

4 July 2024

Jindalee Secures Up to \$6.7M in Funding to Advance McDermit Lithium Project

- Jindalee is seeking to raise \$6.7 million, through a combination of a Placement, Entitlement Issue and Convertible Notes, with the potential to raise up to a further \$9.0 million in Convertible Notes. Total firm commitments of \$4.1 million
- Firm commitments for a Placement to raise gross proceeds of approximately \$0.6 million from institutional investors, directors and management, at an issue price of \$0.30 per share, including a \$0.5 million commitment from Mercer Street Global Opportunity Fund II, LP and other funds managed by US-based C/M Capital Partners, LP (Mercer Street)
- Opportunity for eligible shareholders to participate via a non-renounceable Entitlement Issue on a 1 for 6 basis to raise up to approximately A\$3.1 million on the same terms as the Placement
- Strong support indicated from directors and management in the Entitlement Issue with pre-commitments received for approximately A\$0.5 million
- Every two shares under the Placement and Entitlement Issue will be accompanied by two free-attaching options in total (one 'Short Term Option' and one 'Long Term Option'), with Placement options subject to shareholder approval
- Funding facility of up to \$12 million via Convertible Securities received from Mercer Street with an initial tranche of \$3.0 million (\$1.5 million of which is subject to shareholder approval) and additional potential funding of up to \$9.0 million by mutual agreement
- Funds to be directed to deliver value optimisation opportunities in the McDermit PFS, which are expected to improve capital intensity and operating costs (versus initial PFS scope) and provide runway to achieve several key value catalysts in H2 2024, including the optimised PFS and potential for non-dilutive US government grant funding

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Jindalee Lithium Limited (**Jindalee**, the **Company**) is pleased to announce that it is seeking to raise up to \$6.7 million (**Capital Raise**), with total firm commitments of \$4.1 million, to allow Jindalee to progress work at the Company's McDermit Lithium Project (**McDermit, Project**), which hosts the largest lithium deposit in the USA¹ (Table 1).

The Capital Raise consists of three elements:

- a placement of approximately \$0.6 million to institutional investors, directors and management at \$0.30 per fully paid ordinary share (**Share**) with Attaching Options (**Placement**);



- a non-renounceable rights issue to existing shareholders on a 1 for 6 basis at \$0.30 per Share with Attaching Options pursuant to a prospectus (**Prospectus**), to raise up to approximately \$3.1 million (**Entitlement Issue**); and
- a funding facility including:
 - \$3.0 million investment for Convertible Notes, with \$1.5m advanced on closing with a further \$1.5 million investment subject to shareholder approval
 - Additional potential funding of up to \$9 million for Convertible Notes

Further details in relation to the Placement, Entitlement Issue and Convertible Notes are available in Schedules 2 and 3.

Support from US Institutional Investors, Board and management

US-based fund manager C/M Capital Partners LP, as manager of Mercer Street Global Opportunity Fund II, LP and other funds (together, **Mercer Street**) have agreed to provide the Company with a \$0.5 million equity investment via the Placement.

The Company has also entered into a funding facility with Mercer Street of up to \$12 million. Mercer Street will fund an initial Convertible Note tranche of \$3.0 million (\$1.5 million of which is subject to shareholder approval). In addition, Mercer Street may fund optional further tranches of up to \$9.0 million by mutual agreement and subject to shareholder approval or the Company having available placement capacity, demonstrating the value Mercer Street sees in the long-term prospects of Jindalee and its flagship McDermit Lithium Project.

Furthermore, Jindalee has secured formal commitments from directors and management, including from Mr Lindsay Dudfield (Executive Director and largest shareholder), totalling minimum subscriptions of approximately \$0.6 million in the Placement and Entitlement Issue. Director participation in the Placement will be subject to shareholder approval.

Use of Proceeds

Funds raised pursuant to the Capital Raise, will be applied as follows:

- Completion of the McDermit Pre-Feasibility Study (**PFS**) with the incorporation of new value optimisation opportunities, which are expected to improve capital intensity, operating costs and production outcomes vs the initial scope of PFS (see Schedule 1 for further details);
- Continuing US activities including baseline studies, permitting and stakeholder engagement; and
- Corporate costs, general working capital and costs associated with the Capital Raise.

Upcoming Value Catalysts

Jindalee has continued to progress McDermit throughout 2024, with the Capital Raise to allow the Company to execute on several potential value catalysts in the second half of CY2024. These include:

- Tribal Agreements (Q3)
- US Government technical cooperation agreement (Q3)
- Production of battery grade lithium carbonate from test work (Q3)
- Update on POSCO test work currently underway in Korea (Q3)
- Completion of optimised McDermit PFS (Q4)
- Potential award decision for non-dilutive US Government grant funding (Q3/Q4)
- Commence strategic partnership/investment process (Q4)

Jindalee's CEO Ian Rodger commented:

"We are very pleased to have secured the support of Mercer Street as a long-term funding partner, alongside the continued backing of our existing shareholders. We firmly believe that the funding initiatives announced today will support Jindalee's work programs for the foreseeable future. This funding will enable us to deliver several

key value catalysts in the second half of 2024, including the optimised McDermitt PFS and a potential award decision for US Government grant funding.

Additionally, we are excited by the value optimisation opportunities at McDermitt, which are underpinned by our recent metallurgical test-work which yielded better than expected results. Our goal is to reduce capital intensity and operating costs, thereby improving early returns while still delivering a multi-decade production outlook for battery-grade carbonate, from what we believe is an emerging top-tier, generational asset. We are committed to incorporating these opportunities into the PFS and look forward to sharing the outcomes later this year."

Mercer Street's Managing Partner Jonathan Juchno added:

"Mercer Street is pleased to support Jindalee Lithium. We see a significant value disconnect between Jindalee's current market valuation and the strategic potential of the McDermitt Lithium Project. With strong long-term prospects for the lithium market as the US builds out its battery value chain, we are confident in the Jindalee team's ability to advance the Project through key milestones expected in the coming months."

Schedule 1 - Value-Optimisation opportunities to lower capex, opex and improve production outcomes

Recent work undertaken as part of the ongoing McDermitt PFS has highlighted opportunities to add significant value to the Project. Following successful beneficiation and acid leaching test work completed in January 2024², initial pit shell optimisation and mine planning has identified excellent potential to maximise returns by increasing the Run-of-Mine feed grade for a significant period from the start of operations and stockpiling lower grade material for potential treatment in later years.

The studies have also indicated potential to optimise the flowsheet to further increase the head grade of the acid leach feed (via beneficiation) and reduce acid consumption. Phased development of the Project is also expected to deliver appreciable value. The Company is currently investigating these and other opportunities which were not included in the initial PFS scope and which have the potential to significantly enhance Project returns. Incorporation of this work is expected to add several months to the PFS timeline, with completion now expected in the fourth quarter of 2024.

Schedule 2 - Key Terms of Placement and Entitlement Issue

The Company will issue circa 2.0 million Shares via a Placement at an issue price of \$0.30 per Share to raise approximately \$0.6 million before costs.

Every two (2) Placement Shares will be accompanied by two (2) free attaching options (one of each class) described below (fractional entitlements rounded up), to be issued subject to shareholder approval to be requested at a general meeting to be held as soon as practicable (**Attaching Options**) (**General Meeting**):

- One (1) option with an exercise price of \$0.40 and expiry date of 30 June 2025 (**Short Term Options**); and
- One (1) option with an exercise price of \$0.60 and expiry date of 30 June 2027 (**Long Term Options**).

The Attaching Options are intended to be admitted to quotation on ASX. The quotation of the Attaching Options will be subject to the Company offering the Attaching Options under a prospectus prepared in accordance with Chapter 6D of the *Corporations Act 2001* (Cth) and lodged with ASIC and satisfying the quotation conditions set out in the ASX Listing Rules. Investors are advised that while it is the Company's current intention to seek quotation of the Attaching Options, the Company provides no certainty that quotation of the Attaching Options will be granted.

In addition, the Company will undertake a pro-rata non-renounceable Entitlement Issue to eligible shareholders to raise up to \$3.1 million before costs. The Entitlement Issue will be offered to shareholders on the basis of one (1) new Share for every six (6) Shares held on the record date of 15 July 2024. The

Entitlement Issue Shares will be offered at the same price and basis as the Placement Shares. Attaching Options will be offered to shareholders on the same ratio and with the same terms as the Short Term Options and Long Term Options issued to Placement participants. Entitlement Issue Attaching Options will not be subject to shareholder approval.

The Entitlement Issue is being made available to all shareholders with registered addresses in Australia and New Zealand as at the record date.

Eligible shareholders will receive a copy of the Prospectus including a personalised entitlement and acceptance form, which will provide further details of how to participate in the Entitlement Issue.

Placement participants will be eligible for Entitlement Issue participation.

In addition to taking up their entitlements in full, eligible shareholders will be able to apply for Shares in excess of their entitlements (**Top Up Securities**). Top Up Securities will only be available when there is a shortfall between applications received from eligible shareholders and the number of new Shares offered in the Entitlement Issue and will be subject to the allocation policy described in the Prospectus.

Indicative Timetable*

An indicative timetable for the Placement and Entitlement Issue is set out below:

| Event | Date (2024) |
|--|--------------------|
| Placement settlement | Tuesday, 9 July |
| Lodgement of Prospectus with ASIC & ASX | Wednesday, 10 July |
| Placement Shares issued | Wednesday, 10 July |
| “Ex” Date | Friday, 12 July |
| Record Date | Monday, 15 July |
| Date on which offer documents will be made available to eligible shareholders entitled to participate in the Entitlement Offer and Entitlement Issue opens | Thursday, 18 July |
| Last day to extend the Entitlement Issue closing date | Wednesday, 24 July |
| Entitlement closes at 5.00pm AWST (Closing Date) | Monday, 29 July |
| Announcement of results of Entitlement Offer and issue of Shares and Attaching Options under Entitlement Issue | Monday, 5 August |

* The dates and times noted above are indicative only and subject to change. Any material changes will be notified by the Company to ASX. The Company reserves the right to amend any or all of these dates and times, including the Closing Date, without prior notice subject to the *Corporations Act 2001 (Cth)*, the ASX Listing Rules and other applicable laws.

Schedule 3 - Key Terms of Convertible Note Agreements

The Company has entered into Convertible Securities Agreements with Mercer Street. The material terms of the Convertible Securities Agreements are summarised as follows:

| | |
|--------------------------|---|
| Investment Amount | Mercer Street will invest up to a maximum of \$12,000,000 in three or more tranches as outlined below, subject to the satisfaction of customary conditions precedent (including confirmation by the Company that it has performed or complied in all material respects with all obligations required to be performed or complied with under the Convertible Securities Agreements), via the issue of Convertible Notes. |
|--------------------------|---|

| | | | | | | | | | | | |
|-------------------------------|---|-------------------|--|--------------------------|-------------|---------------------------|-------------|-------------------------------|---|--------------|---------------------|
| | | | | | | | | | | | |
| | Investment Amount | | | | | | | | | | |
| | First Investment Amount: \$1,500,000 | | | | | | | | | | |
| | Second Investment Amount: \$1,500,000 (subject to shareholder approval) | | | | | | | | | | |
| | Subsequent Investment Amount: Up to \$9,000,000 subject to the agreement of Mercer Street and the Company | | | | | | | | | | |
| | Total <i>Up to \$12,000,000</i> | | | | | | | | | | |
| Face Value | <p>Each Convertible Note will have a Face Value of \$1.00.</p> <p>The aggregate Face Value of the Convertible Notes will be 110% of the relevant Investment Amount.</p> <p>The aggregate Face Value of the Convertible Notes will therefore be as follows:</p> <table border="1" style="width: 100%;"> <tr> <td style="text-align: center;">Face Value</td> <td></td> </tr> <tr> <td>First Convertible Notes:</td> <td style="text-align: right;">\$1,650,000</td> </tr> <tr> <td>Second Convertible Notes:</td> <td style="text-align: right;">\$1,650,000</td> </tr> <tr> <td>Subsequent Convertible Notes:</td> <td style="text-align: right;">If the maximum Subsequent Investment Amount is invested, \$9,900,000.</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">\$13,200,000</td> </tr> </table> | Face Value | | First Convertible Notes: | \$1,650,000 | Second Convertible Notes: | \$1,650,000 | Subsequent Convertible Notes: | If the maximum Subsequent Investment Amount is invested, \$9,900,000. | Total | \$13,200,000 |
| Face Value | | | | | | | | | | | |
| First Convertible Notes: | \$1,650,000 | | | | | | | | | | |
| Second Convertible Notes: | \$1,650,000 | | | | | | | | | | |
| Subsequent Convertible Notes: | If the maximum Subsequent Investment Amount is invested, \$9,900,000. | | | | | | | | | | |
| Total | \$13,200,000 | | | | | | | | | | |
| Conversion Price | <p>In respect of the First Convertible Notes and Second Convertible Notes, the higher of \$0.20 and either:</p> <ul style="list-style-type: none"> • if conversion occurs on or before the date that is 3 months following completion of the issue of the First Convertible Notes: \$0.345; • if conversion occurs after 3 months following completion of the First Convertible Notes, the lesser of: <ul style="list-style-type: none"> ○ \$0.345; and ○ 90% of the average of the two lowest daily VWAPs during the 20 trading days immediately prior to the relevant conversion notice (Variable Conversion Price) <p>In respect of the Subsequent Convertible Notes, the higher of:</p> <ul style="list-style-type: none"> • the Variable Conversion Price; and • a price equal to 65% of the average of the VWAPs for the preceding 10 trading days immediately prior to the first closing date of any Subsequent Convertible Notes. <p>The Conversion Price is subject to adjustment in the event of certain customary events (such as a consolidation or subdivision of the Company's issued capital).</p> | | | | | | | | | | |

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|-----------------------------|--|--|
| Commencement Shares | The Company must issue the following shares as partial consideration for the provision of the investment: | |
| | Commencement Shares | |
| | On completion of the issue of the First Convertible Notes (First Commencement Shares) | 576,738 |
| | On completion of the issue of the first tranche of Subsequent Convertible Notes (if any) (Subsequent Commencement Shares) | 576,738 |
| | Total | 1,153,476 |
| Options | The Company must issue the following unquoted options as partial consideration for the provision of the investment. The options will be exercisable at \$0.37 each and expire 24 months after the date of issue. | |
| | Options | |
| | Within 5 business days of the receipt of shareholder approval, in consideration for the issue of the First Convertible Notes (First Options) | 2,027,027 |
| | On completion of the issue of the Second Convertible Notes (Second Options) | 2,027,026 |
| | On completion of the issue of the Subsequent Convertible Notes (if any) (Subsequent Options) | Such number of Options as is equal to 50% of the applicable Subsequent Investment Amount, divided by \$0.37, If the maximum Subsequent Investment Amount is invested, 12,162,162 Options. |
| Shareholder approval | <p>The Company has agreed to issue the First Convertible Notes and First Commencement Shares utilising its placement capacity under Listing Rule 7.1.</p> <p>The agreement to issue the First Options, Second Convertible Notes, Second Options, Subsequent Convertible Notes, Subsequent Commencement Shares and Subsequent Options is subject to and conditional on the receipt of shareholder approval pursuant to Listing Rule 7.1.</p> | |
| Conditions | <p>The conditions precedent include, but are not limited to:</p> <ul style="list-style-type: none"> • in respect of the Second Investment Amount, the Company obtaining Shareholder approval to issue the relevant securities; • in respect of the First Investment Amount, Second Investment Amount, and each Subsequent Investment Amount, the Company issuing a cleansing statement or lodging a prospectus (if necessary), such that following conversion of the Convertible Notes there are no restrictions for the on-sale of Shares; • in respect of each closing date for the First Investment Amount, Second Investment Amount, and each Subsequent Investment Amount, shares in the | |

| | |
|-------------------------|---|
| | <p>Company having remained continuously quoted on ASX without suspension for more than five trading days in the 12-month period prior to the relevant closing date;</p> <ul style="list-style-type: none"> • in respect of each Subsequent Investment Amount, Mercer Street and the Company agreeing to the Subsequent Investment; • customary conditions such as representations and warranties being true and correct; and • authorisations and consents being obtained, delivery of documents, and no default by the Company. |
| Use of proceeds | The Company will use all proceeds under the Convertible Securities Agreement towards the McDermit Prefeasibility Study, US operations (including metallurgical test work exploration, permitting and community engagement) and general working capital. |
| Maturity date | The maturity date for each Convertible Note is 24 months from its issue date. The Investor may elect to convert the Convertible Notes at any time from the date of issue until the maturity date |
| Repayment | <p>Any Convertible Notes which have not been converted (or the subject of a conversion notice) must be repaid on the earlier to occur of:</p> <ul style="list-style-type: none"> • 20 business days of the maturity date; • Within 10 business days of the receipt of written notice following an event of default; or • Within 20 business days of the receipt of written notice if a change of control event, delisting event, or qualifying capital raising event (where \$10m or more is raised) occurs. |
| Repurchase right | <p>Provided that there is no existing event of default, the Company is in compliance with the Convertible Securities Agreements and there is no existing conversion notice, the Company may elect to repurchase all of the remaining Convertible Notes. The repurchase price will be a 5% premium to the Face Value of the remaining Convertible Notes. Upon receipt of notice from the Company that it wishes to repurchase the Convertible Notes, the Investor may elect to convert all or some of the Convertible Notes instead of having them repurchased by the Company.</p> |
| Other terms | Customary investor protections have been agreed, such as negative covenants, events of default, and representations and warranties. |

Authorised for release by the Jindalee Board of Directors.

For further information please contact:

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IAN RODGER

Chief Executive Officer

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References

1. Jindalee Lithium ASX announcement 27/02/2023: "Resource at McDermit increases to 21.5 Mt LCE"
2. Jindalee Lithium ASX announcement 18/01/2024: "More Exceptional Metallurgical Results from McDermit"

About Jindalee

Jindalee Lithium Limited (ASX: JLL) is a pure-play US lithium company focussed on the development of the giant McDermitt Lithium Project (21.5 Mt LCE¹), currently the largest lithium deposit in North America. Jindalee also provides shareholders with indirect exposure to lithium, gold, base and strategic metals, iron ore and magnesite in Australia through our holding in Dynamic Metals (ASX: DYM).

Competent Persons Statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Lindsay Dudfield. Mr Dudfield is a director and shareholder of, and consultant to, the Company and a Member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Dudfield has sufficient experience relevant to the styles of mineralisation and types of deposits under consideration, and to the activity being undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves.' Mr Dudfield consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

The Company confirms that it is not aware of any further new information or data that materially affects the information included in the original market announcements by Jindalee Lithium Limited referenced in this report and in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. To the extent disclosed above, the Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

| Cut-off Grade (ppm Li) | Indicated Resource | | | Inferred Resource | | | Indicated and Inferred Resource | | |
|------------------------|--------------------|----------------|----------|-------------------|----------------|----------|---------------------------------|----------------|----------|
| | Tonnage (Mt) | Li Grade (ppm) | LCE (Mt) | Tonnage (Mt) | Li Grade (ppm) | LCE (Mt) | Tonnage (Mt) | Li Grade (ppm) | LCE (Mt) |
| 1,000 | 1,470 | 1,420 | 11.1 | 1,540 | 1,270 | 10.4 | 3,000 | 1340 | 21.5 |

Table 1 - Summary of 2023 McDermitt Mineral Resource Estimate at the reporting cut-off of 1,000ppm. Note: totals may vary due to rounding. (Lithium carbonate equivalent (LCE) is calculated by taking the lithium value and multiplying by 5.323 to determine the molar equivalent in standard industry fashion).

Forward-Looking Statements

This document may contain certain forward-looking statements. Forward-looking statements include but are not limited to statements concerning Jindalee Lithium Limited's (Jindalee's) current expectations, estimates and projections about the industry in which Jindalee operates, and beliefs and assumptions regarding Jindalee's future performance. When used in this document, the words such as "anticipate", "could", "plan", "estimate", "expects", "seeks", "intends", "may", "potential", "should", and similar expressions are forward-looking statements. Although Jindalee believes that its expectations reflected in these forward-looking statements are reasonable, such statements are subject to known and unknown risks, uncertainties and other factors, some of which are beyond the control of Jindalee and no assurance can be given that actual results will be consistent with these forward-looking statements.