

25 January 2023

DECEMBER 2022 QUARTERLY REPORT

Significant growth in Pioneer Dome Indicated Mineral Resource to underpin Scoping Study;

Tianqi Lithium Energy Australia Pty Ltd proposes to acquire Essential Metals shares by way of a Scheme of Arrangement @ \$0.50 per share in cash.

Highlights

- **Resource drilling programme** completed, providing geological information to help frame the potential scale of mining operations for the purposes of finalising a scoping study.
- Drilling and **metallurgical test work** confirmed minimal oxidation of the spodumene at Cade with excellent recoveries demonstrated from the shallow mineralisation.
- Dome North lithium Mineral **Resource upgraded**, with contained lithium in the higher confidence **Indicated Resource** category increasing by 50% to **8.6Mt @ 1.23% Li₂O containing 105,000 tonnes**. An impressive **81% of the total contained lithium** within the Mineral Resource has now been upgraded to the **Indicated** classification, reflecting the thick, high grade and out-cropping nature of the deposits.
- **Scoping Study** now due for completion mid-February as a result of delays associated with the proposed Scheme of Arrangement with Tianqi Lithium Energy Australia Pty Ltd (TLEA).
- **Closing Cash** of \$9.8 million on hand as at 31 December 2022.

POST QUARTER

- As announced on 9 January 2023, Tianqi Lithium Energy Australia Pty Ltd (**TLEA**) and Essential entered into a Scheme Implementation Agreement (**SIA**) under which TLEA proposes to acquire 100% of Essential by way of a Scheme of Arrangement (**Scheme**), subject to approval by Essential shareholders.
- The Scheme Consideration is A\$0.50 in cash per ESS share, implying a fully diluted equity value for Essential of ~A\$136 million. The Scheme Consideration represents a significant premium of 44.9% to the closing Essential share price of A\$0.345 per share on 6 January 2023.

POST QUARTER - SCHEME OF ARRANGEMENT

On 9 January 2023¹, Essential announced that Tianqi Lithium Energy Australia Pty Ltd (TLEA) and Essential had entered into a Scheme Implementation Agreement (SIA) under which TLEA proposes to acquire 100% of Essential by way of a Scheme of Arrangement (Scheme), which is subject to approval by Essential shareholders.

If the Scheme is implemented, each Essential shareholder on the Record Date will receive a cash amount of A\$0.50 per Essential share (Scheme Consideration), implying a fully diluted equity value for Essential of ~A\$136 million.

The Scheme Consideration represents a significant premium of:

- 44.9% to the closing Essential share price of A\$0.345 per share on 6 January 2023
- 45.7% to the 1-month Essential VWAP of A\$0.343 per share up to and including 6 January 2023

The Scheme is unanimously recommended by the Essential Board of Directors in the absence of a superior proposal and subject to the appointed Independent Expert opining that the Scheme is in the best interests of Essential shareholders.

TLEA is an incorporated joint venture owned 51% by Tianqi Lithium Corporation, a global energy materials company listed on the Shenzhen and Hong Kong Stock Exchanges currently capitalised at ~US\$19 billion, and 49% by IGO Limited (ASX: IGO), a mining and processing company which produces metals critical for clean energy and currently capitalised at ~A\$11.1 billion. TLEA owns an integrated lithium business, including a 51% interest in the Greenbushes Lithium Operation (Albemarle Corp, 49%) and 100% of the Kwinana Lithium Hydroxide Refinery, both located in Western Australia.

The SIA contains various standard "no shop", "no talk", "notification" and "matching rights" provisions, with a break fee payable in certain circumstances.

The Scheme is subject to various conditions including approval by Essential shareholders at a Scheme Meeting proposed to be held in April 2023.

ESSENTIAL BOARD RECOMMENDATION

The Essential Board, comprised of three independent non-executive directors and one executive director, in consultation with its advisors, has carefully considered a range of matters including its view of the status of Essential's main asset, being the pre-development Pioneer Dome Lithium Project, compared to the certainty for shareholders of this all-cash offer.

Under a scheme of arrangement, a bidder and target must first reach agreement to provide target shareholders (Essential shareholders in this instance) with an opportunity to vote on the proposed scheme.

The Board of Essential unanimously recommends that, in the absence of a superior proposal and subject to the Independent Expert (appointed by the Company) opining that the Scheme is in the best interests of Essential shareholders, that Essential shareholders vote in favour of the Scheme.

In the absence of a superior proposal and subject to the favourable opinion of the Independent Expert, each of the directors of Essential has committed to vote in favour of the Scheme in respect of the shares they have an interest in.

¹ Refer ASX:ESS announcement 9 January 2023 "Essential and TLEA enter into Scheme of Arrangement"

Details of the Board of Directors' recommendation and commitment to vote in favour of the Scheme and a copy of the Independent Expert's Report will be included in a Scheme Booklet expected to be provided to shareholders in March 2023.

Shareholders are encouraged to read the Scheme Booklet as it will contain information that will assist a shareholder in deciding whether or not to vote in favour of the Scheme.

DETAILS OF THE SCHEME IMPLEMENTATION AGREEMENT (SIA)

The SIA is subject to various conditions precedent, including:

- Approval being received from Essential shareholders at a duly convened shareholder Scheme meeting;
- Regulatory approvals;
- Court approvals;
- The Independent Expert concluding that the Scheme is in the best interests of Essential shareholders and not changing that conclusion prior to completion;
- In relation to Essential option securities on issue, the options either being exercised or cancelled; and
- Other conditions customary for a transaction of this nature.

Full details of the conditions are set out in the SIA, which was attached as Appendix A to the 9 January 2023 announcement.

EXCLUSIVITY ARRANGEMENTS

The SIA contains various standard "no shop", "no talk", "notification" and "matching rights" provisions. Essential has agreed that it will not solicit any competing proposal or participate in any discussions or negotiations in relation to any competing proposal (unless failure to do so would involve a breach of the fiduciary duties of its Directors).

The SIA also details circumstances under which Essential may be required to pay a break fee to TLEA and circumstances where TLEA may be required to pay Essential a reverse break fee, both equivalent to approximately A\$1.36 million and payable in certain circumstances.

INDICATIVE TIMETABLE

Essential shareholders do not need to take any action at this time. Shareholders of Essential will be asked to approve the Scheme at a meeting which is expected to be held in April 2023. Further details of the Scheme, transaction terms and recommendations will be provided to Essential shareholders through a Scheme Booklet which will include an Independent Expert's Report. An indicative timetable for the Scheme implementation is set out below:

Action	Estimated Date
First Court Date	March 2023
Dispatch of Scheme Booklet to Essential shareholders	March 2023
Scheme Meeting of Essential shareholders	April 2023
Second Court Date	April 2023
Effective Date	May 2023
Scheme record date	May 2023
Implementation date	May 2023

Note: this timetable is indicative and may be subject to change.

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PIONEER DOME LITHIUM PROJECT

The 450km² Pioneer Dome Project (ESS: 100%) is in the core of Western Australia's lithium corridor in the Eastern Goldfields, approximately 130km south of Kalgoorlie and 275km north of the Port of Esperance. A Mineral Resource² of 11.2Mt @ 1.16% Li₂O has been defined at Dome North in the northern area of the Project.

The southern Yilgarn area is recognised as being well-endowed with spodumene deposits, including Pioneer Dome, the Bald Hill Mine, the Mt Marion Mine, the Manna Project and the Buldania Project, all of which are located within a 90km radius. The world-class Greenbushes Deposit, the Mt Holland Mine and the Mt Cattlin Mine are located further west, south-west and south-south-west, respectively.

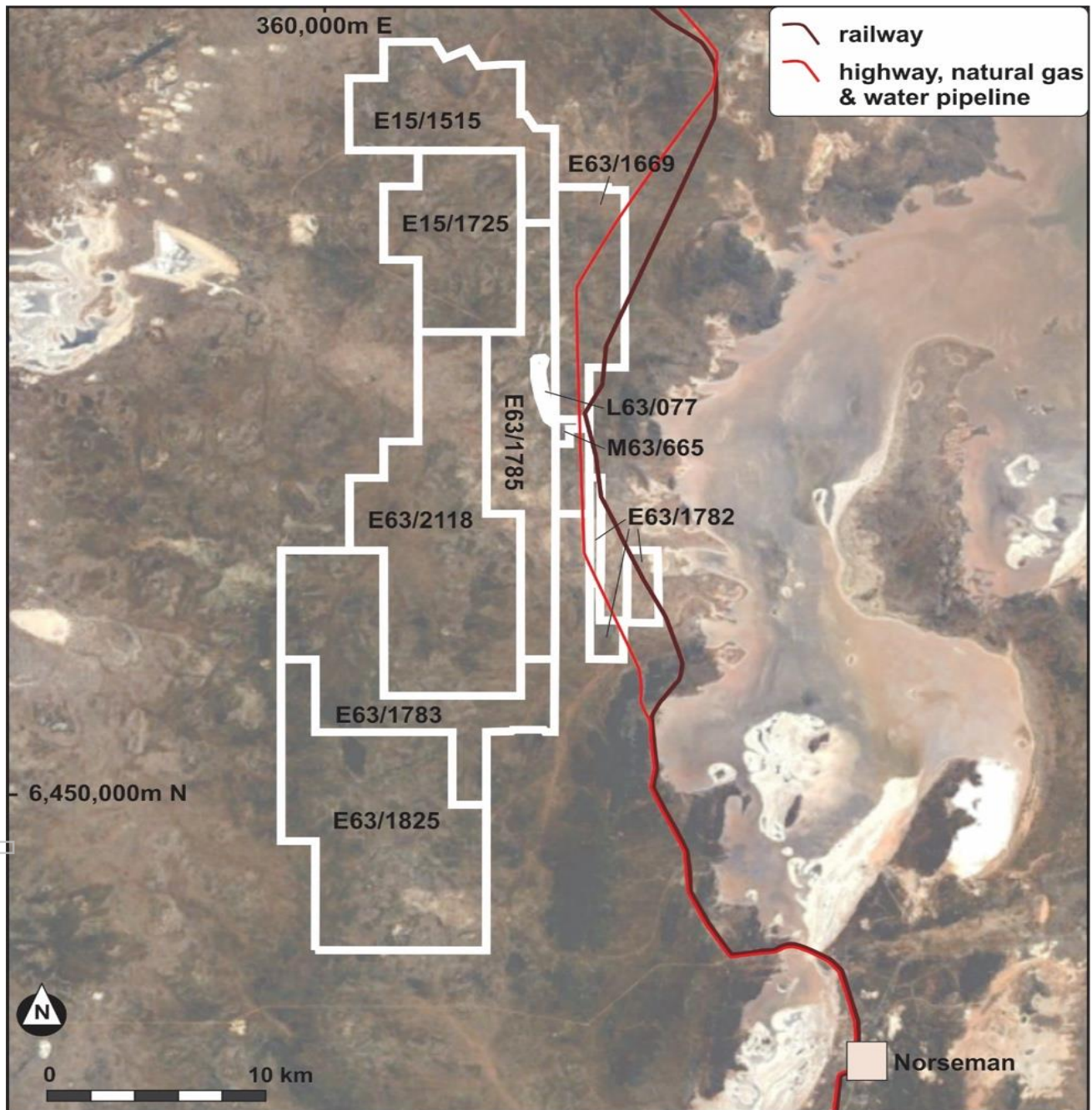


Figure 1 – The location of the tenements of the Pioneer Dome Lithium Project relative to major infrastructure.

² Refer ASX:ESS announcement 20 December 2022 "Dome North Resource upgrade"

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ASSAYS FROM DOME NORTH RESOURCE DRILL PROGRAMME

Assays from the Dome North drill programme targeting depth extensions at the Cade and Davy deposits, as well as testing the northern and southern strike extensions at Davy, were received in October.³

A total of 21 holes were drilled using a combination of Reverse Circulation (RC) (5,402m) and diamond core tails (RCD) (2,093m) drilling for a total of 7,495m (see Figure 2 for the hole locations).

Observations and assay results indicate that the depth potential for spodumene mineralisation at Cade and Davy is constrained below the current Mineral Resource domains, as well as at the southern end of Davy.

Drill testing at the northern end of the Davy deposit has confirmed the presence of two sub-parallel spodumene-bearing pegmatites. Best intersections from this drilling included:

- 3m @ 1.22% Li₂O from 134m (PDRCD720)
- 2.6m @ 0.86% Li₂O from 179m (PDRCD720) – second pegmatite in hole.
- 5m @ 0.89% Li₂O from 77m (PDRCD712)
- 3m @ 0.79% Li₂O from 71m (PDRCD715)
- 3m @ 0.87% Li₂O from 170m (PDRCD719)

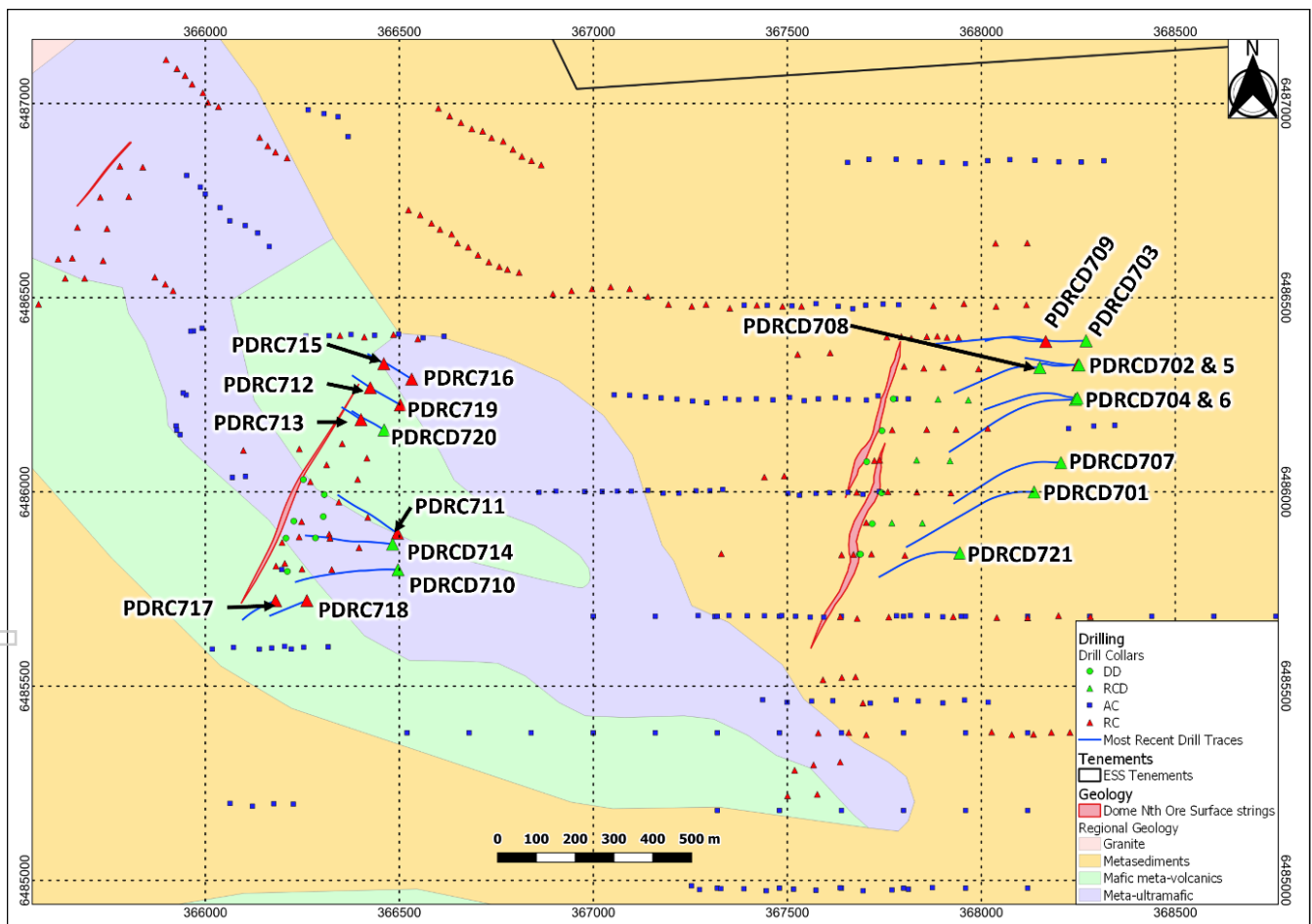


Figure 2 – Hole location and drill traces (blue lines) of most drilling at Dome North.

³ ASX announcement dated 27 October 2022 titled 'Pioneer Dome lithium assays'

The drilling at the Cade Deposit totalled 10 holes for 4,654m and was designed to test the potential depth extent of the spodumene zones.

Pegmatite was intersected in all seven deeper holes drilled to target depth. The 0.6m wide pegmatite intersection in hole PDRCD703 appears to limit the northern extent of the pegmatite and, while the holes drilled under the Mineral Resource intersected thick intervals of pegmatite, particularly to the south, the assays confirm that – even though the pegmatite continues at depth – the spodumene zone currently defined within the Cade deposit appears to pinch out.

No assays greater than 0.5% Li₂O were returned for these holes. The identified spodumene in this drilling was altered and it is interpreted that the lithium was depleted in these instances. This drill programme limits the underground potential at Cade.

METALLURGICAL TEST WORK

The three composites used for the test work programme were selected from drill core from the three domains comprising Cade Fresh, Cade Weathered and Davy Fresh. Geological logging, elemental assays and an open pit optimisation were used to check that the composites were as representative of the domains as is practical, given the samples available.

The results of the test work were contained in an ASX announcement dated 7 October 2022 titled ‘Positive lithium met test work results’.

KEY FINDINGS

- All test work to date indicates that the vast bulk of the Dome North Resource will result in high recoveries with the production of marketable concentrate grades.
- The test work was designed to determine the lithia recoveries based on a hybrid pilot Dense Media Separation (DMS) and flotation flowsheet.
- The results show that the Cade Weathered mineralisation is expected to return an overall recovery similar to the 74-82% Li₂O overall recovery rates returned from the previously tested Cade Fresh composite sample. The whole Cade deposit represents 77% of the recently upgraded Mineral Resource.
- The results show that the Davy Fresh mineralisation is expected to return a lower overall recovery at around 64% Li₂O.
- Due to the higher degree of weathering in the Davy Weathered composite, the test work results for this domain are not conclusive. However, the results suggest lithia recovery could be in the range of 30-50% Li₂O at a target concentrate grade of 5.7% Li₂O via a hybrid pilot DMS and flotation flowsheet.

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MINERAL RESOURCE UPDATE

The Mineral Resource upgrade announced on 20 December 2022⁴ was an update to the Mineral Resource reported in September 2020⁵ and incorporated additional extension and infill drilling and further metallurgical test work.

The Dome North Resource upgrade resulted in a significant 50% increase in the higher-confidence Indicated Resource category to 8.6Mt @ 1.23% Li₂O containing 105,000 tonnes. An impressive 81% of the total contained lithium within the Mineral Resource has now been upgraded to the Indicated classification, reflecting the thick, high-grade and out-cropping nature of the deposits.

The 50% increase in Indicated Resources significantly improves the confidence in tonnes and grade that can be mined from the Cade and Davy deposits. A mining optimisation study is now well underway and will determine the mining inventory to be used in the Scoping Study that is due to be completed in February 2023.

The updated Indicated and Inferred Mineral Resource, which was prepared by independent specialist resource and mining consulting group Trepanier (Geology & Resource Consultants), comprises 11.2Mt at an average grade of 1.16% Li₂O and 57ppm Ta₂O₅ and is set out in Table 1 and Table 2.

Table 1. Dome North Mineral Resource by Category: (0.3% Li₂O cut-off grade)

Classification	Tonnes (Mt)	Li ₂ O %	Ta ₂ O ₅ ppm	Contained Li ₂ O (t)	Fe ₂ O ₃ %
Measured	-	-	-	-	-
Indicated	8.6	1.23	55	105,000	0.46
Inferred	2.6	0.92	62	24,000	0.55
Total	11.2	1.16	57	129,000	0.48

Note: Appropriate rounding applied.

Table 2. Dome North Mineral Resource by deposit and category: (0.3% Li₂O cut-off grade)

Deposit	Classification	Tonnes (Mt)	Li ₂ O %	Ta ₂ O ₅ ppm	Contained Li ₂ O (T)	Fe ₂ O ₃ %
Cade	Indicated	6.9	1.26	49	88,000	0.44
	Inferred	1.3	0.88	49	11,000	0.44
Davy	Indicated	1.6	1.08	81	18,000	0.54
	Inferred	0.6	0.89	73	4,000	0.58
Heller	Inferred	0.7	1.02	76	8,000	0.72
Total	Total	11.2	1.16	57	129,000	0.48

Note: Appropriate rounding applied.

⁴ Refer to ASX announcement 20 December 2022 "Dome North Resource upgrade"

⁵ Refer to ASX announcement 29 September 2020 "Dome North Lithium Project - Resource Upgrade"

The Mineral Resource is reported and classified in accordance with the guidelines of the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code; 2012).

The three deposits that comprise the Mineral Resource Estimate are Cade, Davy and Heller and their locations are shown in Figure 3 below.

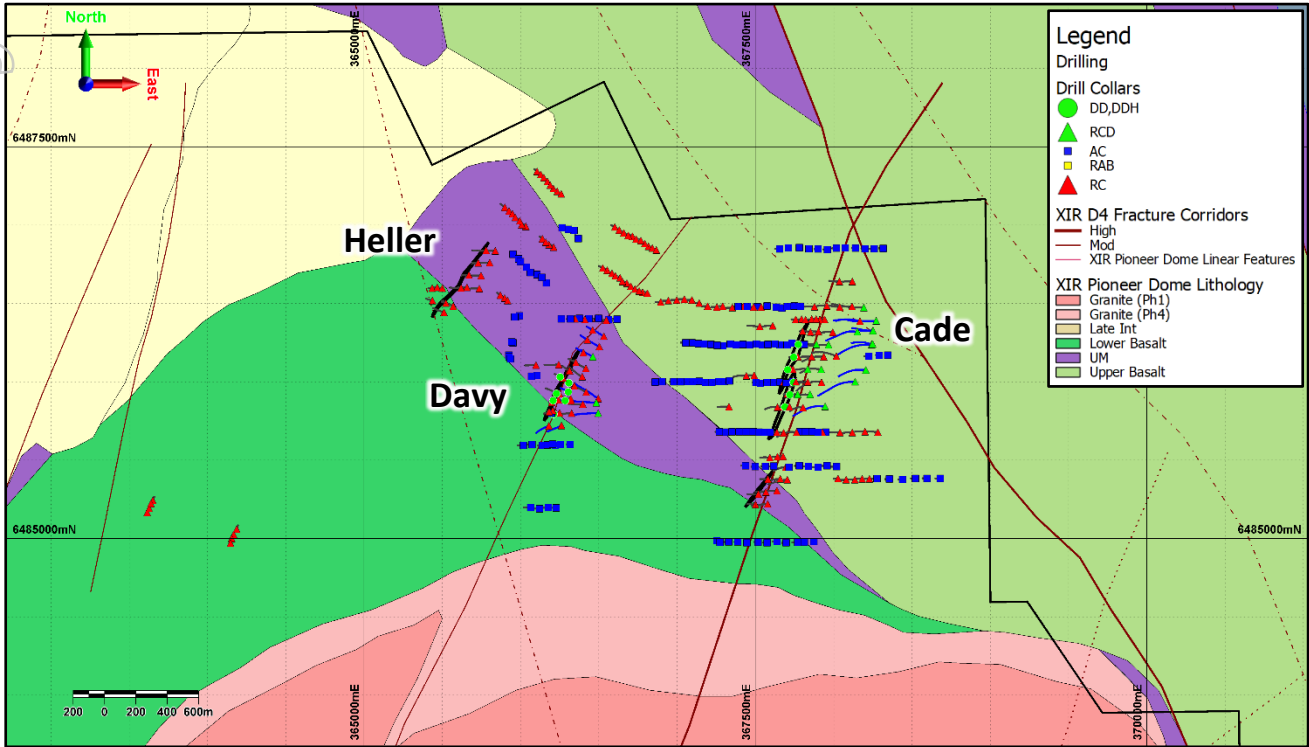


Figure 3 – Lithium exploration drilling, local geology and structural interpretation of the Dome North Project area – Cade, Davy and Heller.

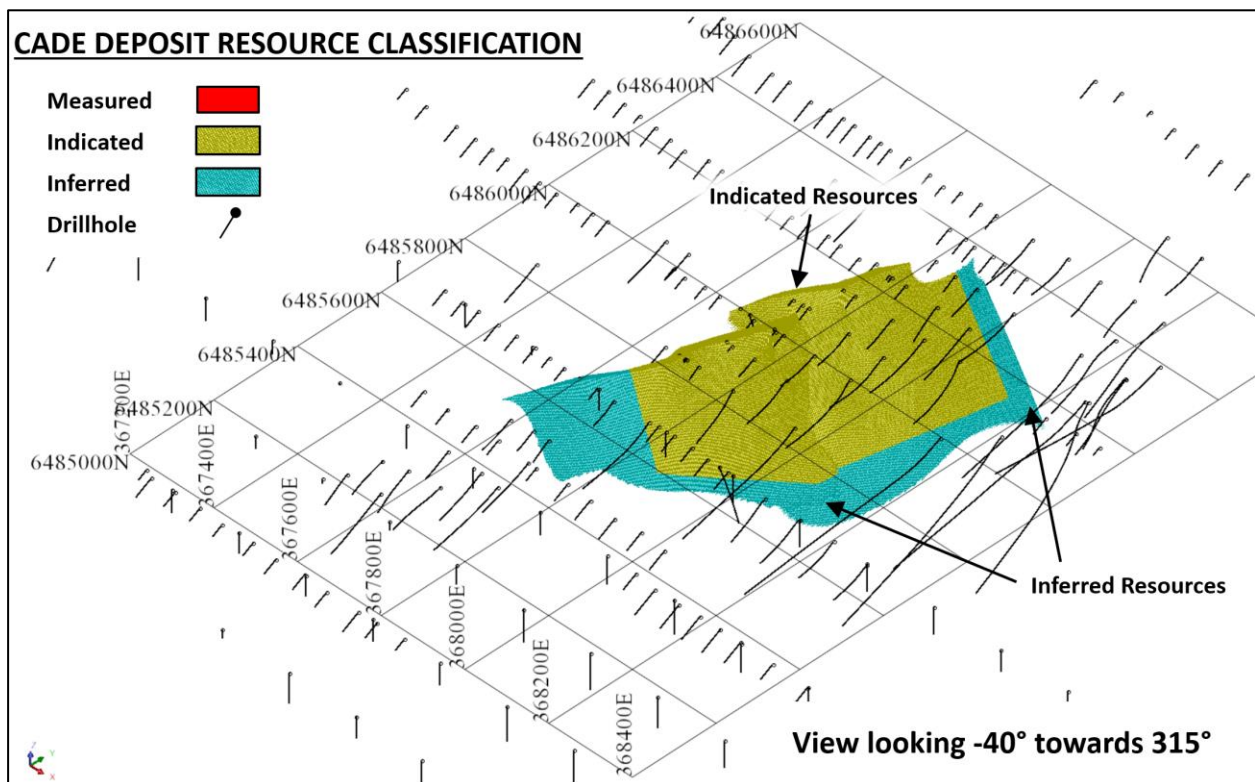


Figure 4 – Cade deposit Mineral Resource classification

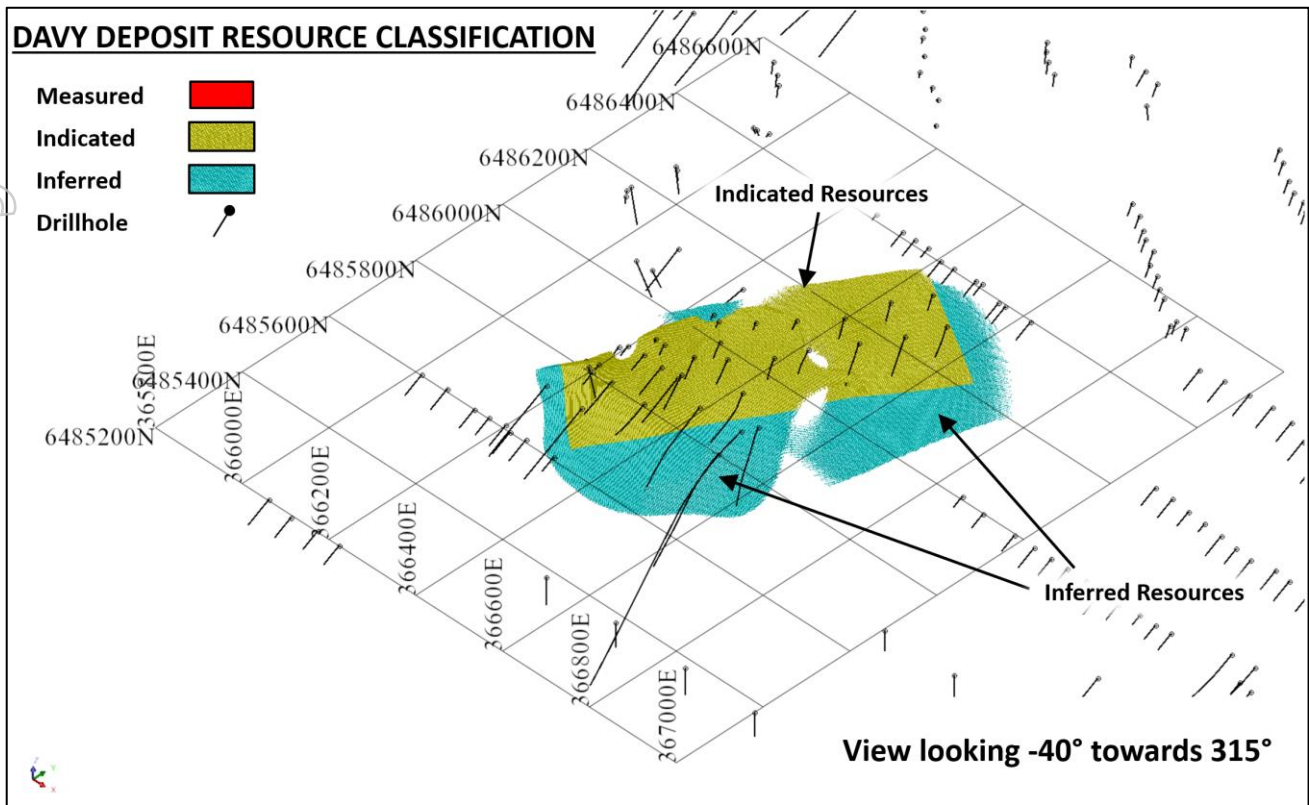


Figure 5 – Davy deposit Mineral Resource classification

Please refer to the ASX announcement released on 20 December 2022 for full details on the work undertaken and incorporated into the Mineral Resource upgrade.

OFFTAKE & FUNDING EXPRESSIONS OF INTEREST

In the December quarter, Essential invited various local and international lithium participants interested in off-take and/or investment to participate in an 'Expressions of Interest' (EOI) seeking a financing and off-take partnership to assist with advancing the Pioneer Dome Lithium Project into production.

The EOI process achieved one of its primary outcomes, namely to test which of the many parties who had previously engaged with Essential would be prepared to submit non-binding indicative terms for offtake and funding and the types of terms envisaged by that party.

Essential cautions that the EOI process is strictly confidential, non-binding and of a preliminary and incomplete nature and that it is not party to any binding agreements with respect to the aforementioned discussions. In addition, any investment decision in relation to Essential shares should not be made on the basis of these discussions as there can be no certainty that any binding agreement or agreements will eventuate.

In light of the aforementioned proposed TLEA Scheme, the non-binding and indicative Expressions of Interest process was paused until further notice.

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GOLDEN RIDGE GOLD PROJECT

The Golden Ridge Gold Project (ESS: 100%) is located 20km south-east of Kalgoorlie and is highly prospective for gold and nickel mineralisation. The Project lies within the well-endowed Menzies-Boorara Shear Zone that hosts the Paddington, Boorara and Golden Ridge Deposits. Exploration at the Project has identified multiple highly prospective gold and nickel targets.

No significant gold exploration activities were undertaken during the Quarter.

JUGLAH DOME GOLD PROJECT

The Juglah Dome Project (ESS: 100%) is located ~60km east-southeast of Kalgoorlie and is highly prospective for gold mineralisation. Exploration by previous owners identified multiple gold targets using soil geochemistry and drilling. The Project lies in a similar geological setting to the Majestic and Imperial Deposits, located 10km to the north-west, and the Daisy Complex to the west, which forms part of Silver Lake Resources Limited's Mt Monger Operations.

No significant gold exploration activities were undertaken during the Quarter.

JOINT VENTURE INTERESTS

Essential Metals has a portfolio of minority (20%-30%) free-carried interests in four gold and three nickel joint ventures located in Western Australia.

Acra Gold Joint Venture Eastern Goldfields WA

ESS 25% - Northern Star Resources Limited (ASX: NST) 75%

The Acra Project is near Kalgoorlie. Northern Star Resources Limited (ASX: NST) has earned a 75% Project Interest and continues to fully fund exploration programmes until approval of a Mining Proposal by DMIRS is received with Essential Metals holding a 25% interest.

No significant gold exploration activities were undertaken during the Quarter.

Blair – Golden Ridge Nickel Joint Venture Eastern Goldfields WA (nickel rights only)

ESS 100% reducing to 25% - Australian Nickel Co. Ltd (renamed from Crest Investment Group 1 Ltd) earning 75% (farm-in stage)

The Blair - Golden Ridge Nickel Project is located approximately 30km by sealed road to the southeast of Kalgoorlie-Boulder and hosts the historical Blair Nickel Mine, which produced a total of 1.2 Mt @ 2.63% Ni between 1989 and 2009. The consolidated 113km² project area is considered highly prospective for the discovery of new high-grade komatiite-hosted nickel deposits (Kambalda style).

The Golden Ridge Project is currently being managed by highly experienced nickel explorers and developers Australian Nickel Company Limited ("ANCO") through a Farm-In Joint Venture Agreement. ANCO has the right to earn a 75% interest in the nickel and related commodities rights by spending \$4.0 million over four years, with ESS retaining a 25% free-carried interest to a decision to mine.

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Key activities during the Quarter included:

- **Leo Dam prospect**

The Leo Dam prospect is located ~1km from the closed Blair Nickel Mine, along the interpreted extension of the prospective mineralised basal contact. Historical drilling at the Leo Dam Prospect identified a large-scale zone of nickel-copper-PGE anomalism over a strike length of at least 900m.

During the December Quarter, a 77-hole (7,519 metre) Air Core (AC) drill programme was completed over a 3.5km strike length with samples from anomalous zones and bottom-of-hole samples sent for laboratory analysis. Assay results are pending.

The drilling also identified a new prospect (now named Bonham prospect), interpreted to lie on a south plunging, east-west striking contact – similar to the geological setting at Blair. This prospect will now become a priority target for Reverse Circulation (RC) drilling and down-hole electromagnetics (DHEM) in the first half of 2023.

- **Blair Nickel Mine**

The main activity during the Quarter was on integrating all the modelled historical electromagnetic plates (targets) into the drilling database and then examining them in context with the updated understanding of the geology.

- **Blair South – Gresham Prospects**

Following a comprehensive programme of data analysis, targeting and planning, a 21-hole (3,746 metre) reverse circulation drilling programme was completed during November at the Blair South – Gresham prospects, aimed at testing the interpreted position of the prospective contact around the nose of the “domal structure” that hosts the Blair South and Gresham Prospects. RC drilling was centred on nominal 100m section spacing and was accompanied by DHEM surveys. Assays and DHEM data interpretation are awaited.

Balagundi Gold/Base Metals Joint Venture Eastern Goldfields WA

ESS 100% reducing to 25% - Black Cat Syndicate Limited (ASX: BC8) earning 75% (farm-in stage)

The Balagundi Project is located 25km east of Kalgoorlie and sits immediately adjacent to the north-west portion of the Myhree Mining Centre within the Kurnalpi Terrane, which is separated from the Myhree Mining Centre by the Victory Fault (a second order regional structure). The project is prospective for both gold and base metal VMS-style deposits. Essential and Black Cat entered into the Farm-in and Joint Venture in July 2019.

During the Quarter, core processing for the Balagundi Cu-Zn-Pb-Au State Government sponsored Exploration Incentive Scheme (EIS) co-funded diamond drilling was completed and the drill core was delivered to the DMIRS Kalgoorlie Core Library.

Sample assays and petrological analysis are in progress with the results currently scheduled to be received in the March 2023 Quarter.

Wattle Dam Nickel Joint Venture Eastern Goldfields WA (nickel rights only)

ESS 20% - Maximus Resources Limited (ASX: MXR) 80%

Essential holds a 20% free-carried interest (nickel only) in the Wattle Dam project near Kambalda, WA, with Maximus Resources Ltd (ASX: MXR).

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No significant exploration activities were undertaken during the Quarter.

Larkinville Joint Venture Eastern Goldfields WA (excluding nickel)

ESS 25% - Maximus Resources Limited (ASX: MXR) 75%

Essential holds a 25% free-carried interest (all minerals except 20% for nickel) in the Wattle Dam project near Kambalda, WA, with Maximus Resources Ltd (ASX: MXR).

No significant exploration activities were undertaken during the Quarter.

Kangan Gold Joint Venture Pilbara, WA

ESS 30% - Novo Resources Limited 70%

The Kangan Project is located in the West Pilbara region of Western Australia. Novo Resources Corp holds a 70% interest in the Project with Essential retaining a 30% interest. Novo will fully fund all gold exploration programmes with Essential Metals free-carried until a decision to mine is made.

No significant exploration activities were undertaken during the Quarter.

Maggie Hays Joint Venture Dundas Mineral Field, WA

ESS 20% - Poseidon Nickel Limited 80%

The Joint Venture lies within E63/1784 at the southern edge of the Lake Johnston Nickel Project, which is situated 100km west of Norseman in the Dundas Mineral Field. It is accessed via the Hyden-Norseman Road. The tenement that comprises the Joint Venture is considered primarily prospective for nickel.

No significant exploration activities were undertaken during the Quarter.

CORPORATE

As at 31 December 2022, the Company held **\$9.8 million in cash** and had no debt.

At the end of the Quarter, the Company held 1.25 million shares in International Lithium Corp (TSXV: ILC.V) valued at \$0.07 million (\$0.06 per share).

During the Quarter, the Company issued 19,032,907 ordinary shares for gross proceeds of \$2,854,936 (including \$27,487 deposited in September 2022) upon the exercise of listed ESSO share options at \$0.15 that expired on or before 30 November 2022.

In accordance with the Company's long-term incentive (LTI) plan, 395,587 performance rights were issued and 995,680 performance rights were cancelled.

713,890 unlisted and 141,460 listed options expired (not exercised) on 30 November 2022.

At Quarter-end, there were 267,066,694 ordinary shares, 4,200,002 share options and 3,544,104 performance rights on issue.

Appendix 5B expenditure disclosure

During the quarter, the Company paid a total of \$128,000 to related parties, comprising all directors of the Company (Managing Director salary, non-executive director fees and superannuation). (Appendix 5B, Item 6).

This ASX release has been approved by the Board of Directors.

For further information:

Tim Spencer, Managing Director
Essential Metals Limited
T: +61 8 9322 6974
E: tims@essmetals.com.au

Investor Relations

Nicholas Read
Read Corporate
T: +61 8 9388 1474
E: nicholas@readcorporate.com.au

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ABOUT ESSENTIAL METALS LIMITED

Essential Metals is a well-funded and active explorer focussed on the discovery of lithium and other key global demand-driven commodities, for the creation of shareholder wealth through exploration and project development. The Company operates **three strategically located lithium and gold projects** in Western Australia.

100% OWNED AND MANAGED PROJECTS:

- **LITHIUM:** The **Pioneer Dome Lithium Project** is highly prospective for lithium-caesium-tantalum (LCT) mineral systems and includes the **Dome North Lithium Mineral Resource** of 11.2 million tonnes @ 1.16% lithium (Li₂O) including 8.7 million tonnes @ 1.23% lithium (Li₂O) within the Indicated Category.⁶
- **GOLD:** The **Juglah Dome Project** is located 60km east-south-east of Kalgoorlie and is considered to be highly prospective for gold and has potential for VHMS style polymetallic deposits.
- **GOLD:** The **Golden Ridge Project** is located ~20km south-east of Kalgoorlie, WA. Our activities are focussed on reappraising known prospects as well as identifying new areas within the large land tenure.

JOINT VENTURE INTERESTS:

- **GOLD:** The **Acra** Project is near Kalgoorlie. Northern Star Resources Limited (ASX:NST) has earned a 75% Project Interest and continues to fully fund exploration programmes until approval of a Mining Proposal by DMIRS is received with Essential Metals holding a 25% interest.
- **GOLD:** The **Kangan** Project is in the West Pilbara and part of a joint venture with Novo Resources Corp (TSXV:NVO), who will fund 100% of gold exploration programmes until a decision to mine is made, with Essential Metals holding a 30% interest.
- **GOLD:** The **Balagundi** Project is subject to a farmin & JV agreement where Black Cat Syndicate Limited (ASX:BC8) is earning a 75% interest in the Project located at Bulong, near Kalgoorlie. Black Cat will then fully fund gold exploration programmes until a decision to mine is made, with Essential Metals retaining a 25% interest.
- **GOLD:** The Company holds a 25% free-carried interest (20% for nickel rights) in the **Larkinville** Project near Kambalda, WA, with Maximus Resources Ltd (ASX:MXR).
- **NICKEL:** The nickel mineral rights on the **Blair-Golden Ridge** Project, which includes the suspended Blair Nickel Sulphide Mine, are subject to a Farmin/Joint Venture with Australian Nickel Company Ltd, a nickel exploration specialist which is earning up to a 75% interest. The Company will retain a 25% free-carried interest up to a decision to mine.
- **NICKEL:** The Company holds a 20% free-carried interest (nickel only) in the **Wattle Dam** JV near Kambalda, WA, with Maximus Resources Ltd (ASX:MXR).
- **NICKEL:** The Company holds a 20% free-carried interest in the **Maggie Hays** JV near Lake Johnson, WA, with Poseidon Nickel Ltd (ASX:POS).

⁶ As per this ASX announcement.

Forward Looking Statement

This announcement may contain forward-looking statements which involve a number of risks and uncertainties. These forward-looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. No obligation is assumed to update forward looking statements if these beliefs, opinions, and estimates should change or to reflect other future developments.

Reference to previous market announcements

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The company confirms that the form and context in which Exploration Results or Competent Person's findings are presented have not been materially modified from the original market announcements.

Dome North Mineral Metallurgical Test Work - Competent Person Statement

The information in this report that relates to metallurgical test work for the Dome North Lithium Project has been reviewed by Mr Joshua Paterson who is a member of the Australasian Institute of Mining and Metallurgy. Mr Paterson is an employee of Primero Ltd and has sufficient experience relevant to the style of processing response and type of deposit under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Paterson consents to the inclusion in the report of a summary based upon his information in the form and context in which it appears.

Exploration Results – Competent Person Statement

Mr Andrew Dunn (MAIG) holds the position of Exploration Manager and is employed full-time by Essential Metals Limited. Mr Dunn is eligible to receive equity-based securities in Essential Metals Limited under the Company's employee incentive schemes. Mr Dunn compiled the technical aspects of this Announcement pertaining to Exploration Results, which is based on and fairly represents information compiled by Mr Dunn. Mr Dunn is a member of the Australian Institute of Geoscientists and has sufficient experience that is relevant to this style of mineralisation and type of deposit under consideration and to the activity that is being reported on to qualify as a Competent Person as defined in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Dunn consents to the inclusion in the report of the matters in the form and context in which it appears.

Dome North Lithium Mineral Resource – Competent Person Statement

The information in this report that relates to the Dome North Lithium Project Mineral Resource is based on information compiled by Mr Andrew Dunn (Exploration Manager and permanent employee of Essential Metals Limited) and Mr Lauritz Barnes (consultant with Trepanier Pty Ltd). Mr Dunn is eligible to receive equity-based securities in Essential Metals Limited under the Company's employee incentive schemes. Mr Dunn and Mr Barnes are both members of the Australian Institute of Geoscientists. Mr Dunn and Mr Barnes both have sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration, and to the activities undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Specifically, Mr Dunn is the Competent Person for the database (including all drilling information), the geological and mineralisation models plus completed the site visits. Mr Barnes is the Competent Person for the construction of the 3-D geology / mineralisation model plus the estimation. Mr Dunn and Mr Barnes consent to the inclusion in this report of the matters based on their information in the form and context in which they appear.

Dome North Mineral Resource by deposit and category: (0.3% Li₂O cut-off grade)

Deposit	Classification	Tonnes (Mt)	Li ₂ O %	Ta ₂ O ₅ ppm	Contained Li ₂ O (T)	Fe ₂ O ₃ %
Cade	Indicated	6.9	1.26	49	88,000	0.44
	Inferred	1.3	0.88	49	11,000	0.44
Davy	Indicated	1.6	1.08	81	18,000	0.54
	Inferred	0.6	0.89	73	4,000	0.58
Heller	Inferred	0.7	1.02	76	8,000	0.72
Total	Total	11.2	1.16	57	129,000	0.48

Note: Appropriate rounding applied.

Appendix 1

The following information is provided in accordance with ASX Listing Rule 5.3 for the Quarter.

1. Listing of Tenements (Consolidated Basis) as at Quarter End

Tenement	Holder	Notes	Status
Pioneer Dome Project Located 133km SSE of Kalgoorlie, WA			
E15/1515	Essential Metals Limited		Granted
E15/1725	Essential Metals Limited		Granted
E63/1669	Essential Metals Limited		Granted
E63/1782	Essential Metals Limited		Granted
E63/1783	Essential Metals Limited		Granted
E63/1785	Essential Metals Limited		Granted
E63/1825	Essential Metals Limited		Granted
E63/2118	Essential Metals Limited		Granted
L63/77	Essential Metals Limited		Granted
M63/665	Essential Metals Limited		Granted
M15/1896	Essential Metals Limited		Application
Golden Ridge Nickel Project Located 30km SE of Kalgoorlie, WA			
E26/186	Golden Ridge North Kambalda Pty Ltd	1, 2	Granted
E26/211	Golden Ridge North Kambalda Pty Ltd	1, 2	Granted
E26/212	Golden Ridge North Kambalda Pty Ltd	1, 2	Granted
M26/220	Golden Ridge North Kambalda Pty Ltd	1, 2	Granted
M26/222	Golden Ridge North Kambalda Pty Ltd	1, 2	Granted
M26/284	Golden Ridge North Kambalda Pty Ltd	1, 2	Granted
M26/285	Golden Ridge North Kambalda Pty Ltd	1, 2	Granted
L26/272	Golden Ridge North Kambalda Pty Ltd	1, 2	Granted
Juglah Dome Project Located 60km ESE of Kalgoorlie, WA			
E25/585	Western Copper Pty Ltd	3	Granted
Regional Projects, Located in WA			
E15/1710	Essential Metals Limited		Granted
Kangan Lithium & Gold Project Located 80km S of Port Hedland, (Wodgina) WA			
E45/4948	Essential Metals Limited	5	Granted
E47/3318-I	Essential Metals Limited	4, 5	Granted
E47/3321-I	Essential Metals Limited	4, 5	Granted
E47/3945	Essential Metals Limited	5	Granted
Balagundi Gold & Base Metals Project Located 25km NE of Kalgoorlie, WA			
E27/558	Essential Metals Limited	6	Granted
Acra Gold Project Located 60km NE of Kalgoorlie, WA			
E27/278	Essential Metals Limited / Northern Star Resources Limited	7, 8	Granted
E27/438	Essential Metals Limited / Northern Star Resources Limited	7, 8	Granted
E27/491	Essential Metals Limited / Northern Star Resources Limited	8	Granted
E27/520	Essential Metals Limited / Northern Star Resources Limited	7, 8	Granted
E27/548	Essential Metals Limited / Northern Star Resources Limited	8	Granted
E27/579	Essential Metals Limited / Northern Star Resources Limited	7, 8	Granted
E28/1746	Essential Metals Limited / Northern Star Resources Limited	7, 8	Granted
E28/2483	Essential Metals Limited / Northern Star Resources Limited	8	Granted



Tenement	Holder	Notes	Status
Wattle Dam Nickel Project Located 65km S of Kalgoorlie, WA			
M15/1769	Maximus Resources Limited	9, 10	Granted
M15/1770	Maximus Resources Limited	9, 10	Granted
M15/1771	Maximus Resources Limited	9, 10	Granted
M15/1772	Maximus Resources Limited	9, 10	Granted
M15/1773	Maximus Resources Limited	9, 10	Granted
M15/1101	Maximus Resources Limited	9, 10	Granted
M15/1263	Maximus Resources Limited	9, 10	Granted
M15/1264	Maximus Resources Limited	9, 10	Granted
M15/1323	Maximus Resources Limited	9, 10	Granted
M15/1338	Maximus Resources Limited	9, 10	Granted
Larkinville West Gold Project Located 75km S of Kalgoorlie, WA			
M15/1449	Essential Metals Limited / Maximus Resources Limited	11	Granted
Maggie Hays Hill Nickel JV, Located 140km SE of Southern Cross			
E63/1784	Essential Metals Limited / Poseidon Nickel Limited	12	Granted

Note	
1	Golden Ridge North Kambalda Pty Ltd is a 100% owned subsidiary of Essential Metals Limited.
2	Nickel sulphides rights are subject to the Australian Nickel Company Ltd Farmin/Joint venture.
3	Western Copper Pty Ltd is a 100% owned subsidiary of Essential Metals Limited.
4	Subject to a 1.5% net smelter royalty right held by FMG Pilbara Pty Ltd.
5	Kangan Gold JV Agreement: Novo Resources Corp holds a 70% Project Interest in gold and precious metals mineral rights.
6	Balagundi Farmin/JV Agreement: Black Cat Syndicate Limited is earning a 75% Project interest.
7	Heron Resources Limited retains nickel laterite ore rights.
8	Acra JV Agreement: Northern Star Resources Limited 75% interest. Essential Metals Limited 25% free carried interest.
9	Heron Resources Limited retains pre-emptive right to purchase nickel laterite ore.
10	Wattle Dam Nickel JV Agreement: Title, Mineral Rights held by Maximus Resources Limited. Essential Metals Limited 20% free carried interest in nickel sulphide minerals.
11	Larkinville West JV Agreement: Maximus Resources Limited 75%, Essential Metals Limited 25% free carried interest, except nickel rights which are subject to the Wattle Dam JV.
12	Maggie Hays Lake JV Agreement: Poseidon Nickel Limited 80%, Essential Metals Limited 20% & free carried interest to commencement of mining.

2. Tenements acquired during the Quarter (Consolidated Basis)

None.

3. Tenements sold, relinquished, reduced or lapsed during the Quarter (Consolidated Basis)

P15/5912 (relinquished).

4. Tenements applied for during the Quarter (Consolidated Basis)

None.

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

ESSENTIAL METALS LIMITED

ABN

44 103 423 981

Quarter ended ("current quarter")

31 December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) royalties	-	-
(e) staff costs	(186)	(414)
(f) administration and corporate costs	(163)	(431)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	38	57
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(4)	(4)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	11
1.9 Net cash from / (used in) operating activities	(315)	(781)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(27)	(27)
(d) exploration & evaluation	(837)	(3,012)
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(864)	(3,039)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	2,827	3,087
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material) <i>Repayment of lease liabilities</i>	(15)	(15)
3.10	Net cash from / (used in) financing activities	2,812	3,072

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	8,146	10,527
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(315)	(781)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(864)	(3,039)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,812	3,072

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Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	9,779	9,779

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,779	3,146
5.2	Call deposits	5,000	5,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	9,779	8,146

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	128
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	N/A		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(315)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(837)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,152)
8.4 Cash and cash equivalents at quarter end (item 4.6)	9,779
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	9,779
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	8.49
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 25 January 2023

Authorised by: The Board of Directors
(Name of body or officer authorising release – see note 4)

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Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.