

## **Non-renounceable Entitlement Offer Prospectus**

### **Eastern Metals Limited ABN 29 643 902 943 (ASX: EMS) (EMS or Company)**

Following is EMS's Non-renounceable Entitlement Offer Prospectus to raise approximately A\$1.4 million, as announced Friday 5 May 2023.

### **Authorisation for this Announcement**

This announcement has been authorised for release by the Company's Disclosure Officers in accordance with its Disclosure and Communications Policy which is available on the Company's website, <https://easternmetals.com.au>.

### **Previously Reported Information**

Information in the Prospectus references previously reported Exploration Results. The Exploration Results are available to view on the Company's website ([www.easternmetals.com.au](http://www.easternmetals.com.au)) and on the ASX website ([www.asx.com.au](http://www.asx.com.au)). The Company confirms that it is not aware of any new information or data that materially affects the information included in the Prospectus and that all material assumptions and technical parameters underpinning the Exploration Results continue to apply and have not materially changed.

### **Contacts**

#### **For more information, please contact:**

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# **EASTERN METALS LIMITED**

## **ABN 29 643 902 943**

# **Prospectus**

**For the non-renounceable entitlement issue to Eligible Shareholders of one New Share for every two Shares held on the Record Date (maximum aggregate of 27,475,415 New Shares) at an issue price of \$0.05 per New Share to raise \$1,373,771 (before costs) if fully subscribed, together with a free unlisted New Option for every two New Shares acquired, exercisable at \$0.10, expiring 3 years after the Closing Date, unless previously exercised (Entitlement Issue).**

**This Prospectus also includes an offer to Eligible Shareholders to subscribe for New Shares (in excess of their entitlements) not subscribed for by other Eligible Shareholders (Top-up Offer).**

**This Prospectus is dated Friday 5 May 2023**

**The Closing Date for the Entitlement Issue is 5.00pm Sydney time on Friday 2 June 2023**

### **IMPORTANT INFORMATION**

**Investment in the securities under this Prospectus are regarded as speculative**

This document is important and requires your immediate attention. It should be read in its entirety.

If you have questions regarding this Prospectus, you should consult your stockbroker or professional adviser.

This Prospectus is a prospectus issued in accordance with section 713 of the Corporations Act. Accordingly, this Prospectus does not contain all the information that is generally required to be set out in a full prospectus. Instead, it refers to other documents previously disclosed to the ASX by the Company, the information of which is deemed to be incorporated into this Prospectus.

**The Entitlement Issue is Not Underwritten**



Veritas Securities Limited  
Lead Manager



Hicksons  
Legal Advisers

# CORPORATE DIRECTORY

**Eastern Metals Ltd**

**ABN 29 643 902 943**

## **Directors**

<b>Mr Robert (Bob) Duffin</b>	Executive Chairman
<b>Dr Jason Berton</b>	Independent Non-executive Director
<b>Mr Mark Dugmore</b>	Independent Non-executive Director
<b>Mr Ian White</b>	Independent Non-executive Director

## **Secretary and CFO**

**Mr Ian Morgan**

## **Registered Office**

**Eastern Metals Ltd**

<i>Address</i>	Level 8 210 George Street Sydney NSW 2000
<i>E-mail</i>	info@easternmetals.com.au
<i>Website</i>	www.easternmetals.com.au

## **Share Registry**

**Boardroom Pty Limited \***

<i>Address</i>	Level 8 210 George Street Sydney NSW 2000
<i>Telephone</i>	1300 737 760 (within Australia) or +61 2 9290 9600 (for overseas callers)
<i>Facsimile</i>	+61 2 9290 9655
<i>E-mail</i>	corporateactions@boardroomlimited.com.au

## **Solicitors to the Offer**

**Hicksons**

## **Auditor**

**RSM Australia Partners \***

## **Securities Exchange Listing**

**Listed on Australian Securities Exchange Limited  
ASX Code: EMS**

*\*These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus.*

As at the date of this Prospectus there are 26,550,000 unquoted Options with an exercise price of \$0.30 each. The Company's current Share price is below the exercise price of these Options but it is possible that some of these unquoted Options may be exercised prior to the Record Date. The number of New Shares issued may, therefore, increase from that shown on the cover of this Prospectus if some or all of these Options are exercised and Shares issued prior to the Record Date.

## CHAIRMAN'S LETTER



Dear Fellow Shareholder

Eastern Metals Limited ("**Eastern Metals**", "**Company**") is pleased to provide an opportunity for Eligible Shareholders to acquire New Shares and attaching New Options in your Company. The Offer is being implemented by a non-renounceable Entitlement Issue to all Eligible Shareholders on the Company's register at the Record Date on the basis of 1 New Share for every two Shares held. If you take up your full entitlement, your Shareholding will not be diluted.

Eligible Shareholders also have the opportunity of applying for New Shares in

excess of their entitlement pursuant to the Top-up Offer. The Entitlement Issue is not underwritten and will result in the allotment of 27,475,415 New Shares at a price of \$0.05 per share raising \$1,373,771 before costs, if fully subscribed. Every two New Shares issued will have an attaching free, unlisted, New Option with an exercise price of \$0.10 and expiry date three years after the Closing Date. As an indication of my commitment, it is my present intention to subscribe for 2,000,000 New Shares and attaching New Options in the Entitlement Offer, at a cost of \$100,000. This amount approximates the total Directors' remuneration I have received from the Company since its ASX listing.

The funds raised by the Entitlement Issue will be used to expedite rare earths exploration at the Currawalla mine site and its environs, further metalliferous exploration, and for general working capital purposes. We may also look to acquire new project assets that meet our investment criteria, and sell or farm-out existing assets if attractive offers are made.

Your Company listed on the ASX on 25 October 2021 after an oversubscribed raising of \$6 million before costs, pursuant to our IPO Prospectus that was lodged with ASIC on 18 August 2021. This current Entitlement Issue is our first new raising since the IPO.

In the IPO Prospectus we referred to two projects as our flagship assets. These are the Browns Reef polymetallic deposit near Lake Cargelligo in New South Wales, and the Home of Bullion copper mine near Barrow Creek north of Alice Springs in the Northern Territory. We said in the IPO Prospectus that we had identified high grade drill intersections at Browns Reef that had not been followed up by previous explorers, which we intended to test with additional drilling. We also said we saw scope to increase the existing Mineral Resource Estimate at Home of Bullion with further well targeted drilling. We have done both, very successfully, over the last 18 months.

We drilled six diamond holes at the Browns Reef Evergreen zone last year, which complement the four previous holes in this zone, and we intend to drill a further four holes which, if the results are as anticipated, we expect to result in the calculation and release of a Mineral Resource Estimate for this zone. There is a similar area we call the Pineview Zone at Browns Reef which has returned high grade drill intersections in two existing holes, and which we are keen to test with our own drilling program. The Pineview Zone has similar potential to Evergreen. Browns Reef is a zinc-dominated base metals deposit and zinc, like copper and some other commodities, is a "forward-facing" metal that is vital to the emerging trend towards the generation and use of renewable energy and the overall decarbonisation of the world's economies.

We drilled three successful diamond holes at Home of Bullion last year. We released an upgraded Mineral Resource Estimate for this deposit following this work. The new estimate is a total of 3.1 million tonnes at an average grade of 1.7% copper, 2.0% zinc, 35 grams per tonne silver, 1.1% lead, 0.17 parts per million gold and 0.02% cobalt. Expressed as a copper equivalent, this is 3.1 million tonnes at an average grade of 2.9% Cu<sub>eq</sub>. The tonnage has increased by 0.6 mt or 24% and the grade by 0.1% Cu<sub>eq</sub> or 4%, when compared with the old estimate. Contained copper equivalent increased from 70,000 tonnes to 89,900 tonnes of metal – an increase of 19,900 tonnes or 28%.

Shareholders are encouraged to read our ASX announcements including on 27 June 2022<sup>1</sup>, 2 August 2022<sup>2</sup>, 14 February 2023<sup>3</sup>, 8 March 2023<sup>4</sup> and 20 March 2023<sup>5</sup> to understand the current status of these flagship projects.

We increased our footprint in the Barrow Creek area last year by acquiring five exploration licences, and a 75.14% joint venture interest in a sixth exploration licence from an unlisted company. Most of these tenements, as well as our Home of Bullion mine, lie within a defined geological province known as the Barrow Creek pegmatite field. Pegmatite rocks in this area are prospective for lithium. We commenced an exploration program for pegmatites in our tenements last year. We have covered only about 25% of our ground with this work so far.

The third asset we referred to in our IPO Prospectus is the Thomson project in the north-western part of New South Wales. Here rocks thought to be analogous to those of the Cobar Basin lie below a veneer of younger sediments of the Eromanga basin. We have identified some 19 magnetic anomalies that are similar in character to anomalies associated with copper and polymetallic orebodies at Cobar and we have commenced a marketing program aimed at farming out an interest to one or more major mining companies that would be keen to fund further drilling programs. Some of these anomalies have potential to be caused by large bodies of mineralisation.

One of our most important and exciting assets is the rare earths mineralisation we have discovered in recent weeks at the Currawalla mine and its environs south of Cobar. This mineralisation had not yet been identified when we released our IPO Prospectus. Our sampling of mullock dumps associated with old mine workings returned assays in excess of 3% total rare earth oxides<sup>6</sup>, which is very high. Experience has taught me that high grades make exceptional targets, no matter what the commodity. We intend to follow-up these initial exciting results with a sense of urgency. Following this discovery, we applied for a new exploration licence in this area that covers potential extensions to the Currawalla structure, as well as similar geological environments to the south and east. We have very recently been advised by the mining regulator that this exploration licence application will be granted soon. It is possible, but not yet proven, that this area represents a new rare earths province in New South Wales. If so, Eastern Metals has a first-mover advantage.

I encourage you to read this Prospectus closely and seek professional advice if in doubt as to whether you should participate in the Entitlement Issue.

Eastern Metals is determined to create value for shareholders with its metalliferous and rare earth minerals projects. We thank shareholders for their support. In addition, I also wish to thank the Board for its belief in the quality of our assets, and the encouragement which has enabled the Company to forge ahead and hopefully to deliver a very favourable outcome for shareholders.

Your Directors are focussed on delivering a positive outcome to shareholders, the owners of our Company. We hope you share our vision, and also that you participate in the Entitlement Issue in order to support in the Company's future growth plans.



**Bob Duffin**  
Chairman  
5 May 2023

<sup>1</sup> "Evergreen Discovery Zone Expanded at Browns Reef", ASX announcement 27 June 2022

<sup>2</sup> "More High Grade Assays in Evergreen Discovery at Browns Reef", ASX announcement 2 August 2022

<sup>3</sup> "Browns Reef Gravity Survey Provides New Drill Targets" dated 14 February 2023

<sup>4</sup> "Resource Grows at Home of Bullion Copper Project", ASX announcement 10 March 2023

<sup>5</sup> "High Grade Rare Earths at Tara", ASX announcement 20 March 2023

<sup>6</sup> "High Grade Rare Earths at Tara", ASX announcement 20 March 2023

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# IMPORTANT INFORMATION

## Date and Lodgement of Prospectus

This Prospectus is dated Friday 5 May 2023 and was lodged with ASIC and ASX on that date.

## Nature of Prospectus

In compliance with section 713 of the Corporations Act, this Prospectus contains all the information which shareholders, investors and their licenced professional advisers would reasonably require and would reasonably expect to find in the Prospectus for the purpose of making an informed assessment of:

- a) the effect of the Entitlement Issue on Eastern Metals; and
- b) the rights and liabilities attaching to the New Shares and New Options,

as well as such other information as is required by the Corporations Act.

This Prospectus is for an offer of continuously quoted securities and options over 'continuously quoted securities' (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus, regard has been had to the fact that the Company is a 'disclosing entity' for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

## No Responsibility by ASIC and ASX

Neither ASIC nor ASX take responsibility for the contents of this Prospectus.

## No Allotments After 13 Months

No Securities will be allotted, issued or sold on the basis of this Prospectus from Wednesday, 5 June 2024, being the date 13 months after the date of this Prospectus.

## Eligibility

Applications for New Shares and New Options by Eligible Shareholders can only be made on an original Entitlement and Acceptance Form accompanying this Prospectus. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Offer.

## Offering Restrictions

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and, therefore, persons who come into possession of this Prospectus should seek advice on and observe such restrictions. Failure to comply with these restrictions may violate applicable securities laws. Further information regarding the distribution of this Prospectus is contained in Sections 1.6 and 1.7 of this Prospectus. This Offer is made to any persons who are Eligible Shareholders at the Record Date. This Prospectus does not constitute an Offer or invitation in any place outside Australia or New Zealand in which, or to any person to whom, it would not be lawful to make such an Offer or invitation.

## Investors in New Zealand

New Shares and New Options being offered under this Prospectus are also being offered to Eligible Shareholders with registered addresses in New Zealand in reliance on the provisions of the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand) and the *Financial Markets Conduct Regulations 2014* (New Zealand) and the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016*. This Prospectus has been prepared in compliance with Australian law. It is not an investment statement or prospectus under New Zealand law and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.



## **Disclaimer**

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied upon as having been authorised by the Company, the Directors or any other person in connection with the Offer.

## **Previously Reported Information**

Information in the Prospectus references previously reported Exploration Results. The Exploration Results are available to view on the Company's website ([www.easternmetals.com.au](http://www.easternmetals.com.au)) and on the ASX website ([www.asx.com.au](http://www.asx.com.au)). The Company confirms that it is not aware of any new information or data that materially affects the information included in the Prospectus and that all material assumptions and technical parameters underpinning the Exploration Results continue to apply and have not materially changed.

## **Forward-Looking Statements**

This Prospectus contains forward-looking statements that have been based on current expectations about future acts, events and circumstances. Forward-looking statements may be identified by words such as “could”, “intend”, “may”, “expect”, “potential”, “estimate”, “likely”, “believe”, “anticipate”, “plan” and similar expressions.

Forward-looking statements are subject to risks, uncertainties and assumptions many of which are outside the control of the Company and that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements. Forward-looking statements are based on an assessment of present economic and operating conditions and are only predictions based on a number of assumptions regarding future events and actions that are expected to take place. Past performance is not necessarily an indication of future performance. Actual events or results may differ materially from the events or results expressed as implied in any forward-looking statement.

In particular, this Prospectus details some important factors and risks that could cause the Company's actual results to differ from the forward-looking statements in this Prospectus (details of which are outlined in Section 5 of this Prospectus).

The pro-forma financial information provided in this Prospectus is for illustrative purposes only and is not represented as being indicative of the Company's view on its future financial condition and/or performance.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

Neither the Company, the Lead Manager, nor their respective related bodies corporate or affiliates nor their respective directors, officers, partners, employees, agents or advisers give any warranty, representation, assurance or guarantee that the occurrence of the events expressed or implied in any of the forward-looking statements in this Prospectus will actually occur.

Shareholders should make their own independent review of the relevant assumptions, calculations and circumstances upon which the forward-looking statements, estimates and projections are based.

Neither the Company nor any other person guarantees the repayment of capital or the payment of income. Investors should note that the past performance of the Company provides no guidance to its future performance.

## **Definitions and Abbreviations**

Capitalised words or terms used in this Prospectus have defined meanings, which are explained in the Glossary of Terms in Section 7 of this Prospectus.

A reference to time in this Prospectus is to Sydney time, unless otherwise stated. All financial amounts contained in this Prospectus are expressed in Australian dollars unless otherwise stated. Any discrepancies between totals and sums and components in tables contained in this Prospectus are due to rounding.

### **Risk Factors**

This Prospectus does not take into account your investment objectives, financial situation and particular needs. It is important that you read this Prospectus in its entirety, including the risks set out in Section 5, before deciding whether to invest in the Company. In particular, you should consider the risk factors that could affect the performance of the Company. You should carefully consider these factors in the light of your personal circumstances (including financial and taxation issues) and seek professional guidance before deciding whether to invest. A number of key risk factors that you should consider are outlined in Section 5 of this Prospectus.

### **Governing Law**

This Prospectus and the contracts that arise from acceptance of the Applications are governed by the laws applicable in New South Wales and each Applicant submits to the non-exclusive jurisdiction of the courts of New South Wales.

### **Enquiries**

If you have any questions in relation to the Entitlement Issue, please contact your stockbroker, solicitor, accountant or financial adviser.

If you have questions in relation to how to complete the Entitlement and Acceptance Form, please call Boardroom Pty Limited on 1300 737 760 (within Australia) or +61 2 9290 9600 (for overseas callers).

# KEY OFFER INFORMATION AND KEY DATES

## Indicative Capital Structure

The indicative capital structure on completion of the Offer is set out below:

Eligible Shareholders Entitlement	One New Share for every two Shares held by Eligible Shareholders on the Record Date, together with one free unlisted New Option for every two New Shares applied for
Offer price of New Shares	\$0.05
Maximum amount to be raised under the Offer before costs	\$1,373,771
Maximum number of New Shares to be issued	27,475,415
Maximum number of New Options to be issued	13,737,708
Broker Options to be issued on the terms described in Section 6.11	4,000,000
Total Options on issue after the completion of the Entitlement Issue	44,287,708
Shares on issue at date of the Prospectus	54,950,830
Total Shares on issue after the completion of the Entitlement Issue	82,426,245

As at the date of this Prospectus there are 26,550,000 unquoted Options with an exercise price of \$0.30 each. Optionholders are not eligible to participate in the Offer by virtue of their option holding. Only if the unquoted Options have been exercised and the Shares issued before the Record Date will these Shareholders be eligible to participate in the Entitlement Offer. The number of New Shares issued may, therefore, increase if some or all of these unquoted Options are exercised prior to the Record Date. If all of the unquoted Options which can be exercised, are exercised, the number of Shares on issue prior to the New Shares being issued will increase by 26,550,000.

In addition to the New Options a further 4,000,000 Broker Options will be issued, exercisable at \$0.10 each on or before 3 years from the Closing Date. The Broker Options will be issued in accordance with the Lead Manager Agreement, which is summarised in Section 6.11 of this Prospectus.

## Indicative Timetable and Important Dates\*

Event	Date
Initial announcement of Entitlement Issue, lodgement of Appendix 3B	Friday 5 May 2023
Entitlement Issue Prospectus lodged with ASX and ASIC	Friday 5 May 2023
Shares quoted on an 'ex' entitlement basis	Tuesday 9 May 2023
Record Date for determining rights (at 7:00pm Sydney time)	Wednesday 10 May 2023
Opening Date and Despatch of Entitlement Issue Prospectus and Entitlement and Acceptance Form	Monday 15 May 2023
Offer Closing Date (5:00pm Sydney time)	Friday 2 June 2023
New Shares quoted on a deferred settlement basis	Monday 5 June 2023
Company notifies ASX of under subscriptions	Wednesday 7 June 2023
Allotment of New Shares and New Options, despatch of holding statements	Friday 9 June 2023
Trading on ASX of New Shares on a normal settlement basis	Tuesday 13 June 2023
Last date for Shortfall Offer close	No later than 3 months after the Entitlement Issue Closing Date

\*The above dates (other than the date of the announcement of the Entitlement Issue and the date of lodgement of the Prospectus with ASX) are **indicative only and may change without notice**. Subject to the Corporations Act, Listing Rules and other applicable laws, the Company reserves the right to alter any or all of these dates, including to extend the Closing Date or close the Entitlement Issue without further notice. A change to the Closing Date may cause other dates to change.

The Directors also reserve the right not to proceed with the whole or part of the Entitlement Issue at any time prior to the allotment, in which case, the relevant Application Monies will be returned without interest.

## SUMMARY OF THE ENTITLEMENT ISSUE

Eastern Metals is undertaking a non-renounceable Entitlement Issue to Eligible Shareholders on the basis of one New Share for every two Shares held on the Record Date at an issue price of \$0.05 per Share. The Entitlement Issue will result in 27,475,415 New Shares being issued to raise \$1,373,771 (before costs) if fully subscribed.

Every two New Shares acquired will have a free \$0.10 exercise price New Option which will expire three years after the Closing Date, unless previously exercised.

The funds raised by the Offer will be used for exploration and for general working capital purposes (see Section 2.1).

**An investment in Eastern Metals should be considered a speculative investment.**

**For further information please read the Prospectus carefully, and in particular the Risk Factors in Section 5 of this Prospectus.**

# 1. DETAILS OF THE ENTITLEMENT ISSUE

## 1.1 The Offer

Under this Prospectus, the Company is offering by way of a pro-rata non-renounceable Entitlement Issue, a maximum aggregate of 27,475,415 New Shares (subject to rounding of Entitlements) in the Company to Eligible Shareholders on the basis of one New Share for every two existing Shares held on the Record Date at an issue price of \$0.05 per New Share, to raise approximately \$1,373,771 (before costs) if fully subscribed.

Every two New Shares acquired will have an unlisted free attaching New Option with an exercise price of \$0.10 which will expire three years after the Closing Date, unless previously exercised.

The Entitlement Issue is made on a non-renounceable basis. This means that your Entitlements under this Prospectus are not transferable, and you may not renounce (sell) your Entitlements which you do not wish to accept. Any portion of an Eligible Shareholder's Entitlements that is not accepted by the Closing Date (5:00pm Sydney time on 2 June 2023) will lapse and that Eligible Shareholder's proportionate equity interest in the Company will be diluted. The New Shares the subject of that Entitlement may be taken up by other Eligible Shareholders under the Top-up Offer or placed by the Lead Manager, in consultation with the Company.

## 1.2 Closing Date

The Closing Date for the Entitlement Issue is 5.00pm (Sydney time) on Friday 2 June 2023. No Applications for New Shares and New Options pursuant to the Entitlement Issue received after this time will be accepted. However, in conjunction with the Company the Lead Manager will attempt to place the Shortfall (if any) after the Closing Date but not later than the date which is 3 months after the date of this Prospectus. The Directors reserve the right to extend the Closing Date if permitted by the Corporations Act, Listing Rules and other applicable laws.

## 1.3 Indicative Timetable and Important Dates

The Key Dates (other than the date of the announcement of the Offer and the date of lodgement of the Prospectus with ASIC and ASX) are indicative only and may change without notice. Subject to the Corporations Act and Listing Rules, the Company reserves the right to extend the Closing Date or close the Offer without further notice. A change to the Closing Date may cause other dates to change.

The Directors also reserve the right not to proceed with the whole or part of the Offer at any time prior to the allotment, in which case, the relevant Application Monies will be returned without interest.

## 1.4 Underwriting

The Offer is not underwritten. The Lead Manager will endeavour to place, in conjunction with the Company, any Shortfall in New Shares and New Options not taken up by shareholders nor applied for by shareholders who participate in the Top-Up Offer. The terms of the Lead Manager's mandate are set out in the Lead Manager's Agreement between the Company and the Lead Manager dated Wednesday, 19 April 2023 (**Lead Manager Agreement**). A summary of the Lead Manager Agreement is set out in Section 6.11 of this Prospectus. A summary of the effect of the Entitlement Issue on the Company is set out in Section 2.3 of this Prospectus.

## 1.5 Price

The New Shares offered pursuant to the Entitlement Issue will be issued at a price of \$0.05 per New Share. Every two New Shares acquired will have an unlisted attaching free \$0.10 exercise price New Option which will expire three years after the Closing Date, unless previously exercised.

## 1.6 Eligibility and Entitlement

All Shareholders as at the Record Date whose registered addresses are within Australia or New Zealand will be eligible to participate in the Entitlement Issue (**Eligible Shareholders**).

The Company has decided that the Entitlement Issue will not be extended to Shareholders with registered addresses outside Australia or New Zealand as the Company has formed the view that it would be unreasonable to extend the Offer in such a way having regard to:

- (a) the small number of Shareholders in each place outside Australia and New Zealand, both specifically and as a proportion of the total issued Shares of the Company;
- (b) the small number and value of New Shares to be offered to Shareholders outside Australia and New Zealand; and
- (c) the costs of complying with the laws and legal requirements, and requirements of regulatory authorities, in other overseas jurisdictions.

The number of New Shares and New Options to which an Eligible Shareholder is entitled under the Entitlement Issue is shown on the personalised Entitlement and Acceptance Form accompanying each copy of this Prospectus sent by email or post to Eligible Shareholders.

An explanation of the actions required by Eligible Shareholders under the Entitlement Issue is set out in Section 3 of this Prospectus.

## 1.7 Restrictions on the Distribution of the Prospectus

This Prospectus is not to be issued, published, reproduced, distributed, circulated or in any way made available to any person or in any place outside Australia and New Zealand.

None of this Prospectus, the Entitlements, the New Shares or New Options, have been registered, or will be registered, in any other jurisdiction. Neither this Prospectus nor the Entitlement and Acceptance Form constitutes an offer or invitation in any place which, or to any person to whom, it would not be lawful to make such an offer or invitation.

The distribution of this Prospectus and of the Entitlement and Acceptance Form (including electronic copies) in jurisdictions outside Australia or New Zealand may be restricted by law, and therefore, persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. The Directors reserve the right to treat as invalid any Entitlement and Acceptance Form that appears to the Directors or the Company's agents to have been submitted in violation of any applicable securities laws.

Eligible Shareholders who are residents outside Australia or New Zealand should consult their professional advisors as to whether, in order to take up the Offer, any governmental or other consents are required, or other formalities need to be observed.

Eligible Shareholders who are holding Shares on behalf of persons who are resident outside of Australia or New Zealand (including nominees, custodians and trustees) are responsible for ensuring that any dealings with respect to the Offer and the New Shares and New Options issued do not breach the laws and regulations in the relevant overseas jurisdiction and should seek independent professional advice and observe any applicable restrictions.

## 1.8 Record Date

The Record Date to participate in the Entitlement Issue is 7.00pm (Sydney time) on 10 May 2023.

## 1.9 Ranking

New Shares issued pursuant to the Entitlement Issue will rank equally with the Company's existing Shares on issue as at the Closing Date. For further information regarding the rights and liabilities attaching to Shares, please see Section 6.1.

New Options issued pursuant to the Entitlement Issue will be unquoted. The New Options offered under the Entitlement Issue will have the terms and conditions detailed in Section 6.3. Upon exercise of the New Options, the Shares issued will rank equally with existing fully paid ordinary Shares.

#### **1.10 Minimum Subscription**

There is no minimum subscription for the Entitlement Offer.

#### **1.11 Allotment of New Shares**

New Shares and New Options issued pursuant to duly completed Entitlement and Acceptance Forms will be allotted no later than 5 Business Days after the Closing Date. However, no New Shares and New Options will be issued until the proceeds of the Entitlement Issue have been received and permission has been granted by ASX for quotation of the New Shares on ASX.

Application Monies will be held in trust for the Applicants in a separate bank account as required by the Corporations Act until allotment of the New Shares and New Options. Any interest earned on the Application Monies will be for the benefit of Eastern Metals and will be retained by Eastern Metals whether or not allotment takes place.

A completed and lodged Entitlement and Acceptance Form (together with a cheque or evidence of payment for the Application Monies by electronic means to Eastern Metals' satisfaction), constitutes a binding and irrevocable Application for the number of New Shares and New Options specified in the Entitlement and Acceptance Form. The Entitlement and Acceptance Form does not need to be signed to be a binding Application.

#### **1.12 ASX Official Quotation**

Application for quotation by ASX of the New Shares, the subject of this Prospectus, has been made in accordance with the Listing Rules.

If the New Shares are not admitted to quotation on the ASX within three months after the Prospectus date, none of the New Shares or New Options offered under this Prospectus will be issued and allotted and all Application Monies will be refunded.

If the New Shares are admitted to quotation on the ASX, the New Options will remain unlisted.

The fact that ASX may grant quotation of the New Shares is not to be taken in any way as an indication of the merits of Eastern Metals or the New Shares now offered for subscription.

#### **1.13 Directors**

Mr Duffin is the Company's Executive Chairman and is entitled to apply for 7,083,334 New Shares under the Entitlement Offer as he is an Eligible Shareholder. Mr Duffin has advised he has the present intention to apply for 2,000,000 New Shares at a cost of \$100,000, which amount approximates the gross remuneration he has been paid by Eastern Metals since the Company was listed on the ASX on 25 October 2021. As he will take up fewer New Shares than his entitlement, there will be a shortfall between the number of New Shares applied for by all Eligible Shareholders and the number of New Shares to be issued if the Offer was fully subscribed. Eligible Shareholders can apply for New Shares in excess of their entitlement by participating in the Top-Up Offer (see Section 1.15). The Lead Manager will place the ultimate shortfall under the Shortfall Offer, on a best endeavours basis (see Section 1.16).

The Company's three Non-Executive Directors are not presently Shareholders of the Company. Mr White has advised his present intention is to acquire shares in the Company after the date of this Prospectus but before the Record Date. As his Shares will be acquired prior to the Record Date, those Shares will give Mr White an entitlement to participate in the Entitlement Issue, which he intends to exercise in full. His total investment is expected to be approximately \$10,000.



## 1.14 Rounding

In determining Entitlements to New Shares and New Options pursuant to the Entitlement Issue fractional Entitlements will be rounded down.

## 1.15 Applications for Additional Shares and Options (Top-up Offer)

Any New Shares not taken up by the Closing Date may be made available to those Shareholders who took up their full Entitlement and applied for Additional New Shares and New Options under the Top-Up Offer. The Top-up Offer is a separate offer made pursuant to this Prospectus.

Under the Top-up Offer, if you are an Eligible Shareholder and you apply for your full Entitlement you may also apply for Additional New Shares and New Options on top of the number shown on your Entitlement and Acceptance Form (**Top-up Offer**) by completing the 'Applications for Additional Shares are limited' section on your Entitlement and Acceptance Form. The Top-up Offer Applications can be for any amount, but preferably for \$5,000 (100,000 New Shares), \$10,000 (200,000 New Shares) or \$15,000 (300,000 New Shares) only. The issue price of Additional New Shares is the same price as the New Shares being offered under the Entitlement Issue. The New Options will be issued on the basis of 1 New Option for every 2 New Shares subscribed for under the Top-up Offer, on the same basis as the Entitlement Issue. The Closing Date for the Application for Additional New Shares and New Options is the same as the Entitlement Issue.

Additional New Shares and New Options under the Top-up Offer will only be issued if the Entitlement Issue is undersubscribed and will only be issued to the extent necessary to make up any shortfall in subscriptions.

The number of Additional New Shares allocated to an Eligible Shareholder who has applied for Additional New Shares under the Top-up Offer will be at the discretion of the Directors.

There is no guarantee that any Application for Additional New Shares and New Options will be successful, and it is possible that some Applications will be scaled back. Applicants who are unsuccessful or whose Application is only part accepted will have their excess Application Monies returned by cheque within 5 days of the Closing Date, without interest.

Some Eligible Shareholders will not be able to participate in the Top-up Offer due to constraints in the Listing Rules and the Corporations Act. In particular, related parties, such as Directors of the Company will not be able to participate in the Top-up Offer without the approval of Shareholders.

It is the responsibility of each Eligible Shareholder to ensure that it will not breach the takeovers provisions in the Corporations Act by participating in the Top-up Offer. These provisions are set out in Chapter 6 of the Corporations Act. No Additional New Shares will be issued to an Applicant under this Prospectus if the issue of New Shares would contravene the takeover prohibition in the Corporations Act.

A summary of the rights and liabilities attaching to the Additional New Shares and New Options is in Sections 6.1 and 6.3, respectively.

## 1.16 Shortfall Offer – to be Placed by the Lead Manager

The Lead Manager will attempt to place any New Shares not taken up by Eligible Shareholders in the Entitlement Issue or Top-up Offer. The Directors reserve the right to place New Shares under the Shortfall Offer within three months after the Closing Date to investors at their discretion (**Shortfall Offer**). If issued, the New Shares under the Shortfall Offer will be issued at a price not less than the price of the New Shares under the Entitlement Issue.

No Shares will be placed to an applicant for New Shares in the Shortfall Offer if to do so would, to the extent of the knowledge of the Company, result in a breach of the Corporations Act or Listing Rules or the restrictions on obtaining or increasing relevant interests of greater than 19.99% of the Company's issued voting shares under Chapter 6 of the Corporations Act.

### **1.17 Lead Manager**

The Company has appointed Veritas Securities Limited as the lead manager to the Entitlement Issue, Top-up Offer and Shortfall Offer pursuant to the Lead Manager Agreement. The terms and conditions of the Lead Manager Agreement are detailed in Section 6.11.

### **1.18 Small Holdings**

Eligible Shareholders who hold a small holding (for example, an unmarketable parcel of less than \$500 worth of Shares) should consider taking up their Entitlement under the Entitlement Issue and applying for Additional New Shares under the Top-up Offer.

### **1.19 Options**

Every two New Shares acquired under the Entitlement Issue, Top-up Offer and Shortfall Offer will have an unlisted free attaching \$0.10 exercise price New Option which will expire three years after the Closing Date, unless previously exercised.

### **1.20 Taxation Implications**

Shareholders should be aware that there may be taxation implications in relation to the Entitlements under the Entitlement Issue. These taxation implications may vary between different Shareholders. Shareholders should consult their professional tax adviser.

Shareholders should seek, and rely, on their own taxation advice regarding an investment in the Company. Neither the Company, nor any of its officers, employees, agents and advisers accepts any liability or responsibility with respect to the taxation consequences connected with this Prospectus.

### **1.21 Withdrawal of the Entitlement Issue**

Cooling off rights do not apply to an investment in New Shares and New Options under the Entitlement Issue. You cannot withdraw your payment once it has been accepted unless permitted to do so in accordance with the Corporations Act.

The Company reserves the right to withdraw the Offer at any time, in which case the Company will refund Application Monies in accordance with the Corporations Act and will do so without interest.

### **1.22 CHESS**

The Company participates in the security transfer system known as CHESS. CHESS is operated by ASX Settlement, a wholly owned subsidiary of ASX, in accordance with the Listing Rules and the ASX Settlement Operating Rules. Under CHESS, Eligible Shareholders will not receive a share certificate but will receive a statement of holding of New Shares and New Options. If you are broker sponsored, and you take up all or part of your Entitlement, ASX Settlement will send you a CHESS statement.

The CHESS statement will set out the number of New Shares and New Options issued to you under this Prospectus and provide details of your holder identification number and the participant identification number of the sponsor.

If you are registered on the issuer-sponsored sub-register, and you take up all or part of your Entitlement or are successful in your Application under the Top-up Offer, your statement will be despatched by the Share Registry and will contain the number of New Shares and New Options issued to you under this Prospectus and a security holder reference number.

A CHESS statement or issuer-sponsored statement will routinely be sent to holders of Shares at the end of any calendar month during which the balance of their holding of Shares changes. Holders of Shares may request a statement at any other time. However, a charge may be made for additional statements.

### 1.23 Privacy Act

As a Shareholder, the Company and the Share Registry have already collected certain personal information from you. If you apply for New Shares and New Options, the Company and the Share Registry may update that personal information or collect additional personal information. The Company and the Share Registry will collect, hold and use such information to assess your Application, service your needs as an investor, provide facilities and services that you request and carry out appropriate administration.

Tax and company law requires some of the information to be collected in connection with your Application. If you do not provide the information requested, your Application may not be able to be processed efficiently or at all.

The Company and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below or as otherwise authorised under the *Privacy Act* 1988 (Cth) (**Privacy Act**):

- the Share Registry, in order to assess your Application and for ongoing administration of the Register; and
- the printers and the mailing house for the purposes of preparation and distribution of statements and for handling of mail.

Under the Privacy Act, you may request access to your personal information held by (or on behalf of) the Company or the Share Registry. You can request access to your personal information by emailing, faxing or by telephoning the Share Registry as follows:

Boardroom Pty Limited

Facsimile: +61 2 9290 9655

Telephone: 1300 737 760 (within Australia) or +61 2 9290 9600 (for overseas callers)

E-mail: [corporateactions@boardroomlimited.com.au](mailto:corporateactions@boardroomlimited.com.au)

### 1.24 Enquiries

Any questions concerning the Offer and Acceptance Form, or your shareholding should be directed to Boardroom Pty Limited by telephoning 1300 737 760 (within Australia) or +61 2 9290 9600 (for overseas callers).

Any questions relating to this Prospectus should be directed to Mr Ian Morgan, Eastern Metals' Company Secretary, on +61 413 543 542.

## 2 USE OF PROCEEDS AND EFFECT OF THE ENTITLEMENT ISSUE ON THE COMPANY'S CAPITAL

### 2.1 Use of Proceeds of the Entitlement Issue

It is intended that the funds raised by the Entitlement Issue will be used for rare earths exploration at the Currawalla mine site and its environs, further metalliferous exploration and for general working capital purposes.

The costs of the Entitlement Issue will also be met out of the proceeds.

Assuming the Entitlement Issue is fully subscribed, funds raised will be spent as follows:

	Maximum Subscription \$'000
Rare earths exploration	200
Metalliferous exploration	700
Working capital	397
Expenses of the Entitlement Issue (refer Section 2.2 for further details)	77
<b>Total</b>	<b>1,374</b>

#### Notes:

Please note that, as at 31 March 2023 the Company held approximately \$1.45 million in cash at bank. This amount will also be used to support the Company's activities.

The above table is a statement of the Directors' intention as at the date of this Prospectus. Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of exploration activities, regulatory requirements, market and general economic conditions and environmental factors. In light of this, the Directors reserve the right to alter the way the funds are applied.

### 2.2 Expenses of the Entitlement Issue

The estimated expenses of the Entitlement Issue, which are payable by the Company, are set out below:

Expenses (excluding GST)	Amount \$
ASIC lodgement fee	3,206
ASX fees	6,429
Legal fees	12,000
Share Registry	9,000
Other costs (e.g. printing, mailing and other expenses)	19,000
Lead Manager's fees	27,475
<b>Total</b>	<b>77,110</b>

### 2.3 Effect of the Entitlement Issue on the Company

The principal effect of the Entitlement Issue assuming all New Shares offered under the Prospectus are issued will be to:

- increase the Company's cash reserves initially by approximately \$1,373,771 (before deducting the costs of the Entitlement Issue) immediately after completion of the Entitlement Issue;

- (b) provide the Company with additional capital for the purposes referred to in Section 2.1 of this Prospectus;
- (c) increase the number of Shares on issue from 54,950,830 Shares as at the date of this Prospectus to 82,426,245 Shares (see Section 2.5 of this Prospectus);
- (d) result in the issue of up to 13,737,708 New Options to successful applicants for New Shares, and 4,000,000 Broker Options.

Eligible Shareholders who take up their Entitlement in full will not have their Shareholding diluted by the Entitlement Issue.

Any New Shares and attaching New Options that are not taken up as part of the Offer (including the Top-Up Offer) will be placed by the Lead Manager, on a “best endeavours” basis. The holding of any Shareholder who does not exercise all of their rights under the Entitlement Issue will likely be diluted.

Every two New Shares that are taken up as part of the Offer have an attaching New Option. The exercise of any Option following the Entitlement Issue may result in other Shareholders being diluted.

In addition, 4,000,000 Broker Options exercisable at \$0.10 each on or before 3 years from the Closing Date, pursuant to the Lead Manager Agreement (see Section 6.11 of this Prospectus for details).

On a fully diluted basis and following the Entitlement Issue, exercise of all the Broker Options would dilute holders of Equity Securities by 3.2%.

## **2.4 Effect on Control**

If the Entitlement Issue is not fully taken up by Eligible Shareholders under the Entitlement Issue and Top-up Offer, the Lead Manager will place the remaining New Shares on a “best endeavours” basis under the Shortfall Offer (see Section 1.16).

Mr Bob Duffin is the Executive Chairman and the largest Shareholder of Eastern Metals and has advised, in his opinion, that he probably controls the Company. Mr Duffin has a voting power of 25.8% (14,166,667 Shares) and 18.6% (15,166,667 Equity Securities fully diluted) as at the date of the Offer.

If Mr Duffin takes up his full entitlement and the maximum number of Securities are issued under the Offer, his voting power would not change as a result of the Entitlement Issue. Mr Duffin’s current intention is to subscribe for 2,000,000 New Shares and attaching New Options at a cost of \$100,000 which would result in the voting power of Mr Duffin and entities controlled by him to decrease to 19.6% (16,166,667 Shares diluted) and 14.3% (18,166,667 Equity Securities fully diluted).

The Company does not anticipate that the Entitlement Issue will result in any other Shareholder obtaining a relevant interest of 20% or more of the Company’s Shares. Accordingly, the Entitlement Issue is not expected to have a material effect on control of the Company.

## 2.5 Capital Structure

The effect of the Entitlement Issue on the capital structure of the Company is set out in the following table, assuming the Entitlement Issue is fully subscribed.

	Pre-Offer*	Post-Offer**
Shares on issue pre-Entitlement Issue	54,950,830	54,950,830
Shares issued pursuant to Entitlement Issue	-	27,475,415
Shares on issue	54,950,830	82,426,245
Options on issue pre-Placement	26,550,000	26,550,000
Options issued pursuant to Entitlement Issue	-	13,737,708
Broker Options issued	-	4,000,000
Options on issue	26,550,000	44,287,708
Equity Securities on issue	81,500,830	126,713,953

If all Options already on issue and proposed to be issued were exercised, there would be a total of 126,713,953 Shares on issue.

\* As at the date of this Prospectus

\*\* Assumes the maximum number of Securities are issued under the Offer

## **3 ACTIONS REQUIRED BY ELIGIBLE SHAREHOLDERS**

### **3.1 Entitlement and Acceptance Form**

For Eligible Shareholders receiving a copy of this prospectus by email or post, a personalised Entitlement and Acceptance Form (and a reply-paid envelope for Eligible Shareholders receiving a copy by post) are enclosed with this Prospectus. The Entitlement and Acceptance Form shows the number of New Shares and New Options to which the Eligible Shareholder is entitled under the Entitlement Issue. Fractional Entitlements have been rounded down.

### **3.2 Your Choices as an Eligible Shareholder**

The number of New Shares to which you are entitled under the Entitlement Issue is shown on the accompanying Entitlement and Acceptance Form.

You may:

- take up your Entitlement in full;
- take your Entitlement in full and apply for Additional New Shares and attaching New Options under the Top-up Offer;
- take up part of your Entitlement; or
- allow your Entitlement to lapse.

### **3.3 If You Wish to Take Up Your Entitlement in Full (and apply for Additional New Shares and New Options under the Top-up Offer, if relevant)**

Complete the attached Entitlement and Acceptance Form in accordance with the instructions set out in the form.

The Entitlement and Acceptance Form also contains instructions for participation in the Top-up Offer.

Forward your completed Entitlement and Acceptance Form, together with your cheque, bank draft or money order (if not paying by BPay®) for the requisite amount in favour of “Eastern Metals Ltd New Issue Account” for the amount shown on the form, to the following address:

Boardroom Pty Limited GPO Box 3993 SYDNEY NSW 2001

Or

Boardroom Pty Limited, Level 8, 210 George Street SYDNEY 2000

If you are paying by BPay®, please follow the instructions set out in Section 3.6 of this Prospectus and those on the Entitlement and Acceptance Form.

The completed Entitlement and Acceptance Form and payment must be received by the Company before 5.00pm on the Closing Date.

### **3.4 If You Wish to Take Up Part of Your Entitlement**

Complete the attached Entitlement and Acceptance Form in respect of the number of New Shares and New Options you wish to take up.

Forward the Entitlement and Acceptance Form, together with your cheque, bank draft or money order (if not paying by BPay®) for the requisite amount in favour of “Eastern Metals Ltd New Issue Account”, to the address stated in Section 3.3 of this Prospectus, before 5.00pm (Sydney time) on the Closing Date.

If you are paying by BPay®, please follow the instructions set out in Section 3.6 of this Prospectus and on the Entitlement and Acceptance Form.



### 3.5 If You Do Not Wish to Take Up Your Entitlement

If you decide not to take up any of your Entitlement, you need take no further action and your Entitlement will lapse automatically. Any part of your Entitlement not accepted by you will form part of the Top-up Offer and/or Shortfall Offer.

### 3.6 Payment

Payment for the New Shares should accompany the Entitlement and Acceptance Form. Payment must be made in full in the form of a cheque in Australian currency, drawn on an Australian bank, marked “Not Negotiable” and made payable to “Eastern Metals Ltd New Issue Account” or by BPay®.

If you are accepting all or part of your Entitlement and payment is being made by BPay®, **do not** return the Entitlement and Acceptance Form and instead please follow the instructions on the form to make the payment. Payment by cheque or BPay® must be made by no later than 5.00pm (Sydney time) on the Closing Date..

Shareholders should note that any Application received will be treated as an irrevocable offer by the Shareholder to acquire New Shares pursuant to the Entitlement Issue on the terms set out in this Prospectus. The Directors of the Company reserve the right to accept any Applications for Entitlement Issue New Shares in whole or in part.

If Shareholders do not wish to take up any part of their Entitlement under the Entitlement Issue, no action is required. Shareholders should note that in not taking up their Entitlement under the Entitlement Issue, their percentage holding in the Company will be diluted.

Payment arrangements for the Top-up Offer are as specified in the Entitlement and Acceptance Form.

#### (a) How to pay

*Apply online and pay by BPAY*

If you are an Eligible Shareholder and wish to participate in the Offer and pay by BPAY, **you do not need to return your Entitlement and Acceptance Form.**

Using the BPAY details provided in your Entitlement and Acceptance Form, you need to:

- (1) access your participating BPAY financial institution either through telephone banking or internet banking;
- (2) select BPAY and follow the prompts;
- (3) enter the biller code supplied;
- (4) enter the unique “Customer Reference Number” supplied for each Application;
- (5) enter the total amount to be paid which corresponds to the number of Shares you wish to apply for). Note that your financial institution may apply limits on your use of BPAY. You should enquire about the limits that apply in your own personal situation;
- (6) select the account you wish your payment to be made from;
- (7) schedule your payment. (Note that Applications without payment cannot be accepted); and
- (8) record your BPAY receipt number and date paid. Retain these details for your records.

BPAY payments must be made from an Australian dollar account of an Australian financial institution. You will need to check with your financial institution in relation to their BPAY closing times to ensure that your Application Monies will be received by 5.00pm (Sydney time) on the Closing Date. If you do not pay the Application Monies by this time, your Application will be incomplete and may not be accepted. If you complete your Application by making a BPAY payment, you do not need to complete or return the paper Application Form. By completing a BPAY payment, you acknowledge you are applying pursuant to the Application Form.

You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. You may also have your own limit on the amount that you can pay via BPAY. It is your responsibility to check that the amount you wish to pay via BPAY does not exceed your limit.

*Apply using a paper copy of the Application Form and posting it and a cheque to Boardroom*

Applicants preferring to apply using a paper copy of the Application Form may do so. The completed copy of the Application Form and a cheque for the dollar amount of Shares applied for in favour of “Eastern Metals Ltd New Issue Account” can be sent to the Company’s share registry, Boardroom Pty Limited, Level 8, 210 George Street Sydney 2000.

Subject to the permission of the ASX for the Shares to be listed for official quotation, the Directors will allot the New Shares as soon as possible after the closing date of the Offer.

An application for New Shares may be accepted in full, for any lesser number or rejected by the Company. If any application is rejected, in whole or in part, the relevant Application Monies will be repaid without interest.

#### **(b) Acceptance of Applications**

Regardless of the method of Application, Boardroom must receive the relevant Application by no later than 5:00pm (Sydney time) on the Closing Date (unless the Company varies the dates and times).

Completed BPAY payment or a completed and lodged paper Application Form constitutes an irrevocable offer to Eastern Metals Limited (including any supplementary or replacement prospectus), and as set out in the Application Form.

The Company reserves the right to:

- (1) reject any Application, including Applications that have not been correctly completed or are accompanied by payments that are dishonoured;
- (2) accept late Applications received after the Closing Date;
- (3) allocate to any Applicant a lesser number of Shares than that for which any Applicant applied; and
- (4) waive or correct any errors made by an Applicant in their Application.

No payment may be made in any currency other than Australian dollars.

#### **(c) Closing Date for receipt of Applications**

The closing date of the Offer is Friday 2 June 2023 at 5.00 pm (Sydney time) (**Closing Date**).

The Directors, subject to the requirements of the Listing Rules and the Corporations Act, reserve the right to:

- (1) close the Offer early without prior notice; or
- (2) vary any of the important dates set out in this Prospectus, including extending the Offer.

#### **(d) How to obtain a copy of this Prospectus**

You may obtain a copy of this Prospectus as follows:

- request a copy directly by calling Boardroom Pty Limited on 1300 737 760 (within Australia) or +612 9290 9600 (outside Australia) 8.30am – 5.00pm (Sydney time) Monday to Friday during the offer period; or
- on the Company’s website at [www.easternmetrals.com.au](http://www.easternmetrals.com.au).

### **3.7 Enquiries**

For further information, please contact Boardroom Pty Limited on 1300 737 760 (within Australia) or +61 2 9290 9600 (for overseas callers).

## 4 FINANCIAL INFORMATION

### 4.1 Source of Information

The information in this section provides a summary of Eastern Metals' historical financial information. Full details of the Company's historical financial information, including applicable notes and the accounting policies underlying their preparation, are contained in Eastern Metals' financial report for the year ended 30 June 2022 which can be found on the Company's website and in Eastern Metals' past announcements to the ASX.

### 4.2 Introduction

The financial information set out in this Section 4 contains the following financial information in relation to Eastern Metals:

- (a) audited historical statement of financial position as at 30 June 2022 and reviewed historical statement of financial position as at 31 December 2022 (the **Statutory Historical Financial Information**); and
- (b) a pro-forma statement of financial position as at 31 December 2022 and the associated details of the pro-forma adjustments (**Pro Forma Historical Statement of Financial Position**),

(together, the Statutory Historical Financial Information and Pro Forma Historical Statement of Financial Position form the **Financial Information**).

The Financial Information should be read together with the other information contained in this Prospectus, including:

- (a) the risk factors described in Section 5
- (b) the description of the use of the Proceeds of the Offer described in Section 2; and
- (c) the indicative capital structure described in Section 2.5.

Please note that past performance is not an indication of future performance.

### 4.3 Basis of preparation of the Financial Information

The historical statement of financial position as 31 December 2022 has been derived from Eastern Metal's interim financial statements for the half-year ended 31 December 2022.

Eastern Metal's financial statements for the financial year ended 30 June 2022 were audited by RSM Australia Partners (**RSM**). RSM issued an unqualified opinion on the financial reports for the year ended 30 June 2022.

Eastern Metal's interim financial statements for the half-year ended 31 December 2022 were reviewed by RSM. RSM issued unmodified review conclusion on the interim financial statements for the half-year ended 31 December 2022.

The Financial Information has been prepared in accordance with the recognition and measurement criteria of Australian Accounting Standards and the significant accounting policies are set out in the financial reports for the year ended 30 June 2022.

These significant accounting policies have been consistently applied throughout the financial periods presented, unless otherwise stated.

The Financial Information is presented in abbreviated form insofar as it does not include all of the presentation and disclosures required by the Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

#### 4.4 Pro-Forma Statement of Financial Position as at 31 December 2022

	Audited 30-Jun-22 \$	Reviewed 31-Dec-22 \$	Unaudited pro- forma balance sheet (assuming a maximum issue of Equity Securities) 31-Dec-22 \$
Current assets			
Cash and cash equivalents	3,886,004	1,750,394	3,042,412
Trade and other receivables	137,525	90,387	95,030
Total current assets	4,023,529	1,840,781	3,137,442
Exploration and evaluation assets	662,718	840,148	840,148
Tenement deposits	117,069	117,069	117,069
Plant and equipment	51,562	50,255	50,255
Total non-current assets	831,349	1,007,472	1,007,472
Total assets	4,854,878	2,848,253	4,144,914
Current liabilities			
Trade and other payables	524,084	126,109	126,109
Total current liabilities	524,084	126,109	126,109
Total non-current liabilities	-	-	-
Total liabilities	524,084	126,109	126,109
<b>Net assets</b>	<b>4,330,794</b>	<b>2,722,144</b>	<b>4,018,805</b>
Equity			
Issued capital	7,145,203	7,245,203	8,618,974
Share based payment reserve	1,526,483	1,546,479	1,663,405
Capital raising costs	(953,824)	(953,824)	(1,009,778)
Accumulated losses	(3,387,068)	(5,115,714)	(5,253,796)
<b>Net equity</b>	<b>4,330,794</b>	<b>2,722,144</b>	<b>4,018,805</b>

The unaudited pro forma statement of financial position is based on the reviewed financial position as at 31 December 2022 and is adjusted to reflect the following assumptions:

- The Offer is fully subscribed and \$1,373,771 is raised by the issue of 27,475,415 New Shares at \$0.05 per New Share and 13,737,708 New Options;
- The estimated expenses of the Entitlement Issue are summarised in Section 2.2.

- The following pro forma transactions are yet to occur, but are proposed to occur immediately before or following completion of the Offer:
  - The issue of up to a maximum of 27,475,415 New Shares at an offer price of \$0.05 each and 13,737,708 New Options to raise up to \$1,373,771 before costs pursuant to the Prospectus.
  - Total cash costs (excluding GST) of the Offer are estimated to be \$77,110 based on the Maximum Subscription.
  - The cash costs directly attributable to the capital raising (applying the relevant Australian Accounting Standards) are \$16,685 based on the Maximum Subscription. These costs are offset against contributed equity.
  - The remaining cash costs of the Offer of \$60,425 based on the Maximum Subscription are expensed through accumulated losses as they are not directly attributable to the capital raising. The GST impact of the total costs of the offer has been considered as a separate adjustment within the pro-forma statement of financial position.
  - The Share based payment reserve balance has been adjusted to reflect the proposed issue of 4,000,000 Options based on Maximum Subscription under the Offer, exercisable at \$0.10 each for a term of three years commencing the Closing Date, to the Lead Manager (**Broker Options**). The Broker Options have been valued at \$116,926 based on Maximum Subscription under the Offer, using the Black Scholes option pricing model and have been offset against contributed equity as a cost of the Offer.

## 5 RISKS

In accepting Entitlements under the Entitlement Issue, Eligible Shareholders will be subscribing for New Shares and attaching New Options in Eastern Metals. There are risks involved in making this investment. Section 5 of this Prospectus identifies the major areas of risk associated with an investment in Eastern Metals but should not be taken as an exhaustive list of the risk factors to which the Company and its Shareholders are exposed. Shareholders should refer to announcements made by the Company to the ASX to ensure they understand the operations of the Company and appreciate the risks involved with investing in the Company. Shareholders should carefully consider the following factors in addition to the other information presented in this Prospectus.

### 5.1 General Risks

#### a) Investment Risk

The New Shares and attaching New Options to be issued pursuant to this Entitlement Issue should be considered speculative. They carry no guarantee as to payment of dividends, return of capital or market value. The prices at which the New Shares trade on ASX may be above or below the issue price paid for the New Shares. The Company's operating results, economic and financial prospects will affect the trading price of the Shares. While the Directors recommend the Entitlement Issue, Shareholders must make their own assessment of the likely risks and determine whether accepting their Entitlement is appropriate to their own circumstances.

#### b) Share Market Risk

The Company will apply to the ASX for quotation of the New Shares. Share market conditions may affect the listed securities regardless of the operating performance of the Company. Many factors will affect the market price of the securities including local and international stock markets, movements in interest rates, commodity prices and currency fluctuations, general economic outlook and investor sentiment generally. The market price of the New Shares may fall as well as rise.

#### c) Availability of Capital Risk

The ability of the Company to access debt and/or raise equity as, when and if required will be influenced by many factors and capital may not be available on commercially acceptable terms or may not be available at all.

#### d) Economic Factors and Government Risk

The future viability of the Company is also dependent on a number of factors affecting performance of all industries, including, but not limited to, the following:

- general economic conditions in Australia and its major trading partners;
- changes in government policies, taxation and other laws;
- the strength of the equity markets in Australia and throughout the world, and in particular investor sentiment towards the resources sector;
- movement in, or outlook for, interest rates and inflation rates;
- currency exchange rate fluctuations;
- commodity price fluctuations; and
- natural disasters, social upheaval or war in Australia or overseas.

#### e) Regulatory risk

Changes in relevant taxes, legal and administrative regimes, accounting practice and government policies may affect the financial performance of the Company.

## **f) Litigation Risks**

Legal proceedings or disruption from interest groups may also arise from time to time in the course of the business of the Company. Legal proceedings brought by third parties including but not limited to lobbyists, third parties or employees could negatively impact the business, including where protestors block access and cause disruption to operations. Such claims may impact adversely on the Company's operations, financial performance and financial position. As at the date of this Prospectus, the Company is not currently engaged in any litigation.

## **g) Competition**

The resources industry is subject to domestic and global competition, particularly in the current climate. The Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's assets and business.

## **5.2 Company Specific Risks**

### **a) Exploration, Evaluation and Development and Operating Risks**

Exploration, mine project development and mining contain elements of significant risk. The future success of the Company, like all exploration and mining companies, will be heavily dependent upon a number of factors many of which are beyond the control of the Company. Such risk factors include:

- maintenance of tenure and access to the Company's tenements and the granting of any mining tenements and approvals required for the conduct of exploration and mining activities;
- access to tenements on farming and pastoral properties on satisfactory terms can be made difficult by farmers and organisations such as the "lock the gate" movement;
- reliance on key personnel, including the Directors, and ongoing access to competent management and technical personnel;
- the discovery, confirmation and exploitation of economically recoverable ore reserves on the Company's tenements or any other tenements that may be acquired in the future. Exploration of the Company's existing exploration tenements may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of the Company and possible relinquishment of the exploration and mining tenements;
- the calculation and interpretation of resource estimates are by their nature expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly through additional fieldwork or when new information or techniques become available. This may result in alterations to development and mining plans, which may in turn adversely affect the Company's operations;
- financial failure or default by a participant in any joint venture or other contractual relationship to which the Company is, or may become a party;
- mechanical failure or breakdown of mining or drilling plant and equipment or mine structure resulting in significant delays;
- adverse weather conditions, accidents or industrial disputes over a prolonged period adversely affecting mining activities and the earning of revenues;
- industrial disputation in Australia and overseas;
- adverse changes in government policies or legislation affecting mining and exploration activities; and
- force majeure (being events beyond the Company's control).



## **b) Title Risks and Native Title Risks**

Interests in tenements in Australia are governed by the respective state legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments as and when they arise.

Commonwealth and State legislation obliges the Company to identify and protect sites of significance to Aboriginal custom and tradition. Some sites of significance may be identified within the tenements. It is, therefore, possible that one or more sites of significance will exist in an area which the Company considers to be prospective. The Company abides by a policy of carrying out cultural heritage surveys prior to conducting exploration which would cause a disturbance to the land surface.

The current and future assets of the Company may be subject to land claims or native title claims by indigenous people. Should this occur, the Company's ability to conduct exploration and/or mining activities may be affected, which may have a material adverse effect on the Company's financial performance.

### **5.3 Speculative Nature of Investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares and attaching New Options offered under this Entitlement Issue. Therefore, the New Shares and attaching New Options to be issued pursuant to this Entitlement Issue carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those New Shares and attaching New Options. Potential investors should consider that the investment in the Company is speculative and should consult their professional advisors before deciding whether to apply for New Shares and attaching New Options in the Company.

Shareholders should consult their stockbroker, solicitor, accountant or other financial adviser if they are in any doubt as to the value of the Entitlement Issue and in particular in relation to taxation implications.

## 6 ADDITIONAL INFORMATION

### 6.1 Rights and Liabilities Attaching to the Shares Offered

Eastern Metals' Constitution sets out the rights attaching to the Shares. On issue, the New Shares and Additional New Shares will rank equally with the other Shares then on issue. The rights attaching to ordinary shares may only be varied with the consent in writing of the holders of 75% of ordinary shares or the sanction of a special resolution passed at a separate general meeting of the holders of the ordinary shares.

A summary of the rights which relate to the Shares are set out below. This summary does not purport to be exhaustive or constitute a definitive statement of the rights and liabilities of Shareholders.

**Voting:** At a general meeting of Eastern Metals on a show of hands, every member present in person, or by proxy, attorney or representative has one vote and upon a poll, every member present in person, or by proxy, attorney or representative has one vote for every Eastern Metals Share held by them.

**Dividends:** The Shares offered under the Offer will rank equally with all other issued shares in the capital of Eastern Metals and will participate in dividends by Eastern Metals from time to time in accordance with the Corporations Act. Subject to the rights of holders of Shares of any special rights as to dividend, all dividends are to be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares. The Directors may from time to time pay to Shareholders such interim dividends as in their judgement the position of Eastern Metals justifies.

**Winding Up:** Upon paying the Application Monies, Shareholders will have no further liability to make payments to Eastern Metals in respect of their Shares in the event of Eastern Metals being wound up pursuant to the provisions of the Corporations Act.

**Transfer of Securities:** Except where required or permitted by the Corporations Act, the Listing Rules, the ASX Settlement Operating Rules and the Constitution, there is no restriction on the transfer of Shares. The Directors may decline to register any transfer of Shares but only where permitted to do so under the Constitution or the Listing Rules.

**Sale of Small Holdings:** Eastern Metals may take steps in respect of small holdings of Shares to effect an orderly sale of those Shares in the event that holders do not take steps to retain their holdings in accordance with the Constitution and the Listing Rules.

For more particular details of the rights attaching to Shares, investors should refer to the Constitution.

### 6.2 Existing options

As a result of this pro rata Entitlement Issue, the exercise price of existing options will be reduced in accordance with Listing Rule 6.22.2.

### 6.3 Rights of the New Options

The rights and liabilities attaching to the ownership of the New Options arise from a combination of the terms and conditions set out in the New Options terms, the Corporations Act, the Constitution, statute, the Listing Rules and general law.

A summary of the significant rights and liabilities attaching to the New Options is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Optionholders.

**Entitlement:** Each New Option entitles the holder to subscribe for one Share upon exercise of the New Option.

**Consideration:** Each New Option will be granted for no consideration.

**Expiry Date:** Each New Option will expire at 5.00pm (Sydney time) 3 years after the Closing Date (**Expiry Date**). Any New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

**Exercise Price:** The amount payable upon exercise of each New Option will be \$0.10 (**Exercise Price**) (subject to possible adjustments referred to below).

**Exercise Notice:** New Options may be exercised at any time before the Expiry Date by notice in writing to the Company in the manner specified in the New Option terms and payment of the Exercise Price for each New Option being exercised in cleared funds by cheque or electronic funds transfer.

**Ranking:** All shares issued upon the exercise of New Options rank equally with all fully paid ordinary Shares on issue.

**Quotation:** The Company will apply for Official Quotation by ASX of all Shares issued upon exercise of the New Options.

**Reconstruction of Capital:** If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of reconstruction.

**Participation in New Issues:** Holders of New Options cannot participate in new issues of capital offered by the Company to existing Shareholders without first exercising the New Options and receiving Shares issued upon exercise of those New Options before the record date for determining entitlements to that Entitlement Issue in accordance with the Listing Rules.

In new pro rata issues of capital offered by the Company (other than a bonus issue), the exercise price of New Options on issue will be reduced according to the following formula:

$$A = O - \frac{E[P - (S + D)]}{(N + 1)}$$

Where:

A = the new exercise price of the option;

O = the old exercise price of the option;

E = the number of Shares into which one option is exercisable;

P = the volume weighted average market price per security of the Shares, calculated over the five trading days ending the day before the ex rights date or ex entitlements date;

S = the subscription price per Share under the pro-rata issue;

D = the dividend due but not yet paid on existing underlying Shares (except those to be issued under the pro rata issue); and

N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share

**Bonus Issue:** If there is a bonus issue to Shareholders of Shares or other securities to existing Shareholders (other than in lieu or in satisfaction of dividends or by way of dividend reinvestment), the number of Shares over which the options are exercisable will be increased by the number of Shares which an Optionholder would have received if the Optionholder had exercised the options and received shares prior to the record date for the bonus issue.

**Voting:** Holders of New Options have no voting rights until the New Options are exercised and Shares issued upon exercise of those New Options in accordance with the Listing Rules.

#### 6.4 Eastern Metals Employee Share Option Plan

Eastern Metals operates a share option plan (**ESOP**) as an incentive and retention benefit to key employees and key consultants. Holders of options issued under the ESOP are not eligible to participate in the Offer by virtue of their option holding. Only if the unquoted Options have been exercised in accordance with the rules of the ESOP and the Shares issued before the Record Date will these Shares participate in the Entitlement Offer. At the date of the Prospectus, there are 10,966,666 Options that have been issued, vested, not subject to escrow and entitled to be exercised before the Record Date; including 966,666 employee and Director Options issued under the ESOP.

#### 6.5 Disclosing Entity and Nature of this Prospectus

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act. As such we are subject to regular reporting and

disclosure obligations which require us to disclose to the ASX any information which we are aware of, or become aware of, concerning the Company and which a reasonable person would expect to have a material effect on the price or value of the securities of the Company.

This Prospectus is a prospectus to which the special content rules under section 713 of the Corporations Act apply. Section 713 allows the issue of a more concise prospectus for offers of:

- securities in a class which have been continuously quoted by ASX for the three months prior to the date of the prospectus; and
- options over such continuously quoted securities.

Shares in the Company have been continuously quoted by ASX for the three months prior to the date of this Prospectus. The information in this Prospectus principally concerns the terms and conditions of the Entitlement Issue and the information that investors and their professional advisers would reasonably require to make an informed assessment of:

- the effect of the Entitlement Issue on the Company; and
- the rights and liabilities attaching to the New Shares and attaching New Options.

This Prospectus contains this information only to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in it. It does not include all the information that would be included in a prospectus for an initial public offering of shares.

The Company, since listing, has provided ASX with a substantial amount of information regarding its activities. That information is publicly available. Shareholders and other investors should read this Prospectus in conjunction with that publicly available information before making an investment decision. Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office.

No party other than Eastern Metals has authorised or caused the issue of the information in this Prospectus, or takes any responsibility for, or makes any statements, representations or undertakings in, this Prospectus.

A summary of the major activities and financial information relating to the Company for the financial year ended 30 June 2022 is contained in the Financial Statements for the year ended 30 June 2022 lodged on 30 September 2022, which is available on the Company's website at <http://easternmetals.com.au/investors/financial-reports/>.

A summary of the major activities and financial information relating to the Company for the half year ended 31 December 2022 is contained in the Eastern Metals' Interim Financial Statements for the half year ended 31 December 2022 lodged on 13 March 2023, which is available on the Company's website at <http://easternmetals.com.au/investors/financial-reports/>.

The Company, as a disclosing entity under the Corporations Act states that:

- a) It is subject to the regular reporting and disclosure obligations under the Corporations Act;
- b) Copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC. Copies of the documents may also be obtained from, or copied at, an office of ASIC.
- c) In accordance with section 713(4) of the Corporations Act, Eastern Metals will provide a copy of each of the following documents free of charge to any person who asks for a copy of the documents prior to the Closing Date.
  - i. Eastern Metals' Interim Financial Statements for the half year ended 31 December 2022 lodged on 13 March 2023
  - ii. Eastern Metals' Constitution
  - iii. Eastern Metals' Financial Statements for the year ended 30 June 2022 lodged on 30 September 2022;

- iv. Any continuous disclosure documents given by the Company to the ASX in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the Financial Statements for the year ended 30 June 2022, lodged on 30 September 2022 referred to above, and before the lodgement of this Prospectus with ASIC.

Releases by Eastern Metals to the ASX since Eastern Metals' Interim Financial Statements for the half year ended 31 December 2022 lodged on 13 March 2023 and before lodgement of this Prospectus with ASIC are as follows:

28 April 2023	Quarterly Activities and Cash Flow Reports March 2023
20 March 2023	High grade rare earths at Tara
13 March 2023	Interim financial statements for the period to 31 December 2022

Copies of these documents are available free of charge from the Company or the Company's website: <http://easternmetals.com.au>. The Directors strongly recommend that Applicants review these and all other announcements prior to deciding whether or not to participate in the Offers.

## 6.6 Prospectus Availability

Eligible Shareholders can obtain a copy of this Prospectus during the Offer period on the Company's website at [www.easternmetals.com.au](http://www.easternmetals.com.au) or by contacting the Boardroom Pty Limited on 1300 737 760 (within Australia) or +61 2 9290 9600 (for overseas callers) during the Offer Period. If you access the electronic version of this Prospectus, you should ensure that you download and read the entire Prospectus.

The electronic version of this Prospectus on the Company's website will not include a personalised Entitlement and Application Form. You will only be entitled to accept the Offer by completing and returning your personalised Entitlement and Application Form, which accompanies this Prospectus, or by making a payment via BPAY® using the information provided on your personalised Entitlement and Application Form (refer to Section 3 of this Prospectus for further information).

The Corporations Act prohibits any person from passing the Entitlement and Application Form on to another person unless it is attached to or accompanied by a hard copy of this Prospectus or a complete and unaltered electronic version of this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

## 6.7 Share Price Information

The latest available ASX sale price of Eastern Metals' Shares immediately before the lodgement of the Prospectus was \$0.071 on 4 May 2023.

The highest and lowest intraday recorded sale prices on ASX of the Shares during the three months immediately preceding the lodgement of this Prospectus and the dates of those sales were \$0.089 on 4 May 2023 and \$0.057 on 3 May 2023. The highest and lowest closing prices were \$0.075 on 3 May 2023 and \$0.059 on 20 April 2023 respectively.

## 6.8 Interests of Directors of Eastern Metals

Other than as set out below or elsewhere in this Prospectus:

- no Director has or has had in the two years before lodgement of this Prospectus with ASIC, any interest in the formation or promotion of Eastern Metals or the offer of its securities, or in any

property acquired or proposed to be acquired by Eastern Metals in connection with its formation, promotion, or the offer of its securities; and

- no amounts or benefits, whether in cash or shares or otherwise, have been paid or agreed to be paid, and no benefit has been given or agreed to be given to any Director or proposed Director, either to induce him or her to become, or to qualify him or her as a Director, or otherwise, for services rendered by him or her in connection with the promotion or formation of Eastern Metals, or the offer of the securities; but
- Mr Duffin, the Company's Executive Chairman, was a founding shareholder and promoter of the Company when it lodged its IPO Prospectus on 18 August 2021. Mr Duffin's interest in the formation and promotion of Eastern Metals and the IPO of its securities, and in property acquired by Eastern Metals in connection with its formation, promotion, and the offer of its securities, was fully disclosed in the IPO Prospectus, a copy of which is available on the Company's website [www.easternmetals.com.au](http://www.easternmetals.com.au) and on the ASX website [www.ASX.com.au](http://www.ASX.com.au) .

## 6.9 Directors' Holdings

The Directors have relevant interests in the following securities of the Company as at the date of this Prospectus.

Director	Equity Securities held by:	Number of Current Shares	Number of Current Options	Current Options
<b>Mr Bob Duffin</b>	Irrawaddy Investments Pty Ltd <Duffin Family Account>	2,500,000	1,000,000	Unlisted vested Options exercisable at \$0.30, expiring 14 October 2024 and subject to ASX escrow expiring 14 October 2023.
	REC Investment Management Pty Ltd	11,666,667	-	
<b>TOTAL</b>		<b>14,166,667</b>	<b>1,000,000</b>	
<b>Dr Jason Berton</b>	Dr Jason Berton	-	<b>1,000,000</b>	Unlisted vested Options exercisable at \$0.30, expiring 14 October 2024 and subject to ASX escrow expiring 14 October 2023.
<b>Mr Mark Dugmore</b>	Mareko Pty Ltd as trustee for Gold Investment Trust	-	<b>333,333</b>	Unlisted vested Options exercisable at \$0.30 and expiring 7 December 2025.
		-	<b>333,333</b>	Unlisted unvested (vesting 7 December 2023) Options exercisable at \$0.30 and expiring 7 December 2025.
		-	<b>333,334</b>	Unlisted unvested (vesting 7 December 2024) Options exercisable at \$0.30 and expiring 7 December 2025.
<b>TOTAL</b>		-	<b>1,000,000</b>	
<b>Mr Ian White</b>	Mr Ian White	-	<b>333,333</b>	Unlisted vested Options exercisable at \$0.30 and expiring 7 December 2025.
		-	<b>333,333</b>	Unlisted unvested (vesting 7 December 2023) Options exercisable at \$0.30 and expiring 7 December 2025.
		-	<b>333,334</b>	Unlisted unvested (vesting 7 December 2024) Options exercisable at \$0.30 and expiring 7 December 2025.
<b>TOTAL</b>		-	<b>1,000,000</b>	



## 6.10 Directors' Fees

Directors are entitled to Directors' fees, which are disclosed in the Company's Financial Statements for the year ended 30 June 2022, lodged on 30 September 2022. The Directors' current annual remuneration for the year ending 30 June 2023 is as follows.

Director	Salary/ Directors Fees (AUD) \$
Mr Bob Duffin	65,000
Dr Jason Berton	45,000
Mr Mark Dugmore	45,000
Mr Ian White	45,000

## 6.11 Lead Manager Agreement

The Company has appointed the Lead Manager as the lead manager to the Entitlement Issue (including the Top-up Offer and Shortfall Offer) pursuant to the Lead Manager Agreement.

The Lead Manager Agreement was executed by the Company and the Lead Manager on Wednesday, 19 April 2023. The Lead Manager is entitled to the following fees:

- a management fee of 2% (excluding GST) payable on the total amount raised under the Entitlement and Top-Up; and
- 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):

- 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.

Under the Lead Manager Agreement, if the Offer is completed successfully, the Lead Manager will have a 12 month right of first refusal to advise on, act and lead manager for and/or underwrite Eastern Metals' next capital raising. This 12 month period commences from completion of the Offer.

## 6.12 Interests of Advisers and Others

Other than as set out below or elsewhere in this Prospectus, no person named in the Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus, or a promoter of Eastern Metals or a stockbroker to the Issue:

- holds, or has had any interest during the last two years, any interest in the formation or promotion of Eastern Metals, or in property acquired or proposed to be acquired by Eastern Metals in connection with the Company's formation or promotion, or the offer of its securities; or
- has been paid any amount or agreed to be paid and no benefit has been given or agreed to be given to any such person in connection with services provided by the person in connection with the formation or promotion of Eastern Metals or the offer of its securities.

## 6.13 Consents

**Hicksons** has given and at the time of lodgement of this Prospectus with ASIC has not withdrawn its consent to be named in this Prospectus as legal advisers to Eastern Metals Limited in the form and context in which it is named. Hicksons does not make, or purport to make, any statement, in this Prospectus and there is no statement in this Prospectus that is based on any statement made by Hicksons. Hicksons has not caused or authorised the issue of this Prospectus. To the maximum extent permitted by law, Hicksons expressly disclaims and takes no responsibility for any part of this

Prospectus other than the references to its name. Hicksons has not conducted due diligence or verification in relation to this Prospectus.

**Boardroom Pty Limited** has given and at the time of lodgement of this Prospectus with ASIC has not withdrawn its consent to be named as the share registry in the form and context in which it is named. It has had no involvement in the preparation of any part of this Prospectus other than the recording of its name as the share registry of Eastern Metals. It has not authorised or caused the issue of and expressly disclaims and takes no responsibility for any part of this Prospectus.

**Veritas Securities Limited** has given and at the time of lodgement of this Prospectus with ASIC has not withdrawn its consent to be named as Lead Manager in the form and context in which it is named.

**RSM Australia Partners** has given and at the time of lodgement of this Prospectus with ASIC has not withdrawn its consent to be named as Auditor in the form and context in which it is named.

None of the parties referred to in this Section 6.13 have authorised or caused the issue of this Prospectus or the making of the Offers.

#### **6.14 Taxation**

Shareholders should seek advice on the possible taxation consequences affecting them in relation to the Issue.

#### **6.15 Directors Responsibility Statement**

The Directors of Eastern Metals report that they have made reasonable enquiries and have reasonable grounds to believe that, to the best of their knowledge and belief, the statements made in this Prospectus are true and are not misleading.

Each of the Directors of Eastern Metals has given and has not withdrawn written consent to the issue of this Prospectus in the form and context in which it is issued.

The issue of this Prospectus has been authorised by each of the Directors of the Company. This Prospectus has been signed on behalf of Eastern Metals by the Executive Chairman Bob Duffin, in accordance with a resolution by the Board of Directors.



Bob Duffin, Executive Chairman

Dated: 5 May 2023

## 7 GLOSSARY OF TERMS

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus:

**Additional New Shares** means additional New Shares applied for by Eligible Shareholders under the Top-up Offer.

**Applicant** means an applicant for New Shares or Additional New Shares, each with an attaching New Option, who duly completes an Entitlement and Acceptance Form and pays the applicable Application Monies.

**Application** means a valid application for New Shares or Additional New Shares and attaching New Options, under this Prospectus.

**Application Monies** means monies received from the Applicants in respect of their Applications.

**ASIC** means Australian Securities and Investments Commission.

**ASX** means ASX Limited ACN 008 624 691.

**ASX Settlement** means ASX Settlement Pty Limited ACN 008 504 532.

**ASX Settlement Operating Rules** means the operating rules of ASX Settlement.

**Board** means the board of Directors of Eastern Metals as constituted from time to time.

**Broker Options** means 4,000,000 options to be issued to the Lead Manager (or its nominees) pursuant to the Lead Manager Agreement and described in Section 6.11 of this Prospectus.

**Business Days** has the meaning given to that term in the Listing Rules.

**CHESS** means Clearing House Electronic Sub-register Systems.

**Closing Date** means 5.00pm (Sydney time) on Friday 2 June 2023 or such other time and date as the Directors determine and notify to Shareholders, being the latest time and date, for which completed Entitlement and Acceptance Forms and Application Monies will be accepted (subject to variation).

**Company** or **Eastern Metals** means Eastern Metals Ltd ABN 29 643 902 943.

**Constitution** means the constitution of the Company.

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

**Directors** means the directors of the Company.

**Eastern Metals** or **Company** means Eastern Metals Ltd ABN 29 643 902 943.

**Eligible Shareholder** means a Shareholder with a registered address in Australia or New Zealand as at the Record Date, that is not an Excluded Shareholder.

**Entitlement** means the number of New Shares and attaching New Options, for which an Eligible Shareholder is entitled to subscribe under the Offer, being one New Share for every existing two Shares held on the Record Date, with one attaching New Options to be issued in respect of every two New Shares.

**Entitlement and Acceptance Form** means the personalised Entitlement and Acceptance Form accompanying this Prospectus.

**Equity Securities** has the same meaning as in the Listing Rules.

**Excluded Shareholders** means Shareholders who do not have a registered address in either of Australia or New Zealand at the Record Date.

**IPO Prospectus** means the prospectus lodged with ASIC on 18 August 2021 by Eastern Metals in connection with its initial public offering of shares and listing on the ASX.

**Lead Manager** means Veritas Securities Limited ACN 117 124 535, holder of Australian Financial Services Licence 297 043.

**Lead Manager Agreement** means the Agreement between the Company and Veritas Securities Limited, dated Wednesday 19 April 2023.

**Listing Rules** means the official listing rules of ASX, as applicable to the Company from time to time including by way of written waiver granted by ASX.

**Maximum Subscription** means the Offer is fully subscribed and \$1,373,771 is raised by the issue of 27,475,415 New Shares at \$0.05 per New Share and 13,737,708 New Options.

**Mineral Resource Estimate** means an estimate of a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

**New Options** means an option to acquire one fully paid ordinary share in the Company issued pursuant to this Prospectus at an exercise price of \$0.10 per New Option at any time up to three years after the Closing Date, unless previously exercised; and where the context implies, Broker Options.

**New Shares** means the Shares offered pursuant to this Prospectus.

**Offer or Entitlement Issue** means the offer of approximately 17,172,134 New Shares to Eligible Shareholders in the proportion of one New Share for every two existing Shares held on the Record Date under this Prospectus with one attaching New Option for every two New Shares subscribed for and where the context allows, includes any Additional New Shares and New Options under the Top-up Offer and Shortfall Offer.

**Option** means the right of the holder to acquire a Share upon payment of the applicable option exercise price.

**Optionholder** means the registered holder of an Option.

**Prospectus** means this Prospectus, dated Friday 5 May 2023.

**Privacy Act** means the *Privacy Act 1988* (Cth).

**Record Date** means 7.00pm (Sydney time) on Wednesday 10 May 2023

**Register** means the register in respect of the Shares.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholders** mean the registered holders of Shares.

**Share Registry** means Boardroom Pty Limited ABN 14 003 209 836.

**Shortfall** means those New Shares with attaching New Options under the Offer in respect of which a valid Application is not received by the Company from Eligible Shareholders before the Closing Date.

**Shortfall Offer** means an offer to acquire New Shares and attaching New Options the total number of which equals the Shortfall under this Prospectus.

**Top-up Offer** has the meaning as set out in Section 1.15 of this Prospectus.

## RETAIL ENTITLEMENT OFFER ENTITLEMENT AND ACCEPTANCE FORM

Entitlement No.	
Subregister	
SRN/HIN	
Number of Shares held on 10 May 2023 at 7:00pm (Sydney time)	

**Closing Date: 2 June 2023 at 5:00pm (Sydney time)**

Barcode

This is an important document and requires your immediate attention. This Entitlement and Acceptance Form can only be used in relation to the security holding represented by the SRN or HIN printed above. If you are in doubt about how to deal with this Entitlement and Acceptance Form, please consult your financial or other professional adviser.

You should read the Prospectus dated 5 May 2023 (Prospectus) that is available on the Company's website at [www.easternmetals.com.au](http://www.easternmetals.com.au). Capitalised words used and not otherwise defined in this Entitlement and Acceptance Form have the meaning given to them in the Prospectus.

**You do not need to return this Entitlement and Acceptance Form when you pay by BPAY®.**

### A Offer acceptance

The return and receipt of this Entitlement and Acceptance Form with your Application Monies by the Closing Date or payment via BPAY® by the Closing Date will constitute acceptance of your Entitlement on the terms and conditions set out in the Prospectus (Application).

If you wish to accept your **FULL ENTITLEMENT** please complete and return this Entitlement and Acceptance Form **WITH YOUR PAYMENT FOR THE AMOUNT SHOWN BELOW**.

Entitlement to New Shares	Price per New Share	Amount payable on full acceptance of Entitlement
	<b>A\$0.05 per New Share =</b>	

If you wish to accept **PART OF YOUR ENTITLEMENT ONLY** please complete the box below showing the **NUMBER OF NEW SHARES BEING ACCEPTED** and the appropriate amount payable.

Number of New Shares being accepted	Price per New Share	Amount enclosed
	<b>A\$0.05 per New Share =</b>	

### B Applications for Additional Shares are limited (please refer to section 1.15 of the Prospectus for details on the Allocation Policy when applying for Additional Shares)

If you apply to take up all of your Entitlement as noted Section A of this Entitlement and Acceptance Form, you may also apply for Additional Shares. If you wish to apply for Additional Shares, please insert the number of Additional Shares you wish to apply for in the box below and the appropriate amount payable. Additional Shares will only be allocated to Eligible Shareholders in accordance with the Allocation Policy set out in section 1.15 of the Prospectus and in the absolute discretion of Eastern Metals Limited. **Eastern Metals Limited may apply any scale-back applications for Additional Shares in its absolute discretion.**

Number of Additional New Shares applied for	Price per Additional New Share	Amount enclosed
	<b>A\$0.05 per New Share =</b>	

### C Payment

Payments can only be made by BPAY® or cheque. Cash will not be accepted via the mail or at Boardroom. Payments cannot be made at any bank. **You do NOT need to return this Entitlement and Acceptance Form if you are paying by BPAY®.**



**Biller Code:**  
**CRN:**

#### Telephone & Internet Banking - BPAY®

Contact your bank, credit union or building society to make payment from your account.

More info: [www.bpay.com.au](http://www.bpay.com.au)

© Registered to BPAY Ltd ABN 69 079 137 518

- To pay via BPAY® please contact your participating financial institution.
- If paying by BPAY® you do NOT need to return this Entitlement and Acceptance Form.

## D Contact details

You do not have to provide us with your contact details, however it will assist us if we need to contact you.

CONTACT NAME	TELEPHONE WORK	TELEPHONE HOME	EMAIL ADDRESS
	( )	( )	

**Important Information:** this document is of value and requires your immediate attention. If in doubt consult your stockbroker, solicitor, accountant or other professional advisor without delay.

### ACCEPTANCE OF THE OFFER

By making payment by BPAY, by 5.00pm Sydney time on Friday, 2 June 2023:

- you represent and warrant that you have read and understood and agree to the terms set out on this Entitlement and Acceptance Form and in the Prospectus;
- you understand and acknowledge that the New Shares and the Additional Shares have not, and will not be, registered under the *U.S. Securities Act of 1993* (the **U.S. Securities Act**) or the securities laws of any state or other jurisdiction in the United States and accordingly that the New Shares and the Additional Shares may not be offered, sold or otherwise transferred in the United States except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws of any state or other jurisdiction in the United States;
- acknowledge, represent and warrant that you are not in the United States and are not making an Application for or on behalf of any person in the United States;
- represent and warrant that you are subscribing for or purchasing New Shares and Additional Shares outside the United States in an "offshore transaction" in reliance on Regulation S under the U.S. Securities Act;
- acknowledge, represent and warrant that you have not and will not send any materials relating to the Entitlement Offer (including this Entitlement and Acceptance Form) to any person in the United States or to any person that is acting for the account or benefit of a person in the United States or any other country outside of Australia and New Zealand;
- acknowledge, represent and warrant that, if you are acting as nominee or custodian, each beneficial holder on whose behalf you are submitting this document is a resident in Australia or New Zealand;
- you provide authorisation to be registered as the holder of New Shares acquired by you and agree to be bound by the constitution of Eastern Metals Limited: and
- your application to acquire New Shares is irrevocable and may not be varied or withdrawn except as allowed by law.

### HOW TO ACCEPT NEW SHARES - Australian residents

**BPAY payment:** the total amount payable to accept your Entitlement in full is shown in Section A on the front of this form. If you accept your full Entitlement and wish to apply for Additional Shares, please also complete **Section B** to determine your total application amount payable. Contact your Australian bank, credit union or building society to make this payment from your cheque or savings account. For more information visit: [www.bpay.com.au](http://www.bpay.com.au). Refer to the front of this form for the Biller Code and Customer Reference Number. Payments must be received by BPAY before 5.00 pm Sydney time on Friday, 2 June 2023.

If the BPAY payment is for any reason not received in full, Eastern Metals may treat you as applying for as many New Shares as will be paid for by the cleared funds. **You are not required to submit this Acceptance Form when you make your payment using BPAY.**

### PAYMENT – overseas residents

If you are a New Zealand resident shareholder, you are unable to pay by BPAY® unless you have an Australian bank account. However, you are able to pay by international electronic funds transfer (EFT). **Please email [corporateactions@boardroomlimited.com.au](mailto:corporateactions@boardroomlimited.com.au) to receive instructions if you would like to pay by EFT.** Please contact the Registry, Boardroom Pty Limited, on +61 2 9290 9600 if you have any queries.

### Privacy Statement

Boardroom Pty Limited advises that Chapter 2C of the *Corporations Act 2001* (Cth) requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on this Entitlement and Acceptance Form. Our privacy policy is available on our website (<http://www.boardroomlimited.com.au/privacy.html>).

**For further information regarding this Entitlement and Acceptance Form or the Retail Entitlement Offer please contact the Eastern Metals Offer Information Line on 1300 737 760 within Australia, or +61 2 9290 9600 outside Australia from 8.30am to 5.00pm (Sydney time) Monday to Friday. For other questions you should contact your stockbroker, solicitor, accountant or other professional adviser.**