



EMETALS
— LIMITED —



The Manager
Market Announcements Office
Level 40, Central Park,
152-158 St George's Terrace
Perth WA 6000

ACN: 142 411 390

T: 08 6489 1600

F: 08 6489 1601

E: info@emetalslimited.com.au

W: www.emetalslimited.com.au

Directors

Gary Lyons, Chairman

Mathew Walker, Director

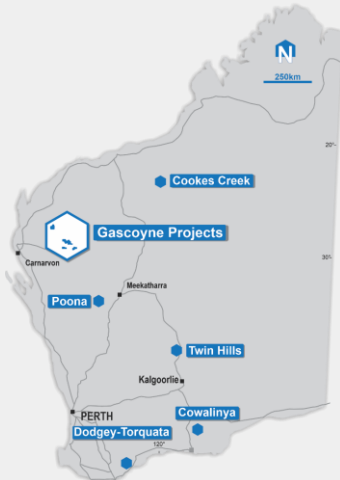
Teck Siong Wong, Director

Sonu Cheema, Company
Secretary

Issued Capital (ASX Code: EMT)

425,000,000 Ordinary Shares

35,000,000 Unquoted options
exercisable at \$0.05 on or
before 31 December 2022



19 November 2021

ACQUISITION OF SALMON GUMS REE PROJECT & CAPITAL RAISING

The Directors of eMetals Limited (**ASX:EMT**) (**eMetals**) (**Company**) are pleased to advise they have entered into a binding heads of agreement (**HOA**) with an unrelated third party Salmon Gums Minerals Pty Ltd (ACN 651 315 258) (**Salmon Gums**) and its shareholders (**Salmon Gum Shareholders**) to acquire 100% of the issued capital in Salmon Gums from the Salmon Gum Shareholders. Salmon Gums holds two highly prospective tenement applications in the Albany Fraser Range Province of Western Australia (**ELA2126** and **ELA2127**) (**Project**).

HIGHLIGHTS

- The Project covers an area of 163 blocks for a total of 469 square kilometers of the Eucla Basin prospective for Ionic Adsorption Clay (**IAC**) style rare earth element (**REE**) mineralisation.
- The Project is in close proximity to the Company's wholly owned Cowlinya REE Project which is adjacent to the Mount Ridley REE Project of Mount Ridley Mines Ltd (**MRD**).
- RM Corporate Finance Pty Ltd (AFSL 315235) (**Lead Manager**) (**RM Corporate**) appointed lead manager to a capital raising of 350,000,000 Shares at \$0.0125 together with a free attaching option to raise \$4,375,000 before costs (**Placement**).

Commenting on the acquisition eMetals Director Mathew Walker said, "The Eocene aged sediments of the onshore Eucla Basin in south-eastern Western Australia are increasingly becoming recognized for their RRE potential, in particular the more readily recoverable ionic adsorption clays which have significantly lower capital requirements and processing complexity than conventional hard rock deposits. We are delighted to expand our tenement position in this exciting new and developing critical mineral province."



EMETALS
LIMITED

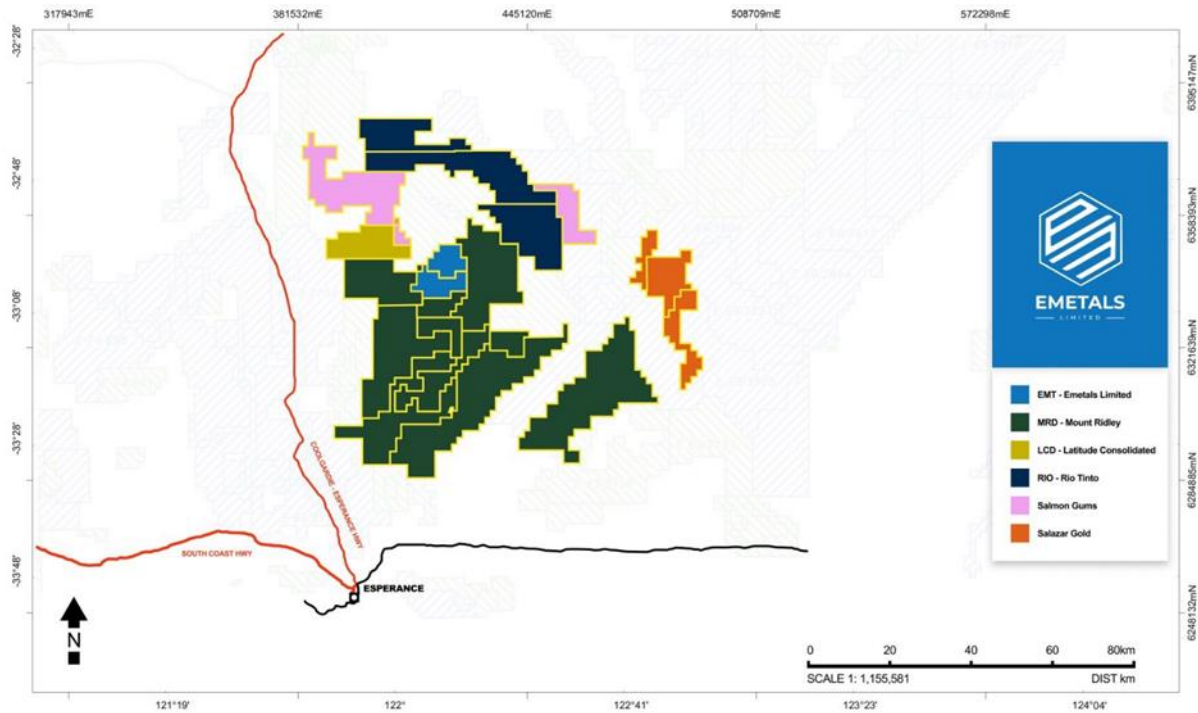


Figure 1 Salmon Gums Minerals Pty Ltd – Project Location

ABOUT SALMON GUMS

Salmon Gums holds two exploration license applications known as E63/2126 and E63/2127 (**Applications**) in the south of Western Australia situated respectively 82 kilometers east and 18 kilometers northeast of the small town of Salmon Gums (Figure 1).

The Applications cover areas underlain by meta-granites of Archaean to Proterozoic age. These granitic rocks are situated within the Albany – Fraser Orogen on the south and southeastern margins of the Yilgarn Craton.

Outcrop of the meta-granites within the Applications is rare with most of the tenement overlain by Cainozoic sediments, aeolian sands and salt lakes. Whilst there are no known occurrences of mineralization in either area very little prospecting or exploration has been historically conducted.

From a study of the open file reports available on WAMEX^(A106697, A97441), the previous exploration which has been conducted has predominantly been for gold and to a lesser extent for uranium and base metals. In the period 2006 to 2008 Toro Energy Ltd completed 10 air-core drillholes within E63/2127 and assayed the resulting spoil for iron, copper, gold, nickel, lead, zinc, and uranium in a search for uranium mineralization. In the period 2011 to 2012 AngloGold Ashanti (Australia) Ltd completed fence lines of auger drillholes across E63/2127 in a search for gold. Results from this small amount of exploration activity for a variety of commodities were inconclusive and it is notable that no exploration for rare earth element mineralization (REE) over the tenement area has been conducted.

Mount Ridley Mines Ltd (ASX: MRD) (MRD) has recently discovered REE mineralisation approximately 35 kilometers southeast of E63/2127 and at a similar distance southwest of



EMETALS

LIMITED

E63/2126. This mineralisation is situated in a clay horizon in similar lithologies to the Mount Ridley occurrence and derived from granitoid rocks. The mineralisation appears to average approximately 0.1% TREEO with even higher levels recorded up to approximately 1% TREEO (refer announcement ASX:MRD, 13 September 2021, Rare Earth Element Targets Extended). The MRD REE mineralisation occurs over a strike length of approximately 25 kilometers oriented in a northeast direction and appears to be similar to the clay-hosted REE mineralisation currently mined in China. Additionally, Salazar Gold Pty Ltd has recently discovered significant REE mineralisation approximately 20 kilometers southeast of E63/2126. Whilst the nature of this mineralisation remains unknown it is considered significant that REE occurrences are located in close proximity to the Applications.

Whilst the Applications have no known REE mineralisation, they have only been explored previously for gold and to a lesser extent base metals and uranium. It is not surprising that there has been no previous exploration for REE in this region as there is practically no outcrop mitigating against prospectors discovering any sort of mineralisation. Additionally, this 'China' style of REE occurrences nearby require a specific soil sampling and drilling target program which has never been carried out on the Salmon Gums ground.

The proximity of other known REE mineralisation would suggest that the Project area is also prospective for this type of mineralisation. This clay-hosted REE mineralisation discovered by MRD nearby may extend onto or be duplicated within the targeted tenements and further investigations on the Salmon Gums ground is warranted.

ACQUISITION TERMS

EMT has entered into a binding HOA with Salmon Gums and the Salmon Gum Shareholders (constituting Christiaan Paul Busing, Roger Blake and Tirumi Pty Ltd (ACN 604 410 255)) to acquire 100% of the issued capital in Salmon Gums from the Salmon Gums Shareholders. Salmon Gums holds two highly prospective tenement applications, **ELA2126** and **ELA2127**, in the Albany Fraser Range Province of Western Australia (**Acquisition**) (**Agreement**).

In consideration for the Acquisition, and subject to the terms and conditions of the Agreement, eMetals agrees to issue 15,000,000 fully paid ordinary shares in the capital of eMetals (**Shares**) at a deemed issue price of \$0.02 per Share (**Consideration Shares**) to the Salmon Gums Shareholders (or their nominees).

Settlement is conditional upon the satisfaction (or waiver) of the following Conditions Precedent:

- (a) completion of financial, legal and technical due diligence by eMetals on the Company and the Project, to the absolute satisfaction of eMetals, within 60 days of the date of execution of the Agreement;
- (b) ASX confirming that Listing Rules 11.1.2 and 11.1.3 do not apply to the Acquisition;
- (c) eMetals completing a placement of 350,000,000 Shares to sophisticated and professional investors to raise \$4,375,000 (**Placement**), comprising two tranches as follows:
 - (i) 100,000,000 Shares at an issue price of \$0.0125 per Share, together with one free attaching option (exercisable at \$0.03 on or before 30 September 2025) for every one Share applied for and issued (**Tranche 1**); and



EMETALS
— LIMITED —

- (ii) subject to shareholder approval, 250,000,000 Shares at an issue price of \$0.0125 per Share, together with one free attaching option (exercisable at \$0.03 on or before 30 September 2025) for every one Share applied for and issued (**Tranche 2**);
 - (d) the parties obtaining all necessary shareholder and regulatory approvals (including eMetals obtaining shareholder approval for the issue of the Consideration Shares and the Tranche 2 Shares under the Placement) necessary to lawfully complete the matters set out in the Agreement; and
 - (e) the Parties obtaining all third-party approvals and consents necessary to lawfully complete the matters set out in the Agreement,
- (together, the **Conditions Precedent**).

If the Conditions Precedent are not satisfied (or waived by the party entitled to the benefit of such Condition Precedent, as the case may be) on or before 5.00pm (WST) on 31 January 2022 (or such other date agreed by the parties in writing) or become incapable of being satisfied and are not waived (**End Date**) any party may terminate the Agreement by notice in writing to the other parties.

The Parties will use their commercial best efforts to ensure that the Conditions Precedent are satisfied before the End Date.

CAPITAL RAISING

RM Corporate Finance Pty Ltd (AFSL 315235) (**Lead Manager**) (**RM Corporate**) have been appointed as lead manager to the Placement. RM Corporate has received firm commitments for a total of 350,000,000 Placement Shares.

Participants to the Placement will receive a 1 for 1 free attaching unlisted option exercisable at \$0.03 on or before 30 September 2025 (**Options**). The Placement price represents a 19.4% discount to the 15-day VWAP of Shares as at 16 November 2021.

Funds raised via the Placement will be applied to progressing the exploration activities & work programs on the current and acquired projects, project generation activities and general working capital purposes.

Tranche 1 will be conducted under the Company's current Placement capacity pursuant to ASX Listing Rule 7.1 and 7.1A as follows:

- ASX Listing Rule 7.1 (63,750,000 Placement Shares); and
- ASX Listing Rule 7.1A (36,250,000 Placement Shares).

The Tranche 1 Placement Shares will be issued on or about 26 November 2021.

In addition, the Directors of eMetals will seek to participate on the same terms as the Placement for up to 40,000,000 Placement Shares and 40,000,000 free attaching Options. This is in addition to the Placement and will raise up to \$500,000 from the participation. Director participation will be subject to approval by shareholders at the forthcoming extraordinary general meeting (**EGM**).

The Tranche 2 issue of the remaining 250,000,000 Placement Shares and free attaching 1 for 1 Placement Options (Tranche 1 and 2) will be subject to shareholder approval at the forthcoming EGM which is anticipated to occur mid to late December 2021.



EMETALS
— LIMITED —

Settlement and issue of the Tranche 2 Placement Shares and Placement Options is expected to occur on or around 23 December 2021 following shareholder approval at the EGM.

Placement Shares issued will rank equally with shares currently on issue.

CAPITAL RAISING FEES

RM Corporate and or its nominees will receive a Placement Fee of 6% plus GST for managing the Placement. The Placement Fee may be paid in Shares and Options on the same terms as the Placement.

RM Corporate and or its nominees will also receive a success fee of 9,000,000 Shares and 9,000,000 Options subject to shareholder approval at the forthcoming EGM.

This announcement has been authorised by the Board of eMetals Limited.

For, and on behalf of, the Board of the Company

Mathew Walker
Director
EMETALS Limited

- ENDS -

Shareholders and other interested parties can speak to Mr Sonu Cheema if they have any queries in relation to this announcement: +618 6489 1600.

Forward looking statements

This announcement 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 announcement, 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 the 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 announcement, 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.

Competent Persons Statement

The information in this announcement that relates to Exploration Results is based on and fairly represents information and supporting documentation prepared by Mr Simon Coxhell. Mr Coxhell is a consultant geologist for eMetals and a member of the Australian Institute of Mining and Metallurgy. Mr Coxhell has sufficient experience relevant to the styles of mineralisation and types of deposits which are covered in this announcement and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code"). Mr Coxhell consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.