

ASX Code: ESS

Corporate Profile

Shares on issue: 175 million

Cash: \$3.4m (30 Sept 2020)

Debt: Nil

Corporate Directory

Non-Executive Chairman

Craig McGown

Managing Director

Timothy Spencer

Non-Executive Directors

Paul Payne

Warren Hallam

CFO & Company Secretary

Carl Travaglini

Exploration Manager

Andrew Dunn

Key Projects

Sole Funded

Juglah Dome (Au)

Blair-Golden Ridge (Au, Ni)

Dome North (Li)

Sinclair Caesium Mine (Cs)

Mavis Lake (Li)

Free Carried to Decision to Mine

Acra (Au) 25%

Kangan (Au) 30%

Balagundi (Au) 25%

Investor Relations

Nicholas Read

Read Corporate

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West Perth, Western Australia 6005
PO Box 1787, West Perth
Western Australia 6872



26 November 2020

Cleansing Prospectus

Essential Metals Limited (ASX:ESS) (ACN 103 423 981) ('the Company') advises that it has applied for quotation of 12,051,639 Placement Options allotted to participants in the Share Placement as announced on 18 November 2020¹. Quotation of the Placement Options will commence from the opening of trading of ASX on Thursday, 26 November 2020.

To ensure that all Placement Option holders comply with the Corporations Act the Company wishes to advise the following:

- (a) the Placement Options were issued without disclosure;
- (b) on Thursday, 26 November 2020 the Company will lodge with ASIC and announce to ASX a Cleansing Prospectus to ensure that the Placement Options can be freely traded on ASX;
- (c) beginning at the commencement of trading on Thursday, 26 November 2020 a 24 hour escrow will be applied to the Placement Options to ensure that trading of the Placement Options cannot occur until the day following the lodgement of the Cleansing Prospectus in accordance with Section 708A(11) of the *Corporations Act 2001* (CTH); and
- (d) from commencement of trading on Friday, 27 November 2020 the Placement Options will be freely tradeable on ASX.

This announcement has been authorised by the Board.

For further information, please contact: Carl Travaglini on +61 9322 6974

¹ Refer ASX release titled "Capital Raising to ramp up gold exploration".

ESSENTIAL METALS LIMITED

ACN 103 423 981

PROSPECTUS

For an offer of 5,000 Options in the capital of the Company at an issue price of \$0.006 per Share to raise up to \$30 (before expenses).

This Prospectus has been prepared primarily for the purpose of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Options issued by the Company prior to the date of this Prospectus.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Options being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Options offered by this Prospectus should be considered as speculative.

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1. CORPORATE DIRECTORY

Directors

Mr Craig McGown
Non-Executive Chairman

Mr Timothy Spencer
Managing Director

Mr Paul Payne
Non-Executive Director

Mr Warren Hallam
Non-Executive Director

Company Secretary

Mr Carl Travaglini

Registered Office

72 Kings Park Road
West Perth WA 6005

Telephone: +61 8 9322 6974

Email: info@essmetals.com.au

Website: www.essmetals.com.au

Auditor*

Deloitte
Tower 2, Brookfield Place
123 St Georges Terrace
Perth WA 6000

Share Registry*

Automic
Level 2
267 St Georges Terrace
Perth WA 6000

Solicitors

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

* These entities have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus. They have been included for information purposes only.

2. IMPORTANT NOTES

This Prospectus is dated 26 November 2020 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the content of this Prospectus or the merits of the investment to which this Prospectus relates.

No Options may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

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

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Options the subject of this Prospectus should be considered highly speculative.

The Offer is only available to those who are personally invited to accept the Offer. Applications for Options offered pursuant to this Prospectus can only be submitted on an original Application Form which accompanies this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of 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.

2.1 Risk factors

Potential investors should be aware that subscribing for Options in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 7 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Options in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Options pursuant to this Prospectus.

2.2 Website

A copy of this Prospectus can be downloaded from the website of the Company at www.essmetals.com.au. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic

Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

2.3 Forward-looking Statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do 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.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 5 of this Prospectus.

3. INDICATIVE TIMETABLE*

Lodgement of Prospectus with the ASIC and ASX	26 November 2020
Opening Date	26 November 2020
Closing Date*	27 November 2020
Issue of Options*	30 November 2020

* The Directors reserve the right to bring forward or extend the Closing Date of the Offer at any time after the Opening Date of the Offer without notice.

4. DETAILS OF THE OFFER

4.1 Background to the Offers

On 18 November 2020 the Company announced that it was undertaking a placement to raise approximately \$2.05 million through the issue of Shares at 8.5 cents per Share, together with 1 free new Option for every 2 Shares issued (**Capital Raising**). The Company also announced its intention to seek quotation of the Options.

4.2 Objective

The Company is seeking to raise only a nominal amount of \$30 under this Prospectus and, accordingly, the purpose of this Prospectus is not to raise capital.

The primary purpose of this Prospectus is to remove any trading restrictions that may have attached to the Options so that they can be traded on ASX.

Relevantly, section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- (a) the relevant securities are in a class of securities that are quoted securities of the body; and
- (b) either:
 - (i) a prospectus is lodged with the ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
 - (ii) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

4.3 Application for Options

Applications for Options must be made by investors at the direction of the Company and must be made using the Application Form accompanying this Prospectus.

Payment for the Options must be made in full at the issue price of \$0.006 per Option.

Completed Application Forms and accompanying cheques must be mailed or delivered to the Company as follows:

Delivery by hand	Delivery by post
Ground Floor, 72 Kings Park Road West Perth WA 6005	PO Box 1787 West Perth WA 6872

Cheques should be made payable to "**Essential Metals Limited – Option Offer Account**" and crossed "**Not Negotiable**". Completed Application Forms and cheques must reach the address set out above by no later than the Closing Date.

4.4 Minimum Subscription

There is no minimum subscription.

4.5 Issue

The issue of the Options offered under the Offers will take place as soon as practicable after the Closing Date, and otherwise in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus. Holding statements for Options issued under the Offers will be mailed in accordance with the timetable set out at the commencement of this Prospectus.

4.6 ASX Listing

The Company will apply for Official Quotation of Options offered under this Prospectus within 7 days after the date of this Prospectus. If ASX does not grant Official Quotation of the Options offered under the Offers pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Options under the Offers.

The fact that ASX may grant Official Quotation to the Options is not to be taken in any way as an indication of the merits of the Company or the Options now offered for subscription.

4.7 Restrictions on the distribution of the Prospectus

The distribution of this Prospectus outside the Commonwealth of Australia may be restricted by law.

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

Residents of countries outside Australia should consult their professional advisers as to whether any government or other consents are required, or whether any formalities need to be observed should they wish to make an application to take up Shares on the basis of this Prospectus. The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all approvals and consents have been obtained.

4.8 Enquiries

Any questions concerning the Offer should be directed to the Company Secretary, Carl Travaglini, on +61 8 9322 6974.

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

The primary purpose of this Prospectus is to remove any trading restrictions that may have attached to Options issued by the Company prior to the date of this Prospectus. All of the funds raised from the Offer will be applied towards the expenses of the Offer. Refer to Section 7.8. of this Prospectus for further details relating to the estimated expenses of the Offer.

5.2 Effect of the Offer on capital structure

The effect of the Offer on the Company's capital structure is set out below.

Shares ¹	Number
Shares currently on issue ²	174,979,715
Shares offered under this Prospectus	Nil
Total Shares on issue on completion of the Offer	174,979,715

Notes:

1. The rights and liabilities attaching to the Shares are summarised in Section 5 of this Prospectus.
2. The Company announced on 18 November 2020 its intention to offer Shareholders a share purchase plan. This number does not include the Shares offered under the share purchase plan on the basis that no Shares have yet been issued under that share purchase plan.

Options	Number
Options currently on issue:	
Options expiring with various dates and exercisable at various prices	3,388,894
Options expiring 31 January 2024 exercisable at 25 cents	500,000
Options expiring 31 January 2024 exercisable at 35 cents	500,000
Options expiring 31 January 2024 exercisable at 45 cents	500,000
Options expiring 30 November 2022 exercisable at 15 cents ¹	12,051,639
Options offered under this Prospectus ¹	5,000
Total Options on issue on completion of the Offer	16,945,533

Notes:

1. The rights and liabilities attaching to these Options are summarised in Section 5 of this Prospectus.

Performance Rights	Number
Performance Rights currently on issue	2,413,835
Total Performance Rights on issue on completion of the Offer	2,413,835

5.3 Financial effect of the Offer

After expenses of the Offer of approximately \$8,000, there will be no proceeds from the Offer. The expenses of the Offer (exceeding \$30) will be met from the Company's existing cash reserves.

As such, the Offer will have an effect on the Company's financial position, being receipt of funds of \$30 less costs of preparing the Prospectus of approximately \$8,000.

6. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

6.1 Options

(a) Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) Exercise Price

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.15 (**Exercise Price**).

(c) Expiry Date

Each Option will expire at 5:00 pm (WST) on 30 November 2022 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company (or by such other manner as may be required by the Company) (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) Timing of issue of Shares on exercise

Within 5 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) 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 ASX Listing Rules at the time of the reconstruction.

(j) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) Transferability

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

6.2 Shares

The following is a summary of the more significant rights and liabilities attaching to Shares that may be issued pursuant to this Prospectus and subject to exercise of the Options. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meeting and notices

Each member is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Constitution, the Corporations Act or the Listing Rules.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of the Company every holder of fully paid ordinary shares present in person or by an attorney; representative or proxy has one vote on a show of hands and one vote per share on a poll.

Where there are 2 or more joint holders of a share and more than one of them is present at a meeting and tenders a vote in respect of the share, the Company will count only the vote cast by the member whose name appears first in the Company's register of members.

(c) Issues of further Shares

The Directors may, on behalf of the Company, issue, grant options over unissued shares to any person on the terms, with the rights, and at the times that the Directors decide. However, the Directors must act in accordance with the restrictions imposed by the Constitution, Listing Rules, the Corporations Act and any rights for the time being attached to the shares in any special class of those shares.

(d) Variation of Rights

Unless otherwise provided by the terms of issue of a class of shares and subject to the Corporations Act, the rights attached to the shares in any class may be varied or cancelled only with the written consent of the holders of at least three-quarters of the issued shares of the affected class, or by special resolution passed at a separate meeting of the holders of the issued shares of the affected class.

(e) Transfer of Shares

Subject to the Constitution, the Corporations Act and Listing Rules, Shares are freely transferable.

The Shares may be transferred by a proper transfer effected in accordance with the ASX Settlement Operating Rules, by any other method of transferring or dealing with Shares introduced by ASX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by either the Directors or ASX that is permitted by the Corporations Act.

The Directors may decline to register a transfer of Shares (other than a proper transfer in accordance with the ASX Settlement Operating Rules) where permitted to do so under the Listing Rules. If the Directors decline to register a transfer, the Company must, within 5 Business Days after the transfer is delivered to the Company, give the party lodging the transfer written notice of the refusal and the reason for the refusal. The Directors must decline to register a transfer of Shares when required by law, by the Listing Rules or by the ASX Settlement Operating Rules.

(f) Dividends

The Directors may from time to time determine dividends to be distributed to members according to their rights and interests. The Directors may fix the time for distribution and the methods of distribution. Subject to the terms of issue of shares, the Company may pay a dividend on one class of shares to the exclusion of another class.

Each share carries the right to participate in the dividend in the same proportion that the amount for the time being paid on the share (not credited) bears to the total amounts paid and payable (excluding amounts credited) in respect of such shares.

(g) Dividend reinvestment and Share plans

Subject to the requirements in the Corporations Act and the Listing Rules, the Directors may implement and maintain dividend reinvestment plans (under which any member may elect that dividends payable by the Company be reinvested by way of subscription for fully paid shares in the Company).

(h) Capitalisation of profits

Subject to the Listing Rules and any rights or restrictions attaching to any class of shares, the Company may capitalise profits. Members are entitled to participate in a capital distribution in the same proportions in which they are entitled to participate in dividends.

(i) Winding-up

Subject to the rights of holders of shares with special rights in a winding-up and the Corporations Act, if the Company is wound up all monies and property that are to be distributed among Shareholders on a winding-up, shall be distributed in proportion to the Shares held by them respectively, irrespective of the amount paid-up or credited as paid-up on the Shares.

(j) Shareholder liability

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(k) Alteration of constitution

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

7. RISK FACTORS

7.1 General

The Options offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Options pursuant to this Prospectus or to exercise the Options once issued.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Options.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

Some of the risks may be mitigated by the Company using safeguards and appropriate systems and taking certain actions. Some of the risks may be outside the control of the Company and not capable of mitigation.

7.2 Company specific

7.2.1 Additional Requirements for Capital and Future Financing

The Company's capital requirements depend on numerous factors. The availability of equity funding is subject to market risk at the time and there is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations, scale back its exploration programmes and may result in loss of tenure, as the case may be.

The Company may issue further Shares or other securities in subsequent fundraisings. The Company may also issue additional securities to finance future activities. The Company cannot predict the size of future issues or the effect, if any, that future issues of securities will have on the market price of the Shares. Issues of substantial numbers of Shares, or the perception that such sales could occur, may adversely affect prevailing market prices of the Shares. With any additional sale or issue of Shares, investors will suffer dilution to their voting power and the Company may experience dilution in its earnings per share.

7.2.2 Tenure risk

Interests in mineral tenements in Australia are governed by State legislation and are evidenced by the granting of licenses 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.

All tenements in which the Company has interests are subject to renewal conditions or are yet to be granted, which will be at the discretion of the relevant State governmental department. The maintaining of tenements, obtaining renewals, or getting tenements granted, often depends on the Company being

successful in obtaining required statutory approvals for proposed activities. While the Company anticipates that subsequent renewals will be given as and when sought, there is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection therewith.

In Canada tenements are subject to the applicable mining acts and regulations (as applicable). Title to a mining claim may be subject to the holder complying with the terms and conditions of the claim, including any minimum annual expenditure commitments. There is a risk that if the holder does not comply with the terms and conditions of each claim, it may lose its relevant interest or be subject to fines or other variations to the terms and conditions to its mining claims.

7.2.3 Joint Venture Parties, Contractors and Contractual Disputes

The Company is a party to a joint venture agreement with International Lithium Corp. in respect of its Mavis Lithium Project in Ontario, Canada, with Northern Star Resources Limited in respect of its Acra Project in Western Australia, and farmin/joint venture agreements with Novo Resources Corp and Sumitomo Corporation in respect of its Kangan Project in Western Australian and with Black Cat Syndicate Limited in respect to its Balagundi Project in Western Australia. The Company is thereby reliant upon its farmin/joint venture partners complying with their obligations. With respect to this issue, the Directors are unable to predict the risk of:

- (a) financial failure or default by a participant in any farmin/joint venture to which the Company is or may become a party; or
- (b) insolvency or other managerial failure by any of the operators and contractors used by the Company in its exploration activities; or
- (c) insolvency or other managerial failure by any of the other service providers used by the Company or its operators for any activity.

7.2.4 Exploration Risks

Exploration is inherently associated with risk. Notwithstanding the experience, knowledge and careful evaluation a company brings to an exploration project there can be no assurance that recoverable mineral resources will be identified. Even if identified, other factors such as technical difficulties, geological conditions, adverse changes in government policy or legislation or lack of access to sufficient funding may mean that the resource is not economically recoverable or may otherwise preclude the Company from successfully exploiting the resource.

In addition proposed exploration expenditure of the Company is based on certain assumptions with respect to the method and timing of exploration and feasibility work. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice.

7.2.5 General risks associated with operating overseas

As a result of operating in Canada, and potentially other locations, the Company will be subject to the risks associated with operating in such countries. Such risks can include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of

exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations. Changes to mining or investment policies and legislation or a shift in political attitude may adversely affect the Company's operations and profitability.

7.2.6 Contractual risks

The ability of the Company to achieve its objectives will depend on the performance by the counterparties to any agreements that the Company may enter into. If any counterparty defaults in the performance of their obligations, it may be necessary for the Company to approach a court to seek a legal remedy. Legal action can be costly. Furthermore, certain contracts to which the Company is a party may be governed by laws of jurisdictions outside Australia. There is a risk that the Company may not be able to seek the legal redress that it could expect under Australian law and generally there can be no guarantee that a legal remedy will ultimately be granted on the appropriate terms.

7.3 Industry specific

7.3.1 Commodity prices

The Company is seeking to develop projects which will be reliant on the prices of various commodities including lithium, gold and nickel. Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include worldwide and regional supply and demand for commodities, forward selling by producers and production cost levels, general world economic conditions and the outlook for interest rates, inflation and other economic factors on both a regional and global basis. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities, together with the ability to fund those plans and activities.

7.3.2 Exploration, geological and development risks

Mineral exploration and development is a speculative and high risk activity that requires large amounts of expenditure over extended periods of time and may be impeded by circumstances and factors beyond the Company's control. The Company's ability to succeed in this process involves (amongst other things):

- (a) discovery and proving-up, or acquiring, an economically recoverable mineral resource or reserve;
- (b) access to adequate capital throughout the acquisition/discovery and project development phases of a mineral exploration project;
- (c) securing and maintaining title to such mineral exploration projects;
- (d) obtaining required development consents and approvals necessary for the acquisition, exploration, development and production phases of the project;
- (e) limitations on activities due to seasonal weather patterns;
- (f) adverse weather conditions, industrial and environmental accidents, industrial disputes and other force majeure events;

- (g) unavailability of drilling, mining, processing and other equipment;
- (h) prevention of access by reason of political or civil unrest, outbreak of hostilities, inability to obtain regulatory or landowner consents or approvals;
- (i) terms imposed by government on development of mining projects including conditions such as equity participation, royalty rates and taxes;
- (j) delays in completing feasibility studies and obtaining development approvals;
- (k) risks of default or non-performance by third parties providing essential services; and
- (l) accessing the necessary experienced operational staff, the applicable financial management and recruiting skilled contractors, consultants and employees.

There can be no assurance that forthcoming exploration programmes, or subsequent exploration programmes for its projects based in Western Australia or the exploration assets in Canada will result in the realisation of the Company's objectives such as the discovery of an economic mineral resource. Even if an apparently viable mineral resource is identified, there is no guarantee that it can be economically exploited. Further, conclusions drawn during mineral exploration are subject to the uncertainties associated with all sampling techniques and to the risk of incorrect interpretation of geological, geochemical, geophysical, drilling and other data. Restrictions on foreign exchange; changing political conditions; and currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

7.3.3 Operational and technical risks

The operations of the Company may be affected by various factors, including but not limited to:

- (a) failure to locate or identify mineral deposits;
- (b) failure to achieve predicted grades in exploration and mining;
- (c) operational and technical difficulties encountered in mining;
- (d) insufficient or unreliable infrastructure, such as power, water and transport;
- (e) difficulties in commissioning and operating plant and equipment;
- (f) mechanical failure or plant breakdown;
- (g) unanticipated metallurgical problems which may affect extraction costs;
- (h) industrial disputes and labour shortages; and
- (i) unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

7.3.4 Resource estimations

Resources estimates are expressions of judgement based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made. Additionally, resource estimates may change over time as new information becomes available. Should the Company encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the Company's operations.

7.3.5 Environmental

The proposed activities of the Company are subject to the laws and regulations of Australia and Canada (and other locations where the Company may have operations) concerning the environment. As with most exploration projects, the Company's activities are expected to have an impact on the environment, particularly during advanced exploration and future mining activities. The Company's projects are or may be subject to various laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. Development of any of the Company's projects will be dependent on the Company satisfying environmental guidelines and, where required, being approved by government authorities. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws, but may still be subject to accidents or other unforeseen events which may compromise its environmental performance and which may have adverse financial implications.

7.3.6 Competition

The Company competes with other companies, including major mineral exploration and mining companies. These companies will likely have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. Many of the Company's competitors not only explore for and produce minerals, but also carry out downstream operations on these and other products on a worldwide basis. There can be no assurance that the Company can compete effectively with these companies.

7.3.7 Commodity price volatility and exchange rates

If the Company achieves exploration success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate fluctuations and risks.

Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for gold and other commodities such as lithium, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities (including gold) are denominated in United States dollars, whereas the expenditure of the Company is and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

Canadian exploration expenditure will also primarily be denominated in Canadian dollars.

In the future, a significant proportion of the Company's revenues, cash inflows, other expenses, capital expenditure and the commitments may be denominated in foreign currencies.

To comply with Australian reporting requirements the income, expenditure and cash flows of the Company will need to be accounted for in Australian dollars. This will result in the income, expenditure and cash flows of the Company being exposed to the fluctuations and volatility of the rate of exchange between other currencies and the Australian dollar, as determined in international markets.

Furthermore, at this stage the Company has decided to not put in place any hedges in relation to foreign exchange. This may result in the Company being exposed to exchange rate risk, which may have an adverse impact on the profitability and/or financial position of the Company.

7.3.8 Unforeseen expenses

The Company may be subject to significant unforeseen expenses or actions. This may include unplanned operating expenses, future legal actions or expenses in relation to future unforeseen events. The Directors expect that the Company will have adequate working capital to carry out its stated objectives however there is the risk that additional funds may be required to fund the Company's future objectives.

7.4 General risks

7.4.1 General economic climate

The Company's future can be affected by factors beyond its control such as supply and demand for its goods and services, and general economic conditions.

7.4.2 Reliance on key management

The responsibility of overseeing the day-to-day operations and the strategic management of the Company and its controlled entities depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these senior management, key personnel or employees cease their involvement or employment with the Company or its controlled entities.

7.4.3 Additional requirements for capital

The continued operations of the Company are dependent on its ability to obtain financing through debt and equity financing or generating sufficient cash flows from future operations. There is a risk that the Company may not be able to access capital from debt or equity market for future projects or developments, which could have a material adverse impact on the Company's business and financial condition.

7.4.4 Insurance risks

The Company maintains insurance for certain activities within ranges of coverage that it believes to be consistent with industry practice and having regard to the nature of activities being conducted. The occurrence of an event that is not

covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

7.4.5 Market risk and interest rate volatility

From time to time, the Company may borrow money and accordingly will be subject to interest rates which may be fixed or floating. A change in interest rates would be expected to result in a change in the interest rate to the Company and, hence, may affect its profit.

7.4.6 Share market

There are general risks associated with an investment and the share market. The price of the Company's securities on the ASX may rise and fall depending on a range of factors beyond the Company's control and which are unrelated to the Company's financial performance. These factors may include movements on international stock markets, interest rates and exchange rates, together with domestic and international economic conditions, inflation rates, investor perceptions, changes in government policy, commodity supply and demand, government taxation and royalties, war, global hostilities and acts of terrorism.

7.4.7 Liquidity risk

There is no guarantee that there will be an ongoing liquid market for the Company's securities. Accordingly, there is a risk that, should the market for the Company's securities become illiquid, Shareholders will be unable to realise their investment in the Company.

The above list of risk factors ought not to be taken as an exhaustive list 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 Options offered under this Prospectus.

Therefore, the Options to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

8. ADDITIONAL INFORMATION

8.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

8.2 Continuous Disclosure Obligations

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 and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

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

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the 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 the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;

- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in Section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
25 Nov 2020	Letter to Shareholders - AGM Notice Addendum
24 Nov 2020	Updated Appendix 2A
24 Nov 2020	Appendix 2A
23 Nov 2020	Addendum to Notice of 2020 Annual General Meeting/Proxy Form
23 Nov 2020	Appendix 2A and Notice under Section 708A(5)(e)
20 Nov 2020	Annual General Meeting Update
20 Nov 2020	Share Purchase Plan Cleansing Notice
20 Nov 2020	Security Purchase Plan
18 Nov 2020	Deferral of Annual General Meeting
18 Nov 2020	Proposed Issue of Securities - ESS
18 Nov 2020	Proposed Issue of Securities - ESS
18 Nov 2020	Proposed Issue of Securities - ESS
18 Nov 2020	Capital Raising to Ramp up Gold Exploration
16 Nov 2020	Trading Halt
12 Nov 2020	High Grade Caesium Intersected at Sinclair
9 Nov 2020	Noosa Mining Virtual Conference Presentation
6 Nov 2020	RRS Investor Webinar
30 Oct 2020	Investor Presentation Webinar on 4 November
29 Oct 2020	Juglah Dome Drilling to Commence in November
27 Oct 2020	Expiry of Unlisted Options
26 Oct 2020	Annual General Meeting Letter to Shareholders
26 Oct 2020	2020 Notice of Annual General Meeting

Date	Description of Announcement
26 Oct 2020	Appendix 3G
19 Oct 2020	Dome North Lithium MET Test Work Update
19 Oct 2020	Quarterly Cashflow Report
19 Oct 2020	Quarterly Activities Report
5 Oct 2020	2020 Annual General Meeting
1 Oct 2020	Cancellation of Unlisted Performance Rights
29 Sept 2020	Dome North Lithium Project – Resources Upgrade
25 Sept 2020	2020 Appendix 4G & Corporate Governance Statement
25 Sept 2020	2020 Annual Report

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.essmetals.com.au.

8.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the most recent respective dates of those sales were:

Highest	\$0.140	25, 28, 29 September 2020
Lowest	\$0.082	24 November 2020
Last	\$0.086	25 November 2020

The Options have only just commenced trading on ASX and as at the date of this Prospectus no trading has occurred.

8.4 Directors' and proposed Directors' Interests

Other than as set out in this Prospectus, no Director or proposed director holds or has held within 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with
 - (i) its formation or promotion or
 - (ii) the Offer; or

(c) the Offer,

and no amounts have been paid or agreed to be and no benefits have been given or agreed to be given to a Director or proposed director:

(d) as an inducement to become, or to qualify him as, a Director; or

(e) for services provided in connection with:

(i) the formation or promotion of the Company; or

(ii) the Offer.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is set out in the table below.

Director	Shares	Options	Performance Rights
Craig McGown	1,247,620	611,112	Nil
Tim Spencer	360,000	1,800,000	873,637
Paul Payne	201,158	600,000	Nil
Warren Hallam	Nil	Nil	Nil

Remuneration of Directors

The Constitution of the Company provides that the non-executive Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the Directors and in default of agreement then in equal shares. The maximum aggregate remuneration for non-executive Directors has been set at no more than \$400,000 per annum.

In addition, a Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

The table below shows the total annual remuneration paid to both executive and non-executive directors and proposed directors in each of the past two financial years and the proposed remuneration for the current financial year.

Financial year ended 30 June 2019 (Actual)

Director	Cash payments	Share-based and other non-cash payments	Total
Craig McGown	\$76,875	\$79,444	\$156,319
Tim Spencer	\$319,453	Nil	\$319,453
Paul Payne	Nil	Nil	Nil
Warren Hallam	Nil	Nil	Nil

Financial year ended 30 June 2020 (Actual)

Director	Cash payments	Share-based and other non-cash payments	Total
Craig McGown	\$82,500	(\$11,655)	\$70,845
Tim Spencer	\$313,089	\$158,676	\$471,765
Paul Payne	\$30,355	\$4,213	\$34,569
Warren Hallam	Nil	Nil	Nil

Financial year ending 30 June 2021 (Proposed)

Director	Cash payments	Share-based and other non-cash payments	Total
Craig McGown	\$82,500	\$63,333	\$145,833
Tim Spencer	\$273,750	\$52,207	\$325,957
Paul Payne	\$60,000	\$42,000	\$102,000
Warren Hallam	\$55,000	\$42,367	\$97,367

8.5 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held, within 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion or
 - (ii) the Offer; or
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or

- (b) the Offer.

Steinepreis Paganin has acted as solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin approximately \$3,000 (excluding GST and disbursements) for these services and other services relating to the Offer generally. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$29,880 (excluding GST and disbursements) for legal services provided to the Company.

8.6 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

8.7 Estimated Expenses of Offer

The total expenses of the Offer are estimated to be approximately \$8,000 (excluding GST), and are expected to be applied towards the items set out in the table below:

Expenses of the Offer	\$
ASIC lodgement fee	3,206
Legal expenses	3,000
Miscellaneous	1,794
Total	8,000

8.8 Electronic Prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please phone the Company on +61 8 9322 6974 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.essmetals.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8.9 Privacy Act

If you complete an Application for Options, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your Application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a security holder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Application for Options, the Company may not be able to accept or process your Application.

9. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors and Proposed Directors.

In accordance with section 720 of the Corporations Act, each Director and Proposed Director has consented, and as at the date of this Prospectus has not withdrawn his consent, to the lodgement of this Prospectus with the ASIC.



Craig McGown
Non-Executive Chairman
Signed for and on behalf of
Essential metals limited

10. DEFINITIONS

\$ means Australian dollars.

Application means an application for Options made on an Application Form.

Application Form means an application form either attached to or accompanying this Prospectus.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the Listing Rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a Business Day.

Closing Date means the closing date specified in Section 3 of this Prospectus (unless extended or closed earlier).

Company means Essential metals limited (ACN 103 423 981).

Constitution means the constitution of the Company as at the date of this Prospectus.

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

Directors means the directors of the Company as at the date of this Prospectus.

Offer means the offer of Options the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Opening Date means the opening date specified in Section 3 of this Prospectus.

Option means an option to acquire a Share.

Prospectus means this prospectus.

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

Shareholder means the holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.