Pozo Almonte | 300 |
| 31 | Verde Sol | V | 4302 | 2021 | Pozo Almonte | 200 |
| 32 | Verde Sol | V | 4301 | 2021 | Pozo Almonte | 300 |
| 33 | Verde Sol | V | 4300 | 2021 | Pozo Almonte | 300 |
| 34 | Verde Sol | V | 4299 | 2021 | Pozo Almonte | 300 |
| 35 | Verde Sol | V | 4298 | 2021 | Pozo Almonte | 300 |
| 36 | Verde Sol | V | 4297 | 2021 | Pozo Almonte | 300 |
| 37 | Verde Sol | V | 4296 | 2021 | Pozo Almonte | 300 |
| 38 | Verde Sol | V | 4295 | 2021 | Pozo Almonte | 300 |
| 39 | Verde Sol | V | 4294 | 2021 | Pozo Almonte | 300 |
| 40 | Verde Sol | V | 4293 | 2021 | Pozo Almonte | 300 |
| 41 | Verde Sol | V | 4292 | 2021 | Pozo Almonte | 300 |
| 42 | Verde Sol | V | 4291 | 2021 | Pozo Almonte | 300 |
| 43 | Verde Sol | V | 4290 | 2021 | Pozo Almonte | 300 |
| 44 | Verde Sol | V | 1465 | 2021 | Maria Elena | - |
| 45 | Verde Sol | V | 1464 | 2021 | Maria Elena | - |
| 46 | Verde Sol | V | 1463 | 2021 | Maria Elena | - |
| 47 | Verde Sol | V | 4289 | 2021 | Pozo Almonte | 100 |
| 48 | Verde Sol | V | 4288 | 2021 | Pozo Almonte | 300 |
| 49 | Verde Sol | V | 4287 | 2021 | Pozo Almonte | 300 |
| 50 | Verde Sol | V | 4286 | 2021 | Pozo Almonte | 300 |
| 51 | Verde Sol | V | 4311 | 2021 | Pozo Almonte | 300 |
| 52 | Verde Sol | V | 4310 | 2021 | Pozo Almonte | 300 |
| 53 | Verde Sol | V | 1462 | 2021 | Maria Elena | - |
| 54 | Verde Sol | V | 1461 | 2021 | Maria Elena | - |

| No. | Project Name | Type | Concession Number | Year | Jurisdiction | Area |
|-----|--------------|------|-------------------|------|--------------|------|
| 55 | Verde Sol | V | 1460 | 2021 | Maria Elena | - |
| 56 | Verde Sol | V | 1459 | 2021 | Maria Elena | - |
| 57 | Verde Sol | V | 1458 | 2021 | Maria Elena | - |
| 58 | Verde Sol | V | 1457 | 2021 | Maria Elena | - |
| 59 | Verde Sol | V | 1456 | 2021 | Maria Elena | - |
| 60 | Verde Sol | V | 1455 | 2021 | Maria Elena | - |
| 61 | Verde Sol | V | 1454 | 2021 | Maria Elena | - |
| 62 | Verde Sol | V | 4309 | 2021 | Pozo Almonte | 300 |
| 63 | Verde Sol | V | 4308 | 2021 | Pozo Almonte | 300 |
| 64 | Verde Sol | V | 4307 | 2021 | Pozo Almonte | 300 |
| 65 | Verde Sol | V | 1453 | 2021 | Maria Elena | - |
| 66 | Verde Sol | V | 1452 | 2021 | Maria Elena | - |
| 67 | Verde Sol | V | 1451 | 2021 | Maria Elena | - |
| 68 | Verde Sol | V | 1450 | 2021 | Maria Elena | - |
| 69 | Verde Sol | V | 1449 | 2021 | Maria Elena | - |
| 70 | Verde Sol | V | 1448 | 2021 | Maria Elena | - |
| 71 | Verde Sol | V | 1447 | 2021 | Maria Elena | - |
| 72 | Verde Sol | V | 1446 | 2021 | Maria Elena | - |
| 73 | Verde Sol | V | 1445 | 2021 | Maria Elena | - |
| 74 | Verde Sol | V | 1444 | 2021 | Maria Elena | - |
| 75 | Verde Sol | V | 1443 | 2021 | Maria Elena | - |
| 76 | Verde Sol | V | 1442 | 2021 | Maria Elena | - |
| 77 | Verde Sol | V | 4306 | 2021 | Pozo Almonte | 300 |

SCHEDULE 4 – TERMS OF PERFORMANCE RIGHTS

The Performance Rights entitle the holder to subscribe for Shares on the terms and conditions set out below.

1. Entitlement

Each Performance Right entitles the holder of the Performance Right to be issued one (1) fully paid ordinary share in the Company, for no cash consideration, on these terms of issue including satisfaction of the Vesting Condition (defined below).

2. No cash consideration

The Performance Rights will be granted for no cash consideration.

3. Vesting

The Performance Rights will vest upon the delineation of an independently verified JORC 2012 compliant resource of 1 million tonnes of lithium carbonate equivalent (Li_2CO_3) (convertible from lithium (Li), lithium oxide (Li_2O) and lithium hydroxide (LiOH) in accordance with the conversion table below) (“LCE”) at 620mg/l Li within the area concerning the Tenements (“**Vesting Condition**”).

| Convert from | Convert to Li | Convert to Li_2O | Convert to Li_2CO_3 | Convert to LiOH |
|--|---------------|----------------------------------|-------------------------------------|--------------------------|
| Lithium (Li) | - | 2.153 | 5.323 | 3.448 |
| Lithium Oxide (Li_2O) | 0.464 | - | 2.473 | 1.601 |
| Lithium Carbonate (Li_2CO_3) | 0.188 | 0.404 | - | 0.648 |
| Lithium Hydroxide (LiOH) | 0.290 | 0.625 | 1.544 | - |

Note: the LCE conversion approach assumes 100% recovery and that no process losses in the extraction of the LCE from the deposit has occurred.

4. Lapse

If the Vesting Condition is not satisfied by 5.00pm (AWST) on the date that is two (2) years from grant date of the Performance Rights, then the Performance Rights will automatically lapse. Any Performance Rights that have vested before the time described in this paragraph but have not been exercised will also expire at 5:00pm (AWST) on the date that is five (5) years from the grant date of the Performance Rights.

5. Exercise

Subject to paragraphs 3. and 4, Performance Rights may only be exercised by notice in writing to the Company (“**Exercise Notice**”). Any Exercise Notice for a Performance Right received by the Company will be deemed to be a notice of the exercise of that Performance Right as at the date of receipt. No exercise price, or share issue price, is payable by the holder and the Company must issue the number of Shares, update the share register and issue and send to the holder an updated holding statement within 5 business days after receiving the notice.

6. Shares issued on exercise

The Share issued upon vesting will rank equally in all respects with the Company's ordinary shares and the Company will apply to the ASX for official quotation of the Shares after they are issued.

7. Shareholder and regulatory approvals

Despite any other provision of these terms and conditions, exercise of Performance Rights into Shares will be subject to the Company obtaining all required (if any) Shareholder and regulatory approvals for the purpose of issuing the Shares to the holder. If exercise of the Performance Rights would result in any person being in contravention of section 606(1) of the Corporations Act then the exercise of each Performance Right that would cause the contravention will be deferred until such time or times that the exercise would not result in a contravention of section 606(1) of the Corporations Act.

Holders must give notification to the Company in writing if they consider that the exercise of the Performance Rights may result in the contravention of section 606(1) of the Corporations Act, failing which the Company will be entitled to assume that the exercise of the Performance Rights will not result in any person being in contravention of section 606(1) of the Corporations Act.

8. Restrictions on transfer of Shares

If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, the Company will issue a prospectus pursuant to section 708A(11) of the Corporations Act to allow those Shares to be traded within twelve (12) months after they are issued.

9. Participation in new issues

There are no participation rights or entitlements inherent in the Performance Rights and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights.

10. Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the number of Shares which must be issued on the exercise of a Performance Right will be increased by the number of Shares which the holder would have received if the holder had exercised the Performance Right before the record date for the bonus issue.

11. Adjustment for rights issue

If the Company makes a rights issue of Shares pro rata to existing Shareholders there will be no adjustment to these terms and conditions.

12. Adjustments for reorganisation

If there is any reconstruction of the issued share capital of the Company, the rights of the holders may be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction.

13. Change of Control Event

On the occurrence of a change of control event, being, in general terms, an unconditional takeover bid under Chapter 6 of the Corporations Act, a Court sanctioned scheme of arrangement or any other merger involving the Company occurs which results in the holders of Shares holding 50% or less of the voting shares in the Company, subject to the ASX Listing Rules, the Board may in its sole discretion determine that all or a percentage of unvested Performance Rights will vest and become exercisable.

14. Quotation

The Company will not apply for quotation of the Performance Rights on ASX.

15. Transferability

Performance Rights are non-transferrable and consequently, will not be quoted on the ASX or any other recognised exchange.

16. Compliance with laws

If the Corporations Act, the ASX Listing Rules or the Constitution conflicts with these terms and conditions, or these terms and conditions do not comply with the Corporations Act, the ASX Listing Rules or the Constitution, the holder authorises the Company to do anything necessary to rectify such conflict or non-compliance, including but not limited to unilaterally amending these terms and conditions.

SCHEDULE 5 – TERMS OF DIRECTORS OPTIONS

1. Entitlement

Each Option entitles the holder to subscribe for one (1) Share upon exercise of the Directors Option.

2. Expiry Date

Each Directors Option will expire at 5.00pm (AWST) on the date that is two (2) years from the date of issue ("**Expiry Date**").

3. Exercise Price

Each Directors Option will have an exercise price equal to \$0.008 ("**Exercise Price**").

4. Vesting, exercise period and lapsing

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

5. Exercise Notice and payment

Directors Options may be exercised by notice in writing to the Company ("**Exercise Notice**") together with payment of the Exercise Price for each Directors Option being exercised. Any Exercise Notice for a Directors Option received by the Company will be deemed to be a notice of the exercise of that Directors Option as at the date of receipt. Payment in connection with the exercise of Directors Options must be in Australian dollars and made payable to the Company in cleared funds.

6. Shares issued on exercise

Shares issued on exercise of Directors Options will rank equally in all respects with then existing Shares in the Company.

7. Quotation of Shares

Provided that the Company is quoted on ASX at the time, applicable will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Directors Options.

8. Timing of issue of Shares

Subject to section 9 of this Schedule 5, within five (5) business days after the later of the following:

- (a) receipt of an Exercise Notice given in accordance with these terms and conditions and payment of the Exercise Price in cleared funds for each Directors Option being exercised by the Company if the Company is not in possession of excluded information (as defined in section 708A(7) of the Corporations Act); and
- (b) the date that the Company ceases to be in possession of excluded information with respect to the Company (if any) following the receipt of the Exercise Notice and

payment of the Exercise Price in cleared funds for each Directors Option being exercised by the Company,

the Company will allot and issue the Shares pursuant to the exercise of the Directors Options and, to the extent that it is legally able to do so:

- (c) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (d) apply for official quotation on the ASX of the Shares issued pursuant to the exercise of the Directors Options.

If the Company is unable to lodge a notice that complies with section 708A(5)(e) of the Corporations Act then the Company may, in its absolute discretion, issue the Shares after the lodgement of a disclosure document issued by the Company complying with Part 6D.2 of the Corporations Act in respect of an offer of Shares ("**Cleansing Prospectus**") or, if agreed by the holder, issue the Shares after the holder signs an undertaking not to deal in the Shares until the earlier of the Company issuing a Cleansing Prospectus and twelve (12) months from issue, and agrees to a holding lock being placed on the Shares for this period.

9. Shareholder and regulatory approvals

Despite any other provision of these terms and conditions, exercise of Directors Options into Shares will be subject to the Company obtaining all required (if any) Shareholder and regulatory approvals for the purpose of issuing the Shares to the holder. If exercise of the Directors Options would result in any person being in contravention of section 606(1) of the Corporations Act then the exercise of each Directors Option that would cause the contravention will be deferred until such time or times that the exercise would not result in a contravention of section 606(1) of the Corporations Act. Holders must give notification to the Company in writing if they consider that the exercise of the Directors Options may result in the contravention of section 606(1) of the Corporations Act, failing which the Company will be entitled to assume that the exercise of the Directors Options will not result in any person being in contravention of section 606(1) of the Corporations Act.

10. Participation in new issues

There are no participation rights or entitlements inherent in the Directors Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Directors Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least four business days after the issue is announced. This is intended to give the holders of Directors Options the opportunity to exercise their Directors Options prior to the announced record date for determining entitlements to participate in any such issue.

11. Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment), the number of Shares which must be issued on the exercise of a Directors Option will be increased by the number of Shares which the holder would have received if the holder had exercised the Directors Option before the record date for the bonus issue and there will be no change made to the Exercise Price.

12. Adjustment for rights issues

If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment to the Exercise Price.

13. Adjustments for reorganisation

If there is any reconstruction of the issued share capital of the Company, the rights of the holders may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

14. Quotation

The Company will not apply for quotation of the Directors Options on ASX.

15. Transferability

Directors Options can only be transferred with the prior written consent of the Company, which consent may be withheld in the Company's sole discretion.

PROXY FORM

For personal use only



MACRO METALS
LIMITED

ACN 001 894 033

LODGE YOUR VOTE



ONLINE

<https://investorcentre.linkgroup.com>



BY MAIL

Macro Metals Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
Parramatta Square, Level 22, Tower 6,
10 Darcy Street, Parramatta NSW 2150



ALL ENQUIRIES TO

Telephone: 1300 554 474

Overseas: +61 1300 554 474

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given above by **10:00am (AWST) on Monday, 20 March 2023**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged:



ONLINE

<https://investorcentre.linkgroup.com>

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, 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 indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

NAME SURNAME
ADDRESS LINE 1
ADDRESS LINE 2
ADDRESS LINE 3
ADDRESS LINE 4
ADDRESS LINE 5
ADDRESS LINE 6



X99999999999

PROXY FORM

I/We being a member(s) of Macro Metals Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

☐

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the General Meeting of the Company to be held at **10:00am (AWST) on Wednesday, 22 March 2023 at The Celtic Club, 48 Ord Street, WEST PERTH WA 6005** (the **Meeting**) and at any postponement or adjournment of the Meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒

Resolutions

| | For | Against | Abstain* | | For | Against | Abstain* |
|---|--------------------------|--------------------------|--------------------------|--|--------------------------|--------------------------|--------------------------|
| 1 Ratification of prior issue of Option Shares to Sellers | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 7b Issue of Tranche 2 Placement Shares to Directors - Mr John Campbell Smyth | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2a Ratification of prior issue of 106,792,225 Tranche 1 Placement Shares to Exempt Investors issued under Listing Rule 7.1 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 7c Issue of Tranche 2 Placement Shares to Directors - Mr Ashley Pattison | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2b Ratification of prior issue of 163,207,775 Tranche 1 Placement Shares to Exempt Investors issued under Listing Rule 7.1A | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 8a Issue of Directors Options to Directors - Mr Peter Huljich | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 Ratification of prior issue of Consultant Shares to Consultant | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 8b Issue of Directors Options to Directors - Mr John Campbell Smyth | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4 Issue of Option Extension Shares to Sellers | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 8c Issue of Directors Options to Directors - Mr Ashley Pattison | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5 Issue of Consideration Shares to Sellers | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | |
| 6 Issue of Performance Rights to Sellers | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | |
| 7a Issue of Tranche 2 Placement Shares to Directors - Mr Peter Huljich | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | |



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

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

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