

21 March 2023

DISPATCH OF SCHEME BOOKLET – SCHEME OF ARRANGEMENT WITH TIANQI LITHIUM ENERGY AUSTRALIA PTY LTD

Essential Metals Limited (ASX:ESS) (**Essential** or the **Company**) refers to its ASX announcements:

- released on 9 January 2023 in relation to the execution of a Scheme Implementation Agreement with Tianqi Lithium Energy Australia Pty Ltd (**TLEA**) under which TLEA proposed to acquire all the shares in Essential by way of a scheme of arrangement (**Scheme**) for \$0.50 per share in cash;
- released on 17 March 2023 in relation to the orders made by the Federal Court of Australia (sitting in Perth) (**Court**) that Essential convene a meeting of its shareholders to consider and vote on the Scheme (**Scheme Meeting**) and approving the dispatch of an explanatory statement providing information about the Scheme, together with the notice of the Scheme Meeting (together, the **Scheme Booklet**), to Essential shareholders; and
- released on 20 March 2023 in relation to the registration of the Scheme Booklet with the Australian Securities and Investments Commission (**ASIC**).

Essential is pleased to announce today the dispatch of the Scheme Booklet following approval by the Court that Essential convene a Scheme Meeting and the registration of the Scheme Booklet with ASIC.

The attached letter, along with a physical copy of the Scheme Booklet (for shareholders who have elected to receive a hard copy) and a personalized Proxy Form, has been dispatched today by post to Essential shareholders who have not elected to receive electronic communications. The letter contains details on where the Scheme Booklet can be viewed and downloaded, and on the Scheme Meeting.

An email containing similar information has been sent to those Essential shareholders who have elected to receive electronic communications.

The Scheme Booklet, including the Independent Expert's Report, will also be available for viewing and downloading at <https://www.essscheme.com.au/>.

This ASX release has been approved by the Board of Directors.

For further information:

Tim Spencer, Managing Director
Essential Metals Limited
T: +61 8 9322 6974
E: tims@essmetals.com.au

Investor Relations

Nicholas Read
Read Corporate
T: +61 8 9388 1474
E: nicholas@readcorporate.com.au

Address

Registered & Principal Office
Level 3, 1292 Hay Street
West Perth WA 6005

Phone

+61 (0)8 9322 6974

Postal

PO Box 1787, West Perth
WA 6872

Email

info@essmetals.com.au

LETTER TO SHAREHOLDERS REGARDING SCHEME BOOKLET FOR SCHEME OF ARRANGEMENT

21 March 2023

Dear Shareholder

Important information – Scheme Booklet, Independent Expert’s Report and Scheme Meeting

As announced by Essential Metals Limited (ASX:ESS) (**Essential** or the **Company**) to the ASX on 17 March 2023, the Federal Court of Australia (sitting in Perth) (**Court**) has approved Essential convening a meeting (**Scheme Meeting**) of Essential shareholders (**Essential Shareholders**) to consider and vote on Tianqi Lithium Energy Australia Pty Ltd's (**TLEA**) proposed acquisition of all of the shares in Essential by way of a scheme of arrangement (**Scheme**) for cash consideration of \$0.50 per Essential share.

You have received this letter and a personalised Proxy Form because:

- you are registered as holding Essential shares and you have elected to receive physical copies of shareholding communications (or otherwise you have not elected to receive shareholding communications electronically); or
- although you have elected to receive shareholding communications electronically, we have been notified that our email communication was unable to be delivered to your nominated email address.

If you have recently sold all of your Essential shares, please disregard this letter.

[Scheme Booklet](#)

The Scheme Booklet is enclosed for those Essential Shareholders who have requested a hard copy, and for the remaining Essential Shareholders, the Scheme Booklet, and other information pertaining to the proposed Scheme, is available online for viewing and downloading from <https://www.essscheme.com.au/> or on Essential’s ASX Market announcement page at <https://www2.asx.com.au> under Essential’s ticker code ‘ESS’.

The Scheme Booklet contains important information in relation to the Scheme, and you are encouraged to either access it online, or request a hard copy. You should carefully read and consider the Scheme Booklet in its entirety, including the materials accompanying it, before deciding on how to vote at the Scheme Meeting.

Unless otherwise defined, capitalised terms used in this letter have the meaning given to them in the Scheme Booklet.

[Independent Expert’s Report](#)

The Scheme Booklet includes a copy of the Independent Expert’s Report prepared by BDO Corporate Finance (WA) Pty Ltd (**Independent Expert**). The Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, in the best interests of Essential Shareholders, in the absence of a superior offer. The Independent Expert’s conclusion should be read in context with the full Independent Expert’s Report and the Scheme Booklet.

[Recommendation of Essential Directors](#)

The Essential Directors unanimously recommend that Essential Shareholders vote in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal and subject to the Independent Expert continuing


to conclude that the Scheme is in the best interests of Essential shareholders. Subject to those same qualifications, each of the Essential Directors will vote, or procure the voting of, all Essential shares in which they have a Relevant Interest in favour of the Scheme.¹

Scheme Meeting

The Scheme Meeting will be held in person at 9:00am (AWST) on Thursday, 20 April 2023 at the Quest Apartment Hotels, 54 Kings Park Road, West Perth WA 6005. All Essential shareholders registered as at 5:00pm (AWST) on Tuesday, 18 April 2023 will be eligible to vote at the Scheme Meeting and are encouraged to do so. Further information on how to participate in and vote at the Scheme Meeting is set out in the Scheme Booklet.

Voting and Forms

Essential shareholders may vote:

- (a) **In person**, by attending the Scheme Meeting. Essential shareholders who wish to attend and vote at the Scheme Meeting in person will be admitted to the Scheme Meeting by properly identifying themselves;
- (b) **By proxy**:
 - (1) use your computer or smartphone to appoint a proxy at <https://investor.automic.com.au/#/loginsah> or scan the QR code below using your smartphone:

 - (Note: Login & Click on 'Meetings'. Use the Holder Number as shown at the top of the Proxy Voting Form); or
 - (2) by completing, signing and lodging a Proxy Form for the Scheme Meeting in accordance with the instructions set out in the form. Proxy Forms should be submitted to the Registry as indicated on the Proxy Form and must be received by the Registry not less than 48 hours before the time for holding the Scheme Meeting or adjourned meeting, as the case may be. A validly appointed proxy will be admitted to the Scheme Meeting upon providing evidence of their name and address;
- (c) **By attorney**, by appointing an attorney to attend and vote at the Scheme Meeting on your behalf and providing a duly executed power of attorney to the Registry. Powers of attorney and authorities should be sent to the Registry as indicated in the Proxy Form and must be received by the Registry not less than 48 hours before the time for holding the Scheme Meeting or adjourned meeting, as the case may be. An attorney will be admitted to the Scheme Meeting upon identifying themselves and providing written evidence of their appointment and the identity of the appointer; and
- (d) **By corporate representative**, in the case of a body corporate which is an Essential shareholder, by appointing a corporate representative to attend and vote at the Scheme Meeting on behalf of that

¹ In considering the unanimous recommendation and intentions of the Essential Board to vote in favour of the Scheme, Essential Shareholders should have regard to section 1.2 of the Scheme Booklet (in relation to the unanimous recommendation of the Essential Board) and sections 9.3 and 9.5 of the Scheme Booklet (which concerns the treatment of Essential Performance Rights held by Mr Timothy Spencer and Essential Options held by all Directors in connection with the Scheme). The amounts that may be payable under the Option Cancellation Deeds if the Scheme proceeds are \$225,000 to Mr Timothy Spencer, \$150,000 to Mr Craig McGown, \$90,000 to Mr Paul Payne and \$195,000 to Mr Warren Hallam. All unvested Performance Rights held by Mr Timothy Spencer will vest should the Court approve the Scheme on the Second Court Date.

Essential shareholder and providing a duly executed certificate of appointment (in accordance with section 250D and 253B of the Corporations Act) prior to admission to the Scheme Meeting.

Direct Crediting Instructions form

If you have not previously provided your direct crediting instructions to the Registry, Automic Registry Services, and you wish to receive any entitlement to Scheme Consideration via electronic bank transfer (subject to approval and implementation of the Scheme), you can do so through the Automic Investor portal as follows:

- Go to investor.automic.com.au
- If you're an existing user, log in with your username and password
- If you're a new user, click on "register", select "Essential Metals Limited". Enter your Holding Number and postcode for the address on your holding. If your address is outside Australia, you'll need to select the country. Follow the prompts to set up your username and password.

Alternatively, if you have elected to receive the Scheme Booklet via hard copy mail, please complete and return the enclosed 'Direct Crediting Instructions' form to the Registry by 30 April 2023.

The form may be returned to the Registry by post, in person delivery, email or fax using the details provided in the Proxy Form.

Second Court Hearing

If the Requisite Majority of Essential Shareholders vote in favour of the Scheme at the Scheme Meeting and all other relevant Conditions Precedent to the Scheme are satisfied or waived, Essential will apply to the Court for orders approving the Scheme at the Second Court Hearing.

Indicative Timetable

The expected key dates for the Scheme are set out below:

Events	Date*
Last date and time for receipt of Proxy Forms or powers of attorney	9.00am (AWST) on Tuesday, 18 April 2023
Time and date for determining eligibility to vote at the Scheme Meeting	5.00pm (AWST) on Tuesday, 18 April 2023
Scheme Meeting	9.00am (AWST) on Thursday, 20 April 2023
Second Court Date	10.15am (AWST) on Monday, 24 April 2023
Effective Date	Wednesday, 26 April 2023
Scheme Record Date	5:00pm (AWST) on Friday, 28 April 2023
Implementation Date	Friday, 5 May 2023
Essential removed from official list of ASX (with effect from close of business)	Monday, 8 May 2023

Note: All dates and times are indicative only and subject to necessary approvals from the Court and each other condition precedent to the Scheme being satisfied or waived. Essential has the right to vary the timetable detailed above subject to the approval of such variation by TLEA, the Court and ASIC where required. Any changes to the above timetable will be announced to ASX and notified on the Essential website at <https://www.essmetals.com.au>.

General

Essential shareholders should carefully read and consider the Scheme Booklet in its entirety, including the materials accompanying it, before deciding on how to vote at the Scheme Meeting. If after reading the Scheme Booklet you have any questions about the Scheme Booklet or the Scheme, please contact the Essential Shareholder Information Line on 1300 290 691 (within Australia) or +61 2 9066 4081 (outside Australia) between 8:30am and 6:00pm (Sydney time) Monday to Friday, excluding public holidays. If you are in any doubt as to what action you should take, please consult your broker or financial, legal, taxation or other professional adviser immediately.

Further updates in relation to the Scheme will be announced to the ASX and will be available under ESS's profile on the ASX at <https://www2.asx.com.au/markets/company/ess>.

Craig McGown

Non-Executive Chairman