



ESSENTIALMETALS

for a sustainable future

ASX Code: ESS

Corporate Profile

Shares on issue: 240,839,974
Cash: \$9m (30 Sep 2021)
Debt: Nil

KEY PROJECTS

LITHIUM Pioneer Dome
GOLD Golden Ridge
GOLD Juglah Dome

Joint Ventures (ESS %)

1 x lithium project (51%)
2 x nickel projects (20-25%)*
4 x gold projects (25-30%)*
* Free carried to a decision to mine

Corporate Directory

Non-Executive Chairman
Craig McGown

Non-Executive Directors
Paul Payne
Warren Hallam

Managing Director
Timothy Spencer

CFO & Company Secretary
Carl Travaglini

Exploration Manager
Andrew Dunn

Investor Relations

Nicholas Read
Read Corporate
t: +61 8 9388 1474
e: nicholas@readcorporate.com.au

ABN: 44 103 423 981

t: +61 8 9322 6974
e: info@essmetals.com.au
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Level 3, 46 Ord St
West Perth, WA 6005
Australia
PO Box 1787,
West Perth, WA 6872
Australia

22 October 2021

Annual General Meeting Letter to Shareholders

Essential Metals Limited (ACN 103 423 981) (ASX:ESS) (Company) advises that it will hold its Annual General Meeting of Shareholders (Meeting) at 9am (AWST) on 23 November 2021 at Quest Apartment Hotel, 54 Kings Park Road, West Perth, WA 6005.

MEETING FORMAT

As a result of the easing of the COVID-19 restrictions in Western Australia, the Company has made the decision to hold a physical Meeting, in compliance with the State Government COVID Safety Guidelines and Plans on physical gatherings.

The Company will adhere to all social distancing measures prescribed by government authorities at the Meeting, and Shareholders attending the Meeting will need to ensure they comply with these protocols. This includes, among other guidelines, obtaining attendance records of attendees for contact tracing and carefully managed waiting areas to ensure social distancing.

The Company will continue to closely monitor guidance from the State Government for any impact on the current Meeting arrangements and will advise Shareholders by way of announcement to the ASX, details of which will also be made available on our website at: www.essmetals.com.au

Should shareholders not wish to attend the Meeting in person, live audio from the Meeting will be made available from the commencement of the Meeting by dialling 1800 173 224 (guest passcode: 9696705). If you do not plan to attend the meeting in person, please ensure you complete the enclosed Proxy Form in line with the included instructions as voting will not be available if you are dialling into the Meeting.

If you wish to raise a question for consideration at the meeting and will not be attending the meeting in person, please do so by submitting the question no later than one week before the meeting date. Questions can be submitted by shareholders via email to: info@essmetals.com.au

Please include:

1. Your name and that of the holder of the shares (if the shares are held indirectly).
2. Your telephone number.
3. Your question (please be as succinct as possible).



The Chairman, Craig McGown, or the Managing Director, Timothy Spencer will provide responses during the meeting and will endeavour to cover all questions submitted. There is no assurance given that a separate or collective response will be provided covering each question submitted.

NOTICE OF MEETING

In accordance with ASIC's no action position in respect of virtual meetings released on 29 March 2021, the Company will not be sending hard copies of the Notice of Meeting to Shareholders. The Notice of Meeting can be viewed and downloaded from the website link: <https://www.essmetals.com.au/asx-announcements>

As you have not elected to receive notices by email, a copy of your personalised proxy form is enclosed for your convenience.

Please lodge your proxy vote online using the following link:

<https://investor.automic.com.au/#/loginsah>

Alternatively, you can complete and return the attached proxy form to the Company's share registry, Automic Group Pty Ltd by:

post to: Automic
GPO Box 5193
Sydney NSW 2001
email to: meetings@automicgroup.com.au

Your proxy voting instruction must be received by 9am (AWST) on 21 November 2021, being not less than 48 hours before the commencement of the Meeting. Any proxy voting instructions received after that time will not be valid for the Meeting.

The Notice of Meeting is important and should be read in its entirety. If you are in doubt as to the course of action you should follow, you should consult your financial adviser, lawyer, accountant or other professional adviser. If you have any difficulties obtaining a copy of the Notice of Meeting please contact the Company's share registry, Automic Group Pty Ltd on, 1300 288 664 (within Australia) or +61 2 9698 5414 (overseas).

Authorised by:
Carl Travaglini
Company Secretary

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



ESSENTIALMETALS

for a sustainable future

ESSENTIAL METALS LIMITED ACN 103 423 981 NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 9:00am (AWST)
DATE: Tuesday, 23 November 2021
PLACE: Quest Hotel Apartments
54 Kings Park Road
West Perth, Western Australia

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 9:00am (AWST) on 21 November 2021.

The Explanatory Statement provides additional information on matters to be considered at the Meeting. The Explanatory Statement and the Proxy Form comprise part of the Notice.

Terms and abbreviations used in the Notice are defined in the Glossary.

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2021 together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2021."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

A voting prohibition statement applies to this Resolution. Please see below.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – CRAIG MCGOWN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of clause 14.2 of the Constitution, Listing Rule 14.5 and for all other purposes, Craig McGown, a Director, retires by rotation, and being eligible, is re-elected as a Director."

4. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF SHARES – LISTING RULE 7.1

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 2,020,000 Shares on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

5. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF BROKER OPTIONS – LISTING RULE 7.1

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 2,000,000 Options on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

6. RESOLUTION 5 – APPROVAL OF ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTY – TIMOTHY SPENCER

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 795,918 Performance Rights to Timothy Spencer (or his nominee) under the Equity Incentive Plan on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

A voting exclusion statement and voting prohibition statement applies to this resolution. Please see below.

7. RESOLUTION 6 – APPROVAL OF 7.1A MANDATE

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement."

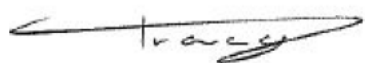
8. RESOLUTION 7 – APPOINTMENT OF AUDITOR

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of section 327B of the Corporations Act and for all other purposes, BDO Audit (WA) Pty Ltd having been nominated by a Shareholder and having consented in writing to act in the capacity of auditor, be appointed as auditor of the Company with effect from the close of the Meeting."

Dated: 22 October 2021

By order of the Board



**Carl Travaglini
Company Secretary**

Voting Prohibition Statements

Resolution 1 – Adoption of Remuneration Report

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy does not specify the way the proxy is to vote on this Resolution; and

expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Resolution 5 - Approval of Issue of Performance Rights to Timothy Spencer

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy does not specify the way the proxy is to vote on this Resolution; and

expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Voting Exclusion Statements

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the Resolution set out below by or on behalf of the following persons:

Resolution 3 – Ratification of prior issue of Shares	A person who participated in the issue or is a counterparty to the agreement being approved (namely the recipients of the Remaining Tranche 2 Shares) or an associate of that person or those persons.
Resolution 4 – Ratification of prior issue of Broker Options	A person who participated in the issue or is a counterparty to the agreement being approved (namely Taylor Collison) or an associate of that person or those persons.
Resolution 5 – Approval of Issue of Performance Rights to Timothy Spencer	Any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (including Timothy Spencer) or an associate of that person or those persons

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 meant that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Due to COVID19, the Meeting will be limited to the maximum number allowed by the WA Government at the time of the Meeting. Attendees will be permitted to join the Meeting on a first come, first serve basis, after allowing for the attendance of Company directors and a minimum number of personnel to facilitate the Meeting.

You may still attend the meeting and vote in person even if you have appointed a proxy. If you submitted a Proxy Form (online or in paper form), your attendance will not revoke your proxy appointment unless you actually vote at the meeting for which the proxy is proposed to be used, in which case, the proxy's appointment is deemed to be revoked with respect to voting on that resolution.

Please bring your personalised Proxy Form with you as it will help you to register your attendance at the meeting. If you do not bring your Proxy Form with you, you can still attend the meeting but representatives from Automic will need to verify your identity. You can register from 8:30 am (AWST) on the day of the meeting.

Should shareholders not wish to attend the Meeting in person, live audio from the Meeting will be made available from the commencement of the Meeting by dialling 1800 173 224 (guest passcode: 9696705). If you do not plan to attend the meeting please ensure you complete the enclosed Proxy Form as per the instructions outlined above as voting will not be available if dialling into the Meeting.

If you wish to raise a question for consideration at the meeting, please do so by submitting it no later than one week before the meeting date. Questions can be submitted by shareholders via email to (info@essmetals.com.au). Please include:

- Your name and that of the holder of the shares (if the shares are held indirectly)
- Your telephone number
- Your question (please be as succinct as possible)

The Chairman, Craig McGown, or the Managing Director, Timothy Spencer, will provide responses during the meeting and will endeavour to cover all questions submitted. There is no assurance given that a separate or collective response will be provided covering each question submitted.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9322 6974.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Corporations Act, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2021 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's Annual Report to Shareholders unless specifically requested to do so. The Company's Annual Report is available on its website at <https://www.essmetals.com.au/asx-reports>.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – CRAIG MCGOWN

3.1 General

Listing Rule 14.5 provides that an entity which has directors must hold an election of directors at each annual general meeting.

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Craig McGown, who has served as a Director since 13 June 2008 and was last re-elected on 26 November 2019, retires by rotation and seeks re-election.

3.2 Qualifications and other material directorships

Craig McGown brings to the Board a comprehensive knowledge of equity and debt markets and financing of resource projects.

Craig McGown is an investment banker with over 40 years of experience consulting to companies in Australia and internationally, particularly in the natural resources sector. He holds a Bachelor of Commerce degree, has been a Fellow of the Institute of Chartered Accountants and an Affiliate of the Financial Services Institute of Australasia. Mr McGown is an executive director of the corporate advisory business New Holland Capital Pty Ltd and prior to that appointment was the chairman of DJ Carmichael Pty Limited. Mr McGown has had extensive experience in the corporate finance sector, including mergers and acquisitions, capital raisings in both domestic and international financial markets, asset acquisitions and asset disposals, initial public offerings and corporate restructurings.

During the three year period to the end of the financial year, Craig McGown also held non-executive directorships with the following Australian listed companies; Sipa Resources Ltd (11 March 2015 to present), QMetco Limited (formerly Realm Resources Limited) (31 May 2018 to present) and Venturex Resources Limited (8 February 2021 to 9 June 2021).

3.3 Independence

If re-elected the Board considers Mr McGown will be an independent Director.

3.4 Board recommendation

The Board has reviewed Mr McGown's performance since his appointment to the Board and considers that Mr McGown's skills and experience will continue to enhance the Board's ability to perform its role. Accordingly, the Board supports the re-election of Mr McGown and recommends that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF SHARES – LISTING RULE 7.1

4.1 Background to the Placement

On 4 August 2021, the Company announced that it had received firm commitments from institutional and sophisticated investors to raise \$5 million by way of a placement of fully paid ordinary shares in the capital of the Company (**Shares**) (**Placement**).

On 10 August 2021, the Company announced that the Placement would be conducted in two tranches as follows:

- (a) Tranche 1 – a total of 36,780,000 Shares (the **Tranche 1 Placement Shares**) comprising:
 - (i) 16,764,394 Shares issued under Listing Rule 7.1; and
 - (ii) 20,015,606 Shares under Listing Rule 7.1A,
- (b) Tranche 2 – a total of 3,220,000 Shares (the **Tranche 2 Placement Shares**) issued under Listing Rule 7.1.

The Tranche 1 Placement Shares and the Tranche 2 Placement Shares were issued on 11 August 2021 and 22 September 2021, respectively. The Company obtained approval to ratify the issue of the Tranche 1 Placement Shares at the general meeting held on 16 September 2021. At this meeting, the Company also obtained approval to issue 1,200,000 of the Tranche 2 Placement Shares to four Directors of the Company as follows:

- (a) 400,000 Shares to Timothy Spencer;
- (b) 400,000 Shares to Craig McGown;
- (c) 200,000 Shares to Warren Hallam; and
- (d) 200,000 Shares to Paul Payne.

The Company is now seeking approval under Resolution 3 of this Notice to ratify the remainder of the Tranche 2 Placement Shares (excluding those set out above).

4.2 General

As set out above, on 22 September 2021, the Company issued 3,220,000 Shares at an issue price of \$0.125 per Share to raise \$402,500 (**Tranche 2 Placement Shares**). Excluding the 1,200,000 Shares issued to Directors for which approval was obtained at the previous meeting held on 16 September 2021 (as set out above), the Company is now obtaining approval for the remaining 2,020,000 Tranche 2 Placement Shares (**Remaining Tranche 2 Shares**).

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

Under Listing Rule 7.1A, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

The Company obtained approval to increase its limit to 25% at the annual general meeting held on 15 December 2020.

The issue of the Tranche 2 Placement Shares does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the Tranche 2 Placement Shares.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Remaining Tranche 2 Shares.

Resolution 3 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Remaining Tranche 2 Shares.

4.3 Technical information required by Listing Rule 14.1A

If Resolution 3 is passed, the Remaining Tranche 2 Shares will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Tranche 2 Placement Shares.

If Resolution 3 is not passed, the Remaining Tranche 2 Shares will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Tranche 2 Placement Shares.

It is noted that the Company's ability to utilise the additional 10% capacity provided for in Listing Rule 7.1A for issues of equity securities following this Meeting remains conditional on Resolution 5 being passed at this Meeting.

4.4 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 3:

- (a) the Remaining Tranche 2 Shares were issued to professional and sophisticated investors who are clients of Taylor Collison. The recipients were identified through a bookbuild process, which involved Taylor Collison seeking expressions of interest to participate in the capital raising from non-related parties of the Company;
- (b) in accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that none of the recipients were:

- (i) related parties of the Company, members of the Company's Key Management Personnel other than as expressly stated, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
- (ii) issued more than 1% of the issued capital of the Company;
- (c) 2,020,000 Remaining Tranche 2 Shares were issued and the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Remaining Tranche 2 Shares were issued on 22 September 2021;
- (e) the issue price was \$0.125 per Tranche 2 Placement Share (including the Remaining Tranche 2 Shares). The Company has not and will not receive any other consideration for the issue of these Shares;
- (f) the purpose of the issue of the Tranche 2 Placement Shares was to raise \$402,500, which will be applied towards advancing the Company's 100% owned Pioneer Dome Lithium Project; and
- (g) the Tranche 2 Placement Shares (including the Remaining Tranche 2 Shares) were not issued under an agreement.

5. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF BROKER OPTIONS

5.1 General

The background to the Placement is set out above in Section 4.1.

On 2 August 2021, the Company entered into a lead manager mandate with Taylor Collison (**Lead Manager Mandate**). The material terms of the Lead Manager Mandate are as follows:

- (a) **Engagement:** the Company agreed to engage Taylor Collison to act as lead manager to the Placement;
- (b) **Conditions:** the parties agreed that the engagement was subject to ASX granting quotation of the Placement Shares and there being no material adverse change of circumstances prior to settlement of the Placement;
- (c) **Lead Manager Role:** Taylor Collison agreed to:
 - (i) use their best endeavours to place the Placement Shares with sophisticated and professional investors in Australia (having regard to section 708(8) and 708(11) of the *Corporations Act* 2001);
 - (ii) decide the number of Shares to be issued under the Placement, with the approval of the Company;
 - (iii) act as bookrunner to the Placement; and
 - (iv) assist as otherwise required to facilitate the Placement.
- (d) **Fees:** in consideration for the lead manager services, the Company agreed to pay/issue to Taylor Collison:

- (i) a management fee of 2.0% of the gross proceeds raised under the Placement;
- (ii) a selling fee of 4.0% of the gross proceeds raised under the Placement; and
- (iii) that number of Options equal to 5% of the total number of Shares issued under the Placement (being the Broker Options the subject of this Resolution). It was agreed that:
 - (A) the exercise price of the Broker Options would be decided between the Company and Taylor Collison at the time of the Placement, but would not be greater than a 50% premium over the closing price of the Shares on the date prior to the date the Placement is announced; and
 - (B) the Broker Options would expire 2 years after allotment.

The Lead Manager Mandate contains terms and conditions considered otherwise standard for an agreement of this nature.

5.2 Listing Rule 7.1

On 22 September 2021, the Company issued the 2,000,000 Broker Options (described above) in consideration for brokerage services provided in respect of the Placement by Taylor Collison (**Broker Options**).

As summarised in Section 4.2 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that 12 month period.

Under Listing Rule 7.1A, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

The Company obtained approval to increase its limit to 25% at the annual general meeting held on 15 December 2020.

The issue of the Broker Options does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the Broker Options.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Broker Options.

Resolution 4 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Broker Options.

5.3 Technical information required by Listing Rule 14.1A

If Resolution 4 is passed, the Broker Options will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Broker Options.

If Resolution 4 is not passed, the Broker Options will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Broker Options.

It is noted that the Company's ability to utilise the additional 10% capacity provided for in Listing Rule 7.1A for issues of equity securities following this Meeting remains conditional on Resolution 5 being passed at this Meeting.

5.4 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 4:

- (a) the Broker Options were issued to Taylor Collison;
- (b) Taylor Collison is not a related party of the Company;
- (c) 2,000,000 Broker Options were issued and the Broker Options were issued on the terms and conditions set out in Schedule 1;
- (d) the Broker Options were issued on 22 September 2021;
- (e) the Broker Options were issued at a nil issue price, in consideration for brokerage services provided by Taylor Collison. The Company has not and will not receive any other consideration for the issue of the Broker Options (other than in respect of funds received on exercise of the Broker Options);
- (f) the purpose of the issue of the Broker Options was to satisfy the Company's obligations under the Lead Manager Mandate; and
- (g) the Broker Options were issued to Taylor Collison under the Lead Manager Mandate. A summary of the material terms of the Lead Manager Mandate are set out above in Section 5.1.

6. RESOLUTION 5 – APPROVAL OF ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTY – TIMOTHY SPENCER

6.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 795,918 Performance Rights (**Related Party Performance Rights**) to Timothy Spencer (or his nominee) (**Related Party**) pursuant to the Equity Incentive Plan and on the terms and conditions set out below.

The Related Party Performance Rights will each convert into a Share for no consideration on exercise by Timothy Spencer once they have vested. The Related Party Performance Rights expire four years from the date of grant. The Related Performance Rights will be subject to Timothy Spencer remaining in continuous employment with the Company and to specified performance criteria (**Performance Criteria**) which must be satisfied over a specified period of time, being from 1 July 2021 to 30 June 2024 (**Performance Period**) before the Related Party Performance Rights can vest.

The Related Party Performance Rights will vest on satisfaction of the following performance hurdle conditions.

Performance Hurdle Conditions

The vesting of the Related Party Performance Rights is subject to the satisfaction of the following performance hurdle conditions. The Board will have the unfettered and absolute right to determine and confirm whether vesting conditions have been met in respect of each and all tranches.

- (a) **Absolute TSR:** 50% of the granted performance rights will be subject to a vesting condition, whereby the Absolute Total Shareholder Return (Absolute TSR) must exceed 25%. Absolute TSR is measured as follows:

"Absolute TSR" = (Ending Price – Beginning Price)/Beginning Price.

"Beginning Price" = Closing price on 1 July 2021.

"Ending Price" = Closing Price on 30 June 2024.

- (b) **Relative TSR:** 50% of the granted performance rights will be subject to a vesting condition based on Relative Total Shareholder Return (Relative TSR), whereby the Company's TSR must be greater than TSRs of 70% of the 10 peer group of ASX listed companies selected by the Board (Peer Companies) over the Performance Period. To be clear, this vesting condition can only be met if the Company's TSR is positive.

Relative TSR is designed to reward industry outperformance. For resource companies this is critical, because commodity price movements have a significant impact on share prices at such companies – more so than for other industry sectors where operational performance is relatively more important.

The current group of Peer Companies is set out in the table below, however the Board has the discretion to adjust this group to take into account events that might occur during the period being reviewed, including takeovers, mergers or demergers or other changes of business.

The Peer Companies are as follows:

Company	ASX Code
Prospect Resources Limited	PSC
Lithium Power International Limited	LPI
Mako Gold Limited	MKG
Ardiden Limited	ADV
Metalicity Limited	MCT
Global Lithium Resources Limited	GLI
Boadicea Resources Limited	BOA
Bryah Resources Limited	BYH
Maximus Resources Limited	MXR
Golden Mile Resources Limited	G88

In the event that the applicable Performance Hurdle Conditions are not met within the indicated period, the relevant Related Party Performance Rights will lapse and as a result, no new Shares will be issued in respect of those Related Party Performance Rights.

Under the Corporations Act, for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Board has resolved (with Timothy Spencer) that the issue of the Performance Rights falls within the relevant exceptions in the Corporations Act, as the issue of the Performance Rights with the relevant vesting hurdles outlined above is considered to be reasonable remuneration on the basis that it was an agreed term of their appointment that the Board seek the approval to issue these Performance Rights.

6.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Related Party Performance Rights to the Related Party constitutes giving a financial benefit and Timothy Spencer is a related party of the Company by virtue of being a director of the Company.

The Directors (other than Timothy Spencer who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of the Related Party Performance Rights because the agreement to issue the Related Party Performance Rights, reached as part of the remuneration package for Timothy Spencer, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

6.3 ASX Listing Rule 10.14

Listing Rule 10.14 provides that an entity must not permit any of the following persons to acquire equity securities under an employee incentive scheme without the approval of the holders of its ordinary securities:

- 10.14.1 a director of the entity;
- 10.14.2 an associate of a director of the entity; or
- 10.14.3 a person whose relationship with the entity or a person referred to in Listing Rules 10.14.1 to 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by security holders.

The issue of Incentive Performance Rights to Timothy Spencer falls within Listing Rule 10.14.1 and therefore requires the approval of Shareholders under Listing Rule 10.14.

Resolution 5 seeks the required Shareholder approval for the issue of the Incentive Performance Rights under and for the purposes of Listing Rule 10.14.

6.4 Technical information required by ASX Listing Rule 14.1A

If Resolution 5 is passed, the Company will be able to proceed with the issue of the Related Party Performance Rights to the Related Party under the Equity Incentive Plan within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules). As approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Related Party Performance Rights (because approval is being obtained under ASX Listing Rule 10.11), the issue of the Related Party Performance Rights will not use up any of the Company's 15% annual placement capacity.

If Resolution 5 is not passed, the Company will not be able to proceed with the issue of the Related Party Performance Rights to Timothy Spencer under the Equity Incentive Plan.

6.5 Shareholder Approval (Listing Rule 10.15)

Pursuant to and in accordance with ASX Listing Rule 10.15, the following information is provided in relation to Resolution 5:

- (a) the Related Party Performance Rights will be issued to Timothy Spencer (or his nominee) pursuant to Resolution 5, who falls into the category set out in ASX Listing Rule 10.14.1 by virtue of being a Director;

- (b) the maximum number of Related Party Performance Rights (being the nature of the financial benefit being provided) to be issued to the Related Party is 795,918 Performance Rights comprising of:

	Tranche 1	Tranche 2	TOTAL
Number to be issued	397,959	397,959	795,918
Exercise price	Nil	Nil	
Expiry date	30/06/2025	30/06/2025	

- (c) no Performance Rights have previously been approved by Shareholders and issued under the Equity Incentive Plan;
- (d) the terms and conditions of the Related Party Performance Rights are set out above and in Schedule 2;
- (e) the Company values the Related Party Performance Rights at \$102,000 (being 12.85 cents per Related Party Performance Rights) based on the Monte Carlo valuation methodology;
- (f) the Related Party Performance Rights will be issued to the Related Party no later than 3 years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Performance Rights will occur progressively;
- (g) the issue price of the Related Party Performance Rights will be nil. The Company will not receive any other consideration in respect of the issue of the Related Party Performance Rights;
- (h) a summary of the material terms and conditions of the Equity Incentive Plan is set out in Schedule 2;
- (i) no loan is being made to Timothy Spencer in connection with the acquisition of the Related Party Performance Rights;
- (j) the purpose of the issue of the Related Party Performance Rights is to provide a performance linked incentive component in the remuneration package for the Related Party to align the interests of the Related Party with those of Shareholders, to motivate and reward the performance of the Related Party in their roles as a Director and to provide a cost effective way for the Company to remunerate the Related Party, which will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Party;

- (k) the remuneration and emoluments from the Company to the Related Party for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Estimated remuneration for Current Financial Year ending 30 June 2022	Financial Year ending 30 June 2021 (audited)
Timothy Spencer	\$354,262 ¹	\$298,450 ²

Notes:

1. This figure consists of \$260,000 in cash-based payments (salary), \$26,000 in superannuation guarantee payments, \$5,493 in other benefits and \$62,769 in share-based payments based on an appropriate valuation methodology applied to previously issued performance rights under the Company's Equity Incentive Scheme.
2. This figure consists of \$255,000 in cash-based payments (salary and short term incentive), \$24,225 in superannuation guarantee payments, \$5,493 in other benefits and \$13,732 in share-based payments based on an appropriate valuation methodology applied to previously issued performance rights under the Company's Equity Incentive Scheme.

If the Related Party Performance Rights are issued, the total remuneration package of the Related Party for FY2022 is estimated to increase by approximately \$34,000, being one third of the value of the Related Party Performance Rights (Management has used an appropriate valuation methodology based on assumptions prepared by BDO Corporate Finance (WA) Pty Ltd, please refer to Annexure B for a summary of these assumptions) incurred during FY2022 being one third of the vesting period of the Related Party Performance Rights; and

- (l) details of any Performance Rights issued under the Equity Incentive Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14; and
- (m) any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of Performance Rights under the Equity Incentive Plan after Resolution 5 is approved and who were not named in this Notice will not participate until approval is obtained under Listing Rule 10.14.

7. RESOLUTION 6 – APPROVAL OF 7.1A MANDATE

7.1 General

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

However, under Listing Rule 7.1A, an eligible entity may seek shareholder approval by way of a special resolution passed at its annual general meeting to increase this 15% limit by an extra 10% to 25% (**7.1A Mandate**).

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300,000,000 or less. The Company is an eligible entity for these purposes.

As at the date of this Notice, the Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$38 million (based on the number of Shares on issue and the closing price of Shares on the ASX on 8 October 2021).

Resolution 6 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% placement capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

If Resolution 6 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 6 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1A and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

7.2 Technical information required by Listing Rule 7.1A

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to Resolution 6:

(a) Period for which the 7.1A Mandate is valid

The 7.1A Mandate will commence on the date of the Meeting and expire on the first to occur of the following:

- (i) the date that is 12 months after the date of this Meeting;
- (ii) the time and date of the Company's next annual general meeting; and
- (iii) the time and date of approval by Shareholders of any transaction under Listing Rule 11.1.2 (a significant change in the nature or scale of activities) or Listing Rule 11.2 (disposal of the main undertaking).

(b) Minimum price

Any Equity Securities issued under the 7.1A Mandate must be in an existing quoted class of Equity Securities and be issued at a minimum price of 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the entity and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 trading days of the date in Section 7.2(b)(i), the date on which the Equity Securities are issued.

(c) **Use of funds raised under the 7.1A Mandate**

The Company intends to use funds raised from issues of Equity Securities under the 7.1A Mandate for the following purposes:

- (i) to progress the 100% owned Pioneer Dome Lithium Project to 'development' ready status including preparations for Mining Lease applications, process plant capital and operating cost studies and flora, fauna and hydrology studies;
- (ii) Further drill campaigns at Dome North and Dome South;
- (iii) Further exploration at the Company's two wholly owned gold project; Juglah Dome and Golden Ridge; and
- (iv) Working capital to undertake corporate and strategic activities.

(d) **Risk of Economic and Voting Dilution**

Any issue of Equity Securities under the 7.1A Mandate will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 6 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 7.1A Mandate, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A.2, on the basis of the closing market price of Shares and the number of Equity Securities on issue or proposed to be issued as at 12 October 2021.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 7.1A Mandate.

		Dilution			
Number of Shares on Issue (Variable A in Listing Rule 7.1A.2)		Shares issued – 10% voting dilution	Issue Price		
			\$0.078	\$0.155	\$0.23
			50% decrease	Issue Price	50% Increase
			Funds Raised		
Current	240,839,974 Shares	24,083,997 Shares	\$1,878,771	\$3,733,019	\$5,539,319
50% increase	361,259,961 Shares	36,125,996 Shares	\$2,817,828	\$5,599,529	\$8,308,979
100% increase	481,679,948 Shares	48,167,994 Shares	\$3,757,103	\$7,466,039	\$11,078,638

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. There are currently 240,839,974 Shares on issue.
2. The issue price set out above is the closing market price of the Shares on the ASX on 12 October 2021 (being \$0.155).
3. The Company issues the maximum possible number of Equity Securities under the 7.1A Mandate.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
5. The issue of Equity Securities under the 7.1A Mandate consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities. If the issue of Equity Securities includes quoted Options, it is assumed that those quoted Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under Listing Rule 7.1 unless otherwise disclosed.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 7.1A Mandate, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(e) Allocation policy under the 7.1A Mandate

The recipients of the Equity Securities to be issued under the 7.1A Mandate have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 7.1A Mandate, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue, share purchase plan, placement or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;

- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

(f) **Previous approval under Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its annual general meeting held on 15 December 2020 (**Previous Approval**).

During the period since the Previous Approval, being on and from 15 December 2020, the Company issued 20,015,606 Shares pursuant to the Previous Approval (**Previous Issue**), which represent approximately 10.3% of the total diluted number of Equity Securities on issue in the Company on 15 December 2020, which was 194,334,083.

The following information is provided in accordance with Listing Rule 7.3A.6(b) in respect of the Previous Issue:

Issue of Tranche 1 Placement Shares under Listing Rule 7.1A	
Date of Issue and Appendix 2A	Date of Issue: 11 August 2021 Date of Appendix 2A: 11 August 2021
Recipients	Professional and sophisticated investors who are clients of Taylor Collison. The recipients were identified through a bookbuild process, which involved Taylor Collison seeking expressions of interest to participate in the capital raising from non-related parties of the Company.
Number and Class of Equity Securities Issued	20,015,606 Shares issued under Listing Rule 7.1A (as part of Tranche 1 of the Placement)
Issue Price and discount to Market Price¹ (if any)	\$0.125 per Share (at a discount 17.22% to Market Price).
Total Cash Consideration and Use of Funds	Proposed use of remaining funds: Amount raised: \$2,501,951 before share issue costs Amount spent: \$447,126 including share issue costs Use of funds: advancing the Company's 100% owned Pioneer Dome Lithium Project and ongoing working capital. Amount remaining: \$2,054,825 Proposed use of remaining funds³: advancing the Company's 100% owned Pioneer Dome Lithium Project and ongoing working capital.

Notes:

- Market Price means the closing price of Shares on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
- Fully paid ordinary shares in the capital of the Company, ASX Code: ESS (terms are set out in the Constitution).

3. This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

8. RESOLUTION 7 – APPOINTMENT OF AUDITOR

Deloitte Touche Tohmatsu (**Deloitte**), the Company's current auditor, has given notice of its intention to resign as auditor of the Company to ASIC in accordance with section 329(5) of the Corporations Act.

Upon receipt of ASIC's consent to their resignation and approval of Resolution 6 by Shareholders, Deloitte has advised that it will submit a notice of resignation to the Company in accordance with section 329(5) of the Corporations Act, such resignation to take effect from the date of the Meeting.

In accordance with section 328B(1) of the Corporations Act, the Company has sought and obtained a nomination from a Shareholder for BDO Audit (WA) Pty Ltd (**BDO**) to be appointed as the Company's auditor. A copy of this nomination is attached to this Notice as Annexure A.

BDO has given its written consent to act as the Company's auditor in accordance with section 328A(1) of the Corporations Act, subject to Shareholder approval and the resignation of Deloitte.

If Resolution 7 is passed, the appointment of BDO as the Company's auditors will take effect from the close of the Annual General Meeting.

GLOSSARY

\$ means Australian dollars.

7.1A Mandate has the meaning given in Section 7.1.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means the Australian Securities & Investments Commission.

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

BDO means BDO Audit (WA) Pty Ltd (ACN 112 284 787).

Board means the current board of directors of the Company.

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.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Essential Metals Limited (ACN 103 423 981).

Constitution means the Company's constitution.

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

Deloitte means Deloitte Touche Tohmatsu.

Directors means the current directors of the Company.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or

if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Listing Rules means the Listing Rules of ASX.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2021.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

Taylor Collison means Taylor Collison Limited (ACN 008 172 450).

Variable A means "A" as set out in the formula in Listing Rule 7.1A.2.

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

SCHEDULE 1 – TERMS AND CONDITIONS OF BROKER 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 \$0.20 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 10 August 2023 (**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 in the manner specified on the Option certificate (**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 five 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.

SCHEDULE 2 – SUMMARY OF EQUITY INCENTIVE PLAN

The material terms and conditions of the Equity Incentive Plan (**Plan**) are as follows:

- (a) **Eligibility:** Participants in the Plan may be:
- (i) a Director (whether executive or non-executive) of the Company and any Associated Body Corporate of the Company (each, a **Group Company**);
 - (i) a full or part time employee of any Group Company;
 - (ii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 as amended or replaced (**Class Order**); or
 - (iii) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a participant under subparagraphs (i), (ii), or (iii) above,
- who is declared by the Board to be eligible to receive grants of Options or Performance Rights (Awards) under the Plan (**Eligible Participant**).
- (b) **Offer:** The Board may, from time to time, in its absolute discretion, make a written offer to any Eligible Participant to apply for Awards, upon the terms set out in the Plan and upon such additional terms and conditions as the Board determines.
- (c) **Plan limit:** The Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on exercise of Awards offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.
- (d) **Issue price:** Performance Rights granted under the Plan will be issued for nil cash consideration. Unless the Options are quoted on the ASX, Options issued under the Plan will be issued for no more than nominal cash consideration.
- (e) **Exercise price:** The Board may determine the Option exercise price (if any) for an Option offered under that Offer in its absolute discretion. To the extent the Listing Rules specify or require a minimum price, the Option exercise price must not be less than any minimum price specified in the Listing Rules.
- (f) **Vesting conditions:** An Award may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Awards (**Vesting Conditions**).

- (g) **Vesting:** The Board may in its absolute discretion by written notice to a Participant (being an Eligible Participant to whom Awards have been granted under the Plan or their nominee where the Awards have been granted to the nominee of the Eligible Participant (**Relevant Person**)), resolve to waive any of the Vesting Conditions applying to Awards due to:
- (i) special circumstances arising in relation to a Relevant Person in respect of those Awards, being:
 - (A) a Relevant Person ceasing to be an Eligible Participant due to:
 - (I) death or total or permanent disability of a Relevant Person; or
 - (II) retirement or redundancy of a Relevant Person;
 - (B) a Relevant Person suffering severe financial hardship;
 - (C) any other circumstance stated to constitute "special circumstances" in the terms of the relevant offer made to and accepted by the Participant; or
 - (D) any other circumstances determined by the Board at any time (whether before or after the offer) and notified to the relevant Participant which circumstances may relate to the Participant, a class of Participant, including the Participant or particular circumstances or class of circumstances applying to the Participant,

(Special Circumstances), or
 - (ii) a change of control occurring; or
 - (iii) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company.
- (h) **Lapse of an Award:** An Award will lapse upon the earlier to occur of:
- (i) an unauthorised dealing, or hedging of, the Award occurring;
 - (ii) a Vesting Condition in relation to the Award is not satisfied by its due date, or becomes incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to vest the Award in the circumstances set out in paragraph 0 or the Board resolves, in its absolute discretion, to allow the unvested Awards to remain unvested after the Relevant Person ceases to be an Eligible Participant;
 - (iii) in respect of unvested Awards only, a Relevant Person ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Award in the circumstances set out in paragraph 0 or the Board resolves, in its absolute discretion, to allow the unvested Awards to remain unvested after the Relevant Person ceases to be an Eligible Participant;
 - (iv) in respect of vested Awards only, a Relevant Person ceases to be an Eligible Participant and the Award granted in respect of that Relevant Person is not exercised within a one (1) month period (or such later date as the Board determines) of the date that person ceases to be an Eligible Participant;

- (v) the Board deems that an Award lapses due to fraud, dishonesty or other improper behaviour of the Eligible Participant;
 - (vi) the Company undergoes a change of control or a winding up resolution or order is made and the Board does not exercise its discretion to vest the Award; and
 - (vii) the expiry date of the Award.
- (i) **Not transferrable:** Subject to the Listing Rules, Awards are only transferrable in Special Circumstances with the prior written consent of the Board (which may be withheld in its absolute discretion) or by force of law upon death, to the Participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy.
 - (j) **Shares:** Shares resulting from the exercise of the Awards shall, subject to any Sale Restrictions (refer paragraph (k)) from the date of issue, rank on equal terms with all other Shares on issue.
 - (k) **Sale restrictions:** The Board may, in its discretion, determine at any time up until exercise of Awards, that a restriction period will apply to some or all of the Shares issued to a Participant on exercise of those Awards (**Restriction Period**). In addition, the Board may, in its sole discretion, having regard to the circumstances at the time, waive any such Restriction Period.
 - (l) **Quotation of Shares:** If Shares of the same class as those issued under the Plan are quoted on the ASX, the Company will, subject to the Listing Rules, apply to the ASX for those Shares to be quoted on ASX within 5 business days of the later of the date the Shares are issued and the date any Restriction Period applying to the Shares ends.
 - (m) **No participation rights:** There are no participation rights or entitlements inherent in the Awards and Participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Awards without exercising the Award.
 - (n) **Change in exercise price of number of underlying securities:** An Award does not confer the right to a change in exercise price or in the number of underlying Shares over which the Award can be exercised.
 - (o) **Reorganisation:** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a Participant are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reorganisation.
 - (p) **Amendments:** Subject to express restrictions set out in the Plan and complying with the Corporations Act, Listing Rules and any other applicable law, the Board may, at any time, by resolution amend or add to all or any of the provisions of the Plan, or the terms or conditions of any Award granted under the Plan including giving any amendment retrospective effect.

ANNEXURE A – NOMINATION OF AUDITOR LETTER

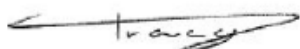
The Directors
Essential Metals Limited
Level 3, 46 Ord Street
West Perth WA 6005
Australia

4 October 2021

Dear Directors

The undersigned being a member of Essential Metals Limited hereby nominates BDO Audit (WA) Pty Ltd for appointment as auditor of the company at the forthcoming annual general meeting.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Travaglini', with a long horizontal stroke extending to the left.

Carl Travaglini
Shareholder
Essential Metals Limited

ANNEXURE B – PERFORMANCE RIGHTS VALUATION ASSUMPTIONS

3.1 Valuation date

The Rights were granted to employees on 27 July 2021 ('**Valuation Date**').

3.2 Value of the underlying share

The share price of Essential Metals Limited ('**ESS**') as at 27 July 2021 was \$0.150, which was used as an input in the option pricing models for the Absolute Total Shareholder Return ('**ATSR**') Rights and Relative Total Shareholder Return ('**RTSR**') Rights.

3.3 Exercise price

In the event that the vesting conditions are met for the Rights, there is no consideration payable by the holder. Therefore an exercise price of nil has been assumed in the option pricing models.

3.4 Performance period and the effective life of the Rights

The vesting conditions for the Rights are assessed over the three-year period from 1 July 2021 to 30 June 2024. Therefore the Rights have a total performance period of 3.00 years. However, it is noted that the performance period commenced prior to the Valuation Date and as such, the remaining performance period of 2.93 years as an input into the option pricing models.

3.5 Volatility

Expected volatility is a measure of the amount by which a price is expected to fluctuate during a period. The measure of volatility used in option pricing models is the annualised standard deviation of the continuously compounded rates of return on the share over a period of time.

The recent volatility of the share price of ESS was calculated for one, two and three-year periods, using data extracted from Bloomberg. For the purpose of the valuation, a future estimated volatility level of 90% for the share price of ESS was used in valuing the Rights.

It is noted that for the purposes of the valuation of the RTSR Rights, the volatilities of each constituent of the Peer Group as well as the correlation between the TSR of ESS and each constituent of the Peer Group is required in order to perform a Monte Carlo simulation of the expected TSR of ESS and each constituent of the Peer Group over the performance period.

The volatility is required to simulate the amount by which the TSR of ESS and the constituents of the Peer Group are expected to fluctuate over a period of time. The correlation between ESS' TSR and the constituents of the Peer Group was also taken into consideration to set the level of dependency between the TSR of ESS and the constituents of the Peer Group over the simulation period.

3.6 Risk-free rate of interest

The 3-year Australian Government bond rate as at 27 July 2021 was 0.135%, which was used as an input into the option pricing models.

3.7 Dividend yield

A dividend yield of nil was assumed in the option pricing models.

3.8 Vesting conditions

ATSR Rights

The vesting conditions for the ATSR Rights are based on the absolute TSR of ESS over the performance period. The ATSR Rights will vest according to the following schedule:

Absolute TSR performance	Percentage of ATSR Rights eligible to vest
< 25% Absolute TSR	0%
≥ 25% Absolute TSR	100%

We set out below the implied share price barrier for the ATSR Rights:

Closing share price at 1 July 2021 (performance period start)	Implied share price barrier
\$0.098	25% TSR = \$0.1225

The holder of the Rights must remain in continuous employment until 30 June 2024 in order for the Rights to vest.

RTSR Rights

The number of RTSR Rights that vest is based on the TSR of ESS over the performance period, relative to the returns of the Peer Group. We note that the Company's TSR must be positive over the performance period in order for any of the RTSR Rights to vest. The RTSR Rights will vest according to the following schedule:

Company's TSR performance relative to the Peer Group	Percentage of RTSR Rights eligible to vest
< 70th percentile	0%
≥ 70th percentile	100%

The holder of the Rights must remain in continuous employment until 30 June 2024 in order for the Rights to vest.

3.9 Peer Group

The constituents of the Peer Group against which the TSR of ESS is to be measured against are set out below.

Company	ASX Code
Prospect Resources Limited	PSC
Lithium Power International Limited	LPI
Mako Gold Limited	MKG
Ardiden Limited	ADV
Metalicity Limited	MCT
Global Resources Limited	GL1
Boadicea Resources Limited	BOA
Bryah Resources Limited	BYH
Maximus Resources Limited	MXR
Golden Mile Resources Limited	G88

Proxy Voting Form

If you are attending the meeting
in person, please bring this with you
for Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **9.00am (AWST) on Sunday, 21 November 2021**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

