

12 April 2023

MARCH 2023 QUARTERLY REPORT

Operation Highlights

- The Pioneer Dome Lithium Project **Scoping Study** was completed and demonstrates the potential viability of a standalone mining and processing operation. It resulted in a **Base Case NPV_{10%} (real, after tax) of \$367 million**.
- The Study was prepared by Primero, a leading engineering firm with significant lithium project experience, with inputs from other experienced consultants and from the Essential Metals team.
- The **Scoping Study** was based on the Dome North lithium Mineral Resource upgrade in December 2022 with an impressive 81% of the total contained lithium upgraded to the higher confidence Indicated Category, reflecting the thick, high grade and out-cropping nature of the deposits.
- **Mining lease M15/1896** was granted in February with a term of 21 years. The mining lease covers 2,408 hectares, encompassing the Dome North lithium Mineral Resource and surrounding area where the future mining operation infrastructure will be located.
- Assessment completed of the **multiple exploration targets** generated from the structural review conducted in the December quarter. Several new pegmatites were discovered that exhibited evidence of fractionation, warranting further investigation.

Corporate

- Tianqi Lithium Energy Australia Pty Ltd (**TLEA**) and Essential have entered into a Scheme Implementation Agreement (**SIA**) under which **TLEA proposes to acquire 100% of Essential** by way of a Scheme of Arrangement (**Scheme**) for A\$0.50 in cash per ESS share, subject to, amongst other matters, approval by Essential shareholders at a Shareholder **meeting to be held on 20 April 2023**.
- The Scheme Booklet (including the Independent Expert's Report) in relation to the Scheme is available on Essential's website at <https://www.essscheme.com.au>. Essential shareholders should carefully read and consider the Scheme Booklet in its entirety, including the materials accompanying it, before deciding how to vote at the Scheme Meeting.
- **Closing Cash** of \$8.7 million on hand as at 31 March 2023.

SCHEME OF ARRANGEMENT

On 9 January 2023¹, Essential announced that Tianqi Lithium Energy Australia Pty Ltd (TLEA) and Essential had entered into a Scheme Implementation Agreement (SIA) under which TLEA proposes to acquire 100% of Essential by way of a Scheme of Arrangement (Scheme), which is subject to approval by Essential shareholders and other conditions that are customary for a transaction of this nature (including Court approval).

The SIA contains various standard "no shop", "no talk", "notification" and "matching rights" provisions, with a break fee payable in certain circumstances.

If the Scheme is implemented, each Essential shareholder on the Record Date will receive a cash amount of A\$0.50 per Essential share (Scheme Consideration), implying a fully diluted equity value for Essential of ~A\$136 million.

Full details in relation to the Scheme are contained in the Scheme Booklet (included in the ASX announcement 20 March 2023 titled "Scheme Booklet registered with ASIC" and located on Essential's website at <https://www.essscheme.com.au>). Essential shareholders should carefully read and consider the Scheme Booklet in its entirety, including the materials accompanying it, before deciding how to vote at the Scheme Meeting.

The table below contains an extract of the key dates and times relating to the Scheme:

Key dates and times relating to the Scheme	
First Court Date at which the Court made orders convening the Scheme Meeting	17 March 2023
Scheme Booklet dispatch to shareholders	20 March 2023
Last date and time for receipt of Proxy Forms or powers of attorney for the Scheme Meeting	9:00am (AWST) on 18 April 2023
Time and date for determining eligibility to vote at the Scheme Meeting	5:00pm (AWST) on 18 April 2023
Scheme Meeting	9:00am (AWST) on 20 April 2023
Key dates and times for implementation of the Scheme (if Essential Shareholders approve the Scheme by the Requisite Majority at the Scheme Meeting)	
Second Court Date	10:15am (AWST) on 24 April 2023
Effective Date of Scheme This is the date on which the Court order approving the Scheme is lodged with ASIC and the Scheme becomes Effective. Essential Shares will be suspended from trading on ASX from close of trading.	26 April 2023
Record Date	28 April 2023
Implementation Date	5 May 2023

All dates and times after the date of the Scheme Meeting are indicative only and are subject to the Court approval process and the satisfaction or, where applicable, waiver of the Conditions Precedent to the implementation of the Scheme (see section 3.6 of the Scheme Booklet per ASX announcement 20 March 2023 for more information). All dates and times, unless otherwise indicated refer to the date and time in Perth,

¹ Refer ASX:ESS announcement 9 January 2023 "Essential and TLEA enter into Scheme of Arrangement".

Western Australia. Any changes to the above timetable will be announced to ASX and posted on the Essential website at <https://www.essmetals.com.au>.

The Scheme is subject to various conditions including approval by Essential shareholders at a Scheme Meeting (scheduled to be held on 20 April 2023) and Court approval.

TLEA is an incorporated joint venture owned 51% by Tianqi Lithium Corporation, a global energy materials company listed on the Shenzhen and Hong Kong Stock Exchanges currently capitalised at ~US\$19 billion, and 49% by IGO Limited (ASX: IGO), a mining and processing company which produces metals critical for clean energy and currently capitalised at ~A\$11.1 billion. TLEA owns an integrated lithium business, including a 51% interest in the Greenbushes Lithium Operation (Albemarle Corp, 49%) and 100% of the Kwinana Lithium Hydroxide Refinery, both located in Western Australia.

ESSENTIAL BOARD RECOMMENDATION AND INDEPENDENT EXPERT'S REPORT

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 the 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.²

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.

The Independent Expert has assessed the value of the Essential Shares (on a controlling and diluted basis) to be in the range of \$0.283 and \$0.468 per Share, with a preferred value of \$0.376 per Share. The Scheme Consideration of \$0.50 cash per Share is above this range and 33.0% above the Independent Expert's preferred value of \$0.376 per Share.

Section 1 of the Scheme Booklet sets out a list of considerations that the Essential Board believes are relevant your decision to vote for or against the Scheme. The reasons to vote in favour of the Scheme are detailed in the Scheme Booklet in the Directors' Letter, section 1.1 and section 1.2. The reasons to vote against the Scheme are detailed in the Scheme Booklet in the Directors' Letter, section 1.1 and section 1.3.

Full details of the Board of Directors' recommendation and commitment to vote in favour of the Scheme and a copy of the Independent Expert's Report have been included in the Scheme Booklet. Shareholders are encouraged to read the Scheme Booklet as it contains information that will assist a shareholder in deciding whether or not to vote in favour of the Scheme.

² 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.

PIONEER DOME LITHIUM PROJECT

The 450km² Pioneer Dome Project (ESS: 100%) is in the core of Western Australia’s lithium corridor in the Eastern Goldfields, approximately 130km south of Kalgoorlie and 275km north of the Port of Esperance. A Mineral Resource³ of 11.2Mt @ 1.16% Li₂O has been defined at Dome North in the northern area of the Project.

The southern Yilgarn area is recognised as being well-endowed with spodumene deposits, including Pioneer Dome, the Bald Hill Mine, the Mt Marion Mine, the Manna Project and the Buldania Project, all of which are located within a 90km radius. The world-class Greenbushes Deposit, the Mt Holland Mine and the Mt Cattlin Mine are located further west, south-west and south-south-west, respectively.

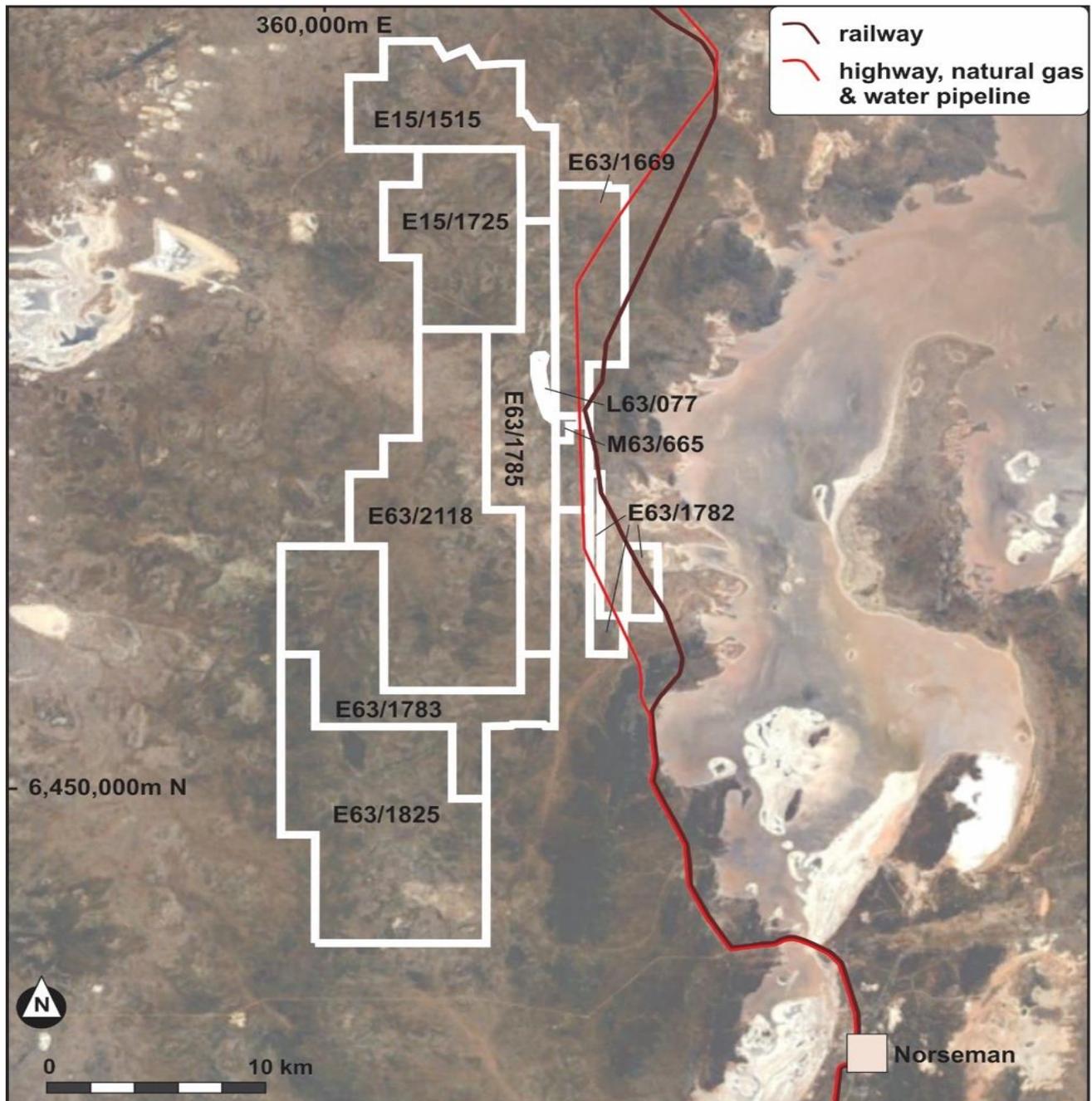


Figure 1 – The location of the tenements of the Pioneer Dome Lithium Project relative to major infrastructure.

³ Refer ASX:ESS announcement 20 December 2022 “Dome North Resource upgrade”

Pioneer Dome Scoping study

The Pioneer Dome Lithium Project Scoping Study was completed in February 2023 and demonstrated the potential viability of a standalone mining and processing operation.

Please refer to the ASX announcement on 7 February 2023 titled “Pioneer Dome Scoping Study” for full details of the Scoping Study results, parameters and cautionary statements.

The Study was prepared by Primero, a leading engineering firm with significant lithium project experience, with inputs from other experienced consultants and from the Essential Metals team.

The Study resulted in a Base Case NPV_{10%} (real, after tax) of \$367 million and supports the commencement of detailed studies.

The Scoping Study was based on:

- A Mineral Resource estimate of 11.2Mt @ 1.16% Li₂O containing 129,000 lithium tonnes;
- Metallurgical testwork which demonstrates the potential to produce a saleable lithium concentrate; and
- Mine optimisation modelling which generated three economic open pits (one per deposit) totalling 8.8Mt of process plant feed at 1.11% Li₂O, an average strip ratio of 13.3:1 and a mine life of 7.3 years.
- Processing will be via a 1.2Mtpa concentrator process plant, resulting in the production of spodumene concentrate with a targeted lithium grade of 5.7% Li₂O.

Table 1: Pioneer Dome Lithium Project – Base Case Key Outcomes

SCOPING STUDY – BASE CASE KEY OUTCOMES	
Post-tax NPV_{10%} (real, post-tax)	A range between \$275M and \$458M with a Base Case of \$367M (range based on +/-25% of the Base Case NPV)
Internal Rate of Return (IRR)	Base Case of 40%
Payback Period	~1.7 Years
Life-of-Mine Production Target	8.8Mt @ 1.11% Li ₂ O
Life of mine	~7.3 Years
Pre-production capital cost	~\$293M including \$36M contingency
Average LOM cash operating cost	~\$1,030/tonne (US\$721/tonne) of 5.7% spodumene concentrate. <i>Cash operating costs include all mining, processing, transport and loading at Esperance port, site administration and overhead costs and state and private royalties.</i>
Design Annual Production	~193,745 tonnes of 5.7% spodumene concentrate

Approximately 94% of the Life-of-Mine (LOM) Production Target is in the Indicated Mineral Resource category with 6% in the Inferred Mineral Resource category (no Exploration Target has been incorporated).

Less than 3% of the contained lithium (Li₂O) mined during the first four years of production is sourced from Inferred Resources. Essential has therefore concluded that the Inferred Resource included in the mine plan is not a determining factor in the viability of the Project and the Company has reasonable grounds for disclosing a Production Target which includes Inferred Mineral Resources. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of further Measured or Indicated Resources or that the Production Target or preliminary economic assessment will be realised.

The Net Present Value (NPV) for the Project of \$367 million assumes a 'present value' date as at the assumed construction and investment commencement date of July 2024 and first production in January 2026. Discounting the NPV to today's dollars (i.e., 31 January 2023) using a 10% discount rate, gives a result of \$320 million.

NPV SENSITIVITY ANALYSIS

A range of sensitivities have been applied to the key input assumptions, as follows:

Table 2: NPV Sensitivity Analysis – changes to inputs

KEY INPUT	SENSITIVITY CHANGE			CHANGE IN INPUT		
	Base Case	(-) Change	(+) Change	Low	Base	High
Spodumene Conc. price (5.7% - US\$/t FOB Esperance)	1500	-15%	15%	1275	1500	1725
Concentrator lithium head grade	1.11%	-10%	10%	1.00%	1.11%	1.22%
Tonnes processed (Mt)	8.80	-10%	10%	7.9	8.8	9.7
Cash operating cost A\$/tonne of SC5.7%	1031	10%	-10%	1134	1031	928
Concentrator recovered grade	74%	-5%	5%	70.0%	74.0%	78.0%
AUDUSD exchange rate	0.70	5%	-5%	0.740	0.700	0.670
CAPEX Pre-Production (A\$M)	293	10%	-10%	322	293	264

The impact of the change in each key input is measured assuming all other inputs remain the same. The sensitivity results are shown in Table 3.

Table 3: NPV Sensitivity Analysis – Results

NPV Sensitivity Analysis	Low NPV	Change in NPV	Base Case	Change in NPV	High NPV
	A\$M	A\$M	A\$M	A\$M	A\$M
Spodumene Conc. price (5.7% - US\$/t FOB Esperance)	205	-162	367	161	528
Concentrator lithium head grade	262	-105	367	105	472
Tonnes processed (Mt)	284	-83	367	82	449
Cash operating cost A\$/tonne of SC5.7%	298	-69	367	68	435
Concentrator recovered grade	310	-57	367	56	423
AUDUSD exchange rate	309	-58	367	48	415
CAPEX Pre-Production (A\$M)	344	-23	367	22	389

DOME NORTH MINING LEASE

Mining lease M15/1896 was granted on 16 February 2023 and has a term of 21 years.

The mining lease application, lodged in September 2022, was based on a Mineralisation Report and Supporting Statement prepared by SRK, a geological consultancy.

The area of M15/1896 encompasses 2,408 hectares, which encapsulates the three deposits that comprise the current lithium Mineral Resource estimate, lithium mineralisation identified in the vicinity of the Resource and land to be utilised for the concentrator plant, waste dumps, tailings storage facility and other mine operation infrastructure and ancillary services.

The granting of a mining lease is one of the first steps towards establishing an operating mine. Key next steps include the lodgement of a Mining Proposal which includes a mine closure plan. The information for the Mining Proposal is typically generated from detailed feasibility studies and covers technical, environmental, key mining activities, safety and stakeholder engagement.

OFFTAKE & FUNDING EXPRESSIONS OF INTEREST

In the December quarter, Essential invited various local and international lithium participants interested in off-take and/or investment to participate in an 'Expressions of Interest' (EOI) process seeking a financing and off-take partnership to assist with advancing the Pioneer Dome Lithium Project into production.

In light of the aforementioned proposed TLEA Scheme, the non-binding and indicative EIO process has been paused until further notice.

The EOI process achieved one of its primary outcomes, namely to test which of the many parties who had previously engaged with Essential would be prepared to submit non-binding indicative terms for offtake and funding and the types of terms envisaged by that party.

Essential cautions that the EOI process was strictly confidential, non-binding and of a preliminary and incomplete nature and that it is not party to any binding agreements with respect to the aforementioned discussions. In addition, any investment decision in relation to Essential shares should not be made on the basis of these discussions as there can be no certainty that any binding agreement or agreements will eventuate.

PIONEER DOME EXPLORATION

A structural interpretation was completed in the December 2022 quarter with the results being incorporated with other exploration data including geophysical surveys, soil geochemistry, drilling, and field mapping, allowing targets to be defined and ranked by an external consultant (Xirlatem). The work generated over 40 exploration targets.

Field checking of the targets has now been completed. Whilst no compelling drill targets have been identified, several new areas containing pegmatites have been found with three target areas, namely WST015, PEG005 and PEG001_North and their surrounds, being areas of most interest. Please refer to Figures 2 and Figure 3 for the location of these targets.

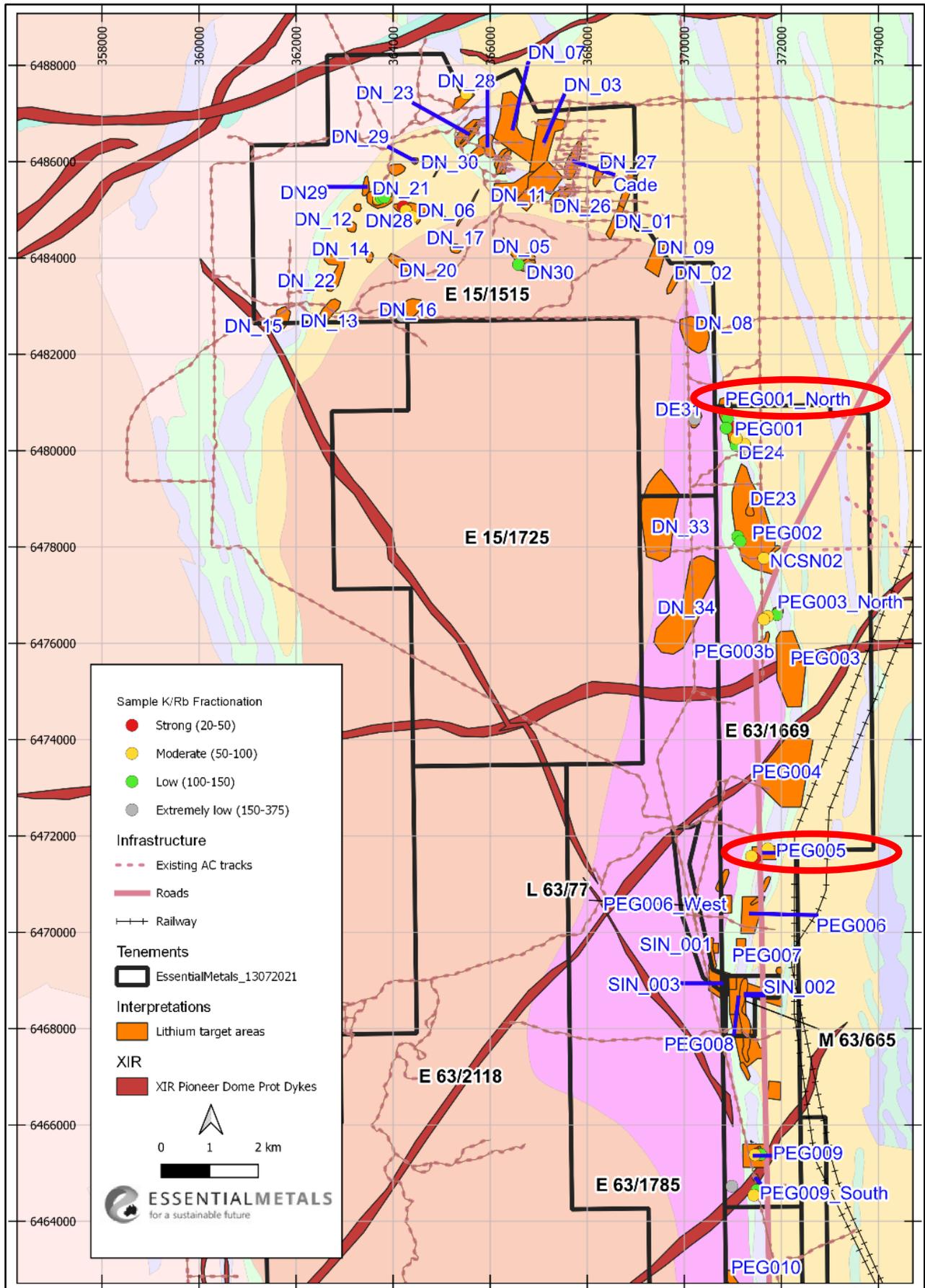


Figure 2 – Northern part of the Pioneer Dome Lithium Project showing the location of known and new lithium target areas including PEG005 and PEG001_North, circled in red.

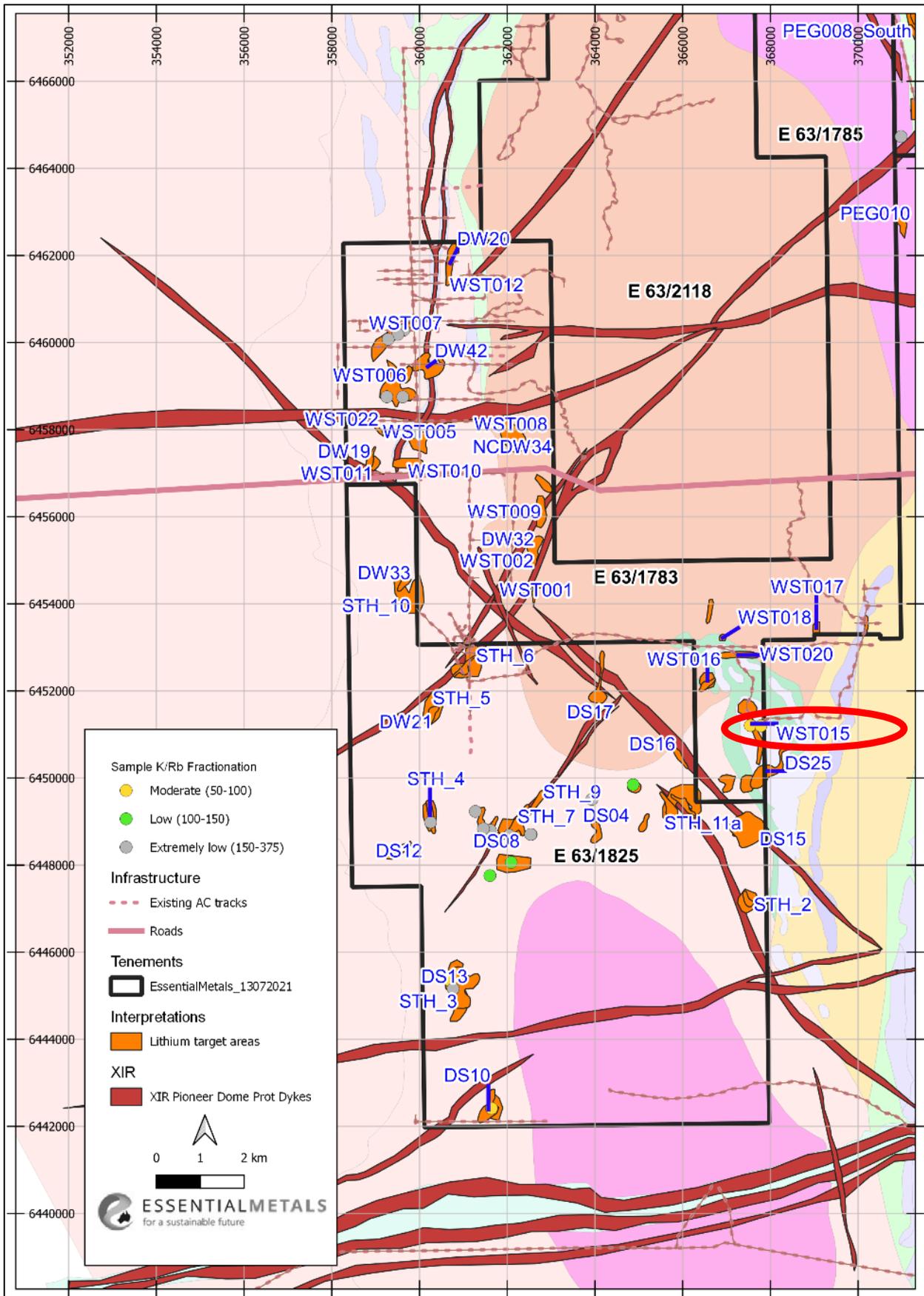


Figure 3 – Southern part of the Pioneer Dome Lithium Project showing the location of known and new lithium target areas including WST015, circled in red.

Two large soil sampling programmes were also completed over areas containing two priority structural targets that had not previously been soil sampled. The samples were submitted and the assay results received during the Quarter with no obvious geochemical anomalies.

Dome Central North – (E15/1725)

The intersection of two Proterozoic dolerite dykes has been identified as a priority target as the structural review suggests that the LCT pegmatites utilise the same architecture as these late dykes. A pXRF soil sampling programme, shown within tenement E15/1725 in Figure 4 below, was designed to cover the extent of this conceptual target.

The pXRF analysers for the 270 soil samples conducted in November on E15/1725 were reviewed during the Quarter. In this area the soil samples were on a nominal 400x50m spacing and completed over the crosscutting Proterozoic dolerite dykes within the granitoid complex to identify any LCT pegmatites or Au, Ni, and Cu potential. A review of the pXRF results determined that there were no obvious geochemical anomalies from this programme.

Dome Central South– (E63/2118)

A second target has been identified within tenement E63/2118 on the western site of the Pioneer Monzogranite, as shown in Figure 5 below. Soil sampling on 50m x 200m spacings was completed over a shear zone, volcanic and granite lithologies. This was carried out primarily to identify any LCT pegmatites as well as to consider any Au, Ni, and Cu potential.

A review of the pXRF analyses for the 607 soil samples that were collected was carried out. Subtle rubidium anomalies were observed in the northeast corner of the programme as shown in Figure 5 below. Nickel values also increased slightly in that corner. Further work is required to better understand these anomalies.

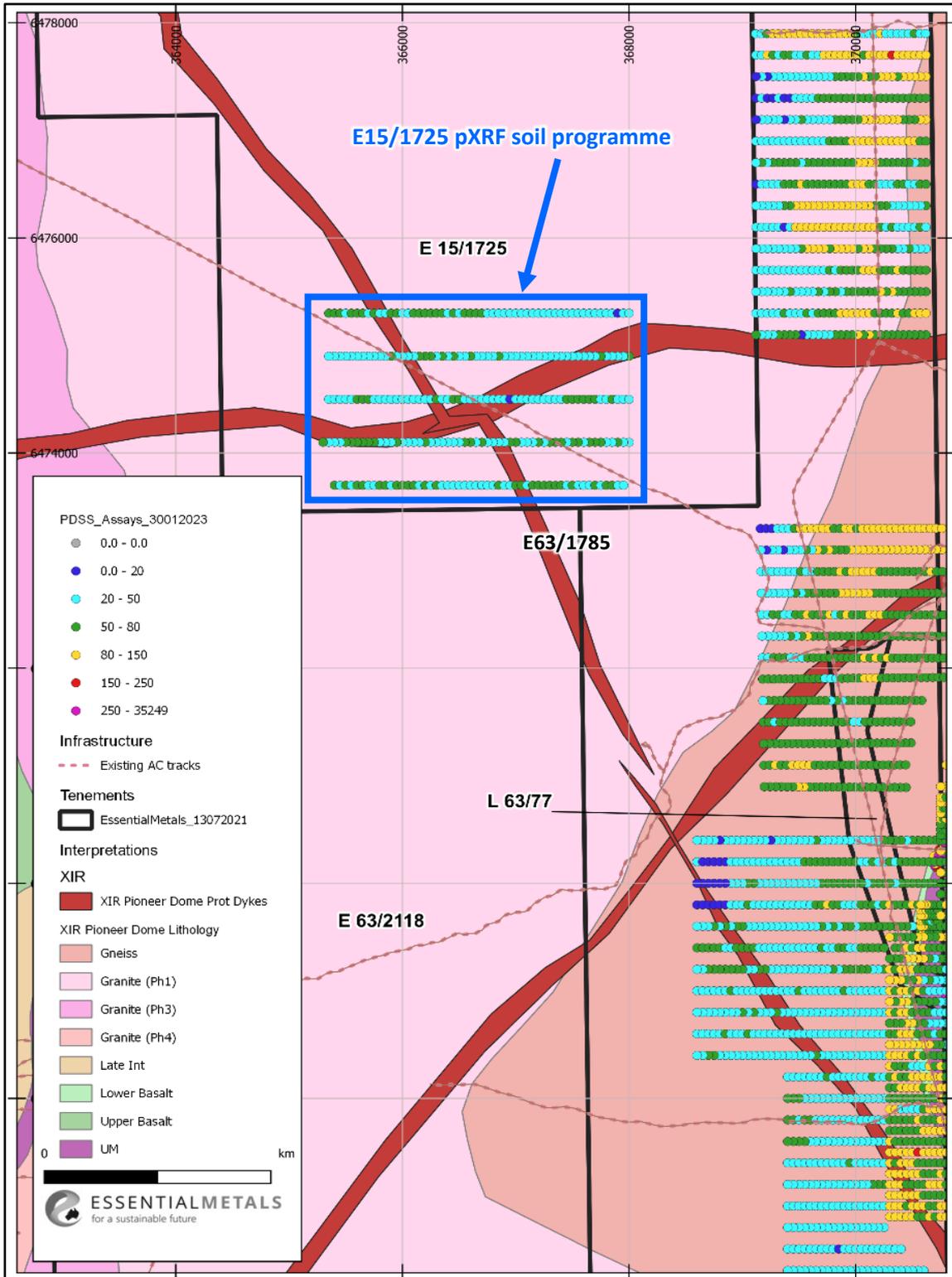


Figure 4 - pXRF Rb (ppm) in soil values on E15/1725

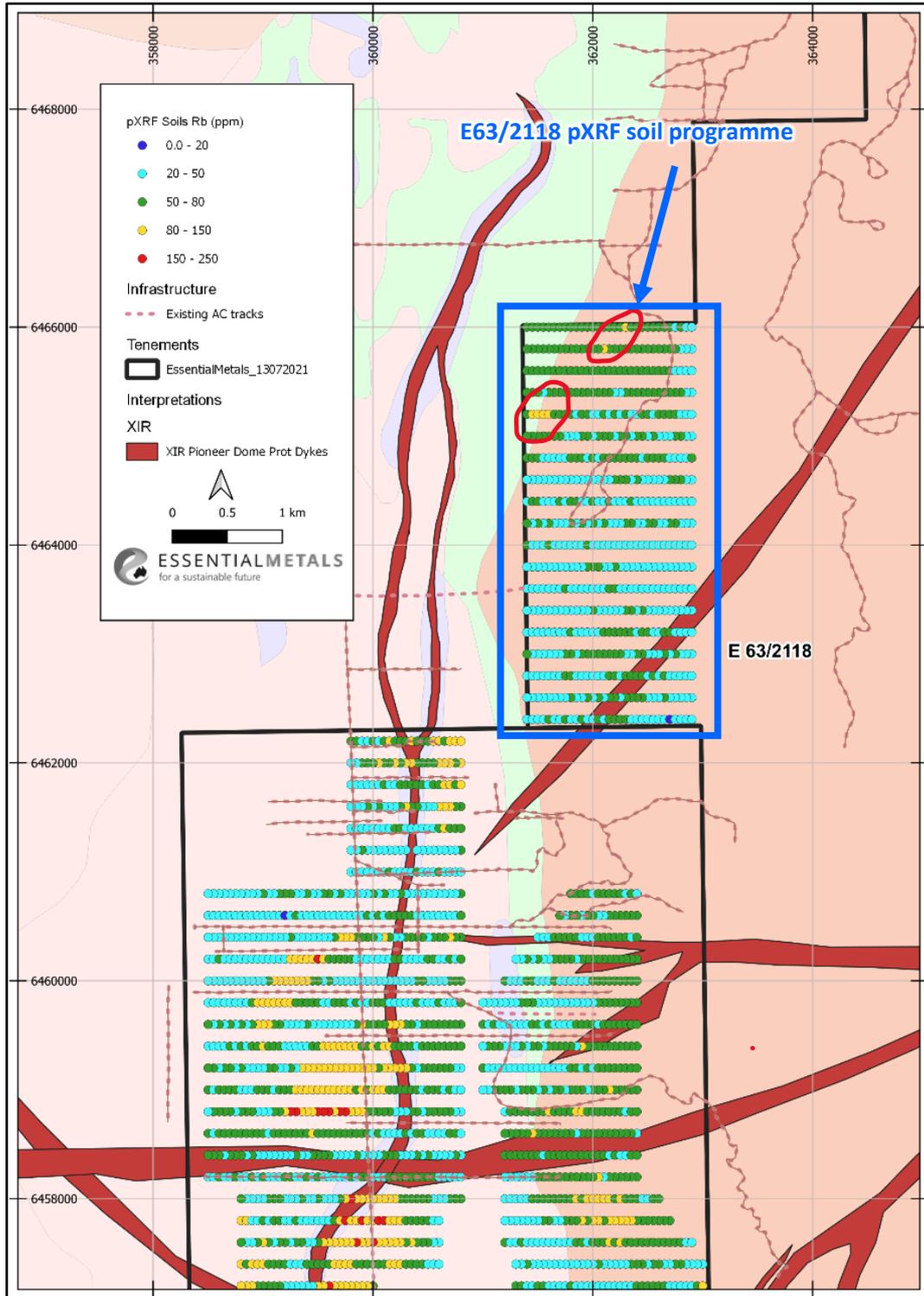


Figure 5 – Soil programme in E63/2118 with pXRF Rb-in-soil anomaly highlighted in red.

GOLDEN RIDGE GOLD PROJECT

The Golden Ridge Gold Project (ESS: 100%) is located 20km south-east of Kalgoorlie and is highly prospective for gold and nickel mineralisation. The Project lies within the well-endowed Menzies-Boorara Shear Zone that hosts the Paddington, Boorara and Golden Ridge Deposits. Exploration at the Project has identified multiple highly prospective gold and nickel targets.

No significant gold exploration activities were undertaken during the Quarter.

JUGLAH DOME GOLD PROJECT

The Juglah Dome Project (ESS: 100%) is located ~60km east-southeast of Kalgoorlie and is highly prospective for gold mineralisation. Exploration by previous owners identified multiple gold targets using soil geochemistry and drilling. The Project lies in a similar geological setting to the Majestic and Imperial Deposits, located 10km to the north-west, and the Daisy Complex to the west, which forms part of Silver Lake Resources Limited's Mt Monger Operations.

No significant gold exploration activities were undertaken during the Quarter.

JOINT VENTURE INTERESTS

Essential Metals has a portfolio of minority (20%-30%) free-carried interests in four gold and three nickel joint ventures located in Western Australia.

Acra Gold Joint Venture Eastern Goldfields WA

ESS 25% - Northern Star Resources Limited (ASX: NST) 75%

The Acra Project is near Kalgoorlie. Northern Star Resources Limited (ASX: NST) has earned a 75% Project Interest and continues to fully fund exploration programmes until approval of a Mining Proposal by DMIRS is received with Essential Metals holding a 25% interest.

No significant gold exploration activities were undertaken during the Quarter.

Blair – Golden Ridge Nickel Joint Venture Eastern Goldfields WA (nickel rights only)

ESS 100% reducing to 25% - Australian Nickel Co. Ltd (renamed from Crest Investment Group 1 Ltd) earning 75% (farm-in stage)

The Blair - Golden Ridge Nickel Project is located approximately 30km by sealed road to the southeast of Kalgoorlie-Boulder and hosts the historical Blair Nickel Mine, which produced a total of 1.2 Mt @ 2.63% Ni between 1989 and 2009. The consolidated 113km² project area is considered highly prospective for the discovery of new high-grade komatiite-hosted nickel deposits (Kambalda style).

The Golden Ridge Project is currently being managed by highly experienced nickel explorers and developers Australian Nickel Company Limited ("ANCO") through a Farm-In Joint Venture Agreement. ANCO has the right

to earn a 75% interest in the nickel and related commodities rights by spending \$4.0 million over four years, with ESS retaining a 25% free-carried interest to a decision to mine.

During the Quarter, work activities were mainly focussed on the Leo Dam prospect and the Blair South and Gresham prospects, where drilling programmes were completed in the December 2022 quarter. Assays and data interpretation are pending.

Results of a geochemical sampling program at the Marshall Prospect have been returned and have identified a number of new target zones that will require detailed assessment and follow-up field checking.

Exploration to 30 June 2023 will include targeted drilling and downhole electromagnetic (DHEM) surveying at the Blair Mine, N10C, Leo Dam, Blair – South Gresham and ongoing ‘first pass’ testing of new high priority targets such as Marshal and Hopkins.

Balagundi Gold/Base Metals Joint Venture Eastern Goldfields WA

ESS 100% reducing to 25% - Black Cat Syndicate Limited (ASX: BC8) earning 75% (farm-in stage)

The Balagundi Project is located 25km east of Kalgoorlie and sits immediately adjacent to the north-west portion of the Myhree Mining Centre within the Kurnalpi Terrane, which is separated from the Myhree Mining Centre by the Victory Fault (a second order regional structure). The project is prospective for both gold and base metal VMS-style deposits. Essential and Black Cat entered into the Farm-in and Joint Venture in July 2019.

During the Quarter, drill core sample assays by AR-ICP and petrological analysis were completed with no significant assays reported. The diamond drill programme was co-funded under the WA Government sponsored Exploration Incentive Scheme (EIS). Ground rehabilitation has been undertaken, and an Exploration Rehabilitation Report has been submitted in February 2023. The final report for the EIS drilling program has been submitted to Department of Mines, Industry Regulation and Safety.

Wattle Dam Nickel Joint Venture Eastern Goldfields WA (nickel rights only)

ESS 20% - Maximus Resources Limited (ASX: MXR) 80%

Essential holds a 20% free-carried interest (nickel only) in the Wattle Dam project near Kambalda, WA, with Maximus Resources Ltd (ASX: MXR).

Maximus Resources commenced drilling during the Quarter on two priority nickel targets within the Wattle Dam Nickel JV, named ‘Central’ and ‘1A North’. The drilling is part of a larger air-core drill programme across various targets within the Maximus Spargoville Project located in Kambalda.

Larkinville Joint Venture Eastern Goldfields WA (excluding nickel)

ESS 25% - Maximus Resources Limited (ASX: MXR) 75%

Essential holds a 25% free-carried interest (all minerals except 20% for nickel) in the Wattle Dam project near Kambalda, WA, with Maximus Resources Ltd (ASX: MXR).

No significant exploration activities were undertaken during the Quarter.

Kangan Gold Joint Venture Pilbara, WA

ESS 30% - Novo Resources Limited 70%

The Kangan Project is located in the West Pilbara region of Western Australia. Novo Resources Corp holds a 70% interest in the Project with Essential retaining a 30% interest. Novo will fully fund all gold exploration programmes with Essential Metals free-carried until a decision to mine is made.

No significant exploration activities were undertaken during the Quarter.

Maggie Hays Joint Venture Dundas Mineral Field, WA

ESS 20% - Poseidon Nickel Limited 80%

The Joint Venture lies within E63/1784 at the southern edge of the Lake Johnston Nickel Project, which is situated 100km west of Norseman in the Dundas Mineral Field. It is accessed via the Hyden-Norseman Road. The tenement that comprises the Joint Venture is considered primarily prospective for nickel.

No significant exploration activities were undertaken during the Quarter.

CORPORATE

Tianqi Lithium Energy Australia Pty Ltd (TLEA) and Essential have entered into a Scheme Implementation Agreement (SIA) under which TLEA proposes to acquire 100% of Essential by way of a Scheme of Arrangement (Scheme), subject to, amongst other matters, approval by Essential shareholders at a Shareholder meeting scheduled to be held on 20 April 2023.

The Scheme Consideration is A\$0.50 in cash per ESS share, implying a fully diluted equity value for Essential of ~A\$136 million.

As at 31 December 2022, the Company held **\$8.7 million in cash** and had no debt.

At the end of the Quarter, the Company held 1.25 million shares in International Lithium Corp (TSXV: ILC.V) valued at C\$75,000 (C\$0.06 per share).

During the Quarter, the Company issued 500,000 ordinary shares for gross proceeds of \$100,000 upon the exercise of unlisted share options at \$0.20 per option.

At Quarter-end, there were 267,566,694 ordinary shares, 3,700,002 share options and 3,544,104 performance rights on issue.

Appendix 5B expenditure disclosure

During the quarter, the Company paid a total of \$139,000 to related parties, comprising all directors of the Company (Managing Director salary, non-executive director fees and superannuation). (Appendix 5B, Item 6).



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

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ABOUT ESSENTIAL METALS LIMITED

Essential Metals is a well-funded and active explorer focussed on the discovery of lithium and other key global demand-driven commodities, for the creation of shareholder wealth through exploration and project development. The Company operates **three strategically located lithium and gold projects** in Western Australia.

100% OWNED AND MANAGED PROJECTS:

- **LITHIUM:** The **Pioneer Dome Lithium Project** is highly prospective for lithium-caesium-tantalum (LCT) mineral systems and includes the **Dome North Lithium Mineral Resource** of 11.2 million tonnes @ 1.16% lithium (Li₂O) including 8.7 million tonnes @ 1.23% lithium (Li₂O) within the Indicated Category.⁴
- **GOLD:** The **Juglah Dome Project** is located 60km east-south-east of Kalgoorlie and is considered to be highly prospective for gold and has potential for VHMS style polymetallic deposits.
- **GOLD:** The **Golden Ridge Project** is located ~20km south-east of Kalgoorlie, WA. Our activities are focussed on reappraising known prospects as well as identifying new areas within the large land tenure.

JOINT VENTURE INTERESTS:

- **GOLD:** The **Acra Project** is near Kalgoorlie. Northern Star Resources Limited (ASX:NST) has earned a 75% Project Interest and continues to fully fund exploration programmes until approval of a Mining Proposal by DMIRS is received with Essential Metals holding a 25% interest.
- **GOLD:** The **Kangan Project** is in the West Pilbara and part of a joint venture with Novo Resources Corp (TSXV:NVO), who will fund 100% of gold exploration programmes until a decision to mine is made, with Essential Metals holding a 30% interest.
- **GOLD:** The **Balagundi Project** is subject to a farmin & JV agreement where Black Cat Syndicate Limited (ASX:BC8) is earning a 75% interest in the Project located at Bulong, near Kalgoorlie. Black Cat will then fully fund gold exploration programmes until a decision to mine is made, with Essential Metals retaining a 25% interest.
- **GOLD:** The Company holds a 25% free-carried interest (20% for nickel rights) in the **Larkinville Project** near Kambalda, WA, with Maximus Resources Ltd (ASX:MXR).
- **NICKEL:** The nickel mineral rights on the **Blair-Golden Ridge Project**, which includes the suspended Blair Nickel Sulphide Mine, are subject to a Farmin/Joint Venture with Australian Nickel Company Ltd, a nickel exploration specialist which is earning up to a 75% interest. The Company will retain a 25% free-carried interest up to a decision to mine.
- **NICKEL:** The Company holds a 20% free-carried interest (nickel only) in the **Wattle Dam JV** near Kambalda, WA, with Maximus Resources Ltd (ASX:MXR).
- **NICKEL:** The Company holds a 20% free-carried interest in the **Maggie Hays JV** near Lake Johnson, WA, with Poseidon Nickel Ltd (ASX:POS).

⁴ As per this ASX announcement.

Forward Looking Statement

This announcement may contain forward-looking statements which involve a number of risks and uncertainties. These forward-looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. No obligation is assumed to update forward looking statements if these beliefs, opinions, and estimates should change or to reflect other future developments.

Reference to previous market announcements

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The company confirms that the form and context in which Exploration Results or Competent Person's findings are presented have not been materially modified from the original market announcements.

Dome North Mineral Metallurgical Test Work - Competent Person Statement

The information in this report that relates to metallurgical test work for the Dome North Lithium Project has been reviewed by Mr Joshua Paterson who is a member of the Australasian Institute of Mining and Metallurgy. Mr Paterson is an employee of Primero Ltd and has sufficient experience relevant to the style of processing response and type of deposit under consideration, and to the activities undertaken, 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'. Mr Paterson consents to the inclusion in the report of a summary based upon his information in the form and context in which it appears.

Exploration Results – Competent Person Statement

Mr Andrew Dunn (MAIG) holds the position of Exploration Manager and is employed full-time by Essential Metals Limited. Mr Dunn is eligible to receive equity-based securities in Essential Metals Limited under the Company's employee incentive schemes. Mr Dunn compiled the technical aspects of this Announcement pertaining to Exploration Results, which is based on and fairly represents information compiled by Mr Dunn. Mr Dunn is a member of the Australian Institute of Geoscientists and has sufficient experience that is relevant to this style of mineralisation and type of deposit under consideration and to the activity that is being reported on to qualify as a Competent Person as defined in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Dunn consents to the inclusion in the report of the matters in the form and context in which it appears.

Dome North Lithium Mineral Resource – Competent Person Statement

The information in this report that relates to the Dome North Lithium Project Mineral Resource is based on information compiled by Mr Andrew Dunn (Exploration Manager and permanent employee of Essential Metals Limited) and Mr Lauritz Barnes (consultant with Trepanier Pty Ltd). Mr Dunn is eligible to receive equity-based securities in Essential Metals Limited under the Company's employee incentive schemes. Mr Dunn and Mr Barnes are both members of the Australian Institute of Geoscientists. Mr Dunn and Mr Barnes both have sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration, and to the activities undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Specifically, Mr Dunn is the Competent Person for the database (including all drilling information), the geological and mineralisation models plus completed the site visits. Mr Barnes is the Competent Person for the construction of the 3-D geology / mineralisation model plus the estimation. Mr Dunn and Mr Barnes consent to the inclusion in this report of the matters based on their information in the form and context in which they appear.

Dome North Mineral Resource by deposit and category: (0.3% Li₂O cut-off grade)

Deposit	Classification	Tonnes (Mt)	Li ₂ O %	Ta ₂ O ₅ ppm	Contained Li ₂ O (T)	Fe ₂ O ₃ %
Cade	Indicated	6.9	1.26	49	88,000	0.44
	Inferred	1.3	0.88	49	11,000	0.44
Davy	Indicated	1.6	1.08	81	18,000	0.54
	Inferred	0.6	0.89	73	4,000	0.58
Heller	Inferred	0.7	1.02	76	8,000	0.72
Total	Total	11.2	1.16	57	129,000	0.48

Note: Appropriate rounding applied.

Appendix 1

The following information is provided in accordance with ASX Listing Rule 5.3 for the Quarter.

1. Listing of Tenements (Consolidated Basis) as at Quarter End

Tenement	Holder	Notes	Status
Pioneer Dome Project Located 133km SSE of Kalgoorlie, WA			
E15/1515	Essential Metals Limited		Granted
E15/1725	Essential Metals Limited		Granted
E63/1669	Essential Metals Limited		Granted
E63/1782	Essential Metals Limited		Granted
E63/1783	Essential Metals Limited		Granted
E63/1785	Essential Metals Limited		Granted
E63/1825	Essential Metals Limited		Granted
E63/2118	Essential Metals Limited		Granted
L63/77	Essential Metals Limited		Granted
M63/665	Essential Metals Limited		Granted
M15/1896	Essential Metals Limited		Application
Golden Ridge Nickel Project Located 30km SE of Kalgoorlie, WA			
E26/186	Golden Ridge North Kambalda Pty Ltd	1, 2	Granted
E26/211	Golden Ridge North Kambalda Pty Ltd	1, 2	Granted
E26/212	Golden Ridge North Kambalda Pty Ltd	1, 2	Granted
M26/220	Golden Ridge North Kambalda Pty Ltd	1, 2	Granted
M26/222	Golden Ridge North Kambalda Pty Ltd	1, 2	Granted
M26/284	Golden Ridge North Kambalda Pty Ltd	1, 2	Granted
M26/285	Golden Ridge North Kambalda Pty Ltd	1, 2	Granted
L26/272	Golden Ridge North Kambalda Pty Ltd	1, 2	Granted
Juglah Dome Project Located 60km ESE of Kalgoorlie, WA			
E25/585	Western Copper Pty Ltd	3	Granted
Regional Projects, Located in WA			
E15/1710	Essential Metals Limited		Granted
Kangan Lithium & Gold Project Located 80km S of Port Hedland, (Wodgina) WA			
E45/4948	Essential Metals Limited	5	Granted
E47/3318-I	Essential Metals Limited	4, 5	Granted
E47/3321-I	Essential Metals Limited	4, 5	Granted
E47/3945	Essential Metals Limited	5	Granted
Balagundi Gold & Base Metals Project Located 25km NE of Kalgoorlie, WA			
E27/558	Essential Metals Limited	6	Granted
Acra Gold Project Located 60km NE of Kalgoorlie, WA			
E27/278	Essential Metals Limited / Northern Star Resources Limited	7, 8	Granted
E27/438	Essential Metals Limited / Northern Star Resources Limited	7, 8	Granted
E27/491	Essential Metals Limited / Northern Star Resources Limited	8	Granted
E27/520	Essential Metals Limited / Northern Star Resources Limited	7, 8	Granted
E27/548	Essential Metals Limited / Northern Star Resources Limited	8	Granted
E27/579	Essential Metals Limited / Northern Star Resources Limited	7, 8	Granted
E28/1746	Essential Metals Limited / Northern Star Resources Limited	7, 8	Granted
E28/2483	Essential Metals Limited / Northern Star Resources Limited	8	Granted

Tenement	Holder	Notes	Status
Wattle Dam Nickel Project Located 65km S of Kalgoorlie, WA			
M15/1769	Maximus Resources Limited	9, 10	Granted
M15/1770	Maximus Resources Limited	9, 10	Granted
M15/1771	Maximus Resources Limited	9, 10	Granted
M15/1772	Maximus Resources Limited	9, 10	Granted
M15/1773	Maximus Resources Limited	9, 10	Granted
M15/1101	Maximus Resources Limited	9, 10	Granted
M15/1263	Maximus Resources Limited	9, 10	Granted
M15/1264	Maximus Resources Limited	9, 10	Granted
M15/1323	Maximus Resources Limited	9, 10	Granted
M15/1338	Maximus Resources Limited	9, 10	Granted
Larkinville West Gold Project Located 75km S of Kalgoorlie, WA			
M15/1449	Essential Metals Limited / Maximus Resources Limited	11	Granted
Maggie Hays Hill Nickel JV, Located 140km SE of Southern Cross			
E63/1784	Essential Metals Limited / Poseidon Nickel Limited	12	Granted

Note	
1	Golden Ridge North Kambalda Pty Ltd is a 100% owned subsidiary of Essential Metals Limited.
2	Nickel sulphides rights are subject to the Australian Nickel Company Ltd Farmin/Joint venture.
3	Western Copper Pty Ltd is a 100% owned subsidiary of Essential Metals Limited.
4	Subject to a 1.5% net smelter royalty right held by FMG Pilbara Pty Ltd.
5	Kangan Gold JV Agreement: Novo Resources Corp holds a 70% Project Interest in gold and precious metals mineral rights.
6	Balagundi Farmin/JV Agreement: Black Cat Syndicate Limited is earning a 75% Project interest.
7	Heron Resources Limited retains nickel laterite ore rights.
8	Acra JV Agreement: Northern Star Resources Limited 75% interest. Essential Metals Limited 25% free carried interest.
9	Heron Resources Limited retains pre-emptive right to purchase nickel laterite ore.
10	Wattle Dam Nickel JV Agreement: Title, Mineral Rights held by Maximus Resources Limited. Essential Metals Limited 20% free carried interest in nickel sulphide minerals.
11	Larkinville West JV Agreement: Maximus Resources Limited 75%, Essential Metals Limited 25% free carried interest, except nickel rights which are subject to the Wattle Dam JV.
12	Maggie Hays Lake JV Agreement: Poseidon Nickel Limited 80%, Essential Metals Limited 20% & free carried interest to commencement of mining.

2. Tenements acquired during the Quarter (Consolidated Basis)

None.

3. Tenements sold, relinquished, reduced or lapsed during the Quarter (Consolidated Basis)

- E63/1783 – compulsory 6th year partial surrender (40% of blocks) in March.
- E63/1825 – compulsory 6th year partial surrender (40% of blocks) in March.

4. Tenements applied for during the Quarter (Consolidated Basis)

None.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

ESSENTIAL METALS LIMITED

ABN

44 103 423 981

Quarter ended ("current quarter")

31 March 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) royalties	-	-
(e) staff costs	(223)	(637)
(f) administration and corporate costs <i>(includes costs related to the TLEA Scheme of Arrangement)</i>	(540)	(971)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	72	129
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	(4)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	11
1.9 Net cash from / (used in) operating activities	(691)	(1,472)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	(27)
(d) exploration & evaluation	(439)	(3,451)
(e) investments	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(439)	(3,478)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	100	3,187
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material) <i>Repayment of lease liabilities</i>	(7)	(22)
3.10	Net cash from / (used in) financing activities	93	3,165
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	9,779	10,527
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(691)	(1,472)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(439)	(3,478)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	93	3,165
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	8,742	8,742

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,242	4,779
5.2	Call deposits	5,500	5,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	8,742	9,779

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	139
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	N/A	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(691)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(439)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,130)
8.4 Cash and cash equivalents at quarter end (item 4.6)	8,742
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	8,742
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	7.74
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 12 April 2023

Authorised by: The Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.