Announcement Summary

Entity name

EASTERN METALS LIMITED

Announcement Type

New announcement

Date of this announcement

5/5/2023

The Proposed issue is:

☑ A standard pro rata issue (including non-renounceable or renounceable)

Total number of +securities proposed to be issued for a standard pro rata issue (including non-renounceable or renounceable)

ASX +security code	+Security description	Maximum Number of +securities to be issued
New class-code to be confirmed	EMSAG: UNQUOTED OPTION EXPIRING 2-JUNE-2026 EX $0.10	13,737,708
EMS	ORDINARY FULLY PAID	27,475,415

Ex date

9/5/2023

+Record date

10/5/2023

Offer closing date

2/6/2023

Issue date

9/6/2023

Refer to next page for full details of the announcement

Part 1 - Entity and announcement details

1.1 Name of +Entity

EASTERN METALS LIMITED

We (the entity named above) give ASX the following information about a proposed issue of +securities and, if ASX agrees to +quote any of the +securities (including any rights) on a +deferred settlement basis, we agree to the matters set out in Appendix 3B of the ASX Listing Rules.
If the +securities are being offered under a +disclosure document or +PDS and are intended to be quoted on ASX, we also apply for quotation of all of the +securities that may be issued under the +disclosure document or +PDS on the terms set out in Appendix 2A of the ASX Listing Rules (on the understanding that once the final number of +securities issued under the +disclosure document or +PDS is known, in accordance with Listing Rule 3.10.3C, we will complete and lodge with ASX an Appendix 2A online form notifying ASX of their issue and applying for their quotation).

1.2 Registered Number Type	**Registration Number**
ABN	29643902943

1.3 ASX issuer code

EMS

1.4 The announcement is

☑ New announcement

1.5 Date of this announcement

5/5/2023

1.6 The Proposed issue is:

☑ A standard +pro rata issue (non-renounceable or renounceable)

1.6a The proposed standard +pro rata issue is:

☑ + Non-renounceable

Part 3 - Details of proposed entitlement offer issue

Part 3A - Conditions

3A.1 Do any external approvals need to be obtained or other conditions satisfied before the entitlement offer can proceed on an unconditional basis?
No

Part 3B - Offer details

Class or classes of +securities that will participate in the proposed issue and class or classes of +securities proposed to be issued

ASX +security code and description

EMS : ORDINARY FULLY PAID

Is the proposed security a 'New class' (+securities in a class that is not yet quoted or recorded by ASX) or an 'Existing class' (additional securities in a class that is already quoted or recorded by ASX)?
Existing class

Will the proposed issue of this +security include an offer of attaching +securities?
Yes

If the entity has quoted company options, do the terms entitle option holders to participate on exercise?
No

Details of +securities proposed to be issued

ASX +security code and description

EMS : ORDINARY FULLY PAID

ISIN Code (if Issuer is a foreign company and +securities are non CDIs)

AU0000173304

ISIN Code for the entitlement or right to participate in a non-renounceable issue (if Issuer is foreign company and +securities are non CDIs)

Offer ratio (ratio to existing holdings at which the proposed +securities will be issued)

The quantity of additional +securities to be issued	For a given quantity of +securities held
1	2

What will be done with fractional entitlements?	Maximum number of +securities proposed to be issued (subject to rounding)
Fractions rounded down to the nearest whole number or fractions disregarded	27,475,415

Offer price details for retail security holders

In what currency will the offer be made?	What is the offer price per +security for the retail offer?
AUD - Australian Dollar	AUD 0.05000

Oversubscription & Scale back details

Will individual +security holders be permitted to apply for more than their entitlement (i.e. to over-subscribe)?
☑ Yes

Describe the limits on over-subscription

Eligible shareholders applying for their full entitlement may also apply for additional new shares and options (Equity Securities), under a separate offer with the same terms as the entitlement offer (Top-up). Equity Securities will only be issued to the extent of any subscription shortfall. The number of Equity Securities is at the discretion of the directors. Applications may be scaled back. Unsuccessful (partially or fully) applicants will have their excess monies returned without interest.

Will a scale back be applied if the offer is over-subscribed?
☑ Yes

Describe the scale back arrangements

The number of additional new shares and options allocated to an eligible shareholder who has applied for additional new shares and options under the Top-up Offer will be at the discretion of the Companys directors.

Will these +securities rank equally in all respects from their issue date with the existing issued +securities in that class?
☑ Yes

Attaching +Security

Is the proposed attaching security a 'New class' (+securities in a class that is not yet quoted or recorded by ASX) or an 'Existing class' (additional +securities in a class that is already quoted or recorded by ASX)?
☑ New class

Attaching +Security - New class (+securities in a class that is not yet quoted or recorded by ASX)

Details of attaching +securities proposed to be issued

ISIN Code (if Issuer is a foreign company and +securities are non CDIs)

ISIN Code for the entitlement or right to participate in a non-renounceable issue (if Issuer is foreign company and +securities are non CDIs)

Have you received confirmation from ASX that the terms of the proposed +securities are appropriate and equitable under listing rule 6.1?
☑ No

Will the entity be seeking quotation of the 'new' class of +securities on ASX?

☑ No

ASX +security code

New class-code to be confirmed

+Security description

EMSAG: UNQUOTED OPTION EXPIRING 2-JUNE-2026 EX $0.10

+Security type

Options

Offer ratio (ratio of attaching securities at which the new +securities will be issued)

The quantity of attaching +securities to be issued

1

For a given quantity of the new +securities issued

2

What will be done with fractional entitlements?

Fractions rounded down to the nearest whole number or fractions disregarded

Maximum number of +securities proposed to be issued (subject to rounding)

13,737,708

Offer price details for retail security holders

In what currency will the offer be made?

AUD - Australian Dollar

What is the offer price per +security for the retail offer?

AUD 0.00000

Oversubscription & Scale back details

Will individual +security holders be permitted to apply for more than their entitlement (i.e. to over-subscribe)?
☑ Yes

Describe the limits on over-subscription

Eligible shareholders applying for their full entitlement may also apply for additional new shares and options (Equity Securities), under a separate offer with the same terms as the entitlement offer (Top-up). Equity Securities will only be issued to the extent of any subscription shortfall. The number of Equity Securities is at the discretion of the directors. Applications may be scaled back. Unsuccessful (partially or fully) applicants will have their excess monies returned without interest.

Will a scale back be applied if the offer is over-subscribed?

☑ Yes

Describe the scale back arrangements

The number of additional new shares and options allocated to an eligible shareholder who has applied for additional new shares and options under the Top-up Offer will be at the discretion of the Companys directors.

Will all the +securities issued in this class rank equally in all respects from their issue date?

☑ Yes

Options details

+Security currency

AUD - Australian Dollar

Exercise price

AUD 0.1000

Expiry date

2/6/2026

Details of the type of +security that will be issued if the option is exercised

EMS : ORDINARY FULLY PAID

Number of securities that will be issued if the option is exercised

One fully paid ordinary share (ASX:EMS)

Please provide a URL link for a document lodged with ASX setting out the material terms of the +securities proposed to be issued or provide the information by separate announcement.

https://easternmetals.com.au/

Part 3C - Timetable

3C.1 +Record date

10/5/2023

3C.2 Ex date

9/5/2023

3C.4 Record date

10/5/2023

3C.5 Date on which offer documents will be sent to +security holders entitled to participate in the +pro rata issue

15/5/2023

3C.6 Offer closing date

2/6/2023

3C.7 Last day to extend the offer closing date

30/5/2023

3C.9 Trading in new +securities commences on a deferred settlement basis

5/6/2023

3C.11 +Issue date and last day for entity to announce results of +pro rata issue

9/6/2023

3C.12 Date trading starts on a normal T+2 basis

13/6/2023

3C.13 First settlement date of trades conducted on a +deferred settlement basis and on a normal T+2 basis

15/6/2023

Part 3E - Fees and expenses

3E.1 Will there be a lead manager or broker to the proposed offer?
☑ Yes

3E.1a Who is the lead manager/broker?

Veritas Securities Limited

3E.1b What fee, commission or other consideration is payable to them for acting as lead manager/broker?

The Lead Manager is entitled to the following fees:
(1) a management fee of 2% (excluding GST) payable on the total amount raised under the Entitlement and Top-Up; and
(2) a selling fee of 4% (excluding GST) on the total value of all funds raised from placing the Shortfall under the Shortfall Offer.
In addition to the above fees, the Company must issue to the Lead Manager (or its nominees):
(3) 4,000,000 Broker Options with an exercise price of $0.10 and an expiry 3 years from the Closing Date. The Broker Options will not be quoted.

3E.2 Is the proposed offer to be underwritten?
☑ No

3E.3 Will brokers who lodge acceptances or renunciations on behalf of eligible +security holders be paid a handling fee or commission?
No

3E.4 Details of any other material fees or costs to be incurred by the entity in connection with the proposed offer

Excluding GST: ASIC lodgement fee $3,206, ASX fees $6,429, Legal fees $12,000, Share Registry $9,000 and tther costs (e.g. printing, mailing and other expenses) $19,000.

Part 3F - Further Information

3F.1 The purpose(s) for which the entity intends to use the cash raised by the proposed issue

Proceeds are for rare earths exploration at the Currawalla mine site, further metalliferous exploration, and for general working capital.

3F.2 Will holdings on different registers or subregisters be aggregated for the purposes of determining entitlements to the issue?
No

3F.3 Will the entity be changing its dividend/distribution policy if the proposed issue is successful?
No

3F.4 Countries in which the entity has +security holders who will not be eligible to participate in the proposed issue

United Kingdom

3F.5 Will the offer be made to eligible beneficiaries on whose behalf eligible nominees or custodians hold existing +securities
No

3F.6 URL on the entity's website where investors can download information about the proposed issue

https://easternmetals.com.au/

3F.7 Any other information the entity wishes to provide about the proposed issue

None

3F.8 Will the offer of rights under the rights issue be made under a disclosure document or product disclosure statement under Chapter 6D or Part 7.9 of the Corporations Act (as applicable)?
Yes

3F.9 Any on-sale of the +securities proposed to be issued within 12 months of their date of issue will comply with the secondary sale provisions in sections 707(3) and 1012C(6) of the Corporations Act by virtue of:
The publication of a +disclosure document or +PDS for the +securities proposed to be issued