

1. Nil Consideration Payable

No subscription or application monies will be payable for the issue of each option (**Option**).

2. Entitlement

2.1 Each Option shall entitle the holder (the **Option Holder**) to subscribe (in cash) for one (1) fully-paid ordinary share (**Share**) in the capital of Lithium Energy Limited ACN 647 135 108 (**Company**) at the Exercise Price.

2.2 "**Exercise Price**" means 145% of the volume-weighted average price of the Company's shares over the 5 trading day period up to (but excluding) the Approval Date (rounded up to the nearest half of one cent) [being \$1.39].

2.3 "**Approval Date**" means date of receipt of Company shareholder approval for the issue of Options to the Executive Option Holder [being 30 November 2021].

2.4 The Options will not be quoted on the ASX.

3. Option Period

Each Option will expire at 5:00pm (Perth time) on the day prior to the third anniversary of the Approval Date [being 29 November 2024] (such date being referred to as the **Option Expiry Date**). Subject to Clauses 4 and 8 hereof, each Option may be exercised by the Option Holder at any time prior to the Option Expiry Date and any Option not so exercised shall automatically expire on the Option Expiry Date.

4. Lapsing of Options Prior to Option Expiry Date

5.1 Options will lapse prior to the Option Expiry Date in the circumstances described below:

5.1.1 Upon determination by the Board that the Executive Option Holder has acted fraudulently, dishonestly or in breach of his obligations to the Company;

5.1.2 Upon the Executive Option Holder ceasing to be an officeholder (and employee, where applicable) of the Company (for whatever reason including by retirement, resignation, termination, removal by shareholders or failure to be re-elected by shareholders) and not exercising the option within three (3) months following that event; or

5.1.3 Six (6) months after the death, permanent illness or permanent physical or mental incapacity of a Executive Option Holder,

unless the Board determines, in its unfettered discretion, that the Options or any of them will not lapse or that their lapse will be delayed for any period or until the occurrence of any condition.

5.2 Nothing in this clause means that any Option can be exercised after the Option Expiry Date.

5.3 "**Executive Option Holder**" means:

5.3.1 the Option Holder (being the Executive of the Company at the date of issue) if the Option has not been transferred under clause 7 or;

5.3.2 the original Option Holder (being the Executive of the Company at the date of issue) if the Option has been transferred under clause 7.

5. Ranking of Share Issued on Exercise of Option

Each Share issued as a result of the exercise of an Option will, subject to the Constitution of the Company, rank in all respects equally with all of the existing Shares on issue at the date of issue of the Share issued pursuant to the exercise of the Option.

6. Notification to Option Holders

The Option Holder will be entitled to receive - and will be sent - all reports, accounts and notices required to be given to the members of the Company but will not be entitled to attend or vote at any meeting of the members of the Company unless they are, in addition to being an Option Holder, a member of the Company.

7. Dealings in Options

7.1 Save as provided in clause 7.2, the Option Holder may not sell, transfer, assign, mortgage or otherwise encumber an Option, unless agreed in writing by the Board and subject to any applicable law and the ASX Listing Rules.

7.2 If the Option Holder is the Executive to whom the Company has offered to apply for Options, the Executive/Option Holder may at any time transfer all or any of their Options to the Executive's spouse, to a company in which the Executive or his spouse is a shareholder, to a trustee of a trust in which the Executive or his spouse has a beneficial interest to be held on that trust or to the trustee of any superannuation fund of which the Executive or his spouse is a member to be held in that member's account, subject to any applicable law and the ASX Listing Rules. After any transfer of an Option permitted by this clause 7.2, a reference to the Option Holder is a reference to the transferee.

8. Method of Exercise of an Option

8.1 A certificate or holding statement will be issued by the Company with respect to Options held by the Option Holder. Attached to or endorsed on the reverse side of each certificate or holding statement will be a notice that is to be completed by the Option Holder when exercising the Options the subject of the certificate or holding statement (**Notice of Exercise of Options**). Options may be exercised by the Option Holder completing the Notice of Exercise of Options and forwarding the same to the Company Secretary of the Company. The Notice of Exercise of Options must state the number of

- Options exercised and the consequent number of Shares to be issued. The number of Options exercised must be a multiple of 1,000 if only part of the Option Holder's total Options are exercised. If the total number of Options held by the Option Holder is less than 1,000, then all Options held by the Option Holder must be exercised at the same time.
- 8.2 The Notice of Exercise of Options by the Option Holder must be accompanied by payment in full for the relevant number of Shares being subscribed for, being an amount equal to the Exercise Price per Option multiplied by the number of Options being exercised.
- 8.3 Notwithstanding Clause 8.1, if the Option Holder wishes to exercise some or all of the Options, it may elect to pay the Exercise Price per Option by using a cashless exercise facility which entitles the Option Holder to set-off the Exercise Price per Option against the number of Shares which the Option Holder is entitled to receive upon exercise of its Options. If an Option Holder elects to use the cashless exercise facility, the Option Holder will only be issued that number of Shares (rounded down to the nearest whole number) as are equal to the value of the difference between the Exercise Price per Option otherwise payable for the exercise of the Options and the then market value of the Shares at the time of exercise (determined as the volume weighted average price of Shares on the ASX over the five trading days prior to exercise).
- 8.4 Subject to Clause 8.1 hereof, the exercise of less than all of the Option Holder's Options will not prevent the Option Holder from exercising the whole or any part of the balance of the Option Holder's entitlement under the Option Holders remaining Options.
- 8.5 On exercise of Options, the Option Holder must surrender to the Company the Option Holder's Option certificate or holding statement for the Options being exercised.
- 8.6 If the Option Holder exercises less than the total number of Options then registered in the Option Holder's name:
- 8.6.1 the Option Holder must surrender the Option certificate or holding statement with respect to the Option Holder's Options to the Company; and
- 8.6.2 the Company must cancel that Option certificate or holding statement and issue to the Option Holder a new certificate or holding statement with respect to the balance of the Option Holder's unexercised Options.
- 8.7 Within five (5) business days from the date the Option Holder properly exercises Options held by the Option Holder, the Company shall issue to the Option Holder that number of Shares so subscribed for by the Option Holder.
- 8.8 The Company will (subject to any escrow restrictions imposed by ASX) within five (5) business days from the date of issue and allotment of Shares pursuant to the exercise of Options, apply to ASX for, and use its best endeavours to obtain, Official Quotation of all such Shares, in accordance with the Corporations Act (Cth) 2001 and the Listing Rules of ASX.
- 9. Reconstruction**
- In the event of a reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, the rights of the Option Holder will be treated in the manner set out in the Listing Rules of ASX applying to reconstructions at that time.
- 10. Participation in New Share Issues**
- There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its Shareholders from time to time prior to the Option Expiry Date unless and until the Options are exercised. Prior to any new pro-rata issue of securities to Shareholders, holders of Options will be notified by the Company in accordance with the requirements of the Listing Rules.
- 11. Change of Options Exercise Price or Number of Underlying Shares**
- 11.1 If the Company makes a pro-rata issue (except a bonus issue) to its Shareholders, the Exercise Price of each Option shall be adjusted in accordance with the provisions of the Listing Rules of ASX. No change will be made pursuant to the application of the above formula to the number of Shares to which the Option Holder is entitled.
- 11.2 If the Company makes a bonus issue of Shares or other securities convertible into Shares pro rata to holders of Shares the number of Shares issued on exercise of each Option will include the number of bonus Shares that would have been issued if the Option had been exercised by the Option Holder prior to the book closing date for bonus Shares. No change will be made in such circumstances to the Exercise Price of each Option.