15 September 2023

## SCHEME BOOKLET REGISTERED BY ASIC

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

- released on 3 July 2023 in relation to the execution of a Scheme Implementation Deed with Develop Global Limited (ASX:DVP) (**Develop**) under which Develop proposed to acquire all the shares in Essential by way of a scheme of arrangement (**Scheme**) for consideration of 1 new Develop share for every 6.18 Essential shares held by Essential shareholders (**Essential Shareholders**) on the Record Date;[1] and
- released on 14 September 2023 in relation to the orders made by the Federal Court of Australia (sitting in Perth) (**Court**) that Essential convene a meeting of Essential Shareholders to consider and vote on the Scheme (**Scheme Meeting**) and approving dispatch of an explanatory statement providing information about the Scheme, together with the Notice of Scheme Meeting (together, the **Scheme Booklet**), to Essential Shareholders.

### Scheme Booklet

Essential confirms that the Australian Securities and Investments Commission (**ASIC**) has today registered the Scheme Booklet. A copy of the Scheme booklet is **attached** to this announcement and will also be made available on Essential's website at https://www.essmetals.com.au/dvpscheme/. For details of how you will receive your Scheme Booklet, please refer to the Company's previous announcement made on 14 September 2023.

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. If after reading the Scheme Booklet you have any questions about the Scheme Booklet or the Scheme, please contact Essential's Share Registry on 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia) between 8:30am and 6:00pm (Sydney time) Monday to Friday, excluding public holidays, or via email at hello@automic.com.au. If you are in any doubt about what action you should take, please consult your broker or financial, legal, taxation or other professional adviser immediately.

### 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, in the absence of a superior offer, the Scheme is not fair but reasonable and in the best interests of Essential

[1] Other than Ineligible Foreign Holders (being those Essential Shareholders with an address as shown in the Share Register on the Record Date in a place outside of Australia and New Zealand and any other jurisdictions in respect of which Develop reasonably believes that it is not prohibited and not unduly onerous or impractical to implement this Scheme and to issue new Develop shares to an Essential Shareholder with a registered address in such jurisdiction) or Non-electing Small Shareholders (being Essential Shareholders who hold less than a marketable parcel of shares who do not opt-in to receive new Develop shares), who will receive their respective pro rata proportion of the sale proceeds of the new Develop shares which would otherwise have been issued to them under the Scheme. Refer to section 3.11 of the Scheme Booklet for more details.

Shareholders. The Independent Expert's conclusion should be read in context with the full Independent Expert's Report and the Scheme Booklet.

**Recommendation of the 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.[2]

**Scheme Meeting**

The Scheme Meeting will be held in person at the Quest Apartment Hotels, 54 Kings Park Road, West Perth WA 6005 at 9:00am (AWST) on Wednesday, 18 October 2023. All Essential Shareholders registered as at 5:00pm (AWST) on Monday, 16 October 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.

These dates are indicative only and, among other things, are subject to the Court approval process, ASX approval and the satisfaction or, where applicable, waiver of the conditions set out in Section 3.5 of the Scheme Booklet. Essential reserves the right to vary the times and dates set out above subject to the approval of such variation by Develop, the Court and ASIC where required. Any changes to the above times will be announced to ASX and notified on the Essential website at: https://www.essmetals.com.au. Essential will continue to update Essential Shareholders as to any material developments in relation to the Scheme as the timetable progresses.

*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

[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). Essential Shareholders should also note: (1) sections 10.2, 10.3 and 10.5 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 consideration that may be provided under the Option Cancellation Deeds if the Scheme proceeds are 90,545 Develop Shares to Mr Timothy Spencer (with an indicative value of $266,202 based on the closing price of Develop Shares on the Last Practicable Date), 60,363 Develop Shares to Mr Craig McGown (with an indicative value of $177,467 based on the closing price of Develop Shares on the Last Practicable Date), 36,219 Develop Shares to Mr Paul Payne (with an indicative value of $106,484 based on the closing price of Develop Shares on the Last Practicable Date) and 66,653 Develop Shares to Mr Warren Hallam (with an indicative value of $195,960 based on the closing price of Develop Shares on the Last Practicable Date). All unvested Performance Rights held by Mr Timothy Spencer will vest should the Court approve the Scheme on the Second Court Date and a cash payment of $90,000 will be made to Mr Timothy Spencer in lieu of a grant of FY24 Performance Rights should the Scheme become Effective (refer sections 10.2 and 10.10 of the Scheme Booklet); (2) Mr Warren Hallam and Mr Craig McGown each have an immaterial indirect pre-existing beneficial interest in Develop Shares (refer section 10.6 of the Scheme Booklet); (3) Mr Craig McGown was a director of Develop from 8 February 2021 until his resignation on 9 June 2021 (refer section 10.7 of the Scheme Booklet); (4) The Directors also have an interest in the Run Off Cover pursuant to the D&O Deeds and have entered into the Deeds of Release (refer sections 10.8, 10.9 and 10.10 of the Scheme Booklet).

ESSENTIAL METALS

for a sustainable future

# SCHEME BOOKLET

**In relation to a proposal from Develop Global Limited ABN 28 122 180 205 (Develop) to acquire all of the issued shares in Essential Metals Limited ABN 44 103 423 981 (Essential) by way of a scheme of arrangement.**

## VOTE IN FAVOUR

**Your Directors unanimously recommend that you approve the Scheme by voting in FAVOUR of the Scheme Resolution, 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.**

**The Independent Expert has concluded that, in the absence of a superior offer, the Scheme is not fair but reasonable and in the best interests of Essential Shareholders.**

The Scheme Meeting will be held at 9.00am (AWST) on 18 October 2023 at the Quest Apartment Hotels, 54 Kings Park Road, West Perth WA 6005.

This Scheme Booklet is dated 15 September 2023.

This is an important document and requires your attention. You should read the document in full before deciding whether or not to vote in favour of the Scheme Resolution. If you are in any doubt about what action you should take, please consult your broker or financial, taxation, legal or other professional adviser immediately.

If you have any questions about this Scheme Booklet or the Scheme, please contact the Essential's Share Registry on 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia) between 8:30am and 6:00pm (Sydney time), Monday to Friday, excluding public holidays, or via email at hello@automic.com.au.

**Financial Adviser to Essential Metals**

STERNSHIP ADVISERS

**Legal Adviser to Essential Metals**

HopgoodGanim LAWYERS

**ESSENTIAL METALS LTD**

ABN 44 103 423 981

## Table of Contents

## IMPORTANT DATES AND TIMES FOR THE SCHEME

| **Key dates and times relating to the Scheme Meeting** | |
|---|---|
| **Date of this Scheme Booklet** | 15 September 2023 |
| First Court Date at which the Court made orders convening the Scheme Meeting | 14 September 2023 |
| Last date and time for receipt of Proxy Forms or powers of attorney for the Scheme Meeting | 9:00am (AWST) on 16 October 2023 |
| Time and date for determining eligibility to vote at the Scheme Meeting | 5:00pm (AWST) on 16 October 2023 |
| **Scheme Meeting** | 9:00am (AWST) on 18 October 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 October 2023 |
| **Effective Date of Scheme**<br>This is the date on which the Court order approving the Scheme is lodged with ASIC and the Scheme becomes Effective.<br>Essential Shares will be suspended from trading on ASX from close of trading. | 26 October 2023 |
| Record Date | 30 October 2023 |
| Implementation Date | 6 November 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 3.5 for more information). All dates and times, unless otherwise indicated refer to the date and time in Perth, Western Australia. Any changes to the above timetable will be announced to ASX and notified on the Essential website at https://www.essmetals.com.au.

## CORPORATE DIRECTORY

| **Essential Metals Limited** | **Financial Adviser** | **Legal Adviser** | **Independent Expert** | **Share Registry** |
|---|---|---|---|---|
| Level 3, 1292 Hay Street, West<br>Perth WA 6005 | Sternship Advisers<br>Level 2, 44A Kings Park Road<br>West Perth WA 6005 | HopgoodGanim Lawyers<br>Level 27, Allendale Square, 77 St Georges Terrace<br>Perth WA 6000 | BDO Corporate Finance (WA) Pty Ltd<br>Level 9, Mia Yellagonga Tower 2, 5 Spring Street<br>Perth WA 6000 | Automic Registry Services<br>Level 5, 191 St Georges Terrace<br>Perth WA 6000 |

## IMPORTANT NOTICES

### General

This Scheme Booklet is important. Essential Shareholders should carefully read this Scheme Booklet in full before deciding whether or not to vote in favour of the Scheme Resolution required to implement the Scheme.

### Defined terms

Capitalised terms used in this Scheme Booklet are defined in section 11 (Definitions and Interpretation) of this Scheme Booklet. Section 11 also sets out some rules of interpretation which apply to this Scheme Booklet.

All $ references, are references to Australian Dollars unless otherwise stated.

### Purpose of this document

The purpose of this Scheme Booklet is to explain the terms of the proposed scheme of arrangement between Essential Metals Limited (Essential) and Develop Global Limited (Develop) and the manner in which it will be implemented (if approved by the Requisite Majority of Essential Shareholders and the Court).

This Scheme Booklet includes the explanatory statement required to be sent to Essential Shareholders in relation to the Scheme pursuant to section 412(1) of the Corporations Act.

This Scheme Booklet is not a disclosure document under Chapter 6D of the Corporations Act.

If you have sold all your Essential Shares, please disregard this Scheme Booklet.

### ASIC and ASX

A copy of this Scheme Booklet has been provided to ASIC in accordance with section 411(2) of the Corporations Act and registered with ASIC under section 412(6) of the Corporations Act. ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Scheme.

If ASIC provides that statement, it will be produced to the Court at the Second Court Hearing. A copy of this Scheme Booklet has also been lodged with ASX. Neither ASIC or ASX nor any of their officers take any responsibility for the contents of this Scheme Booklet.

### Court

A copy of the Scheme Booklet has been lodged with the Court to obtain an order of the Court approving the convening of the Scheme Meeting. Orders made by the Court are made pursuant to section 411 of the Corporations Act.

The fact that, under section 411(1) of the Corporations Act, the Court has ordered that the Scheme Meeting be convened and has approved this Scheme Booklet does not mean that the Court:

(a) has formed any view as to the merits of the proposed Scheme or as to how Scheme Participants should vote; or

(b) has prepared or is responsible for the contents of the Scheme Booklet.

The order of the Court that the Scheme Meeting be convened is not, and should not be treated as, an endorsement by the Court of, or any other expression of opinion by the Court on, the Scheme.

### Notice of Scheme Meeting

The Notice of Scheme Meeting is set out in Schedule 4 of this Scheme Booklet.

### Notice of Second Court Date

At the Second Court Date, the Court will consider whether to approve the Scheme following the votes at the Scheme Meeting.

Any Essential Shareholder may appear at the Second Court Date, which is expected to be held at 10:15am (AWST) on 24 October 2023 at the Federal Court of Australia (Peter Durack Commonwealth Law Courts Building, 1 Victoria Avenue, Perth).

Any Essential Shareholder who wishes to oppose approval of the Scheme at the Second Court Date may do so by filing with the Court and serving on Essential a notice of appearance in the prescribed form, together with any affidavit on which the Essential Shareholder proposes to rely.

**Implied value**

The Scheme Consideration consists of New Develop Shares. Any reference to the implied value of the Scheme Consideration should not be taken as an indication that the implied value is fixed. The implied value of the Scheme Consideration will vary with the market price of Develop Shares.

If you are an Ineligible Shareholder, this also applies to the New Develop Shares which will be issued to the Sale Agent and sold on ASX (or another prescribed financial market) by the Sale Agent. Any cash remitted to you from the net proceeds of such sales will depend on the market price of Develop Shares at the time of sale by the Sale Agent. Refer to section 3.11(c) for further information.

**Investment decisions**

The Scheme Booklet is important and requires your immediate attention. It should be read in its entirety before making a decision on whether or not to vote in favour of the Scheme. This Scheme Booklet is intended for all Scheme Participants collectively and does not take into account the investment objectives, financial situation and particular needs of each individual Scheme Participant or any other particular person. This Scheme Booklet should not be relied upon as the sole basis for any investment decision in relation to the Scheme or Essential Shares. Before making any investment decision in relation to these matters you should consider, preferably with the assistance of a professional adviser, whether that decision is appropriate in the light of your particular investment needs, objectives and financial circumstances. If you are in any doubt about what you should do, you should seek independent financial and taxation advice before making any investment decision in relation to the Scheme or Essential Shares.

**Responsibility for information**

Other than as set out below, the information contained in this Scheme Booklet has been prepared by and is the sole responsibility of Essential. Except as outlined below, none of Develop, or any of its respective Related Bodies Corporate, directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of such information.

The Develop Information and the Merged Group Information (other than any information provided by Essential to Develop or obtained from Essential's public filings on the ASX regarding the Essential Group contained in, or used in the preparation of such information) contained in this Scheme Booklet has been prepared by and is the responsibility of Develop. Neither Essential nor any of its Directors, officers, employees or advisers assume or accept any responsibility for the accuracy or completeness of such information.

BDO has prepared the Independent Expert's Report (as set out in Schedule 1 to this Scheme Booklet) and takes responsibility for that report. None of Essential or Develop, nor any of their respective Related Bodies Corporate, directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of the information contained in the Independent Expert's Report, except in relation to the respective information that each has provided to the Independent Expert.

VRM has prepared, and is responsible for, the VRM Independent Technical Assessment and Valuation Report contained in Appendix 6 to the Independent Expert's Report. None of Essential or Develop, nor any of their respective Related Bodies Corporate, directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of the information contained in the VRM Independent Technical Assessment and Valuation Report, except in relation to the respective information that each has provided to VRM.

SRK has prepared, and is responsible for, the SRK Independent Specialist Report contained in Appendix 7 to the Independent Expert's Report. None of Essential or Develop, nor any of their respective Related Bodies Corporate, directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of the information contained in the SRK Independent Specialist Report, except in relation to the respective information that each has provided to SRK.

**Foreign Jurisdictions**

The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia and New Zealand may be restricted by law or regulation in such other jurisdictions, and persons outside of Australia and New Zealand who come into possession of this Scheme Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

The Scheme Booklet has been prepared in accordance with Australian law and is subject to Australian disclosure requirements. The information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations of a jurisdiction outside of Australia. Financial information in this Scheme Booklet has been prepared in accordance with Australian Accounting Standards and is presented in an abbreviated form and does not contain all the disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act.

Restrictions in jurisdictions outside of Australia may make it impractical or unlawful for New Develop Shares to be issued under the Scheme to, or be received under the Scheme by, Essential Shareholders in those jurisdictions. Essential Shareholders whose registered addresses in the Share Register are outside Australia should refer to section 3.11 for more information as to how the New Develop Shares to which they would otherwise be entitled will be dealt with.

Essential Shareholders resident outside Australia for tax purposes should also seek specific taxation advice in relation to the Australian and overseas taxation implications of their participation in the Scheme.

***New Zealand***

This Scheme Booklet is not a New Zealand disclosure document and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the *Financial Markets Conduct Act 2013* or any other New Zealand law.

The offer of New Develop Shares under the Scheme is being made to existing shareholders of Essential in reliance upon the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2021* and, accordingly, this Scheme Booklet may not contain all the information that a disclosure document is required to contain under New Zealand law.

**Forward looking statements**

Certain statements in this Scheme Booklet relate to the future. Such forward looking statements, which include all information relating to the performance of Essential, are not based solely on historical facts but rather reflect the current expectations of Essential (in relation to the Essential Information) and Develop (in relation to the Develop Information). Statements that describe the objectives, plans, goals or expectations, estimates of reserves and resources, timelines for development and production and future costs of Essential, Develop or the Merged Group, are or may be forward looking statements. Forward looking statements or statements of intent in relation to future events in this Scheme Booklet (including in the Independent Expert's Report) should not be taken to be forecasts or predictions that those events will occur. Forward looking statements generally may be identified by the use of forward looking words such as 'believe', 'aim', 'expect', 'anticipate', 'intending', 'foreseeing', 'likely', 'should', 'planned', 'may', 'estimate', 'potential', or other similar words. Forward looking statements involve known and unknown risks, uncertainties and assumptions and are subject to a variety of other factors that could cause the actual results or performance of Essential to be materially different from what is expressed by such statements. Some of the risks that Scheme Participants may be exposed to are set out in section 8. Forward looking statements are based on numerous assumptions regarding present and future business strategies and the environment in which Essential, Develop and/or the Merged Group will operate in the future. Accordingly, undue reliance should not be placed on forward looking statements.

Scheme Participants should note that the historical performance of Essential is no assurance of its future performance. Other than what is required by law, none of Essential or Develop, or their respective Related Bodies Corporate, directors, officers or advisers, represents that, or gives any assurance or guarantees that, the occurrence of events expressed or implied in any forward looking statements will actually occur.

The forward looking statements in this Scheme Booklet reflect the views held only at the date of this Scheme Booklet. Subject to any continuing obligations under the Listing Rules or the Corporations Act, Essential and Develop, and their respective Related Bodies Corporate, officers, directors and advisers, disclaim any obligation or undertaking to distribute after the date of this Scheme Booklet any updates or revisions to any forward looking statements to reflect any change in expectations in relation to such statements or any change in events, conditions or circumstances on which any such statement is based.

**Charts, maps and diagrams**

Any diagrams, charts, maps, graphs or tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, maps, graphs and tables is based on information available as at the date of the Scheme Booklet.

**Privacy**

Essential may collect personal information in the process of implementing the Scheme. This information may include the names, contact details and security holdings of Essential Shareholders and the names of persons appointed by Essential Shareholders to act as proxy, corporate representative or attorney at the Scheme Meeting. The primary purpose of collecting this information is to assist Essential in conducting the Scheme Meeting and to enable the Scheme to be implemented by Essential in the manner described in this Scheme Booklet. Personal information may be disclosed to ASX, the Registry, print and mail service providers, authorised securities brokers, securities authorities and to Related Bodies Corporate of Essential and Develop. Essential Shareholders who are individuals, and other individuals in respect of whom personal information is collected, have certain rights to access personal information that has been collected. An Essential Shareholder may contact the Share Registry if they wish to exercise these rights.

Essential Shareholders who appoint a named person to act as their proxy, corporate representative or attorney at the Scheme Meeting should inform that person of the matters outlined above.

**Taxation implications**

If the Scheme becomes Effective and is implemented, there will be tax consequences for Scheme Participants which may include tax being payable on any gain on disposal of Essential Shares. For further detail about the general Australian tax consequences of the Scheme and the potential availability of capital gains tax (CGT) roll-over relief, refer to section 9 of this Scheme Booklet. The tax treatment may vary depending on the nature and characteristics of each Essential Shareholder and their specific circumstances. Accordingly, Essential Shareholders should seek professional tax advice in relation to their particular circumstances.

**Effect of rounding**

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Scheme Booklet are subject to the effect of rounding. Accordingly, the actual calculation of figures, amounts, percentages, prices, estimates, calculations of value and fractions may differ from the figures, amounts, percentages, prices, estimates, calculations of value and fractions set out in this Scheme Booklet. Any discrepancies between totals in tables or financial information, or in calculations, graphs or charts are due to rounding.

**Times and dates**

All times referred to in this Scheme Booklet are references to times in Australian Western Standard Time (**AWST**), unless otherwise stated. All dates following the Scheme Meeting referred to in this Scheme Booklet are indicative only and, among other things, are subject to the satisfaction or (if permitted) waiver of the Conditions Precedent to the Scheme.

**Competent persons statement**

See section 10.20 for the Competent Persons Statements and other disclosures required under the Listing Rules in respect of all Mineral Resource data contained in this Scheme Booklet.

**Letter from the Chairman of Essential**

Dear Essential Metals Limited Shareholders, on behalf of the Essential Board, I am very pleased to provide you with this Scheme Booklet which details the proposed Scheme of Arrangement with Develop Global Limited.

**Scheme proposal from Develop**

On 3 July 2023, Essential Metals Limited ABN 44 103 423 981 (**Essential** or the **Company**) announced that it had entered into a Scheme Implementation Deed with Develop Global Limited ABN 28 122 180 205 (**Develop**) under the terms of which Develop will acquire all of the issued shares in the Company by way of a Court approved scheme of arrangement, for consideration of 1 New Develop Share for every 6.18 Essential Shares held by a Scheme Shareholder.[1] Should the Scheme be implemented, Essential Shareholders will hold approximately 18.2% of the Merged Group (on an undiluted basis).

Implementation of the Scheme is also subject to satisfaction or, if applicable, waiver of customary conditions, including approval by Essential Shareholders and the Court, which are summarised in section 3.5 of this Scheme Booklet.

The purpose of this Scheme Booklet is to provide you with information about the Scheme to assist you in deciding how to vote on the Scheme at the Meeting.

**Background on the proposed transaction**

The Company has been focussed on advancing the Pioneer Dome Lithium Project towards development. During 2022, in preparation for the completion of a scoping study, the main objectives were to increase confidence in the Mineral Resource by undertaking drilling to define the mineralised zones (oxide/weathered, fresh) and to determine the extent of mineralisation along strike and at depth. Further metallurgical testwork was also undertaken across the various mineralised zones.

Advancement of the Pioneer Dome Lithium Project towards development is demonstrated by the Scoping Study results released to ASX on 7 February 2023. The Scoping Study was prepared by Primero, an engineering consultancy, with inputs from other independent consultants and Essential.

In the recent past, the Company has been informally and formally approached by a number of parties seeking to discuss a range of transaction structures including project joint venture, and both asset and corporate level transactions. These approaches were each carefully considered by the Company and its advisers in the context of determining if any structures and terms could be negotiated that it believed were in the best interests of Essential shareholders, either to advance the Project or by realising value from the Project.

On 9 January 2023, Essential announced that it had entered into a binding Scheme Implementation Agreement with Tianqi Lithium Energy Australia Pty Ltd ARBN 649 234 211 (**TLEA**), under which TLEA had offered $0.50 cash for each Essential Share.

On 14 April 2023, Mineral Resources Limited (**MinRes**), a leading diversified resources company, with extensive operations in lithium, iron ore, energy, and mining services across Western Australia, lodged an Initial Substantial Shareholder notice, recording that it held (by way of a subsidiary entity) 19.55% of Essential after acquiring Shares on-market.

[1] Other than Ineligible Foreign Holders or Non-electing Small Shareholders (who, in the case of Non-electing Small Shareholders only, do not opt-in to receive New Develop Shares), who will receive their respective pro rata proportion of the Sale Proceeds of the New Develop Shares which would otherwise have been issued to them under the Scheme.

On 20 April 2023, an Essential shareholder meeting was held, at which the resolution to approve the TLEA Scheme was not approved by Essential Shareholders.

Thus, having tested the market, including by giving a range of experienced and reputable parties the opportunity to undertake due diligence, and having carefully considered options available to the Company, the current Scheme proposal is regarded by the Board as the best present outcome for the Company's Shareholders (subject to no Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Essential Shareholders).

While Essential remains optimistic about its ability to continue to advance the Pioneer Dome Lithium Project, Essential's ability to potentially develop, construct and operate a sustainable operation as a single asset company could be impacted by a range of risk factors as set out in section 8 of this Scheme Booklet. Key risk factors include (but are not limited to) the ability of Essential to raise additional funds for future operations, the demand for, and pricing of, spodumene concentrate which is sensitive to a variety of external factors (most of which are beyond Essential's control) and the success or otherwise of the activities directed towards the development of the Pioneer Dome Lithium Project.

**The Essential Board unanimously recommends the Scheme**

The Directors of Essential believe that the Scheme is in the best interests of Essential Shareholders and unanimously recommend that you vote in favour of the Scheme 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 member of the Essential Board will vote, or procure the voting of, all Essential Shares in which they have a Relevant Interest in favour of the Scheme.[2]

The Directors hold Options (as detailed in section 10.3). The Options may be exercised into Shares upon payment of the exercise price prior to 8:00am on the Second Court Date or will otherwise be subject to the Option Cancellation Deeds (a private treaty agreement), pursuant to which the Essential Options will be cancelled for consideration (paid in Develop shares) equal to the Intrinsic Value of the Options, as is detailed in section 10.5. Timothy Spencer (the Managing Director of Essential) also holds Performance Rights received during his employment tenure as part of the Company's employee incentive schemes (as detailed in section 10.3) and those that have not vested shall vest upon Court approval of the Scheme. In addition, in the event that the Scheme becomes Effective, a cash payment of $90,000 will be made to Timothy Spencer instead of any grant of FY24 Performance Rights (refer sections 10.2 and 10.10). Warren Hallam and I each have an immaterial indirect pre-existing beneficial interest in Develop Shares (refer section 10.6) and I was a director of Develop from 8 February 2021 until his resignation on 9 June 2021 (refer section 10.7).

Despite these interests in the outcome of the Scheme, each of the Directors consider that, given the importance of the Scheme and their role as Directors of Essential, it is important and appropriate for them to provide a recommendation to Essential Shareholders in relation to voting on the Scheme. In reaching the unanimous decision to recommend the Scheme to Essential Shareholders, subject to the qualifications described above, the Essential Directors considered the current lithium focused

[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 (in relation to the unanimous recommendation of the Essential Board). Shareholders should also note: (1) sections 10.2, 10.3 and 10.5, which concerns the treatment of Essential Performance Rights held by Timothy Spencer and Essential Options held by all Directors in connection with the Scheme. The consideration that may be provided under the Option Cancellation Deeds if the Scheme proceeds are 90,545 Develop Shares to Timothy Spencer (with an indicative value of $266,202 based on the closing price of Develop Shares on the Last Practicable Date), 60,363 Develop Shares to Craig McGown (with an indicative value of $177,467 based on the closing price of Develop Shares on the Last Practicable Date), 36,219 Develop Shares to Paul Payne (with an indicative value of $106,484 based on the closing price of Develop Shares on the Last Practicable Date) and 66,653 Develop Shares to Warren Hallam (with an indicative value of $195,960 based on the closing price of Develop Shares on the Last Practicable Date). All unvested Performance Rights held by Timothy Spencer will vest should the Court approve the Scheme on the Second Court Date and a cash payment of $90,000 will be made to Timothy Spencer in lieu of a grant of FY24 Performance Rights should the Scheme become Effective (refer sections 10.2 and 10.10); (2) Warren Hallam and Craig McGown each have an immaterial indirect pre-existing beneficial interest in Develop Shares (refer section 10.6); (3) Craig McGown was a director of Develop from 8 February 2021 until his resignation on 9 June 2021 (refer section 10.7); (4) The Directors also have an interest in the Run Off Cover pursuant to the D&O Deeds and have entered into the Deeds of Release (refer section 10.8, 10.9 and 10.10).

development strategy and various alternatives to maximise value for Essential Shareholders, including the assessment of the standalone value creation opportunities. The Scheme Consideration has also been assessed against a range of valuation benchmarks, and the Essential Board's assessment is that, on balance, the Scheme Consideration is likely to provide better value to Essential Shareholders now than would be available, on a risk adjusted basis, if Essential continued to develop the Pioneer Dome Lithium Project in its own right or in joint venture.

**Reasons to vote in favour of the Scheme**

The Essential Board, comprised of three independent non-executive directors and one executive director, in consultation with its advisors, has carefully considered the merits of the proposed transaction with Develop.

The Essential Board considered the following factors when resolving to unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Scheme is in the best interests of Essential Shareholders[3]:

✓ The Independent Expert has concluded that the Scheme is in the best interests of Essential Shareholders (in the absence of a superior offer).

✓ The Scheme Consideration (by receiving shares in Develop) will allow Essential Shareholders to retain ongoing exposure to the development of Essential's main asset, the Pioneer Dome Lithium Project.

✓ Essential Shareholders will gain exposure to Develop's advanced Woodlawn and Sulphur Springs energy transition metals assets and Develop's rapidly growing underground mining services division.

✓ Develop's mining division is well placed to unlock the value of the Pioneer Dome Lithium Project in a timely and highly efficient manner.

✓ Essential Shareholders will have the opportunity to become part of a rapidly growing battery and energy transition metals producer led by highly regarded mining executive Bill Beament and his experienced team, in the process mitigating the risk associated with being a single-asset development company.

✓ The Merged Group is expected to create further scale, liquidity and capital markets profile, providing enhanced financial flexibility and the potential for further share price re-rating over time.

✓ Since the Scheme was announced on 3 July 2023, no Superior Proposal has emerged.

✓ Development of the Pioneer Dome Lithium Project as a standalone smaller sized lithium operation carries a number of risks for a junior company such as Essential.

✓ Development of the Pioneer Dome Lithium Project would require significant capital which Essential currently does not have.

✓ The Scheme Consideration represented a premium of 34.9% to the closing Essential Share price of A$0.415 per share on 30 June 2023 and 30.8% to the Essential 20-day VWAP of A$0.428 valuing Essential at ~A$152.6 million and A$0.56 per share based on the closing price for Develop shares of A$3.46 per share on 30 June 2023. Based on the closing price of Develop Shares on the Last Practicable Date, the implied value of the Scheme Consideration is A$0.4757 per

[3] Refer to Footnote 2.

Essential Share. The implied consideration per Essential Share will change with changes to the Develop share price.

- ✓ The Scheme is supported by Essential's largest shareholder, Mineral Resources Limited (ASX: MRL) (MinRes), which has agreed to vote its 19.45% shareholding in Essential in favour of the Scheme 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. [4]

- ✓ Essential Shares might trade at a lower price if the Scheme is not implemented and no Superior Proposal emerges, in the absence of favourable market conditions. Refer to the charts contained in **Figure 2** showing the share price trends of Essential's lithium peer companies with Australian lithium resources before and after the announcement of the proposed Scheme.

- ✓ If you are an Australian resident for taxation purposes and receive New Develop Shares, you should generally be able to obtain capital gains tax (CGT) roll-over relief on any capital gains. In addition, Eligible Essential Shareholders will also avoid brokerage costs on the transfer of their Essential Shares to Develop under the Scheme.

**Reasons to vote against the Scheme**

In forming their unanimous decision to recommend the Scheme to Essential Shareholders,[5] subject to the qualifications described above, the Essential Directors also considered the potential disadvantages of the Scheme proceeding. In particular:

- You may disagree with the Directors' unanimous recommendation.
- You may disagree with the Independent Expert's assessments and/or conclusions and believe that the Scheme is not in your best interests.
- If the Scheme proceeds, you will no longer be an Essential Shareholder and your percentage interest in Develop will be less than your current interest in Essential.
- A Superior Proposal for Essential may materialise in the future. As at the date of this Scheme Booklet, the Essential Board is not aware of any Superior Proposal.
- You may prefer to hold shares in Essential as a means to retain more concentrated exposure to the broader lithium market thematic.
- You may believe it is in your best interests to maintain your current investment and risk profile by holding shares in Essential.
- The risk profile and risk of investment for Essential Shareholders will change (including as a result of exposure to additional commodities and the risks associated with a mining services business) and you may consider the risk profile and risk of investment of the Merged Group to be disadvantageous relative to that of Essential as a standalone entity.
- The exact monetary value of the Scheme Consideration is not certain and will depend on the price at which Develop's Shares trade on ASX after the Implementation Date.
- The tax consequences of the Scheme may be adverse to your own financial position or circumstances.

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[4] MinRes is the second largest shareholder in Develop, holding approximately 12.78% of Develop as at the Last Practicable Date.
[5] Refer to Footnote 2.

**Independent Expert's conclusion**

The Board appointed BDO as the Independent Expert to assess the merits of the Scheme. BDO appointed VRM and SRK as the Independent Technical Experts to prepare the Independent Technical Expert's Reports contained in the Independent Expert's Report, with the scope of work performed by VRM and SRK determined by BDO.

The Independent Expert has concluded that, in the absence of a superior offer, the Scheme is not fair but reasonable and in the best interests of Essential Shareholders.

In the Independent Expert's opinion, the Scheme is not fair because the value of a share in the Proposed Merged Entity (on a minority interest and diluted basis) is lower than the value of 6.18 Essential shares prior to the Scheme (on a controlling interest and diluted basis), when a comparison is made at each of the respective low, preferred and high valuation points.

However, the Independent Expert considers the Scheme to be reasonable because the advantages of the Scheme to Shareholders are greater than the disadvantages. In particular, following the Scheme, Essential Shareholders would retain exposure to the Pioneer Dome Lithium Project while also benefitting from being part of a larger, more diversified entity led by Mr Beament, with potential synergies realisable from its mining services business. This contrasts with the TLEA Scheme (see section 9.2 of the Independent Expert's Report) which did not provide Essential Shareholders with the ability to retain an interest in Essential's assets.

The Independent Expert has noted the following respective Advantages and Disadvantages of the Scheme in section 2.5 of the Independent Expert's Report:

| **Advantages and Disadvantages** | | | |
|---|---|---|---|
| **Section of Independent Expert's Report** | **Advantages** | **Section of Independent Expert's Report** | **Disadvantages** |
| 14.1.1 | Essential Shareholders will gain exposure to a more diversified suite of assets. | 14.2.1 | Dilution of Essential Shareholders' interests and exposure to Essential's mineral assets |
| 14.1.2 | Essential Shareholders will gain exposure to Dev Mining Services. | 14.2.2 | Change in risk profile. |
| 14.1.3 | Essential Shareholders will receive access to the potential synergies provided by Dev Mining Services. | 14.2.3 | The exact value of the Scheme Consideration is not certain. |
| 14.1.4 | Essential Shareholders will retain exposure to Pioneer Dome Lithium Project. | | |
| 14.1.5 | The Proposed Merged Entity will have a larger marker presence, which may result in improved liquidity and increased ability to raise capital. | | |
| 14.1.6 | Essential Shareholders will hold equity in a company led by Mr Beament. | | |

| Advantages and Disadvantages | | | |
|---|---|---|---|
| 14.1.7 | Essential Shareholders will gain exposure to an established ESG strategy. | | |
| 14.1.8 | Based on Develop's post-announcement market pricing, the Scheme Consideration offers Essential Shareholders a premium to the last traded price of an Essential Share prior to the announcement of the Scheme. | | |

*Note: For consistency, minor changes to defined terms have been made in the above table.*

A complete copy of the Independent Expert's Report is included at Schedule 1. You are encouraged to read the Independent Expert's Report in its entirety.

**Risk factors**

The Essential Board considers that it is appropriate for Essential Shareholders, in considering the Scheme, to be aware that there are a number of risk factors which could materially adversely affect the future operating and financial performance of Essential and the value of Essential Shares. These risk factors are set out in detail in section 8. Some of the risks relating to the Merged Group are entirely different to the risks current posed by an investment in Essential and Essential Shareholders are encouraged to review these additional risk factors in detail. In particular, if the Scheme is implemented, Essential Shareholders will be exposed to risk factors relating to Develop, and to certain additional risks relating to the Merged Group and the integration of the two businesses. Essential Shareholders should specifically note that if the Scheme is implemented, they will be exposed to additional commodities (copper, zinc and silver) by virtue of the assets of Develop and the risks associated with such additional commodities (refer to section 8.2(j) and (k) in this regard). In addition, if the Scheme is implemented, a secondary component of the Merged Group's business will be the provision of underground mining services, which entails additional risks in respect of the provision of such services (refer to section 8.2(s) and (t) in this regard).

If the Scheme proceeds, Essential Shareholders will receive the Scheme Consideration and, from implementation of the Scheme, will cease to be Essential Shareholders and will no longer be directly exposed to some of the risks related to being an Essential Shareholder. However, as the Scheme Consideration consists of Develop Shares, Essential Shareholders will become Develop Shareholders and will continue to be indirectly exposed Essential's assets (through their holding of Develop Shares) as well as additional risks associated with an investment in the Merged Group through their holding of Develop Shares. If the Scheme does not proceed, the Essential Board intends to maintain the current lithium focused development strategy, however, note that Essential Shareholders will be exposed to the risks and challenges of delivering future growth and value over the long term.

**Essential Directors' conclusion**

The Essential Directors unanimously believe that the benefits of the Scheme outweigh its potential disadvantages and the risks associated with an ongoing investment in Essential Shares. Accordingly, 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.[6]

[6] Refer to Footnote 2.

**How to vote**

Your vote is important and I encourage you to vote. If you wish for the Scheme to proceed, it is important that you vote in favour of the Scheme.

The Scheme Booklet will be dispatched to Essential Shareholders shortly after its release to ASX. Essential Shareholders who have elected to receive electronic communications will receive an email containing instructions about how to view or download a copy of the Scheme Booklet, as well as instructions on how to lodge their proxies for the Scheme Meeting. Essential Shareholders who have elected to receive communications via post will receive a printed copy of the Scheme Booklet together with a personalised Proxy Form. All other Essential Shareholders will receive a letter, together with a personalised Proxy Form, with instructions about how to view or download a copy of the Scheme Booklet.

Please refer to section 4 and the Notice of Scheme Meeting at Schedule 4 for more instructions on how to attend the Scheme Meeting and how to cast your vote.

**Further information**

I would again encourage you to read this document carefully and in its entirety as it will assist you in making an informed decision on how to vote. If required, I would encourage you to seek independent financial, legal and taxation advice before making any investment decision in relation to your Essential Shares.

If you require any further information, please call Essential's Share Registry on 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia) between 8:30am and 6:00pm (Sydney time) Monday to Friday, excluding public holidays, or via email at hello@automic.com.au.

On behalf of the Essential Board, I would like to thank you for your support of Essential. I look forward to your participation in the Scheme Meeting and encourage you to vote in favour of the Scheme, 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.

Yours sincerely,

Craig McGown
Chairman
Essential Metals Limited

**Letter from the Chairman of Develop**
15 September 2023

Dear Essential Shareholders,

On behalf of the Develop Board, I am delighted to provide all shareholders of Essential with the opportunity to become shareholders of Develop, a leading ASX-listed battery and energy transition metals group by virtue of the proposed Scheme of Arrangement transaction ("**Scheme**").

As part of this transaction, Essential Shareholders will retain ongoing exposure to the upside potential of the Pioneer Dome Lithium Project ("**Pioneer Dome**") and will benefit from Develop's ability to unlock the value of Pioneer Dome in a timely and efficient manner by capitalising on Develop's operational team and funding capabilities, as well as a host of other significant benefits.

The team at Essential has done an outstanding job in progressing Pioneer Dome from the discovery phase and delineating a high-quality Mineral Resource. The project team's knowledge and insights will be invaluable as retained members of the broader Develop team.

Following the proposed implementation of the Scheme, Essential Shareholders will become shareholders in a larger, diversified ASX-listed energy transition metals group which has a high-quality share register and a superior trading liquidity profile. By virtue of becoming Develop shareholders, existing Essential Shareholders will also have reduced exposure to development and funding risks which are currently facing Essential as a single-asset junior mining company. Given Develop's robust balance sheet, extensive funding capabilities and development capabilities, Develop can accelerate the development timetable for Pioneer Dome by updating mining and economic studies while advancing the approvals process, in conjunction with growing the Resource inventory and confidence with further drilling initiatives.

The Scheme not only allows Essential shareholders to participate in the continued growth of Pioneer Dome but also in the upside potential in Develop's existing Sulphur Springs (Western Australia) and Woodlawn (New South Wales) energy transition metals projects and our specialist underground mining services division. Specifically, Woodlawn has recorded A$340 million of sunk costs on the plant, surface infrastructure, and underground capital development. Furthermore, Develop's mining services division is rapidly developing into a market-leading business and generating significant cash flow.

Following transaction completion, Essential shareholders will have exposure to Develop's highly credentialled team which has a significant track record of generating shareholder returns through the acquisition and development of assets through to production.

This Scheme Booklet provides important information regarding the transaction, including an overview of Develop, a profile of the combined group, and Develop's intentions for the combined group and Pioneer Dome. On behalf of the Develop Board, I encourage you to:

- Carefully read this Scheme Booklet; and
- Vote in favour of the Scheme at the Scheme Meeting to be held at 9.00 am (Perth time) on 18 October 2023.

On behalf of the Develop Board, I am thrilled by the opportunities that lie ahead for the combined group which will hold a leading Australia-based energy transition metals project portfolio with an attractive growth outlook, a strong balance sheet and funding capability, and a world-class mining team.

For all the reasons mentioned above, we look forward to the successful implementation of the Scheme.

Yours sincerely,

Michael Blakiston
Chair

# 1. Key Considerations Relevant To Your Vote

## 1.1 Summary

This section is a summary only and is not intended to address all of the relevant issues for Essential Shareholders. Essential Shareholders should read the Scheme Booklet in full. This section should be read in conjunction with other sections of this Scheme Booklet.

The reasons to vote in favour of, or against, the Scheme are discussed in more detail in sections 1.2 and 1.3 below. Other considerations relevant to an Essential Shareholder's vote are discussed in section 1.4 below.

## 1.2 Reasons to vote in favour of the Scheme

(a) **The Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Scheme is in the best interests of Essential**[7]

In reaching their unanimous recommendation, the Directors assessed the Scheme having regard to the reasons to vote in favour of, or against, the Scheme, as set out in the Scheme Booklet. The Directors believe the Scheme Consideration proposed under the Scheme is attractive, and fairly recognises the value of both Essential's existing assets and its growth opportunities. In addition, the Scheme provides value, in the form of Develop Shares, in the near term which may not be achieved if the Scheme does not proceed.

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, each of the Directors intends to vote all of the Essential Shares in which they have a Relevant Interest in favour of the Scheme. The interests of the Directors in Essential Shares are set out in section 10.2.

As at the date of this Scheme Booklet, the Essential Board is not aware of any Superior Proposal and has no basis to believe that a Superior Proposal is likely to emerge. The Scheme Implementation Deed, entered into with Develop, permits Essential to engage with any party that offers a Superior Proposal, subject to certain conditions in favour of Develop. A summary of the key terms of the Scheme Implementation Deed are provided in section 10.11 of this Scheme Booklet.

In considering the unanimous recommendation and intentions of the Essential Board to vote in favour of the Scheme, Essential Directors had regard to the treatment of Essential Options and Essential Performance Rights under the Scheme (refer section 10.5).

Each of the Directors of Essential hold Essential Options, being in aggregate, 3,700,002 Options (as detailed in section 10.3). The Essential Options may be exercised into Shares upon payment of the exercise price prior to 8:00am on the Second Court Date or will otherwise be subject to the Option Cancellation Deeds (a private treaty agreement), pursuant to which the Essential Options will be cancelled for consideration (paid in Develop Shares) equal to the Intrinsic Value of the Essential Options, as is detailed in section 10.5. Timothy Spencer (the Managing Director of Essential) also holds Essential Performance Rights received during his employment tenure as part of the Company's employee incentive schemes (as detailed in section 10.3). Mr Spencer holds 1,015,636 Essential Performance Rights which will vest upon the Court approving the Scheme under section 411(4)(b) of the Corporations Act, and all will convert to shares prior to the Record Date). In addition, in the event that the Scheme becomes

[7] Refer to Footnote 2.

Effective, a cash payment of $90,000 will be made to Timothy Spencer in lieu of a grant of FY24 Performance Rights if the Scheme becomes Effective (refer sections 10.2 and 10.10). Warren Hallam and Craig McGown each have an immaterial indirect pre-existing beneficial interest in Develop Shares (refer section 10.6) and Craig McGown was a director of Develop from 8 February 2021 until his resignation on 9 June 2021 (refer section 10.7).

Regard was also given to contractual and other legal entitlements of Directors or officers in the event of potential loss of office at Essential after implementation of the Scheme (refer section 10.10). Notwithstanding any of the Directors' personal interests in the outcome of the Scheme, the Directors consider that given the importance of the Scheme and their obligations as Directors, it is important and appropriate for them to provide a recommendation to shareholders in relation to the Scheme.

(b) **The Independent Expert has concluded that, in the absence of a superior offer, the Scheme is not fair but reasonable and in the best interests of Essential Shareholders.**

The Essential Board appointed BDO as the Independent Expert to opine on whether the Scheme is in the best interests of Essential Shareholders within an Independent Expert's Report.

The reasons why the Independent Expert reached its conclusion are set out in the Independent Expert's Report, a copy of which is contained in Schedule 1 of this Scheme Booklet. The Directors encourage you to read this report in full.

(c) **The Scheme Consideration (by receiving shares in Develop) will allow Essential Shareholders to retain ongoing exposure to the development of Essential's main asset, the Pioneer Dome Lithium Project.**

If the Scheme is implemented, Develop will prioritise advancing the Pioneer Dome Lithium Project towards development. By receiving shares in Develop, Essential Shareholders will retain exposure to the Pioneer Dome Lithium Project and its advancement under the stewardship of Develop's very experienced management team.

(d) **Essential Shareholders will also gain exposure to Develop's advanced Woodlawn and Sulphur Springs energy transition metals assets and Develop's rapidly growing underground mining services division.**

If the Scheme is implemented, Essential Shareholders will receive 1 New Develop Share for every 6.18 Essential Shares and as a result, will gain exposure to Develop's advanced Woodlawn and Sulphur Springs energy transition metals assets and mining services division, mitigating the risk associated with being a single-asset development company.

(e) **Develop's mining division is well placed to unlock the value of the Pioneer Dome Lithium Project in a timely and highly efficient manner.**

The second plank of Develop's strategy centres on the provision of underground mining services, exemplified by Develop's agreement with Bellevue Gold Limited (ASX: BGL) to provide underground mining services at its Bellevue Gold Project in WA. Develop's inhouse mining expertise has the capability to mine the Pioneer Dome Lithium deposit in a highly efficient manner.

(f) **Essential Shareholders will have the opportunity to become part of a rapidly growing battery and energy transition metals company led by highly regarded mining executive Bill Beament and his experienced team, in the process mitigating the risk associated with being a single-asset development company.**

If the Scheme is implemented, Essential Shareholders will become shareholders in a fast growing company led by Bill Beament and his experienced team who have a strong track record of developing assets and creating value for shareholders.

(g) **The Merged Group is expected to create further scale, liquidity and capital markets profile, providing enhanced financial flexibility and the potential for further share price re-rating over time.**

If the Scheme is approved and implemented, Scheme Shareholders will continue to retain an indirect interest in Essential's business through a shareholding in the Merged Group and will be in a position to benefit from the increased scale and financial capability offered by the Merged Group.

The Merged Group is estimated to have a pro forma market capitalisation as at the Last Practicable Date of approximately A$711 million and had cash and cash equivalents (on a pro forma basis) as at 30 June 2023 of approximately A$29.7 million.

The enlarged scale of the Merged Group also positions it to benefit from additional liquidity, given the Merged Group is likely to satisfy a greater number of minimum investment thresholds for fund managers and qualify for broader research coverage, potentially attracting a larger pool of investors.

The balance sheet capacity of the Merged Group provides enhanced financial flexibility to fund and deliver the Merged Group's strong development project pipeline and accelerate projects, if market conditions permit. The Merged Group also provides an enlarged platform for potential value-accretive growth.

(h) **Since the Scheme was announced on 3 July 2023, no Superior Proposal has emerged**

The Scheme has been widely publicised since its announcement on 3 July 2023 and up until the date of this Scheme Booklet, no Superior Proposal has emerged.

As at the date of this Scheme Booklet, the Essential Board is not aware of any Superior Proposal.

If a Superior Proposal emerges, this will be announced to ASX, and your Essential Directors would carefully consider such a Superior Proposal and advise Essential Shareholders accordingly.

(i) **Development of the Pioneer Dome Lithium Project as a standalone smaller sized lithium operation carries a number of risks for a junior company such as Essential**

If the Scheme is not implemented, Essential will remain an independent entity listed on ASX and will be subject to a number of risks specific to Essential as an independent entity listed on the ASX outlined in section 8 of this Scheme Booklet.

The Essential Directors believe the Scheme Consideration appropriately balances the potential value of the Pioneer Dome Lithium Project with the risks that Essential would have to address or otherwise mitigate in achieving the value. In particular:

i. while significant work has been undertaken, the Pioneer Dome Lithium Project is still relatively early stage. A Scoping Study has been published on the Pioneer Dome Lithium Project, however further feasibility studies and evaluation would be required before a potential development decision could be considered by the Essential Directors;

ii. the Pioneer Dome Lithium Project does not have a published JORC Ore Reserve and so there is still significant risk and uncertainty as to the economics and risk profile of a future mining operation;

iii. potential development of the Pioneer Dome Lithium Project will carry a number of technical, operational and financial risks. Refer to risks outlined in section 8 of this Scheme Booklet for further information;

iv. while progress has been made by Essential in relation to funding and off-take arrangements, funding a large-scale capital project brings with it a number of challenges for a company the size of Essential; and

v. the lithium market is a market with uncertain long-term supply and demand characteristics, in which it is difficult to form views on the potential long term price range.

(j) **Development of the Pioneer Dome Lithium Project would require significant capital which Essential currently does not have**

Essential currently does not have the capital to fully develop its Pioneer Dome Lithium Project and would require significant funding to develop the Pioneer Dome Lithium Project and other exploration assets.

As disclosed in Essential's Scoping Study ASX announcement dated 7 February 2023, an estimated $350 million will be required to fund development capital expenditure (estimated at $293 million) and working capital to develop the Pioneer Dome Lithium Project.[8]

Any additional equity funding may be dilutive to Essential Shareholders and may be undertaken at lower prices than the current market price or implied value of the Scheme Consideration. Whilst progress has been made to attain future development funding, no assurances can be given that appropriate capital or funding, if and when needed, will be available on terms favourable to Essential or at all.

Should the Scheme not proceed, Essential will evaluate its working capital requirements to determine an appropriate level of funding to ensure it can undertake prefeasibility and/or final feasibility studies and generally advance the project.

(k) **The Scheme Consideration represented a premium of 34.9% to the closing Essential Share price of A$0.415 per share on 30 June 2023 and 30.8% to the Essential 20-day VWAP of A$0.428 valuing Essential at ~A$152.6 million and A$0.56 per share based on the closing price for Develop shares of A$3.46 per share on 30 June 2023. Based on the closing price of Develop Shares on the Last Practicable Date, the implied value of the Scheme Consideration is A$0.4757 per Essential Share. The implied consideration per Essential Share will change with changes to the Develop share price.**

Under the terms of the Scheme, subject to the Scheme becoming effective, Essential Shareholders who are registered as such on the Record Date will receive 1 New Develop Share for every 6.18 Essential Shares held on the Record Date.

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[8] Refer to ASX announcement dated 7 February 2023 titled "Pioneer Dome Scoping Study". Essential confirms that it is not aware of any new information or data that materially affects the information included in the relevant announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant announcement continue to apply and have not materially changed.

The Scheme Consideration represented a significant premium to the trading prices of Essential Shares prior to the Announcement Date, as set out below:

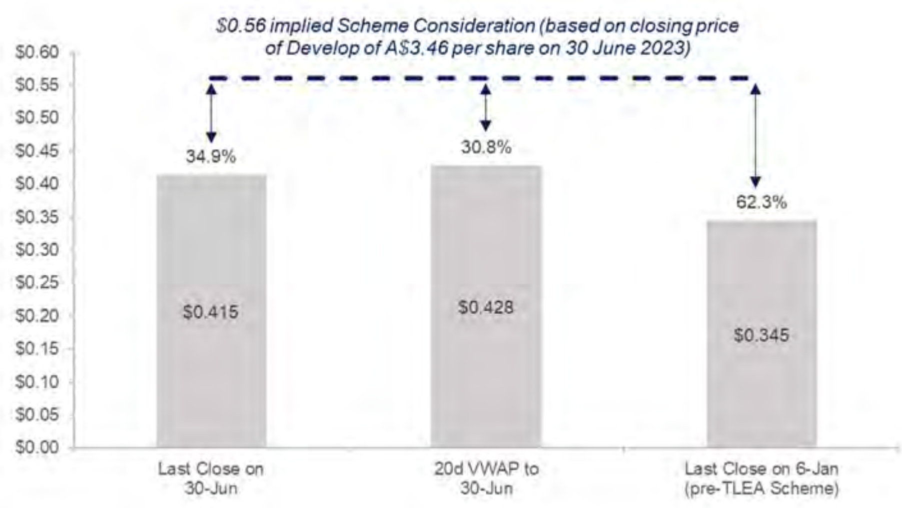
- 34.9% to the closing Essential Share price of $0.4150 per Essential Share on 30 June 2023, being the last trading day before the Announcement Date;
- 30.8% to the 20 day Essential VWAP of $0.4280 per Essential Share up to and including 30 June 2023, being the last trading day before the Announcement Date; and
- 62.3% to the Essential Share price of $0.3450 per Essential Share on 6 January 2023, being the last trading day before the announcement of the TLEA Scheme and 12.0% to the TLEA Scheme price of A$0.50 per share.

Based on the closing price of Develop Shares on the Last Practicable Date, the implied value of the Scheme Consideration is $0.4757 per Essential Share. The implied consideration per Essential Share will change with changes to the Develop share price.

If the Scheme is not implemented and no Superior Proposal emerges, it is possible the price of Essential Shares may fall from current levels ($0.445 per Essential Share as at market close on the Last Practicable Date). As at the date of this Scheme Booklet, the Essential Board is not aware of any Superior Proposal and has no basis to believe that a Superior Proposal is likely to emerge.

The graph below shows the premiums to the Essential Share price prior to the Announcement Date.

**Figure 1 – Scheme Consideration premia**




*Source: IRESS. Market data as at 12 September 2023*

(l) **The Scheme is supported by Essential's largest shareholder, Mineral Resources Limited (ASX: MRL) (MinRes).**

MinRes has entered into a binding voting deed with Develop under which MinRes has agreed to vote its 19.45% shareholding in Essential in favour of the Scheme, 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.

(m) **Essential's Shares might trade at a lower price if the Scheme is not implemented and no Superior Proposal emerges, in the absence of more favourable market conditions**

The price at which Essential Shares have traded in the market since the announcement of the Scheme has in the opinion of the Essential Directors, been supported by the market expectation that the Scheme will be successfully implemented.

As such, the Directors caution that if the Scheme is not approved and no Superior Proposal emerges, Essential Shares may trade below the current trading levels (and the implied value of the Scheme Consideration). Refer to the charts contained in **Figure 2** showing the share price trends of Essential's lithium peer companies with Australian lithium resources before and after the announcement of the proposed Scheme.

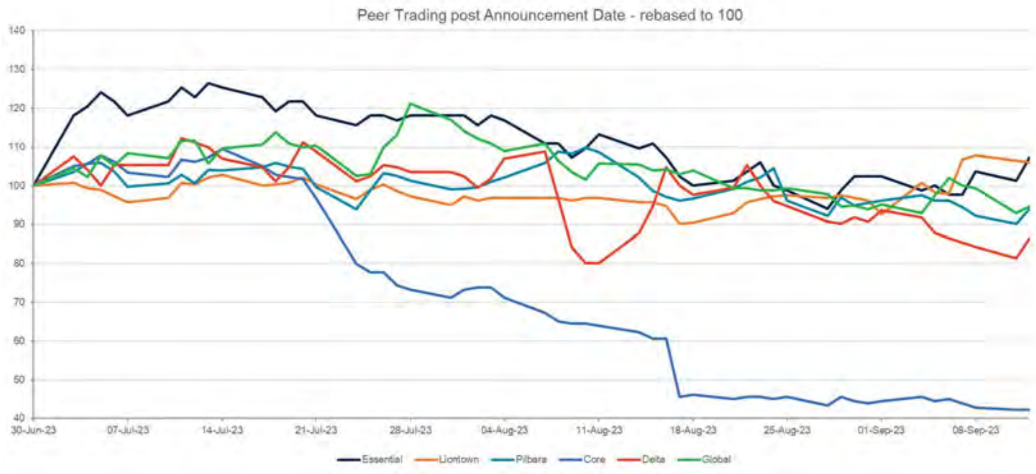
Over the twelve months prior to the Announcement Date, Essential Shares have traded between a low of $0.2975 per Essential Share on 29 December 2022 and a high of $0.615 per Essential Share on 26 October 2022. On 30 June 2023, the last trading day prior to the Announcement Date, Essential Shares closed at $0.415 per Essential Share.

The charts below shows the share price performance of Essential Shares and peer ASX companies with lithium Mineral Resources located in Australia as their primary asset. The chart in Figure 2 shows the share price performance for the Company and peer group for the 12 month period up to the last closing price before the Announcement Date and the chart in Figure 3 shows share price performance for the same companies from the Announcement Date to 12 September 2023.

**Figure 2 – Essential's trading performance against peers with Australian lithium mineral resources in the 12 months prior to the Announcement Date**


*Source: IRESS. Market data as at 12 September 2023.*

**Figure 3 – Essential's trading performance against peers with Australian lithium mineral resources post-Announcement Date**




*Source: IRESS. Market data as at 12 September 2023.*

(n) **If you are an Australian resident for taxation purposes and receive New Develop Shares, you should generally be able to obtain capital gains tax (CGT) roll-over relief on any capital gains. In addition, Eligible Essential Shareholders will also avoid brokerage costs on the transfer of their Essential Shares to Develop under the Scheme.**

The New Develop Shares issued as Scheme Consideration are expected to satisfy the general requirements of the CGT scrip for scrip roll-over provision of the Income Tax Assessment Act 1997 (ITAA 97). As a result, CGT roll-over relief should be available to Australian tax resident Essential Shareholders who receive the Scheme Consideration. Further details of the tax implications of the Scheme are set out in section 9.

All Essential Shareholders are advised to seek independent professional advice about their particular circumstances including, for non-resident Essential Shareholders, foreign tax consequences.

Eligible Essential Shareholders will not incur any brokerage cost on disposal of their Essential Shares to Develop under the Scheme.

## 1.3 Reasons to vote against the Scheme

The Essential Directors unanimously recommend that you vote in favour of the Scheme, 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.[9] In addition, the Independent Expert has concluded that the Scheme is in the best interests of Scheme Participants, in the absence of a superior offer. However, there may be reasons which lead you to consider voting against the Scheme, including those set out below.

(a) **You may disagree with the Directors' unanimous recommendation**

The Essential Directors unanimously recommend that all Essential Shareholders vote in favour of the Scheme, 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. You may disagree with the unanimous recommendation of your Essential Directors.

[9] Refer to Footnote 2.

(b) **You may disagree with the Independent Expert's assessments and/or conclusions and believe that the Scheme is not in your best interests**

The Independent Expert has concluded that the Scheme is in the best interests of Scheme Participants, in the absence of a superior offer. You may disagree with the Independent Expert's assessments and/or conclusions. Refer to Schedule 1 for a copy of the Independent Expert's Report.

(c) **If the Scheme proceeds, you will no longer be an Essential Shareholder and your interest in the Merged Group will be less than your current interest in Essential**

If the Scheme proceeds, you will no longer be an Essential Shareholder and your participation in the potential upside that may result from being an Essential Shareholder (including Essential's interests in Essential's assets) will be diluted, given the proportional shareholding of Essential Shareholders in the Merged Group will be approximately 18.2% (on an undiluted basis).

(d) **A Superior Proposal for Essential may materialise in the future**

It is possible that a Superior Proposal for Essential, which could be more attractive to Essential Shareholders than the Scheme, may materialise in the future. The implementation of the Scheme would mean that Essential Shareholders would not obtain the benefit of any such proposal.

The Board is not currently aware of any such proposal and notes that since Develop and Essential announced the Scheme, there has been a significant period of time and ample opportunity for a Superior Proposal for Essential to emerge.

If a Superior Proposal emerges, this will be announced to ASX, and your Essential Directors and their advisors would carefully consider such Superior Proposal and advise Essential Shareholders accordingly.[10]

(e) **You may prefer to hold shares in Essential as a means to retain more concentrated exposure to the broader lithium market thematic**

You may prefer to keep your Essential Shares to preserve your investment in a listed public company that has a lithium project as its primary asset and therefore provides you with a means to maintain a direct exposure to the broader lithium market thematic, notwithstanding the risk factors relevant to Essential's potential future options (including those set out in section 8 of this Scheme Booklet).

(f) **You may believe it is in your best interests to maintain your current investment and risk profile by holding shares in Essential**

You may prefer to keep your Essential Shares to preserve your investment in a listed public company with the specific characteristics of Essential. In particular, you may consider that despite the risk factors relevant to Essential's potential future options (including those set out in section 8 of this Scheme Booklet), Essential may be able to return greater value from its assets by remaining a standalone entity, or by seeking alternative corporate transactions in the future. You may also consider that it would be difficult to identify or invest in alternative investments that have a similar investment profile to Essential.

[10] Shareholders should note that Essential is subject to exclusivity provisions under the Scheme Implementation Deed (see section 10.11(d)). Subject to certain conditions in favour of Develop and compliance with the relevant provisions of the Scheme Implementation Deed, Essential is able to engage with a party which offers a Superior Proposal.

In assessing and recommending the Scheme, the Directors and their advisors evaluated the benefits and risks of Essential's continuing operations against its other strategic alternatives.

In deciding that they should recommend the Scheme, the Directors determined that, on balance, the value represented by the Scheme would be more favourable to Essential Shareholders than the options and risks that might otherwise be available to or faced by Essential Shareholders if they were to retain their investment in Essential.

Refer to section 3.13 regarding Essential should the Scheme not proceed.

(g) **The risk profile and risk of investment for Essential Shareholders will change and you may consider the risk profile and risk of investment of the Merged Group to be disadvantageous relative to that of Essential as a standalone entity**

The risk profile and risk of investment for Essential Shareholders will change (including as a result of exposure to additional commodities and risks associated with a mining services business) and you may consider the risk profile and risk of investment of Develop, which will include risks relating to both the Develop and the Essential business, to be a disadvantage relative to that of Essential as a standalone entity.

The operations and financial performance of Essential, Develop and/or the Merged Group and the disposal of Essential Shares in exchange for New Develop Shares are subject to various risks that are summarised in section 8 of this Scheme Booklet and that may be beyond the control of Essential, Develop and/or the Merged Group.

In particular, if the Scheme is implemented, Essential Shareholders will be exposed to risk factors relating to Develop, and to certain additional risks relating to the Merged Group and the integration of the two businesses. Essential Shareholders should specifically note that if the Scheme is implemented, they will be exposed to additional commodities (copper, zinc and silver) by virtue of the assets of Develop and the risks associated with such additional commodities (refer to section 8.2(j) and (k) in this regard). In addition, if the Scheme is implemented, a secondary component of the Merged Group's business will be the provision of underground mining services, which entails additional risks in respect of the provision of such services (refer to section 8.2(s) and (t) in this regard).

(h) **The exact monetary value of the Scheme Consideration is not certain and will depend on the price at which Develop's Shares trade on ASX after the Implementation Date**

The Scheme Consideration is not certain and the exact monetary value that you receive for your Essential Shares may move adversely from the market value of the Scheme Consideration on the date of this Scheme Booklet or the Scheme Meeting.

Alternatively, if there is an increase in the relative price of Develop Shares, the effective value you receive for your Essential Shares may move favourably from the market value of the Scheme Consideration on the date of this Scheme Booklet or the Scheme Meeting.

In addition, the Sale Agent will be issued the Essential Shares that would otherwise be issued to Ineligible Shareholders and will sell them as soon as reasonably practicable after the Implementation Date (and in any event not more than 15 Business Days after such date). Although the quantum of these sales is expected to be limited, it is possible that such sales may exert downward pressure on the share price of Develop during the applicable period.

(i) **The tax consequences of the Scheme may be adverse to your own financial position or circumstances**

If the Scheme is implemented, this may trigger taxation implications for you than would have otherwise been the case. You should carefully read the taxation considerations outlined in section 9 and seek professional taxation advice with respect to individual taxation situations.

## 1.4 Other considerations relevant to an Essential Shareholder's vote

In addition to the factors that the Directors have taken into account in recommending the Scheme to Essential Shareholders or which may lead Essential Shareholders to vote against the Scheme, as described above, the other key considerations that the Directors consider may be relevant to an Essential Shareholder's decision on how to vote on the Scheme Resolution are summarised below.

(a) **The Scheme may be implemented even if you vote against it**

Even if you do not vote on, or vote against, the Scheme Resolution at the Scheme Meeting, the Scheme may still be implemented if the Scheme Resolution is approved by the Requisite Majority of Essential Shareholders and, subsequently, the Court.

(b) **Conditions Precedent**

The Scheme is subject to a number of Conditions Precedent that are summarised in section 3.5. If these Conditions Precedent are not satisfied (or, if applicable, not waived), the Scheme will not proceed, even if it is approved by the Requisite Majority of Essential Shareholders at the Scheme Meeting.

(c) **Regulatory approvals**

The Scheme is subject to any required regulatory approvals.

(d) **Break fee and reverse break fee**

If the Scheme does not become effective, a 'break fee' or 'reverse break fee' payment (in either case, $1.53 million) may become payable by Essential or Develop (depending on the circumstances). The circumstances in which such a payment would be payable by Essential or Develop (as the case may be) are summarised in sections 10.11(e) and 10.11(f).

(e) **Warranties and agreements by Scheme Participants**

Under the Scheme, each Scheme Participant is taken to have warranted to Develop (and to the extent enforceable, appointed and authorised Essential as its agent to warrant to Develop) certain matters in respect of its Scheme Shares as are detailed in section 3.9.

(f) **Risks**

If the Scheme becomes Effective, Essential Shareholders will receive the Scheme Consideration, cease to be an Essential Shareholder, and will no longer be directly exposed to the existing risks relating to Essential's business and an investment in Essential Shares summarised in section 8 (and other risks which Essential may be exposed to). However, as the Scheme Consideration consists of Develop Shares, Essential Shareholders will become Develop Shareholders and will continue to be indirectly exposed to Essential's assets (through their holding of Develop Shares) as well as additional risks associated with an investment in the Merged Group through their holding of Develop Shares.

However, if the Scheme does not proceed, Essential will continue to operate as a standalone entity listed on ASX, Essential Shareholders will continue to hold their Essential Shares and be exposed to these risks and any opportunities associated with that investment.

While the Directors unanimously recommend that Essential Shareholders vote in favour of the Scheme, 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, Essential Shareholders are encouraged to make their own independent assessment as to whether to vote in favour of the Scheme.

(g) **Implications for Essential if the Scheme is not implemented**

If the Scheme is not implemented, Essential Shareholders will retain their Essential Shares and will not receive the Scheme Consideration. A summary of the key risks for Essential and Essential Shareholders if the Scheme is not implemented is set out in section 8.

Transaction related costs of approximately $779,000 are expected to be incurred by Essential in the event the Scheme does not proceed. Refer to section 10.16 of this Scheme Booklet for more details.

(h) **Exclusivity obligations**

The Scheme Implementation Deed provides that Essential is subject to certain exclusivity obligations and restrictions, including no existing discussions, no shop, no talk, no due diligence and notification obligations, and also provides that Develop has a matching right in respect of Competing Proposals. Refer to section 10.11(d) for further information on these arrangements.

(i) **The opinion of the Independent Expert**

The Essential Board appointed BDO as the Independent Expert to opine on whether the Scheme is in the best interests of Essential Shareholders within an Independent Expert's Report. BDO has appointed VRM and SRK as the Independent Technical Experts to prepare the Independent Technical Expert's Report contained in the Independent Expert's Report.

The Independent Expert has concluded that, in the absence of a superior offer, the Scheme is not fair but reasonable and in the best interests of Essential Shareholders.

A complete copy of the Independent Expert's Report is attached at Schedule 1 to this Scheme Booklet. You are encouraged to read the Independent Expert's Report in its entirety.

(j) **You may wish to sell your Essential Shares on market**

You may wish to sell your Essential Shares on market before the closing of trading on ASX on the Effective Date (currently expected to be 26 October 2023) at the then prevailing market price (which could include prices at or above the Scheme Consideration).

If you sell your Essential Shares on market, you may be required to pay brokerage, and different tax consequences may apply compared to those that would arise if you retained your Essential Shares until the Scheme is implemented.

## 2. Frequently Asked Questions

This Scheme Booklet contains detailed information on the Scheme. The following section provides summary answers to some basic questions you may have in relation to the Scheme and will assist you to locate further detailed information in this Scheme Booklet.

| Question | Answer | More information |
|---|---|---|
| **Overview of the Scheme** | | |
| **What is a scheme of arrangement?** | A scheme of arrangement is a legal arrangement between a company and its shareholders and involves a company putting forward a proposal to its shareholders for them to consider, and, if thought fit, approve. Before a scheme of arrangement can come into effect, it must be approved by the shareholders at a meeting (usually referred to as a scheme meeting), by;<br>• unless the Court orders otherwise, a majority in number (more than 50%) of the shareholders present and voting at the scheme meeting (either in person or by proxy, corporate representative or attorney); and<br>• at least 75% of the total number of votes cast on the resolution at the scheme meeting by shareholders entitled to vote on the resolution.<br>It must also be approved by the Court.<br>Once the scheme of arrangement is approved by the shareholders and the Court, it binds all shareholders to the proposal (including those who may have voted against it or may not have voted at all). | Section 3 |
| **What is the Scheme?** | The Scheme proposes that Develop will acquire all of the issued shares in Essential by way of a Court approved scheme of arrangement. | Section 3.1 |
| **Who is Develop?** | Develop is an ASX listed company (ASX: DVP) with a twin-pronged strategy for creating value. The first of these centres on the exploration and production of future facing metals. As part of this, the Company owns the Sulphur Springs copper-zinc-silver project in WA's Pilbara region, for which a positive Definitive Feasibility Study was announced on 30 June 2023. Develop also owns the Woodlawn zinc-copper project in NSW. It is comprised of an underground mine and a new processing plant, which is currently on care and maintenance whilst mine development is advanced. The second plank of Develop's strategy centres on the provision of underground mining services, exemplified by an agreement with Bellevue Gold Limited (ASX: BGL) to provide underground mining services at its Bellevue Gold Project in WA. Develop's market capitalisation as at the Last Practicable Date was $581m. | Sections 6.1 |
| **Who is entitled to participate in the Scheme?** | Essential Shareholders who hold Essential Shares on the Record Date are entitled to participate in the Scheme.<br>Those Scheme Shareholders who are not Ineligible Foreign Holders or Non-Electing Small Shareholders will | Sections 3.6(d) and 3.11 |

| Question | Answer | More information |
|---|---|---|
| | be entitled to receive 1 New Develop Share for every 6.18 Essential Shares held on the Record Date.<br>If you are an Ineligible Foreign Holders or Non-Electing Small Shareholders, you will not be issued with New Develop Shares. Instead, the New Develop Shares that would otherwise have been issued to you will be sold via the Sale Agent and dealt with in accordance with the procedure set out in section 3.11(c). | |
| **Is Develop related to Essential?** | No, Develop does not have any current association, relation or affiliation with Essential outside of the Scheme.<br>Develop and Essential share a common shareholder in MinRes which holds approximately 12.78% of Develop and 19.45% of Essential. | |
| **What are Develop's intentions for Essential if the Scheme is implemented?** | Subject to the successful completion of the Scheme, Develop intends to accelerate the development of the Pioneer Dome Lithium Project, including drilling, metallurgical tests, approvals and updated economic and mining studies. The combined business will retain the employees of Essential (excluding Essential's Directors). | Section 7.4 |
| **Is this a takeover?** | The Scheme is not a takeover offer, it is a scheme of arrangement. However, if the Scheme is implemented, the outcome will be similar to a successful 100% takeover offer in that all of the Essential Shares on issue will be transferred to Develop. | |
| **Scheme Consideration** | | |
| **What consideration will I receive if the Scheme is implemented?** | Scheme Shareholders (other than Ineligible Shareholder or Non-Electing Small Shareholders) will be entitled to receive 1 New Develop Share for every 6.18 Essential Shares.<br>If you are an Ineligible Foreign Holders or Non-Electing Small Shareholders, you will not be issued with New Develop Shares. Instead, the New Develop Shares that would otherwise have been issued to you will be sold via the Sale Agent and dealt with in accordance with the procedure set out in section 3.11(c). | Sections 3.4 and 3.11(c) |
| **Do I need to sign anything to transfer my Essential Shares?** | No. If the Scheme becomes Effective, Essential will have authority to sign a transfer instrument on behalf of Scheme Shareholders. | Section 3.6(f). |
| **Can I choose to receive cash for my Essential Shares?** | No, there is no option to elect to receive cash in place of the Scheme Consideration. | |
| **What value does the Scheme Consideration imply for my Essential Shares?** | Based on the Develop share price prior to announcement of the transaction of $3.46 per share, the Scheme Consideration implied a value of A$0.56 per Essential share. The implied consideration of A$0.56 per Essential Share will change with changes to the Develop share price. | |

| Question | Answer | More information |
| --- | --- | --- |
| | As at the Last Practicable Date the Scheme Consideration implied a value of A$0.0.4757 per Essential share based on a Develop share price of A$2.94 per share. | |
| **When will I be paid the Scheme Consideration?** | If the Scheme is approved and becomes Effective, it is expected Scheme Participants will be issued Develop Shares on or about the Implementation Date which is currently scheduled for 6 November 2023.<br>Ineligible Shareholders (being Ineligible Foreign Holders and Non-electing Small Shareholders) will receive their portion of the Sale Proceeds from the New Develop Shares attributable to them as soon as practicable following payment to the Bidder of the Sale Proceeds by the Sale Agent.<br>If the Scheme Meeting is adjourned or the Effective Date is otherwise delayed, the timing of the issue of those New Develop Shares as Scheme Consideration will also be delayed. | Section 3.4 |
| **What premium does the Scheme Consideration represent?** | At the time of announcement of the Scheme, the Scheme Consideration represented a significant premium to the trading prices of Essential Shares prior to the Announcement Date, as set out below:<br>▪ 34.9% to the closing Essential Share price of $0.4150 per Essential Share on 30 June 2023, being the last trading day before the Announcement Date;<br>▪ 30.8% to the 20 day Essential VWAP of $0.4280 per Essential Share up to and including 30 June 2023, being the last trading day before the Announcement Date; and<br>▪ 62.3% to the Essential Share price of $0.3450 per Essential Share on 6 January 2023, being the last trading day before the announcement of the TLEA Scheme and 12.0% to the TLEA Scheme price of A$0.50 per share.<br>Based on the closing price of Develop Shares on the Last Practicable Date, the implied value of the Scheme Consideration is $0.4757 per Essential Share, which represents a 14.6% premium to the closing Essential Share price of $0.4150 per Essential Share on 30 June 2023, being the last trading day before the Announcement Date. | Section 1.2(k) |
| **How will the Scheme be implemented?** | If the Scheme becomes Effective, no further action is required on the part of Essential Shareholders in order to implement the Scheme. Under the Scheme, Essential is given authority to effect a valid transfer of all Essential Shares to Develop and to enter the name of Develop in the Essential Register as holder of all Essential Shares. If the Scheme becomes Effective, each Essential Shareholder (other than Ineligible Shareholders) will be deemed to have agreed to become a holder of New Develop Shares in accordance with the Scheme and to have accepted the New Develop Shares issued to that holder under the | Section 3.6 |

| Question | Answer | More information |
|---|---|---|
| | Scheme subject to, and to be bound by, Develop's constitution. | |
| **Is Develop bound to provide the Scheme Consideration?** | Yes – under the Scheme and the Deed Poll, Develop must (subject to the Scheme becoming effective) provide the Scheme Consideration to Scheme Participants on the Implementation Date (which is currently scheduled for 6 November 2023).<br>Under the Scheme, Scheme Participants appoint Essential as their agent and attorney to enforce the Deed Poll on their behalf, with such appointment to take effect upon the Effective Date. | |
| **What are the tax consequences of the Scheme for me?** | Generally, an Australian resident Essential Shareholder who participates in the Scheme will be eligible for CGT roll-over relief which will enable them to defer any CGT liability on any gains on the disposal of their Essential Shares until their New Develop Shares are sold.<br>You should consult with your own tax adviser in light of your individual circumstances. | Section 9 |
| **Will I have to pay brokerage or stamp duty?** | Scheme Shareholders will not be required to pay brokerage or stamp duty on the transfer of their Essential Shares or the issue of the New Develop Shares in connection with the Scheme | Section 1.2(n) |
| **Who is classified as an Ineligible Foreign Shareholder?** | A Scheme Shareholder will be an Ineligible Foreign Holder if their address as shown in the Register on the Record Date is a place outside of Australia and New Zealand and any other jurisdictions in respect of which Develop reasonably believes that it is not prohibited and not unduly onerous or impractical to implement this Scheme and to issue New Develop Shares to a Scheme Shareholder with a registered address in such jurisdiction. | Section 3.11(a) |
| **What are the consequences if I am an Essential Shareholder with an Essential shareholding representing less than A$500 worth of New Develop Shares?** | If you are a Scheme Shareholder (other than an Ineligible Foreign Holder) who, based on their holding of Scheme Shares on the Record Date would, on implementation, be entitled to receive less than a Marketable Parcel of New Develop Shares (i.e. less than A$500 worth assessed by reference to the last traded price of Develop Shares on ASX on the trading day prior to the Record Date) as Scheme Consideration, you are a **Small Shareholder**.<br>If you are a Small Shareholder and you wish to receive the Scheme Consideration in the form of New Develop Shares, you must provide the Share Registry with a duly completed Opt-in Notice before the Opt-in Notice Cut-Off Date by electing to receive the Scheme Consideration in the form of New Develop Shares by:<br>• electing online by visiting<br>https://investor.automic.com.au/#/home; or<br>• making a paper election by mail in accordance with the instructions on the Opt-in Notice.<br>Any Small Shareholder who does not provide the Share Registry with a duly completed Opt-in Notice prior to the Opt-in Notice Cut-Off Date will be a "Non-electing Small | Section 3.11(b) |

| Question | Answer | More information |
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| | Shareholder". Non-electing Small Shareholders are "Ineligible Shareholders". If you are a Non-electing Small Shareholder, the New Develop Shares to which you would otherwise be entitled will be issued to the Sale Agent, who will deal with those New Develop Shares in accordance with the procedure set out at section 3.11(c). | |
| **What will Ineligible Shareholders (being Ineligible Foreign Holders and Non-electing Small Shareholders) receive under the Scheme?** | Ineligible Shareholder means either:<br>• an Ineligible Foreign Holder; or<br>• a Non-electing Small Shareholder.<br>Ineligible Shareholders will not receive New Develop Shares pursuant to the Scheme. If you are an Ineligible Shareholder, on implementation of the Scheme, all New Develop Shares that you would otherwise have been entitled to receive will be issued to the Sale Agent for sale by the Sale Agent on your behalf and at your risk as soon as reasonably practicable and in any event within 15 Business Days of the Implementation Date. You will receive such proportion of the proceeds in Australian dollars (after deducting any applicable brokerage, foreign exchange, stamp duty and other selling costs, taxes and charges) as is owed to you. | Section 3.11 |
| **How will fractional entitlements to Develop Shares be treated?** | Where the calculation of the number of New Develop Shares to be issued to Scheme Shareholders results in fractional entitlements to a New Develop Share, the fractional entitlement:<br>• which is 0.5 or greater will be rounded up to the nearest whole number of New Develop Shares; and<br>• which is less than 0.5 will be rounded down to the nearest whole number of New Develop Shares,<br>after aggregating all holdings of the Scheme Shareholder and in a manner which avoids manipulation of a Scheme Shareholder's holdings to take advantage of the rounding entitlement. | Section 3.4 |
| **What will be the effect of the Scheme?** | If the Scheme is approved by the Requisite Majority of Essential Shareholders and the Court, and if all other conditions of the Scheme are satisfied (or waived, if applicable);<br>• all of your Essential Shares will be transferred to Develop with effect from the Implementation Date;<br>• in exchange you will receive the Scheme Consideration for each Essential Share you hold; and<br>• Essential will become a wholly owned subsidiary of Develop. | Sections 3.1 and 3.6 |

| Question | Answer | More information |
|---|---|---|
| **What do your Directors recommend?** | The Essential Directors unanimously recommend that you vote in favour of the Scheme. Each Essential Director has committed to vote the Essential Shares they have a Relevant Interest in, in favour of the Scheme, in the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Scheme is in the best interests of Essential Shareholders.<br>The reasons for the Essential Directors' recommendation and other matters that you may wish to consider are outlined in the Chairman's Letter, FAQs and in Sections 1.2 and 3.2 of this Scheme Booklet. | Chairman's Letter, Section 1.2, 3.2 and 10.2. |
| **What is the Independent Expert's conclusion?** | BDO, as the Independent Expert, has concluded that, in the absence of a superior offer, the Scheme is not fair but reasonable and in the best interests of Essential Shareholders.<br>The rationale as to why the Independent Expert has reached that conclusion is set out in the Independent Expert's Report at Schedule 1 of this Scheme Booklet.<br>The Directors encourage you to read the Independent Expert's Report in full before deciding on how to vote on the Scheme. If the Independent Expert changes its conclusion (either in the Independent Expert's Report or any update of it), the Board will consider the revised opinion and may change their recommendation. In these circumstances, Essential may terminate the Scheme Implementation Deed. | Section 3.3 and Schedule 1 |
| **What are the risks for me if the Scheme Consideration is implemented?** | If the Scheme is implemented, you will be entitled to receive the Scheme Consideration (unless you are an Ineligible Shareholder).<br>There are risks associated with an investment in the Merged Group. The value of your investment in the Merged Group will depend on the financial performance of the Merged Group's business which is subject to both general and specific risks.<br>Essential Shareholders who receive and retain Develop Shares under the Scheme may be subject to certain risks, including as detailed in section 8.2. | Section 8.2 |
| **What happens if the market price for Develop Shares increases or decreases?** | The implied value of the Scheme Consideration may increase or decrease prior to the Implementation Date based on movements in the price of Develop Shares. Irrespective of movements in the price of Develop Shares, on the Implementation Date, you (or the Sale Agent, if you are an Ineligible Shareholder) will receive the Scheme Consideration, being 1 New Develop Share for every 6.18 Essential Shares held as at the Scheme Record Date. | |
| **Voting Considerations** | | |
| **What are the key reasons to vote in favour of the Scheme?** | Reasons why you may consider voting in favour of the Scheme include;<br>• The Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and provided that the | Sections 1.1 and 1.2 |

| Question | Answer | More information |
|---|---|---|
| | Independent Expert continues to conclude that the Scheme is in the best interests of Essential.<br>• The Independent Expert has concluded that the Scheme is in the best interests of Essential Shareholders (in the absence of a superior offer).<br>• The Scheme Consideration represents an attractive premium of 34.9% to the closing Essential Share price of A$0.415 per share on 30 June 2023 and 30.8% to the Essential 20-day VWAP of A$0.428 valuing Essential at ~A$152.6 million and A$0.56 per share based on the closing price for Develop shares of A$3.46 per share on 30 June 2023. The implied consideration of A$0.56 per Essential Share will change with changes to the Develop Share price.<br>• The Scheme is supported by Essential's largest shareholder, Mineral Resources Limited (ASX: MRL) (MinRes), which has agreed to vote its 19.45% shareholding in Essential in favour of the Scheme 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.<br>• The Scheme Consideration (by receiving shares Develop) will allow Essential Shareholders to retain ongoing exposure to the development of Essential's main asset, the Pioneer Dome Lithium Project.<br>• Essential Shareholders will gain exposure to Develop's advanced Woodlawn and Sulphur Springs energy transition metals assets and Develop's rapidly growing underground mining services division.<br>• Develop's mining services division is well placed to unlock the value of Pioneer Dome in a timely and highly efficient manner.<br>• Essential shareholders will have the opportunity to become part of a rapidly growing battery and energy transition metals producer led by highly regarded mining executive Bill Beament and his experienced team, in the process mitigating the risk associated with being a single-asset development company.<br>• The Merged Group is expected to create further scale, liquidity and capital markets profile, providing enhanced financial flexibility and the potential for further share price re-rating over time.<br>• Since the Scheme was announced on 3 July 2023, no Superior Proposal has emerged.<br>• Development of the Pioneer Dome Lithium Project as a standalone smaller sized lithium operation | |

| Question | Answer | More information |
|---|---|---|
| | carries a number of risks for a junior company such as Essential.<br>• Development of the Pioneer Dome Lithium Project would require significant capital which Essential currently does not have.<br>• Essential Shares might trade at a lower price if the Scheme is not implemented and no Superior Proposal emerges, in the absence of more favourable market conditions.<br>• If you are an Australian resident for taxation purposes and receive New Develop Shares, you should generally be able to obtain capital gains tax (CGT) roll-over relief on any capital gains. In addition, Eligible Essential Shareholders will also avoid brokerage costs on the transfer of their Essential Shares to Develop under the Scheme. | |
| **What are the key reasons to vote against the Scheme?** | Reasons why you may consider voting against the Scheme include:<br>• You may disagree with the Directors' unanimous recommendation.<br>• You may disagree with the Independent Expert's conclusion and believe that the Scheme is not in your best interests.<br>• If the Scheme proceeds, you will no longer be an Essential Shareholder and your percentage interest in the Merged Group will be less than your current interest in Essential.<br>• A Superior Proposal for Essential may materialise in the future. As at the date of this Scheme Booklet, the Essential Board is not aware of any Superior Proposal.<br>• You may prefer to hold shares in Essential as a means to retain more concentrated exposure to the broader lithium market thematic.<br>• You may believe it is in your best interests to maintain your current investment and risk profile by holding shares in Essential.<br>• The risk profile and risk of investment for Essential Shareholders will change (including as a result of exposure to additional commodities and risks associated with a mining services business) and you may consider the risk profile and risk of investment of the Merged Group to be disadvantageous relative to that of Essential as a standalone entity.<br>• The exact monetary value of the Scheme Consideration is not certain and will depend on the price at which Develop's Shares trade on ASX after the Implementation Date.<br>• The tax consequences of the Scheme may be adverse to your own financial position. | Sections 1.1 and 1.3 |

| Question | Answer | More information |
|---|---|---|
| **Are there any other considerations relevant to my vote on the Scheme?** | In addition to the factors that the Board has taken into account in recommending the Scheme to Essential Shareholders or which may lead Essential Shareholders to vote against the Scheme, as described above, the other key considerations that the Board considers may be relevant to an Essential Shareholder's decision on how to vote on the Scheme Resolution include;<br>• even if you do not vote on, or vote against, the Scheme Resolution at the Scheme Meeting, the Scheme may still be implemented if the Scheme Resolution is approved by the Requisite Majority of Essential Shareholders and, subsequently, the Court;<br>• the Scheme is subject to a number of Conditions Precedent. If these Conditions Precedent are not satisfied (or, if applicable, waived), the Scheme will not proceed, even if it is approved by the Requisite Majority of Essential Shareholders at the Scheme Meeting; and<br>• there are risks for Essential Shareholders if the Scheme becomes, or does not become, Effective (see section 8). | Section 1.4 |
| **Implementation of the Scheme** | | |
| **What are the key steps required to implement the Scheme?** | The key remaining steps to implement the Scheme are;<br>• approval of the Scheme Resolution by Essential Shareholders at the Scheme Meeting;<br>• the satisfaction (or, if applicable, waiver) of the remaining Conditions Precedent;<br>• Court approval of the Scheme at the Second Court Date; and<br>• lodgement of the Court order with ASIC, which will cause the Scheme to become Effective.<br>Following lodgement of the Court order with ASIC, the Scheme will become Effective and will be implemented. If the Scheme is implemented;<br>• Scheme Participants will receive the Scheme Consideration as at the Record Date; and<br>• all Essential Shares will be transferred to Develop. | Section 3.6 |
| **Is the Scheme subject to any conditions?** | Implementation of the Scheme is subject to a number of outstanding Conditions Precedent that are summarised in section 3.5.<br>The full details of the Conditions Precedent are contained in clause 3.1 of the Scheme Implementation Deed, a summary of which is provided in clause 10.11.<br>All of the Conditions Precedent need to be satisfied or waived (where capable of waiver) before the Scheme can be implemented. | Section 3.5 |
| **Can all the Conditions** | No. The Conditions Precedent relating to approval from Essential Shareholders and the Court, and there being no regulatory restraint that restricts or materially prohibits the | Section 3.5 |

| Question | Answer | More information |
|---|---|---|
| **Precedent be waived?** | implementation of the Scheme, cannot be waived. The other Conditions Precedent can only be waived by the party for whose benefit the condition operates, or where both parties benefit, by consent. | |
| **Where and when will the Scheme Meeting be held?** | The Scheme Meeting will be held at 9:00am (AWST) on 18 October 2023 at the Quest Apartment Hotels, 54 Kings Park Road, West Perth WA 6005. | Sections and 3.6(a) and 4.2 |
| **What happens if the Scheme Resolution is approved at the Meeting?** | If the Scheme Resolution is approved, Essential will apply to the Court for orders approving the Scheme. | Section 3.6(b) |
| **What happens if the Scheme is approved by the Court?** | If the Scheme is approved by the Court at the Second Court Date (expected to be held on 24 October 2023), Essential anticipates lodging the orders with ASIC on the day following Court approval, at which time the Scheme will become Effective (this date being, the Effective Date). | Section 3.6(c) |
| **What happens after the Scheme becomes Effective?** | Essential Shares will be suspended from further trading on ASX from close of trading on the Effective Date.<br>Subject to obtaining ASX approval, the New Develop Shares to be issued as Scheme Consideration will commence trading on ASX on a deferred settlement basis on the trading day after the Scheme becomes Effective (currently expected to be 26 October 2023), however this date may change).<br>Trading on a deferred settlement basis allows Essential Shareholders to trade their entitlement to New Develop Shares before those shares are issued.<br>When trading on a deferred settlement basis, the obligation to settle on the normal T+2 basis is deferred until the New Develop Shares commence trading on a normal T+2 basis (currently expected to be 7 November 2023, however, this date may change). | Section 3.6(d) |
| **What happens on the Implementation Date?** | On the Implementation Date, Develop will become the holder of all Essential Shares and Scheme Shareholders (other than Ineligible Shareholders) will be issued 1 New Develop Share for every 6.18 Essential Shares they own as at the Record Date. | Section 3.6(e) |
| **Do I have to give any warranties in relation to my Essential Shares?** | Yes. Each Scheme Participant (including those who vote against the Scheme and those who do not vote);<br>• irrevocably agrees to the transfer of their Essential Shares together with all rights and entitlements attaching to those Essential Shares in accordance with the Scheme;<br>• irrevocably agrees to the variation, cancellation or modification of the rights attached to their Essential Shares constituted by or resulting from the Scheme;<br>• irrevocably agrees to, on the direction of Develop, destroy any holding statements or share certificates relating to their Essential Shares; and | Section 3.9 |

| Question | Answer | More information |
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| | • is deemed to have warranted to Develop and, to the extent enforceable, appointed and authorised Essential as its agent to warrant to Develop that all its Essential Shares (including any rights and entitlements attaching to those Essential Shares) will, at the date of the transfer of them to Develop, be fully paid and free from all security interests including mortgages, charges, liens, encumbrances, pledges, security interests and interests of third parties of any kind, whether legal or otherwise, and from any restrictions on transfer of any kind, and that it has full power and capacity to sell and to transfer those Essential Shares together with any rights and entitlements attaching to such shares to Develop under this Scheme. | |
| **Voting Details** | | |
| **What vote is required to approve the Scheme?** | Approval of the Scheme requires at least 50% of the Essential Shareholders who vote on the Scheme Resolution to vote in favour of that resolution and then their votes must be at least 75% of the total number of votes cast on the Scheme Resolution. | Section 3.6(a) |
| **Is voting compulsory?** | No, voting is not compulsory. However, your vote is important. If you cannot attend the Scheme Meeting, you should complete and return the Proxy Form enclosed with this Scheme Booklet. | Section 4 |
| **Can Develop vote?** | No. Develop, nor its associates, does not hold any interest in Essential Shares at the date of this Scheme Booklet.<br>However, if it (or its associates) were to hold any interest, neither Develop nor any of its Related Bodies Corporate can vote at the Scheme Meeting. | |
| **What is the Binding Voting Deed with Mineral Resources?** | The Scheme is supported by MinRes which has entered into the Binding Voting Deed with Develop, under which MinRes has agreed to vote its 19.45% shareholding in Essential in favour of the Scheme, 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. | |
| **How do I vote?** | If you are registered as a holder of Essential Shares at 5:00pm (AWST) on 16 October 2023, you can vote on the Scheme by doing one of the following;<br>• by attending and voting at the Scheme Meeting in person;<br>• by appointing a proxy (including by lodging your proxy form online) or attorney to attend and to vote on your behalf; and<br>• in the case of a corporation which is an Essential Shareholder, by appointing an authorised corporate representative to attend and vote on its behalf.<br>If you choose to vote by proxy or power of attorney, your completed proxy or power of attorney needs to be received | Section 4.4 |

| Question | Answer | More information |
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| | by the Registry by no later than 9:00am (AWST) on 16 October 2023. | |
| **What happens if I do not vote?** | If the Scheme is implemented, your Essential Shares will be transferred to Develop in consideration for the Scheme Consideration. This will be the case even if you did not attend the Scheme Meeting or did not vote or you voted against the Scheme at the Scheme Meeting.<br>If the Scheme is not implemented, you will not receive the Scheme Consideration and you will remain an Essential Shareholder. | Section 4.3 |
| **When will the results of the Scheme Meeting be available?** | The results of the Scheme Meeting will be announced on ASX's website (www.asx.com.au) shortly after its conclusion and will also be made available on Essential's website at https://www.essmetals.com.au. | |
| **Can I keep my Essential Shares?** | If the Scheme is implemented, your Essential Shares will be transferred to Develop. This will be the case even if you did not attend the Scheme Meeting or did not vote or you voted against the Scheme at the Scheme Meeting. You will receive the Scheme Consideration when your Essential Shares are transferred to Develop.<br>If the Scheme does not become Effective and is therefore not implemented, you will continue to hold your Essential Shares. | Section 3.6(f) |
| **Can I sell my Essential Shares on ASX?** | Yes, you can sell your Essential Shares on ASX up to and including the Effective Date (currently expected to be 26 October 2023). Trading in Essential Shares on ASX will be suspended following close of trading on the Effective Date, so you will not be able to sell your Essential Shares on ASX after that time.<br>If you sell your Essential Shares on ASX;<br>• you may pay brokerage on the sale; and<br>• you will not receive the Scheme Consideration.<br>Essential Shareholders will also be able to sell their Essential Shares privately following the Effective Date provided that the transfer is lodged with the Share Registry by no later than 5:00pm on the day on which the Record Date occurs. | |
| **When can I start trading my New Develop Shares on ASX?** | Subject to obtaining ASX approval, the New Develop Shares to be issued as Scheme Consideration will commence trading on ASX on a deferred settlement basis on the trading day after the Scheme becomes Effective (currently expected to be 26 October 2023), however this date may change).<br>Trading on a deferred settlement basis allows Essential Shareholders to trade their entitlement to New Develop Shares before those shares are issued.<br>When trading on a deferred settlement basis, the obligation to settle on the normal T+2 basis is deferred until the New Develop Shares commence trading on a normal T+2 basis (currently expected to be 7 November 2023, however, this date may change). | Section 3.10 |

| Question | Answer | More information |
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| **What are my options?** | You may;<br>• vote for or against the Scheme at the Scheme Meeting (in person or by proxy, attorney or, if applicable, corporate representative);<br>• sell your Essential Shares on market at any time before the close of trading on ASX on the Effective Date;<br>• sell your Essential Shares privately following the Effective Date provided that the transfer is lodged with the Share Registry by no later than 5:00pm on the day of the Record Date; or<br>• do nothing, in which case, if the Scheme becomes Effective and is implemented, your Essential Shares will be transferred to Develop and you will receive the Scheme Consideration, or, if the Scheme does not become Effective and is not implemented, you will continue to hold your Essential Shares. | |
| **What happens if a Competing Proposal emerges?** | Until the Scheme becomes Effective, there is nothing preventing other parties from making unsolicited approaches to Essential. However, the ability to respond, and the degree of any such response by Essential will be determined having regard to the provisions of the Scheme Implementation Deed (amongst other matters).<br>If, during the Exclusivity Period, Essential or any of its Related Bodies Corporate or representatives receives a Competing Proposal and the Essential Directors determine to take action in reliance on the 'fiduciary exception' to the 'no talk' restriction in the Scheme Implementation Deed;<br>• (**Notification of approaches**) Essential must notify Develop in writing of the identity of the competing bidder and the material terms and conditions of the Competing Proposal within 24 hours of becoming aware (subject to the fiduciary carve-out);<br>• (**Matching right**) if the Essential Board determines that the Competing Proposal is, or could reasonably be expected to lead to, a Superior Proposal, Develop will be given a period (at least two Business Days after the provision of the material terms and conditions of the Competing Proposal) during which Develop may make a matching or superior proposal to the terms of the Competing Proposal (**Counterproposal**), and during this period Essential must not enter into, or agree to enter into, any binding documentation to give effect to the Competing Proposal; and<br>• (**Bidder Counterproposal**) if the Essential Board determines that Develop's Counterproposal would provide an equivalent or superior outcome for Essential Shareholders than that offered under the Competing Proposal, Essential and Develop must agree and enter into such documentation (or | Section 10.11(d) |

| Question | Answer | More information |
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| | amendments to documentation) to give effect to Develop's Counterproposal.<br>If a Competing Proposal for Essential emerges prior to the Second Court Hearing, the Essential Directors, in conjunction with their advisors, will carefully consider the Competing Proposal and determine whether it is a Superior Proposal. The Essential Directors will keep you informed of any material developments regarding Superior Proposals. Further details about the exclusivity provisions in the Scheme Implementation Deed are set out in section 10.11(d). | |
| **Other** | | |
| **Who will manage the Merged Group following the implementation of the Scheme?** | Following implementation of the Scheme, Develop will continue to be managed by the current board of directors and senior management, the details of which are provided in section 6.7. | Section 7.7 |
| **Could a break fee or reverse break fee become payable?** | Yes, in certain specific circumstances a 'break fee' or 'reverse break fee' of $1.53 million may become payable by either Essential to Develop or Develop to Essential. These specific circumstances are detailed in sections 10.11(e) and 10.11(f).<br>Relevantly however, Essential will not be required to pay the 'break fee' to Develop if the Scheme becomes Effective, notwithstanding the occurrence of an event which would otherwise require the payment of such a fee to Develop. | Sections 10.11(e) and 10.11(f). |
| **What are the prospects of receiving a Superior Proposal?** | Since the Scheme was announced on 3 July 2023, no Superior Proposal has emerged.<br>Given the time that has elapsed since the announcement of the Scheme, the Essential Directors' view is that a Superior Proposal is unlikely to emerge prior to the Scheme Meeting. It is possible that, if Essential were to continue as an independent company, a Superior Proposal for Essential may emerge in the future. | |
| **How was the Independent Expert appointed?** | The Essential Board undertook a review of potential independent experts, having regard to their expertise and previous experience in similar transactions.<br>BDO was selected as the Independent Expert after this process and has confirmed its independence and ability to act as Independent Expert on the transaction.<br>BDO appointed VRM and SRK as the independent Technical Specialists to prepare the Technical Specialist Reports included in this Scheme Booklet according to a scope of work determined by BDO. | |
| **Who can I contact if I have further questions about this** | If you have any further questions about this Scheme Booklet or the Scheme, please call Essential's Share Registry on 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia) between 8:30am and 6:00pm | |

| Question | Answer | More information |
| --- | --- | --- |
| **Scheme Booklet or the Scheme?** | (Sydney time) Monday to Friday, excluding public holidays, or via email at hello@automic.com.au. Please note that Essential's Share Registry cannot provide any financial, taxation or investment advice and cannot give an opinion on the merits of the Scheme. If you have any questions about your individual financial or taxation circumstances, please consult your broker or financial, taxation, legal or other professional adviser immediately. | |

## 3. Outline of the Scheme

### 3.1 Introduction

This summary identifies key features of the Scheme and must be read in conjunction with the additional detailed information for Essential Shareholders set out in this Scheme Booklet. You are urged to read this Scheme Booklet in its entirety.

On 3 July 2023, Essential announced to ASX that it had entered into the Scheme Implementation Deed with Develop under which it is proposed that Develop will acquire all of the issued Shares in Essential by way of a Court approved scheme of arrangement under Part 5.1 of the Corporations Act, for an offer consideration of 1 New Develop Share for every 6.18 Essential Shares (**Scheme Consideration**).[11]

In accordance with the Scheme Implementation Deed, the Scheme and the Deed Poll, Develop will acquire all of the Essential Shares in exchange for providing the Scheme Consideration to Scheme Shareholders. Each of Essential and Develop has agreed to the due and punctual performance of all of its respective obligations under or in connection with the Scheme Implementation Deed, the Scheme (in respect of Essential only) and the Deed Poll (in respect of Develop only), including the provision of the Scheme Consideration by Develop pursuant to the Deed Poll.

If the Scheme is implemented, Develop will acquire all of the Essential Shares held by Essential Shareholders and Essential will become a wholly owned subsidiary of Develop. Subject to the Scheme becoming Effective, Essential will request that ASX remove Essential from the official list of ASX on the Business Day after the Implementation Date. The Scheme is subject to various Conditions Precedent, including (among other things), approval by the Requisite Majority of Essential Shareholders at the Scheme Meeting, and approval by the Court pursuant to section 411(4)(b) of the Corporations Act on the Second Court Date.

### 3.2 Essential Directors' unanimous recommendation and voting intentions

The Directors unanimously recommend that Essential Shareholders vote in favour of the Scheme, 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. Each of the Directors will (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) vote or cause the voting of any Essential Shares held by or on behalf of that Director at the time of the Scheme Meeting, in favour of the Scheme.

The reasons to vote in favour of or against the Scheme, as considered by the Directors, are set out in section 1. The implications for Essential Shareholders if the Scheme does not proceed are set out in section 3.13.

Before making a decision about the Scheme, you should read the Scheme Booklet in its entirety and if you are in doubt about what action you should take, contact your professional adviser.

The Directors of Essential hold, in aggregate, 5,551,556 Essential Shares, being 2.1% of Essential (on an undiluted basis). Timothy Spencer, Managing Director of Essential, holds 1,015,636 Essential Performance Rights which will vest upon the Court approving the Scheme under section 411(4)(b) of the Corporations Act, and all will convert to shares prior to the Record Date). Each of the Directors of Essential hold Essential Options, being in aggregate, 3,700,002 options (which may be converted into shares prior to the Record Date or will otherwise be subject to an Option Cancellation Deed to be cancelled for consideration (paid in Develop Shares) equal to the Intrinsic Value of the Essential Options, as is detailed in section 10.5). Refer to sections

[11] Ineligible Foreign Holders and Non-electing Small Shareholders will receive their respective pro rata proportion of the Sale Proceeds of the New Develop Shares which would otherwise have been issued to them under the Scheme.

10.2, 10.3 and 10.5 for interests of Directors. Managing Director, Timothy Spencer, also has employment related contractual and other legal entitlements arising in connection with any loss of office that may occur as a result of or in connection with implementation of the Scheme (refer section 10.10). In addition, in the event that the Scheme becomes Effective, a cash payment of $90,000 will be made to Timothy Spencer in lieu of a grant of FY24 Performance Rights (refer sections 10.2 and 10.10). Notwithstanding any of the Directors' personal interests in the outcome of the Scheme, each Director considers that given the importance of the Scheme and their obligations as Directors, it is important and appropriate for them to provide a recommendation to Essential Shareholders in relation to the Scheme.[12]

3.3 **Independent Expert**

Essential has engaged BDO as the Independent Expert to prepare a report to ascertain whether the Scheme is in the best interests of Essential Shareholders. The Independent Expert has concluded that, in the absence of a superior offer, the Scheme is not fair but reasonable and in the best interests of Essential Shareholders.

In BDO's opinion, the Scheme is not fair because the value of a share in the Proposed Merged Entity (on a minority interest and diluted basis) which BDO has assessed to be in the range of $1.382 to $2.094 per share (with a preferred value of $1.732 per share), is lower than the value of 6.18 Essential shares prior to the Scheme (on a controlling interest and diluted basis) which BDO has assessed to be in the range of $2.157 to $3.090 per share (with a preferred value of $2.707 per share), when a comparison is made at each of the respective low, preferred and high valuation points.

However, BDO consider the Scheme to be reasonable because the advantages of the Scheme to Shareholders are greater than the disadvantages. In particular, following the Scheme, Shareholders would retain exposure to the Pioneer Dome Lithium Project while also benefitting from being part of a larger, more diversified entity led by Mr Beament, with potential synergies realisable from its mining services business. This contrasts with the TLEA Scheme (see Section 9.2) which did not provide Shareholders with the ability to retain an interest in Essential's assets.

The full report can be found in Schedule 1 of this Scheme Booklet.

3.4 **Scheme Consideration**

If the Scheme becomes Effective and subject to the paragraphs below, Essential Shareholders who are registered in the Register on the Record Date will receive 1 New Develop Share for every 6.18 Essential Shares held by Essential Shareholders on the Record Date.

If you are an Ineligible Shareholder, you will not be issued with any New Develop Shares. Instead, the New Develop Shares that would otherwise have been issued to you will be sold by

[12] 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 (in relation to the unanimous recommendation of the Essential Board). Shareholders should also note: (1) sections 10.2, 10.3 and 10.5, which concerns the treatment of Essential Performance Rights held by Timothy Spencer and Essential Options held by all Directors in connection with the Scheme. The consideration that may be provided under the Option Cancellation Deeds if the Scheme proceeds are 90,545 Develop Shares to Timothy Spencer (with an indicative value of $266,202 based on the closing price of Develop Shares on the Last Practicable Date), 60,363 Develop Shares to Craig McGown (with an indicative value of $177,467 based on the closing price of Develop Shares on the Last Practicable Date), 36,219 Develop Shares to Paul Payne (with an indicative value of $106,484 based on the closing price of Develop Shares on the Last Practicable Date) and 66,653 Develop Shares to Warren Hallam (with an indicative value of $195,960 based on the closing price of Develop Shares on the Last Practicable Date). All unvested Performance Rights held by Timothy Spencer will vest should the Court approve the Scheme on the Second Court Date and a cash payment of $90,000 will be made to Timothy Spencer in lieu of a grant of FY24 Performance Rights if the Scheme becomes Effective (refer sections 10.2 and 10.10); (2) Warren Hallam and Craig McGown each have an immaterial indirect pre-existing beneficial interest in Develop Shares (refer section 10.6); (3) Craig McGown was a director of Develop from 8 February 2021 until his resignation on 9 June 2021 (refer section 10.7); (4) The Directors also have an interest in the Run Off Cover pursuant to the D&O Deeds and have entered into the Deeds of Release (refer section 10.8, 10.9 and 10.10).

the Sale Agent and you will receive the net Sale Proceeds (refer section 3.11(c) for further information).

Where the calculation of the Scheme Consideration to be provided to a particular Scheme Participant would result in the Scheme Participant becoming entitled to a fraction of a Develop Share, the fractional entitlement:

(a) which is 0.5 or greater will be rounded up to the nearest whole number of Develop Shares; and

(b) which is less than 0.5 will be rounded down to the nearest whole number of Develop Shares,

after aggregating all holdings of the Scheme Shareholder and in a manner which avoids manipulation of a Scheme Shareholder's holdings to take advantage of the rounding entitlement.

The details regarding fractional entitlements are set out in full in clause 5.4 of the Scheme of Arrangement.

All New Develop Shares issued to Scheme Shareholders under the Scheme will rank equally in all respects with all existing Develop Shares on issue as at the Implementation Date. See section 6.11 for more information regarding the rights attaching to the New Develop Shares.

## 3.5 Conditions to the Scheme

The implementation of the Scheme is subject to a number of Conditions Precedent which are set out in full in section 3.1 of the Scheme Implementation Deed.

### (a) Outstanding Conditions Precedent

The Conditions Precedent that remain outstanding as at the date of this Scheme Booklet are summarised as follows:

(1) Essential Shareholders approving the Scheme by the necessary Requisite Majority at the Scheme Meeting (or any adjournment or postponement of the Scheme Meeting).

(2) The Court approving the Scheme under section 411(4)(b) of the Corporations Act.

(3) All regulatory approvals required to implement the Scheme are obtained (if any).

(4) No temporary restraining order, preliminary or permanent injunction or other temporary, preliminary or final order issued by any court of competent jurisdiction, no preliminary or final decision, determination, notice of objection, or order issued by any Regulatory Authority or any other legal restraint, in each case preventing any of the transactions contemplated by the Scheme Implementation Deed.

(5) The Independent Expert, having issued its report which concludes that the Scheme is in the best interests of Essential Shareholders, not changing its conclusions or publicly withdrawing its conclusions.

(6) No Material Adverse Change occurring in respect of Essential and no Bidder Material Adverse Change occurring in respect of Develop.

(7) No Prescribed Occurrence occurring in respect of Essential and no Bidder Prescribed Occurrence occurring in respect of Develop.

(8) The representations and warranties of Essential being true and correct in all material respects.

(9) The representations and warranties of Develop being true and correct in all material respects.

Each of the outstanding Conditions Precedent (with the exception of Court approval) must be satisfied or (if applicable) waived before 8:00am on the Second Court Date. The Conditions Precedent relating to approval of Essential Shareholders, approval by the Court and regulatory approvals (if any) cannot be waived. If these Conditions Precedent are not satisfied or (if applicable) waived the Scheme will not proceed. The other Conditions Precedent may be waived by the party for whose benefit the condition operates, or where the condition operates for the benefit for both parties, by consent.

If there is a breach or non-fulfilment of a Condition Precedent (which is not waived in accordance with the Scheme Implementation Deed), an event occurs of which either party becomes aware will prevent a Condition Precedent being satisfied, or the Scheme has not become Effective by the End Date, then either party can give notice to the other requiring the parties to consult. The purpose of such consultation is to determine whether: (1) to extend the time for satisfaction of the relevant Condition Precedent or to adjourn or change the date of an application to the Court; (2) the transaction may proceed by way of alternative means or methods; (3) to extend the End Date; or (4) to do all or any combination of the matters listed in (1) to (3). If the parties are unable to reach agreement within 5 Business Days after the delivery of the relevant consultation notice, then either party may terminate the Scheme Implementation Deed by writing to the other party unless the relevant Condition Precedent is only for the benefit of one party, in which case that party may either wave the Condition Precedent or terminate the Scheme Implementation Deed).

As at the date of this Scheme Booklet, the Essential Directors are not aware of any reason why a Condition Precedent referred to above is not likely to be satisfied in the time required by the Scheme Implementation Deed.

(b) **Conditions Precedent that have already been satisfied**

As at the date of this Scheme Booklet, the Condition Precedent in clause 3.1(d) of the Scheme Implementation Deed has been satisfied – each Essential Optionholder has entered into an Option Cancellation Deed.

### 3.6 Key steps for implementing the Scheme

The key steps to implement the Scheme and relevant information concerning these steps are set out below. Key dates and times in relation to the Scheme are set out at the beginning of this Scheme Booklet. These dates are indicative only and subject to change. Essential will announce to ASX any change to the dates in the timetable set out in the "IMPORTANT DATES AND TIMES FOR THE SCHEME" section of this Scheme Booklet.

(a) **Scheme Meeting**

The Scheme Meeting to approve the Scheme is scheduled to be held at the Quest Apartment Hotels, 54 Kings Park Road, West Perth WA 6005 on 18 October 2023 at 9:00am (AWST). Voting eligibility for the Scheme Meeting will be determined as at 5:00pm (AWST) on 16 October 2023.

At the Scheme Meeting, Essential Shareholders will be asked to approve the Scheme by voting in favour of the Scheme Resolution. The terms of the Scheme Resolution to be considered at the Scheme Meeting are contained in the Notice of Scheme Meeting set out in Schedule 4. The fact that the Court has ordered that the Scheme Meeting be convened is no indication that the Court has a view as to the merits of the Scheme or as to how Essential Shareholders should vote on the Scheme Resolution. On these matters, Essential Shareholders must reach their own decision.

For the Scheme to proceed, votes "in favour of" the Scheme Resolution at the Scheme Meeting must be received from the Requisite Majority of Essential Shareholders. A Requisite Majority for the Scheme Resolution are;

(1) (**Headcount Test**) a majority in number (more than 50%) of Eligible Essential Shareholders who are present and voting at the Scheme Meeting (either in person or by proxy, attorney or, in the case of a corporation, its duly appointed corporate representative), unless the Court orders otherwise; and

(2) (**Voting Test**) at least 75% of the total number of votes cast on the Scheme Resolution by Eligible Essential Shareholders.

The Court has the power to approve the Scheme even if the Headcount Test has not been satisfied. For example, the Court may do so if there is evidence that the result of the vote has been unfairly influenced by activities such as Share Splitting. However, there is no guarantee that the Court will grant such a waiver.

Voting at the Scheme Meeting will be conducted by poll. Essential Shareholders who are registered on the Register at 5:00pm (AWST) on 16 October 2023 will be entitled to vote at the Scheme Meeting. Instructions on how to vote at the Scheme Meeting are set out in section 4.4 and the Notice of Scheme Meeting at Schedule 4.

The results of the Scheme Meeting will be available as soon as possible after the conclusion of the Scheme Meeting and announced to the ASX. Please note that the Scheme Meeting may be postponed or adjourned if for example, satisfaction or waiver (where permitted) of a Condition Precedent is delayed. Any postponement or adjournment of the Scheme Meeting will be announced to ASX.

(b) **Second Court Date and Court approval of the Scheme**

In the event that;

(1) the Scheme Resolution is approved by the Requisite Majority of Essential Shareholders at the Scheme Meeting; and

(2) all other Conditions Precedent (other than Court approval of the Scheme) have been satisfied (or, if applicable, waived),

then Essential will apply to the Court for orders approving the Scheme at the Second Court Date, which is expected to be held on or around 24 October 2023. Any change to this date will be announced to ASX.

The Court has a wide, overriding discretion whether or not to approve the Scheme under Section 411(4)(b) of the Corporations Act and may refuse to approve the Scheme even if the Scheme Resolution is passed by the Requisite Majorities of Essential Shareholders.

(c) **Effective Date**

If the Court makes orders approving the Scheme, Essential will lodge with ASIC an office copy of the Court orders given under section 411(4)(b) of the Corporations Act approving the Scheme and the Scheme will then become Effective (being the Effective Date). It is likely this lodgement will occur the day after the Court approves the Scheme.

If the Scheme becomes Effective, Essential and Develop will become bound to implement the Scheme in accordance with the terms of the Scheme Implementation Deed, the Deed Poll and the Scheme. Only Essential Shareholders who qualify as 'Scheme Participants' will be bound by and have the benefit of the Scheme.

(d) **Record Date and Suspension from trading in Essential Shares on ASX**

If the Scheme becomes Effective, Essential intends to apply to ASX for Essential Shares to be suspended from trading on ASX from the close of trading on the Effective Date.

Those Essential Shareholders on the Register on the Record Date (which is currently expected to be 5:00pm (AWST) on 30 October 2023) will be the Scheme Participants and will be entitled to receive the Scheme Consideration in respect of the Essential Shares they hold at that time.

(e) **Transfer and registration of Scheme Shares**

Under the Scheme, Scheme Shareholders irrevocably authorise Essential to transfer all the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares, to Develop and Essential will enter Develop in the Share Register as the holder of the Scheme Shares.

Under the Scheme, each Scheme Shareholder, without the need for any further act, irrevocably appoints Essential as that Scheme Shareholder's attorney and agent for the purpose of executing any document necessary to give effect to the Scheme, including (without limitation) the proper instrument of transfer of all or part of the Scheme Shares.

On the Implementation Date, the Scheme Shares held by Scheme Shareholders will be transferred to Develop without the need for any further act by any Scheme Shareholder, by Essential executing and delivering valid transfers of the Scheme Shares to Develop under the Corporations Act.

In consideration of the transfer of the Scheme Shares to Develop, Develop will provide the Scheme Consideration to each Scheme Shareholder, in accordance with the provisions of the Scheme.

See sections 3.6(f) to 3.6(i) inclusive for further details on the provision of the Scheme Consideration.

(f) **Issue of New Develop Shares**

Essential Shareholders will be entitled to receive consideration under the Scheme if they are registered as the holders of Scheme Shares at 5:00pm (AWST) on the Record Date (and are therefore Scheme Participants). The Record Date is the date which is two Business Days after the Effective Date, and is currently expected to be 5:00pm (AWST) on 30 October 2023. In this Scheme Booklet, those Essential Shareholders and Essential Shares that they hold are referred to as Scheme Participants and Scheme Shares, respectively.

The obligation of Develop to issue New Develop Shares to Scheme Participants will be satisfied by Develop taking the following steps:

(1) before noon on the Implementation Date, Develop will procure that the name of each Scheme Participant is entered into Develop's register of members as the holder of the applicable number of New Develop Shares and procure that the name of the Sale Agent is entered in Develop's register of members as the holder of the Sale Shares, in the case of Ineligible Shareholders; and

(2) Develop will procure the dispatch to Scheme Participants and to the Sale Agent of a holding statement (or equivalent document) reflecting the number of New Develop Shares to be issued to them under the Scheme.

Each Scheme Participant to whom New Develop Shares are issued under the Scheme:

(3) irrevocably agrees to the transfer of their Essential Shares together with all rights and entitlements attaching to those Essential Shares in accordance with the Scheme;

(4) irrevocably agrees to the variation, cancellation or modification of the rights attached to their Essential Shares constituted by or resulting from the Scheme;

(5) irrevocably agrees to, on the direction of Develop, destroy any holding statements or share certificates relating to their Scheme Shares;

(6) consents to Essential and Develop doing all things and executing all deeds, instruments, or other documents as may be necessary, incidental or expedient to the implementation and performance of the Scheme; and

(7) acknowledges that the Scheme binds Essential and all of the Scheme Shareholders (including those who do not attend the Scheme Meeting, do not vote at that meeting or vote against this Scheme).

Each Scheme Participant, without the need for any further act, irrevocably appoints Essential and each of its Directors and officers, jointly and severally, as that Scheme Shareholder's attorney and agent for the purpose of executing any document or form or doing any act necessary to give effect to the terms of the Scheme including, without limitation, the execution of the Scheme Transfer.

(g) **Determination of Scheme Participants**

To establish the identity of the Scheme Participants, dealings in Essential Shares or other alterations to the Register will only be recognised by Essential provided that:

(1) in the case of dealings of the type to be effected on CHESS, the transferee is registered in the Register as the holder of the relevant Essential Shares by the Record Date; and

(2) in all other cases, registrable transfers or transmission applications in respect of those dealings are received by the Record Date at the place where the Register is kept,

and Essential will not accept for registration, or recognise for any purpose (except a transfer to Develop pursuant to this Scheme and any subsequent transfer by Develop or its successors in title), any transmission application or transfer in respect of Essential Shares received on or after the Record Date, or received prior to the Record Date but not in registrable or actionable form.

If the Scheme becomes Effective, each Scheme Participant, and any person claiming through any Scheme Participant, must not dispose of or purport or agree to dispose of any Essential Shares or any interest in them after the Record Date.

Essential will, until the Scheme Consideration has been provided to the Scheme Participants and Develop has been entered in the Register as the holder of all of the Essential Shares, maintain the Register in accordance with the provisions of section 5 of the Scheme.

As from the Record Date (and other than for Develop following the Implementation Date), all share certificates and holding statements for the Essential Shares will cease to have effect as documents of title, and each entry on the Register (other than for Develop) at that date will cease to have any effect other than as evidence of entitlement to the Scheme Consideration.

(h) **Joint holders**

In the case of Scheme Shares held in joint names:

(1) any Scheme Consideration will be issued to the joint holders;

(2) any holding statements for the New Develop Shares to be issued to Scheme Shareholders will be issued in the names of the joint holders; and

(3) any other document required to be sent under the Scheme will be issued in the names of the joint holders,

and will be forwarded to the holder whose name appears first in the Share Register as at the Record Date.

(i) **Ineligible Shareholders**

Develop will be under no obligation to issue, and will not issue, any New Develop Shares to Ineligible Shareholders.

Instead, the New Develop Shares which would otherwise be required to be issued to Ineligible Shareholders under the Scheme will be issued instead to the Sale Agent on the Implementation Date.

Develop will procure that, as soon as reasonably practicable and, in any event, not more than 15 Business Days after the Implementation Date, the Sale Agent:

(1) sells on ASX (or another prescribed financial market) all of the New Develop Shares issued to it under the Scheme in such manner, at such price and on such terms as the Sale Agent determines in good faith (and at the risk of the Ineligible Shareholders); and

(2) subject to the receipt of the Sale Proceeds, remits or procures to be remitted to Develop such proceeds for payment by Develop to the Ineligible Shareholders.

None of Develop, Essential or the Sale Agent gives any assurance as to the price that will be achieved for the sale of the New Develop Shares by the Sale Agent.

Further details are provided below at section 3.11(c).

## 3.7 Delisting of Essential

If the Scheme becomes Effective, Essential will apply for termination of the official quotation of Essential Shares on ASX, and the removal of Essential from ASX's official list immediately following the Implementation Date.

## 3.8 End Date

If the Scheme has not become Effective on or before the End Date (being 30 November 2023, or such other date as is agreed in writing between the parties), either party is able to terminate the Scheme Implementation Deed. If the Scheme Implementation Deed is terminated, the Scheme will not proceed.

## 3.9 Warranties by Scheme Participants

Scheme Participants' attention is drawn to the warranties that Scheme Participants will be taken to have given if the Scheme takes effect, in clause 8.3 of the Scheme (see Schedule 3). Pursuant to clause 8.3 of the Scheme, each Scheme Participant;

(a) irrevocably agrees to the transfer of their Essential Shares together with all rights and entitlements attaching to those Essential Shares in accordance with the Scheme;

(b) irrevocably agrees to the variation, cancellation or modification of the rights attached to their Essential Shares constituted by or resulting from the Scheme;

(c) irrevocably agrees to, on the direction of Develop, destroy any holding statements or share certificates relating to their Essential Shares; and

(d) is deemed to have warranted to Develop and, to the extent enforceable, appointed and authorised Essential as its agent to warrant to Develop that all its Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) will, at the date of the transfer of them to Develop, be fully paid and free from all security interests including mortgages, charges, liens, encumbrances, pledges, security interests and interests of third parties of any kind, whether legal or otherwise, and from any restrictions on transfer of any kind, and that it has full power and capacity to sell and to transfer those Essential Shares together with any rights and entitlements attaching to such shares to Develop under the Scheme.

The Scheme is set out in full in Schedule 3 of this Scheme Booklet.

## 3.10 Trading of New Develop Shares on ASX

### (a) Deferred settlement market

Trading on ASX of New Develop Shares issued as Scheme Consideration is expected to commence initially on a deferred settlement basis and thereafter on an ordinary (T+2) settlement basis on or about 7 November 2023.

Trading on a deferred settlement basis allows Essential Shareholders to trade their entitlement to New Develop Shares before those shares are issued. When trading on a deferred settlement basis, the obligation to settle on the normal T+2 basis is deferred until the New Develop Shares commence trading on a normal T+2 basis.

Develop will apply to ASX after the date of this Scheme Booklet for official quotation of the New Develop Shares to be issued on implementation of the Scheme.

It is the responsibility of each Scheme Participant to confirm their allocation of New Develop Shares before trading in those securities, to avoid selling New Develop Shares they do not own. Any Essential Shareholder who sells New Develop Shares before receiving confirmation of their allocation does so at their own risk.

Develop and Essential disclaim all liability, whether in negligence or otherwise, to any Scheme Participant who trades New Develop Shares before receiving their holding statement, whether on the basis of a confirmation of allocation provided by Develop or otherwise.

### (b) CHESS and holding statements

Shortly following the issue of New Develop Shares to Scheme Participants, they will receive an initial statement of holding that sets out the number of New Develop Shares which have been allocated to them under the Scheme. This statement will also provide details of a Shareholder's HIN in the case of a holding on the CHESS sub-register or SRN in the case of holding on the issuer-sponsored sub-register.

Scheme Shareholders receiving New Develop Shares under the Scheme will be required to quote their HIN or SRN, as applicable, in all dealings with a stockbroker or Develop share registry.

## 3.11 Ineligible Shareholders

### (a) Ineligible Foreign Holders

Restrictions in certain foreign countries may make it impractical or unlawful for New Develop Shares to be offered or issued under the Scheme to Scheme Participants in those countries.

Develop has determined that Ineligible Foreign Holder means a Scheme Participant whose address in the Share Register is a place outside Australia and New Zealand and any other jurisdictions in respect of which Develop reasonably believes that it is not prohibited and not unduly onerous or impractical to implement this Scheme and to issue New Develop Shares to a Scheme Participant with a registered address in such jurisdiction.

Develop will not issue any New Develop Shares to Ineligible Foreign Holders and this Scheme Booklet should be read accordingly.

Develop is not obliged to issue, and will not issue, any New Develop Shares to any Ineligible Foreign Holder. Instead, Develop must procure that the New Develop Shares which would otherwise be required to be issued to any Ineligible Foreign Holders are issued to the Sale Agent on the Implementation Date and dealt with in accordance with the procedure set out in section 3.6(i).

### (b) Small Shareholders

Scheme Shareholders (other than an Ineligible Foreign Holder) who, based on their holding of Scheme Shares on the Record Date would, on implementation, be entitled to receive less than a Marketable Parcel of New Develop Shares (i.e. less than A$500 worth assessed by reference to the last traded price of Develop Shares on ASX on the trading day prior to the Record Date) as Scheme Consideration, are Small Shareholders.

Small Shareholders who provide the Share Registry with a duly completed Opt-in Notice before the Opt-in Notice Cut-Off Date will be eligible to receive the Scheme Consideration in the form of New Develop Shares.

For an Opt-in Notice to be effective, it must be duly completed and returned to the Share Registry by:

(1) electing online by visiting https://investor.automic.com.au/#/home; or

(2) making a paper election by mail in accordance with the instructions on the Opt-in Notice,

by the Opt-in Notice Cut-Off Date.

Develop is not obliged to issue, and will not issue, any New Develop Shares to any Non-electing Small Shareholder. Instead, Develop must procure that the New Develop Shares, which would otherwise be required to be issued to any Non-electing Small Shareholder, are issued to the Sale Agent on the Implementation Date and dealt with in accordance with the procedure set out in section 3.6(i).

(c) **Provision of Scheme Consideration to Ineligible Shareholders**

An **Ineligible Shareholder** means an Ineligible Foreign Holder or a Non-electing Small Shareholder.

Develop must procure that:

(1) the New Develop Shares which would otherwise be required to be issued to any Ineligible Shareholder under the Scheme are issued by Develop to the Sale Agent on the Implementation Date;

(2) as soon as reasonably practicable and in any event not more than 15 Business Days after the Implementation Date that the Sale Agent sells on ASX (or another prescribed financial market) all of the New Develop Shares issued to it under the Scheme in such a manner, at such price and on such terms as the Sale Agent determines in good faith (and at the risk of the Ineligible Shareholders); and

(3) that the Sale Agent, subject to the receipt of the Sale Proceeds, remits or procures to be remitted to Develop such proceeds for payment by Develop to the Ineligible Shareholders.

None of Develop, Essential or the Sale Agent gives any assurance as to the price that will be achieved for the sale of the New Develop Shares by the Sale Agent.

Promptly after receipt of the Sale Proceeds, Develop will pay in Australian dollars to each Ineligible Foreign Holder and Non-electing Small Shareholder such proportion of the Sale Proceeds as the number of New Develop Shares which would have been issued to that Ineligible Foreign Holder or Non-electing Small Shareholder (if they were eligible to receive New Develop Shares) represents as a portion of all New Develop Shares which would have been issued to all Ineligible Foreign Holders and Non-electing Small Shareholders (if they were eligible to receive New Develop Shares) in full satisfaction of the Bidder’s obligations to those Ineligible Foreign Holders and Non-electing Small Shareholders under the Scheme in respect of the Scheme Consideration.

The Sale Proceeds owing to each Ineligible Shareholder as Scheme Consideration following the process set out above will be paid by Develop to that Shareholder by:

(4) dispatching, or procuring the dispatch, to that Ineligible Shareholder by prepaid post to that Ineligible Shareholder’s Registered Address (at the Record Date), a cheque in the name of that Ineligible Shareholder; or

(5) making a deposit in an account with any ADI (as defined in *the Banking Act 1959* (Cth)) in Australia notified by that Ineligible Shareholder to Essential (or the Share Registry) and recorded in or for the purposes of the Share Register at the Record Date,

for the relevant amount, with that amount being denominated in Australian dollars.

### 3.12 Foreign Resident Capital Gains Withholding Tax

If Develop determines (acting reasonably) that it is required to pay a CGT withholding amount to the Commissioner of Taxation with respect to the acquisition of the Scheme Shares, it is entitled to do so under the Scheme Implementation Deed. However, prior to exercising any such rights, Develop must first use reasonable endeavours to notify the relevant Scheme Shareholder of its intention to withhold so that the Scheme Shareholder has the opportunity to provide a Declaration.

## 3.13 Consequences if the Scheme is not approved at the Scheme Meeting or is not approved by the Court

If the Scheme is not approved by the Requisite Majority of Essential Shareholders at the Scheme Meeting or, having been approved at the Scheme Meeting, is not approved by the Court, Develop will not acquire your Essential Shares under the Scheme and you will not receive the Scheme Consideration. In addition, if the Scheme does not proceed;

(a) Essential will continue to be listed on ASX;

(b) decisions in relation to the future of Essential will continue to be made by the Essential Board; and

(c) Essential will continue to be exposed to the risk factors outlined in section 8.

The Directors caution that if the Scheme is not approved, the price of the Essential Shares may fall.

If the Scheme does not proceed, the Board intends to continue to operate Essential as a listed public company. Essential will continue to pursue its exploration, development and strategic growth objectives focused on the creation of value for all Essential Shareholders.

If the Scheme does not proceed, the Board has not formed any plans to make any significant changes to the business of Essential and in particular;

(a) there will not be any immediate impact on Essential employees. Essential intends to use its best endeavours to retain its current employees; and

(b) to the extent economically feasible, there will not be any immediate impact on Essential's continuing activities and plans to continue to advance its primary asset, being the Pioneer Dome Lithium Project.

The Directors believe that the Scheme is in the best interests of Essential Shareholders, including having regard to the Independent Expert’s Report, in the absence of a Superior Proposal. As at the date of this Scheme Booklet, no Superior Proposal has emerged. If the Scheme does not proceed, Essential will continue to be faced with exploration and project development risks typical for a junior resources sector company (refer to section 8.3 for more information on the risks).

For further details, please also refer in particular to section 13.2 of the Independent Expert’s Report (set out in Schedule 1).

## 3.14 Tax consequences for Scheme Participants

The transfer of your Essential Shares in accordance with the Scheme may have tax implications for you. You should seek your own professional advice regarding your individual tax consequences. A summary of the relevant Australian tax implications for Scheme Participants is contained in section 9.

## 3.15 What to do next

Read the remainder of this Scheme Booklet in full before making any decision on the Scheme.

Essential Shareholders should refer to section 1 for further guidance on reasons to vote in favour or against the Scheme and section 8 for guidance on the risk factors associated with the Scheme.

## 4. Scheme Meeting and Voting Information

### 4.1 Read this Scheme Booklet carefully

This Scheme Booklet provides information necessary for you to make a decision as to how to vote on the Scheme at the Scheme Meeting. The Directors recommend that you read this Scheme Booklet in its entirety.

Essential Shareholders should refer to sections 1.1, 1.2 and 1.3 of this Scheme Booklet for further guidance on the reasons to vote in favour of or against the Scheme, and to section 1.4 for other important considerations relating to your vote. The Scheme Booklet does not take into account the investment objectives, financial situation and particular needs of any individual Essential Shareholder.

### 4.2 Scheme Meeting

The Scheme Meeting will be held at the Quest Apartment Hotels, 54 Kings Park Road, West Perth WA 6005 on 18 October 2023 at 9:00am (AWST).

At the Scheme Meeting, the Scheme Resolution will be proposed to the Essential Shareholders.

### 4.3 Exercising your vote

Essential Shareholders eligible to vote at the Scheme Meeting may vote by attending the Scheme Meeting in person, or by proxy, attorney or, in the case of a corporation which is an Essential Shareholder, by a corporate representative.

Essential Shareholders may elect not to vote at the Scheme Meeting. If the Scheme is implemented, such Essential Shareholders will have their Essential Shares transferred to Develop by operation of the Scheme and receive the Scheme Consideration. If the Scheme is not implemented, such Essential Shareholders will retain their Essential Shares.

### 4.4 Voting

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 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.

### 4.5 Voting entitlement

Each Essential Shareholder who is registered on the Register at 5:00pm (AWST) on 16 October 2023 is entitled to attend and to vote at the Scheme Meeting. Accordingly, registrable transmission applications or transfers registered after this time will be disregarded in determining entitlements to vote at the Scheme Meeting.

Where Essential Shares are held by joint holders, only one of the joint holders is entitled to vote. If more than one holder votes in respect of jointly held Essential Shares, only the vote of the holder whose name appears first in the Register will be counted.

### 4.6 Your vote is important

For the Scheme to proceed, the Scheme Resolution must be approved by the Requisite Majority at the Scheme Meeting. The Directors unanimously recommend that you vote in favour of the Scheme, 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.

If you are unable to attend the Scheme Meeting, the Directors recommend that you lodge your Proxy Form via one of the methods noted above in section 4.4 and otherwise in accordance with the instructions on the Proxy Form.

### 4.7 Selling your Essential Shares

The Scheme does not preclude Essential Shareholders from selling some or all of their Essential Shares on market, provided they do so before close of trading on ASX on the Effective Date.

Essential Shareholders who are considering selling some or all of their Essential Shares should have regard to the prevailing trading prices of Essential Shares and compare those to the Scheme Consideration. Essential Shareholders may ascertain the current trading prices of Essential Shares through ASX's website (www.asx.com.au).

Essential Shareholders who are considering selling some or all of their Essential Shares should also contact their stockbroker for information on how to effect the sale, and should also contact their financial, taxation, legal and professional advisers.

Essential Shareholders who sell some or all of their Essential Shares on the market may;

(a) receive payment (which may vary from the Scheme Consideration) for the sale of their Essential Shares sooner than they would receive the Scheme Consideration;

(b) may incur a brokerage charge; and

(c) may be liable for tax on the disposal of their Essential Shares.

Essential Shareholders who sell some or all of their Essential Shares on the market will not be able to participate in the Scheme or, if one emerges, a Superior Proposal, in respect of those Essential Shares that they have sold.

## 4.8 Further information

There are answers to questions that you may have in section 2.

If you have any questions or require further information, please contact Essential's Share Registry on 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia) between 8:30am and 6:00pm (Sydney time) Monday to Friday, excluding public holidays, or via email at hello@automic.com.au.

If you are in any doubt about anything in this Scheme Booklet, please contact your legal, taxation, financial or other professional adviser.

## 5. Information about Essential

### 5.1 Corporate profile - Essential

Essential is a mineral resources company which has its corporate head office in West Perth, Australia. The Company was incorporated in January 2003 and was listed on ASX in December 2003. Essential's flagship project is the Pioneer Dome Lithium Project (**Project**) in Western Australia that includes a lithium Mineral Resource containing 129,000 tonnes of lithium oxide[13], which it is progressing towards development. Essential also holds an early-stage lithium project, two early-stage gold exploration projects and interests in joint ventures exploring for gold and nickel.

Detailed information about Essential is available on its website www.essmetals.com.au and on the ASX website www.asx.com.au (ASX:ESS).

### 5.2 Essential Group structure

The Essential Group includes parent company, Essential Metals Limited and the wholly-owned subsidiaries listed as follows.

- Golden Ridge North Kambalda Pty Ltd
- Western Copper Pty Ltd

### 5.3 Summary of Essential's portfolio

Essential has interests in several Western Australian located exploration projects, detailed as follows:

***Pioneer Dome Lithium Project***

This is Essential's flagship project (Essential: 100% all minerals) and it is located in the core of Western Australia's lithium corridor in the Eastern Goldfields, approximately ~150km south of Kalgoorlie and 275km north of the deep-water port of Esperance with the Coolgardie-Esperance Highway around 10km from the eastern edge of the Project.

[13] Refer to ASX announcement dated 20 December 2022 titled "Dome North Resource upgrade". Essential confirms that it is not aware of any new information or data that materially affects the information included in the relevant announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant announcement continue to apply and have not materially changed.


**Figure 4 – Location of the Pioneer Dome Lithium Project**

The Project contains the Dome North lithium Mineral Resource, as follows:

**Table 1. Dome North Mineral Resource by Category: (0.3% $Li_2O$ cut-off grade)[14]**

| Classification | Tonnes (Mt) | $Li_2O$ % | $Ta_2O_5$ ppm | Contained $Li_2O$ (t) | $Fe_2O_3$ % |
|---|---|---|---|---|---|
| Measured | - | - | - | - | - |
| Indicated | 8.6 | 1.23 | 55 | 105,000 | 0.46 |
| Inferred | 2.6 | 0.92 | 62 | 24,000 | 0.55 |
| **Total** | **11.2** | **1.16** | **57** | **129,000** | **0.48** |

*Note: Appropriate rounding applied.*

During 2022, Essential advanced the Project by undertaking Resource focussed drill programmes and metallurgical testwork aimed at improving the quality and confidence of the Mineral Resource. The future objective is to de-risk the Project through evaluation and development studies, starting with a Scoping Study that was announced on 7 February 2023

[14] Refer to ASX announcement dated 20 December 2022 titled "Dome North Resource upgrade". Essential confirms that it is not aware of any new information or data that materially affects the information included in the relevant announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant announcement continue to apply and have not materially changed.

and engagement with potential project offtakers and financiers, which was suspended during the TLEA Scheme, was re-started following termination of the TLEA Scheme Implementation Agreement and has again been suspended since the announcement of this Scheme.

**Scoping Study results**

On 7 February 2023, Essential released an ASX announcement containing the results, assumptions and other material information concerning a scoping study undertaken to ascertain whether to proceed to more definitive studies on the viability of the Pioneer Dome Lithium Project.

The key findings of the Pioneer Dome Lithium Project Scoping Study were as follows:

- The Scoping Study demonstrates the potential viability of a standalone mining and processing operation.
- The Scoping Study, which was prepared by Primero, a leading engineering firm with significant lithium project experience, with inputs from other experienced consultants and from the Essential team, resulted in a Base Case $NPV_{10\%}$ (real, after tax) of $367 million.[15]
- The Scoping Study is based on;
  - a Mineral Resource estimate of 11.2Mt @ 1.16% $Li_2O$ containing 129,000 lithium oxide tonnes;
  - metallurgical testwork which demonstrates the potential to produce a saleable lithium concentrate; and
  - mine optimisation modelling which generated economic open pits totalling 8.8Mt of process plant feed at 1.11% $Li_2O$, an average strip ratio of 13.3:1 and a mine life of 7.3 years.
- The positive results of the Scoping Study support the commencement of detailed studies.

The following cautionary statements were included in the ASX announcement:

- The Scoping Study is a preliminary technical and economic study to determine the potential viability of the Pioneer Dome Lithium Project. It is based on low level technical and economic assessments that are not sufficient to support the estimation of Ore Reserves. Further exploration and evaluation work and appropriate studies are required before Essential will be able to estimate any Ore Reserves or to provide any assurance of an economic development case.
- Approximately 94% of the Life-of-Mine (LOM) Production Target is in the Indicated Mineral Resource category with only 6% in the Inferred Mineral Resource category. Essential has concluded that it has reasonable grounds for disclosing a Production Target which includes the 6% Inferred Mineral Resources given the characteristics of the deposits and the location of the Inferred Resources within the deposits.
- 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.
- It should be noted that the term "ore" was used in the announcement to describe mineralised material that mine optimisation modelling considered potentially economic.

[15] Refer to ASX announcement dated 7 February 2023 titled "Pioneer Dome Scoping Study". Essential confirms that it is not aware of any new information or data that materially affects the information included in the relevant announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant announcement continue to apply and have not materially changed.

It should not be confused with the stricter definition of economically extractable material as denoted by ore in an “Ore Reserve”.

- The Scoping Study is based on various material assumptions (as listed in the announcement), including the availability of funding. While Essential considers all the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by the Scoping Study will be achieved.
- To achieve the range of outcomes indicated in the Scoping Study, funding of in the order of ~$350 million will likely be required to cover capital expenditure and working capital. Investors should note that there is no certainty that Essential will be able to raise that amount of funding when needed.
- It is also possible that such funding may only be available on terms that may be dilutive to or otherwise affect the value of Essential’s existing shares.
- It is also possible that Essential pursues other ‘value realisation’ strategies such as a sale, partial sale or joint venture of the project, such as is contemplated under the Scheme detailed in this Booklet.
- Given the uncertainties involved, investors should not make any investment decisions based solely on the results of the Scoping Study.

***Horse Rocks Lithium Project***

The Horse Rocks Lithium Project is comprised of one tenement located approximately 60km north-northwest of the Pioneer Dome Lithium Project. Whilst the project is located in proximity to lithium occurrences (e.g. the Mount Marion lithium mine is approximately 15km to the northeast), initial exploration activities have not determined the presence of pegmatite fractionation or lithium mineralisation thus far.

***Gold Projects***

Essential has two early-stage gold projects located near Kalgoorlie.

The Golden Ridge Gold Project (Essential: 100% non-nickel rights) 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.

The Juglah Dome Project (Essential: 100% all minerals) is located ~60km east-south-east of Kalgoorlie and is prospective for gold mineralisation. Exploration by Essential and 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.

***Joint Venture Interests***

In addition to the Company’s 100% owned and managed lithium and gold assets, Essential also holds an interest in 7 joint venture projects, as set out in the following table:

| Project | Mineral asset | Details |
|---|---|---|
| Acra Project | 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 |

| Project | Mineral asset | Details |
|---|---|---|
| | | proposal by DMIRS is received, with Essential holding a 25% interest. |
| Kangan Project | Gold | The Kangan Project is in the West Pilbara and is part of a joint venture (precious metals only) with Novo Resources Corp (TSX:NVO). Novo Resources Corp is funding 100% of the gold exploration programmes until a decision to mine is made, with Essential holding a 30% interest. |
| Balagundi Project | Gold and base metals | The Balagundi Project is subject to a farmin and joint venture agreement where Black Cat Syndicate Limited (ASX:BC8) (**Black Cat**) is earning a 75% interest in the project (which is located at Bulong, near Kalgoorlie). Black Cat's commitment is to fully fund the gold exploration programmes until a decision to mine is made, with Essential retaining a 25% interest. |
| Larkinville Project | Gold | Essential holds a 25% free-carried interest in the Larkinville Project near Kambalda, WA, with Maximus Resources Ltd (ASX:MXR). |
| Blair-Golden Ridge Project | Nickel | The nickel mineral rights on the Blair-Golden Ridge Project, which includes the suspended Blair Nickel Sulphide Mine, are subject to a farm-in and joint venture with Australian Nickel Company Limited, a nickel exploration specialist which is earning up to a 75% interest in the nickel rights. Essential will retain a 25% free-carried interest up to a decision to mine. |
| Wattle Dam Project | Nickel | Essential holds a 20% free-carried interest (nickel only) in the Wattle Dam Project near Kambalda, WA, with Maximus Resources Limited (ASX:MXR). |
| Maggie Hays Project | Nickel | Essential holds a 20% free-carried interest in the Maggie Hays Project near Lake Johnson, WA, with Poseidon Nickel Limited (ASX:POS) |

Refer to Annexure A of this Scheme Booklet for a table containing Essential's tenement portfolio.

## 5.4 Directors and senior management of Essential

### (a) Directors

The Directors of Essential as at the date of the Scheme Booklet are as follows:

(1) Craig McGown – Independent Non-Executive Chair

(2) Timothy Spencer – Managing Director

(3) Paul Payne – Independent Non-Executive Director

(4) Warren Hallam – Independent Non-Executive Director

Mr 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, was 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 also chairs Dacian Gold Limited, Sipa Resources Limited and the Harry Perkins Institute for Respiratory Health, a not-for-profit organisation focused on prevention and treatment of all forms of respiratory disease. Mr McGown brings to the Board a comprehensive knowledge of equity and debt markets and financing of resource projects.

Mr Spencer has over 25 years' experience in the resources sector and precious metals markets, working in various executive, accounting, treasury and finance roles including with three mining companies as an executive director and/or Chief Financial Officer and Company Secretary as well as with a large gold refining and trading enterprise. Mr Spencer joined the Company in October 2017, and prior to his appointment as Managing Director has served in the roles of Chief Executive Officer, Chief Financial Officer and Company Secretary.

Mr Payne is a Fellow of the Australasian Institute of Mining and Metallurgy and an experienced geologist with a strong technical background as well as senior executive and board experience across a range of commodities in both Australia and internationally. Mr Payne's experience includes the role of founding Managing Director of Dacian Gold Limited where he was instrumental in the initial major gold discoveries at its Mount Morgans project. Mr Payne is currently non-executive director of Carnaby Resources Limited, an ASX listed resource company and continues to provide expert technical services to the resources industry through his consultancy PayneGeo.

Mr Hallam is a metallurgist, a mineral economist and holds a Graduate Diploma in Business. He has over 35 years of technical and commercial experience across numerous commodities and businesses within the resources industry including with top-tier mining companies Western Mining Corporation, Metals X Limited, Westgold Resources Limited and is currently Chairman of ASX listed Kingfisher Mining Limited and Non-Executive Director of Poseidon Nickel. Mr Hallam was a member of the senior leadership team at Metals X (both as Executive Director and Managing Director) and played a critical role in the development of Metals X as a leading global tin producer and top-10 gold producer. Mr Hallam also held a range of senior operation, strategic and business development roles with diversified ASX-100 resource company Western Mining Corporation.

(b) **Essential senior management**

The senior management personnel of Essential as at the date of the Scheme Booklet are:

(1) Matthew Watson – Chief Geologist

(2) Greg Fitzgerald – Company Secretary

## 5.5 Essential securities and capital structure

(a) **Essential securities on issue**

As at the date of this Scheme Booklet, the capital structure of Essential comprised of the following securities:

| Type of security | Number on issue |
|---|---|
| Essential Shares | 268,859,967 |
| Essential Options | 3,700,002 |
| Essential Performance Rights | 1,696,797 |

| Terms of Essential Options | Number on issue |
|---|---|
| Options expiring 30-Sep-24 and exercisable at $0.125 | 200,000 |
| Options expiring 30-Sep-24 and exercisable at $0.175 | 200,000 |
| Options expiring 30-Sep-24 and exercisable at $0.225 | 200,000 |
| Options expiring 31-Jan-24 and exercisable at $0.25 | 500,000 |
| Options expiring 31-Jan-24 and exercisable at $0.35 | 500,000 |
| Options expiring 31-Jan-24 and exercisable at $0.45 | 500,000 |
| Options expiring 30-Jun-24 and exercisable at $0.25 | 533,334 |
| Options expiring 30-Jun-24 and exercisable at $0.35 | 533,334 |
| Options expiring 30-Jun-24 and exercisable at $0.45 | 533,334 |
| **Total of Options** | **3,700,002** |

See section 10.5 for further information about the terms of the Essential Options and the treatment of the Essential Options and Essential Performance Rights in connection with the Scheme.

(b) **Substantial Essential Shareholders**

Based on publicly available information, as at the Last Practicable Date, Essential has received notification(s) from the following substantial shareholder(s) in accordance with section 671B of the Corporations Act:

| Name | Number of Essential Shares | Percentage shareholding |
|---|---|---|
| Lithium Resources Operations Pty Ltd and its related bodies corporate. | 52,300,000 | 19.45% |
| Develop Global Limited and its subsidiaries. Develop has a relevant interest under section 608(1)(b) and (c) of the Corporations Act pursuant to a Voting Deed with respect to shares in Essential between Develop and Lithium Resources Operations Pty Ltd (ACN 657 042 218) dated 2 July 2023. | As above – relevant interest in shares held by Lithium Resources Operations. | As above – relevant interest in shares held by Lithium Resources Operations. |
| UBS Securities Australia Ltd | 15,559,899 | 5.82% |

(c) **Top 20 Essential Shareholders**

Based on the Register as at the Last Practicable Date, the top 20 Essential Shareholders held approximately 50.40% of the Essential Shares, as set out in the following table:

| | Name | Number of Essential Shares | Percentage shareholding |
|---|---|---|---|
| 1. | A C N 657 042 218 PTY LTD | 52,300,000 | 19.45% |
| 2. | CITICORP NOMINEES PTY LIMITED | 23,542,331 | 8.76% |
| 3. | WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C> | 13,702,183 | 5.10% |
| 4. | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 7,497,045 | 2.79% |
| 5. | MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED <NO 1 ACCOUNT> | 6,932,012 | 2.58% |
| 6. | NATIONAL NOMINEES LIMITED | 4,197,863 | 1.56% |
| 7. | BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP> | 3,040,071 | 1.13% |
| 8. | MR TIMOTHY GERARD SPENCER <THE SPENCER INVESTMENT A/C> | 2,243,956 | 0.83% |
| 9. | BASILDENE PTY LTD <WARREN BROWN SUPER FUND A/C> | 2,241,677 | 0.83% |
| 10. | J P MORGAN NOMINEES AUSTRALIA PTY LIMITED | 2,067,137 | 0.77% |
| 11. | DAY LIVIN PTY LTD | 2,048,000 | 0.76% |
| 12. | TIMEVIEW ENTERPRISES PTY LTD | 2,000,000 | 0.74% |
| 13. | IONIKOS PTY LTD <MCGOWN SUPER FUND A/C> | 1,970,364 | 0.73% |
| 14. | MR THOMAS WAYNE SPILSBURY & MRS MARCEY EVA SPILSBURY <TIGER SUPER FUND A/C> | 1,910,080 | 0.71% |
| 15. | MRS SARA BROWNELL | 1,790,000 | 0.67% |
| 16. | MR CHRISTOPHER ALLAN EAGLESHAM | 1,750,000 | 0.65% |
| 17. | BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM | 1,706,488 | 0.63% |
| 18. | VAUTIER PTY LTD <REDLEG SUPERFUND A/C> | 1,640,446 | 0.61% |
| 19. | BNP PARIBAS NOMS PTY LTD <DRP> | 1,480,906 | 0.55% |
| 20. | MR MARK KEVIN PROCTOR | 1,450,000 | 0.54% |
| | **TOTAL** | **135,510,559** | **50.40%** |

### 5.6 Recent Essential Share performance

The chart in Figure 2 shows the share price performance for the Company and peer group for the 12 month period up to the last closing price before the Announcement Date and the chart in Figure 3 shows share price performance for the same companies from the Announcement Date to 12 September 2023.

## 5.7 Financial profile of Essential

### (a) Historical financial information

This section 5.7 contains financial information relating to Essential extracted from the audited financial statements of Essential for the years ending 30 June 2021, 30 June and 2022 and the audit reviewed financial statements of Essential for the half year ended 31 December 2022.

The historical financial information in this section 5.7 is a summary only and has been prepared and extracted for the purposes of this Scheme Booklet only.

The historical financial information of Essential presented in this section 5.7 is in an abbreviated form and does not contain all the disclosures, presentations, statements or comparatives that are usually provided in an annual report prepared in accordance with the Corporations Act. Essential considers that for the purposes of this Scheme Booklet the historical financial information presented in an abbreviated form is more meaningful to Essential Shareholders.

The historical financial information of Essential presented in this Scheme Booklet has been prepared in accordance with the recognition and measurement principles contained in the Australian Accounting Standards and is presented on a standalone basis, and accordingly, does not reflect any impact of the implementation of the Scheme (or the transactions contemplated by it).

Further detail about Essential's historical financial performance can be found in Essential's financial statements for the financial years ended 30 June 2021 (which are included in the Annual Report in respect of that financial year, which Essential released to ASX on 24 September 2021), 30 June 2022 (which are included in the Annual Report in respect of that financial year, which Essential released to ASX on 28 September 2022) and 31 December 2022 (which Essential released to ASX on 8 March 2023). Copies of these documents can be obtained, free of charge, from ASX's website (www.asx.com.au) or from the Essential website (www.essmetals.com.au).

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(b) **Historical consolidated statement of profit or loss and other comprehensive income for full year ended 30 June 2021, 30 June 2022 and half year ended 31 December 2022**

| | 31 December 2022 (Reviewed Accounts) | 30 June 2022 (Audited) | 30 June 2021 (Audited) |
|---|---|---|---|
| **CONTINUING OPERATIONS** | **$'000** | **$'000** | **$'000** |
| Revenue from sale of goods | - | - | 106 |
| Costs of sales | - | - | (1) |
| **GROSS PROFIT** | **-** | **-** | **105** |
| Other income | **411** | **526** | **567** |
| Interest income | **94** | **30** | **46** |
| Exploration expenditure | **-** | **(3)** | **(100)** |
| Employee benefits expense (incl. director fees) | **(363)** | **(783)** | **(738)** |
| Compliance & regulatory expenses | **(132)** | **(188)** | **(166)** |
| Consultancy expenses | **(144)** | **(274)** | **(93)** |
| Business development & investor relations | **(188)** | **(219)** | **(106)** |
| Administration costs | **(86)** | **(143)** | **(133)** |
| Finance expense | **(12)** | **(10)** | **(17)** |
| Exploration and evaluation expenditure written off | **-** | **(113)** | **(477)** |
| Depreciation - Right-of-use assets | **(22)** | **(32)** | **(84)** |
| Depreciation - Plant, equipment and motor vehicles | **(3)** | **(14)** | **(23)** |
| Loss on disposal of plant, equipment and motor vehicles | **-** | **(18)** | **(35)** |
| Foreign exchange differences | **-** | **(1)** | **(22)** |
| Share based payments | **(45)** | **(165)** | **(107)** |
| **LOSS BEFORE TAX** | **(490)** | **(1,407)** | **(1,383)** |
| Income tax | **-** | **-** | **-** |
| **LOSS FOR THE PERIOD FOR CONTINUING OPERATIONS** | **(490)** | **(1,407)** | **(1,383)** |
| **OTHER COMPREHENSIVE LOSS** | | | |
| *Items that may be reclassified subsequently to profit or loss:* | | | |
| Exchange differences on translation of foreign operations | **-** | **(91)** | **(17)** |
| *Items that will not be reclassified subsequently to profit or loss:* | | | |
| Changes in the fair value of financial assets | **(38)** | **75** | **(172)** |
| **TOTAL OTHER COMPREHENSIVE LOSS** | **(38)** | **(16)** | **(155)** |
| **TOTAL COMPREHENSIVE LOSS FOR THE PERIOD NET OF INCOME TAX** | **(528)** | **(1,423)** | **(1,538)** |
| **LOSS PER SHARE FROM CONTINUING OPERATIONS** | | | |
| Basic and diluted net loss per share attributable to ordinary equity holders | **(0.19c)** | **(0.59c)** | **(0.77c)** |

(c) **Historical consolidated statement of financial position for full year ended 30 June 2021, 30 June 2022 and half year ended 31 December 2022**

| | 31 December 2022 (Reviewed Accounts) | 30 June 2022 (Audited) | 30 June 2021 (Audited) |
|---|---|---|---|
| | $'000 | $'000 | $'000 |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 9,779 | 10,527 | 5,466 |
| Trade and other receivables | 459 | 443 | 15 |
| Investments | 75 | 113 | 273 |
| Prepayments | 15 | 44 | 36 |
| **TOTAL CURRENT ASSETS** | 10,328 | 11,127 | 5,790 |
| **NON-CURRENT ASSETS** | | | |
| Exploration and evaluation expenditure | 19,438 | 16,726 | 15,430 |
| Right-of-use assets | 231 | 253 | 171 |
| Plant, equipment and motor vehicles | 97 | 95 | 147 |
| Bank restricted deposits | 21 | 21 | 22 |
| **TOTAL NON-CURRENT ASSETS** | 19,787 | 17,095 | 15,770 |
| **TOTAL ASSETS** | 30,115 | 28,221 | 21,560 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 239 | 564 | 223 |
| Provisions | 739 | 1,122 | 755 |
| Lease Liabilities | 21 | 43 | 47 |
| **TOTAL CURRENT LIABILITIES** | 999 | 1,729 | 1,025 |
| **NON-CURRENT LIABILITIES** | | | |
| Lease liabilities | 229 | 210 | 132 |
| **TOTAL NON-CURRENT LIABILITIES** | 229 | 210 | 132 |
| **TOTAL LIABILITIES** | 1,228 | 1,938 | 1,157 |
| **NET ASSETS** | 28,887 | 26,283 | 20,403 |
| **EQUITY** | | | |
| Contributed equity | 53,237 | 50,150 | 44,538 |
| Reserves | 1,357 | 1,350 | 1,193 |
| Accumulated losses | (25,707) | (25,217) | (25,328) |
| **TOTAL EQUITY** | 28,887 | 26,283 | 20,403 |

(d) **Historical consolidated statement of cash-flows for full year ended 30 June 2021, 30 June 2022 and half year ended 31 December 2022**

| | 31 December 2022 (Reviewed Accounts) | 30 June 2022 (Audited) | 30 June 2021 (Audited) |
|---|---|---|---|
| | $'000 | $'000 | $'000 |
| **CASH FROM OPERATING ACTIVITIES** | | | |
| Receipts from customers | - | - | 369 |
| Payments to suppliers and employees | (845) | (1,500) | (1,225) |
| Interest received | 57 | 20 | 22 |
| Other income received | 11 | 13 | 21 |
| Exploration expensed | - | (3) | (100) |
| Income tax paid | (4) | - | - |
| Government incentives received | - | - | 36 |
| **NET CASH USED IN OPERATING ACTIVITIES** | (781) | (1,470) | (877) |
| **INVESTING ACTIVITIES** | | | |
| Payments for exploration and evaluation | (3,012) | (2,787) | (2,512) |
| Payments for plant and equipment | (27) | (17) | (72) |
| Receipts from sales of plant, equipment and motor vehicles | - | - | 35 |
| Proceeds from the relinquishment of tenement rights | - | 401 | 325 |
| Proceeds from the sale of listed investments | - | 2,965 | 322 |
| Proceeds from the sale of subsidiaries | - | 485 | - |
| Payments relating to the disposal of subsidiaries | - | (85) | - |
| Payments for the purchase of royalty rights | - | - | (150) |
| Government incentives received | - | - | 131 |
| **NET CASH FROM INVESTING ACTIVITIES** | (3,039) | 962 | (1,921) |
| **FINANCING ACTIVITIES** | | | |
| Repayment of lease liabilities | (15) | (50) | (81) |
| Proceeds from the issue of shares | 3,087 | 5,965 | 4,190 |
| Payments for share issue transaction costs | - | (346) | (236) |
| **NET CASH FROM FINANCING ACTIVITIES** | 3,072 | 5,569 | 3,873 |
| **NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS** | (748) | 5,061 | 1,075 |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD** | 10,527 | 5,466 | 4,391 |
| Effect of foreign exchange rate changes | - | - | - |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD** | 9,779 | 10,527 | 5,466 |

(e) **Material changes in Essential's financial position**

Other than;

(1) the accumulation of losses in the ordinary course of trading; and

(2) as disclosed in this Scheme Booklet or as otherwise disclosed to ASX by Essential, including particularly clause 5.7 arising from the audited financial statements of Essential for the year ended 30 June 2023,

to the knowledge of the Directors, the financial position of Essential has not changed materially since 31 December 2022, being the last date of the period to which the financial statements for the half year ended 31 December 2022 relate. Copies of Essential's periodic reports can be obtained from Essential's website at www.essmetals.com.au, ASX's website at www.asx.com.au and from Essential free of charge following a request in writing via email: info@essmetals.com.au, or, by post: PO Box 1787 West Perth WA 6872, to be received before the Scheme is approved by the Court.

(f) **Financial information for the full year ended 30 June 2023**

As at the Last Practicable Date, Essential's audited financial statements for the full year ended 30 June 2023 were not available.

Essential currently expects to release its audited financial statements for the full year ended 30 June 2023 to ASX on or around 26 September 2023. As noted in section 6.9, DVP is also expected to release its full year results on or about 27 September 2023.

Following the release of these financial statements, the Essential Board will obtain the Independent Expert's confirmation of whether the financial results change the Independent Expert's opinion that the Scheme is in the best interests of Essential Shareholders, in the absence of a superior offer. The confirmation will be announced to the ASX in advance of the Scheme Meeting.

Essential Shareholders are encouraged to read those financial statements and Essential's ASX release regarding the Independent Expert's confirmation before deciding how to vote on the Scheme Meeting.

## 5.8 Directors' intentions for the business

The Corporations Regulations require a statement by the Directors of their intentions regarding Essential's business. If the Scheme is implemented, Develop has stated that it intends to reconstitute the Board as appropriate for such an entity. It is for the reconstituted Board to determine its intentions as to;

(a) the continuation of the business of Essential or how the existing business will be conducted; and

(b) any major changes to be made to the business of Essential,

and accordingly, it is not possible for the Directors to provide such a statement at this time. Essential Shareholders should refer to section 7.4 as to the intentions of Develop.

## 5.9 Publicly available information about Essential

Essential is a disclosing entity as defined in the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and Listing Rules. Broadly, these require Essential to announce price sensitive information as soon as it becomes aware of the information, subject to exceptions for certain confidential information. Essential is also required to prepare and lodge with ASIC and ASX both annual and half-year financial statements.

Further announcements concerning Essential will continue to be made available on ASX's website (www.asx.com.au, ASX:ESS), or alternatively Essential's website (www.essmetals.com.au) after the date of this Scheme Booklet.

# 6. Overview of Develop

## 6.1 Introduction

This section 6 forms part of the Develop Information and has been prepared by Develop. The information concerning Develop and the intentions, views and opinions contained in this section are the responsibility of Develop.

Essential and its Directors, officers, employees and advisers do not assume any responsibility for the accuracy or completeness of the information in this section.

The Independent Expert's Report set out in Schedule 1 to this Scheme Booklet contains further information about Develop.

## 6.2 History and Background

Develop is an Australian incorporated, headquartered and majority owned ASX listed (**ASX:DVP**) company, with a market capitalisation (as at the Last Practicable Date) in excess of $581 million.

Develop has a clear two-pronged strategy for creating shareholder value. First, this strategy centres on the exploration, development and production of energy transition metals. To that end, Develop currently owns base metals projects in Western Australia and New South Wales. The second plank of Develop's strategy centres on the provision of specialist underground mining services.

Develop is widely recognised as an emerging leader in the energy transition metals space in Australia and the Company seeks to aggressively pursue growth in this sector.

Develop's board and management team is led by Managing Director Mr Bill Beament, the founder and formerly the Executive Chair of ASX50 Company Northern Star Resources Limited (ASX: NST). In just over a decade Mr Beament led the growth of Northern Star Resources from a junior explorer (A$0.01 per share) to an ASX50 company with a market capitalisation of over A$16 billion (A$17.03 per share).

## 6.3 Major Operations

### (a) Woodlawn Zinc Copper Mine

The Woodlawn Zinc-Copper Mine is in the world class Lachlan Fold belt in NSW, 250km south-west of Sydney. The Mine operated from 1978 to 1998 and was Australia's second highest grade zinc-equivalent mine at this time, processing 13.8Mt @ 9.1% Zn, 1.6% Cu, 3.6% Pb, 74gpt Ag and 0.5gpt Au. Following its closure, the project was acquired by ASX-listed Heron Resources. Heron developed the underground mine and built a new processing plant, investing ~A$340 million in the project before it was put on care and maintenance in March 2020.

Develop completed its acquisition of Woodlawn and the extensive tenement package in May 2022 for A$30 million upfront and another A$70 million, potentially, in success driven milestone payments. The acquisition included the underground mine, the new processing plant and all associated site infrastructure.

In August 2022, an independent assessment by leading mining and geological consultants, Entech, confirmed that Woodlawn hosts a large high-grade underground JORC-compliant Mineral Resource of 7.3 million tonnes grading 5.7% Zn, 1.8% Cu, 2.0% Pb, 44.9gpt Ag & 0.6gpt Au (13.2% zinc-equivalent).[16] This figure is in line with the stated Mineral Resource at the time Develop acquired the project. However, the new estimate contains Measured and Indicated Resources of 4.8 million tonnes, which is higher than in the previous estimate.

In addition to the Mineral Resource, the assessment identified 5.1 million tonnes of mineralisation next to the historical underground workings, which had mined grades of ~9.1% Zn and ~1.6% Cu. This mineralisation could lead to a substantial Mineral Resource increase and Develop is assessing this potential.

Develop believes that the project has significant growth potential, having historically been under-explored and untested at depth. In particular, Develop believes that Woodlawn has excellent potential for extensions of existing lenses which are open at depth and along strike and for the discovery of additional lenses, with many structural positions untested.

Develop is currently focused on upgrading Inferred Resources to Indicated and extending the mineralised lenses at depth and along strike. Drilling will also test highly prospective electromagnetic conductors and new exploration targets (see *Table 1: Mineral Resources at Woodlawn* in section 6.3(e) below).

Since July 2022, Develop's operational team has been rapidly developing the underground mine to enable a de-risked and quick restart of production. Over 2,900 metres of capital development have been completed and all major mine services established underground (ventilation, escapeways and power reticulation).

At the time of writing, the existing Woodlawn Life of Mine (**LOM**) was being updated and set for release in the September quarter. The restart costs for the processing plant are being finalised by GR Engineering and will be incorporated into the updated LOM.

An extensive underground drilling campaign was completed in FY2023. When all assays from the FY2023 campaign are received, an updated Mineral Resource and Ore Reserve will be estimated. This is set for later this financial year.

Underground drilling has continued this financial year and will lead to a further update to Resources and Reserves.

Develop's main objective is to de-risk a potential production restart by undertaking underground capital development and site establishment activities during FY2024.

(b) **Sulphur Springs Zinc Copper Project**

The Sulphur Springs Project is located in the world-class Pilbara region of Western Australia. The project hosts a Mineral Resource of 17.4 million tonnes grading 5.8% Zn, 1.0% Cu, 21.0gpt Ag & 0.2gpt Au (see *Table 2: Mineral Resources at Sulphur Springs* in section 6.3(e) below).

Develop has secured the key environmental and statutory approvals necessary for implementation of the project.

In financial year 2022 Develop completed a A$10 million resource and exploration drilling programme as part of its de-risking and growth strategy. The programme delivered exceptional infill, extension and exploration drilling results that delivered a significant upgrade in Sulphur Springs Mineral Resource and geological confidence level. Develop

[16] Refer to ASX announcement dated 2 August 2022 titled "Independent experts confirm large high-grade Resource in line with previous estimates" for further information including the key economic and recovery assumptions underlying metal equivalent calculations.

recently announced the results of an updated Definitive Feasibility Study (**DFS**) demonstrating that Sulphur Springs has the potential to be a significantly profitable zinc and copper mine with low operating costs and robust margins. The DFS delivered a pre-tax project NPV5% of A$523 million. The DFS results confirmed the Project's strong financial and technical merits based on a 1.25 million tonne per annum (**Mtpa**) underground mine to deliver average annual production for years one to four of 80.8kt of zinc metal and 16.4kt of copper metal in payable streams, with life of mine payable metal of 490kt zinc and 83kt copper.

(c) **Develop Underground Services Division**

Develop's Underground Services Division is the underground mining contractor at the Bellevue Gold mine in WA. This contract with Bellevue Gold (ASX: BGL) is worth ~$A400 million. The agreement covers a period of almost four years for the construction, development and production activities at the Bellevue mine. Work under the agreement commenced in late May 2022.

During the June 2023 quarter, the division completed ~3km of underground development at Bellevue, a 13% increase from the March quarter. This exceptional performance produced A$23.0 million in contract revenue, a 20% increase from the March quarter.

The fourth development crew commenced late in June and resulted in an instant ramp up in development advance. Production work continues to build with substantial production drilling activities occurring throughout the June 2023 quarter.

Revenue continues to grow substantially with the associated increase in mining physicals. Revenue of ~A$130 million is forecast for the 2024 financial year. This cashflow greatly assists with funding the Company's mine ownership activities and adds to the ability to service the potential debt required to establish those production centres.

In 2022, Develop acquired Premium Mining & Civil Pty Ltd and Premium Mining Personnel Pty Ltd (together, the **Premium Group**). The Premium Group is a well-established provider of specialist mining personnel and equipment to the underground mining industry. This acquisition bolstered Develop's capabilities in providing underground expertise and equipment, both of which are in extremely high demand and will play critical roles in helping Develop achieve its goals as a mine owner / developer and mining services business partner.

On 29 May 2023, Develop announced that it had signed a Memorandum of Understanding with Tjiwarl Contracting Services (**TCS**) which provides for Develop to assist TCS to establish businesses which would provide contracting services to mine sites on Tjiwarl land. The overall aim of this collaboration is to deliver long-term benefits to the Tjiwarl community.

Develop's Underground Services Division is actively seeking additional engagements to further increase its contract book, including opportunities in the energy transition metals sector.

(d) **Whim Creek Joint Venture**

The Whim Creek Copper-Zinc Project is located in the emerging base and precious metals province 115 km to the southwest of Port Hedland and includes the Whim Creek, Mons Cupri, Salt Creek and Evelyn deposits where 67,000 tonnes of copper were produced from historic (near surface) oxide ores.

In 2020, Develop executed an unincorporated Joint Venture with Anax Metals Limited (ASX: ANX) to acquire 80% interest in the Whim Creek Project via staged cash payments and additional earn-in expenditure. Develop retains a 20% interest that is free-carried through to a decision to mine.

In 2023, Anax Metal Limited announced the completion of the Definitive Feasibility Study (**DFS**) on the Whim Creek Project and processing hub (see ANX Metals ASX announcement 3 April 2023). The project had an estimated free cash of A$340 million, a pre-tax NPV (7%) of A$224 million and an IRR of 54%. The pre-production capex is estimated at A$71 million.

(e) **JORC Mineral Resources and Ore Reserves**

Set out below is a summary of Develop's Mineral Resources at Woodlawn (extracted from ASX announcement 16 May 2023) and Mineral Resources and Ore Reserves at Sulphur Springs (extracted from ASX announcement 30 June 2023).

Develop is not aware of any new information or data that materially affects the information included in the ASX announcements of 16 May 2023 and 30 June 2023, and all material assumptions and technical parameters underpinning the estimates in those ASX announcements continue to apply and have not materially changed.

This summary should be read in conjunction with the accompanying notes in each respective source.

***Table 1: Mineral Resources at Woodlawn***[17]

| Resource category | Tonnes (kt) | NSR ($A/t) | Zn (%) | Pb (%) | Cu (%) | Ag (g/t) | Au (g/t) | Fe (%) |
|---|---|---|---|---|---|---|---|---|
| **Measured** | 104 | 404 | 4.3 | 1.9 | 2.1 | 100 | 1.4 | 15.9 |
| **Indicated** | 4,776 | 348 | 5 | 1.8 | 1.8 | 42.2 | 0.7 | 19.2 |
| **Inferred** | 2,461 | 408 | 6.9 | 2.5 | 1.8 | 47.8 | 0.3 | 16.9 |
| **Total** | **7,341** | **369** | **5.7** | **2.0** | **1.8** | **44.9** | **0.6** | **18.4** |

*Note: Woodlawn underground Mineral Resource, at NSR cut-off of A$100/t, with A$140/t used for remnant lenses. Tonnages are dry metric tonnes. Minor discrepancies may occur due to rounding.*

[17] Refer to ASX announcement dated 2 August 2022 titled "Woodlawn Updated Mineral Resource Estimate". Develop confirms that it is not aware of any new information or data that materially affects the information included in the relevant announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant announcement continue to apply and have not materially changed.

***Table 2: Mineral Resources at Sulphur Springs*[18]**

| Resource Category | Metallurgical Domain | Tonnes (kt) | NSR ($A/t) | Cu (%) | Pb (%) | Zn (%) | Ag (g/t) | Au (g/t) |
|---|---|---|---|---|---|---|---|---|
| **Indicated** | Oxide | 209 | 381 | 4.2 | 0.1 | 0.3 | 18.9 | 0.1 |
| | Transitional | 4,941 | 314 | 1.2 | 0.3 | 6.1 | 22.5 | 0.1 |
| | Fresh | 7,247 | 299 | 1.1 | 0.3 | 5.4 | 21.5 | 0.1 |
| | **Sub-total** | **12,398** | **307** | **1.2** | **0.3** | **5.6** | **21.8** | **0.1** |
| **Inferred** | Fresh | 1,401 | 249 | 0.2 | 0.5 | 6.4 | 38.4 | 0.2 |
| | **Sub-total** | **1,401** | **249** | **0.2** | **0.5** | **6.4** | **38.4** | **0.2** |
| **GRAND TOTAL** | | **13,798** | **$301** | **1.1** | **0.3** | **5.7** | **23.5** | **0.2** |

*Note: Mineral Resources Table Sulphur Springs reported at a A$80/t Net Smelter Return (NSR) cut-off. Tonnages are dry metric tonnes. Minor discrepancies may occur due to rounding.*

***Table 3: Ore Reserves at Sulphur Springs*[19]**

| | JORC Classification | Tonnes (Mt) | Cu (%) | Pb (%) | Zn (%) | Ag (g/t) | Au (g/t) |
|---|---|---|---|---|---|---|---|
| **Underground** | Proven | - | - | | - | - | |
| | Probable | 8.8 | 1.1 | 0.2 | 5.4 | 20.6 | 0.1 |
| | **Total** | **8.8** | **1.1** | **0.2** | **5.4** | **20.6** | **0.1** |

*Note: Inferred Resources contained within the Ore Reserve design have been assigned a nil grade and dilute the reported Ore Reserve. Total may not add due to rounding.*

6.4 **Develop's strategy and outlook**

Develop's five-year business plan includes a hybrid business model consisting of Mine Ownership and Mining Services with the following key elements:

- build world-class underground capability;
- be one of the most socially responsible and ESG friendly companies on the ASX;
- produce clean energy transition metals;
- aim for annual metal output in excess of 50,000 tonnes copper equivalent and establish long mine lives, 7 - 10 years; and
- mining services capability to operate five to seven projects (two to three for third parties to generate free cash flow).

Develop's main objective at Woodlawn is to de-risk a potential production restart by undertaking underground capital development, Resource/Reserve drilling and site establishment activities during the 2024 financial year.

[18] Refer to ASX announcement dated 30 June 2023 titled "Updated DFS – Sulphur Springs". Develop confirms that it is not aware of any new information or data that materially affects the information included in the relevant announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant announcement continue to apply and have not materially changed.

[19] Refer to ASX announcement dated 30 June 2023 titled "Updated DFS – Sulphur Springs". Develop confirms that it is not aware of any new information or data that materially affects the information included in the relevant announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant announcement continue to apply and have not materially changed.

Develop also plans to advance the development of the Sulphur Springs Zinc-Copper Project through investigating a bankable feasibility study.

Develop started the implementation of the ESG strategy and roadmap during the 2024 financial year.

## 6.5 Develop Group structure

The Develop Group includes parent company, Develop Global Limited, and the wholly-owned subsidiaries listed as follows.

- Jutt Resources Pty Ltd
- Juranium Pty Ltd
- CMG Gold Ltd
- Venturex Pilbara Pty Ltd
- Venturex Sulphur Springs Pty Ltd
- Dev Mining Services Pty Ltd
- Heron Resources Ltd
- Woodlawn Mine Holdings Pty Ltd
- Tarago Operations Pty Ltd
- Tarago Exploration Pty Ltd
- Ochre Resources Pty Ltd
- Hampton Nickel Pty Ltd
- Premium Mining and Civil Pty Ltd
- Premium Mining Personnel Pty Ltd

## 6.6 Corporate governance

The actions of Develop's board and management are guided by Develop's Corporate Governance Manual, which is the basis of a comprehensive system of control and accountability for the administration of corporate governance.

Develop's board has also established a corporate governance framework, including, among other things, corporate governance policies and charters, to support this commitment. The framework is revised in response to changes in law, developments in corporate governance and changes to the business. To the extent they are applicable to Develop, the Board has adopted the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

Develop's corporate governance policies and charters are available at the Corporate Governance section of Develop's website.

## 6.7 Directors and senior management of Develop

### (a) Directors

A summary of Develop's board as at the date of this Scheme Booklet is set out below.

**Michael Blakiston: Independent Non-Executive Chair**

Michael Blakiston is a partner in Gilbert + Tobin's Energy and Resources group. He has over 30 years' experience gained across a range of jurisdictions. Mr Blakiston advises in relation to asset acquisition and disposal, project structuring, joint ventures and strategic alliances, development agreements and project commercialisation, capital raisings and company merger and acquisitions.

Mr Blakiston has served on numerous ASX listed companies and not-for-profit boards and is currently the Chairman of Precision Opportunities Fund Ltd, a specialist small to medium cap fund.

Mr Blakiston was appointed to the Board on 9 June 2021.

**Bill Beament: Managing Director**

Mr Beament is a mining engineer with more than 25 years' experience in the resource sector. Mr Beament was a founding shareholder and led the growth of Northern Star Resources from a 1¢ shell to an ASX50 company with a market cap of over A$16 billion. At the time of his resignation as Northern Star Resources Executive Chair, the Company was the second biggest ASX-listed gold producer. This growth stemmed from a combination of highly successful exploration and operating excellence as well as project acquisitions and company mergers.

Prior to this he held several senior management positions, including General Manager of Operations for Barminco Limited with overall responsibility for 12 mine sites across Western Australia and General Manager of the Eloise Copper Mine in Queensland.

Mr Beament was appointed as Executive Director on 1 July 2021 and then as Managing Director on 26 July 2021.

**Shirley In't Veld: Independent Non-Executive Director**

Ms In't Veld was the CEO of Verve Energy for five years. Before this, Ms In't Veld held several senior commercial, legal and marketing positions with Alcoa, WMC Resources Ltd, Bond Corporation and Bank West, including Managing Director of Alcoa of Australia Rolled Products based in Geelong.

Ms In't Veld currently holds directorships at APA Group, Alumina Ltd and Karora Resources Inc.

Ms In't Veld was appointed to the Board on 26 July 2021.

**Justine Magee: Independent Non-Executive Director**

Ms Magee has more than 30 years' experience in the mining sector. She currently is the Chief Executive of RTG Mining (ASX:RTG) and previously Chief Financial Officer and Director of AGR Ltd. Before holding these positions, Ms Magee was the Chief Financial Officer and GM Corporate at gold miner Resolute Mining.

Ms Magee is a Chartered Accountant who worked for Arthur Anderson in corporate finance. She has significant experience in Board engagement and considerable exposure to merger and acquisition activity, debt and equity financing, permitting and regulatory reporting and offtake agreements.

Ms Magee was appointed to the Board on 9 May 2023.

(b) **Senior management**

A summary of the key members of Develop's senior management as at the date of this Scheme Booklet is set out below.

**Ben MacKinnon: Chief Financial Officer**

Mr MacKinnon has been a Chartered Accountant since 2005 and has 18 years of finance experience in the construction and mining services industries.

Mr MacKinnon graduated from the University of Western Australia in 2001, with a Bachelor of Commerce majoring in accounting and finance. He then commenced his professional career with EY Perth. Mr MacKinnon was previously CFO of Force Equipment for five years, which was eventually sold to ASX listed Emeco Holdings for +$70 million in 2017.

Prior to starting at Develop, Mr MacKinnon had been, for 5 years, the CFO and Company Secretary of ASX listed drilling business DDH1 Limited. He was intimately involved in taking DDH1 from a privately held business with 48 rigs through 3 acquisitions and an ASX listing to end up a drilling business of global significance, with 4 operating units and over 190 rigs.

Mr MacKinnon brings to Develop a strong ability to drive systems, process and accounting excellence across the business while delivering operational and analytical insights to the senior leadership team. He also has experience in debt and equity financing, risk management, governance, and regulatory requirements.

Mr MacKinnon was appointed as Chief Financial Officer on 23 January 2023.

**Steven Wood: Company Secretary**

Mr Wood is a Director of Grange Consulting Group Pty Ltd and specialises in providing corporate advisory, governance, and financial compliance consulting services to a number of ASX listed and unlisted entities.

Mr Wood was appointed as Company Secretary on 23 August 2022.

**Elle Farris: General Counsel**

Ms Farris is a highly experienced legal practitioner who has advised major resources companies in a range of areas. Prior to joining Develop, Ms Farris was Senior Corporate Counsel and External Relations for Newmont, the world's largest gold mining company. In this role, Ms Farris advised on global strategies for the electrification and automation of both surface and underground mining ecosystems as well as major M&A transactions.

In 2022, Ms Farris was named the Minerals Council of Australia Exceptional Young Woman in Australian Resources and the Chamber of Minerals and Energy of Western Australia Young Outstanding Women in Resources.

Ms Farris was appointed as General Counsel on 12 June 2023.

## 6.8 Historical financial information

(a) **Basis of preparation**

The selected historical financial information in this section has been extracted from Develop's audited consolidated financial statements for the financial years ended 30

June 2022 and 30 June 2021 and the reviewed consolidated financial statements for the half year ended 31 December 2022.

The information in this section is a summary only and has been prepared solely for inclusion in this Scheme Booklet. Develop's full financial accounts are available on its website, www.develop.com.au.

(b) **Consolidated statements of financial position**

Set out below is a summary of Develop's audited consolidated financial statements for the financial years ended 30 June 2022 and 30 June 2021 and the reviewed consolidated financial statements for the half year ended 31 December 2022. This summary should be read in conjunction with the accompanying notes in Develop's Annual Report for the year ended 30 June 2022 and Interim Financial Report for the half year ended 31 December 2022.

| | **31 December 2022 (reviewed) $'000** | **30 June 2022 (audited) $'000** | **30 June 2021 (audited) $'000** |
|---|---|---|---|
| **ASSETS** | | | |
| ***Current Assets*** | | | |
| Cash and cash equivalents | 26,636 | 43,206 | 16,831 |
| Trade and other receivables | 7,227 | 2,978 | 274 |
| Inventories | 4,925 | 4,023 | 4 |
| Current tax assets | - | - | 279 |
| Other assets | 1,142 | 1,345 | 12,262 |
| **Total Current Assets** | **39,931** | **51,553** | **17,390** |
| ***Non-current Assets*** | | | |
| Property, plant and equipment | 42,305 | 34,274 | 686 |
| Right of use assets | 20,907 | 3,498 | 101 |
| Exploration and evaluation expenditure | 57,866 | 45,757 | 27,281 |
| Mine properties | 55,679 | 55,679 | - |
| Intangibles | 2,523 | - | - |
| Other receivables | 10,232 | 10,537 | 11,857 |
| Other assets | 3,582 | 3,582 | - |
| **Total Non-current Assets** | **193,097** | **153,330** | **39,927** |
| **Total Assets** | **233,028** | **204,884** | **57,317** |
| | | | |
| **LIABILITIES** | | | |
| ***Current Liabilities*** | | | |
| Trade and other payables | 10,513 | 7,953 | 1,302 |
| Lease liabilities | 7,783 | 1,634 | 103 |
| Employee benefits | 2,151 | 438 | 109 |
| Provisions | 4,341 | 2,141 | 5,353 |
| **Total Current Liabilities** | **24,791** | **12,168** | **6,869** |

| | 31 December 2022 (reviewed) $'000 | 30 June 2022 (audited) $'000 | 30 June 2021 (audited) $'000 |
|---|---|---|---|
| ***Non-current Liabilities*** | | | |
| Lease liabilities | 13,445 | 1,883 | - |
| Employee benefits | 74 | 77 | 28 |
| Provisions | 26,988 | 27,181 | 14,821 |
| Contract liabilities | 20,301 | 19,019 | - |
| **Total Non-current Liabilities** | **60,810** | **48,161** | **14,850** |
| **Total Liabilities** | **85,601** | **60,330** | **21,719** |
| **Net Assets** | **147,427** | **144,554** | **35,597** |
| | | | |
| **Equity** | | | |
| Issued capital | 210,887 | 202,081 | 132,008 |
| Reserves | 128,682 | 128,215 | 80,108 |
| Accumulated losses | (192,142) | (185,743) | (176,519) |
| **Total Equity** | **147,427** | **144,554** | **35,597** |

(c) **Consolidated statements of operations and comprehensive loss**

Set out below is a summary of Develop's audited consolidated statement of profit or loss and other comprehensive income for the years ended 30 June 2022 and 30 June 2021 and the reviewed consolidated statement of profit or loss and other comprehensive income for the half year ended 31 December 2022. This summary should be read in conjunction with the accompanying notes in Develop's Annual Report for the year ended 30 June 2022 and Interim Financial Report for the half year ended 31 December 2022.

| | 31 December 2022 (reviewed) $'000 | 30 June 2022 (audited) $'000 | 30 June 2021 (audited) $'000 |
|---|---|---|---|
| **Revenue** | **23,828** | **4,512** | **-** |
| Cost of sales | (19,039) | (3,639) | - |
| **Gross Profit** | **4,788** | **873** | **-** |
| Other income | 2,463 | 77 | 154 |
| **Expenses** | | | |
| Care and maintenance | (1,505) | (402) | - |
| Administrative | (1,852) | (1,806) | (775) |
| Directors, employees, and consultants | (2,432) | (2,418) | (1,266) |
| Share based payments | (536) | (8,305) | (80,240) |
| Payroll tax | (2,198) | 3,212 | (5,353) |
| Exploration and evaluation | (243) | (444) | (387) |

| | 31 December 2022 (reviewed) $'000 | 30 June 2022 (audited) $'000 | 30 June 2021 (audited) $'000 |
|---|---|---|---|
| Depreciation | (3,130) | (465) | (312) |
| Impairment of trade and other receivables | - | - | (149) |
| Impairment of exploration and evaluation | - | (396) | (816) |
| Loss on sale of property, plant and equipment | - | - | (538) |
| Re-estimation of site rehabilitation | (112) | 1,003 | (104) |
| Re-estimation of contract liabilities | (1,282) | - | - |
| **Operating profit/(loss)** | **(6,040)** | **(9,074)** | **(89,792)** |
| Finance costs | (359) | (148) | (89) |
| **Loss before income tax** | **(6,399)** | **(9,223)** | **(89,822)** |
| Income tax expense | - | - | - |
| **Loss after income tax attributable to the owners of Develop** | **(6,399)** | **(9,223)** | **(89,822)** |
| Other comprehensive income for the year, net of tax | - | - | - |
| **Total comprehensive loss for the year / half year attributable to owners of Develop** | **(6,399)** | **(9,223)** | **(89,822)** |
| **Loss per share for the year attributable to the owners of Develop** | | | |
| Basic loss per share (cents) | (3.94) | (6.39) | (113.23) |
| Diluted loss per share (cents) | - | (4.80) | (69.63) |

(d) **Consolidated statements of cash flows**

Set out below is a summary of Develop's audited consolidated statement of cash flows for the years ended 30 June 2022 and 30 June 2021 and the reviewed consolidated statement of cash flows for the half year ended 31 December 2022. This summary should be read in conjunction with the accompanying notes in Develop's Annual Report for the year ended 30 June 2022 and Interim Financial Report for the half year ended 31 December 2022.

| | 31 December 2022 (reviewed) $'000 | 30 June 2022 (audited) $'000 | 30 June 2021 (audited) $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers | 21,729 | 2,327 | - |
| Cash paid to suppliers and employees | (23,809) | (8,974) | (2,457) |
| Receipts from lease of camp | - | - | 38 |
| Interest received | 310 | 42 | 10 |
| Interest paid | 367 | (13) | (179) |
| Government stimulus and job keeper received | - | - | 162 |
| **Net cash used in operating cash flows** | **(2,136)** | **(6,617)** | **(2,425)** |
| | | | |
| **Cash flows related to investing activities** | | | |
| Payments for purchases of plant and equipment | (3,804) | (2,037) | (27) |
| Proceeds from sale of plant and equipment | 2,500 | - | 150 |
| Payments for exploration and evaluation expenditure | (10,676) | (6,957) | - |
| Payment for purchase of Heron Resources Ltd | (448) | (16,454) | 15,126 |
| Payment for purchase of Premium Group | (812) | - | - |
| Payments for other assets | (238) | (20) | - |
| **Net cash used in investing cash flows** | **(13,480)** | **(25,469)** | **(2,430)** |
| | | | |
| **Cash flows related to financing activities** | | | |
| Proceeds from issue of securities | 630 | 54,922 | 16,718 |
| Proceeds from conversion of options into shares | 423 | 4,972 | 3,789 |
| Capital raising costs | (86) | (1,986) | (588) |
| Proceeds from borrowings | - | 900 | 151 |
| Repayments of borrowings | - | (250) | (562) |
| Repayments of lease liabilities | (1,920) | (69) | (77) |
| **Net cash provided by financing cash flows** | **(952)** | **58,489** | **19,430** |

| | 31 December 2022 (reviewed) $'000 | 30 June 2022 (audited) $'000 | 30 June 2021 (audited) $'000 |
|---|---|---|---|
| **Net increase (decrease) in cash and cash equivalents** | **(16,570)** | **26,401** | **14,574** |
| Cash and cash equivalents at the beginning of the period / financial year | 43,206 | 16,831 | 2,256 |
| Cash acquired from acquisition of Heron Resources Ltd | - | (26) | - |
| **Cash and cash equivalents at the end of the period / financial year** | **26,636** | **43,206** | **16,831** |

(e) **Liquidity and capital reserves**

As of 30 June 2023, Develop held cash and cash equivalents of $21.8 million.

At 30 June 2023, Develop has $24.7 million of asset finance debt, secured against individual assets within Dev Mining Services Pty Ltd and its long-term liabilities relate primarily to mine rehabilitation and obligations to the Nomad silver stream arrangement in respect of the Woodlawn Project.

## 6.9 Material changes in Develop's financial position

Other than:

(1) generating revenue and incurring costs in the ordinary course of business;

(2) as disclosed in this Scheme Booklet (including in the Pro Forma Historical Financial Information in section 7.8 of this Scheme Booklet); and

(3) as otherwise disclosed to ASX by Develop, including in the quarterly reports of Develop for the quarters ended 31 March 2023 and 30 June 2023,

to the knowledge of Develop, the financial position of Develop has not changed materially since 31 December 2022, being the last date of the period to which the financial statements for the half year ended 31 December 2022 relate. Copies of Develop's periodic reports can be obtained from Develop's website at www.develop.com.au or ASX's website at www.asx.com.au.

The audited consolidated financial statements for the Develop Group for the financial year ended 30 June 2023 are expected to be released to ASX on or about 27 September 2023.

## 6.10 Capital structure and substantial shareholders

(a) **Ordinary shares**

As at the date of this Scheme Booklet, Develop has 197,781,372 quoted fully paid ordinary shares, and no quoted options issued over shares.

(b) **Develop Options and Develop Performance Rights**

At the date of this Scheme Booklet, Develop has the following options and performance rights on issue:

| Class | Exercise Price | Issue date | Expiry date | Number |
|---|---|---|---|---|
| **Unlisted performance rights** | | | | |
| DVPAV | Nil | various | various | 2,839,137 |
| **Unlisted options – Share Based Payments** | | | | |
| DVPAAA | $0.75 | 17 June 2021 | 17 June 2024 | 14,000,000 |
| DVPAAB | $0.75 | 17 June 2021 | 17 June 2025 | 14,000,000 |
| DVPAY | $0.75 | 22 June 2021 | 22 June 2024 | 1,400,000 |
| DVPAAC | $5.00 | 23 September 2021 | 1 October 2024 | 200,000 |
| DVPAAG | various | various | various | 2,215,000 |

Further options or performance rights may be issued in the ordinary course pursuant to the Develop Awards Plan described in section 6.12(b).

(c) **Develop substantial holders**

The substantial holders of Develop Shares as at the date of this Scheme Booklet are as follows.

| Name | Shares[1] | % |
|---|---|---|
| Mr William James Beament | 36,341,399 | 18.37 |
| Mineral Resources Limited | 25,273,520 | 12.78 |
| BlackRock Group | 11,591,760 | 5.86 |

Note: (1) Based on most recent substantial shareholder notices and adjusted (where appropriate) for allocations under the $50 million Develop capital raising announced on 3 July 2023.

## 6.11 Rights and liabilities attaching to Develop Shares

The rights, privileges and restrictions attaching to Develop Shares can be summarised as follows:

(a) **General meetings**

Develop Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Develop Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) **Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of Develop Shares, at general meetings of Shareholders or classes of Shareholders:

- each Develop Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- on a show of hands, every person present who is a Develop Shareholder or a proxy, attorney or representative of a Develop Shareholder has one vote; and
- on a poll, every person present who is a Develop Shareholder or a proxy, attorney or representative of a Develop Shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Develop Shares registered in the Develop Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Dividend rights**

The Develop directors may from time to time declare a dividend to be paid to shareholders entitled to the dividend. Subject to the Develop Constitution and subject to the rights of any preference Develop Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the dividend as declared shall be payable on all Develop Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Develop Shares in accordance with Part 2H.5 of Chapter 2H of the Corporations Act.

(d) **Winding-up**

If Develop is wound up, the liquidator may, with the authority of a special resolution of the company, divide among the Develop Shareholders in kind the whole or any part of the property of Develop, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Develop Shareholders or different classes of Develop Shareholders. The liquidator may, with the authority of a special resolution of Develop, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Develop Shareholder is compelled to accept any Develop Shares or other securities in respect of which there is any liability.

(e) **Transfer of Develop Shares**

Generally, Develop Shares in Develop are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act.

(f) **Variation of rights**

Pursuant to section 246B of the Corporations Act the Company may, with the sanction of a special resolution passed at a meeting of Develop Shareholders vary or abrogate the rights attaching to Develop Shares.

If at any time the issued capital is divided into different classes of Develop Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Develop Shares of that class), whether or not Develop is being wound up may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued Develop Shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the Develop Shares of that class.

## 6.12 Develop Share Plans

### (a) Dividend Reinvestment Plan

Develop does not operate a Dividend Reinvestment Plan.

### (b) Awards Plan

Develop has established the “Develop Global Employee Incentives Awards Plan” (the **Awards Plan**) which was approved by Develop Shareholders at the 2021 Annual General Meeting.

Under the Awards Plan, the Board may invite full or part time employees and directors of, and contractors to, Develop or an Associated Body Corporate of Develop (**Eligible Participants**) to apply for the issue of Develop Shares, Develop Options or Develop Performance Rights (together, **Awards**) in accordance with ASIC Class Order [CO 14/1000].

Eligible Participants do not possess any right to participate in the Plan, as participation is solely determined by the Board.

The Awards Plan will be administered by the Develop board which may, in its absolute discretion, invite an Eligible Participant to apply for Awards from time to time as determined by the Develop board.

All Develop Shares issued under the Plan will rank equally in all respects with the Develop Shares of the same class for the time being on issue except as regards any rights attaching to such Develop Shares by reference to a record date prior to the date of their issue.

Each Develop Option or Develop Performance Right entitles its holder to subscribe for and be issued, one fully paid ordinary share in the capital of Develop (upon vesting and exercise of that Award) unless the Awards Plan or an applicable invitation otherwise provides. A Develop Option or Develop Performance Right acquired under the Plan will not vest and be exercisable unless the vesting conditions (if any) attaching to that Develop Option or Develop Performance Right have been satisfied (as determined by the Develop board acting reasonably). The Develop board may in its discretion (except to the extent otherwise provided by an invitation), by written notice to an Eligible Participant, resolve to waive any of the vesting conditions applying to a Develop Option or Develop Performance Right. An Eligible Participant (or their personal legal representative where applicable) may, subject to the terms of any Invitation, exercise any vested Develop Option or Develop Performance Right at any time after the Develop board notifies that the Develop Option or Develop Performance Right has vested and before it lapses.

There are no participating rights or entitlements inherent in Develop Options or Develop Performance Rights and participants will not be entitled to participate in new issues of securities offered to Develop Shareholders of Develop without exercising the Develop Options or Develop Performance Rights, except to the extent an invitation otherwise provides where permitted by the Listing Rules.

There is no right to a change in the exercise price or in number of underlying Develop Shares over which a Develop Option or Develop Performance Right can be exercised, except to the extent an invitation otherwise provides where permitted by the Listing Rules.

In the event of a reorganisation of the capital of Develop, Develop may alter the rights of the holder of an Award to the extent necessary to comply with the Listing Rules applying to reorganisations at the time of the reorganisation.

A Develop Performance Right or Develop Option does not entitle a participant to vote on any resolutions proposed at a general meeting of Develop Shareholders, nor any right to a return of capital, whether in a winding up, or upon a return of capital or otherwise, or a right to participate in surplus profit or assets of Develop upon a winding up.

A participant is not entitled to participate in or receive any dividend or other Develop Shareholder benefits until its Develop Performance Rights or Develop Options have vested and been exercised and Develop Shares have been allocated to the participant as a result of the exercise of those Develop Performance Rights or Develop Options.

The Awards Plan provides for a cashless exercise facility to be made available, at the discretion of the Board, and also for the Develop board to make a cash payment in lieu of the issue of Develop Shares on exercise of a Develop Option or Develop Performance Right in certain circumstances.

The Awards Plan also provides for the imposition of restrictions on transfer.

Full details of the Awards Plan are available on the Develop website at www.develop.com.au/corporate-governance.

## 6.13 Interests of Develop directors in Develop securities

As at the date of this Scheme Booklet, the Develop Shares and Develop Options held by each Develop Director are as follows:

| Director | Develop Shares | Develop Options over Ordinary Shares | | | |
|---|---|---|---|---|---|
| | | $0.75 | $0.675 | $5.00 | $4.38 |
| Michael Blakiston | 86,103 | 1,400,000 | - | - | - |
| Bill Beament | 36,341,399 | 28,000,000 | - | - | - |
| Shirley In't Veld | 75,000 | - | - | 200,000 | - |

## 6.14 Interests in the Essential securities held directly or indirectly by Develop directors

None of the Develop directors have any interests in Essential Shares.

## 6.15 Develop interest and dealings in Essential securities

### (a) Develop interests in Essential securities

Develop currently has a relevant interest in 52,300,000 Essential Shares, comprising approximately 19.45% of the Essential Shares on issue, under the terms of a Voting Deed between Develop and Essential's largest shareholder, Lithium Resources Operations Pty Ltd, an 100% owned subsidiary of Mineral Resources Limited.

Under the terms of the Voting Deed, Mineral Resources agrees to vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert opining that the Scheme is in the best interests of Essential Shareholders. For the term of the Voting Deed, Mineral Resources agrees not to dispose of its shares. The Voting

Deed terminates if there is a Superior Proposal which is not matched by Develop within five business days.

A full copy of the Voting Deed is attached to the Form 603, “Notice of Initial Substantial Holder” lodged by Develop with the ASX on 3 July 2023.

(b) **Acquisition of Essential Shares by Develop and their Associates**

In the four months prior to the date of this Scheme Booklet, neither Develop nor any of its Associates have provided or agreed to provide, any consideration for Essential Shares under a purchase or an agreement.

(c) **Pre-Scheme benefits**

Neither Develop nor any of its Associates has given, offered to give or agreed to give, a benefit to another person that was likely to induce that person or an Associate to vote in favour of the Scheme or dispose of their Essential Shares during the four month period immediately preceding the date of this Scheme Booklet, where that benefit was not offered to all Scheme Shareholders.

### 6.16 Disclosure of fees and other benefits

During the following periods, Develop paid and/or accrued the following fees to its executive officers and Develop directors:

- 12 months ended 30 June 2022: $524,299
- 12 months ended 30 June 2021: $409,738

During the 12 months ended 30 June 2022, Develop paid $183,283 to Gilbert + Tobin (of which Michael Blakiston is a Partner) to provide legal consulting services. As at 30 June 2022, there was $1,748 in Trade and Other Payables due to Gilbert + Tobin. Further amounts may become due and payable by Develop to Gilbert + Tobin in connection with its work on the Scheme.

Further details of Develop’s remuneration policy are set out in Renumeration Report for the period ended 30 June 2022, which can be found on page 20 of the FY22 Annual Report.

### 6.17 Share price performance (ASX)

The closing trading price of Develop Shares on the ASX before the public announcement of the Scheme was $3.46 on 30 June 2023.

The closing trading price of Develop Shares on the Last Practicable Date on the ASX was $2.94.

During the three-month period immediately preceding the date on which the Scheme Booklet was lodged for registration with ASIC, the highest and lowest closing trading prices of Develop Shares on the ASX were, respectively, $$3.591 on 14 June 2023 and $2.580 on 28 August 2023.

The Develop Share prices given above should not necessarily be taken as an indication of the price of New Develop Shares following implementation of the Scheme.

### 6.18 Publicly available information about Develop

As a disclosing entity, Develop is subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC in relation to Develop may be obtained from, or inspected at, an ASIC office.

In addition, a substantial amount of information about Develop is available in electronic form from www.develop.com.au, and on Develop's profile on ASX (www.asx.com.au).

## 6.19 Litigation

As at the date of this Scheme Booklet, Develop is not involved in any material legal disputes and is not a party to any material litigation.

## 6.20 No other material information

So far as Develop is aware, there is no information relating to:

- Develop; or
- Develop's intentions regarding Essential, Essential's business operations and assets and the issue of the Scheme Consideration,

material to the making of a decision by a Scheme Shareholder in relation to the Scheme, being information that is within the knowledge of any Develop director at the time of Essential lodging this Scheme Booklet with ASIC for registration, which is not disclosed in this section 6, or elsewhere in this Scheme Booklet.

As at date of this Scheme Booklet, Develop is not aware of any circumstances that would cause any Condition Precedent (as set out in section 3.5 of this Scheme Booklet) not yet satisfied or waived as at the date of this Scheme Booklet not to be satisfied.

Apart from the capital raising announced on 3 July 2023, Develop has not raised any capital in Australia for the three months before the date of this Scheme Booklet, and will not raise any capital in Australia for the three months after the date of issue of this Scheme Booklet.

# 7. Profile of the Merged Group

## 7.1 Introduction

This section contains information in relation to the Merged Group if the Scheme is implemented.

The Independent Expert's Report set out in Schedule 1 to this Scheme Booklet contains further information about the Merged Group.

The information contained in this section has been prepared by Develop after consultation with Essential. The information concerning the Merged Group and the intentions, views and opinions contained in this section are the responsibility of Develop and Essential.

The pro-forma historical financial information in this section 7 relates to the Merged Group and does not include any ongoing effects that may arise in connection with the Scheme.

## 7.2 Background

### (a) Strategic rationale for the Scheme

The acquisition of Essential, and with it the Pioneer Dome Lithium Project, under the Scheme is consistent with Develop's objective to explore, develop and produce future facing metals which are pivotal to the global commitment to transition to clean energy. This includes lithium, which is a key component of battery manufacture. This is one element of Develop's two-pronged strategy for creating value, as described in section 6.4 of this Scheme Booklet.

Develop intends to leverage its operational expertise, specialist mining capabilities and financing capacity to rapidly advance Pioneer Dome for the benefit of the Merged Group's shareholders.

### (b) Overview of the Merged Group assets

The acquisition of Essential under the Scheme will further expand Develop's portfolio of diversified clean energy metals projects in Australia.

Following implementation of the Scheme, the Merged Group hold a diverse portfolio of mineral assets including:

- the Woodlawn Zinc Copper Mine;
- the Sulphur Springs Zinc Copper Project;
- the Pioneer Dome Lithium Project; and
- interests in various joint venture projects.

In addition, the Merged Group will continue to own and operate Develop's Underground Mining Services Division which is essential for the skills to be able to build the group's projects and provide cashflow to support the wider mine ownership activities.

### (c) Ownership of the Merged Group

Following implementation of the Scheme, Develop and Essential security holders will have a pro forma interest in Develop of approximately 81.8% and 18.2% (on an undiluted basis), respectively (see section 7.5 for further information).

## 7.3 Corporate governance of the Merged Group

Following implementation of the Scheme, Essential's reporting line will be integrated into Develop's Corporate Governance Framework as described in section 6.6 of this Scheme Booklet.

Accordingly, the Merged Group will operate in accordance with the Develop's Corporate Governance Framework.

## 7.4 Intentions of Develop and the Merged Group

### (a) Overview

The intentions set out below represent the current intentions of Develop in relation to the Merged Group. These intentions have been formed on the basis of facts and information concerning the Merged Group, and the general economic and business environment, known by Develop at the time this Scheme Booklet was prepared.

Develop does not have sufficiently detailed knowledge of all material information necessary to reach final decisions as to its intentions. Develop will only reach final decisions in light of material facts and circumstances at the relevant time and following completion of the review of Essential's operations referred to below.

All statements set out in this section 7 are statements of current intention only and may vary as new information becomes available or circumstances change.

### (b) Review of Essential

Develop intends to conduct a detailed review of Essential's assets, operations and ongoing employee requirements. Develop's final decisions on these matters will only be made in light of all material facts and circumstances at the relevant time and after having had the opportunity to review Essential's information in more detail after implementation of the Scheme.

In particular, Develop intends to proceed with the exploration and development of Essential's key asset, being the Pioneer Dome Lithium Project, with a focus on improving the knowledge of the current Mineral Resource and completing detailed metallurgical testwork and development studies.

Develop will review Essential's study work and operational planning to determine and implement improvements to deliver optimal outcomes for the development of the Pioneer Dome Lithium Project. The review and optimisation of the deposit from an open pit verses an underground mine or a mixture of both will form a key component of this study work.

Also a review of early ore feed and the ability to maximise recovery of this material is key to Develop's aim of generating initial cashflow to assist in the wider development of the project.

To advance the Pioneer Dome Lithium Project Develop believes it needs a substantial amount of infill drilling on the current resources to improve the geological understanding and Resource classification of the deposit. This drilling will also be used to undertake a significant metallurgical testwork program to assist in the optimal processing pathway and parameters for the project.

In parallel to the technical work underway, Develop intends to lodge the appropriate regulatory approvals required to enable development and operational activities to commence later in calendar year 2024. Ultimately, the final development investment decision will still require all technical and financial conditions being satisfactory according to Develop's criteria.

Develop will undertake a wider strategic review of Essential's assets and operations, other than the Pioneer Dome Lithium Project, with a view to maximising the value of its ownership of Essential and minimising the cost of its ownership.

The strategic review provides an opportunity to determine the best means of maximising the value of the remaining assets of Essential.

(c) **Continuation of Develop's and Essential's business**

Following implementation of the Scheme, Develop intends to continue to operate the businesses of Develop and Essential in a similar manner as they are currently operating. Notwithstanding this, Develop will undertake a review (as detailed in section 7.4(b) of this Scheme Booklet) of Essential's operations covering strategic, financial and commercial operating matters to determine and implement improvements to deliver the optimal outcomes for the Merged Group.

(d) **Corporate matters in relation to Essential**

Following implementation of the Scheme, Develop will replace the Essential Board with nominees of Develop (who are yet to be identified as at the Last Practicable Date). Develop will also arrange for Essential to be removed from the official list of ASX.

Essential will become a wholly-owned subsidiary of Develop and Develop's corporate structure is otherwise expected to remain largely the same.

(e) **Strategic direction**

Following implementation of the Scheme, the strategy of the Merged Group will be the same as the Develop strategy as detailed in section 6.4.

(f) **Name of the Merged Group**

The Merged Group will continue as "Develop Global Limited", with its corporate office unchanged and will continue to trade on the ASX under the ticker "DVP".

(g) **Management and employees**

Develop will retain all the non-corporate employees of Essential.

## 7.5 Capital structure and ownership of the Merged Group

As at the date of this Scheme Booklet there are 197,781,372 Develop Shares on issue. Develop will issue a maximum of approximately 44,033,192 New Develop Shares pursuant to the Scheme (ignoring the effects of rounding). In addition, Develop will issue approximately 253,780 New Develop Shares under the terms of the Option Cancellation Deeds (assuming none of the Essential Options are exercised prior to the Record Date).

Immediately following implementation of the Scheme, the capital structure of the Merged Group will be as set out in the table below:

| Develop Security | Number held by current Develop security holders | Number held by former Essential security holders | Total Merged Group |
|---|---|---|---|
| Ordinary Shares | 197,781,372 | 44,033,192 | 241,814,564 |
| Performance Rights | 2,839,137 | - | 2,839,137 |
| Options | 31,815,000 | - | 31,815,000 |

Immediately following implementation of the Scheme, existing Develop Shareholders will hold approximately 81.8% of the Develop Shares on issue and Scheme Shareholders (and former Essential Optionholders) will hold approximately 18.2% of the Develop Shares on issue (15.9% on a fully diluted basis), as set out in the table below.

| Ordinary Shares | % held by current Develop security holders | % held by former Essential security holders |
|---|---|---|
| Undiluted | 81.8 | 18.2 |
| Fully diluted | 84.1 | 15.9 |

Based on the closing price of Develop Shares on the ASX on the Last Practicable Date, the pro forma market capitalisation of the Merged Group is estimated to be approximately $711 million.

## 7.6 Substantial shareholdings

Based on information known to Develop at the Last Practicable Date, following implementation of the Scheme, the substantial holders of Develop Shares are expected to be as follows.

| Name | Shares | % |
|---|---|---|
| Mr William James Beament | 36,341,991 | 15.03 |
| Mineral Resources Limited | 33,736,303 | 13.95 |

## 7.7 Board and management of the Merged Group

### (a) Board of Merged Group

Once the Scheme is implemented, the board of Develop will be unchanged.

### (b) Management of the Merged Group

The key management team of the Merged Group following implementation of the Scheme will be the Develop senior management personnel set out in section 6.7(b) of this Scheme Booklet.

Develop will retain the non-corporate employees of Essential.

## 7.8 Merged Group Pro Forma Historical Financial Information

### (a) Introduction

This section 7.8 contains the pro forma historical statements of financial position for Develop as the holding company of the Merged Group (**Merged Group Financials**).

The Merged Group Financials have been prepared to illustrate to the hypothetical financial position of the Merged Group as if the Scheme had been implemented at 31 December 2022.

The information they contain has been prepared, and is set out in, abbreviated form which does not contain all of the information and disclosures that would ordinarily be included in financial statements pursuant to International Financial Reporting Standards (**IFRS**) or the Australian Accounting Standards (**AAS**). Accordingly, the information should be considered in conjunction with the rest of this Scheme Booklet and the consolidated financial statements for each entity, together with related notes and other information, available at:

- for Essential: the ASX announcements platform (www.asx.com.au) using the code 'ESS'; or
- for Develop: the ASX announcements platform (www.asx.com.au) using the code 'DVP'.

The Merged Group Financials are not intended to reflect the financial position of the Merged Group that would have resulted had the Scheme been implemented on 31 December 2022, nor possible future results for the Merged Group. The actual financial position of the Merged Group had the Scheme been implemented on 31 December 2022 may have been different from the Merged Group Financials.

(b) **Basis of preparation**

Set out below are the historical statements of financial position of Develop and Essential as of 31 December 2022 (together, **Historical Financial Information**) and the pro forma historical statement of financial position in relation to the Merged Group as of 31 December 2022 (**Pro Forma Historical Financial Information**).

The Historical Financial Information contained in section has been extracted from Develop's HY23 Interim Report, lodged with ASX on 24 February 2023, and Essential's HY23 Interim Report, lodged with ASX on 8 March 2023.

The Pro Forma Historical Financial Information has been prepared to reflect the acquisition of Essential by Develop. The Pro Forma Historical Financial Information is provided for illustrative purposes only and is prepared on the assumption that Essential became a wholly owned subsidiary of Develop on 31 December 2022. It does not illustrate the financial position that may be contained in future financial statements of Develop and does not contain all disclosures required for a financial report under the Corporations Act.

The Pro Forma Historical Financial Information should be read in conjunction with the risk factors in section 8, other information contained in the Scheme Booklet, the accounting policies of Develop and Essential as disclosed in their most recent respective annual reports and information disclosed by the companies on ASX.

(c) **Pro Forma Historical Financial Information**

| | **DVP Statutory 31/12/2022 ($'000)** | **ESS Statutory 31/12/2022 ($'000)** | **Pro Forma Adjustments* ($'000)** | **Proforma Merged Group 31/12/2022 ($'000)** |
|---|---|---|---|---|
| **CURRENT ASSETS** | | | | |
| Cash and Cash Equivalents | 26,636 | 9,800 | 37,127[(1)] | 73,564 |

| | DVP Statutory 31/12/2022 ($'000) | ESS Statutory 31/12/2022 ($'000) | Pro Forma Adjustments* ($'000) | Proforma Merged Group 31/12/2022 ($'000) |
|---|---|---|---|---|
| Trade and other receivables | 7,228 | 459 | - | 7,687 |
| Other financial assets | - | 75 | - | 75 |
| Inventories | 4,925 | - | - | 4,925 |
| Other Current assets | 1,142 | 15 | - | 1,157 |
| **TOTAL CURRENT ASSETS** | **39,932** | **10,349** | **37,127** | **87,408** |
| | | | | |
| **NON-CURRENT ASSETS** | | | | |
| Plant and equipment | 42,306 | 97 | - | 42,403 |
| Right of Use Asset | 20,907 | 231 | - | 21,138 |
| Goodwill | 2,524 | - | - | 2,524 |
| Exploration and evaluation costs | 57,866 | 19,438 | 124,873[2] | 202, 177 |
| Mine Properties | 55,679 | - | - | 55,679 |
| Other Receivables | 10,232 | - | - | 10,232 |
| Other Non Current assets | 3,583 | - | | 3,583 |
| **TOTAL NON-CURRENT ASSETS** | **193,097** | **19,766** | **124,873** | **337,736** |
| | | | | |
| **TOTAL ASSETS** | **233,029** | **30,115** | **162,000** | **425,144** |
| | | | | |
| **CURRENT LIABILITIES** | | | | |
| Trade and other payables | 10,514 | 239 | - | 10,753 |
| Lease Liability | 7,784 | 21 | - | 7,805 |
| Provisions - Current | 4,342 | 739 | -50[1] | 5,031 |
| Employee Benefits | 2,152 | | | 2,152 |
| **TOTAL CURRENT LIABILITIES** | **24,791** | **999** | **(50)** | **25,740** |
| | | | | |
| **NON-CURRENT LIABILITIES** | | | | |
| Lease Liability | 13,446 | 229 | - | 13,675 |
| Provisions | 26,988 | - | - | 26,988 |
| Employee Benefits | 75 | - | - | 75 |
| Contract Liabilities | 20,302 | - | - | 20,302 |
| **TOTAL NON-CURRENT LIABILITIES** | **60,811** | **229** | **-** | **61,040** |
| | | | | |
| **TOTAL LIABILITIES** | **85,602** | **1,228** | **(50)** | **86,780** |
| | | | | |
| **NET ASSETS** | **147,427** | **28,887** | **162,050** | **338, 364** |
| | | | | |
| **EQUITY** | | | | |
| Issued capital | 210,888 | 53,237 | 150,523[1], [2] | 414, 648 |
| Reserves | 128,682 | 1,357 | -1,357[3] | 128,682 |
| Accumulated Losses | (192,143) | (25,707) | 12,884[4] | (204,966) |
| **TOTAL EQUITY** | **147,427** | **28,887** | **162,050** | **338, 364** |

* Note: Details of pro forma adjustments are set out in section 7.8(d) of this Scheme Booklet.

(d) **Pro forma assumptions and adjustments**

For the purpose of the Pro Forma Historical Financial Information, the transaction has been accounted for a business acquisition.

The following assumptions and adjustments have been made for the purposes of preparing the Pro Forma Historical Financial Information:

**Note 1**: The pro forma adjustments reflect:

- completion of the $50 million capital raising announced by Develop on 3 July 2023, after payment of all associated costs;
- payment of stamp duty costs associated with the Scheme of approximately $8 million;
- payment of all corporate advisory, due diligence providers and legal fees for both Develop and Essential in connection with the Scheme of approximately $4 million; and
- payment of all statutory and contractual entitlements of those Essential employees not continuing with the Merged Group following implementation of the Scheme.

**Note 2**: The pro forma adjustment reflects the fair value of the Scheme Consideration (comprising the issue of New Develop Shares) to acquire Essential with the excess of the fair value over Essential's net assets being allocated to Exploration and Evaluation Costs. It also reflects the elimination of the existing Essential issued capital upon consolidated of Essential into the Develop Group. The fair value of the Scheme Consideration has been calculated based on the issue of 44,033,192 New Develop Shares which are valued, for the purposes of the Pro Forma Historical Financial Information, at $3.46 per share. It should be noted that the allocation of the total cost of acquisition to the net assets of Essential has been determined on a provisional basis. The actual cost of the acquisition will be determined at the acquisition date. Subsequent to the Implementation of the Scheme, Develop will perform a full analysis of the accounting treatment of the acquisition under applicable accounting standards. This exercise may give rise to material differences in value and may result in values being attributed to other assets and liabilities.

**Note 3:** The pro forma adjustment reflects the elimination of the Essential's existing reserves upon consolidation into the Develop Group.

**Note 4:** The pro forma adjustment reflects the combined retained impact on Accumulated Losses of the adjustments described in Notes 1, 2 and 3.

## 7.9 Financial forecasts

Develop has given careful consideration as to whether forecast financial statements can and should be included in this Scheme Booklet in respect of Develop or the Merged Group.

In particular, Develop has considered whether there is a reasonable basis for the preparation and disclosure in the Scheme Booklet of reliable and useful forecast financial statements in this regard. The only forecast financial statement included in this Scheme Booklet is the statement made in section 6.3(c) relating to Develop' s underground mining services division.

Develop has concluded that forecast financial statements for the Merged Group cannot be provided as it does not have a reasonable basis for such forecasts as required by applicable law and practice, and therefore the forecasts would not be meaningful or material to Essential Shareholders.

## 7.10 Disclaimer regarding Essential and the Merged Group Information

In preparing the information relating to Essential and the Merged Group contained in this Scheme Booklet, Develop has relied on publicly available information relating to Essential and this has not been independently verified by Develop or its directors. Risks may exist in relation to Essential (which may affect the Merged Group) of which Develop is unaware. If any material risks are known to the directors of Essential, they must be disclosed in the target's statement to be issued by Essential.

Accordingly, subject to any applicable laws, Develop makes no representations or warranties (express or implied) as to the accuracy and completeness of such information.

# 8. Summary of Key Risks

## 8.1 Introduction

Under the Scheme, Essential Shareholders (other than Ineligible Foreign Shareholders and Non-Electing Small Shareholders) will acquire New Develop Shares and consequently there will be a change to their overall investment risk profile. This section outlines a number of the risks that may affect the performance of the Merged Group and the value of its shares. These risks include:

(a) Specific risks relating to the Merged Group (refer to section 8.2);

(b) Risks to Essential Shareholders if the Scheme does not proceed (refer to section 8.3);

(c) General risks common to an investment in Essential, Develop and the Merged Group (refer to section 8.4); and

(d) Specific risks relating to the Scheme (refer to section 8.5).

The risks outlined in this section 8 are not exhaustive and do not take into account the investment objectives, financial situation, position or particular needs of Essential Shareholders. No assurances or guarantees are given in relation to the future performance of, profitability of, or payment of dividends by Essential, Develop or the Merged Group.

You should carefully consider the risks summarised in this section 8, as well as the other information contained in this Scheme Booklet generally, before voting on the relevant Scheme Resolution. You should consult your legal, financial, taxation or other professional adviser if you are unclear or uncertain about any matter mentioned in this section 8 or elsewhere in this Scheme Booklet.

## 8.2 Specific risks relating to the Merged Group

The following risk have been identified as being key risks specific to an investment in the Merged Group. These risks have the potential to have a significant adverse impact on the Merged Group and may affect the Merged Group's financial position, prospects and price of its listed securities.

### (a) Change in risk and investment profile

If the Scheme is implemented, Essential Shareholders will be exposed to risk factors relating to Develop, and to certain additional risks relating to the Merged Group and the integration of the two businesses.

There is a risk that the Merged Group's success and profitability could be adversely affected if Essential's business is not integrated effectively into Develop. Any failure to achieve expected potential synergies may also impact on the financial performance and position of the Merged Group and the future price of Develop Shares.

### (b) Failure to realise benefits of the Scheme

After implementation of the Scheme, the Merged Group will seek to pursue those strategies, operational objectives and benefits contemplated by this Scheme Booklet. There is a risk that the Merged Group may be unable to realise these strategies, operational objectives and benefits (in whole or in part) or that they will not materialise, or will not materialise to the extent that the Merged Group anticipates (for whatever reason, including matters beyond the control of the Merged Group), or that the realisation of the strategies, operational objectives and benefits are delayed.

Any failure to meet these strategies, operational objectives and benefits, or delay in realising these strategies, operational objectives and benefits, could have an adverse impact on the Merged Group's operations, financial performance and financial position.

(c) **Integration risks**

The success of the Merged Group will depend, amongst other things, on the ability to integrate the respective businesses of Essential and Develop.

Successful integration will depend on a range of factors, including organisational and cultural compatibility and operational integration. Unexpected issues and complications could arise during integration.

While Develop expects to successfully integrate with Essential's operations, integration may take longer than expected (so that integration is achieved over a longer than expected time period), or that integration may cost more than anticipated. Potential factors influencing a successful integration include:

(1) disruption to the ongoing operations of both businesses;

(2) higher than anticipated integration costs;

(3) unforeseen costs relating to integration of operational systems, IT systems and financial and accounting systems of both businesses; and

(4) unintended loss of key personnel or expert knowledge or reduced employee productivity due to uncertainty arising as a result of the Scheme.

If the integration is not achieved in an effective manner, the full benefits of the combination of the two business may be achieved only in part, or not at all. This could adversely impact the Merged Group's financial performance and position, and the future prospects of the Merged Group. Reasons for this may include unexpected/unplanned delays, challenges, liabilities and costs in relation, but not limited to, integrating operating and management systems such as IT, information or accounting systems and the loss of key personnel of the Merged Group.

(d) **Additional requirements for capital**

The Merged Group's capital requirements depend on numerous factors. Depending on Merged Group's ability to generate income from development of its projects and its operations, the Merged Group may require additional financing in the future.

Any additional equity financing may dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. The terms on which debt financiers are willing to offer financing may vary from time to time depending on macro-economic conditions, the performance of the Merged Group, and an assessment of the risk of the intended use of funds. There is no guarantee that the Merged Group will be able to secure additional financing on terms favourable to the Merged Group. Further, loan agreements and other financing arrangements such as debt facilities, convertible note issues and finance leases (and any related guarantee and security) that may be entered into by the Merged Group may contain covenants, undertakings and other provisions which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance the Merged Group will be able to repay such loans in the event of an acceleration. Enforcement of any security granted by the Merged Group or default under a finance lease could also result in the loss of assets.

If the Merged Group is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be.

(e) **Key personnel**

The Merged Group will be dependent on the experience of its current directors, executives, and key management personnel. The future direction of the Merged Group, including the plans proposed to be implemented, are dependent on the continuation of the Merged Group's managing director and key management personnel. Although the Merged Group has sought, and will continue to ensure, that its current directors, executives and key management personnel are appropriately remunerated and incentivised, their continued services cannot be guaranteed. The loss of any of the Merged Group's directors, executives or key management personnel's services may have an adverse effect on the performance of the Merged Group, pending replacements being identified and retained or appointed by the Merged Group.

(f) **Regulatory risk**

Develop's and Essential's exploration and development activities are subject to extensive laws and regulations relating to numerous matters including resource licence consents, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters.

Develop and Essential require permits from regulatory authorities to authorise their operations. These permits relate to exploration, development, production and rehabilitation activities.

Obtaining the necessary permits can be a time-consuming process and there is a risk that the Merged Group will not obtain these permits on acceptable terms, in a timely manner, or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Merged Group from proceeding with the development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of Merged Group's activities or forfeiture of one or more of its tenements.

(g) **Development risk**

If the Scheme proceeds, there is no guarantee that the Merged Group will achieve commercial viability through any of its projects, including the Sulphur Springs Project or the Woodlawn Project. The Sulphur Springs Project is at a pre-development stage and the Woodlawn Project is currently in the development phase.

Future development activities of the Merged Group may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the Merged Group's control.

The Merged Group's development costs are based on certain assumptions with respect to the method and timing of development. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Merged Group's viability.

(h) **Re-start of the Woodlawn Project**

The Woodlawn Project is currently in the development phase. All the risks associated with developing a mine operation (as summarised in "Operating and project risks" below) are applicable during this phase. Additionally, this phase may uncover failures or deficiencies in processes, systems, plant and equipment required for the Woodlawn Project, and addressing such failures or deficiencies may result in the Merged Group incurring unexpected costs and delays.

(i) **Joint venture risk**

The Merged Group is, and may continue to become, a party to, joint venture or joint operating agreements for the tenements and in which it holds interests, including the Whim Creek Joint Venture Project with Anax Metals Limited and the contracting joint venture with Tjiwarl Contracting Services. There is a risk that, under these agreements, the Merged Group may be voted into programs and budgets which it does not necessarily agree with or have the cash resources to fund. It may also be required to contribute to any increases in capital expenditure requirements and/or operating costs. Furthermore, in the case of mining joint ventures, the situation could arise where any or all of the joint venture parties are unable to fund their pro rata contributions to expenditure, in which case the Merged Group may have to make increased contributions to ensure that the program proceeds.

(j) **Copper / Zinc price volatility**

If the Merged Group achieves success leading to copper / zinc production, the Merged Group's financial performance will be sensitive to the spot copper / zinc price. Copper / zinc prices, like all commodity prices, are affected by numerous factors and events that are beyond the Merged Group's control. These factors and events include general economic activity, world demand, forward selling activity, copper / zinc reserve movements at central banks, costs of production by other copper / zinc producers and other matters such as inflationary expectations, interest rates, currency exchange rates (particularly the strength of the US dollar) as well as general global economic conditions and political trends. The Merged Group's financial performance will also (to a lesser extent) be sensitive to fluctuations in the market price of lithium concentrate and gold.

If copper / zinc prices should fall below or remain below the Merged Group's costs of production for any sustained period due to these or other factors and events, the Merged Group's exploration and production could be delayed or even abandoned. A delay in exploration or production or the abandonment of one or more of the Merged Group's projects may require the Merged Group to write-down its copper / zinc reserves and may have a material adverse effect on the Merged Group's production, earnings, and financial position.

(k) **Copper / Zinc operating and development risks**

The Merged Group's ability to achieve production, development, operating cost and capital expenditure estimates on a timely basis cannot be assured. The business of copper / zinc mining involves many risks and may be impacted by factors including ore tonnes, yield, input prices (some of which are unpredictable and outside the Merged Group's control), overall availability of free cash to fund continuing development activities, labour force disruptions, cost overruns, changes in the regulatory environment and other unforeseen contingencies. Other risks also exist such as environmental hazards (including discharge of pollutants or hazardous chemicals), industrial accidents and occupational and health hazards. Such occurrences could result in damage to, or destruction of, production facilities, personal injury or death, environmental damage, delays in mining, increased production costs and other monetary losses and possible legal liability to the owner or operator of the mine. The Merged Group may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past mining activities for which it was not responsible. These risks also mean that there can be no assurances as to the future development of a mining operation in relation to any of Merged Group's projects or which the Merged Group may acquire in the future.

(l) **Potential merger and acquisition activity**

The Merged Group may make acquisitions or divestments of, or significant investments in, companies, products, technologies or assets as part of its business strategy. The Merged Group may also be the subject of a change of control transaction in the future. Any such future merger and acquisition activity would be accompanied by the risks commonly encountered in making acquisitions or divestments.

(m) **Decarbonisation risk**

The Merged Group may be required in the future to transition its mining operations to decarbonised mining operations. Such a transition may be required by changing environmental legislation or regulations, changing economic conditions or changing investor or lender sentiment. Decarbonisation may require changes to the Merged Group's actual or planned mining activities and may affect the continuing viability or profitability of those activities.

(n) **Environmental risk**

Develop's and Essential's operations and activities are subject to the environmental laws and regulations of Australia.

As with most mining and exploration projects, the Merged Group's operations and activities are expected to have an impact on the environment, particularly if advanced development proceeds at any one of the Merged Group's existing or potential future projects.

The Merged Group attempts to conduct its operations and activities to the highest standard of environmental obligation, including compliance with all environmental laws and regulations. However, non-compliance with or breach of any conditions attached to Merged Group's mining or environmental licences, or the occurrence of an environmental incident, may lead to penalties or revocation of licences, a delay to the Merged Group's operations or an increase in operating costs, and significant liability could be imposed on the Merged Group for damages, rehabilitation and clean-up costs or penalties in the event of certain environmental damage. This would require the Merged Group to incur significant costs and may result in an adverse impact on the Merged Group's cash flows, financial position and performance. Additionally, pursuant to the terms of its environmental licences, the Merged Group may be required to pay bonds or guarantees to regulators and state or federal governments. Following closure of operations at any of the Merged Group's mines the Merged Group will incur costs for rehabilitation of the relevant mine site. The rehabilitation costs that are incurred following closure of a mine may exceed the Merged Group's previous estimates of those rehabilitation costs. The Merged Group also has ongoing rehabilitation obligations in relation to its operations at the Merged Group mines, which may change in the future including the rehabilitation costs that are incurred.

Further, the Merged Group is unable to predict the effect of additional or more onerous environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the Merged Group's cost of doing business or affect its operations in any area. There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Merged Group to incur significant expenses and undertake significant investments which could have a material adverse effect on the Merged Group's operations, financial position and performance.

(o) **Water management**

Water is a scarce commodity in much of regional Australia, and particularly in the areas in which Essential and Develop have existing or potential future operations. Water is a significant input into mine development and processing activities and access to sufficient water to support current and future activities is critical. There can be no guarantee that the cost of ensuring sufficient access to water at the Merged Group's operations will not substantially increase in future. Reduced access to water may result in the reduction or suspension of the Merged Group's operations.

Additionally, having and managing large quantities of water required at the Merged Group's operations poses potential health and safety risks, environmental risks, and the risk of damage to property, in the event of a spillage or other accident.

(p) **Metallurgy**

Metal and / or mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk such as identifying a metallurgical process through test work to produce a saleable product, developing an economic process route to produce a saleable product, and changes in mineralogy in the ore deposit can result in inconsistent ore grades and recovery rates affecting the economic viability of the project.

(q) **Mineral Resource and Ore Reserve estimates**

Mineral Resource and Ore Reserve estimates must comply with the JORC (2012), and are expressions of judgements based on knowledge, experience and industry practice. Estimates that are valid when made may change significantly when new information becomes available through drilling, sampling and other similar examinations.

In addition, JORC compliant Mineral Resource and Ore Reserve estimates are necessarily imprecise and depend to some extent on geological interpretations, as well as various economic, commercial, technical, environmental and legal assumptions which may prove to be inaccurate or invalid due to the passage of time.

Should the Merged Group encounter mineralisation or formations different from those predicted, Mineral Resource estimates may have to be adjusted and mining plans may have to be altered in a way which could adversely affect the Merged Group's operations.

(r) **Labour costs and availability**

For the Merged Group's business of providing mining services to remain productive and competitive depends on the Merged Group's ability to attract and retain skilled labour.

Mining services projects are often in remote locations and employees often work based on a fly-in, fly-out schedule. As a result, there can be shortages of labour that make it challenging to recruit employees. Tightening of the labour market due to a shortage of skilled labour, combined with a high industry turnover rate and growing competition for skilled labour, may impact upon the Merged Group's ability to hire and retain employees and may lead to exposure to increased labour costs where the demand for labour is strong. A shortage of skilled labour could limit growth prospects or lead to a decline in productivity and an increase in training costs and could adversely affect safety records and materially adversely impact revenues and, if costs increase or productivity declines, operating margins.

(s) **Mining services contracts and renewals**

If the Scheme is implemented, a secondary component of the Merged Group's business will be the provision of underground mining services. As part of this, Develop is a party to an agreement with Bellevue Gold Limited (ASX: BGL) to provide underground mining services at its Bellevue Gold Project in Western Australia. Under mining services contracts, typically the mine operator contracts Develop to undertake work in accordance with a work schedule. Contracts can be terminated for convenience by the client at short notice and without penalty with the client paying for all work completed to date, unused materials and in most cases demobilisation from the sites and redundancies. As a result, there can be no assurance that work in hand will be realised as revenue in any future period. Results from operations are affected by the number of new contracts commenced during a period, the number of existing contracts that are renewed during a period and the number of contracts that expire without renewal or extension or which are otherwise terminated during a period. Contracts are at risk of termination or non-renewal due to the client having no further need for the service such as when the mine has reached the end of its planned life, or the operator ceases production because changes in the underlying commodity price or mining costs have rendered continued production from the mine uneconomic. Contracts are also at risk of termination or nonrenewal because of competition if the client seeks to use an alternative mining services provider to provide the service or if the client decides to bring the contracted services in-house.

(t) **Concentration risk**

At present, Develop's mining services business has only one client, Bellevue Gold Limited, meaning that Develop's earnings from this business are affected by a degree of concentration risk, including the risk of delays, disputes or loss of earnings should Develop's performance under the Bellevue contract fail to meet expectations.

(u) **Competition for provision of mining services**

The mining services industry is highly competitive and is subject to increasing competition. Mining services contracts are generally awarded following a competitive tender process where price is one of the most important factors that a client will consider in evaluating tenders. Even for those projects that are not put out to tender, the pricing of contracts must be negotiated with clients. In determining the price and other terms on which a tender or proposal will be submitted to a potential client, the Merged Group must make assumptions about a range of factors such as the type and amount of equipment to be deployed, length of contract, life of mine, location of mine, the utilisation rates, reliability and maintenance costs of equipment, mining consumables expenditure, the amount of labour required to support the project and labour productivity levels. If any of these assumptions are materially incorrect, then the Merged Group could be locked into a long-term contract with unfavourable economics that could adversely affect its margins and results of operations. There may be no right to renegotiate the contract with the client should the economics become unfavourable.

(v) **Exploration risk**

Exploration is an inherently speculative and high-risk activity that requires significant amounts of expenditure over extended periods of time to present a reasonable probability of success. The Merged Group's exploration activities are subject to all the hazards and risks normally encountered in the exploration of minerals, including climatic conditions, hazards of operating vehicles and plant, technical difficulties, lack of sufficient water or power sources, industrial and environmental accident, adverse changes in government policy or legislation, lack of access to sufficient funding, lack of access to sufficient infrastructure, risks associated with operating in remote areas and other similar considerations.

Conclusions drawn during mineral exploration are subject to all the uncertainties associated with all sampling techniques and to the risk of incorrect interpretation of geological, geochemical, geophysical, drilling and other data.

No assurance can be given that during the exploration process mineral resources will be defined with preferred or desirable tonnages and/or grades that would result in feasible economic extraction. Substantial expense may be incurred without the requisite or expected degree of reward.

Further, the costs of the Merged Group's exploration activities may materially differ from its estimates and assumptions. No assurance can be given that the Merged Group's cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the value of the Merged Group's shares.

(w) **Operating project and risk**

Unforeseen risks can arise in the development and production phase including mining or processing issues, environmental hazards, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, labour force disruption, the unavailability of materials and plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, unusual or unexpected geological formations, pit failures, changes in the regulatory environment, contractual disputes with offtake partners, removal of access rights to the property(s) and adverse weather conditions. Such occurrences could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability.

(x) **Tenure and forfeiture**

Mining and exploration tenements are subject to periodic renewal. There is no guarantee that current or future tenements or future applications for production tenements will be approved. Tenements are subject to the applicable mining acts and regulations of the relevant jurisdiction (including Western Australia and New South Wales). The renewal of the term of a granted tenement is also subject to the discretion of the relevant Minister. Renewal or conversion conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising the Merged Group's projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Merged Group.

In Western Australia and New South Wales, tenements may also be forfeited or cancelled during the term pursuant to an application by any party, or by the relevant Department. Irrespective of the Merged Group's compliance with the conditions of the tenements, and applicable mining acts and regulations, there is no guarantee that applications for forfeiture or cancellation will not be made against the tenements. Further, any exemptions from tenement conditions (if available) are subject to the discretion of the Minister for Mines and objections by third parties.

If any application for forfeiture or objection to the grant of an exemption is lodged, the Merged Group may be required to defend such applications or objections in the Warden's Court and incur significant costs.

(y) **Access and co-operation arrangements**

Tenements are often subject to third party interests which may require rights of access to be granted to the Merged Group. Where the Merged Group wishes to undertake further exploration or production works on a tenement, it may need to negotiate access over land which is the subject of a third-party interest. If access arrangements cannot be agreed, or are agreed on conditions which are unfavourable to the Merged Group, this may adversely affect the Merged Group's ability to explore and develop its tenements.

The Merged Group may already have existing access arrangements, which may need to be renewed or renegotiated as access to and use of the tenements changes. Renegotiation of these agreements may be costly, or adversely affect the Merged Group's ability to explore and develop its tenements.

The Merged Group may be required to pay costs or provide guarantees to third parties under any access and/or co-operation arrangements that currently exist or are entered into in the future in respect of its projects. Any termination of or failure to renew existing access and/or co-operation arrangements, or renewal of existing arrangements on terms or conditions that are unfavourable to the Merged Group, may adversely affect the Merged Group's ability to explore and develop its projects.

(z) **Native title**

Where native title has not been extinguished, the grant of a mining tenement attracts procedures under the *Native Title Act 1993* (Cth) (**NT Act**). In order for a grant of the mining tenement to be valid, the relevant procedures under the NT Act need to be complied with (as noted below).

There is a risk to the validity of the Merged Group's tenure where the relevant procedures have not been complied with or where validity is challenged in the context of native title claims. Native title (and compliance with the relevant procedures) could also potentially impact the status, renewal and conversion of existing tenements held by the Merged Group and may impact the future grant of new or renewable tenements.

If there are native title rights to possession, use and occupation of the land the subject of the Merged Group's tenements, the native title holder's consent to the grant of tenure may be required which may be conditional on entering an agreement which may limit the type or manner of activities to be carried out on the tenements. There may be additional entry or access arrangements agreed or required to be agreed with the native title party (particularly if there are areas of land subject to native title rights of exclusive possession). Entry could in these circumstances only be granted on specific terms and conditions, and the Merged Group may have to pay compensation to the native title party. Depending on the extent of third party or overlapping interests, additional access arrangements may need to be considered. If the Merged Group is required to negotiate and enter into a native title or land access agreement, there could be delays to activities commencing until such time as an agreement is reached.

There may be circumstances in which the Merged Group might be found liable to pay native title compensation in relation to its tenure its operations (including compensation for past native title impacts before the relevant tenure was acquired by the Merged Group, including where tenure is acquired from a third party and the Merged Group was not the original grantee). No assurance can be given that the Merged Group will be successful in defending any compensation claims or mitigating any native title compensation awards. The probability and potential quantum of native title compensation risk is uncertain.

These factors could have a material adverse effect on the Merged Group's business, results of operations, financial condition and prospects.

Two of the tenements granted in WA comprising the Pioneer Dome Lithium Project are wholly overlapped by the Ngadju Part B (WCD 2017/002) native title determination (**Ngadju Determination**). The Ngadju Native Title Aboriginal Corporation RNTBC (**NNTAC**) holds the determined native title rights and interests on behalf of the Ngadju people. A number of other tenements are also overlapped by native title claims and determinations.

Part of the area of E15/1515 (which overlaps Ngadju Determination) was converted to M15/1896 (conversion 658055) and according to the tenement register for the WA tenements, has cleared the right to negotiate process, resulting in the grant of M15/1896.

Whilst Essential and NNTAC have agreements in place covering heritage protection and mining activities that include various forms of compensation to the benefit of NNTAC, including a royalty linked to the sale of lithium minerals, there is potential for other compensation liability in respect of the tenements which overlap the determination area. As noted above, the probability and potential quantum of native title compensation risk is uncertain.

Develop's tenements in New South Wales (EL8318, EL8356 and EL8631) are proceeding through the right to negotiate process. There are a number of tenements (EL7257, EL7468, EL7469, EL7954, EL8192, EL8325, EL8353 EL8400, EL8573, EL8623, EL8711, EL8712, EL8796, EL8797, EL8945 and S(C&PL)L20) which are not recorded on the NSW tenement register as having proceeded through the right to negotiate process.

In addition to the risks associated with native title outlined above, in respect of the New South Wales tenements held by Develop in certain circumstances the right to negotiate process is not completed prior to the grant of a tenement. The grant is in these cases are subject to a native title condition prohibiting the holder from prospecting on any land or waters within the exploration area on which native title has not been extinguished under the NT Act without the prior written consent of the Minister. Ministerial consent to prospect can only be granted after completion of the right to negotiate process.

There is a risk that access, and proposed activities on an area or areas of the tenements where the relevant area is subject to a native title claim or determination, may be limited or prevented until such time as the native title processes have been complied with and Ministerial consent is obtained. The negotiations with native title parties, as set out above, are likely to require compensation to be paid by the tenement holder to native title holders. As noted above, compensation may be required to be provided by Develop to native title holders in the form of money, transfer of property or provision of goods and services.

**Aboriginal cultural heritage**

Legislation in each State and Territory of Australia (and at a Commonwealth level) governs the protection of Aboriginal cultural heritage, and regulates proposed impacts of development where site avoidance will not be possible.

Aboriginal cultural heritage matters may impact on the Merged Group's operations and future plans (legally, and from a social licence to operate/external affairs perspective, as there may be Aboriginal cultural heritage in or near the vicinity of the Merged Group's current, planned, proposed or future operations). In particular, Aboriginal heritage legislation in the jurisdictions in which Develop operates may affect Develop's ability to gain access to prospective exploration areas or obtain required permits or licences, as Aboriginal heritage sites or objects may exist in the areas covered by Develop's tenements.

In most jurisdictions in Australia, causing harm to Aboriginal cultural heritage, or damaging or altering an Aboriginal site or object on or under an Aboriginal site, is an offence carrying significant penalties (including imprisonment). Even when the necessary regulatory approvals have been obtained (which allow activities to proceed where there is a risk of harm to Aboriginal cultural heritage), there may be additional risks from a reputational (social licence to operate) and operational perspective, such as where heritage may be harmed even though conditions of such approvals have been complied with.

Heritage legislation and policy across Australia, at both a Commonwealth and State/Territory level, is also the subject of numerous ongoing and proposed reforms exposing projects to additional risk.

In Western Australia, the new cultural heritage legislation (*Aboriginal Cultural Heritage Act 2021* (WA) (**ACH Act 2021**)) came into effect on 1 July 2023 and the existing *Aboriginal Heritage Act 1972* (WA) (**AH Act**) was repealed. Following significant negative feedback from stakeholders the Government has announced that the ACH Act 2021 will be repealed and replaced with the AH Act subject to a few amendments. As at 12 September 2023 the amending legislation has been introduced into parliament and is in process of being debated. It is anticipated that it will be passed and be the subject of Royal Assent before the end of 2023. The effect will be to reset the protection of Aboriginal Sites (as opposed to Aboriginal Heritage) to that which is the subject of the AH Act and to provide that the defence to any interference is to have done 'reasonable' due diligence, although the meaning of the 'reasonable' in light of contemporary norms probably requires more detailed consultation with 'native title parties' than might have previously been the case.

The *Aboriginal Heritage Legislation Amendment and Repeal Bill 2023* (WA) (**AH Repeal Bill**) was introduced into Parliament on 9 August 2023. It is not certain when the AH Repeal Bill will come into full force and effect and if further amendments will be made to the AH Repeal Bill. Under the AH Act, proponents, where necessary, may make an application to the Minister under section 18 for Ministerial consent to use land in a way that is likely to disturb Aboriginal sites or objects, in breach of section 17 of the AH Act.

Under the ACH Act 2021 (which is currently in force and effect), proponents will need to undertake a due diligence assessment for activities that may harm Aboriginal cultural heritage, and depending on the classification of the activities as specified in the *Aboriginal Cultural Heritage Regulations 2022* (WA), a proponent may require an "ACH Permit" or an "ACH Management Plan" approved or authorised by the Aboriginal Cultural Heritage Council if there is a risk of harm to Aboriginal Cultural Heritage.

The AH Repeal Bill provides that existing approvals obtained under the ACH Act 2021 (eg, ACH Permits and approved or authorised ACH Management Plans) will transition to section 18 approvals under the AH Act and will be subject to a condition to notify the Minister of new cultural heritage information as described above.

In New South Wales, the *National Parks and Wildlife Act 1974* (NSW) (**NPW Act**) governs the protection of some aspects of Aboriginal heritage in New South Wales. In addition, the *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (Cth) (**Commonwealth Heritage Act**) is aimed at the preservation and protection from desecration of significant Aboriginal areas and significant Aboriginal objects, which also applies to tenements in WA and New South Wales. To ensure that it does not contravene the Aboriginal heritage legislation while carrying out operations on the tenements in New South Wales, the tenement holder would normally undertake heritage surveys to determine the existence of any registered sites and also request the relevant authority provide a certificate to determine if any Aboriginal sites exist within the area of the relevant tenement. Where harm cannot be avoided to Aboriginal objects or places, an Aboriginal heritage impact permit may be obtained.

(aa) **Industrial relations**

Industrial relations issues may be faced by the Merged Group in connection with employees and the employees of suppliers, including strikes, work stoppages, work slowdowns, grievances, complaints and claims of unfair practices or other industrial activity. Any such activity could cause production delays, increased labour costs and adversely impact the ability to fulfil existing contracts or win new contracts for the Merged Group's projects. As a result, operating results may be materially adversely affected. The Merged Group's workforces are regulated by common law contract arrangements, awards, federal, state, and local legislation.

(bb) **Litigation risk**

The Merged Group is subject to litigation risks. All industries, including the minerals exploration industry, are subject to legal claims, with and without merit. The Merged Group will also operate in the contract mining sector, in which disputes (which may or may not lead to litigation) are relatively common and the management of which is part of the ordinary course of business.

Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Merged Group is or may become subject could have a material effect on its financial position, results of operations or the Merged Group's activities.

(cc) **Unforeseen expenses**

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

(dd) **Key personnel**

The Merged Group is prospects depend in part on the ability of its executive officers, senior management and key consultants to operate effectively, both independently and as a group.

The loss of any of the Merged Group's key personnel, the inability to recruit necessary staff as needed or the increased cost to recruit or retain the necessary staff, may cause a disruption to the Merged Group and adversely impact the Merged Group's operations, financial performance and financial position.

Any disputes with employees (through personal injuries, industrial matters or otherwise), changes in labour regulations or other developments in the area may cause labour disputes, work stoppages or other disruptions in operations that could adversely affect the Merged Group.

(ee) **Contractual risk**

As in any contractual relationship, the exercise of the Merged Group's rights are dependent upon the Merged Group's ability to comply with its obligations, and the relevant counterparty complying with its contractual obligations. The directors of the Merged Group are unable to predict the risk of:

(1) financial failure or default by a participant in any joint venture to which the Merged Group is or may become a party;

(2) insolvency or other managerial failure by any of the contractors used by the Merged Group in any of its activities; or

(3) insolvency or other managerial failure by any of the other service providers used by the Merged Group for any activities.

(ff) **Dividends**

Any future payment of dividends by the Merged Group will be at the discretion of the board and will depend on the financial position of the Merged Group, future capital requirements, business operations and other factors considered relevant by the board at the time. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Merged Group.

(gg) **Product risk**

The Merged Group's possible future products must meet the existing and future customer specifications. These may pertain to mineralogy, fraction sizing, deleterious elements, ESG standards including carbon footprint, quantities and timing.

Failure to meet potential customer specifications may result in deliveries being rejected, punitive penalties or discounts deducted from the sale price and/or the customer seeking compensation due to the effects of the non-delivery of in-specification concentrate.

## 8.3 Risks to Essential Shareholders if the Scheme does not proceed

There are a range of business-specific risks associated with your current investment in Essential Shares, as set out below. You will continue to be exposed to these risks if the Scheme does not proceed and you retain your investment in Essential Shares (Essential Shareholders should also note that should the Scheme be implemented, that they may continue to be exposed to some of these risks in the Merged Group, albeit indirectly and as part of a wider and more diversified risk profile). While Essential has in place what it considers are appropriate policies and procedures to help manage these risks, there is no guarantee that Essential will be able to manage or mitigate these risks completely. Furthermore, certain aspects of these risks (or Essential's ability to respond to and manage them) may be partly or wholly outside of Essential's control.

(a) **Estimate risk in Mineral Resources**

Essential has estimated an Indicated and Inferred Mineral Resource at its Pioneer Dome Lithium Project.

The Mineral Resource is an estimate only and is based on interpretations, knowledge, experience and industry practice which may change when new techniques or information becomes available. You should be aware that inclusion of material in a Mineral Resource estimate does not require a conclusion that material may be economically extracted at the tonnages indicated, or at all. Estimates that are valid when made may change significantly when new information becomes available.

In addition, lithium (spodumene) concentrate price fluctuations, as well as increased production costs or reduced throughput and/or recovery rates, may render reserves and resources uneconomic and so may materially affect the estimates.

(b) **Scoping Study Risk**

The Scoping Study completed in February 2023 (refer to ASX announcement dated 7 February 2023) to assess the business case for raising further funding to proceed with more detailed studies is a preliminary technical and economic study of the potential viability of the Pioneer Dome Lithium Project.

It is based on low level technical and economic assessments that are not sufficient to support the estimation of Ore Reserves. Further exploration and evaluation work and appropriate studies are required before Essential will be in a position to estimate any Ore Reserves or to provide any assurance of an economic development case.

(c) **Project approvals and permitting**

Essential's activities are subject to various legislation, regulation and approvals. The introduction of any new legislation, be it amendments, the application of developments in existing common law or policies or the interpretation of those laws or policies could have a material adverse effect on Essential. Changes in government regulations may adversely affect the financial performance or the current and proposed operations generally of Essential.

In addition, Essential's projects may require from time to time various regulatory approvals by government for their operation and accordingly must comply with those approvals, applicable laws, regulations, guidelines and policies.

Specifically, Essential may require licences and approvals in relation to environmental matters, exploration, development and production of lithium, gold or nickel. There is a risk that Essential may not obtain, or may be delayed in obtaining the necessary licences and approvals in relation to its operations. This may affect the timing and scope of Essential's operations. The loss of granted tenements or concessions or the delay in obtaining lease or concession renewals may have a material adverse effect on Essential.

(d) **Pioneer Dome Lithium Project development risk**

The future value of Essential is materially dependent on the success or otherwise of the activities directed towards the development of the Pioneer Dome Lithium Project. New mining operations (particularly sole development projects) can often experience a range of issues during planning, development, construction and mine start-up, which could delay the commencement of production. Risks include uncertainties associated with projected continuity of mineralisation, fluctuations in grades and value of lithium being mined, and a range of potential unforeseen operational and technical problems.

Developments may also be adversely affected or hampered by a variety of non-technical issues such as limitations on activities due to land access, power and water infrastructure and supply, seasonal changes, indigenous, heritage and environmental legislation, supply chain issues, mining legislation and many other factors, including capital cost increases, beyond the control of Essential.

Accordingly, there is no certainty the Pioneer Dome Lithium Project will progress to a profitable mining operation.

(e) **Results of studies**

Essential has completed a Scoping Study at the Pioneer Dome Lithium Project as per the ASX announcement dated 7 February 2023. Further feasibility studies and evaluation will be required before a potential development decision could be considered by the Directors. These studies have been or will be completed within certain parameters designed to determine the technical and economic feasibility of the Pioneer Dome Lithium Project within certain limits.

There can be no certainty that these studies will confirm the technical and economic viability of the Pioneer Dome Lithium Project or confirm the results of previous studies undertaken by Essential. Even if future studies are completed and support the development of the Pioneer Dome Lithium Project, there can be no guarantee that the Pioneer Dome Lithium Project will be successfully brought into production.

The ability for Essential to complete a study may be dependent on Essential's ability to raise further funds to fund completion of the study.

(f) **Title**

All of the permits and licences in which Essential has an interest, will be subject to applications for grant of subsequent permits or licences (as the case may be). The renewal or grant of the terms of each permit or licence is usually at the discretion of the relevant government authority.

Additionally, permits are subject to a number of government specific legislative conditions. The inability to meet these conditions could affect the standing of a permit or restrict its ability to be renewed.

If a permit or licence is not renewed or granted, Essential may suffer significant damage through opportunity to develop and discover any Mineral Resources on that permit.

(g) **Changes in commodity price**

Essential's possible future revenues, based on its existing assets, will be from sale of lithium concentrate, gold, nickel and/or from royalties gained from potential joint ventures or from mineral projects sold. Consequently, Essential's potential future earnings could be closely related to the price of lithium concentrate, gold and nickel.

Fluctuations in the market price of lithium concentrate, gold and nickel could have a material impact on both the value of Essential's assets and Essential Shares. Commodity prices react to a variety of forces that are outside of the control of Essential including demand for minerals, forward selling by producers, production cost levels in major producing regions and macroeconomic factors, e.g. inflation, interest rates, currency exchange rates and global and regional demand for, and supply of minerals. Accordingly, the value of Essential Shares can be influenced by price fluctuations.

If the market price of lithium concentrate, gold and nickel were to fall below the costs of production and remain at such a level for any sustained period, Essential may curtail or suspend some or all of its potential future exploration and/or mining activities.

(h) **Lithium market**

The Pioneer Dome Lithium Project is seeking to produce a lithium spodumene concentrate. Demand for, and pricing of, spodumene concentrate is sensitive to a variety of external factors, most of which are beyond Essential's control. In particular, the supply and demand of lithium in various feedstock forms (including spodumene concentrate) is growing rapidly in response to the growth in manufacturing of electric vehicles.

There is a risk that the growth in electric vehicle production does not proceed at a sufficient rate or similar rate to support future growth in lithium product supply. There is also a risk that electric vehicle manufacturers adopt different technologies that may be less reliant on the use of lithium products. As a result, there is a risk that the long term spodumene concentrate price could settle at a point that could materially affect Essential's financial performance in the future.

Declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such reassessment may be the result of a management decision or may be required under financing arrangement related to a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Spodumene concentrate is not a commodity for which hedging or derivative transactions are commonly used to manage commodity price risk.

(i) **Off-take risk**

Lithium concentrates are commonly sold to customers under offtake contracts. Essential is yet to secure any lithium concentrate offtake contracts with potential customers. The Company's ability to generate sufficient revenue or to secure financing for the Pioneer Dome Lithium Project could be dependent upon its ability to secure offtakes covering future production at prices and on terms which support the economics and funding of the Company’s projects.

(j) **Foreign exchange risk**

Lithium spodumene concentrate prices and potential future capital equipment purchases, operating inputs and services relating to the Pioneer Dome Lithium Project will likely be denominated in US dollars. Essential’s income and expenditure are and will be taken into account in Australian dollars. This exposes Essential to the fluctuations and volatility of the rate of exchange between these currencies as determined by international currency markets.

(k) **Product risk**

Essential’s possible future products, particularly lithium spodumene concentrate, must meet the existing and future customer specifications. These may pertain to mineralogy, fraction sizing, deleterious elements, ESG standards including carbon footprint, quantities and timing.

Failure to meet potential customer specifications may result in deliveries being rejected, punitive penalties or discounts deducted from the sale price and/or the customer seeking compensation due to the effects of the non-delivery of in-specification lithium concentrate.

(l) **Joint venture risk**

Essential is currently and may in the future become a party to joint venture agreements governing the exploration and development of its projects. As with any joint venture, there is a risk that one or more of Essential’s joint venture partners may default in their joint venture obligations or not act in the best interests of the joint venture. This may have an adverse effect on the interests and prospects of Essential.

(m) **Access to personnel and labour market risk**

Retaining and recruiting qualified personnel is critical to Essential’s success. Competition for suitably qualified personnel is very strong and Essential, as with other entities in the mining industry, is exposed to challenges associated with attracting and retaining appropriately qualified personnel (including in connection with, or as a result of, impacts of COVID-19). If Essential cannot attract, motivate and retain suitably qualified personnel, and if those personnel do not operate effectively, it could adversely affect Essential’s current exploration, development and future production operations and its future growth plans.

(n) **Access to contractors and service providers**

Given the high levels of activity in the resources industry currently, it may be difficult for the Company to procure access to the necessary services to undertake further exploration, feasibility and mine development related activities at its key projects.

(o) **Competition risk**

The lithium industry in which Essential is involved is subject to domestic and global competition. Although Essential will undertake all reasonable due diligence in its business decisions and operations, Essential will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the performance and price of Essential Shares.

(p) **Cost escalation, inflation and price increase risks**

The mining industry, particularly in Western Australia, is currently experiencing impacts related to cost escalation and price increases for inputs, services, equipment and labour. All costing and pricing used by the Company to estimate capex, opex and future funding required to deliver the Pioneer Dome Lithium Project are best estimates based on the Scoping Study as per Essential's ASX announcement on 7 February 2023. There can be no certainty that costs, and prices will not increase (including due to inflation in the ordinary course) between now and the Company making contractual commitments for each of the relevant Pioneer Dome Lithium Project inputs.

(q) **Financing risk**

Essential's continued ability to operate its business and effectively implement its business plan over time will depend in part on its ability to raise additional funds for future operations and to repay or refinance debts as they fall due.

There is risk that Essential may not be able to access equity or debt capital markets to support its business objectives.

If additional funds are raised through the issue of equity securities, the capital raising may be dilutive to Essential Shareholders (if Essential determines that a pro rata entitlement offer is not the most appropriate method of equity fundraising or Essential Shareholders elect not to participate in such entitlement offers) and such securities may, subject to requisite shareholder approval, have rights, preferences or privileges senior to those holding Essential Shares.

If sufficient funds are not available from capital markets to satisfy Essential's short, medium and long-term capital requirements, then this may adversely impact on Essential's operational, financial performance and financial position.

(r) **Material contracts**

The ability of Essential to operate its business will depend on the performance of the counterparties under various agreements it has entered into or may enter into in the future. If any counterparties do not meet their obligations under the respective agreements, this may impact on Essential's business and financial returns.

(s) **Environmental risk**

Essential's operations and activities are subject to extensive environmental laws and regulations in Australia. These laws and regulations set various standards regulating certain aspects of health and environmental quality and provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to remediate current and former facilities and locations where operations are or were conducted.

Significant liability could be imposed on Essential for damages, clean-up costs, or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of property acquired by Essential or its subsidiaries, or non-compliance with environmental laws or regulations. Essential proposes to minimise these risks by conducting its activities in an environmentally responsible manner, in accordance with applicable laws and regulations and where possible, by carrying appropriate insurance coverage.

(t) **Native title and Aboriginal heritage**

The area of the tenements which the Company has an interest in or will in the future acquire such an interest in, may be subject to native title rights and interests. If native title rights do exist (and have not been extinguished), the ability of the Company to gain access to tenements (through obtaining consent of the native title claimants or holders, or any relevant landowners as applicable), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

Two of the tenements comprising the Pioneer Dome Project are wholly overlapped by the Ngadju Part B (WCD 2017/002) native title determination (**Ngadju Determination**). The interests of the Ngadju people are represented by the Ngadju Native Title Aboriginal Corporation RNTBC (**NNTAC**). A number of other tenements are also overlapped by native title claims and determinations.

The grant of a mining tenement (where the grant constitutes a future act under the *Native Title Act 1993* (Cth) (**NT Act**)) attracts procedural processes under the NT Act. Where exploration licences have been applied for or granted over land (where the extinguishment of native title has not been confirmed), the future act provisions of the NT Act apply on future conversion to a mining lease. The future act process on conversion to a mining lease requires the parties to progress through the right to negotiate process under Subdivision P, Division 3, Part 2 of the NT Act, which has resulted in a section 31 deed and ancillary agreement or an indigenous land use agreement (**ILUA**) (being a voluntary agreement between a native title claimant group and others about the use and management of land and waters).

Part of the area of E15/1515 was recently converted to M15/1896 (conversion 658055) and according to the tenement register, has cleared the right to negotiate procedure, resulting in the grant of M15/1896.

Whilst Essential and NNTAC have agreements in place covering heritage protection and mining activities that include various forms of compensation to the benefit of NNTAC, including a royalty linked to the sale of lithium minerals, there is potential for other compensation liability in respect of the tenements which overlap the determination area. The probability and potential quantum of native title compensation risk is uncertain.

**Aboriginal cultural heritage**

The NT Act recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. Separate legislation in each State and Territory of Australia (and at a Commonwealth level) also governs the protection of Aboriginal heritage, and regulates proposed impacts of development where site avoidance will not be possible. Native title and associated Aboriginal heritage matters may impact on Essential's operations and future plans (legally, and from a social licence to operate/external affairs perspective).

A "valid" exploration or mining tenement from a native title perspective (i.e. a tenement that, where applicable, has been granted in compliance with the relevant requirements of the NT Act) prevails over native title to the extent of any inconsistency for the duration of the title. In essence, while native title can co-exist with a valid exploration or mining tenement, the exploration or mining tenement holder may exercise their legal rights in priority to the traditional owners exercising their native title rights and interests.

There might be current or future circumstances where the validity of Essential's tenure (from a native title perspective) is challenged in the context of native title claims proceedings. These factors could have a material adverse effect on Essential's business, results of operations, financial condition and prospects.

There may be circumstances in which Essential might be found liable to pay native title compensation in relation to its tenure and/or operations thereon (including compensation for past native title impacts before the relevant tenure was acquired by Essential, where tenure is acquired from a third party and Essential was not the original grantee). No assurance can be given that Essential will be successful in defending any compensation claims or mitigating any native title compensation awards.

There may be Aboriginal heritage in or near the vicinity of Essential's current, planned, proposed or future operations. Impacting Aboriginal heritage is usually a criminal offence carrying significant penalties. Even when (where applicable) regulatory approvals are obtained that permit impacts on heritage, proceeding with operations in that situation can still carry significant external affairs risk that may impact a proponent's social licence to operate.

Heritage legislation and policy across Australia, at both a Commonwealth and State/Territory level, is also the subject of numerous ongoing and proposed reforms exposing projects to additional risk.

In Western Australia, the new cultural heritage legislation (*Aboriginal Cultural Heritage Act 2021* (WA) (**ACH Act 2021**)) has come into effect on 1 July 2023 and the existing *Aboriginal Heritage Act 1972* (WA) (**AH Act**) has been repealed. Following significant negative feedback from stakeholders the Government has announced that the ACH Act 2021 will be repealed and replaced with the AH Act subject to a few amendments. As at 12 September 2023 the amending legislation has been introduced into parliament and is in process of being debated. It is anticipated that it will be passed and be the subject of Royal Assent before the end of 2023. The effect will be to reset the protection of Aboriginal Sites (as opposed to Aboriginal Heritage) to that which is the subject of the AH Act and to provide that the defence to any interference is to have done 'reasonable' due diligence, although the meaning of the 'reasonable' in light of contemporary norms probably requires more detailed consultation with 'native title parties' than might have previously been the case.

(u) **Industrial risk**

Industrial disruptions, work stoppages and accidents in the course of Essential's operations could result in losses and delays, which may adversely affect profitability.

(v) **Insurance arrangements**

Essential intends to ensure that insurance is maintained within ranges of coverage that Essential believes to be consistent with industry practice and having regard to the nature of activities being conducted. No assurance, however, can be given that Essential will be able to obtain such insurance coverage at reasonable rates or that any coverage it arranges will be adequate and available to cover any such claims.

Insurance of risks associated with minerals exploration is not always available and, where available, the costs can be prohibitive. There is a risk that insurance premiums may increase to a level where Essential considers it unreasonable or not in its interests to maintain insurance cover or not to a level of coverage which is in accordance with industry practice. Essential will use reasonable endeavours to insure against the risks it considers appropriate for Essential's needs and circumstances. However, no assurance can be given that Essential will be able to obtain such insurance coverage in the future at reasonable rates or that any coverage it arranges will be adequate and available to cover claims.

(w) **Exploration expenditure risk**

The terms of Essential's granted tenements include minimum expenditure requirements. Whilst Essential has raised and allocated funds for its exploration program to, in part, meet these expenditure requirements the actual expenditure Essential undertakes may be insufficient to meet those requirements. Whilst there is a risk that the terms of the tenements may not be able to be complied with, Essential intends to mitigate this risk by re-evaluating their exploration program and budget, or considering other options including, where appropriate in accordance with normal industry practice, surrendering parts of its tenements in order to manage its minimum expenditure obligations.

(x) **Exploration, evaluation and development risks**

Mineral exploration, development and production are high-risk undertakings. While Essential believes it has good quality assets, even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

Development and mining activities will be subject to numerous operational risks, many of which are beyond Essential's control. Operations may be curtailed, delayed or cancelled as a result of factors such as adverse weather conditions, mechanical difficulties, shortages in or increases in the costs of consumables, spare parts, plant and equipment, external services failure (such as energy and water supply), industrial disputes and action, difficulties in commissioning and operating plant and equipment, IT system failures, mechanical failure or plant breakdown, and compliance with governmental requirements.

Hazards incidental to the development and mining of mineral properties such as unusual or unexpected geological formations may be encountered, seismic activity, wall failure, cave-ins or slides, burst dam banks, flooding, fires, interruption to, or the increase in costs of, services (such as water, fuel or transport), sabotage, community, government or other interference and interruption due to inclement or hazardous weather conditions. Industrial and environmental accidents could lead to substantial claims against Essential for injury or loss of life, and damage or destruction to property, as well as regulatory investigations, clean up responsibilities, penalties and the suspension of operations.

Essential will endeavour to take appropriate action to mitigate these operational risks (including by ensuring legislative compliance, properly documenting arrangements with counterparties, and adopting industry best practice policies and procedures) or to insure against them, but the occurrence of any one or a combination of these events may have a material adverse effect on the Essential Group's performance and the value of its assets.

(y) **Metallurgical risks**

The economic viability of mineralisation depends on a number of factors such as the development of an economic process route for concentrates, which may or may not ultimately be successful. Further, changes in mineralogy may result in inconsistent or lower recovery rates.

(z) **COVID-19 risk**

Notwithstanding COVID-19 vaccinations, measures taken in response to COVID-19 and easing of COVID-19 related restrictions, there remains a possibility of an economic downturn of unknown duration or severity in certain jurisdictions going forward depending on the emergence and impact of new COVID strains and the future response of governments and authorities.

(aa) **Litigation risk**

All industries, including the mining industry, may be subject to legal claims whether or not they have merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which Essential is or may become subject could have a material effect on its financial position, results of operations or Essential's activities. As at the date of this Scheme Booklet, Essential is not aware of any litigation or disputes being undertaken which is material in the context of Essential and its subsidiaries taken as a whole.

## 8.4 General investment risks for the Merged Group

(a) **Economic risks**

As with any entity with listed securities, share market conditions may affect the value of the Merged Group's quoted securities regardless of the Merged Group's operating performance. Share market conditions are affected by many factors which may include;

(1) changes in investor sentiment and overall performance of Australian and international stock markets;

(2) changes in general business, industry cycles and economic conditions including inflation, interest rates, exchange rates, commodity prices, employment levels and consumer demand;

(3) economic and political factors in Australia and internationally, including economic growth;

(4) changes in legislation and government, fiscal, monetary and regulatory policies including foreign investment and government or political intervention in export and import markets;

(5) uncertainty around the likelihood, timing, franking or quantum of future dividends;

(6) failure to make or integrate any future acquisitions or business combinations (including the realisation of synergies), significant one-time write-offs or restructuring charges, and unanticipated costs and liabilities;

(7) changes in accounting or financial reporting standards; and

(8) changes in taxation laws (or their interpretation).

The Merged Group's future revenues and the Merged Group's share price may be affected by these factors, which are beyond the Merged Group's control.

(b) **COVID-19 risk**

Notwithstanding COVID-19 vaccinations, measures taken in response to COVID-19 and easing of COVID-19 related restrictions, there remains a possibility of an economic downturn of unknown duration or severity in certain jurisdictions going forward depending on the emergence and impact of new COVID strains and the future response of governments and authorities.

(c) **Force majeure**

Events may occur within or outside the jurisdictions in which the Merged Group operates that could impact upon the global economy, the economy of the jurisdictions in which the Merged Group operates, the Merged Group's operations and the price of the Merged Group's shares. These events include, but are not limited to, acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease (including pandemics) or other natural or man-made events or occurrences that can have an adverse effect on the demand for the Merged Group's products and its ability to operate its assets or may otherwise adversely impact the Merged Group's operations, financial performance and financial position. The Merged Group only has a limited ability to insure against some of these risks.

(d) **Change in laws**

The Merged Group (including the operations of the Merged Group) will be subject to various federal, state and local laws (including the Commonwealth of Australia and the State of Western Australia and New South Wales). Changes to current laws in the jurisdictions within which the Merged Group operates or may in the future operate, could have a material adverse impact on the Merged Group's operations, financial performance and financial position.

(e) **Competing and new technologies**

The introduction and adoption of new technologies by competitors means that the Merged Group must stay current with technological trends in the mining industry to remain competitive, particularly in respect to its mining services business. The failure to identify and appropriately respond to emerging technological innovations by competitors could cause revenues to decline. If the Merged Group fails to effectively address the changing demands of clients and to maintain its competitive advantage, the Merged Group's mining services business, results of operations and financial condition could be materially adversely impacted.

(f) **ESG risks**

There is an increasing vigilance by investors, shareholders and other interested third parties regarding environmental, social and governance (**ESG**) issues.

An increased focus on ESG issues may:

(1) impact the implementation, interpretation or enforcement of legislation, regulations or formal and informal policies which affect the Merged Group;

(2) influence the investment criteria, sentiment or assumptions applied by investors and lenders dealing with the Merged Group; or

(3) influence the policies and negotiating positions of third parties currently contracting with the Merged Group or who would otherwise be likely to contract with the Merged Group in the future.

(g) **Insurance and uninsurable risks**

The Merged Group will ensure that it conducts its operations in accordance with industry best practice. However, in certain circumstances, the Merged Group's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Merged Group.

Insurance against all the risks associated with construction and engineering is not always available and, where available, costs can be prohibitive.

The occurrence of an event not fully insured or indemnified against, or the failure of a third party or an insurer to meet its indemnification or insurance obligations, could result in substantial losses, which may adversely affect financial position and performance. In addition, insurance may not be available to cover any or all of these risks, or, even if available, may not be adequate. Insurance premiums or other costs may rise significantly in the future, so as to make such insurance prohibitively expensive or uneconomic.

(h) **Liquidity and realisation risk**

There can be no guarantee that an active market in the Merged Group's shares will develop or continue, or that the market price of the Merged Group's shares will increase. If a market does not develop or is not sustained, it may be difficult for investors to sell their shares, as there may be relative few, if any, potential buyers or sellers of the Merged Group's shares on ASX at any time.

(i) **Tax**

Future changes in taxation law, including changes in the interpretation or application of the law by the courts or taxation authorities, may affect taxation treatment of an investment in the Merged Group's shares or the holding and disposal of those shares. Further, changes in tax law, or changes in the way tax law is expected to be interpreted, in the various jurisdictions in which the Merged Group operates, may impact the future tax liabilities and performance of the Merged Group.

In addition, an investment in New Develop Shares involves tax considerations which may differ for each Essential Shareholder (who is not Ineligible Foreign Holder or Non-Electing Small Shareholder). Each Essential Shareholder (who is not an Ineligible Foreign Holder or Non-Electing Small Shareholder) is encouraged to seek professional tax advice in connection with any investment in New Develop Shares.

(j) **Compliance with anti-corruption laws**

The Merged Group's operations will be governed by, and involve interaction with, many levels of government in Australia. The Merged Group will be subject to various anti-corruption laws and regulations, each of which prohibit a company and its employees or intermediaries from bribing or making improper payments to foreign officials or other persons to obtain or retain business or gain some other business advantage.

The Merged Group will maintain anti-bribery policies, anti-corruption training programmes, codes of conduct, procedures and other safeguards designed to prevent the occurrence of fraud, bribery and corruption. However, wherever the Merged Group operates it always needs to be aware of the potential risk of fraud, bribery and corruption.

The Merged Group cannot predict the nature, scope or effect of future regulatory requirements to which the Merged Group's operations might be subject or the manner in which existing laws might be administered or interpreted. Instances of fraud, bribery and corruption, and violations of laws and regulations could expose the Merged Group and its directors and senior management to civil or criminal penalties or other sanctions, and could have a material adverse effect on the Merged Group's reputation, business, results of operations, financial condition and the share price. Likewise, any investigation of any alleged violations of the applicable anticorruption legislation by Australia or foreign authorities could also have an adverse impact on the Merged Group's business, reputation, financial condition and results of operations.

(k) **Accounting risk**

In accounting for the Scheme, the Merged Group will need to perform a fair value assessment of all of Essential's assets, liabilities and contingent liabilities, which will include the identification and valuation of intellectual property and intangible assets. As a result of this fair value assessment, the Merged Group's depreciation and amortisation charges may be substantially greater than the depreciation and amortisation charges of Essential and Develop as separate businesses and to that extent may significantly reduce the future earnings of the Merged Group.

To the extent goodwill is recognised in respect of accounting for the acquisition of Essential by Develop, it will be subject to annual impairment testing. If the recoverable amount of goodwill is impaired, this will result in a charge against future earnings.

The Merged Group will be subject to the usual business risk that there may be changes in accounting policies which may have an adverse impact on the Merged Group.

(l) **Share market risk**

The market price of the Merged Group's shares could fluctuate significantly. The market price of the Merged Group's shares may fluctuate based on a number of factors including the Merged Group's operating performance and the performance of competitors and other similar companies, the public's reaction to the Merged Group's press releases, other public announcements and the Merged Group's filings with the various securities regulatory authorities, changes in earnings estimates or recommendations by research analysts who may track the Merged Group's shares or the shares of other companies in the resource sector, changes in general economic conditions, the number of the Merged Group's shares publicly traded and the arrival or departure of key personnel, acquisitions, strategic alliances or joint ventures involving the Merged Group or its competitors. In addition, the market price of the Merged Group's shares will be affected by many variables not directly related to the Merged Group's success and are therefore not within the Merged Group's control, including other developments that affect the market for all resource sector shares, the breadth of the public market for the Merged Group's shares, and the attractiveness of alternative investments.

(m) **Securities price fluctuations**

The New Develop Shares issued under this Scheme carry no guarantee in respect of profitability, dividends, return of capital, or the price at which they may trade on ASX. The value of the New Develop Shares will be determined by the stock market and will be subject to a range of factors beyond the control of Essential, Essential Directors, and Essential's management. The risk is similar to that faced by Essential Shareholders currently.

The market price of a publicly traded stock is affected by many variables not directly related to the success of the Merged Group. These factors include, but are not limited to, the demand for, and availability of, Develop Shares, movements in domestic interest rates, exchange rates, fluctuations in the Australian and international stock markets and general domestic and economic activity. Securities markets can experience high levels of price and volume volatility, and the market price of securities of many companies can experience wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that such fluctuations will not affect the price of the Merged Group's securities going forward.

8.5 **Specific risks relating to the Scheme**

The following risk have been identified as being key risks specific to an investment in the Merged Group. These risks have the potential to have a significant adverse impact on the Merged Group and may affect the Merged Group's financial position, prospects and price of its listed securities.

(a) **Tax consequences**

If the Scheme becomes Effective, there will be tax consequences for the Scheme Participants which may include tax being payable. For further details regarding the general Australian tax consequences of the Scheme refer to section 9 of this Scheme Booklet. The tax consequences may vary depending on the nature and characteristics of Scheme Participants and their specific circumstances. Accordingly, you should seek professional tax advice in relation to your specific circumstances.

(b) **Change in risk profile and risks of investment**

If the Scheme is implemented, Essential Shareholders will be exposed to risk factors relating to Develop, and to certain additional risks relating to the Merged Group and the integration of the two businesses.

In particular, the asset portfolio, capital structure and size of the Merged Group will be different from that of Develop on a stand-alone basis. These changes in risk and investment profile may be considered a disadvantage by some Essential Shareholders.

(c) **The market value of the Scheme Consideration is not certain**

Under the terms of the Scheme, Essential Shareholders (excluding Ineligible Foreign Shareholders and Non-electing Small Shareholders) will receive 1 New Develop Share for every 6.18 Essential Shares they hold at the Record Date. The implied value of the Scheme Consideration that would be realised by individual Essential Shareholders will be dependent on the price at which the Develop Shares trade on ASX after the Implementation Date and is not fixed.

Following implementation of the Scheme, the price of New Develop Shares will continue to rise or fall based on market conditions and the Merged Group's financial and operating performance.

In addition, the Sale Agent (and/or a nominee of the Sale Agent) will be issued New Develop Shares attributable to certain Ineligible Foreign Holders and Non-electing Small Shareholders and will sell them on market as soon as reasonably practicable on or after the Implementation Date and in any event, within 15 Business Days of the Implementation Date.

It is possible that such sales may exert downward pressure on the Merged Group's share price during the applicable period. In any event, there is no guarantee regarding the prices that will be realised by the Sale Agent (and/or a nominee of the Sale Agent) or the proceeds of sale that are ultimately delivered to those Essential Shareholders after deducting any reasonable brokerage or other selling costs, taxes and charges. There is no guarantee regarding the or the future market price of Develop Shares. Future market prices may be either above or below current or historical market prices.

The price of Develop Shares following implementation of the Scheme will vary and may be volatile as a result of a number of factors, including the financial and operating performance of Develop and general market conditions.

(d) **Risks of trading during deferred settlement trading period**

Essential Shareholders will not necessarily know the exact number of New Develop Shares (due to rounding) that they will receive (if any) as Scheme Consideration until a number of days after those shares can be traded on the ASX on a deferred settlement basis. Essential Shareholders who trade New Develop Shares on a deferred settlement basis, without knowing the number of New Develop Shares they will receive as Scheme Consideration may risk adverse financial consequences if they purport to sell more New Develop Shares than they receive.

(e) **Scheme Implementation Deed may be terminated by Essential or Develop in certain circumstances in which case the Scheme will not be implemented (including in relation to a material adverse change)**

Essential and Develop each have the right to terminate the Scheme Implementation Deed in the circumstances described in section 10.11(i) of this Scheme Booklet. As such, there is no certainty that the Scheme Implementation Deed will not be terminated before the Scheme is implemented.

If the Scheme Implementation Deed is terminated, there is no assurance that the Essential Board will be able to find a party willing to offer an equivalent or greater price for Essential Shares than the price to be paid under the terms of the Scheme Implementation Deed and the Scheme. This may adversely affect the future market price of Essential Shares.

In addition, some circumstances which cause the Scheme not to proceed may result in the payment of a break fee by Essential or Develop to the other party. See sections 10.11(e) and 10.11(f) of this Scheme Booklet for a summary of those circumstances.

(f) **Implementation of the Scheme is subject to Conditions Precedent that must be satisfied or waived (where permitted)**

Implementation of the Scheme is subject to the satisfaction or waiver (where permitted) of a number of outstanding Conditions Precedent. There can be no certainty, nor can Essential provide any assurance, that these Conditions Precedent will be satisfied or waived (where permitted), or if satisfied or waived (where permitted), when that will occur. A number of outstanding Conditions Precedent are outside the control of Essential and Develop, including, but not limited to, approval of the Scheme by Essential Shareholders and approval by the Court of the Scheme. If, for any reason, a Scheme Condition is not satisfied or waived (where permitted) and the Scheme is not implemented, there may be adverse consequences for Essential and Essential Shareholders, including that the market price of Essential Shares may be adversely affected.

(g) **Transaction costs**

If the Scheme is implemented, external costs of approximately A$2,305,000 (excluding GST) are expected to be paid by Essential. This includes financial advisory, legal, accounting, Independent Expert, tax and administration fees, Scheme Booklet design, printing and distribution, share registry and other expenses. In addition, additional external costs of approximately A$1,750,000 (excluding GST) are expected to be paid by Develop. This includes financial advisory, legal, accounting and administration fees and other expenses. Therefore, total transaction costs of approximately A$4,055,000 (excluding GST) excluding stamp duty are expected to be incurred by the Merged Group if the Scheme is implemented.

Transaction related costs of approximately A$779,000 (excluding GST) are expected to be incurred by Essential irrespective of whether or not the Scheme is implemented.

Further details of the estimated costs are set out in section 10.16 of this Scheme Booklet.

(h) **Accounting risk**

Both Essential and Develop, as stand-alone entities, have particular accounting policies and methods which are fundamental to how they record and report their financial position and results of operations. The Essential and Develop directors may have exercised judgment in selecting accounting policies or methods in respect of Essential and Develop (respectively), which might have been reasonable in the circumstances yet might have resulted in reporting materially different outcomes than would have been reported under the other company's policies and methods. The integration of Essential's and Develop's accounting functions may lead to revisions of these accounting policies, which may adversely impact on the Merged Group's reported results of operations and/or financial position and performance.

(i) **The issue of New Develop Shares could adversely affect the market price of Develop Shares**

If the Scheme is implemented, a number of additional New Develop Shares will be available for trading in the public market (see section 7.5 for details of the capital structure of the Merged Group if the Scheme is implemented). The increase in the number of Develop Shares may lead to sales of such shares or the perception that such sales may occur, either of which may adversely affect the market for, and the market price of, Develop. In addition, the process to be undertaken by the Sale Agent of selling the New Develop Shares that would otherwise be issued to Ineligible Foreign Holders or Non-electing Small Shareholder within the 15 Business Days after the Implementation Date may place short-term downward pressure on the market price for Develop Shares by creating additional selling volumes.

(j) **Approvals may be delayed, conditioned or not obtained**

There is the risk that the Court may not approve the Scheme, or may only be willing to approve the Scheme subject to conditions that Essential and / or Develop (as applicable) are not prepared to accept. There is also a risk that some or all of the aspects of the Essential Shareholder and Court approvals required for the Scheme to proceed may be delayed or not granted.

(k) **Other risks**

Additional risks and uncertainties not currently known to Essential or Develop may also have a material adverse effect on Essential's or Develop's business and on the Merged Group and the information set out above does not purport to be, nor should it be construed as representing, an exhaustive list of the risks faced by Essential, Develop or the Merged Group.

The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of Develop, Essential and the Merged Group and the value of the Scheme Consideration and Develop shares generally.

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# 9. Tax Implications for Scheme Participants

## 9.1 Scope

The following is a general summary of the potential Australian income tax, goods and services tax (**GST**) and stamp duty implications consequences for Scheme Participants disposing of their Essential Shares under the Scheme and has been prepared on the basis of the existing Australian tax laws and administrative practices applicable as at the date of this Scheme Booklet, which may be subject to change periodically (including with retrospective effect).

The comments below on income tax are based on the *Income Tax Assessment Act 1936* (Cth) and the *Income Tax Assessment Act 1997* (Cth) (collectively referred to as the **Tax Act**) and relevant Australian Taxation Office pronouncements as at the date of this Scheme Booklet. It is not intended to be authoritative or complete statement of the law applicable to particular circumstances of any Scheme Participant.

This is not intended to be authoritative or a complete statement of the law applicable to the particular individual circumstances of any of the Scheme Participants. All Scheme Participants should consult their own tax advisors regarding the tax consequences of participating in the Schemes.

This section only discusses Australian tax considerations. Section 9.2(a) is relevant to Scheme Participants who are Australian residents for tax purposes and section 9.2(c) is relevant to non-resident Scheme Participants. Both sections 9.2(a) and 9.2(c) only apply to Scheme Participants who hold their Essential Shares on capital account for Australian income tax purposes. Section 9.4 is relevant for all Scheme Participants.

This summary does not apply to Scheme Participants who:

- hold their Essential Shares on revenue account, as trading stock or as assets used in carrying on a business;
- are subject to the “taxation of financial arrangements” rules in division 230 of the Tax Act in relation to gains and losses on their Essential Shares;
- acquired their shares or options in return for services or as the result an employee share option plan; or
- are a bank, insurance company or tax exempt organisation.

Scheme Participants who fall within these circumstances should seek their own independent tax advice.

Except where otherwise stated, this summary does not apply to Scheme Participants that are partnerships, trusts, or individuals who are partners of the partnership or beneficiaries of the trusts. If a partnership or trust is a Scheme Participant, the partners of the partnership or the beneficiaries of the trust should consult their own tax advisers in relation to the Australian taxation consequences to the partnership or trust (as applicable) participating in the Scheme.

All Scheme Participants are advised to seek independent professional advice in relation to their particular circumstances. Non-resident Scheme Participants should seek their own advice on income tax consequences.

## 9.2 Australian income tax consequences of the Scheme – Capital Gains Tax generally

This section applies to Essential Shareholders who hold their Essential Shares on capital account.

In general, the Capital Gains Tax (**CGT**) regime operates to include gains resulting from the growth of capital assets (CGT assets) in a taxpayer's taxable income, in the income tax year in which the agreement effecting the disposal of those assets is entered into.

Scheme Participants holding their Essential Shares on capital account will trigger CGT event A1 on the disposal of their Essential Shares under the Scheme and may be subject to CGT.

A Scheme Participant may choose to apply the scrip for scrip rollover under Subdivision 124-M of the Tax Act to defer a capital gain made on the disposal of their Essential Shares (subject eligibility requirements being satisfied). This is discussed further below.

(a) **Australian resident Scheme Participants – Consequences if choose scrip for scrip rollover**

If a Scheme Participant choses to apply the scrip for scrip rollover, the capital gain made from the disposal of the Essential Shares will be disregarded to the extent that the Scheme Participant received replacement New Develop Shares.

If the scrip for scrip roll-over is applied, the first element of the cost base (or reduced cost base) of each New Develop Share received is the cost base (or reduced cost base) of the Scheme Participant's original Essential Share for which it was exchanged and for which the rollover was obtained.

For the purposes of determining whether a capital gain made from any later disposal of a New Develop Share is a discount capital gain, if the scrip for scrip rollover is applied, the Scheme Participant will be taken to have acquired their New Develop Shares on the same date as they acquired their Essential Shares.

Scrip for scrip rollover relief does not apply automatically and Scheme Participants who wish to apply the rollover must choose to do so, which can be evidenced in the way they prepare their tax return. Scheme Participants wishing to apply the rollover should obtain specialist tax advice to ensure they make any choices or elections required to obtain the rollover.

Rollover relief is not available if Scheme Participants would otherwise make a capital loss.

(b) **Australian resident Scheme Participants – Consequences if do not, or cannot, choose scrip for scrip rollover**

If a Scheme Participant does not, or cannot, choose scrip for scrip rollover, they must account for any capital gain or capital loss which occurs as a consequence of CGT event A1 happening on the disposal of their Essential Shares.

An Australian tax resident Scheme Participant will make a capital gain equal to the amount by which the capital proceeds from the disposal of the Essential Shares exceeds the cost base of the New Develop Shares disposed of under the Scheme.

A capital gain may be reduced by any current or carried forward capital losses available and the CGT discount (subject to satisfying eligibility requirements) which are discussed further below.

A Scheme Participant will make a capital loss equal to the amount by which the reduced cost base of the Essential Shares disposed of by the Scheme Participant under the Scheme exceeds the capital proceeds from that disposal.

A capital loss may be carried forward and used to offset capital gains made in future income years (subject to the satisfaction of certain loss recoupment tests applicable to companies and trusts). Capital losses may be applied to reduce capital gains but cannot be applied to reduce other categories of income.

A Scheme Participant who is an individual, trust or a complying superannuation entity may be eligible to apply the CGT discount against any capital gains realised from the disposal of its Essential Shares, provided they have been held for more than 12 months prior to their disposal under the Scheme.

If applicable, the CGT discount is applied to the remaining capital gain after it has been reduced by any available capital losses, to arrive at the Scheme Participant's net capital gain. The net capital gain is the amount the Scheme Participant is required to include in their assessable income for income tax purposes.

The CGT discount for individuals and trusts is 50% and 33.3% for complying superannuation entities. Companies are not eligible for the CGT discount.

The methodology for calculating the CGT discount for trusts is complex and Scheme Beneficiaries and their respective beneficiaries should obtain specialist tax advice.

The market value of the Essential Shares is to be worked out as at the Effective Date.

The Scheme Participant will be deemed to have acquired the New Develop Shares on the Effective Date.

(c) **Non-resident Scheme Participants**

Non-resident Scheme Participants may disregard capital gains or losses associated with the disposal of their Essential Shares, unless those shares are "taxable Australian property" (**TAP**) at the time of disposal.

Essential Shares will be TAP if, broadly:

(1) the Scheme Participant and its associates hold a 10% or more shareholding in Essential and the value of the Essential Shares is principally attributable to Australian real property; or

(2) the Essential Shares have been used by the Scheme Participant at any time in carrying on a business through a permanent establishment in Australia; or

(3) the Essential Shares are covered by subsection 104-165(3) of the Tax Act (choosing to disregard a capital gain or capital loss on ceasing to be an Australian resident).

A non-resident Scheme Participant who suspects their Essential Shares may constitute TAP should obtain their own independent tax advice concerning their possible Australian income tax obligations.

Non-resident Scheme Participants should also obtain specific advice on the application of the laws in their country of residence in determining the tax consequences of the disposal of Essential Shares.

## 9.3 Future disposal of New Develop Shares

A Scheme Participant who subsequently sells their New Develop Shares may be subject to CGT. The calculation of the capital gain or loss is as outlined above in section 9.2.

In calculating whether a Scheme Participant has held their New Develop Shares for at least 12 months (for the purposes of the CGT discount), Scheme Participants who were able to and chose rollover relief on disposal of their Essential Shares should take into consideration the period of time they held their Essential Shares.

The capital gain of a Scheme Participant that is a company may be reduced in certain circumstances where the Scheme Participant holds a direct voting percentage of at least 10%

in New Develop, throughout a 12-month period within two years of disposal, and New Develop carries on an active business.

If the capital gain is subject to foreign tax, the Scheme Participant should generally be entitled to an offset against Australian tax for any foreign tax paid.

### 9.4 Australian Goods and Services Tax

No GST will generally be payable by Scheme Participants in respect of the actual disposal of their interests under the Scheme.

However, GST may be incurred by a Scheme Participant on transaction costs incurred such as fees charged by a professional adviser that they have engaged to advise them on the Scheme. In these circumstances, there may, be some restrictions imposed upon Scheme Participants in respect of their ability to recover any GST paid in the form of tax input credits on such costs incurred. This is a complex area of Australian GST Law and Scheme Participants should seek their own independent GST advice based on their individual circumstances.

### 9.5 Stamp duty

No Australian stamp duty should be payable by Scheme Participants under the Scheme.

## 10. Other Information

### 10.1 Introduction

This section includes additional information that the Directors consider is material to a decision on how to vote on the Scheme Resolution to be considered at the Scheme Meeting to approve the Scheme.

In this section, the terms, 'executive officer', 'marketable securities', and 'subsidiary' have the meanings given to them in the Corporations Act.

### 10.2 Interests of the Directors in Essential Shares

As at the date of this Scheme Booklet, the Directors have the following Relevant Interests in Essential Shares:

| Director | Number of Essential Shares | Percentage Interest in Essential Shares (undiluted basis) |
|---|---|---|
| Craig McGown<br>(Independent Non-Executive Chair) | 2,177,031 | 0.81% |
| Timothy Spencer<br>(Managing Director) | 2,243,956 | 0.83% |
| Paul Payne<br>(Independent Non-Executive Director) | 930,569 | 0.35% |
| Warren Hallam<br>(Independent Non-Executive Director) | 200,000 | 0.07% |

Each Director will vote or procure the voting of their Director Shares in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Scheme is in the best interests of the Essential Shareholders.

No Director has acquired or disposed of a Relevant Interest in any Essential Share or other security in the four month period ending on the date immediately before the date of this Scheme Booklet except for Timothy Spencer, who upon exercising his vested Essential Performance Rights on 13 July 2023, has been issued 954,545 Essential Shares on 17 July 2023. In addition, in accordance with the Company's 2022 Employee Securities Incentive Plan and as part of the annual grant of long term incentives to employees, Timothy Spencer is entitled to be granted $90,000 in Essential Performance Rights for Financial Year 2024 (**FY24 Performance Rights**) (calculated as 216,867 Essential Performance Rights). However, in light of the Scheme being in place, the three Independent Non-Executive of the Essential Board (and excluding Timothy Spencer (Managing Director)) have resolved that in respect of the FY24 Performance Rights either:

(a) in the event that the Scheme becomes Effective, a cash payment of $90,000 will be made to Timothy Spencer instead of any FY24 Performance Rights (**Relevant Payment**); or

(b) in the event that the Scheme does not become Effective and the Scheme Implementation Deed is terminated, the Relevant Payment will not be made and the 216,867 FY24 Performance Rights that would be granted to Timothy Spencer in the ordinary course will be allotted, subject to Shareholder approval at the next Shareholder meeting following the Scheme Meeting.

### 10.3 Interests of the Directors in Essential Performance Rights and Essential Options

The table below show the Essential Performance Rights and Essential Options held directly or indirectly by the Directors.

| Director | Number of Essential Performance Rights | Number of Essential Options |
|---|---|---|
| Timothy Spencer<br>(Managing Director) | 1,015,636 | 1,500,000 |
| Craig McGown<br>(Independent Non-Executive Chair) | - | 1,000,002 |
| Paul Payne<br>(Independent Non-Executive Director) | - | 600,000 |
| Warren Hallam<br>(Independent Non-Executive Director) | - | 600,000 |

The Essential Options and the Essential Performance Rights identified in the table above will be treated as described in section 10.5 below in connection with the Scheme.

### 10.4 Essential incentive and equity arrangements

(a) **Incentive Plan**

The Essential Options and Essential Performance Rights currently on issue are governed by the terms of the relevant Incentive Plan from time to time.

A summary of the previous and current Incentive Plans can be found accompanying the Essential notice of annual general meeting for the relevant year, as follows:

- 19 October 2017: Performance Rights Plan and Employee Share Option Plan;
- 26 October 2020: Equity Incentive Plan; and
- 21 October 2022: Employee Incentive Securities Plan.

(b) **Long Term Incentive Plan**

The Long Term Incentive Plan (**LTIP**) operates in conjunction with the Incentive Plan. The objective of the LTIP is to reward Directors, executives and employees in a manner which aligns this element of remuneration with the creation of shareholder wealth by basing the LTIP on incentive equity securities with attaching vesting hurdles based on total shareholder returns.

### 10.5 Treatment of Essential Performance Rights and Essential Options in connection with the Scheme

Clause 8 of the Scheme Implementation Deed requires that before 8:00am on the Second Court Date that Essential has put arrangements in place (including obtaining any necessary ASX waivers) so that all Essential Performance Rights and Essential Options will either vest (and have resulted in the issue of Essential Shares), lapse or otherwise be cancelled or terminated before the Record Date.

***Essential Performance Rights***

All 1,100,028 unvested Essential Performance Rights currently on issue and issued under the terms of the 2017 Performance Rights Plan and Employee Share Option Plan and the 2020 Equity Incentive Plan automatically vest upon the occurrence of a 'change of control' (which relevantly for present purposes includes, a court approving under section 411(4)(b) of the Corporations Act a scheme of arrangement).

In respect of the Performance Rights issued under the terms of the 2022 Employee Incentive Securities Plan, the plan requires that if a 'change of control' event occurs or the Board determines that such an event is likely to occur, that the Board may in its discretion determine the manner in which any or all of a holder's Essential Performance Rights will be dealt with. The Board has determined that relevantly for present purposes, all Essential Performance Rights issued under the 2022 Employee Incentive Securities Plan, totalling 596,769 Essential Performance Rights will vest upon the Court approving the Scheme under section 411(4)(b) of the Corporations Act.

Therefore, in total, 1,696,797 Essential Performance Rights (including all Essential Performance Rights held by the Managing Director, Timothy Spencer) will have already vested prior to, or will vest upon, the Court approving the Scheme under section 411(4)(b) of the Corporations Act on the Second Court Date.

Essential confirms that it has put in place arrangements with the holders of all Essential Performance Rights which vest as described in the paragraphs above such that Shares will be issued as soon as practicable after such vesting and in any event prior to the Record Date.

***Essential Options***

Clause 3.1(d) of the Scheme Implementation Deed requires that before 8:00am on the Second Court Date that each Essential Optionholder has either exercised their Essential Options (or agreed unequivocally and irrevocably in writing to exercise them prior to the Record Date) or entered an Option Cancellation Deed, so that all Essential Options will either have lapsed, been exercised or cancelled as is required by clause 8 of the Scheme Implementation Deed.

Essential and Develop have entered into Option Cancellation Deeds with each of the Essential Optionholders. Under the Option Cancellation Deeds, the Essential Optionholders agree to have their Essential Options cancelled in return for Develop Shares equal in value to the intrinsic value of the Essential Option (being the value of the Scheme Consideration per share calculated by reference to the closing price of Develop Shares on the date on which they recommenced trading following the Announcement Date, less the exercise price per Essential Option), subject to the Scheme becoming effective and obtaining a waiver from ASX from Listing Rule 6.23.2 (the **Option Cancellation Conditions**).

The Option Cancellation Deeds;

- provide that the Essential Optionholders must not transfer, dispose or otherwise deal with any of the Essential Options (without the prior written consent of Essential and Develop) from the date of the deed until such Essential Options are cancelled;
- allow the Essential Options to otherwise be exercised in accordance with their terms prior to 8:00am on the Second Court Date;
- terminate if the Option Cancellation Conditions are not satisfied by the End Date or if the Scheme Implementation Deed is otherwise validly terminated; and

- otherwise contain standard releases, representations and warranties consistent with a document of this nature.

Essential has applied for, and ASX has granted a waiver from Listing Rule 6.23.2 (conditional on full details of the cancellation being set out in the Scheme Booklet and the Scheme becoming effective) to enable Essential to cancel the Essential Options on issue under the Option Cancellation Deeds for the consideration described above.

| Director | Total number of Essential Options | Details of Essential Options | Option Cancellation Consideration for each Class | Aggregate Option Cancellation Consideration |
|---|---|---|---|---|
| Timothy Spencer (Managing Director) | 1,500,000 | 500,000 Options exercisable at $0.25 each on or before 31 Jan 2024 | 44,674 Develop Shares | 90,545 Develop Shares |
| | | 500,000 Options exercisable at $0.35 each on or before 31 Jan 2024 | 30,182 Develop Shares | |
| | | 500,000 Options exercisable at $0.45 each on or before 31 Jan 2024 | 15,689 Develop Shares | |
| Craig McGown (Independent Non-Executive Chair) | 1,000,002 | 333,334 Options exercisable at $0.25 each on or before 31 Jan 2024 | 29,783 Develop Shares | 60,363 Develop Shares |
| | | 333,334 Options exercisable at $0.35 each on or before 31 Jan 2024 | 20,121 Develop Shares | |
| | | 333,334 Options exercisable at $0.45 each on or before 31 Jan 2024 | 10,459 Develop Shares | |
| Paul Payne (Independent Non-Executive Director) | 600,000 | 200,000 Options exercisable at $0.25 each on or before 31 Jan 2024 | 17,870 Develop Shares | 36,219 Develop Shares |
| | | 200,000 Options exercisable at $0.35 each on or before 31 Jan 2024 | 12,073 Develop Shares | |

| | | | | |
|---|---|---|---|---|
| | | 200,000 Options exercisable at $0.45 each on or before 31 Jan 2024 | 6,276 Develop Shares | |
| Warren Hallam (Independent Non-Executive Director) | 600,000 | 200,000 Options exercisable at $0.125 each on or before 30 Sep 2024 | 25,116 Develop Shares | 66,653 Develop Shares |
| | | 200,000 Options exercisable at $0.175 each on or before 30 Sep 2024 | 22,218 Develop Shares | |
| | | 200,000 Options exercisable at $0.225 each on or before 30 Sep 2024 | 19,319 Develop Shares | |

Note: Aggregate Option Consideration rounded to nearest whole Develop Share.

## 10.6 Securities in Develop held by, or on behalf of, the Directors

As at the date of this Scheme Booklet, no securities in Develop are held by, or on behalf of, any of the Directors other than the indirect holdings shown immediately below.

- Warren Hallam has an indirect beneficial interest in 586 Develop Shares; and
- Craig McGown has an indirect beneficial interest in 2,286 Develop Shares.

## 10.7 Directors' interest in any contract with Develop

Other than as set out in this Scheme Booklet, no Director or their Associate has entered into, or otherwise has any interest, in any contract with Develop or any Related Body Corporate of Develop.

Craig McGown was a director of Develop from 8 February 2021 until his resignation on 9 June 2021. This prior directorship was considered by the other Essential Directors and they concluded that Mr McGown's independence was not conflicted by his prior Develop directorship and he was therefore not precluded in participating in decisions made by the Essential Board in relation to the Scheme.

## 10.8 Other interests of the Directors

### (a) Interests of the Directors

As at the date of this Scheme Booklet, no Essential Director has any interest, whether as a director, member or creditor of Essential or otherwise, which is material to the Scheme, other than;

(1) in their capacity as a holder of Essential Shares, Essential Performance and Essential Options;

(2) in connection with the D&O Deeds, as described in section 10.8(b); and/or

(3) as otherwise disclosed in this Scheme Booklet.

(b) **D&O Deeds**

Essential has entered into deeds of indemnity, insurance and access with the Directors and Officers on customary terms (**D&O Deeds**). Under the Scheme Implementation Deed, Develop acknowledges and agrees that provided Essential provides Develop with the terms (including the price) of the Run Off cover described below prior to purchasing it, that:

(1) prior to the Implementation Date, Essential will arrange and pay all premiums required for run off directors' and officers' liability cover (**Run Off Cover**) to be put in place for the benefit of each director and officer; and

(2) the Run Off Cover will cover claims made up to 7 years after the Implementation Date in respect of conduct or matters occurring on or before the Implementation Date.

### 10.9 Directors' interest in agreements connected with or conditional on the Scheme

Other than the Option Cancellation Deed, the deeds of release or special exertion fees described below or as otherwise described in this Scheme Booklet, as at the date of this Scheme Booklet, there is no agreement or arrangement made between any Essential Director and any other person, including Develop, in connection with or conditional on the outcome of this Scheme.

(a) **Deeds of release**

The Essential Group and each of the Directors have entered into individual deeds of release. The deeds provide for the resignation of the Directors from the Essential Group, procured by Essential at the request of Develop in accordance with the Scheme Implementation Deed. Under the deeds, each Director unconditionally and irrevocably releases the Target Group from all claims (including those relating to their directorship or the cessation of that directorship), except in relation to a claim relating to the D&O Deeds, the D&O Insurance Policy, the Run Off Cover or a breach of the deed of release. Similarly, the Essential Group releases the Director from all claims (including those relating to their directorship or the cessation of that directorship) to the extent permitted by law and except in relation to a claim relating to a breach of the deed of release.

The deeds confirm that: (1) the Directors will continue to have the benefit of the D&O Deeds and the Run Off Cover following their cessation as a Director; (2) Essential will pay the Directors all director's fees that are payable in the ordinary course until their cessation; and (3) in respect of the Managing Director (Timothy Spencer) only, the payment of the amounts referred to in section 10.10 pursuant to the terms of his employment contract.

The operative provisions of the deeds of release come into effect on each Director's cessation date as a director and the deeds will automatically terminate should that cessation date not occur by the End Date.

(b) **Special exertion fees for Non-Executive Directors**

As contemplated by clause 15.9 of the Essential Constitution, the Board has approved the payment of special exertion fees from 1 June 2023 for each Non-Executive Director of Essential, in recognition of the increased and sustained workload and time commitment involved in those Non-Executive Directors, amongst other matters: (1) considering and responding to the indicative proposal from Develop; (2) negotiating and agreeing the Confidentiality Agreement and mutual due diligence processes; (3) undertaking and facilitating the mutual due diligence investigations; (4) negotiating and agreeing the terms of the Scheme Implementation Deed and associated Scheme documents; (5) undertaking, overseeing and considering the verification processes; and (6) overseeing the Scheme process through to implementation.

There are two separate exertion fee amounts, to reflect the differing levels of involvement that each Non-Executive Director has had (and is expected to have) in the process as follows:

(1) Craig McGown - $4,000 per month (inclusive of superannuation); and

(2) Warren Hallam and Paul Payne - $2,500 per month (inclusive of superannuation).

These special exertion fees are not conditional on the Scheme being implemented, and will be paid in the ordinary course.

## 10.10 Payments or benefits to the Directors, secretary or officers

Paragraph 8302(d) of Part 3 of Schedule 8 of the Corporations Regulations requires this Scheme Booklet to set out particulars of any payment or benefit made or given to any Director, secretary or executive officer of Essential or a Related Body Corporate as compensation for loss of, or consideration for or in connection with his or her retirement from, office in Essential or a Related Body Corporate.

There is no payment or other benefit that is proposed to be made or given to any Director, secretary or executive officer of Essential (or any of its Related Bodies Corporate) as compensation for the loss of, or consideration for or in connection with his or her retirement from, office in Essential (or any of its Related Bodies Corporate) in connection with, or that is materially affected by the implementation of, the Scheme.

Pursuant to the terms of his employment contract, upon loss of his office Timothy Spencer (Managing Director) shall receive six months' salary in lieu of notice (equal to $150,000, less PAYG tax), plus superannuation at the statutory rate, in addition to payment of other accrued employment benefits (e.g. annual leave).

In addition, in accordance with the Company's 2022 Employee Securities Incentive Plan and as part of the annual grant of long term incentives to employees, Timothy Spencer is entitled to be granted $90,000 in Essential Performance Rights for Financial Year 2024 (**FY24 Performance Rights**) (calculated as 216,867 Performance Rights). However, in light of the Scheme being in place, the three Independent Non-Executive of the Board (and excluding Timothy Spencer (Managing Director)) have resolved that in respect of the FY24 Performance Rights either:

(a) in the event that the Scheme becomes Effective, a cash payment of $90,000 will be made to Timothy Spencer instead of any FY24 Performance Rights (**Relevant Payment**); or

(b) in the event that the Scheme does not become Effective and the Scheme Implementation Deed is terminated, the Relevant Payment will not be made and the 216,867 FY24 Performance Rights that would be granted to Timothy Spencer in the ordinary course will be allotted, subject to Essential Shareholder approval at the next Essential Shareholder meeting following the Scheme Meeting.

## 10.11 Key terms of the Scheme Implementation Deed

On 3 July 2023, Essential and Develop entered into the Scheme Implementation Deed, which governs the conduct of the Scheme.

A summary of the key terms of the Scheme Implementation Deed is set out below. A full copy of the Scheme Implementation Deed was released to ASX on the Announcement Date, being 3 July 2023 and can be obtained from www.asx.com.au.

Capitalised terms used in this section 10.11 which are not otherwise defined have the meaning given to them in the Scheme Implementation Deed.

(a) **Conditions Precedent**

Implementation of the Scheme is subject to the Conditions Precedent summarised in section 3.5 of this Scheme Booklet and set out in full in clause 3.1 of the Scheme Implementation Deed.

(b) **Board recommendation**

The Scheme Implementation Deed requires that Essential procure that the Board unanimously recommend that Essential Shareholders vote in favour of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert concluding in the Independent Expert's Report that the Scheme is in the best interests of Essential Shareholders.

The Scheme Implementation Deed also requires Essential to procure that the Board collectively, and the Board members individually, do not change, withdraw or modify their recommendation or voting intention (namely, to cause any Essential Shares in which they have a Relevant Interest to be voted in favour of the resolution to approve the Scheme) or make a public statement that is inconsistent with their recommendation or voting intention, unless:

(1) the Independent Expert concludes in the Independent Expert's Report that the Scheme is not in the best interests of Essential Shareholders;

(2) there is a Superior Proposal and, after taking relevant steps, the Board determines that it no longer considers the Scheme to be in the best interests of Essential Shareholders;

(3) the change, withdrawal or modification occurs because of a requirement or request by a court or Regulatory Authority; or

(4) the Board determines after receiving legal advice that, by virtue of the directors' duties of the Board members, it is required to change, withdraw or modify its recommendation.

(c) **Obligations to implement the Scheme**

Essential must take all steps reasonably necessary, and Develop must use its best endeavours to assist Essential, to implement the Scheme in accordance with the timetable.

(d) **Exclusivity provisions**

The Scheme Implementation Deed provides for exclusivity provisions. These restrictions apply to Essential from the date of the Scheme Implementation Deed (being 3 July 2023) until the earlier of the End Date, the termination of the Scheme Implementation Deed and the Implementation Date (**Exclusivity Period**).

The Scheme Implementation Deed contains the following customary exclusivity provisions (see section 9 of the Scheme Implementation Deed):

(1) '*no shop*': Essential not being permitted to directly or indirectly solicit, invite, facilitate or encourage any Competing Proposal or any enquiries, negotiations or discussions with any Third Party or communicate any intention to do any things which may reasonably be expected to lead to an actual, proposed or potential Competing Proposal.

(2) '*notification of approaches*': If Essential:

(A) receives or becomes aware of an approach or attempt by any person regarding any actual, proposed or potential Competing Proposal; or

(B) receives or becomes aware of a proposal made to Essential or any member of the Essential Group or its representatives regarding an actual proposed or potential Competing Proposal,

Essential must notify Develop in writing within 24 hours, provide details of the party making the proposal, the terms of the proposal and any material updates to the proposal.

(3) '*matching right*': Essential must not and must procure that each of its Related Bodies Corporate do not enter into any legally binding agreement, arrangement or understanding to undertake to give effect to a Competing Proposal and must use reasonable endeavours to procure that none of the Directors change, withdraw or modify their recommendation for the Scheme, publicly recommend, support or endorse a Competing Proposal or make any public statement to the effect that they may do so at a future point in time unless (among other things) Essential has given Develop at least 2 Business Days after notifying Develop of a Superior Proposal to provide a matching or Superior Proposal to the terms of the Competing Proposal (**Counterproposal**). If the Essential Board determines that Develop's Counterproposal would provide an equivalent or superior outcome for Essential Shareholders than that offered under the Competing Proposal, Essential and Develop must agree and enter into such documentation (or amendments to documentation) to give effect to Develop's Counterproposal.

(4) '*no talk and no due diligence'*: During the Exclusivity Period, Essential must not, and must ensure that its representatives and Related Bodies Corporate do not, except with the prior written consent of Develop directly or indirectly:

(A) enter into, continue or participate in any negotiations or discussions with any Third Party in relation to a Competing Proposal or which may reasonably be expected to lead to a Competing Proposal;

(B) negotiate, accept or enter into (or offer or agree to negotiate, accept or enter into) any agreement, arrangement or understanding with any Third Party in relation to a Competing Proposal or which may reasonably be expected to lead to an actual, proposed or potential Competing Proposal;

(C) disclose, provide or make available any information to a Third Party for the purposes of enabling that party to make (or with a view of obtaining, or which would reasonably be expected to encourage or lead to) an actual, proposed or potential Competing Proposal or any agreement, arrangement or understanding that might be reasonably expected to lead to a Competing Proposal; or

(D) communicate any intention to do any of the things listed above,

even if that person's Competing Proposal was not directly or indirectly solicited, invited, encouraged or initiated by Essential, any member of the Essential Group, any of its representatives or the person has publicly announced the Competing Proposal.

(5) '*Exclusivity of due diligence*': Essential must not, and must ensure that neither it nor any member of the Essential Group or any of its representatives enable any other person (other than Develop) to undertake due diligence investigations on or make available to any other person (other than Develop) or permit any other person (other than Develop) to receive any non-public information relating to any member of the Essential Group, any of the operations or assets of the business of the Essential Group or any part thereof in relation to an actual, proposed or potential Competing Proposal.

(6) '*Limitation to no talk and no due diligence*': Essential's 'no-talk', 'no due diligence' 'notification of approaches' and 'exclusivity of due diligence' obligations do not apply to the extent that they restrict Essential from taking or refusing to take any action with respect to a genuine Competing Proposal provided that the Board has first determined, acting in good faith, that:

(A) after consultation with its financial advisers, such a genuine Competing Proposal is, or could reasonably be considered to become, a Superior Proposal; and

(B) after receiving written legal advice from its external legal advisers, taking or refusing to take such action in compliance with Essential's 'no-talk', 'no due diligence', 'notification of approaches' and 'exclusivity of due diligence' obligations in relation to such genuine Competing Proposal would be reasonably likely to constitute a breach of the Board's fiduciary or statutory obligations,

provided that to the extent Essential, any member of the Essential Group or its representatives propose to provide information to which Essential's 'notification of approaches' obligation applies, Essential has entered into a binding confidentiality agreement with the relevant person who will receive that information, and either:

(C) the terms of the confidentiality agreement are no less favourable to Essential than the Confidentiality Deed; or

(D) Essential agrees to amend the terms of the Confidentiality Deed such that the obligations imposed on Develop under that agreement are no less favourable to Develop than the obligations imposed on the relevant person who will receive that information are to that other person.

(e) **Break fee**

The Scheme Implementation Deed contains a customary break fee of $1,530,000 payable by Essential to Develop which will be triggered if:

(1) a Competing Proposal is announced before the earlier of the Second Court Date and termination of the Scheme Booklet, and within 12 months after the date of the Scheme Booklet, the Third Party who announced the Competing Proposal (or any of its Associates) completes that Competing Proposal);

(2) during the Exclusivity Period, one or more of the Directors fail to recommend the Scheme or publicly change, modify or withdraw their recommendation or voting intention or publicly recommend, support or endorse a Competing Proposal, unless it occurs after:

(A) the failure to recommend, or the change to or withdrawal of a recommendation to vote in favour of the Scheme occurs because of a requirement or request by a court or a Regulatory Authority that one or more Board members abstain or withdraw from making a recommendation that Essential Shareholders vote in favour of the Scheme;

(B) the Independent Expert has concluded that the Scheme is not in the best interests of Essential Shareholders;

(C) the Independent Expert changes or publicly withdraws its conclusion that the Scheme is in the best interests of Essential Shareholders; or

(D) Essential has become entitled to terminate the Scheme Implementation Deed for material breach by Develop and has given the appropriate notice to Develop; or

(3) Develop terminates the Scheme Implementation Deed for material breach by Essential or for a Prescribed Occurrence in respect of Essential.

(f) **Reverse break fee**

The Scheme Implementation Deed contains a reverse break fee of $1,530,000 payable by Develop to Essential which will be triggered if:

(1) Essential terminates the Scheme Implementation Deed for material breach by Develop; or

(2) Develop does not pay or procure the payment of the Scheme Consideration in accordance with the terms and conditions of the Scheme Implementation Deed, the Scheme and the Deed Poll.

(g) **Representations and warranties**

The Scheme Implementation Deed contains customary representations and warranties given by each of Essential and Develop to each other.

These representations and warranties are set out in Schedule 1 (in the case of Develop) and Schedule 2 (in the case of Essential) of the Scheme Implementation Deed.

(h) **Conduct of Essential's business**

The Scheme Implementation Deed requires Essential carry on its business and operations in the ordinary and normal course and in a manner generally consistent (subject to any applicable laws and regulations) with past practice, and must not make any significant change to the nature or scale of any activity comprised in its business and operations.

Essential must procure that its business and operations are substantially consistent with the manner in which the business and operations were conducted in the 12 month period prior to the date of the Scheme Implementation Deed (subject to all applicable laws, regulations and requirements of Regulatory Authorities), including:

(1) complying in all material aspects with all material contracts to which an Essential Group member is a party to;

(2) using reasonable endeavours to preserve and maintain the value of its business and assets, the services of its current officers and material employees and its

current relationships with Regulatory Authorities, joint venturers, customers, suppliers, landlords, licensors, licensees and others with whom it has business dealings;

(3) protecting and maintaining each of its assets in the normal course and consistent with past practices and maintaining appropriate and adequate insurance in respect of each of those assets which are insurable;

(4) keeping and maintaining proper records of all its dealings and transactions relating to its business and operations;

(5) ensuring that all amounts owing to trade or other creditors of the entity are paid in accordance with applicable payment terms;

(6) consulting with Develop and adopting any reasonable comments from Develop in relation to the preparation and approval of any budget or business plan relating to Essential businesses or operations;

(7) ensuring that there is no occurrence in relation to Essential within their control that would constitute or be likely to constitute a Material Adverse Change;

(8) not undertaking any action which would, or would reasonably be expected to, give rise to a Prescribed Occurrence; and

(9) conducting its business and operations in accordance with all applicable laws and regulations and sound industry practice.

Essential will be able to take actions:

- expressly permitted or required to be done by Essential under the Scheme, Deed Poll or Scheme Implementation Deed;
- that has been disclosed by Essential prior to the date of the Scheme Booklet;
- where Essential has first consulted in writing with Develop and Develop has, acting reasonably, approved the proposed matter or not objected to the proposed matter in writing within 5 Business Days of having been so consulted;
- to avoid the occurrence of a Material Adverse Change; and
- required by law or otherwise arising as a result of any court or Regulatory Authority order, injunction or undertaking.

(i) **Termination rights**

Develop may terminate the Scheme Implementation Deed at any time before 8:00am on the Second Court Date if:

(1) there is a failure of the Conditions Precedent and the parties are unable to reach an agreed resolution in respect of the same;

(2) Essential is in material breach of the agreement and that breach remains unremedied;

(3) there is:

(A) a Material Adverse Change in respect of Essential;

(B) a Prescribed Occurrence in respect of Essential;

(4) the Essential Shareholders do not agree to the Scheme at the Scheme Meeting by the requisite majorities;

(5) a Director publicly withdraws, fails to make or adversely changes their recommendation or voting intention or publicly recommends, supports or endorses a Competing Proposal, for any reason; or

(6) where Essential enters into any legally binding agreement, arrangement or understanding in relation to any actual, proposed or potential Competing Proposal.

Essential may terminate the Scheme Implementation Deed at any time before 8:00am on the Second Court Date if:

- there is a failure of the Conditions Precedent and the parties are unable to reach an agreed resolution in respect of the same;
- Develop is in material breach of the agreement and that breach remains unremedied;
- a majority of Essential Directors publicly withdraw, fail to make or adversely change their recommendation or voting intention or publicly recommended a Competing Proposal, and, if required to do so, pays the break fee to Develop; or
- there is a Bidder Material Adverse Change or a Bidder Prescribed Occurrence.

## 10.12 Waivers, relief and exceptions

### (a) ASX Waivers

Essential has applied for, and ASX has granted, a waiver from Listing Rule 6.23.2 as is set out in section 10.5 above.

### (b) ASIC relief and exceptions

Paragraph 8302(h) of Part 3 of Schedule 8 of the Corporations Regulations requires that the Scheme Booklet set out whether, within the knowledge of the Essential Directors, the financial position of Essential has materially changed since the date of the last balance sheet laid before Essential in general meeting or sent to Essential Shareholders in accordance with section 314 or 317 of the Corporations Act and, if so, to provide full particulars of any such change.

ASIC has granted relief from this requirement so that Essential need only state in the Scheme Booklet whether, within the knowledge of the Essential Directors, the financial position of Essential has materially changed since the date of the financial statements of Essential for the half year ended 31 December 2022, rather than since the financial statements of Essential for the full year ended 30 June 2022, and, if so, to provide full particulars of any such change.

A copy of the financial statements of Essential for the half year ended 31 December 2022 (together with all other periodic reports) can be obtained in accordance with the directions in section 5.7(e).

## 10.13 **Consents and disclaimer of advisers and experts**

HopgoodGanim Lawyers has given its written consent to be named in the Scheme Booklet, and for the provision of the summary in section 9 of this Scheme Booklet, as the solicitors to Essential in the form and context in which it is named and has not withdrawn its consent prior to lodgement of the Scheme Booklet with ASIC and the Federal Court of Australia.

Sternship Advisers has given its written consent to be named in the Scheme Booklet as the financial adviser to Essential's Directors in the form and context in which it is named and has not withdrawn its consent prior to lodgement of the Scheme Booklet with ASIC and the Federal Court of Australia.

Automic Registry Services, as the Registry, has given its written consent to be named in the Scheme Booklet as the Registry in the form and context in which it is named and has not withdrawn its consent prior to lodgement of the Scheme Booklet with ASIC and the Federal Court of Australia.

BDO, as the Independent Expert, has given its written consent to;

(a) to be named in the Scheme Booklet as the independent expert in the form and context in which it is named; and

(b) the inclusion of the Independent Expert's Report in this Scheme Booklet and to the references to the Independent Expert's Report in this Scheme Booklet in the form and context in which they are made,

and has not withdrawn its consent prior to lodgement of the Scheme Booklet with ASIC and the Federal Court of Australia.

VRM, as a Technical Specialist, has given its written consent to the inclusion of its Technical Specialist Report in this Scheme Booklet and to the references to its Technical Specialist Report in this Scheme Booklet being made in the form and context in which each such reference is included and has not withdrawn its consent prior to lodgement of the Scheme Booklet with ASIC and the Federal Court of Australia.

SRK, as a Technical Specialist, has given its written consent to the inclusion of its Technical Specialist Report in this Scheme Booklet and to the references to its Technical Specialist Report in this Scheme Booklet being made in the form and context in which each such reference is included and has not withdrawn its consent prior to lodgement of the Scheme Booklet with ASIC and the Federal Court of Australia.

Each of the above persons:

(a) has not authorised or caused the issue of this Scheme Booklet and does not otherwise make or purport to make any statement in this Scheme Booklet;

(b) does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based other than, in the case of the statement or report included in this Scheme Booklet with the consent of that party;

(c) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Scheme Booklet, other than a reference to its name or statement or report, if any, which has been included in this Scheme Booklet with the consent of that party; and

(d) will be entitled to receive professional fees charged in accordance with their normal basis of charging or as otherwise disclosed in the Scheme Booklet.

## 10.14 Independent advice

Essential Shareholders should consult their own independent financial, legal, taxation or other professional adviser if they have any queries regarding;

(a) the Scheme;

(b) the taxation implications for them if the Scheme is implemented;

(c) the recommendations of the Directors in this Scheme Booklet and intentions in relation to the Scheme as set out in this Scheme Booklet; and

(d) any other aspects of this Scheme Booklet.

## 10.15 No unacceptable circumstances

The Directors believe that the Scheme does not involve any circumstances in relation to the affairs of Essential that could reasonably be characterised as constituting "unacceptable circumstances" for the purposes of section 657A of the Corporations Act.

## 10.16 Fees and expenses

The aggregate amount of the fees and expenses expected to be incurred by Essential in connection with the Scheme is approximately $2,305,000 (excluding GST). This includes the following amounts (all excluding GST):

(a) fees and expenses paid or payable (excluding GST) to Essential's professional advisers (including its financial, legal, accounting, communications and tax advisers) of approximately $1,845,000 if the Scheme becomes effective or $348,000 if it does not become effective;

(b) fees paid or payable to the Independent Expert and the Technical Expert of approximately $347,000 in aggregate; and

(c) Registry costs, fees and expenses associated with the Court proceedings, costs relating to design, printing and dispatch of this Scheme Booklet, expenses associated with convening and holding the Scheme Meeting and other general and administrative expenses in connection with the Scheme, of approximately $84,000 in aggregate.

Of this, approximately $779,000 will be paid irrespective of whether the Scheme becomes effective (and is implemented).

These amounts do not include the transaction costs that may be incurred by Develop in relation to the Scheme.

## 10.17 Other material information

Except as set out in this Scheme Booklet, in the opinion of the Board, there is no other information material to the making of a decision in relation to the Scheme, being information that is within the knowledge of any Director or of any Related Body Corporate of Essential which has not been previously disclosed to the Essential Shareholders.

## 10.18 Continuous disclosure

Essential is subject to regular reporting and disclosure obligations under the Corporations Act and Listing Rules. Essential has an obligation (subject to limited exceptions) to notify ASX immediately upon becoming aware of any information which a reasonable person would expect to have a material effect on the price or value of Essential Shares. Copies of documents filed with ASX may be obtained from ASX's website.

In addition, Essential is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC in relation to Essential may be obtained from, or inspected at, an ASIC office.

### 10.19 Supplementary information

If between the date of lodgement of this Scheme Booklet for registration with ASIC and the Second Court Date Essential becomes aware of any of the following;

(a) a material statement in this Scheme Booklet becomes false and misleading;

(b) a material omission from this Scheme Booklet;

(c) a significant change affecting a matter included in this Scheme Booklet; or

(d) a significant new matter arising which would have been required to be included in this Scheme Booklet if it has arisen before the date of lodgement of this Scheme Booklet for registration by ASIC,

then Essential intends to publish supplementary material by:

(e) placing an advertisement in a prominently published newspaper that is circulated throughout Australia; or

(f) releasing that material to ASX (www.asx.com.au) and posting the supplementary document on Essential' website at https://www.essmetals.com.au.

The form which the supplementary material may take, and whether a copy will be sent to Essential Shareholders, will depend on the nature and timing of the new or changed circumstances and the supplementary material. In each case, Essential will obtain any necessary regulatory or court approvals prior to release or dispatch of the supplementary material.

### 10.20 Competent Persons Statement

The information in this Scheme Booklet that relates to Essential's lithium Mineral Resources is extracted from Essential's ASX release dated 20 December 2022 titled "Dome North Resource upgrade" and is available at https://www.essmetals.com.au or www.asx.com.au. Essential confirms that it is not aware of any new information or data that materially affects the information included in that original market announcement and that all material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed. Essential confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the announcement date.

The information in this Scheme Booklet that relates to Develop's Woodlawn Mineral Resources is extracted from Develop's ASX release dated 2 August 2022 titled "Woodlawn Updated Mineral Resource Estimate" and is available at https://www.develop.com.au or www.asx.com.au. Develop confirms that it is not aware of any new information or data that materially affects the information included in that original market announcement and that all material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed. Develop confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the announcement date.

The information in this Scheme Booklet that relates to Develop's Sulphur Spring's Mineral Resources and Reserves is extracted from Develop's ASX release dated 30 June 2023 titled "Updated DFS – Sulphur Springs" and is available at [https://www.develop.com.au](https://www.develop.com.au) or www.asx.com.au. Develop confirms that it is not aware of any new information or data that materially affects the information included in that original market announcement and that all material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed. Develop confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the announcement date.

### 10.21 **Directors' statement**

The issue of this Scheme Booklet has been authorised by the Board, and this Scheme Booklet has been signed by or on behalf of the Directors. The Board has given (and not withdrawn) its consent to lodgement of this Scheme Booklet with ASIC.

Signed for and on behalf of Essential Metals Limited:

Craig McGown

Non-Executive Chairman
Essential Metals Limited

# 11. Definitions and Interpretation

## 11.1 Definitions

In this Scheme Booklet (including the annexures and schedules) except where the context otherwise requires, the following terms shall bear the following meanings:

**$, A$ or AUD$** means Australian dollars.

**2022 Employee Incentive Securities Plan** means the Employee Incentive Securities Plan approved by Essential Shareholders on 22 November 2022.

**ADI** has the meaning given to this term in the Corporations Act.

**Announcement Date** means 3 July 2023, being the date upon which Essential and Develop jointly announced the Scheme to ASX.

**AWST** means Australian Western Standard Time.

**ASIC** means the Australian Securities and Investments Commission.

**Associate** in relation to each party, has the meaning given in sections 11, 12 and 16 of the Corporations Act.

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

**BDO** means BDO Corporate Finance (WA) Pty Ltd ACN 124 031 045.

**Bidder Material Adverse Change** has the meaning given to that term in the Scheme Implementation Deed.

**Bidder Prescribed Occurrence** has the meaning given to that term in the Scheme Implementation Deed.

**Binding Voting Deed** means the Voting Deed entered into by Develop and Lithium Resources Operations on 2 July 2023.

**Board** means the board of Directors of Essential from time to time.

**Business Day** has the meaning given to this term in the Scheme Implementation Deed.

**CGT** means capital gains tax.

**CHESS** the clearing house electronic subregister system for the electronic transfer of securities operated by ASX Settlement Pty Limited ABN 49 008 504 532.

**Competing Proposal** has the meaning given to the term in the Scheme Implementation Deed.

**Constitution** means the constitution of Essential as approved by Essential Shareholders on 22 November 2022.

**Conditions Precedent** has the meaning given to the term ‘Condition’ in the Scheme Implementation Deed and as summarised in section 3.5 of this Scheme Booklet.

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

**Court** means the Federal Court of Australia.

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

**D&O Deeds** has the meaning given to the term in section 10.8(b).

**Declaration** means a declaration provided by a Scheme Shareholder in accordance with section 14-225 and section 14-210(3) of Schedule 1 to the Taxation Administration Act.

**Deed Poll** means the deed poll dated 6 September 2023, which was executed by Develop prior to the First Court Date, a copy of which is set out in Schedule 2.

**Develop** means Develop Global Limited ABN 28 122 180 205.

**Develop Group** means Develop and each of its Related Bodies Corporate.

**Develop Information** means all information regarding Develop and the Develop Group, provided by or on behalf of Develop to Essential or the Independent Expert to enable the Scheme Booklet to be prepared and completed and applications for regulatory approvals to be made including all of the information in section 6 and section 7.

**Develop Options** means an option issued by Develop to acquire a Develop Share as set out in section 6.10(b).

**Develop Performance Rights** means a performance right issued by Develop as set out in section 6.10(b).

**Develop Shares** means fully paid ordinary shares in Develop.

**Directors** mean the directors of Essential from time to time.

**Disclosed** means fairly disclosed:

(a) by Essential to Develop prior to the date of the Scheme Implementation Deed in the Essential due diligence materials provided; or

(b) in documents that were publicly available prior to the date of this agreement, including from any announcement made by Essential on ASX, public filings of Essential with ASIC, in records maintained by the PPS Register, in searches of public records as to the Tenements maintained by DMIRS or in records maintained by relevant Courts.

**Effective** means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme.

**Effective Date** means the date on which the Scheme becomes Effective, which is currently expected to be 26 October 2023.

**Eligible Essential Shareholders** means Scheme Shareholders other than Ineligible Shareholders.

**End Date** has the meaning given to this term under the Scheme Implementation Deed.

**Essential** means Essential Metals Limited ABN 44 103 423 981.

**Essential Group** means Essential and each of its Related Bodies Corporate.

**Essential Information** means all information included in this Scheme Booklet and all information provided by or on behalf of Essential to the Independent Expert to enable the Independent Expert's Report to be prepared and completed, but does not include the Develop

Information, the Independent Expert's Report or any other expert report (including the Technical Specialist Reports).

**Essential Optionholder** means each person who is registered in the Essential Option Register as the holder of an Essential Option.

**Essential Options** means an option as set out in the table in section 5.5(a).

**Essential Option Register** means the register of optionholders of Essential maintained in accordance with the Corporations Act.

**Essential Performance Rights** means a performance right as set out in the table in section 5.5(a).

**Essential Shares** means fully paid ordinary shares in Essential.

**Essential Shareholders** means the holders of Essential Shares.

**First Court Date** means the date of the first hearing of the application made to the Court for an order pursuant to section 411(1) of the Corporations that the Scheme Meeting be convened, which occurred on 14 September 2023.

**FY24 Performance Rights** has the meaning given to the term in section 10.2.

**GST** has the meaning given to the term in section 9.4.

**GST Law** has the meaning given to that term in *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

**Incentive Plan** means an employee equity incentive plan as operated by Essential from time to time.

**Independent Expert** means BDO.

**Independent Expert's Report** means the Independent Expert's report dated 13 September 2023 as set out in Schedule 1 to this Scheme Booklet including the Technical Specialist Report.

**Ineligible Foreign Holder** means any Scheme Shareholder whose address shown on the Share Register as at the Record Date is in a place outside Australia and New Zealand, unless, no less than three Business Days before the Scheme Meeting, Essential and Develop agree in writing that it is lawful and not unduly onerous or unduly impracticable to issue that Scheme Shareholder with New Develop Shares when the Scheme becomes Effective.

**Ineligible Shareholders** means Ineligible Foreign Holders and Non-electing Small Shareholders.

**Implementation Date** means the fifth Business Day after the Record Date or such other date and time as Essential and Develop agree.

**JORC (2012)** means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia, effective December 2012.

**Last Practicable Date** means 12 September 2023, being the last practicable date before the date of this Scheme Booklet.

**Listing Rules** means the official listing rules of ASX.

**Lithium Resources Operations** means Lithium Resources Operations Pty Ltd ACN 657 042 218.

**Material Adverse Change** has the meaning given to the term 'Target Material Adverse Change' in the Scheme Implementation Deed, being any event, matter, change or circumstance occurring, discovered or announced between the date of the Scheme Implementation Deed and 8:00 am on the Second Court Date (including any action taken by a Regulatory Authority) which, whether individually or when aggregated with all such events, matters, changes, or circumstances or things of a like kind has had or will have (after taking into account any matter which offsets the impact of the event, change or circumstance and in each case other than those events, changes or circumstances);

(a) have a material adverse effect on the Essential Group's interest in the Tenements or the ability of the Essential Group to exploit its interest in the Tenements as held at the date of the Scheme Implementation Deed; or

(b) the effect of diminishing the consolidated net assets of the Essential Group by at least 20% compared to the consolidated net assets of Essential as at 30 June 2023;

other than those events, changes or circumstances;

(c) contemplated or required to be done by Essential under the Scheme Implementation Deed, the Scheme of Arrangement or the Deed Poll (or reasonably necessary to the foregoing);

(d) where Essential has first consulted in writing with Develop in relation to the matter and Develop has, acting reasonably, approved the proposed matter or has not objected to the proposed matter in writing within 5 Business Days of having been so consulted;

(e) done or not done at the written request of Develop, including any consequences arising as a result of such matters;

(f) that have been Disclosed by Essential prior to the date of the Scheme Implementation Deed; or

(g) resulting from;

    (1) the actual or anticipated change of control of Essential contemplated by the Scheme; or

    (2) a change in:

        (A) any legislation or regulation (including any generally accepted accounting principles or the interpretation of them), any judicial or administrative interpretation of the law or any practice or policy of a Regulatory Authority (whether or not retrospective in effect); or

        (B) general industry, regulatory, political, market or economic conditions; or

(h) relating to any material adverse change or disruption to existing financial markets or economic conditions of Australia, the United Kingdom, the United States of America, Hong Kong or Singapore; or

(i) any outbreak or escalation of war or major hostilities or act of terrorism.

**MinRes** means Mineral Resources Limited ACN 118 549 910 or Lithium Resources Operations as the context requires or permits.

**Merged Group** means the Develop Group following implementation of the Scheme, when the Essential Group will become wholly owned subsidiaries of Develop.

**Merged Group Information** means the information regarding the Merged Group following implementation of the Scheme, including any pro forma financial information relating to the Merged Group contained in the Scheme Booklet and the adjustments made to the relevant historical financial information to generate such pro forma financial information.

**New Develop Share** means a Develop Share to be issued under the Scheme.

**Non-electing Small Shareholder** means a Small Shareholder who has not provided the Share Registry with an Opt-In Notice by the Opt-In Notice Cut-Off Date.

**Notice of Scheme Meeting** means the notice in relation to the Scheme Meeting, as set out in Schedule 4.

**Option Cancellation Consideration** means the Develop Shares to be issued as consideration for the cancellation of the Options, as detailed in section 10.5.

**Option Cancellation Deed** means the option cancellation deeds entered into between Develop, Essential and each Essential Optionholder under which, subject to the Essential obtaining a requisite ASX waiver of Listing Rule 6.23.2 to cancel the Essential Options and the Scheme becoming Effective, the parties agree to cancel all Essential Options held by each Essential Optionholder, with effect on the Implementation Date, for the Option Cancellation Consideration.

**Opt-in Notice** means a notice by a Small Shareholder requesting to receive the Scheme Consideration as New Develop Shares, as set out in Schedule 6.

**Opt-in Notice Cut-Off Date** means the latest time and date by which a completed Opt-in Notice must be received by the Share Registry, being 5:00pm (AEST) on the Business Day prior to the Record Date.

**Prescribed Occurrence** has the meaning given to the term ‘Target Prescribed Occurrence’ in the Scheme Implementation Deed.

**Proposed Merged Entity** has the meaning given to that term in the Independent Expert’s Report.

**Proxy Form** means the proxy form for the Scheme Meeting enclosed with this Scheme Booklet.

**Record Date** means 5:00pm AWST time on the second Business Day following the Effective Date or such other date and time as Essential and Develop agree in writing (acting reasonably, taking account of ASX requirements).

**Register** or **Share Register** means the register of members of Essential.

**Registered Address** means in relation to a Shareholder, the address shown in the Share Register

**Registry** or **Share Registry** means Automic Registry Services.

**Regulatory Authority** means;

(a) any government or local authority, any department, minister or agency of any government and any other governmental, administrative, fiscal, monetary or judicial body; and

(b) any other authority, agency, commission or similar entity having powers or jurisdiction under any law or regulation or the listing rules of any recognised stock or securities exchange.

**Related Body Corporate** has the meaning given to that term in the Corporations Act.

**Relevant Interest** has the meaning given in the Corporations Act.

**Requisite Majority** means the threshold for approval of a resolution on a scheme of arrangement between a body and its members under Part 5.1 of the Corporations Act, being 'in favour' of the resolution received from;

- unless the Court orders otherwise, a majority in number (more than 50%) of the members who are present and voting, either in person or by proxy, attorney or in the case of a corporation its duly appointed corporate representative; and

- at least 75% of the votes cast on the resolution.

**Run Off Cover** has the meaning given to the term in section 10.8(b).

**Sale Agent** means a person appointed by Essential and Develop to sell the New Bidder Shares that would otherwise be issued to or for the benefit of Ineligible Foreign Holders and Non-electing Small Shareholders under the terms of the Scheme.

**Sale Proceeds** means the proceeds of the sale referred to in clause 5.5(b)(2) of the Scheme after the Sale Agent or the Bidder (as applicable) has deducted any applicable brokerage, foreign exchange, stamp duty and other selling costs, taxes and charges.

**Scheme Booklet** means this document and the schedules hereto.

**Scheme** or **Scheme of Arrangement** means the proposed scheme of arrangement between Essential and the Essential Shareholders under Part 5.1 of the Corporations Act in the form of Schedule 4, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed in writing by Develop and Essential with the approval of the Court.

**Scheme Consideration** means the consideration to be provided by Develop to each Scheme Participant (other than an Ineligible Foreign Holder and Non-electing Small Shareholder) for the transfer of each Essential Share under the Scheme, being, 1 New Develop Share for every 6.18 Essential Shares held by a Scheme Participant.

**Scheme Implementation Deed** means the deed dated 3 July 2023 between Essential and Develop, a full copy of which was jointly announced to ASX by Essential and Develop on 3 July 2023, and a summary of which is provided in section 10.11.

**Scheme Meeting** means a meeting of Essential Shareholders ordered by the Court under section 411(1) of the Corporations Act to be convened for the purposes of the Scheme.

**Scheme Participants** or **Scheme Shareholder** means each holder of Essential Shares as at the Record Date.

**Scheme Resolution** means the resolution in relation to the Scheme to be voted on at the Scheme Meeting, as set out in the Notice of Scheme Meeting.

**Scheme Share** means an Essential Share on issue as at the Record Date, other than any Target Shares held by Develop as at the Record Date.

**Scheme Transfer** means one or more proper instruments of transfer in respect of the Scheme Shares for the purposes of section 1071B of the Corporations Act, which may be or include a master transfer of all or part of the Scheme Shares.

**Scoping Study** means the Scoping Study announced by the Company on 7 February 2023.

**Second Court Date** means the date of the first hearing of the application made to the Court for an order pursuant to section 411(4) of the Corporations Act approving the Scheme.

**Small Shareholder** means a Scheme Shareholder (other than an Ineligible Foreign Holder) who, based on their holding of Scheme Shares on the Record Date would, on implementation of the Scheme, be entitled to receive less than a Marketable Parcel of New Develop Shares (assessed by reference to the last traded price of Develop Shares on ASX on the trading day prior to the Record Date) as Scheme Consideration.

**Spodumene** means a pyroxene mineral with the chemical formula, $LiAlSi_2O_6$, consisting of lithium aluminium inosilicate and is a source of lithium.

**SRK** means SRK Consulting (Australasia) Pty Ltd ABN 56 074 271 720.

**Superior Proposal** means a bona fide Competing Proposal which the Board, acting in good faith and after receiving advice from external legal advisers, considers to be:

(a) reasonably capable of being completed; and

(b) more favourable to Essential Shareholders than the Scheme.

**Taxation Administration Act** means the *Taxation Administration Act 1953* (Cth).

**Technical Specialist** or **Independent Technical Expert** means VRM or SRK.

**Technical Specialist Reports** or **Independent Technical Expert's Reports** means the reports of VRM dated 13 September 2023 and SRK dated August 2023 contained within the Independent Expert's Report.

**TLEA** means Tianqi Lithium Energy Australia Pty Ltd ARBN 649 234 211.

**TLEA Scheme** means the scheme implementation agreement signed by TLEA and Essential on 8 January 2023, which was subsequently terminated.

**Third Party** has the meaning given to this term under the Scheme Implementation Deed.

**VRM** means Valuation and Resources Management Pty Ltd ACN 632 859 780.

## 11.2 Interpretation

In this Scheme Booklet (including the schedules), except where the context otherwise requires;

(a) a reference to any legislation or legislative provision includes any statutory modification or re-enactment of, or legislative provision substituted for, and any statutory instrument issued under, that legislation or legislative provision;

(b) a word denoting the singular number includes the plural number and vice versa;

(c) a word denoting an individual or person includes a corporation, firm, authority, government or governmental authority and vice versa;

(d) a word denoting a gender includes all genders;

(e) a reference (other than in the appendices) to a Clause is to a Clause of this Scheme Booklet; a reference to a schedule is to a schedule to this Scheme Booklet; and schedules to this Scheme Booklet form part of this Scheme Booklet;

(f) a reference to any agreement or document is to that agreement or document (and, where applicable, any of its provisions) as amended, novated, supplemented or replaced from time to time;

(g) a reference to any party to the Scheme, or any other document or arrangement, includes that party's executors, administrators, substitutes, successors and permitted assigns;

(h) a reference to a "subsidiary" of a body corporate is to a body corporate which is a subsidiary of the first-mentioned body corporate under section 46 of the Corporations Act;

(i) a reference to "$" or to "cents" is (unless otherwise specified) to an amount in Australian currency;

(j) a reference to the "holder" of Shares at a particular time includes a reference to a person who, as a result of a dealing received by Essential or its Registry on or before that time, is entitled to be entered in the register of members as the holder of Essential Shares;

(k) words and phrases defined elsewhere in this Scheme Booklet shall have the meaning there ascribed to them;

(l) words and phrases defined in the Corporations Act shall have the meaning there ascribed to them;

(m) the word "includes" in any form is not a word of limitation;

(n) headings are for convenience of reference only and do not affect interpretation; and

(o) where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning.

ESSENTIAL METALS LIMITED

# Independent Expert's Report

13 September 2023

BDO

# Financial Services Guide

13 September 2023

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Essential Metals Limited ('Essential') to provide an independent expert's report on the proposed scheme of arrangement ('the Scheme') with Develop Global Limited ('Develop'). You are being provided with a copy of our report because you are a shareholder of Essential and this Financial Services Guide ('FSG') is included in the event you are also classified under the Corporations Act 2001 ('the Act') as a retail client.

Our report and this FSG accompanies the Scheme Booklet required to be provided to you by Essential to assist you in deciding on whether or not to approve the Scheme.

## Financial Services Guide

This FSG is designed to help retail clients make a decision as to their use of our general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

This FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence No. 316158;
- Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- Any relevant associations or relationships we have; and
- Our internal and external complaints handling procedures and how you may access them.

## Information about us

We are a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide professional services primarily in the areas of audit, tax, consulting, mergers and acquisition, and financial advisory services.

We and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business and the directors of BDO Corporate Finance (WA) Pty Ltd may receive a share in the profits of related entities that provide these services.

## Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients, and deal in securities for wholesale clients. The authorisation relevant to this report is general financial product advice.

When we provide this financial service we are engaged to provide an expert report in connection with the financial product of another person. Our reports explain who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

## General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. If you have any questions, or don't fully understand our report you should seek professional financial advice.

Fees, commissions and other benefits that we may receive
We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately $165,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report and our directors do not hold any shares in Essential or Develop.

Other Assignments
BDO Corporate Finance (WA) Pty Ltd were engaged by Essential to provide an Independent Expert's Report on the scheme of arrangement with Tianqi Lithium Energy Australia which was announced on 9 January 2023. Our report was lodged in draft with the Australian Securities and Investments Commission ('ASIC') and was subsequently finalised and attached to the Scheme Booklet. Our fee for the aforementioned report was approximately $40,000. Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

BDO Audit (WA) Pty Ltd is the appointed independent auditor of Essential and Develop. We do not consider that this impacts on our independence in accordance with the requirements of Regulatory Guide 112 'Independence of Experts'. We have completed a conflict search of BDO affiliated organisations within Australia. This conflict search incorporates all Partners, Directors and Managers of BDO affiliated organisations. We are not aware of any circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective assistance in this matter.

Remuneration or other benefits received by our employees
All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Essential for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals
We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution
*Internal complaints resolution process*
As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. We are also committed to meeting your needs and maintaining a high level of client satisfaction. If you are unsatisfied with a service we have provided you, we have avenues available to you for the investigation and resolution of any complaint you may have.

To make a formal complaint, please use the Complaints Form. For more on this, including the Complaints Form and contact details, see the BDO Complaints Policy available on our website.

When we receive a complaint we will record the complaint, acknowledge receipt of the complaint in writing within 1 business day or, if the timeline cannot be met, then as soon as practicable and investigate the issues raised. As soon as practical, and not more than 30 days after receiving the complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme
We are a member of the Australian Financial Complaints Authority (AFCA) which is an External Dispute Resolution Scheme. Our AFCA Membership Number is 12561. Where you are unsatisfied with the resolution reached through our Internal Dispute Resolution process, you may escalate this complaint to AFCA using the below contact details:

| | |
|---|---|
| Mail: | GPO Box 3, Melbourne, VIC 3001 |
| Free call: | 1800 931 678 |
| Website: | www.afca.org.au |
| Email: | info@afca.org.au |
| Interpreter Service: | 131 450 |

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Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

Level 9 Mia Yellagonga Tower 2
5 Spring Street
Perth, WA 6000
PO Box 700 West Perth WA 6872
Australia

13 September 2023

The Directors
Essential Metals Limited
Level 3, 1292 Hay Street
West Perth WA 6005

Dear Directors

# INDEPENDENT EXPERT'S REPORT

## 1. Introduction

On 3 July 2023, Essential Metals Limited ('Essential' or 'the Company') announced that it had entered into a Scheme Implementation Deed ('SID') with Develop Global Limited ('Develop'), under which Develop will acquire the entire issued capital of Essential by way of a scheme of arrangement under the Australian Corporations Act 2001 ('the Scheme'). Under the Scheme, each Essential shareholder will receive one Develop share for every 6.18 Essential shares held at the record date ('Scheme Consideration').

Upon implementation of the Scheme, Essential will become a wholly owned subsidiary of Develop, Essential shareholders will receive shares in the enlarged Develop following the Scheme (the 'Proposed Merged Entity') and Essential will be removed from the official list of the Australian Securities Exchange ('ASX').

All currencies are quoted in Australian Dollars unless otherwise stated.

## 2. Summary and Opinion

### 2.1 Requirement for the report

The directors of Essential have requested that BDO Corporate Finance (WA) Pty Ltd ('BDO') prepare an independent expert's report ('our Report') to express an opinion as to whether the Scheme is in the best interests of the Shareholders of Essential ('the Shareholders').

Our Report is prepared pursuant to section 411 of the Corporations Act 2001 ('Corporations Act' or 'the Act') and is to be included in the scheme booklet ('Scheme Booklet') prepared by the directors of Essential to assist the Shareholders in their decision whether to approve the Scheme.

### 2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ('ASIC') Regulatory Guides 60 'Schemes of Arrangements' ('RG 60') Regulatory Guide 111 'Content of Expert's Reports' ('RG 111') and Regulatory Guide 112 'Independence of Experts' ('RG 112').

In arriving at our opinion, we have assessed the terms of the Scheme as outlined in the body of this report. We have considered:

- How the value of 6.18 Essential shares (on a controlling and diluted basis) compares to the value of a share in the Proposed Merged Entity (on a minority basis), following the Scheme;
- The likelihood of an alternative offer being made to Essential;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Scheme; and
- The position of Shareholders should the Scheme not proceed.

## 2.3 Opinion

We have considered the terms of the Scheme as outlined in the body of this report and have concluded that, in the absence of a superior offer, the Scheme is not fair but reasonable and in the best interests to the Shareholders of Essential.

In our opinion, the Scheme is not fair because the value of a share in the Proposed Merged Entity (on a minority interest and diluted basis) is lower than the value of 6.18 Essential shares prior to the Scheme (on a controlling interest and diluted basis), when a comparison is made at each of the respective low, preferred and high valuation points. However, we consider the Scheme to be reasonable because the advantages of the Scheme to Shareholders are greater than the disadvantages. In particular, following the Scheme, Shareholders would retain exposure to the Pioneer Dome Lithium Project ('Pioneer Dome') while also benefitting from being part of a larger, more diversified entity led by Mr Beament, with potential synergies realisable from its mining services business. This contrasts with the TLEA Scheme (see Section 9.2) which did not provide Shareholders with the ability to retain an interest in Essential's assets.

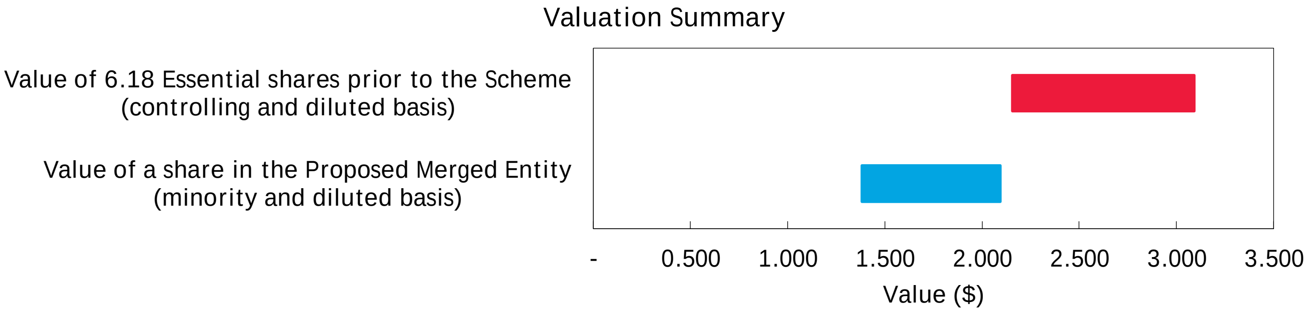
## 2.4 Fairness

In Section 13 we determined that the value of 6.18 Essential shares prior to the implementation of the Scheme on a controlling and diluted basis, compares to the value of a share in the Proposed Merged Entity to be received by Shareholders as Scheme Consideration on a minority interest and diluted basis, as detailed below.

| | Ref | Low $ | Preferred $ | High $ |
|---|---|---|---|---|
| Value of 6.18 Essential shares prior to the Scheme (controlling and diluted basis) | 11.4 | 2.157 | 2.707 | 3.090 |
| Value of a share in the Proposed Merged Entity (minority and diluted basis) | 12.4 | 1.382 | 1.732 | 2.094 |

Source: BDO analysis

The above valuation ranges are graphically presented below:



We note from the above that at each of the low, preferred and high valuation points, the value of a share in the Proposed Merged Entity (on a minority interest and diluted basis) is lower than the value of 6.18 Essential shares prior to the Scheme (on a controlling and diluted basis). Therefore, we consider that the Scheme is not fair.

For reference, the value of the Proposed Merged Entity on a controlling interest and diluted basis is calculated in Section 12.1.13 and summarised below.

| Value of the Proposed Merged Entity following the Scheme (control, diluted) | Ref | Low $/share | Preferred $/share | High $/share |
|---|---|---|---|---|
| Value per share ($) (control, diluted) | 12.1.13 | 1.867 | 2.249 | 2.617 |

## 2.5 Reasonableness

We have considered the analysis in Section 14 of this report, in terms of both:

- advantages and disadvantages of the Scheme; and
- other considerations, including the position of Shareholders if the Scheme does not proceed and the consequences of not approving the Scheme.

In our opinion, the position of Shareholders if the Scheme is approved is more advantageous than the position if the Scheme is not approved. Accordingly, in the absence of any other relevant information and/or an alternate proposal we believe that the Scheme is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

| ADVANTAGES AND DISADVANTAGES | | | |
|---|---|---|---|
| Section | Advantages | Section | Disadvantages |
| 14.1.1 | Shareholders will gain exposure to a more diversified suite of assets | 14.2.1 | Dilution of Shareholders' interests and exposure to Essential's mineral assets |
| 14.1.2 | Shareholders will gain exposure to Dev Mining Services | 14.2.2 | Change in risk profile |
| 14.1.3 | Shareholders will receive access to the potential synergies provided by Dev Mining Services | 14.2.3 | The exact value of the Scheme Consideration is not certain |
| 14.1.4 | Shareholders will retain exposure to Pioneer Dome | | |
| 14.1.5 | The Proposed Merged Entity will have a larger marker presence, which may result in improved liquidity and increased ability to raise capital | | |
| 14.1.6 | Shareholders will hold equity in a company led by Mr Beament | | |

| ADVANTAGES AND DISADVANTAGES | | | |
|---|---|---|---|
| Section | Advantages | Section | Disadvantages |
| 14.1.7 | Shareholders will gain exposure to an established ESG strategy | | |
| 14.1.8 | Based on Develop's post-announcement market pricing, the Scheme Consideration offers Shareholders a premium to the last traded price of an Essential share prior to the announcement of the Scheme | | |

Other key matters we have considered include:

| Section | Description |
|---|---|
| 14.3 | Alternative Proposal |
| 14.4 | Potential decline in share price |
| 14.4 | Possible dilution if Essential chooses to develop its projects on its own |
| 14.4 | Transaction costs incurred by Essential |
| 14.5 | Tax implications |

# 3. Scope of the Report

## 3.1 Purpose of the Report

The Scheme is to be implemented pursuant to section 411 of the Corporations Act. Part 3 of Schedule 8 to the Corporations Act Regulations 2001 ('Regulations') prescribes the information to be sent to shareholders in relation to schemes of arrangement pursuant to section 411 of the Act ('Section 411').

An independent expert's report must be obtained by a scheme company if:

- There is one or more common directors; or
- The other party to the scheme holds 30% or more of the voting shares in the scheme company.

The expert must be independent and must state whether, in his or her opinion, the proposed scheme is in the best interest of the members of the company the subject of the scheme and set out the reasons for that opinion.

Develop or its associates, do not hold more than 30% of the voting shares in Essential and there are no common directors between the two companies. Accordingly, there is no requirement for this report pursuant to Section 411. Notwithstanding the fact that there is no legal requirement to engage an independent expert to report on the Scheme, the directors of Essential have requested that BDO prepare this report as if it were an independent expert's report pursuant to Section 411 and to provide an opinion as to whether the Scheme is fair and reasonable and in the best interests of Shareholders.

The requirement for an independent expert's report is also a condition precedent in the SID, which states that, for the scheme to proceed, the independent expert must conclude that the Scheme is in the best interests of Shareholders and not changing or publicly withdrawing that conclusion before 8:00am on the second court date.

## 3.2 Regulatory guidance

Neither the Act nor the Regulations define the expression 'in the best interests of'. In determining whether the Scheme is in the best interests of Shareholders, we have had regard to the views expressed by ASIC in RG 111. RG111 provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

A key matter under RG 111, that an expert needs to consider when determining the appropriate form of analysis, is whether or not the effect of the transaction is comparable to a takeover bid and is therefore representative of a 'change of control' transaction.

In the circumstance of a scheme that achieves the same outcome as a takeover bid, RG 111 suggests that the form of the analysis undertaken by the independent expert should be substantially the same as for a takeover. Independent expert reports required under the Act in the circumstance of a takeover are required to provide an opinion as to whether the takeover bid is 'fair and reasonable'. While there is no definition of 'fair and reasonable', RG 111 provides some guidance as to how the terms should be interpreted in a range of circumstances.

RG 111 suggests that an opinion as to whether a transaction is fair and reasonable should focus on the purpose and outcome of the transaction, that is, the substance of the transaction rather than the legal mechanism to effect the transaction.

Schemes of arrangement pursuant to Section 411 can encompass a wide range of transactions. Accordingly, 'in the best interests' must be capable of a broad interpretation to meet the particular circumstances of each transaction. This involves a judgment on the part of the expert as to the overall commercial effect of the transaction, the circumstances that have led to the transaction and the alternatives available. The expert must weigh up the advantages and disadvantages of the proposed transaction and form an overall view as to whether shareholders are likely to be better off if the proposed transaction is implemented than if it is not. This assessment is the same as that required for a 'fair and reasonable' assessment in the case of a takeover. If the expert would conclude that a proposal was 'fair and reasonable' if it was in the form of a takeover bid, the expert will also be able to conclude that the scheme is in the best interests of shareholders. An opinion of 'in the best interests' does not imply the best possible outcome for shareholders.

## 3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is equal to or greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in three parts:

- A comparison between the value of 6.18 Essential shares including a premium for control and the value of one share in the Proposed Merged Entity on a minority interest basis (fairness - see Section 13 'Is the Scheme Fair?');
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the Scheme, after reference to the value derived above (reasonableness - see Section 14 'Is the Scheme Reasonable?'); and
- A consideration of whether the Scheme is in the best interests of Shareholders.

RG 111 states that if a transaction is fair and reasonable then the expert can conclude that the transaction is in the best interests of shareholders; if a transaction is not fair but reasonable an expert can still conclude that the transaction is in the best interests of shareholders; if a transaction is neither fair nor reasonable then the expert would conclude that the transaction is not in the best interests of shareholders.

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('APES 225').

A Valuation Engagement is defined by APES 225 as follows:

*'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'*

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

## 4. Outline of the Scheme

On 3 July 2023, Essential announced that it had executed a SID with Develop, under which it is proposed that Develop will acquire the entire issued capital of Essential by way of a scheme of arrangement under the Corporations Act. Under the terms of the Scheme, each Essential shareholder will receive one Develop share for every 6.18 Essential shares held at the record date.

The Scheme becoming effective is subject to the following conditions being satisfied or waived where applicable:

- Essential Shareholders' approval of the Scheme, by the requisite majority of Essential shareholders, in accordance with section 411(4)(a)(ii) of the Corporations Act;
- Court approval of the Scheme, in accordance with section 411(4)(b) of the Corporations Act;
- All regulatory approvals required to implement the Scheme are obtained;
- All Essential optionholders entering into an option cancellation deed (**'Option Cancellation Deed'**) such that all options in Essential would have either lapsed, been exercised or cancelled prior to the implementation of the Scheme;
- No temporary restraining order, preliminary or permanent injunction or other temporary, preliminary or final order issued by any court of competent jurisdiction, no preliminary or final decision, determination, notice of objection, or order issued by any Regulatory Authority or any other legal restraint, in each case preventing any of the transactions contemplated by the SID;
- The Independent Expert, having issued its report which concludes that the Scheme is in the best interests of Essential Shareholders, not changing or publicly withdrawing its conclusion;
- No material adverse change occurring in respect of Develop and Essential;
- No prescribed occurrence occurring in respect of Develop and Essential;
- The representations and warranties of Essential being true and correct in all material respects; and
- The representations and warranties of Develop being true and correct in all material respects.

We note that as at the date of this Report, the condition precedent relating to the Option Cancellation Deed has been satisfied.

# 5. Profile of Essential

## 5.1 History

Essential is an ASX-listed lithium, gold and nickel explorer. The Company's flagship asset is its 100% equity interest in Pioneer Dome, located in the Eastern Goldfields, Western Australia ('WA'). The Company also holds 100% equity interest in the Juglah Dome Gold Project ('Juglah Dome') and the Golden Ridge Gold Project ('Golden Ridge') located near Kalgoorlie, WA.

The Company was incorporated in 2003 and admitted to the ASX in the same year as the then Pioneer Nickel Limited and was subsequently renamed Pioneer Resources Limited in July 2009. On 23 July 2020, the Company changed its name to 'Essential Metals Limited'. Essential is headquartered in West Perth, WA.

The current directors of Essential are:

- Mr. Timothy Spencer - Managing Director;
- Mr. Craig McGown - Independent Non-Executive Chairman;
- Mr. Paul Payne - Independent Non-Executive Director; and
- Mr. Warren Hallam - Independent Non-Executive Director.

In the following paragraphs, we set out a brief overview of Essential's 100% owned projects.

## 5.2 Pioneer Dome

Pioneer Dome is located in the Eastern Goldfields, approximately 150 kilometres ('km') south of Kalgoorlie. Pioneer Dome covers an area of 450 square kilometres ('$km^2$') and includes eight exploration licences, two granted mining leases, and one granted miscellaneous licence.

Since the early 1970s, exploration efforts within the current tenement bounds had been primarily focused on nickel and gold. Essential initiated lithium exploration in early 2016, leading to the discovery of the Heller, Davy and Cade deposits in the northern portion of the project area, collectively known as the Dome North Mineral Resource ('Dome North'). Additional exploration work conducted on the eastern margin of Pioneer Dome led to the discovery of pollucite-hosted caesium mineralisation, which was subsequently mined from the Sinclair Caesium Deposit ('Sinclair') in December 2018.

## 5.3 Dome North

On 25 June 2019, Essential announced the discovery of two spodumene-bearing pegmatites at Dome North, tentatively named Spodumene Target 1 ('Target 1') and Spodumene Target 2 ('Target 2'), both of which collectively marked the first discovery of spodumene at Pioneer Dome. Following the completion of the initial drilling programme, announced on 16 September 2019, Target 2 was renamed 'Cade Deposit', and further drilling on the tenement identified one additional deposit, named the Davy deposit with Target 1 renamed the Heller deposit.

On 25 November 2019, The Company announced a maiden Mineral Resource at the Cade Deposit of 8.2 million tonnes ('Mt') at 1.23% lithium oxide ('$Li_2O$'), containing 102,000 tonnes of $Li_2O$. The maiden Mineral Resource was classified as inferred, under the Australasian Code for Reporting of Exploration Results, Mineral and Ore Reserves (2012 Edition) ('JORC Code'). Subsequently, on 29 September 2020, Essential announced that the Mineral Resource had been upgraded to 11.2 Mt at 1.21% $Li_2O$, containing

136,000 tonnes, with 51% of the contained $Li_2O$ from the Cade Deposit upgraded to the higher confidence Indicated Category. Essential noted that the increase in Mineral Resource was predominately attributable to the addition of the Heller and Davy deposits.

On 18 December 2020, Essential announced the completion of a metallurgical test work programme conducted by Primero Group Limited ('Primero'), whereby feed material sourced from the Cade Deposit demonstrated a total $Li_2O$ recovery rate of 74%, with subsequent resource development and exploration completed throughout 2021 and 2022. Further metallurgical test work was undertaken on three composite samples, with the result announced on 7 October 2022, which complemented the earlier test work programme completed on the Cade Fresh mineralisation.

The Company announced on 5 September 2022 that Primero had been engaged to conduct a Scoping Study to provide capital and operating cost estimates and the necessary infrastructure requirements to facilitate Dome North's entry into production. Shortly after, Essential reported on 26 September 2022 that it had received formal notification of a Mining Lease Application from the Department of Mines, Industry Regulation and Safety ('DMIRS') concerning the Cade, Heller and Davy deposits. The mining lease was subsequently granted on 16 February 2023.

On 20 December 2022, Essential reported a 50% increase in lithium within the higher confidence Indicated Category held at both the Cade and Davy deposits with the total Mineral Resource updated to 11.2Mt at 1.16% $Li_2O$. Further, the Company communicated its intention to use the upgraded mineral Resource to conduct a mining optimisation study, the findings of which were intended to be employed to define the mining inventory for the Scoping Study.

Subsequently, on 7 February 2023, Essential announced the outcome of the Scoping Study based on the aforementioned mineral resource upgrade, which indicated the prospective viability of a lithium mining and processing operation at Pioneer Dome.

In the Company's Pioneer Dome Project and Corporate update, announced on 10 May 2023, Essential stated that the Company is aiming to complete a Feasibility Study by September 2024, with a decision to mine being considered in the December quarter of 2024, contingent upon satisfactory outcomes from the Feasibility Study and funding arrangements. On 17 July 2023, the Company announced the completion of reverse circulation drilling at three additional target areas at Pioneer Dome, of which, no spodumene-bearing pegmatites were identified.

## 5.4 Sinclair

Sinclair was discovered by Essential in 2016, with mining commencing in September 2018 and completing in January 2019. Sinclair was the first mining operation in Australia to extract caesium-rich pollucite commercially, as economic caesium deposits are generally scarce, with only a handful of operations worldwide capable of producing commercially sufficient quantities.

On 17 April 2019, the Company reported that its maiden shipment of pollucite had been received in Canada by its offtake partner, with all pollucite sales concluded shortly after in 2020. Subsequently, following the depletion of the Sinclair ore body, Sinclair was placed into care and maintenance under a Mine Closure Plan which was lodged in January 2021, and is currently under assessment by DMIRS. Management has advised that the Company intends to review the mine's suspension status in June 2024.

## 5.5 Horse Rocks Lithium Project

The Horse Rocks Lithium Project is located approximately 60 km north-northwest of Pioneer Dome and comprises a single tenement. To date, exploration activities have not determined the presence of pegmatite fractionation or lithium mineralisation.

## 5.6 Juglah Dome

Juglah Dome is located approximately 60 km east-southeast of Kalgoorlie and comprises a single 50 km$^2$ tenement accessible via existing road infrastructure. In the 1990s, Western Mining Corporation conducted early geochemical sampling across the tenement area. Before Essential acquired the site, numerous owners had engaged in additional exploratory efforts.

Essential announced the start of gold-focused reverse circulation drilling at Juglah Dome in December 2020. Subsequently, in February 2021, Essential declared that the preceding drilling operations at Juglah Dome confirmed the continuity of gold mineralisation. In April 2021, following the completion of the drilling programme, Essential announced the start of air-core drilling at the Juglah Dome to extend the gold mineralisation.

In addition, Essential executed further drilling at Juglah Dome in March 2022, which the Company reported produced additional gold anomalies. Essential noted that planned work on Juglah Dome encompasses the submission of additional gold samples, the evaluation of a southeast expansion of the Gards prospect, the compilation of historical exploration data and further geological mapping of the tenement area.

## 5.7 Golden Ridge

Golden Ridge is situated 20 km southeast of Kalgoorlie and comprises four mining leases, three exploration licences and one miscellaneous licence. During the 1960s nickel boom, Western Mining Corporation explored Golden Ridge and initially discovered the Blair Nickel-Sulphide Deposit (‘Blair’). Subsequently, Blair was mined between 1990 and 2008, with initial operations yielding approximately 32,900 tonnes of contained nickel. Australian Mines purchased Blair and the surrounding tenure in 2005, which it sold to Essential in July 2012.

In July 2021, Essential announced that the Company had intersected numerous zones of gold mineralisation from an air-core drilling programme at Golden Ridge. Essential notes that future work at Golden Ridge would entail the investigation of follow-up drilling in prospective areas and identifying other areas for surface geochemical anomalies and mapping.

## 5.8 Joint Venture Interests

The Company is engaged in several joint ventures, which are detailed below.

### The Kangan Project

The Kangan Gold Project is located in the West Pilbara region, WA. On 16 December 2020, Essential announced the completion of a farm-in joint venture with Novo Resources Corp (‘Novo’) and Sumitomo Corporation (since released from the farm-in joint venture). Under the agreement, Novo will fund 100% of gold exploration programmes until a decision to mine is made, with Essential retaining a 30% interest in gold and precious metals and a 100% interest in all other minerals.

### The Balagundi Project

The Balagundi Gold Project is situated 25 km east of Kalgoorlie and covers an area of 22.4 $km^2$. On 19 July 2019, Black Cat Syndicate Limited (**'Black Cat'**) announced that it had entered into a farm-in and joint venture agreement with Essential, whereby Black Cat earned a 75% interest and will fully fund gold exploration programmes until a decision to mine is made, with Essential retaining a 25% interest.

### The Larkinville Project

The Larkinville Gold and Nickel Project is located approximately 60 km south of Kalgoorlie. Essential holds a 25% free-carried interest for gold rights and 20% for nickel rights, with Maximus Resources Limited holding 75% and 80%, respectively.

### The Blair - Golden Ridge Project

On 9 February 2021, Essential announced that it was farming out the nickel rights to Australian Nickel Company Limited ('ANC'), with ANC to earn 75% of the nickel rights through the expenditure of $4.00 million over four years, with a minimum annual spend of $0.75 million, with Essential retaining the rights to all other minerals and a 25% free-carried interest up to a decision to mine.

### The Wattle Dam Project

The Wattle Dam Nickel Project is located approximately 60 km south of Kalgoorlie, WA. Essential holds a 20% free-carried interest for nickel rights, with Maximus Resources Limited holding the remaining 80% and full rights to all other metals.

### The Acra Project

The Acra Gold Project is located approximately 60 km east of Kalgoorlie and covers an area of 238 $km^2$. In October 2016, Essential announced its entry into a joint venture with Northern Star Resources Limited ('Northern Star'). Northern Star had acquired a 75% interest in the Acra Gold Project and continues to fund exploration until approval of a Mining Proposal from DMIRS is received, with Essential retaining a 25% free-carried interest.

### The Maggie Hays Nickel Project

The Maggie Hays Nickel Project is located in the Dundas Mineral Field, approximately 100 km west of Norseman. Under the joint venture agreement, Essential holds a 20% free-carried interest to the commencement of mining, with the remaining 80% owned by Poseidon Nickel Limited.

## 5.9 Recent Corporate Events

### Scheme of Arrangement with TLEA

On 9 January 2023, Essential announced that it had entered into a Scheme Implementation Agreement with Tianqi Lithium Energy Australia ('TLEA'), a joint venture entity owned by Tianqi Lithium Corporation and IGO Limited, under which, it was proposed that TLEA would acquire the entire issued capital of Essential for cash consideration of $0.50 for every share held on the record date ('TLEA Scheme').

On 14 April 2023, Lithium Resources Operations Pty Ltd, a wholly owned Subsidiary of Mineral Resources Limited ('MRL') lodged an ASIC Form 603 Notice of initial substantial shareholder, disclosing a holding of

52,300,000 ordinary shares in Essential, representing an interest of approximately 19.45% in the issued capital of Essential.

On 21 April 2023, Essential announced that the TLEA Scheme Implementation Deed had been terminated on the basis that it was not approved by Shareholders at the TLEA Scheme meeting. We note that if the TLEA Scheme had proceeded, unlike the current Scheme with Develop, Shareholders would not have continued to retain an exposure to the assets of Essential.

## Capital Raisings

On 18 November 2020, the Company announced it had completed a share placement to institutional and sophisticated investors, with proceeds totalling $2.05 million before issue costs at an issue price of $0.085 plus a one-for-two free share option. Further, the Company announced on 16 December 2020 that it had completed a Share Purchase Plan under the same terms to raise a further $2.14 million.

On 4 August 2021, Essential announced that it was completing a share placement to institutional and sophisticated investors priced at $0.125 per ordinary share for gross proceeds of $5.00 million. Essential issued 36,780,000 ordinary shares on 11 August 2021 and the balance of 3,220,000 ordinary shares plus 2,000,000 unlisted broker options (issued to Taylor Collison Limited) were issued on 22 September 2021.

## Disposal of Subsidiary

On 25 October 2021, Essential announced that it had agreed to sell its wholly owned Canadian subsidiary Pioneer Canada Lithium Corp., to a subsidiary of Critical Resources Limited ('Critical Resources'). The sale was completed on 4 January 2022 and Essential received the following consideration:

- $0.75 million cash payment;
- 34,000,000 shares in Critical Resources, valued at $0.022 per share. ($0.75 million). We note that at the time of sale completion, Critical Resources' share price had increased to $0.041, valuing the shares at $1.39 million; and
- Two milestone payments totalling $1.5 million following the definition of a Mineral Resource estimate at the Mavis Lake Lithium Project.

During the financial year ended 30 June 2022, Essential sold its entire 34,000,000 shareholding in Critical Resources, for gross proceed before costs of $2.81 million at an average sale price of $0.08.

## 5.10 Historical Statement of Financial Position

| Statement of Financial Position | Reviewed as at 31-Dec-22 $'000s | Audited as at 30-Jun-22 $'000s | Audited as at 30-Jun-21 $'000s |
|---|---|---|---|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 9,779 | 10,527 | 5,466 |
| Trade and other receivables | 459 | 443 | 15 |
| Investments | 75 | 113 | 273 |
| Prepayments | 15 | 44 | 36 |
| TOTAL CURRENT ASSETS | 10,328 | 11,127 | 5,790 |
| NON-CURRENT ASSETS | | | |
| Exploration and evaluation expenditure | 19,438 | 16,726 | 15,430 |
| Right-of-use assets | 231 | 253 | 171 |
| Plant, equipment and motor vehicles | 97 | 95 | 147 |
| Bank restricted deposits | 21 | 21 | 22 |
| TOTAL NON-CURRENT ASSETS | 19,787 | 17,095 | 15,770 |
| TOTAL ASSETS | 30,115 | 28,222 | 21,560 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 239 | 564 | 223 |
| Provisions | 739 | 1,122 | 755 |
| Lease liabilities | 21 | 43 | 47 |
| TOTAL CURRENT LIABILITIES | 999 | 1,729 | 1,025 |
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | 229 | 210 | 132 |
| TOTAL NON-CURRENT LIABILITIES | 229 | 210 | 132 |
| TOTAL LIABILITIES | 1,228 | 1,939 | 1,157 |
| NET ASSETS | 28,887 | 26,283 | 20,403 |
| EQUITY | | | |
| Issued capital | 53,237 | 50,150 | 44,538 |
| Reserves | 1,357 | 1,350 | 1,193 |
| Accumulated losses | (25,707) | (25,217) | (25,328) |
| TOTAL EQUITY | 28,887 | 26,283 | 20,403 |

Source: Essential's audited financial statements for the years ended 30 June 2021, 30 June 2022 and reviewed half year financial statement ended 31 December 2022.

### Commentary on Historical Statement of Financial Position

- The significant cash flow movements in the cash and cash equivalents balance over the years ended 30 June 2021, 30 June 2022 and the half-year ended 31 December 2022 ('the assessed period') are outlined in the table below:

| Significant cash flow movements | Reviewed as at 31-Dec-22 $'000s | Audited as at 30-Jun-22 $'000s | Audited as at 30-Jun-21 $'000s |
|---|---|---|---|
| Opening cash and cash equivalents | 10,527 | 5,466 | 4,391 |
| Proceeds from the issue of shares | 3,087 | 5,965 | 4,190 |
| Proceeds from the sale of listed investments | - | 2,965 | 322 |
| Receipts from customers | - | - | 369 |
| Payments for exploration and evaluation | (3,012) | (2,787) | (2,512) |

| Significant cash flow movements | Reviewed as at 31-Dec-22 $'000s | Audited as at 30-Jun-22 $'000s | Audited as at 30-Jun-21 $'000s |
|---|---|---|---|
| Payments to suppliers and employees | (845) | (1,500) | (1,225) |
| Other cash movements | 22 | 418 | (69) |
| Closing cash and cash equivalents | 9,779 | 10,527 | 5,466 |

Source: Essential's audited financial statements for the years ended 30 June 2021, 30 June 2022 and reviewed half year financial statement ended 31 December 2022.

- Investments over the assessed period comprises the following:

| Investments | Reviewed as at 31-Dec-22 $'000s | Audited as at 30-Jun-22 $'000s | Audited as at 30-Jun-21 $'000s |
|---|---|---|---|
| Opening balance | 113 | 273 | 568 |
| Acquisition of equity investments | - | 1,394 | 200 |
| Changes recognised in other comprehensive income | - | 75 | (172) |
| Changes recognised directly in retained losses | - | 1,518 | - |
| Disposal of equity investments | - | (3,147) | (323) |
| Other | (38) | - | - |
| Current investments - equity instruments | 75 | 113 | 273 |

Source: Essential's audited financial statements for the years ended 30 June 2021, 30 June 2022 and reviewed half year financial statement ended 31 December 2022.
Note: Reviewed financial statements for the half year ended 31 December 2022 do not provide a breakdown of investments balance.

During the year ended 30 June 2022, Essential completed the sale of its wholly owned Canadian subsidiary Pioneer Canada Lithium Corp. to Critical Resources, for $0.75 million cash and 34 million Critical Resources listed shares. Further information on this transaction is detailed in Section 5.9 of our Report.

Current investments of $0.11 million as at 30 June 2022 comprised 1.25 million listed shares in International Lithium Corp., a Toronto Stock Exchange-listed company. These shares were sold in May 2023.

- Exploration and evaluation expenditure over the assessed period comprised the following:

| Exploration and evaluation expenditure | Reviewed as at 31-Dec-22 $'000s | Audited as at 30-Jun-22 $'000s | Audited as at 30-Jun-21 $'000s |
|---|---|---|---|
| Opening balance | 16,727 | 15,430 | 13,666 |
| Expenditure for the period | 2,712 | 3,085 | 2,231 |
| Sale of subsidiary | - | (1,675) | - |
| Foreign currency translation - Mavis Lake | - | - | 10 |
| Exploration expenditure written off | - | (113) | (477) |
| Farm-in arrangement for Balagundi JV | - | - | - |
| R&D incentives received during the period | - | - | - |
| Closing balance | 19,438 | 16,727 | 15,430 |

Source: Essential's audited financial statements for the years ended 30 June 2021, 30 June 2022 and reviewed half year financial statement ended 31 December 2022.

- Provisions as at the various balance dates comprised the following:

| Provisions | Reviewed as at 31-Dec-22 $'000s | Audited as at 30-Jun-22 $'000s | Audited as at 30-Jun-21 $'000s |
|---|---|---|---|
| Rehabilitation provision | 696 | 696 | 696 |
| Other provisions | 43 | 426 | 59 |
| Total current provisions | 739 | 1,122 | 755 |

Source: Essential's audited financial statements for the years ended 30 June 2021, 30 June 2022 and reviewed half year financial statement ended 31 December 2022.

Rehabilitation provision of $0.70 million over the assessed period pertains to the Sinclair Mine Site. The rehabilitation provision balance corresponds to the anticipated work to be performed, including earthmoving, removal of facilities, and restoration of impacted areas. The Company notes that future rehabilitation costs will be evaluated annually and that any changes to the estimate will be included in the present value of the restoration provision at each reporting date. Further information on Sinclair is detailed in Section 5.4 of our Report.

We note that as at the date of our Report, Essential has not recorded any additional rehabilitation provisions pertaining to its other projects.

## 5.11 Historical Statement of Profit or Loss and Other Comprehensive Income

| Statement of Profit or Loss and Other Comprehensive Income | Reviewed for the half year ended 31-Dec-22 $'000s | Audited for the year ended 30-Jun-22 $'000s | Audited for the year ended 30-Jun-21 $'000s |
|---|---|---|---|
| Revenue from sale of goods | - | - | 106 |
| Cost of sales | - | - | (1) |
| Gross profit | - | - | 105 |
| Other income | 411 | 526 | 567 |
| Interest income | 94 | 30 | 46 |
| Exploration expenditure | - | (3) | (100) |
| Employee benefits expense (incl. director fees) | (363) | (783) | (738) |
| Compliance & regulatory expenses | (132) | (188) | (166) |
| Consultancy expenses | (144) | (274) | (93) |
| Business development & investor relations | (188) | (219) | (106) |
| Administration costs | (86) | (143) | (133) |
| Interest expense | (12) | (10) | (17) |
| Exploration and evaluation expenditure written off | - | (113) | (477) |
| Depreciation - right-of-use assets | (22) | (32) | (84) |
| Depreciation - plant, equipment and motor vehicles | (3) | (14) | (23) |
| Loss on disposal of plant, equipment and motor vehicles | - | (18) | (35) |
| Foreign exchange differences | - | (1) | (22) |
| Share based payments | (45) | (165) | (107) |
| Selling costs | - | - | - |
| Other costs from sale of goods - indirect | - | - | - |
| Profit/(loss) before income tax | (490) | (1,407) | (1,383) |
| Income tax | - | - | - |
| Profit/(loss) for the year from continuing operations | (490) | (1,407) | (1,383) |
| Other comprehensive income/(loss): | | | |

| Statement of Profit or Loss and Other Comprehensive Income | Reviewed for the half year ended 31-Dec-22 $'000s | Audited for the year ended 30-Jun-22 $'000s | Audited for the year ended 30-Jun-21 $'000s |
|---|---|---|---|
| Exchange differences on translation of foreign operations | - | (91) | 17 |
| Changes in the fair value of financial assets | (38) | 75 | (172) |
| Total comprehensive profit/(loss) for the year, net of tax | (528) | (1,423) | (1,538) |

Source: Essential's audited financial statements for the years ended 30 June 2021, 30 June 2022 and reviewed half year financial statement ended 31 December 2022.

## Commentary on Historical Statement of Profit or Loss and Other Comprehensive Income

- Other income over the assessed period comprised the following:

| Other income | Reviewed for the half year ended 31-Dec-22 $'000s | Audited for the year ended 30-Jun-22 $'000s | Audited for the year ended 30-Jun-21 $'000s |
|---|---|---|---|
| Golden Ridge JV exclusivity and option exercise fees | - | 400 | 125 |
| Gain on sale of subsidiary | 381 | - | - |
| Subsidiary sale exclusivity and option exercise fees | - | 100 | - |
| Other income | 30 | 26 | 7 |
| Income received - cancellation of tenement applications | - | - | 200 |
| Listed shares received as consideration for royalty sale | - | - | 200 |
| Government grants | - | - | 167 |
| Relocation of JobKeeper - capitalised E&E expenditure | - | - | (132) |
| Total other income | 411 | 526 | 567 |

Source: Essential's audited financial statements for the years ended 30 June 2021, 30 June 2022 and reviewed half year financial statement ended 31 December 2022.

Golden Ridge joint venture income of $0.40 million for the year ended 30 June 2022 is attributable to ANC's exercise of options that, upon exercise, granted ANC the right to enter the Golden Ridge joint venture.

- Employee benefits expense over the assessed period comprised the following:

| Employee benefits expense | Reviewed for the half year ended 31-Dec-22 $'000s | Audited for the year ended 30-Jun-22 $'000s | Audited for the year ended 30-Jun-21 $'000s |
|---|---|---|---|
| Salaries, wages and superannuation | - | (1,251) | (1,176) |
| Salaries and wages capitalised to E&E asset | - | 670 | 663 |
| Director fees and charges | - | (202) | (197) |
| Termination benefits | - | - | (28) |
| Total employee benefits expense | (363) | (783) | (738) |

Source: Essential's audited financial statements for the years ended 30 June 2021, 30 June 2022 and reviewed half year financial statement ended 31 December 2022.
Note: Reviewed financial statements for the half year ended 31 December 2022 do not provide a breakdown of employee benefits expenses.

Salaries and wages capitalised to exploration and evaluation ('E&E') of $0.67 million for the year ended 30 June 2022 relates primarily to operational employees such as geologists and field assistants. Management has advised that salaries and wages are allocated to projects based on timesheets.

## 5.12 Capital Structure

The share structure of Essential as at 21 August 2023 is outlined below:

| | Number |
|---|---|
| Total ordinary shares on issue | 268,859,967 |
| Top 20 shareholders | 132,851,025 |
| Top 20 shareholders - % of shares on issue | 49.41% |

Source: Essential's share registry information as at 21 August 2023

The range of shares held in Essential as 21 August 2023 is as follows:

| Range of Shares Held | No. of Ordinary Shareholders | No. of Ordinary Shares | Percentage of Issued Shares (%) |
|---|---|---|---|
| 1 - 1,000 | 623 | 268,182 | 0.10% |
| 1,001 - 5,000 | 1,691 | 4,811,522 | 1.79% |
| 5,001 - 10,000 | 887 | 7,188,623 | 2.67% |
| 10,001 - 100,000 | 1,641 | 55,078,833 | 20.49% |
| 100,001 - and over | 291 | 201,512,807 | 74.95% |
| TOTAL | 5,133 | 268,859,967 | 100.00% |

Source: Essential's share registry information as at 21 August 2023

The ordinary shares held by the most significant shareholders as at 21 August 2023 is detailed below:

| Name | No. of Ordinary Shares held | Percentage of issued shares (%) |
|---|---|---|
| Lithium Resources Operations Pty Ltd* | 52,300,000 | 19.45% |
| UBS Securities Australia Limited | 15,559,899 | 5.79% |
| Subtotal | 67,859,899 | 25.24% |
| Others | 201,000,068 | 74.76% |
| TOTAL | 268,859,967 | 100% |

*Lithium Resources Operations Pty Ltd is a wholly owned subsidiary of MRL

Source: Essential's share registry information as at 21 August 2023

### Treatment of Essential options and performance rights in connection with the Scheme

Pursuant to the SID, Essential has arranged that all Essential options and performance rights will either vest, lapse or otherwise be cancelled or terminated before the Implementation Date.

Essential and Develop have entered into Option Cancellation Deeds with each of the Essential optionholders. Under the Option Cancellation Deeds, Essential optionholders agree to have their options cancelled in return for the intrinsic value in Develop shares calculated in accordance with the Option Cancellation Deed.

The unlisted options on issue as at 5 August 2023 are detailed below:

| Description | No. of Options |
| --- | --- |
| Options expiring 30-Sep-24 and exercisable at $0.125 | 200,000 |
| Options expiring 30-Sep-24 and exercisable at $0.175 | 200,000 |
| Options expiring 30-Sep-24 and exercisable at $0.225 | 200,000 |
| Options expiring 31-Jan-24 and exercisable at $0.25 | 500,000 |
| Options expiring 30-Jun-24 and exercisable at $0.25 | 533,334 |
| Options expiring 31-Jan-24 and exercisable at $0.35 | 500,000 |
| Options expiring 30-Jun-24 and exercisable at $0.35 | 533,334 |
| Options expiring 31-Jan-24 and exercisable at $0.45 | 500,000 |
| Options expiring 30-Jun-24 and exercisable at $0.45 | 533,334 |
| Total number of Options | 3,700,002 |

Source: Essential's share registry information as at 5 August 2023.

Per the Option Cancellation Deed, the above Essential options will be converted into 253,780 shares in Develop following the implementation of the Scheme.

In addition, according to the SID, the current Performance Rights on issue will automatically vest upon the occurrence of a change of control. In total, 1,696,797 performance rights will have vested prior to, or will vest upon Court approval of the Scheme.

The performance rights on issue as at 5 August 2023 are detailed below:

| Description | Tranche | No. of Performance Rights |
| --- | --- | --- |
| Performance Rights expiring 30-Jun-25 | A) | 959,184 |
| Performance Rights expiring 10-Jul-25 | B) | 100,000 |
| Performance Rights expiring 30-Jun-26 | C) | 360,562 |
| Performance Rights expiring 30-Jun-27 | D) | 277,051 |
| Total number of Performance Rights | | 1,696,797 |

Source: Essential's share registry information as at 5 August 2023.

## Terms of the Existing Performance Rights

A summary of terms of the performance rights is set out below.

| Tranche | Vesting conditions | Expiry date |
| --- | --- | --- |
| A) | 50% of the Tranche A performance rights will vest upon the ATSR of Essential exceeding 25%.<br><br>50% of the Tranche A performance rights will vest upon the Company's RTSR exceeding 70% of a nominated group of peer companies over the performance period. Vesting will only occur if the Company's TSR is positive. The vesting date for the Tranche A performance rights is 30 June 2024 | 30-Jun-25 |

| Tranche | Vesting conditions | Expiry date |
|---|---|---|
| B) | The Tranche B performance rights relate to sign-on incentives and will vest upon an employee completing continuous employment with Essential up to 10 July 2024. | 10-Jul-25 |
| C) | 50% of the Tranche C performance rights will vest upon the ATSR of Essential exceeding 25%.<br><br>50% of the Tranche C performance rights will vest upon the Company's RTSR exceeding 70% of a nominated group of peer companies over the performance period. Vesting will only occur if the Company's TSR is positive. The vesting date for the Tranche C performance rights is 30 June 2025. | 30-Jun-26 |
| D) | 50% of the Tranche D performance rights will vest upon the ATSR of Essential exceeding 25%.<br><br>50% of the Tranche D performance rights will vest upon the Company's RTSR exceeding 70% of a nominated group of peer companies over the performance period. Vesting will only occur if the Company's TSR is positive. The vesting date for the Tranche D performance rights is 30 June 2026. | 30-Jun-27 |

Source: Essential's employee incentive plan provided by Management

# 6. Profile of Develop

## 6.1 History

Develop is an ASX-listed diversified metals exploration and development company that also has an operating contract mining services division focused on underground operations. Develop's commodity focus is on clean energy transition metals, such as copper, zinc and lead.

Develop's mineral asset portfolio comprises a 100% equity interest in the Woodlawn Zinc-Copper Project ('Woodlawn Project' or 'Woodlawn') located in the Lachlan Fold belt, New South Wales ('NSW') and a 100% equity interest in the Sulphur Springs Zinc-Copper Project ('Sulphur Springs Project' or 'Sulphur Springs') located near Port Hedland, WA. In addition, Develop holds a 20% joint venture interest in the Whim Creek Joint Venture Project (**'Whim Creek Project'** or **'Whim Creek JV'**) with Anax Metals Limited (**'Anax Metals'**).

Develop also operates an underground mining services business through its entity, **'Dev Mining Services'** (**'Mining Services Business'**), which currently performs contract mining services for Bellevue Gold Limited (**'Bellevue'**).

Develop was formerly Venturex Resources Limited (**'Venturex'**), which was incorporated in 2006 and admitted to the ASX in 2007. At the time, Venturex's focus was on the exploration and development of the Sulphur Springs Project as its flagship asset. However, following a recapitalisation that was announced on 24 February 2021 in which Mr Beament (among other parties) subscribed for placement shares in Venturex and joined the board, Venturex transitioned into Develop, with a new strategy and restructuring plan. The name change took effect on 7 October 2021 after shareholder approval was received on 23 September 2021. Develop is headquartered in West Leederville, WA.

The current directors of Develop are:

- Mr. William Beament - Managing Director;
- Mr. Michael Blakiston - Independent Non-Executive Chairman;
- Ms. Shirley In't Veld - Independent Non-Executive Director; and
- Ms. Justine Magee - Independent Non-Executive Director.

In the following paragraphs, we set out a brief overview of Develop's projects and operating segments:

## 6.2 Woodlawn Project

The Woodlawn Zinc-Copper Project is located in the Lachlan Fold belt in NSW, 250km southwest of Sydney and 40km south of Goulburn. The zinc-copper-lead-gold-silver project operated from 1978 to 1998, before closing as a result of its operating company at the time entering receivership.

Subsequently, Heron Resources Limited (**'Heron'**) acquired the Woodlawn Project in 2017 and invested $340 million to re-develop and establish an underground mine and processing plant. This included a 1.0Mtpa processing plant, paste fill plants, construction of a new box-cut, and underground development and infrastructure to 300m below surface. Heron completed construction in June 2019, however, in March 2020 operations were suspended as ramp-up issues, the COVID-19 pandemic and inadequate corporate strategy affected the production timeline. Due to underperformance, Heron decided to place the project on care and maintenance as a measure to conserve capital, with the intention of resuming operations once conditions stabilised. However, this did not occur, and Heron was placed in administration in July 2021.

On 17 February 2022, Develop announced its agreement to acquire the Woodlawn Project via the purchase of Heron pursuant to the terms of a Deed of Company Arrangement for Creditors (**'DOCA'**) for a total of $30 million. The acquisition comprised an upfront consideration of $15 million in cash and $15 million in Develop shares. Additionally, Develop would make contingent consideration payments of up to $70 million in cash or shares (at Develop's election), underpinned by success-driven milestones. At the time of the agreement, the Woodlawn Project had a total JORC-compliant resource of 18.2Mt at 9.8% zinc equivalent ('ZnEq') and substantial infrastructure in place to begin exploration. The acquisition was successfully completed on 20 May 2022.

Following the acquisition, an independent assessment of the Woodlawn Project was conducted by mining and geological consultants, Entech, in August 2022. Their evaluation revealed an updated mineral resource estimate that contained Measured and Indicated Resources of 4.8Mt, which was higher than the estimates made during the acquisition. Since then Develop has directed its attention towards evaluating the mine and initiating the development of underground drill platforms.

Develop is actively conducting exploratory drilling operations with a focus on upgrading Inferred Resources to Indicated Resources and extending the mineralized lenses at greater depths. A resource update is planned for the second half of 2023 to reflect the progress and findings of these ongoing drilling activities.

## 6.3 Sulphur Springs Project

The Sulphur Springs Project is an underground Volcanogenic Massive Sulphide deposit, located approximately 110 km southeast of Port Hedland. The project comprises the Sulphur Springs and Kangaroo Caves deposits, as well as tenements covering 27km of strike across the Panorama Trend.

In December 2012, Venturex completed a definitive feasibility study (**'DFS'**) on the Sulphur Springs Project and the Whim Creek Project, which confirmed the feasibility of underground mining at Sulphur Springs. However, in November 2015, an optimization study revealed that a combination of open pit and underground mining methods would be more economical for part of the deposit. This led to the commissioning of an updated DFS (**'2018 DFS'**), that was completed in October 2018. The 2018 DFS outlined technical feasibility of a two-stage underground and open pit mining operation that indicated an ore reserve of 8.5Mt with a grade of 1.4% copper and 3.1% zinc, and a 10.3-year mine life. Following these results, Venturex focused on developing a Project Implementation Plan, obtaining permits, and securing funding to advance the project.

In October 2020, Venturex announced that its mining proposal was approved by DMIRS, which allowed Venturex to proceed with the construction of infrastructure, including an access road, water infrastructure, and plant facilities. Venturex also received environmental approval from the Western Australian Minister for Environment earlier in May 2020, which enabled it to issue required secondary permits at the project. Throughout late 2020 and 2021, exploration drilling programmes continued and further environmental approvals, including the groundwater license were obtained.

On 29 July 2021, Venturex (at the time transitioning into Develop) additionally announced that a $10 million drilling programme would be carried out to de-risk and grow the Sulphur Springs Project by converting a proportion of the Inferred Resource to the Indicated category and testing high-priority exploration targets. Completion results demonstrated an upgrade of the project's mineral resource estimate which was announced on 6 September 2022.

Finalised metallurgical test work was announced on 2 June 2023, which underpinned the updated DFS released on 30 June 2023 (**'2023 DFS'**). The results of the 2023 DFS highlighted an increase in the ore reserves .

The 2023 DFS was conducted with modifications in the premise of the 2018 DFS. The planned open pit in oxide and transitional metal, as well as the satellite Kangaroo Caves Deposit, which were included in the 2018 DFS, were not considered in the 2023 DFS. This change resulted in a reduction of mineral inventory tonnages by 23%. However, it improved the overall economics of the project and increased the proportion of reserves to 91% of the mineral inventory, compared to the previous 67%.

Due to the focus shift towards underground mining as a primary method, the upfront capital required for the mining operations was reduced. The capital costs were also re-evaluated in accordance with the latest industry-wide inputs for relevancy of the time-period assessed.

With all major project approvals granted, Develop is currently exploring project off-take arrangements, project financing options, and undertaking pre-development activities in preparation for the advancement of the Sulphur Springs Project.

## 6.4 Whim Creek JV

The Whim Creek Project is located approximately 115 km southwest of Port Hedland and comprises the Whim Creek, Mons Cupri, Salt Creek and Evelyn deposits. Venturex acquired the project in August 2009 and initiated exploration and a scoping study in 2010. The study, conducted after multiple drilling programs, confirmed the economic feasibility of establishing a production facility at the Whim Creek mine site. However, after acquisition of the Sulphur Springs Project in 2011, Venturex adjusted its production plans to optimize operations by focusing an initial 6.5-year period at Sulphur Springs before transitioning to a blended ore supply from the Whim Creek area.

In July 2020, Develop announced the execution of an unincorporated joint venture agreement with Anax Metals allowing Anax Metals to acquire up to an 80% interest via staged cash payments. The consideration for the earn-in rights was a deposit of $150,000, and three deferred annual cash payments of $1 million each year for three years, commencing on the second anniversary of the joint-venture commencement date. In addition, Anax Metals is required to spend $4 million on project expenditure within four years of signing the agreement.

In November 2020, Develop announced that all conditions precedent to the agreement had been satisfied, and shortly after, in December 2020, Anax Metals announced that it had completed its initial earn-in interest by spending $1 million on the Whim Creek Project. Following this announcement, in January 2021, Anax Metals announced that it had competed its additional earn-in interest after spending $1.5 million on the Whim Creek Project. Under the agreement, Anax Metals acquired the 80% interest in the Whim Creek Project and Develop retained a 20% free-carried interest through to Anax Metals' decision to mine.

Anax Metals has continued its exploration activities at the Whim Creek Project site, focusing on the Whim Creek, Mons Cupri, Salt Creek, and Evelyn deposits. As part of this exploration effort, they released an updated scoping study in January 2022 and conducted additional metallurgical test work.

On 3 April 2023, Anax Metals announced the completion of the DFS on the Whim Creek Project, inclusive of both open pit and underground mines. The DFS indicated a pre-tax NPV (discount rate of 7%) of $224 million based on an initial 8-year life of mine. Currently the focus is on further exploration and financing opportunities to proceed further with the project.

## 6.5 Other JVs

Develop also has interests in two other JVs for exploration projects based in NSW being:

- 20% JV with Alchemy Resources Limited ('Alchemy Resources') over the Lachlan Project; and
- 20% JV with SKY Metals Limited ('SKY Metals') over the Cullarin and Kangiara Projects.

Both JV projects are in the early exploration stages.

## 6.6 Dev Mining Services

On 1 November 2021, Develop announced the establishment of its underground mining services division as part of Develop's restructuring and growth strategy. Develop announced that the Mining Services Business would enable it to leverage on extensive underground mining skills within the team, to service both its own internal projects, including the Sulphur Springs Project, as well as external Australian projects on a contractual basis. Key appointments for the Mining Services Business included Mr Paul Nilsson and Mr Aaron Armstrong, who were both in senior management roles for Northern Star's underground operations. Mr Beament was also formerly the General Manager of Operations at major underground mining contractor Barminco.

The announcement also outlined the invitation to tender for the underground mining contract at Bellevue's flagship asset, the Bellevue Gold Project (**'Bellevue Project'**) in WA, which has a total life of mine of 10 years. Following this, on 24 April 2022, Develop announced that it was awarded the mining contract for the Bellevue Project (**'Bellevue Contract'**), covering a period of nearly four years. Under the Bellevue Contract, Dev Mining Services was to undertake construction, development and production activities at the underground mine. Develop appointed Jordan Hall, who formerly held senior management roles in Byrnecut, as project manager for the Bellevue Contract.

On 24 May 2022, Develop commenced underground work at the Bellevue Project and since then, operations have continued to ramp up in line with Bellevue's mine schedule, with metres of underground development increasing each quarter, and hence revenue generated by the Mining Services Business.

On 7 November 2022, Develop announced the acquisition of Premium Group, a provider of specialist mining personnel and equipment to the underground mining industry, aimed at bolstering the capabilities of Dev Mining Services. The acquisition consideration comprised primarily a $300,000 cash payment and the issue of 2.91 million shares in Develop (subject to 12 months of escrow), completed in two stages.

On 29 May 2023, Develop announced that it had entered into memorandum of understanding ('MoU') for the formation of a contracting joint venture with Tjiwarl Contracting Services ('Tjiwarl'), in which Develop would assist with the setting up, funding and operating of the Tjiwarl, with the view of Tjiwarl assuming full ownership once its capability had been established. The collaboration was aimed at delivering long-term benefits to the Tjiwarl Community through access to supply chain and contract opportunities.

Since its establishment in November 2021, Develop has disclosed in its subsequent investor presentations that despite numerous contracting opportunities identified in the underground mining industry, the focus of Dev Mining Services is to only service two to three mining services agreements at a time. Furthermore, as outlined in Section 6.4 of the Scheme Booklet, Develop's five-year business plan is to develop its mining services capability to operate five to seven projects, of which two to three would be third parties to generate cash flow.

## 6.7 ESG Strategy

Develop places significant emphasis on its Environmental, Social and Governance (**'ESG'**) strategy and value proposition, often integrating and outlining its ESG goals within its announcements and presentations.

Develop's investor presentation in May 2023 outlined its ESG Strategy and Roadmap, with key highlights showing that Develop has "Base Case", "Good Practice" and "Leading Practice" plans in the areas of governance, strategy, performance and reporting/disclosures. This included establishing net zero targets and roadmaps by the 2025 financial year end, linking remuneration with ESG outcomes and organising a Global Reporting Initiative aligned report and modern slavery statement.

Develop's investor presentation for the Scheme in July 2023 also outlined the following key ESG initiatives:

- Commitment to the Task Force on Climate-related Financial Disclosures;
- Commitment to the United Nations charter on sustainable development goals; and
- Extensive experience in working with Traditional Owners, Aboriginal Corporations and Businesses.

## 6.8 Recent Corporate Events

We highlight in the following paragraphs certain key corporate actions made by Develop within the last two years.

### Acquisition of Woodlawn Project and Share Placement

On 17 February 2022, Develop announced the acquisition of the Woodlawn Project, through the acquisition of Heron, pursuant to the terms of the DOCA. The acquisition comprised an upfront consideration of $15 million in cash and $15 million in Develop shares. Additionally, Develop was to make contingent consideration payments of up to $70 million in cash or shares (at Develop's election), underpinned by success-driven milestones.

As part of the Heron acquisition, Develop completed a fully underwritten equity raising of $51 million via a $25 million share placement, an entitlement offer of $25 million (with both institutional and retail components), and a $1 million issue to Develop directors (subject to shareholder approval), all at $3.30 per share.

On 21 February 2022, Develop announced the completion of the institutional component of the equity raising, which saw $37.2 million raised. Subsequently, in March 2022, the retail component of the entitlement offer was completed and raised approximately $4.5 million from retail shareholders, with a shortfall of 2.52 million shares ($8.3 million) subscribed for by the underwriters.

### Acquisition of Premium Group

On 7 November 2022, Develop announced the completion of its acquisition of Premium Group. The consideration for the acquisition comprised a $300,000 cash payment, the issue of 2.91 million shares in Develop that was completed in two stages, as well as the issue of options and performance rights. All proceeds were settled on 2 December 2022.

## Capital raising in connection with the Scheme

On 3 July 2023, in conjunction with the announcement of the Scheme, Develop announced a fully underwritten capital raising to raise $50 million, comprising a share placement to raise $30 million and a 1 for 29 entitlement offer to raise $20 million ('July Capital Raising'). All new Develop shares under the July Capital Raising were issued at a price of $3.20 per share.

The placement and institutional entitlement offer were completed on 5 July 2023, which raised a total of $40.9 million. The retail entitlement offer was completed on 28 July 2023 and raised approximately $3.4 million, with the balance of the retail entitlement subscribed for by the underwriters, Canaccord Genuity.

## Board and Management appointments and resignations

The period also saw the appointment and resignation of the following directors and management:

- Mr. Ben MacKinnon appointed as Chief Financial Officer effective early 2023 (announced 3 November 2022);
- Ms. Michelle Woolhouse resigned as Non-executive Director on 31 January 2023 to resume an executive career in the banking sector;
- Mr. Mick McMullen resigned as Non-executive Director on 10 February 2023;
- Ms. Justine Magee appointed as Non-executive Director on 9 May 2023; and
- Ms. Elle Farris appointed as General Counsel on 18 May 2023.

## 6.9 Historical Statement of Financial Position

We have presented the historical statements of financial position of Develop as at 31 December 2022, 30 June 2022 and 30 June 2021 to the extent that these relate to our valuation assessment. We note that the financial position at 30 June 2021 relates to the financial position of Venturex prior to its the recapitalisation and transition to Develop in the second half of 2021. As the operations of Develop are substantially different to Venturex, our financial commentary is focused towards the financial position of Develop as at 30 June 2022 and 31 December 2022 and its relevant movements.

| Statement of Financial Position | Reviewed as at 31-Dec-22 $'000s | Audited as at 30-Jun-22 $'000s | Audited as at 30-Jun-21 $'000s |
|---|---|---|---|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 26,636 | 43,207 | 16,831 |
| Trade and other receivables | 7,228 | 2,979 | 275 |
| Inventories | 4,925 | 4,023 | 4 |
| Other assets | 1,142 | 1,345 | 280 |
| TOTAL CURRENT ASSETS | 39,932 | 51,554 | 17,390 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 42,306 | 34,275 | 687 |
| Right of use assets | 20,907 | 3,499 | 101 |
| Exploration and evaluation expenditure | 57,866 | 45,758 | 27,282 |
| Mine properties | 55,679 | 55,679 | - |
| Intangibles | 2,524 | - | - |
| Other receivables | 10,232 | 10,537 | 11,857 |
| Other assets | 3,583 | 3,583 | - |

| Statement of Financial Position | Reviewed as at 31-Dec-22 $'000s | Audited as at 30-Jun-22 $'000s | Audited as at 30-Jun-21 $'000s |
|---|---|---|---|
| TOTAL NON-CURRENT ASSETS | 193,097 | 153,331 | 39,927 |
| TOTAL ASSETS | 233,029 | 204,884 | 57,317 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 10,514 | 7,954 | 1,302 |
| Lease liabilities | 7,784 | 1,635 | 104 |
| Employee benefits | 2,152 | 439 | 110 |
| Provisions | 4,342 | 2,141 | 5,354 |
| TOTAL CURRENT LIABILITIES | 24,791 | 12,169 | 6,870 |
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | 13,446 | 1,883 | - |
| Employee benefits | 75 | 78 | 29 |
| Provisions | 26,988 | 27,181 | 14,822 |
| Contract liabilities | 20,302 | 19,020 | - |
| TOTAL NON-CURRENT LIABILITIES | 60,811 | 48,162 | 14,850 |
| TOTAL LIABILITIES | 85,602 | 60,330 | 21,720 |
| NET ASSETS | 147,427 | 144,554 | 35,598 |
| EQUITY | | | |
| Issued capital | 210,888 | 202,081 | 132,009 |
| Reserves | 128,682 | 128,216 | 80,109 |
| Accumulated losses | (192,143) | (185,743) | (176,520) |
| TOTAL EQUITY | 147,427 | 144,554 | 35,598 |

Source: Develop's audited financial statements for the years ended 30 June 2021, 30 June 2022 and reviewed half year financial statement ended 31 December 2022.

## Commentary on Historical Statement of Financial Position

- The significant cash flow movements in the cash and cash equivalents balance of Develop over the assessed period are outlined in the table below:

| Significant cash flow movements | Reviewed as at 31-Dec-22 $'000s | Audited as at 30-Jun-22 $'000s | Audited as at 30-Jun-21 $'000s |
|---|---|---|---|
| Opening cash and cash equivalents | 43,207 | 16,831 | 2,256 |
| Receipts from customers | 21,729 | 2,327 | |
| Cash paid to suppliers and employees | (23,809) | (8,974) | (2,457) |
| Payment for purchases of plant and equipment | (3,804) | (2,037) | (27) |
| Proceeds from sale of plant and equipment | 2,500 | - | 150 |
| Payment for exploration and evaluation expenditure | (10,677) | (6,958) | (2,553) |
| Payment for purchase of Heron Resources Ltd | (448) | (16,454) | - |
| Payment for purchase of Premium Group | (812) | - | - |
| Proceeds from issue of securities | 630 | 54,923 | 16,719 |
| Proceeds from conversion of options to shares | 424 | 4,972 | 3,790 |
| Capital raising costs | (86) | (1,986) | (589) |
| Proceeds from borrowings | - | 900 | 151 |
| Repayment of borrowings | - | (250) | (562) |
| Repayment of lease liabilities | (1,920) | (70) | (78) |

| Significant cash flow movements | Reviewed as at 31-Dec-22 $'000s | Audited as at 30-Jun-22 $'000s | Audited as at 30-Jun-21 $'000s |
|---|---|---|---|
| Other cash movements | (296) | (17) | 32 |
| Closing cash and cash equivalents | 26,636 | 43,207 | 16,831 |

Source: Develop's audited financial statements for the years ended 30 June 2021, 30 June 2022 and reviewed half year financial statement ended 31 December 2022.

As shown in the table above, the cash and cash equivalents balance increased from $16.83 million as at 30 June 2021 to $43.21 million as at 30 June 2022. The net increase of $26.38 was primarily driven by the proceeds from share issues of $54.92 million, which largely related to the $51.00 million equity raising in connection with the Heron acquisition. This was offset by the $16.45 million in payments for the purchase of Heron and $8.97 million in payments to suppliers and employees.

During the half year ended 31 December 2022, the cash and cash equivalents balance decreased by $16.57 million to $26.64 million as at 31 December 2022. This was in spite of the $21.73 million in cash receipts from Dev Mining Services in line with the ramp up of the Bellevue Contract. The net decline in cash was largely driven by an increase in payments to suppliers and employees to $23.81 million as well as spending on exploration and evaluation of $10.68 million. Purchases of plant and equipment of $3.80 million contributed to a further decline in cash and cash equivalents.

- Inventories of $4.93 million as at 31 December 2022 comprise $3.01 million in mine inventories from Heron and $1.92 million in consumables from Dev Mining Services.
- The balance of property, plant and equipment (net of accumulated depreciation) of $42.3 million as at 31 December 2022 primarily relate to $32.7 million of property, plant and equipment in Heron, with the remaining $9.1 million largely relating to the Mining Services Business.
- Right of use assets primarily relate to plant and equipment leases in Dev Mining Services and Heron, with the remaining relating to Develop's building lease. We note the large addition of equipment leases from 30 June 2022 to 31 December 2022 primarily relate to the lease for an additional Sandvik drill in line with the ramp up of the Bellevue Contract.
- Exploration and evaluation expenditure is capitalised at cost and reviewed regularly to ensure the balance is only carried forward to the extent costs can be recouped through successful development. As at 31 December 2022, the $57.87 million of capitalised exploration and evaluation expenditure comprised $35.85 million in capitalised costs for the Sulphur Springs Project and $22.02 million in capitalised costs for the Woodlawn Project. On the other hand, mine properties of $55.68 million as at 31 December 2022 solely relate to the Woodlawn Project.
- Intangibles of $2.52 million as at 31 December 2022 solely relate to goodwill that was recorded as part of the acquisition of Premium Group in November 2022.
- Other non-current receivables of $10.23 million as at 31 December 2022 and $10.54 million as at 30 June 2022 relate to the estimate of the amount payable by Anax Metals for the fulfilment of rehabilitation obligations for the Whim Creek JV.
- Current provisions of $2.15 million as at 31 December 2022 relate to payroll tax provisions whilst non-current provisions of $26.99 million as at 31 December 2022 relate to mine rehabilitation provisions, within which $12.79 million relate to the Whim Creek Project and $14.20 million relate to the Woodlawn Project.

- Contract liabilities of $20.30 million as at 31 December 2022 relate to a silver stream arrangement which is presently with Sandstorm Gold Ltd ('Sandstorm') (the **'Sandstorm Silver Stream'**). The Sandstorm Silver Stream was entered into by Heron in respect of silver production at the Woodlawn Project. Broadly, the terms of the Sandstorm Silver Stream agreement allow Sandstorm to purchase:
    - 80% of the silver produced at 20% of the silver spot price, until 2.15 million ounces ('Moz') of silver are delivered; then
    - 40% of the silver produced at 20% of the silver spot price, until 3.5Moz of silver are delivered; then
    - 25% of the silver produced at 20% of the silver spot price, until a cumulative $27 million worth of silver has been delivered (including from the above two tranches).

  In addition to the above, Sandstorm will also receive $1 million for every 1.0Mt of tailings ore processed at Woodlawn, up to a maximum of $10 million.

  The fair value of the liability as at 31 December 2022 was determined based on an estimated commencement of silver stream payments in January 2024 and discount rate of 11.1%.

## 6.10 Historical Statement of Profit or Loss and Other Comprehensive Income

We have presented the historical statements of profit or loss and other comprehensive income of Develop for the half year ended 31 December 2022 and full years ended 30 June 2022 and 30 June 2021, to the extent that these relate to our valuation assessment. We note that the year ended 30 June 2021 relates to the financial performance of Venturex prior to its recapitalisation and transition into Develop in the second half of 2021. As the operations of Develop are substantially different to Venturex, our financial commentary is focused towards the financial performance of Develop for the half year ended 31 December 2022 and the full year ended 30 June 2022.

| Statement of Profit or Loss and Other Comprehensive Income | Reviewed for the half year ended 31-Dec-22 $'000s | Audited for the year ended 30-Jun-22 $'000s | Audited for the year ended 30-Jun-21 $'000s |
|---|---|---|---|
| Revenue | 23,829 | 4,512 | - |
| Cost of sales | (19,040) | (3,639) | - |
| Gross profit | 4,789 | 873 | - |
| *Gross profit margin (%)* | *20.1%* | *19.4%* | *n/a* |
| Other Income | 2,464 | 77 | 154 |
| Care and maintenance expenses | (1,505) | (403) | - |
| Administrative expenses | (1,852) | (1,807) | (775) |
| Directors, employees, and consultants' expenses | (2,433) | (2,419) | (1,266) |
| Share based payments | (537) | (8,306) | (80,241) |
| Payroll tax | (2,198) | 3,212 | (5,354) |
| Exploration and evaluation expenses | (243) | (445) | (387) |
| Depreciation expenses | (3,130) | (465) | (313) |
| Impairment of trade and other receivables | - | - | (150) |
| Impairment of exploration and evaluation expenses | - | (397) | (817) |
| Loss on sale of property, plant and equipment | - | - | (539) |

| Statement of Profit or Loss and Other Comprehensive Income | Reviewed for the half year ended 31-Dec-22 $'000s | Audited for the year ended 30-Jun-22 $'000s | Audited for the year ended 30-Jun-21 $'000s |
|---|---|---|---|
| Re-estimation of site rehabilitation | (112) | 1,003 | (105) |
| Re-estimation of contract liabilities | (1,282) | - | - |
| Operating profit/(loss) | (6,040) | (9,075) | (89,793) |
| Finance costs | (360) | (149) | (89) |
| Loss before income tax | (6,400) | (9,223) | (89,882) |
| Income tax expense | - | - | - |
| Loss after income tax attributable to the owners of the Group | (6,400) | (9,223) | (89,882) |
| Other comprehensive income for the year, net of tax | - | - | - |
| Total comprehensive loss for the year attributable to owners of the Group | (6,400) | (9,223) | (89,882) |

Source: Develop's audited financial statements for the years ended 30 June 2021, 30 June 2022 and reviewed half year financial statement ended 31 December 2022.

## Commentary on Historical Statement of Profit or Loss and Other Comprehensive Income

- Revenue generated by Develop of $4.51 million in FY22 and $23.83 million in HY23 primarily relates to Dev Mining Services, underpinned by contract revenue from the Bellevue Contract. The Bellevue Contract commenced in May 2022 and progressively ramped up over the HY23 period.
- Despite the sharp increase in revenue, gross profit margins held relatively consistent at 19.4% in FY22 and 20.1% in HY23.
- The breakdown of other income over the assessed period is outlined in the table below:

| Other Income | Reviewed for the half year ended 31-Dec-22 $'000s | Audited for the year ended 30-Jun-22 $'000s | Audited for the year ended 30-Jun-21 $'000s |
|---|---|---|---|
| Interest income on bank deposits | 367 | 45 | 11 |
| Rental income - Spinifex Ridge Camp | - | - | 8 |
| Government Stimulus | - | - | 68 |
| JobKeeper | - | - | 68 |
| Profit on sale of property, plant and equipment | 2,014 | - | - |
| Other Income | 83 | 32 | - |
| Total other income | 2,464 | 77 | 154 |

Source: Develop's audited financial statements for the years ended 30 June 2021, 30 June 2022 and reviewed half year financial statement ended 31 December 2022.

- Care and maintenance expenses of $1.51 million in HY23 relate to care and maintenance expenditure on the Woodlawn Project.
- Administration expenses and Directors, employees and consultants' expenses increased by 105% and 101%, respectively on an annualised basis from FY22 to HY23, totalling $4.285 million and reflecting the progressive ramp up of operations within Develop. This indicates that Develop's current corporate costs on annualised basis are $8.57 million, excluding share based payments.

- Develop's share based payments expense of $8.31 million in FY22 relates to the options and performance rights granted to Directors and key management.
- In addition, we note that Develop granted share based payment consideration in FY22 for the purchase of Heron resources ('Orion **Contingent Consideration**') (not included in the profit or loss statement above). The Orion Contingent Consideration was for up to $70 million in cash or shares (or a combination at Develop's discretion) dependant on the successful achievement of certain milestones. This expense was not captured in the profit or loss statement above as it formed part of the consideration paid for the acquisition of Heron. The milestones for the Orion Contingent Consideration are outlined below:
    - $12.5 million payable on definition of 550,000 tonnes ZnEq underground JORC Reserves;
    - $7.5 million payable on definition of 680,000 tonnes ZnEq underground JORC Reserves;
    - $20.0 million payable on positive Final Investment Decision in respect of Woodlawn; and
    - $30.0 million payable on 18 months of continuous commercial production from Woodlawn.
- Depreciation expenses increased 1,245% from FY22 to HY23 on an annualised basis largely driven by depreciation expenses on right of use assets within Dev Mining Services, in line with the operational ramp up for the Bellevue Contract.
- The re-estimation of contract liabilities related to fair value movements in the aforementioned Sandstorm Silver Stream arrangement.

## 6.11 Capital Structure

The share structure of Develop prior to the Scheme is intended to be:

| | Number |
|---|---|
| Total ordinary shares on issue | 197,781,372 |
| Top 20 shareholders | 120,401,912 |
| Top 20 shareholders - % of shares on issue | 60.88% |

Source: Develop's share registry information as advised by Develop management.

The range of shares held prior to the Scheme is intended to be:

| Range of Shares Held | No. of Ordinary Shareholders | No. of Ordinary Shares | Percentage of Issued Shares (%) |
|---|---|---|---|
| 1 - 1,000 | 3,210 | 1,520,037 | 0.77% |
| 1,001 - 5,000 | 3,141 | 7,679,530 | 3.88% |
| 5,001 - 10,000 | 863 | 6,302,337 | 3.19% |
| 10,001 - 100,000 | 1,086 | 29,473,187 | 14.90% |
| 100,001 - and over | 151 | 152,806,281 | 77.26% |
| TOTAL | 8,451 | 197,781,372 | 100.00% |

Source: Develop's share registry information as advised by Develop management.

The number of ordinary shares held by the most significant shareholders prior to the Scheme is intended to be:

| Name | No. of Ordinary Shares | Percentage of Issued Shares (%) |
|---|---|---|
| Mr William Beament | 36,341,991 | 18.37% |
| Mineral Resources | 25,273,520 | 12.78% |
| BlackRock Investment Group | 11,591,760 | 5.86% |
| Subtotal | 73,207,271 | 37.01% |
| Others | 124,574,101 | 62.99% |
| Total ordinary shares on Issue | 197,781,372 | 100.00% |

Source: Develop's share registry information as advised by Develop management.

The unlisted options on issue prior to the Scheme are detailed below:

| Description | No. of Options |
|---|---|
| Options expiring 17-Jun-24 and exercisable at $0.75 | 14,000,000 |
| Options expiring 17-Jun-25 and exercisable at $0.75 | 14,000,000 |
| Options expiring 22-Jun-24 and exercisable at $0.75 | 1,400,000 |
| Options expiring 18-Jul-25 and exercisable at $2.64 | 12,500 |
| Options expiring 18-Jul-26 and exercisable at $2.64 | 12,500 |
| Options expiring 18-Jul-27 and exercisable at $3.10 | 12,500 |
| Options expiring 18-Jul-28 and exercisable at $3.10 | 12,500 |
| Options expiring 16-May-24 and exercisable at $3.27 | 145,000 |
| Options expiring 16-May-25 and exercisable at $3.27 | 1,012,500 |
| Options expiring 31-Oct-25 and exercisable at $3.78 | 45,000 |
| Options expiring 31-Oct-26 and exercisable at $3.78 | 77,500 |
| Options expiring 16-May-26 and exercisable at $3.85 | 130,000 |
| Options expiring 16-May-27 and exercisable at $3.85 | 72,500 |
| Options expiring 28-Nov-25 and exercisable at $4.02 | 81,250 |
| Options expiring 28-Nov-26 and exercisable at $4.02 | 126,000 |
| Options expiring 2-Dec-25 and exercisable at $4.11 | 37,500 |
| Options expiring 2-Dec-26 and exercisable at $4.11 | 65,000 |
| Options expiring 22-Mar-25 and exercisable at $4.12 | 25,000 |
| Options expiring 22-Mar-26 and exercisable at $4.29 | 50,000 |
| Options expiring 31-Oct-27 and exercisable at $4.44 | 35,000 |
| Options expiring 31-Oct-28 and exercisable at $4.44 | 22,500 |
| Options expiring 28-Nov-27 and exercisable at $4.73 | 80,250 |
| Options expiring 28-Nov-28 and exercisable at $4.73 | 37,500 |
| Options expiring 30-Jun-26 and exercisable at $4.74 | 12,500 |
| Options expiring 30-Jun-27 and exercisable at $4.74 | 12,500 |
| Options expiring 2-Dec-27 and exercisable at $4.82 | 32,500 |

| Description | No. of Options |
|---|---|
| Options expiring 2-Dec-28 and exercisable at $4.82 | 15,000 |
| Options expiring 22-Mar-27 and exercisable at $4.84 | 12,500 |
| Options expiring 22-Mar-28 and exercisable at $4.84 | 12,500 |
| Options expiring 01-Oct-24 and exercisable at $5.00 | 200,000 |
| Options expiring 29-Jun-28 and exercisable at $5.57 | 12,500 |
| Options expiring 30-Jun-29 and exercisable at $5.57 | 12,500 |
| Total number of Options | 31,815,000 |

Source: Develop's option registry information as advised by Develop management.

Prior to the Scheme, Develop will also have 2,839,137 performance rights on issue to its employees and key management with various vesting conditions and expiry dates. The vesting conditions are based on key performance indicators specific to the employees and key management as summarised in the table below:

| Vesting conditions | No. of Performance Rights |
|---|---|
| Delivery of a bankable feasibility and project finance for Sulphur Springs and/or Woodlawn | 252,900 |
| Delivery of a bankable feasibility and project finance for Sulphur Springs | 50,000 |
| Group copper equivalent production of >30,000 tonnes per annum | 381,650 |
| Group copper equivalent production of >50,000 tonnes per annum | 486,514 |
| Declaration of commercial and profitable production at Sulphur Springs and/or Woodlawn | 231,650 |
| Declaration of commercial and profitable production at Sulphur Springs | 125,000 |
| Establishment and deployment of underground capability for partnerships and/or third-party services | 229,750 |
| Dev Mining Services operating five projects | 109,863 |
| Operating either as a mine owner or interest holder in 3 of the 5 projects | 109,863 |
| Achievement of Develop's ESG strategy | 109,863 |
| Nil vesting conditions | 752,084 |
| Total number of Performance Rights | 2,839,137 |

Source: Develop's share registry information as advised by Develop management.

# 7. Profile of the Proposed Merged Entity

Upon implementation of the Scheme, the Proposed Merged Entity will represent the combined assets of Essential and Develop.

## 7.1 Key Assets

The key combined assets of the Proposed Merged Entity will include:

- 100% equity interest in the Sulphur Springs Project;
- 100% equity interest in the Woodlawn Project;
- 100% equity interest in Pioneer Dome;
- 20% equity interest in the Whim Creek JV;
- Interests in additional exploration tenements (see Appendix 7); and
- 100% equity interest in Develop's Mining Services Business.

## 7.2 Board of Directors

The board of directors of the Proposed Merged Entity is intended to be:

- Mr. William Beament - Managing Director;
- Mr. Michael Blakiston - Independent Non-Executive Chairman;
- Ms. Shirley In't Veld - Independent Non-Executive Director; and
- Ms. Justine Magee - Independent Non-Executive Director.

In accordance with the SID, the directors of Essential will sign a Deed of Release and will not serve on the board of the Proposed Merged Entity. As a result, the board of directors of the Proposed Merged Entity will be identical to that of Develop, which is outlined in Section 6.1 of our Report.

## 7.3 Capital Structure

Pursuant to the Scheme, Shareholders will receive one Develop share for every 6.18 Essential shares held at the Scheme record date.

Upon implementation of the Scheme, Shareholders and Develop shareholders will hold approximately 18.2% and 81.8% of the total issued capital of the Proposed Merged Entity on an undiluted basis and 15.9% and 84.1% on a fully diluted basis, respectively.

## 7.4 Stock Exchange Listing

Following the implementation of the Scheme, Essential will become a wholly owned subsidiary of Develop and the Proposed Merged Entity will continue to be listed on the ASX, under Develop's ticker, DVP.

# 8. Economic analysis

Essential and Develop operate and own assets within Australia, and hence are predominantly exposed to the risk and opportunities of the Australian market. We have presented an analysis of the current Australian economy to the extent that it relates to considerations for our assessment.

## 8.1 Australia

In its August 2023 Monetary Policy Decision, the Reserve Bank of Australia ('RBA') made the decision to leave the cash rate target unchanged at 4.10%. Since May 2022, the RBA has increased the interest rates by four percentage points, with the intention of easing inflationary pressures and returning inflation to its target rate within a reasonable timeframe. The decision in July to hold the interest rate steady was aimed at providing some time for the RBA to assess the impact of interest rate rises to date on key macroeconomic indicators.

Inflation reached 7.8% over the 2022 calendar year, the highest year-end inflation figure since 1990, and significantly higher than the RBA's inflation target of 2-3%. The RBA stated in its July statement that the decline in the monthly consumer price index indicator for May 2023 suggested that inflation has since passed its peak in Australia. However, the RBA considers that inflation is still too high at its current rate of 6.0%, and predicts that it will remain at this level for some time before returning to the target range.

The delayed tapering of inflation in the short term is expected to have an adverse impact (particularly from an operating cost perspective) on the economics of the Woodlawn and Sulphur Springs projects, which are anticipated to commence in late 2023 and mid-2024, respectively. Rising drilling and corporate costs would also put upward pressures on the level of capital required to fund exploration at Pioneer Dome.

In addition, the current inflationary environment puts cost pressures on Develop's operations for the Bellevue Contract, and hence profit margins. Although we note that the rates underpinning the contract work have the relevant provisions in place to be adjusted for indexation, the ability for Develop to pass on these cost rises may be delayed in practice.

According to the RBA, growth in the Australian economy has also slowed. Currently, the combination of heightened interest rates and cost-of-living pressures has led to a substantial deceleration in household spending. As a result, equity market conditions, particularly for retail investors have dampened with the decline in discretionary income.

Among major economies around the world, the rebound from the COVID-19 pandemic waned throughout 2022, which contributed to a slowdown in the global economy. Like many advanced economies, high inflation and energy prices have weighed on demand in Australia. In addition, it is anticipated in 2023-24 that Gross Domestic Product growth in Australia's key trading partners will remain substantially below historical norms. However, downside risks to growth in the major global economies have lessened in recent months, supported by China's reversal of its COVID-19 measures in December 2022, which has stabilised the supply chain recovery trajectory.

The recent banking system crisis in the United States and Switzerland has resulted in volatility in financial markets and a reassessment of the outlook for global interest rates. These problems are also expected to influence tighter financial conditions, forming an additional headwind for the global economy. However, the RBA considers the Australian banking system to be strong, well capitalised and highly liquid. It is, therefore, well placed to provide the credit that the economy needs, albeit at higher interest rates compared to the rates during the pandemic. This may form part of the consideration for Essential and Develop in assessing the preferred funding structure for the development of their projects.

Conditions in the labour market have eased, although remain very tight. Firms report that labour shortages have lessened, yet job vacancies and advertisements are still at very high levels. The unemployment rate at 3.5% remains close to a 50 year low, consequently, wage growth is stated to be increasing in response to the tight labour market and high inflation.

The current labour market is a key consideration for Develop in its ability to expand its Mining Services Business to service additional contracts. Whilst opportunities for new work may be available, sourcing for labour in the mining industry is likely to remain constrained for the medium term. Furthermore, a tight labour market may make it more difficult for Develop and Essential to source skilled labour and advance exploration activities at their respective mineral projects.

### Outlook

Economic growth in Australia is forecast to be hampered by rising interest rates, higher living costs and declining real wealth. As a result, the forecast declining trajectory of inflation in Australia remains uncertain and the high inflation environment is expected to continue weighing on real household incomes for the short term. The composition of inflation in Australia is also likely to shift, with higher inflation expected in more persistent and non-discretionary items, such as rent, in the coming years. However, despite inflationary concerns, aggregate household incomes have been sustained by solid labour demand, which has underpinned the health of household balance sheets. Although the balance of risks has improved in recent months, the pathway forward remains uncertain, with upside and downside scenarios equally plausible.

Source: www.rba.gov.au Statement by Phillip Lowe, Governor: Monetary Policy Decision dated 1 August 2023 and prior periods, www.rba.gov.au Statement on Monetary Policy August 2023 and prior periods, and BDO analysis.

# 9. Industry analysis

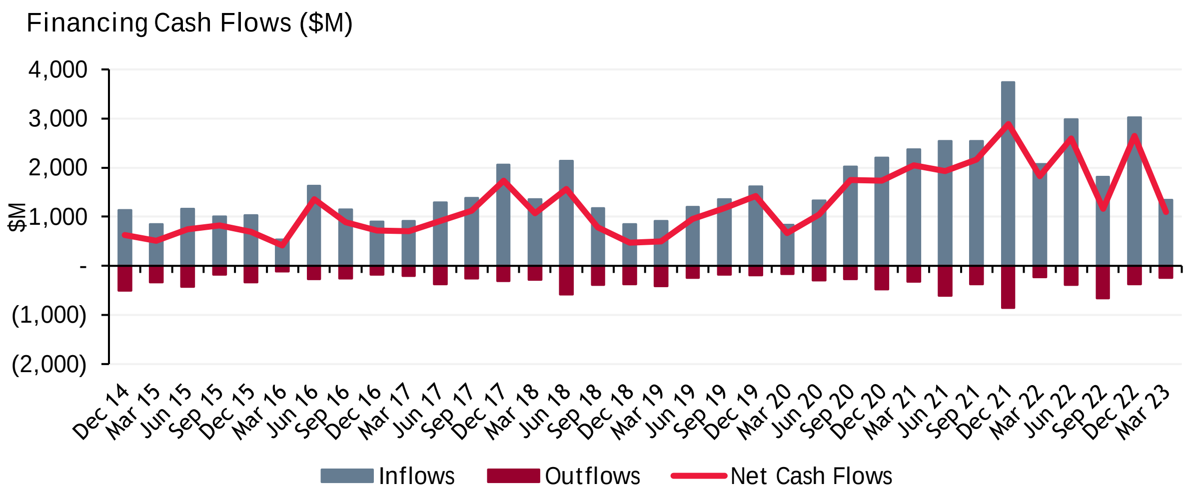
Essential is a lithium, gold and nickel exploration company and Develop is a copper, zinc, lead and silver exploration and development company with a contract mining services business. Both companies are listed on the ASX.

As such, we have presented an overview of the relevant industry segments on the basis that these form part of the considerations for our overall assessment. We have presented an analysis of the exploration sector on the ASX, the contract mining services industry in Australia as well as lithium, gold, nickel and copper industries.

## 9.1 Exploration Sector

BDO reports on the financial health and cash positions of ASX-listed exploration companies based on the quarterly Appendix 5B reports lodged with the ASX. ASX-listed mining and oil and gas exploration companies are required to lodge an Appendix 5B report each quarter, outlining the company's cash flows, their financing facilities available and management's expectation of future funding requirements. BDO's report for the March quarter of 2023 indicated that current volatile financial markets have constrained the ability of the sector to raise funds, which in turn, has resulted in subdued operations and investment.

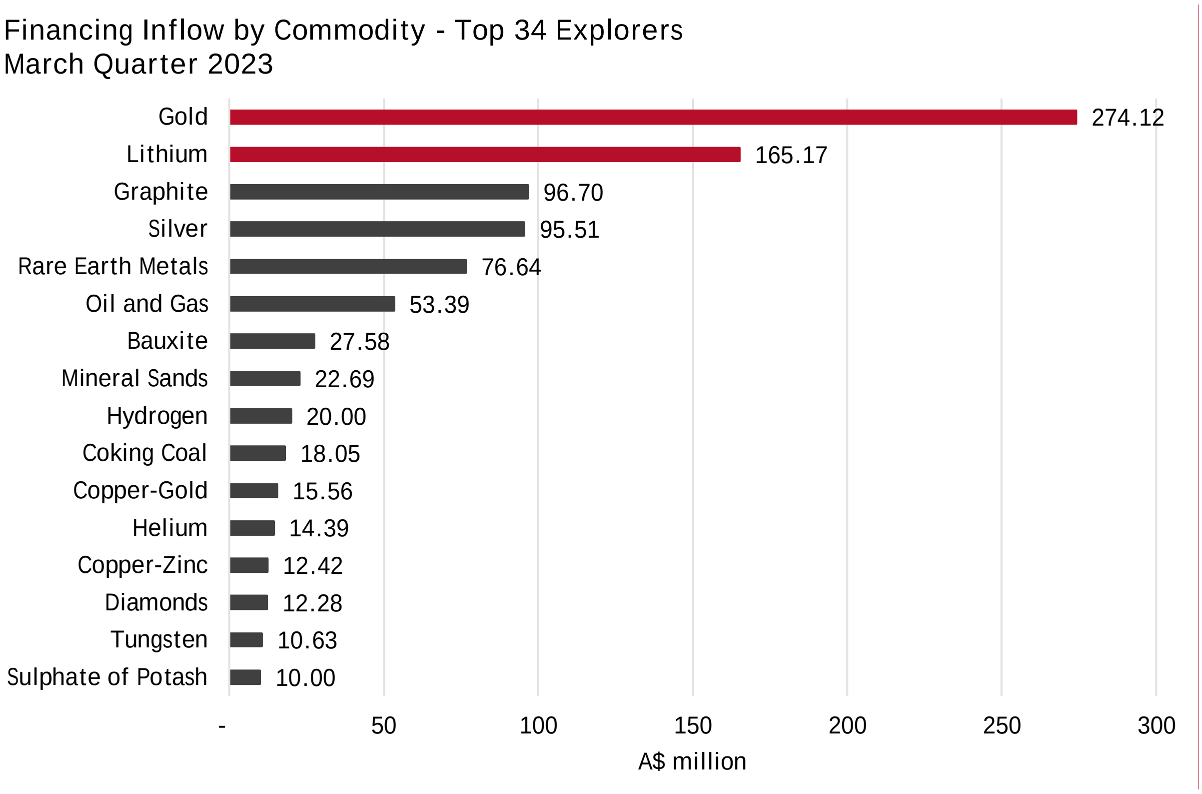
Financing cash inflows for the March 2023 quarter declined 55%, reaching $1.35 billion, while the average financing inflows per company dipped by 53% when compared to the two-year average. Notably, the proportion of companies raising over $1 million decreased as smaller-scale fund raises became more prominent. The observed trends indicate a distinct decline in the capacity to secure funding, which BDO attributes to growing stringency of prevailing market conditions.




Source: BDO Explorer Quarterly Cash Update: March 2023.

In the March 2023 quarter, 34 companies (which we have termed **'Fund Finders'**) raised capital exceeding $10 million, down from 51 in the previous quarter. The Fund Finders still underpinned the total financing inflows for the March 2023 quarter, contributing 69% of the total funds raised by the sector, marginally down from the 76% in the December 2022 quarter.

Within these fund raisings, gold explorers raised the most funds over the March 2023 quarter as persistent inflation, geopolitical uncertainty and market volatility continued to drive demand. Lithium and graphite explorers sourced the second and third most funds, respectively, as part of their application in the lithium-ion batteries and the EV supply chain.

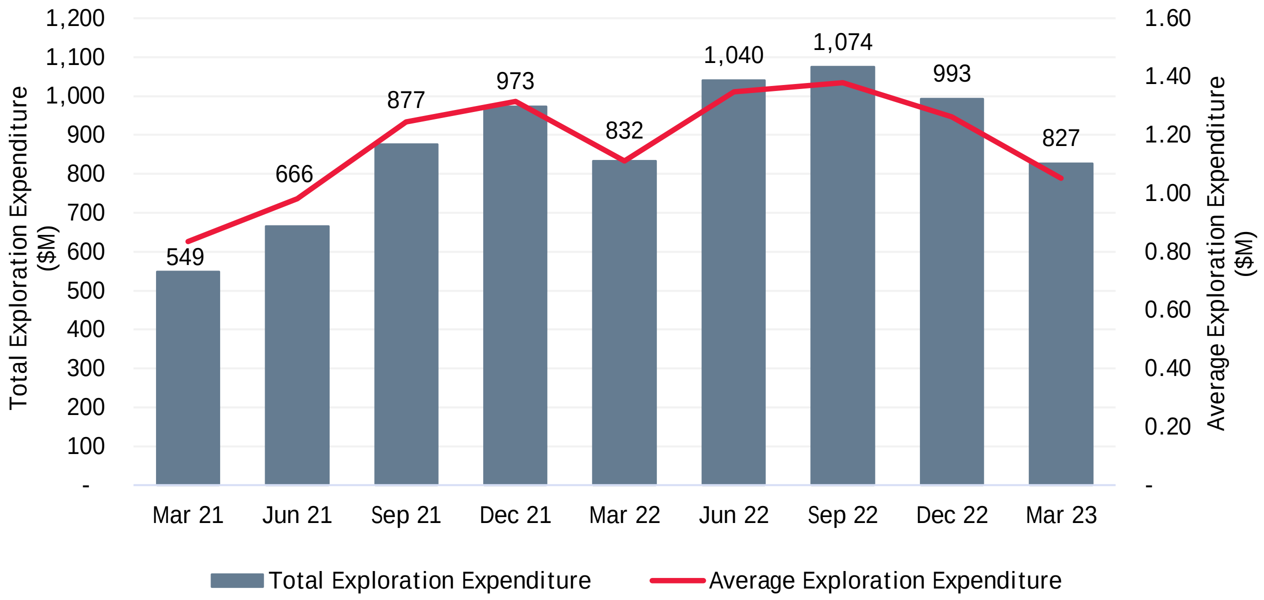



Source: BDO Explorer Quarterly Cash Update: March 2023.

Explorers' cash positions showed resilience despite the upward inflationary pressure, with the average cash balance declining from $11.1 million in the December 2022 quarter to $10.2 million at the end of the March 2023 quarter. The overall cash position still remained strong when compared to historical levels, with 81% of exploration companies reporting a cash balance of over $1 million as at 31 March 2023, which is still significantly above the historical averages since the commencement of BDO's analysis in the June 2013 quarter.

Total exploration expenditure declined for the second consecutive quarter, receding from the record $1 billion spend in the June and September quarters of 2022. The March 2023 quarter's $827 million exploration spend represented a 17% decrease from the December 2022 quarter, with explorers seeking to manage their expenses more efficiently considering the rise in exploration costs and potentially subdued access to future funding. The average exploration spend per company reached a new low of $1.05 million since June 2021, but the range between $1.05 million and $1.38 million over the past year, remained high relative to historical levels.

Total Exploration Expenditure - Last Two Years ($M)




Source: BDO Explorer Quarterly Cash Update: March 2023

The top ten exploration spending companies comprised four lithium companies, three oil and gas companies, two gold companies and one nickel-copper company. Gold and oil and gas typically account for the largest portion of the top 10 exploration spends, however, this quarter, we have also observed growth in exploration spending for lithium that has likely been driven by the sustained demand for renewable energy sources to meet future requirements.

The results from the March 2023 quarter show that despite the noticeable industry wide slowdown due to deteriorating global macroeconomic conditions, including inflation and wavering commodity prices, the sector has shown resilience and adaptability. Gold has remained a popular safe haven investment, whilst Government incentives supporting critical minerals explorers and the anticipated growth in the electric vehicle industry has seen sustained investor interest towards battery metals.

Essential, with an exploration focus on lithium and gold, is in a good position to attract investor interest, as demonstrated by recent bids for the Company by Tianqi and now Develop. Develop, having battery metals mineral projects and an ESG-focus for its operations, is also well poised among explorers to raise funds for future growth. However, both companies are not immune from sector-wide dampening in equity markets seen from the March 2023 quarter, and considerations for alternative means of funding through debt may become an equally viable option for the development of their projects.

Source: BDO Explorer Quarterly Cash Update: March 2023 and prior releases.

## 9.2 Contract mining services in Australia

### Overview

The contract mining services industry comprises third party firms that undertake the core stages of mining operations on a fee or contract basis. Contract miners supply both machinery and skilled employees to undertake mineral resource extraction activities at Australian mining sites. The primary activities within the industry include surface and underground contract mining services as well as oil and gas extraction.

Develop's Mining Services Business is focused on specialised underground contract mining delivery which falls within these categories.

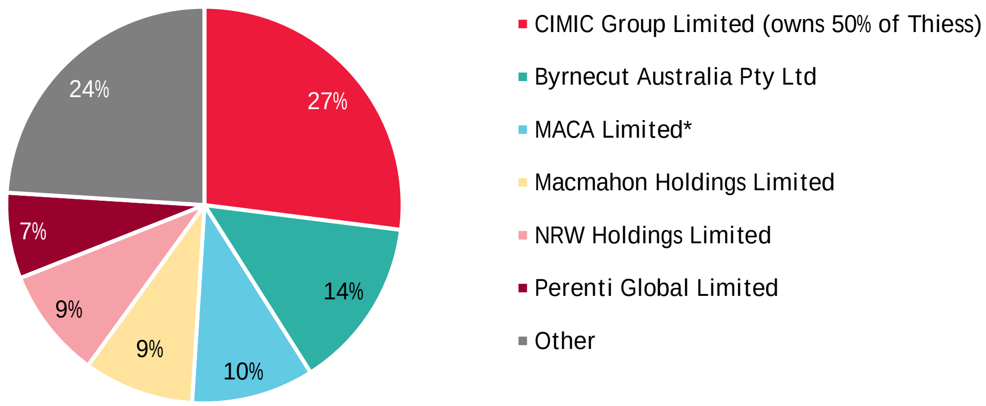
The majority of demand for the industry is currently derived from gold, iron ore, nickel, copper and other base and polymetallic mining in Australia. Actual capital expenditure also impacts demand for the industry as it reflects whether mining companies are likely to outsource their core mining activities. Additionally, the US dollar per Australian dollar has a direct impact on expected returns for mining companies as commodity prices are generally set in US dollars.

According to IBISWorld, the industry growth is currently constrained due to labour shortages caused by strong growth in the previous year. However, recovering commodity prices and strong demand for Australia's mineral resources in export markets have supported the strength in mining activity over the past three years. Overall, industry revenue is still expected to rise at an annualised 1.7% over the next five years to $13.9 billion.

## Competitive landscape

IBISWorld data shows that the Australian contract mining services industry is currently dominated by six major players based on their share of industry revenue. These major players account for 76% of total industry revenue, while minor players account for the remaining 24%. The key industry players and their respective market share are illustrated in the chart below:

Australian Contract Mining Services Market Share




**MACA Limited was acquired by Thiess in late October 2022 and Thiess is 50% owned by CIMIC Group.*
Source: IBISWorld, *Report OD1099 Contract Mining Services in Australia*, October 2022.

As shown above, market concentration is moderate with the industry comprising a small number of large operators and many smaller operators. To provide value to mining companies, contract miners typically need to achieve significant economies of scale and scope. Major mining companies tend to favour large contract mining firms, as these firms have access to experienced staff, a larger workforce and extensive mining equipment. This results in a challenge for smaller industry operators with less diversified service offerings to earn contracts in the mining sector, which is already limited and subject to movements in the mining cycle.

Among firms with a specific focus on underground contract mining services, other medium-sized competitors of note also include:

- Pit N Portal (Emeco subsidiary);
- Redpath Mining;
- RUC Cementation Mining (Murray & Roberts subsidiary); and
- WestAuz Mining (Kalgoorlie based).

Develop is a relatively new entrant to the industry, with their underground services division led by former Northern Star operation employees and former senior employees from Byrnecut.

### Outlook

Conditions in the contract mining services industry are expected to remain positive over the next five years. The rise in actual capital expenditure on mining and strong export demand for Australian resources is supporting this positive movement. The base metal price index is also forecast to increase modestly over the next five years and accompanied by forecasts for strong iron ore production volumes, this will benefit the contract mining service providers over the period. However, uncertainty surrounding trade tensions between Australia and China and the Russia-Ukraine conflict may cause downward pressure on Australian exports and commodity prices could lead to growth being stifled.

In Australia, several underground mining opportunities exist such as the Kathleen Valley Lithium Project owned by Liontown Resources Limited, expected to commence its underground operations in mid-2025, as well as the Havieron Gold Project, which is 60% owned by Newcrest Mining Limited and expected to commence in the second half of 2024. In addition, several advanced projects such as De Grey Mining Limited's Mallina Gold Project are currently assessing for underground potential.

We note in Develop's June 2023 quarterly activities report that Develop announced its withdrawal from the tender process for the underground contract at the Kathleen Valley Lithium Project. This was due to:

- the increased volume of work which may flow through the Essential Scheme;
- the ramp up of forecast labour requirements for its own mines;
- the significant expansion of the Kathleen Valley Project's scope including an increased labour force requirement; and
- strong inbound queries from other potential mining services clients, with several potential clients with projects scheduled to start in late 2023/early 2024.

Source: IBISWorld, *Report OD1099 Contract Mining Services in Australia*, October 2022, ASX Announcements, BDO Analysis.

## 9.3 Copper

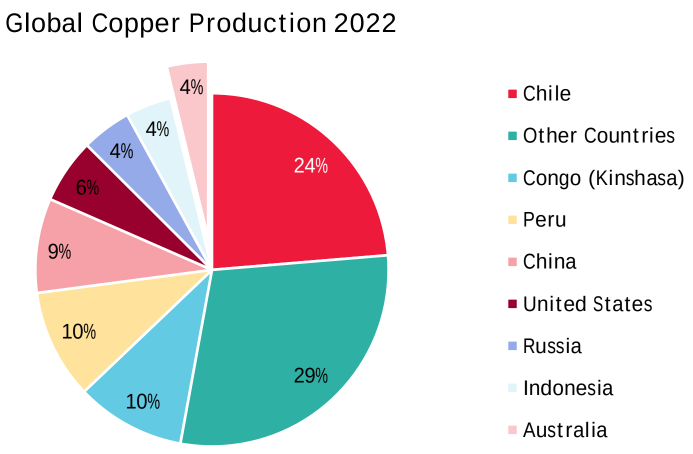
Copper is a soft, malleable, ductile metal used primarily for its electrical and thermal conductive properties and its resistance to corrosion. It is highly versatile and has a variety of applications in construction, electronics, communications, and transportation.

Copper occurs naturally in the Earth's crust in a variety of forms such as sulphide deposits, carbonate deposits and silicate deposits. Open pit mining is widely utilised in most copper producing countries although in Australia, approximately 93% of output is extracted through underground mining. Copper is often found in conjunction with gold, lead, cobalt or zinc, and a number of industry operators mine these metals and ores as well.

Copper concentrate is derived from an oxide through beneficiation processes and is then converted to copper products through smelting and refining. Copper's recycling rate is substantial since the metal is 100 percent recyclable and retains all of its beneficial properties following the recycling process.

## Copper production and reserves

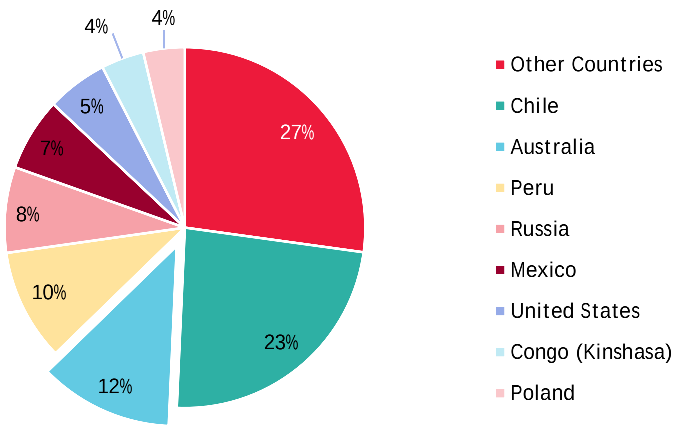
Most of the world's copper supply is sourced from Central and South America, specifically, Chile and Peru. Chile is the leading copper producer, with an estimated 5.20Mt of copper mined throughout 2022, equating to approximately 24% of the world copper production, down slightly from 29% in 2021. Congo, Peru and China are also significant producers, as per the chart below. Data from the International Copper Study Group shows global copper production grew by approximately 3.2% in the first eleven months of 2022.




Source: U.S. Geological Survey, January 2023

Chile also has the largest copper reserves globally, with Australia's reserves following closely as the second largest, according to the United States Geological Survey ('USGS'). As depicted in the chart below, Chile, Australia and Peru are estimated to collectively account for just over 40% of global reserves of copper.

Global Copper Reserves 2022

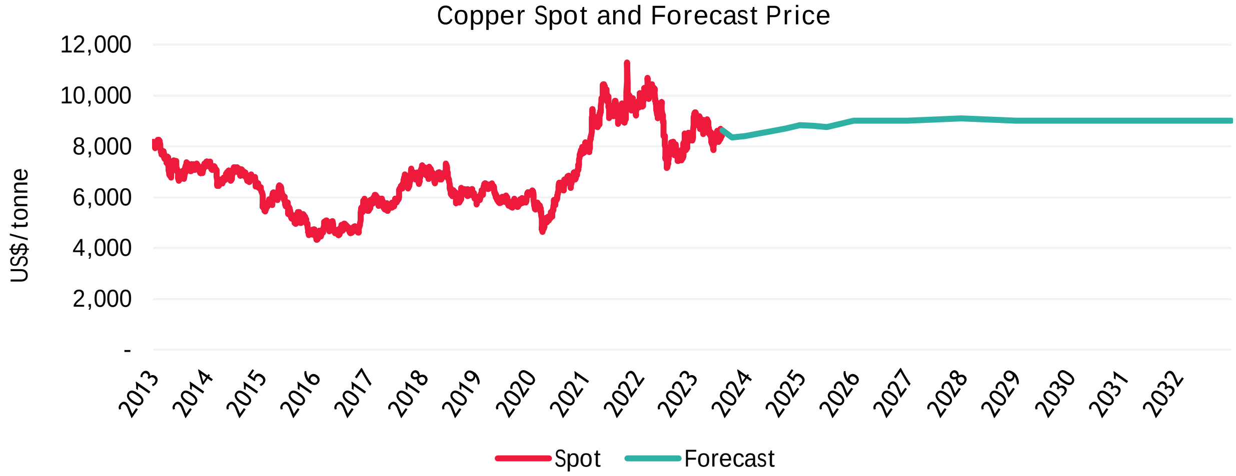



Source: U.S. Geological Survey, January 2023

## Copper prices

The US$ price for copper is quoted on the London Metal Exchange ('LME'). A key driver of the copper price relates to stock levels held in the LME warehouses, being large global copper depositories. Like zinc, copper prices are driven heavily by Chinese demand and mine production. The global balance between demand for and supply of copper, along with speculative influences, determines the price.

Copper Spot and Forecast Price




Source: Bloomberg and Consensus Economics Survey dated 14 August 2023

The figure above illustrates the historical fluctuations in the copper spot prices from January 2012 to July 2023 as well as the Consensus Economics forecasts for copper prices from the remainder of 2023 to 2033.

Between 2013 and 2017, the copper price steadily declined, before increasing in mid-February 2017, relating to a strike action at the world's largest copper mine Escondida, located in Chile. The average copper price traded around US$7,000/t for most of 2018 but then traded lower around US$6,000/t for most of 2019.

Global uncertainty and low confidence resulting from the emergence of the COVID-19 pandemic was a major influence in the decline in copper prices throughout the first quarter of 2020, with prices dropping to a 4-year low of US$4,625/t on 23 March 2020. The subsequent decline in global production stemming from global lockdown regulations in April and May 2020, coupled with an improvement in copper demand from China, caused prices to spike over the remainder of that year. Chinese government stimulus measures further increased Chinese demand, with the industry experiencing supply constraints and an excess of demand, which pushed the price to exceed US$10,000/t in May and June 2021. The price stumbled in late June following outbreaks of the Delta-variant of COVID and was US$9,800/t towards the end of July 2021. Prices remained stable until late October 2021, where copper hit a five-month high of over US$11,000/t, quickly declining back to around US$10,000/t. The price averaged around US$9,600/t for the remainder of 2021.

In the first quarter of 2022, copper prices remained relatively stable, averaging just under US$10,000/t. In late April 2022, prices began to fall sharply, averaging approximately $9,500/t in the second quarter, primarily attributable to concerns about supply disruptions stemming from Russia's invasion of Ukraine. In July 2022, prices reached a yearly low of US$7,160/t and remained volatile for the remainder of the third quarter, averaging US$7,700/t. This volatility mainly stemmed from competing supply and demand factors. Throughout the second half of the year demand for copper was capped by the war in Ukraine, global inflation, disrupted industrial activity and a stronger US dollar. Prices increased in the fourth quarter of 2022, reaching US$8,500/t in December as a result of supply disruptions in Latin America.

From January 2023 through July 2023, copper prices averaged US$8,709/t, and exhibited an increase on the back of the fourth quarter of 2022, primarily due to the expected demand increase associated with China's economic reopening, which coincided with a year to date high of US$9,330/t in January 2023. However, prices have since declined due to a decrease in industrial activity and uncertainty stemming from global inflationary pressures.

According to Consensus Economics, the medium term forecast copper price from 2025 to 2027 is expected to range between US$9,100/t and US$9,000/t, with the long term (2028-2032) nominal forecast at approximately US$9,000/t.

Source: Bloomberg, Consensus Economics, IBISWorld and S&P Global.

## 9.4 Zinc

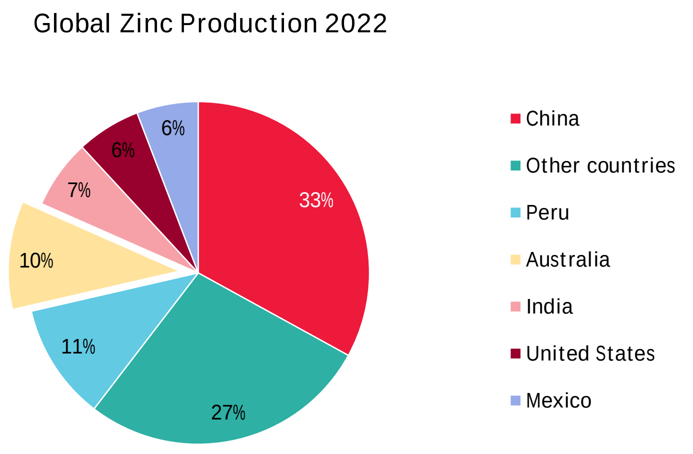
Globally, zinc is the most used metal after iron, aluminium and copper. It is typically found in complex deposits alongside lead and silver. It is an element known for its unique protective capacity given it is resistant to corrosion and, as such, a substantial portion of zinc is used for galvanising iron and steel. Other uses include the production of zinc alloys, for example, brass from the combination of zinc and copper. Zinc is also used in chemical forms, for example in the pharmaceutical industry for skin products.

Almost all of Australia's zinc mines are underground operations and are highly mechanised. Typically, zinc ore is drilled and blasted before being transported to underground rock crushers. The crushed ore is subsequently hoisted or trucked to the surface, where it is subject to additional crushing and grinding. A flotation process is then used to separate the zinc and other valuable sulphide minerals from the waste rock particles or tailings to generate a concentrate.

Zinc was recently added to the official US Critical Minerals List of 2022 prepared by the USGS. This means that the USGS has identified zinc as vital to the well-being of the US economy and at risk of significant movements in the global supply chain.

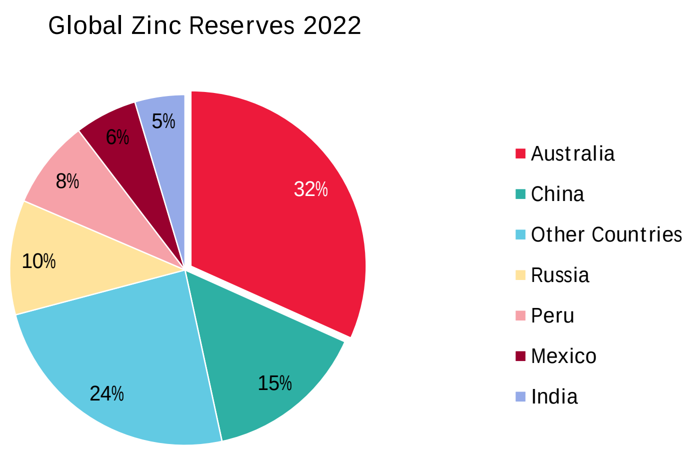
## Zinc production and reserves

As per the chart below, China remains the largest producer of zinc globally and is also the largest consumer of zinc primarily for its steel applications. Peru and Australia follow as the second and third largest producers, respectively.




Source: USGS, January 2023

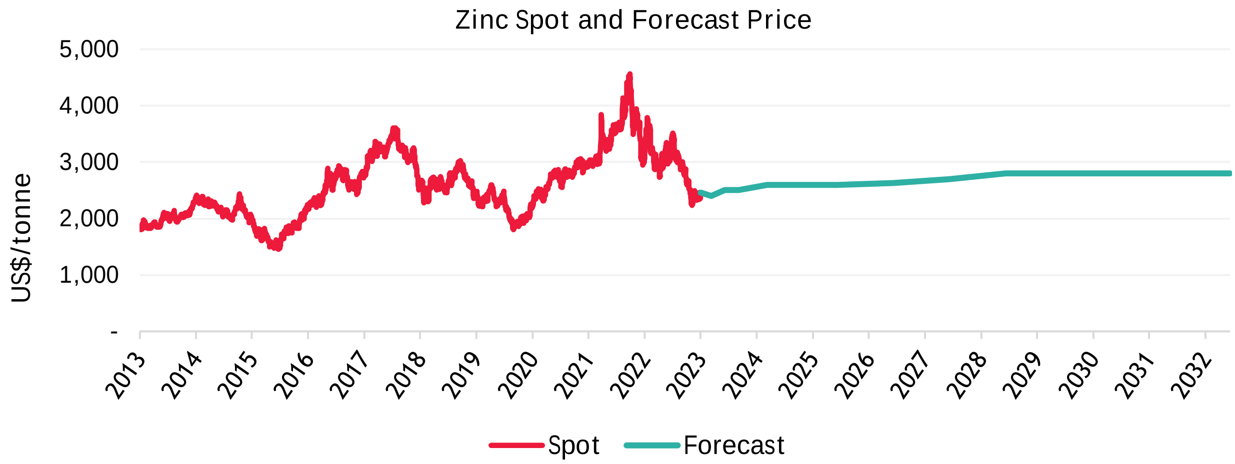
Australia has the world's largest deposits for zinc, with a substantial portion of zinc reserves located in the state of Queensland and the Northern Territory. Globally, China and Russia also have substantial portions of zinc reserves. The chart below outlines global zinc reserves by country for 2022.




Source: USGS, January 2023

## Zinc prices

The United States dollar price for zinc is quoted on the LME. A key driver of the zinc price relates to the stock levels held in the LME warehouses, the largest global zinc depository. The global balance between demand and supply for zinc, along with speculative factors determines the price of zinc.




Source: Bloomberg and Consensus Economics Survey dated 14 August 2023

The graph above illustrates the historical fluctuations in the zinc spot prices from January 2012 to July 2023, as well as the Consensus Economics forecasts for zinc prices from the remainder of 2023 to 2033.

As a result of the demand drivers for base metals, the price of zinc has closely followed global economic conditions. After the global financial crisis in 2008, the price of zinc steadily recovered in line with global economic recovery and climbed to US$3,500/t in February 2018. Prices started to decline throughout 2018 and 2019 as Chinese zinc production started to increase.

The onset of the COVID-19 pandemic prompted prices to fall to a five-year low of US$1,802/t on 24 March 2020 as global markets were disrupted by lockdowns and infrastructure spending was reduced. However, prices have since rallied over a mismatch between supply and demand, particularly as the initial economic recovery from the pandemic outpaced global zinc output. In April 2022, zinc prices reached an all-time high, exceeding US$4,500/t, which was partially attributable to production constraints caused by high energy prices across Europe, the permanent closure of the Flin Flon smelter in Canada and disruptions at several other smelters. Subsequently, prices have declined an average of US$2,782/t from January 2023 to July 2023, which is reflective of moderating energy prices across Europe, the easing of China's COVID-19 restrictions and the general unwinding of smelter disruptions.

According to Consensus Economics, prices are forecast to weaken slightly, as demand and supply imbalances stabilise over the medium-term. The forecast price of zinc is expected to remain within the band of US$2,700/t and US$2,600/t and subsequently increase to a long term (2028-2032) nominal forecast around US$2,800/t.

Source: Bloomberg, Consensus Economics, IBISWorld, and S&P Global.

## 9.5 Lithium

Lithium is a soft, silver-white metal belonging to the alkali metal group of chemical elements and is the lightest and least dense metal. It has excellent potential for power generation due to its reactivity, however, does not occur naturally as a metal in nature. Lithium occurs rather as chemical compounds which are extracted from ores of spodumene or from subsurface brines. Other sources of lithium include minerals such as lepidolite or petalite, and non-conventional sources.

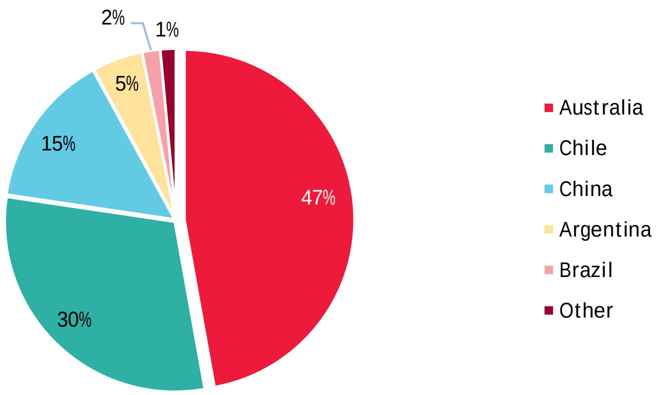
Lithium's use in batteries has increased significantly in recent years as rechargeable lithium batteries are used extensively in the growing market for portable electronic devices and increasingly in electric tools, EVs and grid storage applications. It is also used to strengthen and improve resistance in glasses and ceramics, along with being alloyed with aluminium and copper to reduce weight in airframe structural components.

Growth in the electric car manufacturing industry particularly is a key driver for lithium demand, as major players within the industry, including Tesla, expand production and increasingly target mainstream markets. This has driven many electric car manufacturers to form strategic alliances and joint ventures with lithium mining companies to establish a reliable, diversified supply of lithium.

## Lithium production and reserves

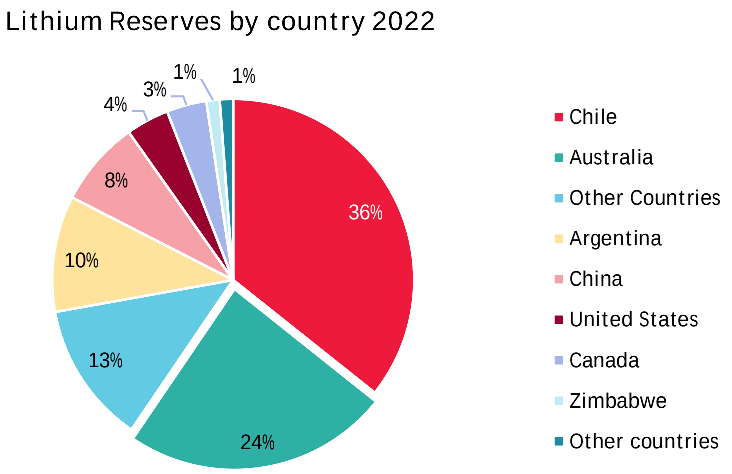
According to data released by the USGS Australia was the leading producer of Lithium in 2022, contributing approximately 61,000 tonnes of lithium, equating to 47% of global lithium production.

Global Lithium Production 2022




Source: U.S. Geological Survey, January 2023
*excluding undisclosed United States production data

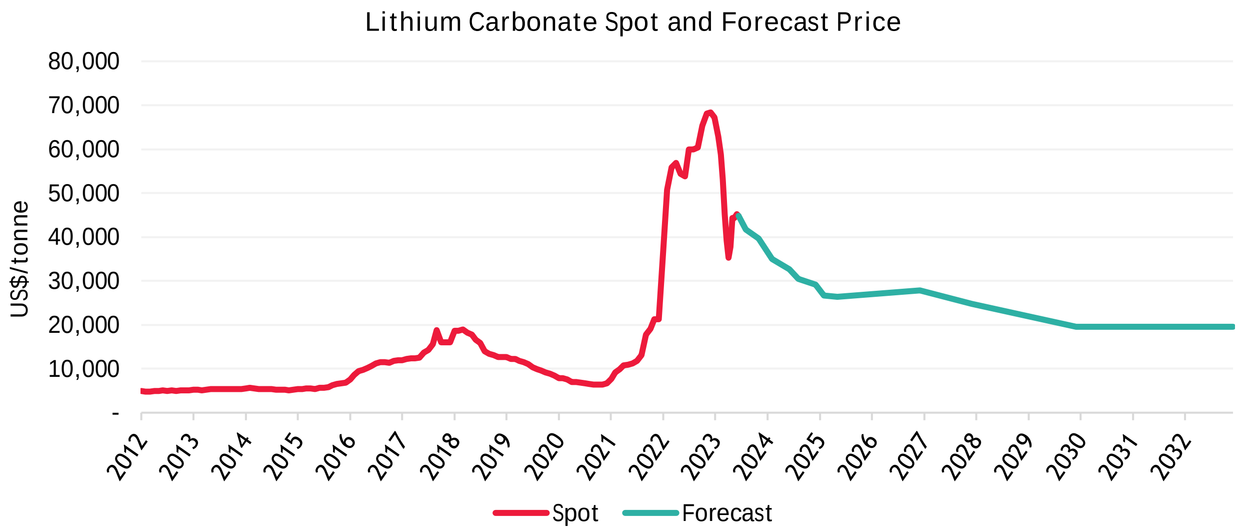
Whilst Chile was the second largest producer of lithium, it holds the largest amount in reserves by a substantial margin. As of 2022, Chile held approximately 9.3 Mt of lithium, accounting for approximately 41% of global reserves, followed by Australia which held approximately 6.2 Mt, representing 24% of global reserves.




Source: U.S. Geological Survey, January 2023

## Lithium prices

Lithium trade is usually confined to a small number of producers and their customers, and as such, contract terms such as pricing are privately negotiated. Furthermore, there are an extensive range of products that can be made from lithium which leads to a range of prices that are dependent on the product and its purity.




Source: S&P Global Market Intelligence, Consensus Economics Survey dated 14 August 2023

The figure above illustrates the historical fluctuations in the global average lithium carbonate spot prices from January 2012 to July 2023 and the consensus economics forecast for lithium carbonate prices for the remainder of 2023 through to 2033.

The strong performance of the lithium price over 2016 and 2017 was reversed in subsequent years through to 2020 as a correction in the oversupply and the delay in demand across the industry played out. Just as higher prices incentivised the rapid commissioning of production capacity throughout the supply chain, the slide in lithium prices led to output curtailments or suspensions of production. Subsequently, prices fell below US$10,000/t in 2020.

The combination of the existing aforementioned supply issues and a substantial increase in consumer demand since 2021 has placed significant upward price pressures on lithium. A substantial portion of consumer demand is driven by Tesla and other auto makers, as global EV sales have grown considerably over the past decade. Additionally, global supply side issues, originating from the COVID-19 pandemic have further exacerbated prices in the lithium market, with spot prices exceeding US$59,000/t in July 2022.

Lithium carbonate prices increased further in August 2022 owing to the Chinese domestic market, where stronger-than-anticipated lithium demand, driven by electric vehicle demand, outpaced lithium supply significantly. Subsequently, in November 2022, lithium prices reached a record high of US$68,500/t, primarily due to the Chinese government's extension of its electric vehicle subsidy programme, combined with an effort from refiners and battery manufacturers to build up inventories in response to concerns surrounding global supply chains.

Lithium prices have fallen to approximately US$45,000/t in June 2023, representing a 34% decline from the record price reached in November 2022. This decline coincides with a broad slowdown of growth in China's electric vehicle market, and as downstream companies in the industry continue to work down their inventories. According to Consensus Economics, the medium term forecast lithium price from 2025 to 2027 is expected to range between US$27,833/t and US$22,083/t, with the long term (2028-2032) nominal forecast at approximately US$19,563/t.

Source: Bloomberg, Consensus Economics, IBISWorld, Reuters and S&P Global.

## 9.6 Gold

Gold is a soft malleable metal which is highly desirable due to its rarity, permanence, and unique mineral properties. Gold has been used in jewellery and as a form of currency for thousands of years, however more recently, there has been increasing demand for its use in the manufacture of electronics, dentistry, medicine, and aerospace technology.

In addition to its practical applications, gold also serves as an international store of monetary value. Gold is widely regarded as a monetary asset as it is considered less volatile than world currencies and therefore provides a safe haven investment during periods of economic uncertainty.

The nature of the ore deposit determines the mining and mineral processing techniques applied. Gold contained in oxide ore deposits are typically of low grade and are simple to extract and readily amenable by cyanidation. Consequently, highly disseminated gold can be contained within sulphide minerals which require mining, crushing, grounding and to be followed by gravity separation to recover the gold, subject to flotation to concentrate the sulphide mineral fraction containing the gold. Inherently, the costs associated with the treatment of oxide ore are significantly less than of sulphide ores.

Once mined, gold continues to exist indefinitely and is often melted down and recycled to produce alternative or replacement products. Consequently, demand for gold is supported by both gold ore mining and gold recycling. A summary of the recent historical supply of gold is provided in the table below:

| Gold supply (tonnes) | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|
| Mine production | 3,576 | 3,656 | 3,596 | 3,482 | 3,589 | 3,649 |
| Net producer hedging | (26) | (12) | 6 | (39) | (7) | (11) |
| Recycled gold | 1,112 | 1,132 | 1,276 | 1,293 | 1,136 | 1,141 |
| Total supply | 4,662 | 4,776 | 4,878 | 4,736 | 4,718 | 4,779 |

Source: World Gold Council 2022 Statistics, 31 March 2023

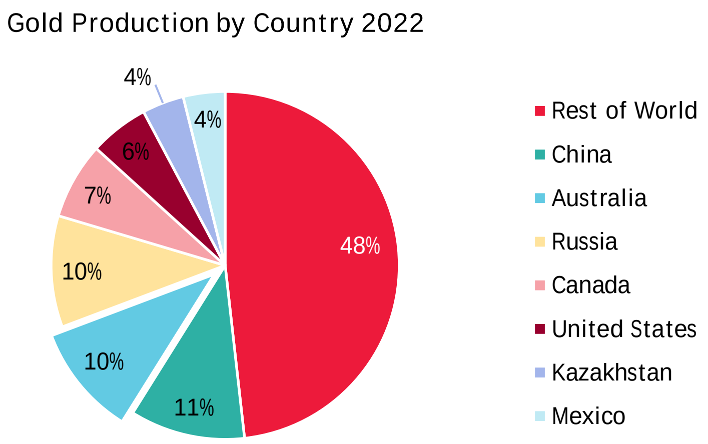
The World Gold Council expects gold to remain supported with potential upside for the latter half of 2023. Increased financial uncertainty from weakening global economic conditions should see gold experience stronger demand on the back of a weaker US dollar and rangebound bond yields. However, the risk of tighter monetary policy or an economic soft landing could result in gold divestment.

Gold ore mining is a capital intensive and high-cost process, which becomes increasingly difficult and more expensive as the quality of ore reserves diminish. The industry also incurs many indirect costs related to exploration, royalties, overheads, marketing and native title law. Typically, many of these costs are fixed in the short term as a result of industry operators' inability to significantly alter cost structures once a mine commences production.

The gold industry is geographically diverse as China, Australia and Russia lead global gold production. According to the USGS, total estimated global gold ore mined for 2022 was approximately 3,100 metric tonnes. The chart below illustrates the estimated global gold production by country for 2022.

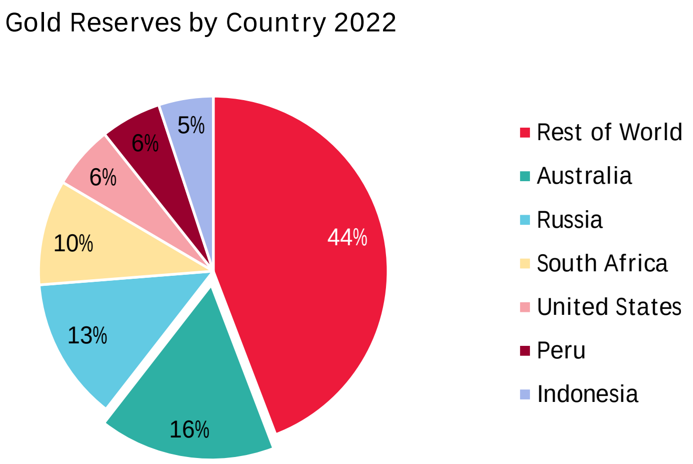
## Gold production and reserves

The USGS estimates that overall global gold production in 2022 remained relatively unchanged from 2021 as production decreases in Papua New Guinea and the United States were more than offset by production increases in Colombia, Indonesia and Burkina Faso.




Source: U.S. Geological Survey, January 2023

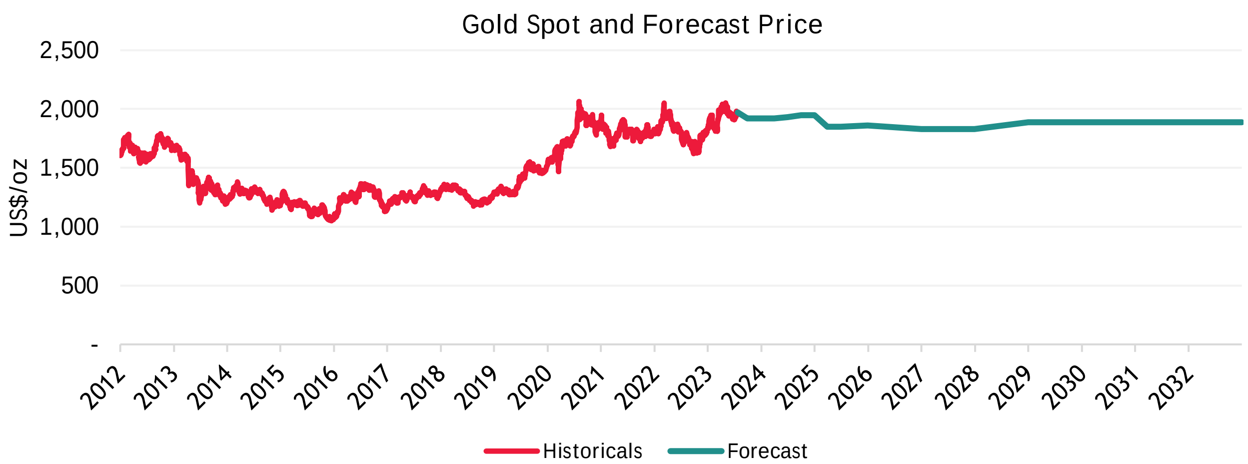
Despite China leading global gold production in 2022, Australia, Russia and South Africa hold the largest known gold reserves globally. As depicted below, the USGS estimates that collectively, these three countries account for approximately 39% of global gold reserves.




Source: U.S. Geological Survey, January 2023

According to the 2023 USGS, Australia's gold reserves amount to 8,400 tonnes, representing over 16% of global reserves and the largest held by any one country. IBISWorld estimates domestic industry revenue will fall by an annualised 2.7% over the five-year period through to 2027-28, to approximately $19.8 billion. This is largely expected to be the result of a forecast decline in domestic gold prices, a stronger Australian dollar and a higher interest rate environment that is estimated to persist.

## Gold prices




Source: Bloomberg and Consensus Economics Survey dated 14 August 2023

The figure above illustrates the historical fluctuations in the gold spot prices from January 2012 to July 2023 and the consensus economics forecast for gold prices for the remainder of 2023 through to 2033.

The start of 2013 saw the price of gold enter a declining trend, falling from the US$1,700 level to approach US$1,100 over the subsequent few years. The downturn represented the beginning of a correction in the gold price, which had almost tripled in the two-year period prior to the European crisis in 2011. Over the period from 2014 through to 2019, the gold price fluctuated primarily between US$1,100 and US$1,400.

Gold prices fluctuated significantly throughout 2020. Demand for gold increased in response to the uncertainty created by the global spread of COVID-19, as investors prioritised safe haven assets. In late

March 2020, the increasing demand for gold was interrupted by a panic selloff as investors began to realise their profits amidst the growing uncertainty caused by the crisis. Gold spot prices fell to a yearly low of US$1,471, before rallying in late July and early August to exceed US$2,000. The COVID-19 crisis was the primary driver of the gold price, as central banks injected trillions of dollars into financial markets and investors prioritised safe haven assets. Additionally, the prevailing low interest rate environment across 2020 increased access to capital, which further spurred investment in gold.

Through to early January 2021, the price of gold increased as a result of further fallout from the US Election, climbing back over US$1,900 after remaining in the US$1,800s through most of December 2020. For the rest of 2021, the price of gold traded between US$1,600 and US$1,900 as demand fluctuated throughout the year. Rising US treasury yields initially threatened gold's appeal as an inflation hedge by increasing the opportunity cost of holding the precious metal. However, concerns regarding the spread of the Delta variant increased gold's safe haven appeal, and subsequently, the price of gold climbed back above the US$1,800 mark in early July 2021. This was quickly reversed in the following months as the US Federal Reserve signalled policy tightening sooner than anticipated which drove US treasury yields and a stronger US dollar. Towards the end of the year, gold prices significantly strengthened following the US Federal Reserve's announcement to reduce purchases of Government bonds and the release of US inflation data which revealed an annualised inflation rate of 6.2%, its highest level since 1990.

The invasion of Ukraine by Russia in February 2022 saw gold prices climb above US$1,900 and peak at US$2,039 during March, in response to several economic sanctions on Russia and the release of US inflation data which indicated an annualised inflation rate of 8.5%. In May 2022, the price of gold weakened to US$1,800 following the US Federal Reserve's aggressive monetary tightening to control rising inflation. The gold price continued to decline until September 2022, before it staged a recovery driven by a combination of slowing US inflation, depreciation of the US dollar, and increased gold demand by central banks for reserve diversification.

The first quarter of 2023 witnessed several financial institutions, such as the Credit Suisse Group AG and the Silicon Valley Bank, face severe liquidity and investor confidence issues which were supportive factors for the price of gold. Early April 2023 saw gold prices surpass US$2,000 as investors speculated a nearing of the end of interest rate tightening in the US. The latter half of May 2023 saw gold prices pull back below US$2,000 where they have stayed during June 2023 finishing the month at approximately US$1,950. The increased viability of gold as a hedge against current inflation and emerging market central banks continuing to purchase gold to diversify from the US dollar and US bonds have also contributed to the price hike. Gold continues to be a safe haven asset relied upon during times of volatility.

Consensus Economics forecasts the price of gold to exhibit a declining trend over the period to the end of 2026, from which point it is expected to stabilise over the longer term and remain high in comparison to historical levels. According to Consensus Economics, the medium term forecast gold price from 2025 to 2027 is expected to range between US$1,860/oz and US$1,830/oz, with the long term (2028-2032) nominal forecast at approximately US$1,890/oz.

Source: Bloomberg, Consensus Economics, IBISWorld, World Gold Council and Reuters

## 9.7 Nickel

Nickel is primarily sold for consumption as a refined metal in the form of cathode, powder, or briquette. It is also sold as a ferronickel, and over 70% of nickel consumed in the developed world is used to make austenitic stainless steel and non-ferrous alloys. It is widely regarded for its corrosion resistance and is commonly used in super-alloys for fabrication of critical engine components and for other performance products and industries. Other uses include rechargeable batteries, catalysts, plating and foundry products.

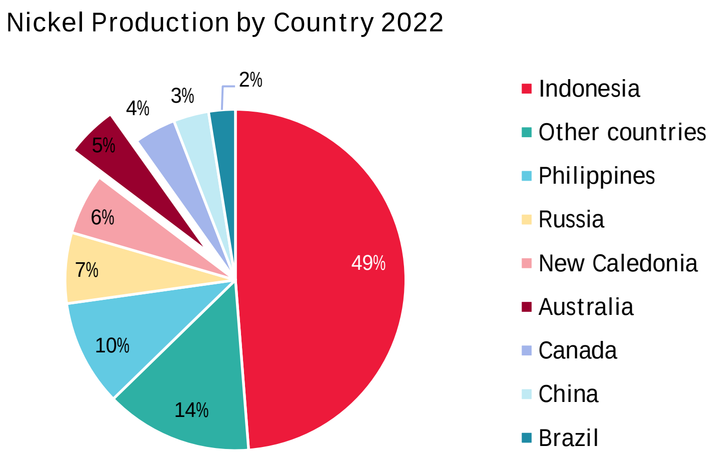
Nickel provides a key cathode material used in the production of electric vehicle batteries. As electric vehicles batteries are expanded in scale to increase the distances electric vehicles can travel, and their performance, more nickel will be needed per battery. With growing electric vehicle production, and greater demand for large batteries, nickel demand and prices are projected to increase rapidly. The rechargeable batteries market is anticipated to grow significantly over the coming years, with the sector's consumption forecasted to near 35% by 2030. As global trends will move towards a lower-carbon future, there will be a significant increase in demand for nickel to produce cleaner energy technologies.

### Nickel production and reserves

In 2022, the majority of the world's nickel was produced in Indonesia (49%), the Philippines (10%), and Russia (7%). Throughout 2022, estimated global nickel production increased by about 20%, with almost all of the increased production attributed to Indonesia, which was aided by the ongoing commission of integrated stainless-steel projects and nickel pig iron.

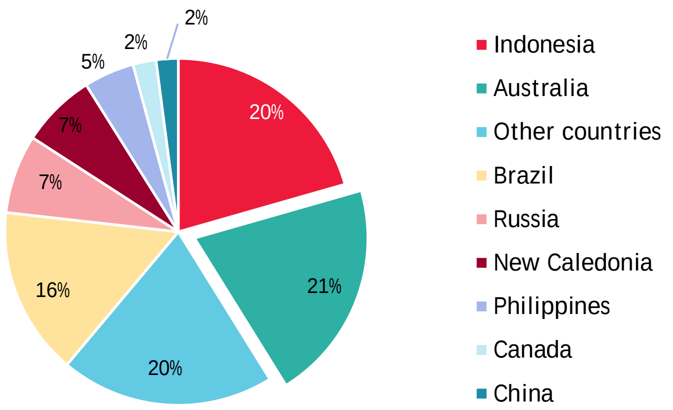
While overall production has increased in response to higher prices, in recent years production of refined nickel has decreased as the lower relative cost of nickel pig iron has attracted demand from steel producers. Nickel pig iron is a substitute for pure nickel in the production of stainless steel. Another key production trend has been the increasing volume of nickel sulphate sold, buoyed by increasing demand for batteries used in electric vehicles and energy storage.

The graphs below illustrate estimated production output for 2022 and nickel reserves by country:




Source: U.S. Geological Survey, January 2023

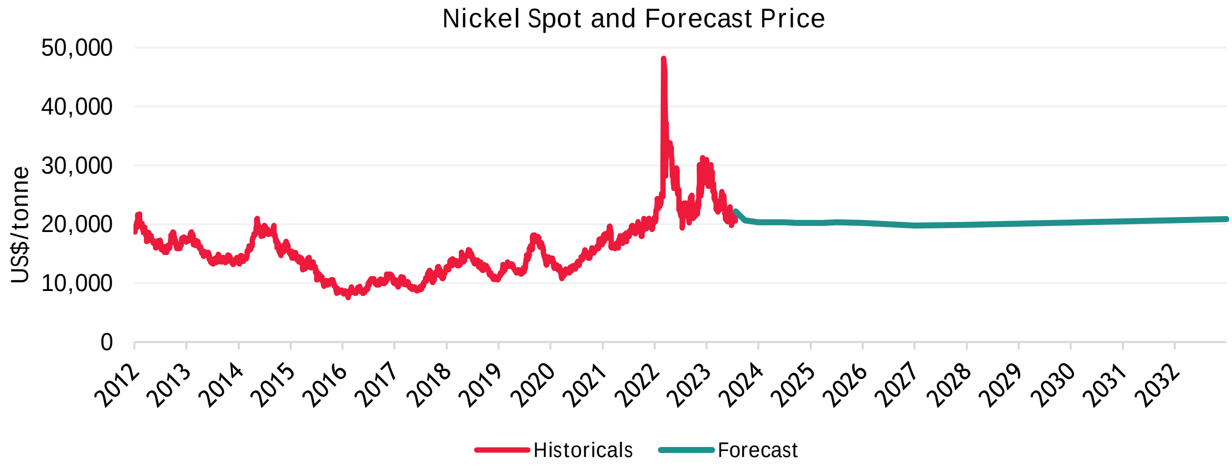
A figure illustrating the world's nickel reserves is illustrated below:




Source: U.S. Geological Survey, January 2023

As the graphs above indicate, notwithstanding Indonesia's dominance in global nickel production, Australia's nickel production and, in particular its nickel reserves, are significant compared to other countries. IBISWorld forecasts Australia's output to continue increasing over the next five years as new mines start production and existing mines expand output.

## Nickel prices




Source: Bloomberg and Consensus Economics Survey dated 14 August 2023

The figure above illustrates the historical fluctuations in the nickel spot prices from January 2012 to July 2023 and the consensus economics forecast for nickel prices for the remainder of 2023 through to 2033.

Between 2013 and 2017, the nickel price steadily trended downwards, with the exception of a significant, short-lived price spike in mid-2014 resulting from the Indonesian government's ban on nickel exports, with concerns of future supply shortages. Indonesia is the world's largest nickel producer, and while the ban was relaxed in 2017 following the budget deficit in 2016, the government had plans to reimpose the ban in 2022. However, in 2019 the nickel price surged as the government brought the export ban forward to January 2020. The COVID-19 pandemic had a relatively marginal impact on the nickel industry, with prices dipping slightly in 2020. Although global consumption of nickel contracted in 2020 as production in the stainless steel and the automotive sectors were curtailed due to lockdown measures, China's demand for nickel for use in stainless steel remained relatively high throughout, resulting in a large increase in Chinese net exports of stainless steel for the year.

Nickel prices were particularly volatile early in 2022. In March, after the onset of the conflict between Russia and Ukraine, prices surged, which disrupted nickel trading on the LME for approximately two weeks. Monthly average prices peaked in March, but began to decline through July, and stabilised for the remainder of the year. In 2023, nickel prices have been negatively impacted by China's delayed recovery from the COVID-19 pandemic, with reduced steel production hindering demand.

The average nickel price from July 2013 through July 2023 was US$15,259 per tonne, ranging from a low of US$7,562 per tonne on 11 February 2016 to a high of US$48,201 per tonne on 7 March 2022. According to Consensus Economics, the medium-term forecast nickel price from 2025 to 2027 is expected to range between approximately US$20,278 per tonne and US$19,787 per tonne, with the long term (2028-2032) nominal forecast at approximately US$20,903.

Source: Bloomberg, Consensus Economics and IBISWorld

# 10. Valuation approach adopted

As detailed in Section 3.3 of our Report, our evaluation of the Scheme's fairness is predicated on how the value of 6.18 Essential shares prior to the Scheme compares to the value of a share in the Proposed Merged Entity to be received by Shareholders as consideration under the Scheme, on a minority interest basis.

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('FME')
- Discounted cash flow ('DCF')
- Quoted market price basis ('QMP')
- Net asset value ('NAV')
- Market based assessment (such as a Resource Multiple)

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

It is possible for a combination of different methodologies to be used together to determine an overall value where separate assets and liabilities are valued using different methodologies. When such a combination of methodologies is used, it is referred to as a 'sum-of-parts' ('Sum-of-**Parts**') valuation.

The approach using the Sum-of-Parts involves separately valuing each asset and liability of a company. The value of each asset may be determined using different methods as described above. The component parts are then aggregated to arrive at a value of the company.

## 10.1 Valuation of Essential

In our assessment of the value of an Essential share (which is then used to determine the aggregate value of 6.18 Essential shares), we have chosen to employ the following methodologies for the reasons set out below:

- Sum-of-Parts as our primary methodology, which estimates the market value of a company by assessing the realisable value of its identifiable assets and liabilities. The value of each asset and liability may be determined using different methods and the component parts are then aggregated. The value derived from this methodology reflects a control value;
- QMP as our secondary methodology, representing the value that a Shareholder may receive for a share if it were sold on market. The value derived from this methodology reflects a minority interest value; and
- A market based assessment as a tertiary methodology based on the cash offer price of $0.50 for an Essential share under the TLEA Scheme, which was announced on 9 January 2023. This is on the basis that the TLEA Scheme represents a recent genuine offer for the acquisition of all the issued capital in Essential and hence is an indicator of the value of Essential shares.

We have chosen these methodologies for the following reasons:

- We have adopted the Sum-of-Parts approach as our primary valuation method. We consider that the core value of Essential lies in the value of its mineral assets (which are currently not producing assets and they are not generating any cash flows). Consequently, we consider that the Sum-of-Parts approach to be the most appropriate methodology. We have instructed Valuation and Resource Management Pty Ltd ('VRM') to provide an independent market valuation of the Company's mineral assets, which is incorporated in our Sum-of-Parts;

- We have adopted the QMP as a secondary methodology due to Essential's shares being listed on the ASX. This means there is a regulated and observable market where Essential's shares can be traded. However, in order for the QMP methodology to be considered appropriate, the listed shares should be liquid and the market should be fully informed of the company's activities. As detailed in Section 10.2, we consider there to be a highly liquid and active market for Essential shares. Therefore, we have utilised the QMP approach as our secondary valuation methodology in determining the value of an Essential share prior to the Scheme;
- We have considered the TLEA Scheme offer price of $0.50 as an indicator of the value of an Essential share. RG 111.86(e) states that an expert must consider *"any recent genuine offers received by the target for the entire business, or any business units or assets as a basis for valuation of those business units or assets"*. RG 111.87-89 also provide guidance on how an alternative bidder price may be considered when assessing value of a target's securities. This is discussed further in our valuation section below;
- The FME methodology is most commonly applicable to profitable businesses with steady growth histories and forecasts. Essential's mineral assets do not currently generate any income, nor are there any historical profits that could be used to represent future earnings. Furthermore, the FME methodology is not considered appropriate for valuing finite life assets such as mining assets, therefore, we do not consider the application of the FME approach to be appropriate; and
- In order for a valuation to be performed based on future net cash inflows sufficient reasonable grounds must exist to allow the expert to rely on those future cash flows. Guidance on this in the context of an IER is provided in Regulatory Guide 170 'Prospective Financial Information' (**'RG 170'**) and Information Sheet 214: Mining and Resources: Forward-looking Statements (**'IS 214'**). IS 214 states that 'Forward-looking statements underpinned by ore reserves provide the greatest comfort to an independent expert providing a valuation, and the least risk that the valuation will be misleading'. Essential released a scoping study for the Pioneer Dome project on 7 February 2023 based on the December 2022 mineral resource upgrade. A scoping study is based on low-level technical and economic assessments and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development, or to provide certainty that the conclusions of the Scoping Study will be realised. As such, a scoping study does not provide sufficient reasonable grounds for an expert to use to support a valuation in the context of an independent expert report, therefore we do not consider the application of the DCF approach to be appropriate.

## Technical Expert

In performing our valuation of Essential's mineral assets, we have relied on the Independent Technical Assessment & Valuation Report prepared by VRM (the 'VRM **Report'**), which includes an assessment of the market value of Essential's mineral assets.

The VRM Report has been prepared in accordance with the Australasian Code for Public Reporting of Technical Assessments and Valuation of Mineral Assets (2015 Edition) (**'VALMIN Code'**) and the JORC Code.

We are satisfied with the valuation methodologies adopted by VRM which we believe are in accordance with industry practices and are compliant with the requirements of the VALMIN Code. The specific valuation methodologies used by VRM are referred to in the respective sections of our Report and in further detail in the VRM Report contained in Appendix 6.

## 10.2 Valuation of the Proposed Merged Entity

In our assessment of the valuation of the value of a share in the Proposed Merged Entity, we have chosen to employ the following methodologies:

- Sum-of-Parts as our primary methodology (discussed in Section 10.2.1);
- QMP as our secondary methodology, on the basis that the post-Scheme announcement price of a Develop share is an indicator of the value of the Proposed Merged Entity; and
- A market based assessment as a tertiary methodology based on the July Capital Raising price of $3.20 for a Develop share, which was raised subsequent to the announcement of the Scheme from both institutional and retail investors.

Under RG 111.34, it is noted that if, in a scrip bid, the target is likely to become a controlled entity of the bidder, the bidder's securities can also be valued using a notionally combined entity. However, it should still be noted that the accepting holders are likely to hold minority interests in that combined entity. Therefore, on the basis that Essential Shareholders will become minority interest holders in the Proposed Merged Entity, our valuation of a share in the Proposed Merged Entity is on a minority interest basis.

### 10.2.1. Sum-of-Parts of the Proposed Merged Entity

Under our Sum-of-Parts method, our valuation of a share in the Proposed Merged Entity considers:

- The value of Essential;
- The value of Develop;
- The present value of corporate costs of the Proposed Merged Entity;
- The present value of taxes payable by the Proposed Merged Entity;
- The impact of transaction costs pursuant to the Scheme;
- The adjusted number of shares on issue following the implementation of the Scheme; and
- The application of a minority interest discount.

The valuation approaches used in assessing the value of Essential are consistent with Section 10.1 above.

The valuation of Develop, which forms part of our valuation of the Proposed Merged Entity, employs the Sum-of-Parts methodology by aggregating the estimated fair market values of its underlying assets and liabilities, having consideration to the:

- Value of Develop's Mining Services Business segment, applying the DCF methodology;
- Value of Develop's operating assets, applying the DCF methodology to the following projects:
    - The Sulphur Springs Project;
    - The Woodlawn Project; and

- Develop's interest in the Whim Creek and other JVs having reliance on the valuation carried out by an independent technical expert;

- Value of Develop's other mineral assets and residual resources having reliance on the valuation carried out by an independent technical expert; and
- Value of other assets and liabilities of Develop, applying the cost approach under the NAV method.

Our assessment also considers the dilutive impact of any in-the-money Develop options currently on issue.

## Technical Expert

In performing our valuation of Develop's 100% interest in the Sulphur Springs and Woodlawn Projects using the DCF method, we have relied on the technical assessment and valuation report prepared by SRK Consulting Australasia (Pty) Ltd ('SRK') (the 'SRK **Report'**), which includes a review of the technical project assumptions contained in the cash flow models for Sulphur Springs and Woodlawn.

Additionally, we have relied on SRK's valuation of the residual resources (Mineral Resources and exploration assets) not included in the DCF valuation, along with the value of Develop's JV interests in certain mineral assets.

The SRK Report has been prepared in accordance with the VALMIN Code and the JORC Code. We are satisfied with the valuation methodologies adopted by SRK which we believe are in accordance with industry practices and are compliant with the requirements of the VALMIN Code. The specific valuation methodologies used by SRK are referred to in the respective sections of our Report and in further detail in the SRK Report contained in Appendix 7.

### 10.2.2. QMP of Develop following the announcement of the Scheme

We have also considered the QMP of Develop following the announcement of the Scheme as an approach to valuing a minority interest in the Proposed Merged Entity.

The market price of Develop shares in the period following the announcement of the Scheme is considered to be an indicator of the value of a share in the Proposed Merged Entity because market participants are fully informed as to the terms of the Scheme, with the price reflecting the market's view of value if the Scheme is successful. Therefore, the market price of Develop following the Scheme represents the valuation of Develop with inclusion of the acquisition of Essential and the associated dilution from issuing Scheme Consideration shares in Develop.

We note that there are other market factors which may influence the Develop share price following the announcement of the Scheme, such as industry changes, commodity prices, significant corporate actions and other market factors. As such, we have also conducted an analysis of movements in the ASX All Ordinaries Index, as a proxy for the market and the S&P/ASX 300 Metals and Mining index as a proxy for Essential and Develop's industry, over the same post-announcement period.

We note that market pricing can be volatile and as such, we have assessed post-announcement pricing on a volume weighted average price over a number of different time periods in order to smooth the day to day price fluctuations.

### 10.2.3. Post-announcement July Capital Raising price of $3.20

On 3 July 2023, in conjunction with the announcement of the Scheme, Develop also announced the $50 million July Capital Raising, which was fully underwritten. The July Capital Raising comprised a share placement to raise $30 million and a 1 for 29 entitlement offer to raise $20 million. At the time of the announcement, the market capitalisation of Develop was approximately $625 million, and hence the July Capital Raising represented approximately 8% of Develop's market capitalisation.

All new Develop shares under the July Capital Raising were issued at a price of $3.20 per share. The placement and institutional entitlement offer were completed on 5 July 2023 and raised $40.9 million. The retail entitlement offer was completed on 28 July 2023, with subscriptions from retail investors raising $3.4 million out of the intended $9.1 million, and the balance of $5.7 million subscribed for by the underwriters.

RG 111.86(e) states that the expert should consider "*any recent genuine offers received by the target for the entire business, or any business units or assets as a basis for valuation of those business units or assets*".

Whilst we note that the $3.20 placement price does not represent a controlling offer for the entire business of Develop, we considered the size of the July Capital Raising significant enough to be an indicator of the fair value of Develop's shares on a minority interest basis. This is supported by the successful completion of the July Capital Raising, which indicates that market participants were willing subscribers to the $3.20 price offered by Develop.

Furthermore, the July Capital Raising was announced in conjunction with the announcement of the Scheme and was completed subsequent to the announcement of the Scheme. This means that market participants had sufficient time to price the information of the Scheme into subscribing to the offer price of $3.20 a share. Therefore, with its successful completion, the July Capital Raising price can be said to be an indicator of the value of a minority interest share in the Proposed Merged Entity.

# 11. Valuation of Essential

## 11.1 Sum-of-Parts Valuation of Essential

We have employed the Sum-of-Parts methodology in estimating the fair market value of an Essential share on a control basis prior to the Scheme, by aggregating the estimated fair market values of its underlying assets and liabilities, having consideration of the following:

- Value of Essential's mineral assets; and
- Value of Essential's other assets and liabilities.

Our Sum-of-Parts valuation is set out in the table below:

| Statement of Financial Position | Ref | Reviewed as at 31-Dec-22 $'000s | Adjusted Low $'000s | Adjusted Preferred $'000s | Adjusted High $'000s |
|---|---|---|---|---|---|
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | a) | 9,779 | 7,966 | 7,966 | 7,966 |
| Trade and other receivables | b) | 459 | 251 | 251 | 251 |
| Investments | | 75 | 75 | 75 | 75 |
| Prepayments | | 15 | 15 | 15 | 15 |
| TOTAL CURRENT ASSETS | | 10,328 | 8,306 | 8,306 | 8,306 |
| NON-CURRENT ASSETS | | | | | |
| Exploration and evaluation assets | c) | 19,438 | 62,800 | 87,100 | 111,200 |
| Right-of-use assets | | 231 | 231 | 231 | 231 |
| Plant, equipment and motor vehicles | | 97 | 97 | 97 | 97 |
| Bank restricted deposits | | 21 | 21 | 21 | 21 |
| TOTAL NON-CURRENT ASSETS | | 19,787 | 63,149 | 87,449 | 111,549 |
| TOTAL ASSETS | | 30,115 | 71,455 | 95,755 | 119,855 |
| CURRENT LIABILITIES | | | | | |
| Trade and other payables | d) | 239 | 730 | 730 | 730 |
| Rehabilitation provisions | e) | 696 | 696 | 696 | 696 |
| Other provisions | | 43 | 66 | 66 | 66 |
| Lease Liabilities | | 21 | 21 | 21 | 21 |
| TOTAL CURRENT LIABILITIES | | 999 | 1,513 | 1,513 | 1,513 |
| NON-CURRENT LIABILITIES | | | | | |
| Lease liabilities | | 229 | 229 | 229 | 229 |
| TOTAL NON-CURRENT LIABILITIES | | 229 | 229 | 229 | 229 |
| TOTAL LIABILITIES | | 1,228 | 1,742 | 1,742 | 1,742 |
| NET ASSETS | | 28,887 | 69,714 | 94,014 | 118,114 |
| Shares on issue | f) | 268,859,967 | 268,859,967 | 268,859,967 | 268,859,967 |
| Value per share | | | $0.259 | $0.350 | $0.439 |

Source: Essential's reviewed financial statements for the half year ended 31 December 2022, management accounts as at 30 June 2023 and BDO analysis

Our Sum-of-Parts valuation above considers any material movements in the value of certain assets and liabilities between the reviewed statement of financial position as at 31 December 2022 and the unaudited financial position as at 30 June 2023 based on management accounts.

We have not undertaken a review of Essential's unaudited accounts in accordance with Australian Auditing Standard ASRE 2405 'Review of Historical Financial Information Other than a Financial Report' and do not express an opinion on this financial information. However, nothing has come to our attention as a result of our procedures that would suggest the financial information within the management accounts has not been prepared on a reasonable basis.

We have been advised that there has not been any other significant change in the net assets of Essential since 31 December 2022 and that the above assets and liabilities represent their fair market values apart from the adjustments detailed below. Where the above balances differ materially from the reviewed position at 31 December 2022 we have obtained supporting documentation to validate the adjusted values used, which provides reasonable grounds for reliance on the unaudited financial information.

We note the following in relation to the above valuation to Essential's other assets and liabilities:

### Note a): Cash and cash equivalents

We have adjusted cash and cash equivalents from $9.78 million as at 31 December 2022 to $7.97 million based on the Company's management accounts as at 30 June 2023 and the Company's Quarterly Cash Flow Report for the quarter ending 30 June 2023.

### Note b): Trade and other receivables

We have adjusted trade and other receivables from $0.46 million as at 31 December 2022 to $0.25 million, based on management accounts as at 30 June 2023.

### Note c): Exploration and evaluation assets

We have instructed VRM to independently value Essential's mineral assets. VRM applied the comparable transaction approach as the primary methodology in valuing the mineral resources and exploration potential of Essential's projects, supported by comparable trading multiples approach.

The range of values for each of Essential's exploration assets as calculated by VRM is set out below:

| Value of Essential's mineral assets | Low Value $'000s | Preferred Value $'000s | High Value $'000s |
|---|---|---|---|
| Pioneer Dome | | | |
| Mineral Resources | 54,500 | 72,700 | 90,800 |
| Exploration potential | 1,700 | 3,500 | 5,300 |
| Total value of Pioneer Dome | 56,200 | 76,200 | 96,100 |
| Other 100% owned Essential projects | | | |
| Exploration potential | 2,300 | 4,900 | 7,500 |
| Total value of Essential's 100% owned projects | 58,500 | 81,100 | 103,600 |
| Joint venture projects | | | |
| Exploration potential | 4,300 | 6,000 | 7,600 |
| Total value of Essential's joint venture projects | 4,300 | 6,000 | 7,600 |
| Total value of Essential's mineral assets | 62,800 | 87,100 | 111,200 |

Source: The VRM Report
*Note: Totals do not add due to rounding in the valuations provided by VRM

### Note d): Trade and other payables

We have adjusted trade and other payables from $0.24 million as at 31 December 2022 to $0.73 million, based on management accounts as at 30 June 2023.

### Note e): Rehabilitation provisions

The value of rehabilitation provision relating to Sinclair is not considered in the valuation of mineral assets undertaken by VRM, as such we have included the full value of the Sinclair rehabilitation provision in our valuation. Full details of VRM's valuation are provided in Appendix 6 of our Report.

### Note f): Shares on issue

As detailed in Section 5.12, the number of Essential shares on issue around the date of our Report is 268,859,967.

### Diluted basis

We have also considered the valuation on a diluted basis by assessing the likelihood of the exercise of currently existing options, based on our Sum-of-parts valuation. As detailed in Section 5.12, the Company has 3,700,002 options on issue with various exercise prices, expiring at various dates. We have outlined in the table below, the impact of the exercise of options on total shares outstanding and cash raised.

| Current options on issue | Number | Low value | Preferred value | High value |
|---|---|---|---|---|
| Options exercisable at $0.125 | 200,000 | in the money | in the money | in the money |
| Options exercisable at $0.175 | 200,000 | in the money | in the money | in the money |
| Options exercisable at $0.225 | 200,000 | in the money | in the money | in the money |
| Options exercisable at $0.25 | 500,000 | in the money | in the money | in the money |
| Options exercisable at $0.25 | 533,334 | in the money | in the money | in the money |
| Options exercisable at $0.35 | 500,000 | out of the money | out of the money | in the money |
| Options exercisable at $0.35 | 533,334 | out of the money | out of the money | in the money |
| Options exercisable at $0.45 | 500,000 | out of the money | out of the money | out of the money |
| Options exercisable at $0.45 | 533,334 | out of the money | out of the money | out of the money |
| Total number of options exercised | | 1,633,334 | 1,633,334 | 2,666,668 |
| Cash raised on exercise ($'000s) | | $363 | $363 | $725 |

Source: BDO analysis

We also note that Essential has 1,696,797 performance rights on issue, pursuant to various terms outlined in Section 5.12. We have not made any adjustments concerning the remaining performance rights in our valuation of Essential prior to the Scheme, on the basis that there are insufficient reasonable grounds on which to assess the likelihood of the conditions for vesting being met or to quantify any value accretion should the vesting conditions be met.

### Assessment of value

Our assessment of value is set out in the table below.

| Diluted value of Essential | Low Value | Preferred Value | High Value |
|---|---|---|---|
| NAV prior to the Scheme **($'000s)** | 69,714 | 94,014 | 118,114 |
| *Add: Cash raised from exercise of options ($'000s)* | 363 | 363 | 725 |

| Diluted value of Essential | Low Value | Preferred Value | High Value |
|---|---|---|---|
| NAV prior to the Scheme **($'000s)** (plus cash) (a) | 70,077 | 94,377 | 118,839 |
| Number of shares on issue prior to the Scheme | 268,859,967 | 268,859,967 | 268,859,967 |
| *Add: Shares issued on exercise of options* | 1,633,334 | 1,633,334 | 2,666,668 |
| Total shares on a diluted basis (b) | 270,493,301 | 270,493,301 | 271,526,635 |
| Value per share ($) (a / b) | $0.259 | $0.349 | $0.438 |

Source: BDO analysis

*For the value of an Essential share prior to the Scheme on a control basis, we have used the diluted value throughout our analysis since under each valuation scenario, various options are 'in the money', and are more likely than not, to be exercised, and if exercised would impact the value per share of Essential.*

## 11.2 Quoted Market Prices for Essential Securities

To provide a comparison to the valuation of Essential in Section 11.1, we have also assessed the quoted market price for an Essential share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.43 suggests that when considering the value of a company's shares for the purposes of a control transaction, the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

Our calculation of the quoted market price of an Essential share including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

### Minority interest value

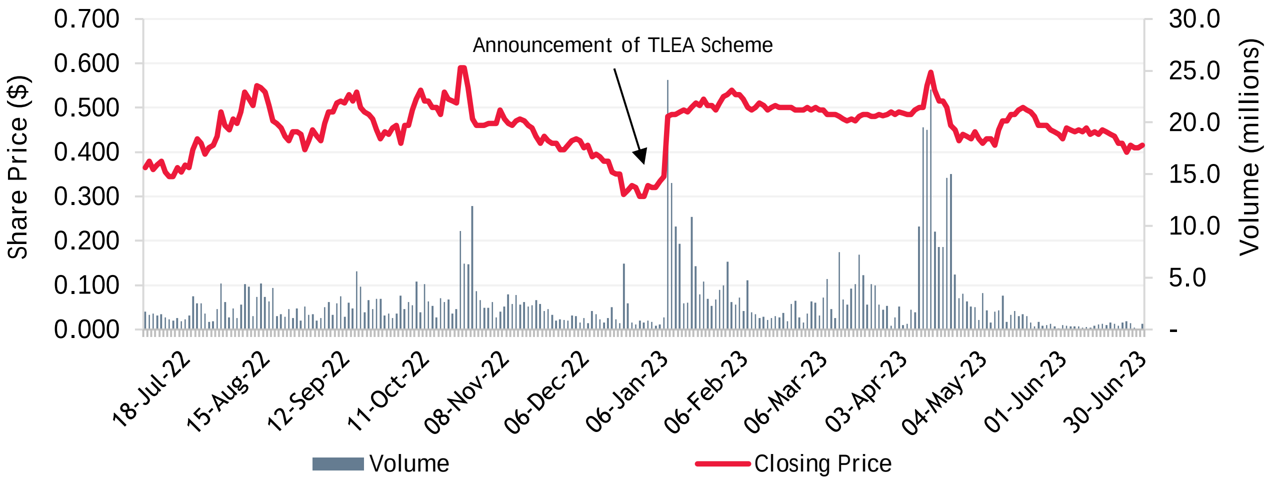
Our analysis of the quoted market price of an Essential share is based on the pricing prior to the announcement of the Develop Scheme. This is because the value of an Essential share after the announcement may include the effects of any change in value as a result of the Scheme. However, we have considered the value of an Essential share following the announcement of the Scheme when we have considered reasonableness in Section 14.

Information on the Develop Scheme was announced to the market on 3 July 2023. Therefore, the following chart provides a summary of the share price movement over the 12 months to 30 June 2023 which was the last trading day prior to the announcement.

Also indicated in the chart below is the announcement of the TLEA Scheme on 9 January 2023, which resulted in a sharp increase in the Essential share price to $0.480, and subsequently to $0.500 on 17

January 2023, equivalent to the TLEA Scheme cash consideration of $0.50. We note we have considered the impact of this announcement on the quoted market price of Essential prior to the announcement of the Develop Scheme.

Essential share price and trading volume history




Source: Bloomberg, BDO analysis

The daily price of Essential shares from 4 July 2022 to 30 June 2023 has ranged from a low of $0.300 on both 28 December 2022 and 29 December 2022 to a high of $0.590 on both 24 October 2022 and 25 October 2022. The largest day of single trading over the assessed period was 9 January 2023, when 24,108,703 shares were traded, which coincided with the announcement of the TLEA Scheme.

During this period a number of announcements were made to the market. The key announcements are set out below:

| Date | Announcement | Closing Share Price Following Announcement $ (movement) | | | Closing Share Price Three Days After Announcement $ (movement) | | |
|---|---|---|---|---|---|---|---|
| 11/05/2023 | Pioneer Dome Lithium Project & Corporate Update | 0.470 | ▲ | 4.4% | 0.485 | ▲ | 3.2% |
| 21/04/2023 | Termination of TLEA Scheme implementation agreement | 0.460 | ▼ | 8.0% | 0.440 | ▼ | 4.3% |
| 20/04/2023 | Results of Scheme Meeting | 0.500 | ▼ | 2.9% | 0.425 | ▼ | 15.0% |
| 20/04/2023 | Chair Address to Scheme Meeting | 0.500 | ▼ | 2.9% | 0.425 | ▼ | 15.0% |
| 17/04/2023 | Mineral Resources Shareholding in Essential Metals | 0.540 | ▼ | 6.9% | 0.500 | ▼ | 7.4% |
| 12/04/2023 | Quarterly Activities/Appendix 5B Cash Flow Report | 0.500 | ▶ | 0.0% | 0.540 | ▲ | 8.0% |
| 20/03/2023 | Scheme Booklet Registered by ASIC | 0.485 | ▲ | 1.0% | 0.480 | ▼ | 1.0% |
| 17/03/2023 | Results of First Court Hearing | 0.480 | ▲ | 2.1% | 0.480 | ▶ | 0.0% |
| 20/02/2023 | Dome North mining lease granted | 0.500 | ▶ | 0.0% | 0.495 | ▼ | 1.0% |
| 07/02/2023 | Pioneer Dome Scoping Study | 0.500 | ▼ | 3.8% | 0.510 | ▲ | 2.0% |
| 25/01/2023 | Quarterly Activities/Appendix 5B Cash Flow Report | 0.495 | ▼ | 2.0% | 0.530 | ▲ | 7.1% |

| Date | Announcement | Closing Share Price Following Announcement $ (movement) | | | Closing Share Price Three Days After Announcement $ (movement) | | |
|---|---|---|---|---|---|---|---|
| 09/01/2023 | Essential and TLEA to enter into Scheme of Arrangement | 0.480 | ▲ | 39.1% | 0.490 | ▲ | 2.1% |
| 09/01/2023 | IGO: Lithium Joint Venture to Acquire Essential Metals Limit | 0.480 | ▲ | 39.1% | 0.490 | ▲ | 2.1% |
| 20/12/2022 | Dome North Resource upgrade | 0.305 | ▼ | 12.9% | 0.320 | ▲ | 4.9% |
| 14/12/2022 | Appointment of GM - Marketing & Strategy | 0.380 | ► | 0.0% | 0.350 | ▼ | 7.9% |
| 08/12/2022 | Securities on Issue Update | 0.390 | ▼ | 6.0% | 0.380 | ▼ | 2.6% |
| 07/12/2022 | Constitution | 0.415 | ▲ | 1.2% | 0.390 | ▼ | 6.0% |
| 22/11/2022 | Investor Presentation at AGM | 0.435 | ▲ | 3.6% | 0.420 | ▼ | 3.4% |
| 22/11/2022 | Chairman's Address to Shareholders | 0.435 | ▲ | 3.6% | 0.420 | ▼ | 3.4% |
| 16/11/2022 | Pioneer Dome exploration update | 0.460 | ▼ | 2.1% | 0.420 | ▼ | 8.7% |
| 27/10/2022 | Pioneer Dome lithium assays | 0.475 | ▼ | 12.8% | 0.460 | ▼ | 3.2% |
| 10/10/2022 | ESS to host live investor webinar | 0.540 | ▲ | 3.8% | 0.500 | ▼ | 7.4% |
| 26/09/2022 | Mining lease lodged over Dome North Lithium Resource | 0.430 | ▼ | 4.4% | 0.455 | ▲ | 5.8% |
| 13/09/2022 | Scoping Study and offtake discussions commence - amended | 0.530 | ▲ | 3.9% | 0.500 | ▼ | 5.7% |
| 12/09/2022 | BC8: Drilling Commences at Balagundi Cu-Zn-Pb-Au Project | 0.510 | ▼ | 1.0% | 0.535 | ▲ | 4.9% |
| 05/09/2022 | Scoping Study and offtake discussions commence | 0.465 | ▲ | 9.4% | 0.510 | ▲ | 9.7% |
| 12/08/2022 | Pioneer Dome Lithium Project update | 0.545 | ▼ | 0.9% | 0.470 | ▼ | 13.8% |
| 20/07/2022 | Noosa Mining Investor Conference presentation | 0.405 | ▲ | 11.0% | 0.395 | ▼ | 2.5% |
| 19/07/2022 | Nickel drill hits at Blair Golden Ridge Nickel JV Project | 0.365 | ▼ | 1.4% | 0.420 | ▲ | 15.1% |
| 14/07/2022 | Pioneer Dome Lithium Project update | 0.365 | ▲ | 5.8% | 0.365 | ► | 0.0% |

Source: Bloomberg, ASX and BDO analysis

On 14 July 2022, the Company announced that further Resource extension drilling was underway at Pioneer Dome and that a Mining Lease Application had commenced to cover the Dome North lithium Mineral Resource. On the day of the announcement, the share price increased 5.8% to $0.365. The share price remained unchanged over the subsequent three-day trading period.

On 5 September 2022, Essential announced that it had engaged Primero to initiate a Scoping Study for the Pioneer Dome Lithium project, and that the Company had received enquiries from several parties seeking lithium offtake agreements. On the day of the announcement, the share price increased 9.4% to $0.465, before increasing by a further 9.7% over the subsequent three-day trading period to close at $0.510.

On 9 January 2023, Essential announced that the Company had executed a binding Scheme Implementation Agreement with TLEA, under which it was proposed that TLEA would acquire 100% of the issued capital of Essential for cash consideration of $0.50 per Essential share. On the day of the announcement, the share price increased 39.1% to $0.480, before increasing by a further 2.1% over the subsequent three-day trading period to close at $0.490.

Subsequently, on 21 April 2023, Essential announced that the TLEA Scheme had been terminated on the basis that it was not approved by Shareholders. On the day of the announcement, the share price decreased 8.0% to $0.460, before decreasing by a further 4.3% over the subsequent three-day trading period to close at $0.440.

In analysing the market prices for an Essential share prior to the announcement of the Develop Scheme, we have considered the weighted average market price for 10, 30, 60 and 90 day periods to 30 June 2023.

| QMP Range Including TLEA Scheme Announcement | | | | | |
|---|---|---|---|---|---|
| Share Price per unit | 30-Jun-23 | 10 Days | 30 Days | 60 Days | 90 Days |
| Closing price | $0.415 | | | | |
| Volume weighted average price (VWAP) | | $0.418 | $0.445 | $0.496 | $0.493 |

Source: Bloomberg, BDO analysis

Although the above weighted average prices are prior to the date of the announcement of the Develop Scheme and therefore can be considered to exclude any influence from information pertaining to the Develop Scheme on the price of Essential shares, we note that the prices are still influenced by the announcement of the TLEA Scheme.

Therefore, to assist with our overall assessment on the value of an Essential share on a QMP basis, we have also elected to present our QMP analysis for Essential prior to the announcement of the TLEA Scheme on 9 January 2023, which we note to be generally lower on average.

| QMP Range Excluding TLEA Scheme Announcement | | | | | |
|---|---|---|---|---|---|
| Share Price per unit | 06-Jan-23 | 10 Days | 30 Days | 60 Days | 90 Days |
| Closing price | $0.345 | | | | |
| Volume weighted average price (VWAP) | | $0.321 | $0.367 | $0.463 | $0.471 |

Source: Bloomberg, BDO analysis

An analysis of the volume of trading in Essential shares for the twelve months to 30 June 2023 is set out below:

| Trading days | Share price low | Share price high | Cumulative volume traded | As a % of Issued capital |
|---|---|---|---|---|
| 1 Day | $0.400 | $0.415 | 577,020 | 0.21% |
| 10 Days | $0.395 | $0.455 | 4,895,815 | 1.82% |
| 30 Days | $0.395 | $0.500 | 13,286,976 | 4.94% |
| 60 Days | $0.395 | $0.585 | 183,737,659 | 68.34% |
| 90 Days | $0.395 | $0.585 | 266,024,712 | 98.95% |
| 180 Days | $0.298 | $0.615 | 535,166,777 | 199.05% |
| 1 Year | $0.298 | $0.615 | 687,799,645 | 255.82% |

Source: Bloomberg, BDO analysis

This table indicates that Essential's shares display a high level of liquidity, with 255.82% of the Company's current issued capital being traded in a twelve month period. RG 111.86 states that for the quoted market price methodology to be an appropriate methodology there needs to be a 'liquid and active' market in the shares and allowing for the fact that the quoted price may not reflect their value should 100% of the securities not be available for sale. We consider the following characteristics to be representative of a liquid and active market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'liquid and active', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Essential, we consider the shares to display a high level of liquidity, on that basis that more that 1% of securities have been traded weekly on average, with 255.82% of Essential's current issued capital being traded over a twelve month period, and 199.05% of Essential's current issued capital being traded over a 180-day period, prior to the announcement of the Develop Scheme. Additionally, we note that of the 52 weeks in which our analysis is based on, more than 1% of Essential's current share capital had been traded in 45 of those weeks.

Our assessment is that a range of values for Essential shares based on market pricing, after disregarding post announcement pricing, is between $0.330 and $0.500.

We have selected $0.330 on the low end of our QMP range based on the closing and weighted average prices of Essential prior to the announcement of the TLEA Scheme. This is on the basis that we consider the announcement of the TLEA Scheme to have had a material impact on the share price of Essential, for which Essential shareholders at the time may have anticipated either a successful scheme or a rival bid.

Given the significant influence of the TLEA Scheme on the price of Essential at 9 January 2023 and on subsequent trading prices to 30 June 2023, we considered it appropriate to consider the price of an Essential share with the exclusion of any influence from prospective acquisition offers.

We have selected $0.500 as the high end of our QMP range, noting that it is equivalent to the cash consideration for one Essential share under the terms of the TLEA Scheme. This is with consideration for:

- The VWAPs of Essential prior to the announcement of the Develop Scheme, for which the 60-day and 90-day VWAPs were $0.496 and $0.493, respectively; and
- The Essential share price reaching and exceeding $0.500 on several dates within the 90 days prior to the announcement of the Develop Scheme.

We note that the share price of $0.500, which is equivalent to the TLEA Scheme offer price for a controlling interest in Essential, can be said to have already included an implicit control premium within its value. Therefore, we have not applied any further control premium to the share price in this regard.

## Quoted market price including control premium

Applying a control premium to Essential's quoted market share price results in the following quoted market price value including a premium for control:

| | Ref | Low<br>$ | High<br>$ |
|---|---|---|---|
| Quoted market price value | 11.2 | 0.330 | 0.500 |
| Control premium | Appendix 5 | 25% | nil* |

| | Ref | Low $ | High $ |
|---|---|---|---|
| Quoted market price valuation including a premium for control | | 0.413 | 0.500 |

Source: BDO analysis
*We have not applied a control premium to the high end of our range on the basis that the price of $0.500 already incorporates a control premium, implied from the consideration offered by TLEA in conjunction with the TLEA Scheme.

Therefore, our valuation of an Essential share based on the quoted market price method and including a premium for control is between $0.413 and $0.500.

## 11.3 TLEA Scheme offer price of $0.50

We have considered the TLEA Scheme cash offer price of $0.50 in our assessment of the value of an Essential share, with reference to RG 111.86(e), which states that the expert must consider *"any recent genuine offers received by the target for the entire business, or any business units or assets as a basis for valuation of those business units or assets"*.

RG 111.87-89 also states the following:

- *"The amount an alternative bidder might be willing to offer if all the securities in the target were available for purchase may provide a useful framework for the application of methodologies (e.g. in selecting earnings multiples) and in underpinning any overall judgment as to value"*;
- *"An expert should not take into account highly speculative alternative proposals which are so unformulated that no sensible value could be placed on them"*; and
- *"If an entity has recently conducted a sale process without success or has been 'in play' for some period without an alternative bid emerging, it may be possible to comment that no alternative acquirer appears likely to offer a higher price."*

We consider that the TLEA Scheme offer was not a speculative or unformulated proposal as it underwent a full scheme of arrangement process supported by two industry bidders, being Tianqi Lithium Corporation and IGO Limited.

In addition, The TLEA Scheme offer was a cash offer of $0.50, and hence there was no uncertainty on the underlying value of the consideration to be received by Essential Shareholders.

With consideration for the above, we reason that the $0.50 cash consideration from the TLEA Scheme, although terminated due to insufficient approval from Essential shareholders at the time, is still representative of a willing buyer market price for which Essential shareholders could have received. We note that the termination of the TLEA Scheme may have been influenced by the emergence of a substantial shareholder (being MRL) which may have prompted speculation concerning the commencement of a competitive bidding process for Essential, and consequently influenced Shareholder votes relating to the TLEA Scheme.

We note that the $0.50 offer price already includes a premium for control.

## 11.4 Assessed value of 6.18 shares in Essential

The results of our assessments of the value per Essential share are summarised in the table below:

| | Ref | Low $ | Preferred $ | High $ |
|---|---|---|---|---|
| Sum-of-parts (controlling and diluted) | 11.1 | 0.259 | 0.349 | 0.438 |
| QMP (including premium for control) | 11.2 | 0.413 | - | 0.500 |
| TLEA Scheme consideration (representing a controlling interest) | 11.3 | 0.500 | - | 0.500 |

Source: BDO analysis

We note that the value range derived under the QMP approach is higher than the value range derived from the Sum-of-parts methodology. This is likely because Essential does not generate any other income, nor are there any historical profits that could be used to represent future earnings. Therefore, the QMP of Essential shares may be influenced by investors' perceptions of future upside concerning the Company's projects (particularly Pioneer Dome), which is not reflected in the Sum-of-Parts valuation.

Furthermore, as the QMP range has considered the price of an Essential share following the actions that were undertaken as part of the TLEA Scheme, it is reasonable to believe that the market has priced the possibility of a future transaction.

It is not uncommon for the market price of companies with exploration assets to trade at a premium to a valuation prepared by an independent technical specialist for an Independent Expert's Report. This is because investors are not necessarily guided by the principles and restrictions of RG 170 and IS 214 in forming their valuations allowing the market price to reflect the potential upside expectations associated with the exploration assets should market conditions change, favourable exploration results be achieved or a takeover offer is received. We note that this is especially pertinent in the case of Essential, as there have been two proposed acquisitions of Essential in the last twelve months.

On that basis, we consider that our assessed valuation of Essential should be weighted towards our Sum-of-Parts value, which is largely underpinned by a mineral asset valuation prepared by VRM in accordance with the VALMIN Code, and with consideration for RG 170 and IS 214. We have elected to adopt the preferred and high values under our Sum-of-Parts valuation as our low and preferred values for our final valuation conclusion.

We have adopted the high end of our QMP range, which is supported and connected to the TLEA Scheme offer price of $0.500, as the high end of our valuation conclusion. This is on the basis that the TLEA Scheme consideration represents a willing buyer market price for an Essential share, and despite the TLEA Scheme not being successful, was still reflected in the trading price of Essential following the announcement of the TLEA Scheme and also within the 60 and 90 day periods leading to the announcement of the Develop Scheme.

We note that the unsuccessful nature of the TLEA Scheme due to insufficient shareholder votes at the time, may constitute a reasonable argument that market participants valued an Essential share in excess of $0.500 and therefore expected a higher alternative offer. However, we have elected not to adopt a valuation in excess of $0.500 in our valuation conclusion on the basis that we do not have reasonable grounds to speculate on the motivation of Essential shareholders at the time voting down on the TLEA Scheme. Furthermore, we note that the QMP of Essential shares within the last 30 days prior to the announcement of the Develop Scheme remained lower than $0.500, and consider that if market participants definitively expected a higher alternative bid price for Essential shares, we would have typically observed the quoted prices of Essential remaining at, or trading in excess of, $0.500 a share.

Based on the results and analysis above, we have presented the value of 6.18 Essential shares in the table below:

| | Low $ | Preferred $ | High $ |
|---|---|---|---|
| Value of an Essential share (control, diluted) | 0.349 | 0.438 | 0.500 |
| Value of 6.18 Essential shares (control, diluted) | 2.157 | 2.707 | 3.090 |

Source: BDO analysis

# 12. Valuation of the Proposed Merged Entity

## 12.1 Sum-of-Parts valuation

We have valued the Proposed Merged Entity using a Sum-of-Parts approach, with our valuation including:

- The value of Essential using the methodologies detailed in Section 11.1, Section 11.2 and Section 11.3; and
- The value of Develop including:
  - The value of Develop's Mining Services Business;
  - The value of Develop's mineral assets;
  - The value of residual resources (mineral resources and advanced and early stage exploration assets) not included in the DCF valuation of the mineral assets;
  - The value of other assets and liabilities of Develop not included in the components above;
  - The present value of forecast corporate costs of the Proposed Merged Entity; and
  - The present value of taxes payable by the Proposed Merged Entity.

In addition to the above, we have considered the level of financing required by Develop to advance its Woodlawn and Sulphur Springs projects, given these have been valued using the income approach. A discussion of the assumptions around financing is set out in Section 12.1.5.

The summary of our Sum-of-Parts valuation is set out in the table below.

| Valuation of the Proposed Merged Entity following the Scheme | Ref | Low<br>$'000s | Preferred<br>$'000s | High<br>$'000s |
|---|---|---|---|---|
| Value of Essential (control, undiluted) | Note a) | 94,014 | 118,114 | 134,430 |
| Pre-tax value of Develop's Mining Services Business | 12.1.1.4 | 266,000 | 286,500 | 307,000 |
| Pre-tax value of Woodlawn | 12.1.3.3 | 169,900 | 213,500 | 262,200 |
| Pre-tax value of Sulphur Springs | 12.1.4.2 | 84,300 | 122,500 | 160,000 |
| Value of Develop's interest in its JVs | 12.1.6 | 4,100 | 7,100 | 9,400 |
| Present value of corporate costs of the Proposed Merged Entity | 12.1.7 | (92,900) | (85,300) | (77,700) |
| Present value of taxes payable by the Proposed Merged Entity | 12.1.8 | (57,200) | (83,200) | (109,200) |
| Value of Develop's other assets and liabilities | 12.1.9 | 64,261 | 64,261 | 64,261 |
| Transaction-related costs | 12.1.10 | (12,123) | (12,123) | (12,123) |
| Total value of the Proposed Merged Entity (control, undiluted) | | 520,352 | 631,352 | 738,268 |
| Adjusted number of shares outstanding | 12.1.11 | 258,481,231 | 258,481,231 | 258,481,231 |
| Value per share of the Proposed Merged Entity ($) (control, undiluted) | | 2.013 | 2.443 | 2.856 |
| *Minority discount* | 12.1.12 | *26%* | *23%* | *20%* |
| Value per share ($) (minority, undiluted) | | 1.490 | 1.881 | 2.285 |
| Value per share ($) (minority, diluted) | 12.1.13 | 1.382 | 1.732 | 2.094 |

Source: BDO analysis

We have assessed the value of a share in the Proposed Merged Entity on an undiluted minority interest basis to be in the range of $1.490 to $2.285 with a preferred value of $1.881. Including the impact of dilution from in-the-money options and performance rights, the value of a share in the Proposed Merged Entity is assessed to be in the range of $1.382 to $2.094 with a preferred value of $1.732.

## Note a) Value of Essential

Our starting point for the valuation of the Proposed Merged Entity is the value of Essential, which we have concluded on in Section 11. We have adopted the value of Essential on a controlling basis, but prior to the dilution of any in-the-money options. This is because as part of the Scheme, all Essential options and performance rights will be converted into Develop shares.

As outlined in Section 11.4, our low and preferred values of an Essential share are based on the preferred and high values from the Essentials Sum-of-Parts valuation (Section 11.1) respectively. The high value of an Essential share is based on the high value from the Essentials QMP valuation, which already includes a premium for control (Section 11.2). This is summarised below:

| Value of Essential | Low $'000 | Preferred $'000 | High $'000 |
|---|---|---|---|
| Concluded value of Essential (on a control basis, undiluted) | 94,014 | 118,114 | 134,430 |
| *Basis of the conclusion on the value of Essential* | *Sum-of-Parts (Preferred)* | *Sum-of-Parts (High)* | *QMP (High)* |
| *Report section reference* | *11.1* | *11.1* | *See below* |

The concluded high value of Essential above is calculated by multiplying the high QMP value by the number of Essential shares on issue (on an undiluted basis) as shown in the table below.

| Concluded value of Essential (High) | Ref | |
|---|---|---|
| High value per share based on QMP (including a control premium) ($/share) | 11.2 | 0.500 |
| Number of Essential shares on issue (undiluted) | 11.1f | 268,859,967 |
| Concluded value of Essential (High) ($'000) | | 134,430 |

### 12.1.1. DCF valuation of the Mining Services Business

As outlined in Section 10, we have assessed the value of the Mining Services Business (inclusive of the operations of Premium Group) using a DCF methodology.

The DCF valuation is underpinned by a financial model that has been prepared by BDO (**'DMS Model'**), which incorporates Develop's budget for the remaining term of the Bellevue Contract (**'Bellevue Contract Budget'**) and other assumptions on the future operations of the Mining Services Business detailed further below.

At present, the cash flows of the Mining Services Business are driven by the cash receipts from the Bellevue Contract, which commenced in May 2022 and are forecast to end in mid 2025 based on the current contract terms and the Bellevue Contract Budget. As these are contractual cash flows that can be forecast based on a planned schedule of services provided at the Bellevue Project, which are largely charged at fixed rates, we consider that a DCF approach is most appropriate to value the Mining Services Business.

This is as opposed to an FME methodology, which would require an assumption on the sustainable and consistent level of earnings for the Mining Services Business into the future, capitalised by an appropriate earnings multiple based on comparable trading companies and transactions. Given Develop's Mining Services division has only been operating since May 2022, and its financial performance has been increasing substantially each quarter in line with the ramp up of activities at the Bellevue Project, we consider that its historical earnings to date would not be indicative of the Mining Services Business' sustainable earnings going forward.

Furthermore, we have employed the use of scenario analysis as part of our valuation assessment, which we note is best integrated through a financial model with allowance for different scenarios. This further supports the use of a DCF methodology when valuing the Mining Services Business.

We consider that to value the Mining Services Business solely using a fixed term of future cash flows from the Bellevue Contract would likely be an understatement of its value. It is reasonable to expect that Develop would aim to continue its operations into the future either through the extension of the Bellevue Contract or its replacement with revenues from other underground mining contracts.

In addition, as outlined in Section 6.6, Develop's strategy for Dev Mining Services as disclosed in its investor presentations and the Scheme Booklet is that it aims to operate up to two or three third party underground mining contracts at a time, indicating its strategy for growth. Develop also disclosed in several announcements that numerous contract opportunities had been identified, with several potential clients that have projects scheduled to start in late 2023/early 2024.

Therefore, we consider that our valuation of the Mining Services Business should consider more than just the present value of the Bellevue Contract's cash flows under the current terms. We have done this using a scenario analysis approach, with our adopted scenarios based on different sets of assumptions relating to the future operations of the business.

In considering whether we have reasonable grounds to form such assumptions, we have undertaken the following measures:

- Held interviews with Develop management around the strategy of its Mining Services division, with particular relation to the contract opportunities identified;
- Queried the nature, timing and progress of Develop's strategy to date;
- Verified Develop's identified opportunities against available supporting documentation and performed our own research of upcoming underground mines that are entering operations in the medium term;
- Considered Develop's contact mining services strategy within the context of the wider mining services industry (see Section 9.2);
- Discussed the reasonableness of our scenario assumptions with Develop management; and
- Considered the probability and risk of our adopted scenarios primarily through risk adjustments in their respective cash flows.

Based on the above procedures, we have arrived at the following two scenarios, which underpin our valuation of the Mining Services Business:

| Scenario | Description |
|---|---|
| Scenario A: Contract extension + Replacement | • Dev Mining Services continues to operate the Bellevue Contract until June 2025 (the estimated end date in the Bellevue Contract Budget)<br>• The Bellevue Contract term is extended for an additional six years to the end of the 10-year life of mine, until June 2031 |

| Scenario | Description |
|---|---|
| | • Following the end of the Bellevue Contract, the contract is replaced with a new contract of a similar revenue scale to the Bellevue Contract<br>• The Mining Services Business grows into perpetuity as a single external contract company, based on the long term inflation rate for Australia of 2.5% |
| Scenario B: Contract extension + Second contract + Replacements | • Dev Mining Services continues to operate the Bellevue Contract until June 2025 (the estimated end date in the Bellevue Contract Budget)<br>• The Bellevue Contract term is extended for an additional six years to the end of the 10-year life of mine, until June 2031<br>• Dev Mining Services secures another contract ('Second Contract') commencing January 2024, for a term of seven and a half years to June 2031<br>• Following the end of the Bellevue Contract and Second Contract, the contracts are replaced with two new contracts of similar revenue scales to the Bellevue Contract<br>• The Mining Services Business grows into perpetuity as a two-contract company, based on the long term inflation rate for Australia of 2.5% |

Source: BDO analysis.

We consider the above two scenarios to be reasonable representations of how an investor may currently expect the Mining Services Business to operate into the future, based on, and supported by, publicly available information.

We acknowledge that some market participants may have an alternate view on the growth prospects for the Mining Services Business, considering that Develop aims to service up to three external contracts in the medium term and with numerous opportunities identified. However, we have elected not to adopt a "three-contract or more" assumption for the Mining Services Business for the following reasons:

- The Mining Services Business is currently a single-contract business and there have been no releases to the market of any other secured contracts or renewals. Whilst it may be reasonable to consider a contract renewal for Bellevue or an additional external contract a probable outcome, there are insufficient reasonable grounds at present to assume a third contract and if it was to be entered into the timing, size or level of cash flows that may flow from that contract; and
- The Proposed Merged Entity is expected to be operating three mining assets in the medium term, for which the Mining Services Business will service internally. Therefore, we consider there to be potentially significant labour and resourcing constraints for the expansion of the Mining Services Business beyond servicing two external contracts in the medium term.

We have assumed that any potential revenues from servicing internal projects would be appropriately reflected as operating costs within the respective mining models, and therefore, we have not considered any intercompany income streams from internal projects to avoid any risk of double counting. Furthermore, we note that any potential synergies in servicing Develop's own minerals assets are not reasonably quantifiable, and hence we have addressed this in our assessment of Reasonableness (see Section 14).

### 12.1.1.1. Bellevue Contract Budget

As a starting point to our valuation assessment, Develop provided us with a monthly management budget for the Bellevue Contract (the Bellevue Contract Budget) for the period from July 2023 to June 2025 (the estimated end date of the current Bellevue Contract).

We have undertaken a review of the Bellevue Contract Budget, which involved:

- Reviewing the integrity and mathematical accuracy of the budget calculations specifically;
- Reviewing at a high level the key drivers of revenue and costs that underpin the Bellevue Contract Budget; and
- Confirming that the rates applied in the Bellevue Contract Budget correspond to the schedule of rates specified in the Bellevue Contract.

We have also reviewed the historical actual vs budget comparisons for the financial performance of the Bellevue Contract from management accounts provided. Based on our review, we noted minimal material variances historically for the financial performance of the Bellevue Contract and therefore we have no reason to believe that the Bellevue Contract Budget is materially misstated.

## Identification of future revenue and costs of the Bellevue Contract

The main components of future contract revenue include:

- Fixed revenue driven by:
  - Fixed rate labour revenue;
  - Fixed rate equipment revenue;
  - Admin, freight, purchasing and insurance on charged at cost; and
  - Surface workshop revenue.
- Variable revenue driven by:
  - Development revenue;
  - Production revenue;
  - Mobilisation and establishment revenue;
  - Demobilisation and clean up revenue; and
  - Portal establishment revenue.

The main components of future contract costs include:

- Capital costs;
- Labour costs;
- Maintenance parts costs;
- Maintenance labour costs;
- Consumables costs;
- Services costs; and

- Administration costs.

We note that corporate overheads have not been included in the costs of the DMS Model as these relate to a separate component of our Sum-of-Parts valuation (see Section 12.1.7).

## Conversion to cash flows

In converting the Bellevue Contract Budget to an estimate of future cash flows, we have made adjustments to incorporate the impact of changes in working capital and capital expenses, particularly relating to:

- Fixed maintainable Day Sales Outstanding (**'DSO'**);
- Fixed maintainable Day Payables Outstanding (**'DPO'**); and
- Capital lease payments for plant and equipment, based on Develop's forecast capital costs as outlined in the Bellevue Contract Budget.

The adjustments for net working capital movements, particularly DSO and DPO, were made with reference to historical monthly management accounts provided.

## Limitations

We note that we have not undertaken a review of the Bellevue Contract Budget in accordance with the Standards on Assurance Engagement ASAE 3450 'Assurance Engagements involving Corporate Fundraising and/or Prospective Financial Information' and do not express an opinion on the reasonableness of the assumptions or their achievability. However, nothing has come to our attention as a result of our aforementioned procedures to suggest that the assumptions on which the forecast has been prepared have not been prepared on a reasonable basis.

### 12.1.1.2. Scenario A Valuation - Bellevue Contract extension + Replacement contract

The cash flows from the Bellevue Contract form the starting point of our assessment. In valuing the Mining Services Business as a whole, under Scenario A, we have assumed the following schedule of activities:

- The Bellevue Contract is renewed for an additional six years from July 2025 to June 2031 on the following basis:
    - A total contract revenue of $850 million for the six years (approximately $141 million revenue per year) based on average revenues of the forecast period in the Bellevue Contract Budget;
    - An EBITDA margin assumption based on average EBITDA margins over the forecast period in the Bellevue Contract Budget; and
    - a probability adjustment of 80% on revenues to reflect the probability of renewal.
- Following the end of the extended Bellevue Contract, a replacement contract commences from July 2031 on the following basis:
    - A total contract revenue of $130 million per annum based on the average annual revenue over the entire life of the Bellevue Contract (historical and forecast), with consideration for inflation;

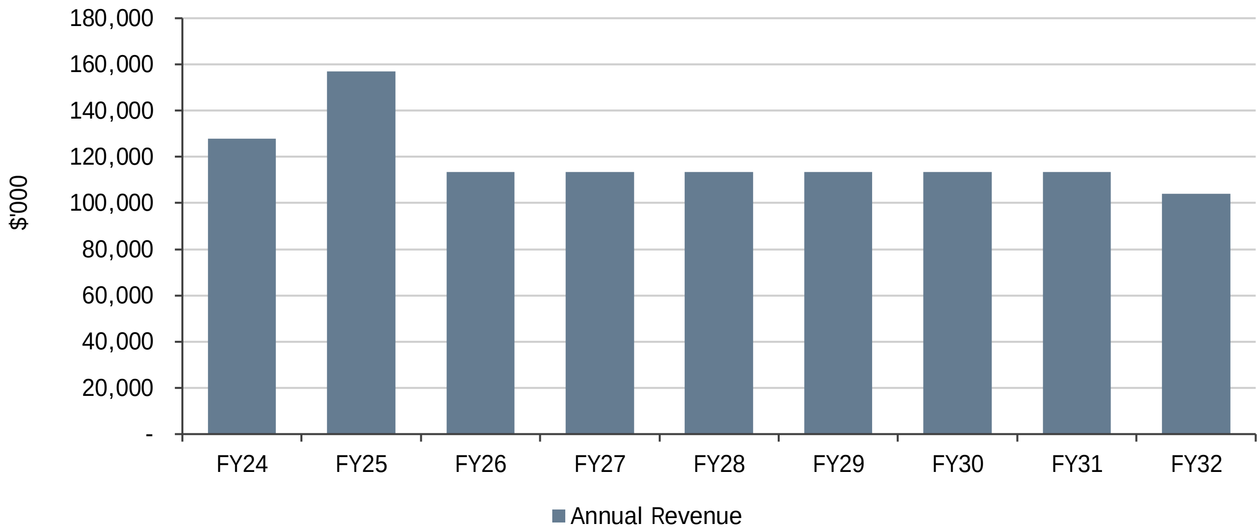
- An EBITDA margin assumption based on average EBITDA margins over the entire life of the Bellevue Contract (historical and forecast); and
    - a probability adjustment of 80% on revenues to reflect the probability of a replacement contract.
- After the model end date of 30 June 2032, a terminal value assumption based on the perpetuity method, whereby the final period cash flow grows at a perpetual growth rate of 2.50%, being the current long term target for the inflation rate in Australia.

In essence, Scenario A assumes Develop has the capacity to service one external contract at any point in time, with its cash flows largely underpinned by the Bellevue Contract extension. We note that our assumptions on the revenue and EBITDA margins for the replacement contract are generally lower than the Bellevue Contract renewal, on the basis that operations at the Bellevue Project are already ongoing and have ramped up and hence improved margins are attainable, as opposed to a new replacement contract, which would need to consider a ramp-up period with higher upfront costs.

## Scenario A revenue

The schedule of revenue on an annual basis under Scenario A is outlined in the graph below.

Scenario A Revenue (annual)

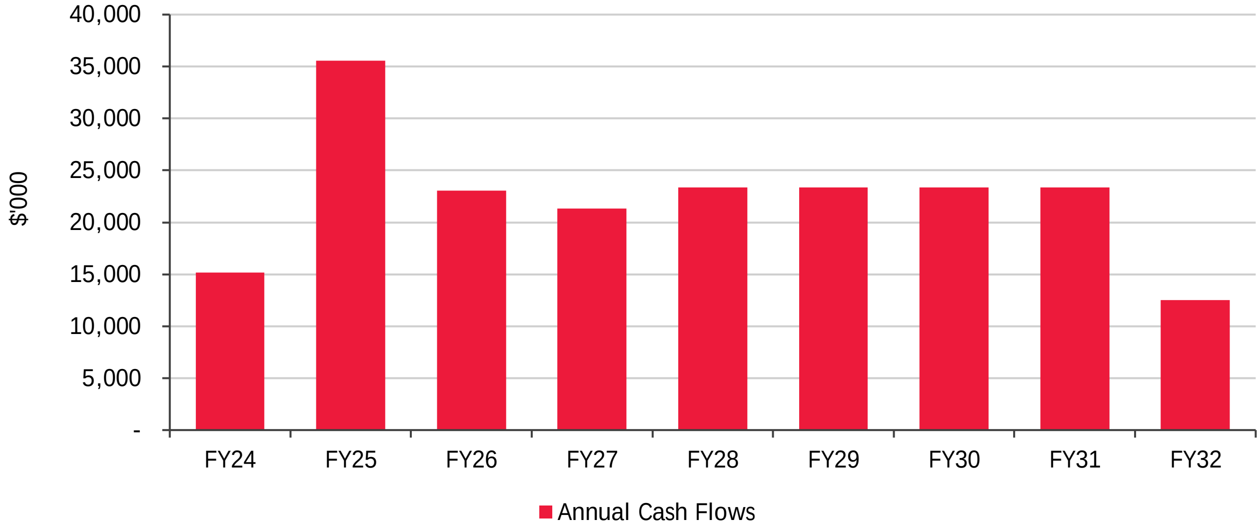



Source: DMS Model.

## Scenario A cash flows

We have converted net profit before tax to cash flows by incorporating the impact of change in working capital and forecast capital lease payments. The cash flow schedule on an annual basis under Scenario A is outlined in the graph below.

Scenario A cash flows (annual)




Source: DMS Model.

## Discount Rate

In our assessment of an appropriate discount rate to apply to the cash flows of the Mining Services Business, we consider the most appropriate discount rate to be a cost of equity. This is because our forecast cash flows are presented on an after-debt basis, following payments for all hire purchase and equipment leases.

We note that the forecast cash flows are also presented on a pre-tax basis. However, as outlined in Section 10.2, we have addressed the value of future tax payments for Develop as a consolidated entity outside of our DMS and other financial models. Therefore, no adjustment to our discount rate for tax is required as the value of tax payments is considered outside of the DMS Model.

We have selected a nominal cost of equity in the range of 8.40% to 10.00% with a preferred rounded midpoint of 9.0%. We have used our preferred rounded midpoint to discount the cashflows in DMS Model.

In selecting our range of discount rates we considered the following:

- the rate of return for comparable ASX listed contract mining services companies with similar operations and client exposure; and
- the risk profile of Dev Mining Services as compared to the comparable companies identified.

A detailed consideration of how we arrived at the adopted post-tax nominal discount rate range is discussed in Appendix 3.

## Terminal value

Our terminal value assumption employs the use of the perpetuity approach, in which the final period cash flow is assumed to grow at a perpetual growth rate of 2.50%, being the current long term target for the inflation rate in Australia.

## NPV and sensitivities

Using a discount rate of 9.0% as assessed in Appendix 3, the NPV of the Mining Services Business is $235 million.

We have performed sensitivity analysis by flexing the following assumptions in our DMS Model:

- a discount rate in the range of 7.0% to 11.0%;
- a change of +/- 10% to revenue;
- a change of +/- 10% to operating costs; and
- a change of +/- 10% to lease payments that are most reflective of capital costs.

Our sensitivity analysis is outlined in the tables below:

| | | Discount Rate | | | | |
|---|---|---|---|---|---|---|
| | | 7.0% | 8.0% | 9.0% | 10.0% | 11.0% |
| % change in revenue | 10.0% | 520 | 442 | 387 | 346 | 314 |
| | 5.0% | 415 | 354 | 311 | 279 | 254 |
| | 0.0% | 309 | 266 | 235 | 212 | 193 |
| | -5.0% | 204 | 177 | 159 | 144 | 133 |
| | -10.0% | 98 | 89 | 82 | 77 | 73 |

| | | % change in operating costs | | | | |
|---|---|---|---|---|---|---|
| | | -10.0% | -5.0% | 0.0% | 5.0% | 10.0% |
| % change in lease payments | 10.0% | 317 | 267 | 217 | 167 | 117 |
| | 5.0% | 326 | 276 | 226 | 176 | 126 |
| | 0.0% | 335 | 285 | 235 | 185 | 135 |
| | -5.0% | 344 | 294 | 244 | 194 | 143 |
| | -10.0% | 353 | 302 | 252 | 202 | 152 |

Source: DMS Model.

Based on the tables above we conclude a value range of $212 million to $266 million for Scenario A, with particular consideration for the range implied by the change in the discount rate to be between 8.0% and 10.0%.

### 12.1.1.3. Scenario B Valuation - Bellevue Contract extension + Second Contact + Replacement Contracts

Under Scenario B, we have assumed the following schedule of activities:

- The Bellevue Contract is renewed for an additional six years from July 2025 to June 2031 on the following basis:
  - A total contract revenue of $850 million for the six years (approximately $140 million revenue per year) based on average revenues of the forecast period in the Bellevue Contract Budget;
  - An EBITDA margin assumption based on average EBITDA margins over the forecast period in the Bellevue Contract Budget; and

- a probability adjustment of 80% on revenues to reflect the probability of renewal.

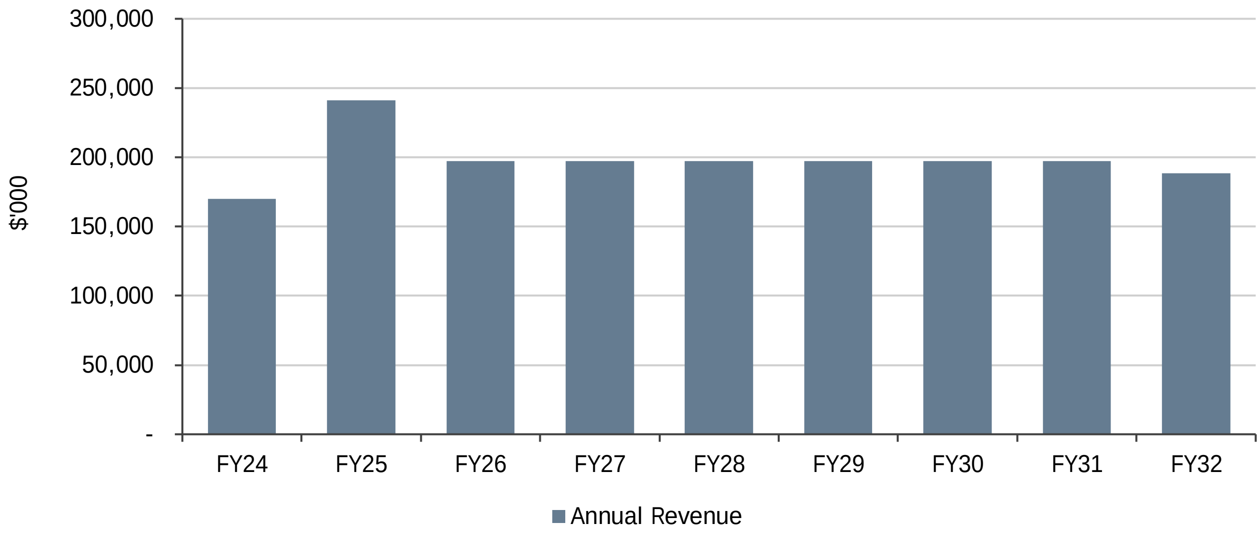
- A second contract commences on from January 2024 for seven and a half years to June 2031 on the following basis:
  - A total contract revenue of $840 million for the seven and a half years (approximately $112 million revenue per year) based on the average annual revenue over the entire life of the Bellevue Contract (historical and forecast);
  - An EBITDA margin assumption based on average EBITDA margins over the entire life of the Bellevue Contract (historical and forecast); and
  - a probability adjustment of 75% on revenues to reflect the probability securing the Second Contract.
- Following the end of the Bellevue Contract extension and the Second Contract, two replacement contracts commence from July 2031 on the following basis:
  - A total contract revenue of $130 million per annum per contract based on the average annual revenue over the entire life of the Bellevue Contract (historical and forecast), with consideration for inflation;
  - An EBITDA margin assumption based on average EBITDA margins over the entire life of the Bellevue Contract (historical and forecast); and
  - a probability adjustment of 80% on revenues on the first replacement contract and 65% on the second replacement contract, to reflect the probability of securing the replacement contracts.
- After the model end date of 30 June 2032, a terminal value assumption based on the perpetuity method, whereby the final period cash flow grows at a perpetual growth rate of 2.5%, being the current long term long term target for the inflation rate in Australia.

In essence, Scenario B assumes Develop has the capacity to service two external contracts in the medium to long term, with its medium-term cash flows largely underpinned by the Bellevue Contract. We once again note that our assumptions on the revenue and EBITDA margins for the Second Contract and replacement contracts are generally lower than the Bellevue Contract renewal, on the basis that operations at the Bellevue Project are already ongoing and have ramped up and hence improved margins are attainable, as opposed to a new replacement contract, which would need to consider a ramp-up period with higher upfront costs.

## Scenario B revenue

The schedule of revenue on an annual basis under Scenario B is outlined in the graph below.

Scenario B Revenue (annual)

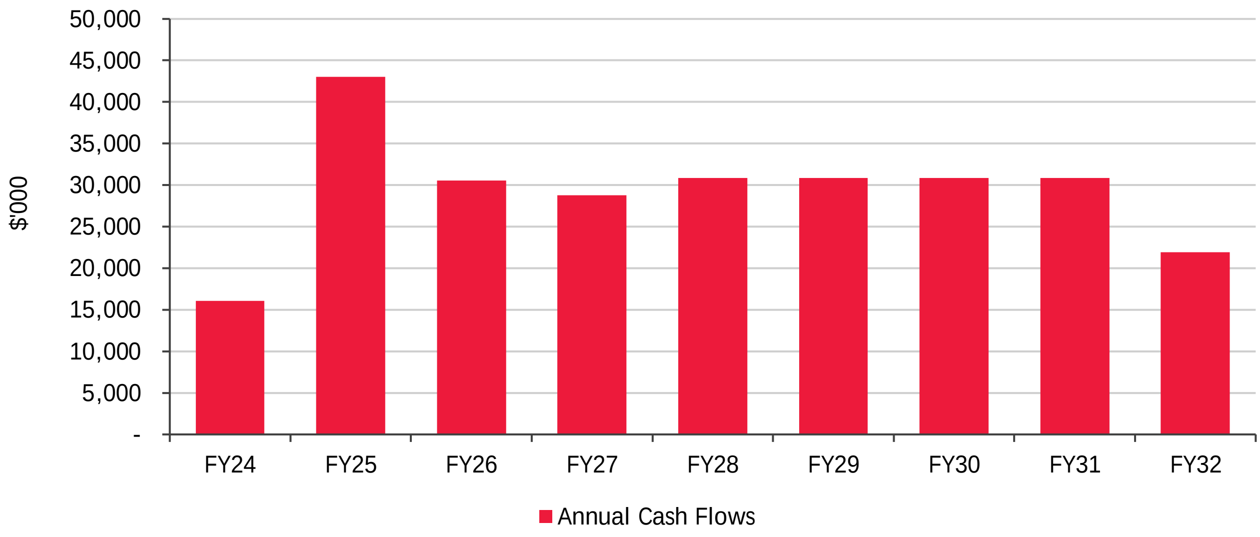



Source: DMS Model.

## Scenario B cash flows

We have converted net profit before tax to cash flows by incorporating the impact of change in working capital and capital lease payments. The cash flow schedule on an annual basis under Scenario B is outlined in the graph below.

Scenario B cash flows (annual)




Source: DMS Model.

## Discount rate

As in Scenario A, we have adopted a discount rate of 9% for Scenario B.

A detailed consideration of how we arrived at the adopted post-tax nominal discount range is discussed in Appendix 3.

## Terminal value

As in Scenario A, our terminal value assumption employs the use of the perpetuity approach, in which the final period cash flow is assumed to grow at a perpetual growth rate of 2.50%, being the current long term target for the inflation rate in Australia.

## NPV and sensitivities

Using a discount rate of 9% as assessed in Appendix 3 (further details below), the NPV of the Mining Services business is $346 million.

We have performed sensitivity analysis by flexing the following assumptions in our DMS Model:

- a discount rate in the range of 7.0% to 11.0%;
- a change of +/- 10% to revenue;
- a change of +/- 10% to operating costs; and
- a change of +/- 10% to lease payments that are most reflective of capital costs.

Our sensitivity analysis is outlined in the tables below:

| | | Discount Rate | | | | |
|---|---|---|---|---|---|---|
| | | 7.0% | 8.0% | 9.0% | 10.0% | 11.0% |
| % change in revenue | 10.0% | 841 | 704 | 608 | 538 | 483 |
| | 5.0% | 656 | 551 | 477 | 422 | 380 |
| | 0.0% | 472 | 398 | 346 | 307 | 277 |
| | -5.0% | 288 | 245 | 214 | 192 | 174 |
| | -10.0% | 103 | 92 | 83 | 77 | 71 |

| | | % change in operating costs | | | | |
|---|---|---|---|---|---|---|
| | | -10.0% | -5.0% | 0.0% | 5.0% | 10.0% |
| % change in lease payments | 10.0% | 489 | 400 | 312 | 223 | 134 |
| | 5.0% | 506 | 417 | 329 | 240 | 151 |
| | 0.0% | 523 | 434 | 346 | 257 | 168 |
| | -5.0% | 540 | 452 | 363 | 274 | 185 |
| | -10.0% | 557 | 469 | 380 | 291 | 202 |

Source: DMS Model

Based on the tables above we conclude a value range of $307 million to $398 million for Scenario B, with particular consideration for the range implied by the change in the discount rate to be between 8.0% and 10.0%.

### 12.1.1.4. Valuation conclusion on Mining Services Business

Our valuation of the Mining Services Business on a DCF basis is outlined in the table below:

| Valuation | Ref | Low ($'000) | Preferred ($'000) | High ($'000) |
|---|---|---|---|---|
| Scenario A - Bellevue Contract extension + one replacement contract | 12.1.1.2 | 212,000 | n/a | 266,000 |
| Scenario B - Bellevue Contract extension + Second Contract + two replacement contracts | 12.1.1.3 | 307,000 | n/a | 398,000 |
| Valuation of Mining Services Business | | 266,000 | 286,500 | 307,000 |

Source: DMS Model, BDO analysis

Our valuation conclusion has adopted the high end of Scenario A as our concluded low range and the low end of Scenario B as our concluded high range. This is on the basis that our valuation conclusion would therefore reflect a balanced position on both scenarios for which the Mining Services Business may operate as either a one-contract or two-contract business. Our preferred valuation for the Mining Services Business is based on the midpoint of the low and high valuation range.

### 12.1.2. Economic assumptions used in the DCF valuation of Woodlawn and Sulphur Springs

Sections 12.1.3 and 12.1.4 set out the pre-tax DCF valuations of Woodlawn and Sulphur Springs. Given the DCF valuations of Woodlawn and Sulphur Springs rely on a set of common macroeconomic assumptions, we have presented a discussion of these common inputs in this section. These economic assumptions were also adopted by SRK in its assessment of Whim Creek using the DCF valuation approach, although, as detailed in the SRK Report, it ultimately relied on other valuation methods to value Whim Creek.

#### Inflation

All cash flows contained in the Woodlawn and Sulphur Springs Models are calculated on a real basis. We have therefore applied the forecast inflation rate to the costs (including operating and capital expenditure, but not to treatment and refining costs) in these models to convert them to nominal cash flows.

These models forecast operating costs in Australian Dollars, therefore we consider the most appropriate inflation rate to apply to the cash flows in the Adjusted Woodlawn Model and the Adjusted Sulphur Springs Model to be the Australian inflation rate.

In forming our assessment of the forecast inflation rate, we have had regard to consensus views of forecast inflation as sourced from Bloomberg, as well as consideration of the recent trend of the inflation rate in Australia. The inflation assumptions we have adopted is outlined in the table below, with long-term inflation beyond FY2027 assumed to be flat at 2.5% per annum, consistent with the Reserve Bank of Australia’s long-term inflation target.

| AUD Inflation rate | FY2024 | FY2025 | FY2026 | FY2027+ |
|---|---|---|---|---|
| Average inflation rate | 4.5% | 3.0% | 2.6% | 2.5% |

Source: Bloomberg and BDO analysis

As discussed in the next section, our long-term inflation assumption of 2.5% per annum is also applied to the real long-term commodity pricing for metals, from January 2028 onwards. Although the commodity prices are expressed in US Dollar terms, we consider the long-term inflation differential between the US and Australian economies (and hence the two currencies) to be similar.

### Commodity prices

From Woodlawn and Sulphur Springs, the Proposed Merged Entity will receive revenue from the sale of copper, lead and zinc concentrates, which also include gold and silver metal payable.

In assessing the forecast commodity prices, we have considered the Consensus Economics price forecasts as at August 2023. We note that Consensus Economics provides long-term real commodity pricing which begin from January 2028 onwards. In forming our long-term nominal pricing for each of the metals, we have considered these long term real prices and inflated them for our inflation assumptions (outlined previously above). The final column in the table below indicates the nominal pricing adopted in January 2028, with prices inflated in the subsequent periods at our long-term inflation assumption of 2.5% per annum. Based on our analysis, we have adopted the following future copper, lead, zinc, silver and gold prices (in nominal terms).

| Commodity prices | FY2024 | FY2025 | FY2026 | FY2027 | FY2028 | Jan-28 |
|---|---|---|---|---|---|---|
| Copper (US$/t) | 8,460 | 8,770 | 9,000 | 9,050 | 9,110 | 9,070 |
| Lead (US$/t) | 2,090 | 2,090 | 2,080 | 2,100 | 2,200 | 2,300 |
| Zinc (US$/t) | 2,490 | 2,600 | 2,610 | 2,660 | 2,790 | 2,870 |
| Silver (US$/oz) | 23.30 | 23.80 | 23.50 | 23.30 | 23.60 | 24.10 |
| Gold (US$/oz) | 1,920 | 1,900 | 1,850 | 1,830 | 1,820 | 1,790 |

Source: Consensus Economics and BDO analysis

### Foreign exchange

Metal prices obtained from our research are quoted in nominal USD terms. We have converted the metal prices from USD to AUD at the following forecast exchange rates:

| AUD:USD Exchange rate | FY2024 | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 | FY2030+ |
|---|---|---|---|---|---|---|---|
| Average AUD:USD | 0.684 | 0.716 | 0.735 | 0.742 | 0.738 | 0.731 | 0.728 |

Source: Consensus Economics and BDO analysis

In our assessment of foreign exchange rates, we have considered historical exchange rates as well as forecasts prepared by economic analysts and other publicly available information, including broker consensus, to arrive at our foreign exchange rate assumptions. We have assumed the exchange rate remains constant beyond FY2030, give the long-term difference in inflation between the Australian and US economies is minimal.

## 12.1.3. Discounted Cash Flow Valuation of Woodlawn

We have elected to use the DCF approach in valuing Woodlawn. The DCF approach estimates the fair market value of the asset by discounting the future cash flows arising from it to their net present value. Performing a DCF valuation requires the determination of:

- The future cash flows that Woodlawn is expected to generate; and

- An appropriate discount rate to apply to the cash flows of Woodlawn to convert them to their present value equivalent.

The value that we have ascribed to Woodlawn is based on technical inputs and assumptions that have been reviewed by SRK and our view of future economic assumptions, all of which are derived from information available at the time of the SRK Report and our Report respectively. The technical and economic assumptions may change in the future, which may change the value of Woodlawn.

The management of Develop has prepared a detailed cash flow model for Woodlawn ('the Woodlawn Model'). The Woodlawn Model estimates the future cash flows expected from zinc, copper and lead concentrates produced, which include gold and silver metal payable. The Woodlawn Model depicts forecasts of real, pre-tax cash flows over an eight-year life of mine on a monthly basis from FY 2024 to FY 2031 (the 'Woodlawn Forecast Period'). For the purposes of this section, the financial years refer to the 12 month period ending 30 June.

We have made certain adjustments to the Woodlawn Model where it was considered appropriate to arrive at an adjusted model ('the Adjusted Woodlawn Model'). In particular, we have adjusted the Woodlawn Model to reflect any changes to technical assumptions as a result of SRK's review, and any changes to the economic and other input assumptions from our research. We have also adjusted the Woodlawn Model by converting the cash flows to be presented on a nominal basis. We have not adjusted the cash flows in the Woodlawn Model for the impact of taxes, on the basis that taxes payable by Develop are considered at a consolidated level, separately outside of the respective financial models of its operating assets.

From its review of the technical assumptions, SRK recommended certain adjustments to the Woodlawn Model. Further details of SRK's proposed adjustments are set out in SRK's Report, included in Appendix 7. We have adopted SRK's recommendations in forming our DCF valuation range of Woodlawn.

The Woodlawn Model was prepared based on estimates of a mining and production profile, operating costs and capital expenditure (including pre-production and operating capital). The main assumptions underlying the Adjusted Woodlawn Model include:

- mining and production volumes;
- operating costs;
- capital expenditure (including pre-production and operating capital);
- rehabilitation and closure costs;
- royalties;
- commodity prices;
- foreign exchange rates; and
- discount rate.

BDO has undertaken an analysis of the Woodlawn Model which has involved:

- appointing SRK as a technical specialist to review, and where required, provide suggested changes to the technical assumptions underpinning the Woodlawn Model;
- analysing the Woodlawn Model to confirm its integrity and mathematical accuracy;
- conducting independent research on certain economic and other inputs such as commodity prices, exchange rates, inflation and discount rate applicable to the future cash flows of Woodlawn;
- holding discussions with Develop management and its advisers regarding the preparation of the forecasts in the Woodlawn Model and its views; and

- performing sensitivity analyses on the value of Woodlawn as a result of flexing certain assumptions and inputs.

The Adjusted Woodlawn Model, which forms the basis of our Woodlawn DCF valuation, has been adjusted based on the above procedures.

We have not undertaken a review of the cash flow forecast in accordance with the Standards on Assurance Engagement ASAE 3450 'Assurance Engagements involving Corporate Fundraising and/or Prospective Financial Information' and do not express an opinion on the achievability of the forecast. However, nothing has come to our attention as a result of our procedures to suggest that the assumptions on which the Adjusted Woodlawn Model has been based have not been prepared on a reasonable basis.

## Appointment of technical expert

SRK was engaged to prepare the Independent Specialist Report which includes a technical assessment of the assumptions underlying the Woodlawn Model. SRK's assessment involved the review and provision of an opinion on the reasonableness of the assumptions adopted in the Woodlawn Model, including but not limited to:

- the Mineral Resource included in the Woodlawn Model;
- mining physicals (including volume mined, recovery and grades);
- processing assumptions (including quality of concentrate produced and recovery rates);
- operating costs (comprising mining, processing and administration costs);
- capital expenditure (comprising pre-production and operating capital);
- royalties and concentrate charges;
- rehabilitation and closure costs; and
- other relevant assumptions.

SRK's Independent Specialist Report is included in Appendix 7.

## Limitations

Since forecasts relate to the future, they may be affected by unforeseen events and they depend, in part, on the effectiveness of management's actions in implementing the plans on which the forecasts are based. Accordingly, actual results may vary materially from the forecasts included in the Adjusted Woodlawn Model, as it is often the case that some events and circumstances do not occur as expected, or are not anticipated, and those differences may be material.

## Woodlawn mining physicals

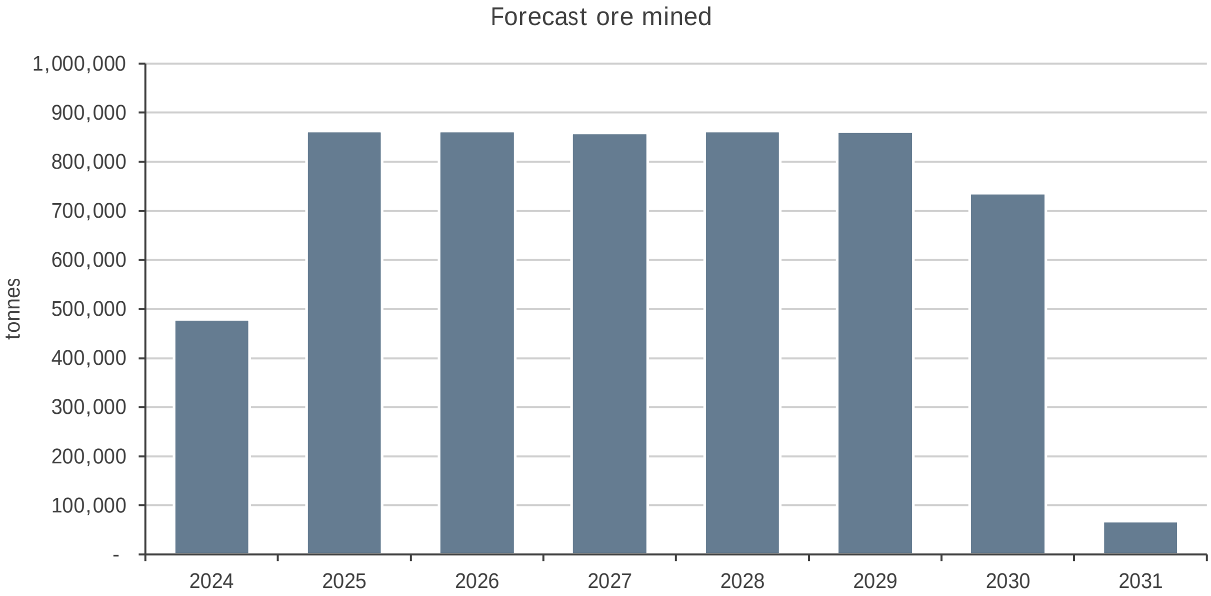
Mining at Woodlawn is expected to restart during FY2024 and the Adjusted Woodlawn Model contemplates an eight year life of mine plan up to FY2031. We have adopted SRK's suggested amendments to certain assumptions relating to mining and processing physicals in the Adjusted Woodlawn Model, in particular reducing metallurgical recoveries.

The details of SRK's proposed amendments above can be found in SRK's Report attached as Appendix 7.

SRK has also advised that there are Residual Resources not accounted for in the Woodlawn Model, which could extend the life of mine beyond what was contemplated in the model. SRK has also provided a valuation for these Residual Resources. We have accounted for the value of the Woodlawn Residual

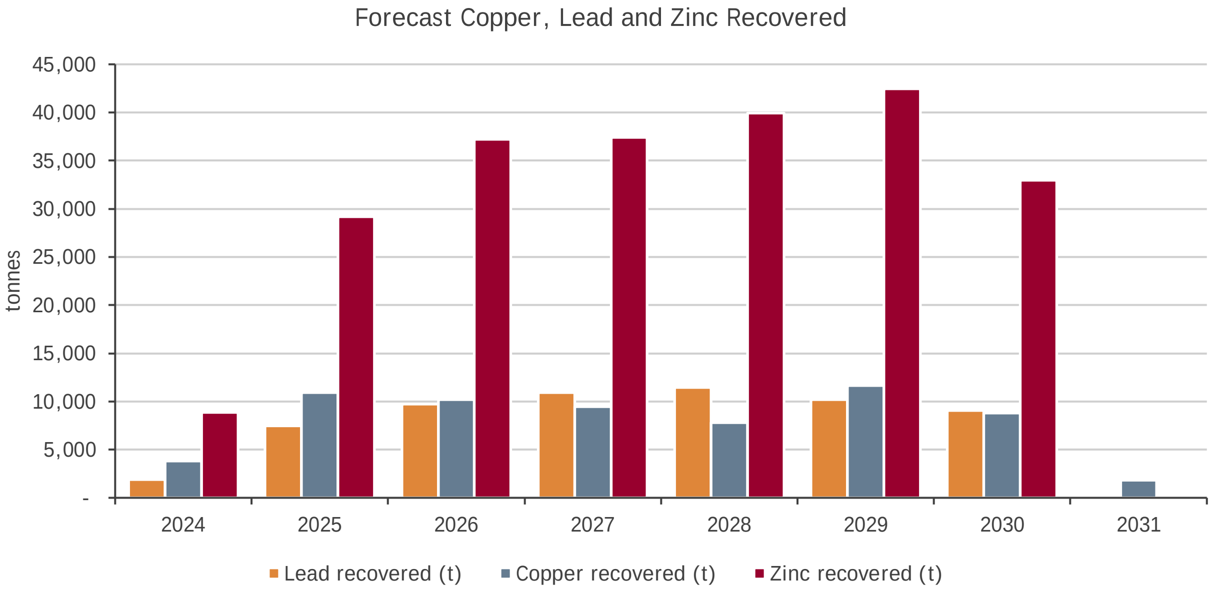
Resources outside of the DCF valuation of Woodlawn, separately in our Sum-of-Parts valuation. SRK consider it inappropriate to extend the life of mine in the DCF model to reflect the Woodlawn Residual Resource because of insufficient reasonable grounds.

The graph below shows the forecast ore to be mined over the life of mine. The periods in the charts below are in financial years beginning 1 July and ending 30 June of each year.

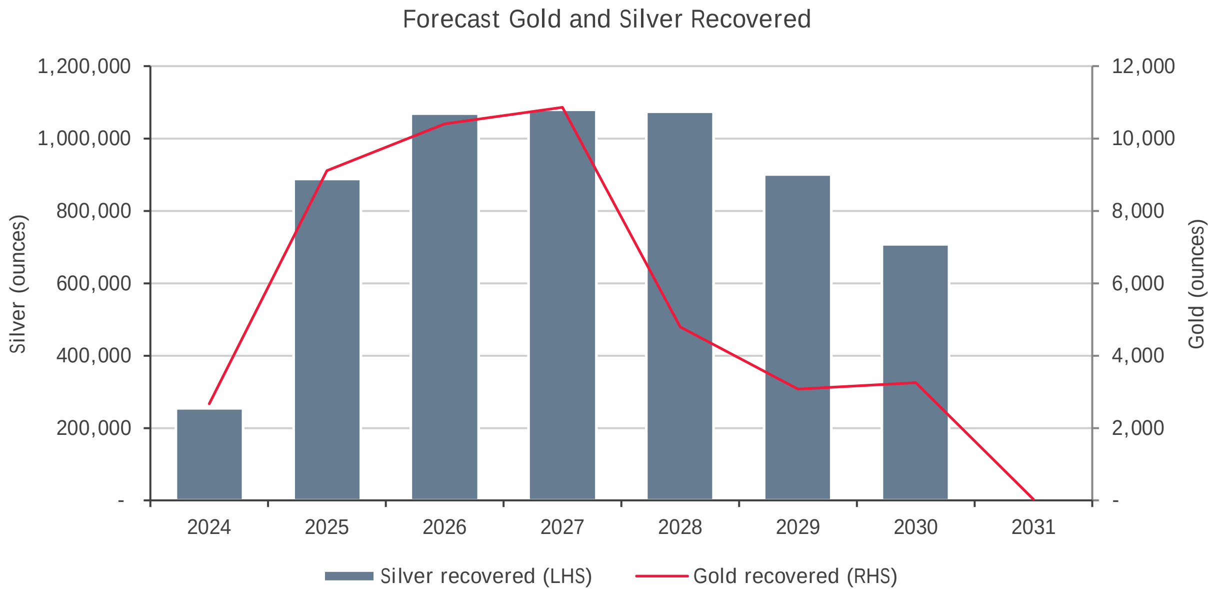



Source: Adjusted Woodlawn Model

The ore that is mined is processed into copper, lead and zinc concentrates which include contained gold and silver metal. The graphs below show the forecast copper, zinc, lead, gold and silver recovered from the concentrates.




Source: Adjusted Woodlawn Model

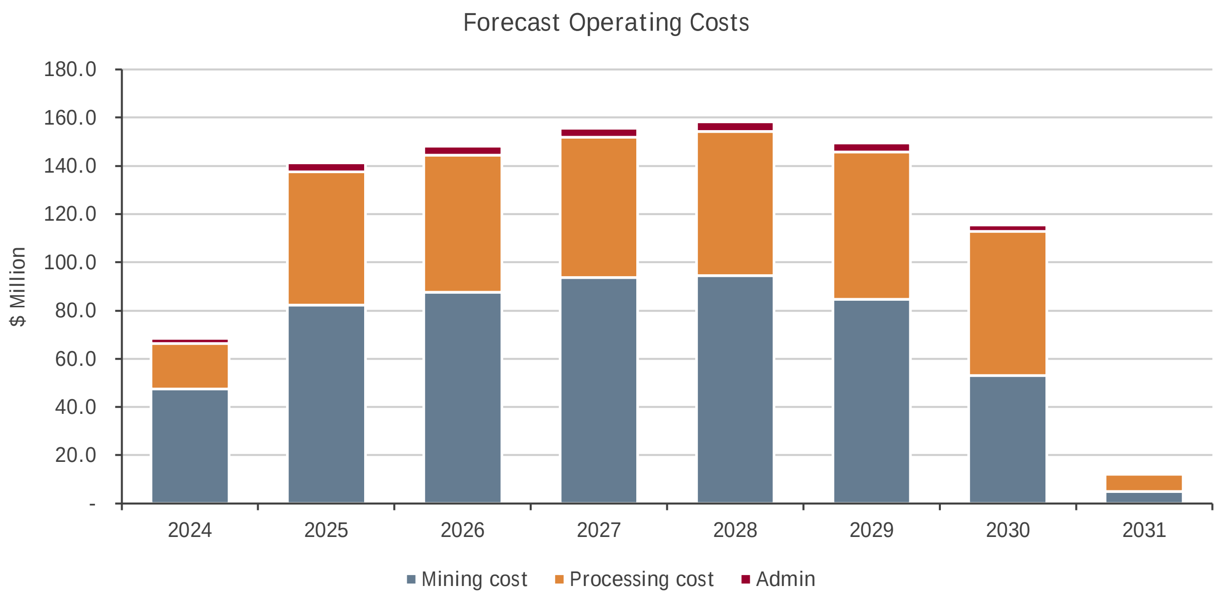



Source: Adjusted Woodlawn Model

## Operating costs

The operating costs forecast in the Woodlawn Model include mining, processing and administration costs. In preparing the Adjusted Woodlawn Model, we have applied our inflation assumptions to these forecast operating costs.

SRK has considered the reasonableness of the forecast operating cost assumptions in the context of their experience with similar mining projects, and have not proposed any adjustments to the operating costs. We note that in the Woodlawn Model, rehabilitation costs are included within the mining costs. The forecast operating costs for Woodlawn incorporating BDO’s inflation assumptions are illustrated in the charts below.




Source: Adjusted Woodlawn Model

Additional costs for treatment charges ('TCs'), refining charges ('RCs') and transportation charges associated with the concentrates are netted against the gross revenue and are therefore excluded from the chart above.

## TCs, RCs and transportation charges

As mentioned above, TCs, RCs and transportation charges are additional costs associated with the sale of concentrates. These costs, which are netted against gross revenue, were considered by SRK to be reasonable. We have applied inflation only to transportation charges as TCs and RCs are generally contractual in nature and typically do not escalate with inflation.

## Royalties

A 5% royalty is payable on net revenue from sale of copper, lead and zinc metal produced. Similarly, a 2.5% royalty is payable on net revenue from sale of gold and silver. SRK consider these royalty rates to be appropriate for Woodlawn. This net revenue is calculated after deducting TCs, RCs and transportation charges.

## Capital expenditure

The capital expenditure requirements for Woodlawn relate to pre-production and operating capital expenditure. It only has forecast capital cost in FY24 with none thereafter, as the bulk of the equipment needed to run the mine is already in place. SRK considered the level of capital expenditure in the Woodlawn Model to be reasonable and we have adjusted them for inflation in the Adjusted Woodlawn Model. On a nominal basis, the only capital expenditure contemplated in the Adjusted Woodlawn Model relate to $23.7 million for pre-production and $3.1 million for operating capital expenditure, both occurring in FY24.

## Closure costs

Closure costs were absent from the Woodlawn Model and SRK consider it appropriate to include closure costs in the range of $40.0 to $60.0 million (in real terms). Accordingly, in the Adjusted Woodlawn Model, we have adopted the midpoint of this range ($50.0 million) as an expense at the end of Woodlawn's life of mine and adjusted it for inflation.

## Rehabilitation costs

SRK assessed the ongoing rehabilitation costs included in the Woodlawn Model to be within a reasonable range. We have inflated the ongoing rehabilitation costs such that, in nominal terms, the Adjusted Woodlawn Model includes total ongoing rehabilitation costs of $32.4 million spread across the life of mine.

## Trade receivables and trade payables

The Adjusted Woodlawn Model considers the payment terms Develop expects to receive on sales of its products from Woodlawn. Based on discussions with Develop, it expects 80% of product sales to be received upfront with the remaining 20% delayed two months later. We have reflected this timing for the collection of sales in the Adjusted Woodlawn Model. No adjustments are made for the timing of payables, therefore the Adjusted Woodlawn Model assumes all payments are made to suppliers within each of the monthly periods.

## Inventory

Ore is mined and processed based on the available capacity of the processing plant at Woodlawn. As such, apart from the beginning of the forecast period when a stockpile of sufficient ore is being built to feed into the mill, the ore mined is generally milled in the following month, resulting in minimal inventory balances. In the Adjusted Woodlawn Model, all ore mined is milled by the end of the forecast period.

## Woodlawn Discount Rate

We have calculated the NPV of Woodlawn excluding taxation and financing cash flows. In our assessment of an appropriate discount rate to apply to the cash flows of the Adjusted Woodlawn Model, we consider the most appropriate discount rate to be Woodlawn's post-tax weighted average cost of capital ('WACC'). A post-tax WACC is applied because although the NPV for Woodlawn is calculated before tax considerations, tax is still accounted for outside of the Adjusted Woodlawn Model.

For the DCF valuation of Woodlawn, we have selected a nominal post-tax discount rate in the range of 9.38% to 10.87% with a preferred rounded midpoint of 10.0%. We have used our preferred rounded midpoint to discount the pre-tax, pre-finance cashflows in the Adjusted Woodlawn Model.

In selecting our range of discount rates we considered the following:

- the rate of return for comparable ASX listed mining companies with similar commodity types and location; and
- the risk profile of Woodlawn as compared to the comparable companies identified.

A detailed consideration of how we arrived at the adopted post-tax nominal discount range is discussed in Appendix 4.

## Sensitivity Analysis on Woodlawn

We have analysed the key assumptions to the Adjusted Woodlawn Model and have prepared sensitivities on the pre-tax NPV. The sensitivity analysis considers the value of Woodlawn under various pricing scenarios and in applying:

- a relative change of +/- 10% to the copper, lead and zinc prices;
- a relative change of +/- 10% to operating costs;
- a relative change of +/- 10% to capital costs;
- a relative change of +/- 10% to the AUD:USD exchange rate;
- a discount rate in the range of 8.0% to 12.0%; and
- an absolute change of +/- 2% on the inflation rate over the forecast period.

We note that the NPV of Woodlawn is relatively less sensitive to changes in the gold price (given it makes up less than 5% of Woodlawn's gross revenues) and therefore have excluded it from our sensitivity analysis. Further, we note that the sensitivities were performed on the pre-tax value of the project, excluding both the Orion Contingent Consideration and the Sandstorm Silver Stream, to illustrate the impact on the value of the underlying operations.

These sensitivities have been prepared to assist Shareholders in considering the potential affects to the value of Woodlawn if our base case assumptions change.

| in A$million | Sensitivity Analysis of Woodlawn's Pre-Tax DCF Valuation | | | | | | |
|---|---|---|---|---|---|---|---|
| % Relative Flex | Copper Price | Lead Price | Zinc Price | Silver Price | Operating Costs | Capital Costs | AUD:USD Rate |
| +10.0% | 209.5 | 173.1 | 209.7 | 172.1 | 84.0 | 160.3 | 78.8 |
| +8.0% | 200.2 | 171.0 | 200.3 | 170.3 | 99.7 | 160.9 | 94.4 |
| +6.0% | 190.9 | 169.0 | 191.0 | 168.4 | 115.5 | 161.4 | 110.6 |
| +4.0% | 181.5 | 167.0 | 181.6 | 166.6 | 131.3 | 161.9 | 127.3 |
| +2.0% | 172.2 | 164.9 | 172.2 | 164.7 | 147.1 | 162.4 | 144.8 |
| - | 162.9 | 162.9 | 162.9 | 162.9 | 162.9 | 162.9 | 162.9 |
| -2.0% | 153.5 | 160.8 | 153.5 | 161.0 | 178.7 | 163.4 | 181.7 |
| -4.0% | 144.2 | 158.8 | 144.1 | 159.2 | 194.4 | 163.9 | 201.4 |
| -6.0% | 134.9 | 156.7 | 134.8 | 157.3 | 210.2 | 164.4 | 221.9 |
| -8.0% | 125.5 | 154.7 | 125.4 | 155.5 | 226.0 | 164.9 | 243.2 |
| -10.0% | 116.2 | 152.7 | 116.0 | 153.6 | 241.8 | 165.4 | 265.6 |

* Operating cost flex applies to all mining, admin and processing operating costs as well as transport costs, but excludes TCs and RCs.

Source: BDO analysis and the Adjusted Woodlawn Model

| Sensitivity Analysis of Woodlawn's Pre-Tax DCF Valuation to the discount rate | | | | | |
|---|---|---|---|---|---|
| Discount rate | 8.0% | 9.0% | 10.0% | 11.0% | 12.0% |
| Value (A$ million) | 176.4 | 169.5 | 162.9 | 156.6 | 150.6 |

Source: BDO analysis and the Adjusted Woodlawn Model

| Sensitivity Analysis of Woodlawn's Pre-Tax DCF Valuation to the inflation rate | | | | | |
|---|---|---|---|---|---|
| % Absolute Flex on Inflation Rate | -2.0% | -1.0% | - | +1.0% | +2.0% |
| Value (A$ million) | 175.3 | 169.1 | 162.9 | 156.7 | 150.6 |

Source: BDO analysis and the Adjusted Woodlawn Model

In considering the above sensitivities, Shareholders should note the following:

- the variables described above may have compounding or offsetting effects and are unlikely to move in isolation;
- the variables for which we have performed sensitivities are not the only variables which are subject to deviation from the forecast assumptions; and
- the sensitivities performed do not cover the full range of possible variances from the base case assumptions used (i.e. variances could be greater than the percentage increases or decreases set out in this analysis).

We also note that we have presented the above sensitivities to highlight the sensitivity of the value of Woodlawn to changes in pricing and other assumptions.

## Conclusion on Pre-tax DCF valuation of Woodlawn

Based on the above analysis we consider the value of Woodlawn (before tax considerations and prior to accounting for the Orion Contingent Consideration and Sandstorm Silver Stream) to be in the range of $144.8 million to $181.7 million with a preferred value of $162.9 million. Our assessed range incorporates SRK's recommendations for certain input assumptions and was formed having consideration to sensitivities around a +/-2% relative change in the AUD:USD exchange rate, given the sensitivity of the NPV to these inputs. Because Woodlawn's costs are Australian-based and the commodity pricing of its products is priced in USD terms, the project is highly sensitive to the AUD:USD exchange rate.

Tax considerations, the value of the Orion Contingent Consideration and the value of the Sandstorm Silver Stream liability are dealt with outside this NPV and detailed in the sections below.

### 12.1.3.1. Value of Woodlawn's Residual Resources and Exploration Potential

SRK has valued the Residual Resources not accounted for in the Adjusted Woodlawn Model within the range of $32.3 million to $74.1 million, with a preferred value of $51.0 million. SRK has also valued the exploration potential associated with Woodlawn within the range of $11.5 million to $24.8 million, with a preferred value of $18.2 million. This is summarised below with further details in the Independent Specialist Report attached as Appendix 7.

| Value of Woodlawn's Residual Resource and Exploration Potential | Low $'000 | Preferred $'000 | High $'000 |
|---|---|---|---|
| Woodlawn's Residual Resources | 32,300 | 51,000 | 74,100 |
| Woodlawn's Exploration Potential | 11,500 | 18,200 | 24,800 |
| Total | 43,800 | 69,200 | 98,900 |

Source: SRK's Independent Specialist Report

### 12.1.3.2. Present Value of the Sandstorm Silver Stream

The Sandstorm Silver Stream has a negative NPV impact on Woodlawn given silver sales to Sandstorm are at a discount to the spot price (20% of the spot price). Our pre-tax DCF valuation of Woodlawn excludes the impact of the Sandstorm Silver Stream liability (i.e. it assumes silver is sold at 100% of the spot price) and therefore this liability needs to be accounted for separately.

Based on the terms of the Sandstorm Silver Stream, our assessment of the forecast silver price and the silver sales expected over the forecast period, we have calculated the present value of the Sandstorm

Silver Stream, discounted at Woodlawn Discount Rate. We note that the Adjusted Woodlawn Model does not contemplate any tailings ore being mined over the forecast period, therefore the tailings stream portion of the Sandstorm Silver Stream is not applicable. Our valuation range for the Sandstorm Silver Stream in the table below has been informed by a +/- 10% relative change to the base case forecast silver price.

| Pre-Tax NPV of Sandstorm Silver Stream | Low | Preferred | High |
|---|---|---|---|
| % Relative Flex to Silver Price | +10.0% | - | -10.0% |
| Pre-Tax NPV of Sandstorm Silver Stream (A$ million) | (18.7) | (18.6) | (18.4) |

Source: BDO analysis and the Adjusted Woodlawn Model

### 12.1.3.3. Conclusion on the value of Woodlawn

Based on our assessment of the various components that form the value of the Woodlawn Project, our assessed value of the project as a whole (before taxation considerations) is summarised in the table below.

| Pre-tax value of Woodlawn | Ref | Low $'000 | Preferred $'000 | High $'000 |
|---|---|---|---|---|
| Pre-tax DCF Valuation of Woodlawn | 12.1.3 | 144,800 | 162,900 | 181,700 |
| Value of Woodlawn's Residual Resource | 12.1.3.1 | 32,300 | 51,000 | 74,100 |
| Value of Woodlawn's Exploration Potential | 12.1.3.1 | 11,500 | 18,200 | 24,800 |
| Present Value of the Sandstorm Silver Stream | 12.1.3.2 | (18,700) | (18,600) | (18,400) |
| Total | | 169,900 | 213,500 | 262,200 |

### 12.1.4. Discounted Cash Flow Valuation of Sulphur Springs

We have elected to use the DCF approach in valuing Sulphur Springs. The DCF approach estimates the fair market value of the asset by discounting the future cash flows arising from it to their net present value. Performing a DCF valuation requires the determination of:

- The future cash flows that Sulphur Springs is expected to generate; and
- An appropriate discount rate to apply to the cash flows of Sulphur Springs to convert them to their present value equivalent.

The value that we have ascribed to Sulphur Springs is based on technical inputs and assumptions that have been reviewed by SRK and our view of future economic assumptions, all of which are derived from information available at the time of SRK's report and our Report respectively. The technical and economic assumptions may change in the future, which may change the value of Sulphur Springs.

The management of Develop has prepared a detailed cash flow model for Sulphur Springs ('the Sulphur Springs Model'). The Sulphur Springs Model estimates the future cash flows expected from zinc, copper and lead concentrates produced, which also include gold and silver metal payable. The Sulphur Springs Model depicts forecasts of real, pre-tax cash flows over an 8.5-year life of mine on a monthly basis from mid-FY 2025 to FY 2034 (the 'Sulphur Springs Forecast Period'). For the purposes of this section, the financial years refer to the 12 month period ending 30 June.

We have made certain adjustments to the Sulphur Springs Model where it was considered appropriate to arrive at an adjusted model ('the Adjusted Sulphur Springs Model'). The Adjusted Sulphur Springs Model incorporates changes to technical assumptions as a result of SRK's review, and any changes to the economic and other input assumptions from our research. We have also adjusted the Sulphur Springs Model by converting the cash flows to be presented on a nominal basis. We have not adjusted the cash flows in the Sulphur Springs Model for the impact of taxes, on the basis that taxes payable by Develop are considered at a consolidated level, separately outside of the respective financial models of its operating assets.

The Sulphur Springs Model was prepared based on estimates of a mining and production profile, operating costs and capital expenditure (including pre-production and operating capital). The main assumptions underlying the Adjusted Sulphur Springs Model include:

- mining and production volumes;
- operating costs;
- capital expenditure (including pre-production and operating capital);
- rehabilitation and closure costs;
- royalties;
- commodity prices;
- foreign exchange rates; and
- discount rate.

BDO has undertaken an analysis of the Sulphur Springs Model which has involved:

- appointing SRK as a technical specialist to review, and where required, provide suggested changes to the technical assumptions underpinning the Sulphur Springs Model;
- analysing the Sulphur Springs Model to confirm its integrity and mathematical accuracy;
- conducting independent research on certain economic and other inputs such as commodity prices, exchange rates, inflation and discount rate applicable to the future cash flows of Sulphur Springs;
- holding discussions with Develop management and its advisers regarding the preparation of the forecasts in the Sulphur Springs Model and its views; and
- performing sensitivity analyses on the value of Sulphur Springs as a result of flexing certain assumptions and inputs.

The Adjusted Sulphur Springs Model, which forms the basis of our Sulphur Springs DCF valuation, has been adjusted based on the above procedures.

We have not undertaken a review of the cash flow forecast in accordance with the Standards on Assurance Engagement ASAE 3450 'Assurance Engagements involving Corporate Fundraising and/or Prospective Financial Information' and do not express an opinion on the achievability of the forecast. However, nothing has come to our attention as a result of our procedures to suggest that the assumptions on which the Adjusted Sulphur Springs Model has been based have not been prepared on a reasonable basis.

## Appointment of technical expert

SRK was engaged to prepare the Independent Specialist Report which includes a technical assessment of the assumptions underlying the Sulphur Springs Model. SRK's assessment involved the review and provision of an opinion on the reasonableness of the assumptions adopted in the Sulphur Springs Model, including but not limited to:

- the Mineral Resource included in the Sulphur Springs Model;

- mining physicals (including volume mined, recovery and grades);
- processing assumptions (including quality of concentrate produced and recovery rates);
- operating costs (comprising mining, processing and administration costs);
- capital expenditure (comprising pre-production and operating capital);
- royalties and concentrate charges;
- rehabilitation and closure costs; and
- other relevant assumptions.

SRK's Independent Specialist Report is included in Appendix 7.

## Limitations

Since forecasts relate to the future, they may be affected by unforeseen events and they depend, in part, on the effectiveness of management's actions in implementing the plans on which the forecasts are based. Accordingly, actual results may vary materially from the forecasts included in the Adjusted Sulphur Springs Model, as it is often the case that some events and circumstances do not occur as expected, or are not anticipated, and those differences may be material.

## Sulphur Springs mining physicals

Mining at Sulphur Springs is expected to commence mid-FY2025 and the Adjusted Sulphur Springs Model contemplates an 8.5-year life of mine plan to the end of FY2033.

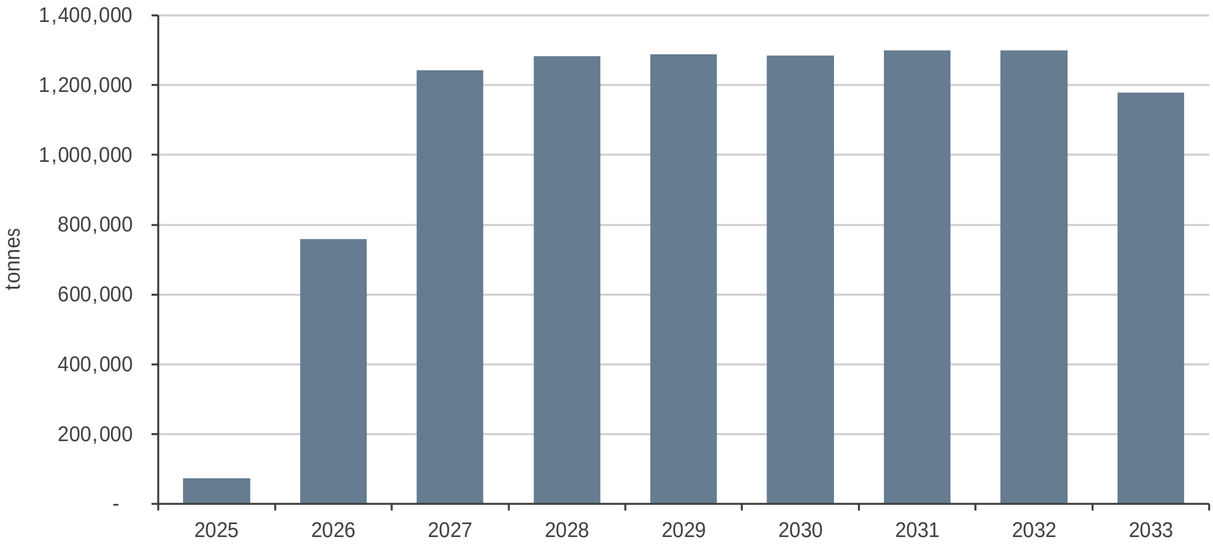
We have adopted SRK's suggested amendments to certain assumptions relating to mining and processing physicals in the Adjusted Sulphur Springs Model, in particular reducing metallurgical recoveries.

The details of SRK's proposed amendments above can be found in SRK's report attached as Appendix 7.

SRK has also advised that there are Residual Resources not accounted for in the Sulphur Springs Model, which could extend the life of mine beyond what was contemplated in the model. SRK has also provided a valuation for these Residual Resources. We have accounted for the value of the Sulphur Springs Residual Resources outside of the DCF valuation of Sulphur Springs, separately in our Sum-of-Parts valuation. SRK consider it inappropriate to extend the life of mine in the DCF model to reflect the Sulphur Springs Residual Resource because of insufficient reasonable grounds.

The graph below shows the forecast ore to be mined over the life of mine. The periods in the charts below are in financial years beginning 1 July and ending 30 June of each year. The charts below reflect SRK's input assumptions.

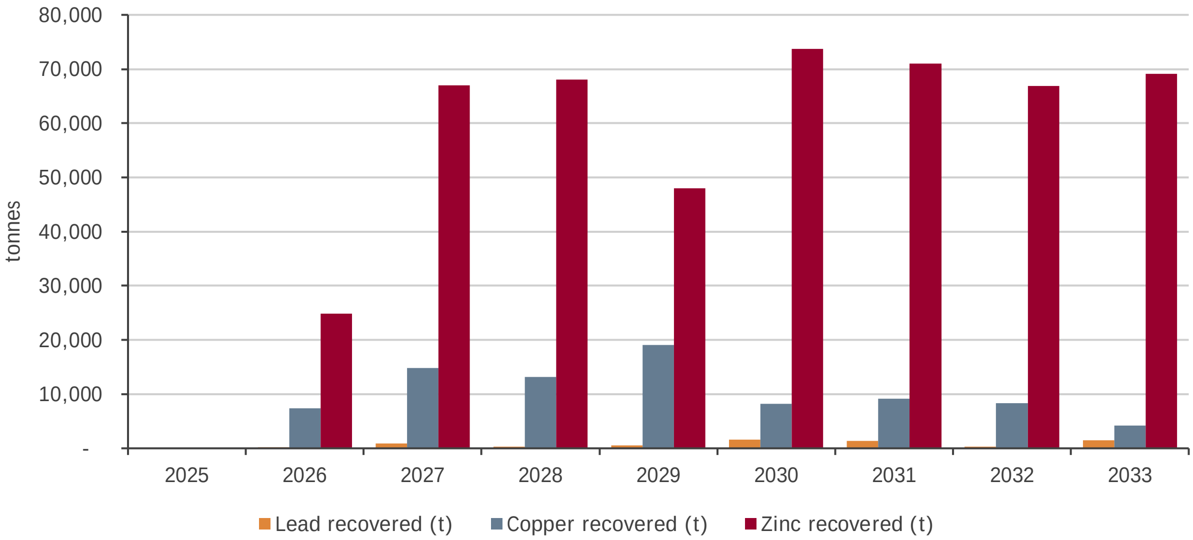
Forecast ore mined



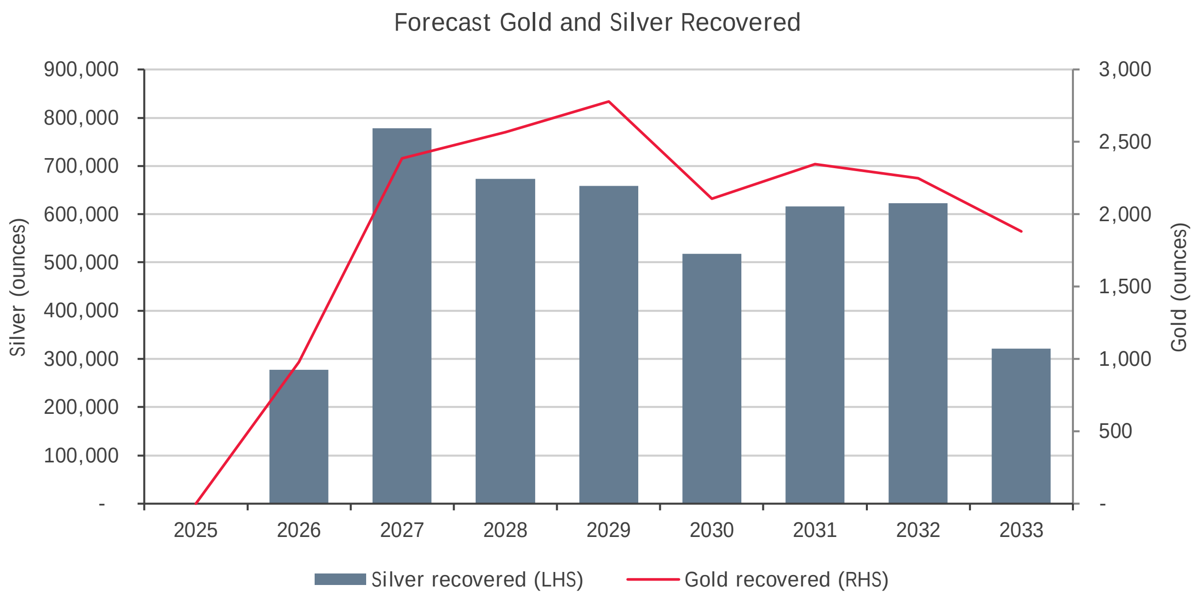

Source: Adjusted Sulphur Springs Model

The ore that is mined is processed into a copper, lead and zinc concentrates which include contained gold and silver metal. The graphs below show the forecast copper, gold and silver recovered from the concentrates.

Forecast Copper, Lead and Zinc Recovered




Source: Adjusted Sulphur Springs Model




Source: Adjusted Sulphur Springs Model

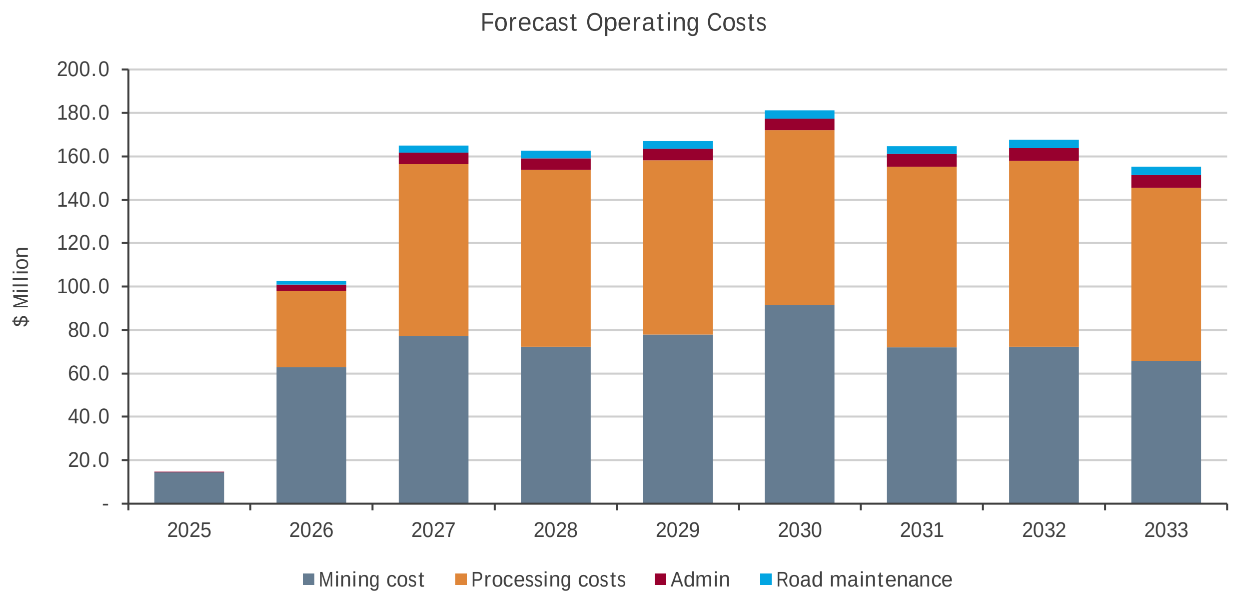
## Operating costs

The operating costs forecast in the Sulphur Springs Model include mining, processing and administration costs. In preparing the Adjusted Sulphur Springs Model, we have applied our inflation assumptions to these forecast operating costs.

We have adopted SRK's suggested amendments to certain assumptions relating to operating costs in the Adjusted Sulphur Springs Model, which includes an adjustment to the diesel price multiplier.

The details of SRK's proposed amendments above can be found in SRK's report attached as Appendix 7.

SRK has considered the reasonableness of the forecast operating cost assumptions in the context of their experience with similar mining projects. We have reflected SRK's suggested amendments to certain unit costs in the Adjusted Sulphur Springs Model including: mining, processing, administration and road maintenance costs. Rehabilitation costs are also included within the mining costs. The forecast operating costs for Sulphur Springs incorporating SRK's assumptions and BDO's inflation assumptions are illustrated in the charts below.




Source: Adjusted Sulphur Springs Model

Additional costs for TCs, RCs and transportation of the concentrates are netted against the gross revenue and are therefore excluded from the chart above.

## TCs, RCs and transportation charges

As mentioned above, TCs, RCs and transportation charges are additional costs associated with the sale of concentrates. These costs, which are netted against gross revenue, were considered by SRK to be reasonable. We have applied inflation only to transportation charges as TCs and RCs are generally contractual in nature and typically do not escalate with inflation.

## Royalties

The following royalties are payable in relation to Sulphur Springs:

- 5% royalty payable on net revenue from sale of copper, lead and zinc metal produced;
- 2.5% royalty payable on net revenue from sale of gold and silver;
- 0.6% Traditional Landowner royalty paid on the sale of zinc, copper and lead concentrate, respectively; and
- A royalty of $2 per tonne of ore processed, capped at $3.67 million paid to Sipa Resources Limited.

## Capital expenditure

The capital expenditure requirements for Sulphur Springs relate to development and operating capital expenditure. On a nominal basis, pre-production capital expenditure totals $315.0 million, and operating capital expenditure totals $105.5 million over the life of the mine. SRK has confirmed the reasonableness of the forecast capital cost included in the Adjusted Sulphur Springs Model.

## Rehabilitation and closure costs

The Adjusted Sulphur Springs Model includes total rehabilitation and closure costs of $60.2 million (in nominal terms), of which, $59.1 million is forecast to be paid in June 2033, relating to mine closure costs and $1.1 million is forecast to be paid towards a mine rehabilitation fund over monthly periods beginning in December 2025 and concluding in June 2033. We have reflected SRK's recommended mine closure costs in the Adjusted Sulphur Springs Model, and have applied inflation to it. We have also removed the salvage value included in the Model, based on SRK's recommendation.

The details of SRK's proposed amendments above can be found in SRK's report attached as Appendix 7.

## Trade receivables and trade payables

The Adjusted Sulphur Springs Model considers the payment terms Develop expects to receive on sales of its products from Sulphur Springs. Based on discussions with Develop, it expects 80% of product sales to be received upfront with the remaining 20% delayed two months later. We have reflected this timing for the collection of sales in the Adjusted Sulphur Springs Model. No adjustments are made for the timing of payables, therefore the Adjusted Sulphur Springs Model assumes all payments are made to suppliers within each of the monthly periods.

## Inventory

Ore is mined and processed based on the available capacity of the processing plant at Sulphur Springs. As such, apart from the beginning of the forecast period when a stockpile of sufficient ore is being built to feed into the mill, the ore mined is generally milled in the following month, resulting in minimal inventory balances. In the Adjusted Sulphur Springs Model, all ore mined is milled by the end of the forecast period.

## Sulphur Springs Discount Rate

We have calculated the NPV of Sulphur Springs excluding taxation and financing cash flows. In our assessment of an appropriate discount rate to apply to the cash flows of the Adjusted Sulphur Springs Model, we consider the most appropriate discount rate to be Sulphur Springs' post-tax weighted average cost of capital. A post-tax WACC is applied because although the NPV for Sulphur Springs is calculated before tax considerations, tax is still accounted for outside of the Adjusted Sulphur Springs Model.

For the DCF valuation of Sulphur Springs, we have selected a nominal post-tax discount rate in the range of 9.82% to 11.31% with a preferred rounded midpoint of 10.5%. We have used our preferred rounded midpoint to discount the pre-tax, pre-finance cashflows in the Adjusted Sulphur Springs Model.

In selecting our range of discount rates we considered the following:

- the rate of return for comparable ASX listed pre-development and advanced exploration companies with similar commodity types and location; and
- the risk profile of Sulphur Springs as compared to the comparable companies identified.

A detailed consideration of how we arrived at the adopted post-tax nominal discount range is discussed in Appendix 4.

## Sensitivity Analysis on Sulphur Springs

We have analysed the key assumptions to the Adjusted Sulphur Springs Model and have prepared sensitivities on the pre-tax NPV. The sensitivity analysis considers the value of Sulphur Springs under various pricing scenarios and in applying:

- a relative change of +/- 10% to the copper, zinc and silver prices;
- a relative change of +/- 10% to operating costs;
- a relative change of +/- 10% to capital costs;
- a relative change of +/- 10% to the AUD:USD exchange rate;
- a discount rate in the range of 8.5% to 12.5%; and
- an absolute change of +/- 2% on the inflation rate over the forecast period.

We note that the NPV of Sulphur Springs is relatively less sensitive to changes in the gold and lead price (given they make up less than 10% of Sulphur Springs's gross revenues) and therefore have excluded them from our sensitivity analysis.

These sensitivities have been prepared to assist Shareholders in considering the potential affects to the value of Sulphur Springs if our base case assumptions change. Set out below are the sensitivity tables while applying:

| in A$million | Sensitivity Analysis of Sulphur Springs' Pre-Tax DCF Valuation | | | | | |
|---|---|---|---|---|---|---|
| % Relative Flex | Copper Price | Zinc Price | Silver Price | Operating Costs | Capital Costs | AUD:USD Rate |
| +10.0% | 141.3 | 170.9 | 88.1 | 1.6 | 51.4 | (27.9) |
| +8.0% | 129.7 | 153.4 | 87.2 | 18.0 | 57.9 | (7.3) |
| +6.0% | 118.2 | 136.0 | 86.2 | 34.4 | 64.3 | 14.1 |
| +4.0% | 106.6 | 118.5 | 85.3 | 50.8 | 70.7 | 36.4 |
| +2.0% | 95.1 | 101.0 | 84.4 | 67.1 | 77.1 | 59.5 |
| - | 83.5 | 83.5 | 83.5 | 83.5 | 83.5 | 83.5 |
| -2.0% | 72.0 | 66.0 | 82.6 | 99.9 | 89.9 | 108.5 |
| -4.0% | 60.4 | 48.5 | 81.7 | 116.3 | 96.3 | 134.6 |
| -6.0% | 48.9 | 31.1 | 80.8 | 132.6 | 102.7 | 161.7 |
| -8.0% | 37.3 | 13.6 | 79.9 | 149.0 | 109.2 | 190.1 |
| -10.0% | 25.8 | (3.9) | 78.9 | 165.4 | 115.6 | 219.7 |

*Operating cost flex applies to all mining, admin and processing operating costs as well as transport costs, but excludes TCs and RCs.

Source: BDO analysis and the Adjusted Sulphur Springs Model

| Sensitivity Analysis of Sulphur Springs' Pre-Tax DCF Valuation to the discount rate | | | | | |
|---|---|---|---|---|---|
| Discount rate | 8.5% | 9.5% | 10.5% | 11.5% | 12.5% |
| Value (A$ million) | 118.5 | 100.3 | 83.5 | 68.0 | 53.7 |

Source: BDO analysis and the Adjusted Sulphur Springs Model

| Sensitivity Analysis of Sulphur Springs' Pre-Tax DCF Valuation to the inflation rate* | | | | | |
|---|---|---|---|---|---|
| % Absolute Flex on Inflation Rate | -2.0% | -1.0% | - | +1.0% | +2.0% |
| Value (A$ million) | 59.6 | 70.9 | 83.5 | 97.5 | 112.9 |

Source: BDO analysis and the Adjusted Sulphur Springs Model

*We note that NPV increases with inflation because we have inflated the long-term real commodity price forecast in the Adjusted Sulphur Springs Model

In considering the above sensitivities, Shareholders should note the following:

- the variables described above may have compounding or offsetting effects and are unlikely to move in isolation;
- the variables for which we have performed sensitivities are not the only variables which are subject to deviation from the forecast assumptions; and
- the sensitivities performed do not cover the full range of possible variances from the base case assumptions used (i.e. variances could be greater than the percentage increases or decreases set out in this analysis).

We have presented the above sensitivities to highlight the sensitivity of the value of Sulphur Springs to changes in pricing and other assumptions.

## Conclusion on Pre-tax DCF valuation of Sulphur Springs

Based on the above analysis we consider the value of Sulphur Springs (before tax considerations) to be in the range of $59.5 million to $108.5 million with a preferred value of $83.5 million. Our assessed range incorporates SRK's recommendations for certain input assumptions and was formed having consideration to sensitivities around a +/-2% relative change in the AUD:USD exchange rate and a +/-1% relative change in the inflation rate, given the sensitivity of the NPV to these inputs.

Given Sulphur Springs' costs are Australian-based and the commodity pricing its products are based on is priced in USD terms, the project is highly sensitive to the AUD:USD exchange rate. Inflation is also a major factor to the NPV of Sulphur Springs particularly given the large closure cost expense at the end of the life of mine.

### 12.1.4.1. Value of Sulphur Springs' Exploration Potential

SRK has valued the Residual Resources not accounted for in the Adjusted Sulphur Springs Model within the range of $22.3 million to $44.5 million, with a preferred value of $34.2 million. SRK has also valued the exploration potential associated with Sulphur Springs within the range of $2.5 million to $7.0 million, with a preferred value of $4.8 million. This is summarised below with further details in the Independent Specialist Report attached as Appendix 7.

| Value of Sulphur Springs' Residual Resource and Exploration Potential | Low<br>$'000 | Preferred<br>$'000 | High<br>$'000 |
|---|---|---|---|
| Sulphur Springs' Residual Resources | 22,300 | 34,200 | 44,500 |
| Sulphur Springs' Exploration Potential | 2,500 | 4,800 | 7,000 |
| Total | 24,800 | 39,000 | 51,500 |

Source: SRK's Independent Specialist Report

### 12.1.4.2. Conclusion on the value of Sulphur Springs

Based on our assessment of the various components that form the value of the Sulphur Springs Project, our assessed value of the project as a whole (before taxation considerations) is summarised in the table below.

| Pre-tax value of Sulphur Springs | Ref | Low $'000 | Preferred $'000 | High $'000 |
|---|---|---|---|---|
| Pre-tax DCF Valuation of Sulphur Springs | 12.1.4 | 59,500 | 83,500 | 108,500 |
| Value of Sulphur Springs' Residual Resource | 12.1.4.1 | 22,300 | 34,200 | 44,500 |
| Value of Sulphur Springs' Exploration Potential | 12.1.4.1 | 2,500 | 4,800 | 7,000 |
| Total | | 84,300 | 122,500 | 160,000 |

### 12.1.5. Assumed financing for Woodlawn and Sulphur Springs

In evaluating the DCF valuation of both Woodlawn and Sulphur Springs, we have considered the financing requirements of both at the consolidated Proposed Merged Entity level. In addition to Develop's existing cash balance and the cash gained from the acquisition of Essential, the Mining Services Business will also generate funds which can be used to support Woodlawn and Sulphur Springs into production until they become self-sustaining. As such, to account for the ability of the various business operations to cross-fund each other, we consider it appropriate to assess the overall funding requirement of the Proposed Merged Entity at the consolidated, rather than at the project-level.

At the consolidated level, our analysis indicates a funding shortfall in the range of $222.3 million (reflective of the low end assumptions) to $186.5 million (using the high end assumptions). In forming our view on the type and quantum of financing available to the Proposed Merged Entity, we have had discussions with Develop on its intentions with regards to funding of its mining projects, as well as performed our own research based on industry data. Based on the assessed funding required and the availability of debt financing discussed further below, we consider it possible for the Proposed Merged Entity to fund Woodlawn and Sulphur Springs without the need for further equity investment given the cashflow positive mining services business.

#### Assumed financing for Woodlawn

Develop has advised that it has received non-binding indicative proposals relating to debt financing arrangements for Woodlawn. Based on our discussions with Develop and our research of comparable company debt, we consider a reasonable debt facility size for Woodlawn to be around $50 million, which, when combined with existing cash reserves and cash generated from Develop's Mining Services Business, would provide sufficient funds to bring Woodlawn into production. We have not disclosed the specific terms of any potential debt arrangements as Develop has only received non-binding indicative proposals at this juncture, and disclosing any terms may impede the negotiation process.

We have modelled such a debt facility having regard to the interest rate and term set out in the non-binding indicative proposals, which do not appear to be unreasonable based on our understanding of debt facilities for similar mining companies entering production. We have adopted an interest rate of 8% for our modelling purposes.

#### Assumed financing for Sulphur Springs

As at the date of our Report, we have not been advised by Develop of any financing arrangements for Sulphur Springs. As such we have analysed debt financing arrangements for pre-development mining projects in Australia. Specifically, we have analysed the amount of debt financing typically raised as a proportion of pre-production capital expenditure as well as the average tenure of the debt. For illustrative purposes, we have also presented our mean and median calculations excluding financing provided by the Northern Australia Infrastructure Facility ('NAIF'), an entity owned by the Australian Government, as this financing facility is geographically restricted and typically provided on less onerous terms than traditional bank finance. Our analysis is presented in the table below:

| Date | Company | Project | Market Cap. ($m) | Debt Funding Acquired ($m) | Project Capex ($m) | Percent Funded (%) | Tenure (years) |
|---|---|---|---|---|---|---|---|
| 29/06/2023 | West African Resources Limited | Kiaka Gold Project | 885.4 | 373.0 | 605.2 | 61.6% | 5.0 |
| 17/01/2023 | Hastings Technology Metals Limited* | Yangibana Project | 467.4 | 220.0 | 400.0 | 55.0% | 12.5 |
| 29/06/2022 | Liontown Resources Limited | Kathleen Valley Project | 2,455.3 | 300.0 | 545.0 | 55.0% | 5.0 |
| 01/12/2021 | Bellevue Gold Limited | Bellevue Project | 845.6 | 200.0 | 252.0 | 79.4% | 6.0 |
| 16/11/2021 | Tietto Minerals Limited | Abujar Gold Project | 213.4 | 200.3 | 286.2 | 70.0% | n/a |
| 13/10/2021 | Adriatic Metals Limited | Vares Silver Project | 713.8 | 164.3 | 230.0 | 71.4% | 4.5 |
| 30/11/2020 | Calidus Resources Limited | Warrawoona Project | 144.8 | 110.0 | 120.0 | 91.7% | 3.3 |
| 12/11/2020 | Galena Mining Limited | Abra Base Metals Project | 124.7 | 166.3 | 170.0 | 97.8% | 5.8 |
| 22/06/2020 | Strandline Resources Limited* | Coburn Project | 104.6 | 130.0 | 260.0 | 50.0% | 15.5 |
| Mean | | | 661.7 | 207.1 | 318.7 | 70.2% | 7.2 |
| Median | | | 467.4 | 200.0 | 260.0 | 70.0% | 5.4 |
| Mean (excl. NAIF) | | | 769.0 | 216.3 | 315.5 | 75.3% | 4.9 |
| Median (excl. NAIF) | | | 713.8 | 200.0 | 252.0 | 71.4% | 5.0 |

*Debt financing has been provided by NAIF, an entity owned by the Australian Government, as such, financing may be on less onerous terms than traditional bank finance.

Source: ASX Announcements and BDO analysis.

Based on our analysis above, we consider it reasonable that Sulphur Springs would be able to obtain a debt facility of 60% of its pre-production capital expenditure. Applying this percentage to Sulphur Spring's pre-production capital expenditure requirement of approximately $315 million results in a debt facility size for Sulphur Springs of around $190 million, which we consider reasonable based on the mean and median debt financing arrangements outlined above. Additionally, based on the table above, we consider a reasonable tenure period for the debt to be five years.

We have modelled such a debt facility having consideration for the analysis above and the non-binding indicative proposals received for Woodlawn. We consider a reasonable interest rate for Sulphur Springs to be 9%, as Sulphur Springs is at an earlier stage of development compared to Woodlawn and does not have a history of production. We note that there could also be other forms of financing available for Sulphur Springs such as offtake prepayments and metal streaming arrangements (similar to Woodlawn's Sandstorm Silver Stream) which we have not considered, that could provide additional funding if required.

### 12.1.6. Value of Develop's interests in its JVs

SRK has also valued Develop's interests in its existing JVs being a 20% interest in the Whim Creek JV (with Anax Metals), and its 20% interests in exploration tenements in the NSW (with Alchemy Resources and with SKY Metals).

SRK considered a DCF valuation approach in assessing Develop's 20% interest in Whim Creek. On top of any adjustments to the mining and processing physicals and costs of Whim Creek that SRK considered necessary, SRK also adopted the same macroeconomic assumptions as applied to Woodlawn and Sulphur Springs (outlined in Section 12.1.2), and adopted Sulphur Springs' discount rate given the similarity in risks the two projects face. These adjustments resulted in a negative NPV and consequently, SRK has elected to value the Whim Creek Resource in its entirety using the comparable transaction, actual transaction and yardstick methods instead.

SRK has also valued the two JVs Develop has with Alchemy Resources and SKY Metals using comparable transactions and the yardstick method.

SRK's valuations for the above JVs are summarised in the table below with further information in its Independent Specialist Report attached as Appendix 7.

| Value of Develop's 20% interest in its JVs | Low $'000 | Preferred $'000 | High $'000 |
|---|---|---|---|
| Value of Develop's 20% interest in the Whim Creek JV | 3,100 | 4,300 | 5,700 |
| Value of Develop's 20% interest in its JV with Alchemy Resources | 900 | 2,600 | 3,400 |
| Value of Develop's 20% interest in its JV with SKY Metals | 100 | 200 | 300 |
| Total | 4,100 | 7,100 | 9,400 |

Source: SRK's Independent Specialist Report

### 12.1.7. Present value of corporate costs of the Proposed Merged Entity

Corporate costs, attributable to the Proposed Merged Entity as a whole, were not included in any of the DCF valuations of the Proposed Merged Entity's operating assets. Following the Scheme, Develop will be a larger entity with the acquisition of Essential. We have assumed that as a larger entity with operating assets, the Proposed Merged Entity will incur higher corporate costs than those incurred historically.

Set out below are the corporate costs incurred by Develop for the years ended 30 June 2022 and 30 June 2021, as well as the annualised corporate costs for the half year ended 31 December 2022. It must be considered that for these periods Develop did not own producing assets and its Dev Mining Services division was only established midway through FY22. As a result, we have placed more weighting on the annualised corporate costs for the half year ended 31 December 2022, as corporate costs incurred prior to this period will not accurately reflect the operations of the Proposed Merged Entity following the Scheme.

| | Half year ended 31-Dec-22 (annualised) | Half year ended 31-Dec-22 | Actual year ended 30-Jun-22 | Actual year ended 30-Jun-21 |
|---|---|---|---|---|
| Administrative expenses | (3,705) | (1,852) | (1,807) | (775) |
| Directors, employees, and consultants' expenses | (4,865) | (2,433) | (2,419) | (1,266) |
| Share based payments | (1,074) | (537) | (8,306) | (80,241) |
| **Develop's corporate costs ($m)** | (9,644) | (4,822) | (12,531) | (82,283) |
| *Add back: Share based payments* | 1,074 | 537 | 8,306 | 80,241 |
| **Develop's corporate costs (excl**. share based payments) ($m) | (8,570) | (4,285) | (4,226) | (2,042) |

Source: Develop's audited financial statements for the years ended 30 June 2021, 30 June 2022 and reviewed half year financial statement ended 31 December 2022.

Based on the above analysis of corporate costs, we have assessed real corporate costs for the Proposed Merged Entity to be in the range of $7.0 million to $9.0 million per annum, with a preferred position of

$8.0 million per annum. We have adopted this range, having considered the annualised historical corporate costs of Develop for the half-year ended 31 December 2022.

We have also added back share based payments as these have typically been associated with one-off transactions, and would not be indicative of the future corporate costs incurred by the Proposed Merged Entity going forward. We have applied our long-term assessed forecast inflation rate of 2.5% per annum to the corporate costs up until the end of Sulphur Springs' life of mine, which is expected to conclude at the end of FY2033, and have discounted these cash flows by a discount rate of 9.5% which we derived by taking a weighted average of the WACCs for Woodlawn, Sulphur Springs and the Mining Services Business, based on their relative pre-tax NPVs. In forming a terminal value for our corporate cost estimate, we have assumed that Dev Mining Services will continue indefinitely and the level of corporate costs required to support it as a standalone business would be lower. As such, we have valued the terminal value of corporate costs based on a real $3.0 million per annum perpetuity growing at the long-term inflation rate of 2.5%. We have applied a terminal discount rate based on the Mining Services Business' discount rate of 9.0%, outlined in Appendix 3.

We note that we have not incorporated any expected tax shield impact in this assessment as we have assessed taxation considerations separately at the consolidated Proposed Merged Entity level, outlined in the next section.

Based on the above analysis, we have assessed the present value of corporate costs to be in the range of $77.7 million to $92.9 million with a preferred value of $85.3 million.

#### 12.1.8. Present value of taxes payable by the Proposed Merged Entity

For the Proposed Merged Entity, the relevant income and expenses would be consolidated at the head company level with tax calculated on that basis. Accordingly, none of the cash flow models for the respective operating assets considered in our assessment consider tax payments, and the NPV calculations were therefore performed on pre-tax cash flows. However, the NPV of associated tax payments are dealt with outside the models, by consolidating the revenues and costs of each operating asset, along with our assumptions on financing and corporate costs, and applying the 30% Australian statutory corporate tax rate.

Based on our discussions with Develop, we understand there are carry forward tax losses of approximately $255.7 million as at 30 June 2022 which can be utilised. We have adjusted this figure for the financial performance of Develop over FY2023 based on management accounts and included the utilisation of existing tax losses in our assessment. We note that the Proposed Merged Entity may also benefit from additional amortisation tax shield impacts arising from the acquisition of Essential, however we have not included such benefits in our assessment of the present value of taxes as we do not have reasonable grounds to model these.

The forecast of taxes is based on a low and a high scenario, which has been formed having regard to the low and high valuation scenarios used in valuing the Mining Services Business, Woodlawn and Sulphur Springs individually:

- Low scenario: Mining Services Business Scenario A, Woodlawn and Sulphur Springs assuming a +2% flex to the AUD:USD exchange rate
- High scenario: Mining Services Business Scenario B, Woodlawn and Sulphur Springs assuming a -2% flex to the AUD:USD exchange rate

In calculating the present value of taxes, we have discounted the forecast tax payments of the consolidated entity based on a discount rate of:

- 10.5% initially up until the end of both Woodlawn and Sulphur Springs' respective life of mine, which reflects the weighted average cost of equity of the Mining Services Business, Woodlawn and Sulphur Springs (weighted at their relative pre-tax NPVs); and
- 9% thereafter, which reflects the cost of equity of the Mining Services Business alone.

We note that a cost of equity is used, rather than a WACC, as the tax shield from interest payments has been considered in our calculations. This resulted in a present value of taxes in the range of $57.2 million to $109.2 million, with a midpoint of $83.2 million.

### 12.1.9. Value of Develop's other assets and liabilities

The other assets and liabilities of Develop represent the assets and liabilities that have not been specifically addressed elsewhere in our Sum-of-Parts valuation. From our discussions with Develop and analysis of the other assets and liabilities, outlined in the table below, we do not consider there to be a material difference between book value and fair value, unless an adjustment has been noted below.

The table below represents a summary of the assets and liabilities identified:

| Statement of Financial Position | Notes | Reviewed as at 31-Dec-22 $'000s | Adjusted value $'000s |
|---|---|---|---|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | a | 26,636 | 71,019 |
| Trade and other receivables | | 7,228 | 7,228 |
| Inventories | | 4,925 | 4,925 |
| Other assets | | 1,142 | 1,142 |
| TOTAL CURRENT ASSETS | | 39,932 | 84,314 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | b | 42,306 | - |
| Right of use assets | b | 20,907 | - |
| Exploration and evaluation expenditure | b | 57,866 | - |
| Mine properties | b | 55,679 | - |
| Intangibles | b | 2,524 | - |
| Other receivables | c | 10,232 | - |
| Other assets | | 3,583 | 3,583 |
| TOTAL NON-CURRENT ASSETS | | 193,097 | 3,583 |
| TOTAL ASSETS | | 233,029 | 87,897 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | d | 10,514 | 17,067 |
| Lease liabilities | b | 7,784 | - |
| Employee benefits | | 2,152 | 2,152 |
| Provisions | | 4,342 | 4,342 |
| TOTAL CURRENT LIABILITIES | | 24,791 | 23,561 |
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | b | 13,446 | - |
| Employee benefits | | 75 | 75 |
| Provisions | c | 26,988 | - |

| Statement of Financial Position | Notes | Reviewed as at 31-Dec-22 $'000s | Adjusted value $'000s |
|---|---|---|---|
| Contract liabilities | e | 20,302 | - |
| TOTAL NON-CURRENT LIABILITIES | | 60,811 | 75 |
| TOTAL LIABILITIES | | 85,602 | 23,636 |
| NET ASSETS | | 147,427 | 64,261 |

Source: Develop's reviewed financial statements for the period ended 31 December 2022, Develop's management accounts as at 30 June 2023, discussions with Develop and BDO analysis.

We have not undertaken a review of Develop's unaudited accounts in accordance with Australian Auditing and Assurance Standard 2405 'Review of Historical Financial Information' and do not express an opinion on this financial information. However, nothing has come to our attention as a result of our procedures that would suggest the financial information within the management accounts has not been prepared on a reasonable basis.

We have been advised that there has not been any other significant change in the net assets of Develop since 31 December 2022 and that the above assets and liabilities represent their fair market values apart from the adjustments detailed below. Where the above balances differ materially from the reviewed position at 31 December 2022 we have obtained supporting documentation to validate the adjusted values used, which provides reasonable grounds for reliance on the unaudited financial information.

We note the following in relation to the above valuation to Develop's other assets and liabilities:

### Note a) Cash and cash equivalents

Develop's management have provided us with its management accounts for 30 June 2023, which we have verified the cash balance of $21.8 million against the Company's June 2023 Quarterly Cashflow Report. Our adjustments to this 30 June 2023 cash balance are to reflect the $50 million July Capital Raising conducted by Develop, net of capital raising costs:

| Adjusted cash and cash equivalents | $'000 |
|---|---|
| Closing balance of cash as at 30 June 2023 | 21,769 |
| Add: Cash raised from Develop's July Capital Raising | 50,000 |
| Less: Develop's July Capital Raising fees | (750) |
| Adjusted cash and cash equivalents | 71,019 |

Source: Develop's June 2023 Quarterly Cashflow Report, discussions with Develop, Develop's management accounts as at 30 June 2023 and BDO analysis.

### Note b) Balance sheet items already accounted for in the DCF valuation of Develop's operating assets

We have adjusted the book value of these items to nil, as they are already accounted for in the valuation of Develop's operating assets.

We note that although a portion of the property, plant and equipment, right of use assets and lease liabilities relate to Develop's corporate offices, most of it relates to the operational businesses and we consider any corporate-related amounts to already be accounted for in the value of Develop's business operations.

The other items adjusted to nil relate to either Woodlawn or Sulphur Springs (exploration and evaluation expenditure and mine properties) or the Mining Services Business (intangibles) and are already accounted for in their respective DCF valuations.

### Note c) Other non-current receivable and related non-current provision

The other non-current receivable balance of $10.2 million at 31 December 2022 relates to the rehabilitation provision of Whim Creek. At the time, Develop was in the process of transferring the Whim Creek tenements to Anax Metals and had recognised the full rehabilitation liability (as part of the non-current provision balance) together with this offsetting receivable. This $10.2 million receivable was the 80% proportion Anax Metals would be liable for at the end of operations. SRK has valued Develop's 20% interest in Whim Creek inclusive of rehabilitation considerations, therefore the any balances relating to Whim Creek's rehabilitation are adjusted to nil.

Since the non-current provision balance relates entirely to the rehabilitation of Whim Creek and Woodlawn, both of which are already accounted for in their respective valuations, we have adjusted the entire non-current provision balance to nil.

### Note d) Trade and other payables

We have adjusted the trade and other payables balance to the balance per management's 30 June 2023 accounts as it represents a material increase from the balance at 31 December 2022. Management has attributed this increase to an increase in activity particularly at the Mining Services Business and Woodlawn over the half-year to 30 June 2023. In addition, Develop has advised that after 30 June 2023, Develop shares were issued in lieu of certain payments owed to creditors. We have reflected this in our adjusted trade and other payables balance (noting that the shares issued are already accounted for in the number of Develop shares on issue).

### Note e) Contract liabilities

The contract liability balance of $20.3 million at 31 December 2022 represents the Sandstorm Silver Stream liability. This liability has already been accounted for in the valuation of Woodlawn and accordingly, we have adjusted the balance to nil here.

## 12.1.10. Transaction costs

In connection with the Scheme, and as detailed in the Scheme Booklet, Develop and Essential have estimated transaction-related costs and stamp duty payments totalling $12.1 million. Accordingly, we have deducted this from the value of the Proposed Merged Entity. The payment of statutory and contractual entitlements of Essential employees not continuing with the Proposed Merged Entity following the Scheme includes a cash payment of $90,000 made to Timothy Spencer in lieu of a grant of FY24 Performance Rights as detailed in the Scheme Booklet.

| Transaction-related costs | $'000 |
|---|---|
| Estimated stamp duty costs associated with the Scheme | 7,893 |
| Corporate advisory and other professional fees for both Develop and Essential in connection with the Scheme | 3,954 |
| Statutory and contractual entitlements of Essential employees not continuing with the Proposed Merged Entity following the Scheme | 276 |
| Total | 12,123 |

Source: Draft Scheme Booklet and discussions with the management of Develop.

### 12.1.11. Adjusted number of shares outstanding

In calculating the number of Proposed Merged Entity shares on issue following the implementation of the Scheme, we have reflected the following adjustments:

- As discussed in Section 5.12, existing Essential performance rights will be converted into Essential shares which then get converted into Develop shares as part of the Scheme;
- Essential options on issue will be converted into Develop shares per the Option Cancellation Deed; and
- An adjustment for the notional issue of Develop shares pursuant to the Orion Contingent Consideration (discussed below).

#### Shares notionally issued pursuant to the Orion Contingent Consideration

As part of Develop's acquisition of Woodlawn, it agreed to pay Orion up to $70 million (in cash, shares in Develop or a combination thereof) subject to certain milestones being met:

- $12.5 million payable on definition of 550,000 tonnes ZnEq underground JORC Reserves;
- $7.5 million payable on definition of 680,000 tonnes ZnEq underground JORC Reserves;
- $20.0 million payable on a positive FID in respect of Woodlawn; and
- $30.0 million payable on 18 months of continuous commercial production from Woodlawn.

To satisfy these milestone payments, Develop has the choice of either issuing shares (based on the 5 trading day volume weighted average price prior to the relevant milestone), or paying cash, or a combination thereof.

Based on the Adjusted Woodlawn Model, the last two milestones in relation to a positive FID and continuous production will be met. The realisation of the first two milestones relating to the declaration of JORC Reserves is less certain given these rely on commodity prices and other modifying factors required under JORC. Accordingly, we do not have reasonable grounds to include the Reserves-related milestones in our valuation and we have assumed that only the latter two milestones are met, and that Develop elects to issue shares to satisfy them.

Noting that the fulfilment of these milestones is expected to occur at various points in the future at a time when Woodlawn has achieved commercial production, we have adopted the 5-day volume weighted average share price of Develop around the date of our Report in calculating the notional number of shares to be issued pursuant to the Orion Contingent Consideration. This is because we have no reasonable grounds to assess Develop's future share price at the time that the milestones are met. Notwithstanding this, it is probable that Develop's share price would re-rate higher should it be able to achieve those milestones and as a result, the number of shares required to be issued would be lower than the figure calculated below.

Based on the above, we have included the following adjustment to the number of shares of the Proposed Merged Entity.

| Notional shares issued pursuant to the Orion Contingent Consideration | |
|---|---|
| Total Orion Contingent Consideration payments ($) | 50,000,000 |
| Assumed Develop share price ($/share) | 3.00 |

| Notional shares issued pursuant to the Orion Contingent Consideration | |
|---|---|
| Notional number of shares issued pursuant to the Orion Contingent Consideration | 16,666,667 |

Source: Bloomberg and BDO analysis

Given the above analysis and assumptions, the share structure of the Proposed Merged Entity following the implementation of the Scheme is summarised below.

| Share structure following the implementation of the Scheme | Low | Preferred | High |
|---|---|---|---|
| Number of Essential shares on issue prior to the Scheme | 268,859,967 | 268,859,967 | 268,859,967 |
| Number of Essential performance rights to be converted into Essential shares | 1,696,797 | 1,696,797 | 1,696,797 |
| Total number of Essential shares | 270,556,764 | 270,556,764 | 270,556,764 |
| *Number of Develop shares that Essential shareholders will receive for every share they hold in Essential** | *0.1618* | *0.1618* | *0.1618* |
| Number of Proposed Merged Entity shares to be issued to Shareholders | 43,779,412 | 43,779,412 | 43,779,412 |
| Number of Develop shares on issue prior to the Scheme | 197,781,372 | 197,781,372 | 197,781,372 |
| Number of Develop shares issued pursuant to Option Cancellation Deeds | 253,780 | 253,780 | 253,780 |
| Total ordinary shares on issue in the Proposed Merged Entity following the implementation of the Scheme | 241,814,564 | 241,814,564 | 241,814,564 |
| Adjustment for notional issue of Develop shares pursuant to the Orion Contingent Consideration | 16,666,667 | 16,666,667 | 16,666,667 |
| Adjusted number of Proposed Merged Entity shares following the implementation of the Scheme | 258,481,231 | 258,481,231 | 258,481,231 |

*Being the equivalent of 1 new Develop share for every 6.18 Essential shares held

Source: BDO analysis

### 12.1.12. Minority discount

The value of a Proposed Merged Entity share derived under the Sum-of-Parts approach is reflective of a controlling interest. This suggests that the acquirer obtains an interest in the company which allows them to have an individual influence on the operations and value of that company. However, if the Scheme is approved, Shareholders will be minority holders in the Proposed Merged Entity, meaning that their individual holding will not be considered significant enough to have an individual influence in the operations of that company.

Therefore, we have adjusted our valuation of a Proposed Merged Entity share following the Scheme to reflect the minority interest holding. The minority discount is based on the inverse of the control premium and is calculated using the formula 1-(1/(1+control premium)).

Based on our analysis in Appendix 5, we consider an appropriate control premium to be in the range of 25% to 35% with a midpoint of 30%. This assessed control premium range gives rise to a rounded minority discount in the range of 20% to 26%, with a rounded midpoint of 23%.

### 12.1.13. Value of the Proposed Merged Entity on a diluted basis

Diluted basis

We have also considered the valuation on the Proposed Merged Entity on a diluted basis by assessing the likelihood of the exercise of currently existing Develop options, based on our Sum-of-Parts valuation. As detailed in Section 6.11, Develop has 31,815,000 options on issue with various exercise prices, expiring at various dates. We have outlined in the table below, the impact of the exercise of the Develop options on total shares outstanding of the Proposed Merged Entity and cash raised.

| Current options on issue | Number | Low value | Preferred value | High value |
|---|---|---|---|---|
| Options expiring 17-Jun-24 and exercisable at $0.75 | 14,000,000 | In-the-money | In-the-money | In-the-money |
| Options expiring 17-Jun-25 and exercisable at $0.75 | 14,000,000 | In-the-money | In-the-money | In-the-money |
| Options expiring 22-Jun-24 and exercisable at $0.75 | 1,400,000 | In-the-money | In-the-money | In-the-money |
| Options expiring 18-Jul-25 and exercisable at $2.64 | 12,500 | Out-of-the-money | Out-of-the-money | Out-of-the-money |
| Options expiring 18-Jul-26 and exercisable at $2.64 | 12,500 | Out-of-the-money | Out-of-the-money | Out-of-the-money |
| Options expiring 18-Jul-27 and exercisable at $3.10 | 12,500 | Out-of-the-money | Out-of-the-money | Out-of-the-money |
| Options expiring 18-Jul-28 and exercisable at $3.10 | 12,500 | Out-of-the-money | Out-of-the-money | Out-of-the-money |
| Options expiring 16-May-24 and exercisable at $3.27 | 145,000 | Out-of-the-money | Out-of-the-money | Out-of-the-money |
| Options expiring 16-May-25 and exercisable at $3.27 | 1,012,500 | Out-of-the-money | Out-of-the-money | Out-of-the-money |
| Options expiring 31-Oct-25 and exercisable at $3.78 | 45,000 | Out-of-the-money | Out-of-the-money | Out-of-the-money |
| Options expiring 31-Oct-26 and exercisable at $3.78 | 77,500 | Out-of-the-money | Out-of-the-money | Out-of-the-money |
| Options expiring 16-May-26 and exercisable at $3.85 | 130,000 | Out-of-the-money | Out-of-the-money | Out-of-the-money |
| Options expiring 16-May-27 and exercisable at $3.85 | 72,500 | Out-of-the-money | Out-of-the-money | Out-of-the-money |
| Options expiring 28-Nov-25 and exercisable at $4.02 | 81,250 | Out-of-the-money | Out-of-the-money | Out-of-the-money |
| Options expiring 28-Nov-26 and exercisable at $4.02 | 126,000 | Out-of-the-money | Out-of-the-money | Out-of-the-money |
| Options expiring 2-Dec-25 and exercisable at $4.11 | 37,500 | Out-of-the-money | Out-of-the-money | Out-of-the-money |
| Options expiring 2-Dec-26 and exercisable at $4.11 | 65,000 | Out-of-the-money | Out-of-the-money | Out-of-the-money |
| Options expiring 22-Mar-25 and exercisable at $4.12 | 25,000 | Out-of-the-money | Out-of-the-money | Out-of-the-money |
| Options expiring 22-Mar-26 and exercisable at $4.29 | 50,000 | Out-of-the-money | Out-of-the-money | Out-of-the-money |
| Options expiring 31-Oct-27 and exercisable at $4.44 | 35,000 | Out-of-the-money | Out-of-the-money | Out-of-the-money |
| Options expiring 31-Oct-28 and exercisable at $4.44 | 22,500 | Out-of-the-money | Out-of-the-money | Out-of-the-money |

| Current options on issue | Number | Low value | Preferred value | High value |
|---|---|---|---|---|
| Options expiring 28-Nov-27 and exercisable at $4.73 | 80,250 | Out-of-the-money | Out-of-the-money | Out-of-the-money |
| Options expiring 28-Nov-28 and exercisable at $4.73 | 37,500 | Out-of-the-money | Out-of-the-money | Out-of-the-money |
| Options expiring 30-Jun-26 and exercisable at $4.74 | 12,500 | Out-of-the-money | Out-of-the-money | Out-of-the-money |
| Options expiring 30-Jun-27 and exercisable at $4.74 | 12,500 | Out-of-the-money | Out-of-the-money | Out-of-the-money |
| Options expiring 2-Dec-27 and exercisable at $4.82 | 32,500 | Out-of-the-money | Out-of-the-money | Out-of-the-money |
| Options expiring 2-Dec-28 and exercisable at $4.82 | 15,000 | Out-of-the-money | Out-of-the-money | Out-of-the-money |
| Options expiring 22-Mar-27 and exercisable at $4.84 | 12,500 | Out-of-the-money | Out-of-the-money | Out-of-the-money |
| Options expiring 22-Mar-28 and exercisable at $4.84 | 12,500 | Out-of-the-money | Out-of-the-money | Out-of-the-money |
| Options expiring 01-Oct-24 and exercisable at $5.00 | 200,000 | Out-of-the-money | Out-of-the-money | Out-of-the-money |
| Options expiring 29-Jun-28 and exercisable at $5.57 | 12,500 | Out-of-the-money | Out-of-the-money | Out-of-the-money |
| Options expiring 30-Jun-29 and exercisable at $5.57 | 12,500 | Out-of-the-money | Out-of-the-money | Out-of-the-money |
| Total number of options exercised | | 29,400,000 | 29,400,000 | 29,400,000 |
| Cash raised ($'000s) | | $22,050 | $22,050 | $22,050 |

Source: BDO analysis and Develop management

We also note that Develop has 2,839,137 performance rights on issue, pursuant to various terms outlined in Section 6.11. The conversion of these rights into shares will not have an impact on the Proposed Merged Entity's cash balance. Based on the vesting conditions and our knowledge of the Mining Services Business, Woodlawn and Sulphur Springs, we consider it reasonable to assume that all but two of the tranches vest and are exercised for the purposes of our dilution calculation (noting that the number of performance rights assumed to convert into shares is not material to our opinion). The two tranches we have excluded from our calculations are the 109,863 rights which vest upon Dev Mining Services operating five projects and another 109,863 rights which vest upon the achievement of Develop's ESG strategy. We do not have reasonable grounds to assume the vesting of these rights and consequently we have only included the notional vesting and exercise of 2,619,411 performance rights in our assessment of diluted value.

## Assessment of diluted value

Our assessment of the diluted value of a Proposed Merged Entity share, on a diluted, minority interest basis is set out in the table below.

| Valuation of the Proposed Merged Entity following the Scheme (diluted) | Ref | Low $'000s | Preferred $'000s | High $'000s |
|---|---|---|---|---|
| Value of the Proposed Merged Entity (control, undiluted) | 12.1 | 520,352 | 631,352 | 738,268 |
| Add: Cash raised from the notional exercise of in-the-money options | | 22,050 | 22,050 | 22,050 |
| Value of the Proposed Merged Entity (plus cash) (a) | | 542,402 | 653,402 | 760,318 |

| Valuation of the Proposed Merged Entity following the Scheme (diluted) | Ref | Low<br>$'000s | Preferred<br>$'000s | High<br>$'000s |
|---|---|---|---|---|
| Adjusted number of shares outstanding | 12.1.11 | 258,481,231 | 258,481,231 | 258,481,231 |
| Add: Shares issued on notional exercise of in-the-money Develop options | | 29,400,000 | 29,400,000 | 29,400,000 |
| Add: Shares issued on notional vesting and exercise of performance rights | | 2,619,411 | 2,619,411 | 2,619,411 |
| Total shares on a diluted basis (b) | | 290,500,642 | 290,500,642 | 290,500,642 |
| Value per share of the Proposed Merged Entity ($) (control, diluted) (a/b) | | 1.867 | 2.249 | 2.617 |
| *Minority discount* | 12.1.12 | *26%* | *23%* | *20%* |
| Value per share of the Proposed Merged Entity ($) (minority, diluted) | | 1.382 | 1.732 | 2.094 |

Source: BDO analysis

## 12.2 QMP of Develop following the announcement of the Scheme

We have considered the market price of Develop following the announcement of the Scheme as a secondary valuation methodology to our Sum-of-Parts valuation in Section 12.1.

The market price of Develop shares in the period following the announcement of the Scheme is considered to be an indicator of the value of a share in the Proposed Merged Entity because market participants are fully informed as to the terms of the Scheme, with the price reflecting the market's view of value assuming the Scheme is successful.

We note that there are other market factors which may influence the Develop share price following the announcement of the Scheme, such as industry changes, commodity prices, significant corporate actions and other market factors. As such, we have also conducted an analysis of movements in the ASX All Ordinaries Index, as a proxy for the market and the S&P/ASX 300 Metals and Mining index as a proxy for Essential and Develop's industry, over the same post-announcement period.

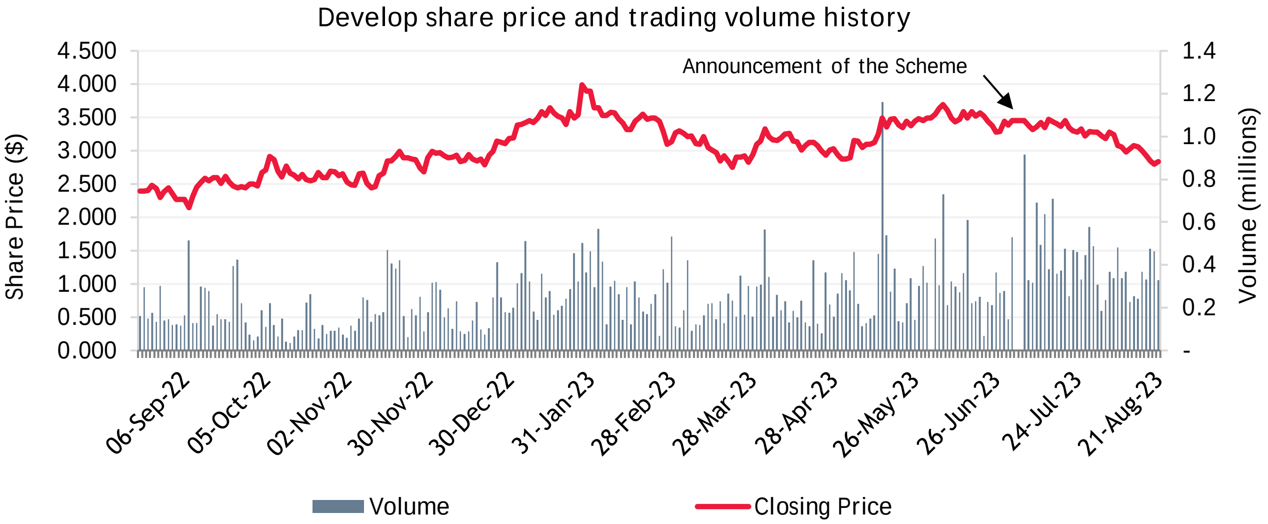
We note that market pricing can be volatile and as such, we have assessed post-announcement pricing on a volume weighted average price over a number of different time periods in order to smooth the day to day price fluctuations.

The QMP of Develop is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company. If Shareholders accept the Scheme, they will become minority shareholders in Develop.

### Minority interest value

Our analysis of the quoted market price of a Develop share is based on the pricing following the announcement, but we have also considered the pre-announcement volumes and pricing in order to satisfy ourselves that we can rely on the QMP methodology.

A graph of Develop's share price and trading volume leading up to, and following the announcement of the Scheme is set out below.




Source: Bloomberg, BDO analysis

The Scheme was announced on 3 July 2023, during which the Company's shares were put into trading halt and commenced normal trading on 5 July 2023. Prior to being put on trading halt on 3 July 2023, the closing share price of Develop on the most recent trading day, 30 June 2023, was $3.451. On 5 July 2023, 916,541 Develop shares were traded and the Develop share price closed at $3.450.

Following the announcement of the Scheme, the closing share price of Develop has fluctuated between a low of $2.800 on 18 August 2023 to a high of $3.470 on 13 July 2023.

Over the whole assessed period from 21 August 2022 to 21 August 2023, the daily price of Develop shares ranged from a low of $2.145 on 7 September 2022 to a high of $3.99 on 27 January 2023. The highest single day of trading over assessed period was 16 May 2023, when 1,161,394 shares were traded. This coincided with the announcement of drilling results from Woodlawn, which indicated resource growth, as well as the release of an investor presentation.

To provide further analysis of the market prices for a Develop Share post the announcement of the Scheme, we have also considered the weighted average market price for the below periods following the announcement up to 21 August 2023:

| Share Price per unit | 21-Aug-23 | 5 Days | 10 Days | 30 Days |
|---|---|---|---|---|
| Closing price | $2.840 | | | |
| Volume weighted average price (VWAP) | | $2.876 | $2.937 | $3.209 |

Source: BDO analysis

In accordance with the guidance in RG 111, we also consider it appropriate to assess the liquidity of Develop shares before utilising the QMP basis. The table below sets out the liquidity of Develop shares as proxied by the volume traded as a percentage of the number of shares on issue. We have analysed this over the period from 21 August 2022 to 21 August 2023, in order to determine whether there is sufficient trading in Develop shares historically in order to rely on a QMP approach.

| Trading days | Share price Low* | Share price High* | Cumulative volume traded | As a % of Issued capital |
|---|---|---|---|---|
| 1 Day | $2.805 | $2.860 | 328,369 | 0.17% |
| 10 Days | $2.770 | $3.150 | 3,392,538 | 1.72% |

| Trading days | Share price Low* | Share price High* | Cumulative volume traded | As a % of Issued capital |
|---|---|---|---|---|
| 30 Days | $2.770 | $3.520 | 11,755,312 | 5.97% |
| 60 Days | $2.770 | $3.731 | 21,446,951 | 10.89% |
| 90 Days | $2.703 | $3.731 | 29,680,610 | 15.08% |
| 180 Days | $2.703 | $3.990 | 51,683,542 | 26.25% |
| 1 Year | $2.065 | $3.990 | 64,117,745 | 32.57% |

Source: Bloomberg, BDO analysis
**Inclusive of prices for intraday trades*

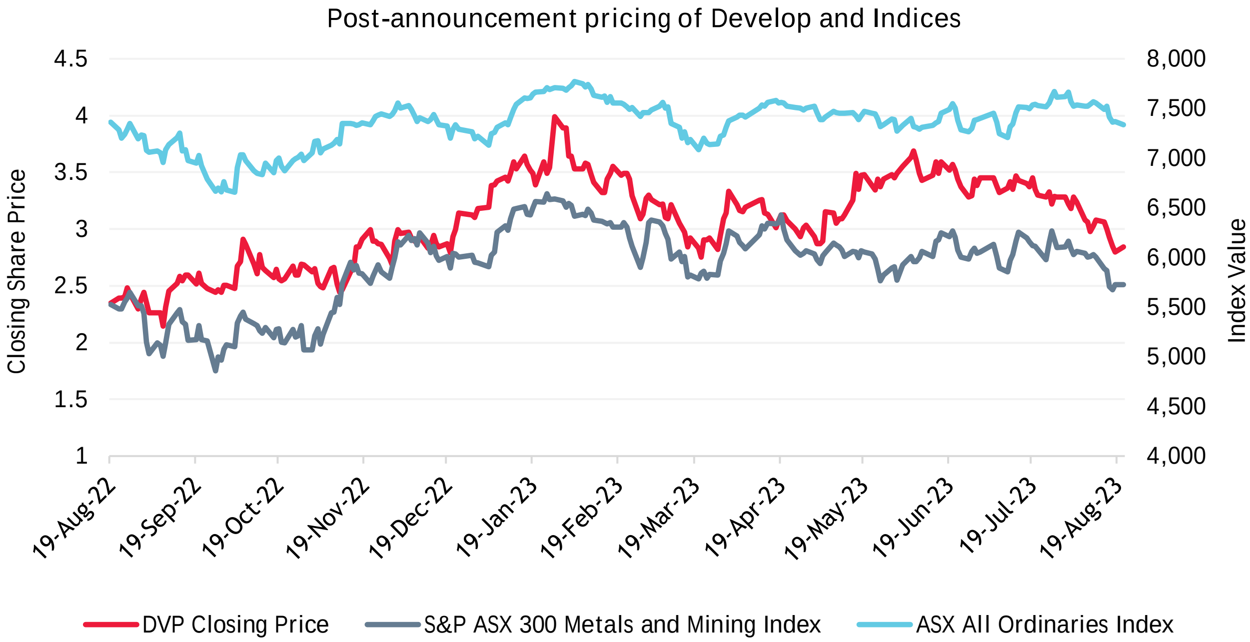
The table above indicates that Develop's shares display a moderate level of liquidity, with 32.57% of Develop's current issued capital being traded in a twelve-month period. RG 111.86 states that for the quoted market price methodology to be an appropriate methodology there needs to be a 'liquid and active' market in the shares and allowing for the fact that the quoted price may not reflect their value should 100% of the securities not be available for sale. We consider the following characteristics to be representative of a liquid and active market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'liquid and active', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Develop, we consider the shares to display a moderate level of liquidity, on the basis that only 32.57%% of its current issued capital has been traded in the twelve month period to 21 August 2023, and 5.97% of the issued capital was traded in the 30 days to 21 August 2023, which was post the announcement of the Scheme. In addition, of the 52 weeks in which our analysis is based on, it was only in four weeks for which more than 1% of the Company's securities had been traded.

We have also considered if there are other market factors which could influence the Develop share price following the announcement of the Scheme by analysing movements in the ASX All Ordinaries Index, as a proxy for the market, and the S&P/ASX 300 Metals and Mining Index, as a proxy for Essential and Develop's industry, over the same period. Our analysis is depicted in the graph below:




Source: Bloomberg, BDO analysis

We note from the graph above that the Develop share price has exhibited a slight downward trend, especially in the last seven trading days to 21 August 2023. We note that this was in line with the declining trend in the S&P/ASX 300 Metals and Mining Index.

In view of the above, we consider it appropriate to weight our assessment towards the trading VWAPs of Develop when considering a position on the quoted price of Develop shares post the announcement of the Scheme, and to also consider the quoted prices of Develop prior to this decline with the wider market.

Based on the above, our assessment of QMP valuation for Develop's shares based on post-announcement market pricing is between $2.90 and $3.30.

| | Low<br>$ | High<br>$ |
|---|---|---|
| Quoted market price value of Develop (post announcement of the Scheme) | 2.900 | 3.300 |

Source: BDO analysis

## 12.3 Post-announcement July Capital Raising price

We have also considered the July Capital Raising price of $3.20 per share in our assessment of the value of the Proposed Merged Entity on a minority interest basis.

This is on the basis that the July Capital Raising had sufficient characteristics to indicate a willing buyer price for shares in the Proposed Merged Entity, namely:

- The July Capital Raising was of a substantial size, representing approximately 8% of Develop's market capitalisation at the time;
- The July Capital Raising was fully underwritten;
- The July Capital Raising had both a retail and institutional component; and

- The July Capital Raising was completed after the announcement of the Scheme, and hence market participants had sufficient time to price and consider the terms of the Scheme before subscribing to the offer.

Therefore, the July Capital Raising price can be considered to be an indicator of the value of a share in the Proposed Merged Entity, on a minority interest basis.

## 12.4 Assessed value of a share in the Proposed Merged Entity

The results of the valuations performed are summarised in the table below:

| | Ref | Low $ | Preferred $ | High $ |
|---|---|---|---|---|
| Sum-of-parts (minority and diluted) | 12.1 | 1.382 | 1.732 | 2.094 |
| QMP (minority) | 12.2 | 2.900 | n/a | 3.300 |
| July Capital Raising price (minority) | 12.3 | 3.200 | n/a | 3.200 |

Source: BDO analysis

As seen from the table above, our valuations under the different methodologies range from a minimum of $1.382 per share to $3.300 per share, which with reference to RG 111.96, we consider to be too large a range to be useful for Shareholders.

We note that the variance range largely stems from the QMP and July Capital Raising approaches being much higher than the value range derived under the Sum-of-Parts methodology.

As noted in the valuation of Essential in Section 11, it is not uncommon for the market price of companies with mineral assets to trade at a premium to a valuation prepared by an independent technical specialist for an Independent Expert's Report. This is because investors are not necessarily guided by the principles and restrictions of RG 170 and IS 214 in forming their views of a company. Consequently, the market price of a company may reflect a degree of upside potential ascribed by market participants.

This is especially pertinent in the case of Develop, as there are numerous potential upside opportunities that the market may have priced into the share price of Develop, including but not limited to:

- The Mining Services Business growing into a three-or-more external contract business, which would have a proportional increasing effect on value;
- Potential synergies being realised between the Mining Services Business and the mining assets of the Proposed Merged Entity, which models successful companies such as MRL;
- Alternative views on future movements in commodity prices, which are in excess of our valuation assumptions that are based on consensus forecasts;
- Positive investor perception of future growth in the Proposed Merged Entity that would be driven by a strong management team led by Mr Beament; and
- Speculation on other value-accretive opportunities by virtue of Mr Beament's connections in the resources sector and with MRL being a substantial shareholder in the Proposed Merged Entity.

When concluding on a valuation range for the Proposed Merged Entity, which will lead into our assessment of fairness that will inform Shareholders on whether to vote on the Scheme, we consider that we cannot assume that Shareholders will share the same sentiments or views that would constitute the basis for the current quoted prices of Develop's shares.

Therefore, we have formed our valuation assessment solely on the Sum-of-Parts valuation range, which is largely underpinned by a DCF valuation of the Mining Services Business and valuations for Woodlawn and Sulphur Springs that were undertaken in accordance with the VALMIN Code, and with consideration for RG 170 and IS 214. Furthermore, we note that our Sum-of-Parts valuation considered specifically the complexities of future tax payable, corporate costs, funding requirements and consideration for the dilutionary impact of options and performance rights.

On that basis, we have concluded a valuation range for a share in the Proposed Merged Entity to reflect our Sum-of-Parts valuation. However, we note that the aforementioned opportunities and investor sentiments, which may have contributed to the current quoted prices of Develop, have been discussed further in our assessment of whether the Scheme is reasonable for Shareholders (Section 14).

We have presented the value of a share in the Proposed Merged Entity in the table below:

| | Low<br>$ | Preferred<br>$ | High<br>$ |
|---|---|---|---|
| Value of a share in the Proposed Merged Entity (minority, diluted) | 1.382 | 1.732 | 2.094 |

Source: BDO analysis

## 13. Is the Scheme fair?

The value of 6.18 Essential shares prior to the implementation of the Scheme (on a controlling and diluted basis), compares to the value of a share in the Proposed Merged Entity to be received by Shareholders as consideration under the Scheme (on a minority interest and diluted basis), as detailed below.

| | Ref | Low $ | Preferred $ | High $ |
|---|---|---|---|---|
| Value of 6.18 Essential shares prior to the Scheme (controlling and diluted basis) | 11.4 | 2.157 | 2.707 | 3.090 |
| Value of a share in the Proposed Merged Entity (minority and diluted basis) | 12.4 | 1.382 | 1.732 | 2.094 |

Source: BDO analysis

We note from the table above that at each of the low, preferred and high valuation points, the value of a share in the Proposed Merged Entity (on a minority interest and diluted basis) is lower than the value of 6.18 Essential shares prior to the Scheme (on a controlling and diluted basis). Therefore, we consider that the Scheme is not fair.

For reference, the value of the Proposed Merged Entity on a controlling interest and diluted basis is calculated in Section 12.1.13 and summarised below.

| Value of the Proposed Merged Entity following the Scheme (control, diluted) | Ref | Low $/share | Preferred $/share | High $/share |
|---|---|---|---|---|
| Value per share ($) (control, diluted) | 12.1.13 | 1.867 | 2.249 | 2.617 |

# 14. Is the Scheme reasonable?

## 14.1 Advantages of Approving the Scheme

We have considered the following advantages when assessing whether the Scheme is reasonable.

### 14.1.1. Shareholders will gain exposure to a more diversified suite of mineral assets

If the Scheme is approved, Shareholders will no longer be exposed to the risks associated being a single asset development company, as Shareholders will acquire access to Develop's portfolio of mineral assets, consisting of the Woodlawn Zinc-Copper Project, The Sulphur Springs Zinc-Copper Project, and the Whim Creek Base Metal Joint Venture Project. Currently, Develop's mineral assets are in the advanced exploration and development phase, with Woodlawn anticipated to resume operations in FY2024, Sulphur Springs anticipated to commence in FY2025 and Whim Creek in FY2024. Following the Scheme, Shareholders will acquire exposure to near-production energy transition metals assets, for which a substantial amount of capital expenditure ($340 million) has already been spent on Woodlawn by its previous owner, thereby reducing future funding needs.

### 14.1.2. Shareholders will gain exposure to Dev Mining Services

In addition to the above, Shareholders will gain exposure to **Develop's** underground Mining Services Business, which currently services the Bellevue Gold Project. As outlined in Section 6.6 in our Report, Develop plans to expand its Mining Services Business to operate five to seven projects (with two to three contracts to service third party projects to generate free cash flow). As a result, Shareholders will gain exposure to the potential upside associated with a multi-contract mining services business, and the diversification benefits associated with holding shares in a company that operates both mines and a Mining Services division.

Moreover, Dev Mining Services is currently cashflow positive, and there is the potential for the generated cash to be used to support the development of mineral assets held by the Proposed Merged Entity. To the extent that the potential upside of a multi-contract mining services operations is realised, it could reduce future external funding requirements for the development of mineral assets held by the Proposed Merged Entity.

### 14.1.3. Shareholders will receive access to the potential synergies provided by Dev Mining Services

If the Scheme is approved, Shareholders will benefit from the potential operational synergies between Dev Mining Services and the mineral assets held by the Proposed Merged Entity. Specifically, Dev Mining Services possesses the capacity to provide in house underground mining services to the mineral assets held by the Proposed Merged Entity. We note that the capacity to service the mineral assets held by the Proposed Merged Entity will likely result in value accretion for Shareholders.

In addition, MRL holds approximately 19.5% of the issued capital in Essential and is a cornerstone investor in Develop, with a shareholding of approximately 12.8% of the issued capital of Develop. MRL has stated that it intends to vote in favour of the Scheme if there is no superior proposal and if the Independent Expert concludes that the Scheme is in the best interests of Shareholders. Should the Scheme be implemented, there is potential for synergies between the Proposed Merged Entity and MRL, which is a diversified mining and mining services company with a market capitalisation of approximately $12 billion.

### 14.1.4. Shareholders will retain exposure to Pioneer Dome

If the Scheme is approved, Shareholders will become shareholders in the Proposed Merged Entity and therefore will retain exposure to Pioneer Dome. Shareholders will also have access to Develop's funding capacity, cash flows and mining team which will enable the Proposed Merged Entity to accelerate the development of Pioneer Dome.

This is as opposed to the TLEA Scheme, for which Essential shareholders at the time would have sold their exposure to any future advancement or development of Pioneer Dome, in exchange for the $0.50 cash offer.

As outlined in Section 6.8 in our Report, Develop has undertaken the July Capital Raising in connection with the Scheme, whereby approximately $8 million has been allocated to funding the development of Pioneer Dome, which includes drilling, metallurgical tests approvals and updated economic and mining studies.

### 14.1.5. The Proposed Merged Entity will have a larger marker presence, which may result in improved liquidity and increased ability to raise capital

If the Scheme is implemented, the Proposed Merged Entity will have a larger market capitalisation, driven by the acquisition of Essential. The increased size may result in increased analyst coverage, increased levels of trading liquidity and potential inclusion in relevant ASX indices.

Increased analyst coverage and improved liquidity may increase the attractiveness of the Proposed Merged Entity's shares and may lead to an improvement in its ability to raise capital, should it be required.

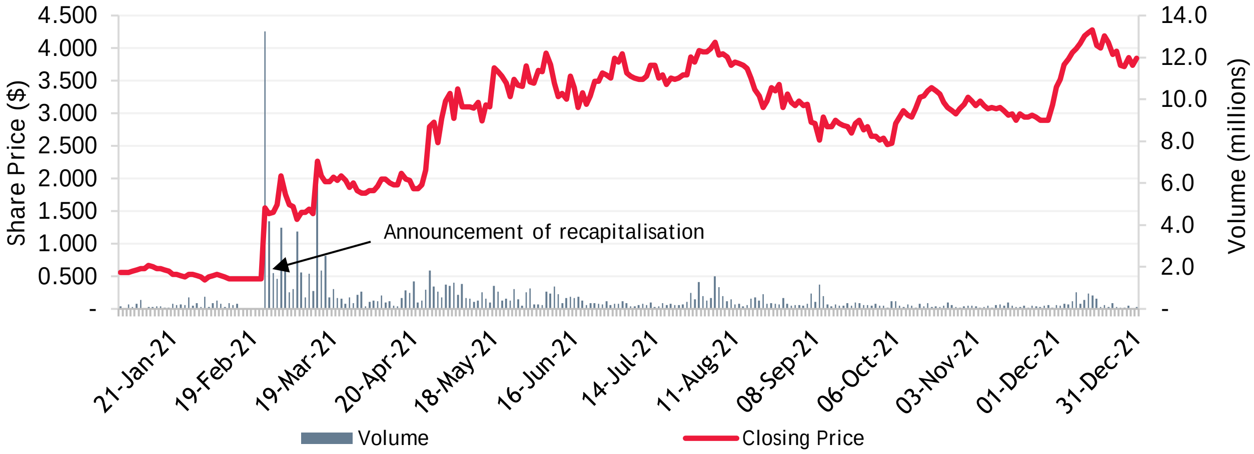
### 14.1.6. Shareholders will hold equity in a company led by Mr Beament

Following the Scheme, Shareholders will own equity in a company led by Mr Beament, who is a highly regarded executive in global mining. Mr Beament is a mining engineer with more than 25 years' experience in the resources sector and previously a founder and Executive Chair of Northern Star, having taken Northern Star from a junior exploration company to an ASX50 company with a market capitalisation at its peak of over $16 billion.

As a Managing Director and major shareholder, Mr Beament will bring his commercial and development expertise to the Proposed Merged Entity. As a result, this may provide the Proposed Merged Entity with better access to sources of future funding, as external debt and equity providers may have greater confidence in a company where Mr Beament has a significant interest in. Mr Beament may also be associated with external parties that have the potential to unlock further value in the Proposed Merged Entity.

We note that when Venturex (now Develop) announced that it would undergo a recapitalisation, wherein Mr Beament would be appointed as Executive Director and become a cornerstone investor of Venturex, the share price of Venturex increased considerably over subsequent periods. We have outlined below the pricing impact of the recapitalisation announcement on 24 February 2021 and the following ten months to 31 December 2021.

Venturex share price and trading volume history (following recapitalisation)




Source: Bloomberg, BDO analysis

### 14.1.7. Shareholders will gain exposure to an established ESG strategy

As outlined in Section 6.7 of our Report, Develop has an established ESG strategy and road map, which includes the formation of net zero targets by the end of FY2025, linking remuneration with ESG outcomes, and organising a Global Reporting Initiative aligned report and modern slavery statement. If the Scheme is approved, Shareholders will gain immediate exposure to the value proposition associated with a pre-established ESG strategy.

### 14.1.8. Based on Develop's post-announcement market pricing, the Scheme Consideration offers Shareholders a premium to the last traded price of an Essential share prior to the announcement of the Scheme

Based on our analysis of Develop's market pricing following the announcement of the Scheme (as detailed in Section 12.2), the Scheme Consideration offers Essential shareholders a premium to the last traded price of Essential prior to the announcement of the Scheme.

The Scheme was announced on 3 July 2023. On the date the Scheme was announced, the share price of Develop closed at $3.451. As outlined in Section 12.2 of our Report, Develop shares have fluctuated from a low of $2.800 to a high of $3.470 following the announcement of the Scheme. Our assessment is that a range of values for Develop shares based on market pricing following the announcement of the Scheme is between $2.900 and $3.300.

Pursuant to the Scheme, Shareholders will receive one share in the Proposed Merged Entity for every 6.18 Essential share held. Essential's closing price on the last day prior to the announcement of the Scheme was $0.415, which is equivalent to $2.565 for every 6.18 shares held. Therefore, based on Essential's closing price on the last day prior to the announcement of the Scheme and based on the post-announcement pricing of Develop around the time of our Report, the Scheme is value accretive.

Notwithstanding this assessment is performed based on the closing price of Essential prior to the announcement of the Scheme, we note that the value of both Essential and Develop shares will continue to fluctuate until the Scheme is implemented. As discussed in Section 14.4 of our Report, given the Scheme Consideration is in the form of Develop shares, we opine that the value of Essential shares will track the value of Develop shares following the announcement of the Scheme. Therefore the value of the Scheme Consideration that Shareholders will receive may (based on market pricing) fluctuate as well.

## 14.2 Disadvantages of Approving the Scheme

We have considered the following potential disadvantages to Shareholders when assessing whether the Scheme is reasonable.

### 14.2.1. Dilution of Shareholders' interests and exposure to Essential's mineral assets

Following implementation of the Scheme, Shareholders' interests will be diluted form holding 100% of the issued capital of Essential to holding approximately 18.40% of the Proposed Merged Entity (on an undiluted basis). Therefore, Shareholders' ability to participate in the potential upside of Pioneer Dome, should it materialise, will be considerably reduced as a result of the Scheme.

### 14.2.2. Change in risk profile

If the Scheme is implemented, the Proposed Merged Entity will have a different risk profile to the risk profile of Essential on a standalone basis, and Shareholders will be exposed to the additional risks of Develop's mineral assets (including the risks associated with their underlying commodities) and the risks associated with the broader mining services industry. Notwithstanding the increased diversification that the Proposed Merged Entity has compared to an investment in Essential, the risks of the combined entity may not be aligned with Shareholders' investment objectives and risk preferences.

### 14.2.3. The exact value of the Scheme Consideration is not certain

As the Scheme Consideration is in the form of Develop shares (rather than cash which would offer certainty), the final value of the Scheme Consideration will be dependent on the price at which Develop's shares trade on the ASX following the Scheme Implementation Date. Shareholders will receive shares in the Proposed Merged Entity, the value of which will fluctuate as it will continue to trade on the ASX. We note that Shareholders will be able to sell their shares to realise cash should they wish to do so. However we also note that Shareholders had previously rejected the TLEA Scheme in which they had the opportunity to realise their investment in Essential for a cash consideration (but would have given up exposure to Essential's assets as a result).

## 14.3 Alternative Proposal

We are aware of a prior alternative proposal, announced on 9 January 2023, in which TLEA offered $0.50 cash for each Essential share by way of the TLEA Scheme. However, the TLEA Scheme was subsequently terminated on the basis that it was not approved by the requisite number of Shareholders, with approximately 42.5% of votes cast against the TLEA Scheme. We note that before the TLEA Scheme was terminated, MRL filed an Initial Substantial Shareholder notice, indicating it held approximately 19.5% of Essential. We note that the Scheme with Develop differs from the TLEA Scheme in that it is a scrip for scrip transaction which allows Shareholders to retain an exposure to Essential's assets, whereas under the TLEA Scheme, Shareholders would not have had the opportunity to retain this exposure. Furthermore, the current Scheme with Develop potentially provides roll-over relief on capital gains taxes for eligible shareholders (refer to the Section 9 of the Scheme Booklet for further information).

Around the date of our Report, MRL's interest in Essential continues to be around 19.5% and it is still Essential's largest shareholder. MRL has agreed to vote its entire shareholding in favour of the Scheme in the absence of a superior proposal and subject to the Independent Expert concluding that the Scheme is in the best interests of Shareholders. Consequently, the likelihood of an alternative offer is low, given MRL's intention to vote in favour of the Scheme subject to the aforementioned conditions being met.

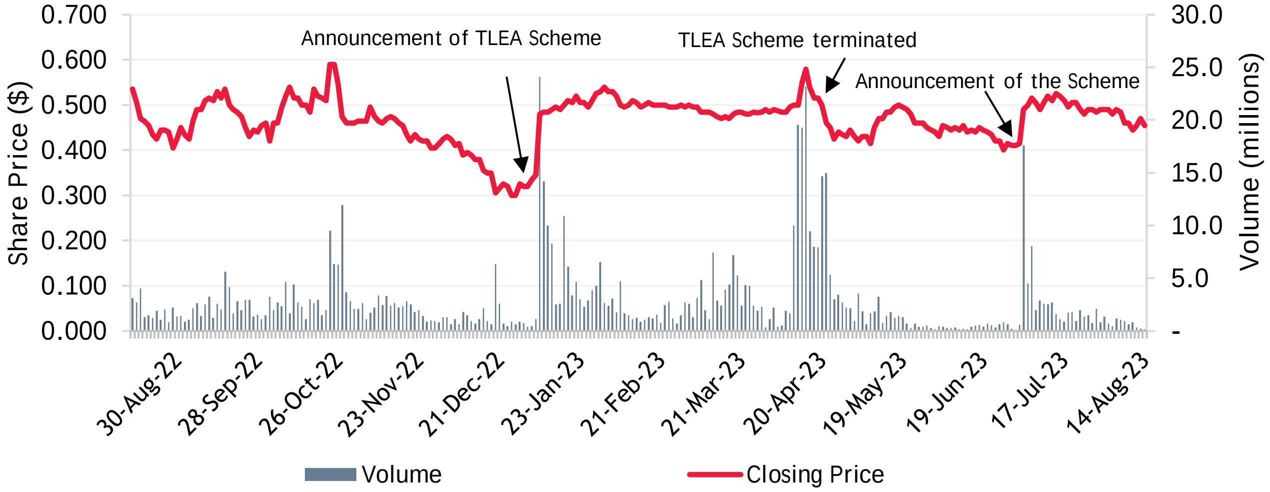
We are unaware of any alternative proposal that might offer the Shareholders of Essential a premium over the value resulting from the Scheme.

## 14.4 Consequences of not Approving the Scheme

### Potential decline in share price

We have analysed movements in Essential's share price since the Scheme was announced.  A graph of Essential's share price and trading volume leading up to, and following the announcement of the Scheme is set out below.

Essential share price and trading volume history (post announcement)




Source: Bloomberg, BDO analysis

The closing price of an Essential share from 3 July 2023 to 14 August 2023 ranged from a low of $0.445 on 14 August 2023 to a high of $0.525 on 13 July 2023.

The Scheme was announced on 3 July 2023. On the date the Scheme was announced, the share price closed at $0.490, up from a closing price of $0.415 on the previous day. On that day, 17.58 million shares were traded, representing approximately 6.54% of Essential's current issued capital. We note that recent trading of Essential shares indicates a decline in share price following the announcement of the Scheme however, this is indicative of Essential shares tracking the value of the Scheme Consideration (being Develop shares); it is worth noting that the value of the Develop shares has subsequently declined following the announcement of the Scheme, which may account for the observed trend in Essential shares.

We have also included in the pricing chart above, the effect of the termination of the TLEA Scheme on Essential's pricing, whereby following the termination of the TLEA Scheme on 21 April 2023, Essential's share price closed at $0.460, representing a decline in share price of $0.500 on the previous day. Given the above analysis, it is possible that if the Scheme is not approved, then Essential's share price may decline to levels seen prior to the announcement of the Scheme.

### Possible dilution if Essential chooses to develop its projects on its own

If the Scheme is not approved, Essential may choose to develop Pioneer Dome by itself and this would require significant upfront capital which would likely require either debt or equity funding. An equity raise would likely be dilutive to existing shareholders, assuming they do not participate in the raising on a pro rata basis.

### Transaction costs incurred by Essential

If the Scheme is not implemented, transaction costs of approximately $0.73 million will be borne by Essential in addition to a potential break fee of $1.53 million. We note that the break fee is not payable if the Scheme is not approved by Shareholders. The conditions around the payment of the break fee are detailed in Section 10 of the Scheme Booklet.

## 14.5 Tax implications

Shareholders are directed to Section 9 of the Scheme Booklet for a more detailed explanation of the tax implications of the Scheme for Shareholders. We emphasise that the tax circumstances of each shareholder can differ significantly, and individual shareholders are advised to obtain their own specific advice.

# 15. Conclusion

We have considered the terms of the Scheme as outlined in the body of this report and have concluded that, in the absence of a superior offer, the Scheme is not fair but reasonable and in the best interests to the Shareholders of Essential.

In our opinion, the Scheme is not fair because the value of a share in the Proposed Merged Entity (on a minority interest and diluted basis) is lower than the value of 6.18 Essential shares prior to the Scheme (on a controlling interest and diluted basis), when a comparison is made at each of the respective low, preferred and high valuation points. However, we consider the Scheme to be reasonable because the advantages of the Scheme to Shareholders are greater than the disadvantages. In particular, following the Scheme, Shareholders would retain exposure to Pioneer Dome while also benefitting from being part of a larger, more diversified entity led by Mr Beament, with potential synergies realisable from its mining services business. This contrasts with the TLEA Scheme (see Section 9.2) which did not provide Shareholders with the ability to retain an interest in Essential's assets.

## 16. Sources of information

This report has been based on the following information:

- Draft Scheme booklet dated on or about the date of this Report;
- Scheme Implementation Deed;
- Audited financial statements of Essential for the years ended 30 June 2021, 30 June 2022 and reviewed accounts for the half-year ended 31 December 2022;
- Unaudited management accounts of Essential for the year ended 30 June 2023;
- Audited financial statements of Develop for the years ended 30 June 2021, 30 June 2022 and reviewed accounts for the half-year ended 31 December 2022;
- Unaudited management accounts of Develop for the year ended 30 June 2023;
- Consolidation workbooks for Develop financial statements for the year ended 30 June 2022 and half year ended 31 December 2022;
- Monthly Management Reports for Develop for the months ended May 2022 to May 2023;
- Quarterly cash flow reports of Essential and Develop for the period ended 30 June 2023;
- Independent Technical Assessment and Valuation Report of Essential's mineral assets dated 14 August 2023 performed by VRM;
- Independent Specialist Report of Develop's mineral assets dated 23 August 2023 performed by SRK;
- Develop's financial models for Woodlawn and Sulphur Springs;
- Bellevue FY24 budget prepared by Develop;
- The Woodlawn financial model prepared by Develop;
- The Sulphur Springs financial model prepared by Develop;
- Share registry information of Essential as at 21 August 2023;
- Share registry information of Develop provided by Develop Management;
- BDO Explorer Quarterly Cash Update: March 2023 and prior periods;
- United States Geological Survey 2022;
- Announcements made by Essential and Develop through the ASX;
- Consensus Economics;
- Bloomberg;
- IBISWorld;
- S&P Capital IQ;
- Reserve Bank of Australia;
- Information in the public domain; and
- Discussions with Directors and Management of Essential and Develop.

## 17. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of $165,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Essential in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by the Essential, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Essential and Develop and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Essential and Develop and their respective associates.

The provision of our services is not considered a threat to our independence as auditors under Professional Statement APES 110 - Professional Independence. The services provided have no material impact on the financial reports of Essential or Develop.

A draft of this report was provided to Essential, Develop and their advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

BDO is the brand name for the BDO International network and for each of the BDO Member firms.

BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

## 18. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investments Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of Chartered Accountants Australia & New Zealand. He has over 35 years' experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 500 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Corporate Finance Practice Group Leader of BDO in Western Australia, the Global Head of Natural Resources for BDO and a former Chairman of BDO in Western Australia.

Adam Myers is a member of Chartered Accountants Australia & New Zealand and the Joint Ore Reserves Committee. Adam's career spans over 25 years in the audit and corporate finance areas. Adam is a CA BV Specialist and has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

## 19. Disclaimers and consents

This report has been prepared at the request of Essential for inclusion in the Scheme Booklet which will be sent to all Essential Shareholders. Essential engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the proposed scheme of arrangement with Develop, under which, it is proposed that Develop will acquire 100% of the shares in Essential.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the Scheme Booklet. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Scheme Booklet other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to the Scheme. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Scheme, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Essential, or any other party.

The valuers engaged for the mineral asset valuation, VRM (for Essential's mineral assets) and SRK (for Develop's mineral assets), possess the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation is appropriate for this report. We have received consent from the valuers for the use of their valuation reports in the preparation of this report and to append copies of their reports to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd is required to provide a supplementary report if we become aware of a significant change affecting the information in this report arising between the date of this report and prior to the date of the meeting or during the offer period.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

Sherif Andrawes
Director

Adam Myers
Director

# Appendix 1 – Glossary of Terms

| Reference | Definition |
|---|---|
| 2018 DFS | The DFS for Sulphur Springs completed in October 2018 |
| 2023 DFS | The DFS for Sulphur Springs completed in June 2023 |
| AFCA | Australian Financial Complaints Authority |
| Alchemy Resources | Alchemy Resources Limited |
| Anax Metals | Anax Metals Limited |
| ANC | Australian Nickel Company |
| ASIC | Australian Securities and Investments Commission |
| ASX | Australian Securities Exchange |
| BDO | BDO Corporate Finance (WA) Pty Ltd |
| Bellevue | Bellevue Gold Limited |
| Bellevue Contract | The mining contract awarded to Develop for the Bellevue Project |
| Bellevue Contact Budget | The budget for the remaining term of the Bellevue Contract |
| Bellevue Project | The Bellevue Gold Project |
| Black Cat | Black Cat Syndicate Limited |
| Blair | The Blair Nickel-Sulphide Deposit |
| CAPM | The Capital Asset Pricing Model |
| Caravel | Caravel Minerals Limited |
| Corporations Act | The Corporations Act 2001 Cth |
| Critical Resources | Critical Resources Limited |

| Reference | Definition |
|---|---|
| DCF | Discounted Future Cash Flows |
| Dev Mining Services or Mining Services Business | Develop's mining services business |
| Develop | Develop Global Limited |
| DFS | Definitive Feasibility Study |
| DMIRS | Department of Mines, Industry Regulations and Safety |
| DMS Model | The financial model prepared by BDO to assess the value of Dev Mining Services |
| DOCA | Deed of Company Arrangement for Creditors |
| Dome North | Essential's Dome North Lithium Mineral Resource |
| DPO | Day Payables Outstanding |
| DSO | Day Sales Outstanding |
| E&E | Exploration and evaluation |
| EBIT | Earnings before interest and tax |
| EBITDA | Earnings before interest, tax, depreciation and amortisation |
| ESG | Environmental, Social and Governance |
| Essential | Essential Metals Limited |
| FME | Future Maintainable Earnings |
| FSG | Financial Services Guide |
| Golden Ridge | Essential's Golden Ridge Gold Project |
| Heron | Heron Resources Limited |
| IS 214 | Information Sheet 214: Mining and Resources: Forward-looking Statements |

| Reference | Definition |
|---|---|
| JORC Code | The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition) |
| Juglah Dome | Essential's Juglah Dome Gold Project |
| July Capital Raising | The capital raising undertaken by Develop on 3 July 2023 to raise $50 million |
| Km | Kilometres |
| $Km^2$ | Square kilometres |
| LME | London Metal Exchange |
| Li2O | Lithium oxide |
| MoU | Memorandum of Understanding |
| Moz | Million ounces |
| MRL | Mineral Resources Limited |
| Mt | Million tonnes |
| NAIF | Northern Australia Infrastructure Facility |
| NAV | Net Asset Value |
| Northern Star | Northern Star Resources Limited |
| Novo | Novo Resources Corp |
| NPV | Net Present Value |
| NSW | New South Wales |
| Option Cancellation Deed | The Option Cancellation Deed entered into by Essential shareholders |
| Orion Contingent Consideration | Share based payment for Heron Resources granted by Develop |
| Our Report | This Independent Expert's Report prepared by BDO |

| Reference | Definition |
|---|---|
| Pioneer Dome | Essential's Pioneer Dome Lithium Project |
| Primero | Primero Group Limited |
| QMP | Quoted market price |
| RBA | Reserve Bank of Australia |
| RCs | Refinement charges |
| Regulations | Corporations Act Regulations 2001 (Cth) |
| RG 111 | Content of expert reports (March 2011) |
| RG 112 | Independence of experts (March 2011) |
| RG 170 | Regulatory Guide 170 'Prospective Financial Information' |
| RG 60 | Schemes of arrangement (September 2011) |
| Sandstorm | Sandstorm Gold Limited |
| Sandstorm Silver Stream | The silver stream arrangement with Sandstorm |
| Scheme Booklet | The Scheme booklet prepared to assist the Shareholders in their decision whether to approve the Scheme |
| Scheme Consideration | One Develop share for every 6.18 Essential shares (equivalent to approximately 0.1618 Develop shares for every Essential share) |
| Second Contract | A hypothetical second contract secured by Dev Mining Services for the provision of underground mining services |
| Section 411 | Section 411 of the Corporations Act |
| SID | Scheme Implementation Deed |
| Sinclair | Essential's Sinclair Caesium Deposit |
| SKY Metals | SKY Metals Limited |
| SRK | SRK Consulting Australasia Pty Ltd |

| Reference | Definition |
| --- | --- |
| SRK Report | The Independent Specialist Report prepared by SRK |
| Sulphur Springs | Develop's Sulphur Springs Zinc-Copper Project |
| Sulphur Springs Forecast Period | Mid-FY2025 to FY2034 |
| Sum-of-Parts | A combination of different methodologies used together to determine an overall value where separate assets and liabilities are valued using different methodologies |
| Target 1 | Spodumene Target 1 |
| Target 2 | Spodumene Target 2 |
| TCs | Treatment charges |
| Tjiwarl | Tjiwarl Contracting Services |
| The Act | The Corporations Act 2001 Cth |
| The Adjusted Sulphur Springs Model | the BDO-adjusted Sulphur Springs Model |
| The Adjusted Woodlawn Model | the BDO-adjusted Woodlawn Model |
| The assessed period | the years ended 30 June 2021, 30 June 2022 and 31 December 2022 |
| The Company | Essential Metals Limited |
| The Proposed Merged Entity | Essential will become a wholly owned subsidiary of Develop, and each share in Develop that an Essential shareholder will receive will be a share in the combined entity following the Scheme |
| The Scheme | Scheme of Arrangement between Essential and Develop |
| The Shareholders | Shareholders of Essential not associated with Develop |
| The Sulphur Springs Model | The cash flow model for Sulphur Springs |
| The Woodlawn Model | The cashflow model for Woodlawn |
| TLEA | Tianqi Lithium Energy Australia |

| Reference | Definition |
|---|---|
| TLEA Scheme | The proposed Scheme of arrangement between Essential and TLEA announced 9 January 2023 |
| USGS | United States Geological Survey |
| VALMIN Code | Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015 Edition) |
| Venturex | Venturex Resources Limited |
| VRM | Valuation and Resource Management Pty Ltd |
| VRM Report | The Independent Technical Assessment & Valuation Report prepared by VRM |
| WA | Western Australia |
| Whim Creek JV | The Whim Creek Project in which Develop holds a 20% interest with the remainder held by Anax Metals |
| Woodlawn | Develop's Woodlawn Zinc-Copper Project |
| Woodlawn Forecast Period | FY2024 to FY2031 |
| ZnEq | Zinc equivalent |



The Directors

BDO Corporate Finance (WA) Pty Ltd

Level 9, Mia Yellagonga Tower 2

5 Spring Street

Perth, WA 6000

Australia

# Appendix 2 – Valuation Methodologies

## 1 *Net asset value ('NAV')*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

## 2 *Quoted Market Price Basis ('QMP')*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a liquid and active market in that security.

## 3 *Capitalisation of future maintainable earnings ('FME')*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ('EBIT') or earnings before interest, tax, depreciation and amortisation ('EBITDA'). The capitalisation rate or 'earnings multiple' is adjusted to reflect which base is being used for FME.

### 4 *Discounted future cash flows ('DCF')*

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

### 5 *Market Based Assessment*

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

The resource multiple is a market based approach which seeks to arrive at a value for a company by reference to its total reported resources and to the enterprise value per tonne/lb of the reported resources of comparable listed companies. The resource multiple represents the value placed on the resources of comparable companies by a liquid market.

# Appendix 3 – Discount Rate for Mining Services Business

Determining the correct discount rate, or cost of capital, for a business (or project) requires the identification and consideration of a number of factors that affect the returns and risks of the business, as well as the application of widely accepted methodologies for determining the returns of a business.

The discount rate applied to the forecast cash flows from a business represents the financial return that will be required before an investor would be prepared to acquire (or invest in) the business.

The capital asset pricing model ('CAPM') is commonly used in determining the market rates of return for equity type investments and project evaluations. In determining a business' WACC, the CAPM results are combined with the cost of debt funding. WACC represents the return required on the business, whilst CAPM provides the required return on an equity investment.

In our assessment of the appropriate discount rate for the Mining Services Business, we consider the most appropriate discount rate to be the cost of equity as we are discounting cash flows after any payments for hire purchase or debt obligations, and thereby assessing the cash flows directly attributable to equity holders of the business.

## Cost of Equity and Capital Asset Pricing Model

CAPM is based on the theory that a rational investor would price an investment so that the expected return is equal to the risk-free rate of return plus an appropriate premium for risk. CAPM assumes that there is a positive relationship between risk and return, that is, investors are risk averse and demand a higher return for accepting a higher level of risk.

CAPM calculates the cost of equity and is calculated as follows:

| CAPM | |
|---|---|
| $K_e$ | $= R_f + ß \times (R_m - R_f)$ |
| Where: | |
| $K_e$ | = expected equity investment return or cost of equity in nominal terms |
| $R_f$ | = risk free rate of return |
| $R_m$ | = expected market return |
| $R_m - R_f$ | = market risk premium |
| ß | = equity beta |

The individual components of CAPM are discussed below.

## Risk Free Rate (Rf)

The risk free rate is typically approximated by reference to a forecast long term government bond rate with a maturity approximately equivalent to the timeframe over which the returns from the assets are expected to be received.

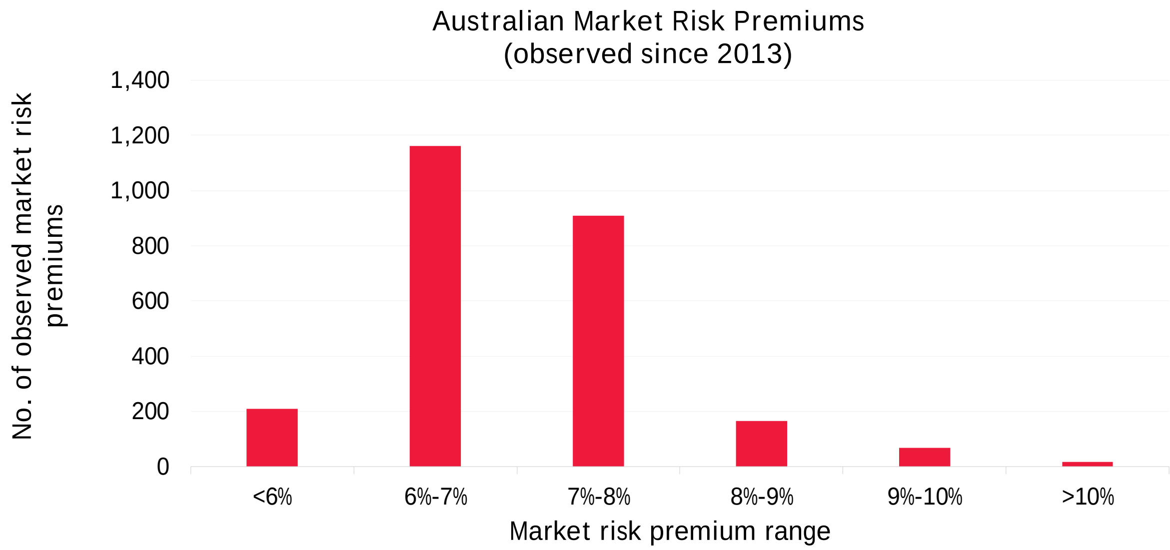
In determining an appropriate ten-year bond rate to use as a proxy for the risk free rate we have given consideration to the ten-year Australian Government Bond rate and projections of the ten-year Australian

Government Bond rate based on forecasts sourced from Bloomberg. Based on this analysis, we have used a risk-free rate ranging from 3.00% to 4.00% in our analysis.

### Market Risk Premium (Rm - Rf)

The market risk premium represents the additional return that investors expect from an investment in a well-diversified portfolio of assets. It is common to use a historical risk premium, as expectations are not observable in practice. In order to determine an appropriate market risk premium in Australia, we have analysed historical data. Our sample of data included the daily historical market risk premiums in Australia over the last ten years.

The market risk premium is derived on the basis of capital weighted average return of all members of the S&P 200 Index minus the risk free rate, which is dependent on the 10-year Australian Government Bond rate.




Source: Bloomberg and BDO analysis

The graph above illustrates the frequency of observations of the Australian market risk premium over the past ten years. The graph indicates that a high proportion of the sample data for Australian market risk premiums lie in the range of 6% to 8%. This is supported by the long term historical average market risk premium of between 6% and 8%, which is commonly used in practice.

In addition to the above historical analysis, we maintain a database of market risk premiums adopted by other valuation practitioners. This database indicates that 6% is the median market risk premium adopted by reputable valuation practitioners in Australia, with the mean being 6.1%.

Based on the above analysis, and our professional judgement, we have used a market risk premium of 6% in our assessment.

### Equity Beta

Beta is a measure of the expected correlation of an investment’s return over and above the risk free rate, relative to the return over and above the risk free rate of the market. A beta greater than one implies that an investment’s return will outperform the market’s average return in a bullish market and underperform the market’s average return in a bearish market. On the other hand, a beta less than one implies that the business will underperform the market's average return in a bullish market and outperform the market's average return in a bearish market.

Equity betas are normally estimated using either an historical beta or an adjusted beta. The historical beta is obtained from the linear regression of a stock's historical data and is based on the observed relationship between the security's return and the returns on an index. An adjusted beta is calculated based on the assumption that the relative risk of the past will continue into the future, and is hence derived from historical data. It is then modified by the assumption that a stock will move towards the market over time, taking into consideration the industry risk factors, which make the operating risk of the company greater or less risky than comparable listed companies.

It is important to note that it is not possible to compare the equity betas of different companies without having regard to their gearing levels. It is generally accepted that a more valid analysis of betas can be achieved by 'ungearing' the equity beta to derive an asset beta ($ß_a$) by applying the following formula:

| Asset beta ($ß_a$) | |
|---|---|
| $ß_a$ | = ß / (1+(D/E x (1-t)) |
| Where: | |
| $ß_a$ | = ungeared or asset beta |
| ß | = equity beta |
| D | = value of debt |
| E | = value of equity |
| t | = corporate tax rate |

## Selected Beta (ß)

In order to assess the appropriate equity beta for Develop's Mining Services Business, we have had regard to the equity beta of ASX-listed contract mining services and other diversified mining services companies with operations primarily in Australia. The ASX-listed companies identified have similar operations to Dev Mining Services, in respect of service offering and industry exposure.

The betas have been assessed over a four-year period using weekly returns, against the S&P/ASX All Ordinaries Index.

The list of companies we selected are set out below:

| Company | Market Capitalisation as at 30-Jun-23 (A$m) | Geared Beta (ß) | Gross D/E (%) | Ungeared Beta (ßa) | $R^2$ |
|---|---|---|---|---|---|
| NRW Holdings Limited | 1,136.46 | 1.51 | 54% | 1.10 | 0.34 |
| Perenti Limited | 699.23 | 1.44 | 65% | 0.99 | 0.24 |
| Maas Group Holdings Limited | 869.56 | 0.95 | 72% | 0.63 | 0.08 |
| Emeco Holdings Limited | 337.35 | 1.42 | 64% | 0.98 | 0.33 |
| DDH1 Limited | 334.91 | 0.95 | 8% | 0.90 | 0.10 |
| Macmahon Holdings Limited | 334.02 | 1.10 | 77% | 0.72 | 0.19 |
| Mitchell Services Limited | 84.62 | 1.19 | 13% | 1.09 | 0.20 |
| Metarock Group Limited | 43.64 | 1.22 | 480% | 0.28 | 0.11 |

| Company | Market Capitalisation as at 30-Jun-23 (A$m) | Geared Beta (ß) | Gross D/E (%) | Ungeared Beta (ßa) | $R^2$ |
|---|---|---|---|---|---|
| Dynamic Group Holdings Limited | 36.33 | 0.24 | 67% | 0.17 | 0.00 |
| Mean | 430.68 | 1.12 | 100% | 0.76 | 0.18 |
| Median | 334.91 | 1.19 | 65% | 0.90 | 0.19 |
| | | | | | |
| Mean (excluding mkt cap <$50m) | 542.31 | 1.23 | 51% | 0.92 | 0.21 |
| Median (excluding mkt cap <$50m) | 337.35 | 1.19 | 64% | 0.98 | 0.20 |

Source: Bloomberg and BDO analysis

In selecting an appropriate beta for Dev Mining Services, we have considered the similarities and differences of the Mining Services Business compared to the set of comparable companies as set out above. The comparable similarities and differences noted are:

- the comparable companies are all exposed to the cycles of the mining industry;
- the comparable companies are all largely based in Australia;
- some comparable companies are heavily exposed to different geographies, such as Perenti Global with Africa;
- some comparable companies such as Mitchell Services, DDH1 and Dynamic Group are more focused on exploration drilling, which represents a different segment of the mining industry;
- the comparable companies have variable risk profiles depending on the level of diversification of their services, whilst Dev Mining Services is intending to be focused on specialist underground mining; and
- the comparable companies identified have varying size and scale profiles, with NRW Holdings, Maas Group Holdings and Perenti Global all having market capitalisations in excess of $500 million, which is a reflection of these companies in particular being larger and more diversified businesses than Dev Mining Services. Similarly, Metarock Group and Dynamic Group have market capitalisations of less than $50 million, which we have excluded from our assessment when assessing the mean and median of the dataset on the basis of small size.

As set out in the table above, the ungeared beta for the list of comparable companies, based on the two-year period, ranges from 0.17 to 1.10 with a mean and median (excluding small size companies) of 0.92 and 0.98, respectively. Descriptions of the comparable companies are provided at the end of this appendix.

In selecting an appropriate ungeared beta for the Mining Services Business, we have considered the unregulated betas of the companies listed and the factors discussed above. We have also placed a higher weighting on those companies with more meaningful ungeared betas. Based on our analysis, we consider an appropriate ungeared beta to be in the range of 0.90 to 1.00 for the Mining Services Business.

## Cost of Equity

We have assessed the post-tax cost of equity of the Mining Services Business to be in the range of 8.40% to 10.00%, with rounded midpoint of 9.0% (rounded to the nearest 0.5%).

| Input | Value adopted | |
|---|---|---|
| | Low | High |
| Risk free rate of return | 3.00% | 4.00% |
| Equity market risk premium | 6.00% | 6.00% |
| Beta (ungeared) | 0.90 | 1.00 |
| Cost of Equity | 8.40% | 10.00% |

Source: Bloomberg and BDO analysis

We note that our assessed cost of equity is quoted on a nominal basis and is applied to cash flows before the payment of tax. Our consideration of the impact of tax on cash flow falls outside our DMS Model and is evaluated at a group level for the Proposed Merged Entity. Therefore, although tax is not part of the DCF valuation of the Mining Services Business, it is still contemplated outside of the model and on that basis, we consider it appropriate to apply a post-tax discount rate.

Set out below are the company descriptions of the companies we considered in our comparable company analysis.

| Company Name | Business Description |
|---|---|
| NRW Holdings Limited (ASX:NWH) | NRW Holdings Limited, through its subsidiaries, provides diversified contract services to the resources and infrastructure sectors in Australia. The company operates through three segments: Civil; Mining; and Minerals, Energy & Technologies. The Mining segment engages in the mine management, contract mining, load and haul, dragline, drill and blast, and coal handling preparation plant operations; maintenance activities; and fabrication of water and service vehicles. NRW Holdings Limited was founded in 1994 and is headquartered in Belmont, Australia. |
| Perenti Limited (ASX:PRN) | Perenti Limited operates as a mining services company worldwide. The company offers mining services, including drilling and blasting, in-pit grade control, exploration drilling, and earthmoving services, as well as underground mining services. It also provides mining support services, such as equipment hire, equipment parts and sales, equipment supply, logistics services, and technology driven products and services. Perenti Limited was incorporated in 1986 and is headquartered in Northbridge, Australia. |
| MAAS Group Holdings Limited (ASX:MGH) | MAAS Group Holdings Limited, together with subsidiaries, provides construction materials, equipment, and services for civil, infrastructure, and mining sectors in Australia and internationally. The company operates through Civil, Construction, and Hire; Real Estate; Manufacturing; and Construction Materials segments. MAAS Group Holdings Limited was founded in 2002 and is headquartered in Dubbo, Australia. |
| Emeco Holdings Limited (ASX:EHL) | Emeco Holdings Limited provides heavy earthmoving equipment and mining service solutions in Australia. The company rents trucks, excavators, dozers, loaders, and graders. It is also involved in the maintenance and remanufacturing of various components of heavy earthmoving equipment; mechanical and boilermaker repair services; and sandblasting and painting services. The company was founded in 1972 and is headquartered in Perth, Australia. |
| DDH1 Limited (ASX:DDH) | DDH1 Limited provides specialized drilling services for the exploration, mining, and energy industries in Australia. The company offers diamond core drilling services for near-mine exploration, mine development, and production drilling activities of gold, nickel, copper, iron ore, and other metals; reverse circulation and air core drilling |

| Company Name | Business Description |
|---|---|
| | services for earlier stage exploration drilling activities; and reverse circulation and water bore drilling services to the iron ore industry. It also involved in the construction of drill rigs. The company was founded in 2006 and is headquartered in Canning Vale, Australia. |
| Macmahon Holdings Limited (ASX:MAH) | Macmahon Holdings Limited provides mining and civil construction services to mining companies in Australia, Indonesia, Malaysia, and South Africa. The company operates in three segments: Surface Mining, Underground Mining, and International Mining. Its surface mining services include mine planning and analysis, drill and blast, bulk and selective mining, crushing and screening, fixed plant maintenance, water management, and equipment operation and maintenance. The company also provides underground mining services, including mine development and production, raise and production drilling, cable bolting, shotcreting, remote shaft lining, and shaft sinking. Macmahon Holdings Limited was incorporated in 1963 and is headquartered in Perth, Australia. |
| Mitchell Services Limited (ASX:MSV) | Mitchell Services Limited, together with its subsidiaries, provides exploration and mine site drilling services to the exploration, mining, and energy industries in Australia. The company's drilling services include greenfield exploration, project feasibility, mine site exploration and resource definition, development, and production. It also provides coal exploration, mineral exploration, mine services, underground coal drilling, and drill and blast services. The company was formerly known as Drill Torque Limited and changed its name to Mitchell Services Limited in December 2013. Mitchell Services Limited was founded in 1969 and is headquartered in Seventeen Mile Rocks, Australia. |
| Metarock Group Limited (ASX:MYE) | Metarock Group Limited provides mining, contracting, training, and related services to the underground long wall mining operations and industrial products and services in coalfields and supporting industries of Queensland and New South Wales, Australia. The company offers various mining services, which include new mine development, mine operation, training, roadway construction, conveyors, longwall relocations, and application of polymeric strata support. Metarock Group Limited was founded in 1996 and is headquartered in Mackay, Australia. |
| Dynamic Group Holdings Limited (ASX:DDB) | Dynamic Group Holdings Limited provides drilling and blasting services for mining and construction sectors in Western Australia. It offers exploration and grade control drilling services. The company was formerly known as Dynamic Drill and Blast Holdings Limited. The company was incorporated in 2020 and is based in Osborne Park, Australia. |

Source: S&P Capital IQ and BDO analysis

# Appendix 4 – Discount Rate for Woodlawn and Sulphur Springs

Similar to our determination of the discount rate for Develop's Mining Services Business, we have adopted the CAPM when assessing a reasonable discount rate for Woodlawn and Sulphur Springs. We consider the most appropriate discount rate to be the post-tax nominal WACC for both Woodlawn and Sulphur Springs. This is because the NPV assessment of both have been performed on pre-financing cash flows. Taxation considerations were excluded from the Woodlawn and Sulphur Springs DCF valuations, but were still considered separately at the consolidated entity level and therefore a post-tax discount rate is appropriate.

We note that in its assessment of Whim Creek using the income approach, we have advised SRK to adopt the same discount rate as Sulphur Springs given the similar risks faced by both projects. Ultimately however, as detailed in its report, SRK's valuation of Whim Creek was based on resource multiples rather than the income approach.

## Cost of Equity and Capital Asset Pricing Model

CAPM is based on the theory that a rational investor would price an investment so that the expected return is equal to the risk-free rate of return plus an appropriate premium for risk. CAPM assumes that there is a positive relationship between risk and return, that is, investors are risk averse and demand a higher return for accepting a higher level of risk.

CAPM calculates the cost of equity and is calculated as follows:

| CAPM | |
|---|---|
| $K_e$ | $= R_f + \beta \times (R_m - R_f) + R_a$ |
| Where: | |
| $K_e$ | = expected equity investment return or cost of equity in nominal terms |
| $R_f$ | = risk free rate of return |
| $R_m$ | = expected market return |
| $R_m - R_f$ | = market risk premium |
| $\beta$ | = equity beta |
| $R_a$ | = inherent risk adjustment |

The individual components of CAPM are discussed below.

## Risk Free Rate ($R_f$)

The risk free rate is typically approximated by reference to a forecast long term government bond rate with a maturity approximately equivalent to the timeframe over which the returns from the assets are expected to be received. In the Adjusted Woodlawn Model, Woodlawn is forecast to generate cash flows over a period of approximately eight years. Furthermore, the Adjusted Sulphur Springs Model contemplates Sulphur Springs generating cash flows over a period which exceeds ten years from our 30 June 2023 valuation date. Consequently, we apply a risk free rate for an equivalent term in our assessment of a discount rate for Woodlawn and for Sulphur Springs.

In determining an appropriate ten-year bond rate to use as a proxy for the risk free rate we have given consideration to the ten-year Australian Government Bond rate around the date of our Report, as well as the forecast ten-year Australian Government Bond rate. Based on this analysis, we have used a risk free rate in the range of 3.00% to 4.00% in our analysis.

### Market Risk Premium ($R_m$ - $R_f$)

Consistent with our discount rate assessment for the Mining Services Business, we have adopted an Australian market risk premium of 6% for the Proposed Merged Entity's mining operations.

## Woodlawn

### Selected Beta (ß) for Woodlawn

In order to assess the appropriate equity beta for Woodlawn, we have had regard to the equity betas of other ASX-listed companies. The ASX listed companies identified have similar projects to Woodlawn, in respect of project maturity, commodity profiles and location. Given Woodlawn's history of production, we have included companies with copper and zinc mineral assets that are currently producing or in an advanced stage of development, in order to represent the market risks faced by Woodlawn.

The betas below have been assessed over a four-year period, against the S&P/ASX All Ordinaries Index.

The list of comparable companies we selected for Woodlawn are set out below:

| Company | Market Capitalisation 30-Jun-23 (A$m) | Geared Beta (ß) | Gross Debt/Equity (%) | Ungeared Beta (ßa) | $R^2$ |
|---|---|---|---|---|---|
| Sandfire Resources Limited | 2,695.66 | 1.25 | 37% | 0.99 | 0.23 |
| 29Metals Limited | 407.36 | 1.61 | 37% | 1.28 | 0.16 |
| Aeris Resources Limited | 331.65 | 1.50 | 6% | 1.44 | 0.12 |
| AIC Mines Limited | 189.51 | 0.72 | 0% | 0.72 | 0.03 |
| Aurelia Metals Limited | 140.68 | 1.43 | 7% | 1.36 | 0.20 |
| Hillgrove Resources Limited | 110.89 | 0.90 | 0% | 0.90 | 0.05 |
| Mean | 645.96 | 1.24 | 15% | 1.12 | 0.13 |
| Median | 260.58 | 1.34 | 7% | 1.14 | 0.14 |

Source: Bloomberg and BDO analysis

Descriptions of the comparable companies are provided at the end of this appendix.

In selecting an appropriate beta for Woodlawn, we have considered the similarities and differences between them and their set of comparable companies as set out above. The comparable similarities and differences noted are:

- the comparable companies have multi commodity producing assets, similar to that of Woodlawn;
- 29Metals Limited and Hillgrove Resources Limited own mining assets that have historically produced and have recently undergone a restart of their operations, similar to Woodlawn;
- the comparable companies all have operations in Australia;

- Aurelia Metals Limited primarily produces gold, however, also produces copper, zinc and lead, therefore it is exposed to similar risk factors as Woodlawn;
- the comparable companies have variable risk profiles depending on the number of operating mines they hold, the assets maturity, stage of production and location; and
- although not all companies in the list have similar metrics across each of the assessed factors, we still consider them to be comparable companies as they have sufficient similarities on an overall basis.

In selecting an appropriate ungeared beta for Woodlawn, we have considered the ungeared betas of the companies listed above along with the aforementioned factors. As set out in the tables above, the ungeared beta for the list of comparable companies, based on the returns over a four year period, ranges from 0.72 to 1.44 with a median of 1.14. Based on our analysis, we consider an appropriate ungeared beta for Woodlawn to be in the range of 1.05 to 1.15.

### Gearing

Before a discount rate can be determined, the proportion of funding provided by debt and equity (i.e. gearing ratio) over the forecast period must be determined.

Noting that we have assessed financing at the consolidated Proposed Merged Entity level, in forming our view of an appropriate level of gearing to apply to the discount rate of Woodlawn at the asset level, we have considered the gearing of the comparable companies above. Based on our analysis, we consider a debt to equity ratio of 30% would be appropriate.

### Regeared beta

Applying the above 30% debt-to-equity ratio to the ungeared beta range calculated previously results in a regeared beta range of between 1.27 and 1.39.

### Cost of Equity (Woodlawn)

We have assessed the cost of equity of Woodlawn to be in the range shown in the table below with our preferred value being a rounded midpoint of 11.5%.

| Input | Value adopted | |
|---|---|---|
| | Low | High |
| Risk free rate of return | 3.00% | 4.00% |
| Equity market risk premium | 6.00% | 6.00% |
| Beta (regeared) | 1.27 | 1.39 |
| Cost of Equity | 10.62% | 12.35% |

Source: Bloomberg and BDO analysis

### Tax rate

We have adopted a tax rate of 30% based on Australia's corporate tax rate.

### WACC (Post-Tax)

The WACC represents the market return required on the total assets of the undertaking by debt and equity providers. WACC is used to assess the appropriate commercial rate of return on the capital invested in the business, acknowledging that normally funds invested consist of a mixture of debt and equity funds.

Accordingly, the discount rate should reflect the proportionate levels of debt and equity relative to the level of security and risk attributable to the investment.

In calculating WACC there are a number of different formulae which are based on the definition of cash flows (i.e. pre-tax or post-tax), the treatment of the tax benefit arising through the deductibility of interest expenses (included in either the cash flow or discount rate), and the manner and extent to which they adjust for the effects of dividend imputation. The commonly used WACC formula is the post-tax WACC, without adjustment for dividend imputation, which is detailed in the below table:

| WACC | |
|---|---|
| WACC | $= \frac{E}{E+D} Ke + \frac{D}{D+E} Kd\,(1-t)$ |
| Where: | |
| Ke | = expected return or discount rate on equity |
| Kd | = interest rate on debt (pre-tax) |
| t | = corporate tax rate |
| E | = market value of equity |
| D | = market value of debt |
| (1- t) | = tax adjustment |

## Cost of Debt

Develop has advised that it has received non-binding indicative proposals relating to debt financing for Woodlawn. Based on our discussions with management, we consider it reasonable to assume the restart of Woodlawn would be able to be funded by a combination of debt, existing cash reserves and cash flow generated from its Mining Services Business, without the need for further equity to be raised. We have not disclosed specific terms of any potential debt financing given the confidential nature of such discussions, however based on our understanding of current discussions and our assessment of comparable companies' cost of debt, we consider a reasonable pre-tax cost of debt to fall within the range of 7.50% and 8.50% (equivalent to 5.25% and 5.95% on a post-tax basis respectively, assuming the statutory 30% Australian corporate tax rate).

## Woodlawn Discount Rate Conclusion

Using the inputs discussed above, we have calculated the WACC for Woodlawn as set out in the table below. We have assessed the WACC of Woodlawn to be in the range of 9.38% to 10.87%, with a rounded midpoint of 10.0% (rounded to the nearest 0.5%).

| Woodlawn WACC | Value Adopted | |
|---|---|---|
| | Low | High |
| Cost of Equity (Ke) | 10.62% | 12.35% |
| After-tax cost of debt (Kd) (1-t) | 5.25% | 5.95% |
| Proportion of Equity (E/(E+D)) | 76.92% | 76.92% |
| Proportion of Debt (D/(E+D)) | 23.08% | 23.08% |
| WACC | 9.38% | 10.87% |

Source: Bloomberg, BDO analysis

We note that our assessed WACC is quoted on a nominal basis and is applied to cash flows before the payment of tax. Our consideration of the impact of tax on cash flow falls outside our Adjusted Woodlawn

Model and is evaluated at a group level for the Proposed Merged Entity. Therefore, although tax is not part of the DCF valuation of Woodlawn, it is still contemplated outside of the model and on that basis, we consider it appropriate to apply a post-tax discount rate.

Set out below are the company descriptions of the companies we considered in our comparable company analysis.

| Company Name | Business Description |
|---|---|
| Sandfire Resources Limited (ASX:SFR) | Sandfire Resources Limited, a mining company, engages in the exploration, evaluation, and development of mineral tenements and projects. It primarily explores for copper, gold, silver, lead, and zinc deposits. The company owns a 100% interest in the DeGrussa copper operations located in the Bryah Basin mineral province of Western Australia; a 100% interest in the Minas De Aguas Teñidas (MATSA) Copper operations that comprise three underground mines situated in the Huelva Province of south-western Spain; and an 87% interest in the Black Butte copper project located in central Montana, the United States. Sandfire Resources Limited was incorporated in 2003 and is based in West Perth, Australia. |
| 29Metals Limited (ASX:29M) | 29Metals Limited explores, develops, and produces copper focused base and precious metals. The company explores for copper, zinc, gold, and silver deposits. It holds interest in the Golden Grove property located in Western Australia; the Capricorn Copper property situated in Queensland; and the Redhill project located in southern Chile. The company was incorporated in 2021 and is headquartered in Melbourne, Australia. |
| Aeris Resources Limited (ASX:AIS) | Aeris Resources Limited, together with its subsidiaries, produces and sells copper, gold, and silver products. Its primary operating assets include the Tritton Copper Operations located near the town of Nyngan in central New South Wales; and Cracow Gold Operations situated near the town of Theodore in Central Queensland. It also holds interests in the Jaguar mine located in Western Australia; Mt Colin mine situated in North-West Queensland; and Stockman project located in Victoria. Aeris Resources Limited was incorporated in 2010 and is based in Brisbane, Australia. |
| AIC Mines Limited (ASX:A1M) | AIC Mines Limited explores for and develops gold and copper deposits in Australia. It holds a 100% interest in the Marymia project comprising an area of approximately 3,600 square kilometers located in the Eastern Gascoyne region of Western Australia; the Eloise copper mine located in North Queensland; and 65% interest in the Lamil project that covers an area of 1,200 square kilometers located in the Paterson Province of Western Australia. AIC Mines Limited was incorporated in 1993 and is based in Subiaco, Australia. |
| Aurelia Metals Limited (ASX:AMI) | Aurelia Metals Limited explores for and develops mineral properties in Australia. The company primarily explores for gold, silver, lead, zinc, and copper deposits. It owns 100% interests in the Hera mine located to the south-east of Cobar, New South Wales; and the Peak mine situated in the northern part of the Cobar Basin, New South Wales, as well as the Dargues mine located in southeastern New South Wales. Aurelia Metals Limited was incorporated in 2004 and is headquartered in Brisbane, Australia. |
| Hillgrove Resources Limited (ASX:HGO) | Hillgrove Resources Limited operates as a mining company in Australia. The company explores for copper, gold, and silver deposits. The company's flagship project is Kanmantoo Copper mine located approximately 55km from Adelaide, South Australia. Hillgrove Resources Limited was incorporated in 1952 and is headquartered in Unley, Australia. |

Source: S&P Capital IQ and BDO analysis

## Sulphur Springs

### Selected Beta for Sulphur Springs **(ß)**

In order to assess the appropriate equity beta for Sulphur Springs, we have had regard to the equity betas of other ASX-listed companies. The ASX listed companies identified have similar projects to Sulphur

Springs, in respect of project maturity, commodity profiles and location. We note that Sulphur Springs is currently in the development stage with no production history. As such, we have included companies with copper and zinc mineral assets that are in an advanced exploration stage or early development stage in order to represent the market risks faced by Sulphur Springs.

The betas below have been assessed over a four-year period, against the S&P/ASX All Ordinaries Index.

The list of comparable companies we selected for Sulphur Springs are set out below.

| Company | Market Capitalisation 30-Jun-23 (A$m) | Geared Beta (ß) | Gross Debt/Equity (%) | Ungeared Beta (ßa) | $R^2$ |
|---|---|---|---|---|---|
| Encounter Resources Limited | 179.96 | 1.01 | 0% | 1.00 | 0.04 |
| True North Copper Limited | 113.10 | 0.95 | 0% | 0.95 | 0.03 |
| Caravel Minerals Limited | 113.06 | 1.27 | 0% | 1.27 | 0.06 |
| Rumble Resources Limited | 112.81 | 1.15 | 1% | 1.14 | 0.03 |
| Peel Mining Limited | 75.50 | 0.96 | 0% | 0.96 | 0.08 |
| Mean | 118.89 | 1.07 | 0% | 1.07 | 0.05 |
| Median | 113.06 | 1.01 | 0% | 1.00 | 0.04 |

Source: Bloomberg and BDO analysis

Descriptions of the comparable companies are provided at the end of this appendix.

In selecting an appropriate beta for Sulphur Springs, we have considered the similarities and differences between them and their set of comparable companies as set out above. The comparable similarities and differences noted are:

- the comparable companies have copper or zinc exploration or development assets
- Caravel Minerals Limited ('Caravel') and Peel Mining Limited have completed, or are in the process of completing economic studies for their respective projects;
- True North Copper Limited is currently undertaking mining restart studies for its copper project located in Queensland, Australia;
- Rumble Resources Limited is primarily a zinc explorer, which we have included in our analysis to represent the zinc commodity profile of Sulphur Springs;
- the comparable companies have variable risk profiles depending on the number of exploration and development assets they hold, the assets maturity and location; and
- although not all companies in the list have similar metrics across each of the assessed factors, we still consider them to be comparable companies as they have sufficient similarities on an overall basis.

In selecting an appropriate ungeared beta for Sulphur Springs, we have considered the ungeared betas of the companies listed above along with the aforementioned factors. As set out in the tables above, the ungeared beta for the list of comparable companies, based on the returns over a four year period, ranges from 0.95 to 1.27 with a median of 1.00.

Based on our analysis, we consider an appropriate ungeared beta to be in the range of 1.10 to 1.20. We have selected this range, having considered both the mean ungeared betas of the comparable companies outlines above, with a weighting towards Caravel, as Caravel most accurately reflects the risk profile of Sulphur Springs, having completed a pre-feasibility study for its Caravel Copper Project in 2022 and being in the process of completing a definitive feasibility study, due for completion in 2024.

### Gearing

Before a discount rate can be determined, the proportion of funding provided by debt and equity (i.e. gearing ratio) over the forecast period must be determined.

Noting that we have assessed financing at the consolidated Proposed Merged Entity level, in forming our view of an appropriate level of gearing to apply to the discount rate of Sulphur Springs at the asset level, we have considered the gearing of comparable companies. For the purposes of the gearing assessment only, the comparable companies we have selected is the group of comparable companies used for our analysis of Woodlawn's discount rate. This is because a sustainable level of gearing must be based on the target debt to equity ratio over the life of mine, for which most of it will be in the production phase, which is reflected by Woodlawn's comparable companies. Given both Woodlawn and Sulphur Springs produce similar metals and both are in Australia, we consider the risks that once Sulphur Springs achieves production, it would face risks similar to that of Woodlawn. For these reasons, we have adopted Woodlawn's debt to equity ratio of 30%.

### Regeared beta

Applying the above 30% debt-to-equity ratio to the ungeared beta range calculated previously results in a regeared beta range of between 1.33 and 1.45.

### Cost of Equity (Sulphur Springs)

We have assessed the cost of equity of Sulphur Springs to be in the range of 10.99% to 12.71% with our preferred value being a rounded midpoint of 11.85%.

| Input | Value adopted | |
|---|---|---|
| | Low | High |
| Risk free rate of return | 3.00% | 4.00% |
| Equity market risk premium | 6.00% | 6.00% |
| Beta (regeared) | 1.33 | 1.45 |
| Cost of Equity | 10.99% | 12.71% |

Source: Bloomberg and BDO analysis

### Tax rate

We have adopted a tax rate of 30% based on Australia's corporate tax rate.

### Cost of Debt

We also consider it reasonable to assume the initial capital expenditure requirements for Sulphur Springs would be able to be funded by a combination of debt, existing cash reserves, cash flow generated from the Mining Services Business and Woodlawn, without the need for further equity to be raised. Sulphur Springs is less developed than Woodlawn and does not have a history of production, therefore Sulphur Springs represents a slightly higher risk profile than Woodlawn and as a result would command a higher cost of debt to encapsulate such risks. We consider a reasonable pre-tax cost of debt to fall within the range of 8.50% and 9.50% (equivalent to 5.95% and 6.65% on a post-tax basis respectively, assuming the statutory 30% Australian corporate tax rate).

### Sulphur Springs Discount Rate Conclusion

Using the inputs discussed above, we have calculated the WACC for Sulphur Springs as set out in the table below. We have assessed the WACC of Sulphur Springs to be in the range of 9.82% to 11.31%, with a rounded midpoint of 10.5% (rounded to the nearest 0.5%).

| Sulphur Springs WACC | Value Adopted | |
|---|---|---|
| | Low | High |
| Cost of Equity (Ke) | 10.99% | 12.71% |
| After-tax cost of debt (Kd) (1-t) | 5.95% | 6.65% |
| Proportion of Equity (E/(E+D)) | 76.92% | 76.92% |
| Proportion of Debt (D/(E+D)) | 23.08% | 23.08% |
| WACC | 9.82% | 11.31% |

Source: Bloomberg, BDO analysis

We note that our assessed WACC is quoted on a nominal basis and is applied to cash flows before the payment of tax. Our consideration of the impact of tax on cash flow falls outside our Adjusted Sulphur Springs Model and is evaluated at a group level for the Proposed Merged Entity. Therefore, although tax is not part of the DCF valuation of Sulphur Springs, it is still contemplated outside of the model and on that basis, we consider it appropriate to apply a post-tax discount rate.

Set out below are the company descriptions of the companies we considered in our comparable company analysis.

| Company Name | Business Description |
|---|---|
| Encounter Resources Limited (ASX:ENR) | Encounter Resources Limited engages in the exploration and development of mineral deposits in Australia. It explores for zinc, copper, gold, and cobalt deposits. The company holds interests in the Lamil and Yeneena projects located in the Paterson Province, Western Australia. It also holds interests in the Aileron project situated in the West Arunta, Western Australia; and the Elliott copper project located in the Northern Territory. The company was incorporated in 2004 and is based in Subiaco, Australia. |
| True North Copper Limited (ASX:TNC) | True North Copper Limited engages in mineral exploration and development activities in Australia. The company primarily explores for copper, gold, silver, and cobalt deposits. It holds 100% interests in the Cloncurry project located near Cloncurry, Central Queensland; and Mount Oxide project situated on the north of Mt Isa, Central Queensland. The company is headquartered in Cairns, Australia. |
| Caravel Minerals Limited (ASX:CVV) | Caravel Minerals Limited, together with its subsidiaries, explores for mineral tenements. The company's principal property is the Caravel Copper project located in Perth, Western Australia. The company was formerly known as Silver Swan Group Limited and changed its name to Caravel Minerals Limited in November 2012. Caravel Minerals Limited was incorporated in 2006 and is based in Subiaco, Australia. |
| Rumble Resources Limited (ASX:RTR) | Rumble Resources Limited engages in the acquisition, exploration, and evaluation of base and precious metal projects in Australia. The company explores for zinc, lead, copper, silver, nickel, cobalt, lithium, tantalum, niobium, tin, and gold deposits. The company's flagship project is the Earaheedy project located in Western Australia. Rumble Resources Limited was incorporated in 2011 and is based in West Perth, Australia. |

| Company Name | Business Description |
|---|---|
| Peel Mining Limited (ASX:PEX) | Peel Mining Limited engages in the exploration of base and precious metals in the Cobar Region of New South Wales, Australia. The company explores for copper, zinc, lead, silver, gold, and tungsten deposits. Its flagship project is the Mallee Bull copper project comprising an area of 85 square kilometers located in the central New South Wales. The company was incorporated in 2006 and is headquartered in West Perth, Australia. |
| Hillgrove Resources Limited (ASX:HGO) | Hillgrove Resources Limited operates as a mining company in Australia. The company explores for copper, gold, and silver deposits. The company's flagship project is Kanmantoo Copper mine located approximately 55km from Adelaide, South Australia. Hillgrove Resources Limited was incorporated in 1952 and is headquartered in Unley, Australia. |

Source: S&P Capital IQ and BDO analysis

# Appendix 5 – Control Premium

The concept of a premium for control reflects the additional value that is attached to a controlling interest. We have reviewed control premiums on completed transactions, paid by acquirers general mining companies and all ASX-listed companies. In assessing the appropriate sample of transactions from which to determine an appropriate control premium, we have excluded transactions where an acquirer obtained a controlling interest (20% and above) at a discount (i.e. less than a 0% premium). We have summarised our findings below.

## General Mining Companies

| Year | Number of Transactions | Average Deal Value ($m) | Average Control Premium (%) |
|---|---|---|---|
| 2023 | 8 | 152.13 | 28.39 |
| 2022 | 9 | 1,929.92 | 22.67 |
| 2021 | 6 | 1,235.14 | 29.89 |
| 2020 | 6 | 494.17 | 33.24 |
| 2019 | 11 | 153.60 | 36.27 |
| 2018 | 9 | 61.53 | 39.47 |
| 2017 | 5 | 13.91 | 35.21 |
| 2016 | 11 | 66.19 | 51.54 |
| 2015 | 9 | 340.83 | 57.86 |
| 2014 | 15 | 113.69 | 41.79 |
| 2013 | 11 | 121.44 | 31.04 |

Source: Bloomberg, BDO Analysis

## All ASX-listed Companies

| Year | Number of Transactions | Average Deal Value ($m) | Average Control Premium (%) |
|---|---|---|---|
| 2023 | 14 | 418.34 | 30.59 |
| 2022 | 39 | 3,199.03 | 23.39 |
| 2021 | 33 | 1,420.58 | 33.59 |
| 2020 | 25 | 451.20 | 37.66 |
| 2019 | 43 | 3,161.24 | 29.90 |
| 2018 | 42 | 1,158.47 | 31.08 |
| 2017 | 29 | 973.72 | 37.91 |
| 2016 | 38 | 788.28 | 36.82 |
| 2015 | 34 | 828.15 | 34.10 |
| 2014 | 45 | 517.00 | 37.98 |
| 2013 | 32 | 104.81 | 30.76 |

Source: Bloomberg, BDO Analysis

The mean and the median of the entire data sets comprising control transactions from 2013 onwards for general mining companies and all ASX-listed companies, are set out below:

| Entire Data Set Metrics | General Mining Companies | | All ASX-Listed Companies | |
|---|---|---|---|---|
| | Deal Value ($m) | Control Premium (%) | Deal Value ($m) | Control Premium (%) |
| Mean | 384.83 | 37.96 | 1,294.58 | 32.97 |
| Median | 42.52 | 32.67 | 123.39 | 28.99 |

In arriving at an appropriate control premium to apply we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the transaction; and
- Level of liquidity in the trade of the acquiree's securities.

When performing our control premium analysis, we considered completed transactions where the acquirer
In arriving at an appropriate control premium to apply we note that observed control premiums can vary due to the:

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- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the transaction; and
- Level of liquidity in the trade of the acquiree's securities.

When performing our control premium analysis, we considered completed transactions where the acquirer held a controlling interest, defined at 20% or above, pre-transaction or proceeded to hold a controlling interest post-transaction in the target company.

The table above indicates that the long-term average control premium by acquirers of general mining companies and all ASX-listed companies is approximately 34.66% and 29.51% respectively. However, in assessing the transactions, we noted transactions that appear to be extreme outliers.

These outliers included 11 general mining company transactions and 27 ASX-listed company transactions, for which the announced premium was in excess of 100%. We have removed these transactions because we consider it likely that the acquirer in these transactions would be paying for special value and/or synergies in excess of the standard premium for control. Whereas the purpose of this analysis is to assess the premium that is likely to be paid for control, not specific strategic value to the acquirer.

In a population where there are extreme outliers, the median often represents a superior measure of central tendency compared to the mean. We note that the median announced control premium over the assessed period was approximately 32.67% for general mining companies and 29.99% for all ASX-listed companies.

Based on the above, we consider an appropriate premium for control to be between 25% and 35%

The minority discount is calculated from the control premium identified, using the formula [1 - (1/(1+Control Premium))]. Therefore, the minority discount (rounded to the nearest percentile) is in the range from 20% to 26%.

# Appendix 6 - VRM's Independent Technical Assessment & Valuation Report

# INDEPENDENT TECHNICAL ASSESSMENT & VALUATION REPORT

Presented To:

Essential Metals Limited

Date Issued:

13 September 2023

| Document Reference | Essential Metals ITAR July 2023 Rev2 |
|---|---|
| Distribution | Essential Metals Ltd<br>Valuation and Resource Management Pty Ltd<br>BDO Corporate Finance W.A. Pty Ltd |
| Principal Author | Paul Dunbar<br>BSc Hons (Geology)<br>MSc MINEX<br>M AusIMM<br>M AIG<br>Date: 13 September 2023 |
| Peer Review | Louis Bucci<br>B AppSc Hons (Geology)<br>PhD (Economic Geology)<br>M AIG<br>M AICD<br>Date: 13 September 2023 |
| Valuation Date | 31 July 2023 |

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# Executive Summary

BDO Corporate Finance (WA) Pty Ltd (BDO) engaged Valuation and Resource Management Pty Ltd (VRM) to prepare an Independent Technical Assessment and Valuation report (ITAR or the Report) on the Mineral Assets of Essential Metals Limited (ASX: ESS) (Essential or the Company).

This Report is a public document, in the format of an ITAR and is prepared in accordance with the guidelines of the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets – The VALMIN Code (2015 edition) (VALMIN), which incorporates the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – The JORC Code (2012 edition) (JORC). VRM understands that BDO will include the Report within its Independent Experts Report (IER) in relation to a proposed transaction with Develop Group (Develop).

This Report is a technical review and valuation opinion of the mineral assets owned by Essential. Applying the principles of the VALMIN Code, VRM has used several valuation methods to determine the value for the mineral assets. Importantly, as neither the principal author nor VRM hold an Australian Financial Services Licence, this valuation is not a valuation of Essential but rather an asset valuation of Essential's Mineral Assets which consists of five 100% owned projects and seven Joint Venture (JV) Projects. All the projects are located in Western Australia.

This valuation is current as of 31 July 2023. This report considers the Scoping Study completed by Essential (ASX release 7 February 2023) however it is considered that the contents of the Scoping Study do not form a reasonable basis for consideration of the project as a pre development project nor to value the project using an income-based valuation methodology. VRM notes that additional studies and work is required prior to the assessment of the economic viability of the Mineral Resources contained within the Essential projects.

As commodity prices, exchange rates and cost inputs fluctuate this valuation is subject to change over time. The valuation derived by VRM is based on information provided by Essential along with publicly available data including ASX releases, published technical information and the S&P Global subscription-based database of projects, transactions, and commodity research. VRM has made reasonable endeavours to confirm the accuracy, validity and completeness of the technical data which forms the basis of this Report. The opinions and statements in this Report are given in good faith and under the belief that they are accurate and not false nor misleading.

The default currency is Australian dollars (unless otherwise stated). As with all technical valuations the valuation included in this Report is the likely value of the mineral projects and not an absolute value. A range of likely values for the various mineral assets is provided with that range indicating the accuracy of the valuation.

## Essential Projects

The projects that are 100% owned by Essential are the Pioneer Dome Lithium Project (PDLP), the Kangan Lithium Project, the Golden Ridge Gold Project, the Juglah Dome Project, and Horse Rocks Project. The JV's that Essential holds a minority interest are detailed in a separate section below.

The most significant and most advanced project is the PDLP. The PDLP contains one Lithium Mineral Resource Estimate (MRE) in three separate pegmatite bodies, with the MRE was updated in December 2022 for two of the deposits (ASX release 20 December 2022). The MRE was not updated for the third deposit as there was no additional information that would change the estimate. Within all three of the deposits the dominant lithium mineral is spodumene which is the main lithium mineral that is used to produce lithium-based chemicals for multiple end uses, including lithium-ion batteries. The Scoping Study was recently completed reviewing the potential development options for the three deposits as a combined project. While the Scoping Study included a financial analysis, that analysis is not used in this Report or valuation due to the uncertainty associated with the modifying factors within the study. Within the tenements surrounding the PDLP there are several highly fractionated pegmatites, one of those pegmatite bodies, Peg 8, hosts the Sinclair caesium deposit which has been exploited by Essential for the caesium mineral pollucite. There are also multiple outcrops of pegmatites in the greater tenement package which show a high level of fractionation, some of them host lithium mineralisation with the main lithium mineral in these pegmatites being lepidolite, a lithium-rich mica. To date spodumene has only been identified in the three pegmatites within the declared MREs.

In addition to the PDLP there are two gold projects which are 100% owned by Essential, these are the Golden Ridge Gold Project (covering the same tenements that constitute the Golden Ridge Nickel Project) and the Juglah Dome Project. The other projects held 100% by Essential are the Kangan Lithium Project which covers the same tenements that constitute the Kangan Gold Project and a single early-stage exploration tenement (Horse Rocks) located to the west of Kalgoorlie.

Other than the PDLP all 100% owned projects are considered to be early-stage exploration projects. The PDLP project is considered an advanced exploration project.

## Joint Venture Projects

The seven JVs in which Essential Metals holds an interest all have a 20% - 30% free-carried interest retained until a decision to mine or the completion of a feasibility study. The Joint Venture projects are, the Kangan Gold Project in the northern Pilbara region; and the Golden Ridge Nickel Project, the Balagundi Project, the Acra Project, the Maggie Hays Nickel Project, the Wattle Dam Project and the Larkinville Project all in the general Kalgoorlie region of Western Australia.

There are four gold JV projects, these projects are the Acra Project (25% Essential) with Northern Star Resources Limited holding 75%, the Kangan Gold Project (30% Essential), with Novo Resources Corp holding

70%, the Balagundi Joint Venture where Black Cat Syndicate Limited is earning 75% and the Larkinville Gold Project (25% Essential) where Maximus Resources Limited holds 75%.

There are three nickel JV projects, these are the Golden Ridge Nickel Project (Essential diluting to 25%), with Australian Nickel Company Limited earning 75%; the Maggie Hays Nickel Project (Essential holds a free-carried 20%) and Poseidon Nickel Limited holds an 80% interest, and the Wattle Dam nickel project (Essential 20%) where Maximus Resources Limited hold 80%. The Golden Ridge Nickel JV Project covers the same tenements as the Golden Ridge Gold Project where Essential has retained 100% of the gold rights.

While the Golden Ridge Nickel Project hosts the former Blair Nickel Mine, now on care and maintenance, which a previously declared nickel MRE and is now considered to be an early-stage exploration project. All the other JVs are also considered to be early-stage exploration projects.

## Valuation Methodology

The valuation within this report has been prepared as a sum of the parts with the value attributed to both the declared MREs and the exploration potential in the adjacent tenements. The primary valuation method for the MREs is a comparable transaction Resource Multiple method with the exploration potential valued using a Geoscientific or Kilburn approach. Where there has been a transaction on one of the projects this transaction value has been used to value the project, but the valuation based on the JV terms has been normalised against the relevant commodity price to account for changes in the market of the targeted commodity. Secondary valuation methods were used to support the primary methods with these being a yardstick approach for the declared MREs and a Prospectivity Enhancement Multiplier for the exploration potential or a Geoscientific or Kilburn approach as a secondary method where the project has been valued using the JV terms.

This report documents the technical aspects of the tenements along with explaining valuations for the properties applying the principles and guidelines of the VALMIN and JORC Codes.

## Conclusions

Considering the MREs and the exploration potential and the equity held by Essential, in VRM's opinion, the Projects, have a market value of between $62.8 million and $111.3 million with a preferred value of $87.0 million.

# 1. Introduction

Valuation and Resource Management Pty Ltd (VRM), was engaged by BDO Corporate Finance Australia (WA) Pty Ltd (BDO) to undertake an Independent Technical Assessment and Valuation Report (Report or ITAR) on the lithium, gold and nickel projects and adjacent tenements held by Essential Metals Limited (ASX: ESS) (Essential or the Company). This is in relation to the proposed transaction with Develop Global Limited (Develop), announced by Essential and Develop on 3 July 2023. It is proposed that Develop will acquire Essential by way of a Scheme of Arrangement under the Corporations Act 2001 (Cth) (Corporations Act). BDO was engaged by Essential to prepare an Independent Expert's Report (IER) for inclusion in a Scheme Booklet to assist the shareholders of Essential in relation to the proposed transaction.

VRM understands that this ITAR on the Mineral Assets of Essential will be included in the IER being prepared by BDO and that another consultancy is preparing an ITAR on the Mineral Assets of Develop. BDO will refer to, and rely on, the two ITAR's (VRM's Report and the other consultant's Report) and mineral asset valuation which will be attached to its IER to inform the Essential shareholders as to the fairness and reasonableness of the proposed transaction.

VRM was contacted to undertake a valuation of the mineral assets of Essential located in Western Australia. BDO engaged VRM for the purposes of the ITAR and all correspondence was directed through BDO.

The Report is a public document, it is in the format of an ITAR and is prepared in accordance with the guidelines of the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets – The VALMIN Code (2015 edition) (VALMIN) that incorporates the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – The JORC Code (2012 edition) (JORC).

This Report is a technical review and valuation opinion of the mineral assets of Essential. The projects that are 100% owned by Essential are the Pioneer Dome Lithium Project (PDLP), the Kangan Lithium Project, the Golden Ridge Gold Project, the Juglah Dome Project and one regional tenement named the Horse Rocks Project, located to the west of Kalgoorlie. There are also seven Joint Ventures which Essential holds an interest and all have a 20% - 30% free-carried interest retained until a decision to mine or the completion of a feasibility study. The Joint Venture projects are, the Kangan Gold Project in the northern Pilbara region, the Golden Ridge Nickel Project, the Balagundi Project, the Acra Project, the Maggie Hays Nickel Project, the Wattle Dam Nickel Project, and the Larkinville Gold Project. All the projects are located in Western Australia. Applying the principles of the VALMIN Code, VRM has used several valuation methods to determine the value for the mineral assets. Importantly, as neither the principal author nor VRM hold an Australian Financial Services Licence, this valuation is not a valuation of Essential but rather an asset valuation of the projects and the surrounding exploration ground owned by Essential.

VRM has estimated a likely market value for the PDLP including the declared Mineral Resource Estimates (MREs) and exploration ground. The technical information supporting the prospectivity of the licences and the valuation of the tenements is on a 100% interest basis. As the valuation is based on comparable transactions it is reasonable to assume that the environmental liabilities are also included in the valuation. Other projects are valued on an equity basis.

## 1.1. Compliance with the JORC and VALMIN Codes and ASIC Regulatory Guides

The ITAR is prepared applying the guidelines and principles of the 2015 VALMIN Code and the 2012 JORC Code. Both industry codes are mandatory for all members of the Australasian Institute of Mining and Metallurgy (AusIMM) and the Australian Institute of Geoscientists (AIG). These codes are also requirements under Australian Securities and Investments Commission (ASIC) rules and guidelines and the listing rules of the Australian Securities Exchange (ASX).

## 1.2. Scope of Work

VRM's primary obligation in preparing mineral asset reports is to independently describe mineral projects applying the guidelines of the JORC and VALMIN Codes. These require that the Report contains all the relevant information at the date of disclosure, which investors and their professional advisors would reasonably require in making a reasoned and balanced judgement regarding the mineral assets.

VRM has compiled the valuation based upon the principle of reviewing and interrogating both the documentation of Essential and previous exploration within the areas. This Report is a summary of the work conducted, completed, and reported by the various explorers to 24 July 2023 based on information supplied to VRM by Essential and other information sourced from the public domain to the extent required by the VALMIN and JORC Codes.

A draft of this Report was provided to Essential, to identify and address any factual errors or omissions prior to finalisation of the Report. The valuation sections of the Report were not provided to Essential until the technical aspects were validated, and the Report was declared final. On 7 August 2023 VRM provided to Essential (via BDO) a redacted version of the draft report which included all the technical sections of the report, but the valuation sections were removed from the draft provided to Essential for factual accuracy checking. VRM provided the various valuations to BDO as soon as they were considered final and also provided a complete version of the report to BDO on 13 August 2023.

## 1.3. Statement of Independence

Mr Paul Dunbar and Ms Deborah Lord of VRM were engaged to undertake the ITAR. This work was conducted applying the principles of the JORC and VALMIN Codes, which in turn reference ASIC Regulatory guide 111 Content of expert reports (RG111) and ASIC Regulatory guide 112 Independence of experts (RG112).

In January 2023 VRM was engaged to undertake an ITAR on the Mineral Assets of Essential with that report being associated with a previously proposed Scheme of Arrangement and the February 2023 ITAR was appended to an IER prepared by BDO. This report is an update to the February 2023 ITAR with the update being predominantly associated with updating the valuation and the technical aspect of the Mineral Assets to document any recent exploration activities.  VRM was paid a fee of $43,000 (ex GST) for the February ITAR with that fee based on standard commercial rates.

Other than the work completed in the February 2023 ITAR, VRM, Mr Paul Dunbar and Ms Deborah Lord have not had any association with Essential in the past two years.  VRM, Mr Dunbar nor Ms Lord has no association with Essential, their individual employees, or any interest in the securities of Essential which could be regarded as affecting their ability to give an independent, objective, and unbiased opinion.  Mr Dunbar, while employed by Dunbar Resource Management (DRM) in 2016 and early 2017 consulted to Pioneer Resources Limited (Pioneer) who subsequently changed its name to Essential.  While Mr Dunbar does not consider that this consulting work impacts his independence, he considers it prudent to disclose the previous work to ensure transparency in relation to the previous work.  Mr Dunbar is not reviewing any of the work that he undertook nor any of the MREs that he contributed to during his time consulting to Pioneer.  The Dome North deposits were discovered in June 2019.  Neither VRM, Ms Lord nor Mr Dunbar hold an Australian Financial Services Licence (AFSL) and the valuation contained within the Report is limited to a valuation of the mineral assets being reviewed.  VRM will be paid a fee for this work based on standard commercial rates for professional services. The fee estimated at between $10,000 and $15,000 (ex GST) is not contingent on the results of this review.  This fee is in addition to the fee charged and paid by Essential associated with the February 2023 ITAR which was $43,000 (ex GST).

### 1.4. Competent Persons Declaration and Team Qualifications

This Report was prepared by Mr Paul Dunbar as the primary author with peer review by Ms Deborah Lord.

The Report and information that relates to geology, exploration and the mineral asset valuation is based on information compiled by Mr Paul Dunbar, BSc (Hons), MSc (Minex), a Competent Person who is a Member of the AusIMM and Member of the AIG.  Mr Dunbar is a Principal of VRM and has sufficient experience, which is relevant to the style of mineralisation, geology, and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person under the JORC Code and a Specialist under the VALMIN Code.  Mr Dunbar consents to the inclusion in the Report of the matters based on his information in the form and context in which it appears.

The Report and information that relates to peer review of the mineral asset valuation was provided by Ms Deborah Lord, BSc (Hons), a Competent Person who is a Fellow of the AusIMM and Member of the AIG.  Ms Lord is a Director of VRM, Chair of the VALMIN Committee and a Member of the AusIMM Professional Conduct Committee.

Between 31 July 2023, being the valuation date and the date of the Report, nothing has come to the attention of VRM unless otherwise noted in the Report that would cause any material change to the conclusions.

## 1.5. Reliance on Experts

The authors of this report are not qualified to provide extensive commentary on the legal aspects of the mineral properties or the compliance with the relevant laws governing mining within Western Australia. VRM has interrogated the Western Australian Department of Mines Industry Regulation and Safety (DMIRS) online tenement database, Mineral Titles Online (MTO) website to confirm the tenements are active. As VRM and the authors of this report are not experts in the Western Australian tenements or Mining Act, no warranty or guarantee, be it express or implied, is made by the authors with respect to the completeness or accuracy of the legal aspects regarding the security of the tenure.

For Essential's mineral assets VRM has relied upon expert information the following reports and information.

- Essential ASX releases including the following:
- The Mineral Resource estimates – ASX release dated 29 September 2020 and updated Mineral Resource estimate, ASX release dated 20 December 2022;
- Multiple additional ASX releases for the exploration activities of Essential and the JV partners; and
- The North Dome Scoping Study for the PDLP ASX announcement dated 7 February 2023.

## 1.6. Sources of Information

All information and conclusions within this report are based on information made available to VRM to assist with this report by Essential and other relevant publicly available data to 24 July 2023. Reference has been made to other sources of information, published and unpublished, including government reports and reports prepared by previous interested parties and Joint Venturers to the areas, where it has been considered necessary. VRM has, as far as possible and making all reasonable enquiries, attempted to confirm the authenticity and completeness of the technical data used in the preparation of the Report and to ensure that it had access to all relevant technical information. VRM has relied on the information contained within the reports, articles and databases provided by Essential as detailed in the reference list. Specific information provided by Essential include the following:

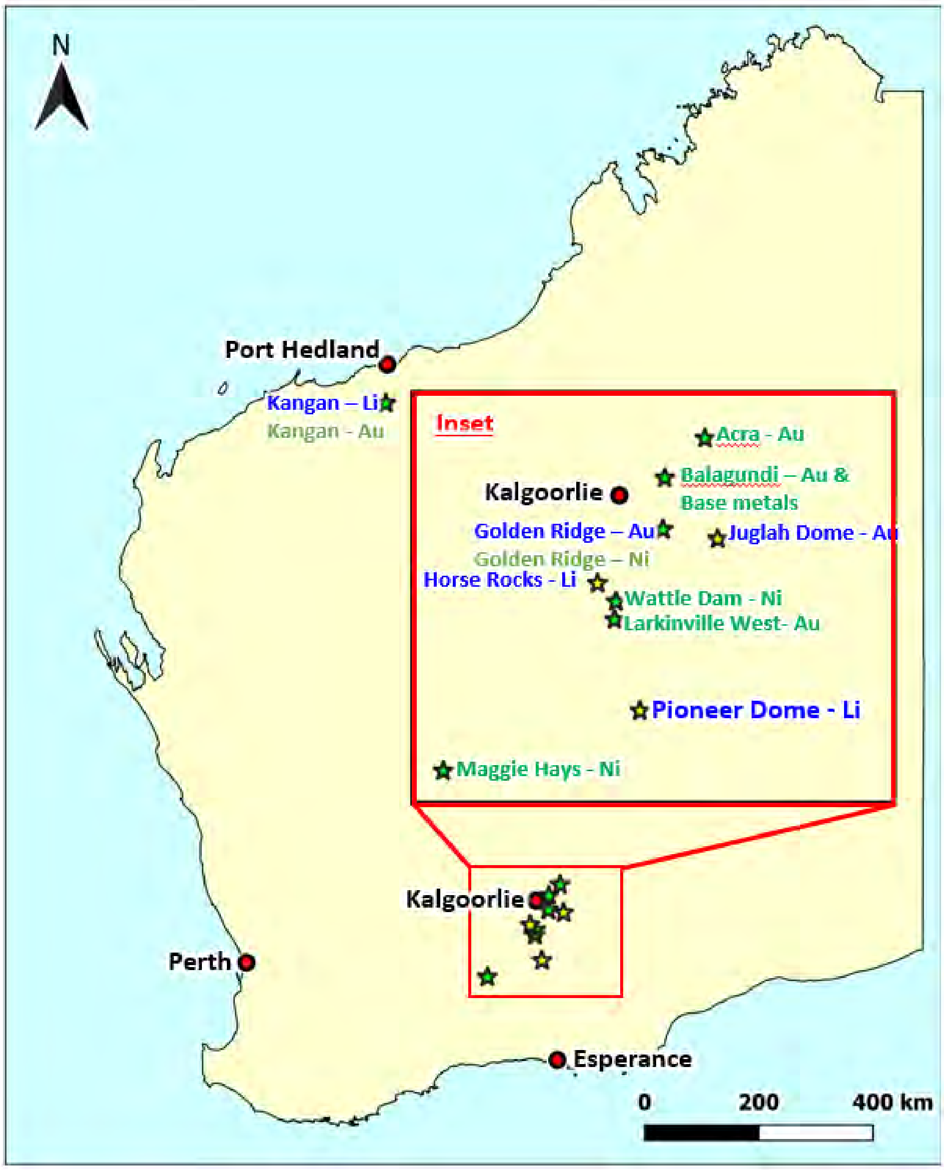
- Essential Quarterly Reports and Annual Reports.
- Essential ASX releases.
- Joint Venture Company ASX releases or internal reports.
- ASX releases from other companies that have previously explored the areas and transactions associated with other projects in the region of the various projects; and
- Publicly available information and regional datasets including geological mapping, interpretation, reports, geophysical datasets, and Mineral Deposit information.

## 1.7. Site Visits

No specific site visits have been undertaken as a part of this report; however, Paul Dunbar has visited most of the projects being valued as a part of this work during his time consulting to Pioneer (now Essential) in 2016 and 2017. Additionally, a brief visit to the Sinclair Caesium Mine was undertaken by Paul Dunbar on 20 December 2018 while the mine was operating. Other than additional exploration and resource delineation drilling at the North Dome Lithium Deposits there have been no significant changes to the majority of the projects since 2018. Other than mining the Sinclair caesium deposit to depletion, there has been no mining on any of the projects since approximately 2008 when the former Blair Nickel Mine was placed on care and maintenance. VRM considers that given the previous site visits and a lack of mining activities on the projects since the previous site visit it is unlikely that any material information would be obtained from undertaking a site visit that would likely impact or materially modify the findings recommendations or valuation within this report.

## 2. Mineral Assets

The 100% owned mineral assets that are included in this review include the PDLP, Kangan Lithium Project, Juglah Dome, Golden Ridge Gold Project and Horse Rocks project. In addition to the 100% owned projects there are seven separate Joint Ventures on which have been valued a part of this report. The tenements that constitute the Projects are shown in Figure 1. The tenure details of all the projects are combined in section 2.1 of this report.




Source Essential

**Figure 1 Essential Projects, 100% owned projects in Blue JVs in Green.**

## 2.1. Tenure

The tenements detailed in Table 1 have been validated by VRM reviewing the tenement information provided by Essential, in its latest Quarterly Report and comparing this with the tenement register from the DMIRS Mineral Titles Online database.

The PDLP consists of eight granted Exploration Licences, two granted Mining Leases, and one miscellaneous Licence. The Juglah Dome consist of one Exploration licence while the Golden Ridge Gold (and nickel JV) Project consist of three Exploration licences and four Mining leases, the Kangan lithium (and gold JV) project consists of four Exploration licences. The Horse Rocks Project consists of one Exploration licence to the southwest of Kalgoorlie. Other than the two JV's tenement holdings described above, the other JV projects consist of seven Exploration licences at the Acra JV, ten Mining Leases at Wattle Dam nickel JV, One Mining Lease at the Larkinville nickel and gold JV and one Exploration licence at both the Balagundi gold JV and Maggie Hays nickel JV projects. There are no other tenement applications. The miscellaneous licences which are not detailed above do not provide the holder with any exploration or mining rights and can only be used for the purposes described in the tenement application; in this case the miscellaneous licences are associated with access roads. Table 1 documents the tenements while Figure 1 shows the location of the tenements.

VRM has interrogated the DMIRS website that confirmed that the tenements are listed in Table 1 are reported as being in good standing and that all tenement matters including annual reports, rents and renewals have been lodged and are progressing in accordance with the Mining Act. As VRM and the authors of this report are not experts in the Mining Acts no warranty or guarantee, be it express or implied, is made by the authors with respect to the completeness or accuracy of the legal aspects regarding the security of the tenure.

**Table 1 Essential Metals Limited Tenement Schedule as at 31 July 2023**

| Tenement | Status | Grant | Expiry | Equity | Area[5] |
|---|---|---|---|---|---|
| 100% Essential Projects | | | | | |
| Pioneer Dome Lithium Project | | | | | |
| E 15/1515 | Live | 9/05/2017 | 8/05/2027 | 100% | 9 |
| E 15/1725 | Live | 15/03/2022 | 14/03/2027 | 100% | 17 |
| E 63/1669 | Live | 14/04/2015 | 13/04/2025 | 100% | 14 |
| E 63/1782 | Live | 2/03/2017 | 1/03/2027 | 100% | 7 |
| E 63/1783 | Live | 2/03/2017 | 1/03/2027 | 100% | 13 |
| E 63/1785 | Live | 8/05/2017 | 7/05/2027 | 100% | 10 |
| E 63/1825 | Live | 24/03/2017 | 23/03/2027 | 100% | 20 |
| E 63/2118 | Live | 4/02/2022 | 3/02/2027 | 100% | 34 |
| L 63/77 | Live | 14/12/2017 | 13/12/2038 | 100% | 119.6 |
| M 15/1896 | Live | 16/02/2023 | 15/02/2044 | 100% | 2,408.8 |
| M 63/665 | Live | 13/11/2017 | 12/11/2038 | 100% | 97.675 |
| Golden Ridge Gold Project | | | | | |
| E 26/186 | LIVE | 26/07/2016 | 25/07/2026 | 100% | 19 |
| E 26/211 | LIVE | 11/02/2019 | 10/02/2024 | 100% | 5 |
| E 26/212 | LIVE | 20/02/2019 | 19/02/2024 | 100% | 7 |
| L 26/272[2] | LIVE | 27/05/2015 | 26/05/2036 | 100% | 29.6 |
| M 26/220 | LIVE | 26/04/1988 | 1/05/2030 | 100% | 1000 |
| M 26/222 | LIVE | 26/04/1988 | 1/05/2030 | 100% | 609.2 |

| Tenement | Status | Grant | Expiry | Equity | Area[5] |
|---|---|---|---|---|---|
| M 26/284 | LIVE | 18/10/1989 | 19/10/2031 | 100% | 685.65 |
| M 26/285 | LIVE | 18/10/1989 | 19/10/2031 | 100% | 553.1 |
| Juglah Dome Project | | | | | |
| E 25/585 | LIVE | 29/07/2020 | 28/07/2025 | 100% | 17 |
| Kangan Lithium Project | | | | | |
| E 45/4948 | LIVE | 17/02/2020 | 16/02/2025 | 100% | 41 |
| E 47/3318-I | LIVE | 1/04/2016 | 31/03/2026 | 100% | 23 |
| E 47/3321-I | LIVE | 21/01/2016 | 20/01/2026 | 100% | 10 |
| E 47/3945 | LIVE | 2/10/2018 | 1/10/2023 | 100% | 24 |
| Horse Rocks | | | | | |
| E 15/1710 | LIVE | 28/01/2020 | 27/01/2025 | 100% | 26 |
| | | | | | |
| Joint Venture Projects[3] | | | | | |
| Golden Ridge Nickel JV Project | | | | | |
| E 26/186 | LIVE | 26/07/2016 | 25/07/2026 | 25%[4] | 19 |
| E 26/211 | LIVE | 11/02/2019 | 10/02/2024 | 25%[4] | 5 |
| E 26/212 | LIVE | 20/02/2019 | 19/02/2024 | 25%[4] | 7 |
| L 26/272[2] | LIVE | 27/05/2015 | 26/05/2036 | 25%[4] | 29.6 |
| M 26/220 | LIVE | 26/04/1988 | 1/05/2030 | 25%[4] | 1000 |
| M 26/222 | LIVE | 26/04/1988 | 1/05/2030 | 25%[4] | 609.2 |
| M 26/284 | LIVE | 18/10/1989 | 19/10/2031 | 25%[4] | 685.65 |
| M 26/285 | LIVE | 18/10/1989 | 19/10/2031 | 25%[4] | 553.1 |
| Kangan Gold JV Project | | | | | |
| E 45/4948 | LIVE | 17/02/2020 | 16/02/2025 | 30% | 41 |
| E 47/3318-I | LIVE | 1/04/2016 | 31/03/2026 | 30% | 23 |
| E 47/3321-I | LIVE | 21/01/2016 | 20/01/2026 | 30% | 10 |
| E 47/3945 | LIVE | 2/10/2018 | 1/10/2023 | 30% | 24 |
| Acra Gold JV Project | | | | | |
| E 27/278 | LIVE | 13/12/2005 | 12/12/2023 | 25% | 10 |
| E 27/438 | LIVE | 18/05/2012 | 17/05/2024 | 25% | 13 |
| E 27/520 | LIVE | 21/01/2014 | 20/01/2024 | 25% | 5 |
| E 27/548 | LIVE | 30/05/2016 | 29/05/2026 | 25% | 18 |
| E 27/579 | LIVE | 20/04/2017 | 19/04/2027 | 25% | 16 |
| E 28/1746 | LIVE | 20/02/2008 | 19/02/2024 | 25% | 12 |
| E 28/2483 | LIVE | 23/02/2015 | 22/02/2025 | 25% | 11 |
| Balagundi Gold JV Project | | | | | |
| E 27/558 | LIVE | 26/08/2016 | 25/08/2026 | 25%[4] | 8 |
| Maggie Hays Nickel JV Project | | | | | |
| E 63/1784 | LIVE | 13/10/2017 | 12/10/2027 | 20% | 20 |
| Wattle Dam Nickel JV Project | | | | | |
| M 15/1101 | LIVE | 12/03/2004 | 18/03/2025 | 20% | 519 |
| M 15/1263 | LIVE | 17/08/2004 | 23/08/2025 | 20% | 217 |
| M 15/1264 | LIVE | 17/08/2004 | 23/08/2025 | 20% | 84.9 |
| M 15/1323 | LIVE | 23/06/2008 | 29/06/2029 | 20% | 50.09 |
| M 15/1338 | LIVE | 23/06/2008 | 29/06/2029 | 20% | 88.05 |
| M 15/1769 | LIVE | 23/06/2008 | 29/06/2029 | 20% | 322.1 |
| M 15/1770 | LIVE | 23/06/2008 | 29/06/2029 | 20% | 999.1 |
| M 15/1771 | LIVE | 23/06/2008 | 29/06/2029 | 20% | 777.85 |
| M 15/1772 | LIVE | 23/06/2008 | 29/06/2029 | 20% | 449.75 |
| M 15/1773 | LIVE | 23/06/2008 | 29/06/2029 | 20% | 42.51 |
| Larkinville Gold Nickel JV | | | | | |
| M 15/1449 | LIVE | 6/09/2012 | 5/09/2033 | 25% Au, 20% | 242.95 |

Notes:

1. The tenement schedule is based on the Essential June Quarterly Report and validated by checking the Department of Mines, Industry Regulation and Safety (DMIRS) Mineral Titles online database.
2. Miscellaneous licences, while detailed in the table above do not allow mineral exploitation and are usually for infrastructure associated with a mining operation, they have negligible value unless they are connected with the exploitation of mineral resources. The Miscellaneous licences are associated with access roads.
3. The tenements are dominantly registered as Essential being the holder however the JV parties are Northern Star Resources for the Acra JV, Maximus Resources for the Wattle Dam and Larkinville JV's, Australian Nickel Company Limited for the Golden Ridge Nickel JV, Black Cat Syndicate Limited for the Balagundi JV, Poseidon Nickel Limited for the Maggie Hays Nickel JV and Novo Resources for the Kangan Gold JV.
4. The JV equity while detailed as 25% Essential is diluting to 25%, in this valuation it is assumed that the JV partner will earn their full equity of 75%.
5. The area detailed above are Ha for Mining Leases and Miscellaneous Licences and sub blocks for the Exploration Licences.

# 3. Pioneer Dome Lithium Project

The most significant mineral asset owned by Essential is the Pioneer Dome Lithium Project (PDLP) consisting of two granted Mining Leases, eight exploration licences and one miscellaneous Licence. Most of the tenements are 20 – 60km to the north - northeast of Norseman in Western Australia. This report reviews the location, geology, Mineral Resource estimates, Scoping Study, exploration potential and valuation of the project.

## 3.1. Location and Access

The PDLP is located approximately 60km to the north of Norseman and 130km to the south of Kalgoorlie in the Eastern Goldfields region of Western Australia. Native title has been determined (WC1999/002 or WAD6020/1998) and has been granted to the Ngadju Native Title Claimant Group. The determined area covers all of the PDLP. Essential have previously negotiated a land access agreement with the Ngadju prior to the exploitation of the Sinclair caesium deposit in 2018 and 2019. The agreement with the Ngadju cover all the tenements that constitute the PDLP including the Dome North Mineral Resources. The northern portion of the project has been termed the Dome North and the lithium deposits collectively termed the Dome North lithium occurrence.

Access to the project from Kalgoorlie is via the Kalgoorlie – Norseman sealed road then via numerous access roads and tracks including the Caves Hill Public Road and exploration tracks. The tenements that constitute the PDLP occur generally to the west of the Kalgoorlie – Norseman Road which also has a water pipeline and gas pipeline adjacent to the main road reserve. To the east of the tenements is the main rail line that links Perth – Kalgoorlie – Leonora and Esperance. There are no rail sidings in proximity to the project. The unsealed gravel roads are generally in good condition, but access is potentially impacted by extended periods of wet weather. Overall, the project is well supported by infrastructure. Figure 1 shows the location of the PDLP.

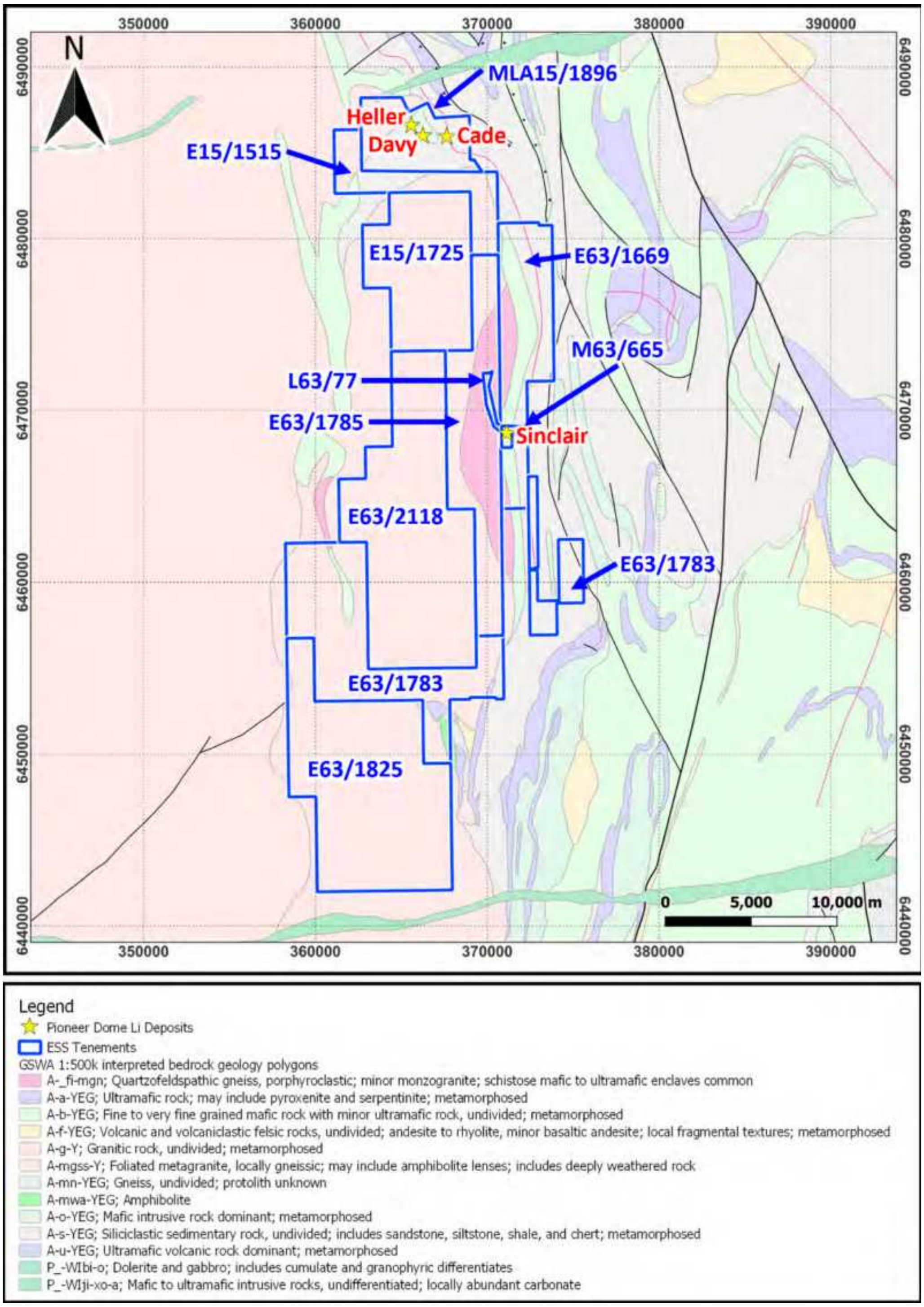
## 3.2. Geology

The PDLP is located at the at the southern end of the Kalgoorlie Terrane, which is part of the Eastern Goldfields Superterrane (EGS) of the Yilgarn Craton (Figure 2). Much of the regional geology is extracted from Barnes et al., (2022). The Dome North spodumene deposits fall within the Depot Domain, near the boundary of the Kambalda Domain to the east (Cassidy et al., 2006).

Multiple structural events have been recognised in the EGS (Swager, 1997), although these are not always evident throughout. In addition, some of Swager's (1997) structural events have been assigned as separate stages of the one event by Blewett et al. (2008).

The EGS comprises greenstone sequences that have been intruded by numerous and voluminous granitic plutons, which are not considered to be components of the EGS. The Dome North spodumene deposits coincide with the southern part of the Norseman–Wiluna greenstone belt.

The large east - west trending, mafic Jimbalana Dyke (of Proterozoic age) crosscuts the greenstone stratigraphy to the south of the PDLP tenements.




Source Essential

Note a portion of E63/1783 has been surrendered and the outline shown in the diagram is incorrect and M15/1896 has been granted.

**Figure 2 Regional Geology of the PDLP showing the Lithium Deposits at Dome North and the Sinclair Mine.**

The Pioneer Dome is a large dome of Archean stratigraphy with the Pioneer Monzogranite occurring as the core of the complex with older stratigraphy occurring adjacent to the granite bodies and the stratigraphy younging to the east. The upper parts of the regional stratigraphic column consist of the Black Flag Beds, these occur to the east of the dome. Overall, the Pioneer Dome is approximately 30 km by 10 km. The North Dome spodumene deposits occur on the northern edge of the dome while the Sinclair caesium deposit occurs to the east of the dome, approximately 18km to the south. The core of the dome comprises foliated biotite monzogranite Fifty Mile Tank Gneiss and the Pioneer Monzogranite. These form the Pioneer Granitoid Complex (Griffin, 1989, 1990). As there are xenoliths of the Fifty Mile Tank Gneiss within the Pioneer Monzogranite the Monzogranite must post date the Fifty Mile Tank Gneiss.

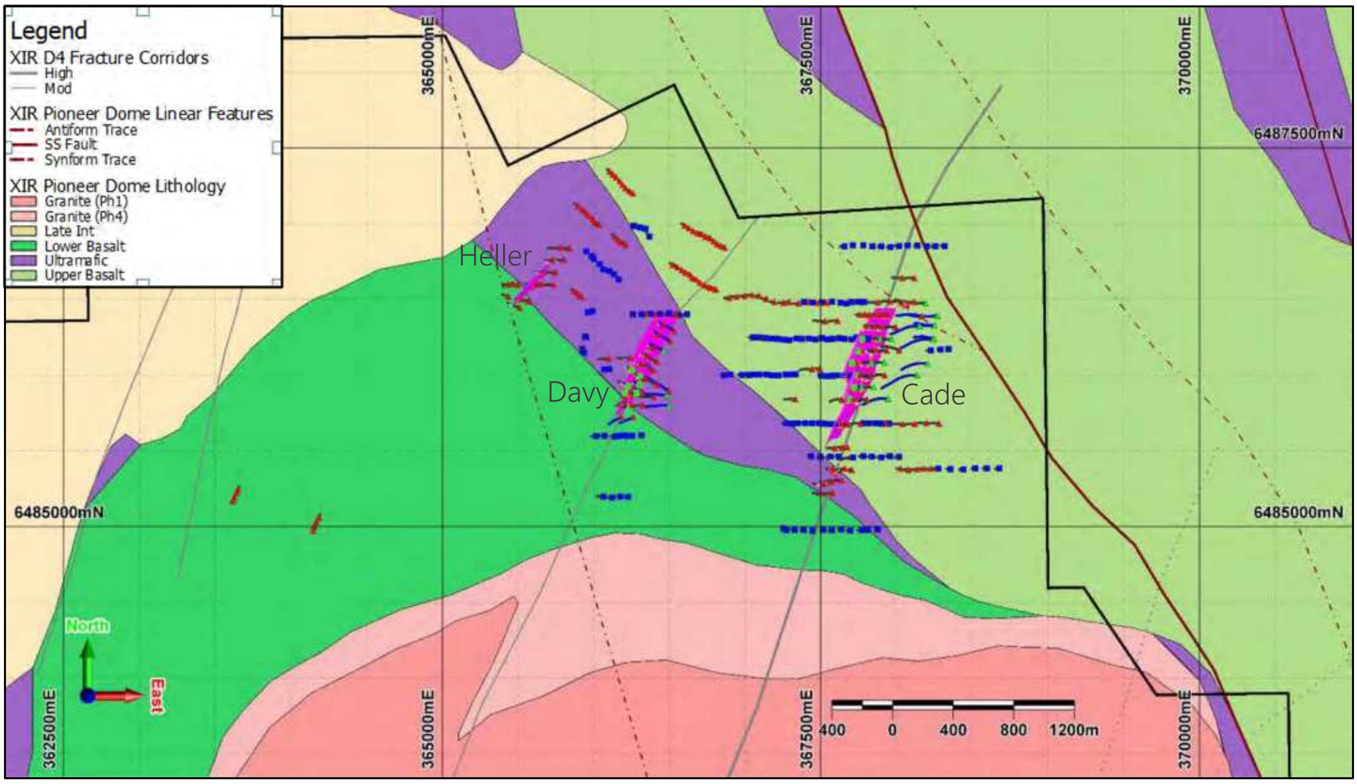
Pegmatite bodies of various ages intrude the gneiss and greenstone stratigraphy lithologies in the vicinity of the Pioneer Granitoid Complex. Griffin (1989, 1990) noted that some of the pegmatites contain lepidolite and tantalite. Newmont Australia Ltd mapped the project area and surrounds and identified two prominent dyke orientations. One of the dyke sets strike north-westerly, dips sub vertically, crosscuts stratigraphy and occupies fracture zones (Mason, 1971). The other set strikes northerly, dips steeply to moderately to the east, is parallel to the regional structure and the dykes commonly intrude along lithological boundaries. A larger intrusion was considered to possibly occupy a fold hinge.

In the vicinity of the Cade, Davy, and Heller lithium deposits, in the Dome North area, the Archean greenstone sequence dominates, and is broadly north-south striking, westerly dipping and younging to the east (Figure 3). Lithologies include tholeiitic basalt, pyroxene spinifex-textured basalt, komatiite, peridotite, and dolerite, in addition to sedimentary rock derived from felsic volcanic and volcaniclastic rocks and pelitic and psammitic metasedimentary rocks of the Black Flag Group (Cade Deposit host rock). Interflow sediments are also present, commonly in the form of carbonaceous shale horizons.

The entire greenstone sequence is intruded by a series of pegmatite dykes and sills associated with the later stage Pioneer Dome granite intrusive. These pegmatite dykes form a swarm of intrusive bodies along a strike length of approximately 15 km along the eastern edge of the granite dome.

The Dome North spodumene deposits are located at the northern tip of the Pioneer Granitoid Complex. The deposits are each made up of multiple, sub parallel to en-echelon differentiated pegmatite dykes that crosscut the host rocks at near perpendicular angles (NNE) to the local fabric (NW). All three deposits exhibit similar mineralogy, crystal size (2-10mm diameter white to pale green spodumene crystals) and habit (crescumulate textured). Each mineralised deposit dyke consists of an unmineralised wall zone (between 0.5 - 5m width) of albite, quartz, muscovite and garnet +/- trace spodumene (sometimes sericite altered) and a lithium enriched intermediate zone (~30m width at Cade) of albite, quartz, muscovite and spodumene +/- potassium feldspar (microcline), petalite is very rare but has been identified as a discrete lens (no more than 3m thick – PDRCD318, with no continuity) in the hanging wall at Cade. Higher grade zones towards the central core of the pegmatites are commonly associated with increased quartz and spodumene content and lesser albite and muscovite. The Dome North pegmatites have a geochemical signature associated with the lithium-caesium-tantalum (LCT) subclass of pegmatites and are of the albite-spodumene type (London, 2008).

The host rocks differ between each of the deposits. Cade is hosted in metasediment of the Black Flag Group, of which are fine grained and largely quartz, mica, amphibole, and garnet in composition +/- pyrite, andalusite with black shale interbeds common. The host metasediments are strongly deformed, locally folded, and sheared providing the structural preparation for a later stage pegmatite emplacement. Davy and Heller are hosted in both ultramafic (pyroxenite dominant) and mafic (basalt) rocks where pegmatites have intruded sheared contacts along NNE striking faults. Mafic lithologies tend to be more favourable for thickening of the spodumene pegmatites within a more brittle host.




Source Dome North Spodumene Deposit Mineral Resources Technical Report, Trepanier (2022)

**Figure 3 Local Geology of the North Dome area with the deposits labelled, PDLP.**

## 3.3. Production History

Other than at the Sinclair caesium deposit, there has been no previous mining on the PDLP tenements. The Sinclair deposit was mined in 2018 and early 2019 by Pioneer (now Essential). This mining depleted the known caesium mineralisation which occurs as the caesium mineral pollucite. This was the last mining operation at PDLP, and there has been no subsequent mining activity on the tenements.

## 3.4. Mineral Resources

There are three separate pegmatite bodies which contain the declared MREs within the PDLP, these are the Cade, Heller, and the Davy lithium deposits. These resources are detailed in Table 2. The technical aspects of these resources are detailed below with the information extracted from the Essential ASX release of 20

December 2022. VRM relies on the Competent Persons included in that ASX release. The 20 December ASX release is an updated MRE only for the Cade and Davy deposits, the Heller MRE was not re estimated in late 2022 as there was no new information and the previous estimate remains current, the previous estimate was reported in the Essential ASX release of 29 September 2020.

Table 2 Essential Project Mineral Resource Estimates as at 20 December 2022

| Deposit | Classification | Tonnes (Mt) | $Li_2O$ % | $Ta_2O_5$ ppm | Contained $Li_2O$ (T) | $Fe_2O_3$ % |
|---|---|---|---|---|---|---|
| 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.*

Source: Essential ASX release, 20 December 2022, the cut-off grade for the estimate is 0.3% $Li_2O$.
Notes – VRM has relied on the Competent Persons statements contained in the ASX release of 20 December 2022 and 29 September 2020.

### 3.4.1. PDLP – Dome North Mineral Resource Estimates

Extracted from the 20 December 2022 ESS ASX release.

Location and Description

The Dome North MRE is part of the Pioneer Dome Project, owned 100% by Essential, and is located approximately 50km north of Norseman in the Eastern Goldfields Province of Western Australia. The Project is well serviced by existing infrastructure including a sealed road, water pipeline, rail, and a gas pipeline. Pipelines are all related to the modern mining history within the region and the proximity to other current and historic operations and the nearby regional centre of Kalgoorlie and Norseman.

Geology and geological interpretation

The Pioneer Dome project area is located at the southern end of the Kalgoorlie Terrane, which is part of the Eastern Goldfields Superterrane (EGS) of the Yilgarn Craton. The Dome North spodumene deposits fall within the Depot Domain, near the boundary of the Kambalda Domain to the east (Cassidy et al., 2006).

In the vicinity of the Project area, the Archean greenstone sequence dominates, and is broadly north-south striking, westerly dipping and younging to the east. Lithologies include tholeiitic basalt, pyroxene spinifex textured basalt, komatiite, peridotite, and dolerite, in addition to sedimentary rock derived from felsic volcanic and volcaniclastic rocks and pelitic and psammitic metasedimentary rocks of the Black Flag Group (Cade deposit host rock). Interflow sediments are also present, commonly in the form of carbonaceous shale horizons. The entire greenstone sequence is intruded by a series of pegmatite dykes and sills associated with the later stage Pioneer Dome granite intrusive. These pegmatite dykes form a swarm of intrusive bodies along a strike length of approximately 15 km along the eastern edge of the granite dome.

The host rocks differ between each of the deposits. Cade is hosted in metasediment of the Black Flag Group, of which are fine grained and largely quartz, mica, amphibole, and garnet in composition +/- pyrite, andalusite with black shale interbeds common. The host metasediments are strongly deformed, locally folded, and sheared providing the structural preparation for a later stage pegmatite emplacement. The Davy and Heller deposits are hosted in both ultramafic (pyroxenite dominant) and mafic (basalt) rocks where pegmatites have intruded sheared contacts along north-northeast striking faults. Mafic lithologies tend to be more favourable for thickening of the spodumene pegmatites within a more brittle host.

Drilling techniques

Drill holes within the Resource model were Reverse Circulation (RC) drill holes drilled with a 4½ - 5½" face sampling hammer, Aircore drilling used a 90mm face-sampling blade bit or hammer in hard rock and diamond drilling was undertaken using an industry standard HQ3 triple tube with a diamond-set cutting bit. The MREs are defined by seven aircore holes, 72 RC holes, 13 diamond holes and 17 RC holes with diamond tails.

Sampling techniques

RC drilling samples were collected at 1m intervals from a cone splitter attached to the drill cyclone. Samples were approximately 3kg. Air core drilling samples were laid out on the ground as 1m sample piles. Single metre samples were taken in pegmatite lithology and three metre composite samples were collected for the entire length of the drillhole by sampling three consecutive sample piles, using an aluminium scoop. HQ3 diamond core from the pegmatite (target zone) was half cut then quarter cut from one half only for lab submission. Sample length was dependent on geological contacts and ranged from 0.2m to 1.2m in length.

Sample Analysis

Analysis of all drilling samples was undertaken by Intertek Genalysis and Nagrom Laboratories, both located in Perth, for rare metals including lithium and tantalum. Samples were analysed using a four-acid digestion with a Mass Spectrometer (MS) determination (Intertek analysis code ZR01 / 4A Li MS-48).

Adjustment for Iron Contamination

In addition to $Li_2O$ and $Ta_2O_5$, Trepanier has also estimated the $Fe_2O_3$ for Essential Metals for the Mineral Resource as a potential deleterious element in the production of spodumene concentrates. During the process of drilling, sampling, and assaying, two key issues cause contamination and, hence, artificial elevation of the $Fe_2O_3$ assays for the drill samples. Firstly, the highly abrasive nature of the $Li_2O/Ta_2O_5$ mineralised pegmatite on the RC drilling bits and rods has resulted in iron contamination of the drill samples in the field. Secondly, when the drill samples were pulverised in the laboratory in steel containers, the highly abrasive nature resulted in further iron contamination. As such, Trepanier completed a statistical analysis into both of the abovementioned issues which then allowed for factoring of the $Fe_2O_3$ assays to account for the contamination. Step one is to subtract 0.17% from all Genalysis $Fe_2O_3$ assays for samples pulverised in a steel bowl. Step two is to subtract a regressed factor by depth from all RC samples. It should be noted this process has been used to understand the potential $Fe_2O_3$ grades in the resource attempting to remove the $Fe_2O_3$ present from drilling and/or sample preparation contamination. The $Fe_2O_3$ grades are an estimate only, however consistent with the broad estimation techniques applied for the estimate of the global resource.

Mineralisation Interpretation

Resource intersections were calculated using 0.3% $Li_2O$ cut off with a maximum 3m internal dilution and no external dilution typically applied except where drill hole logging (e.g., continuous pegmatite) and assays indicate wider internal dilution is warranted. A significant increase in $Fe_2O_3$ at the contacts between the elevated iron mafic country rock and the iron poor pegmatites further refines the position of this contact in additional to the geological logs.

Estimation Methodology

Grade estimation for all elements was completed using Ordinary Kriging (OK) in GEOVIA Surpac™ software into the mineralised domains. A separate model was built for each deposit, but with the same block sizes. The estimates were resolved into 4m (E) x 20m (N) x 10m (RL) parent cells that had been sub-celled to 0.5m (E) x 2.5m (N) x 1.25m (RL) at the domain boundaries for accurate domain volume representation. Estimation parameters were based on the variogram models, data geometry and kriging estimation statistics. Top-cut analysis used a combination of methods including grade histograms, log probability plots and other statistical tools. Based on this statistical analysis of the data population, no top-cuts were applied for $Li_2O$, $Ta_2O_5$ or $Fe_2O_3$.

Mineral Resource Classification

The Mineral Resources estimates for the Dome North lithium deposits have been classified in accordance with the criteria laid out in the 2012 JORC code. Key factors considered for the resource classification included:

- Drill spacing (typically 80m x 80m).
- Confidence in geological interpretation
- Confidence in mineralised zone interpretation
- Sample and geochemical analysis quality
- Availability of bulk density data

The Cade lithium Resource has, in part, been classified as an Indicated Mineral Resource. In situ reasonably fresh spodumene-bearing pegmatite rock chip samples collected at surface where the Cade pegmatite outcrops suggested that the weathering of the pegmatite is limited, and shallow drilling and metallurgical test work has now demonstrated the minimal amount of weathering. As such, shallow, near surface fresh pegmatite has now been included within the Indicated resources at Cade.

The bulk densities applied to the fresh, oxide and transitional material pegmatite were based on determinations from drill core, of which 220 of the 1,395 measurements are from within the defined estimated domains at Cade and Davy.

Typical drill spacings for Indicated is 80m by 70-80m and for Inferred is up to 160m x 80m around the fringes of the Indicated.

Cut-off Grade

The shallow, sub-cropping nature of the Dome North deposits suggests good potential for open pit mining if sufficient resources can be delineated to consider a mining operation. As such, the Mineral Resource has been reported at a 0.3% $Li_2O$ lower cut-off grade to reflect assumed exploitation by open pit mining.

Modifying Factors

No modifying factors were applied to the reported Mineral resources. Parameters reflecting mining dilution, ore loss and metallurgical recoveries will be considered during the planned mining evaluation of the project.

Metallurgy

The Company has conducted scoping study level metallurgical test work on the Cade Deposit and Davy deposits covering oxide, transitional and fresh material with the results demonstrating that all zones of the two deposits will be amenable to conventional processing methods using dense medium separation and flotation.

### 3.4.2. VRM Comment on Mineral Resources

VRM has reviewed the Mineral Resources at Dome North which cover the Cade, Davy, and Heller spodumene bearing pegmatites. In VRM's opinion the underlying drilling information, geological understanding, MRE methodology and classification of the MRE are all at a standard consistent with other lithium Mineral Resources. The estimates have been undertaken using estimation methods and systems that are standard within the Mineral Resource industry. In VRM's opinion the MRE, updated in December 2022, are reasonable, current and have been undertaken at a quality that is considered normal within the industry. The only aspect of the MRE which potentially requires additional study is the degree of lithium mobility in the weathered pegmatite and the effect of weathering of the spodumene within the Resource. VRM notes that while there has been metallurgical sampling of the weathered pegmatite, given the small number of metallurgical samples it is possible that the spatial distribution of the metallurgical samples may not accurately represent the Lithium mineralogy within the weathered domain of the Mineral Resource and therefore the ability to exploit the weathered material may be compromised.

## 3.5. Scoping Study – Dome North - Pioneer Dome Lithium Project

On 7 February 2023 Essential announced the results of the initial Scoping Study into a possible development scenario for the Dome North lithium deposits (Essential ASX release 7 February 2023). The Scoping Study is based on three separate open pits exploiting the Cade, Heller and Davy deposits with these pits containing material which would be processed via a standalone concentrator process plant. Essential reported in the Scoping Study ASX announcement that there is a total of 6% of Inferred Resources included in the mine plan and that these are not a determining factor in the viability of the Project The study targets production of a spodumene concentrate which is likely to be exported through the port of Esperance.

Key contributors to the Scoping Study included:

- Scoping Study manager - Primero
- Mineral Resource estimate and geology - Trepanier/Essential
- Mine optimisation and mining - Orelogy Consulting
- Metallurgical test work - Nagrom
- CAPEX and OPEX estimates - Primero
- Engineering design - Primero
- Environment - Botanica Consulting

The scoping study, which is based on the December 2022 MRE, metallurgical test work and mine optimisation modelling which generated potential economic open pits. The associated financial modelling resulted in a positive post-tax net present value (NPV).

VRM refers the reader to the Cautionary Statements on page 2 of the ESS ASX announcement dated 7 February 2023. Additionally, VRM emphasises that the Scoping Study is a preliminary technical and economic study of the potential viability of the PDLP that is based on low-level technical and economic assumptions that are not sufficient to support the estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised.

Importantly there are significant uncertainties associated with all scoping studies and a large margin of error is typically associated with many of the technical and economic inputs. It is, in VRM's opinion not viable to use the inputs used in any scoping study to undertake an income-based valuation approach due to the uncertainty in the technical and financial parameters used in these types of studies. It is important to note that given the very recent completion of the study it is considered current and valid with the recommendations of the study being to progress the technical studies toward a Feasibility study. The costs to undertake the additional studies and the time from the date of the Scoping Study to a hypothetical final investment decision have not been factored into the financial analysis that resulted in the quoted NPV of the project, VRM notes that if the financial model commenced at the date of the Scoping Study then the $NPV_{10}$ of the project would decrease however this lower NPV still does not factor in the additional costs to complete the Pre-Feasibility or Definitive Feasibility Study. In VRM's opinion these costs and delays would have a material impact on the quoted NPV as would many of the technical and financial assumptions and inputs into the financial model. Of note however is the spodumene concentrate price that has been used in the Scoping Study is based on the consensus forecast Spodumene prices which are at a significant discount to the current spodumene concentrate prices achieved by several of the other Western Australian spodumene producers.

VRM has not used the information or outcome of the Scoping Study in determining the value of the PDLP as the modifying factors, technical inputs and information are not yet at a level of understanding to allow the reporting of an Ore Reserve and therefore the assumptions and inputs within the study are not yet at a level that provide a reasonable basis for the valuation of the project. Also, to note is the large discrepancy between the undisturbed market capitalisation of Essential and the Capital Costs estimated in the Scoping Study, which would, if the project were rapidly progressed toward a development, result in a capital raising to develop the project that would likely be highly dilutionary to the existing Essential shareholders.

### 3.6. Ore Reserves

There are no Ore Reserves within the PDLP. While there has been a Scoping Study completed, as reported above, there has been insufficient work to quantify the modifying factors required to determine the economic viability of the project to a reasonable level sufficient to allow an Ore Reserve to be reported. It is uncertain if additional work will result in the reporting of an Ore Reserve.

### 3.7. Recent Exploration Activities

The majority of the recent work completed at the PDLP has been directed toward drilling into two of the three Mineral Resources, Davy, and Cade, and advancing technical studies including mining, metallurgy, and recent MRE. There has been minimal regional exploration within the PDLP since 2020. In early 2023 a RC drilling program was undertaken to target extensions to the Mineral Resources and other regional pegmatite occurrences. This drilling failed to intersect any extensions to the know mineralisation with the drilling only intersecting two thin pegmatites at the southern extension of the Heller mineralisation. The regional target termed Peg 4 intersected several pegmatites with lepidolite being the only lithium mineral observed. In VRM's opinion this exploration downgrades this target.

Work within the PDLP between 2016 and 2019 was dominated by early-stage soil sampling, geological prospecting, and mapping along with wide spaced regional reconnaissance drilling. This work was successful in delineation of the Sinclair Caesium Deposit in 2017 which was exploited in 2018 and early 2019 and the identification and delineation of the Dome North lithium deposits in June 2019. Since the discovery of the three pegmatites with spodumene these have been the focus of exploration activities - there still being large stockpiles of feldspar and minor stockpiles of lepidolite and petalite adjacent to the Sinclair Deposit that require either sale or rehabilitation prior to full and final closure of the mine. At this stage, these stockpiles do not appear to have any economic value and will likely require rehabilitation. There are very small occurrences of additional caesium (pollucite) along strike of the existing open pit however these zones are not currently economic and are unable to be exploited even via any potential cut-back of the current pit.

Other than the three Dome North lithium MRE's there are no other Mineral Resources currently quoted by Essential within the PDLP.

While there is a large landholding within the overall PDLP a significant portion is dominated by granite which appears to be the source granite for the LCT pegmatites at Dome North and the now depleted Sinclair Caesium deposit. The proximity to the likely source of the LCT pegmatites within the PDLP provides an exploration vector however the exploration potential for much of the tenement package is limited due to the dominant granite host rocks.

4. <u>Golden Ridge Gold Project</u>

The Golden Ridge Gold Project covers the same tenements as the Golden Ridge Nickel JV Project. Essential is divesting the nickel and associated metal rights on the Project under a Farm-in / Joint Venture agreement to Crest Investment Group 1 Limited, now renamed to Australian Nickel Company Limited, a private company that has considerable nickel expertise. As a part of that transaction Essential retained the gold and other metal rights due to several gold anomalies which had had minimal exploration or evaluation since Essential had prioritised its exploration toward the PDLP.

## 4.1. Location and Access

The Golden Ridge Gold Project is located (Figure 4) is approximately 25km to the east of Kalgoorlie in the eastern Goldfields of Western Australia.

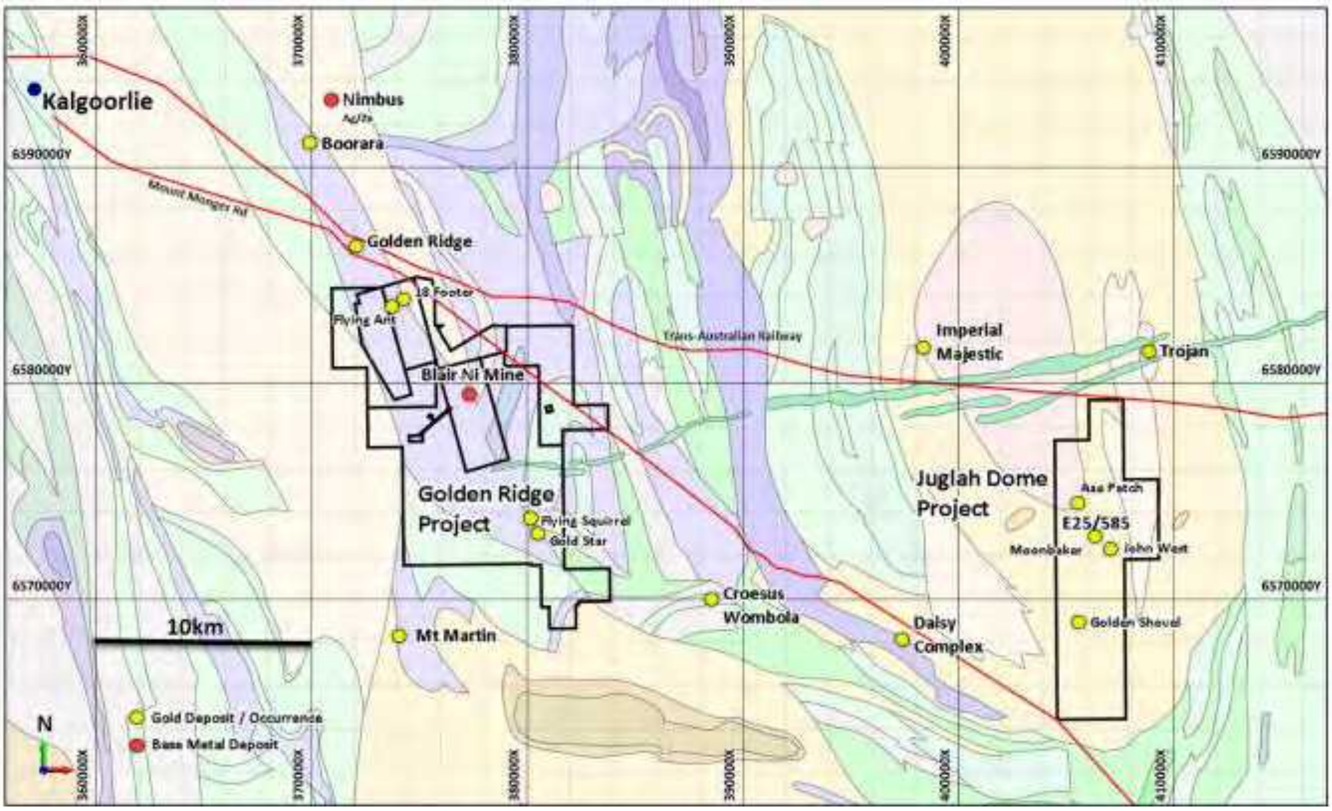



Figure 4 Location of the Golden Ridge and Juglah Dome Gold Projects with Regional Geology.

## 4.2. Geology

Figure 4 shows the regional geology of the Golden Ridge Gold Project. The project has had extensive exploration for both gold and nickel with the nickel rights part of the JV detailed below. The area is dominated by ultramafic units of the Boorara Domain of the Kalgoorlie terrain. There is a well-developed lateritic profile in the area with deep weathering. There is minimal to no outcrop within the tenement.

## 4.3. Recent Exploration

Essential has focussed the recent exploration toward the gold potential with several gold prospects identified including Flying Ant, Maximus, Skandia, Fireblade, 18footer and AC75. The drilling into these prospects has identified anomalous drill intersections however exploration completed to date has not shown lateral consistency in the mineralisation. Additional work is required to determine the gold potential within the project.

## 4.4. Mineral Resources

There are no gold JORC 2012 Mineral Resources within the Golden Ridge Gold Project.

## 4.5. Exploration Upside

There are several gold prospects that warrant additional exploration, especially to the northwest of the Blair nickel mine. The majority of the nickel targets are spatially separate from the gold prospects.

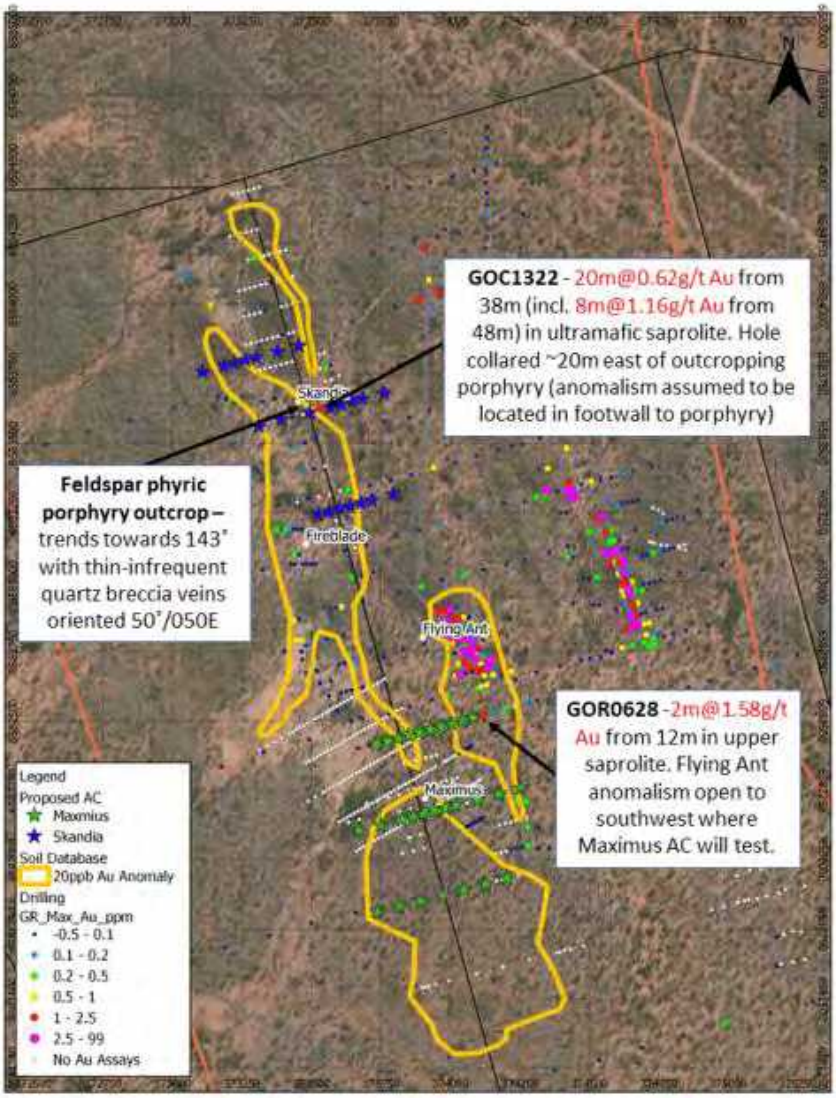



Figure 5 Targets within the Golden Ridge Gold Project.

# 5. Juglah Dome Project

The Juglah Dome Project covers a single exploration licence and is 100% owned by Essential.

## 5.1. Location and Access

The Juglah Dome Project is located (Figure 4) is approximately 70km to the east of Kalgoorlie in the eastern Goldfields of Western Australia.

## 5.2. Geology

Figure 4 shows the regional geology of the Juglah Dome Project. The Project is situated within the Juglah Dome on the southern end Bulong Anticline, the geology consists of a sequence of felsic to intermediate volcanic rocks, volcaniclastic rocks, and chert overlain by mafic to ultramafic rocks. The stratigraphy has been folded and has been intruded by granite (the Juglah Monzogranite) that forms the core of the dome. Gold occurrences and prospects are typical Archean orogenic lode-gold targets of the Eastern Goldfields Terrane. The gold mineralisation relates to NW trending shears and/ or NNE-NE cross faults and is hosted by felsic volcanic rocks and felsic porphyry dykes. Minor base-metal anomalism is associated with Felsic to Intermediate volcanic rocks.

## 5.3. Recent Exploration

Recent Exploration has been limited to aircore drilling in 2021 and RC drilling in 2022. Drilling assay results reported in the ESS ASX releases of 30 June 2022 and 10 February 2021.

Drilling results at the Gards prospect released in June 2022 included.

- 5m @ 1.08g/t Au from 35m (22GSRC002)
- 12m @ 0.95g/t Au from 30m (22GSRC013) – three metre composites
- 8m @ 1.49g/t Au from 75m including 1m @ 7.30g/t Au (22GSRC014)
- 3m @ 0.73g/t Au from 57m (22GSRC003)

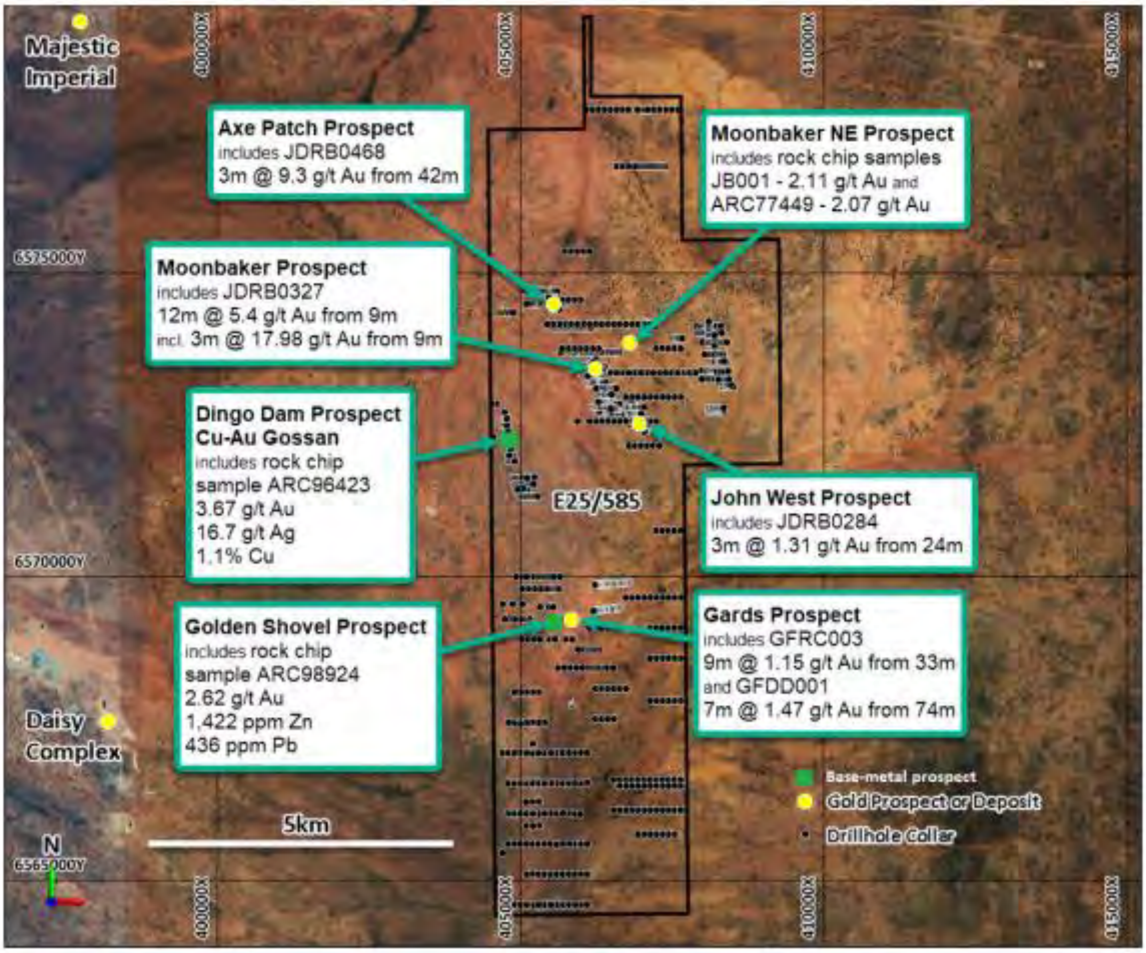
There are other significant results from the Moonbaker and Gards projects in 2021.

## 5.4. Mineral Resources

There are no JORC 2012 Mineral Resources within the Juglah Dome Project.

## 5.5. Exploration Upside

While there are several significant intersections within the project these appear to have limited tonnage potential due to the limited strike extent of the currently drilled mineralisation. Additional exploration is required to determine the potential of the project however the exploration to date suggests that the narrow moderate to low grade drill intersections within the Gards Prospect should be the focus of future exploration as the other prospects appear to have limited potential for a significant strike length, therefore it is considered that there is limited potential for a significant gold system.




Source ESS ASX release 28 August 2020

**Figure 6 Targets within the Juglah Dome Project.**

## 6. Kangan Lithium Project

The Kangan Lithium Project covers four exploration licence and is 100% owned by Essential. It covers the same tenements as the Kangan Gold Joint Venture (detailed below).

### 6.1. Location and Access

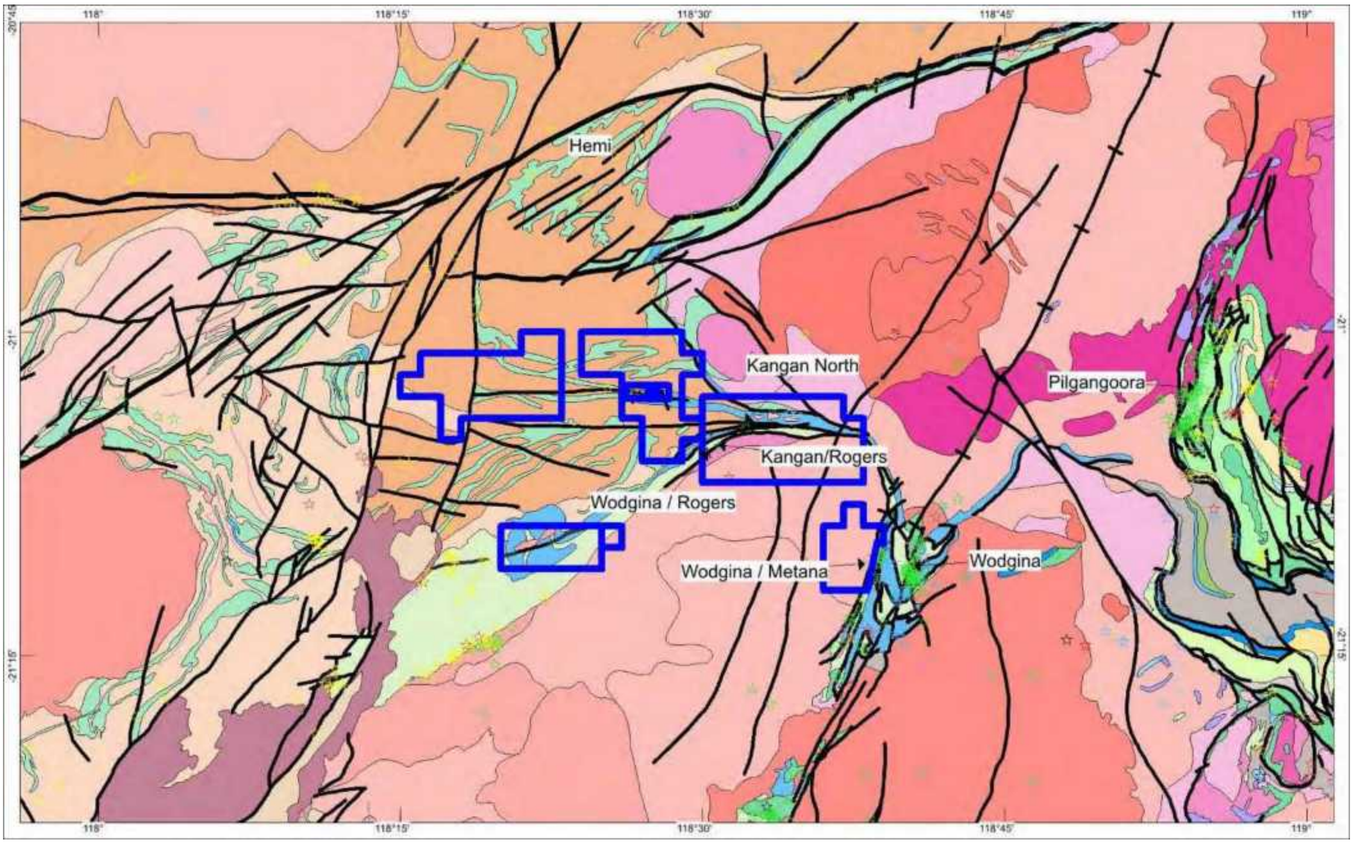
The Kangan Lithium Project is located is approximately 85km to the south of Port Hedland in the Pilbara region of Western Australia. Figure 7 shows the four granted tenements in green. Other significant lithium deposits in the general area are the Wodgina Lithium Mine owned by Albemarle and Mineral Resources Limited and the Pilgangoora Lithium Mine owned by Pilbara Minerals Limited (Figure 8).


Source Landtracker.com.au

**Figure 7 Location of the Kangan Lithium Project.**

### 6.2. Geology

Figure 8 shows the regional geology of the Kangan Lithium Project. There are several late-stage granite intrusions within or adjacent to the tenements and several pegmatite occurrences noted in the WAMEX database.




Source GSWA Geology

**Figure 8 Regional geology of the Kangan Lithium Project with Pegmatite occurrences labelled.**

### 6.3. Recent Exploration

Recent exploration has been limited to first pass prospecting and soil sampling in 2017 to assess the potential of the previously identified pegmatite occurrences. That prospecting suggested that the pegmatite bodies are thin and generally do not show any significant mineral zonation that would be typical in a fertile pegmatite system. No lithium minerals were identified in the initial work however additional work to confirm the initial assessment is required. There has been no drilling, rock chip sampling, soil sampling or exploration for lithium since late 2017.

### 6.4. Mineral Resources

There are no JORC 2012 Mineral Resources within the Kangan Lithium Project.

### 6.5. Exploration Upside

The project is considered to be a very early-stage exploration opportunity with the known pegmatite occurrences all generally thin and not showing the common mineralogy or chemistry of a fertile LCT pegmatite system however additional work is required on and adjacent to the known pegmatites and also evaluating the potential targeting of fertile pegmatites beneath the thin transported colluvial cover.

# 7. Horse Rocks Project

The Horse Rocks Project consists of a single exploration tenement to the southwest of Kalgoorlie which is 100% owned by Essential. This tenement is located to the west of the Deport Granodiorite and approximately 15km to the west of the Mt Marion Lithium mine.

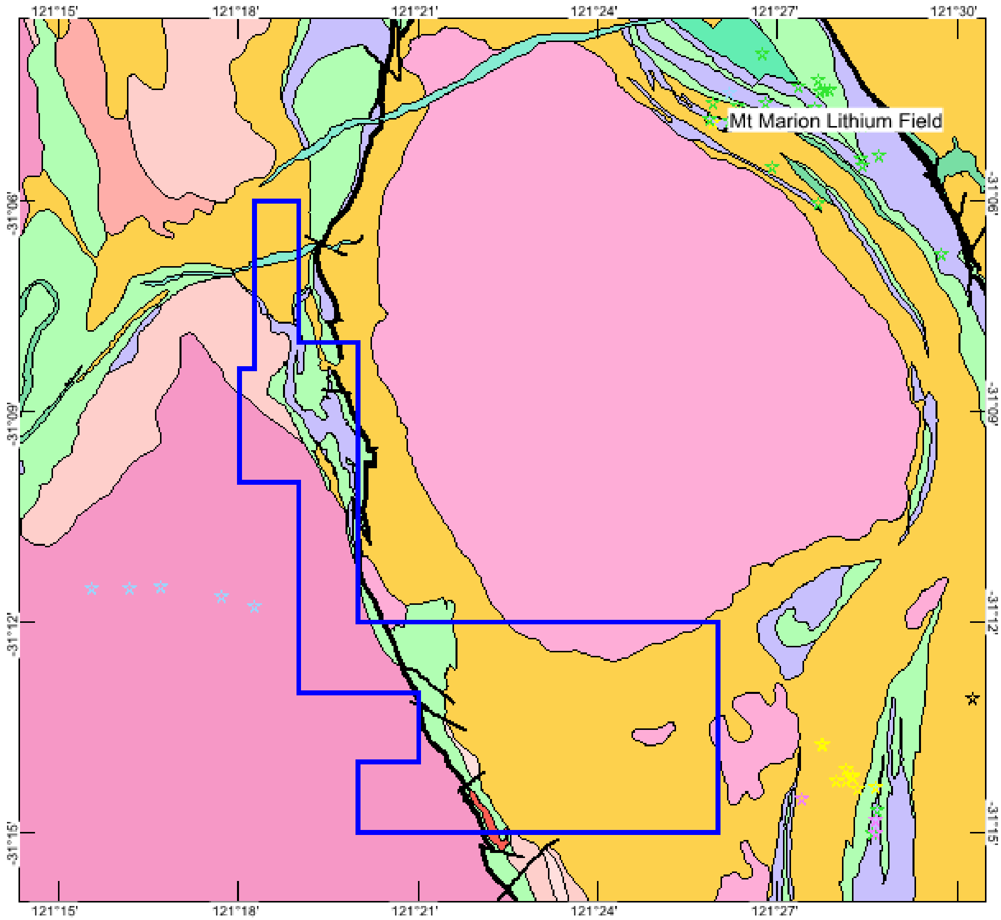
## 7.1. Location and Access

The Regional Tenement is located approximately 50km to the south - southwest of Kalgoorlie in the Goldfields region of Western Australia. Figure 9 shows the granted tenement in green.


**Figure 9 Location of the Horse Rocks Project.**

## 7.2. Geology

Figure 10 shows the regional geology of the Horse Rocks Project which is adjacent to several known lithium occurrences however there has been minimal previous exploration within the tenement. Adjacent to the tenement are the lithium occurrences and active mine at Mt Marion which is owned by Ganfeng and Mineral Resources Limited.




Source GSWA Geology

**Figure 10 Regional geology of the Horse Rocks Project to the southwest of Kalgoorlie.**

## 7.3. Recent Exploration and Potential

There has been minimal previous exploration.

Potential exploration activities for lithium within the tenement should consist of regional scale prospecting for pegmatite bodies adjacent to the late-stage granite bodies. Gold exploration should consist of regional scale structural interpretation from existing geophysical datasets with this interpretation followed up with geological prospecting and geochemistry over conceptual structural and lithological targets.

# 8. Joint Venture Projects

There are seven separate Joint Ventures where Essential holds a minority, non-contributing interest, these are the Kangan Gold Project in the northern Pilbara region, the Golden Ridge Nickel Project, the Balagundi Project, the Acra Project, the Maggie Hays Nickel Project, the Wattle Dam Project and the Larkinville Project. All the projects are located in Western Australia. Below are brief summaries of the transactions on those projects and a summary of the exploration potential.

## 8.1. Golden Ridge Nickel Joint Venture

This JV covers the same tenements as the Golden Ridge gold project detailed above.

On 9 February 2021 Essential announced a JV where Crest Investment Group (now renamed Australian Nickel Co Limited (ANCO)) can earn up to 75% by expending $4 million in four years with a minimum expenditure of $0.75 million in the first year. Additional payments totalling $0.525 million were required under the agreement. Additionally Essential will not be required to contribute any funding until there is a decision to mine at which point Essential can either contribute or convert its 25% to a 1.5% NSR royalty.

Based on the Form 5 exploration expenditures from the project for 2021 and 2022 there has been expenditure of approximately $1.8 million spent on exploration within the project. Based on that expenditure VRM considers it reasonable to assume that the minimum expenditure of $4 million over four years will be achieved and therefore has undertaken the valuation in this report based on Essential holding 25% of the project.

The Blair nickel mine operated from 1989 until 2009 producing a reported 1.2Mt at 2.63%Ni. It was previously owned by Western Mining Corporation (WMC) and Australian Mines (AUZ). The underground nickel mine has been developed to a significant depth below a deep pit with the underground portal at the base of the pit. Ore from the operation was previously transported to the Kambalda nickel concentrator owned by Nickel West, a division of BHP limited.

In 2013 Essential reported a JORC 2012 MRE on the project however it has since ceased reporting the MRE, VRM assumes that this is due to there being changes in the assumptions associated with the MRE or additional information is now available that would modify the MRE.

There are multiple nickel targets within the project including adjacent to the previous mine. ANCO has commenced exploration and undertaken several rounds of exploration including Aircore and RC drilling, downhole geophysics, re interpretation of the geology and existing geophysics targeting Kambalda style komatiite hosted nickel sulphides similar to the mineralisation at the Blair mine. The ANCO appointed technical specialists, who manage the exploration, have undertaken a significant re interpretation of the geology of the area and are focussing the exploration at several prospects including Leo Dam, Blair South – Gresham targets and the newly identified Bonham prospect as well as updating the geology of the Blair mineralisation. Exploration activities in 2023 have included additional geochemical sampling, re-interpretation of the geochemistry and EM surveys and additional new down hole electromagnetic surveys.


Source ESS ASX release 29 July 2022 (June 22 Quarterly Activities Report)

**Figure 11 Geology, prospects, and tenement outline of the Golden Ridge Nickel Project.**

## 8.2. Kangan Gold Joint Venture

The four tenements that constitute the Kangan Gold JV are over the same tenements as the Kangan Lithium Project which Essential holds 100%.

On 18 September 2018 Essential entered into a Joint venture with Novo Resources Corp whereby Novo would earn 70% in the project by spending $0.5 million and Essential would then be free carried to a decision to mine. In addition, Novo paid $0.2 million in cash and issued approximately $0.38 million in Novo shares. Novo now holds 70% of the project. On 22 June 2023, a 50 – 50 JV between Novo Resources and De Grey Mining was announced covering a large area adjacent to the Kangan JV. The Novo De Grey JV potentially could include the Novo equity in the Kangan Gold JV however that is subject to negotiations between the parties.

The Kangan gold joint venture consists of four tenements located to the west of the globally significant Pilgangoora and Wodgina lithium deposits in the Northern Pilbara and to the south of the Hemi gold deposit.

There are several gold occurrences within the tenements as announced by Essential on 6 October 2017 and 24 October 2017. Novo has assessed the potential within the project to be low for a structurally controlled gold system and also for "conglomerate" hosted gold due to the lack of the prospective geological units and a lack of structure however there is potential for lag and alluvial gold which is the likely source of the known gold occurrences in the area.

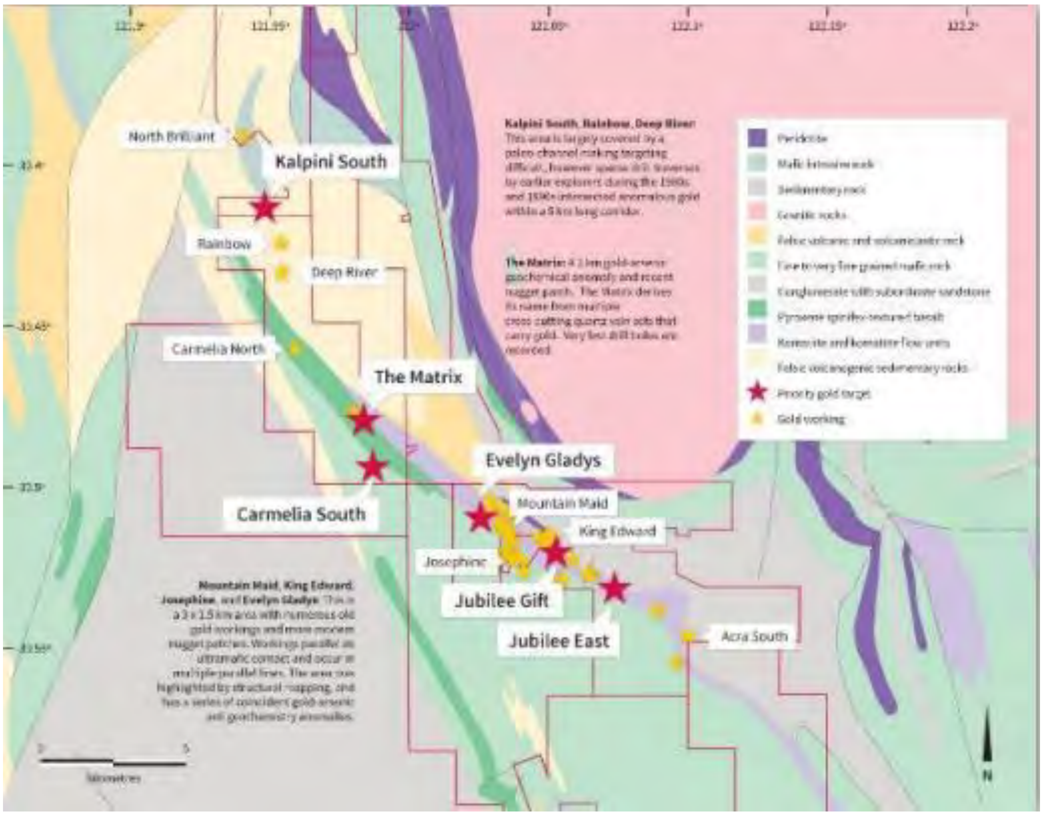
No significant exploration activities have been reported on the tenements during 2023.

## 8.3. Acra

On 21 October 2016 Northern Star Resources Limited (NST) entered into a Joint Venture on the Acra gold project to the east of Kalgoorlie. As a part of the transaction NST paid Essential $0.5 million for the initial 20% with NST required to expend $3 million over three years to earn an additional 55% (a total of 75%). Essential would then be free carried until a mining proposal is approved by DMIRS. NST completed its required expenditure on 15 April 2019 and now holds 75% of the project.

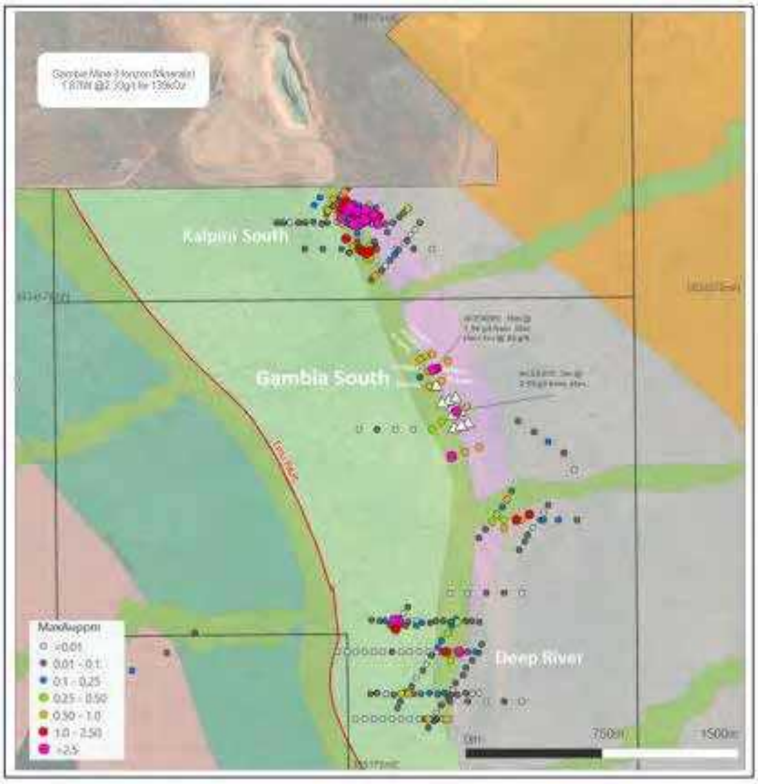
There are several gold targets and trends on the project with NST undertaking drilling on several of the targets however at this stage there has been limited exploration success. VRM understands that the highest priority targets on the project remain untested as NST are awaiting heritage clearance to test several conceptual targets. It is uncertain if access will be granted for these conceptual targets.

No significant exploration activities have been reported during 2023. There have however been several tenement reductions and one tenement surrendered.




Source ESS ASX release 21 October 2016

**Figure 12 Regional geology and targets within the Acra Joint Venture.**




Source ESS ASX release 29 July 2022

**Figure 13 Local Geology and drilling at the Gambia South prospect.**

## 8.4. Balagundi Gold Joint Venture

The Balagundi JV covers a single exploration licence located 25km to the east of Kalgoorlie.

On 25 July 2019 Essential entered into a Joint venture with Black Cat Syndicate Limited (Black Cat) whereby Black Cat would earn 75% in the project by spending $0.6 million and Essential would then be free carried to a decision to mine. In addition, Black Cat issued 122,820 shares valued at $40,000.

There are several gold prospects and one base metal prospect within the Balagundi tenement. In September 2022 Black Cat commenced a diamond drilling exploration program targeting EM conductors and base metal targets including the Anvil, Brontes and Asterope prospects which all occur to the west of the regionally extensive Victory Fault. The exploration consisted of three diamond holes with one hole completed in each of the prospects. A total of 917m of diamond drilling was completed in September, with this drilling co-funded by the DMIRS Exploration Incentive Scheme. No significant exploration information or assay results were returned from this exploration and a lithostratigraphic study has commenced to generate additional targets.

## 8.5. Wattle Dam Nickel Joint Venture

The Wattle Dam Nickel Project JV covers eleven Mining Leases which are 75% owned by Maximus Resources Limited with Essential holding 25% which is free carried to a decision to mine. The tenements are variably prospective for nickel with several targets and anomalies identified within the JV tenements. There are multiple significant drill intersections as reported in both Maximus Resources ASX releases and Essential's quarterly reports, however none are yet correlated on section nor on adjacent drill sections. There are several geophysical targets (electromagnetic targets) within the tenements adjacent to previous nickel mines and occurrences. In early 2023 Maximus undertook exploration drilling and identified the Misho Nickel Prospect. Highly anomalous drilling intersections were announced by Maximus on 21 March 2023 and 20 April 2023 (ASX: MXR). During the June quarter, Maximus completed 8 Reverse Circulation (RC) holes to test the shallow Ni-Cu PGE anomaly identified in the aircore drilling. Four RC holes intersected disseminated sulphides (pyrrhotite and pentlandite) in fresh ultramafic rock. The assay results confirmed the presence of nickel bearing sulphides. Drill intersections were included in the Essential June quarterly report. One of the tenements that constitutes the Wattle Dam Nickel project is also subject to a Gold Joint Venture on the Larkinville Project.

## 8.6. Larkinville Gold Joint Venture

The Larkinville Gold Project consists of a single Mining Lease that is 80% owned by Maximus Resources Limited with Essential holding 20% which is free carried to a decision to mine. The Mining Lease is also subject to the Wattle Dam Nickel JV where Maximus holds a 75% interest and Essential a free carried (to a decision to mine) 25% interest. The JV consisted of two tenements, the granted Mining Lease, and a Prospecting Licence however the Prospecting licence was surrendered in late 2022.

The reported Mineral Resource estimate on the project totals 119,700t at 3.02g/t gold for 11,600oz of gold (112,250t at 2.91g/t Au Indicated and 7,450t at 4.6g/t Au Inferred) according to Maximus' ASX release 1 March 2017.

An RC drill programme was completed in 2021 which was designed to improve the confidence of the Mineral Resource and test areas of open mineralisation along strike and down-dip. Six of the nine holes achieved gold intercepts over 1 g/t Au with results including: 4 m @ 1.3 g/t Au from 37 m and 3 m @ 1.6 g/t Au from 44 m (LVRC005), 1 m @ 1.2 g/t Au from 115 m and 1 m @ 2.1 g/t Au from 119 m (LVRC002), 1 m @ 2.1 g/t Au from 66 m and 1 m @ 1.1 g/t Au from 72 m and 1 m @ 1.6 g/t Au from 85 m (LVRC001), 2 m @ 1.1 g/t Au from 63 m and 1 m @ 1.2 g/t Au from 98 m (LVRC006), 1 m @ 1.2 g/t Au from 49 m (LVRC008), and 1 m @ 2.6 g/t Au from 87 m (LVRC009) (Maximus Resources ASX release 28/10/2021). Given the narrow and low-grade drill intersections from the 2021 drilling VRM considers this Mineral Resource to be internally inconsistent and while Maximus reports that it is not aware of any new information or data that materially affects the information in the original announcement and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed the status of the Mineral Resource may need to be reviewed.

There have been no significant exploration activities undertaken during 2023.

## 8.7. Maggie Hays Nickel Joint Venture

The Maggie Hays Nickel JV consists of an Exploration Licence owned 80% by Poseidon Nickel with Essential holding a free carried 20% to commencement of mining.

A portion of the tenement lies to the south of the Maggie Hays and Emily Ann nickel, while the magnetic unit that hosts the nickel deposits extends into the tenement there are no known mineral occurrences within the tenement and no targets have been identified within the tenement.

There have been no significant exploration activities on the JV tenement during 2023.

# 9. Valuation Methodology

The VALMIN Code outlines various valuation approaches that are applicable for Properties at various stages of the development pipeline. These include valuations based on market-based transactions, income or costs as shown in Table 3 and provides a guide as to the most applicable valuation techniques for different assets.

**Table 3 VALMIN Code 2015 valuation approaches suitable for mineral Properties.**

| Valuation Approaches suitable for mineral properties | | | | |
|---|---|---|---|---|
| Valuation Approach | Exploration Projects | Pre-development Projects | Development Projects | Production Projects |
| Market | Yes | Yes | Yes | Yes |
| Income | No | In some cases | Yes | Yes |
| Cost | Yes | In some cases | No | No |

According to the VALMIN definitions of project status the PDLP would be classified as an Advanced Exploration Project while the other projects would be considered Early-Stage Exploration Projects.

## 9.1. Previous Valuations

In February 2023 VRM undertook a valuation of the Essential Mineral Assets. That valuation was included in an IER prepared by BDO. This report is an update to that valuation and considers the changes in the commodity prices and exploration activities on the projects since the February 2023 ITAR. The previous report is included in the Scheme Booklet announced by Essential on 20 March 2023. Other than the February 2023 ITAR, VRM is not aware of any other recent valuations on the mineral assets that are being valued in this report.

## 9.2. Valuation Subject to Change

The valuation of any mineral Property is subject to several critical inputs most of these change over time and this valuation is using information available as of 31 July 2023 being the valuation date of this Report and considering information up to the valuation date. This valuation is subject to change due to updates in the geological understanding, variable assumptions and mining conditions, climatic variability that may impact on the development assumptions, the ability and timing of available funding to advance the properties, the current and future metal prices, exchange rates, political, social, environmental aspects of a possible development, a multitude of input costs including but not limited to fuel and energy prices, steel prices, labour rates and supply and demand dynamics for critical aspects of the potential development like mining equipment. While VRM has undertaken a review of several key technical aspects that could impact the valuation there are numerous factors that are beyond the control of VRM.

As at the date of this Report in VRM's opinion there have been no significant changes in the underlying inputs or circumstances that would make a material impact on the outcomes or findings of this Report.

## 9.3. General assumptions

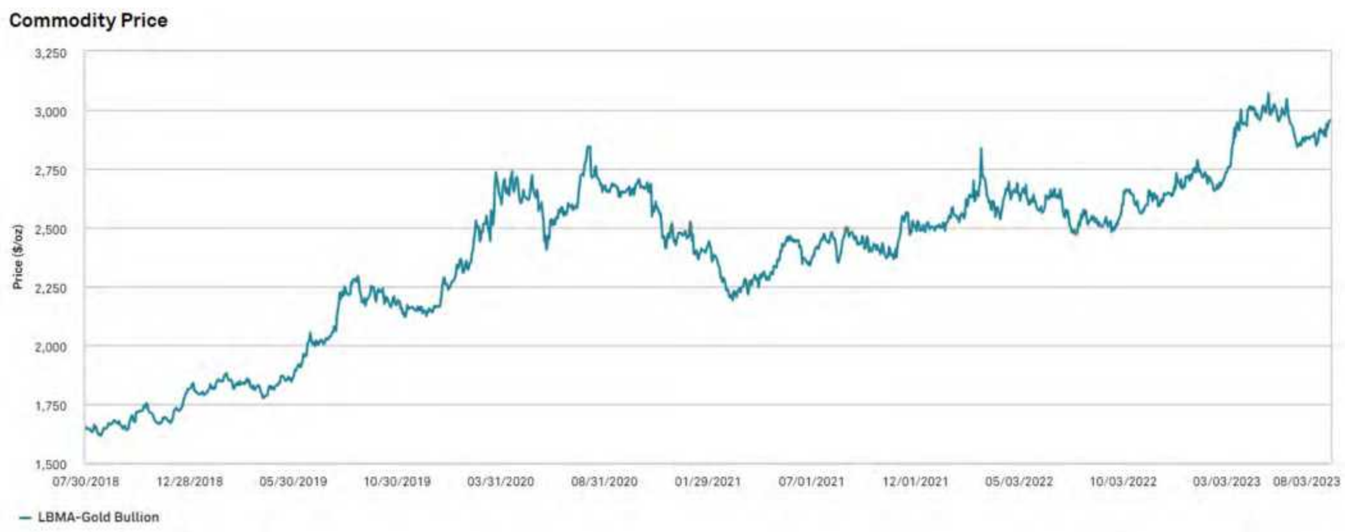
The Mineral Assets of Essential are valued using appropriate methodologies as described Table 3 and in the following sections. The valuation is based on several specific assumptions detailed above, including the following general assumptions.

- That all information provided to VRM is accurate and can be relied upon,
- The valuations only relate to the Essential Mineral Assets located within tenements controlled by the Company and not the Company itself nor its shares or market value,
- That the mineral rights, tenement security and statutory obligations were fairly stated to VRM and that the mineral licences will remain active,
- That all other regulatory approvals for exploration and mining are either active or will be obtained in the required and expected timeframe,
- That the owners of the mineral assets can obtain the required funding to continue exploration activities,
- The following commodity prices and exchange rates have been used in this valuation and are (as at 31 July 2023).
    - Gold Price US$1,968.40 (S&P Global)
    - Nickel Price US$22,076.00 (S&P Global)
    - Lithium Carbonate CIF North America Price US$61,403.30 (S&P Global)
    - Spodumene Concentrate Price (SC6.0) US$3,714 (Pilbara Minerals June 2023 Quarterly Report ASX release 24 July 2023)
    - The US$ - AUS$ exchange rate of 0.67289 (www.xe.com).

All currency in this report is Australian Dollars or AUS, unless otherwise noted, if a particular value is in United States Dollars, it is prefixed with US$.

## 9.4. Gold Market Analysis

The gold price is fundamentally different to many of the other commodities as the gold price is frequently seen as a pseudo currency and is considered by many as a safe-haven investment option, especially in the current monetary policies of many of the major countries reserve banks. Global uncertainty regarding the outbreak of COVID-19 and the resulting impact to the world economy had driven an increase in the gold price during 2020 and 2021 which continued to be elevated at the valuation date. Due to the significant variations in the price over such a short period it is considered critical to ensure that any transactions that are used in a market or transactional based valuation are normalised to the current gold price. This allows a more accurate representation of the value of the mineral asset under the current market environment. The gold price for the past five years in A$/oz is shown in Figure 14 below.



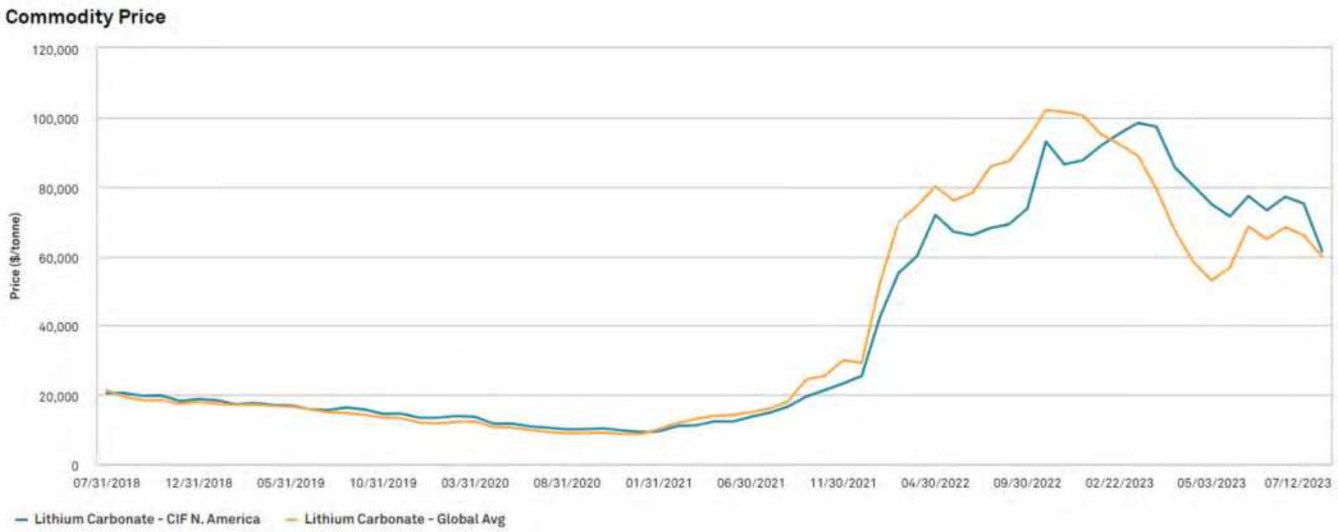

(Source: S&P Global Marker Intelligence)

**Figure 14 Five-year Gold price graph (A$/oz)**

## 9.5. Lithium Market Analysis

The lithium price is directly linked to the demand for lithium-ion batteries, largely for use in electric vehicles (EVs). This report is not intended to provide a detailed account for the lithium market however there has been a significant increase over the past several years toward reducing carbon emissions especially from vehicles. There has been a significant increase in EV sales, especially post the main impact of COVID-19 on the global economy with several governments around the world providing subsidies and incentives to promote the uptake of EV use. Additional demand for lithium stems from large-scale electrical storage batteries to reduce the dependence on electrical supply. In addition to the rapidly increasing EV and battery demand there is the ongoing demand increase for lithium in several traditional uses including ceramics, lubricants increase. Since 2015 the percentage of global lithium production used in batteries has increased from 31% to approximately 80%, while the global mine production has increased from 34,000t in 2013 to 107,000t in 2021 (USGS Minerals Yearbook 2015 and 2023).

The Lithium Carbonate price in A$/t (Global average and CIF North America) for the past five years is shown in Figure 15



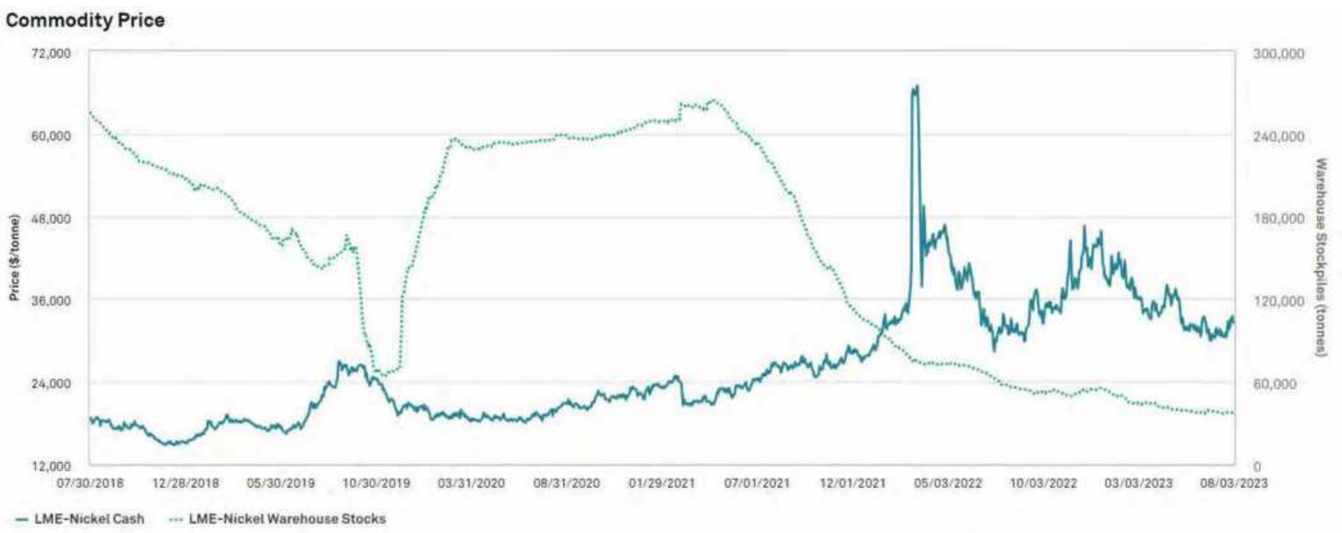

(Source: S&P Global Marker Intelligence)

**Figure 15 Five-year Lithium Carbonate price graph (A$/t)**

## 9.6. Nickel Market Analysis

The nickel demand has several drivers, these are the demand for stainless steel and the second large and rapidly expanding use is in lithium-ion batteries for both electric vehicles and battery storage. There have been several supply constraints in the recent past, these include the export bans for unprocessed nickel laterite ore from both the Philippines and Indonesia and also the war in Ukraine has limited or stopped a significant amount of production especially from Russia.

The nickel price in A$/t and London metal exchange stockpiles are shown in Figure 16. The large spike in the nickel price is associated with sanctions starting to be imposed on Russia due to the invasion of Ukraine, additionally there is a significant decrease in the LME nickel stockpiles since August 2021.




(Source: S&P Global Marker Intelligence)

**Figure 16 Five-year Nickel price graph (A$/t)**

## 9.7. Valuation of Advanced Properties

There are several valuation methods that are suitable for advanced Properties including the following:

- Financial modelling including discounted cash flow (DCF) valuations (generally limited to Properties with published Ore Reserves),
- Comparable Market Based transactions including Resource and Reserve Multiples
- Joint Venture Transactions
- Yardstick valuations

A Financial modelling approach is not suitable for the Essential projects as they have not yet progressed to Pre-Development, Development or Production projects which require Ore Reserves to be estimated and the completion of a Pre-Feasibility study. In VRM's opinion without declared Ore Reserves undertaking a DCF based valuation would likely fail the Reasonable Grounds Requirements in both the Corporations Act 2001, and the ASIC Information Sheet 214 (INFO214).

### 9.7.1. Comparable Market Based Transactions – Resource Based

A comparable transactional valuation is a simple and easily understood valuation method which is broadly based on the real estate approach to valuation. It can be applied to a transaction based on the contained metal for projects with Mineral Resource or Ore Reserves estimates reported. Advantages of this type of valuation method include that it is easily understood and applied, especially where the resources or tenement area is comparable, and the resource or exploration work is reported according to an industry standard (like the JORC Code or NI43-101).

However, it is not as robust for projects where the resources are either historic in nature, reported according to a more relaxed standard, or are using a cut-off grade that reflects a commodity price that is not justified by the current market fundamentals. If the projects being valued are in the same or a comparable jurisdiction, then it removes the requirement for a geopolitical adjustment. Finally, if the transaction being used is recent then it should reflect the current market conditions.

Difficulties arise when there are a limited number of transactions, where the projects have subtle but identifiable differences that impact the economic viability of one of the projects. For example, the requirement for a very fine grind required to liberate gold from a sulphide rich ore or where the ore is refractory in nature and requires a non-standard processing method. As the comparable transactions are considered to be similar to the project being valued aspects like environmental liabilities are generally included in the valuation. Additionally, if the comparable transactions are associated with projects with infrastructure for example a processing facility, then the price paid by other market participants is considered an accurate reflection of the value of the entire project including the processing facility. There are often significant identifiable differences in the potentially comparable projects, therefore it is critical to review the projects, where possible only use projects with similar resource size, similar grades, similar infrastructure and mining or processing requirements and remove any outliers or transactions that are significantly different to the project being valued. In some projects there identifiable and documented differences in the required the environmental rehabilitation and potential rehabilitation liabilities, these also need to be considered in determining any potential comparable transactions.

The information for the comparable transactions has been derived from various sources including the ASX and other securities exchange releases associated with these transactions, a database compiled by VRM for exploration stage projects (with resources estimated) and development ready projects.

This valuation method is typically the primary valuation method for exploration or advanced (pre-development) projects where Mineral Resources have been estimated. More advanced projects where there are Ore Reserves estimated would generally be valued using an income approach due to the modifying factors for a mining operation being better defined.

The preference is to limit the transactions and resource multiples to completed transactions from the past three to five years in either the same geopolitical region or same geological terrain. The comparable transactions have been compiled where Mineral Resources and in some cases Ore Reserves have been estimated. Appendix A details the Resource Multiples for a series of transactions that are considered at least broadly comparable PDLP.

### 9.7.2. Yardstick Valuation

A yardstick valuation was undertaken as a check of the comparable transactions. This yardstick valuation is based on a rule of thumb as supported by a large database of transactions where resources and reserves at various degrees of confidence are multiplied by a percentage of the spot price. The yardstick valuation factors used in this report are in line with other yardstick valuation factors commonly used by other independent specialists and used in other VALMIN reports. The US$-AUS$ exchange rate and Spodumene Concentrate price as reported by Pilbara Minerals Limited in their June Quarterly Report (ASX release of 24 July 2023) documented above have been used to determine the yardstick valuation. Due to the likely product from the mining operation being a concentrate the yardstick multiples used are between 1% and 2% of the product value for Measured Mineral Resources and stockpiles, 0.5% and 1% for Indicated Mineral Resources and 0.25% and 0.5% for Inferred Mineral Resources. To determine the number of tonnes of concentrate that are contained in the various classifications of the Mineral Resources VRM has used the metallurgical recovery from the Dome North Scoping Study (74%) and the targeted grade of the spodumene concentrate as 5.7% $Li_2O$ in the concentrate along with the tonnes and grade in each of the deposits was calculated.

## 9.8. Exploration Asset Valuation

To generate a value of an early-stage exploration Property or the exploration potential away from a mineral deposit it is important to value all the separate parts of the mineral assets under consideration. In the case of the advanced Properties the most significant value drivers for the overall Property are the declared Mineral Resources or Ore Reserves, while for earlier stage Properties a significant contributor to the Property's value is the exploration potential. There are several ways to determine the potential of pre-resource Properties, these being:

- A Geoscientific (Kilburn) Valuation
- Comparable transactions (purchase) based on the Properties' area.
- Joint Venture terms based on the Properties' area.
- A prospectivity enhancement multiplier (PEM)

The methodology to determine the Comparable transactions based on a projects area is undertaken using the same methodology as that described for the Comparable transactions' valuation for advanced projects section; however transactional value is applied to the project's area rather than the Mineral Resources or Ore Reserves. The Joint Venture terms valuation is similar to the comparable transactions based on the project area, other than a discount to the Joint Venture terms is applied to account for the time value of money (an appropriate discount rate is applied) and a discount to the earn-in expenditure to account for the chance that the Joint Venture earn-in expenditure is not completed in the agreed timeframe.

VRM considers a Geoscientific or Kilburn valuation as a robust valuation method. The comparable transaction multiples can also be useful but are strongly related to the projects tenement area so can be conservative for small areas and overstate large areas. It is the view of VRM that the least transparent and most variable valuation method is a PEM valuation as this depends on an assessment of the effectiveness of the expenditure.

### 9.8.1. Geoscientific (Kilburn) Valuation

One valuation technique that is widely used to determine the value of a project that is at an early exploration stage without any Mineral Resources or Ore Reserve estimates was developed and is described in an article published in the CIM bulletin by Kilburn (1990). This method is widely termed the geoscientific method where a series of factors within a project are assessed for their potential.

While this technique is somewhat subjective and open to interpretation it is a method that when applied correctly by a suitably experienced specialist enables an accurate estimate of the value of the project. There are five critical aspects that need to be considered when using a Kilburn or Geoscientific valuation, these are the base acquisition cost, which put simply is the cost to acquire and continue to retain the tenements being valued. The other aspects are the proximity to both adjacent to and along strike of a major deposit (Off Property Factors), the occurrence of a mineral system on the tenement (On Property Factors), the success of previous exploration within the tenement (Anomaly Factors) and the geological prospectivity of the geological terrain covered by the mineral claims or tenements (Geological Factors). In early-stage projects often the anomaly factors and geological factors have limited information.

While this valuation method is robust and transparent it can generate a very wide range in valuations, especially when the ranking criteria are assigned to a large tenement. This method was initially developed in Canada where the mineral claims are generally small therefore reducing the potential errors associated with spreading both favourable and unfavourable ranking criteria to be spread over a large tenement.

Therefore, VRM either values each tenement or breaks down a larger tenement into areas of higher and lower prospectivity.

Table 4 documents the ranking criteria while the inputs and assumptions that were used to derive the base acquisition cost (BAC) for each tenement are detailed in the valuation section below.

VRM determines the BAC based on the holding cost of maintaining the tenement for the next year. That cost is determined by the minimum exploration commitment required on the tenement. The BAC is derived from the tenement rents and exploration commitments on tenements in Western Australia as detailed in the tenure section above. The use of the exploration commitment in determining the BAC is, in VRM's opinion aligned with the accounting standards and therefore a better estimate of the value than using a BAC determined based on the "average" tenement and assumed costs of identifying the area of interest and assumed exploration costs to advance the tenement to the "average" tenement in the region.

The technical valuation derived from the Kilburn ranking factors are frequently adjusted to reflect the geopolitical risks associated with the location of the project and the current market conditions toward a specific commodity or geological terrain. These adjustments can either increase or decrease the technical value to derive the fair market valuation.

Using the ranking criteria from Table 4 along with the base acquisition costs tabulated in the appendices an overall technical valuation is determined.
The technical valuation was discounted / escalated to derive a market valuation. A market factor was derived to account for the nickel, lithium, and gold price which, which are all close to historical highs and also to account for the market sentiment toward advanced projects. The gold and nickel prices are currently elevated compared to the past five years as shown in Figure 14 and Figure 16. Based on the commodity prices the technical valuation for each tenement was increased by 10% for the gold and nickel projects. The technical valuation was increased by 20% for the lithium projects due to the currently highly elevated lithium carbonate price (Figure 15). The lithium premium has been reduced from the 30% premium applied in the February ITAR due to the decrease in the lithium carbonate price. There are social, environmental, and geopolitical risks associated with the projects therefore a discount of 5% has been applied, this discount is due to a is partly due to the recent Heritage Protection Act with the associated delays in advancing early-stage projects and the inflationary environment associated with any project construction or exploration activities and the lack of critical staff.

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For early-stage Projects (where there are no Mineral Resources estimated), VRM typically considers the Geoscientific (Kilburn) Valuation method to be the most robust and is commonly the primary valuation method used.

Table 4 Ranking criteria used to determine the geoscientific technical valuation.

| Geoscientific Ranking Criteria | | | | |
|---|---|---|---|---|
| Rating | Off-property factor | On-property factor | Anomaly factor | Geological factor |
| 0.1 | | | | Generally unfavourable geological setting |
| 0.5 | | | Extensive previous exploration with poor results | Poor geological setting |
| 0.9 | | | Poor results to date | Generally unfavourable geological setting, under cover |
| 1.0 | No known mineralisation in district | No known mineralisation within | No targets defined | Generally favourable geological setting |
| 1.5 | Mineralisation identified | Mineralisation identified | Target identified; initial indications positive | |
| 2.0 | Resource targets identified | Exploration targets identified | | Favourable geological setting |
| 2.5 | | | Significant intersections – not correlated on section | |
| 3.0 | Along strike or adjacent to known mineralisation | Mine or abundant workings with significant previous production | | Mineralised zones exposed in prospective host rocks |
| 3.5 | | | Several significant ore grade intersections that can be correlated | |
| 4.0 | Along strike from a major mine(s) | Major mine with significant historical production | | |
| 5.0 | Along strike from world class mine | | | |

### 9.8.2. Prospectivity Enhancement Multiplier (PEM) Valuation

As outlined in Table 3 and in the VALMIN Code a cost - based or appraised value method is an appropriate valuation technique for early-stage exploration Properties. Under this method, the previous exploration expenditure is assessed as either improving or decreasing the potential of the Property.

The prospectivity enhancement multiplier (PEM) involves a factor which is directly related to the success of the exploration expenditure to advance the Property. There are several alternate PEM factors that can be used depending on the specific Property and commodity being evaluated. Onley, (1994) included several guidelines for the use and selection of appropriate PEM criteria. The PEM ranking criteria used in the Report are based on multiple valuation papers including (Lawrence 1994, Onley 1994 and Schodde, 2002) and are outlined in Table 5. VRM considers the PEM valuation method as a secondary valuation method and no higher PEM ranges are used once a JORC 2012 Mineral Resource has been estimated. In the opinion of the author, it is preferable to use Resource multiples for comparable transactions once a JORC 2012 Mineral Resource has been estimated.

Table 5 Prospectivity Enhancement Multiplier (PEM) ranking criteria.

| PEM Ranking Criteria | |
|---|---|
| **Range** | **Criteria** |
| 0.2 – 0.5 | Exploration downgrade the potential |
| 0.5 – 1 | Exploration has maintained the potential |
| 1.0 - 1.3 | Exploration has slightly increased the potential |
| 1.3 – 1.5 | Exploration has considerably increased the potential |
| 1.5 – 2.0 | Limited Preliminary Drilling intersected interesting mineralised intersections |
| 2.0 – 2.5 | Detailed Drilling has defined targets with potential economic interest |
| 2.5 – 3.0 | A Mineral Resource has been estimated at an Inferred category |

# 10.Essential Metals Mineral Asset Valuation

The projects that are included in this valuation are the PDLP, Kangan Lithium, Juglah Dome, Golden Ridge Gold and Horse Rocks Project along with the interest Essential has in seven Joint Ventures. All the projects are in Western Australia.

Each of the projects has been valued using a sum of the parts approach.

The PDLP has been valued in this report with the Mineral Resource estimates primary valuation being done by a comparable transaction method with a yardstick approach being a supporting or secondary valuation. The exploration potential has been valued by a Geoscientific or Kilburn approach with a Prospectivity Enhancement Multiplier (PEM) approach as a secondary method. There are no Ore Reserves however VRM notes the recently completed Scoping Study which while referenced above has not been used in the valuation.

All the other projects and Joint Ventures have been valued using either a previous transaction on the actual project (for several of the JVs) (normalised to the target commodity) or a Geoscientific or Kilburn method as a primary method and a PEM method as a supporting valuation method.

## 10.1.Valuation of the Pioneer Dome Lithium Project

The PDLP has been valued using comparable transaction Resource Multiples for the Dome North lithium deposits (and the tenement that hosts the Mineral Resources) with a secondary method being a yardstick valuation. It is important to note that there are a limited number of Lithium Mineral Resources within Australia and only one has transacted in the past five years. All other transactions within Australia have had significant plant and infrastructure associated with the project when it transacted, or the project being transacted was in financial distress and therefore considered by VRM not to represent a market value due to the distressed sale of the asset.

The exploration potential away from the Dome North lithium deposits has been valued using a Geoscientific approach with a secondary valuation being a PEM method.

### 10.1.1.Comparable Transactions – Resource Multiples

As detailed in Appendix A, VRM has reviewed a series of transactions on lithium projects that are could be broadly comparable to the lithium Mineral Resource estimates at the PDLP. The broad criteria to be considered potentially comparable was that the project must.

- Be located in Australia,
- Been announced or completed since 1 January 2017,
- Had a Mineral Resource or the information that would allow a MRE to be estimated,
- While all projects have been tabulated any project that was operating or had processing facilities associated with the transaction were excluded as the capital costs associated with the project had been sunk.

- The comparable projects that would reasonably be expected to be exploited by conventional open pit mining methods and potentially with underground extensions and
- The mineralisation likely to be processed via a standard processing flowsheet.

These criteria identified six project specific transactions. Of those, only one project has been considered potentially comparable however that project has had two separate, but linked, transactions. The initial transaction, acquiring 80%) occurred prior to an initial MRE however all the data was available at the date the transaction was announced. The second was to secure the entire project (the additional 20%) prior to an updated MRE being announced, again all the data was available for the MRE update at the date of the transaction.

The only project-based transaction that is considered to be comparable is the acquisition of the Manna Project by Global Lithium from Breaker Resources. The initial transaction was announced on 23 December 2021 when Global Lithium acquired 80% of the Manna project from Breaker Resources for A$13 million and A$20 million in deferred payments. While there was no Mineral Resource reported at the time there was significant drilling and an MRE was reported on 17 February 2022 which was based on drilling that had already been completed when the transaction was announced. The initial Inferred MRE was 9.9Mt at 1.14% $Li_2O$. On 25 October 2022 Global Lithium acquired the remaining 20% of the Manna Project and adjacent tenements for A$40 million. As there are clearly synergies in Global Lithium securing 100% of the project it is reasonable to assume that a premium was paid for the last 20% of the project. To remove the synergies VRM has combined these transactions into one transaction, which results in a total expenditure to attain 100% of the project being $13 million ($6.5 million in cash and 6.5 million in shares) with deferred payments of A$20 million from the initial transaction and $60 million which included the A$20 million in deferred payments in the second transaction for a total expenditure of $73 million. While the Mineral Resource at Manna was 9.9 million tonnes when the final transaction was announced most of the drilling to update the resource was completed, therefore VRM considers the smaller resource (9.9 million tonnes) and the total expenditure of $73 million provides an upper range of the normalised comparable transaction resource multiple of $7.37/t. The lower range is based on the Manna Mineral Resource that was announced shortly after Global Lithium acquired the entire project however all information was available at the time the transaction was announced. The larger Mineral Resource at Manna has been estimated at 32.7 million tonnes (comprising 14.2 million tonnes Inferred and 18.5 million tonnes Indicated classification). The larger and higher confidence Manna Mineral Resource (32.7 million tonnes) and the total expenditure to purchase 100% of the project ($73 million) provides a lower end of the normalised comparable transaction resource multiple of $2.23/t.

To remove the fluctuations in the lithium price the transaction multiples have been normalised to the lithium carbonate price at the time the transaction was announced and the lithium carbonate price as close to the valuation date as possible (27 July 2023) rather than the actual valuation date of 31 July 2023.

VRM has determined that the normalised resource multiples for the Manna transactions range from $1.59/t to $5.24/t. This range is considered to be too large to provide a meaningful valuation range.

While the lithium price is forecast to decline, and the lithium carbonate price has fallen to approx. A$60,000 it must be considered in relation to the increase in the price from around A$15,000 since early 2021 as shown in Figure 15. The market conditions, sentiment and investment into lithium projects remains highly contested with a premium paid for early stage (pre–Mineral Resource) Projects. In Australia there are a lack of lithium Projects with only around 14 projects with lithium Mineral Resources including the seven operating lithium projects and two lithium projects that are currently being developed.

Therefore, the lack of projects available to acquire, is expected by VRM, based on its professional opinion, to result in a premium to the upper Manna Resource multiple. A premium of 25% has been applied to the upper Manna Resource Multiple of $5.24/t to generate a most likely market Resource Multiple of $6.55/t. The 25% premium is also partly due to the completion of the Scoping Study and higher confidence in MRE within the PDLP when compared to the Manna Project. In VRM's opinion, this adjusted Resource Multiple provides a reasonable estimate and the most likely normalised Resource Multiple for the Essential lithium Mineral Resources within the PDLP.

To generate a range of market values for the Essential Lithium Mineral Resources within the PDLP VRM believes a valuation range would be within 25% of what it considers a reasonable normalised Resource Multiple of $6.55/t. Therefore, the lower Resource Multiple is $4.91/t ($6.55/t x 75%), and the upper Resource Multiple is $8.18/t ($6.55/t x 125%).

Appendix A contains details of the potentially comparable transactions.

The normalised Resource Multiples detailed above and supported by the information in Appendix A have been used along with the JORC 2012 Dome North Mineral Resources detailed above to determine the valuations shown in Table 6.

**Table 6 Comparable Transaction Valuation Summary for the Dome North Lithium Deposits.**

| Essential Valuations | Low | Preferred | Upper |
|---|---|---|---|
| Total Resources | 11.1Mt | 11.1Mt | 11.1Mt |
| Resource Multiple | $4.91 | $6.55 | $8.18 |
| Total Resource Multiple Valuation | $54.5 | $72.7 | $90.8 |

Note appropriate rounding has been applied to the Resource estimate and the valuation.

Therefore, VRM considers that the Mineral Resource Estimates within the PDLP to be valued, based on comparable transactions, at between $54.5 million and $90.8 million with a preferred valuation of $72.7 million. This is a reduction from the February 2023 valuation of between $58.3 million and $97.1 million and a preferred of $77.7 million. This reduction is considered reasonable given the reduction in the lithium carbonate price since the February 2023 valuation. In addition to this value the exploration potential on the surrounding tenements needs to be included to determine the value of the entire project. The preferred value of the exploration potential has been derived via a Geoscientific or Kilburn method for early-stage exploration projects.

### 10.1.2.Yardstick Method

Table 7 details the yardstick multiples were used to determine the value of the Mineral Resources while Table 8 tabulates the yardstick valuation for the PDLP. Due to it being envisaged that the project will produce a concentrate rather than a final product the yardstick multiples detailed in Table 7 are approximately half of the multiples that are commonly used for a precious metal project. VRM considers this reasonable due to the additional costs of transport, sales, and marketing costs along with higher royalty rates for the sale of concentrate when compared to refined metal.

As the product that is sold is a concentrate it is important to determine an estimate of the number of tonnes of concentrate at a specific concentrate grade that is contained within the Mineral Resource estimate. To do this VRM has assumed a metallurgical recovery of 74% which is based on the metallurgical studies included in the North Dome Scoping Study and the targeted concentrate grade of 5.7% (ASX release 9 February 2023).

Additionally, as the product being sold is a spodumene concentrate the current price of the concentrate is critical in determining the yardstick valuation. As spodumene concentrates are not traded on an open market, other than small volumes on an auction sales platform managed by Pilbara Minerals Limited. Spodumene concentrate pricing is dominantly sold on supply contracts which may have been negotiated a significant period prior to the provision of the product. The exact mechanism for determining the concentrate price is not publicly available, is negotiated between the concentrate seller and the purchaser (often the refiner of the concentrates) and are likely linked to price of various lithium chemicals. The price of spodumene concentrate has been derived from the average price for spodumene concentrates achieved by Pilbara Minerals during the June 2023 Quarter, this was contained in the June Quarterly Report of Pilbara Minerals Limited (24 July 2023). Most of the concentrates sold by Pilbara Minerals are based on large volume offtake contracts with a minor contribution from the small volumes of concentrate sales on the auction sales platform.

In VRM's opinion, given the mix of contract and auction prices Pilbara Minerals use in determining the average spodumene concentrate prices, the reported Pilbara Mineral 6% spodumene price accurately reflects the market price for a mix of spodumene concentrates. Additionally, Pilbara Minerals report the concentrate price in both the price attained and at a nominal 6% spodumene concentrate price. This allows comparison between concentrates at a different grade.

The concentrate price used is US$3,714/t, based on the exchange rate at 31 July 2023 this equates to A$5,519.4/t.

Table 7 Yardstick Multiples used for the Dome North Lithium Deposits

| Yardstick Multiples | | |
|---|---|---|
| | Low | High |
| Reserves | 2% | 5% |
| Measured | 1% | 2% |
| Indicated | 0.5% | 1% |
| Inferred | 0.25% | 0.5% |

Table 8 Yardstick Valuation of the Mineral Resources within the PDLP

| Valuation | Contained Concentrate (Mt) | Spodumene Price (A$/t) | Valuation (A$ Million) | | |
|---|---|---|---|---|---|
| | | | Low | Mid-Point | High |
| Indicated | 1.277 | 5,519.40 | 35.2 | 52.9 | 70.5 |
| Inferred | 0.386 | 5,519.40 | 5.3 | 8.0 | 10.7 |
| Valuation AUS$ | | | 40.6 | 60.9 | 81.2 |

Note: The yardstick valuation of uses the Spodumene concentrate price achieved by Pilbara Minerals Limited in the December 2022 quarter
Appropriate rounding has been applied to the valuation.

The yardstick valuation determined to be between $40.6 million and $81.2 million with a mid-point valuation of $60.9 million is broadly in line with the comparable transaction valuation between $54.5 million and $90.8 million with a preferred valuation of $72.7 million however it is considered by VRM to be a useful guide of a possible valuation and should not be used as a primary valuation method. This is however a significant reduction since the February valuation due to the reduction in the SC6.0 price from A$8,020.32/t to A$5,519.40.

## 10.2. Valuation of Exploration Potential

### 10.2.1. Previous Transactions on the Projects

As detailed in the body of the report there are seven Joint Ventures which Essential holds an interest, of these JVs four occurred since 2016 and are therefore considered to potentially provide a value of the projects that have been joint ventured by Essential. There are three JVs that VRM has been unable to locate the original JV terms and therefore those projects have been valued using a Geoscientific as a primary valuation method with a PEM valuation method used as a supporting valuation. For the four projects where there are market-based valuations the JV terms have been used as the primary valuation method while a geoscientific and PEM have been undertaken as supporting valuations.

As a project's market value is directly linked to the market for a particular project, the value of the projects has been determined based on the JV terms that were agreed between Essential and the other party with the assumption that the company that is earning its equity in the project has achieved that expenditure milestone, as most of the parties have met their earn-in obligations or are progressing toward the required expenditure this is considered a reasonable assumption. Additionally, the project value has been normalised

to the commodity price for targeted commodity within each project at the date the transaction was announced and the commodity price at the valuation date used in this report.
Table 9 details the terms of the four Joint Ventures that VRM has been able to locate and the normalised project value along with the value of the equity owned by Essential.

Table 9 Joint Venture Project Valuations

| Project | Date | Expenditure (A$ M) | Other fees (A$ M) | Equity earnt | Value of JV (A$ M) | Normalised Value | Essential equity | Value of Essential Equity (A$ M) |
|---|---|---|---|---|---|---|---|---|
| Acra | 21/10/2016 | 3.0 | 0.5 | 75% | 4.67 | $8.19 | 25% | $2.05 |
| Kangan Gold | 18/09/2018 | 0.5 | 0.58 | 70% | 1.54 | $2.71 | 30% | $0.81 |
| Balagundi | 25/07/2019 | 0.6 | 0.04 | 75% | 0.85 | $1.22 | 25% | $0.31 |
| Golden Ridge Nickel | 9/02/2021 | 4.0 | 0.525 | 75% | 6.03 | $8.34 | 25% | $2.08 |
| Total Value | | | | | | | | $5.3 |

Note the Acra, Kangan and Balagundi projects have been normalised to the gold price while the Golden Ridge nickel project is normalised to the nickel price.

As the JV valuation is based on the actual negotiated JV terms associated with the project the normalised JV values are considered the preferred value of the projects. To determine a range of values as recommended by the VALMIN code VRM considers that the likely range in values would be +/- 25%. Therefore, the valuation ranges for each of the four JV's are detailed in Table 10 below.

Table 10 Joint Venture Valuation Range

| Project | Lower Valuation (A$ million) | Preferred Valuation (A$ million) | Upper Valuation (A$ million) |
|---|---|---|---|
| Acra | $1.54 | $2.05 | $2.56 |
| Kangan Gold | $0.61 | $0.81 | $1.02 |
| Balagundi | $0.23 | $0.31 | $0.38 |
| Golden Ridge Nickel | $1.56 | $2.08 | $2.60 |
| Total Value | $3.9 | $5.3 | $6.6 |

Note: Appropriate rounding has been applied to the valuation.

The value of the four joint ventures that VRM has been able to confirm when normalised for the commodity prices of the target commodities on each of the JVs are considered by VRM to have a market value between A$3.9 million and A$6.6 million with a preferred value of $5.3 million.

### 10.2.2. Geoscientific Valuation

There are several specific inputs that are critical in determining a valid geoscientific or Kilburn valuation, these are ensuring that the specialist undertaking the valuation has a good understanding of the mineralisation styles within the overall region, the tenements and has access to all the exploration and geological information to ensure that the rankings are based on a thorough knowledge of the project. In addition to ensuring the rankings are correct deriving the base acquisition costs (BAC) is critical as that is the primary driver of the final value. In this case the BAC is derived by the exploration commitment to maintain the tenement in good standing the costs of the tenement applications, tenement rents and shire rates and targeting have not been included.

In VRM's opinion the value of the exploration potential within the mining leases that contain or are adjacent to the Mineral Resources of the PDLP has been captured by the Resource Multiple and yardstick valuation methods above however the surrounding tenements have exploration potential which has been valued by this Geoscientific or Kilburn valuation.

The Geoscientific rankings were derived for each tenement using each of the geoscientific or Kilburn ranking criteria, being the Off-Property Criteria, the On-Property Criteria, the Anomaly Factor, and the Geology Criteria. The criteria for each tenement varied however the Off-Property Criteria were between 1 and 3.5, the On-Property Criteria between 0.5 and 3.5, the Anomaly Factor between 0.9 and 4.0 while the Geology Criteria were considered to be between 0.5 and 3.0. When these ranking criteria are combined with the base acquisition cost as detailed in Appendix B this has determined the technical value as shown in Table 11.

Table 11 details the technical value and market value of the exploration potential for each tenement. The Market Value of the exploration potential is based on a jurisdictional and market discount. There are social, environmental, and geopolitical risks associated with the projects therefore a discount of 5% has been applied, this discount is partly due to the current inflationary environment in Western Australia, the heritage and environmental regulations and the availability of suitably qualified and experienced staff. A 10% premium has been applied for the gold and nickel markets due to these markets being elevated and close to all-time highs. VRM considers that a 20% increase should be applied to the lithium market given the extremely elevated price achieved for spodumene concentrates and lithium chemicals. Overall, the market valuation is detailed in Table 11. The base acquisition cost used in this valuation is based on the tenement rents and exploration commitments are detailed in Appendix B

Table 11 Valuation of the Exploration Potential within the 100% owned Essential Projects.

| Tenement | BAC | Technical Valuation (AUS$) | | | Market Valuation (AUS$M) | | |
|---|---|---|---|---|---|---|---|
| | | Lower | Preferred | Upper | Lower | Preferred | Upper |
| Pioneer Dome Lithium | | | | | | | |
| E 15/1515 | 50,000 | | | Valued by Resource Multiples | | | |
| E 15/1725 | 20,000 | 5,000 | 17,080 | 29,160 | 0.01 | 0.02 | 0.03 |
| E 63/1669 | 70,000 | 1,120,000 | 2,200,625 | 3,281,250 | 1.28 | 2.51 | 3.74 |
| E 63/1782 | 50,000 | 150,000 | 356,250 | 562,500 | 0.17 | 0.41 | 0.64 |
| E 63/1783 | 50,000 | 25,000 | 61,100 | 97,200 | 0.03 | 0.07 | 0.11 |
| E 63/1785 | 50,000 | 12,500 | 42,700 | 72,900 | 0.01 | 0.05 | 0.08 |
| E 63/1825 | 50,000 | 12,500 | 42,700 | 72,900 | 0.01 | 0.05 | 0.08 |
| E 63/2118 | 34,000 | 8,500 | 29,036 | 49,572 | 0.01 | 0.03 | 0.06 |
| M 63/665 | 10,000 | 0 | 0 | 0 | 0.00 | 0.00 | 0.00 |
| M15/1896 | | | | Valued by Resource Multiples | | | |
| **Total Pioneer Dome** | | 1,333,500 | 2,749,491 | 4,165,482 | 1.70 | 3.49 | 5.28 |
| Horse Rocks | | | | | | | |
| E 15/1710 | 39,000 | 39,000 | 118,219 | 197,438 | 0.04 | 0.13 | 0.23 |
| Juglah Dome | | | | | | | |
| E 25/585 | 30,000 | 360,000 | 648,750 | 937,500 | 0.38 | 0.68 | 0.98 |
| Golden Ridge Gold | | | | | | | |
| E 26/186 | 70,000 | 105,000 | 288,750 | 472,500 | 0.11 | 0.30 | 0.49 |
| E 26/211 | 20,000 | 30,000 | 82,500 | 135,000 | 0.03 | 0.09 | 0.14 |
| E 26/212 | 30,000 | 45,000 | 123,750 | 202,500 | 0.05 | 0.13 | 0.21 |
| M 26/220 | 100,000 | 135,000 | 292,500 | 450,000 | 0.14 | 0.31 | 0.47 |
| M 26/222 | 61,000 | 308,813 | 642,406 | 976,000 | 0.32 | 0.67 | 1.02 |
| M 26/284 | 68,600 | 231,525 | 527,363 | 823,200 | 0.24 | 0.55 | 0.86 |
| M 26/285 | 55,400 | 124,650 | 311,625 | 498,600 | 0.13 | 0.33 | 0.52 |
| **Total Golden Ridge - Gold** | | 979,988 | 2,268,894 | 3,557,800 | 1.02 | 2.37 | 3.72 |
| Kangan Lithium | | | | | | | |
| E 45/4948 | 61,500 | 345,938 | 726,469 | 1,107,000 | 0.39 | 0.83 | 1.26 |
| E 47/3318-I | 70,000 | 157,500 | 315,000 | 472,500 | 0.18 | 0.36 | 0.54 |
| E 47/3321-I | 70,000 | 157,500 | 315,000 | 472,500 | 0.18 | 0.36 | 0.54 |
| E 47/3945 | 36,000 | 81,000 | 162,000 | 243,000 | 0.09 | 0.18 | 0.28 |
| **Total Kangan Lithium** | | 741,938 | 1518,469 | 2,295,000 | 0.85 | 1.73 | 2.62 |
| **100% Essential Projects** | | 3,454,425 | 7,303,822 | 11,153,220 | 4.0 | 8.4 | 12.8 |
| **JV Projects** | | | | | | | |
| Golden Ridge Nickel | | | | | | | |
| E 26/186 | 70,000 | 236,250 | 424,375 | 612,500 | 0.25 | 0.44 | 0.64 |
| E 26/211 | 20,000 | 33,750 | 69,375 | 105,000 | 0.04 | 0.07 | 0.11 |
| E 26/212 | 30,000 | 67,500 | 132,188 | 196,875 | 0.07 | 0.14 | 0.21 |
| M 26/220 | 100,000 | 225,000 | 440,625 | 656,250 | 0.24 | 0.46 | 0.69 |
| M 26/222 | 61,000 | 480,375 | 773,938 | 1,067,500 | 0.50 | 0.81 | 1.12 |
| M 26/284 | 68,600 | 77,175 | 173,644 | 270,113 | 0.08 | 0.18 | 0.28 |
| M 26/285 | 55,400 | 186,975 | 335,863 | 484,750 | 0.20 | 0.35 | 0.51 |

| Tenement | BAC | Technical Valuation (AUS$) | | | Market Valuation (AUS$M) | | |
|---|---|---|---|---|---|---|---|
| | | Lower | Preferred | Upper | Lower | Preferred | Upper |
| **Total Golden Ridge - Nickel** | | 1,307,025 | 2,350,006 | 3,392,988 | 1.37 | 2.46 | 3.55 |
| Kangan Gold | | | | | | | |
| E 45/4948 | 61,500 | 18,450 | 46,586 | 74,723 | 0.02 | 0.05 | 0.08 |
| E 47/3318-I | 70,000 | 37,800 | 95,445 | 153,090 | 0.04 | 0.10 | 0.16 |
| E 47/3321-I | 70,000 | 37,800 | 95,445 | 153,090 | 0.04 | 0.10 | 0.16 |
| E 47/3945 | 36,000 | 19,440 | 49,086 | 78,732 | 0.02 | 0.05 | 0.08 |
| **Total Kangan – Gold** | | 113,490 | 286,562 | 459,635 | 0.12 | 0.30 | 0.48 |
| Acra | | | | | | | |
| E 27/278 | 70,000 | 105,000 | 216,563 | 328,125 | 0.11 | 0.23 | 0.34 |
| E 27/438 | 70,000 | 118,125 | 224,438 | 330,750 | 0.12 | 0.23 | 0.35 |
| E 27/520 | 30,000 | 33,750 | 75,938 | 118,125 | 0.04 | 0.08 | 0.12 |
| E 27/520 | 20,000 | 5,000 | 15,156 | 25,313 | 0.01 | 0.02 | 0.03 |
| E 27/548 | 70,000 | 17,500 | 53,047 | 88,594 | 0.02 | 0.06 | 0.09 |
| E 27/579 | 50,000 | 12,500 | 37,891 | 63,281 | 0.01 | 0.04 | 0.07 |
| E 28/1746 | 70,000 | 78,750 | 170,625 | 262,500 | 0.08 | 0.18 | 0.27 |
| E 28/2483 | 70,000 | 88,594 | 163,297 | 238,000 | 0.09 | 0.17 | 0.25 |
| **Total ACRA – Gold** | | 459,219 | 956,953 | 1,454,688 | 0.48 | 1.00 | 1.52 |
| Wattle Dam Nickel | | | | | | | |
| M 15/1101 | 51,900 | 23,355 | 53,717 | 84,078 | 0.02 | 0.06 | 0.09 |
| M 15/1263 | 21,700 | 6,510 | 16,438 | 26,366 | 0.01 | 0.02 | 0.03 |
| M 15/1264 | 10,000 | 3,000 | 7,575 | 12,150 | 0.00 | 0.01 | 0.01 |
| M 15/1101 | 51,900 | 70,065 | 128,453 | 186,840 | 0.07 | 0.13 | 0.20 |
| M 15/1263 | 21,700 | 6,510 | 16,438 | 26,366 | 0.01 | 0.02 | 0.03 |
| M 15/1264 | 10,000 | 3,000 | 7,575 | 12,150 | 0.00 | 0.01 | 0.01 |
| M 15/1323 | 10,000 | 3,000 | 7,575 | 12,150 | 0.00 | 0.01 | 0.01 |
| M 15/1338 | 10,000 | 3,000 | 7,575 | 12,150 | 0.00 | 0.01 | 0.01 |
| M 15/1449 | 24,300 | 9,113 | 23,009 | 36,906 | 0.01 | 0.02 | 0.04 |
| M 15/1769 | 32,300 | 9,690 | 24,467 | 39,245 | 0.01 | 0.03 | 0.04 |
| M 15/1770 | 100,000 | 30,000 | 75,750 | 121,500 | 0.03 | 0.08 | 0.13 |
| **Wattle Dam Nickel** | | 174,218 | 391,438 | 608,658 | 0.18 | 0.41 | 0.64 |
| Balagundi Gold and Base Metals | | | | | | | |
| E 27/558 | 50,000 | 84,375 | 167,188 | 250,000 | 0.08 | 0.17 | 0.25 |
| Maggie Hays Hill Nickel JV | | | | | | | |
| E 63/1784 | 50,000 | 180,000 | 308,750 | 437,500 | 0.18 | 0.31 | 0.43 |
| **Total JV Projects** | | 2,318,326 | 4,460,897 | 6,603,467 | 2.4 | 4.6 | 6.9 |
| **Total Essential Exploration Assets** | | 5,772,751 | 11,764,719 | 17,756,687 | 6.4 | 13.0 | 19.7 |

Note the technical valuation is the base acquisition cost multiplied by the ranking factors outlined in Appendix B while the Market Value is the Technical Value multiplied by the geopolitical risk and market adjustment, in this case a 10% premium is applied to the technical value for the gold and nickel market and a 20% premium for the lithium market. A 10% discount is applied for Geopolitical, heritage, environmental and inflationary conditions, and staffing difficulties.

Appropriate rounding to the total valuation has been undertaken.

The exploration potential in the Essential Minerals tenements that do not contain Mineral resources or are not considered to be valued by the Resource Multiples are considered by VRM to have a market value of between A$6.4 million and A$19.7 million with a preferred value of $13.0 million.

### 10.2.3. Prospectivity Enhancement Multiplier (PEM) Valuation

VRM has undertaken a PEM valuation for all the Essential tenements and the Joint Ventures that Essential holds an interest usually based on the last five years exploration expenditure reported to DMIRS in the annual exploration expenditure reports (Form 5's). The expenditures used in the valuation were based on the reported exploration expenditure on the tenement excluding expenditure that was not directly attributed to exploration. Excluded expenditure relates to mining, acquisition costs, tenement rents and shire rates, administrative expenditure, and heritage access or associated costs.

This expenditure has been multiplied by and Prospectivity Enhancement Multiplier as detailed in Table 5. To generate a range in the PEM valuation VRM has assessed the effectiveness of the exploration expenditure and therefore used an upper and lower PEM multiple to generate a range in likely PEM values for each of the tenements. The preferred valuation is the average of the upper and lower PEM valuation. The expenditures, PEM multiples and valuations for each of the tenements are detailed Appendix C. Table 12 details the expenditure and the total valuations for the Projects.

In VRM's opinion the value of the exploration potential within the mining leases that contain or are adjacent to the Mineral Resources of the PDLP has been captured by the Resource valuation.

Table 12 PEM Valuation for all granted exploration tenements.

| Project | PEM Valuation by Tenement | | | |
|---|---|---|---|---|
| | Expenditure ($) | Lower ($M) | Preferred ($M) | Upper ($M) |
| PDLP | 1,180,207 | 1.90 | 2.19 | 2.47 |
| Juglah Dome | 603,589 | 0.91 | 1.06 | 1.21 |
| Golden Ridge#1 Gold | 1,140,410 | 1.14 | 1.31 | 1.48 |
| Kangan Lithium#2 | 87,254 | 0.09 | 0.10 | 0.11 |
| Horse Rocks | 79,272 | 0.08 | 0.09 | 0.10 |
| ***Total 100% Essential Owned Projects*** | | **4.1** | **4.7** | **5.4** |
| ***Joint Venture Projects*** | | | | |
| Golden Ridge Nickel #1 | 2,782,195 | 0.89 | 1.04 | 1.18 |
| Kangan Gold #2 | 1,485,205 | 0.45 | 0.51 | 0.58 |
| Acra | 3,369,622 | 0.86 | 0.99 | 1.11 |
| Balagundi | 25,3531 | 0.06 | 0.07 | 0.08 |
| Wattle Dam Nickel inc. Larkinville Gold | 7,913,060 | 2.17 | 2.52 | 2.88 |
| Maggie Hays | 200,814 | 0.04 | 0.05 | 0.05 |
| **Total PEM JV Projects** | | **4.5** | **5.2** | **5.9** |
| **Total PEM Valuation** | | **8.6** | **9.9** | **11.3** |

Note the valuations have been rounded to reflect the accuracy of the valuation. #1 The expenditure for the Golden Ridge Gold exploration is based on the expenditure prior to the Nickel JV being executed while the Golden Ridge Nickel JV expenditure is based on the expenditures since the nickel JV was executed. #2 The expenditure for the Kangan Lithium project is exploration undertaken in 2018 while the Kangan gold JV expenditure is all expenditure since the JV agreement was executed.

Therefore, based on the PEM valuation methodology the Essential mineral assets have an expected market value of between $8.6 million and $11.3 million with a preferred (mid-point) valuation of $9.9 million.

# 11. Risks and Opportunities

As with all mineral assets there are several risks and opportunities associated with the projects and any valuation.

Some of the risks and opportunities that are common to most projects include the risks associated with the security of tenure, environmental approvals, and geopolitical risks. A significant risk to the project and this valuation is the risks of obtaining sufficient capital to undertake the potential mining activity. An additional risk is the economic climate including the lithium market including the spodumene concentrate price and financial markets which have a significant impact on the ability of a company to secure the required funding and profitably exploit the identified mineralisation. These risks are largely outside the control of the company.

In addition to the risks identified by Essential in the Scoping Study VRM considers that as with all projects there is a risk associated with the Resource estimates of the North Dome lithium deposits, this risk, while significantly reduced through the extensive drilling and interpretation there is aways an inherent risk that the grade and geological continuity of the modelled mineralisation does not accurately reflect the mineralisation once extraction commences.

An additional risk is the metallurgical recovery of the mineralisation at the North Dome lithium deposits, while studies have been undertaken to determine a potential metallurgical processing route there is a risk that the samples collected for the metallurgical tests do not accurately represent the mineralisation once it has been extracted and that the samples are not representative of the mineralisation and especially the weathered zones of the deposits.

## 12. Preferred Valuations

Based on the valuation techniques detailed above, Table 13 provides a summary of the valuations derived for the Mineral Resources and the exploration potential within the projects by the various techniques. The combined valuation range for and VRM's preferred valuation in Table 14. Figure 17 graphically shows the valuation range and preferred valuation for the Mineral Resources and exploration potential within the project and the combined valuation range and preferred valuation for the mineral assets.

The preferred valuation that VRM has determined is based on the comparable transaction approach recognising that most of the value in the tenement package is attributed to the currently defined Mineral Resources estimates. The comparable transaction valuation is supported by the yardstick approach which took into account the classification of the Mineral Resources discounted for assessed resource and environmental risks.

The Geoscientific or Kilburn method is considered viable options to value the exploration potential adjacent to the currently defined Mineral Resources.

Based on the rationale outlined in the body of this Report, VRM is of the view that the Mineral Resource estimates are most appropriately valued considering a comparable transaction approach, while the exploration potential is most appropriately valued applying either the JV terms associated with the asset being valued or a Geoscientific or Kilburn valuation method if the JV terms are not available. On this basis in VRM's opinion, as detailed in Table 14 the likely market value of Essential's 100% owned project is between $58.5 million and $103.7 million with a preferred valuation of $81.1 million while the JV Projects have a likely market value between $4.3 million and $7.6 million with a preferred valuation of $6.0 million.

Therefore, VRM considers the market value of off Mineral Assets owned by Essential to be between $62.8 million and $111.3 million with a preferred value of $87.0 million.

Table 13 Valuation Summary Projects by method

| Project | Asset | Valuation | Method | Lower Valuation | Preferred Valuation | Upper Valuation |
|---|---|---|---|---|---|---|
| | | | Valuation summary by various methods | | | |
| Pioneer Dome Lithium Project | **MRE** | **Primary** | **Comparable** | **54.5** | **72.7** | **90.8** |
| | MRE | Secondary | Yardstick | 40.6 | 60.9 | 81.2 |
| | **Exploration** | **Primary** | **Kilburn** | **1.7** | **3.5** | **5.3** |
| | Exploration | Secondary | PEM | 8.5 | 9.8 | 11.1 |
| | **Total** | **Primary** | | **56.2** | **76.2** | **96.1** |
| | | Secondary | | 49.1 | 70.7 | 92.2 |
| Juglah Dome | | **Primary** | **Kilburn** | **0.4** | **0.7** | **1.0** |
| | | Secondary | PEM | 0.9 | 1.1 | 1.2 |
| Kangan Lithium | | **Primary** | **Kilburn** | **0.8** | **1.7** | **2.6** |
| | | Secondary | PEM | 0.1 | 0.1 | 0.1 |
| Horse Rocks | | **Primary** | **Kilburn** | **0.0** | **0.1** | **0.2** |
| | | Secondary | PEM | 0.1 | 0.1 | 0.1 |
| Golden Ridge | | **Primary** | **Kilburn** | **1.0** | **2.4** | **3.7** |
| | | Secondary | PEM | 1.1 | 1.3 | 1.5 |
| **VRM Preferred Total Exploration Assets (ex PDLP)** | | | | **2.3** | **$4.9** | **$7.5** |
| **VRM 100% Essential Projects** | | **Primary** | | **58.5** | **81.1** | **103.7** |
| | | Secondary | | 43.9 | 51.3 | 51.3 |
| **JV Projects** | | | | | | |
| Kangan Gold | | **Primary** | **JV Terms** | **0.6** | **0.8** | **1.0** |
| | | Secondary | Kilburn | 0.1 | 0.3 | 0.5 |
| | | Secondary | PEM | 0.4 | 0.5 | 0.6 |
| Golden Ridge | | **Primary** | **JV Terms** | **1.6** | **2.1** | **2.6** |
| | | Secondary | Kilburn | 1.4 | 2.5 | 3.5 |
| | | Secondary | PEM | 0.9 | 1.0 | 1.2 |
| Balagundi | | **Primary** | **JV Terms** | **0.2** | **0.3** | **0.4** |
| | | Secondary | Kilburn | 0.1 | 0.2 | 0.2 |
| | | Secondary | PEM | 0.1 | 0.1 | 0.1 |
| Maggie Hays | | **Primary** | **Kilburn** | **0.2** | **0.3** | **0.4** |
| | | Secondary | PEM | 0.0 | 0.0 | 0.1 |
| Acra | | **Primary** | **JV Terms** | **1.5** | **2.0** | **2.6** |
| | | Secondary | Kilburn | 0.5 | 1.0 | 1.5 |
| | | Secondary | PEM | 0.9 | 1.0 | 1.1 |
| Wattle Dam | | **Primary** | **Kilburn** | **0.2** | **0.4** | **0.6** |
| | | Secondary | PEM | 2.2 | 2.5 | 2.9 |
| **VRM Preferred Total JV Exploration Assets** | | | | **4.3** | **6.0** | **7.6** |
| **Total Value of Essential's Mineral Assets** | | **Primary** | | **62.8** | **87.0** | **111.3** |
| | | Secondary | | 55.6 | 79.7 | 103.9 |

Note the Bold valuations have been used to determine the Preferred VRM Valuation.

Table 14 VRM's Preferred Valuation as at 31 July 2023

| Essential Mineral Assets Valuation Summary | Lower | Preferred | Upper ($M) |
|---|---|---|---|
| 100% Essential Projects | | | |
| Pioneer Dome Lithium Project (PDLP) | | | |
| Mineral Resources | **$54.5** | **$72.7** | **$90.8** |
| Exploration Potential | **$1.7** | **$3.5** | **$5.3** |
| Total PDLP | **$56.2** | **$76.2** | **$96.1** |
| Other 100% Essential Projects | | | |
| Exploration Potential | $2.3 | $4.9 | $7.5 |
| Total Valuation 100% Essential Projects (AUD$ | **$58.5** | **$81.1** | **$103.7** |
| JV Projects | | | |
| Exploration Potential | $4.3 | $6.0 | $7.6 |
| VRM Preferred Valuation (AUD$ million) | **$62.8** | **$87.0** | **$111.3** |

Note the totals do not add due to rounding in the valuations.

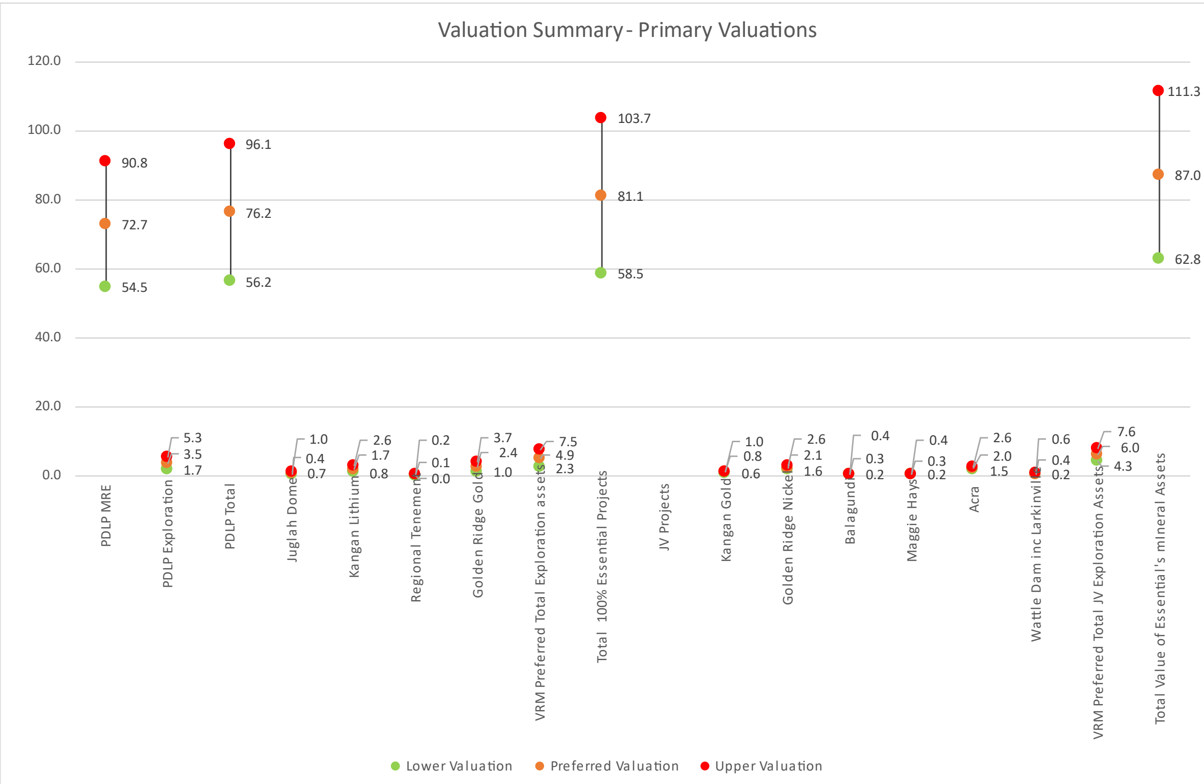


Figure 17 Valuation summary

# 13. References

The references below document the main documents referred to in this report however the various ASX releases for the various companies including Essential have not been included in the reference list.

Project Specific References

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# 14. Glossary

Below are brief descriptions of some terms used in this report. For further information or for terms that are not described here, please refer to internet sources such as Webmineral www.webmineral.com, Wikipedia www.wikipedia.org,

*The following terms are taken from the 2015 VALMIN Code.*

**Annual Report** means a document published by public corporations on a yearly basis to provide shareholders, the public and the government with financial data, a summary of ownership and the accounting practices used to prepare the report.
**Australasian** means Australia, New Zealand, Papua New Guinea, and their offshore territories.
**Code of Ethics** means the Code of Ethics of the relevant Professional Organisation or Recognised Professional Organisations.
**Corporations Act** means the Australian Corporations Act 2001 (Cth).
**Experts** are persons defined in the Corporations Act whose profession or reputation gives authority to a statement made by him or her in relation to a matter. A Practitioner may be an Expert. Also see Clause 2.1.
**Exploration Results** is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to http://www.jorc.org for further information.
**Feasibility Study** means a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of applicable Modifying Factors together with any other relevant operational factors and detailed financial analysis that are necessary to demonstrate at the time of reporting that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a Pre-feasibility Study.
**Financial Reporting Standards** means Australian statements of generally accepted accounting practice in the relevant jurisdiction in accordance with the Australian Accounting Standards Board (AASB) and the Corporations Act.
**Independent Expert Report** means a Public Report as may be required by the Corporations Act, the Listing Rules of the ASX or other security exchanges prepared by a Practitioner who is acknowledged as being independent of the Commissioning Entity. Also see ASIC Regulatory Guides RG 111 and RG 112 as well as Clause 5.5 of the VALMIN Code for guidance on Independent Expert Reports.
**Information Memoranda** means documents used in financing of projects detailing the project and financing arrangements.
**Investment Value** means the benefit of an asset to the owner or prospective owner for individual investment or operational objectives.
**Life-of-Mine Plan** means a design and costing study of an existing or proposed mining operation where all Modifying Factors have been considered in sufficient detail to demonstrate at the time of reporting that extraction is reasonably justified. Such a study should be inclusive of all development and mining activities proposed through to the effective closure of the existing or proposed mining operation.
**Market Value** means the estimated amount of money (or the cash equivalent of some other consideration) for which the Mineral Asset should exchange on the date of Valuation between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion. Also see Clause 8.1 for guidance on Market Value.
**Materiality** or being **Material** requires that a Public Report contains all the relevant information that investors and their professional advisors would reasonably require, and reasonably expect to find in the report, for the purpose of making a reasoned and balanced judgement regarding the Technical Assessment or Mineral Asset Valuation being reported. Where relevant information is not supplied, an explanation must be provided to justify its exclusion. Also see Clause 3.2 for guidance on what is Material.
**Member** means a person who has been accepted and entitled to the post-nominals associated with the AIG or the AusIMM or both. Alternatively, it may be a person who is a member of a Recognised Professional Organisation included in a list promulgated from time to time.
**Mineable** means those parts of the mineralised body, both economic and uneconomic, that are extracted or to be extracted during the normal course of mining.
**Mineral Asset** means all property including (but not limited to) tangible property, intellectual property, mining and exploration Tenure and other rights held or acquired in connection with the exploration, development of and production from those Tenures. This may include the plant, equipment and infrastructure owned or acquired for the development, extraction, and processing of Minerals in connection with that Tenure.

Most Mineral Assets can be classified as either:
(a) **Early-stage Exploration Projects** – Tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified.
(b) **Advanced Exploration Projects** – Tenure holdings where considerable exploration has been undertaken and specific targets identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral Resource estimate may or may not have been made, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category.
(c) **Pre-Development Projects** – Tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely), but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken.
(d) **Development Projects** – Tenure holdings for which a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of Development Projects will be proven by at least a Pre-Feasibility Study.
(e) **Production Projects** – Tenure holdings – particularly mines, wellfields, and processing plants – that have been commissioned and are in production.

**Mine Design** means a framework of mining components and processes taking into account mining methods, access to the Mineralisation, personnel, material handling, ventilation, water, power, and other technical requirements spanning commissioning, operation, and closure so that mine planning can be undertaken.

**Mine Planning** includes production planning, scheduling and economic studies within the Mine Design taking into account geological structures and mineralisation, associated infrastructure and constraints, and other relevant aspects that span commissioning, operation, and closure.

**Mineral** means any naturally occurring material found in or on the Earth's crust that is either useful to or has a value placed on it by humankind, or both. This excludes hydrocarbons, which are classified as Petroleum.

**Mineralisation** means any single mineral or combination of minerals occurring in a mass, or deposit, of economic interest. The term is intended to cover all forms in which mineralisation might occur, whether by class of deposit, mode of occurrence, genesis, or composition.

**Mineral Project** means any exploration, development, or production activity, including a royalty or similar interest in these activities, in respect of Minerals.

**Mineral Securities** means those Securities issued by a body corporate or an unincorporated body whose business includes exploration, development or extraction and processing of Minerals.

**Mineral Resources** is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to http://www.jorc.org for further information.

**Mining** means all activities related to extraction of Minerals by any method (e.g., quarries, open cast, open cut, solution mining, dredging etc).

**Mining Industry** means the business of exploring for, extracting, processing, and marketing Minerals.

**Modifying Factors** is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to http://www.jorc.org for further information.

**Ore Reserves** is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to http://www.jorc.org for further information.

**Petroleum** means any naturally occurring hydrocarbon in a gaseous or liquid state, including coal-based methane, tar sands and oil-shale.

**Petroleum Resource** and **Petroleum Reserve** are defined in the current version of the Petroleum Resources Management System (PRMS) published by the Society of Petroleum Engineers, the American Association of Petroleum Geologists, the World Petroleum Council, and the Society of Petroleum Evaluation Engineers. Refer to http://www.spe.org for further information.

**Practitioner** is an Expert as defined in the Corporations Act, who prepares a Public Report on a Technical Assessment or Valuation Report for Mineral Assets. This collective term includes Specialists and Securities Experts.

**Preliminary Feasibility Study (Pre-Feasibility Study)** means a comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on the Modifying Factors and the evaluation of any other relevant factors that are sufficient for a Competent Person, acting reasonably, to determine if all or part of the Mineral Resources may be converted to an Ore Reserve at the time of reporting. A Pre-Feasibility Study is at a lower confidence level than a Feasibility Study.

**Professional Organisation** means a self-regulating body, such as one of engineers or geoscientists or of both, that:
(a) admits members primarily on the basis of their academic qualifications and professional experience.
(b) requires compliance with professional standards of expertise and behaviour according to a Code of Ethics established by the organisation; and
(c) has enforceable disciplinary powers, including that of suspension or expulsion of a member, should its Code of Ethics be breached.
**Public Presentation** means the process of presenting a topic or project to a public audience. It may include, but not be limited to, a demonstration, lecture or speech meant to inform, persuade, or build good will.
**Public Report** means a report prepared for the purpose of informing investors or potential investors and their advisers when making investment decisions, or to satisfy regulatory requirements. It includes, but is not limited to, Annual Reports, Quarterly Reports, press releases, Information Memoranda, Technical Assessment Reports, Valuation Reports, Independent Expert Reports, website postings and Public Presentations. Also see Clause 5 for guidance on Public Reports.
**Quarterly Report** means a document published by public corporations on a quarterly basis to provide shareholders, the public and the government with financial data, a summary of ownership and the accounting practices used to prepare the report.
**Reasonableness** implies that an assessment which is impartial, rational, realistic, and logical in its treatment of the inputs to a Valuation or Technical Assessment has been used, to the extent that another Practitioner with the same information would make a similar Technical Assessment or Valuation.
**Royalty or Royalty Interest** means the amount of benefit accruing to the royalty owner from the royalty share of production.
**Securities** has the meaning as defined in the Corporations Act.
**Securities Expert** are persons whose profession, reputation or experience provides them with the authority to assess or value Securities in compliance with the requirements of the Corporations Act, ASIC Regulatory Guides and ASX Listing Rules.
**Scoping Study** means an order of magnitude technical and economic study of the potential viability of Mineral Resources. It includes appropriate assessments of realistically assumed Modifying Factors together with any other relevant operational factors that are necessary to demonstrate at the time of reporting that progress to a Pre-Feasibility Study can be reasonably justified.
**Specialists** are persons whose profession, reputation, or relevant industry experience in a technical discipline (such as geology, mine engineering or metallurgy) provides them with the authority to assess or value Mineral Assets.
**Status** in relation to Tenure means an assessment of the security of title to the Tenure.
**Technical Assessment** is an evaluation prepared by a Specialist of the technical aspects of a Mineral Asset. Depending on the development status of the Mineral Asset, a Technical Assessment may include the review of geology, mining methods, metallurgical processes and recoveries, provision of infrastructure and environmental aspects.
**Technical Assessment Report** involves the Technical Assessment of elements that may affect the economic benefit of a Mineral Asset.
**Technical Value** is an assessment of a Mineral Asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations.
**Tenure** is any form of title, right, licence, permit or lease granted by the responsible government in accordance with its mining legislation that confers on the holder certain rights to explore for and/or extract agreed minerals that may be (or is known to be) contained. Tenure can include third-party ownership of the Minerals (for example, a royalty stream). Tenure and Title have the same connotation as Tenement.
**Transparency** or being **Transparent** requires that the reader of a Public Report is provided with sufficient information, the presentation of which is clear and unambiguous, to understand the report and not be misled by this information or by omission of Material information that is known to the Practitioner.
**Valuation** is the process of determining the monetary Value of a Mineral Asset at a set Valuation Date.
**Valuation Approach** means a grouping of valuation methods for which there is a common underlying rationale or basis.
**Valuation Date** means the reference date on which the monetary amount of a Valuation in real (dollars of the day) terms is current. This date could be different from the dates of finalisation of the Public Report or the cut-off date of available data. The Valuation Date and date of finalisation of the Public Report **must** not be more than 12 months apart.
**Valuation Methods** means a subset of Valuation Approaches and may represent variations on a common rationale or basis.
**Valuation Report** expresses an opinion as to monetary Value of a Mineral Asset but specifically excludes commentary on the value of any related Securities.
**Value** means the Market Value of a Mineral Asset.

# Appendix A - Comparable Transactions

| Project | Buyer / Target | Target | Date | % Acquired | Price In A$ | $LiCO_3$ Price | Price A$ Normalised | Resource (Mt) | A$/T Normalised | Comment | Comparable |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Mt Holland - | Wesfarmers /Kidman | Kidman Resources | 17/04/2019 | 50% | $776.19 | 16,337.20 | 2,917.29 | 189 | 30.87 | Very Large | No |
| Altura | Pilbara Minerals /Altura | Altura project | 28/10/2020 | 100% | $277.22 | 25,443.05 | 669.03 | 45.7 | 14.64 | Processing | No |
| Bald Hill | Private Chinese under | | 3/01/2021 | 100% | $55.00 | 25,443.05 | 132.74 | 30.9 | 4.30 | Administration | No |
| Mt Cattlin | Orocobre /Galaxy | Galaxy Resources | 19/04/2021 | 100% | $108.55 | 14,803.05 | 450.28 | 11.3 | 39.85 | Producing | No |
| Manna | Global Lithium | Manna Project | 23/12/2021 | 80% | $13.00 | 86,454.80 | 9.23 | 7.92 | 1.46 | No Resource | Possibly |
| Manna | Global Lithium | Manna Project | 25/10/2022 | 20% | $40.00 | 86,454.80 | 28.41 | 1.98 | 71.74 | Synergies | No |
| Manna | Global Lithium | Manna Project | 25/10/2022 | 100% | $73.00 | 86,454.80 | 51.85 | 9.9 | 5.24 | Initial MRE | Yes |
| Manna | Global Lithium | Manna Project | 25/10/2022 | 100% | $73.00 | 86,454.80 | 51.85 | 32.7 | 1.59 | Updated MRE | Yes |

The only lithium Mineral Resource that has transacted and is, in VRM's opinion potentially comparable to the Mineral Resources at Dome North is the Manna Project divested by Breaker Resources and acquired by Global Lithium.

While there was no Mineral resource estimate at the time of the initial transaction when Global Lithium purchased 80% of the project at 23/12/2021 for $13 million excluding contingent payments all the drilling had been completed and assay results reported however no formal MRE had been reported.

The second transaction where Global purchased the remaining 20% of the project there was significant additional information available however the updated MRE had not been completed. There were clearly advantages for Global Lithium to acquire the remaining 20% of the project that they did not already own, therefore there are synergies that were not available to other parties if the transaction were conducted in an open market.

In VRM's opinion, it is reasonable to combine both transactions including the contingent payments that were paid for Global to acquire 100% of the project. Therefore, VRM has used a combined transaction price of A$73 million for 100% of the Manna project.

At the time of the second transaction the reported total MRE was 9.9Mt however there was an update to the MRE (to a total of 32.7Mt) soon after the second transaction was announced. The transaction prices were normalised to the lithium carbonate price which reduced the multiples.

Therefore, VRM considers that it is reasonable to use the lower MRE (9.9Mt) and the transaction price of $73 million to determine the upper Resource Multiple of $5.24/t and the larger updated MRE (32.7Mt) and the transaction price of $73 million to determine the lower Resource multiple of $1.59/t. This range is considered to be too large to be meaningful.

VRM's opinion given the limited transaction information it is reasonable to use a Resource Multiple of $6.55/t as the preferred Resource Multiple for a Lithium Mineral Resource that has not had a completed pre-feasibility study. To determine a range of likely market values VRM considers that a range of +/- 25% is reasonable, therefore the lower Resource Multiple used is A$4.91/t and the upper Resource Multiple used is A$8.18/t.

## Appendix B - Geoscientific Valuation All Projects

| Project | Tenement | ESS Equit | Off Property Low | Off Property High | On Property Low | On Property High | Anomaly Low | Anomaly High | Geology Low | Geology High | BAC | Technical Valuation Low | Technical Valuation Mid | Technical Valuation High | Market Valuation Low | Market Valuation Mid | Market Valuation High |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| PDLP | E 15/1515 | 100% | | | | | | | | | | Not Valued by a Geoscientific / Kilburn Method | | | | | |
| PDLP | E 15/1725 | 100% | 1.0 | 1.5 | 0.5 | 0.9 | 1.0 | 1.2 | 0.5 | 0.9 | 20000 | 5000 | 17080 | 29160 | 0.01 | 0.02 | 0.03 |
| PDLP | E 63/1669 | 100% | 2.0 | 2.5 | 2.0 | 3.0 | 2.0 | 2.5 | 2.0 | 2.5 | 70000 | 1120000 | 2200625 | 3281250 | 1.28 | 2.51 | 3.74 |
| PDLP | E 63/1782 | 100% | 2.0 | 2.5 | 1.0 | 1.5 | 1.0 | 1.5 | 1.5 | 2.0 | 50000 | 150000 | 356250 | 562500 | 0.17 | 0.41 | 0.64 |
| PDLP | E 63/1783 | 100% | 1.0 | 1.5 | 0.5 | 0.9 | 1.0 | 1.2 | 1.0 | 1.2 | 50000 | 25000 | 61100 | 97200 | 0.03 | 0.07 | 0.11 |
| PDLP | E 63/1785 | 100% | 1.0 | 1.5 | 0.5 | 0.9 | 1.0 | 1.2 | 0.5 | 0.9 | 50000 | 12500 | 42700 | 72900 | 0.01 | 0.05 | 0.08 |
| PDLP | E 63/1825 | 100% | 1.0 | 1.5 | 0.5 | 0.9 | 1.0 | 1.2 | 0.5 | 0.9 | 50000 | 12500 | 42700 | 72900 | 0.01 | 0.05 | 0.08 |
| PDLP | E 63/2118 | 100% | 1.0 | 1.5 | 0.5 | 0.9 | 1.0 | 1.2 | 0.5 | 0.9 | 34000 | 8500 | 29036 | 49572 | 0.01 | 0.03 | 0.06 |
| PDLP | M 63/665 | 100% | 2.0 | 2.5 | 2.0 | 3.0 | 2.0 | 2.5 | 2.0 | 2.5 | 10000 | 160000 | 314375 | 468750 | 0.18 | 0.36 | 0.53 |
| PDLP | M15/1896 | 100% | | | | | | | | | | Not Valued by a Geoscientific / Kilburn Method | | | | | |
| **Total PDLP** | | | | | | | | | | | | | | | **1.70** | **3.49** | **5.28** |
| **Horse Rocks** | E 15/1710 | 100% | 1.0 | 1.5 | 1.0 | 1.5 | 1.0 | 1.5 | 1.0 | 1.5 | 39000 | 39000 | 118219 | 197438 | **0.04** | **0.13** | **0.23** |
| **Juglah Dome** | E 25/585 | 100% | 1.5 | 2.0 | 2.0 | 2.5 | 2.0 | 2.5 | 2.0 | 2.5 | 30000 | 360000 | 648750 | 937500 | **0.38** | **0.68** | **0.98** |
| Golden Ridge Gold | E 26/186 | 100% | 1.5 | 2.0 | 1.0 | 1.5 | 1.0 | 1.5 | 1.0 | 1.5 | 70000 | 105000 | 288750 | 472500 | 0.11 | 0.30 | 0.49 |
| Golden Ridge Gold | E 26/211 | 100% | 1.5 | 2.0 | 1.0 | 1.5 | 1.0 | 1.5 | 1.0 | 1.5 | 20000 | 30000 | 82500 | 135000 | 0.03 | 0.09 | 0.14 |
| Golden Ridge Gold | E 26/212 | 100% | 1.5 | 2.0 | 1.0 | 1.5 | 1.0 | 1.5 | 1.0 | 1.5 | 30000 | 45000 | 123750 | 202500 | 0.05 | 0.13 | 0.21 |
| Golden Ridge Gold | M 26/220 | 100% | 1.5 | 2.0 | 1.0 | 1.5 | 0.9 | 1.0 | 1.0 | 1.5 | 10000 | 135000 | 292500 | 450000 | 0.14 | 0.31 | 0.47 |
| Golden Ridge Gold | M 26/222 | 100% | 1.5 | 2.0 | 1.5 | 2.0 | 1.5 | 2.0 | 1.5 | 2.0 | 61000 | 308813 | 642406 | 976000 | 0.32 | 0.67 | 1.02 |
| Golden Ridge Gold | M 26/284 | 100% | 1.5 | 2.0 | 1.5 | 2.0 | 1.0 | 1.5 | 1.5 | 2.0 | 68600 | 231525 | 527363 | 823200 | 0.24 | 0.55 | 0.86 |
| Golden Ridge Gold | M 26/285 | 100% | 1.5 | 2.0 | 1.5 | 2.0 | 1.0 | 1.5 | 1.0 | 1.5 | 55400 | 124650 | 311625 | 498600 | 0.13 | 0.33 | 0.52 |
| **Total Golden Ridge - Gold** | | | | | | | | | | | | | | | **1.02** | **2.37** | **3.72** |
| Kangan Lithium | E 45/4948 | 100% | 2.5 | 3.0 | 1.5 | 2.0 | 1.0 | 1.5 | 1.5 | 2.0 | 61500 | 345938 | 726469 | 1107000 | 0.39 | 0.83 | 1.26 |
| Kangan Lithium | E 47/3318- | 100% | 2.5 | 3.0 | 1.0 | 1.5 | 0.9 | 1.0 | 1.0 | 1.5 | 70000 | 157500 | 315000 | 472500 | 0.18 | 0.36 | 0.54 |
| Kangan Lithium | E 47/3321- | 100% | 2.5 | 3.0 | 1.0 | 1.5 | 0.9 | 1.0 | 1.0 | 1.5 | 70000 | 157500 | 315000 | 472500 | 0.18 | 0.36 | 0.54 |
| Kangan Lithium | E 47/3945 | 100% | 2.5 | 3.0 | 1.0 | 1.5 | 0.9 | 1.0 | 1.0 | 1.5 | 36000 | 81000 | 162000 | 243000 | 0.09 | 0.18 | 0.28 |
| **Total Kangan Lithium** | | | | | | | | | | | | | | | **0.85** | **1.73** | **2.62** |
| **100% Essential Projects** | | | | | | | | | | | | | | | **3.99** | **8.41** | **12.82** |
| **JV Projects** | | | | | | | | | | | | | | | | | |
| Golden Ridge Nickel | E 26/186 | 25% | 3.0 | 3.5 | 2.0 | 2.5 | 1.5 | 2.0 | 1.5 | 2.0 | 70000 | 236250 | 424375 | 612500 | 0.25 | 0.44 | 0.64 |
| Golden Ridge Nickel | E 26/211 | 25% | 3.0 | 3.5 | 1.5 | 2.0 | 1.5 | 2.0 | 1.0 | 1.5 | 20000 | 33750 | 69375 | 105000 | 0.04 | 0.07 | 0.11 |
| Golden Ridge Nickel | E 26/212 | 25% | 3.0 | 3.5 | 2.0 | 2.5 | 1.5 | 2.0 | 1.0 | 1.5 | 30000 | 67500 | 132188 | 196875 | 0.07 | 0.14 | 0.21 |
| Golden Ridge Nickel | M 26/220 | 25% | 1.0 | 1.5 | 3.0 | 3.5 | 1.5 | 2.0 | 2.0 | 2.5 | 10000 | 225000 | 440625 | 656250 | 0.24 | 0.46 | 0.69 |
| Golden Ridge Nickel | M 26/222 | 25% | 3.0 | 3.5 | 2.0 | 2.5 | 3.5 | 4.0 | 1.5 | 2.0 | 61000 | 480375 | 773938 | 1067500 | 0.50 | 0.81 | 1.12 |
| Golden Ridge Nickel | M 26/284 | 25% | 3.0 | 3.5 | 1.0 | 1.5 | 1.5 | 2.0 | 1.0 | 1.5 | 68600 | 77175 | 173644 | 270113 | 0.08 | 0.18 | 0.28 |
| Golden Ridge Nickel | M 26/285 | 25% | 3.0 | 3.5 | 2.0 | 2.5 | 1.5 | 2.0 | 1.5 | 2.0 | 55400 | 186975 | 335863 | 484750 | 0.20 | 0.35 | 0.51 |
| **Total Golden Ridge - Nickel** | | | | | | | | | | | | | | | **1.37** | **2.46** | **3.55** |
| Kangan Gold | E 45/4948 | 30% | 1.0 | 1.5 | 1.0 | 1.2 | 1.0 | 1.5 | 1.0 | 1.5 | 61500 | 18450 | 46586 | 74723 | 0.02 | 0.05 | 0.08 |

| Project | Tenement | ESS Equit | Off Property | | On Property | | Anomaly | | Geology | | BAC | Technical Valuation | | | Market Valuation | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Low | High | Low | High | Low | High | Low | High | | Low | Mid | High | Low | Mid | High |
| Kangan Gold | E 47/3318- | 30% | 1.5 | 1.8 | 1.2 | 1.8 | 1.0 | 1.5 | 1.0 | 1.5 | 70000 | 37800 | 95445 | 153090 | 0.04 | 0.10 | 0.16 |
| Kangan Gold | E 47/3321- | 30% | 1.5 | 1.8 | 1.2 | 1.8 | 1.0 | 1.5 | 1.0 | 1.5 | 70000 | 37800 | 95445 | 153090 | 0.04 | 0.10 | 0.16 |
| Kangan Gold | E 47/3945 | 30% | 1.5 | 1.8 | 1.2 | 1.8 | 1.0 | 1.5 | 1.0 | 1.5 | 36000 | 19440 | 49086 | 78732 | 0.02 | 0.05 | 0.08 |
| **Total Kangan - Gold** | | | | | | | | | | | | | | | **0.12** | **0.30** | **0.48** |
| Acra | E 27/278 | 25% | 2.0 | 2.5 | 2.0 | 2.5 | 1.5 | 2.0 | 1.0 | 1.5 | 70000 | 105000 | 216563 | 328125 | 0.11 | 0.23 | 0.34 |
| Acra | E 27/438 | 25% | 3.0 | 3.5 | 1.5 | 1.8 | 1.5 | 2.0 | 1.0 | 1.5 | 70000 | 118125 | 224438 | 330750 | 0.12 | 0.23 | 0.35 |
| Acra | E 27/520 | 25% | 3.0 | 3.5 | 1.0 | 1.5 | 1.5 | 2.0 | 1.0 | 1.5 | 30000 | 33750 | 75938 | 118125 | 0.04 | 0.08 | 0.12 |
| Acra | E 27/520 | 25% | 1.0 | 1.5 | 1.0 | 1.5 | 1.0 | 1.5 | 1.0 | 1.5 | 20000 | 5000 | 15156 | 25313 | 0.01 | 0.02 | 0.03 |
| Acra | E 27/548 | 25% | 1.0 | 1.5 | 1.0 | 1.5 | 1.0 | 1.5 | 1.0 | 1.5 | 70000 | 17500 | 53047 | 88594 | 0.02 | 0.06 | 0.09 |
| Acra | E 27/579 | 25% | 1.0 | 1.5 | 1.0 | 1.5 | 1.0 | 1.5 | 1.0 | 1.5 | 50000 | 12500 | 37891 | 63281 | 0.01 | 0.04 | 0.07 |
| Acra | E 28/1746 | 25% | 1.5 | 2.0 | 2.0 | 2.5 | 1.5 | 2.0 | 1.0 | 1.5 | 70000 | 78750 | 170625 | 262500 | 0.08 | 0.18 | 0.27 |
| Acra | E 28/2483 | 25% | 1.5 | 2.0 | 1.5 | 2.0 | 1.5 | 1.7 | 1.5 | 2.0 | 70000 | 88594 | 163297 | 238000 | 0.09 | 0.17 | 0.25 |
| **Total ACRA** | | | | | | | | | | | | | | | **0.48** | **1.00** | **1.52** |
| Wattle Dam Nickel | M 15/1101 | 20% | 1.5 | 1.8 | 1.5 | 2.0 | 1.5 | 2.0 | 2.0 | 2.5 | 51900 | 70065 | 128453 | 186840 | 0.07 | 0.13 | 0.20 |
| Wattle Dam Nickel | M 15/1263 | 20% | 1.5 | 1.8 | 1.0 | 1.5 | 1.0 | 1.5 | 1.0 | 1.5 | 21700 | 6510 | 16438 | 26366 | 0.01 | 0.02 | 0.03 |
| Wattle Dam Nickel | M 15/1264 | 20% | 1.5 | 1.8 | 1.0 | 1.5 | 1.0 | 1.5 | 1.0 | 1.5 | 10000 | 3000 | 7575 | 12150 | 0.00 | 0.01 | 0.01 |
| Wattle Dam Nickel | M 15/1323 | 20% | 1.5 | 1.8 | 1.0 | 1.5 | 1.0 | 1.5 | 1.0 | 1.5 | 10000 | 3000 | 7575 | 12150 | 0.00 | 0.01 | 0.01 |
| Wattle Dam Nickel | M 15/1338 | 20% | 1.5 | 1.8 | 1.0 | 1.5 | 1.0 | 1.5 | 1.0 | 1.5 | 10000 | 3000 | 7575 | 12150 | 0.00 | 0.01 | 0.01 |
| Larkinville | M 15/1449 | 25% | 1.5 | 1.8 | 1.0 | 1.5 | 1.0 | 1.5 | 1.0 | 1.5 | 24300 | 9113 | 23009 | 36906 | 0.01 | 0.02 | 0.04 |
| Wattle Dam Nickel | M 15/1769 | 20% | 1.5 | 1.8 | 1.0 | 1.5 | 1.0 | 1.5 | 1.0 | 1.5 | 32300 | 9690 | 24467 | 39245 | 0.01 | 0.03 | 0.04 |
| Wattle Dam Nickel | M 15/1770 | 20% | 1.5 | 1.8 | 1.0 | 1.5 | 1.0 | 1.5 | 1.0 | 1.5 | 10000 | 30000 | 75750 | 121500 | 0.03 | 0.08 | 0.13 |
| Wattle Dam Nickel | M 15/1771 | 20% | 1.5 | 1.8 | 1.0 | 1.5 | 1.0 | 1.5 | 1.0 | 1.5 | 77800 | 23340 | 58934 | 94527 | 0.02 | 0.06 | 0.10 |
| Wattle Dam Nickel | M 15/1772 | 20% | 1.5 | 1.8 | 1.0 | 1.5 | 1.0 | 1.5 | 1.0 | 1.5 | 45000 | 13500 | 34088 | 54675 | 0.01 | 0.04 | 0.06 |
| Wattle Dam Nickel | M 15/1773 | 20% | 1.5 | 1.8 | 1.0 | 1.5 | 1.0 | 1.5 | 1.0 | 1.5 | 10000 | 3000 | 7575 | 12150 | 0.00 | 0.01 | 0.01 |
| **Total Wattle Dam and Larkinville** | | | | | | | | | | | | | | | **0.18** | **0.41** | **0.64** |
| **Balagundi** | E 27/558 | 25% | 1.5 | 2.0 | 2.0 | 2.5 | 1.5 | 2.0 | 1.5 | 2.0 | 50000 | 84375 | 167188 | 250000 | **0.08** | **0.17** | **0.25** |
| **Maggie Hays** | E 63/1784 | 20% | 3.0 | 3.5 | 2.0 | 2.5 | 1.5 | 2.0 | 2.0 | 2.5 | 50000 | 180000 | 308750 | 437500 | **0.18** | **0.31** | **0.43** |
| **Total JV Projects** | | | | | | | | | | | | | | | **2.4** | **4.6** | **6.9** |
| **Total Essential Exploration Assets** | | | | | | | | | | | | | | | **6.4** | **13.0** | **19.7** |

Note only tenements that are not valued using Resource Multiples are valued using the Geoscientific or Kilburn valuation method therefore not all tenements in the tenement schedule (Table 1) are included in this valuation. E27/520 has been split into two tenements due to highly variable prospectivity.

To determine the market value the technical value has had a premium of 10% has been applied to the gold and nickel projects and 30% to the lithium projects due and a discount of 10% for the geopolitical risks associated with Western Australia due to labour shortages access issues environmental approvals heritage delays and the inflationary environment current experienced in the Western Australian economy.

# Appendix C - PEM Valuation All Projects

| Project | Tenement | ESS Equity | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | Total Expenditure | PEM Low | PEM High | PEM Valuation Low | PEM Mid-Point | PEM Valuation High |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| PDLP | E 15/1515 | 100% | | | | | | | | | | | Not valued via PEM | |
| PDLP | E 15/1725 | 100% | | | | | | 27448 | 27448 | 1.0 | 1.3 | 0.03 | 0.03 | 0.04 |
| PDLP | E 63/1669 | 100% | 866191 | 61042 | 138124 | 111195 | 27452 | 47158 | 384971 | 1.0 | 1.3 | 0.38 | 0.44 | 0.50 |
| PDLP | E 63/1782 | 100% | 13986 | 11211 | 3687 | 28379 | 111547 | 20751 | 175575 | 1.0 | 1.3 | 0.18 | 0.20 | 0.23 |
| PDLP | E 63/1783 | 100% | 39104 | 10172 | 20842 | 25754 | 105266 | 47692 | 209726 | 1.0 | 1.3 | 0.21 | 0.24 | 0.27 |
| PDLP | E 63/1785 | 100% | 3599 | 7560 | 16163 | 30007 | 71191 | 39790 | 164711 | 1.0 | 1.3 | 0.16 | 0.19 | 0.21 |
| PDLP | E 63/1825 | 100% | 16160 | 8429 | 24186 | 39102 | 80667 | 35192 | 187576 | 1.0 | 1.3 | 0.19 | 0.22 | 0.24 |
| PDLP | E 63/2118 | 100% | | | | | | 30200 | 30200 | 1.0 | 1.3 | 0.03 | 0.03 | 0.04 |
| PDLP | M 63/665 | 100% | 1277608 | 419924 | 254345 | 20479 | 15595 | 10000 | 720343 | 1.0 | 1.3 | 0.72 | 0.83 | 0.94 |
| PDLP | M15/1896 | 100% | | | | | | | | | | | Not valued via PEM | |
| **Total Pioneer Dome** | | | | | | | | | | | | **1.90** | **2.19** | **2.47** |
| **Horse Rocks** | **E 15/1710** | 100% | | | | 34728 | 19957 | 24587 | 79272 | 1.0 | 1.3 | **0.08** | **0.09** | **0.10** |
| **Juglah Dome** | **E 25/585** | 100% | | | | 367663 | 205926 | 30000 | 603589 | 1.5 | 2.0 | **0.91** | **1.06** | **1.21** |
| Golden Ridge Gold | E 26/186 | 100% | 54839 | 54314 | 189510 | | | | 298663 | 1.0 | 1.3 | 0.30 | 0.34 | 0.39 |
| Golden Ridge Gold | E 26/211 | 100% | | | 11864 | | | | 11864 | 1.0 | 1.3 | 0.01 | 0.01 | 0.02 |
| Golden Ridge Gold | E 26/212 | 100% | | | 16030 | | | | 16030 | 1.0 | 1.3 | 0.02 | 0.02 | 0.02 |
| Golden Ridge Gold | M 26/220 | 100% | 210936 | 75270 | 52540 | | | | 338746 | 1.0 | 1.3 | 0.34 | 0.39 | 0.44 |
| Golden Ridge Gold | M 26/222 | 100% | 5095 | 4960 | 8549 | | | | 18604 | 1.0 | 1.3 | 0.02 | 0.02 | 0.02 |
| Golden Ridge Gold | M 26/284 | 100% | 7438 | 7411 | 12285 | | | | 27134 | 1.0 | 1.3 | 0.03 | 0.03 | 0.04 |
| Golden Ridge Gold | M 26/285 | 100% | 180088 | 118234 | 131047 | | | | 429369 | 1.0 | 1.3 | 0.43 | 0.49 | 0.56 |
| **Total Golden Ridge - Gold** | | | | | | | | | | | | **1.14** | **1.31** | **1.48** |
| Kangan Lithium | E 45/4948 | 100% | | | | | | | 0 | 1.0 | 1.3 | 0.00 | 0.00 | 0.00 |
| Kangan Lithium | E 47/3318-I | 100% | 40871 | | | | | | 40871 | 1.0 | 1.3 | 0.04 | 0.05 | 0.05 |
| Kangan Lithium | E 47/3321-I | 100% | 46383 | | | | | | 46383 | 1.0 | 1.3 | 0.05 | 0.05 | 0.06 |
| Kangan Lithium | E 47/3945 | 100% | | | | | | | 0 | 1.0 | 1.3 | 0.00 | 0.00 | 0.00 |
| **Total Kangan Lithium** | | | | | | | | | | | | **0.09** | **0.10** | **0.11** |
| **PEM 100% Essential Owned Projects** | | | | | | | | | | | | **4.11** | **4.74** | **5.38** |
| **JV Projects** | | | | | | | | | | | | | | |
| Golden Ridge Nickel | E 26/186 | 25% | | | | 67878 | 54749 | 70000 | 192627 | 1.0 | 1.3 | 0.05 | 0.06 | 0.06 |
| Golden Ridge Nickel | E 26/211 | 25% | | | | 16552 | 22873 | 42250 | 81675 | 1.0 | 1.3 | 0.02 | 0.02 | 0.03 |
| Golden Ridge Nickel | E 26/212 | 25% | | | | 21715 | 35201 | 41866 | 98782 | 1.0 | 1.3 | 0.02 | 0.03 | 0.03 |
| Golden Ridge Nickel | M 26/220 | 25% | | | | 50397 | 910445 | 621410 | 1582252 | 1.5 | 2.0 | 0.59 | 0.69 | 0.79 |
| Golden Ridge Nickel | M 26/222 | 25% | | | | 141276 | 62166 | 105664 | 309106 | 1.0 | 1.3 | 0.08 | 0.09 | 0.10 |
| Golden Ridge Nickel | M 26/284 | 25% | | | | 102501 | 45029 | 68600 | 216130 | 1.0 | 1.3 | 0.05 | 0.06 | 0.07 |
| Golden Ridge Nickel | M 26/285 | 25% | | | | 99483 | 146740 | 55400 | 301623 | 1.0 | 1.3 | 0.08 | 0.09 | 0.10 |
| **Total Golden Ridge - Nickel** | | | | | | | | | | | | **0.89** | **1.04** | **1.18** |

| Project | Tenement | ESS Equity | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | Total Expenditure | PEM Low | PEM High | PEM Valuation Low | PEM Mid-Point | PEM Valuation High |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Kangan Gold | E 45/4948 | 30% | | | | 35060 | 75977 | 72357 | 183394 | 1.0 | 1.3 | 0.06 | 0.06 | 0.07 |
| Kangan Gold | E 47/3318-I | 30% | | 41810 | 41872 | 419466 | 138235 | 114833 | 756216 | 1.0 | 1.3 | 0.23 | 0.26 | 0.29 |
| Kangan Gold | E 47/3321-I | 30% | | 5648 | 16869 | 102996 | 111098 | 73392 | 310003 | 1.0 | 1.3 | 0.09 | 0.11 | 0.12 |
| Kangan Gold | E 47/3945 | 30% | | 23175 | 29227 | 48333 | 98857 | 36000 | 235592 | 1.0 | 1.3 | 0.07 | 0.08 | 0.09 |
| **Total Kangan - Gold** | | | | | | | | | | | | **0.45** | **0.51** | **0.58** |
| Acra | E 27/278 | 25% | 396164 | 76229 | 155810 | 148978 | 352248 | 70000 | 803265 | 1.0 | 1.3 | 0.20 | 0.23 | 0.26 |
| Acra | E 27/438 | 25% | 241050 | 91533 | 19032 | 262274 | 48584 | 40255 | 461678 | 1.0 | 1.3 | 0.12 | 0.13 | 0.15 |
| Acra | E 27/520 | 25% | 184870 | 101286 | 8607 | 2821 | 4500 | 125547 | 242761 | 1.0 | 1.3 | 0.08 | 0.09 | 0.10 |
| Acra | E 27/548 | 25% | 541837 | 66829 | 3567 | 3213 | 4667 | 16917 | 95193 | 1.0 | 1.3 | 0.02 | 0.03 | 0.03 |
| Acra | E 27/579 | 25% | 35725 | 251005 | 72582 | 8908 | 3633 | 6956 | 343084 | 1.0 | 1.3 | 0.09 | 0.10 | 0.11 |
| Acra | E 28/1746 | 25% | 136065 | 784090 | 230076 | 264877 | 37447 | 13917 | 1330407 | 1.0 | 1.3 | 0.33 | 0.38 | 0.43 |
| Acra | E 28/2483 | 25% | 6925 | 21451 | 38550 | 17365 | 1376 | 14492 | 93234 | 1.0 | 1.3 | 0.02 | 0.03 | 0.03 |
| **Total ACRA - Gold** | | | | | | | | | | | | **0.86** | **0.99** | **1.11** |
| Wattle Dam Nickel | M 15/1101 | 20% | 206223 | 52800 | 183554 | 1520558 | 2370496 | 1551367 | 5678775 | 1.5 | 2.0 | 1.70 | 1.99 | 2.27 |
| Wattle Dam Nickel | M 15/1263 | 20% | 9600 | 461 | 9485 | 7360 | 21045 | 21700 | 60051 | 1.0 | 1.3 | 0.01 | 0.01 | 0.02 |
| Wattle Dam Nickel | M 15/1264 | 20% | 1401 | 5600 | 28980 | 32552 | 3570 | 10000 | 80702 | 1.0 | 1.3 | 0.02 | 0.02 | 0.02 |
| Wattle Dam Nickel | M 15/1323 | 20% | 1188 | 7000 | 0 | 5845 | 2674 | 10000 | 25519 | 1.0 | 1.3 | 0.01 | 0.01 | 0.01 |
| Wattle Dam Nickel | M 15/1338 | 20% | 594 | 5000 | 0 | 5327 | 4049 | 10000 | 24376 | 1.0 | 1.3 | 0.00 | 0.01 | 0.01 |
| Larkinville | M 15/1449 | 25% | 13030 | 22023 | 133291 | 101388 | 101388 | 24300 | 382390 | 1.0 | 1.3 | 0.10 | 0.11 | 0.12 |
| Wattle Dam Nickel | M 15/1769 | 20% | 4595 | 0 | 0 | 75457 | 41223 | 32300 | 148980 | 1.0 | 1.3 | 0.03 | 0.03 | 0.04 |
| Wattle Dam Nickel | M 15/1770 | 20% | 190135 | 0 | 0 | 130536 | 693371 | 100000 | 923907 | 1.0 | 1.3 | 0.18 | 0.21 | 0.24 |
| Wattle Dam Nickel | M 15/1771 | 20% | 11005 | 0 | 0 | 66792 | 269899 | 77800 | 414491 | 1.0 | 1.3 | 0.08 | 0.10 | 0.11 |
| Wattle Dam Nickel | M 15/1772 | 20% | 10737 | 0 | 0 | 21591 | 89576 | 45000 | 156167 | 1.0 | 1.3 | 0.03 | 0.04 | 0.04 |
| Wattle Dam Nickel | M 15/1773 | 20% | 732 | 0 | 0 | 6260 | 1442 | 10000 | 17702 | 1.0 | 1.3 | 0.00 | 0.00 | 0.00 |
| **Total Wattle Dam and Larkinville** | | | | | | | | | | | | **2.17** | **2.52** | **2.88** |
| **Balagundi Gold and** | **E 27/558** | 25% | 13302 | 17696 | 37383 | 100498 | 47954 | 50000 | 253531 | 1.0 | 1.3 | **0.06** | **0.07** | **0.08** |
| **Maggie Hays Hill Nickel** | **E 63/1784** | 20% | 24775 | 51125 | 42220 | 34752 | 22718 | 50000 | 200814 | 1.0 | 1.3 | **0.04** | **0.05** | **0.05** |
| **Total JV Projects** | | | | | | | | | | | | **4.5** | **5.2** | **5.9** |
| **Total PEM Valuation Essential Exploration Assets** | | | | | | | | | | | | **8.6** | **9.9** | **11.3** |

Note only tenements that are not valued using Resource Multiples are valued using the PEM valuation method therefore not all tenements in the tenement schedule (Table 1) are included in this valuation.

The PEM valuation for the Kangan Lithium Project is based on expenditure prior to formation of the Kangan Gold Project, the Golden Ridge Gold PEM valuation assumes that since the Golden Ridge Nickel Joint venture was formed there has been minimal gold exploration within the tenements and all expenditure has been targeting nickel and expended by ANCO.

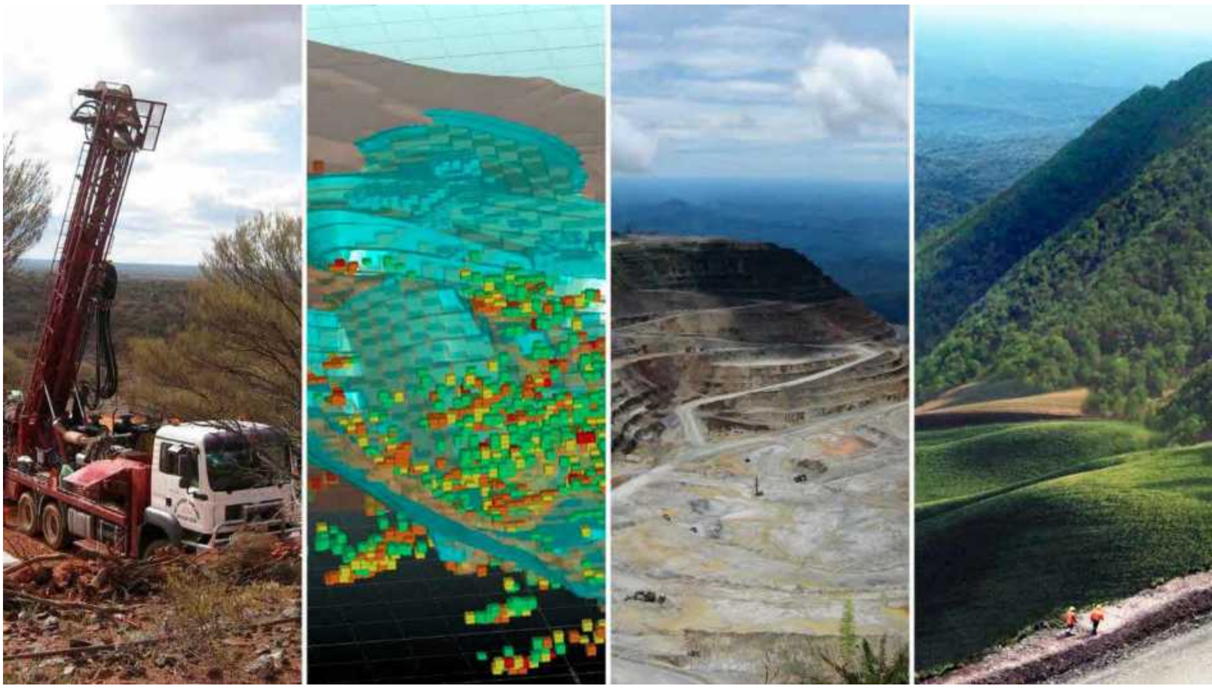
For expenditure in 2023 where no form 5 has yet been lodged VRM has assumed that the minimum commitment has or will be spent, and the tenements will be maintained in good standing.

# Appendix 7 – SRK's Independent Specialist Report

Final

# Independent Specialist Report

Mineral Assets of Develop Global Limited,
BDO Corporate Finance (WA) Pty Ltd
and
Essential Metals Limited



SRK Consulting (Australasia) Pty Ltd ▪ BDO024 ▪ August 2023

srk consulting

**Final**

# Independent Specialist Report

Mineral Assets of Develop Global Limited, Limited

**Prepared for:**

BDO Corporate Finance (WA) Pty Ltd
Level 9, Mia Yellagonga Tower 25 Spring Street
Perth WA 6000

+61 8 6382 4600

Essential Minerals Limited
Level 3, 1292 Hay Street
West Perth WA 6005

+61 8 9322 6974

**Prepared by:**


SRK Consulting (Australasia) Pty Ltd
Level 3, 18–32 Parliament Place
West Perth WA 6005
Australia

+61 8 9288 2000

www. srk. com

ABN: 56 074 271 720


Certified System Quality ISO 9001

**Lead Author:** Donald Elder **Initials:** DE
**Reviewer:** Jeames McKibben **Initials:** JMcK

**File Name:**
BDO024_Develop_ISR_Rev5.docx

**Suggested Citation:**
SRK Consulting (Australasia) Pty Ltd. 2023. Independent Specialist Report - Mineral Assets of Develop Global Limited Final. Prepared for Essential Metals Limited: WA. Project number: BDO024BDO024. Issued August 2023.

# Acknowledgments

The following consultants have contributed to the preparation of this Report:

| Role | Name | Professional designation |
|---|---|---|
| Coordinating Author | Philip Ashley | BE (Hons) Mining, MAusIMM, SME |
| Contributing Author | Ian De Klerk | BSc (Hons), MSc (Expl. Geol),GDip Eng (Mining Engineering), MAusIMM |
| Contributing Author | Donald Elder | GDip Eng (Mining Engineering), NHD (Mineral Resource Management), MAusIMM |
| Contributing Author | Katie Barnes | |
| Contributing Author | Joe Pease | |
| Contributing Author | Ignacio Vernengo /Sam Paterson | |
| Contributing Author | Ludovic Rollin | BSc, MSc, EUR ING (CP), MAusIMM |
| Contributing Author | Mathew Davies | BSc (Hons), MAusIMM |
| Peer Review | Jeames McKibben | BSc (Hons), MBA, FAusIMM (CP), MAIG, MRICS, SME |
| Releasing Authority | Jeames McKibben | BSc (Hons), MBA, FAusIMM (CP), MAIG, MRICS, SME |

# Contents

# Tables

# Figures

# Useful definitions

This list contains definitions of symbols, units, abbreviations, and terminology that may be unfamiliar to the reader.

| | |
|---|---|
| A$ | Australian dollar |
| asl | above sea level |
| ASX | Australian Securities Exchange |
| Au | gold |
| AusIMM | Australasian Institute of Mining and Metallurgy |
| BDO | BDO Corporate Finance (WA) Pty Ltd |
| CV | Coefficient of Variation |
| DCF | discounted cash flow |
| DD | diamond drilling |
| IER | Independent Expert's Report |
| IVSC | International Valuation Standards Committee |
| JORC Code | Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves – The JORC Code 2012 edition |
| JV | joint venture |
| kg | kilograms |
| km | kilometres |
| $km^2$ | square kilometres |
| LoM | Life-of-Mine |
| MEE | Multiples of Exploration Expenditure |
| m | metres |
| M | Million |
| $m^3$ | cubic metres |
| Ma | million years ago |
| MIK | Multiple Indicator Kriging |
| Moz | million ounces |
| m RL | metres Relative Level |
| Mt | million tonnes |
| Mt/a | million tonnes per annum |
| MTR | market transactions ratio |
| OECD | Organisation for Economic Cooperation and Development |
| oz | ounces |
| ppm | parts per million |
| PSD | particle size distribution |
| QA/QC | quality assurance and quality control |
| RBA | Reserve Bank of Australia |

| | |
|---|---|
| RC | reverse circulation |
| RoM | Run-of-Mine |
| SD | standard deviation |
| SRK | SRK Consulting (Australasia) Pty Ltd |
| t | tonnes |
| $t/m^3$ | tonnes per cubic metre |
| The SRK Report | Independent Specialist Report on the mineral assets of Development Global |
| TSF | tailings storage facility |
| US$ | United States dollar |
| VALMIN | Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets 2015 – The VALMIN Code 2015 edition |

# Executive summary

BDO Corporate Finance (WA) Pty Ltd (BDO) has been engaged by Essential Metals Limited (Essential or the Company) to prepare an Independent Expert's Report (IER – BDO Report) commenting on the fairness and reasonableness of a proposed transaction. The transaction involves the proposed acquisition of Essential and Develop Global Limited (Develop), whereby Develop has agreed to acquire 100% of the fully paid ordinary shares in Essential via a Scheme of Arrangement (the Scheme).

BDO subsequently contacted SRK Consulting (Australasia) Pty Ltd (SRK) to prepare an Independent Specialist Report (Report) incorporating a technical assessment and valuation of certain mineral assets and providing its opinion on matters to which BDO is not the Specialist (SRK Scope).

Develop's mineral assets to be considered by SRK include:

- a 100% interest in the Woodlawn Project located 140 km west-southwest of Wollongong in the Lachlan Fold Belt of central New South Wales (NSW)
- a 100% interest in the Sulphur Springs Project located 105 km southeast of South Hedland in the Pilbara region of Western Australia
- A 20% carried interest in the Whim Creek JV Project located 100 km southeast of South Hedland in the Pilbara region of Western Australia
- A 20% carried interest in the Alchemy Resources JV Project
- A 20% carried interest in the Sky Metals JV Project.

Based on discussions with BDO, SRK's scope comprises:

1. a review of the relevant technical project assumptions and the provision of an assessment on the reasonableness of each of the assumptions used in the cash flow models (the Models) including:
    - Mineral Resources and Ore Reserves incorporated into the production profile
    - mining and processing physicals (including tonnes of ore mined, ore processed, recovery and grade) informing the Life-of-Mine (LoM) and production profile
    - capital expenditure (including but not limited to appropriateness of equipment, pre-production costs, project capital costs, sustaining capital expenditure, and any residual value of equipment at the end of the mine life)
    - operating costs (including but not limited to mining, processing, haulage, general site costs/administration, penalties, transport, contingencies and royalties, etc. )
    - any other relevant technical assumptions including environmental, rehabilitation and permitting provisions.

    Should SRK determine that an assumption (primarily revenue, cost or timing related) in the provided Models is unreasonable, it will advise and assist BDO to modify the Models to reflect SRK's opinion. SRK's scope specifically excludes any work relating to the marketing, commodity price and exchange rate assumptions, inflation rates and financial analysis (including discount rate) adopted in the Models.

2. Additionally, SRK will provide an independent opinion on the market valuation of:
    a. any stated Mineral Resources not included in the Models (defined as Residual Resources)
    b. the exploration potential associated with any other project tenures or exploration assets that SRK considers is likely to have material value.

SRK's Report has been prepared in accordance with the guidelines outlined in the *Australasian Code for the Public Reporting of Technical Assessment and Valuation of Mineral Assets* (VALMIN Code, 2015), which incorporates the *Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves* (JORC Code, 2012).

SRK's recommended valuation ranges and preferred values are detailed in Section 8 of this Report (Valuation) and are summarised in Table ES. 1. The valuation represents the Market Value of the Mineral Assets as at the Valuation Date, this being 01 August 2023.

Based on its technical assessment presented in the earlier sections of the Report, Table ES. 1 summarises SRK's market value assessment of the defined Residual Resources (i. e. those Mineral Resources that lie outside the LoM schedule) and exploration potential at each of the relevant Projects in accordance with its mandate.

SRK notes that the Market Value of the LoM schedules at Woodlawn and Sulphur Springs has been assessed by BDO (with input from SRK on the appropriate technical inputs) in its IER and therefore no value has been ascribed by SRK in Table ES. 1.

**Table ES. 1: Summary of the market value of the mineral assets**

| Method | Value Low (A$ M) | Value High (A$ M) | Value Preferred (A$ M) |
|---|---|---|---|
| Resources and Residual Resources | 32.3 | 74.1 | 51.0 |
| Exploration Potential | 11.5 | 24.8 | 18.2 |
| **Selected Woodlawn (100%)** | **43.8** | **98.9** | **69.2** |
| Resources and Residual Resources | 22.3 | 44.5 | 34.2 |
| Exploration Potential | 2.5 | 7.0 | 4.8 |
| **Selected Sulphur Springs (100%)** | **24.8** | **51.5** | **39.0** |
| Resources | 3.1 | 5.7 | 4.3 |
| Exploration Potential | - | - | - |
| **Selected Whim Creek JV (20%)** | **3.1** | **5.7** | **4.3** |
| Resources and Residual Resources | 0.9 | 3.4 | 2.6 |
| Exploration Potential | - | - | - |
| **Alchemy Resources JV (20%)** | **0.9** | **3.4** | **2.6** |
| Resources / Exploration Target | 0.1 | 0.3 | 0.2 |
| Exploration Potential | - | - | - |
| **Sky Metals JV (20%)** | **0.1** | **0.3** | **0.2** |
| **Total assets on a net attributable basis** | **72.6** | **159.9** | **115.2** |

Note: Any discrepancies between values in the tables are due to rounding.

In considering the overall value of the subject mineral assets, SRK has adopted the values implied by both Comparable Transaction and peer analysis (for the Residual Resources) and/or

Comparable Transaction and geoscientific rating methodologies (for the exploration potential). SRK has adopted the midpoint as its preferred value overall for the assets, given it has no preference for either end of the determined value range for the Project.

In defining its valuation ranges, SRK notes that there are inherent risks involved when conducting any arm's length valuation exercise. These factors can ultimately result in significant differences in valuations over time. By applying narrower confidence ranges, a greater degree of certainty regarding these assets is being implied than may be the case. Where possible, SRK has endeavoured to narrow its valuation range.

# 1 Introduction

On 03 July 2023, Develop Global Limited (Develop) and Essential Minerals Limited (Essential) announced they had agreed to a proposed acquisition under which Develop will acquire a 100% interest in the issued shares of Essential by way of a Scheme of Arrangement (Scheme).

BDO Corporate Finance (WA) Pty Ltd (BDO) has been engaged by Essential to prepare an Independent Expert's Report (BDO Report) for inclusion within a Scheme Booklet to be provided to shareholders of Essential.

Mr Sherif Andrawes, Head of Global Natural Resources at BDO, subsequently engaged SRK Consulting (Australasia) Pty Ltd (SRK) to provide an Independent Specialist Report (ISR or Report) relating to the mineral assets of Develop (the Engagement).

## 1.1 Scope

The Engagement scope of work has requested that SRK completes the following:

- a review of the technical assumptions of the Woodlawn and Sulphur Springs projects and provide an assessment on the reasonableness of each of the assumptions used in the Models, including:
  - Resources and Reserves incorporated into the Models
  - mining physicals (including tonnes of ore mined, quality, waste material and mine life)
  - processing physicals (including ore processed and produced)
  - production and operating costs (including but not limited to drilling, blasting, mining, haulage, processing, transport, general administration, distribution and marketing, contingencies and royalties or levies)
  - capital expenditure (including but not limited to pre-production costs, project capital costs, sustaining capital expenditure, salvage value, rehabilitation, and contingency)
  - any other relevant technical assumptions not specified above.
- based on its review of the supplied technical information, an independent opinion regarding the Market Value of:
  - Develop's 20% carried interest in the Whim Creek Joint Venture
  - any residual Resources and Reserves at the Woodlawn Project and the Sulphur Springs Project that are not incorporated in their respective project cash flow models (Models)
  - any other mineral assets considered by SRK to have material value.

## 1.2 Reporting standard

This Report has been prepared in accordance with the guidelines outlined in the *Australasian Code for the Public Reporting of Technical Assessment and Valuation of Mineral Assets* (VALMIN Code, 2015), which incorporates the *Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves* (JORC Code, 2012).

A first draft of the report was supplied to BDO and Develop to check for material errors, factual accuracy and omissions before the final report was issued.

For the purposes of this Report, value is defined as 'market value', being the amount of money (or the cash equivalent or some other consideration) for which a mineral asset should change hands on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing, wherein the parties each acted knowledgeably, prudently and without compulsion.

SRK's Report does not comment on the 'fairness and reasonableness' of any transaction between Develop, Essential or any other parties.

For this Report, SRK has classified the mineral assets of Develop in accordance with the categories outlined in the VALMIN Code (2015), these being:

- **Early-stage Exploration Projects** – Tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified.
- **Advanced Exploration Projects** – Tenure holdings where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral Resource Estimate may or may not have been made, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category.
- **Pre-development Projects** – Tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely), but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken.
- **Development Projects** – Tenure holdings for which a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of Development Projects will be proven by at least a pre-feasibility study (PFS).
- **Production Projects** – Tenure holdings – particularly mines, bore fields and processing plants that have been commissioned and are in production.

As discussed further in this Report, SRK has classified Develop's Woodlawn, Sulphur Springs, and Whim Creek projects as Development Projects.

SRK has used valuation approaches that are typically used for mineral assets at each of these respective stages. Additional details are provided in Section 0 to Section 5 of this Report.

## 1.3 Legal matters

SRK has not been engaged to comment on any legal matters. SRK notes that it is not qualified to make legal representations as to the ownership and legal standing of the mineral tenements that are the subject of this valuation. SRK has not attempted to confirm the legal status of the tenements with respect to joint venture (JV) agreements, local heritage or potential environmental or land access restrictions. Further detail is provided in Section 2. 3 of the Report.

## 1.4 Valuation Date

The Valuation Date adopted is the date of this Report, namely 01 August 2023.

## 1.5 Project team

This Report has been prepared by a team of consultants from SRK's offices in Australia. Details of the qualifications and experience of the consultants who have carried out the work in this Report, who have extensive experience in the mining industry and are members in good standing of appropriate professional institutions, are set out in Table 1. 1.

**Table 1. 1: Details of the qualifications and experience of the consultants**

| Specialist | Position/ Company | Responsibility | Length and type of experience | Site inspection | Professional designation |
|---|---|---|---|---|---|
| Philip Ashley | Principal Consultant/ SRK | Project Manager | | None | |
| Ian De Klerk | Principal Consultant/ SRK | Geology and Mineral Resources | 37 years, 6 years exploration, 16 years in operations and 15 years in consulting | None | BSc (Hons), MSc (Expl. Geol),GDip Eng (Mining Engineering), MAusIMM |
| Donald Elder | Principal Consultant/ SRK | Mining and Ore Reserves | 33 years, 18 years in operations and 15 years in mining consulting | None | GDip Eng (Mining Engineering), NHD (MRM), MAusIMM (CP) |
| Katie Barns | Associate Principal Consultant | Mineral Processing | | None | |
| Joe Pease | Associate Principal Consultant | Mineral Processing | | None | |
| Ignacio Vernengo | Senior Consultant/ SRK | Waste and tailings | | None | |
| Sam Paterson | Principal Consultant/ SRK | Waste and tailings | | None | |
| Ludovic Rollin | Senior Consultant/ SRK | Environment, Social and Governance | | None | |
| Mathew Davies | Senior Consultant/ SRK | Valuation analysis | 15 years, 3 years in exploration and 12 years in consulting | None | BSc (Hons), MAusIMM |
| Jeames McKibben | Principal Consultant/ SRK | Peer Review | 27 years; 17 years in valuation and corporate advisory, 2 years as an analyst and 8 years in exploration and project management roles | None | BSc (Hons), MBA, FAusIMM (CP), MAIG, MRICS, MSME |

SRK notes that while no site visits were completed for the purposes of this assignment, a number of authors have previously worked or reviewed the relevant mineral assets and therefore have a reasonable understanding of the setting of these assets and their development potential.

## 1.6 Limitations, independence, indemnities and consent

### 1.6.1 Limitations and reliance

SRK's opinion contained herein is based on information provided to SRK by Develop throughout the course of SRK's investigations as described in this Report, which in turn reflects various technical and economic conditions at the time of writing. Such technical information as provided by Develop was taken in good faith by SRK. SRK has not recalculated the Mineral Resources or Ore Reserves Estimates but has independently assessed the reasonableness of the estimates.

This Report includes technical information, which requires subsequent calculations to derive subtotals, totals, averages, and weighted averages. Such calculations may involve a degree of rounding. Where such rounding occurs, SRK does not consider them to be material.

As far as SRK has been able to ascertain, the information provided by Develop was complete and not incorrect, misleading, or irrelevant in any material aspect.

### 1.6.2 Statement of SRK independence

Neither SRK, nor any of the authors of this Report, has any material present or contingent interest in the outcome of this Report, nor any pecuniary or other interest that could be reasonably regarded as capable of affecting their independence or that of SRK. SRK has no beneficial interest in the outcome of this Report capable of affecting its independence.

### 1.6.3 Indemnities

As recommended by the VALMIN Code (2015), Develop has represented in writing to SRK that full disclosure has been made of all material information and that, to the best of its knowledge and understanding, such information is complete, accurate and true.

In line with the VALMIN Code (2015), Develop has provided SRK with an indemnity letter under which SRK is to be compensated for any liability and/or expenditure resulting from any additional work required which:

- results from SRK's reliance on information provided by Develop, or Develop not providing material
- relates to any consequential extension of workload through queries, questions or public hearings arising from this Report.

### 1.6.4 Consent

SRK understands that this Report may be provided to Essential's shareholders. SRK provides its consent for this Report to be included in the BDO Report on the basis that the technical assessment and valuation expressed in the Executive summary and in the individual sections of this Report is considered with, and not independently of, the information set out in the complete Report.

### 1.6.5 Consulting fees

SRK's estimated fee for completing this Report is based on its normal professional daily rates plus reimbursement of incidental expenses. The fees are agreed based on the complexity of the assignment, SRK's knowledge of the assets and availability of data. The fee payable to SRK for this engagement is estimated at approximately A$135,000. The payment of this professional fee is not contingent upon the outcome of this Report.

# 2 Context to the Scheme

## 2.1 Introduction

BDO has been engaged by Essential or the Company to prepare an IER – BDO Report commenting on the fairness and reasonableness of a proposed transaction. The transaction involves the proposed acquisition of Essential and (Develop whereby Develop has agreed to acquire 100% of the fully paid ordinary shares in Essential via the Scheme.

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- A 100% interest in the Sulphur Springs Project located 105 km southeast of South Hedland in the Pilbara region of Western Australia.
- A 20% carried interest in the Whim Creek JV Project located 100 km southeast of South Hedland in the Pilbara region of Western Australia.

# 3 Woodlawn Project

## 3.1 Overview

The Woodlawn Project consists of a single granted mining lease (where the Woodlawn Mine is situated) and ten exploration licences in central New South Wales. The Woodlawn Mine consists of an existing underground base and precious metals mine, which was in operation between 1986 and 1996, and a recently redeveloped processing plant and associated site infrastructure.

The Woodlawn Project is centred in the Goulburn Basin within the Lachlan Ford Belt. The deposit is hosted primarily by regionally metamorphosed fine- to coarse-grained, felsic to intermediate volcanic rocks and volcanogenic sedimentary rocks. The deposit is classified as comprising volcanogenic massive sulfide (VMS) mineralisation, consisting of stratabound lenses of sphalerite (the primary zinc-bearing mineral), galena (lead) and chalcopyrite (copper). The most common sulfide gangue is pyrite. Three mineralised horizons host 12 sufide lenses within a 400 m by 600 m area with a northwest-plunging strike over 900 m in length. The deposit is amenable to long hole open stoping, using a top-down mining approach with paste backfill.

Develop holds a 100% interest in the Woodlawn Project though its subsidiary, Tarago Exploration Pty and Ochre Resources Pty Ltd (Table 3. 1).

**Table 3. 1: Woodlawn Project Tenure**

| Tenement Number | Tenement Type | DVP Interest | Area (Ha) | Expiry date |
|---|---|---|---|---|
| S(C&PL)L20[1] | Special (Crown & Private Lands) Lease, effectively the Woodlawn mining lease | 100% | 2,368. 00 | 16/11/2029 |
| EL5878 | Exploration Licence | 20% | 2,320. 90 | 24/07/2023* |
| EL7257 | Exploration Licence | 100% | 17,432. 79 | 14/11/2026 |
| EL7468 | Exploration Licence | 100% | 1,972. 00 | 04/03/2026 |
| EL7469 | Exploration Licence | 100% | 6,173. 00 | 04/03/2026 |
| EL8318[2] | Exploration Licence | 20% | 12,889. 76 | 3/11/2023 |
| EL8325[1] | Exploration Licence | 100% | 17,861. 55 | 2/12/2023 |
| EL8353[1] | Exploration Licence | 100% | 4,493. 64 | 17/03/2024 |
| EL8623[2] | Exploration Licence | 100% | 15,055. 47 | 17/07/2023* |
| EL8712[2] | Exploration Licence | 100% | 9,099. 15 | 5/03/2024 |
| EL8796[2] | Exploration Licence | 100% | 6,375. 86 | 25/09/2024 |
| EL8797[2] | Exploration Licence | 100% | 6,588. 99 | 25/09/2024 |
| EL8945[1] | Exploration Licence | 100% | 27,428. 66 | 19/02/2026 |
| **Total: 11 Tenements** | **10 EL, 1 S(C&PL)** | | **121,914. 76** | |

Sources: ASX:DVP 19 January 2023. Goverment of New South Wales, Department of Regional NSW, MinView. Accessed 18 July 2023

Notes: SRK has requested a complete tenement schedule from Develop but remains to receive this information, SRK's information on tenure for NSW and Woodlawn is sourced from the Company's ASX announcements and the NSW Government's MinView portal.

[1] SRK has ascertained that EL 5878 and EL 8623 show their status as renewal lodged (i. e. they have not expired) in MinView and have assumed they will be renewed in their entirety.

[2] S(C&PL)L is a previous type of mining lease established under the Mining Act 1969 (NSW). They are no longer granted under the Mining Act 1992 (NSW).

### 3.1.1 History

The Woodlawn Mine in New South Wales was discovered in 1969 by CRA (Australia) Pty Ltd (CRA). The discovery was made following a geochemical survey of the area, which identified zinc, lead, and copper anomalism.

The Woodlawn Mine was opened in 1978 and was in continuous production until 1998. During that time an estimated 13. 8 Mt of ore were processed from the open pit mine, underground mine and minor satellite deposits to produce zinc, copper and lead concentrates for sale into domestic and international markets.

Woodlawn began production when joint venture partners CRA, Phelps Dodge Corporation (USA) and St Joe International (USA) commenced open pit mine production in 1978. In 1987, Denehurst Limited acquired the mine from CRA.

The Woodlawn underground mine commenced operation in 1986. This stage of mining was focused in the A, B and C lenses that were accessed from two portals located within the lower levels of the open pit. Mining continued until 1998 when the mine was closed, mainly due to low prevailing commodity prices at the time. Upon closure, the assets (plant and site infrastructure) were dismantled and sold off, with only partial site rehabilitation being completed.

The mineral rights to the Woodlawn Project were purchased by TriAusMin Limited (TriAusMin) in 1999, and landfill rights to the open pit were purchased by waste disposal company, Collex (now Veolia Environmental Services (Veolia)) in 2000. Landfill operations commenced in 2004, receiving Sydney putrescible waste streams since that time. Approximately 8. 5 Mt of waste have been processed by Veolia to date. The waste is treated to generate methane gas, which is subsequently collected and supplied to an onsite gas-fired generator.

In 2014, Heron Resources Limited (Heron) and TriAusMin merged. Heron then invested A$340 million in rehabilitating and redeveloped the underground mine and processing plant. The Woodlawn Project was placed on care and maintenance in 2020 and then, in July 2021, Heron was placed in administration. Develop then acquired the Woodlawn Mine, the new processing plant, site infrastructure and the tenement package from the administrators in May 2022.

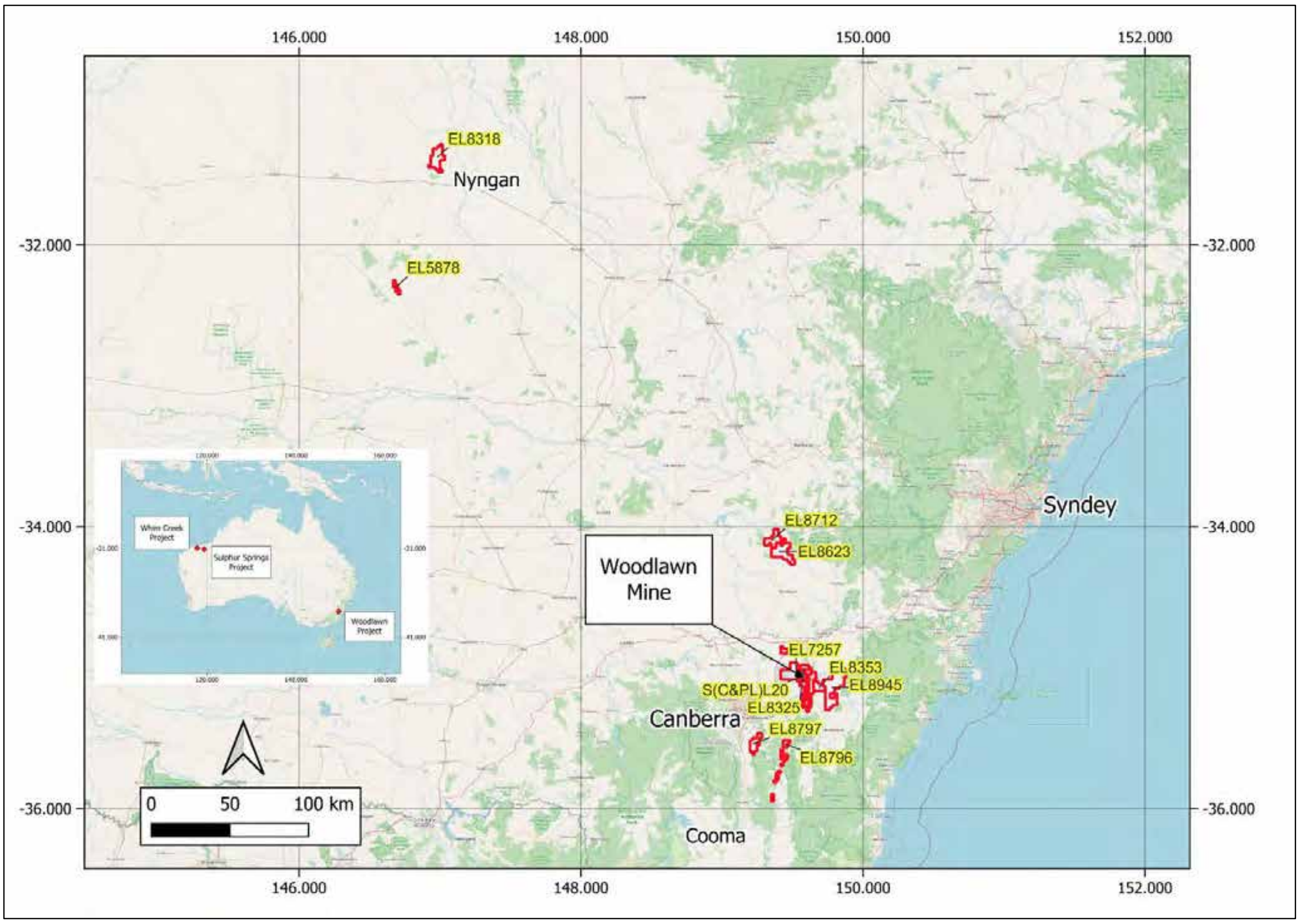
According to the 2022 Annual Environmental Management Review (AEM), Develop intends to undertake a program of underground exploration to identify and extend the presently known location of the underground reserves prior to recommencement of operations at Woodlawn.

## 3.2 Location, access, and climate

The Woodlawn mine is located approximately 250 km southwest of Sydney and 50 km northeast of Canberra within the Southern Tablelands of NSW. Other major regional centres in this region include Goulburn to the north, and Queanbeyan and Canberra to the southwest (Figure 3. 1). The approximate location of the Woodlawn mine is 35. 06720° South and 149. 57496° East. The tenements supporting the Woodlawn Project extend discontinuously over a distance of 500 km from the township of Nyngan in the northeast to the township of Cooma in the southwest.

The mine experiences a continental climate with a warm/mild summer with cold winters and an annual average rainfall of 1,220 mm. The precipitation is consistent across the year, with slightly lower monthly averages in the winter months. Summer maximum daytime temperatures average 28˚C to 30˚C, while winter daytime temperatures reduce to a maximum of 20°C to 25˚C. Minimum temperatures range between 18˚C in summer and 6˚C in winter.

**Figure 3. 1: Location of the Woodlawn Project, NSW**




Sources: SRK analysis (July 2023)

The Project site has been substantially disturbed by past open pit (late 1970s) and underground mining operations (1987 to 1998) with remnant tailings storage facilities (TSF North or TSFN, South or TSFS, and West or TFSW) as shown in Figure 3. 2. Heron developed TSF New to receive tailings from reprocessing of historic tailings and from processing of ore from the underground mine.

The mine site also incorporates the waste processing operations of Veolia, which bury Sydney's putrescible waste streams in the open pit, processing waste to produce composting materials and generating electrical power using captured waste gas. Additionally, the site hosts the northern extent of the Woodlawn Wind Farm. Figure 3. 2 also shows the site of the existing mine's processing plant, the location to the entrance to the underground decline and evaporations ponds.

**Figure 3. 2: Woodlawn site layout**

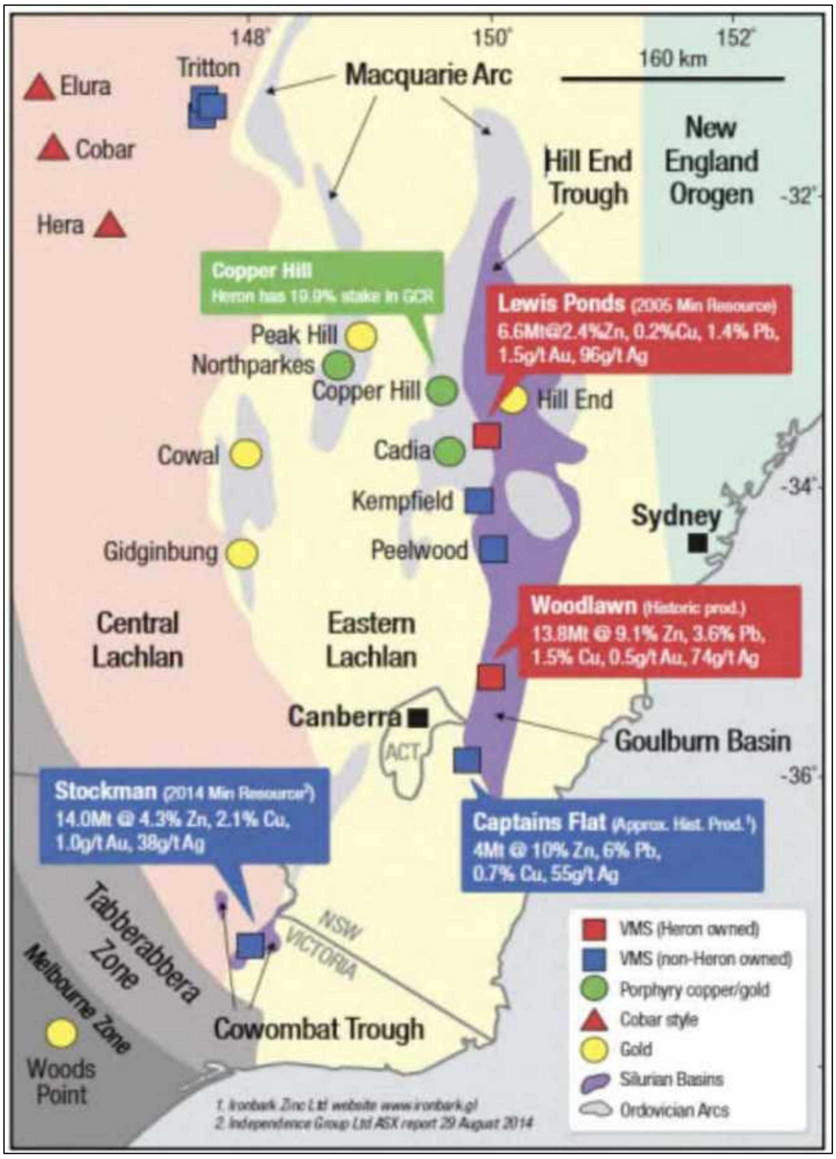

Source: Google Earth 2023 image.

## 3.3 Geology and Resources

### 3.3.1 Regional setting and local mineralisation

The Woodlawn deposit is a stratiform, polymetallic volcanogenic massive sulfide (VMS) deposit hosted within the central part of the mid-Silurian to early-Devonian Goulburn Basin. The basin represents a deep water, back-arc basin developed within sediments of the Lachlan Fold Belt (LFB) in NSW and hosts numerous metalliferous deposits (Figure 3. 3). Structural evolution of the LFB has resulted in a series of north-plunging, overturned anticline/syncline pairs, with westerly dipping axial planes. The Woodlawn deposit lies on the eastern synclinal limb of one of these structural pairs, called the Woodlawn Syncline.

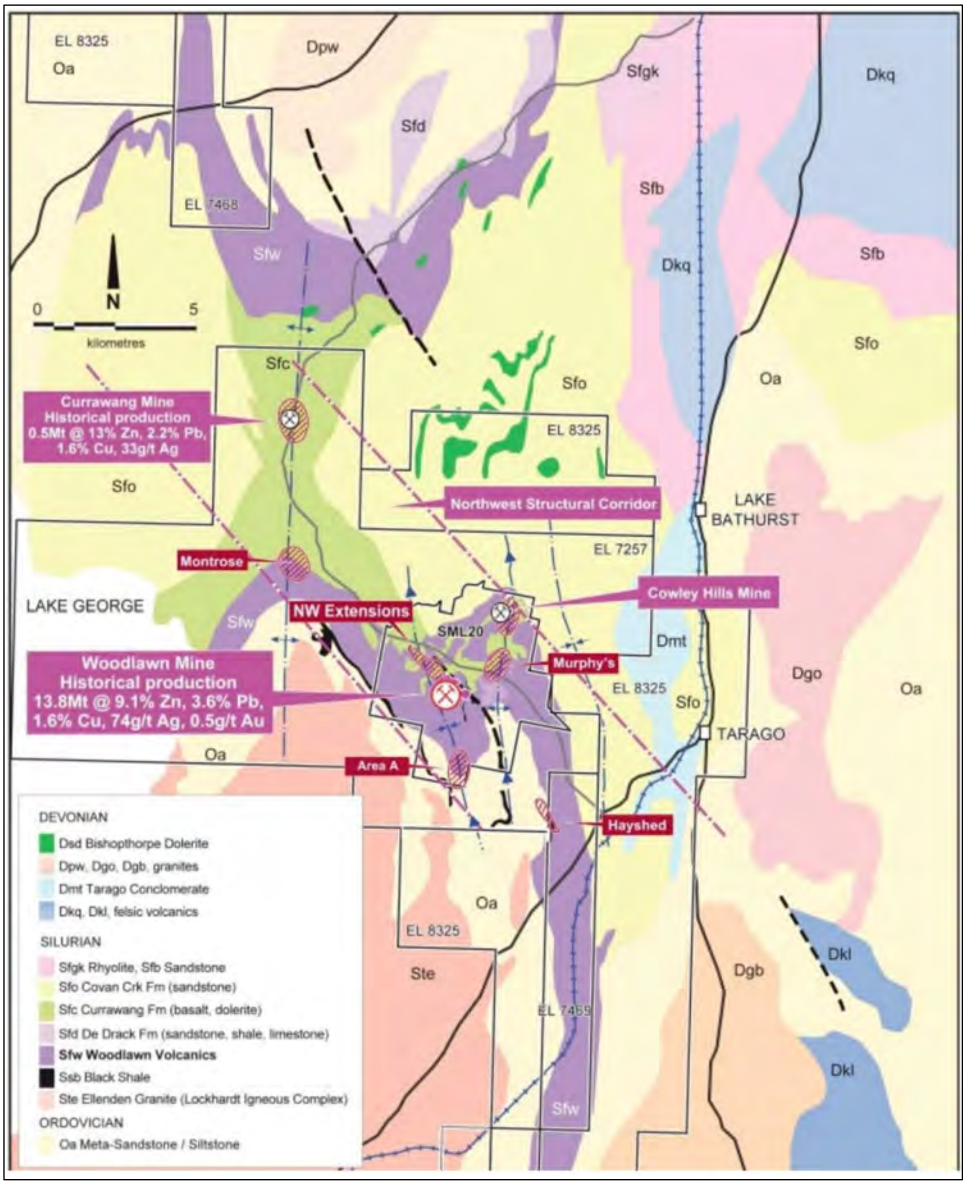
**Figure 3. 3: Woodlawn regional geological setting**




Sources: Entech MRE Report, 2023a.

Woodlawn lies on the eastern limb of the asymmetric north-northwest plunging Woodlawn Syncline. Mineralisation for base metals (zinc, lead, copper) and precious metals (silver, gold) is hosted in regionally metamorphosed (greenschist facies) fine- to coarse-grained felsic to intermediate volcanic rocks, volcanogenic sedimentary rocks and minor carbonaceous shale, known as the Woodlawn Volcanics (Figure 3. 4).

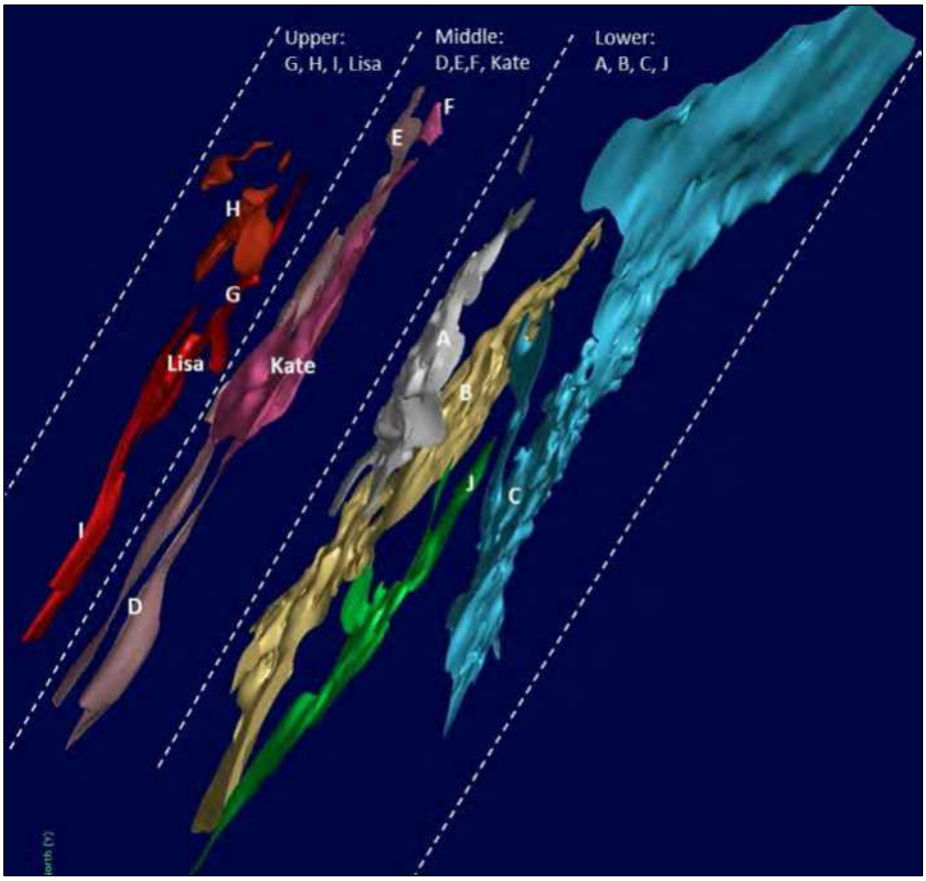
**Figure 3. 4: Woodlawn and surrounds local geology**




Sources: Entech MRE Report, 2023a.

Three mineralised horizons (Lower, Middle and Upper), hosting eleven known massive sulfide lenses, occur within a 400 m × 600 m wide and 900 m deep northwest-plunging corridor that remains open at depth (Figure 3. 5). These massive sulfides are grouped into several lenses, denoted as A, B, C, D, E, G, H, I, J, Kate (K) and Lisa (L).

**Figure 3. 5: Cross section looking northwest showing lens groupings**




Sources: Entech MRE Report, 2023a

Several northwest-trending faults impact the strike and dip continuity of these lenses. Multiple instances of the mineralised lenses are structurally offset by these faults. Historical structural modelling by Heron was used to ensure interpreted mineralisation continuity accurately represents localised lens offsets.

Lithology and structure are considered the predominant controls on base and precious metals, and gangue (iron) mineralisation at the Woodlawn deposit. The two main mineralisation styles comprise the following assemblages:

- Polymetallic mineralisation: fine- to medium-grained, massive (and banded) pyrite–sphalerite–galena–lesser chalcopyrite, with the gangue mineralogy including iron, talc, quartz, chlorite, phlogopite, muscovite and barite. Higher tenor zinc and lead grades are preferentially located on the northern flank of massive sulfide lenses, which have been sub-domained for resource estimation purposes.
- Copper mineralisation: includes pyrite–chalcopyrite, lesser pyrrhotite as well as chlorite, quartz and calcite as massive sulfide and stringer veins. Higher tenor copper grades are preferentially located on the southern flank of massive sulfide lenses, which have been sub-domained for estimation purposes. Copper tenor was evenly distributed within the stringer mineralisation.

Zinc, lead and copper mineralisation is primarily associated with the polymetallic assemblage in the massive sulfide lenses. The mineralisation often comprises massive pyrite and has splays and thickened zones, which may be associated with faulting. Massive sulfide mineralisation may contain assays grading above 20% zinc, with copper and lead grades of several percent.

The copper-rich assemblages are spatially located coincident within the massive sulfide footwall, or as stringer veins proximal to the footwall or hanging wall of the massive sulfides. The stringer mineralisation style occurs primarily within felsic and metasediment hosts.

Gold and silver mineralisation is associated with both the massive sulfide and stringer mineralisation styles. The tenor of these metals is primarily related to their location within the horizon (Lower, Middle or Upper) and not by mineralisation style. Gold and silver tenor is generally consistent within individual lenses. Variations occur within horizon groups. For example, the tenor of gold is significantly higher in the Upper horizon.

### 3.3.2 Resource Estimation

Sample compositing was carried out to honour the mineralisation style, geometry, expected grade variability and potential mining selectivity. Drill hole samples were composited to 1 m lengths honouring lode domain boundaries and declustered. Composite (best fit) was used, whereby any small residual intervals less than 1 m were divided evenly between the composites.

Assessment and application of top-cutting was undertaken on the zinc, lead, copper, gold and silver variables within individual (and grouped) domains. Domains were cut to address instances where outliers were defined as both statistical and spatial outliers.

Variography was undertaken on the cut, declustered zinc, lead, copper, gold and silver variables grouped by mineralisation style (massive or stringer) and horizon (Lower, Middle, Upper). Robust variogram models with a low to moderate nugget effects for zinc and lead (6–18%), copper (10%), gold and silver (6–22%) were defined and used in a Kriging Neighbourhood Analysis (KNA) to determine parent cell estimation size and optimise search neighbourhoods. Variogram and search parameters for zinc were applied to lead due to statistical and spatial similarities. It should be noted that although the maximum continuity modelled in the variograms ranged from 20 to 190 m, most of the spatial variability (~60%) and subsequent kriging weights was applied within 30 to 50 m in the Lower and Middle horizons, and 10 to 30 m in the Upper horizon.

Interpolation was undertaken using Ordinary Kriging (OK) in GEOVIA Surpac™ into parent cell blocks. The parent block size was selected to provide suitable volume fill given the available data spacing and mining selectivity. The drilling data spacing varies from nominal 15 m × 15 m spacing in the central area of the deposit and increases to exploration spacing of ~80 m to test continuity of mineralisation at depth. A two-pass estimation strategy was used, whereby search ranges reflected variogram maximum modelled continuity.

Dry bulk density was calculated into the block model via a multi-element regression formula applied on a block-by-block basis using the estimated grade values for zinc, lead, copper and iron:

Density ($g/cm^3$) = 2. 5179 + Zn% x 0. 0241 + Pb% x 0. 0282 + Cu% x -0. 0014 + Fe% x 0. 0460

The estimation volume falls entirely within fresh material, therefore no factoring of density by regolith or metallurgical weathering profile was required.

The multi-element regression analysis was undertaken on raw samples with existing density determinations to establish a regression relationship that could be applied to the block model to assign a density value on a block-by-block basis. Density values in the drill hole database were determined using an industry accepted water immersion density determination method for each sample. The multi-element regression analysis demonstrated a robust outcome with a correlation coefficient of 0. 95 between actual and predicted density.

Domain and sub-domain boundaries represented hard boundaries, whereby composite samples within that domain were used to estimate blocks within the domain. Global and local validation of the zinc, lead, copper, gold and silver variables estimated outcomes was undertaken with statistical analysis, swath plots and visual inspection (cross and long sections) against input data.

The 3D block model was coded with geological horizon, lens name, mineralisation style, weathering, depletion, sterilisation and Mineral Resource classification prior to evaluation for Mineral Resource reporting. Regressions were calculated directly into the block model for density and sulfur. Iron percent was estimated, via ordinary kriging, for mine planning purposes.

### 3.3.3 Data collection

Historical diamond core (DD) drilling comprises up 96. 5% of Woodlawn underground resource drill holes, including surface parent, wedge holes and drilling from underground drill cubbies, providing intercept points to an average of 20 m × 20 m and maximum vertical depth of 720 m. Reverse circulation (RC) drilling forms the remaining 3. 5% of dril lholes underpinning the Mineral Resource Estimate (MRE), all drilled from surface locations and to a maximum depth of 145 m. The RC drilling targeted up-dip extensions of lenses at 100 m × 50 m spacing and ad hoc exploration target testing.

All drill collar locations were initially located using a hand-held geographic positioning system (GPS). Following hole completion, they were accurately surveyed using a RTK-DGPS system (±10 mm) by a qualified surveyor. Downhole surveys were taken every 30 m down the hole. All reported coordinates are referenced to the Woodlawn mine grid (WMG). The topography is relatively flat at the drilling locations.

Exploration and resource drilling campaigns historically completed by Heron from 2014 through to March 2020 comprised 26% (288 holes for 49,400 m) of total MRE drill holes. Drilling prior to Heron (1969–2013) comprises 74% of total MRE drill holes (818 holes for 149,318 m). The data cut-off for inclusion in the MRE was 01 April 2022.

The current and historical quality control and quality assurance (QA/QC) programs are detailed in Heron (2019a). Prior to 1998, there were no company QA/QC samples included in the sample submissions. The laboratory inserted its own QA/QC samples, however no data is available. During 1999 to 2013, blanks and certified reference materials (CRMs) were included at a rate of about 1 in 30 samples. No duplicate samples were collected during this period. The procedures implemented by Heron since 2014 meet current industry standards.

### 3.3.4 Modelling and estimation

The Mineral Resource Statement for the Woodlawn Zinc-Copper underground MRE was prepared by Entech and reported to the market on 02 August 2022. The MRE was prepared in accordance with the JORC Code (2012).

The MRE includes 198,718 m of drilling from 1,067 DD, including RC with diamond tails, and 39 RC drill holes, completed since 1969. The depth from surface to the current vertical limit of the defined Mineral Resources is approximately 900 m. The underground Mineral Resources were classified as Measured, Indicated and Inferred to represent confidence and risk with respect to data quality, drill hole spacing, geological and grade continuity and mineralisation volumes.

The Measured, Indicated and Inferred Mineral Resources are reported excluding historical mining voids, sterilised material, and exclusion zones, and entirely comprise fresh rock material using a Net Smelter Return (NSR) cut-off value. The NSR cut-off values were chosen to constrain and report Mineral Resource blocks/lenses were A$140/t for historical remnant lenses and A$100/t for all other lenses. These cut-offs reflect the values required to obtain metal recovery from the respective areas using mechanised underground mining methods. The MRE is reported exclusive of mineralisation that has been previously mined and mineralisation that was considered sterilised by adjacent historical mining. The Mineral Resource Statement is presented in Table 3. 2, while Table 3. 3 and Table 3. 4 show the total Mineral Resource split between remnant lenses and non-remnant lenses. Ms Jill Irvin of Entech is the Competent Person for the MRE. The grade-tonne curves are shown in Figure 3. 6.

This Mineral Resource Statement includes Inferred Mineral Resources which are not eligible for conversion to Ore Reserves, nor is there certainty that further drilling and sampling will enable them to be converted to Measured or Indicated Mineral Resources.

No assumptions were included within the MRE with respect to deleterious variables or by-products.

Based on its review of the MRE, SRK is satisfied that, overall, appropriate and reasonable practices and procedures have been followed in regard to data gathering, storing, QA/QC, geological modelling and the development of estimation parameters.

In SRK's opinion, the reported Mineral Resource provides a reasonable representation of the underground zinc, copper, lead, gold and silver Mineral Resource within the deposit, and is suitable for valuation purposes.

**Table 3. 2: Woodlawn total underground Mineral Resource, at NSR cut-off of A$140/t in remnant lenses and A$100/t in non-remnant lenses**

| Mineral Resource Category | Tonnes (kt) | NSR (A$/t) | Zinc (%) | Lead (%) | Copper (%) | Gold (ppm) | Silver (ppm) |
|---|---|---|---|---|---|---|---|
| Measured | 104 | 404 | 4. 3 | 1. 9 | 2. 1 | 1. 4 | 100. 0 |
| Indicated | 4,776 | 348 | 5. 0 | 1. 8 | 1. 8 | 0. 7 | 42. 2 |
| Inferred | 2,461 | 408 | 6. 9 | 2. 5 | 1. 8 | 0. 3 | 47,8 |
| **Total** | **7,341** | **369** | **5. 7** | **2. 0** | **1. 8** | **0. 6** | **44. 9** |

Sources: Entech MRE Report, 2023a

**Table 3. 3: Woodlawn underground remnant Mineral Resource at an NSR cut-off of A$140/t**

| Mineral Resource Category | Lens | Tonnes (kt) | NSR (A$/t) | Zinc (%) | Lead (%) | Copper (%) | Gold (ppm) | Silver (ppm) |
|---|---|---|---|---|---|---|---|---|
| Indicated | A | 77 | 357 | 6. 9 | 3. 1 | 0. 8 | 0. 6 | 52. 4 |
| | B | 544 | 422 | 8. 0 | 2. 5 | 1. 7 | 0. 1 | 31. 0 |
| | C | 131 | 350 | 5. 2 | 0. 8 | 2. 3 | 0. 2 | 22. 1 |
| | J | 37 | 400 | 4. 6 | 0. 4 | 3. 4 | 0. 1 | 24. 5 |
| | E | 75 | 328 | 6. 8 | 2. 7 | 0. 4 | 1. 0 | 37. 8 |
| Subtotal | | 864 | 396 | 7. 2 | 2. 2 | 1. 7 | 0. 2 | 31. 9 |
| Inferred | A | 55 | 491 | 9. 7 | 4. 1 | 1. 0 | 0. 6 | 81. 3 |
| | B | 1,109 | 476 | 9. 2 | 3. 7 | 1. 3 | 0. 3 | 70. 5 |
| | C | 713 | 409 | 5. 9 | 1. 6 | 2. 6 | 0. 3 | 31. 2 |
| | J | 247 | 331 | 4. 1 | 1. 2 | 2. 5 | 0. 1 | 22. 3 |
| | E | 26 | 378 | 7. 6 | 2. 6 | 1. 0 | 0. 8 | 21. 9 |
| Subtotal | | 2,150 | 436 | 7. 5 | 2. 7 | 1. 9 | 0. 3 | 51. 6 |
| **Total** | | **3,014** | **425** | **7. 4** | **2. 6** | **1. 8** | **0. 3** | **46. 0** |

Sources: Entech MRE Report, 2023a

**Table 3. 4: Woodlawn underground non-remnant Mineral Resource at an NSR cut-off of A$100/t**

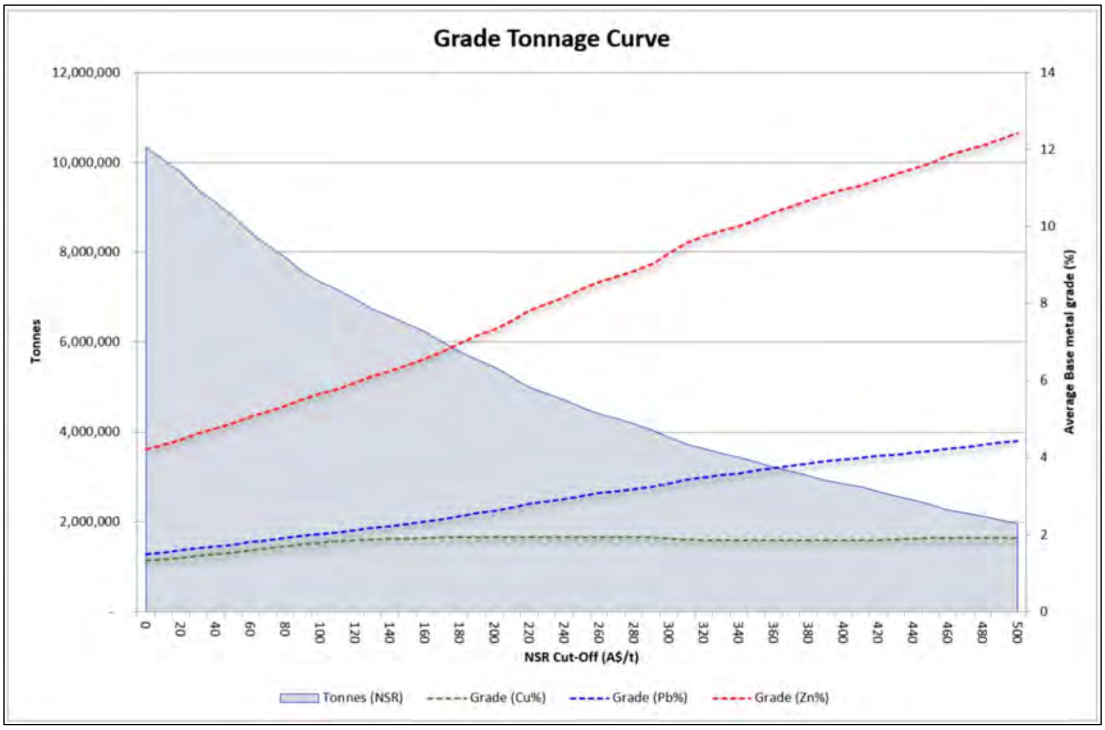
| Mineral Resource Category | Lens | Tonnes (kt) | NSR (A$/t) | Zinc (%) | Lead (%) | Copper (%) | Gold (ppm) | Silver (ppm) |
|---|---|---|---|---|---|---|---|---|
| Measured | G | 104 | 404 | 4. 3 | 1. 9 | 2. 1 | 1. 4 | 100. 0 |
| Indicated | B | 442 | 204 | 0. 5 | 0. 1 | 2. 7 | 0. 0 | 8. 0 |
| | D | 954 | 317 | 5. 5 | 2. 1 | 1. 1 | 0. 8 | 40. 8 |
| | G | 448 | 245 | 3. 5 | 1. 6 | 0. 7 | 0. 8 | 67. 9 |
| | H | 78 | 574 | 5. 5 | 2. 9 | 3. 7 | 2. 0 | 88. 3 |
| | I | 535 | 405 | 5. 7 | 2. 4 | 1. 9 | 1. 1 | 54. 1 |
| | J | 142 | 294 | 1. 1 | 0. 1 | 3. 6 | 0. 2 | 14. 9 |
| | K | 1,230 | 398 | 5. 6 | 1. 8 | 2. 1 | 0. 9 | 50. 6 |
| | L | 83 | 296 | 3. 7 | 0. 9 | 2. 1 | 0. 5 | 13. 3 |
| Subtotal | | 3,913 | 337 | 4. 6 | 1. 7 | 1. 8 | 0. 8 | 44. 5 |
| Inferred | D | 310 | 213 | 3. 1 | 0. 9 | 1. 2 | 0. 3 | 21. 3 |
| **Total** | | **4,327** | **330** | **4. 4** | **1. 6** | **1. 8** | **0. 8** | **44. 2** |

Sources: Entech MRE Report, 2023a

Approximately 41% of the MRE tonnage falls within the remnant areas.

The B and J lenses comprise Mineral Resources that fall below the lowest elevation of historically mined drives. In these instances, material would be accessed by way of capital development drives and not via re-entry into historical workings. Therefore, these lenses comprise both remnant (within historically mined elevations) and virgin Mineral Resources (below historical mining elevations).

**Figure 3. 6: Grade-tonnage curves for the Woodlawn underground Mineral Resources**




Sources: Entech MRE Report, 2023a

The previous publicly reported MRE was the 2019 Woodlawn underground Mineral Resource, prepared by Heron in accordance with the JORC Code (2012), which reported 7. 4 Mt at 6% Zn, 1. 9% Cu, 2. 2% Pb, 0. 5 g/t Au and 48 g/t Ag.

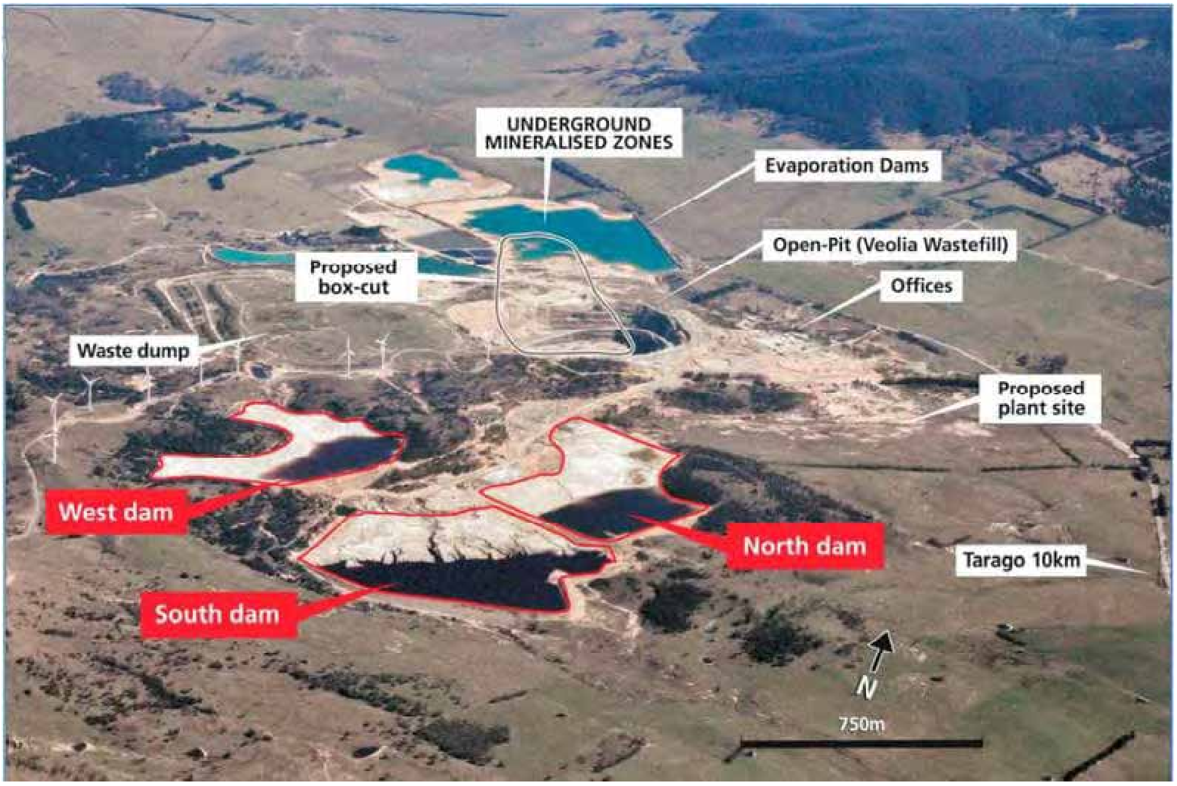
By comparison, approaches to domaining, classification, determination of 'reasonable prospects for eventual economic extraction' (RPEEE) (sterilisation and NSR) undertaken by Entech account for the variations to the historical Mineral Resources. Key differences in approach include the following:

- inclusion of resource and grade control diamond drill holes for the Kate and G lodes, which identified multiple discrete lenses, and zinc and copper sub-domains. This approach was implemented across all other lenses and varied from the Heron approach, which included internal waste in broader massive sulfide domains.
- classification approach that considered the key challenges experienced by Heron during mining, and immediately prior to closure of the operations.
- definition of sterilised volumes via review of mine shape optimiser (MSO) shapes and Develop's LoM plan for accessing remnant areas.
- change in resource classification and reporting criteria from zinc equivalent (ZnEq) in the 2019 MRE to the current 2022 NSR-based approach.

### Woodlawn Tailings dams

Three tailings dams are located at the old Woodlawn Mine, previously operated by Denehurst Ltd and precursors over approximately 20 years and closed in 1998. They hold fine tailings from the old mine processing. The tailings dams (North, South and West) occupy a contiguous area of about 1.3 km$^2$ slightly south of the old open cut. The upper 5 m of the North Dam was dredged and re-treated during mine operations. The dams are very linear in cross-section shape, with nearly flat tops, the deepest being 27 m but averaging 7-10 m. Standing water lies in low spots, particularly the southeastern part of the South Dam (Figure 3.7 and Figure 3.8).

**Figure 3.7: Woodlawn area showing location of tailings dams**



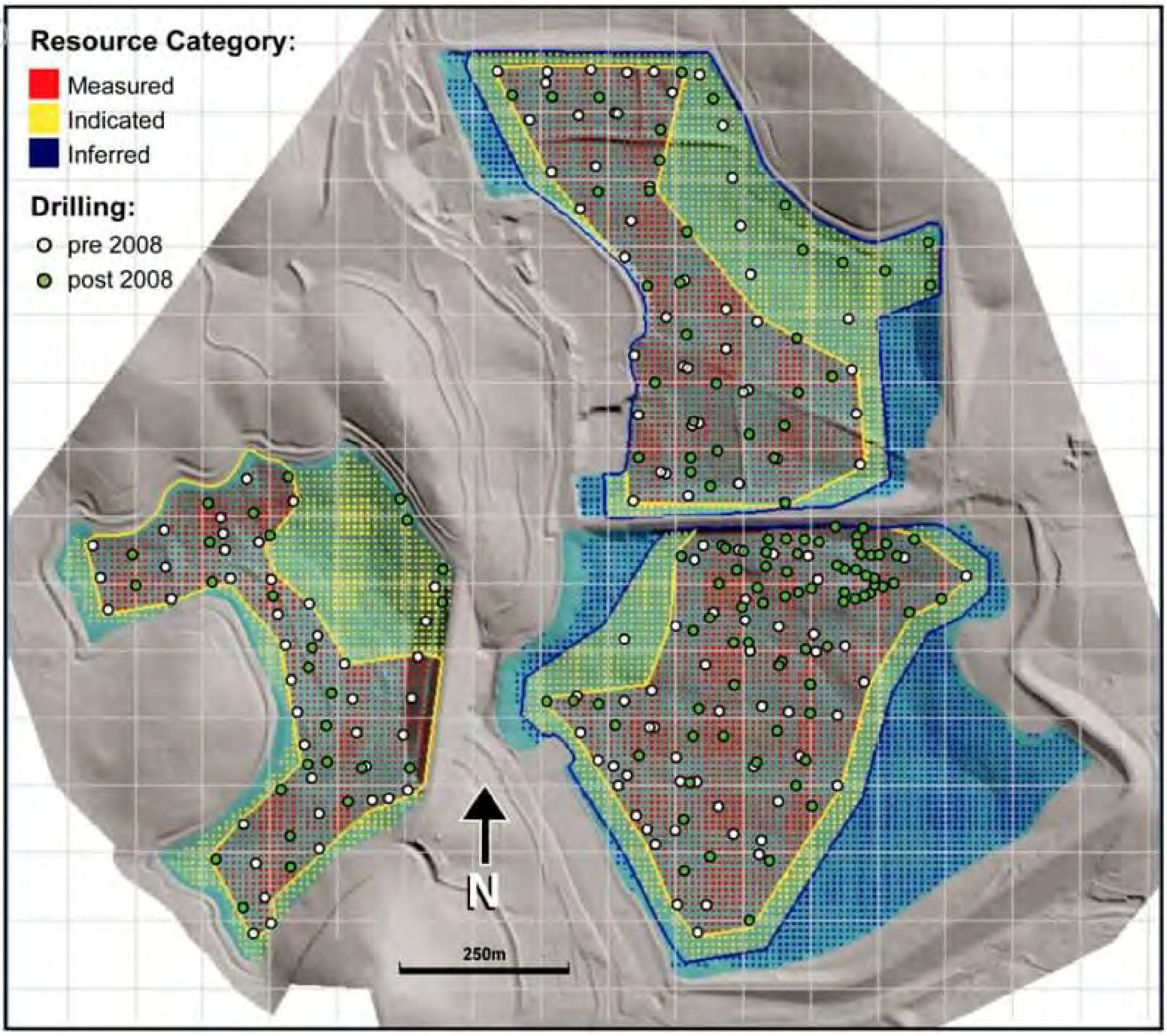

Source: Heron (ASX:HRR), ASX release dated 20 October 2015.

Mineralisation is equi-granular and fine grained and exists in a semi-consolidated layered sediment. Grades of zinc (average 2.2%), copper (average 0.45%) and lead (average 1.3%) are relatively high for talings as the original processing of primary ore was only ~80% efficient.

The average hole spacing is approximately 50x50 m. Holes were sampled on in 2 m intervals. All samples were analysed for a full suite of typical elements and 302 samples for dry density. Average modelled dry density was 1.66 t/m$^3$ and varied slightly by dam (North 1.51 t/m$^3$, North re-treated 1.43 t/m$^3$, South 1.64 t/m$^3$ and West 1.84 t/m$^3$ ).

Block grades were interpolated for each element using an “un-folding” continuity control to strongly orient continuity sub-parallel to the sub-horizontal dam layering. A zinc equivalent grade was computed from the estimated grades using metal price factors. Resource classification was based on average sample distances and numbers of sample points.

**Figure 3.8: Woodlawn tailings dams showing Mineral Resource blocks and classification**




Source: Heron (ASX:HRR), ASX release dated 20 October 2015.

Mineral Resource estimates for the tailings dam were are detailed in an NI 43-101 report by GeoRes Services Pty Ltd (R. Rankin - Competent Person), and made public by Heron on 20 October 2015. SRK has reviewed the NI 43-101 document, reported in accordance with the JORC Code 2012, and is satisfied that the Mineral Resources are suitable for valuation purposes shown in Table 3.5.

**Table 3.5: Woodlawn tailings Mineral Resources as at 20 October 2015**

| Tailings Dams | Classification | % | Tonnes (Mt) | Zn Eq (%) | Zn (%) | Cu (%) | Pb (%) | Au (g/t) | Ag (g/t) | SG (t/m³) |
|---|---|---|---|---|---|---|---|---|---|---|
| All dams | Measured | 60% | 6.59 | 6.10 | 2.29 | 0.49 | 1.31 | 0.30 | 31.7 | 1.66 |
| All dams | Indicated | 30% | 3.24 | 6.28 | 2.18 | 0.56 | 1.35 | 0.33 | 32.6 | 1.68 |
| | **Meas+Ind** | **90%** | **9.83** | **6.16** | **2.25** | **0.51** | **1.33** | **0.31** | **32.0** | **1.67** |
| All dams | Inferred | 10% | 1.11 | 5.76 | 2.30 | 0.47 | 1.22 | 0.25 | 26.9 | 1.55 |
| **Total** | | **100%** | **10.9** | **6.12** | **2.25** | **0.50** | **1.32** | **0.30** | **31.5** | **1.66** |

Source: Heron (ASX:HRR), ASX release dated 20 October 2015.

Notes:

1. No cut-off applied
2. Dry Tonnes
3. Zn Equivavent (Zn Eq) = Zn(%) + (0.8 x Pb(%)) + (3.12 x Cu(%)) + (0.86 x Au(g/t)) +( 0.03 x Ag(g/t)). Metal prices used are: Zn US$2,300/t, Pb US$2,050/t, Cu US$6,600/t, Au US$1,250/oz, Ag US$18/oz.

### 3.3.5 Risks and opportunities

- During the MRE process, interpretation of the upper horizon lodes was not informed by, or snapped to, historical mapping from grade control data (completed by Heron). There are instances where resource mineralisation boundaries do not reconcile with stope void locations (i. e. G lode). It is recommended the maps be located, or remapped and an update of MRE mineralisation interpretations be completed prior to detailed mine planning and any future production commencement.
- The Upper horizon lodes comprise several orientations, shorter mineralisation continuity, variable grade relationships and localised structural offsets not evident in the Middle and Lower Horizons. The Upper horizon resources may require closer spaced grade control drilling than other horizons though this risk could be mitigated with an increased understanding of key mineralisation controls of this area via mineralogical, structural and metallurgical studies.
- Regarding the Remnant Resources and Re-entry Plans, the process to define material as sterilised or Mineral Resource included an assessment of RPEEE, and the assumption of Develop successfully regaining entry to historical workings (pre-2014). Should a re-entry plan not be executed within the LoM Plan, the reported remnant Mineral Resources will require re-assessment.

## 3.4 Near mine exploration potential

### 3.4.1 EL7257 – Woodlawn surrounds

The Woodlawn mining licence is entirely surrounded by EL7257, which has an area of 174. 3 km$^2$. The geology and structure, access and infrastructure are all detailed above.

### 3.4.2 Mineralisation

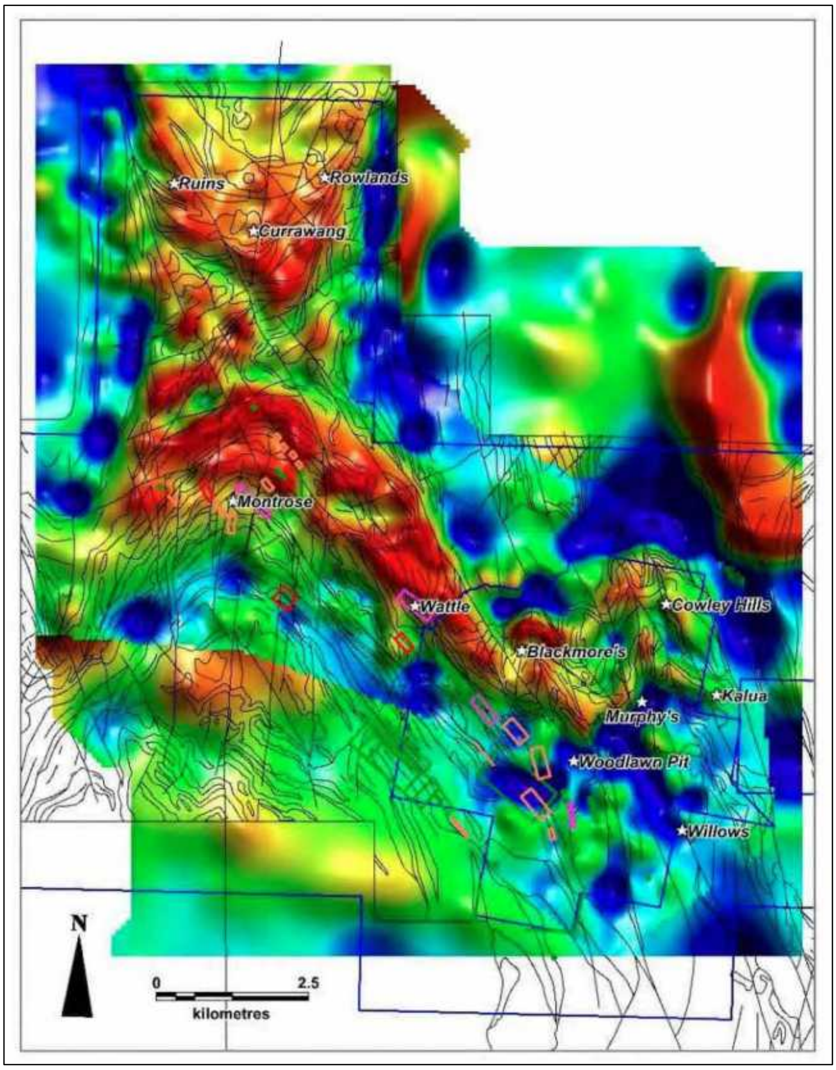
The following sections 'Near mine exploration potential' and 'Regional exploration projects' are largely reproduced from; Heron 2021 – "Exploration Review of Woodlawn Mine and Surrounds".

Extensive electromagnetic (EM) geophysical surveys conducted in the late 1990s and early 2000s covered the area from northeast of Woodlawn to the Montrose prospect, approximately 5 km to the northwest (Figure 3. 9). A systematic review of the historic EM data using modern processing software identified several anomalies. The highest priority EM responses identified from historic EM surveys included Montrose, Wattle and Kalua. These prospects were further constrained with integration with drilling, geochemistry, aeromagnetic interpretation and gravity data.

To further refine drill targets, in particular the dip direction of the EM plates, a Moving Loop EM Survey (MLEM) was completed by Heron in 2018 over the Montrose and Wattle prospects.

The Montrose prospects returned a series of four EM anomalies which were subsequently drill tested. The Wattle prospect did not return a convincing EM anomaly and was discounted from further investigation. Kalua was unable to be surveyed with MLEM and remains a high priority target.

**Figure 3. 9: Gravity image with geological structures over EL 7257. EM anomalies also shown from historic EM review**

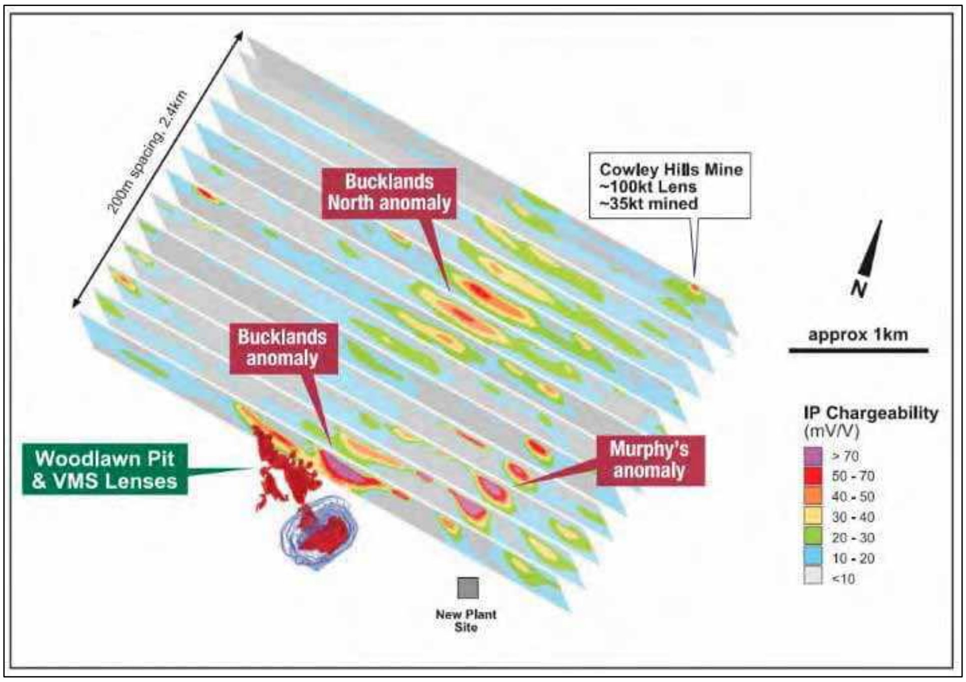



Sources: Heron 2021 – Woodlawn Mine and surrounds

In addition to the historic EM analyses and MLEM surveys, Induced Polarisation (IP) geophysical surveys were used concurrently to confirm the identified targets and generate new ones. IP was successful in identifying the original Woodlawn deposit in the early 1970s and improved modern high-powered surveys were considered likely to penetrate much deeper.

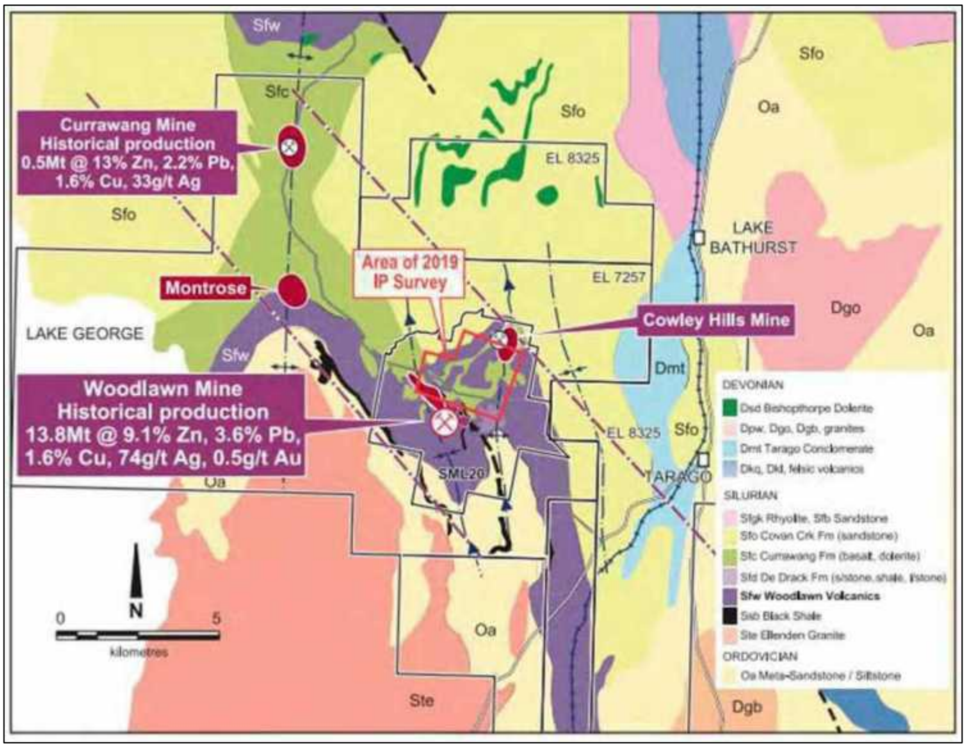
The IP survey was completed north of Woodlawn, which contains the Woodlawn VMS host rocks, in an effort to identify anomalies at depth that could be related to potential new Woodlawn style deposits. Seven IP survey lines were spaced at 400 m with some infill lines spaced at 200 m and extended 4 km in an east-west direction along the Murphy's to Cowley Hills' trend. The IP survey returned a coincident chargeability and conductivity anomaly at Murphy's prospect and a large chargeability anomaly at Buckland's and Buckland's North prospects. Subsequently, a total of 2,112 m were drilled in four holes and a downhole EM (DHEM) program was completed.

**Figure 3. 10: 2D slices through 3D IP geophysical model showing chargeability responses in the area surveyed**




Sources: Heron 2021 – Woodlawn Mine and surrounds

**Figure 3. 11: Woodlawn near-mine exploration on SML 20 with underlying geology and trends**




Sources: Heron 2021 – Woodlawn Mine and surrounds

### Cowley Hills (SML20 / EL7257)

The Cowley Hills prospect lies 2. 5 km north of Woodlawn and consists of a Woodlawn-style VMS deposit that was partially mined from underground in 1990 (~35,000 t extracted). The Cowley Hills mineralisation consists of both polymetallic massive sulfides and zones of polymetallic stringers.

Mineralisation is hosted by 40–55° west-dipping dacitic pyroclastic units. There is a strong footwall and hanging wall dolerite association, suggesting a geological analogy to the Currawang system. Structurally, the system is on the west limb of the north-plunging Pylara Antiform near the hinge zone. Magnetics confirm an abrupt termination of the dolerite at Cowley Hills.

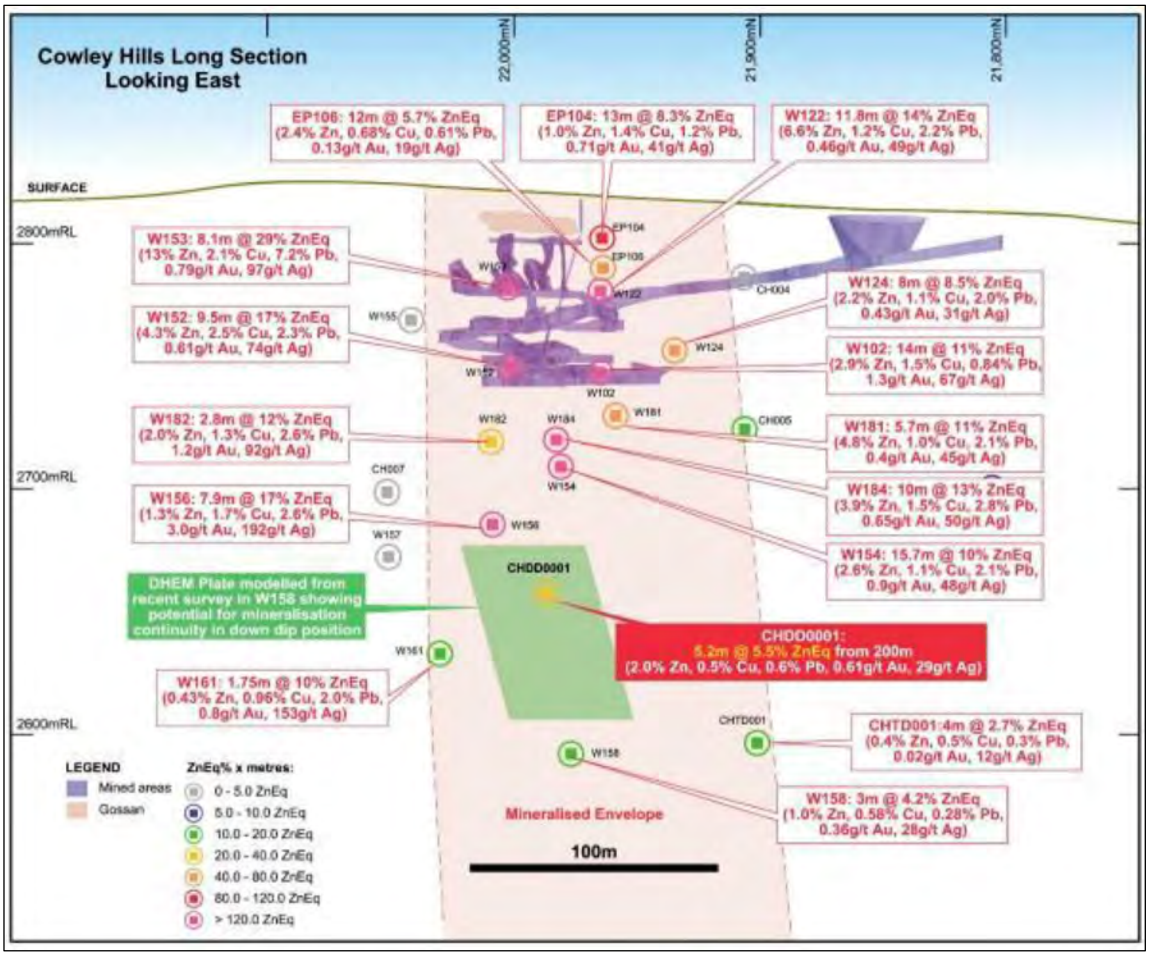
Denehurst developed three mining levels at Cowley Hills and based on its stope long section, Cowley Hills plunges south in contrast to Woodlawn Lenses, which plunge steeply north. The main lode (shoot) has a 60 m strike length being closed-off along strike to 100 m depth by drilling. The northern and southern selvedges of the shoot each have a 30 m strike of stringer ore for a total combined strike length of 120 m and the shoot is open at depth.

A historical hole drilled in 1985, W158, was surveyed with high-powered DHEM and resulted in the modelling of a 60 m x 80 m sized plate located in the down-dip position of the known mineralisation. A single hole was drilled to test this lower zone of mineralisation. A zone of massive and semi-massive sulfides was intersected close to the plane of the DHEM plate and returned 5. 2m grading 5. 5% ZnEq from 200m (2. 0% Zn, 0. 5% Cu, 0. 6% Pb, 0. 6g/t Au, 29g/t Ag) in CHDD0001.

This intercept indicates the continuation of the sulfide lens at depth, but at a lower grade than that previously mined (the intercept is typical stringer mineralisation as normally seen at the contact of high-grade lenses). Further drilling is warranted to better define the mineralisation, focusing on the zones both above the CHDD001 intercept where grades are expected to improve, and to the south down-plunge.

As the structural setting of Cowley Hills is remarkably similar to Woodlawn, both plunge to the northwest at similar angles, and are controlled to the north by a dolerite front, it is plausible that northwest shearing may have displaced the Cowley Hills lens. As mining was restricted to the top half of the deposit, no mine maps are available to determine if this faulting occurred at the deepest extent of the deposit. Whilst folding is also a possible scenario, the increase in dip has not been accounted in some holes when extensions to the northwest were drilled. Hence, it is possible that drill hole W157 failed to intersect the footwall, being terminated in the rhyolite-hanging wall intruded by a dolerite sill. Proposed drilling will target the host unit steeper, and further down-plunge to the northwest.

**Figure 3. 12: Cowley Hills Prospect, long section looking east showing existing mine workings, drilling and modelled DHEM plate**




Sources: Heron 2021 – Woodlawn Mine and surrounds

### Murphy's Target (SML20)

The Murphy's IP target, located 900 m north-northeast of the Woodlawn pit, returned a broad chargeability and conductivity geophysical anomaly. Diamond drill hole, CHDD0002 (final depth 525. 7 m) was completed into the Murphy's target and stopped in a thick sequence of weakly- to moderately-altered limestones and felsic volcanics of the De Drack Formation. The IP anomaly appeared to be explained by a graphitic and sulfidic black shale intersected over 7. 4 m from 303. 8 m depth. The hole was continued to its final depth to cover off a potentially deeper target.

DHEM was completed and a weak, poorly constrained off-hole conductor was identified. Surface infrastructure makes discerning possible conductors difficult, so the DHEM was recommended to be repeated (Figure 3. 12).

## Montrose

The Montrose prospect is located 6. 5 km northwest of Woodlawn, straddling the contact between the Woodlawn Volcanics and the Currawang basalts. A total of 16 drill holes for 3,848 m were drilled by CRA and Denehurst between 1986 and 1995 with a best result of 5. 3 m grading 4. 9% ZnEq from 145m (4% Zn, 0. 13% Cu, 0. 12% Pb, 15g/t Ag). The majority of the drilling was focused on a single 100 m section with little attention given elsewhere. Re-modelling of surface EM and down-hole EM at Montrose identified several conductors along a 700 m zone. The geophysical responses were complex but pointed to a potentially deeper sulfide body at depth that had not been drill tested. A MLEM geophysical survey was undertaken over this area to refine the drill target.

A four RC drill hole program (MNRC001 to MNRC004, for 981 m) targeted the combined EM/ MLEM anomalies. All holes intersected weak to moderate disseminated pyrite and pyrrhotite mineralisation within either the Currawang Basalt or the underlying Woodlawn Volcanics, which explains the EM anomalies. However, the fourth hole also intersected a 20 m zone from 242 m of stronger disseminated pyrite/pyrrhotite and chalcopyrite, which may indicate close proximity to a massive sulfide lens. The maximum value of Cu was 480 ppm at 168 m depth.

DHEM was undertaken in 2020 on MNRC004 and showed a complex, strong, off-hole response from source(s) generally above and slightly north of the hole. The response can be seen to shift down the hole from late time to earlier times, which shows it is at least two different zones with distinctly different conductivity.

## Currawang

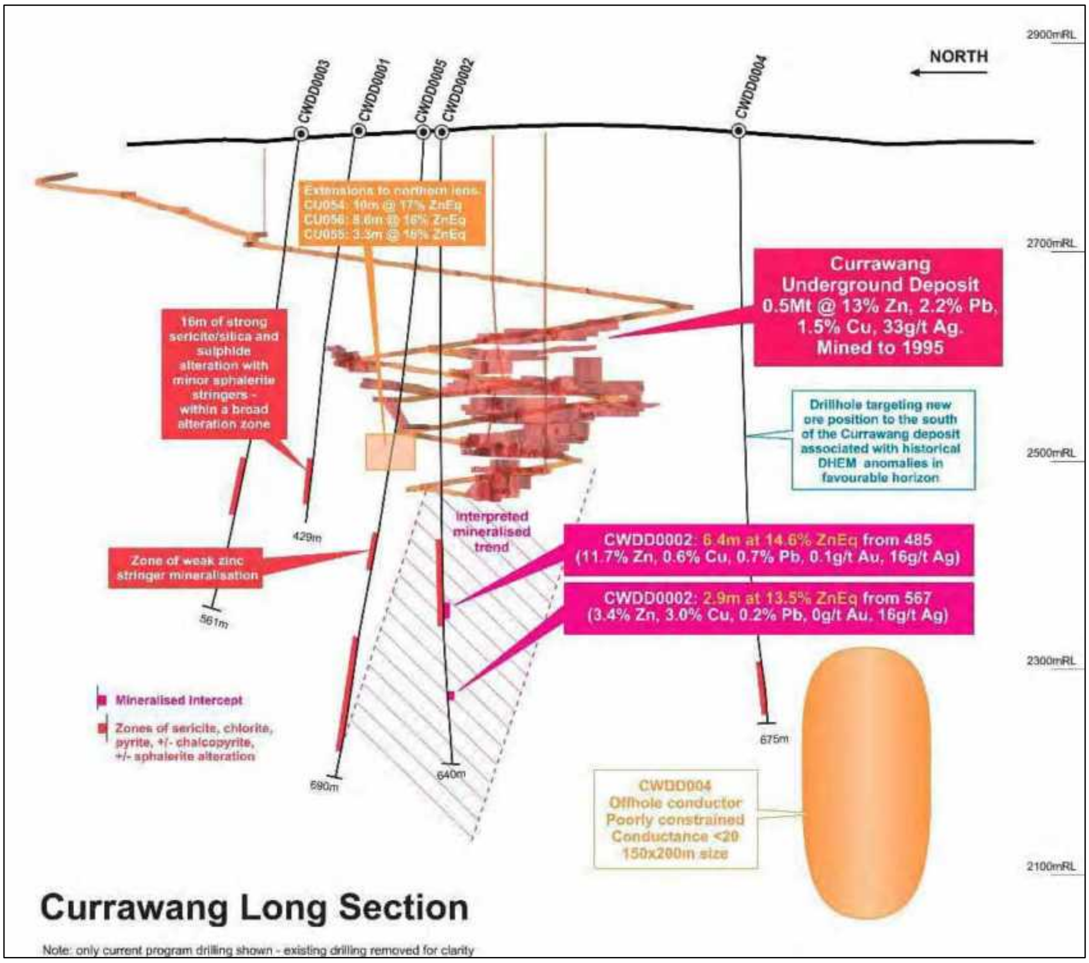
The Currawang Prospect is located 10 km northwest of the Woodlawn mine and east of the historic “Currawong” Cu workings. In 1973, Jododex Australia Pty Ltd discovered the main Currawang deposit from follow-up of a single, moderately anomalous B-horizon soil sample. The discovery hole, CE1, was drilled into the surface Cu-Pb-Zn geochemical anomaly and intersected a wide zone of stringer mineralisation with a narrow zone of massive sulfide (2. 6m of 1. 14% Cu, 9. 16% Pb and 12. 67% Zn). Jododex drilled another 35 holes between 1973 and 1983 and Denehurst drilled a further 8 holes to CE44 in a 1989–1990 program and a decision to mine in 1991.

The Currawang underground mine produced approximately 0. 5 Mt of high-grade polymetallic ore in the early 1990s that was processed at Woodlawn. The deposit is hosted by the late Silurian Currawang Basalt and Woodlawn Volcanics. Structurally the deposit is located west of the axis of the major south-plunging Currawang Anticline. Currawang was underground mined between 1991 and 1995 on the basis of trucking ore to the Woodlawn plant. Approximately 0. 5 Mt grading 13% Zn, 2. 2% Pb, 1. 6% Cu and 33g/t Ag were produced.

No additional exploration was undertaken after the deposit was mined until Heron’s 2016 drilling.

The Currawang Prospect has the potential to be a second, nearby mine at Woodlawn, which could provide an additional high-grade production source. A number of significant historical intercepts that occur outside the mining stopes have been identified, as evident in Figure 3. 13.

**Figure 3. 13: Long section (view to north) through the plane of CWDD002 showing the location of the mined out areas and the location of the newly intercepted hanging-wall stringer-style sphalerite mineralisation, and the deeper chlorite zone**




Sources: Heron 2021 – Woodlawn Mine and surrounds

These drill holes fall in the northern part of the former mined areas and at the time of their drilling were not followed up. A total of five diamond drill holes for 2,994 m at Currawang were completed by Heron to test the depth extensions at Currawang (Figure 3. 14).

Drill holes CWDD001 and CWDD003 targeted the primary Currawang structural controls along-strike to the north of the main Currawang Lens in an area of limited historic drilling. CWDD0001 intersected a broad interval (38 m from 341 m down-hole) of moderate to intense alteration comprising sericite, silica, pyrite, and chlorite development within a strongly foliated, and in-part brecciated basalt (the Currawang Basalt). Within this interval is 16 m of an intensely developed hydrothermal alteration assemblage, with minor stringers of Zn sulfides with lesser amounts of Pb and Cu sulfides.

CWDD002 targeted the down-plunge extension to the main Currawang Lens and intersected 6. 4 m of 5 to 10 cm stringers, and semi-massive Zn sulfide mineralisation from 485 m within a broad zone of hydrothermal alteration hosted by the basalt sequence. Cu sulfides within this zone are thought to be responsible for the DHEM anomaly previously measured in this area.

This hangingwall position represents a potential new zone, or lens, of mineralisation at Currawang. CWDD0002 continued to a depth of 640 m and passed through a broad zone of intense chlorite alteration with Cu-sulfide stringers. These type of chlorite zones are typically associated with the massive sulfide feeders that create the main VMS lenses. Assay results have been received and returned two significant intercepts from these two zones:

- 6. 4 m grading (14. 6% ZnEq) 11. 7% Zn, 0. 6% Cu, 0. 7% Pb, 0. 1g/t Au, 16g/t Ag from 484. 9 m
- 2. 9 m grading (13. 5% ZnEq) 3. 4% Zn, 3. 0% Cu, 0. 2% Pb, 15. 8g/t Ag from 567. 0 m.

CWDD0003 intersected a broad zone of moderate to strong silica, chlorite, biotite alteration (381 m to 433 m depth) with some stringers of base metal sulfides. CWDD0004 was drilled to a depth of 675 m testing the southern extent of the mineralisation, and intersected a weakly developed zone of silica, chlorite, pyrite alteration towards the bottom of the hole – this was less well developed than the other intercepts to the north. CWDD0005 was drilled beneath and down-plunge from these intercepts and intersected a broad zone (17. 4m) of weak and low-grade Zn sulfide stringers from 428 m depth.

A comprehensive geophysical program was undertaken to follow up on the mineralisation found in CWDD0002 and to identify any deeper targets. Due to interference from the buried cable three down-hole geophysics surveys (2 x DHEM, DHMMR) were undertaken but still the EM signals could not be accurately filtered. However, a single DHEM/DHMMR conductor off-hole from CWDD0005 was identified and, based on its conductance, it was interpreted to be a small, Zn-rich lode of around <0. 5 Mt. Heron's objective was to target EM signals that could point to a larger orebody (>0. 75 Mt) and Currawang was downgraded as a lower drilling priority. Focus then shifted to prospects that could lead to a larger discovery, in particular Currawang West.

### Currawang West

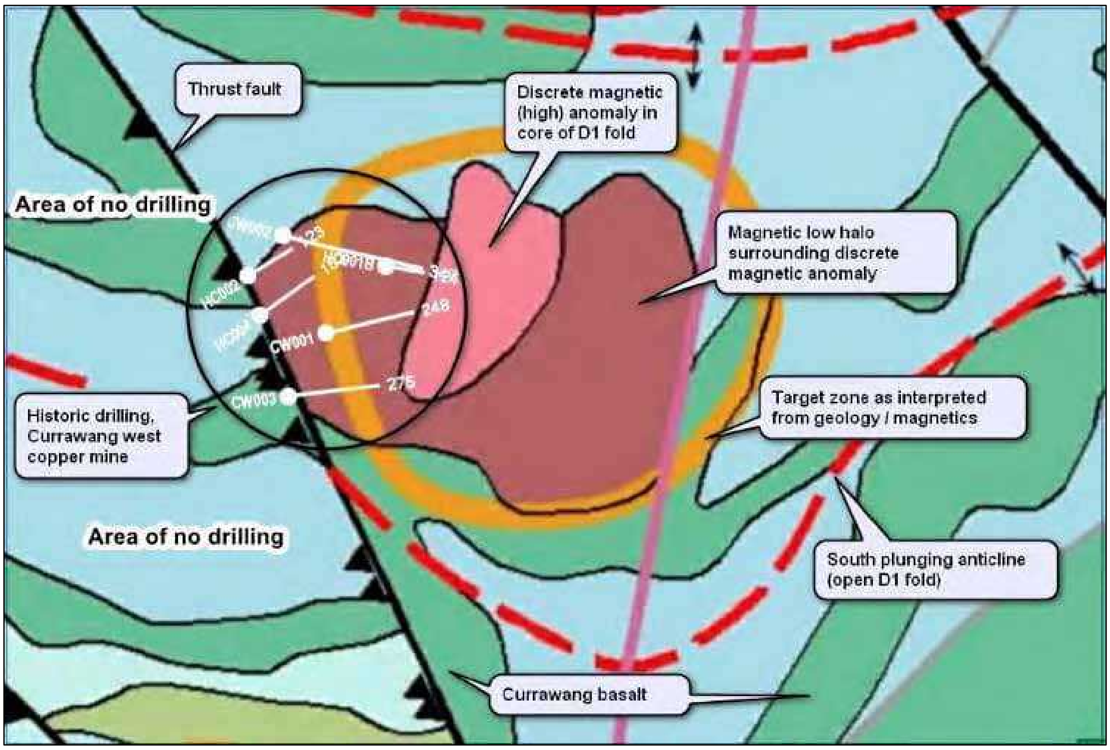
The historic 'Currawong' copper mine is located 400 m west of the Currawang deposit and was worked between the 1860s to 1890s. First production in 1866 was recorded as 1,000 tons of 14% Cu. The mine was worked by open cut and exploratory shafts up to 70 m deep along two subparallel ore horizons, namely the Eastern and Western lodes.

Named here as the Currawang West orebody, it consists of Western and Eastern lodes that were both reported to be mined out. The Western massive sulfide lode surfaced as a gossan that assayed Cu 27. 90%, Pb 10. 79%, Ag 28g/t, 17g/t Au. It produced the bulk of the massive Cu-Pb-Zn ore and was the most extensively worked. The lode was approximately 99 m in length and pinched out at 55 m depth where mining ceased. Reported grades at this interface were 2–3% Cu.

The eastern lode is around 170 m from the western lode and mineralisation is distributed intermittently along a lode 61 to 99 m long. The sub-ore grade mineralization was taken from a number of shafts and intersected in two shallow drill holes drilled by Hastings. It reached about 67 m depth.

Very little exploration was undertaken in this area. In 1970, Hastings drilled three shallow holes west of the Currawang mine and intersected altered brecciated basalt with minor Cu mineralisation. It was followed up in 1981 with three holes by Jododex where CW001 intersected talc chlorite schist, chlorite alteration with weak sulfide development. Although no massive base metal sulfides were intersected, the alteration intersected could be an indicator to a larger VMS system at depth.

**Figure 3. 14: Historic drilling under Currawang Cu mine workings over magnetics flown in 2015. Bottom – geological and structural interpretation also showing areas of no drilling**




Sources: Heron 2021 – Woodlawn Mine and surrounds

A Fixed Loop EM survey (FLEM) was undertaken in early 2020 with no significant conductors detected. A Moving Loop EM survey (MLEM) was considered more suitable for this area given the steep nature of the ore lenses at Currawang and was intended be undertaken prior to further drill testing.

## Buckland

The Bucklands IP target is located 450 m northwest of the Woodlawn pit and returned both a chargeability and conductivity geophysical anomaly offset from each other by about 100 m. Both anomalies occur in an area of little previous drilling to the depth of the anomalies (200 – 350 m below surface). The first hole (WNDD0152, final depth 580 m) tested the deeper chargeability anomaly and intersected a zone of weakly sulfidic shales of the De Drack Formation which may be the cause of the chargeability anomaly. WNDD00152 intersected Woodlawn-style silica, sulfide, sericite alteration with best intersection from fine sphalerite stringers of 0. 5 m grading 2. 5% Zn from 29 m.

The second hole (WNDD0153, final depth 307 m) located 50 m west of WNDD0151, tested the conductivity anomaly and intersected a strong to intensely altered zone of typical Woodlawn silica, sulfide, sericite development from 5 m to 31 m depth. Surface infrastructure is likely to have influenced the interpreted positioning of the modelled IP anomaly, which may be related to this zone of alteration/mineralisation to the west. A DHEM survey was completed on both holes

WNDD0152 and WNDD0153, which are approximately 450 m northwest of B-lens. Both holes recorded responses from conductive overburden but no significant anomalies were detected.

Fixed Loop EM survey (FLEM) was undertaken in early 2020 with no significant conductors detected. A Moving Loop EM survey (MLEM) is more suitable for this area given the steep nature of the ore lenses at Currawang and is intended be undertaken prior to drilling.

### Buckland Hills/Buckland North

The Bucklands IP target is located 1. 8 km north of the Woodlawn pit and returned a broad, deep chargeability anomaly. Previous drilling to the northeast here had intersected weak base metal mineralisation in three holes. CHDD003 (final depth 700 m), was drilled into the Buckland’s North prospect and intersected a distinct zone of pyrite-pyrrhotite alteration and quartz veining from 514 m to 580 m, with a stronger zone between 564 m to 569 m intercepted. The alteration and veining intersected indicated a potential ‘near miss’ of a mineralised zone. DHEM was completed on CHDD0003 and no anomalies were identified, thereby closing off this target.

### Other near mine prospects

There are numerous early-stage prospects surrounding the Woodlawn Mine that have not been explored. These include Kalua, Mooney’s, Ruins, Rowlands, Currawang Creek and others. A summary of these prospects are shown in Table 3. 6 below:

**Table 3. 6: Woodlawn – other near mine prospects**

| Prospect | Prospectivity | Tenement |
|---|---|---|
| Hayshed/ Pylara | Anomalous Au, Cu, Pb over NW striking magnetic anomaly. PYDD001 drilled the edge and intersected magnetite in mafic breccia. Magnetic anomaly modelled reveals much deeper source. Drill test. | EL7469 |
| Kalua | EM anomaly with pyrite/sericite alteration along strike. High-powered MLEM survey | EL 7257 |
| Currawang - Rowlands | Historic 1970/1980 IP and EM surveys – no specific anomalies to follow-up. Strong Zn/Cu/Pb surface anomalies – i. e. similar to Currawang main lens. Only three holes drilled. CR001 (1976): 10. 2m @ 1. 2% Zn, 0. 09% Cu, 0. 58% Pb, 0. 4g/t Ag. Hole beneath this (CR002) only intersected “moderate alteration".<br>Extensively altered and brecciated volcanics with disseminated sulfides, 300 m long geochemical anomaly, ground geophysics coverage but only 3 holes. High-powered MLEM survey to test for lens at depth | EL 7257 |
| Currawang Creek | Geochemical anomalism associated with outcropping altered-mineralised volcanics, 8 diamond holes best result of 6m @ 1. 5% Cu. DHEM off-hole conductor untested. | EL 7257 |
| Currawang South | Altered and brecciated volcanics with 300m long geochemical anomaly, 8 shallow holes, testing at depth was recommended. | EL 7257 |
| Mooney’s | Geochemical anomaly with coincident IP response, only 2 holes for less than 120m drilled. IP modelling if possible and MLEM were recommended | EL 7257 |
| Ruins | Linear mag low with coincident (digi) EM anomaly along an important structural trend from Currawang, no drilling reported to date. | EL 7257 |

Sources: Heron 2021 – Woodlawn Mine and surrounds

### Prospectivity

There are numerous well advanced prospects within EL7527. SRK considers the area offers excellent potential for the potential discovery of additional economic mineralisation.

## 3.5 Regional exploration projects

### 3.5.1 Peelwood (EL8623 and EL8712)

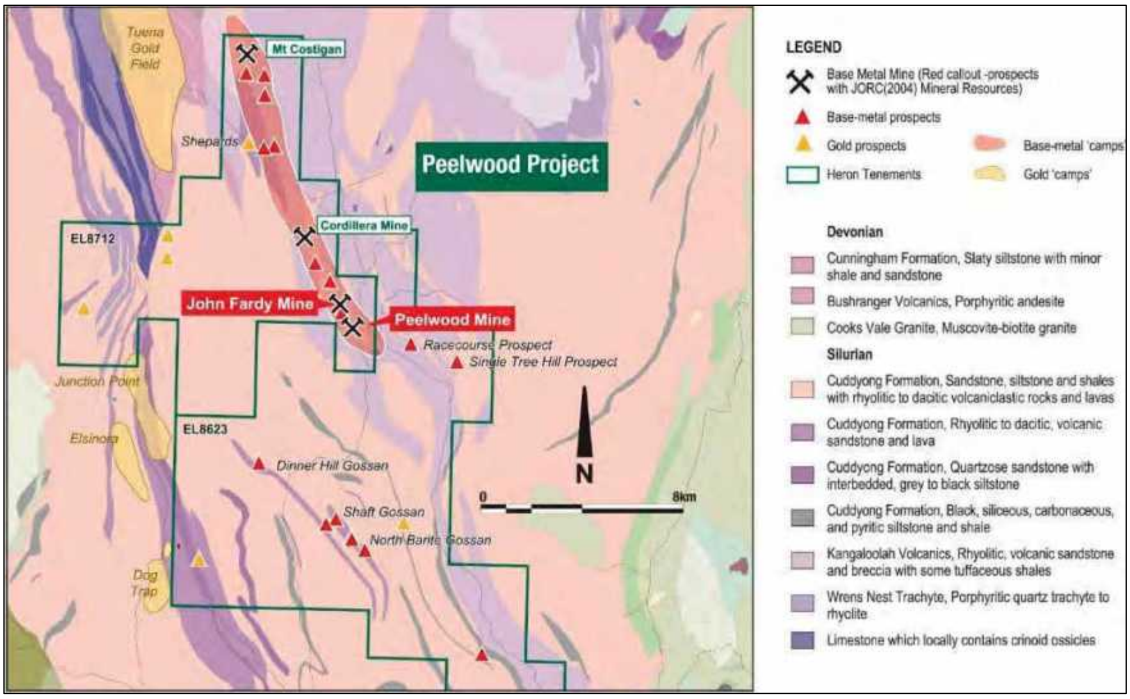
The Peelwood Project comprises two granted tenures, EL8623 and EL8712, located 200 km from Sydney and ~100 km northwest of the Woodlawn Mine in NSW. The Project covers a package of Silurian volcanics and volcaniclastics of similar age and composition to the Woodlawn and Captains Flat deposits within the Lachlan Fold Belt.

The project contains the historic Peelwood and John Fardy Mines (operated 1870s – 1890s), which are the most explored prospects within the tenement package. Other key prospects include Cordillera, Mouth Costigan, Central Hill and Aurora. The Peelwood and John Fardy Mines are VMS style deposits and include a number of massive sulfide lenses located at, or adjacent to, the sheared contact between the Cuddyong Formation and the Kangaloolah Volcanics (rhyolite crystal-vitric volcanic tuff and a fine sedimentary/volcaniclastic unit that contains a volcaniclastic sandstone and quartz-feldspar-muscovite schist with minor siltstone) within the Hill End Synclinorium of the Lachlan Fold Belt.

The regional tectonic setting of Peelwood is within the Hill End Synclinorium of the Lachlan Fold Belt, a belt of Silurian acid to intermediate volcanics and metasediments. This setting is geologically similar to the Woodlawn and Captain's Flat deposits. The Cooks Vale Fault system runs through the east of the project area and the Lake George Fault runs along the western side. The Binda Thrust impinges on the western boundary of EL 8712 and to the west of EL 8623.

Mineralisation is stratabound within the Kangaloolah Volcanics and occurs at or near the contact between the crystal-vitric volcanic tuff and quartz-feldspar-mica schist. Mineralisation is reported to be a VMS–style, banded, semi-massive and massive pyrite, sphalerite, chalcopyrite and galena and is Ag rich.

**Figure 3. 15: Peelwood project showing tenements over geology and major deposits and prospects**




Sources: Heron 2021 – Woodlawn Mine and surrounds

### John Fardy Prospect

The John Fardy deposit is hosted by a steeply west-dipping sequence of shales of the Cuddyong Formation. Mineralisation is both disseminated and massive sulfides up to 20 m thick within two lenses separated by a 0. 5 to 5 m zone of altered shale and a pyritic and cherty exhalite, which also occurs above and below the mineralised horizon.

The John Fardy deposit is open along strike and at depth and the proposed drilling is testing both these attributes with the EM modelling guiding placement of drill holes.

### Peelwood Prospect

The Peelwood mine was worked more or less continuously during the periods 1870 to 1883 and 1888 to 1895. The mine was dewatered in 1906, the dumps were worked in 1926 and 1927, the workings were again dewatered in 1928 and the dumps were reworked in 1947. The incomplete total recorded production of the Peelwood mine is 487 t of Cu, 2,327 t of Pb, 4,054 t of Zn, 141,000 ounces of Ag and less than 200 ounces of Au.

Initially, the deposit was worked from the surface and in 1876 the workings were reported to have reached 130 m on the underlay from the surface. At that time, the lode dipped 45º east and it varied in thickness from 0. 3 to 6. 0 m.

### Cordillera Prospect

The Cordillera Mine is along strike and approximately 3 km north of John Fardy and Peelwood. It was opened in 1883 and worked to produce 224 t of Cu, 230 t of Pb, 82,800 ounces of Ag and 404 ounces of Au. The Cordillera ore is rich in Zn which adversely affected the smelting of the more valuable Cu ore. No commercial production of Zn is recorded.

The mineralisation is contained in a lens of tuffaceous shale in coarse tuff. Four closely overlapping lenses arranged in an echelon appear to constitute the orebody and were mined as one unit.

Only four drill holes have been drilled in the vicinity of the Cordillera mine of which two recorded significant intercepts (from 1971) included:

- 17. 01 m grading 2. 22g/t Au, 0. 78% Zn, 0. 1% Cu, 0. 44% Pb and 0. 38g/t Ag from 111. 62m
- 2. 72 m grading 2. 89g/t Au, 0. 30% Zn, 0. 24% Cu, 0. 83% Pb and 10. 0g/t Ag from 89. 18m

Cordillera is under explored especially given the reported Au grades that were not followed up.

### Resources

Sultan Corporation (then Balamara Resources) reported a JORC (2004) Mineral Resource for the combined John Fardy and Peelwood deposits in 2008. A summary of the historical Estimates is shown in Table 3. 7 below.

**Table 3. 7: John Fardy and Peelwood historical Estimates**

| Resource | Classification | Tonnes (kt) | Zn % | Cu % | Pb % | Ag g/t |
|---|---|---|---|---|---|---|
| John Fardy (1% Zn cut off) | Indicated | 597 | 4. 5 | 1. 0 | 0. 6 | 15. 1 |
| | Inferred | 39 | 3. 0 | 1. 1 | 0. 3 | 12. 9 |
| | **Sub-total** | **636** | **4. 4** | **1. 0** | **0. 5** | **15. 0** |
| Peelwood (4%) Zn cut-off) | Inferred | 259 | 2. 8 | 0. 3 | 1. 3 | 17 |
| **Combined Resources** | **Total Indicated & Inferred** | **895** | **3. 94** | **0. 8** | **0. 73** | **16** |

Sources: Heron 2021 – Woodlawn Mine and surrounds

The historic Mineral Resources (JORC, 2004) indicated a high level of prospectivity, but note that they are based on estimates with only rudimentary QA/QC and geostatistical methods applied, which do not meet current industry best practices for data veracity and resource estimation. As a consequence, the data and resulting estimates cannot be verified and the estimates should be considered as indicative only. SRK considers the tonnages and grades to provide a reasonable estimate of the potential tonnages and grade. For the purposes of valuation, SRK recommends treating the estimated tonnes and grades as Inferred.

### Prospectivity

In general, the Peelwood mineralised trend has high potential for the discovery of additional potentially economic mineralisation over a strike length of up to ~10 km. The historic Resources are relatively small and require modern re-estimation, but are likely to have reasonable prospects as satellite feed to Woodlawn. The remainder of the tenement remains prospective for additional discoveries of polymetallic base metals (Zn, Pb, Cu) and precious metals Ag and Au. The gold grades at Cordillera are notable and represent a strong exploration target that appears to be relatively underexplored.

### 3.5.2 Burra (El 8797)

The Burra Project is located 20 km south-southeast of Canberra and 60 km southeast of Woodlawn. The project is contained within EL 8797 and covers 65. 89 km² in area over the Burra Fault that forms the eastern bounding fault of the Cowra-Yass Trough, which hosts Silurian to early Devonian felsic to intermediate volcanics and volcaniclastics, clastic sediments, and limestone.

The Burra project offers potential for the discovery of high-grade Zn-Pb deposits at the London Bridge, Burra Mines and the Yarrandon prospects, the key target VMS-style base metal deposits developed in the Silurian sediments of the Cappanana Formation and the overlying acid volcanics of the Colinton Volcanics.

Historically mined, Burra sits within the Silurian VMS province. It had a defined exploration target at London Bridge of 450,000 t at 5. 2% Zn, which provides an immediate focus. Significant greenfields exploration upside includes potential for extensions and repetitions both laterally and at depth, highly anomalous gossans and substantial surface geochemical anomalism remain untested; and IP, magnetics and geology indicate potential for discovery of significant mineralisation within the project area.

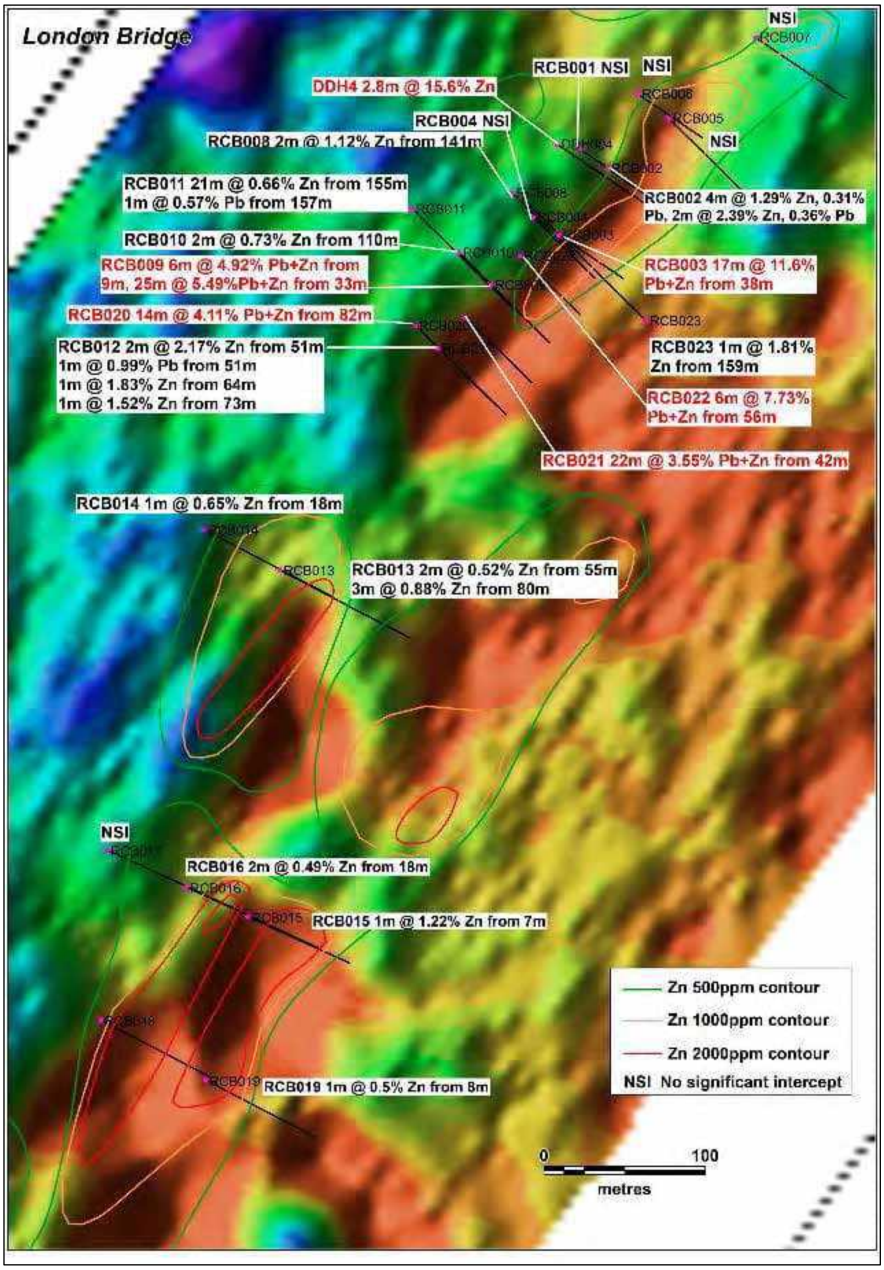
#### Local geology

EL 8797 overlies the Burra Fault that forms the eastern bounding fault of the Cowra-Yass Trough, which was developed during the Lachlan Orogeny. The Cowra-Yass Trough is a north-south trending region of Silurian to early Devonian felsic to intermediate volcanics and volcaniclastics, clastic sediments, and limestone deposited in a back-arc setting. EL 8797 covers siliciclastic Ordovician sediments of the Foxlow Beds in the east which are in faulted contact with the Silurian rift sediments of the Cappanana Formation and Colinton Volcanics in the west, by the north-south trending Burra Fault. The geology of the area is steeply dipping to vertical. Regional metamorphism from Devonian to Carboniferous magmatism has led to local skarn development. The overall metamorphic grade is greenschist facies, while the foliation and cleavage is steeply to gently dipping and follows the overall NNE-SSW trend.

#### Mineralisation

Mineralisation at the London Bridge, Burra and Yarradon prospects is hosted in limestones of the Cappanana Formation and extends into the overlying Colinton Volcanics. Surface mineralisation is observed as a 4. 5 km long (Figure 3. 16), high grade Zn-Pb-Ag soil anomaly and encompasses the London Bridge and Burra prospects, which suggests significant continuity of mineralisation along strike. Mineralisation corresponds with areas of gossanous outcrop and Zn, Pb, Cu, arsenic +/- tin anomalism is observed to be coincident with footwall shale/slate sequences and extends into the lower basal sequence of the overlying Colinton Volcanics.

**Figure 3. 16: London Bridge over magnetics and historic drilling**




Sources: Heron 2021 – Woodlawn Mine and surrounds

## London Bridge Prospect

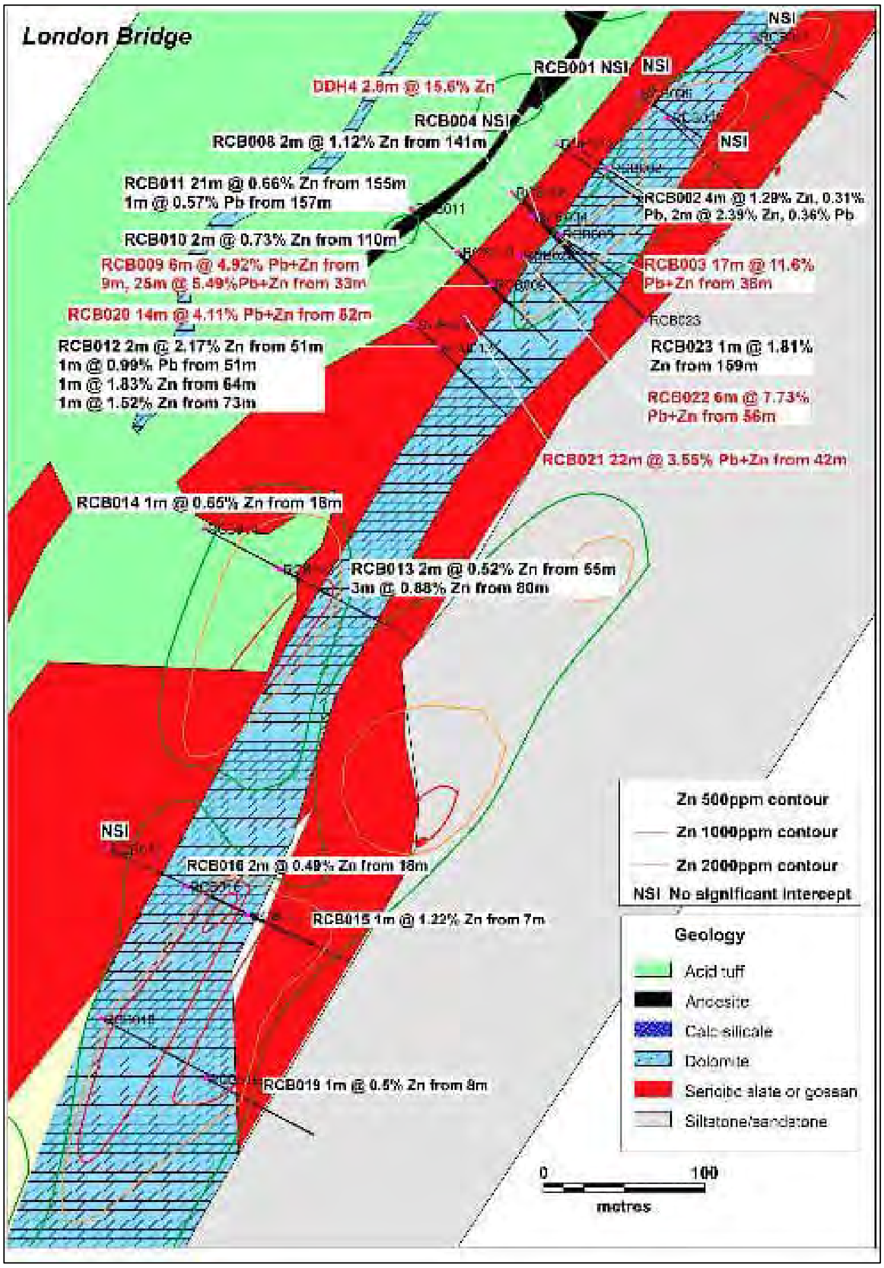
The London Bridge Mine is reported to have produced an average grade of 15% Pb and 765 g/t Ag. London Bridge Mine is a stratabound, carbonate hosted-deposit hosted within the Cappanana Formation. It lies proximal to the Silurian-Ordovician disconformity, as well as the regional Queanbeyan Thrust. Mineralisation occurs as two main forms;

- layered sulfidic metasediment with massive to semi-massive or podiform (sphalerite-galena) bodies
- carbonate veins with minor quartz and trace pyrite, sphalerite, galena, chalcopyrite and boulangerite (Pb5Sb4S11).

It is characterised as a VMS deposit modified by regional metamorphic deformation, recrystallisation, and veining effects.

Initial drilling by Conwest returned high grade zinc in DDH4 (depth not disclosed) hosted within Silurian limestone and conglomerate. DDH5 drilled beneath DDH4 and RCB001 (twinned DDH4 by Universal) did not intersect continuous mineralisation. More recent drilling has continued to identify high grade albeit potentially discontinuous or poddy mineralised lenses.

**Figure 3. 17: London Bridge historic drilling over geology**




Sources: Heron 2021 – Woodlawn Mine and surrounds

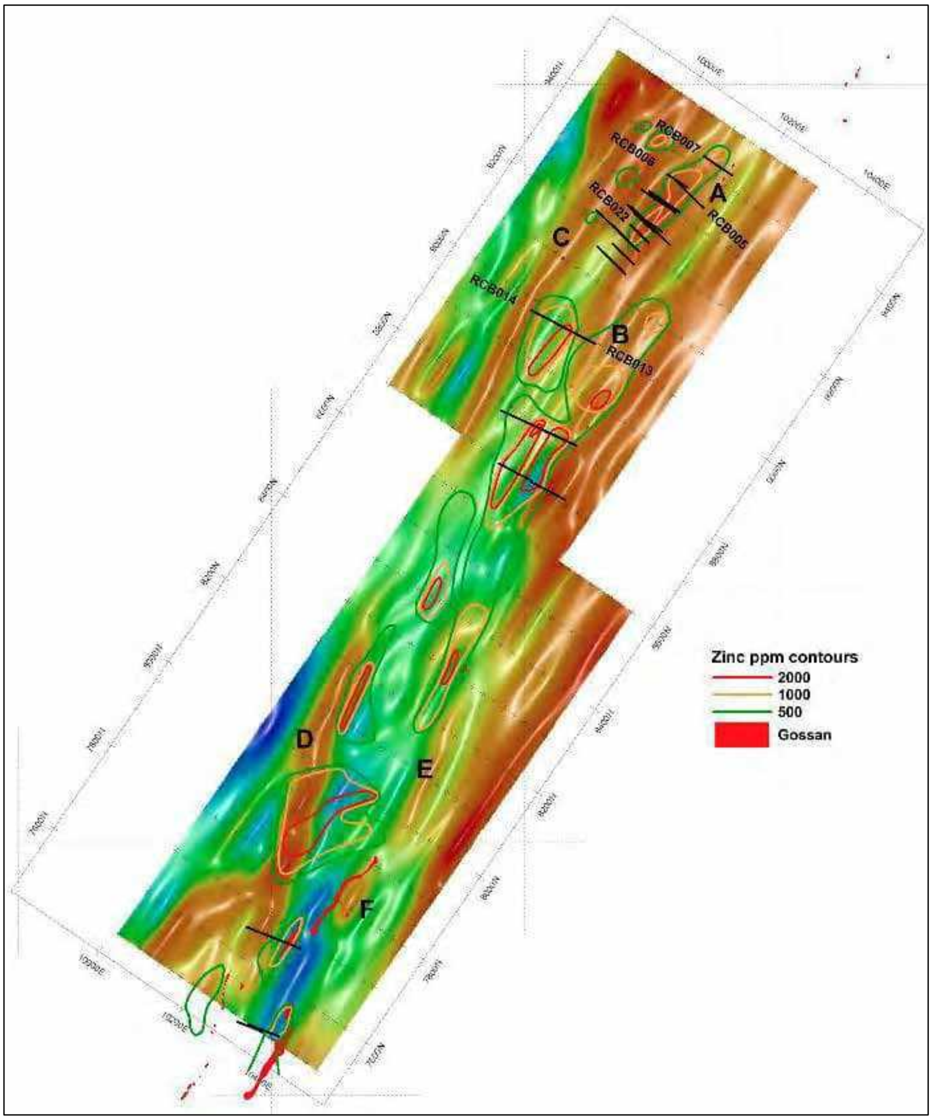
In 2007, a Gradient Array Induced Polarisation (IP) geophysical survey completed at London Bridge, London Bridge South and Burra aimed to delineate lateral extensions and repetitions of mineralised lenses. A number of significant chargeability and resistivity anomalies were returned and these remain to be tested.

**London Bridge IP chargeability Anomalies A and B**: delineated over a 600 m strike, associated gossan up to 26. 32% Zn and drill hole RCB022 intersected narrow zones of high grade (>7% Zn) from 56 m. Anomaly 'A' indicates that mineralisation may extend 100 m north of drill holes RC005 and RCB006 and RCB007 was sited too far east to test the anomaly. Anomaly 'B' indicates potential for a 200 m extension to the south and that holes RCB013–14 and RCB024 were prematurely terminated.

**London Bridge IP chargeability-resistivity Anomalies C and D**: delineated a strike length of approximately 1. 8 km at a contact between limestone and volcanic, representing a good target, which hosts a narrow gossan with assays up to 2. 91% Zn and 1. 6% Pb.

**Burra IP chargeability E and F**: narrow, discontinuous, approximately 400 m long. ‘F’ is adjacent to a 200 m long gossan outcrop that has assayed up to 0. 26% Zn. ‘E’ suggests this gossan and/or a sub-surface primary zone may continue to the north.

**Figure 3. 18: IP chargeability anomalies with drilling**




Sources: Heron 2021 – Woodlawn Mine and surrounds

## Burra Mine Prospect

The Burra Ag-Pb Mine overlies the Queanbeyan Thrust contact between Ordovician basement and the Cappanana Formation.

The Burra Mine gossan has a discontinuous strike length of 750 m and Pb-Zn soil anomalies (>500 ppm), and As (>100ppm) associated with the southern portion. Rock chip sampling returned values up to 2. 3 % Zn and 0. 98% Pb (Universal) and 6 g/t Ag and 2. 5 % Pb (Teck), 2. 3% Zn and 0. 47 % Pb (Le Nickel). Three short holes were drilled into the Burra Mine and wide zones of low grade (<1. 5% Zn) zinc mineralisation within ferruginous breccia.

Difficult drilling and poor core recovery led to holes prematurely terminated and drilling failed to adequately test the targets. The shallow, low-grade oxidised mineralisation (to >200 m downhole depth) suggests that the 'plumbing' system for oxidising fluids along this portion of the Queanbeyan Fault is of a significant size. Mineralisation at Burra has not been adequately tested and the broad, oxide intersections indicate the potential for a sizeable system at depth.

#### Yarradon Prospect

The Yarradon iron prospect is located approximately 2. 6 km south of the Burra Pb-Zn prospect. It forms a 3 km long limonitic gossan along the Queanbeyan Fault, and was mined historically for Fe, as evidenced by several small pits. It has returned gossan rock chip samples up to 1. 1% Zn. It was thought that the ironstones were derived from lateritic weathering of adjacent limestones but are now interpreted to have formed via similar processes to those at Burra; i. e. they are related to sulfide mineralisation rather than simply the residual enrichment of iron. No drilling has been conducted in the Yarradon area, and therrefore its potential remains untested.

#### Prospectivity

The Burra Project has high potential for the discovery of an economic polymetallic base metal deposit.

### 3.5.3 Boro Project (EL 8353)

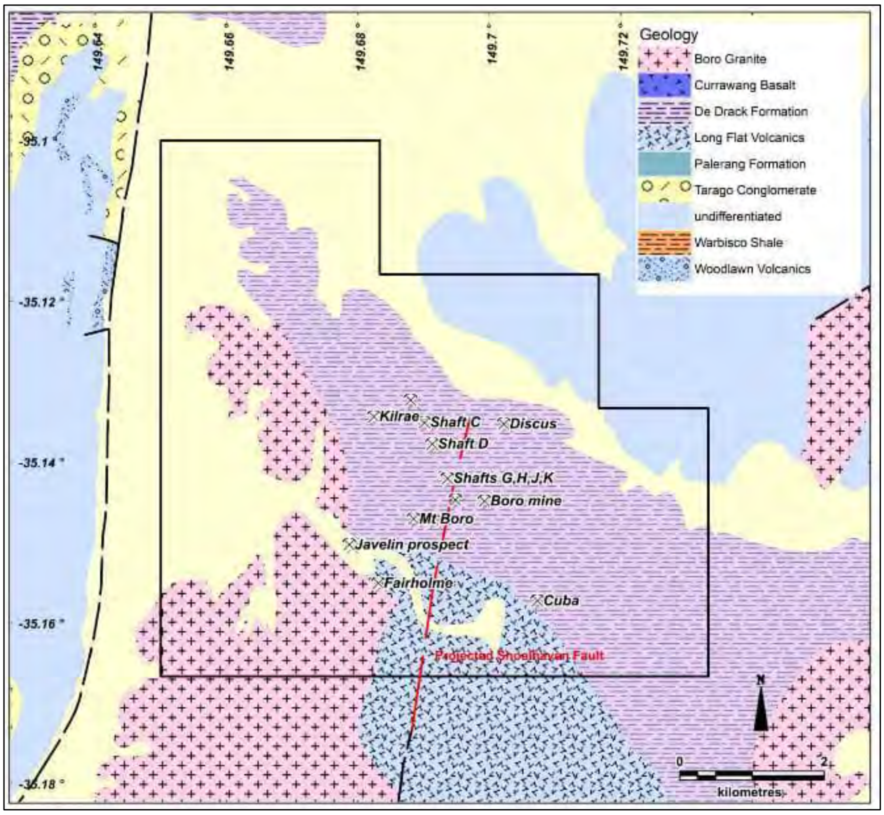
The Boro Project is located 10 km southeast of Woodlawn. The project is contained within EL 8353 and covers 44. 93 km$^2$. EL 8353 is centred on the historic Boro Mine, a Pb-Zn-Ag-Cu prospect and its main shaft is located 9 km southeast of the small town of Tarago.

#### Local geology and structure

The Boro prospect is situated in steeply dipping, slightly metamorphosed, Upper Silurian sediments and volcanics in unconformable and partly faulted contact with the highly folded Late Ordovician flysch sediments on their eastern and northern boundaries. To the south and north towards Tarago, the Silurian rocks are bounded by the mid Devonian Boro Granite, which is part of the Bega Batholith. Overlying these rocks are Devonian sediments and widespread Cainozoic sediments. The prospective Upper Silurian rocks are represented by the De Drack Formation (less prospective – but porphyry style possible) and overlying Long Flat Volcanics.

Two north-striking major faults exist near the tenement, the Mulwaree fault to its west and the Shoalhaven Fault to its south, which is likely to project northwards through the tenement. Sulfide mineralisation in gossans consists of sphalerite, galena, and subsidiary chalcopyrite and pyrite and typically occurs in veins related to shears where two events of folding have been observed.

**Figure 3. 19: Geology and prospects at the Boro project (EL 8353)**




Sources: Heron 2021 – Woodlawn Mine and surrounds

## Mineralisation

The historic Boro Mine was discovered in 1888 and worked intermittently until 1924. It has been reported that, from 1897 to 1899, 300–400 tons ore at approximate average grades of 30 oz/t Ag and 18% Pb were mined from the 21 m level.

There are about 20 shafts, pits and costeans in the main areas of mineralisation and early work concentrated on kaolinised tuffs with quartz veins bearing silicified and disseminated sulfides.

## Historic Exploration

The historic exploration at Boro is detailed in Table 3. 8.

**Table 3. 8: Historical Exploration at Boro**

| Report | Company | Geochemistry Geophysics | Drilling done | Key result | Implication and outstanding queries for current exploration |
|---|---|---|---|---|---|
| MR00810. R0 0045182_MinesRecord | | | | ***1888 – 1897*** < 24. 4 m carbonate ore 22% Pb, 1. 071 kg/t Ag; ***1897 – 1899*** 24. 4m 300-400 tons 18% Pb, 25-30oz Ag; ***1905-1924*** Main shaft sunk (M) 7. 3m of variably banded massive sulfide ore exposed in the X cut at 57 oz/t Ag, 26% Pb, 30% Zn. Required exploration after that. | Small, mineralised pod or larger porphyry system? Fault related? |
| GS1952/011 | Electrolytic Zn | Mapping, sampling | DDH – NP4 and NP6 of gossans at Boro workings. | NP4 – abandoned. *Best result: 0. 13m grading 2. 3% Pb, 10. 9% Zn.* NP6 failed to intersect mineralisation. | Low recovery 1 – 17% makes prospect untested |
| GC1967/085 | Anaconda | Mapping. B- horizon grids. Ground mag and IP. | | Concluded that gossans larger at surface than at depth. Defined Pb, Zn, Cu coincident zones in tuff. Mag anomalies small, discrete with no cohesion to delineate a zone of interest. IP anomalies attributed to graphite in slates. | Magnetic lineations maybe from sheared magnetite, pyrrhotite or maghemite. Metasomatic magnetite alteration related to contact metamorphism from granite? |
| GS1970/405 | VAM Pty Ltd | | VB1 and VB2 at main shaft | Abandoned before lode reached – holes caved. | High-grade units not tested |
| GS1971/238 | Jododex | 500 soil, 170 rock chips. Airborne EM / mag | Drilled HR1-HR4 into Hanging Rock prospect but is outside EL. | Reported insufficient resolution of EM / magnetics(?) | 383 stream sediments collected within EL area. |
| GS1974/099 | Jododex | | DDH at Fairholme prospect | DDH into mineralised skarn - F1 Fairholme prospect 169m. Nothing > 1% Cu, Pb, Zn. | Pyr, sph, gal, cpy disseminated or as stringers<br>in volcanic units. Core at Londonderry |
| GS1978/121 | Jododex | | DDH B1 south of M shaft<br>DDH B2 south of D shaft<br>DDH B3 at main shaft.<br>CB1 and CB2 at Cuba prospect | B1 1. 25m to 0. 08% Cu, 0. 13% Pb, 2. 22% Zn and 6 ppm Ag from 326. 5m<br>B2 patchy minn b/w 320m - 330m (321. 68m to 322m: 0. 34% Cu, 2. 19% Pb,<br>1. 85% Zn, 250 ppm Ag; 327. 17m to 327. 40m<br>0. 03% Cu, 2. 70% Pb, 2. 36% Zn, 26 ppm Ag).<br>B3 contained massive magnetite.<br>CB1 from 326. 5lm to 327. 76m (1. 25m) 0. 08% Cu, 0. 13% Pb, 2. 22% Zn and 6 ppm Ag | Petrology suggests epigenetic mineralisation rather than VMS.<br>Deep weathering – must drill deeper and may be missing lodes of mineralisation due to plunge of ore shoots – must consider for future work.<br>Porphyry at Cuba showed no alteration |
| GS1979/146 | Jododex | 250 B horizon samples | B4 to 250m below the M shaft. | B4 best assays being 3m at 0. 9% Zn from 157m 0. 9% from 195m to 197. 5m.<br>A fault zone from 183m to 210m. | Did not delineate any new zones so didn't follow up. |
| GS1980/442 | Jododex | Mapping, Dighem survey. | 1st RAB - 141 holes 1618m at Fairholme & Boro.<br>2nd RAB – qtz-eye porphyry NW of Boro at contact with chloritic shale. | 1st RAB – Fairholme highest values 800ppm Zn, 835ppm Pb, 515ppm Cu (no Ag values).<br>2nd RAB revealed Kilrae prospect along sediment-volcanic contact.<br>DDH Kilrae JMF-1 1m at 0. 19% Cu, 15 ppm Pb, 1. 98% Zn, 2 ppm Ag, 361 ppm As, 0. 09 ppm Au. | JMF-1 at Londonderry?<br>Alteration present in porphyry – exploration target. |
| GS1995/132 | Denehurst, CWG, MCM | Mag survey, gridding and mapping of the Boro and Cuba prospects, | Re-assay of CB1, CB2, B1, B2, B3, B4 & JMF-I (Kilrae)<br>Precollared core hole (BRC-1).<br>5 percussion holes (BRC-2 to 6) and 2 RC holes (BRC 7 & 8) | B1 1m @ 0. 07% Cu, 0. 51% Pb, 0. 65% Zn and 24ppm Ag<br>B2 1m @ 0. 32% Cu, 1. 24% Pb, 0. 87% Zn and 180ppm Ag. Hole B4 was only assayed for Au. Kilrae best 0. 1% Zn was from 93 to 94 m which assayed 0. 19% Cu, 15 ppm Pb, 1. 98% Zn, 2 ppm Ag, 361 ppm As and 0. 09 ppm Au.<br>Cuba prospect - max 0. 07% Cu, 0. 50% Pb, 1. 56% Zn, 14ppm Ag, 280ppm As, 0. 1ppm Au.<br>BRC-1 2m @ 2m @ 3. 1 % Zn, 1. 4% Pb<br>BRC-2 24m @ 0. 41% Cu, 1. 45% Pb, 1. 04% Zn and 5ppm Ag from 44m<br>BRC-3 28m @ 0. 19% Cu, 1. 54% Pb, 0. 09% Zn and 53ppm Ag from 22m<br>BRC-4 24m @ 0. 27 % Cu, 1. 80 % Pb, 0. 08 % Zn & 56 ppm Ag<br>BRC-4 8m @ 0. 07% Cu, 1. 7% Pb, 0. 03% Zn and 41ppm Ag from 48m EOH<br>BRC-7 18m @ 0. 02% Cu, 1. 7% Pb, 0. 05% Zn and 68ppm Ag from 30m EOH | Re-assay reflected decreasing grade with depth. |
| GS1996 /223<br>GS1997/109 | Denehurst, CWG, MCM | Gridding at Javelin & Discus. 32 rock chip samples | 1 core hole Javelin (JA-<br>1) for 190. 3m. | Two main skarns<br>JA-1 78-93m 15m at 0. 02% Cu, 0. 01% Pb, 0. 7% Zn, <0. 5ppm Ag, 0. 01ppm Au. | Best geochem 2% Cu, 1. 19% Pb, 1. 24% Zn,<br>20. 5ppm Ag. Javelin rock chip max 580ppm Cu, 1110ppm Pb, 3700ppm Zn, 2ppm Ag. |

Sources: Heron 2021 – Woodlawn Mine and surrounds

#### Prospectivity

In general, the Boro project is a number of untested targets remaining but the style and nature of mineralisation at Boro identified to date appears less prospective for identification of large scale economic deposits. Drilling to date has generally returned low grade albeit reasonable thicknesses intersections.

### 3.5.4 Cullarin South (EL7468)

The Cullarin South project (EL 7468) covers 19. 72 km² in area and is located 14 km to the north-northwest of Woodlawn. Cullarin South covers the northwest strike extension of the stratigraphy that hosts the Woodlawn Mine. EL 7468 covers both pastoral and hobby farms accessible by both sealed roads and tracks.

The EL 7468 area is situated on a southerly-plunging nose of the Currawang Anticlinorium. The prospective areas are those underlain by Woodlawn Volcanic sequences of the eastern limb and the axial plane zone of the Currawang Anticlinorium. Cullarin South had been a relatively low exploration priority for Heron, but the stratigraphic position of this prospect is significant in the overall Woodlawn sequence and is significantly untested.

#### Historic Exploration

No systematic work has been undertaken within EL 7468 as land access has been difficult in the past. A total of 43 stream sediments were collected by Jododex in 1978 with no follow-up drilling.

#### Prospectivity

The Cullarin South Project has a history of landholder access issues. Whilst work by Heron suggests that the geology of the area is likely to be Woodlawn Volcanics sequence, it remains at a very early stage.

### 3.5.5 Mulloon (EL 7469)

The Mulloon project (EL 7469) abuts the Woodlawn mine area to the south and covers the southern extension of the Mount Fairy Group (Woodlawn Volcanics and Covan Creek Formation) over an area of 61. 7km². The southern parcel covers the Devonian-aged, Long Flat Volcanics that comprise intermediate to felsic volcanics and their sedimentary derivatives. The northern part of the tenement sits within the Molong Anticlinorial Zone and contains a series of north-south trending, steep reverse faults. A number of significant regional structures occur in the immediate project area; the Shoalhaven Fault runs through the southern part of EL 7469 and is interpreted to be a west dipping thrust fault with west block up.

The northern part of the EL features historic base metal occurrences and workings. The Willows and Hayshed prospects sit just southwest of the Woodlawn Mine and were thought to contain extensions to the Woodlawn deposit. The Mulloon Cu workings were a previous producer of copper and are an exploration target but access to this area has been denied by landholders.

Geological targets include VMS within felsic volcanics, Dargue's Reef style Intrusion related gold systems (IRGS), and shear-hosted base metal deposits on or immediately adjacent to the contact between the Silurian and Ordovician meta-sediments. Target stratigraphy includes the Currawang Basalt, Covan Creek Formation and Woodlawn Volcanics.

### Historic Exploration

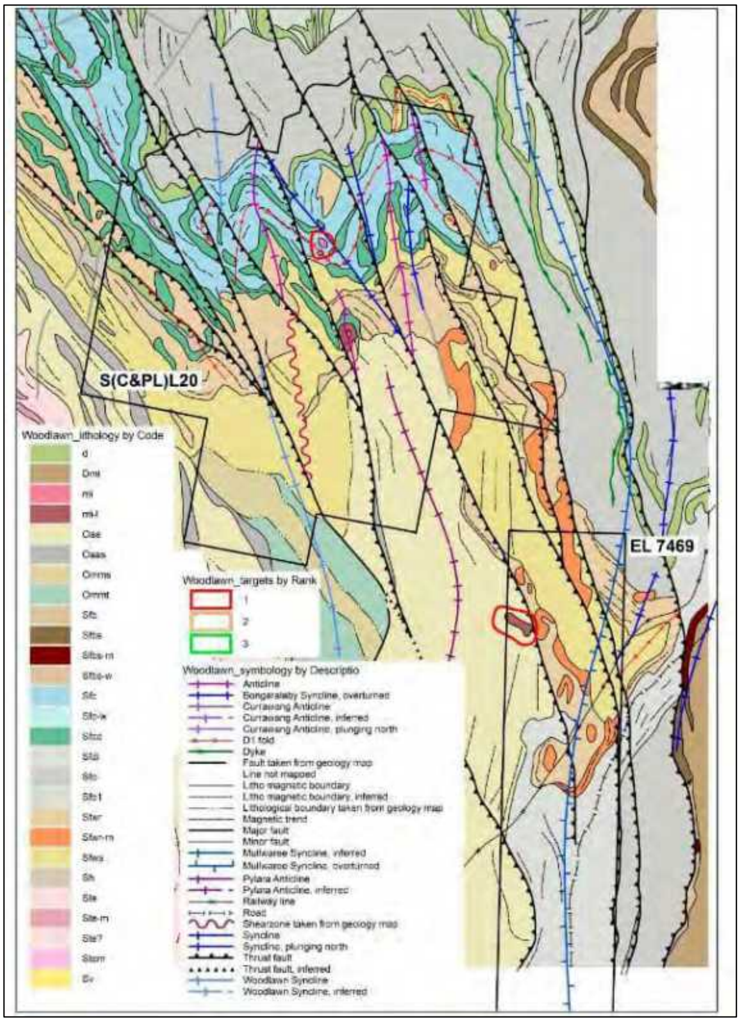
- Copper was discovered at Mulloon in 1872 and an estimated 6,000 t of Cu ore was extracted from shafts from 1880 to 1920 with final mining activity in 1954. At Mulloon, a number of individual lenses of Cu, Cu-Au and Pb-Zn mineralisation have been defined over a distance of approximately 1. 5 km from the Scott's workings in the south to the Old Griffin Shaft in the north. At least seven separate areas and fourteen individual lenses have been defined. These occur in folded and foliated Ordovician metasediments.
- In 1970, the Mulloon Mining Syndicate completed 5 diamond holes from 3 sites, with 4 of the holes intersecting chalcopyrite mineralisation. Kratos Uranium drilled 17 holes totalling 1,642 m in 1971–72. Several narrow (less than 1 metre) moderate to high grade Cu intercepts were reported. In the period 1970 to 1974, Jododex explored the area under EL 226 completing regional mapping, geochemistry programs and an airborne EM geophysical survey. EM anomalies were followed up with dipole-dipole IP geophysical surveying and prospecting. Five lines of IP were read over the Bengwen Prospect southeast of the Mulloon mines. In 1973, an 11-hole drilling program was completed in the northern part of the current tenement targeting geochemical anomalies. Quartz-pyrite veins were intersected in all holes and weak base metal mineralisation was reported in two holes.
- Teck held EL 1424 centred on the Mulloon Prospect from 1980 to 1982. It completed 1132 line-km airborne Digihem II (EM and magnetics) geophysical survey over the tenement in 1981 and followed up anomalies on the ground with geological mapping and prospecting. Eighty percent of the anomalies were found to be caused by cultural features and the assays from rock-chip geochemical samples were weak. Importantly they noted that the hypothesis that the Woodlawn Volcanics extended through the Mulloon area was flawed and most of these rocks previously mapped as felsic volcanics were, in fact, intrusives.

### Hayshed/Pylara Prospect

In late 2014, the Hayshed Prospect was further sampled with a B horizon auger program. Results showed an anomalous zone of elevated gold, copper, and lead and to a lesser extent zinc. The anomalous zone also covers a northwest-trending magnetic low feature and a number of parallel striking faults, which further delineated an anomalous base metal and gold zone.

The northern most part of the tenement was covered by the regional aeromagnetic geophysical survey in 2015 and the geological interpretation of parts of the aeromagnetic data is shown in (Figure 3. 20) Modelling at Hayshed prospect was completed. It was shown that the magnetic anomaly character is reminiscent of a reversely polarised late-stage mafic intrusion, such as Tertiary basalt feeder pipe. Alternatively, it may represent an unusually homogenous and euhedral dolerite closer in age to Woodlawn, which is probably more plausible. Previous drilling caught the edge of the magnetic anomaly and intersected magnetite, which was thought to explain the anomaly. However, modelling of the anomaly proposes a much deeper source and that the drilling was unlikely to have intersected the main source of the anomaly.

**Figure 3. 20: Geological interpretation based on 2015 aeromagnetic data. Target area – Hayshed prospect showing magnetic anomaly but unknown underlying geology**




Sources: Heron 2021 – Woodlawn Mine and surrounds

## Mt Fairy Limestone

The Mt Fairy limestone deposit was undertaken due to its potential for offtake and also for use at Woodlawn for rehabilitation. The main limestone horizon at Mount Fairy belongs to the middle to late Silurian Sandhills Creek Limestone Formation. It was deposited as a series of lenticular bodies, the largest being up to 40 m thick. The Sandhills Limestone Formation overlays the slate of the Ordovician Birkenburn Beds. The limestone outcrops on both sides of a south plunging syncline. The core of the syncline is filled by the younger Tarago Conglomerate and Woodlawn Volcanics. The limestone is massive, strongly jointed, grey and fossiliferous. Dolomite also appears localised in the limestone along faults, shear zones, joints and cleavages.

Currently, discussions are underway with a third party for exploration, development and offtake of the Mt Fairy Limestone deposit.

#### Prospectivity

The Mulloon Project is at an early stage of exploration. The interpretation that the magnetic anomaly at Hayshed/Pylara could be another Woodlawn is intriguing although drilling, albeit shallow to date, was not supportive.

### 3.5.6 Mayfield Project (EL 8945)

EL 8945, the Mayfield Project, is located 20 km southeast of the Woodlawn Mine and is a large area of 290 $km^2$ in size.

#### Geology and structure

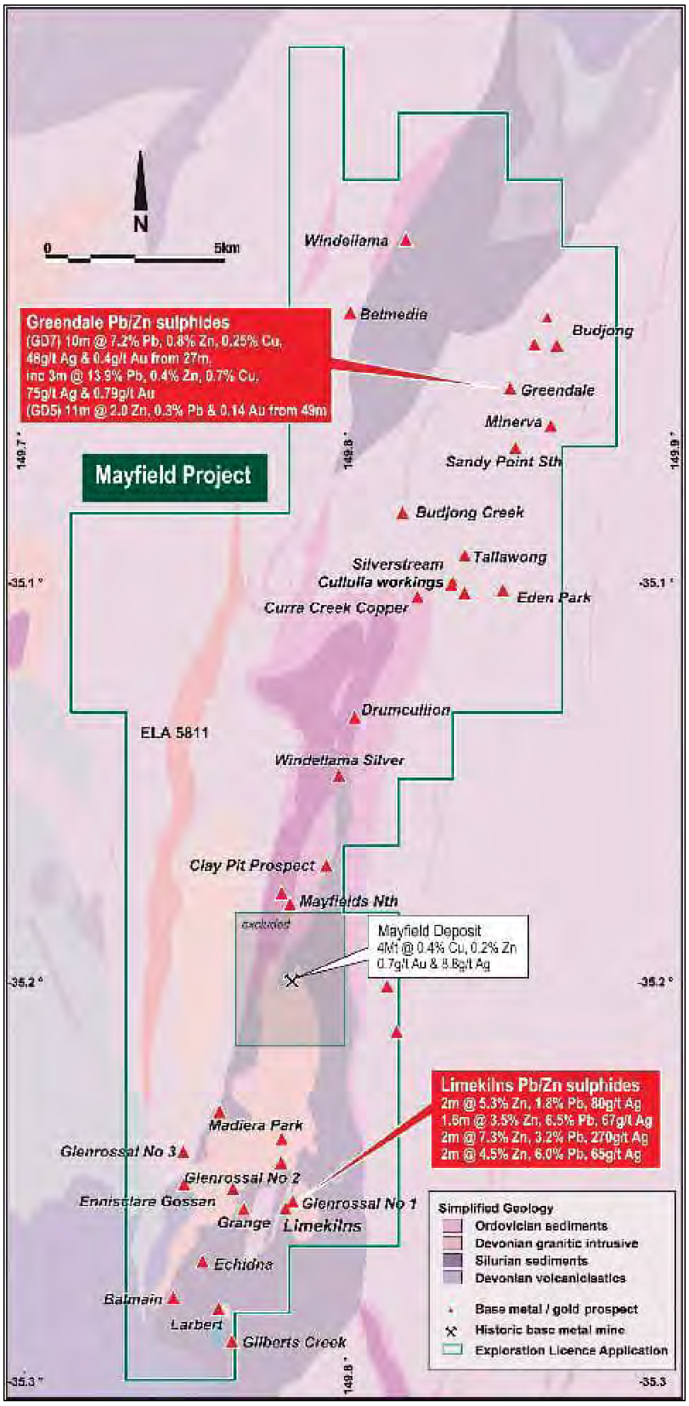
The Mayfield project straddles the boundary between the Molong-South Coast Anticlinorial Zone in the east and the Captains Flat-Goulburn Synclinorial Zone in the west. The eastern portion of the title covers the Late Ordovician Adaminaby Group flysch sediments (quartz-rich greywackes, shales, slates, cherts and siltstones). These Ordovician rocks have been overlain in part in relatively recent times by a thin veneer of quartz and ferruginous sandstones, ferricrete, silcrete and laterite. The only known mineralisation within the licence area are the Cu vein (Curra Creek) and Pb, Ag (Cullula, Cullula South and Meyers Reef) stockwork vein occurrences. The western half of the tenement is underlain by Late Silurian age shales, siltstones, quartzites and tuffs and tuffaceous sandstones and shales, rhyolites, dacites and dacitic tuffs. These have been intruded by the Early Permian age Boro Granite and another, unnamed granite. As in the east of the tenement area, the older rocks are overlain by a thin veneer of Cainozoic sediments, including laterites.

#### Mineralisation

EL 8945 contains many base and precious metal mineral occurrences comprising mostly skarns associated with intrusions of the I-type Braidwood granite suite. Such occurrences include Pb and Cu stockwork veins in the northeast at Cullula, the Mayfield gold mine in the south and a number of outcropping gossans such as Hanging Rock, Mayfield, Glenrossal, and Ennisclare which contain variable Au, Zn, Cu and Pb values.

A summary of the prospects and key assay results is presented in Table 3. 9 below.

**Figure 3. 21: Geology of Mayfield project EL 8945**




Sources: Heron 2021 – Woodlawn Mine and surrounds

**Table 3. 9: Mayfield prospect summary**

| Prospect | Summary description | Notes |
|---|---|---|
| **Limekilns** | Outcropping gossan trends ~N-S. Numerous drill holes | Some suggest pyrometasomatic replacement of a syngenetic exhalative deposit. Anomalous Sn-Bi-W suggests some metals were introduced during magmatism. GS1993/063 DDH1: 2m at 1. 8% Pb, 5. 3% Zn, 80ppm Ag, 0. 16ppm Au, and 14m at 0. 4% Pb, 1. 8% Zn, 28ppm Ag; DDH2: 1. 6m at 6. 5% Pb, 3. 5% Zn, 67ppm Ag, and 16m at 1. 1% Pb, 1. 5% Zn, 21ppm Ag; DDH3: 5m at 0. 6% Pb, 1. 8% Zn, 12ppm Ag; DDH4: 2m at 3. 2% Pb, 7. 3% Zn, 270ppm Ag, 0. 18ppm Au, and 16m at 2% Pb, 2. 7% Zn, 73ppm Ag; DDH5: 1. 95m at 2. 2% Pb, 0. 5% Zn; DDH6: 3m at 0. 1% Pb, 3. 1% Zn, 17ppm Ag, 3. 9ppm Au; G19: 3m at 47. 5ppm Au. |
| **Glenrossal 1** | 2 zones of anomalous Pb- Zn- Cu- Au. | GS1981/494 rock chips 1610ppm Cu, 4590ppm Pb, 2590ppm Zn, 0. 39ppm Au. GRD8: 30. 5m at 0. 03% Pb, 0. 2% Zn; GRD10: 12m at 2. 25% Pb, 0. 07% Zn, and 28m at 1. 1% Pb, 0. 09% Zn; GRD18: 27m at 1. 1% Pb, 0. 1% Zn (GS1974/381) |
| **Larbert** | Several linear gossans near contact with a rhyodacitic crystal tuff and siltstone. | GS1996/192 rock chips: 900ppm Cu, 1. 03% Pb, 4500ppm Zn, 8ppm Ag, 0. 06ppm Au; rock chips 170ppm Cu, 7300ppm Pb, 5400ppm Zn, 22. 5ppm Ag, 0. 07ppm Au from act-py breccia (GS1997/194); GS1976/386-rock chips to 4400ppm Pb, 190ppm Cu, 1200ppm Zn, 20ppm Ag, 7400ppm Mn from several gossan outcrops.<br>Drill hole BWL101: 0. 4m at 0. 92% Pb, 2. 25% Zn, or 4. 2m at 0. 36% Pb, 0. 4% Zn, in tuffs. Auger assays to: 6400ppm Pb. Complex skarn is evident in drill hole LA-1 |
| **Balmain** | Gossanous structures | Rock chips to: 16. 1ppm Au, 21ppm Cu, 611ppm Pb, 74ppm Zn; follow up samples to 0. 12ppm Au (GS1995/117) |
| **Echidna** | Several haematite gossans | GS1996/192-Rock chips to: 460ppm Cu, 380ppm Pb, 520ppm Zn, 0. 21ppm Au. Auger sample assays to: 76ppm Cu, 700ppm Pb, 580ppm Zn. To the SW is a kaolinised quartz porphyry with disseminated pyrite. |
| **Grange** | Magnetic granodiorite | Rock chips to: 2000ppm Cu, 1100ppm Pb, 2200ppm Zn , 6ppm Ag, 0. 04ppm Au (GS1996/192). Several Zn anomalous gossans and IP anomalies occur in the prospect area. |
| **Glenrossal 2** | Calc- silicate and gossanous ironstone | Representative chip sample: 13. 7ppm Au, 10. 1ppm Ag, 0. 12% Cu, 0. 12% Pb, 0. 02% Zn, 0. 32% Bi, 0. 01% Ni (GS1966/082). GRD 18: 27m at 1. 1% Pb, 0. 1% Zn; GRD8: 30. 5m at 0. 03% Pb, 0. 2% Zn; GRD10: 12m at 2. 25% Pb, 0. 07% Zn, and 28m at 1. 1% Pb, 0. 09% Zn; RAB drilling 12m at 2. 25% Pb, 0. 07% Zn (GS1974/381, GS1993/063). |
| **Ennisclare** | Skarn | E1: 76m at 1. 0% Pb, 1. 0% Zn, 10ppm Ag-with 4 narrow zones of massive sulfide including: 6. 14m at 3. 22% Pb, 3. 47% Zn , 61. 5ppm Ag; 3. 26m at 0. 13% Cu, 3. 7% Pb, 3. 8% Zn, 14ppm Ag; and 6. 16m at 0. 16% Cu, 3. 48% Pb, 3. 91% Zn, 70ppm Ag; E4: 3. 06m at 1. 05% Pb, 0. 42% Zn (GS1976/444); DDH-E5: 0. 5m at 2. 6% Pb, 3. 1% Zn, 20ppm Ag, and 1m at 3. 1% Pb, 3. 0% Zn, 15ppm Ag; EN 2: 5m at 3. 2% Zn, 3. 7% Pb, 0. 1% Cu, 51. 2ppm Ag, 0. 5ppm Au (GS1995/117); EN 3: 12m at 1. 05% Pb, 0. 65% Zn |
| **Glenrossal 3** | Skarn | G19: 3m at 41. 8ppm Au over the main gossan in granite; G22: 3m at 3. 3ppm Au; G18: 3m at 1. 0ppm Au. GS1982/450 rock chips to: 0. 7ppm Au, 6290ppm Pb, 1170ppm Zn, 420ppm Cu. GS1966/082 |

| Prospect | Summary description | Notes |
|---|---|---|
| | | rock chips to 22ppm Ag, 0. 07% Pb, 0. 08% Zn. GS1974/099-rock chips to: Cu 500ppm, 5000ppm Pb, Zn 1700ppm. |
| **Ataweenah Shaft** | Magnetite-rich ironstone | GS1995/117 rock chips to: 0. 11ppm Au, 500ppm Cu, 420ppm Pb, 570ppm Zn, 2750ppm As, 140ppm Bi and 4. 5ppm Au, 17ppm Ag, 0. 01% Cu, 0. 05% Pb, 0. 05% Zn (GS1966/082). |
| **Mayfield N** | | Rock chips to: 940ppm Zn , 0. 03ppm Au, 165ppm Cu, 130ppm Pb (GS1996/192). |
| **Clay Pit** | | GS1997/194 rock chips to: 400ppm Cu, 1000ppm Pb, 3300ppm Zn, 0. 31ppm Au. |
| **Drumcullion** | | Rock chips to: 0. 04% Cu, 0. 2% Pb, 0. 17% Zn, 0. 13% As (GS1997/047). |
| **Curra Creek** | Historic Cu mine | Rock chips to: 12. 1% Cu, 0. 27% Pb, 0. 17% Zn (GS1997/047). Ore raised in 1905 assayed ~50% Cu, ~360ppm Ag (Aust Mining Standard 1905/664). |
| **Meyers Shaft** | Numerous scattered workings | The lode assayed 15. 45% Pb and 75ppm Ag at a depth of 28m (MR04202). Assays: 31. 1% Pb and 826ppm Ag (GS1965/074). Mineralisation is hosted in 2 N-S trending shears which dip ~80 E. Rock chips in area to: 2. 57% Pb, 0. 18% Zn, 0. 28% Cu (GS1997/047). |
| **Western Shear Zone workings** | Numerous scattered workings | Adit assayed 0. 7% Pb and 7. 6ppm Ag. The adit also intersects a sandstone quartz-limonite breccia vein which assays 0. 5% Pb and 3. 4ppm Ag. Rock chips to: 2. 57% Pb, 0. 18% Zn, 0. 28% Cu from the area (GS1997/047). GS1992/198-rock chips to: 540ppm Cu, 4730ppm Pb. GS1981/224-area of workings ~350m W of the main mine gave rock chips to: 23% Pb, 610ppm Cu, 4. 57% Zn, 140ppm Ag from workings. |
| **Cullulla mine** | Numerous scattered workings | Rock chips to: 2. 57% Pb, 0. 18% Zn, 0. 28% Cu in the area (GS1997/047). GS1992/198-rock chips to: 4. 6% Zn, 0. 3% Cu, 140ppm Ag, 28ppm Au. Mineralisation is hosted in 2 ~N-S trending shears which dip~80 E. GS1992/198-suggested dip 30 SW, strike 110-120mag. GS1971/031-rock chips from the area to: 0. 06% Cu, 15. 5% Pb, 1. 5% Zn, 37ppm Ag. GS1981/224 rock chips from the area to: 2. 05% Pb, 2560ppm Zn, 11ppm Ag, 1250ppm Cu. GS1971/581-rock chips to: 15. 5% Pb, 1. 2ppm Ag, 0. 01ppm Au, 1. 5% Zn, 0. 06% Cu.<br>GS1998/028-drill hole CUL1: 1. 1m at 0. 09% Cu, 1. 45% Pb, 2. 09% Zn, 10. 3ppm Ag. |
| **Eastern Shear Zone workings** | Numerous scattered workings | Nearby drill hole CUL1: 1. 1m at 1. 45% Pb, 2. 09% Zn, 10. 3ppm Ag, 0. 09% Cu. Rock chips to: 2. 57% Pb, 0. 18% Zn, 0. 28% Cu from the area (GS1997/047). GS1981/224-rock chips to SE (~200m): 26. 9% Pb, 0. 62% Cu, 53ppm Ag, 3. 42% Zn. |
| **Eden Park** | Gossan / laterite | GS1997/047-rock chips to: 0. 27% Pb, 0. 15% Zn, 0. 03% Cu. GS1992/198-rock chips to: 291ppm Cu, 1480ppm Zn, 290ppm Pb. |
| **Tallawong** | 2 linear gossans | GS1981/224 rock chips 4970ppm Pb, 1390ppm Zn, 3ppm Ag, 610ppm Cu. |
| **Budjong Ck** | Mn-rich rock | GS1981/224 rock chips to: 5000ppm Co, 1200ppm Zn, 3ppm Ag, 52ppm Pb, 740ppm Cu. |
| **Sandy Point** | | GS1981/224-area of reconnaissance rock chips to: 1. 61% Pb, 40ppm Ag, 770ppm Cu, 580ppm Zn |

**Sources: Heron 2021 – Woodlawn Mine and surrounds**

The Mayfield Project offers further potential for the discovery of an economic polymetallic base metal deposit.

### 3.5.7 South Girilambone (EL 8318)

EL8318 (South Girilambone) is centred 17 km northwest of the town of Nyngan. The Project, which covers an area of ~129 km$^2$ , is contiguous with EL8631 (West Lynn) and forms part of the original area covered by the Alchemy/Heron NSW Farm-In and JV Agreement.

Girilambone is located near Aeris Resources Limited's (Aeris) Tritton copper operation, where Aeris recently announced development of the Murrawombie underground copper mine and along strike from the high-grade Collerina copper prospect

The Project area is prospective for 'Besshi-type' VMS copper-gold mineralisation within mafic units of the Ordovician Girilambone Group. Girilambone is located along interpreted VMS trends extending from Collerina in the south to north of Avoca Tank. The Project area is adjacent to copper anomalism along structural and magnetic trends from the historic Kurrajong copper workings.

#### Historic Exploration

Geological mapping, surface geochemistry and targeted RC drilling have been previously undertaken by Heron. Systematic exploration targeting Tritton/Collerina-style copper-gold mineralisation within mafic units was planned.

Seven RC holes for 1,270 m were drilled at the Girilambone Prospect. The best result was from testing a subtle EM conductor adjacent to a larger magnetic anomaly. Strong sericite, chlorite and carbonate alteration was observed, with individual 1 m samples of sulfidic zones with minor chalcopyrite returning up to 0. 11% copper. Soil auger programs in the Coolabah area have generated a strong coherent copper anomaly located 3. 5 km northwest along strike of the Avoca Tank discovery (Straits Resources Limited). Auger soils show a moderate copper anomaly of up to 97 ppm over 1,500 m with multi-element signature with elements such as arsenic, silver and bismuth showing a strong coincidence. A moving loop EM survey was planned to test for deeper zones of mineralisation.

After the tenement was taken over by Alchemy as part of a Farm-in and JV in 2016, little work appears to have been completed.

#### Prospectivity

There is little to no new information available on EL8318 but the area likely remains prospective for copper and base metal mineralisation.

### 3.5.8 Captains Flat (EL 8796)

EL8796 (Captains Flat) is centred approximately 20 km east of the Burra Project and 75 km south of Woodlawn. The Project, which covers a discontinuous area of approximately 63km$^2$ is reported to be host to numerous along-strike extensions of prospective stratigraphy at Woodlawn but no detailed information was provided to SRK for review. Without any detailed information to review SRK considers the potential is likely low in comparison to the projects immediately adjacent.

### 3.5.9 Sandy Point (EL 8325)

EL8325 (Sandy Point) is wrapped around the south, north and eastern margins of the Woodlawn EL. The tenement was pegged in 2014 by Heron but does not appear to have been tested with any significant exploration, despite covering an area of ~178. 6 km².

EL8325 is host to numerous along-strike extensions of prospective stratigraphy (including a substantive area mapped as Woodlawn Volcanics and other structures that are known to be mineralised. For example, the Hayshed/Pylara prospect is located on the corner of EL7257 and extends into EL8325. The tenure also covers an area of less prospective stratigraphy to the east. Without any information to review, SRK considers the potential is likely low in comparison to the projects immediately adjacent.

## 3.6 Mining and Ore Reserves

### 3.6.1 Methods and design

The mining method selected for the Woodlawn deposit is Long Hole Open Stoping (LHOS) with paste backfill and was recommend by Heron's geotechnical consultant (Beck Engineering 2016) as the preferred stoping method. The mining method previously employed at the mine was overhand cut and fill with uncemented rockfill. LHOS has the benefit of relatively low extraction costs and the flexibility to be modified to suit most ground conditions. As a non-entry method, LHOS also provides safety and productivity benefits.

The basis of design is shown in Table 3. 10 and appears to be consistent with Beck's recommendations. The proposed decline dimensions are 5. 5 m width x 5. 5 m height, allowing sufficient room for 60 t class underground trucks, whilst the ore drives are sized at 5. 0 m width x 5. 0 m height to allow for 17 t loaders. The effective stope height, based on the ore drive height and inter-level spacing is 15 m. These parameters have remained unchanged for the 2023 LoM.

**Table 3. 10: Key mine design parameters**

| Optimisation parameter | Unit | Value |
|---|---|---|
| Decline stand-off | m | 50 |
| Decline radius | m | 25 |
| Inter-level interval (floor to floor) | m | 20 |
| Minimum footwall angle | deg | 50 |
| Nominal stope length | m | 20 |
| Nominal stope width | m | 3 |
| Minimum pillar width between stopes | m | 5 |

Sources: Entech Pty Ltd, Woodlawn Life of mine plane, 2020

Overbreak assumptions to account for mining compliance and local geological structures and ground conditions have been considered for stopes in new ground as well as in remnant areas. These assumptions are shown in Table 3. 11 and have been applied to stopes based on locality assigned in the mine design software. The 2020 LoM and the schedule supplied for the 2023 LoM reflect the same geotechnical report considerations from 2016. The dilution factor in the scheduling process adds the percentage of the sum of the footwall dilution and the hanging wall dilution, of the overall stope width as shown in the formula:

$$[(\text{HW Overbreak} + \text{FW Overbreak})/\text{Stope Width}] + 1$$

**Table 3. 11: Overbreak and dilution assumptions**

| Mining Area | Unit | 2020 LoM | | 2023 LoM | |
|---|---|---|---|---|---|
| | | Footwall dilution | Hanging wall dilution | Footwall dilution | Hanging wall dilution |
| Remnant area | m | 0. 50 | 1. 00 | 0. 50 | 1. 00 |
| New area | m | 0. 25 | 0. 50 | 0. 25 | 0. 50 |

Sources: Entech Pty Ltd, Woodlawn Life of mine plan, 2020

Mining recovery considered in the estimation of production ore tonnes has been divided into four categories, as shown in Table 3. 12. The variance between the values recognises the operating conditions in the area due to spatial variability and material left behind due to remote loading. As development ends are relatively small and are cleared locally, recovery of ore for this has been set at 100%. These values have remained the same for the 2023 LoM plan.

**Table 3. 12: Mining recovery factors**

| Area | Unit | 2020 LoM | 2023 LoM |
|---|---|---|---|
| NU-LoM (Upside) | % | 85 | |
| NB-LoM (base) | % | 70 | 70 |
| New | % | 90 | 90 |
| Development | % | 100 | 100 |

Sources: Entech Pty Ltd, Woodlawn Life of mine plane, 2020

Historic costs at the operation, supplied by Heron, were used by Develop to calculate the cut-off grade for the mine. Heron also supplied the long-term revenue assumptions. The cut-off grade was calculated for economic stoping, incremental stoping, and incremental development. The values used after the financial modelling are included in Table 3. 13.

**Table 3. 13: Final LoM underground cut-off grade costs**

| Cost centre | Unit | 2020 LoM | | | 2023 LoM | | |
|---|---|---|---|---|---|---|---|
| | | Total stoping cost | Variable stoping cost | Transport and processing | Total stoping cost | Variable stoping cost | Transport and processing |
| Stoping costs including capital | A$/t ore | 77. 30 | 49. 77 | - | 80. 00 | 54. 00 | |
| Incremental haulage cost – waste dump to RoM pad | A$/t ore | - | - | 2. 00 | | | 3. 00 |
| Processing | A$/t ore | 29. 00 | 29. 00 | 29. 00 | 60. 00 | 60. 00 | 60. 00 |
| General and administration | A$/t ore | 4. 00 | 4. 00 | 4. 00 | 3. 00 | 3. 00 | 3. 00 |
| Total operating costs | A$/t ore | 110. 30 | 82. 77 | 35. 00 | 143. 00 | 117. 00 | 33. 66 |

Sources: Entech Pty Ltd, Woodlawn LoM, 2020, Develop Global communication for 2023

### 3.6.2 Ore Reserves

Ore Reserves were estimated in 2019 and published via the ASX platform in October of that year. The Ore Reserve was split between underground workings and Tailings. Table 3. 14 reflects these Ore Reserves with a variable ZnEq cut-off grade applied to the underground workings between 4. 2% ZnEq and 6. 2% ZnEq dependent on location within the mine and mine design, and no cut-off grade applied to the Tailings.

The tailings portion of the Ore Reserve Estimate from 2019 are not considered as part of the current LoM plan. An updated Ore Reserve Estimate is anticipated to be published in the fourth quarter of calendar year 2023.

**Table 3. 14: Ore Reserve Estimate for Woodlawn mine as at December 2019**

| Reserve category | Tonnes (Mt) | ZnEq (%) | Zn (%) | Cu (%) | Pb (%) | Au (g/t) | Ag (g/t) |
|---|---|---|---|---|---|---|---|
| <u>**Underground**</u> | | | | | | | |
| Proven | - | - | - | - | - | - | - |
| Probable | 3. 1 | 13. 1 | 5. 2 | 1. 6 | 1. 8 | 0. 4 | 38 |
| **Total** | **3. 1** | **13. 1** | **5. 2** | **1. 6** | **1. 8** | **0. 4** | **38** |
| <u>**Tailings**</u> | | | | | | | |
| Proven | 6. 2 | 6. 0 | 2. 2 | 0. 5 | 1. 3 | 0. 3 | 31 |
| Probable | 3. 1 | 6. 0 | 2. 1 | 0. 5 | 1. 3 | 0. 3 | 32 |
| **Total** | **9. 3** | **6. 0** | **2. 2** | **0. 5** | **1. 3** | **0. 3** | **31** |

Sources: Heron ASX announcement, Mineral Resource and Ore Reserve Statement June 2019

### 3.6.3 Production schedule

The Entech mining schedule of 2020 aimed to increase ore production to approximately 660 kt/a as quickly as possible, consistent with processing plant capacity, while minimising any potential stoping tail at the end of the mine plan. The Develop LoM plan suggests an increase in scheduled production to approximately 850 kt/a, well within the capacity of the process facility. The 2023 LoM plan does not include any tailings material as part of the production profile, relying only on ore supplied from underground workings.

The key scheduling input assumptions for the two plans are summarised in Table 3. 15.

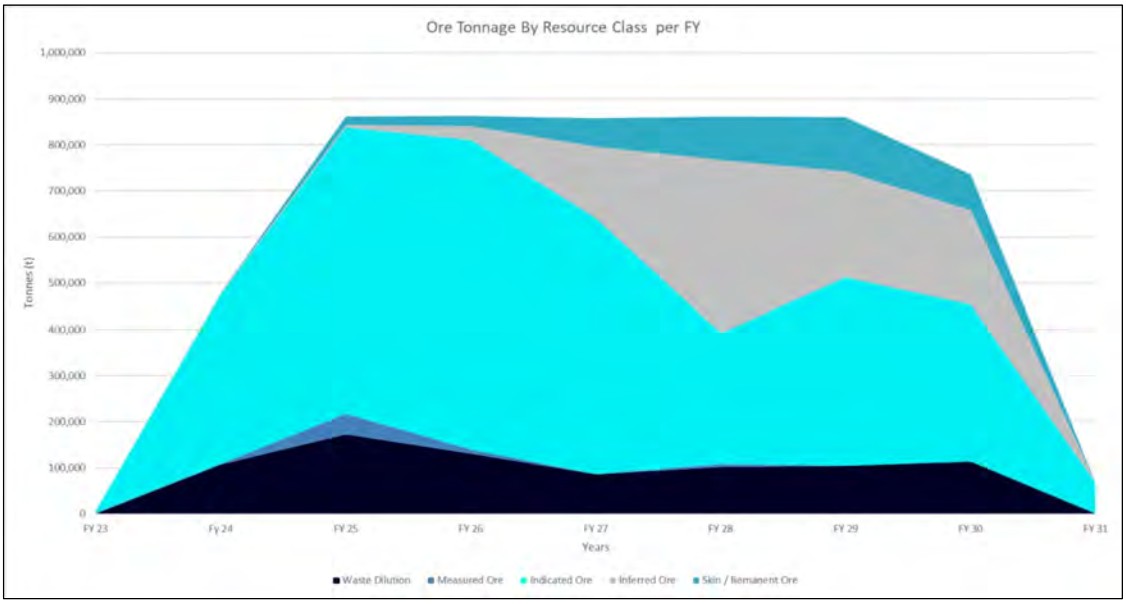
**Table 3. 15: Production scheduling criteria**

| Description | Unit | 2020 LoM | 2023 LoM |
|---|---|---|---|
| Schedule COG (ZnEq) | % | 4. 2 | |
| Stope Tonnes/Drill Metre | t/dm | 7 | |
| Development | m/mth | 100 | 3. 3 m/day |
| Rehab Rate | m/mth | 150 | 150 |
| Vertical Developments | m/d | 4 | 3–5 m/day |
| Paste Wall Delays | days | 3 | |
| Curing Time for Paste | days | 7 | 7 |
| Paste Fill Rate | $m^3/d$ | 1,000 | 850 |
| Bogging Rate | t/d | 1,200 | 1,250 |
| Production Drilling Rate | m/d | 250 | 250 |
| Stope Firing Delay | days | 3 | |

Sources: Entech Pty Ltd, Woodlawn Life of mine plane, 2020 and WDLN_Schedule_2023-06-10_Price Scenario 1. dsf
Notes: Missing values from the 2023 LoM are not zero values, but were not identified in the production schedule supplied

The annual mine production by Mineral Resource classification for the 2023 LoM plan is shown in Figure 3. 22 with high confidence Measured and Indicated Mineral Resources mined in the initial period and Inferred Mineral Resource and Remnant/skin material being mined from FY 27.

**Figure 3. 22: Woodlawn mine 2023 LoM production by Mineral Resource classification**




Source: Woodlawn Phase 1 Restart Value Model_2023_06_10_Updated Dilution Parameters. xlsx

### 3.6.4 Mining operating and capital costs

The cost model presented for Woodlawn is quoted in real terms (i. e. before inflation is applied). Operating costs for the mine were established and presented as a high-level value for development costs and stoping costs. Development costs have been included at A$6,700/m developed, irrespective of development end size and stoping costs consider a unit cost of A$60. 00/t ore. An additional cost of A$2,280/m was applied to existing development ends requiring rehabilitation, specifically in old areas mined during historic mining operations. These costs were applied to the appropriate development metre or stoped tonne to establish an overall mining cost for the project.

Capital costs were applied to development metres for areas to be developed prior to stoping operations commencing at the same rate as for development operating costs. No allowance has been included for any fleet purchase as this has already been completed prior to mining operations commencing in the September quarter of 2022. Capital development continues throughout the LoM with April 2029 being the final month that any development is classified as Capital, 18 months prior to underground production ceasing totally.

### 3.6.5 Summary technical opinion

A definitive feasibility study (DFS) completed by SRK in 2016 noted the process plant throughput potential is 1. 0 Mt/a based on material from the proposed underground operations, with a further 500 kt/a from existing tailings. The current LoM plan does not consider tailings and has increased the annual production from the 660 kt/a evaluated by Entech in 2020 to approximately 850 kt/a. This increased production considers the mine’s advanced development stage and access to multiple stopes as enabling a higher rate of production given the previous plans were mine constrained. Capital development for Kate lens is complete with ore drive access required to commence stoping operations. Development in the I and D lenses is also advanced almost to the first stope horizons, allowing for stoping operations to commence on multiple fronts.

SRK has reviewed the high-level cost model and benchmarked this against seven similar underground mining operations. The weighted average for these peer operations considers costs for tonnes mined, tonnes processed, treatment and refining costs (TCRC) and shipment, as well as royalties. The weighted average, in addition to the high and low cases, is shown in Table 3. 16, as well as the cost for Woodlawn, extracted from Develop's supplied 2023 LoM model. While Develop's mining and processing costs are slightly higher and lower than the weighted average respectively, the costs for TCRC and shipment as well as royalties are well aligned with similar operations.

**Table 3. 16: Benchmark operating costs for Woodlawn mine**

| Cost centre | Unit | Weighted Average | High | Low | Woodlawn |
|---|---|---|---|---|---|
| Mining | A$/t | 102. 33 | 145. 21 | 73. 13 | 90. 00 |
| Processing | A$/t | 45. 94 | 78. 21 | 53. 31 | 60. 00 |
| Administration | A$/t | | | | 3. 00 |
| TCRC and shipment | A$/t | 60. 69 | 88. 42 | 30. 01 | 80. 89 |
| Royalties | A$/t | 14. 37 | 17. 22 | 12. 56 | 13. 47 |
| Total | A$/t | 223. 32 | 329. 07 | 170. 02 | 247. 36 |

Sources: www. capitaliq. spglobal. com and Woodlawn Phase 1 Restart Value Model_2023_06_10_Updated Dilution Parameters. xlsx

## 3.7 Metallurgical testwork and process design

### 3.7.1 Process flowsheet

While the recent copper flotation results look promising, the lack of locked cycle tests and the limited number of samples make it difficult to predict copper concentrate grade and recovery. Based only on the samples tested, the predictions for concentrate recovery (75%) and grade (21% Cu) in the process models look reasonable. However, the most difficult aspect of the copper circuit operation will be the copper–lead separation. If the plant feed reflects the testwork samples (high copper and low lead grades) then the metallurgical predictions may be reasonable but if the plant feed grade trends towards historical lead content, then the metallurgy will be driven by the need to reject lead to meet copper concentrate quality requirements (typically <5% Pb), requiring a higher copper grade at a lower copper recovery. It is likely that dropping concentrate grades to 21% Cu (if this can be achieved without exceeding the lead limit) will result in increased gold and silver *metallurgical* recovery to concentrate. However, there is no testwork sighted that quantifies this improvement or whether this change increases the gold or silver *payable* recovery.

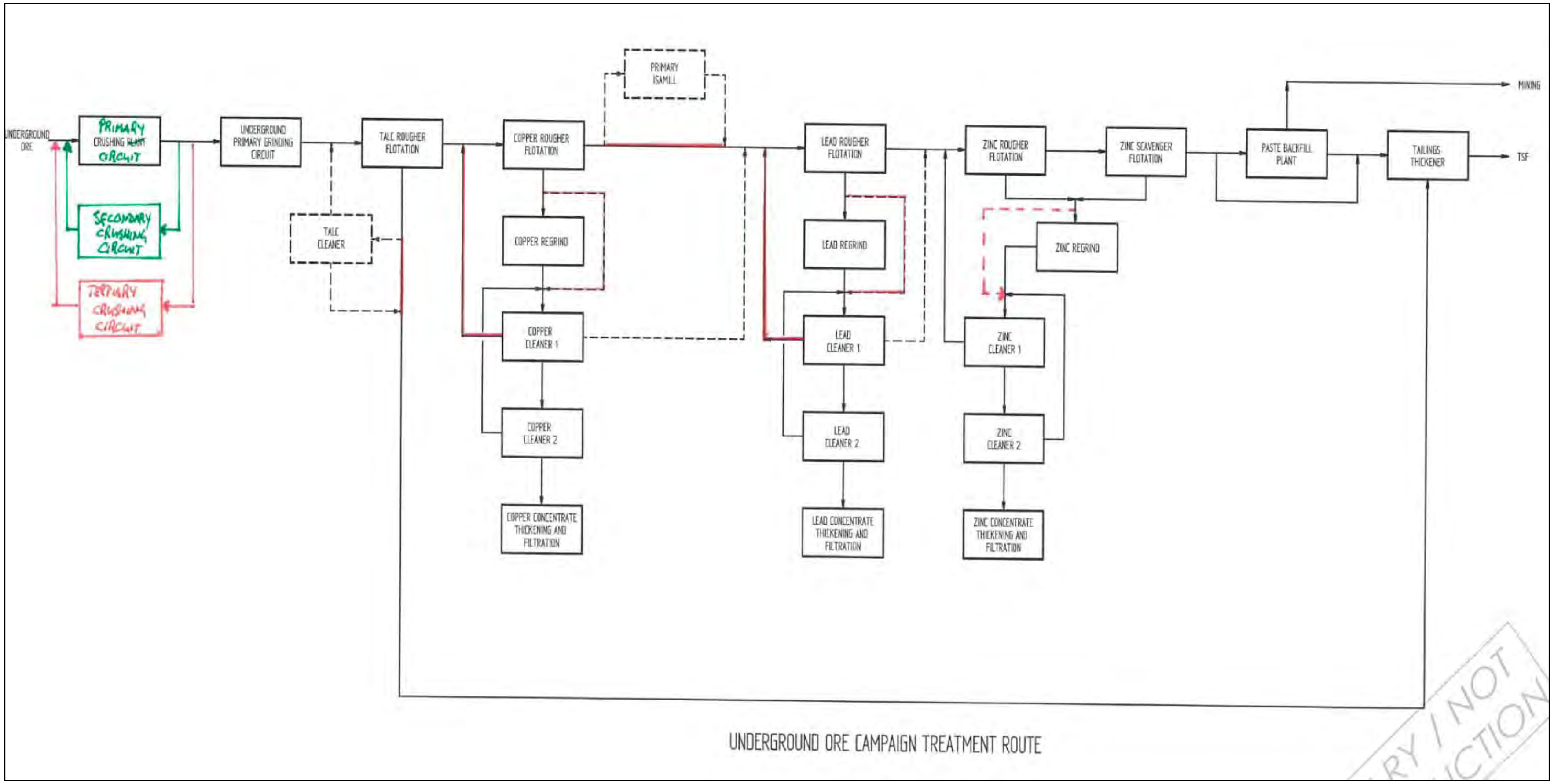
No lead or zinc concentrates were produced in the testwork, so it is unclear how the metallurgical predictions for these concentrates were derived. Based on past performance it is expected that the zinc metallurgy should be reasonable if the copper and lead levels in the zinc circuit feed are low, and the froth can be pumped.

Apart from the discrepancies in feed grade copper to lead ratio, additional features of the production schedule (*Annual Forecast Workbook – Woodlawn 10230518. xlsx* and *Woodlawn Phase 1 Restart Value Model_2023_06_10_Updated Dilution Parameters. xlsx*) that require clarification are:

- Discrepancies exist between lead, zinc, silver and gold grades and recoveries in the annual forecast workbook and the restart value models and need to be resolved. While these discrepancies affect the concentrate value, they also predict copper concentrate contamination of over 5% Pb.
- Recovery of silver to copper concentrate in both models is significantly higher than reported historically. This is probably due to lower deportment to the smaller amount of lead concentrate but should be confirmed.
- The production schedule miscalculates metal grades in the lead HPM (high precious metals) concentrate; for example, 26. 8% Cu, 35%Pb and 65. 8%Zn in 2025. This needs to be resolved.
- Once the composition of feed, the metallurgical performance, and the reconciliation between the models are resolved, then payable metals should be revised and used in the financial models along with metal deductions, payability, penalties and treatment charges. For example:
  - Payable Cu is calculated as Cu in Cu concentrate, plus 90% of Cu in Pb concentrate.
  - Payable Ag and Au is calculated as silver in Cu concentrate plus Pb Con plus Zn concentrate.
  - The assumed payment terms may be reasonable, but need to be reviewed when the composition of concentrates is better defined.

The proposed Woodlawn flowsheet is shown in Figure 3. 23.

**Figure 3. 23: Woodlawn processing flowsheet**




Sources: Woodlawn Processing redline markups PFD. pdf

Although lacking detail for a comprehensive review, the proposed plant changes generally appear sound and address most of the past operational issues. SRK assumes that GR Engineering Services (GRES) has applied the previous work appropriately in its design. SRK summarises that:

- The installation of grizzly and rock breaker on the RoM feed hopper should assist in ensuring consistent plant feed.
- The installation of a tertiary crusher to address comminution shortfalls appears appropriate although the operating installation arrangement appears complicated due to the limited space and elevation.
- Decoupling the crusher from the ball mill through the installation of an emergency feed bin is appropriate.
- Bypassing the Isa Mill appears justified for copper ores and the material treated in the testwork program, but treatment of more complex polymetallic ores or a focus on the production of concentrates other than copper may necessitate its inclusion in the future.
- The limited samples tested did not require a pre-flotation step so the pre-flotation cleaner has been removed. When treating ore that does require pre-flotation a cleaner stage will likely be beneficial for recovery.
- The modification to the pumping systems required to accommodate tenacious froth has been included with a work plan to confirm the sizing for all slurry pumps, finalise the continuous air removal system (CARS) installation and investigate jet pump options for froth pumping.
- The flotation circuit equipment has largely been kept the same, with two cleaner stages in both the copper and lead circuit and a reduction from three to two stages in the zinc circuit.
- The configuration changes to increase recirculating loads will add complexity to the operation but can be easily rectified if it becomes problematic.
- While there is insufficient detail to assess the design of the modifications to the process water dams and treatment system, any improvements are commended.

### 3.7.2 Supporting testwork

The Woodlawn documentation presented results from ten flotation tests comprising three on copper only ore, three on polymetallic (Cu-Pb-Zn) ore and the remainder on a composite sample. From these tests, only copper flotation results were supplied. In summary:

- Testwork sample origin and the relationship of the samples to the production plan are not clear as the testwork reports do not identify sample source location.
- The head grades vary significantly from the historical material treated and that evaluated in the Heron testwork and feasibility study. The polymetallic (Cu-Pb-Zn) ore is very low in lead, making it appear more like a copper ore.
- Only two cleaner flotation tests have been completed, with the remainder being batch rougher flotation tests. The rougher testwork showed excellent results for the copper and polymetallic ores.
- It is noted that the lead feed grade for the polymetallic samples used in this testwork is low and that there was no effort made to produce a zinc concentrate.

- No locked cycle tests have been completed yet. These are regarded as the definitive predictor of plant performance.

Kurt Tiedemann's file note "*Increased Cu Recovery at Woodlawn*" assumes 72% Cu Recovery at 21% Cu grade for polymetallic ore. This is a reasonable assumption from the limited recent testwork completed but it is based on testwork on ore with a much lower lead grade than previously tested. Lower lead content makes flotation selectivity and copper metallurgy much easier. Additionally, the testwork did not produce a zinc concentrate. However, it is likely that zinc metallurgy would be reasonable for these samples since the low lead head grade and high copper recovery will provide a relatively 'clean' zinc rougher feed.

### 3.7.3 Process throughput and metallurgical recovery

The metallurgical estimates are based on limited samples and testwork. There are only two copper cleaning tests, no locked cycle tests and no testing on Pb and Zn flotation on these ores. Additionally, the feed is significantly different from that historically treated at Woodlawn. For comparison, the copper to lead ratio in the Woodlawn feed is reported in various sources as:

- **0. 4: 1** in the historical numbers quoted by Develop in Woodlawn Historical Production by Stope and month – with head grades. xlsx
- **0. 4:1** in the 1993 AusIMM monograph "Mining and Metallurgical Practices in Australasia"
- **0. 8: 1** in the forecast in Heron's 2016 Canadian National Instrument (NI) 43-101 report
- **4. 9: 1** in Develop's current schedule

The significant improvement in copper to lead ratio needs to be confirmed.

The copper concentrate recovery predictions in the forecasts (75%) are based on a simple average of copper recovery from a small number of recent tests on copper-only and polymetallic ore. The estimate is considerably higher than recovery reported in previous operations (Develop report that Denehurst averaged 67–68% copper recovery, and Tilyard et al's paper in the 1993 AusIMM monograph reported 68%. ) Though additional new equipment has been installed, the circuit and technology employed has not fundamentally changed since 1993. However, the predicted feed has significantly lower lead levels than past operations at Woodlawn.

If the future head grades are as forecast (in particular the Cu:Pb ratio) then:

- The forecast copper metallurgy may be reasonable. Recent testwork on those samples has good results, but it can't be confirmed how representative the samples are of the production plan. Additionally, full locked-cycle tests have not been conducted yet.
- If the high Cu:Pb ratio is confirmed, the copper metallurgy will be good, but lead metallurgy will be more difficult than historic performance and Heron testwork. Lead flotation results on this ore would need to be reviewed before the grade and recovery estimates can be commented on.
- The zinc metallurgy forecast may be reasonable, since it is similar to the Heron locked cycle tests, and zinc metallurgy has historically been the most consistent at Woodlawn though no testwork on this stream has been sighted.

If the future head grades are closer to historic ore processed (especially for polymetallic), then results for all metals would be similar to historic results or the Heron feasibility. The processing circuit is not substantially different. Better water treatment and the addition of lead and zinc regrinding will help. The absence of lead reverse cleaning may be the correct decision but will make Cu-Pb separation more difficult. The Cu-Pb separation is the most difficult feature of Woodlawn processing.

Develop is considering separately processing copper and polymetallic (Cu-Pb-Zn) ore. Experience at Woodlawn and at other fine-grained polymetallic ores is that metallurgical performance degrades as ore is aged on a stockpile. This effect may be less significant for copper ore but can reduce selectivity for polymetallic ore. While combined metal recovery to copper and lead concentrates may be maintained, the higher cross contamination will reduce metal payabilty and may increase treatment charges and penalties. Therefore, the ability for campaign processing may require the polymetallic to be low in Pb (as per Develop's current forecast).

### 3.7.4 Processing operating and capital costs

Woodlawn operating costs appear to have been developed from a sound first principles bottom-up approach. The costing has been completed by a competent engineering firm based in Western Australia who should be familiar with the local costs relevant to this project. Checks of unit costs should be confirmed by the client's supply chain.

The capital costs appear light on details and vary from A$10. 1m (Woodlawn Plant Modifications(3765241. 3. pdf) to A$17m (Woodlawn Phase 1 Restart Value Model_2023_06_10_Updated Dilution Parameters. xlsx). A lack of detail makes interrogation of these numbers impossible, though based on SRK's understanding of the plant, we consider the A$17M to be reasonable.

## 3.8 Tailings storage facilities

### 3.8.1 Summary

The technical review of the tailings storage facilities (TSFs) and evaporation dams (EDs) is based on the documents supplied by Develop. The scope of the review did not allow a detailed assessment of each facility, and an overview is provided. The dams included in the review are limited to the regulated structures:

- Tailings Dam North (TDN)
- Tailings Dam South (TDS)
- Tailings Dam West (TDW)
- Evaporation Dam 2 (ED2)
- Tailings Storage Facility 4 (TSF4).

The Evaporation Dams 1 and 3 (ED1, ED3S, ED3N), Woodlawn Dam, Waste Rock Dam, Process Dam and Pollution Control Dam (PCD) are not regulated and are excluded from the review.

The project consists of an underground and open pit mine operated between 1978 and 1998, and reopened in 2017. During the 1978–1998 period, three tailings dams were used:

- Tailings Dam North (TDN), from 1978 to 1980

- Tailings Dam South (TDS), from 1980 to 1989
- Tailings Dam West (TDW), from 1989 to 1998.

Evaporation Dam 2 (ED2) was built in mid-1989 to increase the mine's capacity to store and evaporate contaminated runoff. Tailings Storage Facility 4 (TSF4) was constructed in late 2017 to store waste from underground workings and re-processed mine tailings, and is still in operation.

### Tailings Dam North (TDN)

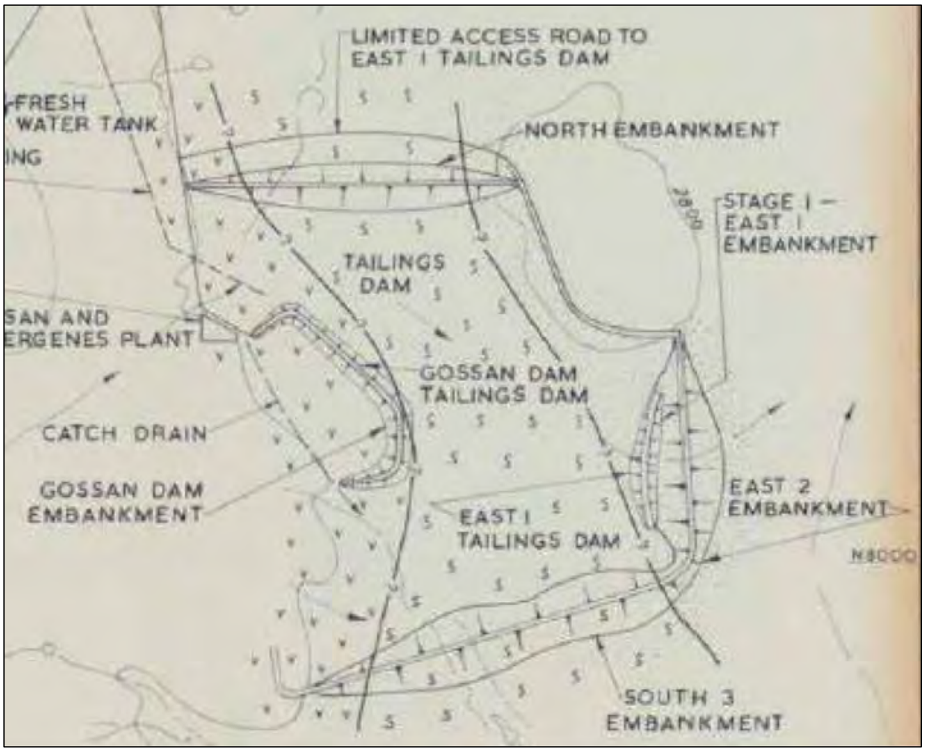
TDN is a valley dam type that was built in a single lift (Coffey, 1977; DP, 2021). The embankments were constructed using zoned earth and rockfill with an internal drainage system as shown in Figure 3. 25. There are a total of four embankments: the Gossan Dam, North, East and South embankments. Figure 3. 24 shows the design drawings and Figure 3. 26 shows a recent view of the facility. Tailings were deposited sub-aqueously (with a minimum 1 m water cover) from the North and South embankments. The decant system comprises a siphon pipe that transfers water to the TDS. A spillway is located over the eastern abutment of the North embankment. Downstream seepage management is not detailed in the documentation. The facility is currently not in service and awaiting tailings removal for reprocessing and/or closure.

The most recent consequence category assessment (DP, 2021) classified the dam as 'High C' based on ANCOLD (2012, 2019). The persons at risk (PAR) considered were <10 and the potential loss of life (PLL) used was 0. The severity of damage following an environmental spill was considered as 'Major'.

The geotechnical design (Coffey, 1977) is considered acceptable, however static liquefaction of tailings was not considered and was not a requirement at the time of construction. The single embankment construction geometry is considered robust and the risk of a catastrophic failure due to liquefaction is considered low, however it should be re-assessed to comply with current international standards.

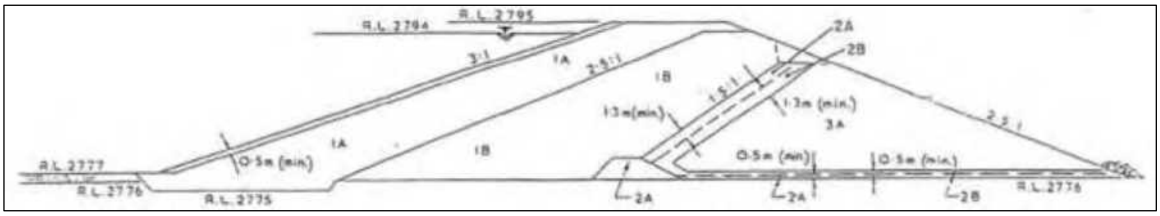
The design documentation did not include a spillway design and no documentation regarding water storage requirements such as Extreme Storm Storage (ESS) or Minimum wet season storage (also referred to as Design Storage Allowance (DSA)) was sighted. A NSW Government Dam Information Form from April 2021 was included in the 2020 Intermediate Surveillance Report by Douglas Partners (DP, 2021). The report details the key features of the dam and indicates that no Design Flood Assessment was undertaken, no details regarding freeboard requirements are documented. Inspection documentation (Develop, 2023) indicates that a standard 0. 6 m freeboard is considered for all dams, however the design report indicates a 1. 0 m freeboard requirement (Coffey, 1977).

**Figure 3. 24: TDN design drawings**




Sources: (Coffey, 1977)

**Figure 3. 25: TDN cross section**




Sources: DP (2013)

**Figure 3. 26: TDN current configuration**


Sources: (Develop, 2023)

There are no closure plans or cost estimates available for the facility.

The latest weekly inspection report indicates no issues in either the North or East embankment (Develop, 2023). The latest annual inspection by Douglas Partners (DP, 2021) concluded that the walls had 'very low risk of instability' and recommended continuous monitoring of the water levels and emergency spillway, removal of small trees on the downstream faces of dams, repair of concentrated stormwater flow erosion on the north embankment wall and repair animal burrows on the downstream faces of the walls. Limited groundwater and settlement monitoring is available, and the annual inspection report does not raise concerns regarding groundwater levels or excessive settlement.

The decant pond water level data available was from 11 December 2022 to 16 June 2023. For that period, the water levels were a maximum of 1. 0 m below the required freeboard. The minimum remaining storage during the same period was 39 ML. The overall water balance of the site (Heron, 2018) shows a water deficit and therefore the limited storage capacity within the facility should be of no concern. The design reports indicate the storage requires a water cover over tailings, however there is evidence (as shown in Figure 3. 26) of some areas with no water cover. The mine is allowed to transfer water from the TDN into TDS to manage any excess water. The recommendations of the surveillance report (DP, 2021) highlight the requirements to monitor the water level.

Although the reports mention the tailings are potentially acid forming (PAF), no monitoring data was made available to assess the water quality.

### Tailings Dam South (TDS)

TDS is a sidehill type impoundment constructed immediately adjacent to TDN and built in three stages using downstream raising (DP, 2021; Coffey, 1979) and designed to hold a storage volume of 6. 9 $Mm^3$. The containment comprises two embankments, the East and South embankments, constructed using zoned earth and rockfill with an internal drainage system as shown in Figure 3. 28. Figure 3. 27 shows the design drawings and Figure 3. 29 shows a recent view of the facility. The dam was initially used to provide additional water storage for TDN. Once storage capacity was reached at TDN, tailings deposited moved to TDS. The design does not detail the deposition type, however it is assumed to have been sub-aqueous deposition (with a minimum 1 m water cover) as in the TDN. The location of the decant pond suggests that deposition was from the TDN South embankment. The still active decant system comprises a reclaim water barge that pumps water to the ED2, however the capacity of the pump was not available at the time of the review. A spillway is located at the northeastern corner of the facility. Downstream seepage is collected and pumped back into the facility. The tailings in the facility are currently being reclaimed and sent to the processing plant, however details of the reclaiming process were not available.

The most recent consequence category assessment (DP, 2021) classified the dam as ‘High C’ based on ANCOLD (2012, 2019). The persons at risk (PAR) considered were <10 and the potential loss of life (PLL) used was 0. The severity of damages following an environmental spill was considered as ‘Major’.

The geotechnical design (Coffey, 1979) is considered acceptable, however did not consider liquefaction of tailings as it was not a standard check at the time. The downstream embankment construction geometry is considered robust and the risk of a catastrophic failure due to liquefaction is considered low, however it should be re-assessed to comply with current international standards. The level of tailings against the embankment is unknown.

The design documentation did not include a spillway design and no documentation regarding water storage requirements such as ESS or DSA was sighted. A NSW Government Dam Information Form from April 2021 was included in the 2020 Intermediate Surveillance Report by Douglas Partners (DP, 2021). The report details the key features of the dam and indicates that no Design Flood Assessment was undertaken, no details regarding freeboard requirements are documented. Inspection documentation (Develop, 2023) indicates that a standard 0. 6 m freeboard is considered for all dams, though the design report indicates a 1. 0 m freeboard requirement (Coffey, 1979).

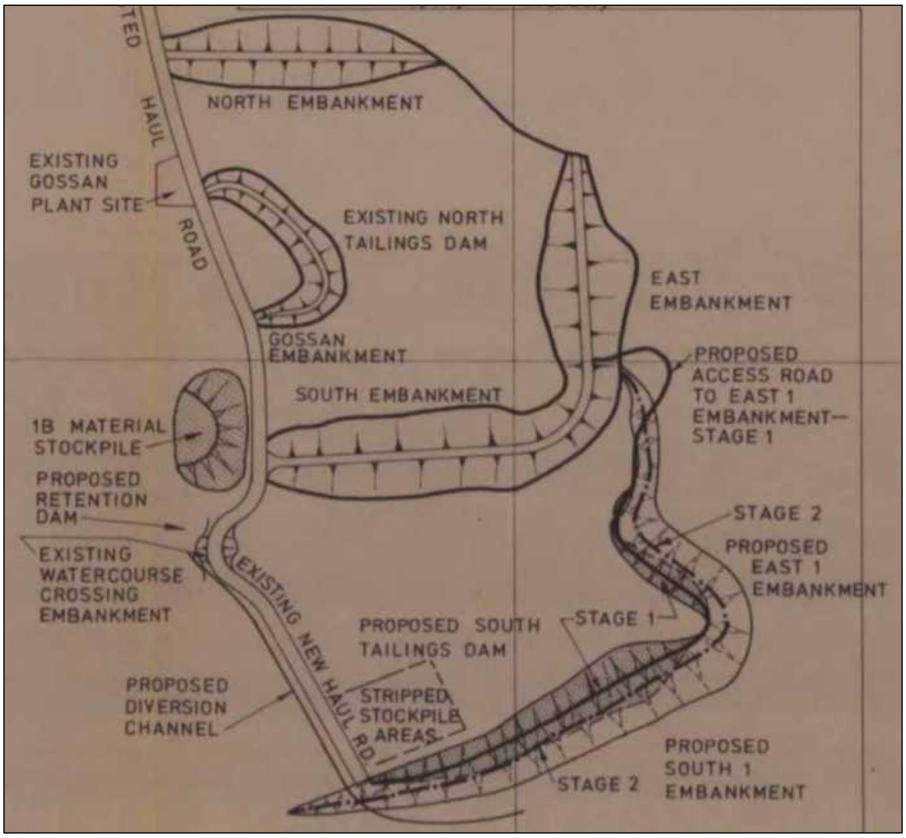
There are no closure plans or cost estimates available for the facility.

The latest weekly inspection report indicates no issues in either the South or East embankment (Develop, 2023). The latest annual inspection by Douglas Partners (DP, 2021) indicated the walls had ‘very low risk of instability’ and indicated that seepage areas in the southern embankment were similar to historic records and that they were being managed appropriately. In addition, the report considers that the dam has sufficient capacity to accommodate large rainfall events, though no calculations were sighted.

The water level data available was from 11 December 2022 to 16 June 2023. For that period, the water levels were a maximum of 1. 4 m below the required freeboard. The minimum remaining storage during the same period was 36 ML. The overall water balance of the site (Heron, 2018) shows a water deficit and therefore the limited storage capacity within the facility should be of no concern. The mine is allowed to pump water from the TDS into ED2 to manage any excess water, however the capacity to manage large rainfall events without environmental spill is not well understood.

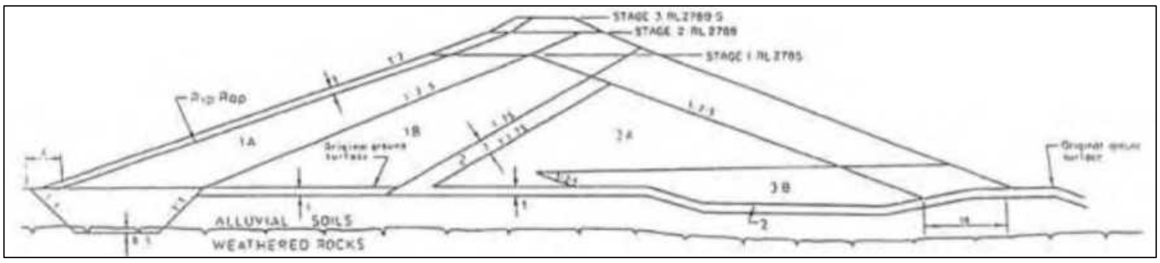
Although the reports mention the tailings are potentially acid forming (PAF), no monitoring data was made available to assess the water quality.

**Figure 3. 27: TDS design drawings (including TDN)**




Sources: (Coffey, 1979)

**Figure 3. 28: TDS cross section**




Sources: DP (2013)

**Figure 3. 29: TDS current configuration**


Sources: (Develop, 2023)

### Tailings Dam West (TDW)

TDW is a cross valley type impoundment that was built in a single lift (DP, 2021) and located to the West and abutting TDN. The embankment was constructed using rockfill and includes a HDPE membrane on the upstream face (Figure 3. 31). There is only one embankment on the east of the facility. Figure 3. 30 shows the design drawings (including TDN and TDS) and Figure 3. 32 shows a recent view of the facility. The dam was constructed in 1989 and used for tailings deposition until 1998 when mining ceased temporarily. The design does not detail the deposition type; it is assumed it is sub-aqueous deposition (with a minimum 1 m water cover) as in the TDN. The location of the decant pond suggests that deposition was from the western ends of the facility. The decant system comprises a siphon pipe that transfers water to the TDS. A spillway is located over the northern abutment. Downstream seepage is conducted towards the TDS.

The most recent consequence category assessment (DP, 2021) classified the dam as 'High C' based on ANCOLD (2012, 2019). The persons at risk (PAR) considered were <10 and the potential loss of life (PLL) used was 0. The severity of damages following an environmental spill was considered as 'Major'.

The storage volume of the facility is 2. 4 $Mm^3$ (DP, 2021).

No geotechnical design reports or information was made available.

The reviewed documentation did not include a spillway design and no documentation regarding water storage requirements such as Extreme Storm Storage (ESS) or Design Storage Allowance

(DSA) was sighted. A NSW Government Dam Information Form from April 2021 was included in the 2020 Intermediate Surveillance Report by Douglas Partners (DP, 2021), which details the key features of the dam indicates that no Design Flood Assessment was undertaken and does not include any details regarding freeboard requirements. Inspection documentation (Develop, 2023) indicates that a standard 0. 6 m freeboard is considered for all dams.

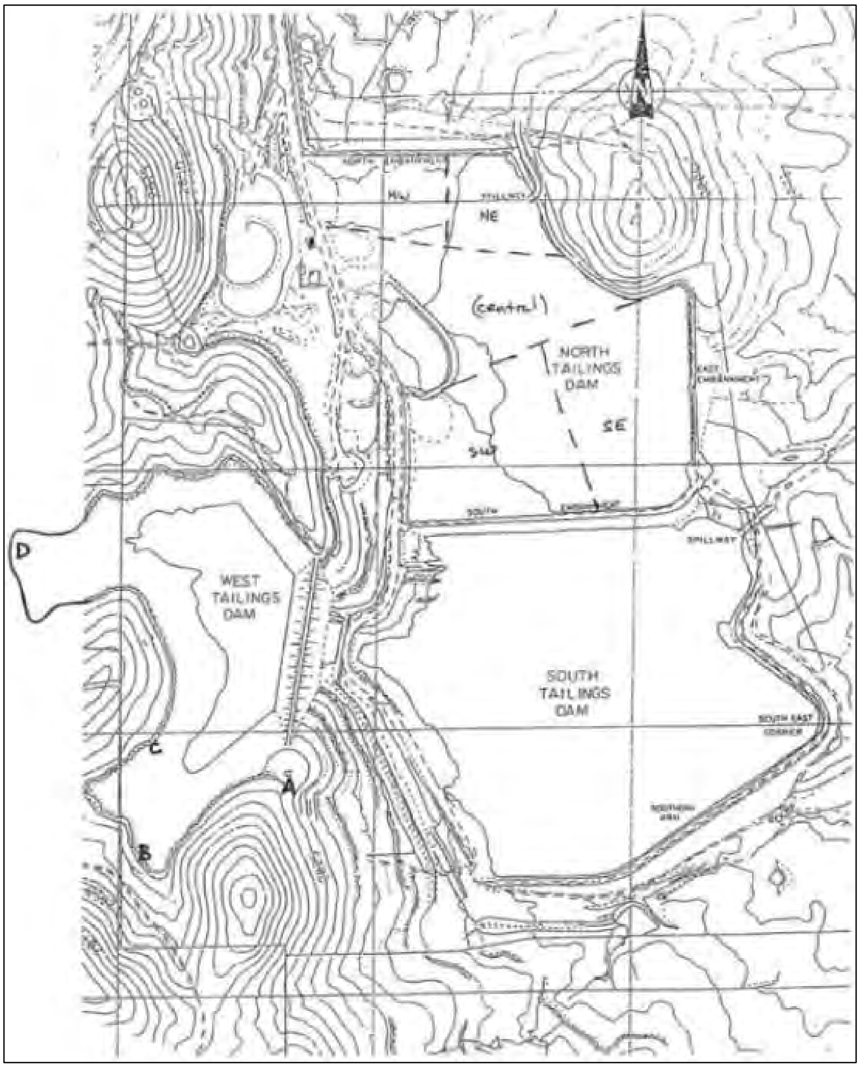
There are no closure plans or cost estimates available for the facility.

The latest weekly inspection report indicates de-sedimentation of the floor of the diversion drain is needed and that the water level was almost at the embankment level (Develop, 2023). The latest annual inspection by Douglas Partners (DP, 2021) indicated the walls had ‘very low risk of instability’ and recommended continuous monitoring for wombat damage, HDPE liner punctures and silting of the diversion drain, removal of trees on the downstream faces of the embankment and remediation of minor defects in the emergency spillway.

The water level data available was from 11 December 2022 to 16 June 2023. For that period, the water levels were a maximum of 0. 3 m above the required freeboard (0. 3 m below the spillway level). The overall water balance of the site (Heron, 2018) shows a water deficit and therefore the limited storage capacity within the facility should be of minor concern.

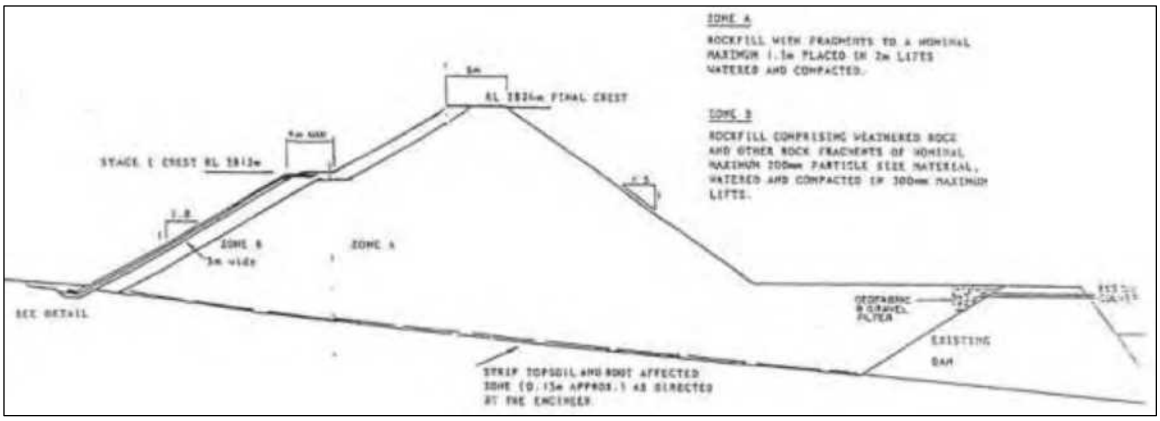
Although the reports mention the tailings are potentially acid forming (PAF), no monitoring data was made available to assess the water quality.

**Figure 3. 30: TDW design drawings**



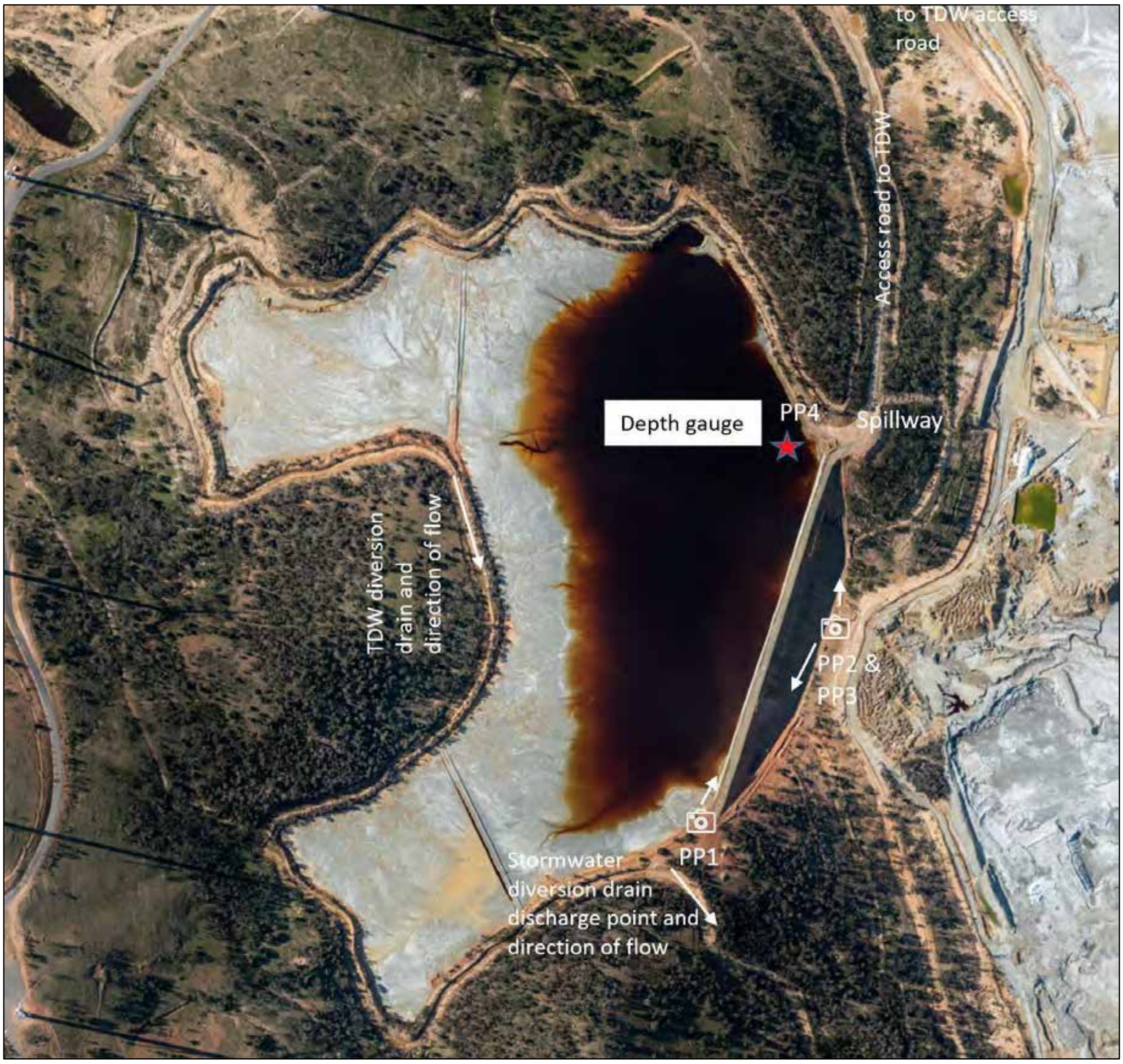

Sources: (Develop, 2023)

**Figure 3. 31: TDW cross section**




Sources: DP (2013)

**Figure 3. 32: TDW current configuration**




Sources: (Develop, 2023)

## Tailings Storage Facility 4 (TSF4)

TSF4 is a valley dam type that was built in three stages using downstream raising (DP, 2021; Coffey, 2017). The facility comprises zoned embankment including a filter blanket at the toe (Figure 3. 34). There is only one embankment on the east of the facility. Figure 3. 33 shows the design drawings and Figure 3. 35 shows a recent view of the facility. Tailings were deposited using 50 m spaced spigots along the embankment, east and southern areas of the TSF. The decant system comprises a pontoon mounted pump located towards the western end of the facility. A spillway is located over the southern abutment. Downstream seepage is collected by a trench, directed towards a sump and pumped back into the facility. The facility is currently active, receiving tailings from the processing plant.

The most recent consequence category assessment (DP, 2021) classified the dam as ‘High B’ based on ANCOLD (2012, 2019). The persons at risk (PAR) considered were 10–100 and the potential loss of life (PLL) used was 0. The severity of damages following an environmental spill was considered as ‘Major’.

The geotechnical design (Coffey, 2017) is considered acceptable. As with the previous reports, no liquefaction of the tailings was analysed, in this case due to lack of testing. The designer argued the downstream raising methods do not require the tailings strength, which is true though the stability analyses used a minimum friction angle for the tailings of 25°. In addition, only circular failure surfaces were considered, which are known to produce higher Factor of Safety values than non-circular failures.

The design documentation included the spillway design for a Design Storage Allowance (DSA) of 1:1,000 AEP 72-hour storm event (318 mm), which equates to a total storm volume of 105 ML. The spillway was designed for a 1:100,000 AEP storm event, as per the requirements of a ‘High B’ consequence category. The design indicates the maximum operational level is 2 m below the embankment crest (to accommodate DSA).

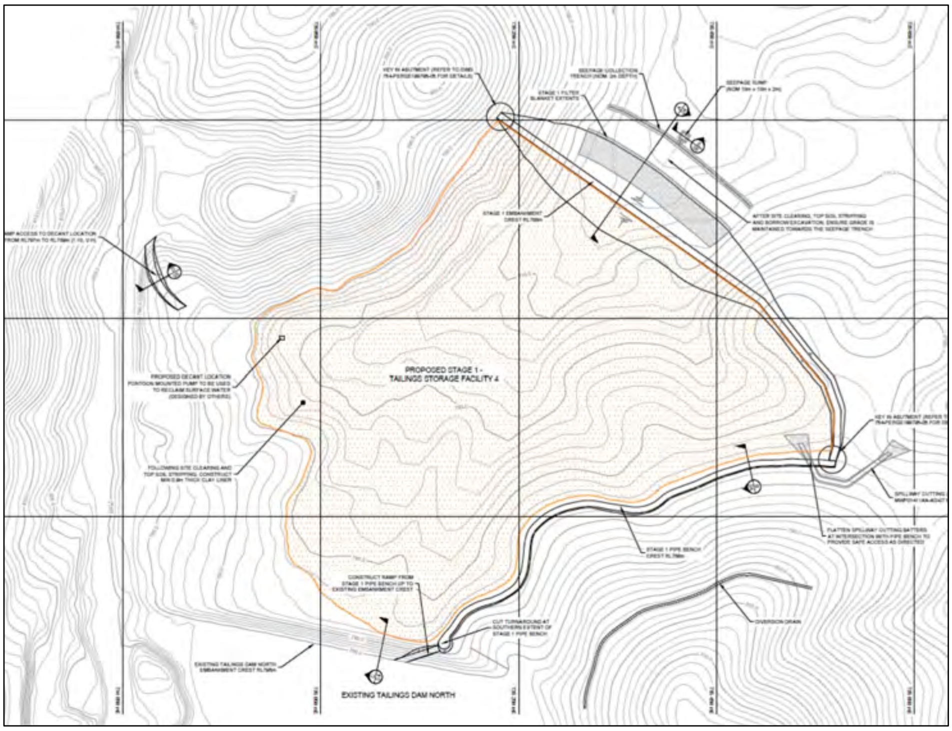
The closure design was developed to a concept level (Coffey, 2017). No data regarding the costing for closure has been reviewed.

The latest weekly inspection report indicates some erosion at spigots, and mentions the decant pump was offline due to maintenance (Develop, 2023). The latest annual inspection by Douglas Partners (DP, 2021) indicated the walls had ‘very low risk of instability’. However, it also indicates that the dam is considered to have limited capacity to accommodate large rainfall events and recommends installation of diversion drains to minimise the stormwater flows into TSF4.

The water level data available was from 11 December 2022 to 16 June 2023. For that period, the water levels were a maximum of 1. 6 m below the embankment crest. As mentioned above, the DSA level is 2 m below the embankment crest, and therefore the water level requires reduction to comply with the design.

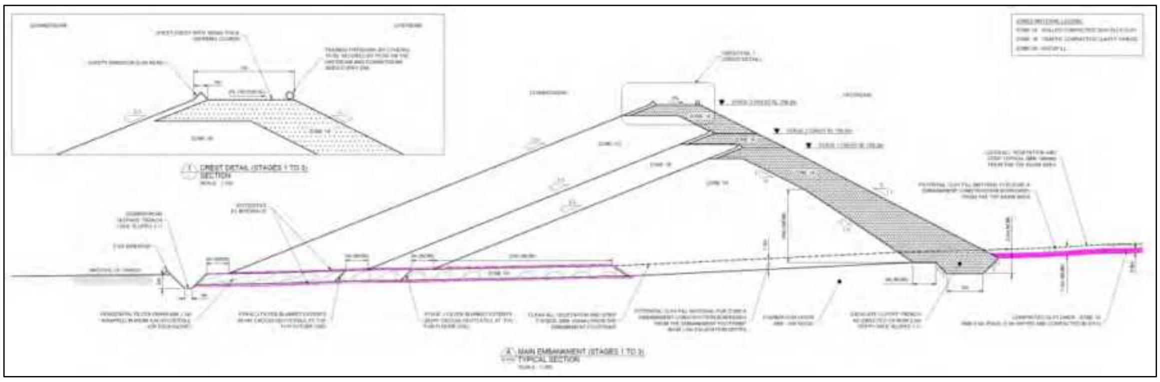
Although the reports mention the tailings are potentially acid forming (PAF), no monitoring data was made available to assess the water quality.

**Figure 3. 33: TSF4 design drawings**




Sources: (Coffey, 2017)

**Figure 3. 34: TSF4 cross section**



Sources: DP (2013)

**Figure 3. 35: TSF4 current configuration**


Sources: (Develop, 2023)

## Evaporation Dam 2 (ED2)

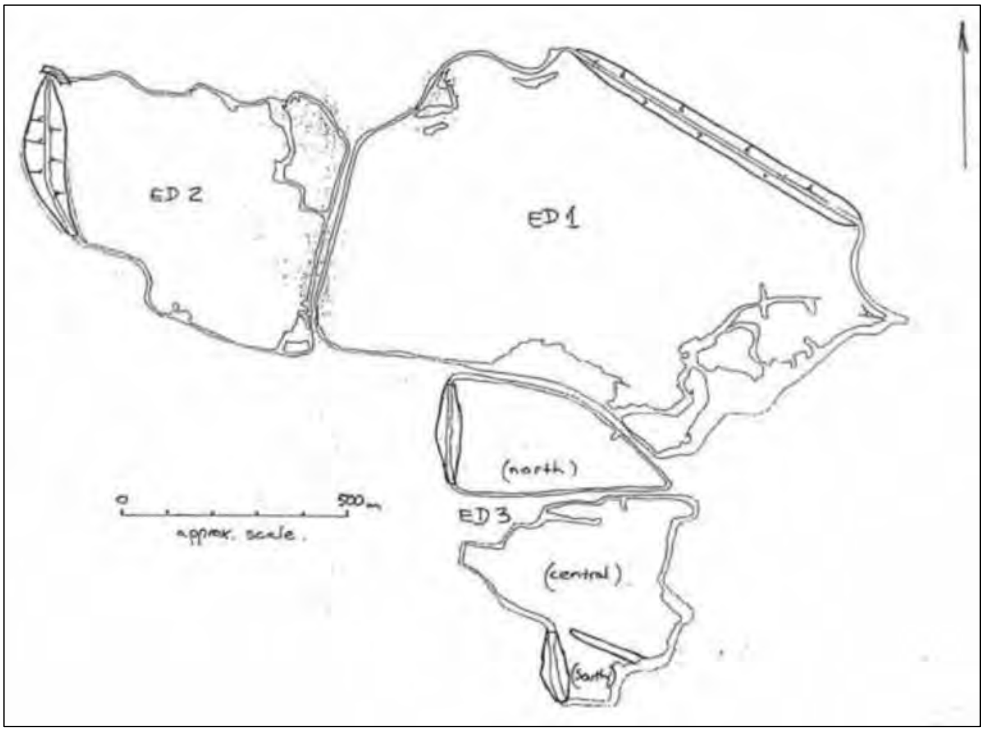
ED2 is a 6-cell cross valley type impoundment with embankments built in a single lift (DP, 2021) using homogeneous earthfill and lined with HDPE as shown in Figure 3. 37. Figure 3. 36 shows the design drawings and Figure 3. 38 shows a recent view of the facility. A spillway is located at the northwest corner of the facility. Downstream seepage management is not detailed in the documentation. The facility is currently active and receives water from underground workings and TDS.

The most recent consequence category assessment (DP, 2021) classified the dam as 'High C' based on ANCOLD (2012, 2019). The persons at risk (PAR) considered were <10 and the potential loss of life (PLL) used was 0. The severity of damages following an environmental spill was considered as 'Major'.

No geotechnical design reports or information was made available.

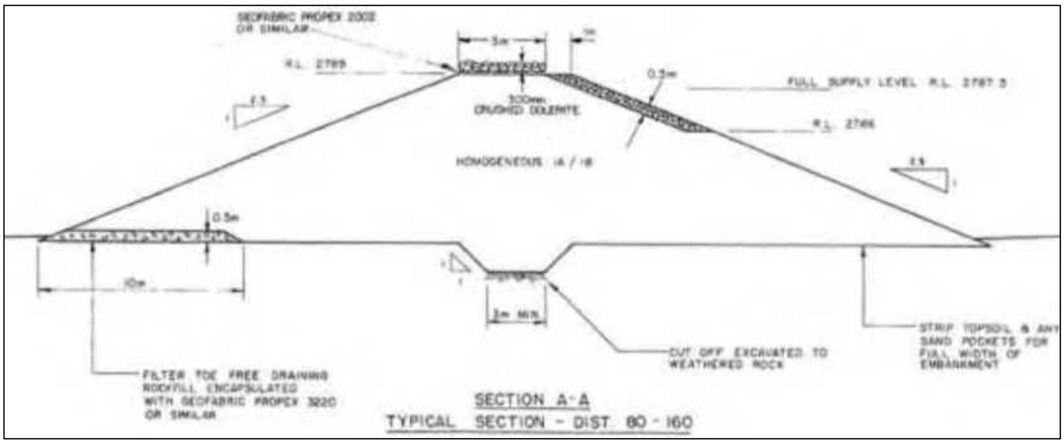
The reviewed documentation did not include a spillway design and no documentation regarding water storage requirements such as Extreme Storm Storage (ESS) or Design Storage Allowance (DSA) was sighted. A NSW Government Dam Information Form from April 2021 was included in the 2020 Intermediate Surveillance Report by Douglas Partners (DP, 2021), which details the key features of the dam and indicates that no Design Flood Assessment was undertaken and does not include any details regarding freeboard requirements.

**Figure 3. 36: ED2 design drawings**



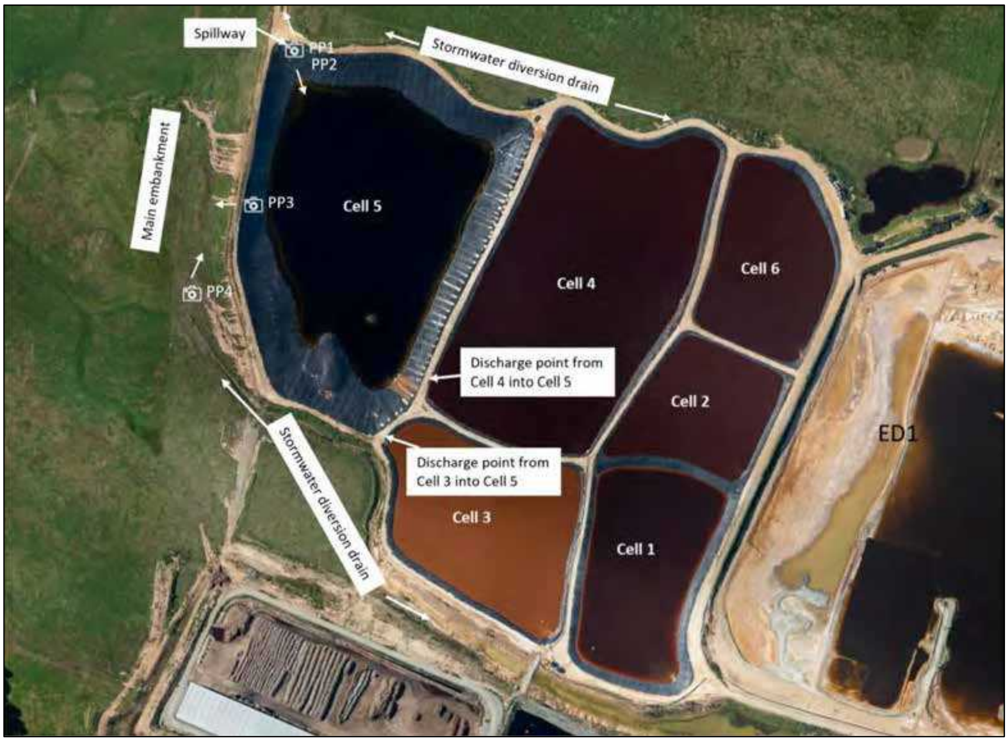

Sources: (DP, 2021)

**Figure 3. 37: ED2 cross section**




Sources: DP (2013)

**Figure 3. 38: ED2 current configuration**




Sources: (Develop, 2023)

There are no closure plans or cost estimates available for the facility.

The latest weekly inspection report indicates no issues (Develop, 2023). The latest annual inspection by Douglas Partners (DP, 2021) indicated the walls had 'very low risk of instability' and recommended continuous monitoring of the state of the emergency spillway, removal of trees on the downstream faces of dams, continuous inspections for wombat damage to the dam and HDPE liner punctures, and survey of the main wall crest to assess any settlement.

There was no water level data available for review.

Although the reports mention the tailings are potentially acid forming (PAF), no monitoring data was made available to assess the water quality.

## Dam Closure

The cost estimate reviewed (Develop, 2023) includes A$3 M for 'tailings dam closure' which is scheduled between March and June 2024. The Rehabilitation item in the costing considers ~A$685,000 per month from September 2025 to March 2029 but 'Processing' costs are scheduled to the end of November 2030, and it is expected the closure costs for the TSF will be incurred past the end of processing.

It is highlighted that closure requirements by regulators are becoming more stringent, and a minimum remediation cost of A$100/m2 should be considered if no detailed studies are undertaken. The total area to be remediated is over 120 ha, which would have a minimum cost of A$120M.

**Table 3. 17: Woodlawn TSF and ED details**

| Parameter | TDN | TDS | TDW | ED2 | TSF4 |
|---|---|---|---|---|---|
| Cells | 5 | 1 | 1 | 6 | 1 |
| Consequence category (ANCOLD 2012. 2019) | High C<br>PAR < 10<br>PLL = 0<br>Severity: Major | High C<br>PAR < 10<br>PLL = 0<br>Severity: Major | High C<br>PAR < 10<br>PLL = 0<br>Severity: Major | High C<br>PAR < 10<br>PLL = 0<br>Severity: Major | High B<br>PAR = 10-100<br>PLL = 0<br>Severity: Major |
| Raise method | N/A | Downstream | N/A | N/A | Downstream |
| Maximum height (m) | 20 | 25 | 35 | 10 | 18 |
| Total storage ($Mm^3$) | 2. 10 | 2. 40 | 2. 40 | 0. 29 | 0. 82 |
| Total storage (Mt) | - | - | - | - | - |
| TSF footprint (ha) | ~30 | 30 | 20 | 13 | ~20 |
| Catchment area (ha) | 36 | 46 | 75 | 21 | 30 |
| Deposition method | | | | | Multi-spigot |
| Deposition timeframe (yr) | 2 | 9 | 9 | 9 | 6 |
| Deposition rate (Mt/a) | - | - | - | - | - |
| Decant system | Pumped central decants | | | | |
| Underdrainage | N/A | N/A | N/A | N/A | N/A |
| Bottom liner | N/A | N/A | N/A | N/A | N/A |
| **Tailings** | | | | | |
| Material | zinc-copper tailings | zinc-copper tailings | zinc-copper tailings | mine affected water | Reprocessed zinc-copper tailings |
| In situ dry density ($t/m^3$) | - | - | - | - | 1. 63 |
| Solids content | - | - | - | - | 30-55% |
| Beach slope | - | - | - | - | - |
| **Embankments** | | | | | |
| Maximum crest level (m) | 795 | 789. 5 | 824 | 789 | 788 |
| Crest width (m) | 10 | 10 | 5 | 5 | 7 |
| Upstream batter slope | 1V:2. 5H | 1V:2. 5H (rip-rap protection) | 1V:1. 8H | 1V:1. 75H | 1V:2H |

| Parameter | TDN | TDS | TDW | ED2 | TSF4 |
|---|---|---|---|---|---|
| Downstream batter slope | 1V:3H | 1V:3H | 1V:1. 5H | 1V:2. 5H | 1V:2. 5H |
| Maximum crest length (m) | - | 1,350 | - | 360 | 510 |
| Embankment materials | Zoned earth and rockfill with an internal drainage system | Zoned earth and rockfill with an internal drainage system | Rockfill embankment with HDPE membrane on the upstream face | Homogenous earth fill embankment | Zone 1A: 51km3<br>Zone 1B: 101km3<br>Zone 3A: 9km3 |
| Cut-off trench | Yes: 0. 5 m into weathered rock; 1:1 slopes | Yes: 0. 5 m into weathered rock; 1:1 slopes | No | Yes: 3 m min. width; 1:1 slopes | Yes: 2. 5 m deep; 1:1 slopes |
| Filter blanket | Yes: 0. 5 m thick | Yes | No | Yes: 0. 5 m thick; 10 m into the embankment toe | Yes: rockfill w/geofab; 25 m into the embankment toe |
| **Spillway** | | | | | |
| Spillway type | Unlined channel through right abutment | Channel through left abutment | Unlined channel through left abutment | Unlined channel through right abutment | Unlined channel through right abutment |
| Spillway base width (m) | NA | | 20 | 4 | 4 |
| Dry freeboard (m) | 1 | | 0. 5 | 1. 5 | |
| Spillway invert level (RL m) | 794 | | 823. 5 | 787. 5 | |
| **Closure** | | | | | |
| Closure cover type | | | | | |
| Cover thickness (m) | | | | | |
| Closure batter slope | | | | | |
| **Other** | | | | | |
| Instrumentation and monitoring | ▪ No instrumentation within the embankments.<br>▪ 4 downstream groundwater monitoring bores. | ▪ Continuing history of seepage from the embankment drainage system, exiting through the toe, since the commissioning of the dam<br>▪ No instrumentation within the embankments.<br>▪ 7 downstream groundwater monitoring bores. | ▪ None | ▪ No instrumentation within the embankment<br>▪ Five groundwater wells downstream of the wall are monitored for environmental purposes | ▪ 8 VWPs<br>▪ 1 inclinometer |

### 3.8.2 Risks

SRK note that the TSFs at the site are typically constructed as a single embankment or as a downstream raise and therefore the structures are likely to be geotechnically robust. The main risks are associated with the surface water management and control of acid mine drainage.

The following key risks are identified:

- Liquefaction of tailings: no analysis has been undertaken to assess the risk of instability due to liquefaction. This is a requirement from ANCOLD and GISTM and it should be assessed.
- Acid drainage: the tailings are potentially acid forming and there is a risk of acid forming if exposed to air. The extent to which the tailing surfaces have been exposed to oxidation is not known and therefore there is potential for acid generation that is not detailed in the documents reviewed.
- Water management: the surface water levels in the tailings facilities appear to have been high in the last six months of operation. Active water management is required to maintain the ponds at safe levels. It is not known if this above average water storage is outside operating guidelines. Excess water storage can result in additional risk of environmental spills and potential overtopping.
- Inspections show minor issues such as tree overgrowth, animal burrows damaging embankments and some stormwater erosion damage. These are considered maintenance issues with low risk.
- The available future storage capacity of TSF4 is not detailed in the documentation. Accordingly there is a potential risk to future operations if there is insufficient storage available or planned.
- Closure design: the only closure design sighted was for TSF4 and it was at a concept level. Review of the costing assumptions indicates no closure and rehabilitation costs have been included in the financial model.

### 3.8.3 Conclusions

Several material risks have been identified in relation to the current TSF operations. SRK recommends further work is undertaken to better understand and quantify the extent of these issues.

Given the current high scrutiny on mining companies regarding TSF management and safety, it is expected that regulators, investors and communities will require all of the listed risks to be minimised in accordance with the principle of: ‘as low as reasonable possible’ (ALARP). This is in line with the Global Industry Standard of Tailings Management (GISTM) (ICMM; UNEP; PRI, 2020).

## 3.9 Environment and mine closure

This section presents technical and economic environmental, social and governance (ESG) factors that have the potential to become material. The concept of double materiality is applied, with potential ESG impacts from the Project considered equally to impacts posed by the ESG settings on the Project.

This review comments on the reasonableness of the inputs to the supplied LoM schedule and associated cashflow model (i. e. costs, timing and achievability) with regards to ESG factors, and identifies potentially material risks. SRK has adopted a materiality threshold of 10% of the project value for this evaluation. However, SRK has also reported on other potential material elements, as these may influence value through schedule delays or stakeholder objections. For the assessment of the Woodlawn project, the term 'potentially material' is assumed to be factors that could:

- halt the Project, affect the continuation of operations or obtaining of approvals
- pose major concern to stakeholders and/or could affect the social licence to operate (including Indigenous title holders, non-Indigenous communities, potential labour areas and business stakeholders)
- be out of alignment with corporate strategies or policies
- result in the need for additional studies or costs that could affect the proposed design and/or operation of the Project and thus the value of the assets (e.g. design changes, operational management requirements, cash flow restrictions, rehabilitation/closure demands).

### 3.9.1 Regulatory and land rights

#### Mineral rights

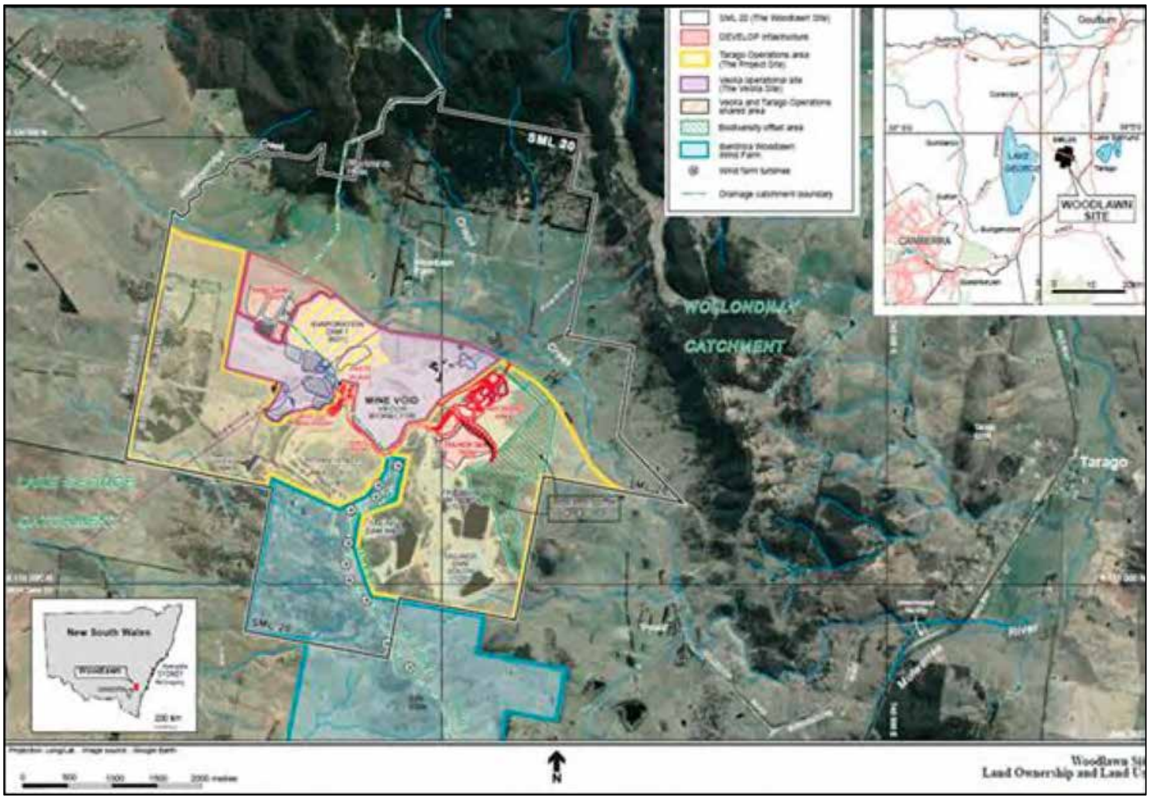
In New South Wales (NSW), a mining lease gives the holder the exclusive right to mine for minerals over a specific area of land. Mining leases are granted under the provisions of the *Mining Act 1992*. A development consent under the *Environmental Planning and Assessment Act 1979* must also be in place before a mining lease can be granted.

Tarango Operations Pty Ltd (TOP) holds a Special (Crown & Private Lands) Lease 20 (known as SML20) (granted in 1973 and expiring on 16 November 2029) and shown in Figure 3. 39. This is a type of mining lease established under the *Mining Act 1969*. They are no longer granted under the *Mining Act 1992*.

The supplied LoM schedule and associated cashflow model for the Woodlawn mine provides that operations will be undertaken up to August 2030. Upon completion of the operation, SRK expects a minimum of two years for closure works and 5 to 10 years post-closure monitoring activities. SRK notes that the existing mining lease expires in November 2029. SRK has found no evidence that Develop has made provisions in the project development timeline for the lodgement of a revised mining lease to be aligned with the Develop LoM plan, but with several years until this is required, this is unlikely to be a material issue at this stage.

There is a future risk that the mining lease (under former *Mining Act*) might not be extended in its current form past 2029 thus impacting the exclusive mineral right over the Woodlawn site. SRK recommends Develop maintain ongoing dialogue with relevant authorities, regulation agencies and seek legal opinion on this matter.

**Figure 3. 39: SML 20 as a portion of Woodlawn mine (Develop, 2022)**




## Permitting

Mining projects in NSW require primary approvals under requirements of:

- The *Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act)*, regulated by the Commonwealth Environmental Minister
- The *Environmental Planning and Assessment Act 1979*, regulated by the Department of Planning, Industry and Environment (DPIE)
- The *Mining Act 1992*, regulated by the DPIE
- The *Protection of the Environment Operations Act 1997*, regulated by the Environment Protection Authority (EPA)
- The *Water Management Act 2000*, regulated by the DPIE

According to the 2022 AEM, primary approvals for mining and mineral processing activities at Woodlawn have been granted as presented in Table 3. 18.

SRK has found no evidence that any mining activity for the Woodlawn operation has been referred to the Commonwealth for assessment or permitting under the federal *EPBC Act*.

**Table 3. 18: Woodlawn mine – primary environmental authorisations (Develop, 2022)**

| Authority | Title | Issue date |
|---|---|---|
| Department of Planning, Industry and Environment | ▪ Tarago Operations Woodlawn Mine Project (Project approval MP07-0143)<br>▪ Relocation of Mine Portal and Overland Haul modification (Project approval MP07-0143 MOD1)<br>▪ Site Layout Update (Project approval MP07-0143 MOD2) | ▪ 04/07/2013 for a period of 21 years<br>▪ 22/04/2016 for the period of the original consent<br>▪ 06/07/2017 for the period of the original consent |
| Environment Protection Authority | Environment Protection Licence (EPL) 20821 | 29/03/2017 and reviewed every 3 years, last reviewed 16/02/2022 |
| Department of Planning, Industry and Environment | ▪ WAL28983<br>▪ WAL42034<br>▪ Works Approval for new bore (Notice of Determination A7441) | ▪ held by Veolia under agreement with TOP<br>▪ 17/08/18 held by TOP<br>▪ 12/04/16 ongoing |

According to the 2022 AEM, Heron was previously advised by DPIE that the Project approval needs to be converted to a State Significant Development Approval. Additionally, a recent independent environmental audit of the Project approval (MP07_0143 MOD2) conditions, carried out by Senversa (17 March 2022), suggested modifications to the paste fill management plan, the waste rock dam passive treatment system, and the new location of the waste rock dump, to be submitted in a proposed modification (MOD3) for approval. Develop reported the MOD3 Project application covering the above issues following consultation with the DPIE.

SRK has found no evidence that Develop has made provisions in the project development timeline for the lodgement of a revised MOD3 Project approval and Environment Protection Licence EPL20821 to be aligned with its proposed mine plan. The DPIE and the EPA assessment procedures can take more than 12 months. The supplied LoM schedule suggests underground development started in April 2023 and processing operations are expected to start in February 2024. SRK considers this timeframe may not be sufficient even if the approval applications are submitted promptly to the authorities.

The supplied LoM schedule provides that operations will be undertaken up to August 2030. Upon completion of the operation, SRK expects a minimum of two years for closure works and 5 to 10 years for post-closure monitoring activities. SRK notes that the current Project approval (MP07-0143) expires in July 2034. Currently there is no issue with regards to the validity period of the Project approval, but a constant monitoring of this validity period against the LoM plan is needed.

### Native Title

Native title relates to the traditional rights and interests that indigenous groups have practised, and continue to practise, over land and water. Native title rights are recognised through the native title claim process and formal determinations that native title exists by the Federal Court of Australia.

According to the Woodlawn mine heritage management plan (Heron, 2017b), there are three registered Aboriginal groups relevant to the Woodlawn Project:

- Buru Ngunnawal Aboriginal Corporation
- Gundungurra Tribal Aboriginal Corporation
- Pejar Local Aboriginal Land Council.

An Indigenous Land Use Agreement (ILUA) has been established over the Woodlawn mining lease, namely the registered Gundungurra ILUA. An ILUA is a voluntary agreement between Aboriginal groups and others about the use and management of land and waters. The Gundungurra people agreed to withdraw their native title claim on registration of the agreement. The ILUA does not recognise native title over these lands.

#### Land tenure and access

As part of the SML20 site, Veolia has operated a bioreactor within the original mine open cut void since 2004 and Iberdrola Australia operates the Woodlawn Windfarm, which comprises 23 wind turbines.

The 2022 AEM reports various overlaps in responsibilities on site. Within the Woodlawn Project Approval and the EPL20821 boundaries there are access agreements and shared services.

SRK has not been provided with details of the agreements between the parties occupying the SML20 and the status of conformance with commitments in those agreements is unclear. At this stage, the status of relationships with the neighbouring operators is unknown and may present a risk to the project if there are unresolved concerns or grievances between parties.

### 3.9.2 Environmental and social setting

#### Hydrology and hydrogeology

According to the 2015 environmental assessment, Lake George is a large ephemeral freshwater lake located approximately 8 km west of the Woodlawn site. Lake Bathurst is located 9 km to the east.

A network of ephemeral freshwater drainage channels exist on the Woodlawn site, draining into the Wollondilly and Lake George Catchments. The natural presence of high metal concentrations in these creeks led to the original discovery of the Woodlawn deposit. The headwaters and three tributaries of Crisps Creek originate within the Woodlawn site and flow in a southeasterly direction before discharging to the Mulwaree River in the Wollondilly River Catchment. This catchment forms part of the Warragamba Dam catchment, which contributes to Sydney’s drinking water supply.

The stratigraphic profile is low in porosity and permeability. Groundwater is not present in significant quantities at Woodlawn, as a result of a shallow soil profile and the volcanic bedrock, which does not have sufficient storage capacity to host significant volumes of water and has limited inter-connectivity.

Groundwater quality was found to be highly variable, with pH ranging from acidic to neutral and variable concentrations of sulfate, copper, zinc and lead, dependent on the location of the groundwater in relation to the ore body. Groundwater not influenced by the ore body or mineralised material is of reasonable quality, with a near neutral pH, although salinity levels are above potable guidelines.

Previous mining activities have influenced the local groundwater quality due to the presence of various mining infrastructure, including a rehabilitated WRD, tailings dams and evaporation ponds. Groundwater quality near the evaporation ponds and tailings dams is generally acidic with elevated concentrations of metals and sulfate.

A review of groundwater bores indicated five private registered users of groundwater located within a 5 km radius of the Woodlawn site. As no groundwater discharge zones have been identified at Woodlawn, or in close proximity, it is inferred that no groundwater dependent ecosystems are present.

#### Biodiversity

According to the 2022 AEM, the Woodlawn site lies within the Southeastern Highlands Bioregion and within an area subject to extensive clearing, disturbance due to previous agricultural land use and is fragmented. There was no threatened species of plant or endangered ecological communities located or considered to have potential habitat within the project area. Nine threatened species of animal have been recorded or were considered likely to potentially occur in the project area; however, none were likely to be significantly affected by the project.

### 3.9.3 Company approach to environmental, social and governance

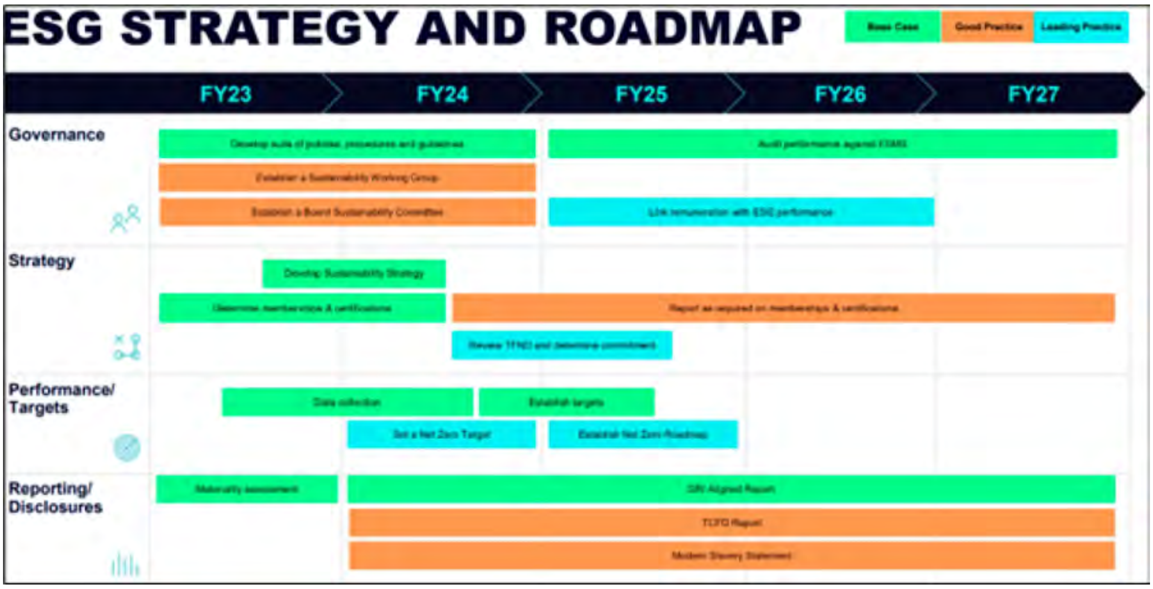
According to Develop's 2022 annual report, Develop has implemented an environmental, social and governance (ESG) strategy and roadmap during the financial year 2022.

Based on the roadmap (Figure 3. 40), Develop does not yet have mature governance frameworks for ESG and is planning to build these during implementation of the Woodlawn mine. The Company intends to prepare a sustainability strategy and determine certification requirements in the next 12 months and set a Net Zero target in 2024.

As the project design was completed for Woodlawn prior to the development of the Company's sustainability strategy, there is a risk the project will be mis-aligned with corporate ambitions and additional capital will be required to meet targets. For example, capital may be required to implement operational changes to achieve decarbonisation targets associated with the Net Zero strategy. The magnitude of this capital requirement is unknown due to the lack of information about current carbon emissions from the project and uncertainty about how the Company intends to meet its Net Zero ambitions.

With regards to stakeholder engagement for Woodlawn. SRK understands from its review of the 2022 AEM, some community consultations have taken place and that no community complaints have been received since Develop's acquisition of the mine in June 2022. It is unknown whether Develop has adopted, and is implementing, the Woodlawn Community Engagement Plan (Heron, 2016). Although there is no evidence of weak relationships, the current status of stakeholder relationships is unknown and may present a risk to the project if there are issues of concern that are not being adequately addressed.

**Figure 3. 40: Develop ESG strategy and roadmap (ASX:DVP, 2023b)**




## 3.9.4 Environmental concerns

### Power supply and decarbonisation

SRK understands that the Woodlawn mine site power supply relies on a grid connection for the processing plant and water treatment operations. According to the 2020 LoM plan, diesel fuel will be used for power generation, the operation of mobile and fixed plant and the mobile fleet. Also, neither the estimated electrical consumption nor the estimated greenhouse gas emission were discussed in the supplied reports.

With regards to the planned fossil fuel-based mining operations, it is unclear how Develop will meet its Net Zero ambition as highlighted in Section 3.9.3. Therefore, there is a risk the project will be mis-aligned with corporate ambitions and additional capital will be required to meet decarbonisation targets.

### Waste geochemical characterisation

According to the 2018 water management plan, underground mine waste representing the potential for increasing Potential Acid Forming (PAF) materials on the surface will be stored in the designated waste rock emplacement to be reused in underground backfilling or relocated in the TSFs. The raw unprocessed tailings material is known to be PAF. Once processed, the material will be permanently stored within the TSFs. The rehabilitation process for the TSFs described in in the 2017 vegetation and rehabilitation management plan includes multiple layers of compost and clean Non-Acid Forming (NAF) material in order to produce a long-term viable surface growing media while keeping the underlying tailings in an anaerobic condition. SRK has not been provided with mine closure cost provisions of the Woodlawn mine to determine whether sufficient cost provisions have been considered for sourcing material and for construction of the closure cover system of the TSFs and post-closure monitoring activities.

According to the 2019 waste rock management plan, the target ore is, by definition, PAF. The existing tailings dams on site are acid forming as the previous processing operation failed to extract sufficient minerals but also left abundant free sulfate. The rehabilitated waste rock dump generates acid drainage. SRK understands that the 2017 vegetation and rehabilitation management plan covers the continual maintenance of those areas. SRK has not been provided with rehabilitation provisions of the Woodlawn mine to determine whether sufficient cost provisions have been considered to maintain rehabilitation objectives of the cover system of the waste rock dumps.

Although the 2018 water management plan provides a detailed surface and groundwater management plan including water usage, contamination management, treatment and recycling. SRK has not been provided with water treatment cost provisions of the Woodlawn mine. It is therefore unclear whether sufficient cost provisions have been considered for both contact surface water runoff of waste rock dumps and TSFs, mine dewatering and treatment system described in the water management plan.

### Biodiversity offset/compensation

The 2022 AEM reports that the TOP Project approval requires the operator to establish 71 ha of the Western Tablelands Dry Forest vegetation community within buffer land surrounding the project site. The offset measures have been integrated into the approved vegetation and rehabilitation management plan (Heron, 2017a) and it includes establishment of an onsite nursery, potting trials and seed harvesting. SRK understands that during the period Heron held Woodlawn, no new plantings occurred. Develop plans to increase resources at Woodlawn to allow commencement of works as outlined in the Vegetation and Rehabilitation Management Plan for the biodiversity offset.

SRK has found no provision with regards to the implementation of the vegetation and rehabilitation management plan (Heron, 2017a) in the Woodlawn cashflow model.

### Closure

Heron is responsible for the final rehabilitation of the Woodlawn site including former facilities (such as TSFs, Waste Rock Dumps (WRD) and evaporation ponds) and newly disturbed areas. Under agreements with Heron, Veolia is responsible for the final rehabilitation of the open pit, the former plant site, existing maintenance and administrative areas.

SRK understands that the most recent mine closure plan for Woodlawn was developed as part of the mine operations plan (Heron, 2015) and subsequently the vegetation and rehabilitation management plan (Heron, 2017a) prepared in accordance with the SML20 conditions. SRK has not been provided with a revised version of the mine closure plan following the 2020 update of the LoM plan and the subsequent acquisition of the Woodlawn mine by Develop.

SRK understands that a rehabilitation cost estimate was prepared by TriAusMin of A$3,576,749.49 in October 2013 as part of the submission to the NSW Trade & Investment Resources & Energy for an assessment of the security deposit required under the *Mining Act 1992.* The annual report for this cost estimate was prepared in accordance with the maximum level of disturbance for the period covered by the 2013 drafted mining operations plan for the Woodlawn mine (i. e. up to 2018). SRK has not been provided with the 2013 mining operations plan to assess the content and the extent of the operations covered by the rehabilitation cost estimate.

The cost provided covers only surface disturbance of the site for the first 5-year period of the mining operations plan at the 2013 rate. Therefore, it does not provide a closure cost estimation for the LoM plan (over 7 years). SRK found no evidence that considerations for the implementation of a mine closure plan have been provided in the Woodlawn mine cashflow model.

### 3.9.5 Summary ESG risks

Based on the information provided to SRK, potentially material ESG issues have been identified but further data is required to confirm the status and implications for the project. Those risks may give rise to project delays, require substantial management costs or result in reputational damage if not adequately addressed. The potential ESG risks for Woodlawn mine are summarised in Table 3. 19.

A LoM closure cost estimate was not included in the supplied cashflow model. Therefore, closure cost constitutes a potential risk to the project value. SRK recommends a closure cost estimate to be developed according to the LoM plan and aligned with the closure objectives and requirements of the Woodlawn mine.

**Table 3. 19: Summary of potential ESG risks**

| Issue | Threat / Opportunity | Project implications |
|---|---|---|
| The mine life extends beyond the validity period of the mining lease SML20 granted under the former Mining Act | Threat | ▪ Conditions of a new mining lease issued under current Mining Act may be materially different from current lease<br>▪ Legal counsel required to explore likelihood and extent of implications |
| Project environmental approvals (MP07-0143 and Environment Protection Licence 2082) requires updating due to changes in regulation, life of mine plan and project design | Threat | ▪ Additional time required to obtain updated approvals and delay to resume operations |
| Land tenure and access responsibilities on SML20 overlap with third party operators | Threat | ▪ If conditions of agreements between the parties are not met, relationships with the neighbouring operators are likely to deteriorate and disrupt operations |
| Unknown status of stakeholder engagement and management of issues and concerns raised | Threat | ▪ Should stakeholder engagement not be managed appropriately, this may lead to reputational risks and disrupt operations |
| Potential for misalignment with future corporate ESG strategy and targets, particularly Net Zero | Threat | ▪ Potential future capital requirement for decarbonisation investments required to meet Net Zero ambitions |
| Insufficient information on cost provisions with regards to environmental controls to manage impacts from potentially acid forming waste materials (waste rock and tailings) | Threat | ▪ Additional costs could be required to manage geochemical risks including control of seepage from TSFs and waste rock storages, water treatment and closure cover system for TSFs |
| Insufficient information on cost provisions with regards to the implementation of the vegetation and rehabilitation management plan including the biodiversity offset requirement | Threat | ▪ Additional costs could be required to implement the vegetation and rehabilitation management plan and biodiversity offset |
| Insufficient information on cost provisions with regards to closure | Threat | Additional costs could be required to undertake the required closure works and post closure monitoring |

## 3.10 Infrastructure

### Power

The site is supplied via Essential Energy's 66kV Woodlawn Zone Substation. The substation was upgraded to a single 10/16MVA transformer to service the project in 2016. Heron noted that there is capacity to add a second 10/16MVA transformer, which would provide a total capacity of 16MVA.

SRK notes the presence on site of Veolia's power generation facility and the adjacent Woodlawn Wind Farm. Both may provide opportunities for contracting 'green' power.

### Water

In June 2016, Heron noted that "the Woodlawn site operates under "non-discharge" conditions. Infrastructure exists for site water management purposes and includes major storage capacity in total dissolved solids (TDS) and two evaporation dams. These dams adequately supported previous operations and water modelling has indicated that it will service the project's intended requirements."

### Road and rail

As noted above, the site is well serviced by existing road access and rail product transport facilities.

## 3.11 Royalties

SRK is not aware of any third party royalties other than state-mandated royalties, included in the financial models and shown in Table 3. 20 below.

**Table 3. 20: Woodlawn royalty rates**

| Description | Unit | Value |
|---|---|---|
| Base metal royalty | % | 5. 0 |
| Precious metal royalty | % | 2. 5 |

Sources: Woodlawn Phase 1 Restart Value Model_2023_06_10_Updated Dilution Parameters. xlsx

# 4 Sulphur Springs Project

## 4.1 Overview

The Sulphur Springs Project is located in the Pilbara region of Western Australia and consists of 16 granted tenements. There are two deposits with defined Mineral Resources within the Project area; the Sulphur Springs and Kangaroo Caves deposits. While still in development, Develop aims to mine the Sulphur Springs deposit using an underground mining method.

The Sulphur Springs and Kangaroo Caves deposits are sulfide VMS zinc-copper deposits occurring within the Sulphur Springs Group in the central east of the Archaean Pilbara Craton. Key lithologies include a polymictic breccia, chert, massive and stringer sulfide mineralisation, and felsic volcanic rocks of dacitic composition. Massive pyrite and base metal mineralisation occurs over a 550 m strike length and 600 m down dip extent.

The Sulphur Springs Project is wholly owned by Develop though its subsidiary Venturex Sulphur Springs Pty Ltd. The Sulphur Springs Project consists of 16 tenements with 5 Mining Leases, 4 Exploration Licences and 7 Miscellaneous Licences (Table 4. 1). The Sulphur Springs deposit lies within M 45/494 while the Kangaroo Caves deposit lies within M 45/587.

**Table 4. 1: Sulphur Springs Project Tenure**

| Tenement Number | Tenement Type | DVP Interest | Area (ha) | Expiry date |
|---|---|---|---|---|
| M 45/494 | Mining Lease | 100% | 972. 35 | 22/10/2032 |
| M 45/587 | Mining Lease | 100% | 939. 10 | 07/09/2035 |
| M 45/653 | Mining Lease | 100% | 497. 20 | 29/09/2037 |
| M 45/1001 | Mining Lease | 100% | 873. 90 | 22/01/2029 |
| M 45/1254 | Mining Lease | 100% | 1,157. 50 | 11/10/2038 |
| E 45/4811 | Exploration Licence | 100% | 917. 65 | 28/03/2027 |
| E 45/4993 | Exploration Licence | 100% | 255. 67 | 11/04/2028 |
| E 45/6033 | Exploration Licence | 100% | 2,152. 12 | 04/07/2028 |
| E 45/6034 | Exploration Licence | 100% | 3,192. 46 | 04/07/2028 |
| L 45/166 | Miscellaneous Licence | 100% | 2,183. 00 | 01/05/2030 |
| L 45/170 | Miscellaneous Licence | 100% | 688. 00 | 18/09/2030 |
| L 45/173 | Miscellaneous Licence | 100% | 40. 00 | 24/08/2033 |
| L 45/179 | Miscellaneous Licence | 100% | 636. 86 | 01/04/2032 |
| L 45/188 | Miscellaneous Licence | 100% | 57. 00 | 20/11/2030 |
| L 45/189 | Miscellaneous Licence | 100% | 1,808. 00 | 20/11/2030 |
| L 45/287 | Miscellaneous Licence | 100% | 117. 00 | 28/09/2033 |
| **Total: 16 Tenements** | **5 ML, 4 EL, 7 Misc. L** | | **16,487. 81** | |

Sources: ASX:DVP 19 January 2023. Goverment of Western Australia, Department of Mines, Industry Regulation and Safety. TENGRAPH web Public Accessed 18 July 2023

### 4.1.1 History

The Sulphur Springs Project was discovered in 1984 and has been owned and developed by several companies since that time, including Sipa Resources Ltd, Ashling Resources NL , Outokumpu Zinc Australia Pty Ltd, CBH Resources Ltd and, most recently, Venturex Resources Ltd (Venturex). Over the years a considerable amount of work has been completed including multiple feasibility studies as part of the Project's development.

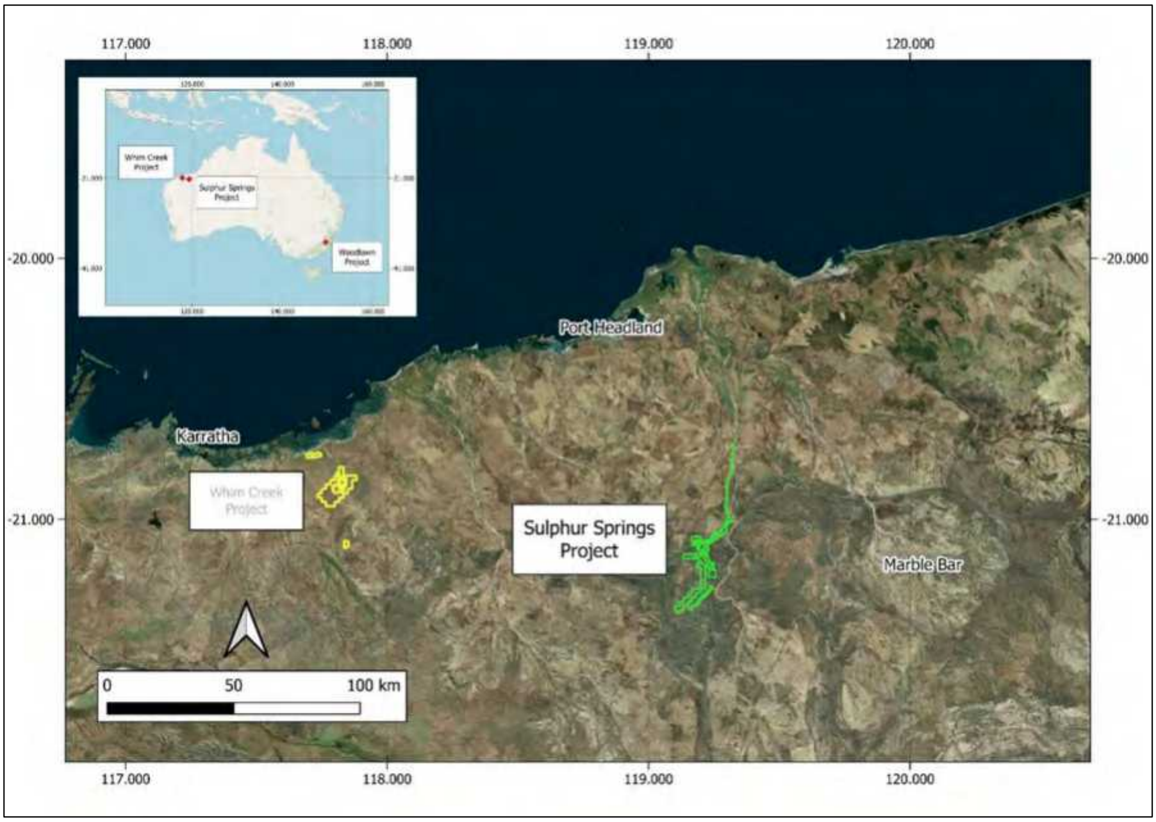
Studies completed by Venturex include a feasibility study completed by RMDSTEM in 2013 with the process design and costings undertaken by GR Engineering Services, an optimisation study undertaken in 2015 by Entech and Lycopodium, a value engineering study completed in 2017 and a definitive feasibility study in October 2018, with engineering completed by Lycopodium.

## 4.2 Location, access and climate

The Sulphur Springs Project area is situated in the Pilbara region of Western Australia, 144 km to the southeast of Port Hedland and approximately 60 km west of the town of Marble Bar (Figure 4. 1). The approximate location is 21.15196° South and 119.20649° East. Access to site is from the sealed Marble Bar Road before turning south onto an approximately 45 km long dirt road.

The climate is semi-arid with annual rainfall of around 400 mm. Most of the region's precipitation is associated with seasonal low pressure systems that occur between December and April. Summer maximum daytime temperatures average 40˚C to 42˚C while winter daytime temperatures typically average a maximum of 27˚C. Minimum temperatures range between 27˚C in summer and 12˚C in winter.

**Figure 4. 1: Location of the Sulphur Springs Project, Western Australia**



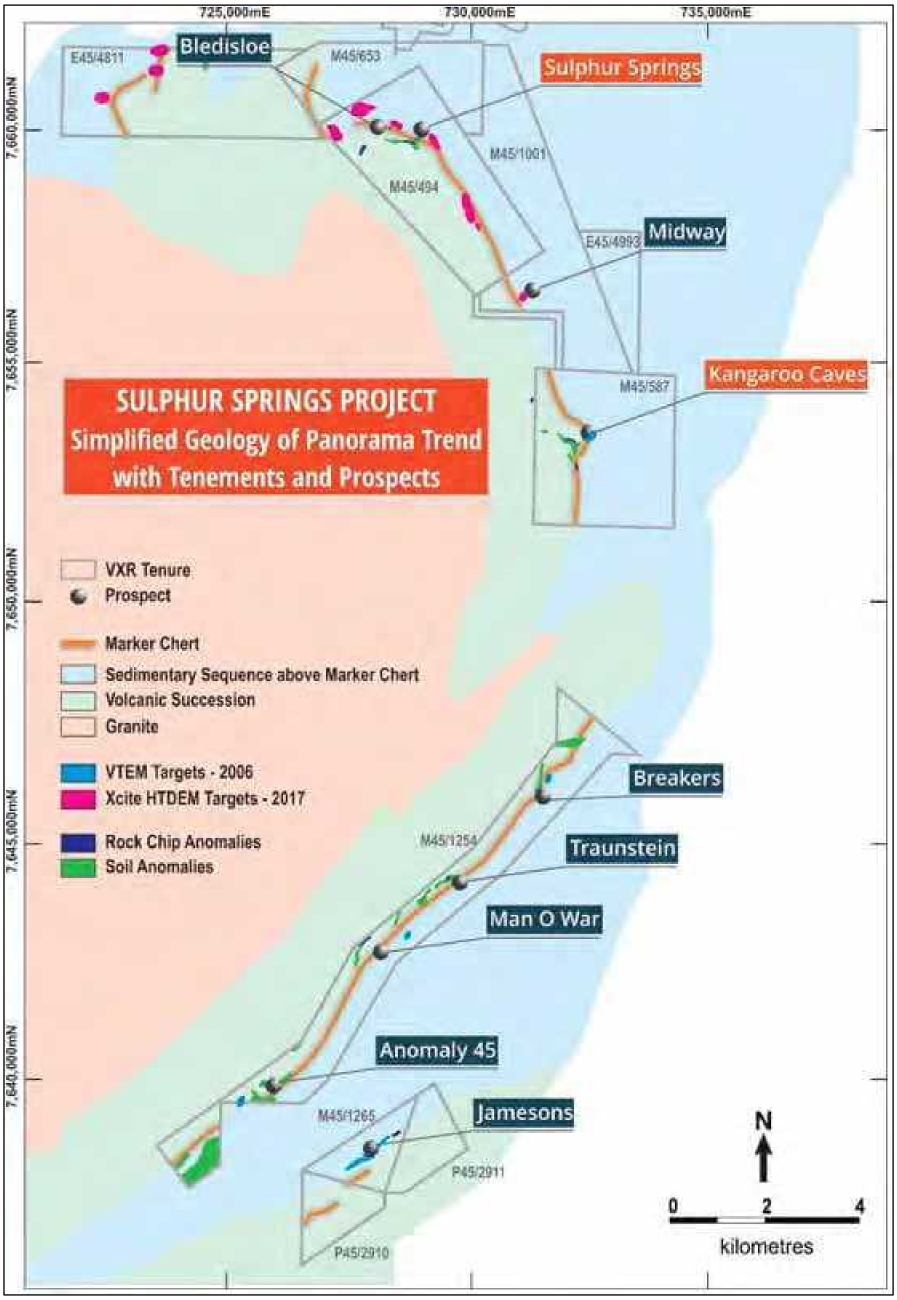

Sources: SRK analysis (July 2023)

## 4.3 Geology and resources

### 4.3.1 Regional setting and local mineralisation

The Sulphur Springs deposit is a sulfide VMS zinc-copper deposit located within the Sulphur Springs Group in the central east of the Archaean Pilbara Craton. The Sulphur Springs Group lies within a north–northeasterly trending litho-tectonic zone known as the Lalla Rookh-Western Shaw Structural Corridor (LWSC) that is bound by regional-scale faults. A series of deposits and prospects occur along strike of the Panorama Trend (Figure 4. 2).

**Figure 4. 2: Panorama Trend geology and tenement locations**




Sources: Entech MRE Report, 2023b

At deposit scale, the Sulphur Springs lithologies comprise polymictic breccia, chert, massive and stringer sulfide mineralisation, and felsic volcanic rocks of dacitic composition. Massive pyrite and base metal sulfide mineralisation occurs along a 550 m strike length and 600 m down dip extent, and consists of an upper zone of massive sulfide overlying a disseminated/stringer zone. The upper contact of the massive sulfide unit is generally sharp, while the lower contact with the footwall disseminated zone is gradational. There are indications of structural thickening in some mineralisation areas, which has obscured primary morphology and metal zonation. Lithology and structure are considered the predominant controls on base and precious metals, and gangue mineralisation (iron) at the Sulphur Springs.

The major lithological units comprise:

- footwall dacite
- rhyodacite hanging wall
- footwall and hanging wall marker chert horizons
- hanging wall marker breccia (interpreted to represent a thrust)

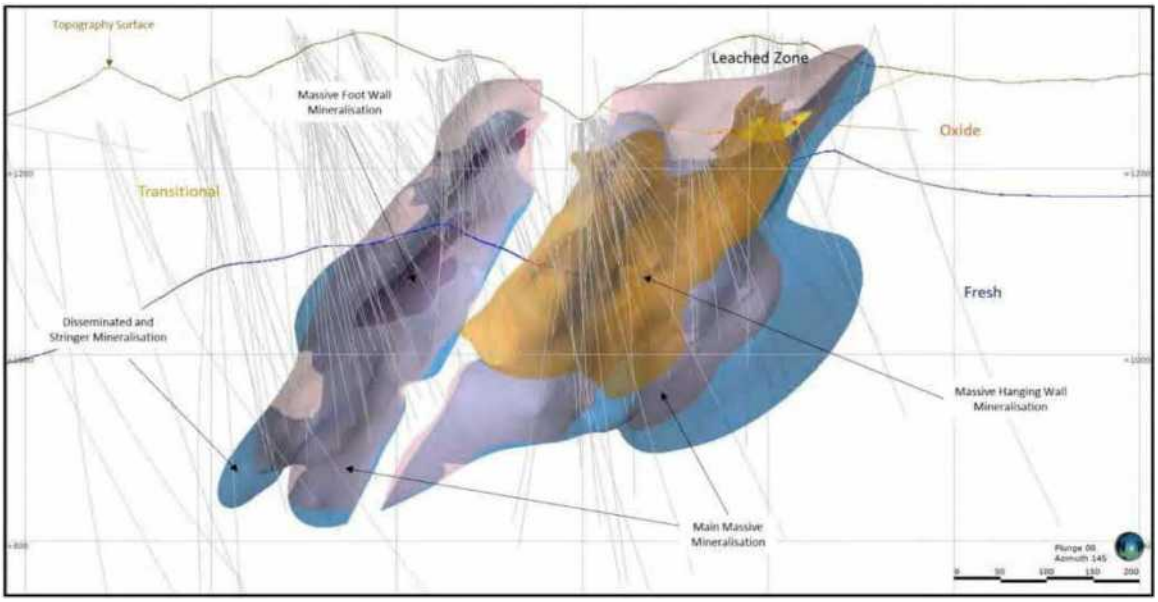
Four identified sulfide mineralisation domains (Figure 4. 3 and Figure 4. 4) were defined as:

- massive sulfide mineralisation (Domain 1) with a sharp hanging wall contact. The footwall contact was defined either by drill hole logging or by iron and sulfur grades greater than 20%.
- disseminated mineralisation (Domain 2) underlying the massive sulfide unit
- hanging wall massive sulfide mineralisation (Domain 3) with two discrete shoots 40–60 m in width of high-tenor zinc mineralisation
- footwall massive sulfide mineralisation (Domain 4).

Zinc and copper distribution within the sulfide domains have consistent spatial relationships, highlighted by:

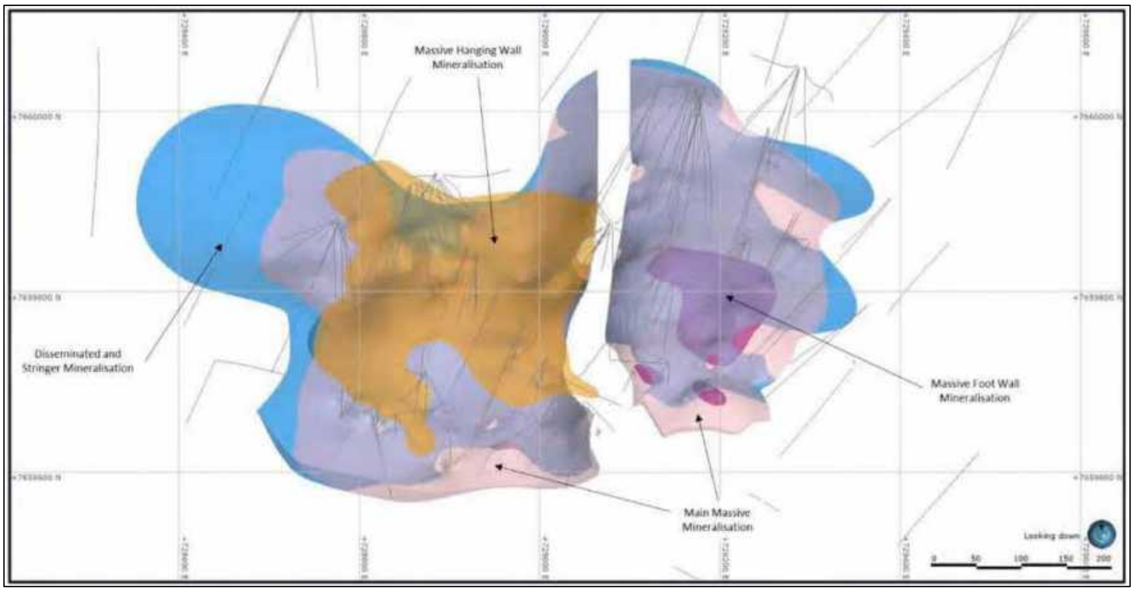
- Zinc mineralisation is most prominent towards the hanging wall of the massive sulfide (Domain 1). Discrete zones of zinc occur towards the footwall of the massive sulfide and are interpreted to be structurally emplaced. Lower-tenor zinc-rich mineralisation is also defined within the footwall disseminated horizon (Domain 2).
- Copper-rich mineralisation occurs as a semi-continuous lobate lens that straddles the footwall contact between the massive sulfide and underlying disseminated zone, with most of the copper mineralisation falling within the massive sulfide horizon.
- Hanging wall zinc mineralisation (Domain 3) that lies 10–40 m above the massive sulfide is interpreted to be structural repetition of the massive sulfides.
- A north–south post-mineralisation fault (Main fault) is interpreted to offset all sulfide mineralisation domains into two separate lenses (east and west).

**Figure 4. 3: Long section of Sulphur Springs looking southeast, showing drill hole traces, massive sulfide and disseminated domains**




Sources: Entech Letter of Consent, April 2023

**Figure 4. 4: Plan view of Sulphur Springs, showing drill hole traces, massive sulfide and disseminated domains**




Sources: Entech Letter of Consent, April 2023

### 4.3.2 Resource Estimation

Compositing methods were selected to honour the mineralisation style, geometry, grade variability and potential mining selectivity. Drilling samples were composited to 1 m lengths honouring lode domain boundaries. Composites with a best-fit approach were compiled, whereby any small residual intervals less than 1 m were divided evenly between the composites to mitigate metal loss.

Exploratory data analysis (EDA) of the declustered (20 mN, 5 mE, 20 mZ grid) composited (density weighted) zinc, lead, copper, gold and silver variables in the mineralised domain groups was undertaken using Supervisor™ software. Analysis for sample bias, domain homogeneity and top capping was also undertaken.

Assessment and application of top-capping was undertaken on the zinc, lead, copper, gold, silver and iron variables within individual (and grouped) domains. Domains were capped to address instances where outliers were defined as both statistical and spatial outliers. Application of silver top cap in the disseminated domain resulted in an 8.5% metal reduction. Iron was not capped.

Variography was undertaken on the capped, declustered zinc, lead, copper, gold, silver and iron variables grouped by mineralisation style (massive, disseminated). Robust variogram models with a low to moderate nugget for zinc, copper and lead (8–10%), gold and silver (10–11%) and iron (15%) were delineated and used in KNA to determine parent cell estimation size and optimise search neighbourhoods.

Due to statistical and spatial similarities, the variogram and search parameters for zinc were applied to lead. It should be noted that although the maximum continuity modelled in the variograms ranged from 70 m to 80 m (zinc, lead, copper) and from 120 m to 202 m (silver, gold, iron), approximately 35–55% of spatial variability and subsequent kriging weights were applied within 15–60 m.

Interpolation was undertaken using Ordinary Kriging in GEOVIA Surpac™ within parent cell blocks. Parent cell dimensions for the interpolation were Y 5 mN, X 10 mE, Z 5 mRL, with sub-celling of Y 0.312 mN, X 0.625 mE, Z 0.312 mRL. The parent block size was selected to provide suitable volume fill, given the available data spacing and mining selectivity. The drill hole spacing for geological and grade domain interpretations averages 40 m × 40 m over the sulfide mineralisation extents. Considerations relating to selecting an appropriate block size included drill hole data spacing, conceptual mining method, variogram continuity ranges and search neighbourhood optimisations (KNA).

A two-pass estimation strategy was used, whereby search ranges reflected variogram maximum modelled continuity and a minimum of 6, maximum of 16 composites for zinc, lead and copper, and a minimum of 6, maximum of 12 for gold, silver and iron. The second search reduced the minimum composite required in the neighbourhood to 4; all other parameters (e.g. range and maximum composites) remained the same.

Search ellipsoids reflected the direction of maximum continuity within the plane of mineralisation, ranges, and anisotropy ratios from the variogram models. All blocks which did not meet the criteria to trigger an estimate were not estimated and were excluded from the Mineral Resource classification. Domain and sub-domain boundaries represented hard boundaries, whereby composite samples within that domain were used to estimate blocks within the domain. Validation of the zinc, lead, copper, gold, silver and iron variables estimated outcomes was undertaken with statistical analysis, swath plots and visual comparison (cross and long sections) against input data.

Global comparison of de-clustered and capped composite mean against estimated mean (by domain and variable) highlighted less than 10% variation for zinc and silver and within 5% variation for copper.

The 3D block model was coded with geology, regolith and metallurgical weathering, mineralisation style, NSR and Mineral Resource classification prior to evaluation for Mineral Resource reporting. Multivariate regressions were calculated for density and sulfur by metallurgical weathering horizon, and applied directly into the block model.

### 4.3.3 Data collection

The first drill program at Sulphur Springs was completed by Miralga Mining in 1986 and consisted of nine RC drill holes. These holes failed to reach target depth and did not intersect any significant mineralisation. No assays for these drill holes are included in the database.

The first DD hole was completed in 1988. Drilling between 1990 and 1995 was operated by Sipa Resources Ltd (Sipa) for various joint venture partners. A total of 59 drill holes with RC pre-collars and NQ2-size diamond core tails were completed on approximately 80 m spaced sections. This includes nine drill holes that were re-drilled after the initial drill hole failed to reach the target depth.

Outokumpu managed the drilling for the joint venture partners in 2000 and drilled 19 holes with RC pre-collars and diamond tails to infill the previous drilling and provide material for metallurgical testwork. Most diamond core was HQ size, with some NQ-size core drilled due to drilling difficulties. Some PQ-size core was drilled for metallurgical testwork. A further 22 RC-DD holes were completed by Outokumpu during 2001 to target sulfide mineralisation continuity and for metallurgical and geotechnical testwork. NQ was the preferred size for drill core during this drill program.

CBH Resources Ltd (CBH) drilled 23 RC drill holes in 2005 to test the upper portions of the deposit and potential for open cut mining. During 2007, CBH completed four sterilisation RC drill holes around the mill and stockpile areas and 12 RC drill holes targeting resource infill and extensions to mineralisation.

Venturex drilled six RC holes in 2012 to target mineralisation in the Inferred Mineral Resource category. Venturex also completed 14 RC-DD holes in 2017, mainly targeting supergene and transitional mineralisation for metallurgical testwork. Most of the drill core is HQ sized, however, PQ size was used where ground conditions were poor.

The drilling conducted by Develop in 2021 was designed to infill drill Mineral Resources to Indicated status and test for resource extensions. The drilling comprised 33 RC-DD holes and 44 RC drill holes. About 80% of the drill core is HQ size with the remainder being NQ size. This phase of drilling accounts for about 45% of the drill hole samples in the database. In total, approximately 42% of the drill holes in the database are RC, 7% are diamond and 51% have RC pre-collars with diamond core tails.

An independent resurvey of all pre-2007 drill hole positions was completed by a licensed surveyor for CBH in 2007. After 2007, all hole collar coordinates have been picked up using DGPS. Historical downhole surveys were performed on all holes.

Prior to 2005, it appears the company did not include QA/QC samples in the sample submissions, though the laboratory inserted its own internal QA/QC checks. From 2005 to 2012, company

QA/QC samples were included with the drill samples. Since 2017, the blanks and certified reference materials (CRMs) were included at a rate of about 1 in 20 samples. Duplicate samples were also collected at a rate of 1 in 20 samples. The procedures implemented since 2017 meet current industry standards.

Based on documentation review, SRK is satisfied that sample preparation techniques and analyses are appropriate for the style of deposit and reflect standard techniques available at the time.

### 4.3.4 Modelling and estimation

The Mineral Resource Statement for the Sulphur Springs MRE is based on the block model prepared by Entech and reported to the market on 01 June 2023. The MRE was prepared in accordance with the JORC Code (2012).

SRK is satisfied that, overall, appropriate and reasonable practices and procedures have been followed in regard to data gathering, storing, QA/QC (QA/QC on pre-2017 data does not meet current industry standards), geological modelling and the development of estimation parameters.

In SRK's opinion, the reported Mineral Resource is a reasonable representation of the underground zinc, copper, lead, gold and silver Mineral Resource within the deposit, and is suitable for valuation purposes.

The MRE includes 58,868 m of drilling from 149 DD, including RC with diamond tails, and 85 RC drill holes, completed since 1988. Of the drill metres underpinning the Mineral Resource, 33% (77 drill holes) were completed by Develop during 2021–22. The remaining historical drilling was completed by previous owners between 1988 and 2017. The depth from surface to the current vertical limit of the Mineral Resources is approximately 400 m.

Mineral Resources were classified as Indicated and Inferred to appropriately represent confidence and risk with respect to data quality, drill hole spacing, geological and grade continuity and mineralised volumes. Mineral Resources were classified based on geological and grade continuity confidence assessed from:

- drill hole technique, data quality, spacing and orientation
- geological domaining
- estimation quality parameters.

Indicated Mineral Resources were defined where a moderate level of geological confidence in geometry, continuity, and grade was demonstrated, and are identified as areas where:

- Blocks are well supported by drill hole data, with drilling averaging a nominal 40 m × 40 m or less between drill holes, or where drilling was within 50 m of the block estimate.
- Blocks were interpolated with a neighbourhood informed by 12–16 sample composites and a kriging slope of regression above 0.5.

The NSR cut-off grade used for reporting of Mineral Resources at Sulphur Springs was A$80/t, which is approximately 80% of the break-even stoping cut-off value underpinning Develop's current LoM Plan.

This MRE contains dry bulk density data collected on drill core from 212 holes (between 1990 and 2022). Density measurements were collected and measured using the water immersion density determination method for each sample. Analysis of the bulk density data indicated values between 1.64 and 5.01 g/cm$^3$ SG (specific gravity).

Multi-element regression defined varying regression coefficients occur across the weathering horizons. Therefore, a separate regression formula was required for oxide, transitional and fresh materials. Below are the density regressions applied within the MRE:

- Oxide: 1.976418 +Zn%*0.02795 +Pb%*-0.092028 +Cu%*-0.003506 +Fe%*0.051415
- Transitional: 2.472249 +Zn%*0.022663 +Pb%*0.023376 +Cu%*0.000101 +Fe%*0.043261
- Fresh: 2.526907 +Zn%*0.020732 +Pb%*0.052578 +Cu%*-0.005445 +Fe%*0.043606.

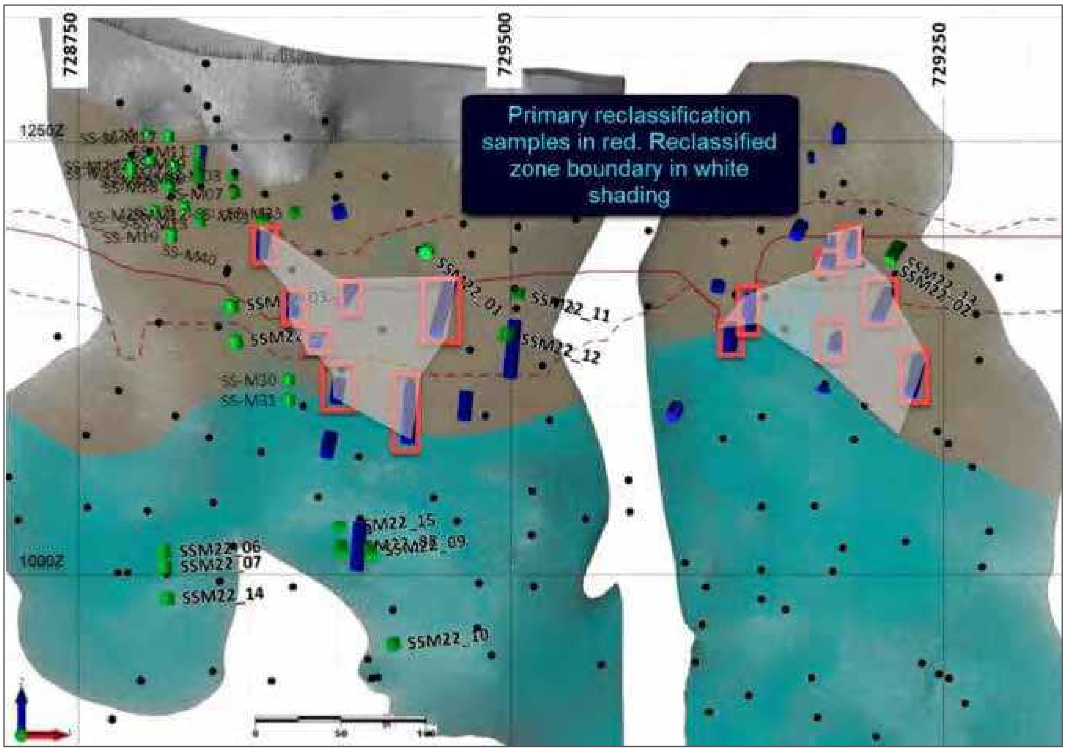
Regression formulas were applied in the block model on a block-by-block basis, using estimated zinc, lead, copper and iron values for the individual blocks and restricted by block model coding of metallurgical weathering horizons.

Key changes to the block model due to reclassification of Transitional material to Fresh material as a results of new testwork completed were released to the market on 02 June 2023. The changes included:

- 1,714 kt less Transitional material
- 1,7522 kt additional Fresh material (a 32% increase)
- Net Mineral Resource increase of 38 kt from 2022 to 2023.

The reclassification is characterised by cleanly producing separate Cu and Zn concentrates in a sequential flow sheet. This was based on a review of historic work completed in 2022. Drill hole core intervals reclassified as a result of the tests were constrained by a 3D shape to minimise overstatement of the reclassified volume (Figure 4. 5). In total, 16 test were indicative of the material being Fresh.

**Figure 4. 5: Reclassified transitional to fresh zones at Sulphur Springs**




Sources: Develop (DVP) ASX release, 2June 2023

The updated Mineral Resource Statement is presented in Table 4. 2. Ms Jill Irvin of Entech is named as the Competent Person for the Mineral Resource Estimate. This Mineral Resource statement includes Inferred Mineral Resources that are not eligible for conversion to Mineral Reserves, nor is there certainty that further drilling and sampling will enable them to be converted to Measured or Indicated Mineral Resources.

**Table 4. 2: Sulphur Springs underground Mineral Resource at an NSR cut-off of A$80/t (as of 01 June 2023)**

| Mineral Resource Category | Type | Tonnes (kt) | NSR (A$/t) | Zinc (%) | Copper (%) | Lead (%) | Silver (ppm) | Gold (ppm) | Iron (%) |
|---|---|---|---|---|---|---|---|---|---|
| Indicated | Oxide | 209 | 381 | 0. 3 | 4. 2 | 0. 1 | 18. 9 | 0. 1 | 29. 8 |
| | Transitional | 4,941 | 314 | 6. 1 | 1. 2 | 0. 3 | 22. 5 | 0. 2 | 23. 2 |
| | Fresh | 7,247 | 299 | 5. 4 | 1. 1 | 0. 3 | 21. 5 | 0. 1 | 22. 1 |
| | **Subtotal** | **12,398** | **307** | **5. 6** | **1. 2** | **0. 3** | **21. 8** | **0. 1** | **22. 7** |
| Inferred | Fresh | 1,401 | 249 | 6. 4 | 0. 2 | 0. 5 | 38. 4 | 0. 2 | 20. 8 |
| | **Subtotal** | **1,401** | **249** | **6. 4** | **0. 2** | **0. 5** | **38. 4** | **0. 2** | **20. 8** |
| **Total** | | **13,798** | **301** | **5. 7** | **1. 1** | **0. 3** | **23. 5** | **0. 2** | **22. 5** |

Sources: Entech Letter of Consent, April 2023

### 4.3.5 Risks and opportunities

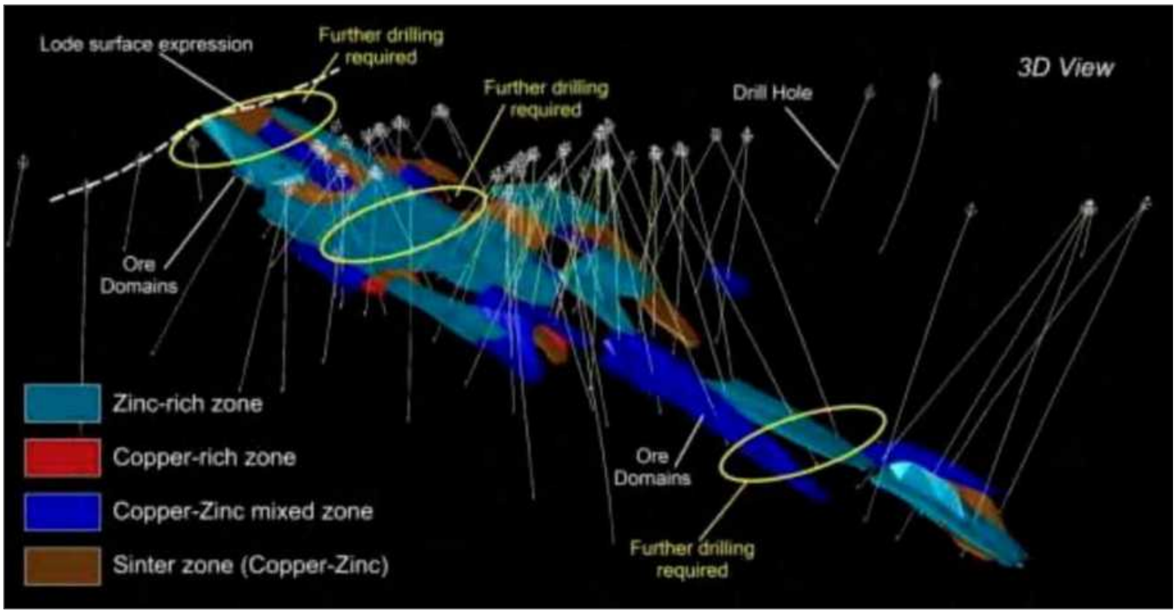
- Geometallurgical boundary definitions and interpreted surfaces are heavily reliant upon subjective metadata (e.g. relogging of core photographs) and Sequential Copper Digestion (SCD) testwork. SCD testwork was limited in both location (upper west) and drill material. Entech recommends that additional metallurgical, mineralogical studies (diamond core) and potentially geochemical assay suites be implemented to improve understanding of amenability issues and define chemically induced geometallurgical boundaries for consideration within future estimations, mine planning and grade control.
- Sample recovery issues, due to water ingress, were encountered during 2022 when intersecting massive sulfides below 200 m from surface. In this instance, there was acceptable support from nearby drill holes to mitigate the poor recovery outcomes, though this is unlikely to be the case for future definition or extensional drilling. For MRE purposes, sample recovery above 90% is considered an acceptable result. It is recommended that diamond drilling be used solely for targeting mineralisation below the 1,050 mRL to ensure poor sample recovery does not affect classification status for future MRE updates.
- Increase diamond drilling information required to benefit structural interpretation as well as volume definition and identification of mineralisation contacts and controls.

### 4.3.6 Prospectivity

#### Kangaroo Caves

The Kangaroo Caves deposit located approximately 7 km south of Sulphur Springs (Figure 4. 6), represents a small zinc-dominant resource developed in the same stratigraphic horizon as the Sulphur Springs deposit and showing similar geology. The deposit has been drilled with a combination of RC and DD drilling at variable spacing to a vertical depth of 400 m.

**Figure 4. 6: Kangaroo Caves mineralised domains and drilling**




Sources: Kangaroo Caves Resource Upgrade (ASX: ANX, 22 Sept 2015)

The Mineral Resource Statement is presented in Table 4. 3. Mr David Milton of Hardrock Mining Consultants is named as the Competent Person for the Mineral Resource Estimate.

**Table 4. 3: Kangaroo Caves Mineral Resource (as of September 2015)**

| Deposit | Resource Classification | Tonnes (kt) | Cu % | Zn % | Pb % | Ag ppm |
|---|---|---|---|---|---|---|
| **Kangaroo Caves** | Measured | - | - | - | - | - |
| | Indicated | 2,250 | 0. 93 | 5. 7 | 0. 27 | 13. 6 |
| | Inferred | 1,300 | 0. 50 | 6. 5 | 0. 40 | 18. 0 |
| **Total Mineral Resource** | | **3,550** | **0. 77** | **6. 0** | **0. 32** | **15. 2** |

Sources: Kangaroo Caves Resource Upgrade (ASX: ANX, 22 Sept 2015)
Notes: Based on a Cut-Off Grade of 1% Zn and 0.5% Cu

## 4.4 Mining and Ore Reserves

Develop has built its mine plan on its (formerly Venturex) and its consultants previous work, namely:

- Definitive Feasibility Study, Lycopodium, 2018
- A basis of design was a production rate of 1.2 Mt/a and with an Ore Reserve of 8.5 Mt split between open pit (3.7 Mt) and underground (4.8 Mt) workings.
- Mining Study, Entech Pty Ltd, 2018 as part of the DFS, considering the underground mining method as a modified sub-level caving (SLC) now changed to underhand long hole open stoping.

SRK has reviewed the 2018 DFS and an updated LoM spreadsheet for production, capital and operating costs as well as the mining section of the project's DFS report.

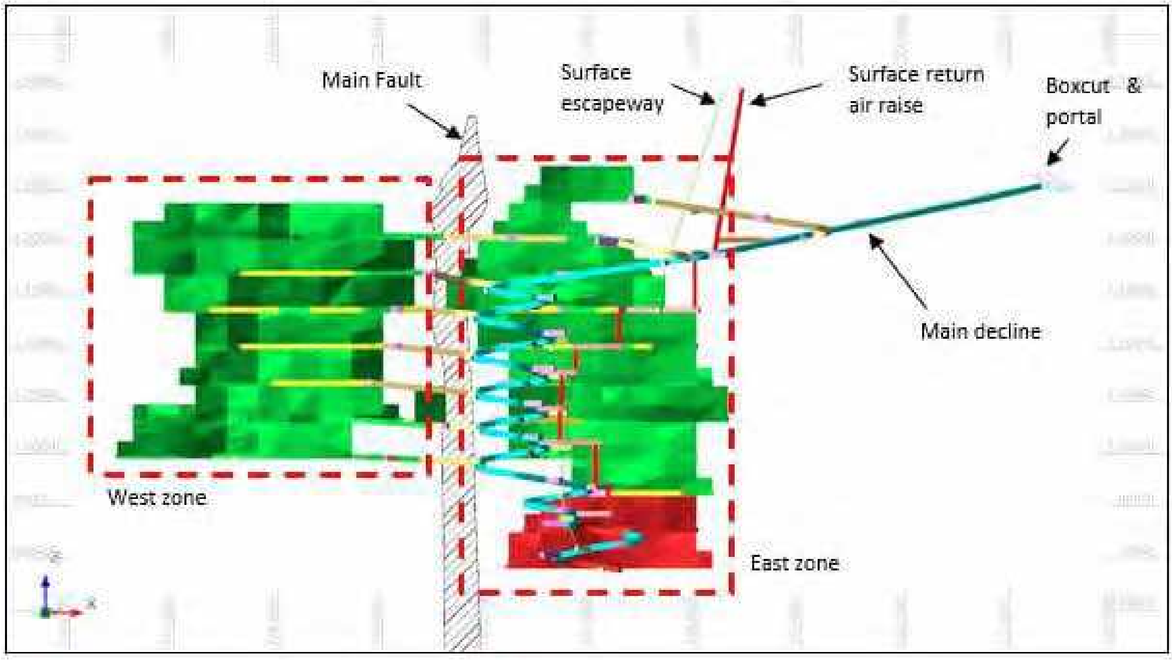
### 4.4.1 Methods and design

The 2018 DFS for Sulphur Springs recommended contractor mining through a modified SLC method. The latest mining study now considers that underhand (top-down) long-hole stoping (LHS) with cemented paste fill with backfill, allowing for some cemented rockfill (CRF) in the upper levels during start-up commissioning of the pastefill system is the optimal mining solution for the Sulphur Springs deposit. This method has been selected based on Develop's strategy to maximise grade and metal recovery, mining first ore as soon as possible, and maintaining a steady state production profile of 1.1 – 1.2 Mt/a.

The underground mine is planned to be accessed via a box-cut with a 320 m decline developed at -8° down to the East zone level access. The decline has been designed on the footwall (FW) side of the orebody and to the east of the breccia Main Fault to reduce ground control issues. A separate access to each working level has been established off the main spiral decline that continues down to the lowest portion of the East zone with drives, perpendicular to the Main fault, developed through the fault into the West zone. Figure 4. 7 shows a section through the mine with development into the deposits as well as a return airway and surface escape way.

Development is planned to be undertaken using electric-over-hydraulic twin jumbo drill rigs to drill face blasthole patterns.

**Figure 4. 7: Sulphur Springs's mine design (looking north)**




Sources: ENT_1160_DVP_SS_FS_DRAFT_Exec_Sum_v3

The mine design criteria and modifying factors extracted from the production scheduling software for the various mining elements are shown in Table 4. 4.

**Table 4. 4: Sulphur Springs – mine design criteria**

| Description | Unit | Height | Width | Factor |
|---|---|---|---|---|
| Decline | m | 6. 0 | 6. 0 | |
| Ore Drive | m | 5. 0 | 5. 0 | |
| Footwall drive | m | 6. 0 | 5. 5 | |
| Return air raise | Dia m | 1. 2 | | |
| Surface escapeway | m | 5. 0 | 5. 0 | |
| Slot | Dia m | 1. 2 | | |
| Level Interval | m | 35 | | |
| Section length | m | 30 | | |
| Waste development dilution | % | | | 5 |
| Stope dilution | | | | |
| Footwall | m | | 0. 5 | |
| Hanging wall | m | | 0. 5 | |
| Minimum stope width | m | | 3. 0 | |
| Mining Recovery | | | | |
| Development | % | | | 100 |
| Stoping | % | | | 95 |

Sources: 2303 SS FS Schedule Inventory 230614. dsf

NSR has been used as the basis for a cut-off grade calculation. A cut-off value from Develop of A$140/t was supplied to Entech for initial mining shape establishment. Development cut-off values as well as incremental stoping values (mining and processing only) were also supplied and are shown in Table 4. 5.

**Table 4. 5: NSR cut-off values for Sulphur Springs**

| Activity | Unit | Value |
|---|---|---|
| Development | A$/t | 80 |
| Stoping (full) | A$/t | 140 |
| Stoping (Incremental) | A$/t | 80 |

Sources: Sulphur Springs project underground mining feasibility study, July 2023

The NSR calculation considers from a possible range of five different concentrate products:

- zinc (Zn)
- copper (Cu)
- lead (Pb)
- zinc/copper (ZnCu)
- zinc/lead (ZnPb).

The suitability of ore for each product is determined by its grade for each metal and its metallurgical weathering category. Table 4. 6 lists the weathering and grade range combination criteria for each product. There are no products specified for the oxide weathering category as it has been assumed that this ore is unsuited for underground mining methods based on the geotechnical analysis.

### Table 4. 6: Product weathering and grade criteria

| Product | Metallurgical Weathering Category | Grade Range Requirements |
|---|---|---|
| Zinc | Transitional | Zn > 3.0%<br>Zn/(Cu + Pb + Fe) > 0.1 |
| | Fresh | Zn > 1.5% |
| Copper | Transitional | Cu > 0.3%<br>Zn < 0.8%<br>Zn : Cu < 0.4% |
| | Fresh | Cu > 0.3%<br>Zn < 0.8%<br>Zn : Cu < 0.4% |
| Lead | Fresh | Pb > 0.5% |
| Zinc/Copper | Fresh | Zn > 1.5%<br>Cu > 0.3% |

Sources: Sulphur Springs project underground mining feasibility study, July 2023

### Table 4. 7: NSR pricing factors

| Description | Unit | Sulphur Springs project UG Mining feasibility study, July 2023 |
|---|---|---|
| Copper price | USD/t | 8,300 |
| Lead price | USD/t | 2,200 |
| Zinc price | USD/t | 3,100 |
| Silver price | USD/t | 21 |
| Gold price | USD/t | 1,760 |
| Exchange rate | AUD:USD | 0.67 |
| Base metal royalty | % | 5.0 |
| Precious metal royalty | % | 2.5 |

Sources: Sulphur springs project underground mining feasibility study, July 2023

### Table 4. 8: Concentrate properties

| Description | Unit | Copper Concentrate | Zinc concentrate | Lead concentrate |
|---|---|---|---|---|
| Treatment charge | | | | |
| Treatment and refining charge | USD/t Conc. | 67.50 | 215.00 | 62.00 |
| Copper refining | USD/lb payable Cu | 0.07 | - | - |
| | USD/kg payable Cu | - | - | 1.37 |
| Lead refining | USD/kg payable Pb | - | - | - |
| Silver refining | USD/g payable Ag | 0.001 | | 0.019 |
| Gold refining | USD/g payable Au | 0.161 | | 0.161 |
| Selling costs | | | | |
| Freight | US$/wmt Conc. | 64.75 | 64.75 | 105.00 |
| Trucking | A$/wmt Conc. | 33.71 | 33.71 | 33.71 |

Sources: Sulphur Springs project underground mining feasibility study, July 2023

The NSR value for each product is calculated based on the input assumptions in Table 4. 7 and its metallurgical recovery rate provided by Develop's testwork and its payability factor, as detailed in the treatment terms and conditions as listed in Table 4. 8 and Table 4. 9.

**Table 4. 9: Product metallurgical recovery formulae and payabilities**

| | Metal | Metallurgical recovery formula | Maximum recovery | Concentrate grade | Payability |
|---|---|---|---|---|---|
| Zinc | Zinc | 126 + 22.5 * ln(Zn/Fe) | 95% | 52% | MIN(85%, 8% min deduction) |
| | Lead | 85 – (Pb rec to Cu con+ Pb Rec to Pb con) | 85% | (Pb Rec to Zn x %Pb in feed x feed tonnes)/Zn Conc dmt | 0% |
| | Gold | 5% | 5% | (Au Rec to Zn x Au ppm in feed x feed tonnes)/Zn Conc dmt | 0% |
| | Silver | -0.3 + -6 * ln(Cu/S) | 60% | (Ag Rec to Zn x Ag ppm in feed x feed tonnes)/Zn Conc dmt | Min deduction 93.31 g/t, 70% of remaining metal |
| | Copper | 4% | 4% | (Cu Rec to Zn x %Cu in feed x feed tonnes)/Zn Conc dmt | 0% |
| Copper | Copper | 142 + 21 * ln(Cu/S) | 95% | 23% | MIN(96. 5%, 23%-1% min deduction) |
| | Lead | 96 + 17 * ln(Pb) | 70% | (Pb Rec x %Pb in feed x feed tonnes)/Cu Conc dmt | 0% |
| | Gold | 107.32 + 13.88 * ln (Au/Fe) | 80% | (Au Rec x Au ppm in feed x feed tonnes)/Cu Conc dmt | Min con grade 1 g/t, 90-95% based on con grade bins |
| | Silver | 61.94 + 21.17 * ln (Ag/Fe) | 78% | (Ag Rec x Ag ppm in feed x feed tonnes)/Cu Conc dmt | 90% (min con grade payable 30 g/t) |
| | Zinc | 130 + 30 * ln(Cu/S) | 90% | (Zn Rec to Cu x %Zn in feed x feed tonnes)/Cu Conc dmt | 0% |
| Zinc/Copper | Copper | 142 + 21 * ln(Cu/S) | 95% | 23% | MIN(96. 5%,1% min deduction) |
| | Lead | 20 + 10 * ln(Cu/Pb) | 80% | (Pb Rec to Cu con x %Pb in feed x feed tonnes)/Cu Conc dmt | 0% |
| | Gold | 95 + 18 * ln (Cu/S) | 80% | (Au Rec to Cu x Au ppm in feed x feed tonnes)/Cu Conc dmt | Min con grade 1 g/t, 90-95% based on con grade bins |
| | Silver | 105 + 20 * ln (Cu/S) | 60% | (Ag Rec to Cu x Ag ppm in feed x feed tonnes)/Cu Conc dmt | 90% (min con grade payable 30 g/t) |
| | Zinc | 4 – 1.5 * Zn | 90% | (Zn Rec to Cu x %Zn in feed x feed tonnes)/Cu Conc dmt | |
| Lead | Lead | if(Pb>0. 5,70-(Pb Rec to Cu Con),0) | 70% | 80 + 14 * ln(Pb/Fe)% (max 60%) | MIN(95%,3% min deduction) |
| | Zinc | 1.5% | 1. 5% | (Zn Rec to Pb x %Zn in feed x feed tonnes)/Pb Conc dmt | 0% |
| | Gold | 5.0% | 5. 0% | (Au Rec to Pb x Au ppm in feed x feed tonnes)/Pb Conc dmt | MIN(95%,1 g/t min deduction) |
| | Silver | 10.0% | 10. 0% | (Ag Rec to Pb x Ag ppm in feed x feed tonnes)/Pb Conc dmt | 95% (min con grade payable 50 g/t) |
| | Copper | 0% | 0% | (Cu Rec to Pb x %Cu in feed x feed tonnes)/Pb Conc dmt | 40% |

Sources: Sulphur springs project underground mining feasibility study, July 2023

Backfill will consist primarily of paste piped directly from the paste plant on surface. The delivery route down to the workings will be via a 120 m service borehole and then through the return air raise down to the lowest workings, with breakaways at each level to service those stopes.

An arched decline profile with a width of 6.0 m and a height of 6.0 m to allow use of 63 t trucks forms the basis of the mine development. The decline is to be developed at a gradient of 1 in 7, which is a commonly used gradient in modern underground mines and is suitable for modern equipment to operate efficiently and safely. Stockpiles will be developed along the decline at a 5.0 m W x 5.0 m H profile. In the production areas, decline stockpiles have been designed on a maximum spacing of 120 m. These stockpiles will be subsequently re-purposed for placement of capital infrastructure such as sub-stations, pumps, and refuge chambers. Level access is designed to allow trucking up to the level stockpile to permit loading on-level as a minimum requirement. Access drives where truck entry is not required are reduced to 5.0 m W x 5.0 m H.

A 4.5 m exhaust shaft was designed to provide return air ventilation from the underground workings to the surface. The shorter return air ventilation raises between levels will be drilled using a longhole drill rig and conventionally blasted for convenience. Secondary egress will be provided through 1.2 m shafts providing access from each level to the surface. Operating development beyond the decline, both ore and waste, was designed using a profile of 5.0 m W x 5.0 m H, allowing development with twin boom jumbos and drilling of stopes with a production drill rig capable of drilling long holes (~50 m maximum hole length). This profile also allows efficient use of 21 t loaders.

Geotechnical conditions will direct the type of ground support to be used in the various development works with the basis for each development end dimension and condition shown in Table 4.10.

**Table 4.10: Development ground support assumptions**

| Profile | Ground conditions | 50 mm Fibrecrete ($m^3$/m) | Mesh ($m^2$/m) | Split sets 2. 4 m (#/m) | Resin Bolts 2. 4 m (#/m) | Resin Bolts 3. 0 m (#/m) |
|---|---|---|---|---|---|---|
| 5.5 m W * 8.0 m H | Good | - | 19.9 | 4.5 | 4.4 | 3.7 |
| | Fair | - | 22.7 | 5.3 | 6.8 | 4.2 |
| | Poor | 1.9 | 25.5 | 4.1 | 9.2 | 4.6 |
| 6.0 m W * 6.0 m H | Good | - | 14.2 | 3.9 | 2.9 | 3.7 |
| | Fair | - | 17.0 | 4.7 | 5.1 | 4.2 |
| | Poor | 1.5 | 19.9 | 3.6 | 7.3 | 4.6 |
| 5.5 m W * 6.0 m H | Good | - | 14.2 | 3.9 | 6.6 | - |
| | Fair | - | 17.0 | 3.0 | 9.3 | - |
| | Poor | 1.5 | 19.9 | 3.6 | 11.9 | - |
| 5.0 m W * 5.0 m H | Good | 0.8 | - | 3.9 | 6.6 | - |
| | Fair | 1.0 | - | 2 5 | 7.6 | - |
| | Poor | 1.2 | - | 3 0 | 10.1 | - |

Sources: Sulphur springs project underground mining feasibility study, July 2023

The mining fleet for operations is based on the production profile for the mine using the capacities of the various fleet. Maximum estimated fleet numbers are shown in Table 4. 11.

**Table 4. 11: Maximum fleet requirements**

| Equipment list | Maximum units |
|---|---|
| Twin boom jumbo | 1 |
| Development loader ($8m^3$) | 1 |
| Stope loader ($8m^3$) | 3 |
| Production drill rig | 3 |
| Underground truck (60t) | 3 |
| Explosives charging wagon | 1 |
| Boxhole raise borer (1. 1 m Dia) | 1 |
| Diamond Drill Rig | 1 |
| Grader | 1 |
| Shotcrete Sprayer | 1 |
| Agitator Truck | 1 |
| Underground IT | 2 |
| Water Cart | 1 |

Sources: Sulphur Springs project underground mining feasibility study, July 2023

### 4.4.2 Ore Reserves

The Sulphur Springs Underground Ore Reserve estimate as at June 2023 is 8.8 Mt of ore grading 5.4 % Zn, 0.2% Pb and 1.1 % Cu for a total of 479 kt of zinc metal, 22 kt of lead, and 100 kt of copper metal.

**Table 4.12: Sulphur Springs June 2023 Maiden Ore Reserve**

| Ore Reserve Estimate | Ore (Mt) | Zn Grade (%) | Zn Metal (kt) | Pb Grade (%) | Pb Metal (kt) | Cu Grade (%) | Cu Metal (kt) | Ag Grade (g/t) | Ag Metal (koz) | Au Grade (g/t) | Au Metal (koz) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Proved Reserve | - | - | - | - | - | - | - | - | - | - | - |
| Probable Reserve | 8.8 | 5.4 | 479 | 0.2 | 22 | 1.1 | 100 | 20.6 | 5,818 | 0.1 | 38 |
| **Total Reserve** | **8.8** | **5.4** | **479** | **0.2** | **22** | **1.1** | **100** | **20.6** | **5,818** | **0.1** | **38** |

Sources: ENT_1160_DVP_SS_FS_DRAFT_Exec_Sum_v3. docx

Notes: Calculations have been rounded to the nearest 100,000 t of ore, 0.1% Zn/Pb/Cu grade, 0.1g/t Ag/Au grade, 1,000 t of Zn/Pb/Cu metal, and 1,000 oz. of Ag/Au metal.

In establishing the underground Ore Reserve Estimate, additional criteria to ensure only Measured and Indicated Mineral Resources in the plan and economic analysis was generated using the following criteria:

- Inferred Mineral Resource material was set to waste grade.

- All ore shapes subsequently falling below cut-off grade were removed from the mine plan with redundant access development also removed.
- Levels were then evaluated to ensure that they still paid for access development. Any levels rendered sub-economic by setting Inferred material to waste grade were removed from the schedule.
- The remaining design was re-scheduled and input into the detailed financial model to ensure all areas provided a positive economic return.

The mine plan for the Ore Reserve can differ from the overall LoM plan, as the LoM plan is able to consider the economic benefits of Inferred material. The financial model supplied as part of this project does consider the economic viability of the Inferred material with 9.7 Mt ore tonnes being mined and only 8.8 Mt reporting to the Ore Reserve Estimate.

SRK notes the following from the mining study report:

*The Ore Reserve estimate is based on financials and modifying factors determined as part of a Feasibility Study undertaken on the project. This statement relates to a global estimate.*

*The Ore Reserve represents an Indicated Resource to Probable Ore Reserve conversion of ~74%.*

*Material uncertainties relating to this Ore Reserve estimate are discussed below:*

- *There is a degree of uncertainty associated with geological estimates. The Ore Reserve classifications reflect the levels of geological confidence in the estimates*
- *Commodity price and exchange rate assumptions are subject to market forces and present an area of uncertainty.*
- *There is a degree of uncertainty regarding estimates of impacts of natural phenomena including geotechnical assumptions, hydrological assumptions, and the modifying mining factors, commensurate with the level of detail of the study.*

Considerations in favour of a higher confidence in the Ore Reserves include:

- *The mine plan assumes a low complexity mechanised mining method that is widely used in the mining jurisdiction.*
- *Processing costs are based on a feasibility study standard of determination. The proposed flotation processing method is well known and widely used in the mining jurisdiction.*

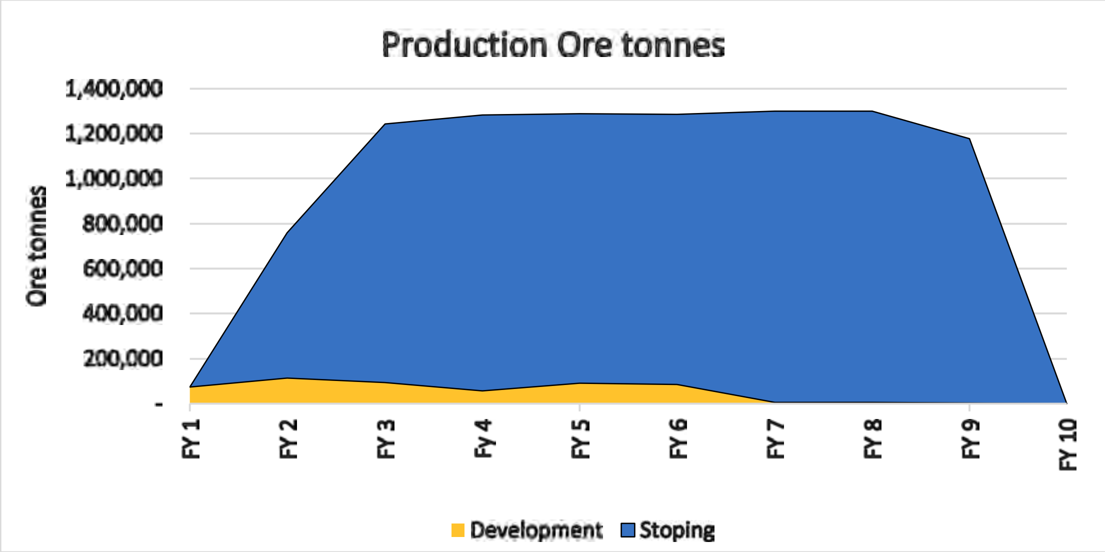
### 4.4.3 Production schedule

The production schedule for Sulphur Springs relies on an annual production rate of 1.2 Mt/a for a period of 7 years with a 2-year build-up to achieve this. This is a similar production profile to that presented in the 2018 DFS completed by Lycopodium. Within the production schedule, SRK notes that up to five production stopes are being mined in a single month. Additionally, a significant number of production stopes stop mining prior to completion and stand unsupported for periods ranging from a week up to three months. Curing time for paste fill has been set at 14 days in the schedule with an additional lag of 14 days to allow for hardening of the paste fill. This has not always indicated the start of the neighbouring production stope but has been included as a minimum time frame prior to the neighbouring production stope commencing.

The DFS previously called for 5.8 Mt of underground ore mining over 4 years of full production, while the 2023 LoM plan calls for 9.7 Mt of ore mined with 7 years at full production. Of the total ore tonnes mined, 6.4 Mt is mined from the Fresh Mineral Resource and 2.4 Mt is mined from the Transitional Mineral Resource. The remaining ore tonnes are mined from the Inferred Mineral Resource category and do not form part of the mine's Ore Reserve Estimate. SRK has reviewed the previous mine layout that considered an open pit and underground operation and confirmed visually that tonnes previously considered for mining as part of the open pit are now included in the underground mine plan, however, has not been able to confirm the magnitude.

The mine's production profile is shown in Figure 4. 8 below with SRK noting that the majority of the Inferred material is mined in the second half of the production life, thereby providing sufficient time for the upgrading of this material to a higher resource classification The value consideration for this project has considered the Ore Reserves only for the DCF.

**Figure 4. 8: Sulphur Springs LoM production**




Sources: DVP_Sulphur_Springs_FS_Inventory_2023_06_28

### 4.4.4 Mining operating and capital costs

The supplied cost model indicates no specific allowance for mining fleet purchase, however the 2023 LoM study cost for fleet has been incorporated into the mining rates in the Develop cost model. A capital cost allowed for mobilisation of fleet as each unit is brought to site. Costs for development were allocated based on a variable unit cost rate supplied by Develop and apply to both Capital and Working Cost categories. These rates, as well as the anticipated fuel burn rate, used to calculate fuel cost, for each development type are shown in Table 4. 13. SRK notes that a diesel usage adjustment factor of 80% has been applied to all development costs, though SRK has not been provided with supporting justification for this factor.

**Table 4. 13: Mining development cost per unit of measure**

| Item | Unit | Variable cost | Unit | Fuel burn |
|---|---|---|---|---|
| **Lateral Development** | | | | |
| Decline (6.0 m W x 6.0 m H A) | \$/m | 5,872 | ltr/m | 3.63 |
| Decline (5.5 m W x 6.0 m H A) | \$/m | - | ltr/m | 3.63 |
| Lateral (6.0 m W x 8.0 m H A) | \$/m | 6,502 | ltr/m | 3.63 |
| Lateral (5.5 m W x 6. 0 m H A) | \$/m | 5,725 | ltr/m | 3.63 |
| Lateral (5.5 m W x 5.5 m H A) | \$/m | 5,002 | ltr/m | 3.63 |
| Lateral (5.0 m W x 5.0 m H A) | \$/m | 4,308 | ltr/m | 3.63 |
| Lateral (4.0 m W x 4.0 m H A) | \$/m | 4,058 | ltr/m | 3.63 |
| Lateral - Paste Digout (5.0 m W x 5.0 m H A) | \$/m | 1,098 | ltr/m | 3.63 |
| Lateral (5.0 m W x 5.0 m H S) (Not OD or Digout) | \$/m | 4,605 | ltr/m | 3.63 |
| Ore Driving (5.0 m W x 5. 0 m H S) | \$/m | 5,226 | ltr/m | 4.63 |
| Ore Driving (5.0 m W x 5.0 m H A) | \$/m | 4,790 | ltr/m | 3.63 |
| **Stripping Development** | | | | |
| Capitalised Stripping | \$/m$^3$ | 165.00 | n/a | n/a |
| Operational cost Stripping | \$/m$^3$ | 153.00 | n/a | n/a |
| **Ground Support** | | | | |
| Mesh | \$/m$^2$ | 16.00 | n/a | n/a |
| Split Sets (2.4 m) | \$/ea | 79.00 | n/a | n/a |
| Stubby Bolt (0.9 m) | \$/ea | 18.90 | n/a | n/a |
| Resin Bolt (2.4 m) | \$/ea | 95.80 | n/a | n/a |
| Resin Bolt (3.0 m) | \$/ea | 121.60 | n/a | n/a |
| Cablebolt (6.0 m) | \$/ea | 497.27 | n/a | n/a |
| Fibrecrete (m$^3$) | \$/m$^3$ | 650.00 | ltr/m$^3$ | 30.40 |
| **Vertical Development** | | | | |
| Raisebore (5.0 m diameter) | \$/vert m | | ltr/m | 12.00 |
| Raisebore (4.5 m diameter) | \$/vert m | 19,000 | ltr/m | 12.00 |
| Raisebore (4.0 m diameter) | \$/vert m | | ltr/m | 12.00 |
| Raisebore (1.5 m diameter) | \$/vert m | | ltr/m | 12.00 |
| Raisebore (1.1 m diameter) | \$/vert m | 5,226 | ltr/m | 12.00 |
| Raisebore (0.8 m diameter) | \$/vert m | | ltr/m | 12.00 |

Sources: DVP_Sulphur_Springs_FS_Inventory_2023_06_28. xlsx

Capital costs for mining include, but are not limited to, explosive magazines, mine rescue equipment, survey equipment and escapeway ladders. An additional allowance of A\$360,000 has been included in the cost model on an annual basis for sustaining capital expenditure covering ventilation, pumping and software.

A comprehensive list of one-off Capital cost allocations is shown in Table 4. 13.

**Table 4.14: Mining development cost per unit of measure**

| Item | Unit | Variable cost |
|---|---|---|
| **Site Preparation** | | |
| Magazine | $ LS | 211,320 |
| Portal Construction | $ LS | 75,000 |
| Ventilation | | |
| Primary Fan | $ LS | 1,077,317 |
| Ventilation Walls | $/each | 6,780 |
| **Electrical** | | |
| HV Yard for UG Feed +RMU | $ LS | 500,000 |
| HV Service Hole, Portal to 1070 mRL | $ LS | 206,250 |
| **Miscellaneous** | | |
| Mine Rescue Gear | $ LS | 544,100 |
| Office Computer Hardware | $ LS | 90,000 |
| Mining Software (Purchase) | $ LS | 170,000 |
| Survey Instruments | $ LS | 140,000 |
| CMS | $ LS | 117,000 |
| Ventilation and OHS Monitoring | $ LS | 13,000 |
| **Escapeways** | | |
| Escapeway Ladders | $/m | 1,770 |
| **Sustaining Capital** | | |
| Ventilation Maintenance | $/mth | 10,000 |
| Pumping Maintenance | $/mth | 5,000 |
| Software Maintenance | $/mth | 15,000 |

Sources: DVP_Sulphur_Springs_FS_Inventory_2023_06_28. xlsx
Notes: LS – references one-off up-front costs

Operating costs for the proposed mine have been established based on detailed work for engineering (inclusive of maintenance), labour, and on-site overheads (camp, FIFO, and fixed mining). Resulting unit operating costs per tonne mined are A$52.33/t ore and capital operating costs are A$33.95/t ore, both established from inputs to the various cost areas noted above. Inclusive of processing, road maintenance and overheads, overall costs for the mine are A$144.26/t ore. The breakdown of these costs is shown in Table 4. 15.

**Table 4. 15: Sulphur Springs mine unit costs**

| Cost area | Unit | Rate |
|---|---|---|
| **Pre-production Capital** | | |
| Site Access | $/t ore | 1.38 |
| Processing Plant | $/t ore | 24.08 |
| Tailings Dam | $/t ore | 0.85 |
| Camp | $/t ore | 1.45 |
| Mining | $/t ore | 2.75 |
| **Total Pre-production Capital** | **$/t ore** | **30.50** |
| **Operations Capital** | | |
| Site Access | $/t ore | 0.67 |
| Tailings Dam | $/t ore | 0.75 |
| Mining | $/t ore | 3.32 |
| Closure | $/t ore | 3.85 |
| Residual Value | $/t ore | (5.15) |
| **Total Capital Expenditure** | **$/t ore** | **33.95** |
| **Underground Mining** | | |
| Lateral | $/t UG ore | 8.66 |
| Vertical | $/t UG ore | 2.66 |
| Stoping | $/t UG ore | 41.01 |
| **Total Mining Costs** | **$/t UG ore** | **52.33** |
| **Ore Costs** | | |
| Processing | $/t ore | 52.00 |
| Road Maintenance | $/mth | 250,000 |
| General and Administration | $/mth | 362,958 |
| Total Ore Costs | $/t ore | 57. 98 |
| **Total Operational Expenditure** | **$/t ore** | **110.32** |
| **Total Project Expenditure** | **$/t ore** | **144.26** |

Sources: DVP_Sulphur_Springs_FS_Inventory_2023_06_28

### 4.4.5 Summary technical opinion

Having reviewed the technical information made available, SRK accepts that the manner in which the mine plan, schedule and Ore Reserves have been estimated is acceptable. The operating and capital costs as allocated in the model are suitable for a feasibility study with the project results compared to similar mining projects in Table 4. 16 indicating the costs are reasonable. SRK notes that a multiplier has been used for the diesel cost calculation when establishing mining costs in the financial model and recommend this be removed.

**Table 4. 16: Benchmark operating costs for Sulphur Springs mine**

| Cost centre | Unit | Average | High | Low | Sulphur Springs |
|---|---|---|---|---|---|
| Mining | A$/t | 102.33 | 145.21 | 73.13 | 52.33 |
| Processing | A$/t | 45.94 | 78.21 | 53.31 | 57.98[1] |
| TCRC and shipment | A$/t | 60.69 | 88.42 | 30.01 | 60.37 |
| Royalties | A$/t | 14.37 | 17.22 | 12.56 | 17.09 |
| Total | A$/t | 223.32 | 329.07 | 170.02 | 218.67 |

Sources: www. capitaliq. spglobal. com and DVP_Sulphur_Springs_FS_Inventory_2023_06_28. xlsx
Notes: [1]Value includes overhead costs

SRK notes that levelling of the schedule results in stopes remaining unsupported for a period before the last portion of the stope is mined. This results in more stopes being active than required, which, in SRK's view, should be resolved prior to mining operations commencing. SRK does not consider this represents a fatal flaw, as there are ample stopes active at any given time, but stopes should be finalised prior to commencing another for safety and to maintain the required production rate.

### 4.4.6 Recommendations

SRK recommends that the cost model be adjusted via the following:

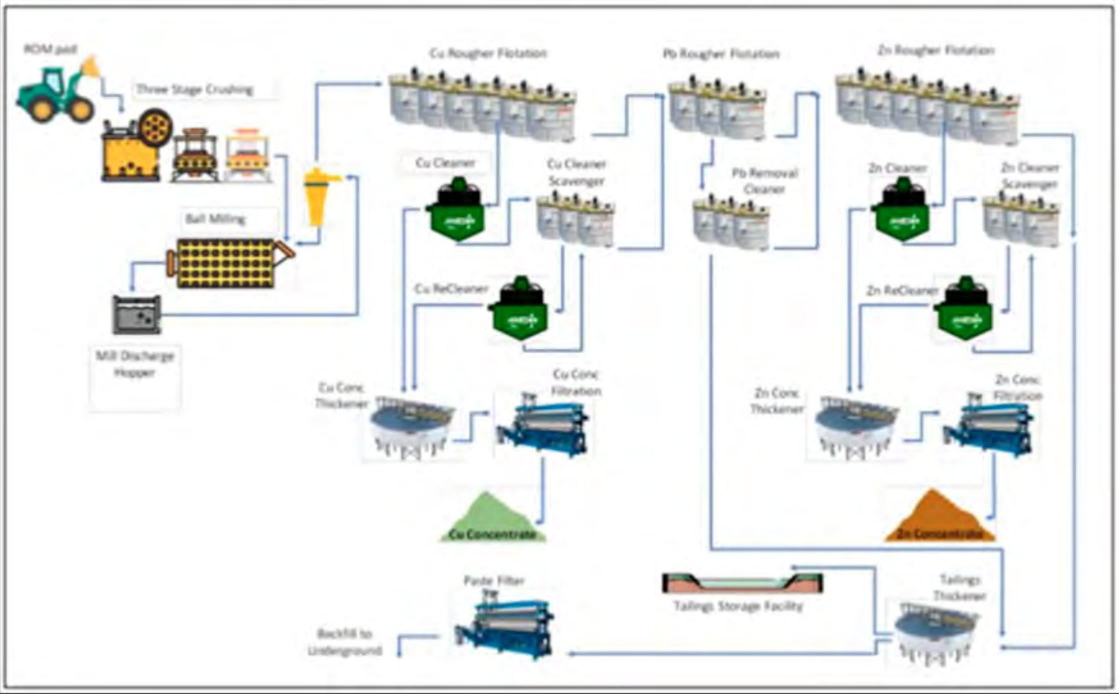
- Remove the multiplier that reduces costs in the spreadsheet on the SSUG Mining tab, row 598. While this has a limited impact on the overall costs, there is no justification for its inclusion.

## 4.5 Metallurgical testwork and process design

### 4.5.1 Process flowsheet

The Proposed Sulphur Springs flowsheet is presented in Figure 4. 9.

**Figure 4. 9: Sulphur Springs flowsheet**




Although a comprehensive review of the Sulphur Springs proposed processing flowsheet has not been completed, SRK notes the following:

- Selection of a 3-stage crushing circuit over the planned 2-stage crushing – SABC circuit is commendable but the large reduction ratio required for the single stage ball mill to produce a product size $P_{80}$ of 63 µm from a 10 mm feed size may prove challenging and will require a large recirculating load to control the ball mill feed size.
- Inclusion of the lead removal circuit is beneficial to achieving quality copper and zinc concentrates by rejecting lead to a separate stream.
- The limited recirculating loads in the circuit design will improve flotation circuit operability.
- While the use of Jameson cell technology in the cleaner and recleaner duties is appropriate, the additional benefit of washed froth cleaning will be limited due to the coarse particle size in flotation.

## 4.5.2 Supporting testwork

Characterisation work of the Sulphur Springs mineralisation is limited, although SRK notes:

- The presence of chert which, despite low measured comminution parameters, may result in difficult comminution performance.
- Develop geologists stated that identification of Transitional material was predominantly via visual methods although it appears to be partly supplemented by sequential copper leaching analysis in the 2017 work.
- The coarse sulphide mineral grain size supports the relatively coarse grind size of 63 µm.

- The main valuable mineral species are sphalerite and chalcopyrite.
- There is an indication of 'chalcopyrite disease' or fine-grained chalcopyrite inclusions in sphalerite, which may limit the possibility of 'clean' separation of sphalerite and chalcopyrite in these samples.

Early comminution testwork showed an abnormally high abrasion index of 0.7076 and high Rod Mill to Ball Mill index ratios (RWI:BWI ratios) of 1.36, supporting the move from a 2-stage crusher SABC to a 3-stage crushing circuit.

Extensive flotation testwork has been completed on the Sulphur Springs material, as shown in Table 4.17. Three locked cycle flotation tests on primary ore resulted in a copper recovery of 90.8% at a 25.5% Cu concentrate grade and a zinc recovery of 93.1% at a 59.1% Zn concentrate grade in the copper and zinc concentrates respectively. Discounting these recoveries by 2% absolute would enable the data to be used for initial plant prediction.

**Table 4.17: Locked cycle test results**

| | Mass Rec. (%) | Cu Grade (% Cu) | Zn Grade (% Zn) | Fe Grade (% Fe) | S Grade (% S) | As Grade (% As) | Pb Grade (% Pb) |
|---|---|---|---|---|---|---|---|
| Ore | 100 | 1.83 | 5.55 | 27.4 | 29.9 | | 0.20 |
| Cu Conc. | 6.5 | 25.5 | 2.10 | 31.6 | 36.3 | 0.05 | 1.54 |
| Zn Conc. | 8.8 | 0.44 | 59.0 | 3.90 | 34.0 | 0.04 | 0.23 |
| Tails | 84.7 | 0.15 | 0.29 | 29.1 | 28.9 | | 0.09 |

Sources: table 7. 6. 4 1980-000-GREP-001_B – S7

Poor flotation results for transitional materials were attributed to selectivity issues arising from the presence of chemical species on particle surfaces, rather than liberation with both copper and zinc ion present in solution when washed with water. Blending of the transitional and primary material resulted in a drop in selectivity for both materials and highlights the importance of separately stockpiling and treating the Sulphur Springs ores with even minor surface oxidation being detrimental to flotation.

### 4.5.3 Process throughput and metallurgical recovery

With supergene and transitional ore making up the majority of the feed in the first 2–3 years of operation, understanding the negative impact that transitional ore has on the metallurgical performance of the primary material leads to the realisation that it is beneficial to treat ores separately so that multielement transitional ores are not blended with primary ores. As long as transitional ores are enriched in either copper or zinc, but not both, they can be successfully treated to produce a saleable product. Circuit flexibility also exists in the ability to operate only the copper or zinc circuits if required. To adequately manage feed to the plant and therefore metallurgical performance, confirmatory chemical tests (pH and ethylenediaminetetraacetic acid (EDTA)) will be required to properly define transition mineralisation. Further, it will be important to manage the blending and stockpiling of feed material to prevent oxidation.

The key design criteria presented in Table 4.18 shows recoveries that don't appear to be discounted from the locked cycle testwork.

**Table 4.18: Key design criteria**

| | Unit | Supergene | Transition Cu | Transition Zn | Fresh |
|---|---|---|---|---|---|
| Feed grade (Cu) | % Cu | 1.9 | 1.9 | 0.4 | 1.9 |
| Feed Grade (Zn) | % Zn | 0.7 | 0.7 | 5 | 5 |
| Recovery Cu (design) | % Cu | 90 | 90 | - | 90 |
| Recovery Zn (design) | % Zn | - | - | 80 | 93 |
| Plant availability | % | 91.3 | 91.3 | 91.3 | 91.3 |
| Primary grind P80 | µm | 45 | 63 | 63 | 63 |
| Cu rougher flotation time (plant) | mins | 20 | 30 | | 20 |
| Zn rougher flotation time (plant) | mins | | | 20 | 20 |
| Concentrate grade (Cu) | % Cu | 16–20 | 24–26 | | 26 |
| Concentrate grade (Zn) | % Zn | | | 45–55 | 55 |
| Concentrate thickening flux rate | $t/h/m^2$ | 0.25 | 0.25 | 0.25 | 0.25 |
| Tails thickening flux rate | $t/h/m^2$ | 0.8 | 0.8 | 0.8 | 0.6 |
| Tails U/F density | % w/w | 60 | 60 | 60 | 60 |
| Concentrate moisture | % w/w | 10 | 10 | 10 | 10 |

Sources: table 7. 11. 1 1980-000-GREP-001_B – S7

While it is appropriate to use a model to forecast flotation recoveries, any metal recoveries used for this model based on the results of laboratory Locked Cycle Tests (LCT) should be discounted by 2% absolute to account for the difference between optimal controlled LCT and operating plant conditions. So, conforming to generally acceptable industry practice, when LCT tests results are used to develop models they should have the discount applied to build the model.

If further testwork confirms that lower concentrate grades at higher recoveries can by consistently achieved with the discount applied, then these values can of course be used for the modelling.

### 4.5.4 Processing operating and capital costs

Sulphur Springs operating costs appear to have been developed from a sound first principles bottom-up approach. The costing has been completed by a competent engineering firm based in Western Australia that should be familiar with the local costs relevant to this project. Checks of unit costs should be confirmed by the client's supply chain.

While there is insufficient data for a detailed review, the processing capital cost has increased from A$146 M in the 2018 feasibility study to A$233.8 M in the 2023 feasibility documentation.

## 4.6 Tailings storage facilities

### 4.6.1 Summary

The technical review of the tailings storage facility (TSF) is based on the *"Sulphur Springs Copper-Zinc Project, TSF Design Report"* by CMW Geosciences (CMW, 2023). The project consists of an underground mine with a potential open pit operation later in its life. A paste plant will also be operated as part of the mining operation and tailings will be used to backfill mined stopes. The tailings quantities referred to in this section consider only the excess tailings that are to be stored above ground.

The tailings production rates, once pastefill has been separated for underground support requirements, range from 400,000 to 600,000 t/a, totalling 2.8 Mt over 5 years. The design consists of a single cell TSF with a footprint of approximately 15 ha and a maximum embankment height of 40 m. The TSF will be a double cell, valley-type storage facility, with the northern cell (Cell 1) operated during initial underground operations and the southern cell (Cell 2) potentially utilised during open pit operations. There are a total of two embankments; North and South, which are zoned mine spoil and compacted earthfill embankments with a bituminous liner covering the upstream face to reduce the seepage. A layout of the facility is shown in Figure 4.11, with the typical cross section detailed in Figure 4.12. The main characteristics of the TSF are summarised in Table 4. 19 and details regarding the staged construction are presented in Table 4. 20. The tailings will be thickened and placed using multi spigot, sub-aerial deposition from both perimeter embankments. The proposed decant system comprises a floating pontoon that will be relocated based on the pond location. A spillway is located on the western side of the facility but no design was sighted.

The facility was classified as 'High C' consequence category, based on ANCOLD (2012, 2019). The persons at risk (PAR) considered was 10–100 and the potential loss of life (PLL) used in the consequence category assessment was 0. It is recommended that, given the location of the northern embankment is 100 m away from the proposed open pit, the PLL should be revisited with consideration to workers that could be in the pit when a failure occurs. This will potentially increase the consequence category to ‘Extreme’, which will in turn impact the consequence category assessment, and therefore it is recommended that it is revisited. It must be noted that ,in the 2018 DFS undertaken by Knight Piesold (KP, 2018), a different location was considered, which was away from the pit and would most likely have a lower consequence category.

Stability analyses were undertaken using limit equilibrium methods but there is no consideration of the potential liquefaction of the tailings. This is a requirement from the Global Industry Standards on Tailings Management (GISTM) but is not expected to impact the design.

The design documentation did not include a spillway design and no documentation regarding water storage requirements such as Extreme Storm Storage (ESS) or Design Storage Allowance (DSA) was sighted.

The design includes a drainage collection system under the facility that conducts any seepage from the tailings towards a sump located at the toe of the northern embankment (Figure 4.10, Figure 4.13). The seepage is collected and conducted through a trenched pipeline below the northern embankment and is considered to carry a risk of internal erosion.

The closure concept includes water-shedding, erosion-resistant final surface, with a cover system designed to reduce water infiltration and acid generation potential by limiting oxygen ingress. The closure slope angles are 1V:3H, which is considered too steep compared to the industry standard, and it is likely to require flattening to limit erosion to the extent that it can be considered a stable landform in accordance with ANCOLD (2012).

Geochemical testing results show the tailings are Potentially Acid Forming (PAF), with a lag time to acid generation in the order of 2 weeks. These results indicate the tailings have an extreme risk of acid generation without adequate controls. The design proposes controls such as ensuring deposition methods guarantee tailings saturation and addition of lime prior to tailings discharge to increase pH, however these assumptions require testing and validation to prove their effectiveness. At this stage of the project, a physical barrier (fully lined TSF) should be considered in the costing.

The design includes a bill of quantities but no cost estimate, and therefore this was not reviewed or commented on.

**Table 4. 19: Sulfur Springs TSF details**

| Parameter | Value |
|---|---|
| TSF type | Valley (north and south embankments) |
| Cells | 2 |
| Consequence category | High C (ANCOLD 2012) |
| Raise method | Downstream |
| Maximum height (m) | 40 |
| Total storage ($Mm^3$) | 17.6 |
| Total storage (Mt) | 2.8 |
| TSF footprint (ha) | 15 |
| Catchment area (ha) | 25 |
| Deposition method | Multi spigots |
| Deposition timeframe (yr) | 5 |
| Deposition rate (Mt/a) | 1.13 |
| Decant system | Pumped central decants |
| Underdrainage | Drainage to a sump downstream of the northern embankment.<br>Pipe to be installed in a trench under the embankment. |
| Bottom liner | N/A |
| **Tailings** | |
| Material | copper-zinc |
| In situ dry density ($t/m^3$) | 1.8 |
| Solids content | 60% |
| Beach slope | 1% |
| **Embankments** | |
| Maximum crest level (m) | 346 |
| Crest width (m) | 8 |
| Upstream batter slope | 1V:1.75H |
| Downstream batter slope (operations) | 1V:3H |
| Maximum crest length (m) | 1,700 |
| Embankment materials | Mine spoil (main component)<br>Compacted earthfill (5 m wide low permeability upstream zone)<br>Bituminous liner |
| Cut-off trench | Yes |

| Parameter | Value |
|---|---|
| Filter blanket | N/A |
| **Spillway** | |
| Spillway type | Not detailed |
| Spillway base width (m) | 10 |
| Dry freeboard (m) | 1 |
| Spillway invert level (RL m) | Not detailed |
| **Closure** | |
| Closure cover type | Store and release |
| Cover thickness (m) | 2 |
| Closure batter slope (downstream) | 1V:3H |
| **Other** | |
| Instrumentation and monitoring | ▪ 2 cross sections at each embankment (north and south) to include two VWPs each, on the upstream and downstream sides.<br>▪ Survey monuments to be included on the crest. |
| Depth to original groundwater level (m) | 10 to 25 |

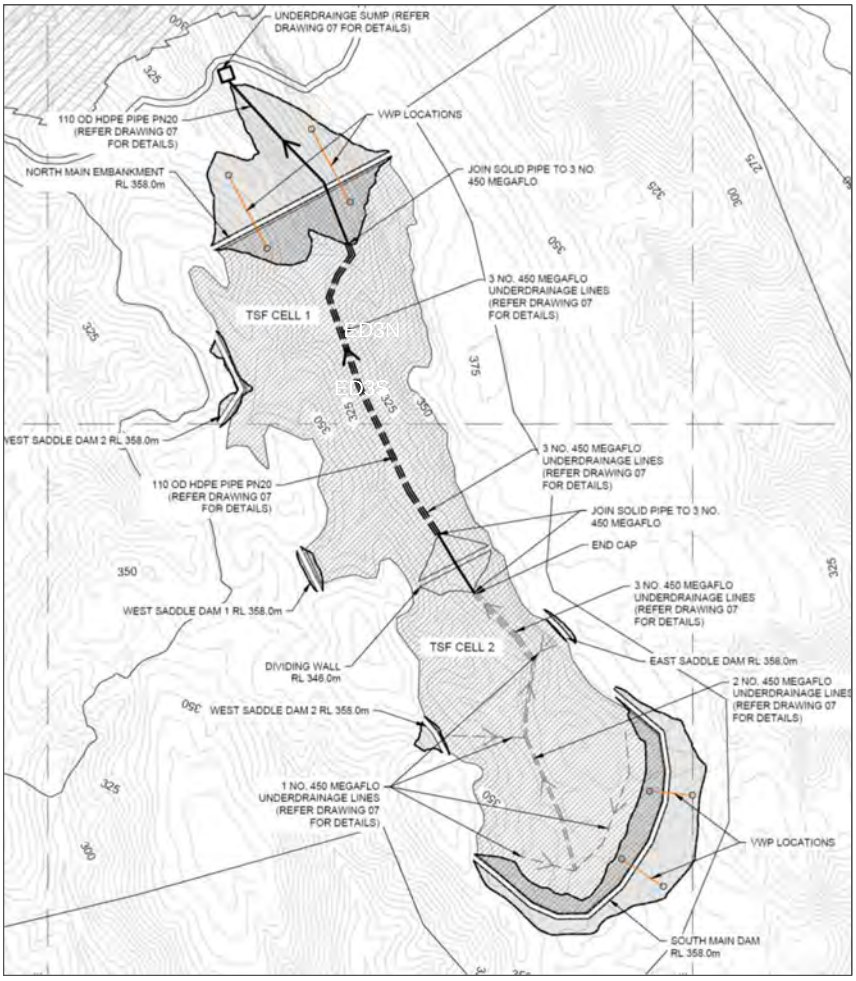
Sources: CMW (2023)

### Table 4. 20: Sulfur Springs TSF staging

| Stage | Storage life (yr) | Storage | Crest RL | Maximum height (m) |
|---|---|---|---|---|
| Starter | 1.8 | 0.9 Mt (0.5 $Mm^3$) | 331 | 25 |
| Raise 1 | 2.6 | 1.4 Mt (0.8 $Mm^3$) | 336 | 30 |
| Raise 2 | 3.7 | 2.0 Mt (1.1 $Mm^3$) | 341 | 35 |
| Raise 3 | 5.0 | 2.8 Mt (1.6 $Mm^3$) | 346 | 40 |

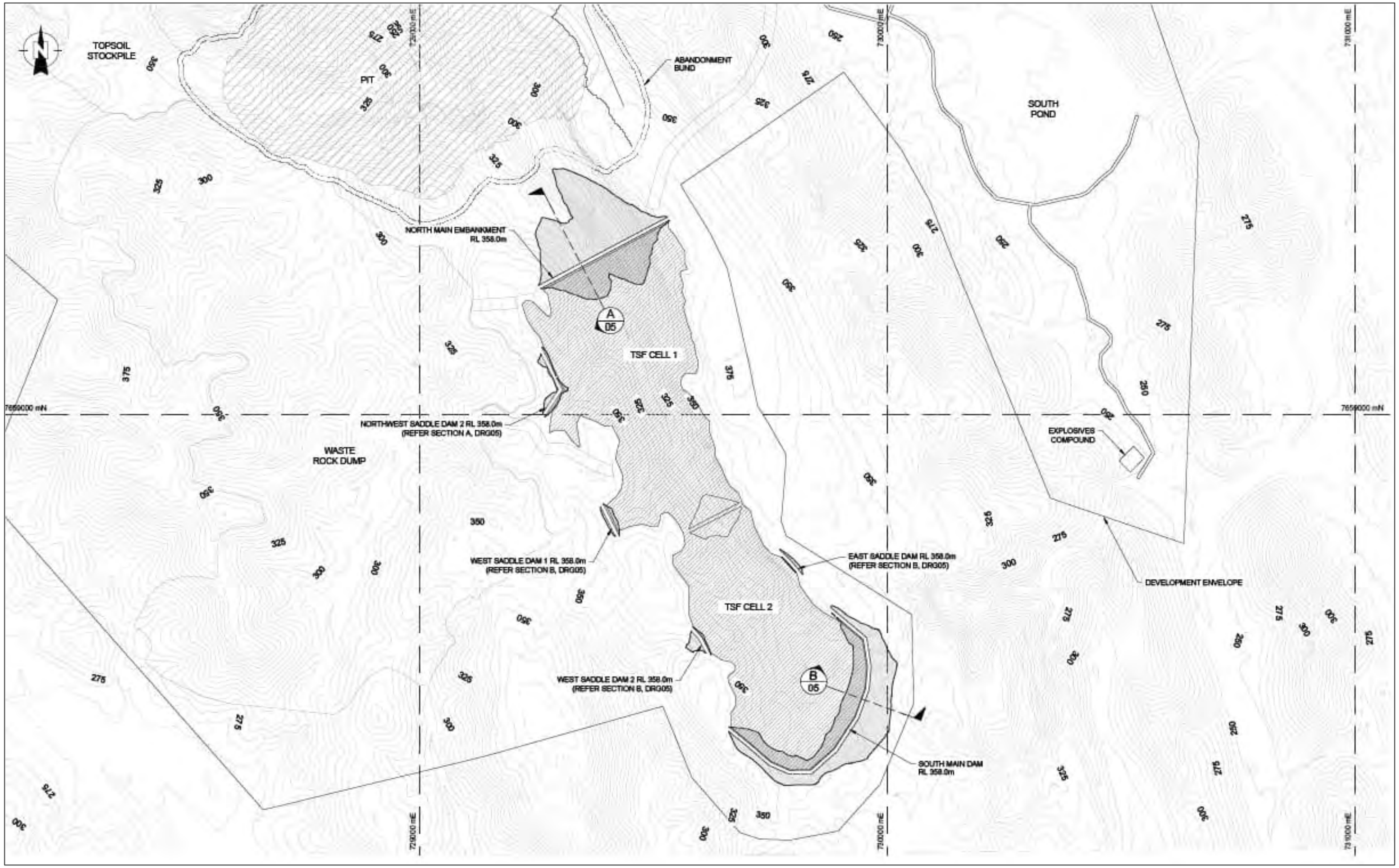
Sources: CMW (2023)

**Figure 4.10: Sulphur Springs TSF underdrainage layout**




Sources: Heron (2018)

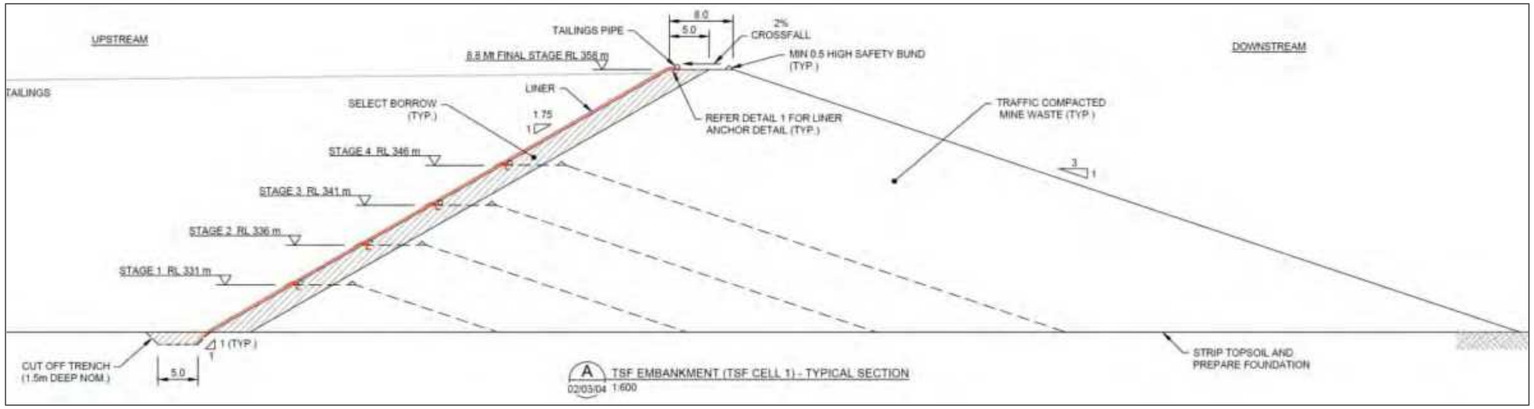
**Figure 4.11: Sulfur Springs TSF layout**




Sources: CMW (2023)

Notes: Not to scale

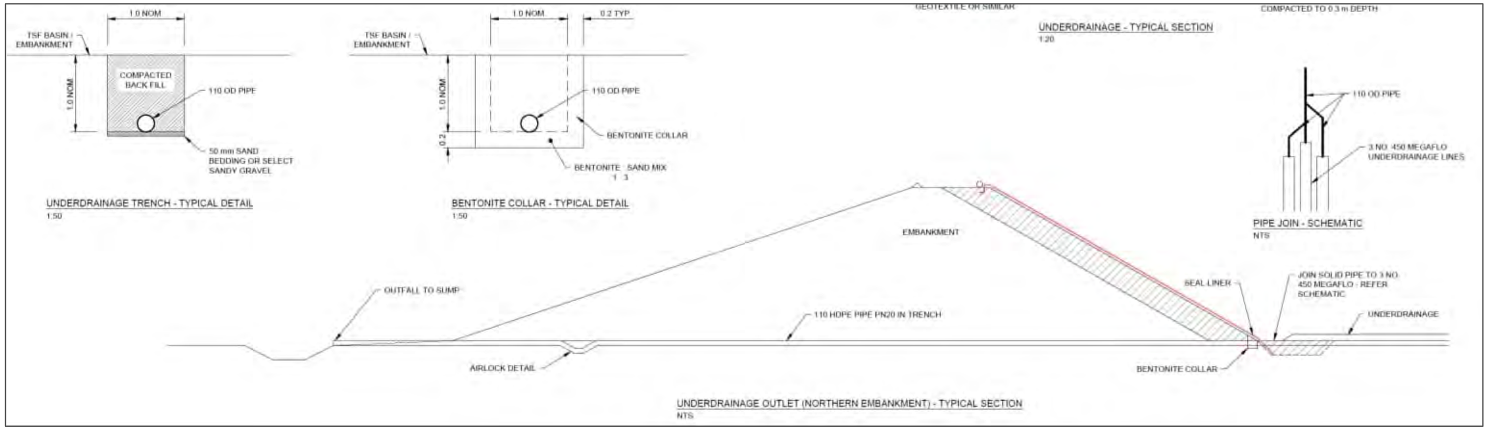
## Figure 4.12: Sulfur Springs TSF typical cross section




Sources: CMW (2023)

Notes: Not to scale; Current design only considers up to Stage 4; Cross section refers to section A as shown in Figure 4.11, however the cross section is deeper towards the east (maximum height of 25 m for Stage 1 and 40 m for Stage 4

## Figure 4.13: Sulfur Springs TSF underdrainage cross section




Sources: (CMW, 2023)

### 4.6.2 Risks

The review has found that the proposed TSF is to be constructed as a series of downstream raises and therefore the structure is likely to be geotechnically robust. Therefore the main risks are associated with the surface water management and control of acid mine drainage.

There are a number of risks identified in the design:

- Consequence category assessment (TSF location): failure of the northern embankment would directly impact the open pit and endanger personnel, with potential loss of life (PLL). An increase in PLL will potentially impact the CCA and hence the surface water design requirements.
- Spillway design: there is currently no spillway design. This is a basic requirement for any dam and will be expected by regulators for approvals.
- Liquefaction of tailings: no analysis has been undertaken to assess the risk of instability due to liquefaction. This is a requirement of ANCOLD and GISTM and although it is not considered a material risk, it is required for compliance and should be assessed during the next stages of the project.
- Underdrainage pipe under the embankment: pipework through the embankment is not common in TSF design as it increases the risk of internal erosion through the embankment.
- Acid drainage: the tailings are potentially acid forming and it is documented that there is an extreme risk of acid forming if exposed to air. The controls presented in the design report are proposed but have not been demonstrated to be effective.
- Closure embankment slopes: the design shows a 1V:3H closure embankment slope. Current industry practice for closure landform design comprises a concave shape with slopes ranging from 1V:4H to 1V:6H. The flattening of slopes will increase the closure cost.

### 4.6.3 Conclusions

Several material risks have been identified in the TSF design, and the mitigation measures proposed are not considered sufficient. SRK recommends further work is undertaken to better understand and quantify the extent of these issues.

Given the current high scrutiny on mining companies regarding TSF management and safety, it is expected that regulators, investors and communities will require all of the listed risks to be minimised to as low as reasonable possible (ALARP) status. This is in line with the Global Industry Standard of Tailings Management (GISTM) (ICMM; UNEP; PRI, 2020).

## 4.7 Environment and mine closure

### 4.7.1 Regulatory and land rights

#### Mineral right

Mineral tenements supporting the project are administered in Western Australia by the Department of Mines, Industry Regulation and Safety (DMIRS) under the *Mining Act 1978*. The project area consists of granted mining leases and miscellaneous licences. The tenements relevant to the proposed development are shown with an (*) in Table 4.21 and presented in Figure 4. 14. SRK notes that Develop is currently only considering development of an underground mine and not the open pit.

All project tenements are held by Venturex Sulphur Springs Pty Ltd, a wholly owned subsidiary of Develop. Additional exploration licences in the vicinity of Sulphur Springs are also held by Venturex for future greenfield exploration activities.

The supplied LoM schedule provides for mining operations to end in June 2033 (reportedly delayed for 12 months i.e. June 2034). Upon completion of the operation, SRK expects a minimum of two years for closure works and 5 to 10 years for post-closure monitoring activities. SRK notes that the existing tenements of the proposed Sulphur Springs Project expire in 2029, 2030, 2032 and 2037. SRK has found no evidence that Develop has included provisions in the project development timeline for the lodgement of revised tenements to be aligned with the Develop LoM.

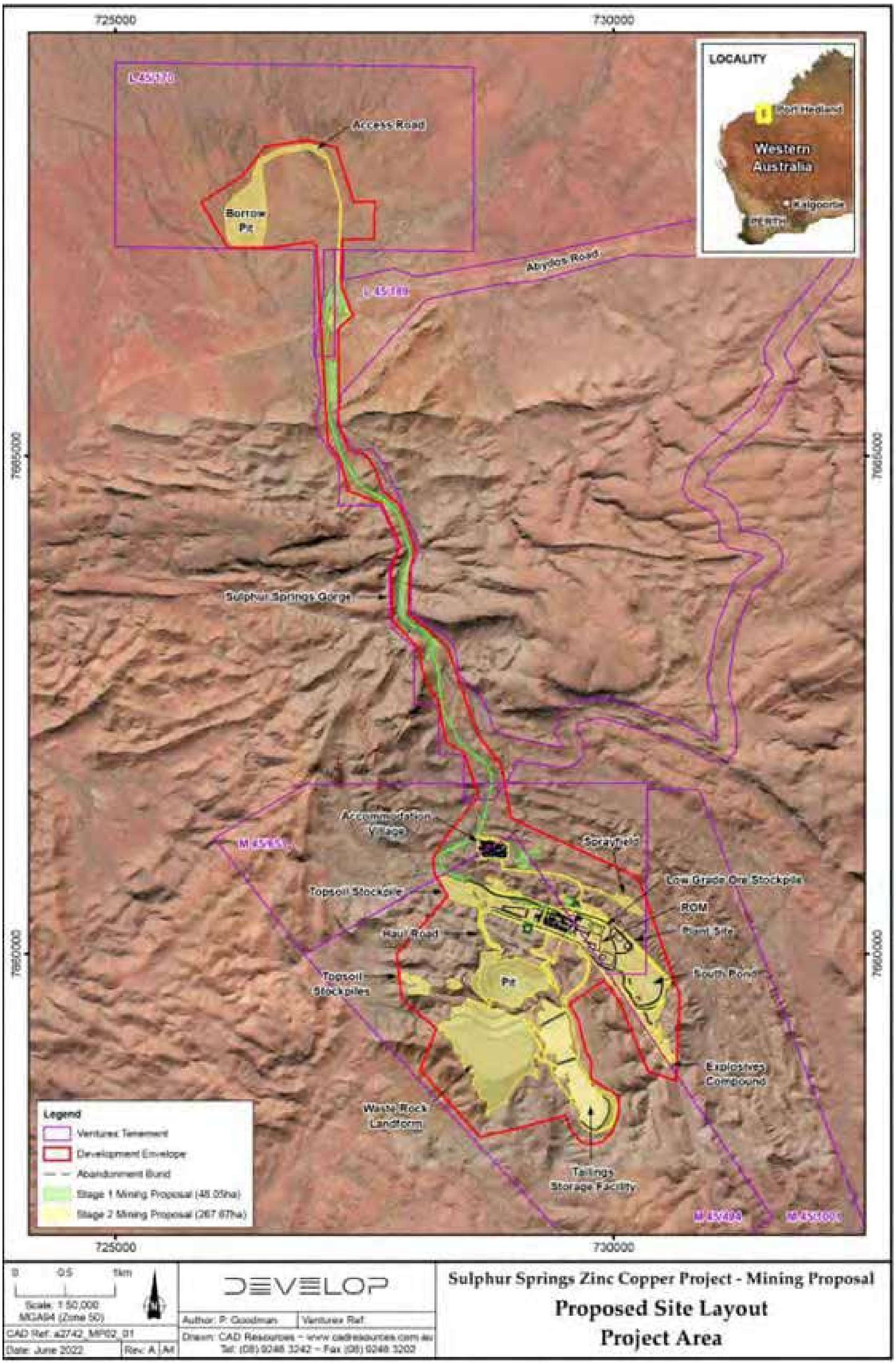
There is a minimal risk the tenements may not be extended that might affect the exclusive mineral right over the Sulphur Springs site beyond validity periods. SRK recommends the client ensure extended mineral rights on an ongoing basis to ensure this does not occur.

**Table 4.21: Sulphur Springs project – tenements**

| Tenement | Granted date | Expiry date |
|---|---|---|
| M 45/1001 (*) | 18/01/2008 | 21/01/2029 |
| L 45/166 | 01/05/2009 | 30/04/2030 |
| L 45/170 (*) | 18/09/2009 | 17/09/2030 |
| L 45/188 | 20/11/2009 | 19/11/2030 |
| L 45/189 (*) | 20/11/2009 | 19/11/2030 |
| L 45/179 | 01/04/2011 | 31/03/2032 |
| M 45/494 (*) | 18/10/1990 | 21/10/2032 |
| L 45/173 | 24/08/2012 | 23/08/2033 |
| L 45/287 | 28/09/2012 | 27/09/2033 |
| M 45/587 | 27/08/1993 | 06/09/2035 |
| M 45/653 (*) | 27/09/1995 | 28/09/2037 |
| M 45/1254 | 11/10/2017 | 10/10/2038 |

Source: DMIRS Minedex database, accessed 24/07/2023

**Figure 4. 14: Sulphur Springs Project Layout (Develop, 2022)**



## Permitting

Mining projects in Western Australia require primary approvals under the requirements of:

- the federal *Environment Protection and Biodiversity Conservation (EPBC) Act 1999*, regulated by the Environmental Minister
- the *Environmental Protection (EP) Act 1986*, regulated by the Environmental Protection Authority and Department of Water and Environmental Regulation (DWER)
- the *Mining Act 1978*, regulated by the Department of Mines, Industry Regulation and Safety (DMIRS)
- *Rights in Water and Irrigation Act 1914*, regulated by DWER
- *Aboriginal Heritage Act 1972* (before 01 July 2023), regulated by the Department of Planning, Lands and Heritage.

According to Develop's ASX release dated 30 June 2023, primary approvals for mining and mineral processing activities at Sulphur Springs Project have been granted as presented in Table 4.21.

SRK understands that the most recent mining proposal and mine closure plan approved in 2022 (Table 4.23) were developed based on the 2018 DFS of the Sulphur Springs Project. Furthermore, SRK understands from the release that the DFS was updated in June 2023. SRK has not been issued with the updated report but the following changes have been documented in the release:

- removal of the open pit and the satellite Kangaroo Caves deposit
- new mine plan based on underground mining first
- a paste fill plant added to the processing plant
- reduced the mined waste by 44 Mt, resulting in reduced surface disturbance area
- utilise paste fill for the underground, resulting in reduced tailings dam size.

Based on these changes, the approved mining proposal and mine closure plan do not align with the 2023 DFS updates. SRK was not provided with the full 2023 updated DFS and therefore it is unclear whether the Ministerial Statement (MS) 1134 and works approval will be required to be updated to align with the updated design. SRK has found no evidence that Develop has made provisions in the project development timeline for the lodgement of a revised mining proposal and closure plan and environmental approvals to be aligned with the updated DFS. If revised approvals are deemed necessary, the DMIRS and DWER assessment procedures can take up to six months. The supplied LoM schedule specifies construction activities for the project start in July 2024 (reportedly to be delayed for 12 months). If the approval applications are submitted promptly to the authorities, this timeframe might be sufficient to avoid delaying the project timeline.

According to the 2022 mining proposal, the Sulphur Springs Project does not require referral to the Environmental Minister for assessment or approval under the *EPBC Act 1999*.

**Table 4. 22: Sulphur Springs Project – Primary environmental authorisations (ASX:DVP, 2023a)**

| Statutory instrument | Administered by | Approval | Granted | Valid to | Regulated activities and considerations |
|---|---|---|---|---|---|
| section 45 of the Environmental Protection (EP) Act 1986 | Environmental Protection Authority | Ministerial Statement (MS) 1134 | 20/05/2020 | Substantial implementation of the project must commence before 19/05/2025 | ▪ clearing of no more than 313.6 ha within the 889.2 ha development envelope<br>▪ 42 ha conventional valley fill TSF to dispose of no more than 8.8 Mt/a of tailings<br>▪ processing plant (up to 1.5 Mt/a) and associated facilities covering an area of 71 ha. Area includes the footprint of a HDPE lined storage/ evaporation pond (south pond)<br>▪ 78.6 ha permanent WRL with no more than 17.5 million loose cubic metres in the WRL<br>▪ groundwater abstraction/ mine dewatering within the development envelope up to 0.94 GL/a (no water to be discharged)<br>▪ open pit, accommodation camp, borrow pits, topsoil stockpiles, abandonment bund, sediment pond, water management infrastructure, access roads, haul roads, communications, pipelines and powerlines covering an area of 122 ha. Includes a HDPE lined storage/evaporation pond (north pond)<br>▪ no impacts to *Pityrodia sp.* Marble Bar (G. Woodman & D. Coultas GWDC Opp 4) |
| Mining proposal and mine closure plan under the *Mining Act 1978* | Department of Mines, Industry Regulation and Safety (DMIRS) | Mining proposal and mine closure plan | 15/08/2022 | No date | ▪ Stage 2 – Underground and Open Cut Pit:<br>▪ An underground mine (up to 1.5 Mt/a) accessed via a portal adjacent to the plant area<br>▪ An open pit (up to 1.5 Mt/a) to mine the top portion of the orebody not conducive to underground mining<br>▪ A conventional flotation processing plant, which will produce separate copper and zinc concentrates<br>▪ A 'valley fill' tailings storage facility (TSF)<br>▪ A permanent waste rock landform (WRL)<br>▪ Associated mine elements (stormwater management infrastructure (bunds, drains, retention ponds), workshops internal mine roads, topsoil and vegetation stockpiles, construction material stockpiles, power station, accommodation village, wastewater treatment plants (WWTPs), mine water treatment plant, water storage ponds, offices, workshops, washdown facilities, pipelines, production and monitoring bore network, fuel storage and other mine support facilities |
| Works approval and licence under Part V of the *Environmental Protection Act 1986* | Department of Water and Environmental Regulation (DWER) | Works approval (processing plant, TSF, WWTP and landfill prescribed premises) | 08/09/2022 | Not provided | Not provided |
| 5C licence under the *Rights in Water and Irrigation Act 1914* | | Groundwater Licence 165207 | 04/02/2021 | Not provided | Not provided |
| | | Groundwater Licence 207559 | 05/07/2022 | Not provided | Not provided |
| Section 17 under the *Rights in Water and Irrigation Act 1914* | | Bed and Banks permit | 25/03/2022 | Not provided | Not provided |
| Section 18 under *Aboriginal Heritage Act 1972* | Department of Planning, Lands and Heritage | Consent | 14/10/2021 | Not provided | Not provided |

**Table 4.23: Sulphur Springs Project – Approved mining proposals and closure plans**

| Registration ID | Registration Title | Date approved |
|---|---|---|
| 106034 | Sulphur Springs Mining Proposal Stage 2 Underground and Open Cut Pit Mining Version 4. 3 | 15/08/2022 |
| 87760 | 200623_Sulphur Springs_Stage 1 Access Road Mining Proposal_Rev 2 | 19/10/2020 |
| 40542 | Venturex Sulphur Springs Copper Zinc Project Mining Proposal (Version 2) M45/494, M45/653, M45/1001, L45/170, L45/173, L45/189 | 16/04/2014 |
| 19227 | Panorama Sulphur Springs – Temp Exploration Camp M45/653 | 18/12/2007 |

Source: DMIRS Minedex database, accessed 14/07/2023

## Native Title

According to Develop (2022), the Project lies partially within two native title claim areas, the determined Nyamal People #10 native title claim (Federal Court No. WAD26/2019) overlapping with the northern tenements and the determined Nyamal People #1 native title claim (Federal Court No. WAD20/2019) overlapping with the southern tenements.

The Nyamal People #10 was determined by the Federal Court of Australia on 24 September 2019. The Court determined that Native Title does not exist over the tenements of the Project falling under the former Reserve Leases 409/41A for pastoral purposes.

The Nyamal People #1 was determined by the Federal Court of Australia on 24 September 2019. The Court determined that non-exclusive native title exists over most of the claim area.

An ILUA has been established over Sulphur Springs tenements, namely the registered Strelley Nyamal ILUA. According to the 2018 DFS, the agreement with the Nyamal people provides for regular consultation and for participation in the provision of cultural awareness training, site clearances, direct employment and provision of contract services to the project together with the payment to them of a net smelter royalty-based payment.

Based on the information reviewed, the status of conformance with commitments in the ILUA is unclear and there is no information relating to stakeholder consultations with regards to the ILUA. At this stage, therefore, the status of stakeholder relationships with the Nyamal aboriginal group is unknown and could present a risk to the project if there are unresolved concerns or grievances between ILUA parties.

## Surface right and pastoral tenure

The Sulphur Springs Project tenements are located predominantly within Unallocated Crown Land with the exception of the site access road and the accommodation village that lie within the Strelley and Panorama Pastoral Stations (Pastoral Leases N050091 and N050454 respectively). Pastoral leases are leases over Crown Land which gives the lessee the right to graze authorised livestock on the natural vegetation. Cattle grazing occurs on these pastoral leases although no fencing contains cattle within the pastoral lease boundaries.

Under section 8(1) of the *Mining Act 1978*, exploration or mining activities can be carried out over pastoral leases when a mining tenement has been granted. However, it is also important that the

'Code of Conduct for Mineral Exploration on Pastoral Leases' be adhered to when undertaking these activities.

SRK has found no information relating to plans for adherence with the Code of Conduct or stakeholder engagement with owners of the pastoral leases. The status of stakeholder relationships is therefore unknown and could present a risk to the project.

### Biodiversity

According to Develop's 2022 mining proposal, the project is situated within the Fortescue Botanical District of the Eremaean Botanical Province biogeographical region. The project is situated in the Chichester sub-region (PIL1) of the Pilbara region. Plains of the Chichester subregion support a shrub steppe characterised by *Acacia inaequilatera* over *Triodia wiseana* hummock grasslands, while *Eucalyptus leucophloia* tree steppes occur on ranges.

No Threatened Ecological Communities, Priority Ecological Communities or known Groundwater Dependent Ecosystems were recorded within or in the vicinity of the project development envelope. However, three flora species of conservation significance were recorded in the project development envelope:

- One threatened flora taxa - *Pityrodia sp.* Marble Bar (G. Woodman & D. Coultas GWDC Opp 4) listed as endangered under both the Federal level *EPBC Act 1999* and the *Biodiversity Conservation Act 2016*. The species was formally described in 2020 and is now known as Quoya zonalis.
- Two priority flora taxa - *Euphorbia clementii* (P3) and *Ptilotus mollis* (P4), as listed by the Department of Biodiversity, Conservation and Attractions.

Five broad fauna habitats dominate the project area, with a further two minor habitat types identified. Of the habitat types observed, the Rocky Ridges and Gorges and Drainage Line habitat types are considered important for a number of species of conservation significance. Nine conservation significant fauna species were recorded within the development envelope of the project:

- Northern Quoll, endangered under both the Federal level *EPBC Act 1999* and the *Biodiversity Conservation Act 2016*
- Pilbara Olive Python, Pilbara Leaf-nosed Bats and Ghost Bats, vulnerable species under both the *EPBC Act 1999* and the *Biodiversity Conservation Act 2016*
- Brush-tailed Mulgara (P4), Spectacled Hare-Wallaby (P4), Western Pebble-mound Mouse (P4) and Long-tailed Dunnart (P4), species as listed by the Department of Biodiversity, Conservation and Attractions
- Rainbow Bee-eaters, migratory specie under the *EPBC Act 1999.*

### Hydrology and hydrogeology

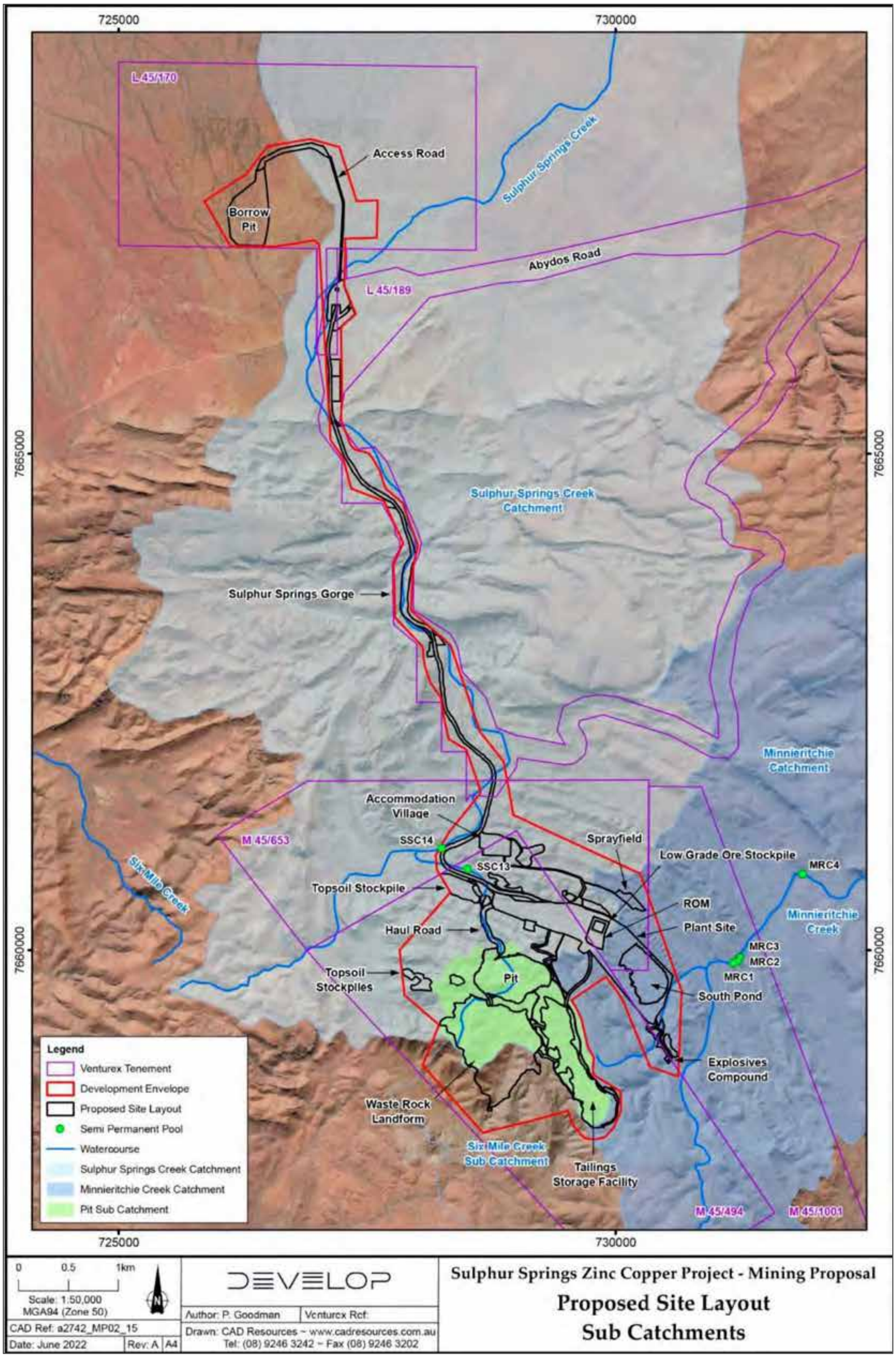
According to Develop's 2022 mining proposal, the project area is within the Pilbara Surface Water Management Area, which encompasses most of the Pilbara region and is proclaimed under the *Rights in Water and Irrigation Act 1914*, administered by DWER. The Project is over 100 km upstream of a proclaimed water reserve (Priority 1 Drinking Water Source Area), which is along the lower reaches of the De Grey River. Water resource objectives for this aquifer include (Lycopodium, 2018):

- preventing saltwater intrusion into the aquifer caused by abstraction
- maintaining water quality for the most beneficial use (potable water supply)
- maintaining groundwater and pool levels within a target range to maintain aquatic habitat and riparian vegetation dependent on groundwater and protect values as listed in the Directory of Important Wetlands in Australia.

According to Develop's 2022 mining proposal, there are three local catchments within the Project area: Sulphur Springs Creek Catchment, Minnieritchie Creek Catchment and Six Mile Creek Catchment (Figure 4.15). Creeks and drainage channels in the Project area are typically dry for most of the year, except during the wet season and immediately following thunderstorms or tropical low-pressure systems and cyclones. Ephemeral pools, generally dry from May to November, occur along the proposed access road and within the upper reaches of Sulphur Springs Creek and Minnieritchie Creek.

Groundwater discharge occurs in the valley floor into surface water features such as water courses, pools and springs. Baseflows are mainly due to groundwater inflows. Groundwater within the orebody zone is known to discharge into Sulphur Springs Creek. These discharges come from mineralised bedrock with low pH and elevated concentrations of salinity, sulfate and metals/metalloids including cadmium, copper, nickel and zinc. Groundwater and surface water quality data indicate this mechanism has led to the development of acidic conditions and elevated metal concentrations in the creek system within and downstream of the mineralised zone.

**Figure 4.15: Sulphur Springs project area sub-catchments (Develop, 2022)**



### 4.7.2 Company approach to environmental, social and governance

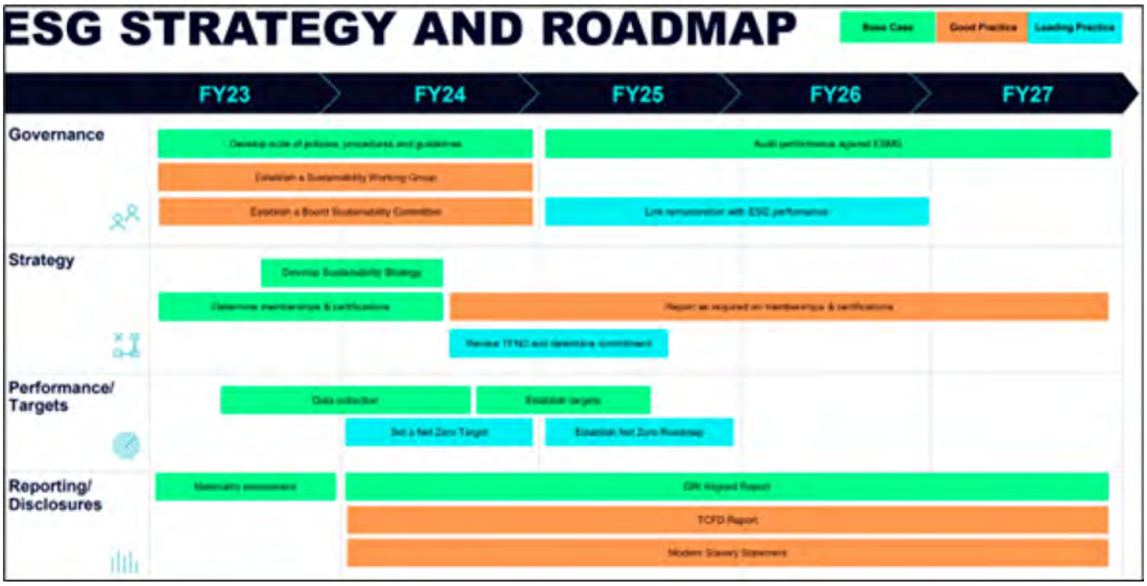
According to Develop's 2022 Annual Report, Develop has started the implementation of an environmental, social and governance (ESG) strategy and roadmap during the financial year 2022 and will continue with this in the coming years.

Based on the actions in the roadmap (Figure 4.16), the Company does not yet have mature governance frameworks for ESG and is planning to build these during implementation of the Sulphur Springs Project. The Company intends to prepare a sustainability strategy and determine certification requirements in the next 12 months and set a Net Zero target in 2024.

As the project design will be completed for Sulphur Springs prior to the development of the Company's sustainability strategy, there is a risk the project will be mis-aligned with corporate ambitions and additional capital will be required to meet targets. For example, capital may be required to implement operational changes to achieve decarbonisation targets associated with the company's Net Zero strategy. The magnitude of this capital requirement is unknown due to the lack of information about proposed carbon emissions from the project and uncertainty about how the Company intends to meet its Net Zero ambitions.

SRK has found no information relating to Develop's approach to stakeholder engagement for Sulphur Springs or status of relationships with local stakeholders. Although there is also no evidence of weak relationships, the status of stakeholder relationships is unknown and could present a risk to the project if there are issues of concern that are not being adequately addressed.

**Figure 4.16: Develop ESG strategy and roadmap (ASX:DVP, 2023b)**



### 4.7.3 Environmental concerns

#### Cultural heritage site

According to Develop's 2022 mining proposal, surveys identified several cultural heritage sites within the project development envelope. Develop highlights that, with one exception, the project footprint has been designed to avoid these sites. The exception is an artefact scatter, quarry and grinding site (VRX20-002) identified in February 2020 that is intersected by part of the TSF footprint and, given the topography and extent of the site, cannot be avoided. Ministerial consent to use part of the heritage site was granted under Section 18 of the *Aboriginal Heritage Act 1972* on 14 October 2021.

SRK was not provided with the 2023 updated project layout to assess it against the location of the cultural heritage sites. Therefore, it is unknown whether a risk remains with regards to disturbance of additional cultural heritage sites.

#### Biodiversity

SRK notes that the final footprint of the 2023 revised TSF design does not comply with the authorised disturbance footprint included in the environmental permit MS1134. The design of 8.8 Mt Option Final Stage of the TSF (i.e. after year 5 of TSF operation, 'northwest saddle dam', Drawing no. PER2020-0180-04 dated 27/04/2023 (CMW, 2023)) covers one flora specie of conservation significance, *Pityrodia sp.* Marble Bar (or *Quoya zonalis*). The MS1134 does not allow the project to negatively impact flora species of conservation significance. Such impact requires an application for authority to take endangered flora under section 40 of the *Biodiversity Conservation Act 2016*.

SRK has not seen information on how Develop intends to address the impact on the specie of conservation significance from the revised TSF design and obtain the necessary permissions. Although this issue is not due to arise until after year 5, Develop will need to obtain required permissions in sufficient time to avoid the need for further re-design of the TSF.

#### Water availability/balance

According to the 2018 DFS, the closest groundwater user to Sulphur Springs is Atlas Iron Ltd, which operates five water bores for mine dewatering and water supply to the Abydos Mine. These bores are located between 8 and 11 km west of Sulphur Springs in a tributary of Six Mile Creek. Under a joint Water Management Plan between the two companies, Atlas also operates four bores (PAN60, SSWB36, SSWB38 and SSWB40) that are owned by Venturex.

The 2018 DFS reports that there are no known users of surface water in any of three catchments near the Project area. However, Sulphur Springs Creek on the Strelley Pastoral Station and Minnieritchie Creek on the Panorama Pastoral Station may be frequented by wandering stock in the dry season. Ephemeral pools are also present along the upper reaches of Sulphur Springs Creek and Minnieritchie Creeks within Unallocated Crown Land.

According to Develop's 2022 mining proposal, the mine will extend below the baseline water table and a mine dewatering system will therefore be required to allow dry mining conditions. Water produced in dewatering the orebody will be used for ore processing, washdown and dust suppression.

SRK has found no information relating to the effect of the project on the availability of water for downstream surface or groundwater users (people, industry or livestock) and the cumulative impact of mine dewatering from surrounding operations. If dewatering impacts occur and are unmanaged, they could present a risk to the project in terms of costs of management actions required to mitigate the impact and deterioration of stakeholder relationships.

SRK has also found no considerations relating to the variation in climate conditions in water balance modelling. Climate variability could exacerbate water availability impacts and therefore could increase the materiality of associated risks to the project.

### Waste geochemical characterisation

Based on the tailings geochemical characterisations, the CMW (2023) report highlights that there is an extreme risk of acid generation within the TSF without adequate controls and there is a significant to high level enrichment of Ag, As, Bi, Cd, Hg, Mo, Pb, S, Sb, Se and Zn requiring the TSF to be designed to contain all solids and appropriate operational controls to limit dusting. The 2023 CMW report concludes the following requirements for tailings management:

- achieve a high moisture content to reduce oxidation in the tailings deposition
- undertake appropriate operational controls to limit dusting of tailings
- employ a closure cover system to limit water and oxygen ingress.

The TSF site is in a groundwater flow system associated with the uppermost reaches of the Sulphur Springs Creek catchment. Based on data from within the TSF footprint and around the proposed pit area, the TSF site represents a groundwater recharge area.

In the 2023 CMW report, SRK has found no information with regards to the implementation of physical barriers (such as synthetic liner or low permeability material) to control seepage from the TSF. Additionally, no information was found with regards to seepage modelling and groundwater quality impact assessment of the updated TSF design. Therefore, it is unclear whether the updated design of the TSF provides sufficient considerations to limit seepage towards the groundwater system. If unmanaged, this could result in substantial remediation costs. SRK also has not been provided with mine closure cost provisions of the Sulphur Springs Project to determine whether sufficient cost provisions have been considered for a closure cover system of the TSF.

According to the 2022 mining proposal, potentially acid forming waste rock materials primarily resulting from the open pit would be required to be encapsulated in non-acid forming materials. With the removal of the open pit from the mine planning, it is unclear whether waste rock landform (WRL) is still required for the project, and whether any waste material that does require storage is potentially acid-forming or non-acid forming. Therefore, it is unclear whether the updated DFS provides sufficient considerations to manage potentially acid forming materials and limit negative impacts to water via seepage or run-off from waste rock storage.

SRK has not been provided with water treatment cost provisions of the Sulphur Springs Project. It is therefore unclear whether sufficient cost provisions have been considered for both contact surface water run-off and mine dewatering treatment system.

### Power supply and decarbonisation

The ‘Processing and Metallurgy 2023 Update – Sulphur Springs DFS’ provides that Develop will purchase power from a supplier “utilising a combination of LNG generation and battery storage and look to utilise renewables as they become available in the area”. Neither the estimated electrical consumption nor the estimated greenhouse gas emission were provided in the report.

According to the 2018 DFS, diesel fuel will be used for the 1 MW power generation facility, the operation of mobile and fixed plant and the mobile mining fleet for the mining operation.

With regards to the planned fossil fuel-based operations, it is unclear how Develop will meet its Net Zero ambition as highlighted in section 4.7.2 Therefore, there is a risk the project will be mis-aligned with corporate ambitions and additional capital will be required to meet decarbonisation targets.

### Closure

SRK understands the most recent mine closure plan (MCP) (Mine Earth, 2022)[1] for the Sulphur Springs Project was attached to the mine proposal approved by DMIRS on 15 August 2022. However, no closure cost estimate was provided with the MCP. SRK has not been provided with a revised version of the MCP following the completion of the 2023 updated DFS.

The LoM schedule and associated cashflow model provides the following provision for closure activities:

- Mine rehabilitation fund lump sum of A$ 910,000 spread over the LoM from December 2025 to June 2033
- Mine closure cost lump sum of A$36,511,202 as of June 2033
- Plant & Equipment lump sum salvage recovery cost of A$ (+) 50,000,000 as of June 2033.

The costing does not provide details of the underlying assumptions inherent in the cost estimate. There is no explicit link between closure designs for the proposed TSF and WRL and the estimated closure costs. This approach requires review to test costing assumptions and to ensure that any special closure design requirements (e g. TSF closure cover) and post-closure monitoring activities have been factored into the closure cost estimate.

Additionally, lump sum salvage costs higher that the closure estimate have been considered in the cashflow model. Therefore, until further detailed estimations are developed for the project, there is a risk the overall project closure cost is underestimated.

## 4.7.4 Summary ESG risks

Based on the information provided to SRK, potentially material ESG issues have been identified but further data is required to confirm the status and implications for the project. The potential ESG risks for Sulphur Springs Project are summarised in Table 4.24. None of the risks are expected to exceed the financial materiality threshold of 10% of the project value but they may give rise to

[1] Mine Earth, 2022 - Sulphur Springs, Mine Closure Plan, Revision 4, EGS – S0226152, Tenements – M45/494, M45/653, M45/1001, L45/170, L45/189, Mine Earth, August 2022

project delays, require substantial management costs or result in reputational damage if not adequately addressed.

**Table 4.24: Summary of potential ESG risks**

| Issue | Threat/ Opportunity | Project implications |
|---|---|---|
| The mine life extends beyond the validity period of the tenements | Threat | Develop mineral rights exclusivity will cease by the end of the life of mine which implies a risk for the mining operations to continue beyond 2030 |
| Need to update environmental approvals due to changes to project design in 2023 DFS vs 2018 DFS | Threat | Additional time required to obtain updated approvals (12 months provided for in project schedule may be sufficient if applications made promptly) |
| Unknown status of conformance with conditions of ILUA | Threat | If conditions of the ILUA are not met, stakeholder relationships with Nyamal indigenous group are likely to deteriorate |
| Unknown status of stakeholder engagement and management of issues and concerns raised | Threat | Should stakeholder engagement not be managed appropriately, this may lead to reputational risks and delays to construction |
| Potential for misalignment with future corporate ESG strategy and targets, particularly Net Zero | Threat | Potential future capital requirement for decarbonisation investments required to meet Net Zero ambitions |
| Potential for disturbance of additional cultural heritage sites from updated DFS layout | Threat | Additional time required to undertake engagement and obtain required permits (If additional cultural heritage sites are affected) |
| Lack of approval for impact on flora species of conservation significance from revised TSF final footprint | Threat | Obtain required permissions for impacting species of conservation significance in sufficient time to avoid the need for further re-design of the TSF |
| Unknown impacts on water availability for downstream surface or groundwater users (people, industry or livestock) | Threat | If dewatering impacts occur and are unmanaged, there is a potential for additional costs of management actions required to mitigate the impact and deterioration of stakeholder relationships |
| Insufficient information on adequacy of environmental controls to manage impacts from potentially acid forming waste materials (waste rock and tailings) in updated DFS design | Threat | Additional costs could be required to manage geochemical risks including control of seepage from TSF and waste rock storage, water treatment and closure cover system for TSF |
| Unknown basis of estimate for closure cost | Threat | The overall project closure cost may be underestimated |

## 4.8 Royalties

SRK is not aware of any third party royalties other than state mandated royalties, included in the supplied financial models and shown in Table 4. 25.

**Table 4. 25: Royalty factors for Sulphur Springs**

| Description | Unit | Value |
|---|---|---|
| Base metal royalty | % | 5.0 |
| Precious metal royalty | % | 2.5 |
| Traditional owner | % | 0.6 |
| Sipa royalty | A$/t | 2.0 |

Sources: Sulphur Springs Project underground mining feasibility study, July 2023
Note: Sipa royalty capped at A$3.670 M.

# 5 Whim Creek JV Project

## 5.1 Overview

The Whim Creek JV Project consists of nine granted tenements and is located in the Pilbara region of Western Australia in relative proximity to Develop's Sulphur Springs Project. The Project aims to develop two open cut mines at the Mons Cupri and Whim Creek deposits, and two underground mines at the Evelyn and Salt Creek deposits, together with a central processing facility.

The base metal deposits that comprise the Project all occur within the Whim Creek Greenstone Belt, a granite-greenstone terrane that formed between 3,600 Ma and 2,800 Ma, part of the Archaean-aged Pilbara Craton. The deposits are classified as VMS, consisting of stratabound lenses of base and precious metal sulfides.

The Whim Creek JV Project is partially owned by Develop together with joint venture partner Anax Metals Limited. Develop's 20% interest in the Project is free carried to a decision to mine. Details of the tenure are provided in Table 5.1.

**Table 5.1: Whim Creek JV Project Tenure**

| Tenement Number | Tenement Type | DVP Interest | Area (ha) | Expiry date |
|---|---|---|---|---|
| M 47/1455 | Mining Lease | 20% | 455.11 | 4/04/2033 |
| M 47/236 | Mining Lease | 20% | 963.06 | 27/07/2032 |
| M 47/237 | Mining Lease | 20% | 411.35 | 27/07/2032 |
| M 47/238 | Mining Lease | 20% | 980.30 | 27/07/2032 |
| M 47/323 | Mining Lease | 20% | 363.20 | 4/06/2035 |
| M 47/324 | Mining Lease | 20% | 484.20 | 4/06/2035 |
| M 47/443 | Mining Lease | 20% | 40.47 | 2/06/2040 |
| E 47/3495 | Exploration Licence | 20% | 9,056.93 | 1/08/2027 |
| E 47/1209 | Exploration Licence | 20% | 2,100.93 | 27/09/2023 |
| L 47/36 | Miscellaneous Licence | 20% | 6.30 | 19/01/2028 |
| **Total: 9 Tenements** | **7 ML, 1 EL, 1 Misc. L** | | **12,760.92** | |

Sources: ASX:DVP 19 January 2023. Goverment of Western Australia, Department of Mines, Industry Regulation and Safety. TENGRAPH web Public Accessed 18 July 2023

### 5.1.1 History

Copper has been mined intermittently at Whim Creek over a period of more than 120 years. Mineralisation was first discovered at Whim Creek in 1887. Initial mining was via a series of small adits and stopes into the Whim Creek and Mons Cupri prospects by artisanal miners, with records indicating small quantities of malachite, azurite, chrysocolla and other copper minerals were being won. Copper was shipped via a small port on the coast at the nearby town of Balla Balla. A single-track narrow-gauge railway ran from Whim Creek to Balla Balla. In the early 1900s, a second period of mining began, with underground mining reported to have produced over 60,000 tonnes of copper ore at grades up to 12.4% mainly from the Whim Creek mine.

During the 1960s and 1970s, systematic exploration by Australian Inland Exploration Company Inc. and Texas Gulf over the area defined the presence of a number of VMS deposits along the Whim Creek Greenstone Belt (the Belt), including Whim Creek, Mons Cupri and Salt Creek. In the early 1990s, Dominion Mining conducted an extensive drilling campaign over the area.

In 1996, Straits Resources Limited (Straits) acquired the Project and conducted extensive exploration over the area. In 2003, Straits commenced mining of oxidised ore at Whim Creek and Mons Cupri open pits but ceased in 2009 due to falls in the copper price. Over this period, the ore was processed at a heap leach and solvent extraction-electrowinning plant. A total of 67,000 tonnes of copper cathode was produced during this 6-year period.

In 2006, Venturex Resources Limited (Venturex) entered into the Liberty-Indee joint venture, located 24 km south of Whim Creek, where exploration drilling targeted the Evelyn prospect. Polymetallic mineralisation was intersected during drilling campaigns in 2007 and 2009.

In February 2010, Venturex acquired the Whim Creek Project from Straits with the intention of creating a central processing hub at Whim Creek. The hub was proposed to process ores from the Whim Creek, Mons Cupri, Salt Creek and Evelyn prospects, as well as Venturex's Sulphur Springs Project.

In 2012, Venturex conducted a feasibility study of the Sulphur Springs prospect (not part of the current proposed transaction), which resulted in a revised development strategy. The central processing plant was to be established at Sulphur Springs rather than Whim Creek. However, resource definition work continued at Whim Creek, where Mineral Resources for the Mons Cupri and Salt Creek deposits were declared in accordance with the JORC Code (2012) reporting guidelines. The latest Mineral Resource update was released by Venturex to ASX in March 2018.

Additionally, a review of historical data highlighted near-mine potential for ongoing exploration, which Venturex followed up with additional drilling and an induced-polarisation (IP) geophysical survey in 2015 and 2016.

In early 2014, Venturex appointed Blackrock Metals Pty Ltd (Blackrock) as the operator of the existing heap leach facility, from which Blackrock had been producing copper cathode in the SX-EW process facility. In mid-2019, the operation ceased when an Environmental Protection Notice was issued by the Department of Water and Environmental Regulation (Department).

In November 2015, Lycopodium Minerals and Entech Mining Consultants completed an optimisation exercise on the 2013 Sulphur Springs Feasibility Study completed by RMD Stem that included the Kangaroo Caves deposit. This exercise identified significant opportunities to improve the project by adoption of a combination of both open pit and underground mining methodologies.

Following an update of the Sulphur Springs Resource by Hardrock Integrated Mining Solutions in June 2016, the mining study was further refined to include a previously unrecognised supergene resource and bulk mining methods for the underground.

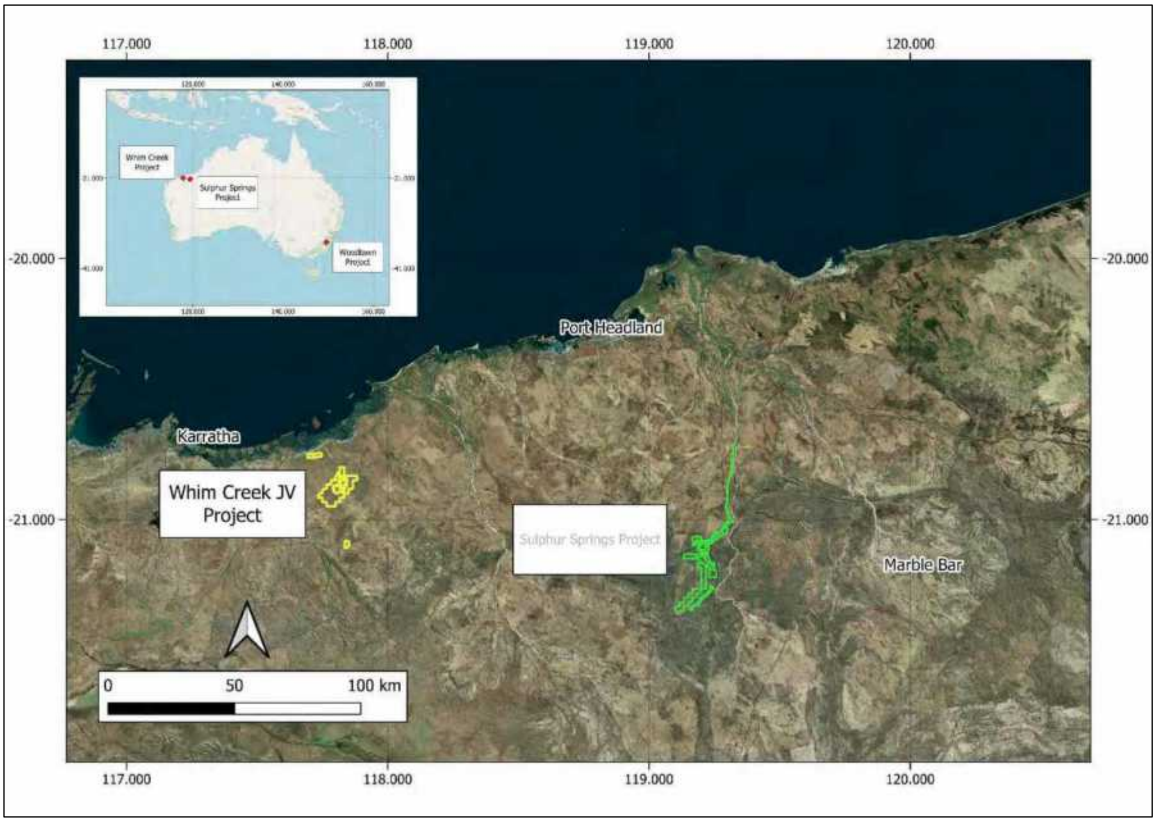
## 5.2 Location, access and climate

The Whim Creek JV Project comprises three tenure clusters of which the largest is centred on the Whim Creek at latitude 20.84938° South and longitude 117.83045˚ East. The Project lies 115 km to the southwest of Port Hedland and 3 km to the south of the historical Whim Creek Hotel in the West Pilbara region of Western Australia (Figure 5.1). Perth is located approximately 1,600 km to the southwest.

Access to the Project is primarily by the Northwest Coastal Highway that runs between Karratha and Port Hedland. Both locations host established airport and seaport facilities. The Northwest Coastal Highway connects to the Great Northern Highway south of Port Hedland, providing the main north–south access route for Western Australia.

The Project area is situated in the West Pilbara region, which is characterised by a semi-arid climate with an average annual rainfall of approximately 280 mm. Most of the region's precipitation is associated with seasonal low pressure systems that occur between December and April. Summer maximum daytime temperatures average 37˚C to 40˚C while winter daytime temperatures typically average a maximum of 28˚C. Minimum temperatures range between 26˚C in summer and 12˚C in winter.

**Figure 5.1: Location of the Whim Creek JV Project, Western Australia**




Sources: SRK analysis (July 2023)

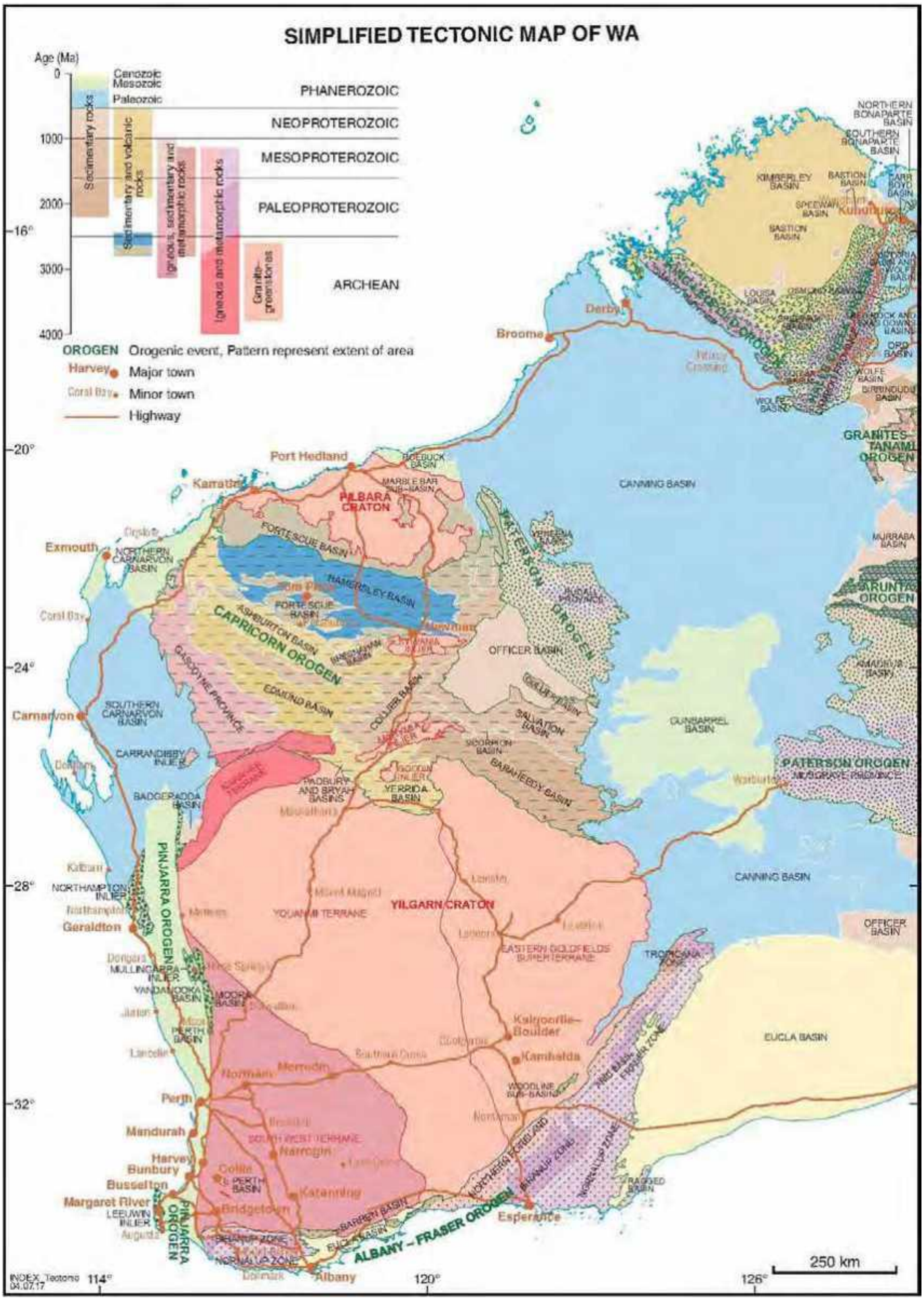
## 5.3 Geology and resources

### 5.3.1 Regional setting and local mineralisation

The Project area is located within the Archaean-aged Pilbara Craton, a granite-greenstone terrane formed approximately 3,600 Ma to 2,800 Ma. The Pilbara Craton is unconformably overlain along its southern margin by late Archaean-Palaeoproterozoic volcanic and sedimentary rocks of the Hamersley Basin Group (Figure 5.2 and Figure 5.3).

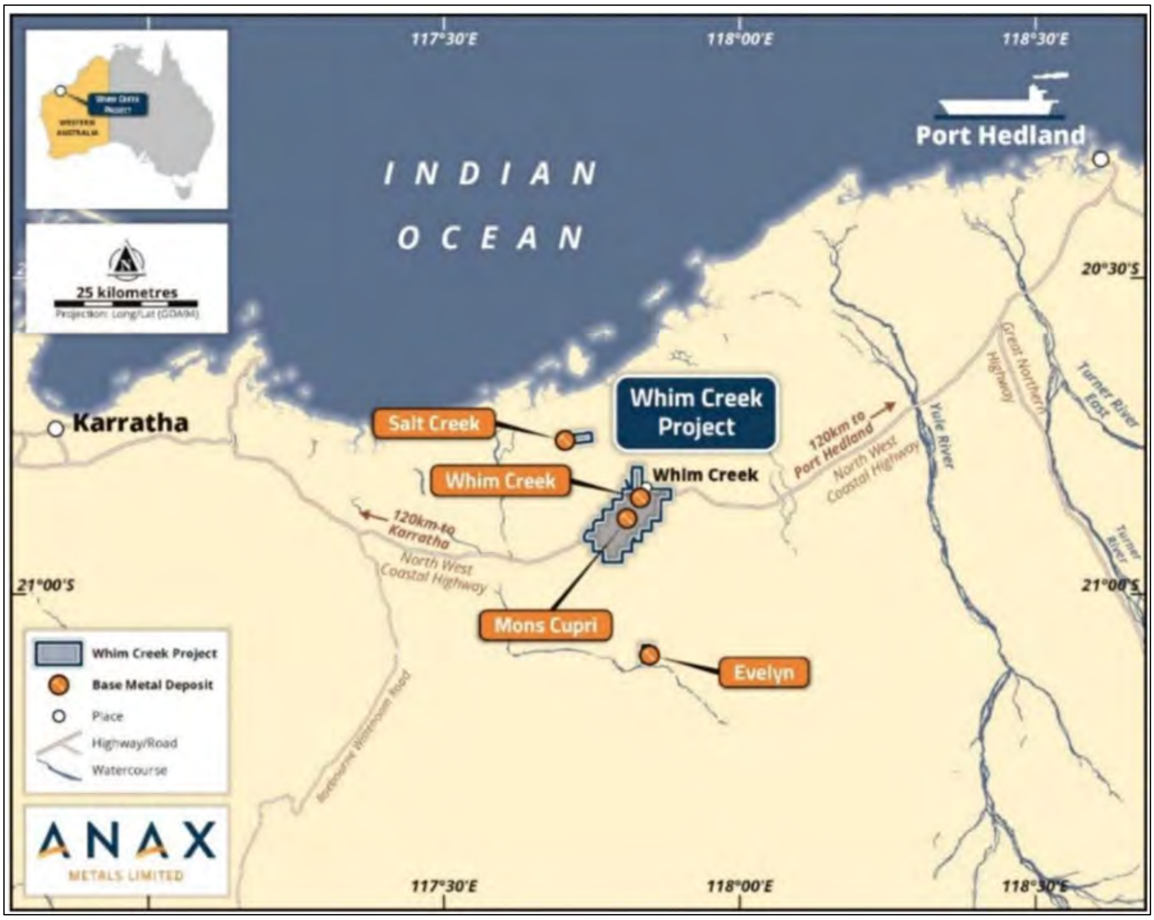
The Eastern and Western granite-greenstone terranes are separated by the Central Granite-Greenstone Terrane. Here sediments consist mainly of the De Grey Group (3,015 Ma to 2,950 Ma) and the adjacent volcano-sedimentary rocks of the Whim Creek Group. The main geological feature of the Central Granite-Greenstone Terrane area is the Mallina Basin, a rift-like basin that is largely filled by sediments of the De Grey Group. Several large granitoid plutons are intruded into this sequence at ~2,950 Ma and 2,765 Ma respectively.

**Figure 5.2: Lithotectonic map of Western Australia**




Sources: Geological Survey of Western Australia, 2017

**Figure 5.3: Location of Whim Creek and surrounding prospects**




Sources: ANAX Whim Creek Copper-Zinc Project DFS, 2023

The Whim Creek Project, incorporating the Whim Creek, Mons Cupri, Salt Creek and Evelyn prospects, is hosted by the Whim Creek Greenstone Belt, which trends northeast for approximately 85 km and has a width of 5 to 10 km. The Whim Creek Greenstone Belt is confined to the northwest by the Scholl Shear and to the southeast by the Loudens Fault.

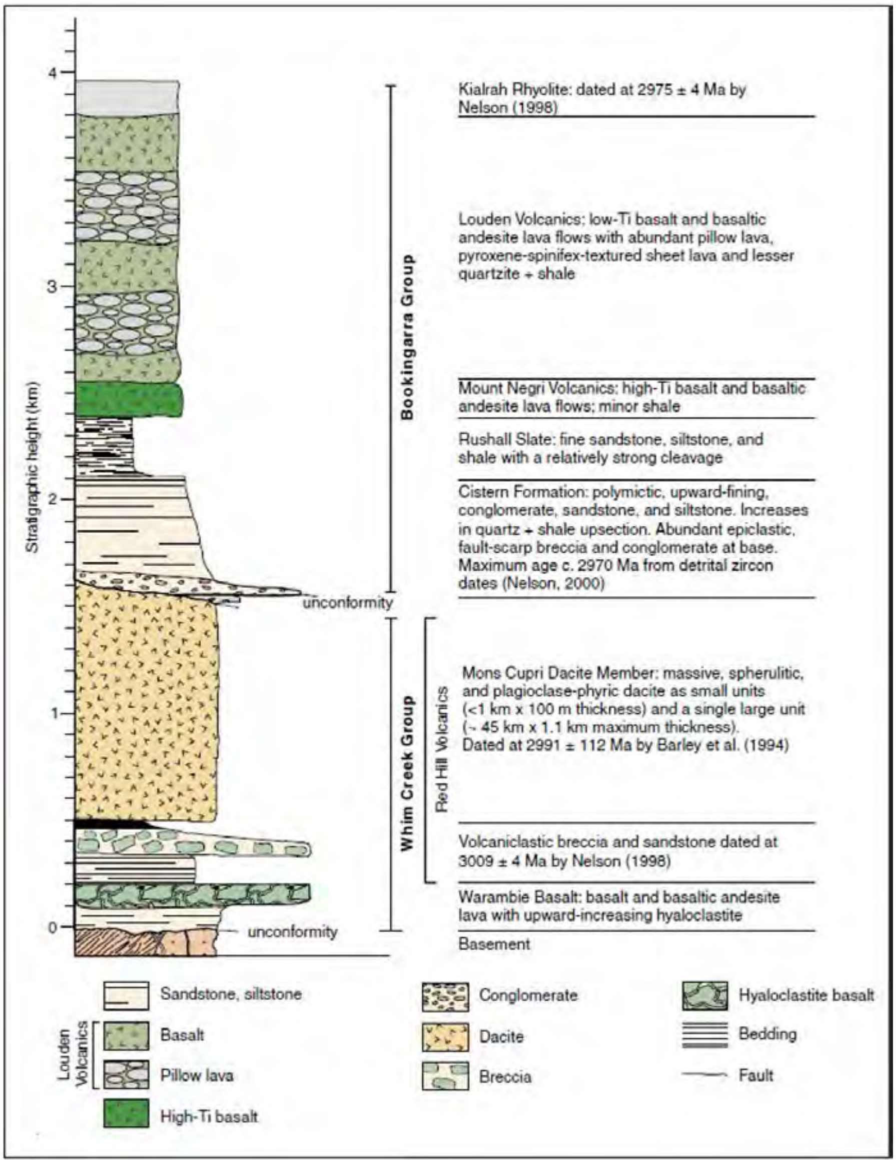
Figure 5 4 provides a stratigraphic section of the Whim Creek Greenstone Belt. The basal unit of the belt is represented by the Whim Creek Group, consisting of Warambie Basalt and the Red Hill Volcanics. The Whim Creek Group is unconformably overlain by the Bookingarra Group. The Bookingarra Group consists of, from the bottom to the top, the Cistern Formation, Rushall Slate, Mount Negri Volcanics, Louden Volcanics and Kialrah Rhyolite.

The known mineralisation is confined to the Bookingarra Group volcaniclastics, in particular the Cistern Formation and the Rushall Slate, both of which outcrop extensively across the Project area. These units have been disrupted by multiple tectonic events, causing folding and faulting, and the mineralisation appears to be controlled by these structures.

The Evelyn prospect, located 25 km south of the Mons Cupri and Whim Creek prospects, occurs along the contact between the mafic-ultramafic units and the Constantine Sandstone. The sequence is considered a lateral equivalent of the Whim Creek Greenstone Belt.

The deposits of the Whim Creek Project are interpreted to have formed in a VMS setting.

**Figure 5 4: Stratigraphic column of the Whim Creek Greenstone Belt**




Sources: Geological Survey of Western Australia, 2006

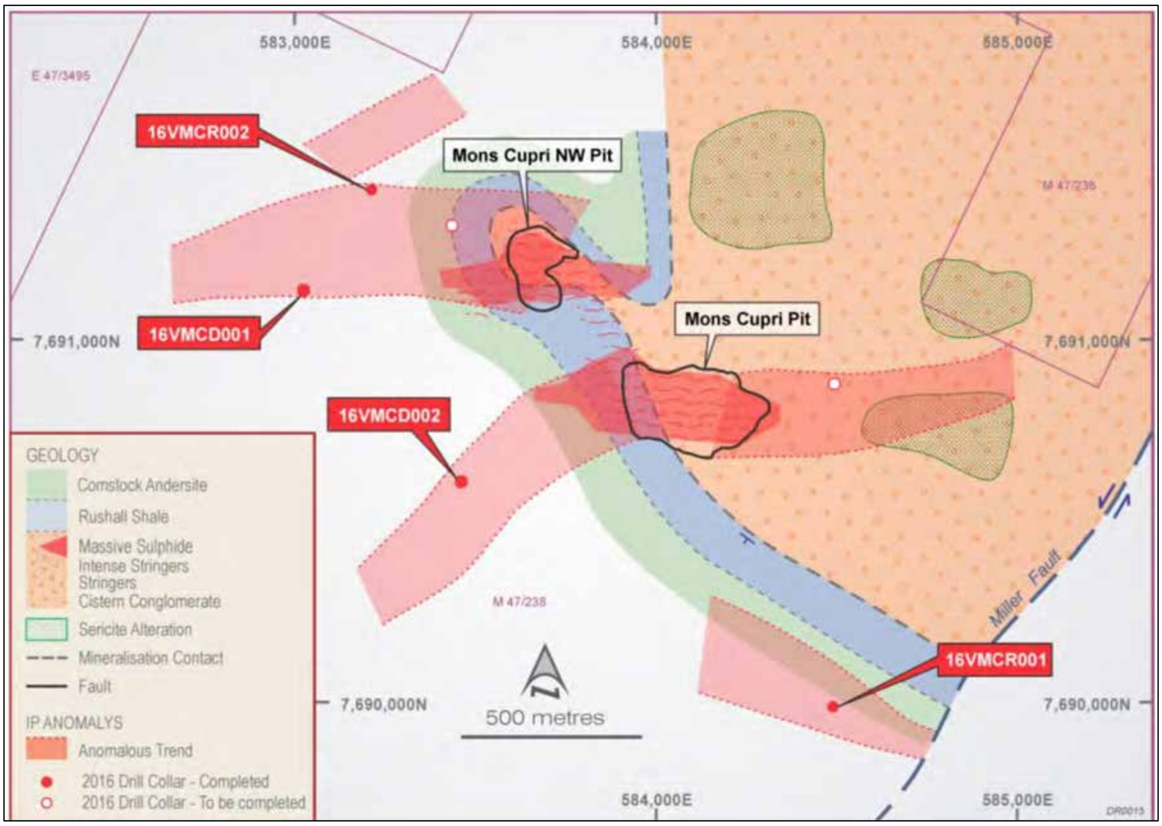
## Mons Cupri

Two types of sulfide mineralisation are present at Mons Cupri. The massive lead-zinc (low copper) stratabound sulfide mineralisation is underlain by the disseminated and stringer copper (low zinc) sulfide mineralisation within a large pipe-like alteration zone.

The deposit is apparently zoned, with lead, zinc and silver stratabound ore at the top of the deposit, passing to the copper-rich zone at the bottom.

Two discrete zones of deposition have been defined in the Mons Cupri area. The larger is the Main pit area and the smaller is the North-West pit area shown in Figure 5. 5 as well as additional target areas identified by an IP geophysical survey carried out by Venturex in 2016.

**Figure 5. 5: Pit areas and potential VMS targets identified by IP survey**




Sources: SRK, 2020

The QA/QC relating to the earlier historical drilling data is uncertain with no available information. No variography analysis was applied as an ID2 interpolation method was used. Search radii are not specified.

Small portions of the Mineral Resources in the Indicated and Measured categories are supported by single or a few drill holes. These blocks represent approximately 4% of the overall Mineral Resource. SRK recommends some of these domains be downgraded to the Inferred Mineral Resource category and that that deposit be re-modelled using an appropriate geostatistical approach.

Drilling at Mons Cupri consists of 163 diamond holes for 27,849 m (including 482 m of pre-collar drilling) and 297 percussion and reverse circulation holes for 24,500 m.

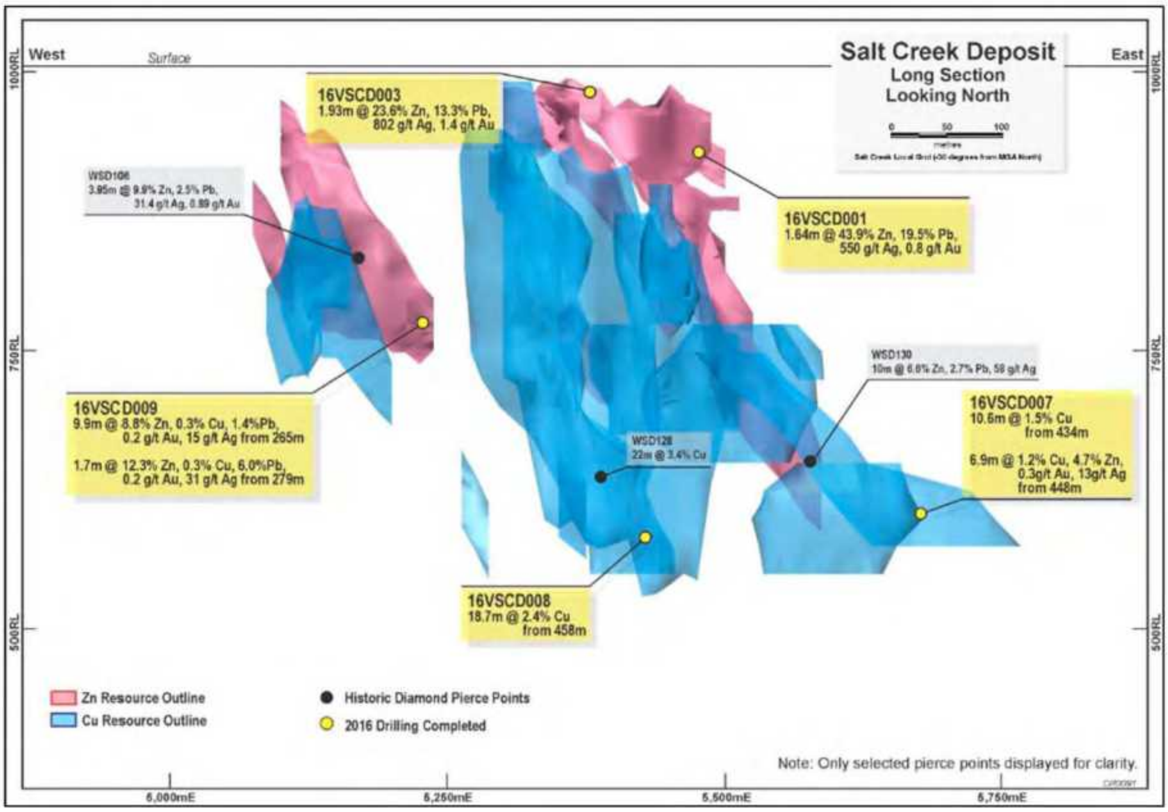
### 5.3.2 Salt Creek

The known mineralisation is hosted in tuffaceous siltstones that are correlated with the Cistern Formation conglomerates at the Mons Cupri prospect. The stratigraphy is overturned at shallow depths and dips to the north. At depth, these beds roll over and dip to the south. The high-grade mineralisation appears to be preferentially developed on the south-dipping limb of a synform.

The deposit consists of two separate high-grade massive sulfide lenses. The two lenses, known as Western and Eastern, are situated approximately 200 m apart spatially along the east–west direction.

- The Western lens is present 40 m below surface and measures 100 m by 200 m by 5 m. It dips moderately to the southeast and is open down dip.
- The Eastern lens occurs approximately 40 m below surface. Previous drilling has outlined the mineralisation over an area measuring 120 m by 300 m by 5 m (Figure 5.6).

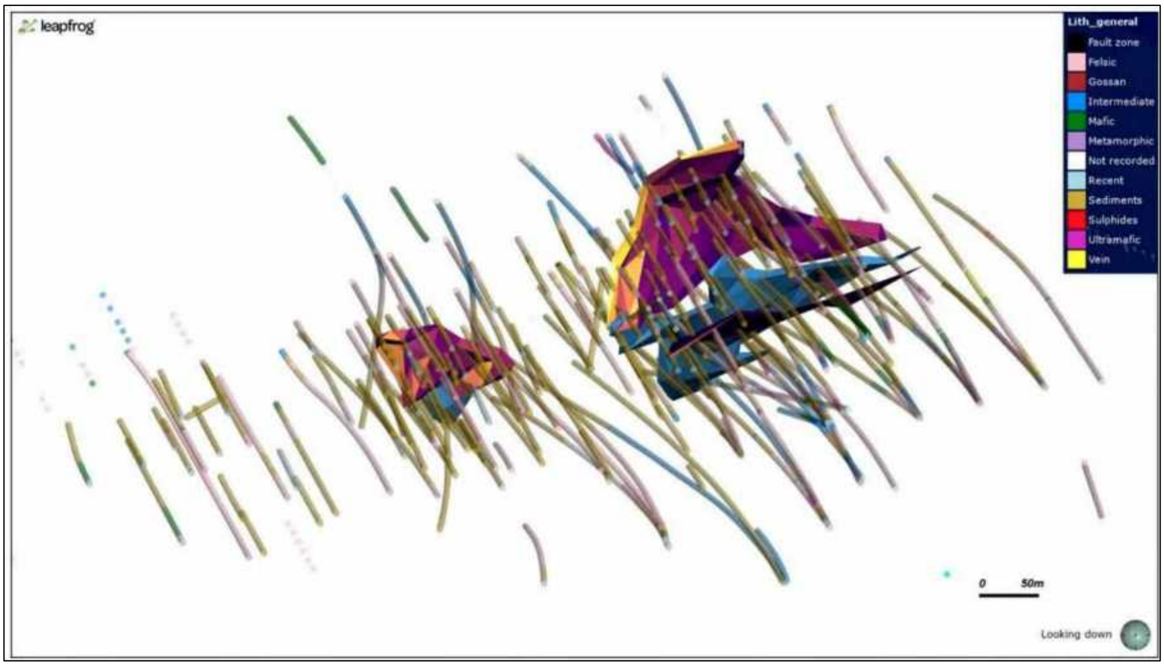
**Figure 5.6: Long section of Salt Creek prospect looking north**




Sources: Sources: SRK, 2020

The area of interest measures approximately 800 m by 80 m. Drilling was completed on an irregular grid measuring roughly 25 m by 25 m, with most holes oriented north and northwest, which is perpendicular to the trend of the mineralised zone. Drilling totals 810 holes comprising aircore, auger, RAB, RC and DD for a total of 49,912 m (Figure 5.7).

**Figure 5.7: Plan view of DD and RC drilling and the interpreted domains for Salt Creek prospect**




Sources: SRK, 2020

QA/QC procedures are not clearly documented. SRK recommends further investigation to determine the quality and reliability of the historical data.

Numerous narrow and steeply dipping mineralised zones have been interpreted, which may introduce local bias and error. Statistical review of structural data, as well as detailed exploratory data analysis into spatial grade trends and patterns would further support the robustness of these interpreted mineralised domains.

Overall, it is SRK's opinion that the Mineral Resource Estimate by Hardrock for the Salt Creek prospect is reasonable, although further work is needed to investigate some of the identified areas of concern.

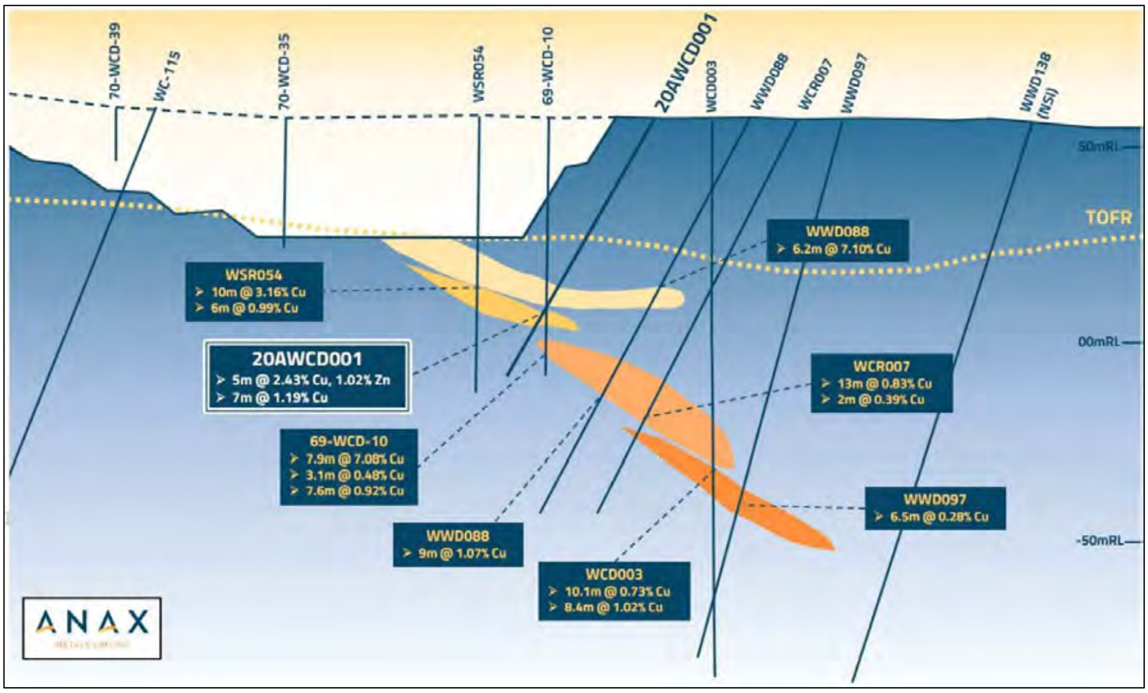
Drilling appears to demonstrate the extensions of the Western and Eastern zinc-rich lenses as well as the copper-rich lenses. Downhole geophysical surveys suggest mineralisation may extend further down-plunge. SRK recommends the targets be tested further by drilling to confirm the extent of the potential mineralisation.

### 5.3.3 Whim Creek

The Whim Creek copper-zinc-(lead) deposit crops out as a low ridge, located less than 1 km southwest of the Whim Creek Hotel. The mineralisation occurs along a single conformable horizon, at a stratigraphic position some 150 to 200 m above the base of the Rushall Slate. The mineralisation dips moderately to the north and can be traced along strike for over 600 m. It extends down dip below the base of the current pit for approximately 120 m and has a thickness of 5 to 8 m (Figure 5.8).

Oxide resources were previously mined by Straits in the 2000s by an open pit method. The remnant mineralisation is characterised by three types of sulfide mineralisation. A massive sphalerite-rich zone represents the outermost mineralised layer. This underlain by a massive chalcopyrite-pyrite zone, which in turn passes into a chalcopyrite-pyrite stringer zone. These three zones are hosted by sericite-chlorite altered argillite and siltstone units of the Rushall Slate.

**Figure 5.8: Cross section at Whim Creek looking northwest**




Sources: Venturex, 2021

Previous drilling campaigns largely involved the completion of holes at spacings between 15 m and 30 m. A total of 624 holes, including 215 DD holes and 414 RC holes fall within the prospect area.

Overall, it is SRK's opinion that the Mineral Resource Estimate for the Whim Creek propect is reasonable, although much of the historical data cannot be validated.

## 5.3.4 Evelyn

The Evelyn prospect occurs along the contact between sandstone and ultramafic units of the De Grey Group, which forms part of the north-trending Croydon Anticline of the Mallina Basin.

Drilling has revealed that copper-zinc mineralisation is hosted in a sequence of volcaniclastic turbiditic sediments along the western limb of the steeply plunging Croydon Anticline. The mineralisation dips steeply to the west. The dimensions of the mineralisation extend for approximately 390 m along strike and down dip for 250 m. The maximum true width of the mineralisation is 16 m. It is characterised by high-grade copper and zinc cores with gold grades exceeding 1 g/t. The mineralisation style is interpreted to be VMS or sediment hosted.

Drilling used to estimate Mineral Resources comprised 34 RC holes for 3,952 m and 6 diamond holes for 1,477 m.

### 5.3.5 Project Mineral Resources

The Mineral Resources for the Whim Creek Project, comprising Mons Cupri, Salt Creek, Whim Creek and Evelyn, formed the basis of ANAX Metals Limited's (ANAX) 2023 Definitive Feasibility Study. The Mineral Resources supporting this study total 10.99 Mt as presented in Table 5.2 (copper domain), Table 5.3 (zinc domain) and Table 5.4 (total). ANAX holds an 80% interest in the Whim Creek Project assets and Develop holds a 20% carried interest.

The Mineral Resources have been prepared by Competent Persons in accordance with the 2012 edition of the JORC Code, and were first published in the following ASX releases as detailed in the ANAX DFS (2023):

- Mons Cupri — Re-compliance Prospectus (18 Sep 2020)
- Whim Creek — Whim Creek Resource (25 May 2021)
- Evelyn — Evelyn extended with excellent Cu, Zn & Au intersection (04 Oct 2022)
- Salt Creek — Significant increase for Salt Creek Resource (12 September 2022).

SRK notes that there is a small discrepancy in the reported Mineral Resource for Mons Cupri between the ANAX Definitive Feasibility Study (2023) and the Re-compliance Prospectus (18 Sep 2020) in the amount of 20 kt overall, which SRK cannot resolve but does not consider to be material.

**Table 5.2: Whim Creek Mineral Resources – Copper Domain**

| Deposit | Resource Classification | Tonnes (kt) | Cu % | Zn % | Pb % | Ag ppm | Au ppm |
|---|---|---|---|---|---|---|---|
| **Mons Cupri** (>=0.4% Cu) | Measured | 990 | 1.62 | 1.42 | 0.61 | 38 | 0.28 |
| | Indicated | 3,130 | 0.84 | 0.47 | 0.20 | 16 | 0.09 |
| | Inferred | 400 | 0.60 | 0.22 | 0.10 | 10 | 0.03 |
| **Salt Creek** (>= 0.8% Cu & <2.5% Zn) | Measured | - | - | - | - | - | - |
| | Indicated | 1,070 | 2.03 | 0.23 | 0.03 | 4 | 0.08 |
| | Inferred | 650 | 1.25 | 0.28 | 0.04 | 4 | 0.05 |
| **Whim Creek** (>=0.4% Cu) | Measured | - | - | - | - | - | - |
| | Indicated | 1,750 | 1.10 | 0.63 | 0.16 | 6 | 0.04 |
| | Inferred | 660 | 0.56 | 0.17 | 0.08 | 2 | 0.02 |
| **Evelyn** (No cut-off) | Measured | - | - | - | | - | - |
| | Indicated | 470 | 2.47 | 3.97 | 0.29 | 42 | 1 00 |
| | Inferred | 120 | 2.84 | 3.62 | 0.20 | 37 | 0.92 |
| **Combined** | Measured | 990 | 1.62 | 1.42 | 0.61 | 38 | 0.28 |
| | Indicated | 6,420 | 1.23 | 0.73 | 0.17 | 13 | 0.14 |
| | Inferred | 1,830 | 0.96 | 0.44 | 0.08 | 7 | 0. 09 |
| **Total Cu Resources** | | **9,240** | **1.22** | **0.75** | **0.20** | **15** | **0.15** |

Sources: ANAX Whim Creek Copper-Zinc Project DFS, 2023

**Table 5.3: Whim Creek Mineral Resources – Zinc Domain**

| Deposit | Resource Classification | Tonnes (kt) | Cu % | Zn % | Pb % | Ag ppm | Au ppm |
|---|---|---|---|---|---|---|---|
| **Mons Cupri** (>=2.0% Zn & <0.4% Cu) | Measured | 70 | 0.16 | 4.56 | 1.79 | 53 | 0.23 |
| | Indicated | 340 | 0.09 | 3 56 | 1.01 | 38 | 0.07 |
| | Inferred | 150 | 0.08 | 4 84 | 1.96 | 27 | 0.04 |
| **Salt Creek** (>= 2.5% Zn) | Measured | - | - | - | - | - | - |
| | Indicated | 770 | 0.58 | 9.91 | 2.97 | 73 | 0.39 |
| | Inferred | 225 | 0.53 | 5.70 | 1.88 | 31 | 0.14 |
| **Whim Creek** (>=2.0% Zn & <0.4% Cu) | Measured | - | - | - | - | - | - |
| | Indicated | 120 | 0.12 | 3.22 | 0.44 | 12 | 0.08 |
| | Inferred | 45 | 0.13 | 2.46 | 0.40 | 9 | 0.04 |
| **Combined** | Measured | 70 | 0.16 | 4.56 | 1.79 | 53 | 0.23 |
| | Indicated | 1,230 | 0.40 | 7.55 | 2.20 | 58 | 0.27 |
| | Inferred | 450 | 0.34 | 5.07 | 1.75 | 27 | 0.10 |
| **Total Zn Resources** | | **1,750** | **0.37** | **6.75** | **2.05** | **50** | **0.22** |

Sources: ANAX Whim Creek Copper-Zinc Project DFS, 2023

**Table 5.4: Whim Creek Project Mineral Resources – Total**

| Deposit | Resource Classification | Tonnes (kt) | Cu % | Zn % | Pb % | Ag ppm | Au ppm |
|---|---|---|---|---|---|---|---|
| **Whim Creek Project** | Measured | 1,060 | 1.52 | 1.63 | 0.69 | 39 | 0.28 |
| | Indicated | 7,650 | 1.10 | 1.83 | 0.50 | 20 | 0.16 |
| | Inferred | 2,280 | 0.84 | 1.35 | 0.41 | 11 | 0.09 |
| **Total Mineral Resources** | | **10,990** | **1.08** | **1.71** | **0.50** | **20** | **0.16** |

Sources: ANAX Whim Creek Copper-Zinc Project DFS, 2023

### 5.3.6 Risks and opportunities

SRK has not found any significant risks to the current geological interpretation and associated Mineral Resource Estimates. The Mineral Resource Estimates are deemed by SRK to be supported by reasonable assumptions and are reported to a sufficient quality standard (JORC Code - 2012) to satisfy the relevant regulatory requirements.

The main risks to the estimate lie in the lack of QA/QC associated with the historical data.

## 5.4 Mining and Ore Reserves

Four deposits have been considered for future mining at Whim Creek. Open pit mining has been established as the preferred mining method for Mons Cupri and Whim Creek, with underground mining proposed for Salt Creek and Evelyn mines. Open pit mining studies were completed to a DFS level, while underground studies were completed to PFS level.

The mining studies were based on contract mining models with the following key inputs:

- MRE for Mons Cupri, Whim Creek, Evelyn and Salt Creek
- geotechnical evaluations by PSM with pit slopes determined for open pits and mining method, level-spacings, ground support and stope design recommendations for underground mines
- dewatering estimates based on hydrogeological studies completed by RPS Group, AQ2 and Pells Sullivan and Meynink (PSM)
- non-binding mining cost estimates from open pit contractors based on preliminary designs and schedules
- underground mining costs from ABGM and Orelogy contractor cost databases.

### Open pit mining

Both Mons Cupri and Whim Creek pits have 30 to 60 m of weathered overburden to be removed to access the fresh ore. The mine plan has been developed on the basis of pre-stripping in advance using a 200 t class excavator and 90 t capacity dump trucks, and a separate fleet for selective mining of ore and associated waste using a 90 t class excavator and 45 t capacity articulated dump trucks.

Open pit mining is expected to be completed in approximately 3 years and will commence at Mons Cupri, followed by a cut-back at Whim Creek. Open pit optimisations were completed using the following key parameters:

- revenue assumptions at Foreign Exchange Rate (FX) of 0. 73 AUD to the United States Dollar (US$), as shown below in Table 5.5.
- various ore sorting recoveries and yields provided by Anax
- pit wall angles provided by PSM, adjusted to account for ramps and safety berms
- crushing and sorting costs provided by Nexus Bonum
- concentrator processing costs provided by Gekko
- metallurgical recoveries provided by Tony Parry & Associates
- shipping and refining costs provided by Conrad
- preliminary mining costs derived from first principles by Orelogy
- owner’s costs estimated by Orelogy and Nexus Bonum
- relevant WA State government royalties and a private Royalty of 0.80% payable to Anglo American.

**Table 5.5: Revenue parameters used in Pit Optimisations**

| Metal | Unit | Price | | Payabilities | Royalties | |
|---|---|---|---|---|---|---|
| | | US$/unit | A$/unit | | Whim Creek (%) | Mons Cupri (%) |
| Copper | t | 9,100 | 12,466 | 95. 0 | 0. 80 | 5. 80 |
| Zinc | t | 3,000 | 4,110 | 85. 0 | 0. 80 | 5. 80 |
| Lead | t | 2,100 | 2,877 | 95. 0 | 0. 80 | 5. 80 |
| Silver | Oz | 25 | 34 | 85. 0 | 4. 80 | 3. 30 |
| Gold | Oz | 1,800 | 2,466 | 90. 0 | 4. 80 | 3. 30 |

Sources: Whim Creek copper-zinc project, DFS. 2023

Shell selection was based on assessment of the shells after applying a minimum mining width of 25 m. A summary of the open pit mining physicals is shown below in Table 5.6.

**Table 5.6: Summary of optimisation results**

| Pit | Case Revenue factor | | Physicals | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Total ore | | | | | | Waste | Total |
| | | | kt | Cu % | Zn % | Pb % | Ag ppm | Au ppm | Mt | Mt |
| Whim Creek | MI | 1. 00 | 610 | 1. 67 | 1. 25 | 0. 17 | 7 | 0. 06 | 3. 7 | 4. 3 |
| | MMW | 1. 00 | 662 | 1. 60 | 1. 20 | 0. 16 | 7 | 0. 06 | 6. 9 | 7. 6 |
| Mons Cupri | MI | 0. 92 | 2. 309 | 1. 16 | 1. 32 | 0. 58 | 30 | 0. 21 | 9. 9 | 12. 2 |
| | MMW | 0. 92 | 2,379 | 1. 14 | 1. 30 | 0. 56 | 30 | 0. 20 | 10. 9 | 13. 3 |
| Total | MI | | 2. 919 | 1. 27 | 1. 31 | 0. 49 | 26 | 0. 18 | 13. 6 | 16. 5 |
| | MMW | | 3. 041 | 1. 24 | 1. 28 | 0. 47 | 25 | 0. 17 | 17. 8 | 20. 9 |

Sources: Whim Creek copper-zinc project, DFS. 2023
Notes: Appropriate rounding applied; MI = Measured and Indicated Resources, MMW = Minimum Mining Width.

## Underground mining

Evelyn and Salt Creek are both high-grade deposits that are proposed to be mined using industry standard underground mining techniques. Mining at Evelyn is proposed to commence in the third year of operation (while open pit mining would still be underway) and is expected to be completed after 2.5 years, with Salt Creek to be developed immediately after mining at Evelyn has been completed. Mining at Salt Creek is anticipated to be completed in approximately 3.5 years.

At Evelyn mine, a PFS-level Geotechnical Underground Study using information collected during the March 2022 diamond drilling campaign indicated good ground conditions that would allow for 20 m level spacings. Based on the recommendations from the geotechnical study, it is concluded that the Evelyn orebody can be mined using Longhole Open Stoping (LHOS) on 20 m level spacings. Extraction is proposed to be through a combination of longitudinal retreat – bottom-up open stoping with unconsolidated rock fill, with a limited number of stopes proposed to be filled using cemented aggregate.

Third party haulage contractors will transport ore produced from Evelyn to the Whim Creek processing facility. Once ore is crushed, ore sorting and jigging will be used to remove mining dilution prior to ore being fed to the concentrator which will produce copper and zinc concentrates.

At Salt Creek, the PFS-level Geotechnical study, using data from the March 2022 diamond drilling campaign, established that the ground conditions would allow for 20 m level spacings, with Modified Avoca the recommended mining method. The Modified Avoca method relies on a single access to the stope, which is used for drilling blasting, bogging and backfilling.

NSRs were calculated and populated to the Evelyn block models prior to completing stope optimisations. Revenue assumptions at an FX rate of 0. 65: 1 (AUD:USD) used in the MSO/Stope optimisation are shown in Table 5.7.

**Table 5.7: Revenue assumptions for Evelyn mine**

| Metal | Unit | Price | | Payabilities (%) | Royalties (%) |
|---|---|---|---|---|---|
| | | US$/unit | A$/unit | | |
| Copper | t | 7,800 | 12,000 | 94. 4 | 9. 4 |
| Zinc | t | 3,000 | 4,615 | 81. 4 | 9. 4 |
| Silver | Oz | 20 | 30. 8 | 90. 0 | 6. 9 |
| Gold | Oz | 1,750 | 2,692 | 92. 0 | 6. 9 |

Sources: Whim Creek copper-zinc project, DFS. 2023

NSRs were calculated and populated to the Salt Creek block models prior to completing stope Optimisations. Revenue assumptions used in the MSO/Stope optimisation are shown in Table 5.8.

**Table 5.8: Revenue assumptions for Salt Creek mine**

| Metal | Unit | Price | | Payabilities (%) | Royalties (%) |
|---|---|---|---|---|---|
| | | US$/unit | A$/unit | | |
| Copper | t | 8,400 | 12,537 | 95. 0 | 6. 3 |
| Zinc | t | 3,000 | 4,478 | 85. 0 | 6. 3 |
| Lead | t | 2,100 | 3,134 | 90. 0 | 6. 3 |
| Silver | Oz | 20 | 29. 9 | 90. 0 | 3. 8 |
| Gold | Oz | 1,750 | 2,612 | 90. 0 | 3. 8 |

Sources: Whim Creek copper-zinc project, DFS. 2023

### 5.4.2 Methods and design

Figure 5.9 shows the existing processing area at Whim Creek will be the centre of operations with the previously constructed ROM pad to be used to deliver ore to the crusher and low-grade ore to be stockpiled on the heap.

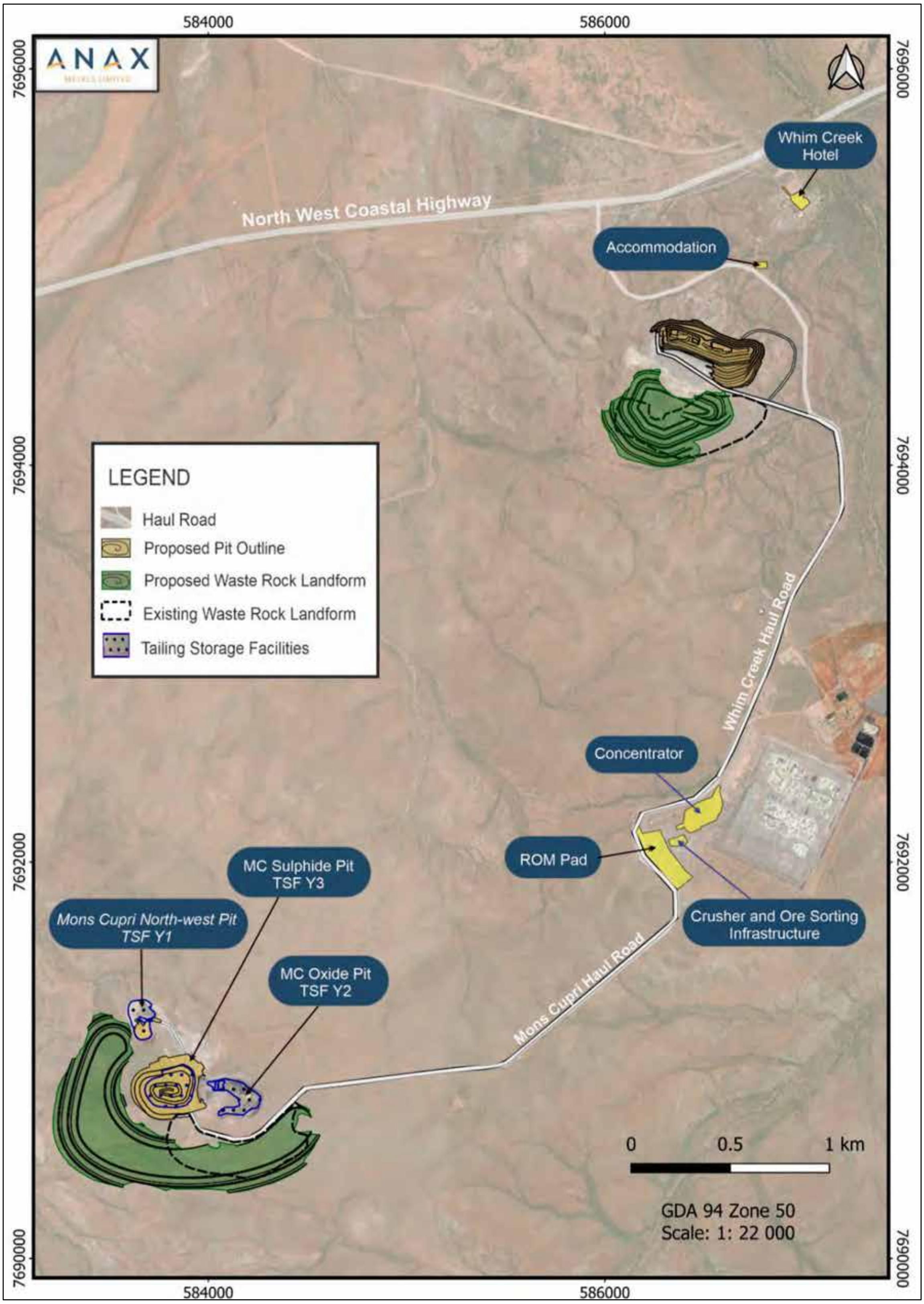
Pits were designed with 10% grade, 23 m wide dual lane ramps for the pre-strip zones replaced with 14% grade, 15 m wide dual lane ramps for the articulated dump truck (ADT) units at depth. The ramp width for the final benches was reduced to 9. 5 m for single lane access. A minimum, mining width of 25 m was used between cutbacks and 10 m at the base of pits.

Mining at Mons Cupri is proposed to be conducted in three stages. The first stage will comprise a small cutback within the extents of the existing Mons Cupri North-West pit. The second and third stage will mine the main pit at Mons Cupri. The second stage was developed to reduce the waste stripping requirements and to improve ore production continuity once processing commences. The waste dump expands on the existing dump footprint and wraps around the south and west sides of the pit with access from the north side.

The roads shown in the plan already exist and require minor refurbishment prior to use. The access road to the Mons Cupri North-west pit will be mined out by the main sulfide pit which necessitates mining the North-west pit early in the sequence. This will also free up the North-West pit for tailings disposal during the first year of production (Figure 5.10).

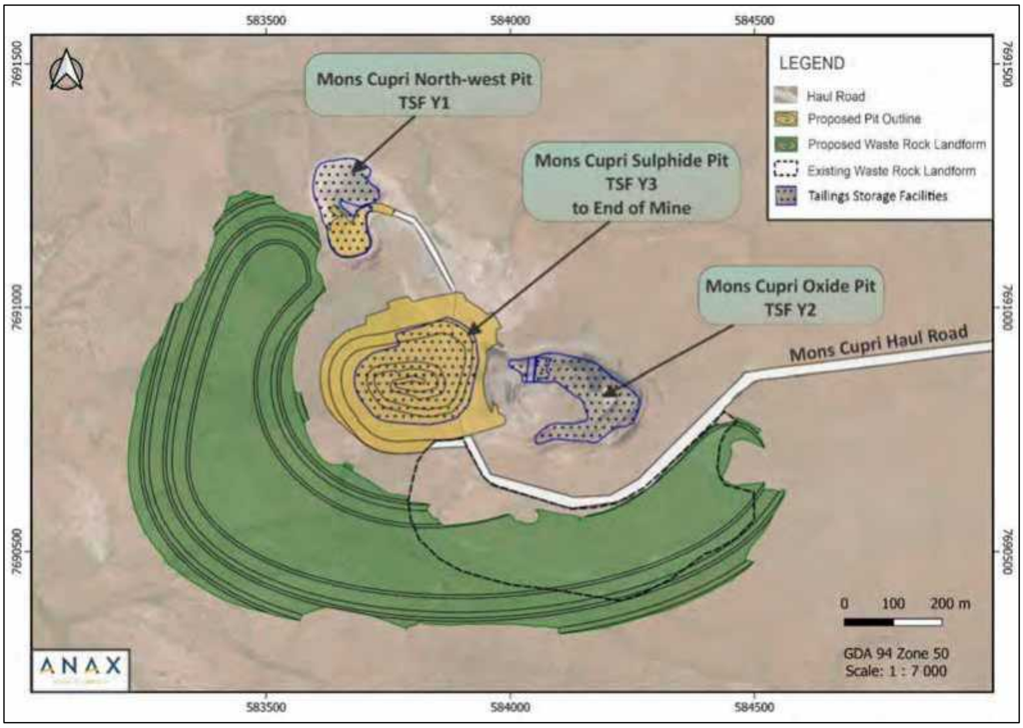
The Whim Creek pit, shown in Figure 5.11, has been designed to be mined in two stages with the initial stage developed to pre-strip the cutback. Stage 1 will use an internal ramp until access to the existing ramp is acquired. After pre-stripping, the internal ramp will be retreat mined with waste hauled up the existing ramp. A new haul road will be required for waste haulage from the north of the Whim Creek pit to the waste dump south of the mining pit as shown on the plan. This will be used for the pre-strip phase only with material at depth hauled after refurbishment of the existing ramp on the footwall of the pit.

**Figure 5.9: Whim Creek site layout**



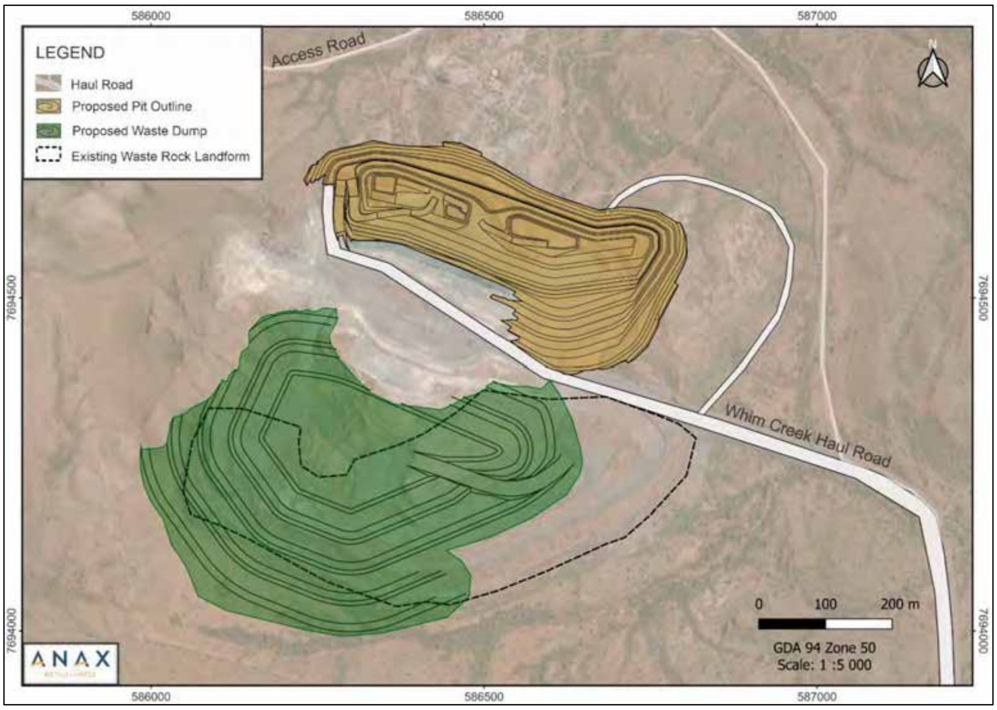

Sources: Whim Creek copper-zinc project, DFS. 2023

**Figure 5.10: Mons Cupri mine layout**




Sources: Whim Creek copper-zinc project, DFS. 2023

**Figure 5.11: Whim Creek layout**

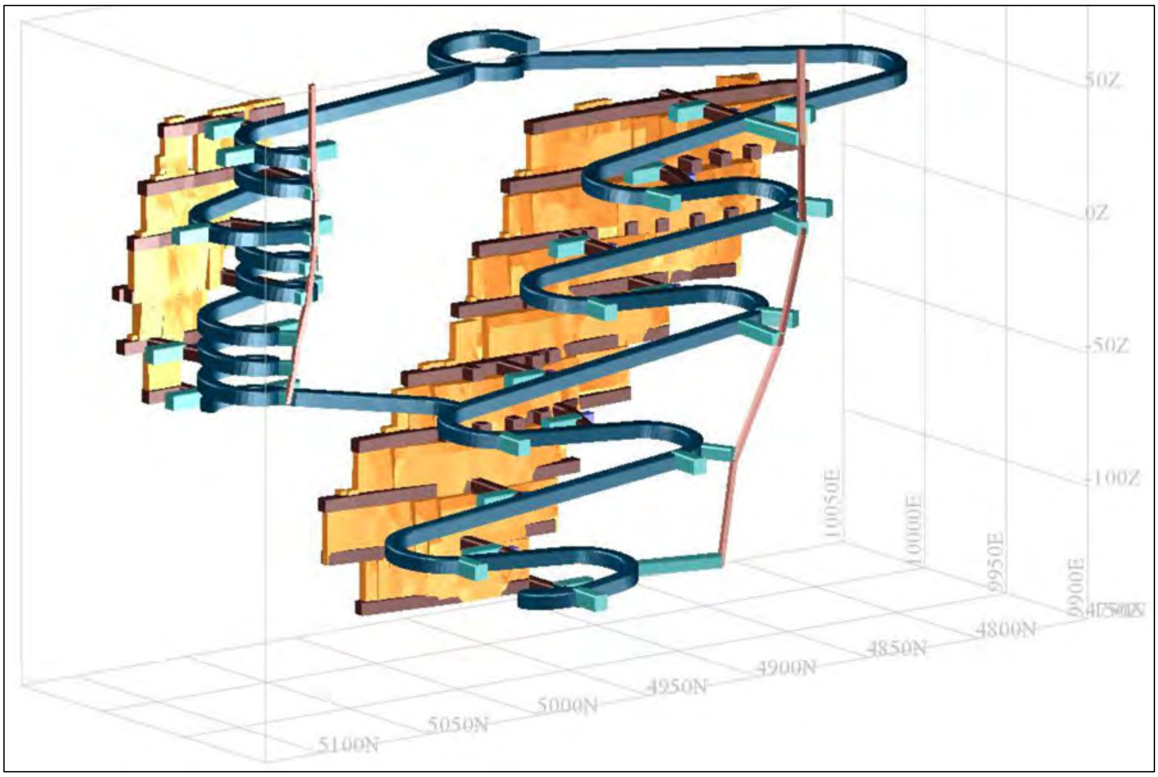



Sources: Whim Creek copper-zinc project, DFS. 2023

Evelyn is proposed to be mined ‘bottom-up’ using a combination of unconsolidated fill and cemented aggregate. Where cemented aggregate fill is required for regional stability, stopes are proposed to be filled with cement agitator/mixing trucks. The bulk of the Evelyn stopes will however be backfilled with unconsolidated waste rock, aggregate from the heap, or a combination of the two. The decline is proposed to be developed in the competent hanging wall with 20 m level spacings. The final mine layout for Evelyn mine is shown in Figure 5.12.

Detailed dilution modelling was applied through mine designs and additional mine modifying factors. The overall planned and unplanned mining dilution (from the mine design shapes) were calculated to be approximately 25%. Ore losses of 5% were applied to metal and ore tonnes in the mine plan/schedule.

**Figure 5.12: Evelyn mine underground mine design**



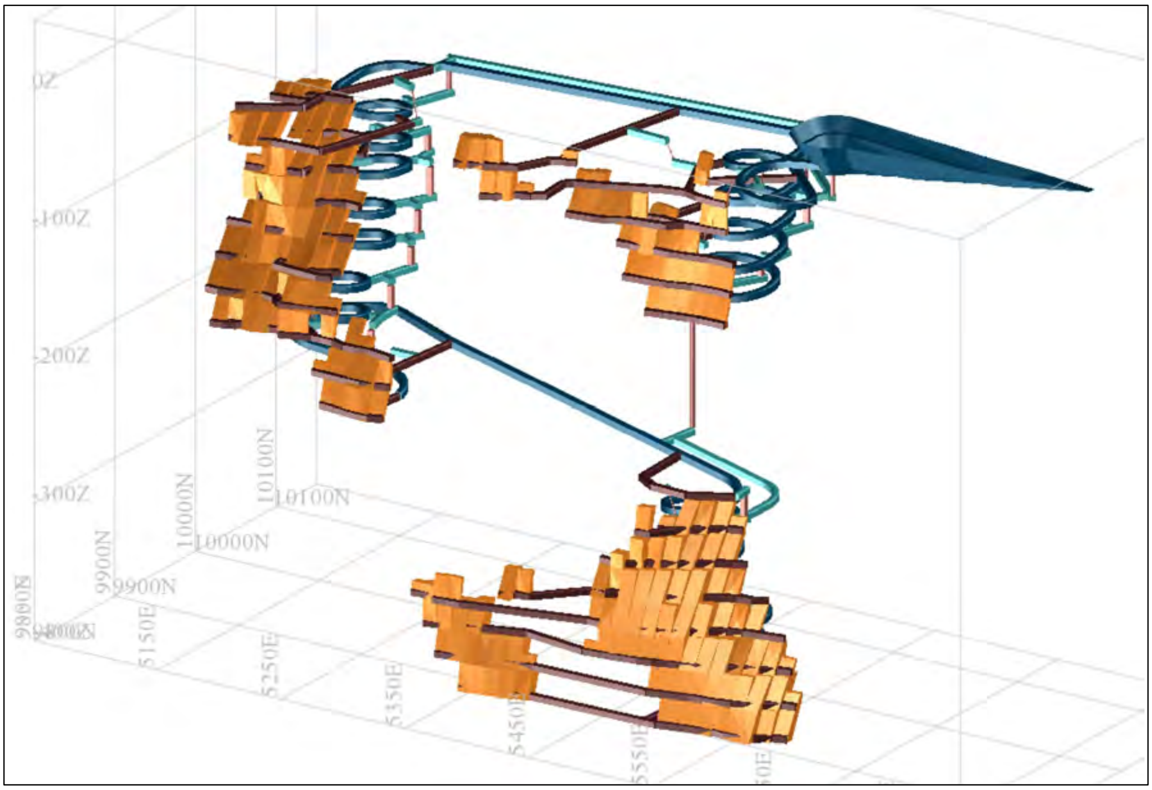

Sources: Whim Creek copper-zinc project, DFS. 2023

Salt Creek has three main lodes that will be mined sequentially from top to bottom. A box cut and portal will be developed at the shallower eastern lode, with the decline developed in the footwall. Once accessed, the individual lodes will be mined “bottom-up” with mining in each area finishing at the top of each lode. Backfill will entirely be made up of development waste rock. Dilution modelling was applied through mine designs and additional mine modifying factors consistently across the entire mine design. Figure 5.13 shows the final mine layout for Salt Creek.

To allow for expected overbreak, 0.5 m thick unplanned dilution skins were included on the hanging wall and footwall of the stopes as part of the stope design process. The grade of the dilution skins was based on the contained Resource model grades.

Ore losses (mining recovery) of 3% were applied to stoping to account for losses in the stoping cycle and an additional 10% dilution at zero grade applied to stoping to account for over bogging of waste fill from adjacent previously waste filled stopes.

**Figure 5.13: Salt Creek mine underground mine design**




Sources: Whim Creek copper-zinc project, DFS. 2023

### 5.4.3 Ore Reserves

A combined Ore Reserve Estimate for the Mons Cupri and Whim Creek pits, and the proposed Salt Creek and Evelyn underground operations are shown in Table 5.9. The Ore Reserves were compiled in accordance with the guidelines of the JORC Code (2012). The reported MRE is inclusive of the Mineral Resources converted to Ore Reserves. The Ore Reserve consists of approximately 23% Proven and 77% Probable Reserves.

**Table 5.9: Whim Creek Ore Reserve Estimate**

| Classification | Deposit | Mine Type | Ore (Mt) | Cu % | Zn % | Pb % | Ag ppm | Au ppm |
|---|---|---|---|---|---|---|---|---|
| | Mons Cupri | Open pit | 1. 06 | 1. 46 | 1. 58 | 0. 68 | 38 | 0. 28 |
| | Sub-total | | 1. 06 | 1. 46 | 1. 58 | 0. 68 | 38 | 0. 28 |
| | Mons Cupri | Open pit | 1. 49 | 0. 83 | 1. 08 | 0. 47 | 23 | 0. 14 |
| | Whim Creek | Open pit | 0. 72 | 1. 54 | 1. 14 | 0. 15 | 7 | 0. 06 |
| | Evelyn | Underground | 0. 50 | 2. 11 | 3. 32 | 0. 22 | 34 | 0. 88 |
| | Salt Creek | Underground | 0. 79 | 1. 57 | 6. 00 | 1. 83 | 48 | 0. 27 |
| | Sub-total | | 3. 49 | 1. 32 | 2. 52 | 0. 67 | 27 | 0. 26 |
| Total Proven and Probable Reserves | | | 4. 55 | 1. 36 | 2. 30 | 0. 68 | 29 | 0. 26 |

Sources: Whim Creek copper-zinc project, DFS. 2023
Notes: Appropriate rounding applied

## 5.4.4 Production schedule

### Open pit schedules

The concentrator has been designed with a nominal capacity of 400 kt/a with feed to the crushing and ore sorting plant at a maximum rate of 800 kt/a. As a result of the low ore production rate requirements, pre-stripping of waste to expose the ore becomes the key driver of the schedule. Once the ore is exposed, the mining rate can be reduced significantly. The base case LoM plan encompasses just over 3 years of open pit mining with processing of stockpiles extending well beyond the open pit mining campaign. Stockpiles will be used to supplement feed while underground mining is being undertaken.

### Underground schedules

The mine life at Evelyn is expected to be 31 months, with first ore produced in month 3. A Production Target of 583 kt of ore has been identified, which includes 85 kt (~15%) of material from the Inferred Mineral Resources category. 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 Indicated Mineral Resources, or that the Production Target itself will be realised.

The mine life at Salt Creek is expected to be 3.5 years, with first ore produced 7 months after decline development has commenced. The first 6 months which include initial site works and capital development, will overlap with the last 6 months of mining at Evelyn. Stoping at Salt Creek will commence immediately after stoping at Evelyn has been completed. A production target of 973 kt of ore has been identified, which includes 187 kt (~19%) of ore from the Inferred Mineral Resources category. 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 Indicated Mineral Resources, or that the Production Target itself will be realised.

### 5.4.5 Mining operating and capital costs

The capital expenditure and LoM operating costs for the Project have been estimated to Association for the Advancement of Cost Engineering (AACE), Class 3 accuracy (±15%). Studies into mining and processing of ore from Evelyn and Salt Creek have been completed to PFS level with an assumed study accuracy level of ±25%.

The total pre-production Capex required for the Whim Creek Project has been estimated at A$71.3 M as detailed in Table 5.10 below. The Capex estimate has been compiled by lead engineers, Nexus Bonum, with input from subcontractors as required for assigned specific scopes of work and includes pre-production costs and all fixed infrastructure necessary to commence production for an 8-year mine life with a processing production rate of 400 kt/a through the concentrator. It relies predominantly on supplier and/or contractor quotations and/or tenders and is based on information obtained during the second half of 2022.

In recognition of current inflationary pressures, escalation averaging 3.5% has been applied. Deferred capital will be funded from operational cashflow and include expansion of the camp, construction of the TSF embankment in the Mons Cupri oxide pit, installation of an additional ore sorter and construction of new haul roads to Evelyn and Salt Creek.

**Table 5.10: Whim Creek pre-production and deferred capital cost estimate**

| Main area | Pre-production Cost ($M) | Deferred cost ($M) |
|---|---|---|
| Non-process infrastructure | 9. 4 | 6. 7 |
| Crushing, screening, sorting, and jigging | 10. 8 | 2. 9 |
| Concentrator | 33. 5 | |
| Earthworks, civils, and installation | 8. 6 | 0. 3 |
| Contingency (Average 8. 5%) | 5. 3 | 0. 7 |
| Owner's costs | 3. 7 | 20. 2 |
| **Total pre-production Capital** | **71. 3** | **30. 8** |

Sources: Whim Creek copper-zinc project, DFS. 2023
Notes: Appropriate rounding applied

Underground mining will commence in the third year of operation, starting with Evelyn and followed by Salt Creek. Both underground Project and Development Capital will be funded from operational cashflow. The estimated underground capital costs are summarised in Table 5.11.

**Table 5.11: Whim Creek underground capital cost estimate**

| Main area | Evelyn cost ($M) | Salt Creek cost ($M) |
|---|---|---|
| Project Capital | 15. 6 | 16. 0 |
| Development capital | 36. 0 | 36. 5 |
| **Total underground Capital** | **51. 6** | **52. 5** |

Sources: Whim Creek copper-zinc project, DFS. 2023
Notes: Appropriate rounding applied.

The operating expenditure for the Project, shown in Table 5. 12, has been estimated for an operating cost model that considers a contractor miner production model and incorporates costs for mining, processing (includes maintenance and consumables), general and administrative costs, shipping costs, selling costs and royalties. Sustaining Capital makes provision for installation of an additional ore sorter towards the end of the first year of processing, the construction of the embankment for the second TSF cell and the development of the haul road to Evelyn.

**Table 5. 12: Whim Creek LoM operating cost estimate**

| Main area | LoM ($M) | Unit cost ($/t ore) |
|---|---|---|
| **Open pit mining** | **143. 4** | **43. 70** |
| Contractor mining | 124. 6 | |
| Owner's cost | 9. 4 | |
| General and administration costs | 9. 4 | |
| **Underground mining** | **241. 5** | **156. 30** |
| Contractor mining costs (Development and production) | 206. 0 | |
| Owner's costs | 17. 6 | |
| General and administration costs | 11. 8 | |
| Remote ore haulage (Evelyn and Salt creek) | 6. 2 | |
| **Processing** | **186. 9** | **38. 70** |
| Crushing, sorting, and jigging | 7. 3 | |
| Concentrating | 85. 3 | |
| General and administration costs | 94. 3 | |
| **Sub-total operating costs** | **572. 7** | **118. 60** |
| Deferred capital (excluding mine closure) | 10. 6 | 2. 20 |
| Selling costs | 122. 6 | 25. 40 |
| Royalties | 64. 2 | 13. 30 |
| Concentrate shipping | 62. 1 | 12. 90 |
| **LoM total operating cost** | **831. 2** | **172. 40** |

Sources: Whim Creek copper-zinc project, DFS. 2023

Note: Appropriate rounding applied.

### 5.4.6 Summary technical opinion

SRK has reviewed the supplied information relating to the Whim Creek project and note the mining parameters considered for both open pits and underground operations are suitable for those deposits. Production rates considered are appropriate for these types and scale of operations.

Ore Reserve estimates have used appropriate factors for mining including dilution, losses, and mining rates. Cut-off grade and NSR calculations are appropriate and have utilised cost, revenue, and metallurgical factors to calculate values subsequently used in the establishment of mining areas.

Mining costs have been established from vendor quotes for Whim Creek, Mons Cupri and through current mining rates for underground mining at Salt Creek. Mining costs for Evelyn mine were calculated through detailed first principle models and vendor pricing for large mechanical items. All costs have been benchmarked against similar mining operations in Australia.

SRK has considered the LoM production plan for Whim Creek and have included updated costs for processing and rehabilitation as recommended in Table 8.5: SRK's recommendations regarding the Whim Creek modelTable 8.5. Additional considerations for revenue, discount rate, and inflation have also been included as part of the BDO Independent Expert Report. The results of this update are shown in Table 5.13.

**Table 5.13: Whim Creek Model SRK adjusted costs and revenue drivers**

| | | Unit | |
|---|---|---|---|
| Revenues (net of TCs and royalties) | | A$M | 965.9 |
| Operating costs | | A$M | 715.1 |
| Development capital costs | | A$M | 73.7 |
| Pre-tax: | Cashflow, before financing | A$M | (90.5) |
| Pre-tax: | NPV | A$M | (39.4) |
| Pre-tax: | IRR | % | - |
| Rehabilitation expenditure | | A$M | 231.4 |

Sources: ANAX Whim Creek Model SRK. xlsx

### 5.4.7 Recommendations

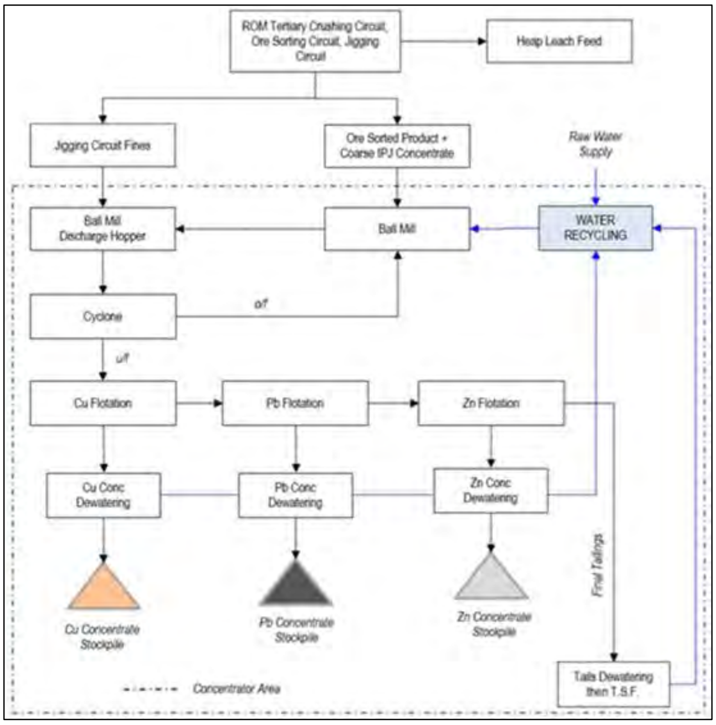
SRK note that while costs for mining are appropriate, the cost associated with processing and rehabilitation are insufficient and should be adjusted. Using the updated factors in the supplied Whim Creek model, SRK notes that the project has a negative NPV. Based on this outcome, SRK recommends that value for Whim Creek be calculated using an alternate valuation method that considers the Mineral Resource in its entirety.

## 5.5 Metallurgical testwork and process design

### 5.5.1 Process flowsheet

The Whim Creek process flowsheet is shown in Figure 5.14.

**Figure 5.14: Whim Creek process flowsheet**




Sources: Whim Creek DFS - Anax Metals 2023-04-03. pdf

The Whim creek flowsheet ,while largely conventional, contains some equipment not typically seen in a polymetallic VMS beneficiation circuit:

- The crushing circuit incorporates a two-stage ore sorting circuit and a gravity inline pressure jig (IPJ). The ore sorter concentrates the sulfides in the coarse crusher product and the jig concentrates the sulfides in the fines. The benchmark for ore sorting operations should be the XRT sorting plant at Renison as described in *Recent improvements in ore sorting at the Rension Tin Concentrator – target 1 Mt/a* by B. Wraith, J. Resta and J. Welmans, Mill Operators' Conference 2021.
- The flowsheet allows for the rejects from the IPJ and product from the secondary ore sorter to be treated via heap/bacterial leaching or as a low-grade feed at the end of the mine life. It is unlikely that the leaching treatment will be economical and therefore should not be factored as part of the economic evaluation.
- The pre-concentrated sulfide feed is treated through conventional polymetallic Cu-Pb-Zn flotation circuit after grinding in a single stage ball mill to P80 of 53-75 µm.

### 5.5.2 Supporting testwork

Anax's metallurgical testwork is limited to eight composites from four deposits in the Whim Creek Project. SRK notes:

- No mineralogical characterisation work was reported in the DFS.

- Bulk ore sorting work was completed on the composites, however testwork on material < 8 mm was limited by sample availability. It is assumed in the Anax DFS that for untested material (i.e. Whim Creek) the IPJ performance will be similar to the ore sorting performance.
- While comminution testwork was completed for the Mons Cupri deposit limited sample availability meant that 2012 testwork results were used for comminution predictions for Whim Creek and no testwork was completed for Evelyn. The DFS narrative does not confirm whether this testwork for Whim Creek was based on preconcentrated material.
- Flotation testwork included locked cycle tests however it is not evident from the data reviewed whether the budgeted flotation recoveries are based on the discounted results of the locked cycle tests testwork, the batch flotation tests or a combination of the two.
- Processing of material by leaching has not been tested.

### 5.5.3 Process throughput and metallurgical recovery

The lack of detail in the testwork narrative included in the DFS makes commenting on the budgeted process throughput and metallurgical performance difficult.

### 5.5.4 Processing operating and capital costs

The DFS does not contain the level of detail required to ascertain how the capital and operating costs were derived. Given there is insufficient detail to do a high-level analysis SRK notes the following:

- Capex costs for Whim Creek Project appear aspirational, particularly considering the Pre-COVID-19 costs of similar installations such as Renison's ore sorting circuit.
- Process Operating costs appear low at A$39/t when compared with Sulphur Springs budget of A$52/t ,which appear to have been derived from a first principles basis.

## 5.6 Tailings storage facilities

### 5.6.1 Summary

The technical review of the tailings storage facility (TSF) is based on the *Mons Cupri in-pit Tailings Storage Facility TSF Design Report* by CMW Geosciences (CMW, 2022). The project consists of a number of underground and open pit deposits life. The waste tailings from a new 320 kt/a[2] polymetallic concentrator are proposed to be stored in previously mined oxide pits at the Mons Cupri mining area (Mons Cupri Pit and Mons Cupri North-West Pit).

The operator's strategy is to place tailings within existing pits to reduce disturbance and rehabilitation costs. The challenge arises as the pits have economic resources that are estimated to last for 2.5 years of mining. The proposed solution is to build a tailings storage facility within the

[2] The tailings design was undertaken for the 320 ktpa concentrator, however the most recent DFS indicates the concentrator was upgraded to 400 ktpa. This is not expected to materially change the TSF design, however it might require an upgrade of the decant infrastructure.

pits to allow mining for the initial 2.5 years, which require a storage of approximately 600,000 t of tailings. The design report (CMW, 2022) provides two options for consideration (see Figure 5.15):

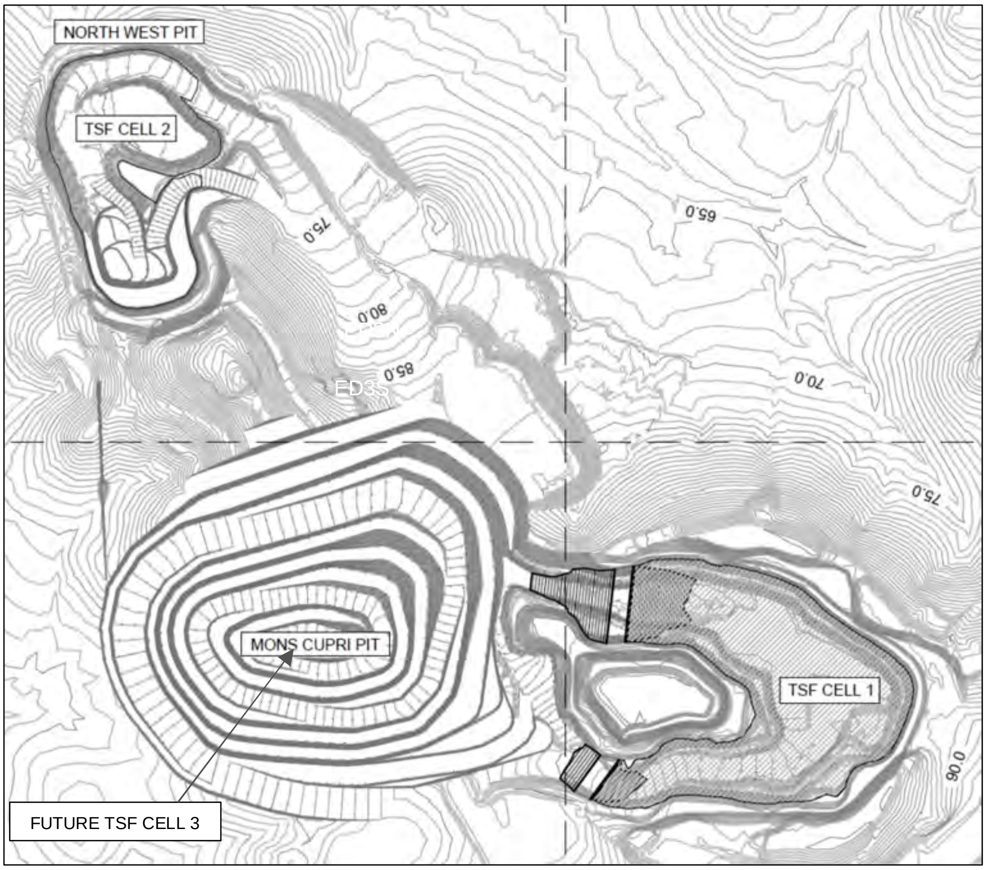
- Option 1: place all tailings within the Mons Cupri Oxide Pit, which is referred to as Cell 1.
- Option 2: place half of the tailings in the Mons Cupri Oxide Pit (Cell 1) and the other half in the Mons Cupri North-West Pit (Cell 2).

Once the Mons Cupri Oxide Pit is mined to completion, the personnel and mining equipment can be removed from the pit, dewatering of the pit stopped and tailings can be directly deposited into the pit without any embankment. This area is referred to as Cell 3 and the design states that it has available storage to accommodate the rest of the required tailings productions for the life of mine.

The TSF will be an in-pit storage facility, with thickened sub-aerial tailings deposition from the crest of the embankments using a multi-spigot arrangement. The embankments are designed to be zoned mine spoil, compacted earthfill and HDPE liner on the upstream face, as in Sulphur Springs. The main characteristics of the TSF are summarised in Table 4. 19. The decant system comprises a floating pontoon that will pump recovered water directly to the process plant for reuse (eastern end of Cell 1 and northern end of Cell 2). No spillway is proposed by the designer, who argues that *“stormwater during operations will be largely re-used in the plant over several months”*.

The facility was classified as 'High C' consequence category, based on ANCOLD (2012, 2019). The persons at risk (PAR) considered was 10–100, however the potential loss of life (PLL) used was not detailed and it is assumed to be 0. It is recommended that, given the location of the embankments are within the pits, the PLL should be revisited with consideration to workers that could be in the pit should a failure occur. This will potentially increase the consequence category to ‘High A’ to ‘Extreme’, which will in turn impact other design requirements, and therefore it is recommended the consequence category assessment is revisited.

**Figure 5.15: Whim Creek TSF layout**




Sources: (CMW, 2022)

Storage calculations assume a final in situ dry density of 1.5 t/m$^3$, which is considered acceptable as, based on the testwork, the densities were estimated to be in the range of 1.6 to 1 8 t/m$^3$. SRK has not been provided with detailed storage calculations and therefore a thorough review of the risks regarding lack of storage was not undertaken.

Stability analyses were undertaken using limit equilibrium methods but there is no consideration of the potential liquefaction of the tailings. This is a requirement from the Global Industry Standards on Tailings Management (GISTM) but is not expected to impact the design.

The design documentation did not include a spillway design and no documentation regarding water storage requirements such as Extreme Storm Storage (ESS) or Design Storage Allowance (DSA) was sighted. The total freeboard was set at 1.3 m, which is designed to include a 1:100 AEP 72-hour storm (500 mm rain event) to be stored temporarily in the facility, which was considered as a 0.5 m in the freeboard calculation. No storage curve was produced for the facility, and therefore the validity of this calculation could not be verified. The design assumes the decant pumps will be operating effectively but it is recommended that some redundancy is included in the system to cater for pump malfunction and/or extreme rain events.

The closure concept is yet to be developed but considers two possible options:

- store and release cover for Cells 1 and 2, and underwater storage for Cell 3
- transfer of tailings from Cell 1 and 2 into Cell 3, and underwater storage.

Both options are considered viable but a more detailed study is required to provide an assessment of the feasibility and risks associated.

Geochemical testing results show the tailings are classified as Non-Acid Forming (NAF), with the exception of one sample classified as Low-Capacity NAF (LC-NAF). The tailings slurry water samples were neutral-to-alkaline (pH 7-8) and some salinity. The water samples were variously enriched in Cu, Zn, Cd, Pb, Ag, Bi, As, Sb, Se and Mo, and could be leached into the groundwater. Further studies are required to assess the potential for contamination.

The design does not include a bill of quantities or cost estimate and therefore this was not reviewed or commented on.

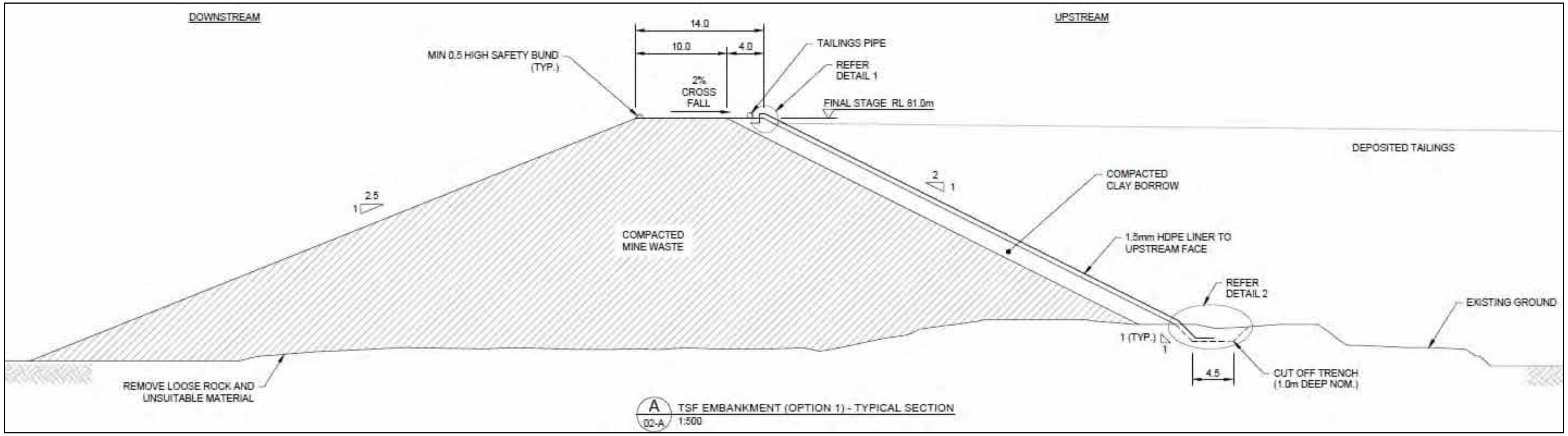
**Table 5.14: Whim Creek TSF details**

| **Parameter** | **Cell 1** | | **Cell 2** | **Cell 3** |
|---|---|---|---|---|
| | Option 1 | Option 2 | | |
| TSF type | In-pit with embankment | | In-pit | In-pit |
| Consequence category (ANCOLD 2012, 2019) | High C | | N/A | N/A |
| Raise method | N/A | | N/A | N/A |
| Maximum height (m) | 25 | 16 | N/A | N/A |
| Total storage ($Mm^3$) | 0. 42 | 0. 21 | 0. 21 | Unknown |
| Total storage (Mt) | 0. 60 | 0. 30 | 0. 30 | Unknown |
| TSF footprint (ha) | 2. 7 | <2. 7 | 1. 8 | Unknown |
| Catchment area (ha) | 5 | 5 | 6 | Unknown |
| Deposition method | Multi spigots | | | |
| Deposition timeframe (yr) | 2. 5 | | 2. 5 | 1. 5 |
| Deposition rate (Mt/a) | 0. 23 (as per TSF design, could increase as concentrator capacity was updated from 320 to 400 ktpa after the TSF design was completed) | | | |
| Decant system | Pontoon mounted decants | | | |
| Underdrainage | N/A | | | |
| Bottom liner | N/A | | | |
| **Tailings** | | | | |
| Material | Copper, Zinc and Lead concentrate | | | |
| In-situ dry density ($t/m^3$) | 1. 5 | | | |
| Solids content | 60% | | | |
| Beach slope | 0. 75% | | | |
| **Embankments** | | | | |
| Maximum crest level (m) | 81 | 72 | | |
| Crest width (m) | 14 | | | |

| Parameter | Cell 1 | Cell 2 | Cell 3 |
|---|---|---|---|
| Upstream batter slope | 1V:2H | | |
| Downstream batter slope (operations) | 1V:2.5H | | |
| Maximum crest length (m) | 95 60 | | |
| Embankment materials | Mine spoil<br>Compacted earthfill<br>HDPE liner | | |
| Cut-off trench | Yes | | |
| Filter blanket | N/A | | |
| **Spillway** | | | |
| Spillway type | No spillways | | |
| Spillway base width (m) | N/A | | |
| Dry freeboard (m) | N/A | | |
| Spillway invert level (RL m) | N/A | | |
| **Closure** | | | |
| Closure cover type | Concept stage: options are store and release cover and underwater storage | | |
| Cover thickness (m) | N/A | | |
| Closure batter slope (downstream) | N/A | | |
| **Other** | | | |
| Instrumentation and monitoring | ■ 1 cross section at each embankment to include two VWPs each, on the upstream and downstream sides. Monthly monitoring.<br>■ 4 survey monuments to be included on the crest and monitored daily.<br>■ Daily visual inspections | | |
| Depth to original groundwater level (m) | 30 to 40 | | |

Sources: (CMW, 2022)

**Figure 5.16: Whim Creek TSF typical cross section**




Sources: (CMW, 2022)

### 5.6.2 Risks

There are a number of risks identified in the design:

- Location: failure of the embankment would directly impact the open pit and endanger personnel, with potential loss of life.
- Consequence category assessment: the design reports a Population at Risk of 10 to 100. SRK considers this population to also refer to workers in the pit, and therefore the Potential Loss of Life would also be 10 to 100. This would re-classify the dam as 'Extreme' consequence.
- Spillway design: there is currently no spillway design. This is a basic requirement for any dam and will be expected by regulators for approvals.
- Surface water management: the surface water management does not appear well developed and no spillway is included in any of the TSFs. In addition to other considerations in relation to risks to personnel, should an overtopping failure occur and tailings be discharged to the pit the remediation costs required to recommence mining could be substantial.
- Storage requirements: there is a risk that not enough storage is available for tailings deposition if Option 2 is selected. It is recommended that this risk is addressed by closely monitoring and planning ahead.
- Liquefaction of tailings: no analysis has been undertaken to assess the risk of instability due to liquefaction. This is a requirement of ANCOLD and GISTM and although it is not considered a material risk, it is required for compliance and should be assessed during the next stages of the project.
- Potential groundwater contamination: the water samples included enriched metals that could be leached into the groundwater. Further quantitative studies are required to assess the potential for contamination.

### 5.6.3 Conclusions

Several material risks have been identified in the TSF design, and the mitigation measures proposed are not considered sufficient. SRK recommends further work is undertaken to better understand and quantify the extent of these issues.

Given the current high scrutiny on mining companies regarding TSF management and safety, it is expected that regulators, investors and communities will require all of the listed risks to be minimised to as low as reasonable possible (ALARP) status. This is in line with the Global Industry Standard of Tailings Management (GISTM) (ICMM; UNEP; PRI, 2020).

## 5.7 Environmental, social and governance

### 5.7.1 Regulatory and land rights

#### Mineral right

The project area consists of granted mining leases and a miscellaneous licence (Table 5.15).

All project tenements are jointly held by Venturex Pilbara Pty Ltd and Whim Creek Metals Pty Ltd, except for Evelyn tenement jointly held by Jutt Resources Pty Ltd and Whim Creek Metals Pty Ltd. Both Venturex Pilbara Pty Ltd and Jutt Resources Pty Ltd are wholly owned by Develop and Whim Creek Metals Pty Ltd wholly owned by Anax.

**Table 5.15: Whim Creek project – tenements**

| Tenement | Deposit | Granted date | Expiry date |
|---|---|---|---|
| L 47/36 | Whim Creek - Mons Cupri | 19/01/1998 | 18/01/2028 |
| M 47/236 | Whim Creek - Mons Cupri | 22/07/1990 | 26/07/2032 |
| M 47/237 | Whim Creek - Mons Cupri | 22/07/1990 | 26/07/2032 |
| M 47/238 | Whim Creek - Mons Cupri | 22/07/1990 | 26/07/2032 |
| M 47/1455 | Evelyn | 04/04/2012 | 03/04/2033 |
| M 47/323 | Salt Creek | 01/06/1993 | 03/06/2035 |
| M 47/324 | Salt Creek | 01/06/1993 | 03/06/2035 |
| M 47/443 | Whim Creek - Mons Cupri | 29/05/1998 | 01/06/2040 |

Source: DMIRS Minedex database, accessed 24/07/2023

#### Permitting

According to the 2023 DFS, primary approvals for stage 1 operations (ore access ramp development) were granted in 2022 and stage 2 approvals applications for mining and mineral processing activities were submitted and are currently under assessment by the authorities (Table 5.16). SRK understands those approvals concern only the Mons Cupri deposit. SRK understands that impact assessment for Evelyn and Salt Creek deposits are ongoing.

SRK understands that the most recent mining proposal and mine closure plan approved in 2022 (Table 5.17) were for Stage 1 development of the Whim Creek project. A Stage 2 mining proposal and mine closure plan were submitted to DMIRS, together with the Works approval application submitted to DWER in September 2022. All Stage 2 applications are under assessment for approvals. SRK has not been provided with both stage 1 and stage 2 primary environmental approvals and applications to assess whether the Whim Creek project considerations are aligned with the 2023 DFS. It is therefore unclear whether primary environmental approvals and applications will require to be updated to align with the updated design.

SRK has found no evidence that Anax, as the project developer, has made provisions in the project development timeline for the lodgement of a revised environmental approvals to be aligned with the updated DFS. If revised approvals are deemed necessary, the DMIRS and DWER assessment procedures can take up to 6 months. The supplied life of mine schedule specifies construction activities for the project start in April 2024. If the approval applications are submitted promptly to the authorities, this timeframe might be sufficient to avoid delaying the project timeline.

SRK has found no evidence that Anax has made provisions to the project development timeline for the lodgement of primary environmental approvals for Evelyn and Salt Creek developments. The DMIRS and DWER assessment procedures can take up to 6 months. The supplied life of mine schedule specifies mining activities for Evelyn deposit to start in July 2026 and for Salt Creek deposit to start in June 2028. If the approval applications are submitted promptly to the authorities, this timeframe might be sufficient to avoid delaying the project timeline.

No Ministerial Statements have been issued for the project under Part IV of the *Environmental Protection (EP) Act 1986*, presumably because the project has not triggered environmental significance criteria that would necessitate formal assessment by the WA Environmental Protection Authority (EPA) under Part IV of the *EP Act 1986*. SRK has found no evidence that any mining activity for the Whim Creek project has been referred to the Commonwealth for assessment or permitting under the federal *EPBC Act 1999*.

**Table 5.16: Whim Creek project – Primary environmental authorisations (ASX:ANX, 2023)**

| Statutory instrument | Administered by | Approval | Granted | Valid to | Regulated activities and considerations |
|---|---|---|---|---|---|
| Mining proposal and mine closure plan under the *Mining Act 1978* | Department of Mines, Industry Regulation and Safety (DMIRS) | Mining proposal and mine closure plan | Stage 1 – Granted<br>Stage 2 – Under assessment | Not provided | Not provided |
| Works approval, licence and native vegetation clearing permit under Part V of the *Environmental Protection Act 1986* | Department of Water and Environmental Regulation (DWER) | Works approval (prescribed premises) | Stage 1 – Granted<br>Stage 2 – Under assessment | Not provided | Not provided |
| | | Native vegetation clearing permit | Granted | Not provided | Not provided |
| 5C licence to abstract water under the *Rights in Water and Irrigation Act 1914* | | Enables the abstraction and use of water from supply bores | Granted | Not provided | Not provided |
| Section 18 under *Aboriginal Heritage Act 1972* | Department of Planning, Lands and Heritage | Enables the use of the land within a heritage site | Granted | Not provided | Not provided |

**Table 5.17: Whim Creek project – Approved mining proposals and closure plans**

| Registration ID | Registration Title | Date approved | Operator |
|---|---|---|---|
| 15645 | Whim Creek: Mons Cupri Addendum | 24/03/2004 | Plutonic Resources |
| 17880 | Whim Creek Copper Project | 24/03/2004 | Straits (Whim Creek) Pty Ltd |
| 18451 | Whim Creek – Gas Lateral Pipeline L47/36 M47/236 M47/443 | 03/10/2005 | Straits Resources Limited |
| 18565 | Whim Creek-Var To Noi 2247-Mons Cupri Haul Rd M47/238/236 | 21/12/2005 | Straits (Whim Creek) Pty Ltd |
| 18577 | Whim Creek – Expansion Whim Creek Pit Waste Dump M47/236 443 | 01/02/2006 | Straits (Whim Creek) Pty Ltd |
| 18936 | Whim Creek-Expansion To Camp M47/236 | 23/01/2007 | Straits (Whim Creek) Pty Ltd |
| 18964 | Whim Creek-Expansion Of Mons Cupri Oxide Pit / Waste Dump M47/238 | 14/02/2007 | Straits (Whim Creek) Pty Ltd |
| 62524 | Whim Creek Copper Project – Mine Closure Plan – Version 2 (2016 Update) ID Number – VXR20161130 | 09/07/2019 | Venturex Resources Limited |
| 66366 | Mining Proposal – Placement and Leaching of Whundo Oxide Stockpiles at Whim Creek Copper Project | 26/05/2017 | Blackrock Metals Pty Ltd |
| 72607 | Placement and Leaching of Whundo Oxide Ore Stockpiles at Whim Creek Copper Project | 13/04/2018 | Blackrock Metals Pty Ltd |
| 100771 | Mining Proposal and MCP – Whim Creek Copper-Zinc Project Mining Proposal – Rev 3. 0 (J00711) | 18/10/2022 | Anax Metals Limited |

Source: DMIRS Minedex database, accessed 24/07/2023

### Native Title

According to the 2023 DFS, the Project is located within the Ngarluma/Yindjibarndi Determination area (Tribunal file No. WCD2005/001) comprising the Ngarluma and Yindjibarndi areas. The Ngarluma native title holders hold native title rights and interests in parts of the Ngarluma Area of the Determination and the Yindjibarndi native title holders hold native title rights and interests in parts of the Yindjibarndi Area of the Determination. The Project is wholly located within the Ngarluma area.

Native title has been determined not to exist in parts of the Project area (Federal Court file No. WAD6017/1996, WAD215/2017). Non-exclusive native title rights and interests have been determined to exist in the remainder of the Project area.

The Ngarluma Aboriginal Corporation RNTBC (NAC) is the legal entity that holds the native title rights and interests of the Ngarluma native title holders on trust including (among other things) the right to protect and care for sites and objects of significance in the Ngarluma Area. The Yindjibarndi Aboriginal Corporation RNTBC (YAC) holds native title rights and interests of the Yindjibarndi native title holders in the Yindjibarndi Area on trust.

An ILUA has been established over Whim Creek tenements, namely the registered Ngarluma ILUA (National Native Title Tribunal No. WI2011/005).

According to the 2023 DFS, Anax currently operates within the terms of the Ngarluma Native Title and Heritage Agreement (executed as a deed) dated 10 September 2007 for E47/3495, M47/1455 and any other tenements applied for, held or used by Jutt Holdings, Ourwest and/or any joint venturers on Ngarluma land including any extension, renewal, substitution or replacement thereof. Anax is currently negotiating a deed of assignment and assumption, which contemplates Whim Creek Metals formally assuming the rights and obligations of under the Heritage Deed and a funding agreement, which contemplates Whim Creek Metals (in its capacity as manager of the Whim Creek Joint Venture) funding NAC's legal costs associated with the negotiation of an agreement to obtain NAC's consent to the mining operations on Evelyn, including NAC's legal costs during the arbitration process. Develop is negotiating a Deed of Confirmation and Variation with NAC to incorporate E47/3495 into the Heritage Deed.

Based on the information reviewed, the status of conformance with commitments in the Ngarluma ILUA and in the Ngarluma Native Title and Heritage Agreement, is unclear and there is no information relating to stakeholder consultations with regards to the Ngarluma ILUA and the Ngarluma Native Title and Heritage Agreement. At this stage, therefore, the status of stakeholder relationships with the Ngarluma Aboriginal group is unknown and could present a risk to the project if there are unresolved concerns or grievances between the parties.

### Surface right and pastoral tenure

The Whim Creek project tenements are located within the Sherlock and Mallina Pastoral Stations. Cattle grazing occurs on these pastoral leases although no fencing contains cattle within the pastoral lease boundaries.

Although the 2023 DFS stated that Anax has engaged with the local pastoralist, and site staff are in regular contact with the station managers. SRK has found no information relating to plans for adherence with the Code of Conduct or stakeholder engagement with owners of the pastoral leases. The status of stakeholder relationships is therefore unknown and could present a risk to the project.

The 2023 DFS highlights the following:

- Anax operates within the terms of the existing Community Assistance Agreement dated 29 October 1997 and varied on 21 October 2020 regarding M47/236, M47/237, M47/238, M47/323, M47/324 and M47/443. Anax is currently negotiating the Deed of Assignment and Assumption, which contemplates Whim Creek Metals formally assuming the rights and obligations of Venturex under the Community Assistance Agreement.
- M47/443 is located over private land and exempt from state government royalties.
- Salt Creek Mining Leases 47/323 and 47/324 lie across the DeGrey–Mullewa Stock Route. The tenements have Consent to Mine within the Reserve 9701 on condition that operations do not restrict the use of the Reserve.

Based on the information reviewed, the status of conformance with commitments in the Community Assistance Agreement is unclear and there is no information relating to stakeholder consultations with regards to the Community Assistance Agreement and the private lands and reserves. At this stage, therefore, the status of stakeholder relationships with landowners and land tenants is unknown and could present a risk to the project if there are unresolved concerns or grievances between parties.

### 5.7.2 Environmental and social setting

According to the 2023 DSF, Anax has completed all requisite environmental baseline studies that allowed for submission of regulatory approvals at Mons Cupri, Whim Creek and for the proposed infrastructure. Environmental baseline studies at Evelyn, surface and subterranean fauna and vegetation surveys have been completed. However, SRK was not provided with the outcome of the baseline studies and impact assessment, nor the project layout to assess it against potential environmental factors.

Based on the documents reviewed, SRK found no information with regards to the environmental and social setting to the project. Therefore, it is unknown whether sufficient and adequate considerations have been used in the development of the Project design and plans.

### 5.7.3 Company approach to environmental, social and governance

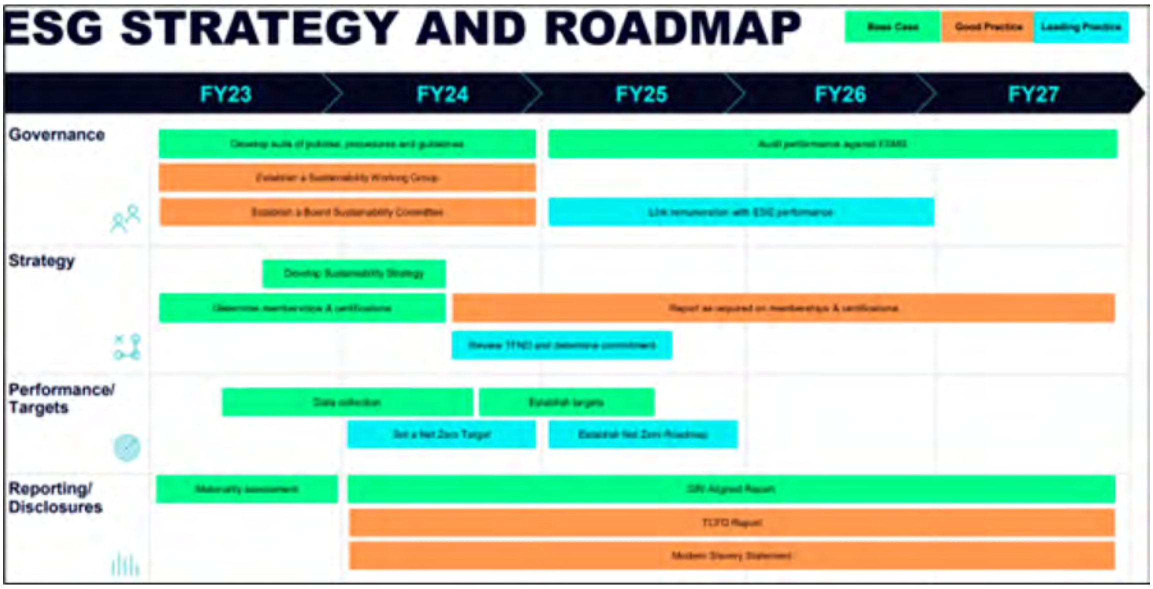
According to its 2022 annual report to shareholders (ASX:DVP, 2022), Develop has started the implementation of an environmental, social and governance (ESG) strategy and roadmap during the financial year 2022 and will continue with this in the coming years.

Based on the actions in the roadmap as shown in Figure 5. 17 (ASX:DVP, 2023b), the Company does not yet have mature governance frameworks for ESG and is planning to build these during implementation of the Whim Creek project. The Company intends to prepare a sustainability strategy and determine certification requirements in the next 12 months and set a Net Zero target in 2024.

As the project design will be completed for Whim Creek prior to the development of the Company's sustainability strategy, there is a risk the project will be mis-aligned with corporate ambitions and additional capital will be required to meet targets. For example, capital may be required to implement operational changes to achieve decarbonisation targets associated with the company's Net Zero strategy. The magnitude of this capital requirement is unknown due to the lack of information about proposed carbon emissions from the project and uncertainty about how the Company intends to meet its Net Zero ambitions.

SRK has found no information relating to Develop's approach to stakeholder engagement for Whim Creek or status of relationships with local stakeholders. Although there is also no evidence of weak relationships, the status of stakeholder relationships is unknown and could present a risk to the project if there are issues of concern that are not being adequately addressed.

**Figure 5. 17: Develop ESG strategy and roadmap (ASX:DVP, 2023b)**




## 5.7.4 Environmental concerns

### Cultural heritage site

According to the 2023 DFS, an existing section 18 consent was issued to Straits (Whim Creek) Pty Ltd (now Venturex) under the *Aboriginal Heritage Act 1972* on 9 January 1997, permitting mining operations at Mons Cupri Hill (relevant to mining operations on tenement M47/238) subject to conditions.

SRK was not provided with the conditions of the section 18 consent nor the project layout to assess it against the location the cultural heritage site. Therefore, it is unknown whether sufficient and adequate considerations have been used in the development of the Project design and plans.

### Biodiversity

According to the 2023 DSF, Anax has been issued native vegetation clearing permits for Mons Cupri and Whim Creek. SRK was not provided with the conditions of the permit, nor the project layout to assess it against the location of the permitted disturbance area. Therefore, it is unknown whether sufficient and adequate considerations have been used in the development of the Project design and plans.

### Water availability/balance

According to the 2023 DFS, the site is equipped with an existing operating bore field and reticulation network which provides water to a raw water pond. Potable water for the offices, camp and process plant makeup will be provided by a reverse osmosis plant. Open pit dewatering will be achieved using a combination of dewatering bores and in-pit sumps. Water volumes are anticipated to be low.

SRK has not been provided with information with regards to users of surface water in the catchments near the Project area. However, creeks and ephemeral ponds in the catchments within the Sherlock and Mallina Pastoral Stations may be frequented by wandering stock in the dry season.

SRK has found no information relating to the effect of the project on the availability of water for downstream surface or groundwater users (people, industry or livestock) and the cumulative impact of mine dewatering from surrounding operations. If dewatering impacts occur and are unmanaged, they could present a risk to the project in terms of costs of management actions required to mitigate the impact and deterioration of stakeholder relationships.

SRK has also found no considerations relating to the variation in climate conditions in water balance modelling. Climate variability could exacerbate water availability impacts and therefore could increase the materiality of associated risks to the project.

### Waste geochemical characterisation

According to the 2023 DSF, waste rock characterisation shows that some PAF rock will require management to prevent acid mine drainage (AMD). Significant AMD issues can be managed through appropriate placement and encapsulation of PAF in the waste dump. Sufficient volumes of non-acid forming rock will be available to encapsulate PAF.

SRK has found no information with regards to seepage modelling and groundwater quality impact assessment. It is unclear whether sufficient considerations to manage potentially acid forming materials and limit negative impacts to water via seepage or run off from tailings and waste rock storages have been implemented. If unmanaged, this could result in substantial remediation costs. SRK also has not been provided with mine closure cost provisions of the Whim Creek project to determine whether sufficient cost provisions have been considered for a closure cover system of the TSF and waste rock dumps.

SRK has not been provided with water treatment cost provisions of the Whim Creek project. It is therefore unclear whether sufficient cost provisions have been considered for both contact surface water runoff and mine dewatering treatment system.

### Power supply and decarbonisation

According to the 2023 DFS, the Project is planning on re-establishing a 4.7 MW natural gas-fired power station with generation infrastructure to be supplied by a third-party power provider. Neither the estimated electrical consumption nor the estimated greenhouse gas emission were provided in the report. SRK understands that fuel will be used for the mobile mining fleet for the mining operation.

With regards to the planned fossil fuel-based operations, it is unclear how Develop will meet its Net Zero ambition as highlighted in Section 5.7.2. Therefore, there is a risk the project will be mis-aligned with corporate ambitions and additional capital will be required to meet decarbonisation targets.

### Closure

SRK understands that the most recent mine closure plan for the Whim Creek project was attached to the mine proposal submitted to DMIRS in September 2022 and is under assessment. SRK has not been provided the mine closure plan.

Anax's LoM schedule provides the following provision for closure activities:

- Mine closure cost lump sum of A$15,000,000 spread over the period from May to October 2031
- Salvage lump sum recovery cost of A$(+)15,000,000 as of October 2031.

The costing does not provide details of the underlying assumptions inherent in the cost estimate. There is no explicit link between closure designs for the proposed open pits, underground sites and associated infrastructures, and the estimated closure costs. This approach requires review to test costing assumptions and to ensure that any special closure design requirements (e.g. TSF and WRDs closure covers) and post-closure monitoring activities have been factored into the closure cost estimate.

Additionally, a lump sum salvage cost equal to the closure estimate has been considered in the cashflow model. Therefore, until further detailed estimations are developed for the project, there is a risk the overall project closure cost is underestimated.

## 5.7.5 Summary ESG risks

Based on the information provided to SRK, potentially material ESG issues have been identified but further data is required to confirm the status and implications for the project. Those may give rise to project delays, require substantial management costs or result in reputational damage if not adequately addressed. The potential ESG risks for Whim Creek project are summarised in Table 5. 18.

Closure cost constitutes a potential risk exceeding the financial materiality threshold of 10% of the project value. SRK recommends a closure cost estimate to be developed according to the life of mine plan and aligned with the closure objectives and requirements of the Whim Creek project.

**Table 5. 18: Summary of potential ESG risks**

| Issue | Threat/ Opportunity | Project implications |
|---|---|---|
| Need to update environmental approvals and submissions due to changes to project design in 2023 DFS | Threat | ▪ Additional time required to obtain updated approvals (12 months provided for in project schedule may be sufficient if applications made promptly) |
| Unknown status of conformance with conditions of the Ngarluma ILUA, and the Ngarluma Native Title and Heritage Agreement | Threat | ▪ If conditions of the Ngarluma ILUA, and the Ngarluma Native Title and Heritage Agreement are not met, stakeholder relationships with Ngarluma indigenous group are likely to deteriorate |
| Unknown status of conformance with conditions of the Community Assistance Agreement and the DeGrey-Mullewa Stock Route operations | Threat | ▪ If conditions of agreements are not met, stakeholder relationships are likely to deteriorate |
| Unknown status of stakeholder engagement and management of issues and concerns raised | Threat | ▪ Should stakeholder engagement not be managed appropriately, this may lead to reputational risks and delays to construction |
| Potential for misalignment with future corporate ESG strategy and targets, particularly Net Zero | Threat | ▪ Potential future capital requirement for decarbonisation investments required to meet Net Zero ambitions |
| Unknow environmental factors within the area | Threat | ▪ Should insufficient and inadequate provisions made in the project design to avoid, mitigate or compensate environmental and social negative impacts appropriately, this may lead to reputational risks and delays to construction |
| Unknown impacts on water availability for downstream surface or groundwater users (people, industry or livestock) | Threat | ▪ If dewatering impacts occur and are unmanaged, there is a potential for additional costs of management actions required to mitigate the impact and deterioration of stakeholder relationships |
| Insufficient information on adequacy of environmental controls to manage impacts from potentially acid forming waste materials (waste rock and tailings) in updated DFS design | Threat | ▪ Additional costs could be required to manage geochemical risks including control of seepage from TSF and waste rock storage, water treatment and closure cover systems |
| Unknown basis of estimate for closure cost | Threat | ▪ The overall project closure cost may be underestimated to undertake the required closure works and post closure monitoring |

## 5.8 Infrastructure

## 5.9 Royalties

Third party royalties include 4.0% of precious metal production from M47/443 (private land exempt from state government royalties), Salt Creek royalty of 1.0% NSR to Anglo American on Anax's share of production and 2.5% on net profits of sales on minerals exceeding 1 Mt of ore mined and processed to a third party.

The Evelyn deposit is subject to a 3.6% NSR royalty payable to a third party and 0.8% royalty to Anglo American as well as state royalties.

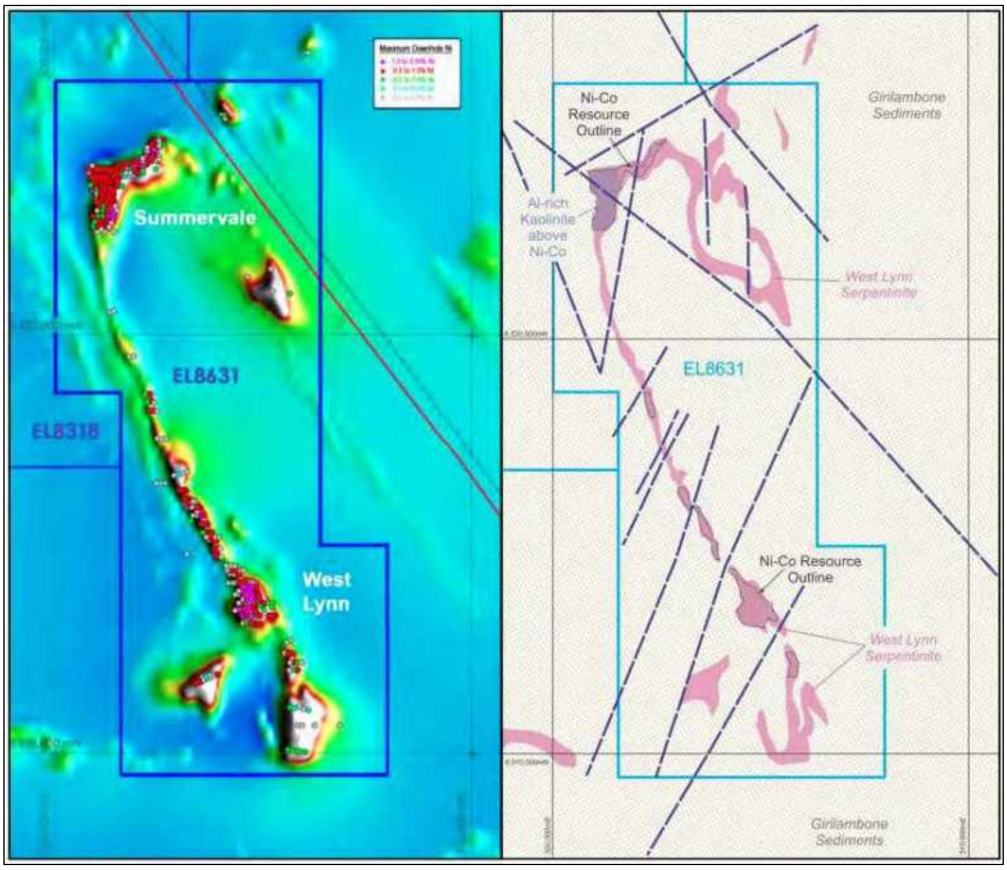
# 6 Other mineral assets

## 6.1 West Lynn Project

Develop has a 20% JV share in Alchemy Resources' West Lynn Project.

The West Lynn nckel-cobalt laterite deposit (comprising the West Lynn and Summervale prospects), located approximately 180 km northwest of Dubbo in NSW, is directly associated with a north–south trending folded belt of serpentinised ultramafics known as the West Lynn Serpentinite. It is surrounded by sediments of the Girilambone Group within the Girilambone-Wagga Anticlinal Zone in central NSW. The West Lynn Serpentinite is derived from the alteration of a medium-grained dunite intruded into the metamorphosed Ordovician Girilambone Group. The serpentinite is strongly magnetic compared to the surrounding sediments of the Girilambone Group (Figure 6.1). The Girilambone Group is comprised of phyllites, quartz-mica and chlorite schists, quartzite, laminated siltstone (all with pervasive quartz veins) and conglomerates of Cambrian-Ordovician age with numerous late-Silurian to early Devonian intrusives of ultramafic to intermediate composition.

**Figure 6.1: West Lynn project showing drill locations, aeromagnetics and Mineral Resource outlines**

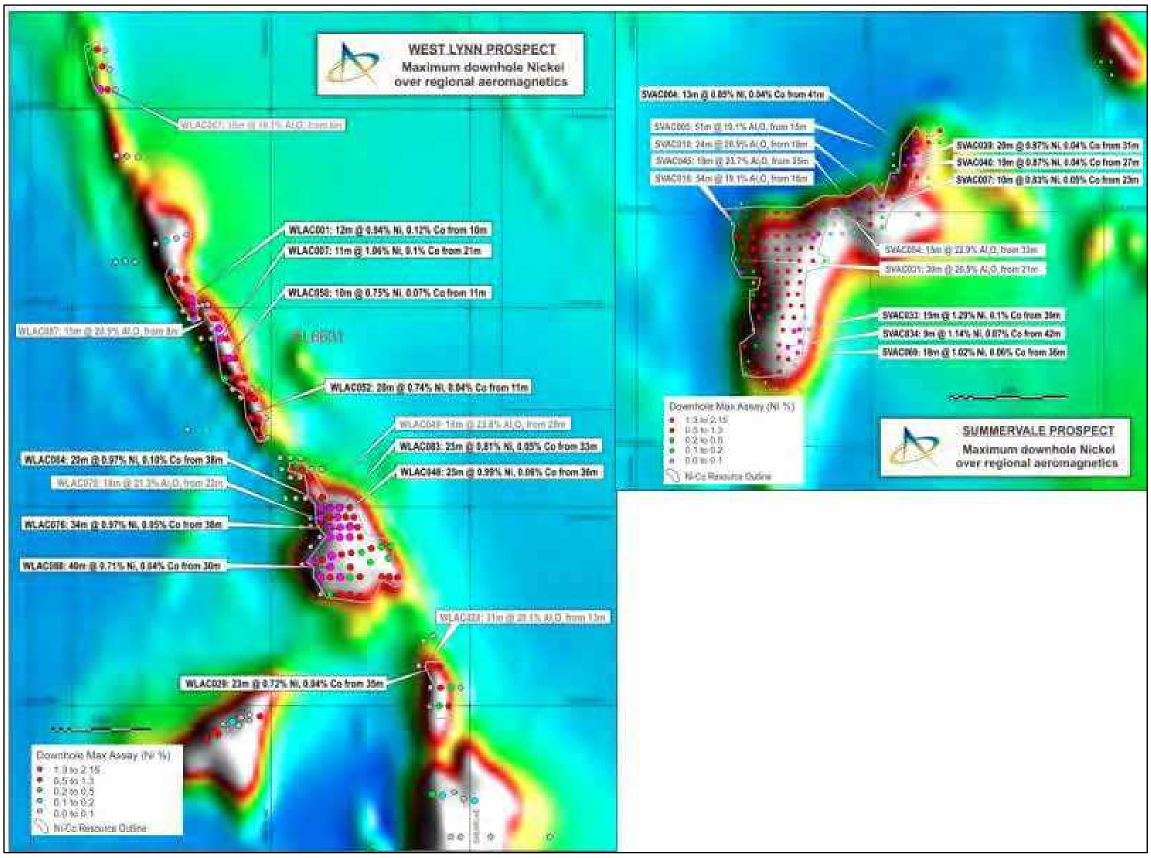



Source: Alchemy (ASX:ALY), ASX release dated 19 February 2019, Maiden Mineral Resource Estimate West Lynn Project, NSW.
Notes: Nickel-cobalt resource outlines, as well as aluminium-rich kaolinite resource outline shown on right-hand diagram.

Mineralisation is the result of weathering processes concentrating nickel, cobalt and aluminium within clays, laterite and saprolite derived from the underlying serpentinite. The weathered serpentinite itself generally hosts nickel values of approximately 2,000 ppm Ni. A thick alumina ($Al_2O_3$) rich kaolinite layer overlies the nickel-colbalt resource in the western part of the Summervale Prospect (Figure 6.1). A separate Inferred Mineral Resource for the kaolinite hosted alumina mineralisation was released on 19 June 2019.

Drilling comprises aircore, RC and diamond drill holes. At the West Lynn prospect, drill holes are spaced at 100 m × 100 m and 100 m × 200 m lines for a length of 3.8 km in a north-northwest–south-southeast direction (Figure 6.2). At Summervale, drill holes have been drilled at 100 m × 100 m spacings over a 2.7 km northeast–southwest trending direction (Figure 6.2). Three diamond holes twinned three separate aircore holes and were drilled no more than 5 m from the original aircore hole.

**Figure 6.2: West Lynn and Summervale deposits – drilling and Mineral Resource areas**




Source: Alchemy (ASX:ALY), ASX release dated 19 February 2019, Maiden Mineral Resource Estimate West Lynn Project, NSW.
Notes: West Lynn (left) and Summervale (right) deposits showing all drilling coloured by maximum downhole nickel (%), significant drill intercepts, and nickel-cobalt resource outlines (grey lines) over a regional aeromagnetic image.

The deposit was interpreted on vertical sections to define the mineralised geological domains and material type domains (laterite and saprolite) that were used to flag the density and grade sample data for statistical analysis and estimation.

Statistical and geostatistical analysis was carried out on drilling data composited to 1 m intervals downhole. Variogram structures were considered to be of insufficient quality to undertake a kriged estimation. As a consequence, an Inverse Distance interpolation method (ID2) was used for the estimation of Ni, Co, Fe2O3, Al2O3 and MgO into the block model.

Initial metallurgical testwork completed by Direct Nickel Limited (DNi) using a nitric acid leach via the patented DNi Process™ returned encouraging recoveries for both nickel and cobalt from composite samples, with averages of 91.5% Ni (saprolite), 88.3% Co (saprolite), 86.4% Ni (lateritic clays), and 82.1% Co (lateritic clays). Further DNi Process™ metallurgical testwork on blended laterite/saprolite samples is planned.

SRK has reviewed the Mineral Resource Estimation documentation and is satisfied that it is suitable for valuation purposes, as shown in Table 6.1.

**Table 6.1: West Lynn and Summervale nickel-cobalt Mineral Resource as at 19 February 2019**

| Ore type | Cut-off | Class | Tonnes (Mt) | Ni (%) | Co (%) | MgO (%) | Fe% |
|---|---|---|---|---|---|---|---|
| Laterite | 0.6 | Inferred | 9.03 | 0.88 | 0.06 | 3.5 | 28.6 |
| Saprolite | 0.6 | Inferred | 9.95 | 0.83 | 0.04 | 18.9 | 14.2 |
| Transitional | 0.6 | Inferred | 2.35 | 0.73 | 0.03 | 24.1 | 12.1 |
| **Total** | **0.6** | **Inferred** | **21.30** | **0.84** | **0.05** | **12.9** | **20.0** |

Sources: Alchemy (ASX:ALY), ASX release dated 19 February 2019, Maiden Mineral Resource Estimate West Lynn Project, NSW.
Notes: Dry Tonnes basis.

## 6.2 Kangiara

The Kangiara Project (Sky Metals 80%, Develop 20%) is a historic mine operated during the early 1900s, with documented production of approximately 40,000 t at 16% Pb, 3% Cu, 5% Zn, 280 g/t Ag and 2 g/t Au from narrow north–south trending sulfide veins up to 12 m depth.
A historic Indicated and Inferred Mineral Resource at Kangiara was defined in 2010 by the previous owners, Paradigm Metals Ltd. Sky Metals has not verified this estimate and it is reported as an Exploration Target of approximately 2.0 to 3.0 Mt at grades of approximately 1.3% Zn, 1.0% Pb, 0.18% Cu, 0.5g/t Au and 24g/t Ag. This includes a higher-grade component of 1.25–1.9 Mt at grades of approximately 1.9% Zn, 1.6% Pb, 0.28% Cu, 0.75 g/t Au and 36 g/t Ag. A gold-silver oxide cap has also been defined which grades 2 g/t Au equivalent, averages 10 m in thickness, and is 260 m long and up to 40 m wide.

# 7 Other considerations

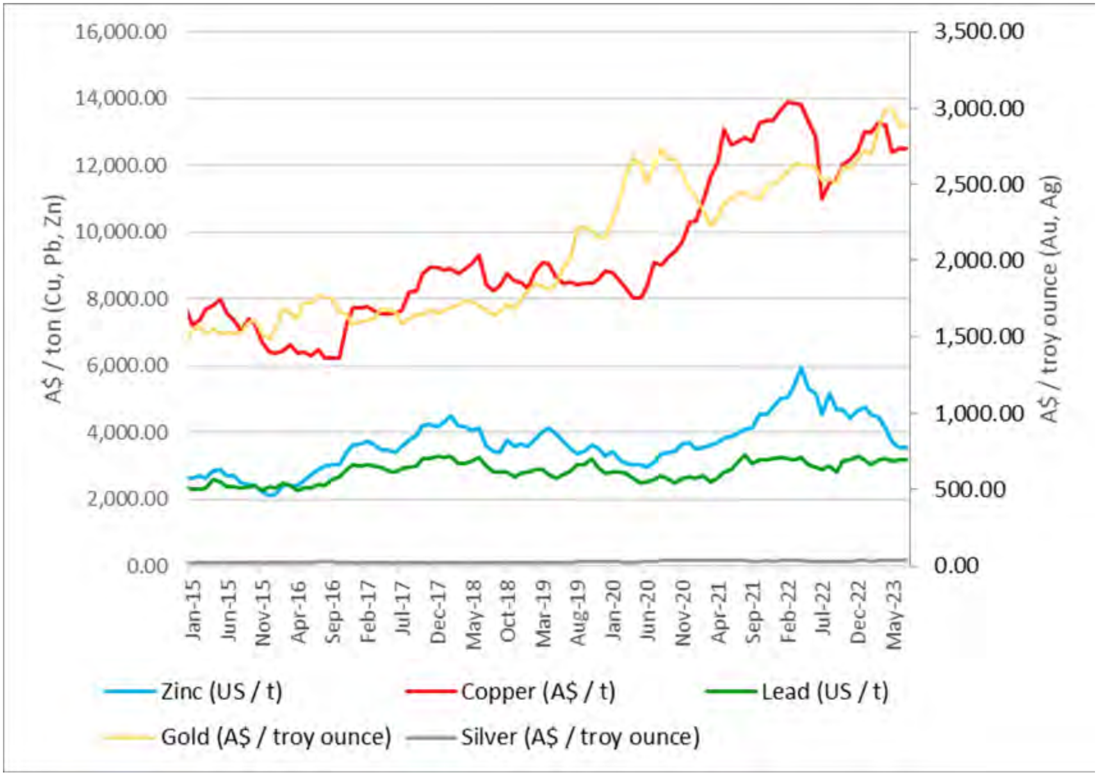
## 7.1 Commodity Prices

SRK has adopted the June 2023 average Australian dollar (A$) base metal (copper, lead, and zinc) and precious metal (gold, silver) prices for the purposes of its market assessment and valuation.

These prices have been sourced from the World Bank 'Pink Sheets' and are expressed in US$ terms. SRK has converted these prices into $A terms using the monthly average exchange rate as made available by OzForex Limited.

Market analysis of the key commodities is presented below with key metal prices for the period January 2015 to the present outlined in Figure 7.1.

**Figure 7.1: Monthly Average Commodity Prices (A$ terms) Jan 2015 – present**




Source: SRK analysis

### 7.1.1 Zinc market

China is the world's largest zinc consumer, but also the largest producer. After Peru, Australia is the third largest exporter of zinc concentrates and ore, producing almost 1.5 Mt of contained metal. World annual refined zinc usage is almost 13.7 Mt.

Zinc's annual consumption tends to follow the global industrial production cycle, given its primary role in galvanising steel and its heavy use in the construction and automotive sectors. World refined zinc consumption increased by 1.7% year-on-year in the March quarter 2023, with consumption rising in China (2.9%) and the US (18%) but falling in ex-China Asia (-1.8%) and the European Union (-2.4%).

The Australian Department of Industry, Science and Resources' (DISR) outlook for growth in world industrial production has deteriorated since the March 2023 Resources and Energy Quarterly was published, nevertheless zinc demand growth is expected to increase over 2023 as consumers use recent price weakness to replenish low inventories. While inflation has begun to subside in Europe and the US, other macroeconomic concerns have arisen including bank failures, the US debt ceiling debate, rising interest rates and weaker than expected recovery in China.

World mined zinc production fell by 2.7% year-on-year in the March quarter 2023, with heavy rainfall disrupting operations in key mines, including Mt Isa and Century in Australia (-15%), and Antamina and Cerro Lindo in Peru (-12%). World mine output is forecast to grow by 2.8% per year (on average) to 2025, as new mines and mine expansions come online and production recovers from pandemic disruptions.

The London Metal Exchange (LME) zinc spot price averaged approximately US$3,600/t in 2022 but has declined sharply in 2023 to average around US$2,600/t over April/May 2023. Zinc prices have declined on worries over a global economic slowdown, with the end of COVID lockdowns in China broadly balanced by the impact of European smelters reopening. A series of worrying developments — beginning with the failure of Silicon Valley Bank in March — led to increasing concerns about the weakening macroeconomic environment and its impact on zinc demand.

LME stocks fell to 15,000 t in February before rising to around 45,000 t by late May, still a very low inventory historically.

The real LME zinc spot price is forecast by DISR to average about US$2,800/t in 2023 and gradually climb to around US$2,900/t in 2025 on the back of a reopening of demand from China.

### 7.1.2 Lead

According to the International Lead and Zinc Study Group (ILZSG):

- Preliminary data compiled by the ILZSG indicate that, in 2022, global demand for refined lead metal exceeded supply by 99 kt. Inventories reported by the LME, Shanghai Futures Exchange (SHFE), producers, merchants and consumers decreased by 84 kt and totalled 314 kt at the year end.
- World lead mine supply fell by 1.5% in 2022 with reductions in Australia, China, Greece, Peru, and the United States partially balanced by a rise in South Africa.
- Despite rises in China, India, Japan, and Taiwan, where a new secondary smelter was commissioned in October, global output of refined lead metal decreased by 0.7%. This was primarily a consequence of reductions in Australia, the Republic of Korea, Türkiye, the United States and Europe, where production fell in several countries including Belgium, Germany, Italy, the Russian Federation, Ukraine and the United Kingdom.
- Output of refined lead metal from secondary (recycled) raw material accounted for 65.5% of global production in 2022 compared to 65.1% in 2021.

- Global demand for refined lead metal rose by a modest 0.5%, with increases in China, India, Japan, and the United States partially offset by reductions in Brazil, the Republic of Korea, Taiwan and Türkiye. In Europe, rises in the Czech Republic, Finland, France, Germany, and Greece were balanced by decreases in Austria, Poland, Spain, the Russian Federation and Ukraine resulting in similar level of usage to 2021.
- Chinese imports of lead contained in lead concentrates fell by 15% in 2022 and amounted to 580 kt. Net exports of refined lead metal rose by 49% to total 114 kt.
- In 2022, at US$2150/t for lead, the average LME Cash Settlement Price was 2.5% lower than in 2021. The highest Cash Settlement Price of US$2513/t was recorded on 07 March and the lowest of US$1754/t on 27 September.

### 7.1.3 Copper

According to DISR's Resource and Energy Quarterly Report for June 2023:

- Mined copper production to grow over 2023: Global mined copper production is forecast to grow to 22 Mt in 2023, an increase of 5.1% year-on-year. Global mined production fell by 0.1% year-on-year in the March quarter 2023 but is expected to improve throughout the year.
- A slower than expected rebound in Chinese economic growth, combined with weak construction activity in Western countries, is putting downward pressure on copper prices.
- Growing demand from the power and EV sectors are key drivers of copper consumption over the outlook period. Indian consumption should be especially strong.
- Despite higher global copper consumption over the forecast period, the uplift in production from Chile and Peru is set to tip the copper market into a surplus, constraining copper price. Copper prices are expected to average US$8,500/t in both 2024 and 2025. The macroeconomic outlook remains uncertain, and any recessions in major economies would impact copper consumption demand.
- Australian export earnings of copper are estimated to have declined slightly in 2022–23. Higher Australian production and exports will support export earnings, which are set to grow to A$13 billion in 2024–25.

### 7.1.4 Gold

- Gold prices are estimated to have averaged US$1,920/oz in the first half of 2023, with support coming from strong safe haven buying and a slightly weaker US dollar.
- Prices are forecast to remain elevated but decline gradually to average around US$1,770/oz in 2025.
- Australian gold production decreased to 71 t in the March quarter 2023, due to disruption from heavy rainfall. Production is forecast to increase with new projects and expansions.
- Australia's gold earnings are forecast to decrease from A$23 billion in 2022–23 to around A$21 billion in 2024–25, as lower prices outweigh higher volumes.

### 7.1.5 Silver

According to the Silver Institute (SI) 2023 Annual Report:

- Silver supply was effectively unchanged in 2022, but the average price fell by 14% to US$21.73/oz, due to pressure from institutional investor activity, against a backdrop of rising US interest rates.
- The downward pressure on silver prices further boosted physical demand. This was most pronounced in India, where low prices encouraged the entire supply chain to replenish its stocks on top of already exceptionally strong demand. This followed two years of inventory drawdowns during the COVID-19 pandemic. There were other drivers of demand growth last year, most notably the strength of industrial fabrication, in part linked to the robust solar industry, but also reflecting a post-pandemic recovery in several other markets. Indeed, were it not for China's zero-COVID policies, global silver demand would have likely been even greater than the all-time high of 1,242.4 Moz (38,643 t) it realised in 2022.
- A lack of supply gains was another factor contributing to last year's deficit. Limited organic growth, project delays and disruptions resulted in a marginal decline in mine production while recycling barely rose. Importantly, the combined 2021 and 2022 deficits more than offset the cumulative surpluses of the previous 11 years.
- Looking ahead, in spite of the recent boom in investor demand and the rally, SI believe that 2023 will see a repeat of last year. While lower y/y at 142.1 Moz (4,419 t), SI forecast another hefty deficit for the year.

In the context of ongoing demand deficits prices are expected to rise in the medium term.

## 7.2 Previous valuations

The VALMIN Code (2015) requires that an Independent Valuation Report should refer to other recent valuations or Expert Reports undertaken on the mineral properties being assessed.

Having asked the question of Develop, SRK is not aware of any previous publicly disclosed valuations prepared in accordance with the VALMIN Code (2015) relating to its Mineral Assets.

# 8 Valuation

The objective of this section is to provide BDO and the shareholders of Essential with SRK's opinion regarding the Market Value of the Mineral Assets of Develop. SRK has not valued Develop, this being the corporate entity that is the beneficial owner of the respective Mineral Assets.

SRK has relied on information provided by Develop, as well as information sourced from the public domain, SRK's internal databases and SRK's subscription databases.

The VALMIN Code (2015) outlines three generally accepted valuation approaches:

1. Market Approach
2. Income Approach
3. Cost Approach.

The Market Approach is based primarily on the principle of substitution and is also called the Sales Comparison Approach. The mineral asset being valued is compared with the transaction value of similar mineral assets under similar time and circumstance on an open market (VALMIN Code [2015]). Methods include comparable transactions, metal transaction ratio (MTR) and option or farm-in agreement terms analysis.

The Income Approach is based on the principle of anticipation of economic benefits and includes all methods that are based on the anticipated benefits of the potential income or cashflow generation of the mineral asset (VALMIN Code (2015)). Valuation methods that follow this approach include discounted cashflow (DCF) modelling, capitalised margin, option pricing and probabilistic methods.

The Cost Approach is based on the principle of cost contribution to value, with the costs incurred providing the basis of analysis (VALMIN Code (2015)). Methods include the appraised value method and multiples of exploration expenditure (MEE), where expenditures are analysed for their contribution to the exploration potential of the Mineral Asset.

The applicability of the various valuation approaches and methods varies depending on the stage of exploration or development of the mineral asset and hence the amount and quality of the information available on the mineral potential of the assets.

Table 8.1 presents the valuation approaches for the valuation of mineral properties at the various stages of exploration and development.

**Table 8.1: Suggested valuation approaches according to development status**

| Valuation Approach | Exploration Projects | Pre-Development Projects | Development Projects | Production Projects |
|---|---|---|---|---|
| Market | Yes | Yes | Yes | Yes |
| Income | No | In some cases | Yes | Yes |
| Cost | Yes | In some cases | No | No |

Source: VALMIN Code (2015)

The market approach to valuation can be used for the valuation of Mineral Assets regardless of development status but is typically applied as a primary approach for Exploration to Development projects.

An income-based method, such as a DCF model is commonly adopted for assessing the value of a tenure containing a deposit where an Ore Reserve has been produced following appropriate level of technical studies and to accepted technical guidelines such as the JORC Code (2012). However, an income-based method is generally not considered appropriate for deposits that are less advanced or where technical risk is not quantified (i.e. no declared Ore Reserve and/or supporting mining and related technical studies).

The use of cost-based methods, such as considering suitable MEE is best suited to exploration projects, where Mineral Resources remain to be reliably estimated.

In general, these methods are accepted analytical valuation approaches that are in common use for determining the value of mineral assets. Given its direct reference to values paid in the market and ability to be actively observed, the market approach provides a direct link to Market Value. In contrast both income-based and cost-based methods derive a Technical Value (as defined below) which typically require the application of various adjustments to account for market considerations to convert these values to a Market Value.

The **Market Value** is defined in the VALMIN Code (2015) as, in respect of a mineral asset, the amount of money (or the cash equivalent of some other consideration) for which the Mineral Asset should change hands on the Valuation date between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion. The term Market Value has the same intended meaning and context as the International Valuation Standards Committee (IVSC) term of the same name. This has the same meaning as Fair Value in RG111. In the 2005 edition of the VALMIN Code, this was known as Fair Market Value.

The **Technical Value** is defined in the VALMIN Code (2015) as an assessment of a Mineral Asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations. The term Technical Value has an intended meaning that is similar to the IVSC term Investment Value.

Under prevailing industry norms, regulatory guidance and as required by the VALMIN Code (2015), Practitioners are required to estimate Market Value. There is no requirement to report Technical Value, which is only generally estimated as a step to report Market Value.

Valuation methods are, in general, subsets of valuation approaches and for example the Income Approach comprises several methods. Furthermore, some methods can be primary methods for valuation while others are secondary methods or rules of thumb considered suitable only to benchmark valuations completed using primary methods.

Methods traditionally used to value exploration and development projects include:

- MEE (expenditure-based)
- JV Terms Method (expenditure-based)
- Geoscience Ratings Methods (e.g. Kilburn – area-based)

- Comparable Transaction Method (market based)
- MTR analysis (ratio of the transaction value to the gross dollar metal content, expressed as a percentage – market based)
- Yardstick/Rule of Thumb Method (e.g. A$/resource or production unit, percentage of an in situ value)
- The geological risk method.

In summary, however, the various recognised valuation methods are designed to provide an estimate of the mineral asset or project value in each of the various categories of development. In some instances, a particular mineral asset or project may comprise assets which logically fall under more than one of the previously discussed development categories.

## 8.1 Valuation basis

SRK has considered the defined Ore Reserves and Mineral Resources as well as the areal extent and exploration potential of the granted tenure held by Develop (Table 8.2).

**Table 8.2: SRK's adopted valuation basis**

| Project | VALMIN Development Stage | Description | Valuation basis |
|---|---|---|---|
| Woodlawn | Pre-development | Ore Reserves considered within the Model | Income: Cashflow Model |
| | | Mineral Resources not considered within the LoM Model (residual resources) | Income: Where reasonable basis exists<br>Market: Comparable Transactions<br>Cost: Yardstick Factors |
| | | Exploration Potential | Market: Comparable Transactions<br>Cost: Geoscientific Rating |
| Sulphur Springs | Pre-development | Ore Reserves considered within the Model | Income: Cashflow Model |
| | | Mineral Resources not considered within the LoM Model (residual resources) | Income: Where reasonable basis exists<br>Market: Comparable Transactions<br>Cost: Yardstick Factors |
| | | Exploration Potential | Market: Comparable Transactions<br>Cost: Geoscientific Rating |
| Whim Creek JV | Pre-development | Ore Reserves considered within the Model | Income: Cashflow Model |
| | | Mineral Resources not considered within the LoM Model (residual resources) | Income: Where reasonable basis exists<br>Market: Comparable Transactions<br>Cost: Yardstick Factors |
| | | Exploration Potential | Market: Comparable Transactions<br>Cost: Geoscientific Rating |
| Other | Early stage to Advanced Exploration | Resources, Exploration Targets and Exploration Potential | Market: Comparable Transactions<br>Cost: Yardstick Factors<br>Cost: Geoscientific Rating |

Source: SRK Analysis

SRK notes that the VALMIN Code (2015) cautions in ascribing value to tenures under application. In considering these, SRK in its professional judgement has elected to apply a 20% discount to reflect uncertainty in the timing and likely conditions associated with grant.

## 8.2 SRK's valuation technique

In estimating the value of the Projects as at the Valuation Date, SRK has considered various valuation methods within the context of the VALMIN Code (2015).

SRK has supplied its recommendations regarding the Models to BDO to assist in the preparation of its market value estimate for the LoM scenario. For the valuation of the defined Mineral Resources outside of the LoM design (hereafter known as Residual Resources), SRK elected to adopt comparable transaction analysis. The derived values determined using this approach were then crosschecked against values determined using the Yardstick Valuation method.

For the valuation of the exploration potential outside the defined Residual Resource areas, SRK elected to adopt values implied by comparable transaction analysis which have been crosschecked using a geoscientific rating approach.

## 8.3 Reasonableness of technical inputs to the model

### 8.3.1 Adjustments to the LoM Plan to align with VALMIN Code requirements

The supplied LoM Plan models production from all Mineral Resource classes, including Inferred Resources. SRK considers that the inclusion of limited quantities of Inferred Resources does not materially impact with the 'reasonable grounds requirements' underlying forward-looking statements, and that therefore the LoM Plan models are suited to valuing the assets using a DCF method.

### 8.3.2 SRK's LoM Plan recommendations

The following section sets out SRK's recommendations regarding the LoM Plans.

Develop has developed separate cashflow models (the Models) for its Woodlawn, Sulphur Springs, and Whim Creek Mineral Assets and has provided these to BDO and SRK. SRK has reviewed these Models and assessed technical production and technical cost projections to advise BDO of its findings. The recommendations for the three assets are noted in Table 8.3, Table 8.4, and Table 8.5.

**Table 8.3: SRK's recommendations regarding the Woodlawn model**

| Item | Model | SRK Recommendations | Comments |
|---|---|---|---|
| **Mineral Resource**<br>Measured<br>Indicated<br>Inferred | | No change | |
| **Ore Reserve** | | No change | |
| **Life of Mine Plan** | | No change | |
| **Metallurgical recovery (LoM)** | Variable | Refer to individual items in comments | ▪ Reduce the forecast base case copper and gold recovery by 3% for copper ore, to allow for the limited testing and 2–3% reduction from laboratory locked cycle to plant operation. Reduce Cu recovery for polymetallic ore by 6% to allow for the above, plus the historical variability of polymetallic ore. This assumes the Cu/Pb ratio is close to the forecast.<br>▪ Reduce lead recovery by 3% for scale up from laboratory to full plant. To address the model error in the lead concentrate grade (which SRK can't resolve), reduce lead concentrate grade by 3%. Ensure that no zinc or gold is payable in Pb conc.<br>▪ For zinc concentrate, since no testwork has been done on recent ore, the head grade is lower than previous, and Develop has changed from the historic 3 stages of cleaning to 2, then reduce zinc concentrate grade forecast by 1.5%. Assume that Ag is the only other payable metal in zinc concentrate, at the formula supplied. |
| **Mill throughput** | | No change | |
| **Period under C&M** | | No change | |
| **Mining Capital** | | No change | |
| **Processing Capital – C&M** | | No change | |
| **Sustaining capital** | | No change | |
| **Mining operating cost** | | No change | |
| **Process Operating cost** | | No change | Based on the GRES model. Only Opex in the data room appears to be derived from first principles |
| **Toll treatment charge** | | No change | |
| **Closure Costs** | | A$40-A$60 M to be included | Depending on extent of current pollution, environmental permits requirements and closure obligations this could range from A$40–60 M. |

Source: SRK analysis

Note: All SRK recommendations are undiscounted on a real basis.

**Table 8.4: SRK's recommendations regarding the Sulphur Springs model**

| Item | Model | SRK Recommendations | Comments |
|---|---|---|---|
| **Mineral Resource**<br>Measured<br>Indicated<br>Inferred | | No change | |
| **Ore Reserve** | | No change | |
| **Life of Mine Plan** | | No change | |
| **Metallurgical recovery (LoM)** | Variable | Discount recovery by 2% | Recoveries appear to be based on locked cycle testwork. Standard practice is to discount by 2% absolute to account for the inefficiencies of the plant. |
| **Processing Capital – C&M** | Increase from A$49.7 to A$233.6 M between the 2018 FS and 2023 documentation | Not enough detail to review | Not enough detail to review |
| **Sustaining capital** | | No change | |
| **Mining operating cost** | | No change | |
| **Process Operating cost** | | No change | Operating costs appear to be derived from first principles however unit costs used to establish these should be checked. |
| **Toll treatment charge** | | No change | |
| **Closure Costs** | | Remove salvage cost of A$50 M and increase current rehabilitation to A$45 M | The positive $50 M salvage cost should be removed as minimum to eliminate non secured assumptions. Current closure cost estimation $36 M seems low but in the range of benchmarking information. However, a contingency of 30–40% due to the conceptual level of maturity of the closure plan and uncertainties highlighted in SRKs assessment should be added (=>$45 M to $50 M). |

Source: SRK analysis

Note: All SRK recommendations are undiscounted on a real basis.

**Table 8.5: SRK's recommendations regarding the Whim Creek model**

| Item | Model | SRK Recommendations | Comments |
|---|---|---|---|
| **Mineral Resource**<br>Measured<br>Indicated<br>Inferred | | No change | |
| **Ore Reserve** | | No change | |
| **Life of Mine Plan** | | No change | |
| **Metallurgical recovery (LoM)** | Variable | Discount recovery by 2% | Recoveries appear to be based on locked cycle testwork. Standard practice is to discount by 2% absolute to account for the inefficiencies of the plant. |
| **Processing Capital – C&M** | | Increase | Capital costs appear aspirational particularly when compared with the pre-COVID costs of the Renison ore sorting plant (reported at $17 M) and the estimated concentrator costs of $43 M. |
| **Sustaining capital** | | No change | |
| **Mining operating cost** | | No change | |
| **Process Operating cost** | | No change | Operating costs appear to be derived from first principles however unit costs used to establish these should be checked. |
| **Toll treatment charge** | | No change | |
| **Closure Costs** | | A$45 M per site | The project concerns 4 deposits underground and open pit operations with very little information on their development. SRK recommends a provision of $45 M **per deposit** to cover the issues highlighted in the report. |

Source: SRK analysis

Note: All SRK recommendations are undiscounted on a real basis.

## 8.4 Resources external to mine plan

### 8.4.1 Introduction

Table 8.6 presents a summary of the Residual Resources (those Mineral Resources not considered in the Models) subsequent to BDO's implementation of SRK's recommendations summarised in Section 7.3. The Residual Resources comprise a 100% interest in those at Develop's Woodlawn Project, a 100% interest in those at Develop's Sulphur Springs Project, as well as a 20% interest in the defined Mineral Resources at Develop's Whim Creek JV Project.

**Table 8.6: Summary of the Resources**

| Mineral Resources | Resource Tonnes | Reserve tonnes in cashflow models | Residual Resource tonnes |
|---|---|---|---|
| Woodlawn | 7,341,000 | 3,100,000 | 4,241,000 |
| Sulphur Springs | 13,798,000 | 8,800,000 | 4,999,000 |
| Whim Creek JV | 10,990,000 | 4,550,000 | 6,440,000 |
| **Total** | **32,129,000** | **16,450,000** | **15,680,000** |

Source: SRK analysis

Notes:

Rounding errors may occur.

Represents an estimate of the Mineral Resource remaining as at 31 December 2022.

All Resources reported are on a 100% basis, Develop only holds 20% of Whim Creek

SRK has reviewed the reasonableness of the Mineral Resource and Ore Reserve Estimates. Based on the information provided, SRK has estimated the Residual Resources outside of the LoM Model for valuation purposes. Based on its review of the underlying information, nothing has come to SRK's attention to suggest the quantities included in the LoM model and outside of the LoM model are not reasonable.

In allocation, SRK has exercised its professional judgement in assigning the stated tonnages to the relative resource categories in line with Develop's ASX disclosures.

For the valuation of Develop's interest in these Residual Resources, SRK has considered actual transaction analysis, comparable transaction analysis and yardstick methods. The results of these methods are set out in the following sections. For the valuation of Develop's 20% equity interest in Alchemy Resources JV (West Lynn) and the Sky Metals JV (Kangiara project) SRK has considered comparable transaction analysis and yardstick methods.

### 8.4.2 Actual transactions

SRK notes the following transactions involving the mineral assets now held by Develop.

### Develop acquires Heron (February 2022)

On 17 February 2022, Develop agreed to acquire a 100% interest in Heron Resources Limited (administrators appointed). The consideration included the Woodlawn Project, where Heron had recently completed a substantial redevelopment, including construction of a new box-cut, significant underground development, and infrastructure to ~300 m below surface and a 1.0 Mt/a processing plant.

The up-front consideration for Heron was A$15 M in cash and the equivalent of A$15 M in Develop shares, for a total up-front consideration of A$30 M. A future contingent payment of up to A$70 M was payable, subject to delineation of Ore Reserves, a decision to mine etc. In addition to the Underground Resource of 7.4 Mt, Woodlawn also has a reported Tailings Resource of 9.8 Mt for a total combined Resource of 18.2 Mt.

Considering only the up-front consideration price of A$30 M for a 100% interest and the total Underground Resource, this transaction implies a metal transaction ratio (MTR) of 0.58% on a raw basis and an MTR of 0.41% on a normalised basis.

Considering the total price of A$100 M for a 100% interest and the Underground Resource only, this transaction implies an MTR of 1.95% on a raw basis and an MTR of 1.36% on a normalised basis.

Considering only the up-front consideration price of A$30 M for a 100% interest and the total combined Resource, this transaction implies an MTR of 0.37% on a raw basis and an MTR of 0.26% on a normalised basis.

Considering the total price of A$100 M for a 100% interest and the total combined Resource this transaction implies an MTR of 1.23% on a raw basis and an MTR of 0.86% on a normalised basis.

In SRK's opinion, each of these scenarios provides a reasonable indication of potential value by a market participant. However, the price paid for an asset under administration is also likely to be potentially lower than that able to be achieved under ordinary circumstances.

### Heron Alchemy JV May 2016

Heron and Alchemy Resources Limited (Alchemy) entered into a Farm-in and JV agreement in May 2016. Under the terms of the Farm-In, Alchemy was to spend A$1 M over 3 years to earn a 51% interest and a further A$1 M within 2 subsequent years to earn an additional 29% interest in the tenements.

The tenements subject to the agreement with Alchemy were exploration licences EL 5878, 7941, 8267, 8192, 8356 and 8318, which cover a collective area of 674 km$^2$ of tenure in NSW in the Central Lachlan region.

Considering the implied consideration price of A$1 M for a 51% interest, this transaction implies a multiple of A$2,584/km$^2$ on a raw basis and A$3,579/km$^2$ on a normalised basis.

Due to the significant time since this transaction (7 years) and the exploration activities conducted over the intervening period, SRK considers this transaction is unlikely to provide a reliable indication of the current value of Develop's current tenure. The transaction does however provide some guidance as to the general range of value paid for exploration assets in this region.

### Whim Creek JV 2020

On 21 July 2020, Venturex Resources Ltd (now Develop) executed an unincorporated Joint Venture with Anax Metals Limited (Anax) according to which Anax was able to acquire up to an 80% interest in the Whim Creek Project via staged cash payments to Venturex and additional earn-in expenditure.

As consideration, Anax paid Venturex a deposit of A$150,000 and agreed to pay three deferred annual cash payments of A$1 M for a total cash consideration of A$3.150 M.

In addition, Anax is required to spend A$1.5 M in exploration expenditure to maintain the initial 40% interest within the first 15 months. An additional A$2.5 M within four years is required to earn the full 80% interest. Further, provided Anax holds 70% or more JV interest, Anax will:

a. assume 100% of a legacy payment of A$3.5 M to a third party on mining from Whim Creek; and
b. will free-carry Venturex’s 20% interest through to a decision to mine.

Considering the implied price for a 40% interest of A$4.65 M, this transaction implies a multiple of MTR 0.87% on a raw basis and MTR 0.99% on a normalised basis.

Considering the implied price for an 80% interest of A$7.15 M this transaction implies a multiple of MTR 0.67% a raw basis and MTR 0.76% on a normalised basis.

In SRK’s opinion these multiples appear on the high side when considered against other projects and considering the generally low grades at Whim Creek.

## 8.4.3 Comparable market transactions

For its evaluation of the Residual Resources as outlined in Table 8.6 and Table 8.7, SRK has compiled polymetallic (i.e. copper, zinc and lead (primary metal)) resource transactions using its internal databases, as well as the S&P Capital IQ Pro subscription database. The raw data is presented in Appendix B (Comparable Market Transactions).

After compiling the relevant data, SRK reviewed the transactions involving Australian projects (at various development stages) that occurred between 2017 and 2023. SRK identified 34 polymetallic transactions that it considered sufficiently relevant and for which sufficient information was available to estimate a resource multiple. The implied transaction multiple for resources was then expressed in MTR % terms to account for the polymetallic nature of these deposits. This implied multiple was estimated using the transaction value (at the implied 100% acquisition cost) and the total contained Mineral Resources supporting the transaction.

For valuation purposes, SRK elected to use the June 2023 average Australian dollar (A$) metal prices of:

- zinc - A$3,534.51/t
- copper - A$12,493.46/t
- lead - A$3,158.72/t
- gold - A$2,890.91/troy oz

- silver - A$34.84/troy oz.

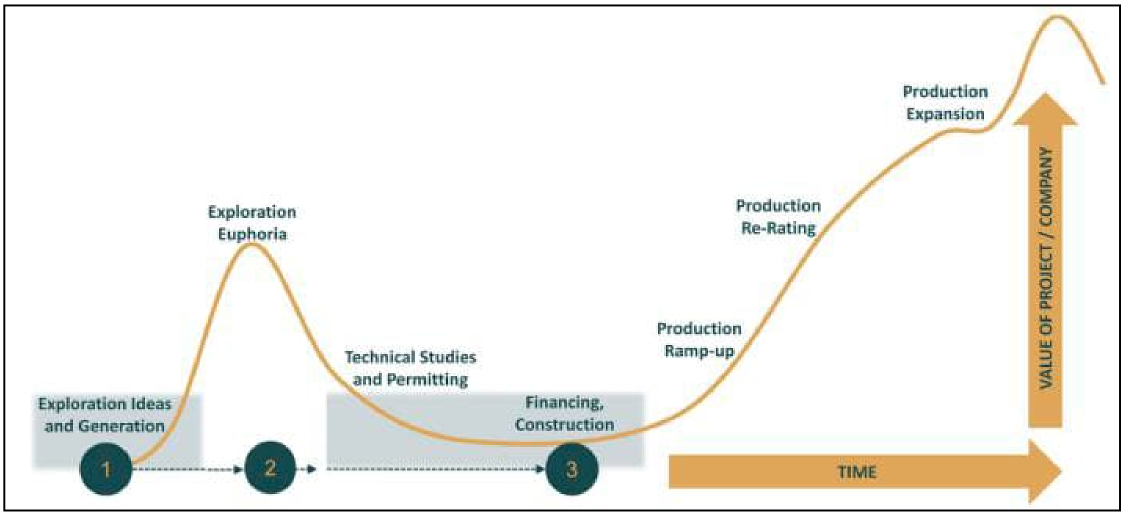
The copper price was used to normalise the implied multiples and inform its market analysis for copper-predominant projects (Whim Creek). The zinc price was used for normalisation of the polymetallic transactions analysis (Woodlawn and Sulphur Springs).

Importantly, while transaction multiples are widely used in valuation, they rely on the assumption that the reported Mineral Resources have been appropriately reported and can be taken at face value. The method assumes that differences in reporting regimes, between different Competent Persons, resource classification, metal recovery and adopted cut-off grades (which may change between assets and/or companies) do not materially influence the implied multiple. The method implicitly assumes total recoverability of all metal tonnes/ounces, as reliable and accurate data are generally not disclosed or available around the time of most transactions or for all companies. Importantly, SRK's implied value calculations are for the purposes of its valuation and do not attempt to estimate or reflect the metal likely to be recovered as required under the JORC Code (2012).

SRK notes that there is a clear relationship between the development stage of the assets that host defined Mineral Resources and their implied multiples with the statistical values generally decreasing in line with earlier development stages, as set out in Table 8.7.

The value price curve identified by this metric is in alignment with prevailing theory on value through a mining project's life cycle (Figure 8.1).

**Figure 8.1: Project value curve**




Source: SRK Consulting

**Table 8.7: Resource-based transaction multiple analysis – polymetallic**

| | Resource Multiple – Raw (MTR %) | Resource Multiple – Normalised (MTR %) |
|---|---|---|
| **All** | | |
| count | 26 | 26 |
| min | 0.02% | 0.02% |
| median | 0.69% | 0.61% |
| average | 1.01% | 0.95% |
| max | 3.25% | 3.22% |
| weighted average | 0.96% | 0.82% |
| 25th percentile | 0.21% | 0.21% |
| 75th percentile | 1.53% | 1.49% |
| 90th percentile | 2.73% | 2.44% |
| **Projects in Operation or under Construction** | | |
| count | 2 | 2 |
| min | 2.76% | 2.38% |
| median | 2.82% | 2.44% |
| average | 2.82% | 2.44% |
| max | 2.88% | 2.50% |
| weighted average | 2.85% | 2.47% |
| 25th percentile | 2.79% | 2.41% |
| 75th percentile | 2.85% | 2.47% |
| 90th percentile | 2.87% | 2.49% |
| **Care and Maintenance , Closed, Pre-Development** | | |
| count | 7 | 7 |
| min | 0.11% | 0.10% |
| median | 0.70% | 0.72% |
| average | 0.72% | 0.64% |
| max | 1.41% | 1.20% |
| weighted average | 0.62% | 0.48% |
| 25th percentile | 0.35% | 0.29% |
| 75th percentile | 1.05% | 0.92% |
| 90th percentile | 1.30% | 1.07% |

| | Resource Multiple – Raw (MTR %) | Resource Multiple – Normalised (MTR %) |
|---|---|---|
| **Project at the Pre-feasibility or Feasibility stage** | | |
| count | 7 | 7 |
| min | 0.02% | 0.02% |
| median | 0.60% | 0.60% |
| average | 0.77% | 0.71% |
| max | 2.71% | 2.67% |
| weighted average | 1.06% | 0.90% |
| 25th percentile | 0.22% | 0.21% |
| 75th percentile | 0.80% | 0.61% |
| 90th percentile | 1.62% | 1.44% |
| **Project at the Advanced Exploration stage** | | |
| count | 10 | 10 |
| min | 0.11% | 0.10% |
| median | 0.59% | 0.54% |
| average | 1.03% | 1.05% |
| max | 3.25% | 3.22% |
| weighted average | 0.84% | 0.89% |
| 25th percentile | 0.19% | 0.19% |
| 75th percentile | 1.66% | 1.69% |
| 90th percentile | 2.06% | 2.30% |

Source: SRK analysis

Note: the weighted average is determined based on the total contained metal value in the defined Mineral Resource, which SRK considers to be an appropriate metric in the evaluation of large data sets.

**Table 8.8: Resource-based transaction multiple analysis – copper-predominant**

| | Resource Multiple – Raw (MTR %) | Resource Multiple – Normalised (MTR%) |
|---|---|---|
| **All** | | |
| count | 25 | 25 |
| min | 0.03% | 0.04% |
| median | 0.70% | 0.99% |
| average | 4.41% | 5.57% |
| max | 48.77% | 64.72% |
| weighted average | 2.70% | 2.70% |
| 25th percentile | 0.34% | 0.45% |
| 75th percentile | 1.59% | 2.61% |
| 90th percentile | 11.43% | 11.25% |
| **Projects in Operation or under Construction** | | |
| count | 3 | 3 |
| min | 2.76% | 2.69% |
| median | 16.88% | 15.21% |
| average | 14.51% | 16.67% |
| max | 23.87% | 32.10% |
| weighted average | 16.25% | 15.66% |
| 25th percentile | 9.82% | 8.95% |
| 75th percentile | 20.38% | 23.66% |
| 90th percentile | 22.48% | 28.72% |
| **Projects in Operation or under Construction (excluding high outliers** | | |
| count | 2 | 2 |
| min | 2.76% | 2.69% |
| median | 9.82% | 8.95% |
| average | 9.82% | 8.95% |
| max | 16.88% | 15.21% |
| weighted average | 15.46% | 13.96% |
| 25th percentile | 6.29% | 5.82% |
| 75th percentile | 13.35% | 12.08% |
| 90th percentile | 15.47% | 13.96% |

| | Resource Multiple – Raw (MTR %) | Resource Multiple – Normalised (MTR%) |
|---|---|---|
| **Care and Maintenance , Closed, Pre-Development** | | |
| count | 5 | 5 |
| min | 0.34% | 0.35% |
| median | 0.70% | 1.16% |
| average | 0.77% | 0.93% |
| max | 1.41% | 1.38% |
| weighted average | 0.63% | 0.73% |
| 25th percentile | 0.51% | 0.58% |
| 75th percentile | 0.87% | 1.20% |
| 90th percentile | 1.19% | 1.31% |
| **Project at the Pre-feasibility or Feasibility stage** | | |
| count | 7 | 7 |
| min | 0.27% | 0.45% |
| median | 0.70% | 0.95% |
| average | 0.85% | 1.08% |
| max | 1.59% | 1.97% |
| weighted average | 1.05% | 1.11% |
| 25th percentile | 0.56% | 0.78% |
| 75th percentile | 1.12% | 1.32% |
| 90th percentile | 1.46% | 1.78% |
| **Project at the Advanced Exploration stage** | | |
| count | 10 | 10 |
| min | 0.03% | 0.04% |
| median | 0.43% | 0.62% |
| average | 5.69% | 7.71% |
| max | 48.77% | 64.72% |
| weighted average | 0.54% | 0.72% |
| 25th percentile | 0.19% | 0.19% |
| 75th percentile | 1.84% | 2.65% |
| 90th percentile | 7.81% | 11.24% |

| | Resource Multiple – Raw (MTR %) | Resource Multiple – Normalised (MTR%) |
|---|---|---|
| **Project at the Advanced Exploration stage (Excluding Red Bore)** | | |
| count | 9 | 9 |
| min | 0.03% | 0.04% |
| median | 0.19% | 0.25% |
| average | 0.90% | 1.37% |
| max | 3.25% | 5.30% |
| weighted average | 0.47% | 0.63% |
| 25th percentile | 0.19% | 0.18% |
| 75th percentile | 1.57% | 2.61% |
| 90th percentile | 2.20% | 3.19% |

Source: SRK analysis

Note: the weighted average is determined based on the total contained metal value in the defined Mineral Resource, which SRK considers to be an appropriate metric in the evaluation of large data sets.

SRK notes that the selection of implied multiples is a subjective assessment. Based on its assessment of the available technical data, SRK has adopted a resource multiple range of between MTR 0.75 % and MTR 1.25 % for its valuation of the Residual Resources at Develop's Woodlawn Project. This range is based around the resource multiples implied by the Tennant Creek transaction as a guide to the upper end of the range and in consideration of the range of values between development stages.

Based on its assessment of the available technical data, SRK has adopted a resource multiple range of between MTR 0.4% and MTR 0.8 % for its valuation of the Tailings Resource at Develop's Woodlawn Project. This range is based around the resource multiples implied by the Hellyer of MTR 0.77 % on a normalised basis. The valuation is based around setting a range around Hellyer as a maximum, which is the most comparable in terms of metal composition and scale but is reported to have better metallurgical recoveries.

Based on its assessment of the available technical data, SRK has adopted a resource multiple range of between MTR 0.1 % and MTR 0.3 % for its valuation of the Resources at Develop's Peelwood deposit within the greater Woodlawn Project. This range is based around the low and 25$^{th}$ percentile of the resource multiples implied by advanced stage transactions such as Sunny Corner and in recognition of the historical nature of this estimate.

Based on its assessment of the available technical data, SRK has adopted a resource multiple range of between MTR 0.5 % and MTR 1.0 % for its valuation of the Residual Resources at Develop's Sulphur Springs Project. This range is based on the median and average resource multiples and in consideration of the range of values between development stages and attributed to Woodlawn, which is higher grade.

Based on its assessment of the available technical data, SRK has adopted a resource multiple range of between MTR 0.5 % and MTR 1.0 % for its valuation of the Resources at Develop's Kangaroo Caves . This range is based around the median and average of the resource multiples implied by advanced to feasibility stage transactions but also in recognition of the lower overall grades.

SRK has selected a resource multiple range of between of MTR 0.4 % and MTR 0.8 % for the resources defined within the Whim Creek JV area. SRK notes that this range is broadly aligned with the average and median values implied by copper transactions relating to prefeasibility stage and pre-development stage transactions but noting the overall grades at Whim Creek are also at the lower end for copper and the constituent ore is polymetallic, likely impacting on metal recoveries.

Based on its assessment of the available technical data, SRK has adopted a resource multiple range of between MTR 0.05% and MTR 0.2 % for its valuation of the Resource West Lynn Project. This range is based around the resource multiples implied for nickel laterite transactions on a normalised basis. SRK notes that the Summervale deposit area is also host to an Alumina Resource. For the purposes of valuation SRK has combined these Resources by weighted average with the Nickel Resource as it is likely they would be mined together.

SRK has selected a resource multiple range of between of MTR 0.1 % and MTR 0.3 % for the Exploration Target defined within the Kangiara. SRK notes that Kangiara was previously reported as a Mineral Resource which could be considered as an historical estimate. SRK's range is based around the low and 25th percentile of the resource multiples implied by advanced stage transactions such as Sunny Corner and in recognition of the historical nature of this estimate. SRK has placed the preferred value towards the lower end of the range, noting that it is currently an Exploration Target and has a relatively low grade.

Based on its comparable transaction analysis, SRK considers the implied value of the Resources, Residual Resources and exploration targets lies in the range A$ 50.4 M to A$ 96.1 M with a preferred valuation of A$ 72.5 M on an attributable basis (Table 8.9).

**Table 8.9: Comparable Transaction Valuation of Residual Resources on a 100% basis**

| Deposit/Project | Total Resource (Mt) | Total Implied Contained Zn (Mt) or Ni* (Mt) | Total MTR Resource Grade (Zn % or Ni %*) | Value multiple Low (MTR %) | Value multiple High (MTR %) | Value multiple Preferred (MTR %) | Value Low (A$ M) | Value High (A$ M) | Value Preferred (A$ M) |
|---|---|---|---|---|---|---|---|---|---|
| Woodlawn Residual Resource | 4.24 | 0.76 | 17.9% | 0.75% | 1.25% | 1.00% | 20.1 | 33.5 | 26.8 |
| Woodlawn Tailings Resource | 10.90 | 0.77 | 7.1% | 0.40% | 0.80% | 0.50% | 10.9 | 21.7 | 13.6 |
| Peelwood Resource | 0.90 | 0.07 | 7.9% | 0.10% | 0.30% | 0.20% | 0.3 | 0.8 | 0.5 |
| Sky Metals JV (Kangiara Exploration Target)* | 2.50 | 0.123 | 4.91% | 0.10% | 0.30% | 0.15% | 0.4 | 1.3 | 0.7 |
| Sulphur Springs Residual Resource | 5.00 | 0.59 | 11.8% | 0.50% | 1.00% | 0.80% | 10.4 | 20.8 | 16.6 |
| Kangaroo Caves Resource | 3.55 | 0.3 | 9.4% | 0.50% | 1.00% | 0.80% | 5.9 | 11.8 | 9.5 |
| Whim Creek Resource* | 10.99 | 0.7 | 6.1% | 0.40% | 0.80% | 0.60% | 9.5 | 19.0 | 14.3 |

| Deposit/Project | Total Resource (Mt) | Total Implied Contained Zn (Mt) or Ni* (Mt) | Total MTR Resource Grade (Zn % or Ni %*) | Value multiple Low (MTR %) | Value multiple High (MTR %) | Value multiple Preferred (MTR %) | Value Low (A$ M) | Value High (A$ M) | Value Preferred (A$ M) |
|---|---|---|---|---|---|---|---|---|---|
| Alchemy Resources JV (West Lynn/ Summervale Resource)* | 27.85 | 0.3* | 0.64%* | 0.05% | 0.20% | 0.15% | 4.3 | 17.0 | 12.8 |
| **Total** | | | | | | | **61.7** | **125.9** | **94.6** |
| **Total attributable basis** | | | | | | | **50.4** | **96.1** | **72.5** |

Source: SRK analysis
Notes: *Develop holds a 20% interest in the Alchemy Resource JV, Sky Metals JV and Whim Creek Resource

### 8.4.4 Industry Yardstick crosscheck

As a crosscheck to the values implied by actual and comparable transactions, SRK has also considered standard industry yardsticks.

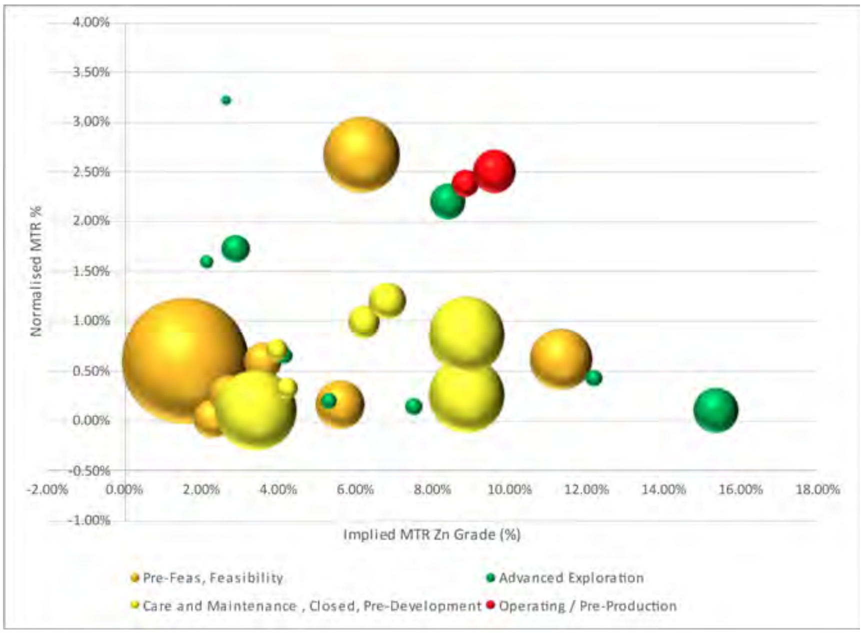
Under the Yardstick method of valuation, specified percentages of the spot price are used to assess the likely value. Commonly used Yardstick factors range between 0.5% and 5.0% of the prevailing spot price, as set out below:

- Measured Resources – 2.0% to 5.0% of the spot price
- Indicated Resources – 1.0% to 2.0% of the spot price
- Inferred Resources – 0.5% to 1.0% of the spot price
- Exploration Target – 0.1% to 0.5% of the spot price.

To determine the relevant Yardstick factors for use, SRK adopted the June 2023 average Australian dollar prices with the final yardstick expressed in zinc MTR (Zn MTR or Ni MTR) terms:

- zinc - A$ 3,534.51/t
- copper - A$12,493.46/t
- lead - A$3,158.72/t
- gold - A$2,890.91/troy oz
- silver - A$34.84/troy oz
- nickel - A$/31,594 t
- cobalt - A$/47,776 t
- aluminium - A$/3,251 t.

**Figure 8.2: Resource-based polymetallic resource multiples by development stage**




Source: SRK analysis

Based on this Yardstick analysis, SRK considers the implied value of the Residual Resources, Resources and Exploration Target lie in the range A$100.3 M to A$209.4 M with a preferred valuation of A$154.9 M (Table 8.10) on an attributable basis.

**Table 8.10: Yardstick Valuation of Residual Resources 100% basis**

| Deposit/Project | Contained metal value (A$ M) Inferred | Contained metal value (A$ M) Indicated | Contained metal value (A$ M) Measured | Total Insitu Value (A$ M) | Value Low ($M) | Value High ($M) | Preferred (Mid-point) ($M) |
|---|---|---|---|---|---|---|---|
| Woodlawn Residual Resource | 1,548 | 1,087 | 43 | 2,678 | 19.5 | 39.4 | 29.4 |
| Woodlawn Tailings Resource | 255 | 831 | 1,632 | 2,717 | 21.1 | 50.4 | 35.7 |
| Peelwood Resource | 251 | - | - | 251 | 1.3 | 2.5 | 1.9 |
| Sky Metals JV (Kangiara Exploration Target)* | 433 | | | 433 | 0.4 | 2.2 | 1.3 |
| Sulphur Springs Residual Resource | 460 | 1,619 | - | 2,079 | 18.5 | 37.0 | 27.7 |
| Kangaroo Caves Resource | 423 | 762 | - | 1,184 | 9.7 | 19.5 | 14.6 |
| Whim Creek Resource* | 425 | 1,952 | - | 2,377 | 21.6 | 43.3 | 32.5 |
| Alchemy Resources JV (West Lynn/ Summervale)* | 8,506 | | | 8,506 | 42.5 | 85.1 | 63.8 |
| **Total, 100% basis** | 3,107 | 5,419 | 43 | 7,419 | 155.8 | 329.6 | 242.7 |
| **Total attributable basis** | | | | | 100.3 | 209.4 | 154.9 |

Source: SRK analysis

Notes: SRK used the common yardstick multiples (of the spot price) based on the Resource category e.g. Measured Resources (2.0% to 5.0%), Indicated Resources (1.0% to 2.0%) Inferred Resources (0.5% to 1.0%). *Develop holds a 20% interest in the Alchemy Resource JV, Sky

Metals JV and Whim Creek Resource. Yardstick values for the Woodlawn tailings have been adjusted down by 50% to adjust for the likely metallurgical issues associated with these tailings and producing a saleable concentrate.

### 8.4.5 Summary – Residual Resource Valuation

In assigning its value range and preferred value to Develop's mineral assets, SRK has elected to adopt an equal weighting for the values implied by the comparable transaction analysis, actual transactions and industry yardsticks to inform its valuation range for the Residual Resources (Table 8.11). The exception to this rule is the West Lynn and Summervale nickel/Alumina Resources, which appears to be over valued by the yardstick technique. In this case SRK has elected to use its expert opinion to use the values implied by the comparable transactions method.

**Table 8.11: Summary of SRK's Valuation of Residual Resource, Resources and Exploration target**

| Method | Low (A$M) | High (A$M) | Preferred (A$M) |
|---|---|---|---|
| Comparable transactions | 20.1 | 33.5 | 26.8 |
| Yardstick | 19.5 | 39.4 | 29.4 |
| Actual Transactions | 7.0 | 36.4 | 19.4 |
| **Selected Woodlawn (100%)** | **15.5** | **36.4** | **25.2** |
| Comparable transactions | 10.87 | 21.74 | 13.59 |
| Yardstick | 21.1 | 50.4 | 35.7 |
| **Selected Woodlawn Tailings (100%)** | **16.0** | **36.1** | **24.7** |
| Comparable transactions | 0.3 | 0.8 | 0.5 |
| Yardstick | 1.3 | 2.5 | 1.9 |
| **Selected Peelwood (100%)** | **0.8** | **1.6** | **1.2** |
| Comparable transactions | 0.1 | 0.3 | 0.1 |
| Yardstick | 0.1 | 0.4 | 0.3 |
| **Selected Sky Metals JV - Kangiara Project Exploration Target (20%)** | **0.1** | **0.3** | **0.2** |
| Comparable transactions | 10.4 | 20.8 | 16.6 |
| Yardstick | 18.5 | 37.0 | 27.7 |
| **Selected Sulphur Springs (100%)** | **14.4** | **28.9** | **22.2** |
| Comparable transactions | 5.9 | 11.8 | 9.5 |
| Yardstick | 9.7 | 19.5 | 14.6 |
| **Selected Kangaroo Caves (100%)** | **7.8** | **15.7** | **12.0** |
| Comparable transactions | 1.9 | 3.8 | 2.9 |
| Yardstick | 4.3 | 8.7 | 6.5 |
| Actual Transactions | 3.2 | 4.7 | 3.6 |
| **Selected Whim Creek JV (20%)** | **3.1** | **5.7** | **4.3** |
| Comparable transactions | 0.9 | 3.4 | 2.6 |
| Yardstick | 8.5 | 17.0 | 12.8 |
| **Selected Alchemy Resources JV - West Lynn Project Resource) (20%)** | **0.9** | **3.4** | **2.6** |
| **Selected on all 100% basis** | **74.9** | **166.0** | **120.6** |
| **Assets on a net attributable basis** | **58.6** | **128.1** | **92.3** |

Source: SRK Analysis

Based on this analysis, the implied value of Develop's Residual Resources is estimated to reside between A$58.6 to A$128.1 M with a preferred valuation of A$92.3 M on a net attributable equity basis.

## 8.5 Exploration potential

### 8.5.1 Introduction

In addition to its assessment of the Residual Resources, SRK has also considered the value associated with the potential for further discoveries within the broader mineral tenure surrounding the currently defined Mineral Resource and Ore Reserve areas held by the parties.

In doing so, SRK has considered the values implied by comparable transaction analysis for early to advanced stage exploration projects and geoscientific rating methods. Details of these valuation methods and the associated outcomes are presented below.

### 8.5.2 Comparable transactions

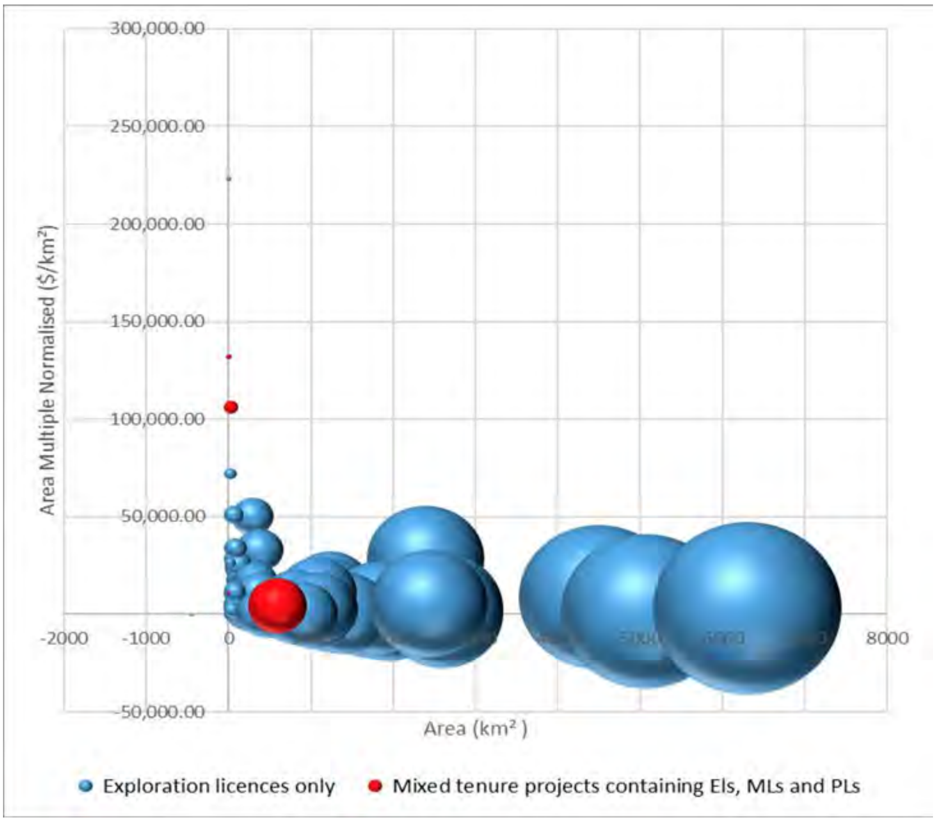
SRK has also reviewed transactions involving early to advanced stage polymetallic and base metals exploration projects in Western Australia (i.e. those without defined gold Mineral Resources) occurring between 2017 and 2023. SRK has identified and compiled data for 114 transactions (Table 8.12), for which sufficient information was available to calculate an area-based multiple (i.e. A$/km$^2$ or A$/ha). SRK's analysis of the implied multiples was based on the reported areal extent of mineral tenure.

For the purpose of this section, SRK has expressed the area-based transaction multiple in A$/km$^2$ terms. This value has been calculated using the transaction value (at the implied 100% acquisition cost) and the total area of the project tenure acquired at the time of the transaction. Given the gold price volatility and future price uncertainty, SRK elected to use the average Australian dollar zinc price of A$3,534.51/t, being the average zinc price for the month of June 2023, to normalise the implied multiples and inform its market analysis.

SRK has also considered the transaction dataset in terms of the type of tenure acquired. There is a clear distinction between the implied price paid for Mining Leases (ML), Prospecting Licences (PL), Exploration Licences (EL) and mixed tenure projects. For example, on a normalised basis and considering the average only, ELs transacted for A$6,795/km$^2$, mixed tenure EL and ML transacted for A$368,352/km$^2$, when the Havieron transaction is included. There was only a single ML only transaction which transacted for A$120,276/km$^2$.

SRK notes there is also a clear relationship between the size of tenure acquired and the implied value (in A$/km$^2$ terms). MLs (and PLs) are generally smaller than ELs, and are also generally more advanced in terms of the exploration completed. Consequently, MLs generally attract higher transaction prices and thus implied multiples. The relationship also holds true when these datasets are reviewed exclusively from each other (Figure 8.3 and Table 8.12). SRK considers this to be reasonable and in line with industry practice for, as exploration progresses on a tenure, explorers will, in accordance with regulatory requirements, intermittently relinquish those areas of lower perceived potential and retain only those areas considered to be the most prospective.

**Figure 8.3: Area-based resource multiples for EL, ML and PL tenure types**




Source: SRK analysis

**Table 8.12: Area-based transaction multiple analysis**

| | Resource Multiple – Raw (km²) | Resource Multiple – Normalised (km²) |
|---|---|---|
| **All** | | |
| count | 114 | 114 |
| min | 9.588 | 5.718 |
| median | 3,108.32 | 2,519.32 |
| average | 25,389.93 | 22,653.47 |
| max | 1,848,583.62 | 1,622,513.16 |
| weighted average | 4,968.56 | 4,657.36 |
| 25th percentile | 907.13 | 751.87 |
| 75th percentile | 7,817.77 | 7,170.87 |
| 90th percentile | 21,037.85 | 19,288.38 |
| **Exploration licences only** | | |
| count | 110 | 110 |
| min | 9.6 | 5.7 |

| | Resource Multiple – Raw (km²) | Resource Multiple – Normalised (km²) |
|---|---|---|
| median | 2,975.2 | 2,346.8 |
| average | 24,294.2 | 21,484.1 |
| max | 1,848,583.6 | 1,622,513.2 |
| weighted average | 4,942.24 | 4,623.37 |
| 25th percentile | 756.5 | 637.5 |
| 75th percentile | 7,110.4 | 7,064.3 |
| 90th percentile | 20,094.9 | 18,715.7 |
| **EL only (excluding Havieron)** | | |
| count | 109 | 109 |
| min | 9.588 | 5.718 |
| median | 2,898.43 | 2,336.50 |
| average | 7,557.58 | 6,795.72 |
| max | 159,191.40 | 135,576.22 |
| weighted average | 3,977.42 | 3,776.69 |
| 25th percentile | 708.96 | 605.08 |
| 75th percentile | 6,858.71 | 6,864.50 |
| 90th percentile | 19,798.32 | 18,260.95 |
| **Mixed tenure projects containing ELs, MLs and PLs** | | |
| count | 4 | 4 |
| min | 2,892.157 | 3,479.073 |
| median | 47,978.52 | 47,746.81 |
| average | 55,523.24 | 54,812.41 |
| max | 123,243.78 | 120,276.97 |
| weighted average | 7,979.83 | 8,545.37 |
| 25th percentile | 6,877.45 | 6,149.44 |
| 75th percentile | 96,624.31 | 96,409.78 |
| 90th percentile | 112,595.99 | 110,730.09 |
| **Mixed tenure projects containing (including Havieron)** | | |
| count | 5 | 5 |
| min | 2,892.157 | 3,479.073 |
| median | 87,751.15 | 88,454.05 |
| average | 414,135.32 | 368,352.56 |

| | Resource Multiple – Raw (km²) | Resource Multiple – Normalised (km²) |
|---|---|---|
| max | 1,848,583.62 | 1,622,513.16 |
| weighted average | 111,906.29 | 99,675.22 |
| 25th percentile | 8,205.88 | 7,039.57 |
| 75th percentile | 123,243.78 | 120,276.97 |
| 90th percentile | 1,158,447.69 | 1,021,618.68 |
| **ML Only** | | |
| count | 1 | 1 |
| min | 123,243.776 | 120,276.966 |
| median | 123,243.78 | 120,276.97 |
| average | 123,243.78 | 120,276.97 |
| max | 123,243.78 | 120,276.97 |
| weighted average | 123,243.78 | 120,276.97 |
| 25th percentile | 123,243.78 | 120,276.97 |
| 75th percentile | 123,243.78 | 120,276.97 |
| 90th percentile | 123,243.78 | 120,276.97 |
| **PL Only** | | |
| count | 1 | 1 |
| min | 8,205.882 | 7,039.568 |
| median | 8,205.88 | 7,039.57 |
| average | 8,205.88 | 7,039.57 |
| max | 8,205.88 | 7,039.57 |
| weighted average | 8,205.88 | 7,039.57 |
| 25th percentile | 8,205.88 | 7,039.57 |
| 75th percentile | 8,205.88 | 7,039.57 |
| 90th percentile | 8,205.88 | 7,039.57 |

Source: SRK analysis

Based on its review of the available technical information, SRK has assessed the value of the exploration holdings for the relevant mineral tenures. All values were estimated on a net attributable equity basis. SRK's adopted ranges for the tenure are based on the mixed tenure projects, as the tenures outside of the defined Mineral Resource areas largely comprise a mixture of tenure types.

In SRK's opinion, applying values based on the ranges indicated by either ELs or MLs only, does not reflect the large and coherent nature of the respective party's project tenure and its position relative to the surrounding Mineral Resources (which have been valued separately). SRK has further selected ranges for exploration-stage tenures based on the size of the tenure and selected its preferred value based on the perceived prospectivity of each tenement.

Where relevant, SRK has estimated the area covered by the currently stated Mineral Resource and removed this from the remaining area for valuation purposes and to avoid double counting. For very small MLs containing defined Mineral Resources, this has resulted in little or no remaining area and consequently, these have been assigned no value on an area basis.

The implied values of a 100% interest in the exploration potential of Develop's mineral tenures using the comparable transaction method are provided in Table 8.13 with detailed workings presented in Appendix B.

**Table 8.13: Exploration Potential Value using Transaction Analysis – net attributable basis**

| Project/Region | Tenure | Area ($km^2$) | Multiples (A$/$km^2$) | | | Market Value (A$M) | | |
|---|---|---|---|---|---|---|---|---|
| | | | Lower | Upper | Preferred | Lower | Upper | Preferred |
| Woodlawn/ Woodlawn Surrounds/Regional NSW Exploration | S(C&PL)L20 | 8.68 | 500,000 | 1,000,000 | 750,000 | 4.34 | 8.68 | 6.51 |
| | EL7468 | 19.72 | 750 | 1,000 | 875 | 0.01 | 0.02 | 0.02 |
| | EL7469 | 61.73 | 500 | 1,000 | 750 | 0.03 | 0.06 | 0.05 |
| | EL7257 | 174.33 | 2,500 | 5,000 | 3750 | 0.44 | 0.87 | 0.65 |
| | EL8318 | 128.90 | 500 | 1,000 | 750 | 0.01 | 0.03 | 0.02 |
| | EL8325 | 178.62 | 500 | 1,000 | 750 | 0.09 | 0.18 | 0.13 |
| | EL8353 | 44.94 | 250 | 500 | 375 | 0.01 | 0.02 | 0.02 |
| | EL8623 | 148.55 | 2,500 | 5,000 | 3750 | 0.37 | 0.74 | 0.56 |
| | EL8712 | 90.99 | 5,000 | 10,000 | 7500 | 0.45 | 0.91 | 0.68 |
| | EL8796 | 63.76 | 250 | 500 | 375 | 0.02 | 0.03 | 0.02 |
| | EL8797 | 65.89 | 2,500 | 5,000 | 3750 | 0.16 | 0.33 | 0.25 |
| | EL8945 | 274.29 | 2,500 | 5,000 | 3750 | 0.69 | 1.37 | 1.03 |
| | **Total Woodlawn and surrounding Projects in NSW** | **1,260.39** | | | | **6.63** | **13.25** | **9.94** |
| Sulphur Springs | E 45/4811 | 9.18 | 3,000 | 6,000 | 4500 | 0.03 | 0.06 | 0.04 |
| | E 45/4993 | 2.56 | 1,000 | 1,500 | 1250 | 0.00 | 0.00 | 0.00 |
| | E 45/6033 | 21.52 | 5,000 | 10,000 | 7500 | 0.11 | 0.22 | 0.16 |
| | E 45/6034 | 31.92 | 3,000 | 6,000 | 4500 | 0.10 | 0.19 | 0.14 |
| | M 45/494 | 4.72 | 100,000 | 200,000 | 150000 | 0.47 | 0.94 | 0.71 |
| | M 45/587 | 4.39 | 50,000 | 100,000 | 75000 | 0.22 | 0.44 | 0.33 |
| | M 45/653 | 4.97 | 10,000 | 20,000 | 15000 | 0.05 | 0.10 | 0.07 |
| | M 45/1001 | 8.74 | 25,000 | 50,000 | 37500 | 0.22 | 0.44 | 0.33 |
| | M 45/1254 | 11.58 | 25,000 | 50,000 | 37500 | 0.29 | 0.58 | 0.43 |
| | **Total Sulphur Springs** | **99.58** | | | | **1.48** | **2.96** | **2.22** |
| **Total (net attributable basis)** | | | | | | **8.16** | **16.31** | **12.24** |

Source: SRK Analysis

Using the Comparative Transactions – area-based method, SRK considers the Market Value of the exploration potential (excluding the areas containing the defined Mineral Resources) associated with Develop's Woodlawn and Sulphur Springs mineral tenures resides between A$8.2 M and A$16.3 M, with a preferred value of A$12.2 M on a net attributable basis. SRK has not valued the remaining exploration potential of Whim Creek, Alchemy Resources JV and Sky Metals JV as, when considering only a 20% attributable interest, the value is not considered to be material.

### 8.5.3 Geoscientific Rating

As a cross-check to the values implied by market multiples, SRK has also considered the Geoscientific Rating method, a cost-based method. The Geoscientific Rating or modified Kilburn method of valuation attempts to quantify the relevant technical aspects of a property through appropriate multipliers (factors) applied to an appropriate base (or intrinsic) value and is considered to be a cost-based method of valuation. The intrinsic value is referred to as the base acquisition cost (BAC), which represents the "average cost to identify, apply for and retain a base unit of area of title" for one year.

Multipliers are considered for off-property aspects, on-property aspects, anomaly aspects, and geology aspects. These multipliers are applied sequentially to the BAC to estimate the Technical Value for each tenement. A further market factor is then considered to derive a Market Value.

A BAC has been assumed in this valuation, which incorporates annual rental, administration and application fees in addition to nominal indicative minimum expenditure on acquisition and costs of identification (Table 8.14) to be the following:

- A$492/km$^2$ (A$5/ha) for EL in WA
- A$12,569/km$^2$ (A$126/ha) for PL in WA
- A$12,384/km$^2$ (A$124/ha) for ML in WA
- A$500/km$^2$ (A$5/ha) for EL in NSW.

**Table 8.14: Underlying assumption to the base acquisition cost**

| **Exploration Licence BAC in Western Australia** | | |
|---|---|---|
| **Metric** | **Unit** | **Value** |
| Average licence size | km$^2$ | 67.7 |
| Average licence age | years | 4 |
| Application fee | A$ per licence | 1,580 |
| Annual rent Year 1–3 | A$ per km$^2$ | 45.82 |
| Annual rent Year 4 | A$ per km$^2$ | 38.67 |
| Minimal annual expenditure Year 1–3 | A$ per km$^2$ | 324.96 |
| Minimal annual expenditure Year 4 | A$ per km$^2$ | 243.72 |
| Costs of identification, legal costs and negotiations and compensation agreements | A$ per licence | 35,132 |
| Annual rates | A$ per licence | 2,000 |
| **BAC of average exploration licence** | **A$ per km$^2$** | **492** |
| **BAC of average exploration licence** | **A$ per ha** | **4.92** |

| Exploration Licence BAC in Western Australia | | |
|---|---|---|
| **Metric** | **Unit** | **Value** |
| **Prospecting Licence BAC in Western Australia** | | |
| Average licence size | ha | 126 |
| Average licence age | years | 3.3 |
| Application fee | A$ per licence | 374 |
| Annual rent Year | A$ per ha | 3.00 |
| Minimal annual expenditure Year | A$ per ha | 40.00 |
| Costs of identification, legal costs and negotiations and compensation agreements | A$ per licence | 35,132 |
| Annual rates | A$ per licence | 500 |
| **BAC of average prospecting licence** | **A$ per km$^2$** | **12,569** |
| **BAC of average prospecting licence** | **A$ per ha** | **125.69** |
| **Mining Lease BAC in Western Australia** | | |
| Average lease size | ha | 467 |
| Average lease age | years | 21 |
| Application fee | A$ per lease | 551 |
| Annual rent Year | A$ per ha | 20.00 |
| Minimal annual expenditure Year | A$ per ha | 100.00 |
| Costs of identification, legal costs and negotiations and compensation agreements | A$ per lease | 35,132 |
| Annual rates | A$ per lease | 2,000 |
| **BAC of average mining lease** | **A$ per km$^2$** | **12,384** |
| **BAC of average mining lease** | **A$ per ha** | **123.84** |
| **Exploration Licence BAC in NSW** | | |
| Average licence size | km$^2$ | 134 |
| Average licence age | Years | 6 |
| Application fee | A$ per licence | 2,679 |
| Annual rent average | A$ per km$^2$ | 20 |
| Minimal annual expenditure | A$ per licence | 50,000 |
| Costs of identification, legal costs and negotiations and compensation agreements | A$ per licence | 10,000 |
| Annual rates | A$ per licence | 1,000 |
| **BAC of average licence** | **A$ per km$^2$** | **500** |
| **BAC of average licence** | **A$ per ha** | **5.00** |
| **Mining Lease BAC in NSW** | Unit | Value |
| Average licence size | km$^2$ | 2.5 |
| Average licence age | Years | 37 |
| Application fee | A$ per licence | 41,250 |
| Annual rent average | A$ per km$^2$ | 650 |
| Minimal annual expenditure | A$ per licence | |

| Exploration Licence BAC in Western Australia | | |
|---|---|---|
| **Metric** | **Unit** | **Value** |
| Costs of identification, legal costs and negotiations and compensation agreements | A$ per licence | 30,000 |
| Annual rates | A$ per licence | |
| **BAC of average licence** | **A$ per km$^2$** | 29,150 |
| **BAC of average licence** | **A$ per ha** | **291.50** |

In converting its implied technical values to a market value, SRK considers that market participants would not apply a premium or discount to the technical value to account for the current market sentiment.

SRK considers that any exploration tenures in application would attract a 20% discount to reflect the uncertainty in likely timing of the grant, as well as approval conditions associated with the grant.

The geoscientific rating criteria are presented in Table 8.15.

**Table 8.15: Modified property rating criteria**

| Rating | Off-property factor | On-property factor | Geological factor | Anomaly factor |
|---|---|---|---|---|
| 0.1 | | | Unfavourable geological setting | No mineralisation identified – area sterilised |
| 0.5 | Unfavourable district/basin | Unfavourable area | Poor geological setting | Extensive previous exploration provided poor results |
| 0.9 | | | Generally favourable geological setting, under cover or complexly deformed or metamorphosed | Poor results to date |
| 1.0 | No known mineralisation in district | No known mineralisation on lease | Generally favourable geological setting | No targets outlined |
| 1.5 | Minor workings | Minor workings or mineralised zones exposed | | Target identified; initial indications positive |
| 2.0 | Several old workings in district | Several old workings or exploration targets identified | Multiple exploration models being applied simultaneously | |
| 2.5 | | | Well-defined exploration model applied to new areas | Significant grade intercepts evident but not linked on cross or long sections |
| 3.0 | Mine or abundant workings with significant previous production | Mine or abundant workings with significant previous production | Significant mineralised zones exposed in prospective host rock | |
| 3.5 | | | | Several economic grade intercepts on adjacent sections |
| 4.0 | Along strike from a major deposit | Major mine with significant historical production | Well-understood exploration model, with valid targets in structurally complex area, or under cover | |
| 5.0 | Along strike for a world class deposit | | Well-understood exploration model, with valid targets in well understood stratigraphy | |
| 6.0 | | | Advanced exploration model constrained by known and well-understood mineralisation | |
| 10.0 | | World class mine | | |

Source: Modified after Xstract, 2009 and Agricola Mining Consultants, 2011.

Using the geoscientific rating method (calculations presented as Appendix B), SRK considers the exploration potential of the Mineral Assets (excluding the areas covered by the defined Mineral Resources) resides between A$19.9 M and A$47.4 M, with a preferred value of A$33.7 M.

**Table 8.16: Summary of Exploration Potential Value using the Geoscientific (Kilburn) Method – net attributable basis**

| Project/Region | Tenure | Equity Interest | Area ($km^2$) | Market Value (A$M) | | |
|---|---|---|---|---|---|---|
| | | | | Lower | Upper | Preferred |
| Woodlawn/Woodlawn Surrounds/Regional NSW Exploration | S(C&PL)L20 | 100% | 8.68 | 10.12 | 18.98 | 14.55 |
| | EL7468 | 100% | 19.72 | 0.05 | 0.16 | 0.11 |
| | EL7469 | 100% | 61.73 | 0.11 | 0.28 | 0.19 |
| | EL7257 | 100% | 174.33 | 2.09 | 6.54 | 4.31 |
| | EL8318 | 20% | 128.90 | 0.03 | 0.13 | 0.08 |
| | EL8325 | 100% | 178.62 | 0.36 | 0.54 | 0.45 |
| | EL8353 | 100% | 44.94 | 0.08 | 0.20 | 0.14 |
| | EL8623 | 100% | 148.55 | 0.28 | 1.00 | 0.64 |
| | EL8712 | 100% | 90.99 | 1.36 | 3.41 | 2.39 |
| | EL8796 | 100% | 63.76 | 0.08 | 0.22 | 0.15 |
| | EL8797 | 100% | 65.89 | 0.19 | 0.59 | 0.39 |
| | EL8945 | 100% | 274.29 | 1.65 | 4.29 | 2.97 |
| | **Total Woodlawn and surrounding Projects in NSW** | | **1,260.39** | **16.40** | **36.33** | **26.37** |
| **Sulphur Springs** | E 45/4811 | 100% | 9.18 | 0.11 | 0.07 | 0.04 |
| | E 45/4993 | 100% | 2.56 | 0.00 | 0.00 | 0.00 |
| | E 45/6033 | 100% | 21.52 | 0.25 | 0.17 | 0.08 |
| | E 45/6034 | 100% | 31.92 | 0.28 | 0.18 | 0.08 |
| | M 45/494 | 100% | 4.72 | 1.58 | 1.05 | 0.51 |
| | M 45/587 | 100% | 4.39 | 1.47 | 0.97 | 0.48 |
| | M 45/653 | 100% | 4.97 | 1.11 | 0.72 | 0.32 |
| | M 45/1001 | 100% | 8.74 | 1.95 | 1.23 | 0.51 |
| | M 45/1254 | 100% | 11.58 | 4.30 | 2.90 | 1.51 |
| | **Total Sulphur Springs** | | **99.58** | **3.53** | **11.05** | **7.29** |
| | **Total Attributable Value** | | | **19.9** | **47.4** | **33.7** |

Source: SRK analysis (Total is rounded)

### 8.5.4 Summary – exploration potential valuation

In estimating the value of the exploration potential outside the defined Mineral Resource areas, SRK has considered the values implied by comparable transaction analysis and geoscientific rating methods.

In considering the overall value of the mineral assets, SRK has given equal weighting to the outcomes under both valuation methods, as it has no strong inclination to the values implied by one method over another. SRK has adopted the midpoint as its preferred value.

As summarised in Table 8.17, SRK considers the Market Value of the exploration potential of the Mineral Assets (excluding the areas covered by the defined Mineral Resources) to reside between A$14.0 M and A$31.8 M, with a preferred value of A$22.9 M.

**Table 8.17: Valuation summary – exploration potential on a net attributable basis**

| Method | Low (A$M) | High (A$M) | Preferred (A$M) |
|---|---|---|---|
| Comparable transactions | 6.6 | 13.2 | 9.9 |
| Geoscientific Rating | 16.4 | 36.3 | 26.4 |
| **Selected Woodlawn** | **11.5** | **24.8** | **18.2** |
| Comparable transactions | 1.5 | 3.0 | 2.2 |
| Geoscientific Rating | 3.5 | 11.1 | 7.3 |
| **Selected Sulphur Springs** | **2.5** | **7.0** | **4.8** |
| **Total on a net attributable basis** | **14.0** | **31.8** | **22.9** |

Source: SRK analysis (Total is rounded)

# 9 Valuation summary

Based on its technical assessment presented in the earlier sections of this Report, SRK has completed a valuation of Develop's Mineral Assets in accordance with its mandate.

SRK notes that the Market Value of the LoM schedules at Woodlawn and Sulphur Springs has been assessed by BDO (with input from SRK on the appropriate technical inputs) in its IER and therefore no value has been ascribed to the Ore Reserves and Mineral Resources informing the LoM by SRK in Table 9.1. Instead, SRK's focus has been on establishing the value of the Residual Resources (those defined Mineral Resources outside of the LoM schedule), any Resources not included in the LoM schedules, Exploration Targets and the exploration potential of the associated mineral tenures within each project.

At Whim Creek SRK was requested to consider the potential value of the Reserves in the LoM schedule and any Residual Resources. As noted earlier in this Report, SRK's analysis of the Reserves and LoM schedule resulted in a negative NPV and therefore SRK has valued the Whim Creek Resource in its entirety using the comparable transaction, actual transaction and Yardstick methods.

SRK has elected to adopt an equal weighting for the values implied by the comparable transaction analysis, actual transactions and industry yardsticks to inform its valuation range for the Residual Resources (Table 9.1). The only exception was the West Lynn Project for which the comparative transactions was selected over the yardstick values.

In estimating the value of the exploration potential of Develop's mineral tenures outside the defined Mineral Resource areas, SRK has estimated and then subtracted the area associated with the Ore Reserves and Mineral Resources from the relevant tenure. SRK has considered the values implied by comparable transaction analysis and geoscientific rating methods to these areas.

In considering the overall value of Develop's exploration potential assets, SRK has applied equal weighting to all valuation methods as it has no strong inclination to the values implied by one method over another. SRK has adopted the midpoint or average as its preferred value.

SRK has not valued the remaining exploration potential of Whim Creek, Alchemy Resources JV and Sky Metals JV Projects as when considering only a 20% attributable interest the value is not considered to be material.

Based on its analysis, SRK considers the current Market Value of Develop's Mineral Assets (excluding the Ore Reserves and Mineral Resources within the LoM Plan) on a net attributable basis resides between A$72.6 M and A$159.9 M, with a preferred value of A$115.2 M, as summarised in Table 9.1.

**Table 9.1: Summary of the Market Value of the Mineral Assets**

| Method | Low (A$M) | High (A$M) | Preferred (A$M) |
|---|---|---|---|
| Resources and Residual Resources | 32.3 | 74.1 | 51.0 |
| **Exploration Potential** | 11.5 | 24.8 | 18.2 |
| **Selected Woodlawn (100%)** | **43.8** | **98.9** | **69.2** |
| Resources and Residual Resources | 22.3 | 44.5 | 34.2 |
| Exploration Potential | 2.5 | 7.0 | 4.8 |
| **Selected Sulphur Springs (100%)** | **24.8** | **51.5** | **39.0** |
| Resources | 3.1 | 5.7 | 4.3 |
| Exploration Potential | - | - | - |
| **Selected Whim Creek (JV 20%)** | **3.1** | **5.7** | **4.3** |
| Resources and Residual Resources | 0.9 | 3.4 | 2.6 |
| Exploration Potential | - | - | - |
| **Alchemy Resources (West Lynn Project) (JV 20%)** | **0.9** | **3.4** | **2.6** |
| Resources | 0.1 | 0.3 | 0.2 |
| Exploration Potential | - | - | - |
| **Sky Metals Kangiara Project (JV 20%)** | **0.1** | **0.3** | **0.2** |
| **Total assets on a net attributable basis** | **72.6** | **159.9** | **115.2** |

Note: Any discrepancies between values in the tables are due to rounding.

# Closure

This report, Independent Specialist Report, was prepared by

srk consulting

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Donald Elder
Principal Consultant

and reviewed by

srk consulting

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Jeames McKibben
Principal Consultant

All data used as source material plus the text, tables, figures, and attachments of this document have been reviewed and prepared in accordance with generally accepted professional engineering and environmental practices.

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# Appendix A Comparative transactions

### Polymetallic Comparable transactions on a Resource multiple

| Project/ Company | Date | Purchaser | Vendor | State | Primary Commodity | Commodities | Development Status | Equity Acquired (%) | Consideration (100% basis) (A$M) | Resource (Mt) | Total In situ Resource Value (A$B) | Raw MTR % | Normalised MTR % |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Paperbark project | Sep-21 | Rubix Resources Limited | NorthernX Pty Limited | Queensland | Zinc | Copper, Lead, Silver, Zinc | Early to Advanced Exploration | 100% | 0.10 | 10.00 | 1.70 | 0.01% | 0.01% |
| Abra Mining Pty Ltd. | May-17 | Galena Mining Limited | Bloomgold Resources Pty Ltd | Western Australia | Lead | Copper, Gold, Lead, Silver, Zinc | Advanced Exploration | 100% | 3.70 | - | - | - | - |
| Cloncurry East project | Jul-17 | Magnum Mining and Exploration Limited | Washington H. Soul Pattinson and Company Limited | Queensland | Copper | Cobalt, Copper, Gold | Advanced Exploration | 50% | 4.00 | 1.30 | 0.12 | 3.25% | 3.22% |
| Millennium project | May-17 | Global Energy Metals Corporation | Hammer Metals Ltd. | Queensland | Copper | Cobalt, Copper, Gold, Lead, Silver, Zinc | Advanced Exploration | 75% | 3.60 | 3.07 | 0.23 | 1.57% | 1.59% |
| Sunny Corner project | Sep-19 | Sunshine Reclamation Pty Ltd | Argent Minerals Limited | New South Wales | Lead | Copper, Gold, Lead, Silver, Zinc | Advanced Exploration | 100% | 0.54 | 1.50 | 0.39 | 0.14% | 0.14% |
| Grasmere project | Apr-21 | Odin Metals Limited | Ausmon Resources Limited | New South Wales | Copper | Copper, Gold, Silver, Zinc | Advanced Exploration | 100% | 1.60 | 5.75 | 0.83 | 0.19% | 0.19% |
| Three base metals projects | Apr-17 | NorthernX Pty Limited | Teck Resources Limited | Queensland, South Australia | Zinc | Copper, Lead, Silver, Zinc | Advanced Exploration | 100% | 17.70 | 10.40 | 1.04 | 1.70% | 1.73% |
| Greater Liontown project | May-23 | Sunshine Gold Limited | Undisclosed seller | Queensland | Zinc | Copper, Gold, Lead, Zinc | Advanced Exploration | 100% | 3.00 | 4.94 | 2.83 | 0.11% | 0.10% |
| Napier Range and Emanuel Range | Oct-17 | Metalicity Limited | Ridgecape Holdings Pty Ltd | Western Australia | Zinc | Lead, Silver, Zinc | Advanced Exploration | 100% | 1.95 | 0.75 | 0.38 | 0.51% | 0.43% |
| Halls Creek project | Oct-20 | Cazaly Resources Limited | 3D Resources Limited | Western Australia | Copper | Copper, Diamonds, Gold, Lead, Nickel, Silver, Zinc | Advanced Exploration | 80% | 0.63 | 1.81 | 0.33 | 0.19% | 0.20% |
| Mallee Bull project | Jul-20 | Peel Mining Limited | CBH Resources Limited | New South Wales | Copper | Cobalt, Copper, Gold, Lead, Silver, Zinc | Advanced Exploration | 50% | 34.00 | 6.76 | 1.76 | 1.93% | 2.20% |
| Cullarin and Kangiara | Oct-19 | Sky Metals Limited | Heron Resources Limited | New South Wales | Copper | Copper, Gold, Lead, Silver, Zinc | Advanced Explroation | 80% | 2.50 | 2.50 | 0.37 | 0.67% | 0.66% |
| Kalkaroo project | May-22 | OZ Minerals Limited | Havilah Resources Limited | South Australia | Copper | Cobalt, Copper, Gold, Molybdenum | Scoping/ Pre-Feasibility | 100% | 205.00 | 269.87 | 22.82 | 0.90% | 0.60% |
| Manbarrum project | Jul-21 | Boab Metals Limited | Todd River Resources Limited | Northern Territory | Zinc | Lead, Silver, Zinc | Prefeas/ Scoping | 100% | 0.49 | 22.50 | 2.04 | 0.02% | 0.02% |
| Sorby Hills project | Jul-18 | Pacifico Minerals Limited | Quintana MH Holding Company LLC | Western Australia | Lead | Lead, Silver, Zinc | Feasibility Started | 75% | 5.51 | 16.50 | 3.32 | 0.17% | 0.16% |
| Mount Gunson project | Mar-17 | Gindalbie Metals Limited | Torrens Mining Ltd. | South Australia | Copper | Cobalt, Copper, Gold, Iron Ore, Silver, U3O8 | Feasibility | 25% | 5.48 | 20.30 | 2.00 | 0.27% | 0.27% |
| Stockman project | Jun-17 | CopperChem Limited | Independence Group NL | Victoria | Copper | Copper, Gold, Lead, Silver, Zinc | Pre-Development | 100% | 32.20 | 13.99 | 5.40 | 0.60% | 0.62% |
| Abra project | Jan-19 | Toho Zinc Co., Ltd. | Galena Mining Limited | Western Australia | Lead | Lead, Silver | Pre-Development | 40% | 225.00 | 37.40 | 8.30 | 2.71% | 2.67% |
| Portia and North Portia projects | Jun-18 | E B Mawson & Sons Pty Ltd | Havilah Resources Limited | South Australia | Copper, Gold | Cobalt, Copper, Gold, Lead, Molybdenum, Zinc | Feasibility | 100% | 13.50 | 12.96 | 1.92 | 0.70% | 0.60% |
| Whim Creek project | Jul-20 | Anax Metals Limited | Venturex Resources Limited | Western Australia | Copper | Copper, Gold, Lead, Lithium, Silver, Zinc | Feasibility/Care and Maintenance | 40% | 11.63 | 6.93 | 1.34 | 0.87% | 0.99% |
| Woodlawn | Feb-22 | Anax Metals Limited | Venturex Resources Limited | New South Wales | Zinc | Copper, Gold, Lead, Silver, Zinc | Construction/Care and Maintenance | 100% | 30.00 | 18.14 | 8.16 | 0.37% | 0.26% |
| Woodlawn | Feb-22 | Anax Metals Limited | Venturex Resources Limited | New South Wales | Zinc | Copper, Gold, Lead, Silver, Zinc | Construction/Care and Maintenance | 100% | 100.00 | 18.14 | 8.16 | 1.23% | 0.86% |

| Project/ Company | Date | Purchaser | Vendor | State | Primary Commodity | Commodities | Development Status | Equity Acquired (%) | Consideration (100% basis) (A$M) | Resource (Mt) | Total In situ Resource Value (A$B) | Raw MTR % | Normalised MTR % |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Barbara Copper project | Apr-17 | Washington H. Soul Pattinson and Company Limited | Syndicated Metals Ltd. | Queensland | Copper | Cobalt, Copper, Gold, Silver | Feasibility /Care and Maintenance | 50% | 4.60 | 4.75 | 0.65 | 0.70% | 0.72% |
| Tennant Creek Project | Sep-21 | Fe Limited | Gecko Mining Company Pty Ltd | Northern Territory | Copper | Copper, Gold | Closed | 60% | 26.42 | 6.62 | 1.88 | 1.41% | 1.20% |
| Century Zinc Mine | Mar-17 | New Century Resources Limited | Century Bull Pty Limited | Queensland | Zinc | Lead, Phosphate, Silver, Zinc | Closed | 100% | 10.00 | 74.22 | 9.24 | 0.11% | 0.10% |
| Whundo and other non-core tenements | Apr-21 | Ararat Resources Limited (previously Greentech Metals) | Artemis Resources Limited | Western Australia | Copper | Cobalt, Copper, Silver, Zinc | Care and Maintenance? | 100% | 2.05 | 3.86 | 0.60 | 0.34% | 0.33% |
| Eloise Copper Mine | Aug-21 | AIC Mines Limited | FMR Investments Pty Ltd | Queensland | Copper | Copper, Gold, Lead, Silver, Zinc | Operating | 100% | 27.00 | 2.70 | 0.98 | 2.76% | 2.38% |
| Jaguar operation | May-18 | CopperChem Limited | Independence Group NL | Western Australia | Zinc | Copper, Gold, Lead, Silver, Zinc | Operating | 100% | 73.20 | 6.50 | 2.54 | 2.88% | 2.50% |
| **Resources comprised predominantly of tailings below** | | | | | | | | | | | | | |
| Zeehan Slag | Oct-17 | Tartana Resources Limited | SciDev Limited | Tasmania | Zinc | Copper, Indium, Lead, Silver, Zinc | Care and Maintenance | 100% | 3.50 | 0.47 | 0.29 | 1.21% | 1.02% |
| Hellyer Tailing Resource | Apr-17 | NQ Minerals Plc | Bass Metals Limited | Tasmania | Zinc | Copper, Gold, Lead, Silver, Zinc | Operating? | 100% | 28.48 | 9.50 | 3.77 | 0.75% | 0.77% |

## Copper Comparable transactions on a Resource multiple

| Project/ Company | Date | Purchaser | Vendor | State | Primary Commodity | Commodities | Development Status | Equity Acquired (%) | Consideration (100% basis) (A$M) | Resource (Mt) | Total In situ Resource Value (A$B) | Raw MTR % | Normalised MTR % |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Red Bore project | Oct-20 | Sandfire Resources Limited | Private investor - Mr. William Richmond | Western Australia | Copper | Copper, Gold, Silver | Advanced Exploration | 10% | 8.77 | 0.048 | 0.02 | 48.77% | 64.72% |
| Cloncurry East project | Jul-17 | Magnum Mining and Exploration Limited | Washington H. Soul Pattinson and Company Limited | Queensland | Copper | Cobalt, Copper, Gold | Advanced Exploration | 50% | 4.00 | 1.3 | 0.12 | 3.25% | 5.30% |
| Millennium project | May-17 | Global Energy Metals Corporation | Hammer Metals Ltd. | Queensland | Copper | Cobalt, Copper, Gold, Lead, Silver, Zinc | Advanced Exploration | 75% | 3.60 | 3.071412 | 0.23 | 1.57% | 2.61% |
| Briggs, Mannersley and Fig Tree Hill Porphyry Copper Project | Aug-21 | African Energy Resources Limited | Canterbury Resources Limited | Queensland | Copper | Copper | Advanced Exploration | 30% | 10.00 | 143 | 5.32 | 0.19% | 0.18% |
| Grasmere project | Apr-21 | Odin Metals Limited | Ausmon Resources Limited | New South Wales | Copper | Copper, Gold, Silver, Zinc | Advanced Exploration | 100% | 1.60 | 5.75 | 0.83 | 0.19% | 0.20% |
| Alford East project | Nov-20 | Thor Mining PLC | Spencer Metals Pty Ltd | South Australia | Copper | Cobalt, Copper, Gold, Silver, U3O8 | Advanced Exploration | 80% | 0.66 | 125.6 | 1.89 | 0.03% | 0.04% |
| Halls Creek project | Oct-20 | Cazaly Resources Limited | 3D Resources Limited | Western Australia | Copper | Copper, Diamonds, Gold, Lead, Nickel, Silver, Zinc | Advanced Exploration | 80% | 0.63 | 1.81 | 0.33 | 0.19% | 0.25% |
| Mallee Bull project | Jul-20 | Peel Mining Limited | CBH Resources Limited | New South Wales | Copper | Cobalt, Copper, Gold, Lead, Silver, Zinc | Advanced Exploration | 50% | 34.00 | 6.76 | 1.76 | 1.93% | 2.66% |
| Nanadie well project | Jul-20 | Cyprium Metals Limited | Horizon Minerals Limited | Western Australia | Copper | Cobalt, Copper, Gold, Nickel, Palladium, Platinum, Silver | Advanced Exploration | 100% | 1.30 | 36.07 | 1.57 | 0.08% | 0.11% |
| Cullarin and Kangiara | Oct-19 | Sky Metals Limited | Heron Resources Limited | New South Wales | Copper | Copper, Gold, Lead, Silver, Zinc | Advanced Explroation | 80% | 2.50 | 2.5 | 0.37 | 0.67% | 0.99% |
| Northern Cue tenements non-gold rights | Feb-19 | Cyprium Australia Pty Ltd. | Musgrave Minerals Limited | Western Australia | Copper | Copper, Gold, Silver, Zinc | Prefeas/Scoping | 80% | 1.75 | 2.0137 | 0.34 | 0.52% | 0.73% |
| Kalkaroo project | May-22 | OZ Minerals Limited | Havilah Resources Limited | South Australia | Copper | Cobalt, Copper, Gold, Molybdenum | Scoping/ Pre-Feasibility | 100% | 205.00 | 269.87 | 23.50 | 0.87% | 0.82% |
| Eva Copper Project | Oct-22 | Harmony Gold Mining Company Limited | Copper Mountain Mining Corporation | Queensland | Copper | Copper, Gold | Feasibility/ Development? | 100% | 264.82 | 306.906 | 16.68 | 1.59% | 1.65% |
| Stockman project | Jun-17 | CopperChem Limited | Independence Group NL | Victoria | Copper | Copper, Gold, Lead, Silver, Zinc | Feasibility/ Development? | 100% | 32.20 | 13.986 | 5.40 | 0.60% | 0.98% |
| Mount Gunson project | Mar-17 | Gindalbie Metals Limited | Torrens Mining Ltd. | South Australia | Copper | Cobalt, Copper, Gold, Iron Ore, Silver, U3O8 | Feasibility | 25% | 5.48 | 20.3 | 2.00 | 0.27% | 0.45% |
| Portia and North Portia projects | Jun-18 | E B Mawson & Sons Pty Ltd | Havilah Resources Limited | South Australia | Copper, Gold | Cobalt, Copper, Gold, Lead, Molybdenum, Zinc | Feasibility | 100% | 13.50 | 12.956 | 1.92 | 0.70% | 0.95% |
| Leigh Creek project | Oct-17 | Ebony Iron Pty Limited | Resilience Mining Australia Limited | South Australia | Copper | Copper | Feasibility | 100% | 3.00 | 3.615 | 0.22 | 1.38% | 1.97% |
| Whim Creek project | Jul-20 | Anax Metals Limited | Venturex Resources Limited | Western Australia | Copper | Copper, Gold, Lead, Lithium, Silver, Zinc | Feasibility/Care and Maintenance | 40% | 11.63 | 6.926 | 1.34 | 0.87% | 1.20% |
| Barbara Copper project | Apr-17 | Washington H. Soul Pattinson and Company Limited | Syndicated Metals Ltd. | Queensland | Copper | Cobalt, Copper, Gold, Silver | Feasibility /Care and Maintenance | 50% | 4.60 | 4.746075 | 0.65 | 0.70% | 1.16% |
| Whundo and other non-core tenements | Apr-21 | Ararat Resources Limited (previously Greentech Metals) | Artemis Resources Limited | Western Australia | Copper | Cobalt, Copper, Silver, Zinc | Care and Maintenance? | 100% | 2.05 | 3.857 | 0.60 | 0.34% | 0.35% |

| Project/ Company | Date | Purchaser | Vendor | State | Primary Commodity | Commodities | Development Status | Equity Acquired (%) | Consideration (100% basis) (A$M) | Resource (Mt) | Total In situ Resource Value (A$B) | Raw MTR % | Normalised MTR % |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Tennant Creek Project | Sep-21 | Fe Limited | Gecko Mining Company Pty Ltd | Northern Territory | Copper | Copper, Gold | Closed | 60% | 26.42 | 6.62 | 1.88 | 1.41% | 1.38% |
| Paterson project | Feb-21 | Cyprium Limited | Metals X Limited | Western Australia | Copper | Copper | Care and Maintenance | 100% | 66.50 | 95.93 | 13.12 | 0.51% | 0.58% |
| Springfield project | Jun-18 | Sandfire Resources NL | Talisman Mining Limited | Western Australia | Copper | Copper, Gold, Silver | Pre-production | 30% | 241.00 | 1.05 | 1.01 | 23.87% | 32.10% |
| Eloise Copper Mine | Aug-21 | AIC Mines Limited | FMR Investments Pty Ltd | Queensland | Copper | Copper, Gold, Lead, Silver, Zinc | Operating | 100% | 27.00 | 2.696 | 0.98 | 2.76% | 2.69% |
| CSA project | Mar-22 | Metals Acquisition Corp | Glencore plc | New South Wales | Copper | Copper, Lead, Silver, Zinc | Operating | 100% | 1,479.06 | 11.4 | 8.76 | 16.88% | 15.21% |

## Nickel Comparable transactions on a Resource (MTR) multiple basis

| Project/ Company | Date | Purchaser | Vendor | State | Mineralisation Style | Commodities | Development Status | Consideration (100% basis) (A$M) | Equity Acquired (%) | Resource (Mt) | Total In situ Resource Value A$B (MTR basis) | MTR (%) | Normalised MTR (%) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Irwin-Coglia project | Sep-18 | Glencore Plc | Brockman Mining Limited | Western Australia | Laterite | Cobalt, Copper, Nickel | Advanced Exploration | 4.25 | 40% | 17.90 | 5.44 | 0.08% | 0.14% |
| Grey Dam project | Mar-18 | Carnavale Resources Limited | KalNorth Gold Mines Limited | Western Australia | Laterite | Cobalt, Nickel | Advanced Exploration | 0.11 | 100% | 14.50 | 2.56 | 0.004% | 0.01% |
| Wiluna project | Oct-18 | A-Cap Energy Limited | Blackham Resources Limited | Western Australia | Laterite | Cobalt, Nickel | Advanced Exploration | 14.50 | 20% | 78.00 | 14.50 | 0.10% | 0.18% |
| Mt Jewell project | Feb-20 | Great Boulder Resources Limited | Private investor - Simon Buswell-Smith | Western Australia | Sulphide | Nickel | Advanced Exploration | 0.17 | 75% | 0.09 | 0.03 | 0.53% | 0.87% |
| Nepean project | Nov-20 | Investor group | Undisclosed seller | Western Australia | Sulphide | Nickel | Advanced Exploration | 4.00 | 100% | 0.60 | 0.29 | 1.390% | 2.02% |
| Carr Boyd project | Oct-17 | Estrella Resources Limited | Apollo Phoenix Resources Pty Limited | Western Australia | Sulphide | Cobalt, Copper, Nickel, Palladium, Platinum | Advanced Exploration | 1.01 | 100% | 0.62 | 0.15 | 0.67% | 1.46% |
| Saints and Leinster projects | Jul-19 | Auroch Minerals Limited | Minotaur Exploration Limited | Western Australia | Sulphide? | Cobalt, Copper, Gold, Nickel, Palladium, Platinum | Advanced Exploration | 1.27 | 100% | 1.65 | 0.63 | 0.201% | 0.33% |
| Collerina project tenements & EL8703 | Sep-21 | Helix Resources Limited | Alpha HPA Limited | New South Wales | Sulphide? | Cobalt, Copper, Gold, Nickel, Precious Metals, Silver, Zinc | Advanced Exploration | 0.40 | 100% | 17.90 | 4.97 | 0.01% | 0.01% |
| Cannon Resources Limited | Oct-22 | " | Kinterra Battery Metals Mining Fund" | Western Australia | Sulphide | Cobalt, Copper, Nickel | Advanced Exploration | 48.08 | 80% | 8.13 | 5.13 | 0.94% | 0.85% |
| Pardoo project | Jun-18 | Caeneus Minerals Limited | Arrow Minerals Limited | Western Australia | Sulphide | Cobalt, Copper, Nickel | Advanced Exploration | 1.00 | 20% | 44.70 | 3.24 | 0.03% | 0.05% |
| West Musgrave Project | Aug-16 | OZ Minerals Limited | Cassini Resources Limited | Western Australia | Sulphide | Cobalt, Copper, Gold, Nickel, Palladium, Platinum, Platinum Group Metals | Prefeas/Scoping | 43.14 | 51% | 359.00 | 23.27 | 0.185% | 0.43% |
| Sinclair | Oct-19 | Saracen Mineral Holdings | Talisman Mining | Western Australia | Sulphide | Cobalt, Copper, Nickel | Advanced Exploration/C&M | 10.00 | 100% | 0.72 | 0.42 | 2.41% | 3.04% |
| St Ives | Nov-20 | Lunnon Metals Ltd. | St Ives Gold mining Company | Western Australia | Sulphide | Cobalt, Copper, Nickel | Advanced Exploration/C&M | 27.37 | 49% | 1.24 | 0.84 | 3.26% | 4.74% |
| Nickel rights | Feb-21 | Australian Nickel Company Limited | Essential Metals Limited | Western Australia | Sulphide | Nickel | Advanced Exploration/C&M | 6.03 | 75% | 0.22 | 0.16 | 3.867% | 5.10% |
| Lanfranchi project | Sep-18 | Black Mountain Metals LLC | Panoramic Resources Limited | Western Australia | Sulphide | Cobalt, Copper, Nickel | C&M | 15.10 | 100% | 5.65 | 1.65 | 0.91% | 1.66% |
| Long Operation | May-19 | Mincor Resources NL | Independence Group NL | Western Australia | Sulphide | Cobalt, Copper, Nickel | C&M | 3.50 | 100% | 1.17 | 0.78 | 0.45% | 0.82% |
| Avebury nickel mine | Feb-22 | Dundas Mining Pty Limited | Mallee Resources | Tasmania | Sulphide | Nickel | Feasibility/C&M | 103.40 | 100% | 29.40 | 9.17 | 1.13% | 1.06% |
| Avebury nickel mine | Sep-16 | Dundas Mining Pty Limited | MMG Limited | Tasmania | Sulphide | Nickel | Feasibility/C&M | 25.00 | 100% | 29.40 | 3.65 | 0.69% | 1.61% |
| Ravensthorpe Nickel project | May-21 | POSCO | First Quantum Minerals Ltd. | Western Australia | Sulphide | Cobalt, Copper, Nickel, Zinc | Operating | 1,027.12 | 30% | 331.80 | 48.48 | 2.119% | 2.96% |

## Polymetallic Comparable transactions on an area multiple basis

| Project/ Company | Date | Purchaser | Vendor | State | Primary Commodity | All commodities | Development Stage | Consideration (100% basis) (A$M) | Equity Acquired (%) | Area (km²) | Area Multiple (A$/km²) | Normalised Area Multiple (A$/km²) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Top Camp Project | Mar-21 | Mayfair Corporations Group Pty Ltd | Orion Metals Limited | Queensland | Copper | Copper, Gold | Early Exploration | 100% | 0.50 | 4.057 | 123,244 | 120,277 |
| P59/2116 | Jun-18 | Venture Minerals Limited | Finders Corporation Pty Ltd. | Western Australia | Copper | Copper, Gold, Iron Ore, Zinc | Early Exploration | 100% | 0.01 | 1.7 | 8,206 | 7,040 |
| Koojan project | Jun-20 | Lachlan Star Limited | Coobaloo Minerals Pty Ltd | Western Australia | Copper | Cobalt, Copper, Gold, Nickel, Palladium, Platinum | Early Exploration | 51% | 1.74 | 600 | 2,892 | 3,479 |
| Horseshoe tenements | Jan-21 | Kopore Metals Limited | Horseshoe Metals Limited | Western Australia | Copper | Copper, Gold, Lead, Silver, Zinc | Prefeas/Scoping | 51% | 2.84 | 32.4 | 87,751 | 88,454 |
| Havieron (12 sub-blocks of EL) | Mar-19 | Newcrest Mining | Greatland Gold Plc | Western Australia | Gold | Copper, Gold | Advanced Exploration | 40% | 70.59 | 38.18867 | 1,848,584 | 1,622,513 |
| Paterson project (PEP) | Jun-20 | IGO Limited | Metals X Limited | Western Australia | Copper | Copper | Care and Maintenance? | 70% | 45.71 | 2394 | 19,095 | 22,970 |
| Paterson North project | Aug-20 | Rio Tinto Exploration Proprietary Limited | Sipa Resources Limited | Western Australia | Copper | Copper, Gold, Molybdenum, Silver, Tungsten | Early Exploration | 55% | 11.36 | 1237.46 | 9,183 | 9,699 |
| Mt Macpherson project | Nov-19 | Avira Resources Limited | Mount Macpherson Pty Ltd | Western Australia | Copper | Base Metals, Copper, Gold | Early Exploration | 100% | 0.25 | 130.28 | 1,919 | 1,909 |
| East Tennant Project | May-23 | Middle Island Resources Limited | Strategic Energy Resources Limited | Northern Territory | Copper | Copper, Gold | Early Exploration | 100% | 0.73 | 1319 | 553 | 524 |
| Mallapunyah project | Dec-17 | MMG Exploration Pty Ltd. | Red Metal Limited | Northern Territory | Zinc | Lead, Silver, Zinc | Early Exploration | 60% | 6.67 | 0 | #DIV/0! | #DIV/0! |
| West Kimberley project | Nov-18 | Buxton Resources Limited | New World Cobalt Limited | Western Australia | Zinc | Cobalt, Copper, Gold, Lead, Nickel, Silver, Zinc | Early Exploration | 100% | 0.20 | 552 | 362 | 358 |
| Mendooran project | Mar-17 | Newcrest Operations Ltd. | Alice Queen Limited | New South Wales | Copper | Copper, Gold | Early Exploration | 51% | 9.80 | 468 | 20,949 | 20,320 |
| Mt. Elephant project | Jul-18 | Great Fingall Mining Company N.L. | Korab Resources Limited | Western Australia | Copper | Copper, Gold, Iron Ore, Lanthanides, Potash, Potassium Oxide | Early Exploration | 100% | 0.55 | 402 | 1,368 | 1,348 |
| EPM 28005 and EPM 28063 | Jun-23 | Bindi Metals Limited | Lark Resources Pty Ltd | Queensland | Copper | Copper, Gold, Silver | Early Exploration | 100% | 0.02 | 456.2 | 51 | 51 |
| Palmer River Project | Oct-22 | Revolver Resources Holdings Ltd | Great Southern Mining Limited | Queensland | Copper | Cobalt, Copper, Gold, Lead, Silver, Zinc | Early Exploration | 100% | 1.00 | 411.8 | 2,428 | 1,839 |
| Neutral Junction Project (Donkey Creek, Home of Bullion, Neutral Junction, Adnera, Ooralingie, Buggy Camp) | Mar-22 | Eastern Metals Limited | Bowgan Minerals Ltd. | Northern Territory | Copper | Cobalt, Copper, Gold, Lead, Lithium, Silver, Zinc | Advanced Exploration | 100% | 0.15 | 503.75 | 306 | 201 |
| Unca Creek project | Mar-17 | KGL Resources Limited | Natural Resources Exploration | Northern Territory | Copper | Copper, Gold, Lead, Silver, Zinc | Prefeas/Scoping | 100% | 0.50 | 72.9 | 6,859 | 6,653 |
| Montejinni & Claypan Dam | Jun-18 | Tempus Resources Limited | Aurum Fabri Pty Limited | Northern Territory / South Australia | Copper | Copper, Gold, U3O8, Zinc | Early Exploration | 90% | 0.14 | 890 | 156 | 134 |
| Portfolio of projects | May-21 | Comet Resources Limited | Bath Resources Pty Ltd. | Northern Territory | Copper | Copper, Gold, Lead, Silver, Zinc | Early Exploration | 100% | 0.75 | 258 | 2,898 | 2,680 |

| Project/ Company | Date | Purchaser | Vendor | State | Primary Commodity | All commodities | Development Stage | Consideration (100% basis) (A$M) | Equity Acquired (%) | Area (km²) | Area Multiple (A$/km²) | Normalised Area Multiple (A$/km²) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Four Areas of Mount Isa Project | Nov-19 | Japan Oil, Gas and Metals National Corporation | Hammer Metals Limited | Queensland | Copper | Cerium, Cobalt, Copper, Gold, Graphite, Iron Ore, Lanthanum, Lead, Molybdenum, Rhenium, Silver | Early Exploration | 60% | 10.00 | 290 | 34,483 | 34,309 |
| Windsor joint venture | Oct-18 | Minotaur Exploration Limited | Undisclosed seller | Queensland | Zinc | Copper, Gold, Lead, Silver, Zinc | Early Exploration | 51% | 3.92 | 629 | 6,235 | 5,855 |
| EPM 26316 | Jul-19 | Aeon Metals Limited | Footprint Resources Pty Ltd | Queensland | Copper | Cobalt, Copper, Lead, Nickel, Silver, Zinc | Early Exploration | 100% | 0.01 | 195.644 | 51 | 52 |
| EPM 14955 and 17805 | Jun-20 | Rio Tinto Exploration Proprietary Limited | ActivEX Limited | Queensland | Copper | Antimony, Cobalt, Copper, Gold, Lanthanides, Lead, Molybdenum, Rhenium, Selenium, Silver, Tellurium, $U_3O_8$, Zinc | Early Exploration | 100% | 0.05 | 172.8 | 289 | 348 |
| Breena Plains tenements | Feb-20 | Investor group | Sandfire Resources Limited | Queensland | Copper | Copper, Gold, Lead, Zinc | Early Exploration | 51% | 7.84 | 1226 | 6,397 | 7,131 |
| Gorge Creek project | Sep-19 | Traka Resources Limited | Cobalt QLD Pty Ltd. | Queensland | Copper | Cobalt, Copper, Lead, Zinc | Early Exploration | 46% | 0.86 | 159.661 | 5,357 | 5,529 |
| West Kimberley tenements | Nov-18 | IGO Limited | Buxton Resources Limited | Western Australia | Zinc | Copper, Gold, Lead, Nickel, Silver, Zinc | early exploration | 80% | 3.75 | 552 | 6,793 | 6,704 |
| Bonaparte project | Jul-17 | Victory Mines Limited | Investor group | Western Australia | Zinc | Cobalt, Copper, Lead, Silver, Zinc | Early Exploration | 100% | 0.30 | 550 | 545 | 540 |
| Sunset and Black Rock properties | Oct-18 | Mount Dockerell Mining Pty Ltd. | Undisclosed seller | Queensland | Copper | Cerium, Cobalt, Copper, Gold, Lanthanum, Molybdenum, Neodymium, Praseodymium, $U_3O_8$ | Early Exploration | 100% | 0.03 | 19.20765282 | 1,302 | 1,222 |
| Russell project | Jun-21 | Battery Minerals Limited | iCopper Pty Ltd | Western Australia | Copper | Cobalt, Copper, Gold, Lead, Nickel, Zinc | Early Exploration | 100% | 2.60 | 258 | 10,078 | 9,217 |
| Oldham Range property | Jul-21 | Meryllion Resources Corp. | Undisclosed seller | Western Australia | Copper | Cobalt, Copper, Nickel, Palladium, Platinum, Zinc | Early Exploration | 100% | 0.24 | 147 | 1,602 | 1,427 |
| EL5306 & 5717 (Walparuta Project) | Dec-17 | Petratherm Limited | SAEX Pty Ltd | South Australia | Copper | Copper, Gold, Lead, Silver, Zinc | Early Exploration | 100% | 0.05 | 78 | 641 | 543 |
| EL5497 | Dec-17 | Petratherm Limited | Musgrave Minerals Limited | South Australia | Copper | Copper, Gold, Lead, Silver, Zinc | Early Exploration | 51% | 0.98 | 260 | 3,771 | 3,193 |
| Bonaventura zinc project & Arden Project | Mar-18 | Auroch Minerals Limited | Zinc Mining Pty Ltd. | South Australia | Zinc | Gold, Lead, Zinc | Early to Advanced Exploration | 100% | 1.23 | 873 | 1,407 | 1,180 |
| Arden & Bonaventura | Mar-18 | Auroch Minerals Limited | Resource Holdings Pty Ltd. | South Australia | Zinc | Cobalt, Copper, Diamonds, Gold, Iron, Lead, Manganese, Zinc | Early Exploration | 90% | 0.90 | 944 | 958 | 804 |
| Northampton project | Aug-18 | Caprice Resources Limited | Red Field Pty Ltd. | Western Australia | Lead | Copper, Lead, Silver, Zinc | Early Exploration | 100% | 0.18 | 130 | 1,346 | 1,388 |
| Hellcat project | Dec-21 | Pantera Minerals Limited | Bangemall Metals Pty Ltd. | Western Australia | Lead | Copper, Lead, Silver, Zinc | Early Exploration | 80% | 0.65 | 442 | 1,471 | 1,094 |
| Yungaro project | Dec-21 | Caprice Resources Limited | Belres Pty Ltd | Western Australia | Lead | Copper, Lead, Silver, Zinc | Early to Advanced Exploration | 100% | 0.21 | 130 | 1,615 | 1,202 |

| Project/ Company | Date | Purchaser | Vendor | State | Primary Commodity | All commodities | Development Stage | Consideration (100% basis) (A$M) | Equity Acquired (%) | Area (km²) | Area Multiple (A$/km²) | Normalised Area Multiple (A$/km²) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Three projects | Feb-22 | Bellavista Resources Limited | Resminex Pty Ltd | Western Australia | Zinc | Chromium, Copper, Nickel, Palladium, Platinum, Silver, Zinc | Early Exploration | 100% | 0.20 | 536.89 | 373 | 261 |
| Earaheedy Basin | Jul-23 | Lodestar Minerals Limited | BPM Minerals Limited | Western Australia | Zinc | Lead, Silver, Zinc | Early Exploration | 100% | 0.10 | 76 | 1,316 | 1,316 |
| 5 Tenements | May-23 | Sunshine Gold Limited | Undisclosed Seller | Queensland | Zinc | Copper, Gold, Lead, Zinc | Early to Advanced Exploration | 100% | 0.25 | 221 | 1,131 | 1,073 |
| Sunny Corner project | Jan-20 | MinRex Resources | Argent Minerals Limited | New South Wales | Lead | Copper, Gold, Lead, Silver, Zinc | Early Exploration | 90% | 1.78 | 242 | 7,346 | 7,573 |
| Ophir EL8323 and Wisemans Creek EL8554 Projects | Mar-22 | Orange Minerals NL | Godolphin Resources Limited | New South Wales | Zinc | Copper, Gold, Lead, Molybdenum, Rhenium, Silver, Zinc | Early Exploration | 100% | 0.55 | 403 | 1,365 | 898 |
| Bali project | Apr-18 | Norwest Minerals Limited | TasEx Geological Services Pty Ltd. | Western Australia | Copper | Copper, Gold, Lead, Silver, Zinc | Early Exploration | 100% | 0.18 | 41 | 4,268 | 3,635 |
| Cheroona project tenements | Feb-20 | Sandfire Resources Limited | Investor group | Western Australia | Copper | Copper, Gold, Lead, Silver, Zinc | Early Exploration | 70% | 1.71 | 107.833 | 15,898 | 17,721 |
| Morck's Well East & Doolgunna projects | Feb-18 | Sandfire Resources Limited | Investor group | Western Australia | Copper | Copper, Gold, Iron Ore, Manganese, Titanium, Vanadium, Zinc | Early Exploration | 70% | 2.29 | 1350 | 1,693 | 1,333 |
| Cashman tenements | Sep-19 | Sandfire Resources Limited | Auris Minerals Limited | Western Australia | Copper | Copper, Gold, Lead, Silver, Zinc | Early Exploration | 70% | 1.99 | 226.541 | 8,763 | 9,044 |
| E20/948 | Jan-20 | Scorpion Minerals Limited | Element 25 Limited | Western Australia | Copper | Cobalt, Copper, Gold, Lead, Silver, Zinc | Early Exploration | 100% | 0.09 | 204 | 441 | 455 |
| Doolgunna Station project | Jun-18 | AIC Mines Limited | Ausgold Limited | Western Australia | Copper | Copper, Gold | Early Exploration | 70% | 3.07 | 176 | 17,451 | 14,971 |
| E51/1677 tenement | Feb-18 | Rumble Resources Limited | Private Investor - Marjorie Ann Molloy | Western Australia | Copper | Cobalt, Copper, Gold, Lead, Nickel, Silver, Zinc | Early Exploration | 80% | 0.30 | 98.3 | 3,052 | 2,403 |
| Yamarna project | Oct-18 | Great Boulder Resources Limited | Ausgold Limited | Western Australia | Copper | Cobalt, Copper, Nickel | Advanced Exploration | 51% | 1.11 | 300 | 3,693 | 3,468 |
| Non-gold mineral rights on E57/1134 | Mar-22 | Rio Tinto Group | Twenty Seven Co. Limited | Western Australia | Copper | Arsenic, Cobalt, Copper, Lead, Nickel, Silver, Zinc | Advanced Exploration | 80% | 6.28 | 221 | 28,422 | 18,709 |
| Pitfield project, Stavely project, Walton project | Apr-22 | Empire Metals Limited | Century Minerals Pty Ltd | Western Australia; Victoria | Copper | Copper, Gold | Early Exploration | 70% | 0.93 | 1718.5 | 542 | 323 |
| 4 Sub Blocks of EPM 27411 | Dec-22 | Revolver Resources Holdings Ltd | Colt Resources Pty Ltd | Queensland | Copper | Cobalt, Copper, Gold, Silver, Zinc | Early Exploration | 50% | 0.08 | 13 | 6,154 | 4,690 |
| Mogul Copper-Zinc VMS project | Sep-22 | Kogi Iron Limited | Mining Equities Pty Ltd | Western Australia | Copper | Copper, Zinc | Early Exploration | 100% | 0.01 | 44.51 | 125 | 95 |
| Two Exploration Licenses | Apr-23 | Lodestar Minerals Limited | Tripod Resources Pty Ltd | Western Australia | Copper | Copper, Diamonds, Gold, Lead, Palladium, Platinum, Rhodium, Silver, $U_3O_8$, Zinc | Early Exploration | 100% | 0.19 | 268 | 709 | 605 |
| Quartz Bore project | Aug-17 | Tando Resources Ltd. | VMS Resources Proprietary Limited | Western Australia | Zinc | Copper, Lead, Zinc | Early Exploration | 100% | 0.30 | 15 | 20,000 | 18,773 |
| E59/2243, E59/2244 and E59/2288 | Aug-18 | Venture Minerals Limited | Galahad Resources Pty Ltd. | Western Australia | Copper | Copper, Gold, Iron Ore, Zinc | Early Exploration | 100% | 0.09 | 197.5 | 441 | 454 |
| Eastman project | Nov-17 | Peako Limited | Sandrib Pty Ltd. | Western Australia | Copper | Copper, Gold, Lead, Nickel, Platinum, Silver, Zinc | Early Exploration | 60% | 1.11 | 221.2 | 5,033 | 4,199 |

| Project/<br>Company | Date | Purchaser | Vendor | State | Primary Commodity | All commodities | Development Stage | Consideration (100% basis) (A$M) | Equity Acquired (%) | Area (km²) | Area Multiple (A$/km²) | Normalised Area Multiple (A$/km²) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| E59/2285 | Jun-18 | Venture Minerals Limited | Galahad Resources Pty Ltd. | Western Australia | Copper | Cobalt, Copper, Gold, Iron Ore, Lead, Nickel, Silver, Zinc | Early Exploration | 95% | 0.01 | 174.8 | 60 | 52 |
| Musgrave project | Dec-19 | Wirraway Metals & Mining Pty Ltd | Traka Resources Limited | Western Australia | Copper | Cobalt, Copper, Gold, Lead, Nickel, Palladium, Platinum, Rhodium, $U_3O_8$, Zinc | Early Exploration | 100% | 0.25 | 1307.68 | 191 | 205 |
| Oakover project | Dec-20 | Black Canyon Pty Ltd | Carawine Resources Limited | Western Australia | Copper | Cobalt, Copper, Gold, Iron Ore, Manganese, Palladium, Platinum, Silver | Early Exploration | 51% | 2.94 | 796.162 | 3,694 | 3,541 |
| Perrinvale project | Apr-20 | Cobre Limited | Investor group | Western Australia | Copper | Copper, Gold, Silver, Zinc | Early Exploration | 20% | 8.03 | 381 | 21,076 | 24,697 |
| Koojan property | Jan-21 | Liontown Resources Limited | Lachlan Star Limited | Western Australia | Copper | Copper, Nickel, Platinum Group Metals | Early Exploration | 30% | 3.33 | 601 | 5,546 | 5,591 |
| Mount Venn | Mar-18 | Magmatic Resources Limited | Montezuma Mining Company Limited | Western Australia | Copper | Cobalt, Copper, Nickel | Early Exploration | 100% | 1.18 | 59.5 | 19,748 | 16,564 |
| Barraba project | Jan-20 | Comet Resources Limited | Private investor - Jonothan Downes | New South Wales | Copper | Copper | Early Exploration | 100% | 1.20 | 23.75 | 50,526 | 52,088 |
| Bethanga project | Dec-21 | Nexus Minerals Limited | Undisclosed seller | Victoria | Copper | Copper, Gold | Early Exploration | 100% | 0.85 | 194 | 4,356 | 3,240 |
| Black Range project | Feb-21 | Resource Base Limited | Navarre Minerals Limited | Victoria | Copper | Base Metals, Coal, Copper, Gold, Lead, Platinum Group Metals, Silver, Zinc | Early Exploration | 100% | 1.20 | 124 | 9,677 | 9,664 |
| Ravenswood West project | Mar-21 | XXXX Gold Pty Limited | Stavely Minerals Limited | Queensland | Copper | Cerium, Copper, Gold, Lanthanides, Lanthanum, Lead, Molybdenum, Neodymium, Praseodymium, Rare Earth Elements, Samarium, Silver | Advanced Exploration | 100% | 0.41 | 366 | 1,133 | 1,105 |
| Elliott project | Sep-20 | BHP Group | Encounter Resources Limited | Northern Territory | Copper | Copper | Early Exploration | 75% | 29.33 | 4500 | 6,519 | 6,816 |
| Highlands project | May-18 | Minotaur Exploration Limited | Syndicated Metals Limited | Queensland | Copper | Cobalt, Copper, Gold, Lead, Silver, $U_3O_8$, Zinc | Early Exploration | 100% | 0.40 | 776 | 515 | 448 |
| EL29599 (Bonya Project) | Mar-18 | Thor Mining PLC | Rox Resources Limited | Northern Territory | Copper | Tungsten, Molybdenum | Early Exploration | 100% | 0.05 | 15.799 | 3,165 | 2,655 |
| EL29701 (Bonya Project) | Mar-18 | Thor Mining PLC | Rox Resources Limited | Northern Territory | Copper | Tungsten, Molybdenum | Early Exploration | 40% | 1.25 | 278.313 | 4,491 | 3,767 |
| Crowl Creek project | Jan-18 | Talisman Mining Limited | Kidman Resources Limited | New South Wales | Copper | Copper, Gold, Lead, Silver | Early Exploration | 100% | 0.25 | 278 | 899 | 735 |
| Gorge Creek project | Nov-17 | Traka Resources Limited | Cobalt QLD Pty Ltd. | Queensland | Copper | Cobalt, Copper, Lead, Zinc | Early Exploration | 51% | 1.96 | 159.661 | 12,281 | 10,245 |
| Clermont project | Aug-21 | Metallica Minerals Limited | Diatreme Resources Limited | Queensland | Copper | Copper, Gold, Molybdenum | Early Exploration | 25% | 1.20 | 240 | 5,000 | 4,319 |
| Beefwood project | Aug-21 | R3D Resources Limited | Investor group | Queensland | Copper | Copper, Gold, Iron, Magnesium, Niobium, Titanium, Yttrium, Zirconium | Early Exploration | 100% | 0.72 | 65.3 | 11,060 | 9,554 |
| Highlands Tenements | Dec-20 | Larvotto Resources Ltd | Minotaur Exploration Limited | Queensland | Copper | Copper, Gold | Early Exploration | 100% | 0.85 | 753 | 1,129 | 1,082 |

| Project/ Company | Date | Purchaser | Vendor | State | Primary Commodity | All commodities | Development Stage | Consideration (100% basis) (A$M) | Equity Acquired (%) | Area (km²) | Area Multiple (A$/km²) | Normalised Area Multiple (A$/km²) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Templeton & mingera epms | Feb-21 | South32 Limited | Pegmont Mines Limited | Queensland | Copper | Copper, Gold | Early Exploration | 100% | 1.00 | 139 | 7,194 | 7,184 |
| EL 5586 | Oct-20 | Rio Tinto Exploration Proprietary Limited | Renascor Resources Limited | South Australia | Copper | Copper, $U_3O_8$ | Early Exploration | 80% | 4.00 | 283 | 14,134 | 14,599 |
| Burra tenements | Aug-17 | Ausmex Mining Group Limited | PNX Metals Limited | South Australia | Copper | Chromium, Cobalt, Copper, Gold, Lanthanides, Lead, Lithium, Manganese, Nickel, Scandium, Tungsten, $U_3O_8$, Zinc | Early Exploration | 90% | 0.39 | 1190 | 327 | 307 |
| Churchill Dam project | Aug-17 | Riversgold (Australia) Pty Ltd. | Debnal Pty Ltd | South Australia | Copper | Copper, Gold, $U_3O_8$ | Early Exploration | 100% | 0.10 | 107.447 | 931 | 874 |
| Strikeline Projects (Flinders, Torrens and Mt Craig | May-20 | Taruga Minerals Limited | Undisclosed sellers | South Australia | Copper | Cobalt, Copper, Gold, Iron, Iron Ore, Platinum Group Metals, Rare Earth Elements, Silver, Vanadium | Early Exploration | 100% | 0.69 | 1937 | 356 | 416 |
| Stuart Shelf tenement package | Sep-20 | Yandan Gold Mines Pty Ltd | Investigator Resources Limited | South Australia | Copper | Copper, Gold | Early Exploration | 51% | 4.61 | 1828 | 2,521 | 2,636 |
| EPM26435 | Jun-22 | Austral Resources Australia Ltd | Glencore plc | Queensland | Copper | Copper | Early Exploration | 65% | 3.08 | 116 | 26,525 | 18,149 |
| Mayfield project | Jun-22 | C29 Metals Limited | GBM Resources Limited | Queensland | Copper | Copper, Gold | Advanced Exploration | 100% | 0.50 | 91 | 5,495 | 3,759 |
| Base and precious metal rights within the Honeymoon project | Feb-22 | First Quantum Minerals Ltd. | Boss Energy Limited | South Australia | Copper | Copper, Gold, Lead, Silver, Zinc | Advanced Exploration | 75% | 8.30 | 2595 | 3,198 | 2,237 |
| EPM27537 | Mar-22 | Cooper Metals Limited | Nuclear Energy Pty Ltd | Queensland | Copper | Copper, Gold | Advanced Exploration | 100% | 0.05 | 275 | 182 | 120 |
| Mt Clark West project | Mar-22 | Far East Gold Limited | Ellenkay Gold Pty Limited | Queensland | Copper | Copper, Gold | Advanced Exploration | 90% | 0.57 | 19.12 | 29,637 | 19,509 |
| 104 sub-blocks | Jun-22 | Glencore plc | Austral Resources Australia Ltd | Queensland | Copper | Copper, Lead, Magnesium, Silver, Zinc | Exploration | 65% | 5.62 | 330 | 17,016 | 11,643 |
| Mabel Creek IOCG Project | Jan-23 | Talisman Mining Limited | First Au Limited | South Australia | Copper | Copper, Gold | Early Exploration | 100% | 0.30 | 1050 | 286 | 212 |
| Spring Creek Project | Sep-22 | Undisclosed Buyer | TNG Limited | South Australia | Copper | Copper | Early Exploration | 100% | 0.08 | 131 | 573 | 433 |
| Olympic Domain Tenements | Apr-23 | Cohiba Minerals Limited | Olympic Domain Pty Ltd. | Queensland | Copper | Cobalt, Copper, Gold, Silver, $U_3O_8$ | Early Exploration | 20% | 1.00 | 831 | 1,203 | 1,027 |
| EPM19125 | Aug-22 | Cooper Metals Limited | Ardmore Resources Limited | Queensland | Copper | Copper, Gold | Early Exploration | 100% | 0.25 | 72.69 | 3,439 | 2,357 |
| E70/5442 | Mar-23 | Caravel Minerals Limited | Enegex Limited | Western Australia | Copper | Copper, Molybdenum | Early Exploration | 100% | 0.33 | 82.4 | 3,944 | 3,136 |
| Arunta west project | Sep-18 | Norwest Minerals Limited | Jervois Mining Limited | Western Australia | Copper | Copper, Gold, Manganese, Palladium, Platinum, Rhodium, Silver, $U_3O_8$ | Early Exploration | 51% | 0.69 | 1411.7 | 486 | 508 |
| Harbutt Range Project | Sep-22 | Rio Tinto Exploration Pty Limited | TechGen Metals Ltd | Western Australia | Copper | Copper, Gold, Lead, Silver, Zinc | Early Exploration | 80% | 3.75 | 376 | 9,973 | 7,548 |
| Exploration license 6416 | Jun-19 | FMG Resources Pty Ltd. | Tasman Resources Limited | South Australia | Copper | Copper, Gold, Iron Ore, Lead, Palladium, $U_3O_8$ | Early Exploration | 51% | 7.84 | 1078.674 | 7,271 | 6,864 |

| Project/ Company | Date | Purchaser | Vendor | State | Primary Commodity | All commodities | Development Stage | Consideration (100% basis) (A$M) | Equity Acquired (%) | Area (km²) | Area Multiple (A$/km²) | Normalised Area Multiple (A$/km²) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Peake and Denison Project | Dec-21 | OZ Minerals Limited | Minotaur Exploration Limited | South Australia | Copper | Copper, Gold, Lead, Silver, Zinc | Early Exploration | 51% | 9.55 | 2500 | 3,819 | 2,841 |
| Seven exploration tenements | Jan-18 | Cohiba Minerals Limited | Olympic Domain Pty Ltd. | south australia | Copper | Cobalt, Copper, Gold, Rare Earth Elements, Silver, $U_3O_8$ | Early Exploration | 30% | 2.00 | 1094 | 1,828 | 1,493 |
| Moonta ISR JV | Dec-18 | Environmental Metals Recovery Pty Ltd | Andromeda Metals Limited | South Australia | Copper | Cobalt, Copper, Gold | Target Outline | 51% | 3.92 | 819 | 4,788 | 4,632 |
| Five tenements | Jul-18 | Western Areas Limited | Iluka Resources Limited | South Australia | Copper | Copper, Gold, Nickel, Palladium, Platinum | Early Exploration | 51% | 5.39 | 5070 | 1,064 | 1,048 |
| Koonenberry project | Feb-21 | Odin Metals Limited | Peel Mining Limited | New South Wales | Copper | Copper, Gold, Lead, Nickel, Platinum Group Metals, Silver, Zinc | Early Exploration | 100% | 1.00 | 2600 | 385 | 384 |
| Exploration Licence EL8907 | Apr-22 | Talisman Mining Limited | Rio Tinto Group | New South Wales | Copper | Copper, Gold | Early Exploration | 100% | 0.01 | 1043 | 10 | 6 |
| Six exploration licences | Jan-18 | Talisman Mining Limited | Bacchus Resources Pty Ltd. | New South Wales | Copper | Base Metals, Copper, Gold, Zinc | Early Exploration | 51% | 2.55 | 1067 | 2,389 | 1,952 |
| Six exploration licenses | Mar-20 | Kincora Copper Limited | RareX Limited | New South Wales | Copper | Copper, Gold, Lead, Molybdenum, Silver, Zinc | Advanced Exploration | 65% | 2.00 | 587 | 3,399 | 3,925 |
| Montejinni & Claypan Dam project | Jun-18 | Tempus Resources Limited | Aurum Fabri Pty Limited | Northern Territory, South Australia | Copper | Copper, Gold, Iron Ore, Nickel, Titanium | Early Exploration | 90% | 0.14 | 890 | 162 | 139 |
| Exploration license EL5425 | Jan-18 | Stavely Minerals Limited | Navarre Minerals Limited | Victoria | Copper | Copper, Gold, Molybdenum, Nickel, Silver | Early Exploration | 51% | 0.29 | 201 | 1,463 | 1,195 |
| Barramine project | Sep-17 | Rumble Resources Limited | Great Sandy Proprietary Limited | Western Australia | Copper | Copper, Gold, Lead, Silver, Zinc | early Exploration | 70% | 2.16 | 64.21 | 33,595 | 30,389 |
| Belgravia project | Sep-19 | Krakatoa Resources Limited | Locksley Holdings Pty. Ltd. | New South Wales | Copper | Copper, Gold | Early Exploration | 100% | 0.64 | 80 | 8,000 | 8,257 |
| Barkly-Babbler Project | Dec-20 | Tennant Minerals NL | Kalgoorlie Mine Management Pty Ltd | Northern Territory | Copper | Bismuth, Copper, Gold | Early Exploration | 50% | 0.20 | 82.05 | 2,438 | 2,337 |
| Carrara Project | Jun-22 | South32 Limited | Encounter Resources Limited | Northern Territory | Copper | Copper, Zinc | Advanced Exploration | 75% | 13.33 | 2435.44 | 5,475 | 3,746 |
| Jessica project | Jun-22 | South32 Limited | Encounter Resources Limited | Northern Territory | Copper | Copper | Advanced Exploration | 75% | 20.00 | 6300 | 3,175 | 2,172 |
| Barkly project | Sep-19 | Blina Minerals NL | Kalgoorlie Mine Management Pty Ltd | Northern Territory | Copper | Bismuth, Copper, Gold | Advanced Exploration | 50% | 1.89 | 82.05 | 23,053 | 23,794 |
| Copper Dome project | May-19 | Rockfire Resources PLC | Symbolic Resources Pty Ltd. | Queensland | Copper | Copper, Gold | Early Exploration | 100% | 0.08 | 44.69 | 1,790 | 1,602 |
| Tartana project | Apr-18 | Tartana Resources Limited | Pvt invr - Mr. Martin Edward Meyer | Queensland | Copper | Cobalt, Copper, Gold, Iron, Lead, Silver, Sulfur, Zinc | Early Exploration | 100% | 0.52 | 3.24091 | 159,191 | 135,576 |
| Wongan Hills South project | Nov-21 | Tambourah Metals Limited | Baracus Pty Ltd | Western Australia | Copper | Copper, Gold, Lead, Molybdenum, Nickel, Platinum Group Metals, Silver, Zinc | Early Exploration | 80% | 0.25 | 381.5 | 655 | 510 |

# Appendix B SRK assessment: geoscientific scorecard

## SRK assessment: geoscientific scorecard – Woodlawn and surrounds

| Lease | Area (km$^2$) | BAC A$/km$^2$ | Equity interest | Off-property | | On-property | | Geology | | Anomaly | | Low (A$M) | High (A$M) | Midpoint (A$M) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| S(C&PL)L20 | 8.68 | 253,022 | 100% | 4.0 | 4.0 | 2.0 | 2.5 | 2.0 | 2.5 | 2.5 | 3.0 | 10.12 | 18.98 | 14.55 |
| EL7468 | 19.72 | 9,860 | 90% | 4.0 | 4.0 | 1.5 | 2.0 | 1.0 | 1.5 | 1.0 | 1.5 | 0.05 | 0.16 | 0.11 |
| EL7469 | 61.73 | 30,865 | 100% | 4.0 | 4.0 | 1.0 | 1.0 | 1.0 | 1.5 | 0.9 | 1.5 | 0.11 | 0.28 | 0.19 |
| EL7257 | 174.33 | 87,164 | 100% | 4.0 | 4.0 | 2.0 | 2.5 | 2.0 | 3.0 | 1.5 | 2.5 | 2.09 | 6.54 | 4.31 |
| EL8318 | 128.90 | 64,449 | 100% | 2.5 | 3.0 | 1.0 | 1.5 | 1.0 | 1.5 | 1.0 | 1.5 | 0.16 | 0.65 | 0.41 |
| EL8325 | 178.62 | 89,308 | 100% | 4.0 | 4.0 | 1.0 | 1.0 | 1.0 | 1.5 | 1.0 | 1.0 | 0.36 | 0.54 | 0.45 |
| EL8353 | 44.94 | 22,468 | 100% | 4.0 | 4.0 | 1.0 | 1.5 | 1.0 | 1.5 | 0.9 | 1.0 | 0.08 | 0.20 | 0.14 |
| EL8623 | 148.55 | 74,277 | 100% | 2.5 | 3.0 | 1.0 | 1.5 | 1.5 | 2.0 | 1.0 | 1.5 | 0.28 | 1.00 | 0.64 |
| EL8712 | 90.99 | 45,496 | 100% | 4.0 | 5.0 | 2.0 | 2.5 | 1.5 | 2.0 | 2.5 | 3.0 | 1.36 | 3.41 | 2.39 |
| EL8796 | 63.76 | 31,879 | 100% | 2.5 | 3.0 | 1.0 | 1.5 | 1.0 | 1.5 | 1.0 | 1.0 | 0.08 | 0.22 | 0.15 |
| EL8797 | 65.89 | 32,945 | 100% | 2.5 | 3.0 | 1.5 | 2.0 | 1.5 | 2.0 | 1.0 | 1.5 | 0.19 | 0.59 | 0.39 |
| EL8945 | 274.29 | 137,143 | 100% | 2.0 | 2.5 | 1.5 | 2.0 | 2.0 | 2.5 | 2.0 | 2.5 | 1.65 | 4.29 | 2.97 |
| | | | | | | | | | | | | **16.53** | **36.85** | **26.69** |

Source: SRK Analysis

Note: No market factor applied.

## SRK assessment: geoscientific scorecard – Sulphur Springs

| Lease | Area ($km^2$) | BAC A$/$km^2$ | Equity interest | Off-property | | On-property | | Geology | | Anomaly | | Low (A$M) | High (A$M) | Midpoint (A$M) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| E 45/4811 | 9.18 | 4,512 | 100% | 3.5 | 4.0 | 1.0 | 1.5 | 1.5 | 2.0 | 1.5 | 2.0 | 0.04 | 0.11 | 0.07 |
| E 45/4993 | 2.56 | 1,257 | 90% | 2.0 | 2.5 | 1.0 | 1.5 | 0.9 | 1.0 | 1.0 | 1.0 | 0.00 | 0.00 | 0.00 |
| E 45/6033 | 21.52 | 10,581 | 100% | 3.5 | 4.0 | 1.0 | 1.5 | 1.5 | 2.0 | 1.5 | 2.0 | 0.08 | 0.25 | 0.17 |
| E 45/6034 | 31.92 | 15,695 | 100% | 3.5 | 4.0 | 1.0 | 1.5 | 1.5 | 2.0 | 1.0 | 1.5 | 0.08 | 0.28 | 0.18 |
| M 45/494 | 4.72 | 58,496 | 100% | 3.5 | 4.0 | 1.0 | 1.5 | 1.0 | 1.5 | 2.5 | 3.0 | 0.51 | 1.58 | 1.05 |
| M 45/587 | 4.39 | 54,378 | 100% | 3.5 | 4.0 | 1.0 | 1.5 | 1.0 | 1.5 | 2.5 | 3.0 | 0.48 | 1.47 | 0.97 |
| M 45/653 | 4.97 | 61,573 | 100% | 3.5 | 4.0 | 1.0 | 1.5 | 1.5 | 2.0 | 1.0 | 1.5 | 0.32 | 1.11 | 0.72 |
| M 45/1001 | 8.74 | 108,224 | 100% | 3.5 | 4.0 | 1.0 | 1.5 | 1.5 | 2.0 | 0.9 | 1.5 | 0.51 | 1.95 | 1.23 |
| M 45/1254 | 11.58 | 143,345 | 100% | 3.5 | 4.0 | 1.0 | 1.5 | 1.5 | 2.0 | 2.0 | 2.5 | 1.51 | 4.30 | 2.90 |
| | | | | | | | | | | | | **3.53** | **11.05** | **7.29** |

Source: SRK Analysis

Note: No market factor applied.

HopgoodGanim
LAWYERS

# Deed Poll

Develop Global Limited ACN 122 180 205 (**Bidder**)

In favour of each person registered in the Target Share Register as a holder of Scheme Shares as at the Record Date


Contact – Luke Dawson, Special Counsel, l.dawson@hopgoodganim.com.au

BRISBANE

Level 8, Waterfront Place, 1 Eagle Street
Brisbane Qld 4000 Australia

T +61 7 3024 0000
F +61 7 3024 0300

PO Box 7822, Waterfront Place Qld 4001 Australia

E contactus@hopgoodganim.com.au

PERTH

Level 27, Allendale Square, 77 St Georges
Terrace Perth WA 6000 Australia

T +61 8 9211 8111
F +61 8 9221 9100

PO Box Z 5312, St Georges Terrace, Perth WA 6831 Australia

www.hopgoodganim.com.au

# Deed Poll

**Date** 6 September 2023

## By

Develop Global Limited ACN 122 180 205 of 234 Railway Parade, West Leederville WA 6002 (**Bidder**)

## In favour of

Each person registered in the Target Share Register as a holder of Scheme Shares as at the Record Date (**Scheme Shareholders**)

## Background

A. The Target and the Bidder have entered into the Scheme Implementation Deed.

B. The Target has agreed in the Scheme Implementation Deed to propose the Scheme, the effect of which will be that the Bidder will acquire all of the Scheme Shares from the Scheme Shareholders, subject to the satisfaction of certain conditions.

C. In accordance with clause 4.3(k) of the Scheme Implementation Deed, the Bidder is entering into this deed poll.

## This deed poll provides as follows

## 1. Definitions and interpretation

### 1.1 Definitions

In this deed poll:

**First Court Date** means the first day of the hearing of an application made to the Court for an order pursuant to section 411(1) of the Corporations Act convening the Scheme Meeting or, if the hearing of such application is adjourned for any reason, means the first day of the adjourned hearing.

**Scheme** means a scheme of arrangement under Part 5.1 of the Corporations Act between the Target and the Scheme Shareholders substantially in the form set out in **Attachment 1** or in such other form as the Target and the Bidder agree in writing.

**Scheme Implementation Deed** means the Scheme Implementation Deed dated 3 July 2023 between the Target and the Bidder under which, amongst other things, the Target has agreed to propose this Scheme, and each of the Target and the Bidder has agreed to take certain steps to give effect to this Scheme.

**Target** means Essential Metals Limited ACN 103 423 981 of Level 3, 1292 Hay Street, West Perth WA 6005.

Capitalised terms have the meaning given to them in the Scheme, unless the context requires otherwise.

1.2 **Interpretation**

In this deed poll headings and labels used for definitions are for convenience only and do not affect interpretation and, unless the contrary intention appears:

(a) a word importing the singular includes the plural and vice versa, and a word of any gender includes the corresponding words of any other gender;

(b) the word including or any other form of that word is not a word of limitation;

(c) if a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;

(d) a reference to a **person** includes an individual, the estate of an individual, a corporation, an authority, an association or parties in a joint venture, a partnership and a trust;

(e) a reference to a party includes that party's executors, administrators, successors and permitted assigns, including persons taking by way of novation and, in the case of a trustee, includes any substituted or additional trustee;

(f) references to paragraphs or clauses are to a paragraph or clause of this deed poll;

(g) a reference to a document (including this deed poll) is to that document as varied, novated, ratified or replaced from time to time;

(h) a reference to an agency or body if that agency or body ceases to exist or is reconstituted, renamed or replaced or has its powers or function removed (**obsolete body**), means the agency or body which performs most closely the functions of the obsolete body;

(i) a reference to a statute includes any regulations or other instruments made under it (**delegated legislation**) and a reference to a statute or delegated legislation or a provision of either includes consolidations, amendments, re-enactments and replacements;

(j) if a word or phrase is not given a defined meaning in clause 1.1 but is defined in or for the purposes of the Corporations Act, it has the same meaning when used in this deed poll;

(k) a reference to a date or time is to that date or time in Perth, Australia; and

(l) this deed poll or any clause in this deed poll must not be construed adversely to a party just because that party prepared it or caused it to be prepared.

1.3 **Nature of deed poll**

The Bidder acknowledges and agrees that:

(a) this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not party to it; and

(b) under the Scheme, each Scheme Shareholder irrevocably appoints the Target as its agent and attorney to enforce this deed poll against the Bidder.

## 2. Conditions

### 2.1 Conditions precedent

The Bidder's obligations under this deed poll are subject to the Scheme becoming Effective.

### 2.2 Termination

The Bidder's obligations under this deed poll will automatically terminate and the terms of this deed poll will be of no further force or effect if:

(a) the Scheme Implementation Deed is terminated in accordance with its terms; or

(b) the Scheme does not become Effective by the End Date,

unless the Target and the Bidder otherwise agree in accordance with the Scheme Implementation Deed.

### 2.3 Consequences of termination

If this deed poll is terminated under clause 2.2, then in addition and without prejudice to any other rights, powers or remedies:

(a) the Bidder is released from its obligations to further perform this deed poll except those obligations under clause 7.4 and any other obligations which by their nature survive termination; and

(b) each Scheme Shareholder retains the rights it has against the Bidder in respect of any breach of this deed poll which occurs before it was terminated.

## 3. Scheme obligations

### 3.1 Undertaking to provide Scheme Consideration

Subject to clause 2, the Bidder undertakes in favour of each Scheme Shareholder to:

(a) issue, or cause to be issued, the Scheme Consideration to each Scheme Shareholder on the Implementation Date (other than to Ineligible Foreign Holders and Non-electing Small Shareholders who will be dealt with in accordance with clause 5.5 of the Scheme); and

(b) undertake all other actions attributed to it under, and otherwise comply with, the Scheme, as if named as a party to the Scheme,

in each case subject to and in accordance with the terms of the Scheme.

### 3.2 Shares to rank equally

The Bidder covenants in favour of each Scheme Shareholder that the New Bidder Shares which are validly issued in accordance with the Scheme will:

(a) rank equally with all existing Bidder Shares; and

(b) be issued fully paid and free from any mortgage, charge, lien, encumbrance or other security interest.

### 3.3 Joint Holders

In the case of Scheme Shares held by Scheme Shareholders in joint names:

(a) any entry in the register of members of the Bidder required to be made must record the names and registered addresses of the joint holders; and

(b) any certificates or holding statements must be issued to Scheme Shareholders in the names of the joint holders and must be forwarded to the holder whose name first appears in the Target's Share Register as at the Record Date.

## 4. Representations and warranties

The Bidder represents and warrants that:

(a) (**Status**) it is a validly existing corporation registered under the laws of its place of incorporation;

(b) (**Power**) it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;

(c) (**Authorisation**) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll;

(d) (**Binding**) this deed poll is valid and binding on it and is enforceable against it in accordance with its terms;

(e) (**Transaction permitted**) the execution and performance by it of this deed poll and each transaction contemplated by this deed poll does not and will not violate in any respect:

  (1) any writ, order or injunction, judgment, law, rule or regulation to which it is party, or by which it is bound; or

  (2) the constitution or equivalent constituent documents of it or any of its Related Bodies Corporate (as defined in the Scheme Implementation Deed) or any material term or provision of any of its material agreements; and

(f) (**Solvency**) it is solvent and no resolution has been passed nor has any other step been taken or legal action or proceedings commenced or threatened against it for its winding up or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of its assets.

## 5. Continuing obligations

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until the earlier of:

(a) the Bidder fully performing its obligations under this deed poll; or

(b) the termination of this deed poll under clause 2.2.

## 6. Notices

### 6.1 How notice to be given

Any notice or other communication to the Bidder in connection with this deed poll:

(a) may be given by personal service, post or email;

(b) must be in writing;

(c) must be addressed as follows (or as otherwise notified by that party to each other party from time to time):

| | |
|---|---|
| Address: | 234 Railway Parade, West Leederville, WA 6007 |
| Attention: | General Counsel and Company Secretary |
| Email: | Elle.farris@develop.com.au |

with a copy (for information purposes only) in each case to:

| | |
|---|---|
| Email: | jmannolini@gtlaw.com.au, kbyrne@gtlaw.com.au and sw@grangeconsulting.com.au |

(d) (in the case of personal service or post) must be signed by the party making it or (on that party's behalf) by the solicitor for, or any attorney, director, secretary or authorised agent of, that party;

(e) (in the case of email) must state that the email is a communication under this agreement; and

(f) must be delivered by hand or posted by prepaid post to the address or sent by email to the email address, of the addressee, in accordance with this clause 6.1.

### 6.2 When notice taken to be received

Each communication (including each notice, consent, approval, request and demand) under or in connection with this agreement is taken to be received by the addressee:

(a) (in the case of prepaid post sent to an address in the same country) on the third day after the date of posting;

(b) (in the case of prepaid post sent to an address in another country) on the fifth day after the date of posting by airmail;

(c) (in the case of delivery by hand) on delivery; and

(d) (in the case of email) unless the party sending the email knows or reasonably ought to suspect that the email and the attached communication were not delivered to the addressee's domain specified in the email address notified for the purposes of clause 6.1, 24 hours after the email was sent,

but if the communication would otherwise be taken to be received on a day that is not a Business Day or after 5:00 pm, it is taken to be received at 9:00 am on the next Business Day.

## 7. General

### 7.1 Assignment

The rights and obligations of the Bidder and each Scheme Shareholder under this deed poll are personal and must not be assigned, charged or otherwise dealt with at law or in equity.

### 7.2 Cumulative rights

The rights, powers and remedies in connection with this deed poll are cumulative and do not exclude any other rights, powers or remedies provided by the law independently of this deed poll.

### 7.3 Further action

The Bidder will, at its own expense, promptly do all things and execute and deliver all further documents required by law to give effect to this deed poll and the transactions contemplated by it.

### 7.4 Stamp duties

The Bidder will pay or procure the payment of all stamp duties and any related fines and penalties in respect of this deed poll, the performance of this deed poll and each transaction effected by or made under this deed poll and indemnify each Scheme Shareholder against any liability arising from failure to comply with this clause 7.4.

### 7.5 Variation

A provision of this deed poll may not be varied unless:

(a) before the First Court Date, the variation is agreed to in writing by the Target and the Bidder; or

(b) on or after the First Court Date, the variation is agreed to in writing by the Target and the Bidder and the Court indicates that the variation would not preclude approval of the Scheme,

in which event the Bidder will enter into a further deed poll in favour of the Scheme Shareholders giving effect to such variation.

### 7.6 Waiver

(a) Waiver of any right arising from a breach of this deed poll or of any right, power, authority, discretion or remedy arising upon default under this deed poll must be in writing and signed by the person granting the waiver. A waiver is limited to the specific instance to which it relates and to the specific purpose for which it is given.

(b) A failure or delay in exercise, partial exercise, or enforcement of:

(1) any right, power or remedy provided by law or under this deed poll; or

(2) any right, power, authority, discretion or remedy created or arising upon default under this deed poll,

by any person will not in any way preclude, or operate as a waiver of, any exercise or enforcement, or further exercise or enforcement, of that or any other right, power or remedy provided by law or under this deed poll.

(c) A person is not entitled to rely on a delay in the exercise or non-exercise of a right, power, authority, discretion or remedy arising from a breach of this deed poll or on a default under this deed poll as constituting a waiver of that right, power, authority, discretion or remedy.

(d) A person may not rely on any conduct of another person as a defence to the exercise of a right, power, authority, discretion or remedy by that other person.

(e) This clause 7.6 may not itself be waived except in writing.

### 7.7 Consent

The Bidder consents to the Target producing this deed poll to the Court.

### 7.8 Severance and enforceability

Any provision, or the application of any provision, of this deed poll that is void, illegal or unenforceable in any jurisdiction does not affect the validity or enforceability of that provision in any other jurisdiction or of the remaining provisions of this deed poll in that or any other jurisdiction.

## 8. Governing law and jurisdiction

(a) This deed poll is governed by the law applying in Western Australia.

(b) The Bidder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia, Commonwealth courts having jurisdiction in that state and the courts competent to determine appeals from those courts, with respect to for any proceedings in connection with this deed poll.

(c) The Bidder waives any objection it may now or in the future have to the venue of any proceedings, and any claim it may now or in the future have that any proceedings have been brought in an inconvenient forum, if that venue falls within clause 8(b).

**Executed** as a deed poll.

**Executed as a deed poll** by **Develop Global Limited ACN 122 180 205** in accordance with section 127 of the *Corporations Act 2001* (Cth)

Bill Beament

Director

~~Director~~/Secretary

WILLIAM JAMES BEAMENT

Print full name of Director

STEVEN DOUGLAS WOOD

Print full name of ~~Director~~/Secretary

# Scheme of Arrangement

Pursuant to section 411 of the Corporations Act

Essential Minerals Limited (**Target**)

Each person registered in the Target Share Register as a holder of Scheme Shares as at the Record Date


Contact – Luke Dawson, Special Counsel, l.dawson@hopgoodganim.com.au

BRISBANE

Level 8, Waterfront Place, 1 Eagle Street
Brisbane Qld 4000 Australia

**T** +61 7 3024 0000
**F** +61 7 3024 0300

PO Box 7822, Waterfront Place Qld 4001 Australia

**E** contactus@hopgoodganim.com.au

PERTH

Level 27, Allendale Square, 77 St Georges
Terrace Perth WA 6000 Australia

**T** +61 8 9211 8111
**F** +61 8 9221 9100

PO Box Z 5312, St Georges Terrace, Perth WA 6831 Australia

www.hopgoodganim.com.au

# Contents

# Scheme of Arrangement

## Date

## Parties

**Essential Metals Limited ACN 103 423 981** of Level 3, 1292 Hay Street, West Perth WA 6005 (**Target**)

Each person registered in the Target Share Register as a holder of Scheme Shares as at the Record Date

## Background

A. The Target and the Bidder have entered into the Scheme Implementation Deed, pursuant to which, amongst other things, the Target has agreed to propose this Scheme, and each of the Target and the Bidder has agreed to take certain steps to give effect to this Scheme.

B. If this Scheme becomes Effective, the Bidder will acquire all of the Scheme Shares and the Target will enter the Bidder in the Target Share Register as the holder of the Scheme Shares.

## Operative provisions

## 1. Definitions and interpretation

### 1.1 Definitions

In this Scheme, unless the contrary intention appears or the context requires otherwise:

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited ACN 008 624 691 or, as the context requires, the financial market operated by it known as the Australian Securities Exchange.

**Bidder** means Develop Global Limited ACN 122 180 205 of 234 Railway Parade, West Leederville WA 6002.

**Bidder Nominee** has the meaning given in clause 4.1.

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

**Business Day** means a day that is not a Saturday, Sunday or public holiday and on which banks are open for business generally in Perth, Western Australia.

**CHESS** means the clearing house electronic sub-register system for the electronic transfer of securities operated by ASX Settlements Pty Limited ABN 49 008 504 532.

**Condition** means each condition to this Scheme set out in clause 2.1.

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

**Court** means the Supreme Court of Western Australia and the Federal Court of Australia (sitting in Perth) or such other court of competent jurisdiction as the Target and the Bidder agree in writing.

**Deed Poll** means a deed poll to be executed by the Bidder (and the Bidder Nominee, if a Bidder Nominee is nominated by the Bidder) in favour of the Scheme Shareholders, substantially in the form set out in **Attachment 2** or in such other form as the Target and the Bidder agree in writing.

**Delivery Time** means 8:00 am on the Second Court Date.

**Duty** means any stamp, transaction or registration duty or similar charge imposed by any Regulatory Authority and includes any interest, fine, penalty, charge or other amount imposed in respect of any of them, but excludes any Tax.

**Effective** means, when used in relation to this Scheme, the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to this Scheme.

**Effective Date** means the date on which this Scheme becomes Effective.

**End Date** means 30 November 2023 or such other date agreed between the parties in writing in accordance with the Scheme Implementation Deed.

**Implementation Date** means the date that is 5 Business Days after the Record Date or such other date as the Target and the Bidder agree in writing or as ordered by the Court.

**Ineligible Foreign Holder** means any Scheme Shareholder whose address shown on the Target Share Register as at the Record Date is in a place outside Australia and New Zealand, unless, no less than three Business Days before the Scheme Meeting, the Target and the Bidder agree in writing that it is lawful and not unduly onerous or unduly impracticable to issue that Target Shareholder with New Bidder Shares when the Scheme becomes Effective.

**Listing Rules** means the Official Listing Rules of ASX as amended from time to time.

**New Bidder Share** means a fully paid ordinary share in the capital of the Bidder to be issued under the Scheme.

**Non-electing Small Shareholder** means a Small Shareholder who has not provided the Target Share Registry with an Opt-In Notice by the Opt-in Notice Cut-Off Date.

**Opt-in Notice** means a notice by a Small Shareholder requesting to receive the Scheme Consideration as New Bidder Shares.

**Opt-in Notice Cut-Off Date** means the latest time and date by which a completed Opt-in Notice must be received by the Target Share Registry, being 5:00 pm on the Business Day prior to the Record Date.

**Record Date** means 5:00 pm on the second Business Day following the Effective Date or such other time and date agreed in writing (acting reasonably, taking account of ASX requirements) between the Target and the Bidder.

**Registered Address** means in relation to a Target Shareholder, the address shown in the Target Share Register.

**Regulatory Authority** means:

(a) any government or local authority, any department, minister or agency of any government and any other governmental, administrative, fiscal, monetary or judicial body; and

(b) any other authority, agency, commission or similar entity having powers or jurisdiction under any law or regulation or the listing rules of any recognised stock or securities exchange.

**Sale Agent** means a person appointed by the Target and the Bidder to sell the New Bidder Shares that would otherwise be issued to or for the benefit of Ineligible Foreign Holders and Small Shareholders under the terms of the Scheme.

**Sale Proceeds** means the proceeds of the sale referred to in clause 5.5(b)(2) after the Sale Agent or the Bidder (as applicable) has deducted any applicable brokerage, foreign exchange, stamp duty and other selling costs, taxes and charges.

**Scheme** means the scheme of arrangement under Part 5.1 of the Corporations Act between the Target and the Scheme Shareholders as set out in this document, subject to any alterations or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act and agreed to by the Target and the Bidder.

**Scheme Implementation Deed** means the Scheme Implementation Deed dated 3 July 2023 between the Target and the Bidder under which, amongst other things, the Target has agreed to propose this Scheme, and each of the Target and the Bidder has agreed to take certain steps to give effect to this Scheme.

**Scheme Consideration** means the consideration to be provided by the Bidder to each Scheme Shareholder (other than an Ineligible Foreign Holder and Non-electing Small Shareholder) for the transfer of each Scheme Share under the Scheme, being, 1 New Bidder Share for every 6.18 Scheme Shares held by a Scheme Shareholder.

**Scheme Meeting** means the meeting of Target Shareholders to be convened pursuant to section 411(1) of the Corporations Act to consider and, if thought fit, to approve the Scheme.

**Scheme Share** means a Target Share on issue as at the Record Date, other than any Target Shares held by the Bidder as at the Record Date.

**Scheme Shareholder** means each person registered in the Target Share Register as the holder of one or more Scheme Shares as at the Record Date.

**Scheme Transfer** means one or more proper instruments of transfer in respect of this Scheme Shares for the purposes of section 1071B of the Corporations Act, which may be or include a master transfer of all or part of the Scheme Shares.

**Second Court Date** means the first day of the hearing of an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving this Scheme or, if the hearing of such application is adjourned for any reason, means the first day of the adjourned hearing.

**Security Interest** has the meaning given in section 12 of the *Personal Property Securities Act 2009* (Cth).

**Small Shareholder** means a Scheme Shareholder (other than an Ineligible Foreign Holder) who, based on their holding of Scheme Shares on the Record Date, would on implementation of the Scheme, be entitled to receive less than a marketable parcel (as that term is defined in the Listing Rules) of New Bidder Shares (assessed by reference to the last traded price of Bidder Shares on ASX on the trading day prior to the Record Date) as Scheme Consideration.

**Subsidiary** has the meaning given to that term in the Corporations Act.

**Target Share Register** means the register of members of the Target maintained by or on behalf of the Target in accordance with section 168(1) of the Corporations Act.

**Target Share Registry** means Automic Pty Ltd ACN 152 260 814.

**Target Shareholder** means each person registered in the Target Share Register as the holder of one or more Target Shares.

**Target Shares** means fully paid ordinary shares in the capital of the Target.

**Tax** means any tax, levy, excise, duty, charge, surcharge, contribution, withholding tax, impost or withholding obligation of whatever nature, whether direct or indirect, by whatever method collected or recovered, together with any fees, penalties, fines, interest or statutory charges in any country or jurisdiction.

**Taxation Administration Act** means the *Taxation Administration Act 1953* (Cth).

## 1.2 Interpretation

In this Scheme headings and labels used for definitions are for convenience only and do not affect interpretation and, unless the contrary intention appears:

(a) a word importing the singular includes the plural and vice versa, and a word of any gender includes the corresponding words of any other gender;

(b) the word **including** or any other form of that word is not a word of limitation;

(c) if a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;

(d) a reference to a **person** includes an individual, the estate of an individual, a corporation, an authority, an association or parties in a joint venture, a partnership and a trust;

(e) a reference to a party includes that party's executors, administrators, successors and permitted assigns, including persons taking by way of novation and, in the case of a trustee, includes any substituted or additional trustee;

(f) references to paragraphs or clauses are to a paragraph or clause of this Scheme;

(g) a reference to a document (including this Scheme) is to that document as varied, novated, ratified or replaced from time to time;

(h) a reference to an agency or body if that agency or body ceases to exist or is reconstituted, renamed or replaced or has its powers or function removed (**obsolete body**), means the agency or body which performs most closely the functions of the obsolete body;

(i) a reference to a statute includes any regulations or other instruments made under it (**delegated legislation**) and a reference to a statute or delegated legislation or a provision of either includes consolidations, amendments, re-enactments and replacements;

(j) if a word or phrase is not given a defined meaning in clause 1.1 but is defined in or for the purposes of the Corporations Act, it has the same meaning when used in this Scheme;

(k) a reference to a date or time is to that date or time in Perth, Australia; and

(l) this Scheme or any clause in this Scheme must not be construed adversely to a party just because that party prepared it or caused it to be prepared.

1.3 **Business Day**

Except where otherwise expressly provided, where under this Scheme the day on which or by which any act, matter or thing is to be done is a day other than a Business Day, such act, matter or thing shall be done on the immediately preceding Business Day.

## 2. Conditions precedent

2.1 **Conditions**

The Scheme is conditional upon, and will have no force or effect until, the satisfaction of each of the following conditions, and the provisions of clauses 3 and 4 will not come into effect unless and until each of these conditions have been satisfied:

(a) as at the Delivery Time, each of the conditions set out in clause 3.1 of the Scheme Implementation Deed (other than the condition relating to the approval of the Court set out in clause 3.1(b) of the Scheme Implementation Deed) has been satisfied or waived in accordance with the terms of the Scheme Implementation Deed;

(b) as at the Delivery Time, neither the Scheme Implementation Deed nor the Deed Poll has been terminated;

(c) the Court approves this Scheme under section 411(4)(b) of the Corporations Act including any alterations made or required by the Court under section 411(6) of the Corporations Act as are acceptable to the Target and the Bidder (each acting reasonably);

(d) such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to this Scheme as are acceptable to the Target and the Bidder (each acting reasonably) have been satisfied or waived; and

(e) the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) in relation to this Scheme.

2.2 **Certificates in relation to Conditions**

On the Second Court Date:

(a) the Target must provide to the Court a certificate (or such other evidence as the Court may request) confirming (in respect of matters within its knowledge) whether or not the Conditions set out in clauses (a) and (b) have been satisfied or waived; and

(b) the Bidder must provide to the Court a certificate (or such other evidence as the Court may request) confirming (in respect of matters within its knowledge) whether or not the Conditions set out in clauses (a) and (b) have been satisfied or waived.

2.3 **Termination of Scheme Implementation Deed**

Without limiting any rights under the Scheme Implementation Deed, in the event that the Scheme Implementation Deed is terminated in accordance with its terms before the Delivery Time, the Target and the Bidder are each released from:

(a) any further obligation to take steps to implement this Scheme; and

(b) any liability with respect to this Scheme.

## 3. Scheme

3.1 **Effective Date of this Scheme**

Subject to clause 3.2, this Scheme will take effect on and from the Effective Date.

3.2 **End Date**

This Scheme will lapse and be of no further force or effect if the Effective Date has not occurred on or before the End Date, or such later date as the Target and the Bidder agree in writing.

## 4. Implementation of Scheme

4.1 **Bidder Nominee**

(a) Pursuant to clause 2.3 of the Scheme Implementation Deed, the Bidder may nominate a wholly owned Subsidiary of the Bidder (**Bidder Nominee**) to provide the Scheme Consideration and to whom the Scheme Shares are to be transferred in accordance with clause 4.3 of this Scheme.

(b) If the Bidder nominates a Bidder Nominee, then clause 2.3 of the Scheme Implementation Deed provides that:

(1) the Target and the Bidder must procure that the Scheme Shares transferred under this Scheme are transferred to the Bidder Nominee rather than the Bidder;

(2) the Bidder must procure that the Bidder Nominee:

(A) complies with the Scheme Implementation Deed as if the Bidder Nominee were a party to it in place of the Bidder; or

(B) executes and delivers to the Target a deed poll of accession in favour of the Target under which the Bidder Nominee agrees to comply with the Scheme Implementation Deed as if it were a party to it in place of the Bidder; and

(3) any such nomination will not relieve the Bidder of its obligations under the Scheme Implementation Deed, including the obligation to provide the Scheme Consideration as contemplated by the terms of the Scheme Implementation Deed and this Scheme (provided that the Bidder will not be in breach of the Scheme Implementation Deed if it does not discharge an obligation where that obligation has been fully discharged by the Bidder Nominee).

(c) If the Bidder validly nominates a Bidder Nominee in accordance with the Scheme Implementation Deed and the Bidder Nominee provides the deed poll described in clause 4.1(b)(2)(B) of this Scheme, references in this Scheme to "the Bidder" will be read as "the Bidder or the Bidder Nominee (as applicable)" to the extent necessary to achieve the objective stated in clause 4.1(a). For the avoidance of doubt, such deemed reading does not of itself relieve the Bidder of any of the obligations attributed to it under this Scheme.

### 4.2 Lodgement of Court Orders with ASIC

If the Conditions (other than the Condition set out in clause 2.1(e)) are satisfied, the Target must promptly lodge with ASIC in accordance with section 411(10) of the Corporations Act an office copy of the Court order approving this Scheme, and in any event by no later than 5:00 pm on the Business Day following the date on which the Court approves this Scheme or such other Business Day as the Target and the Bidder agree in writing.

### 4.3 Transfer of Scheme Shares

On the Implementation Date:

(a) subject to the provision of the Scheme Consideration in the manner contemplated by clause 5.2, all of the Scheme Shares will, together with all rights and entitlements attaching to the Scheme Shares, be transferred to the Bidder without the need for any further act by any Scheme Shareholder (other than acts performed by the Target or its directors as attorney or agent for the Scheme Shareholders under this Scheme) by:

(1) the Target delivering to the Bidder a completed Scheme Transfer duly executed on behalf of the Scheme Shareholders in accordance with clause 8.1 of this Scheme; and

(2) the Bidder delivering to the Target a completed Scheme Transfer, duly executed by the Bidder, and attending to the stamping of the Scheme Transfer (if required); and

(b) immediately following receipt of the Scheme Transfer in accordance with clause 4.3(a), the Target must enter, or procure the entry of, the name and address of the Bidder in the Target Share Register as the holder of all of the Scheme Shares.

## 5. Scheme Consideration

### 5.1 Entitlement to Scheme Consideration

Subject to the terms of this Scheme, each Scheme Shareholder (other than Ineligible Foreign Holders and Non-electing Small Shareholders) will be entitled to receive 1 New Bidder Share for every 6.18 Scheme Shares held by that Scheme Shareholder on the Scheme Record Date.

### 5.2 Provision of Scheme Consideration

The Bidder will provide the Scheme Consideration by issuing, or causing to be issued, the Scheme Consideration to each Scheme Shareholder (other than Ineligible Foreign Holders and Non-electing Small Shareholders) on the Implementation Date in accordance with the Scheme.

### 5.3 Joint holders

In the case of Scheme Shares held in joint names:

(a) any Scheme Consideration will be issued to the joint holders;

(b) any holding statements for the New Bidder Shares to be issued to Scheme Shareholders will be issued in the names of the joint holders; and

(c) any other document required to be sent under this Scheme will be issued in the names of the joint holders,

and will be forwarded to the holder whose name appears first in the Target Share Register as at the Record Date.

5.4 **Fractional entitlements and share splitting or division**

(a) If the number of Scheme Shares held by a Scheme Shareholder at the Record Date is such that the aggregate entitlement of the Scheme Shareholder to Scheme Consideration results in a fractional entitlement to a New Bidder Share, then the entitlement of that Scheme Shareholder must be rounded up or down to the nearest whole New Bidder Share (with any such fractional entitlement of less than 0.5 being rounded down to the nearest whole number and any such fractional entitlement of 0.5 or more being rounded up to the nearest whole number).

(b) If the Bidder is of the opinion (acting reasonably) that two or more Scheme Shareholders (each of whom holds a number of Scheme Shares which results in rounding in accordance with clause 5.4(a)) have, before the Record Date, been party to shareholding splitting or division in an attempt to obtain unfair advantage by reference to such rounding, the Bidder may give notice to those Scheme Shareholders:

(1) setting out their names and registered addresses as shown in the Target Share Register;

(2) stating that opinion; and

(3) attributing to one of them specifically identified in the notice the Scheme Shares held by all of them,

and, after such notice has been given, the Scheme Shareholder specifically identified in the notice as the deemed holder of all of the specified Scheme Shares will, for the purposes of the other provisions of this Scheme, be taken to hold all of those Scheme Shares and each of the other Scheme Shareholders whose names and registered addresses are set out in the notice will, for the purposes of the other provisions of this Scheme, be taken to hold no Scheme Shares. The Bidder in complying with the other provisions of this Scheme relating to it in respect of the Scheme Shareholder specifically identified in the notice as the deemed holder of all of the specified Scheme Shares, will be taken to have satisfied and discharged its obligations to the other Scheme Shareholders named in the notice under the terms of this Scheme.

5.5 **Ineligible Foreign Holders and Non-electing Small Shareholders**

(a) A Small Shareholder may elect to receive the Scheme Consideration as New Bidder Shares pursuant to clause 5.2 of this Scheme by providing the Target Share Registry with a duly completed Opt-in Notice prior to the Opt-in Notice Cut-Off Date.

(b) The Bidder will be under no obligation under this Scheme to issue, and will not issue or procure to be issued any New Bidder Shares to Ineligible Foreign Holders or Non-electing Small Shareholders and, instead:

(1) unless the Bidder and the Target otherwise agree, the Bidder will issue or procure that the New Bidder Shares to which the Ineligible Foreign Holders and

Non-electing Small Shareholders would have otherwise been entitled to receive under the Scheme be issued to the Sale Agent;

(2) the Bidder will procure that, as soon as reasonably practicable and in any event not more than 15 Business Days after the Implementation Date that the Sale Agent sells on ASX or another prescribed financial market all of the New Bidder Shares issued to the Sale Agent pursuant to clause 5.5(b)(1) in such manner, at such price and on such terms as the Sale Agent determines in good faith (and at the risk of the Ineligible Foreign Holders and Non-electing Small Shareholders) and subject to the receipt of the Sale Proceeds, remits or procures to be remitted, to the Bidder, the Sale Proceeds;

(3) promptly after receipt of the Sale Proceeds, the Bidder will pay in Australian dollars to each Ineligible Foreign Holder and Non-electing Small Shareholder such proportion of the Sale Proceeds as the number of New Bidder Shares which would have been issued to that Ineligible Foreign Holder or Non-electing Small Shareholder (if they were eligible to receive New Bidder Shares) represents as a portion of all New Bidder Shares which would have been issued to all Ineligible Foreign Holders and Non-electing Small Shareholders (if they were eligible to receive New Bidder Shares) in full satisfaction of the Bidder’s obligations to those Ineligible Foreign Holders and Non-electing Small Shareholders under the Scheme in respect of the Scheme Consideration;

(4) the Bidder will pay the relevant fraction of the Sale Proceeds to each Ineligible Foreign Holder and Non-electing Small Shareholder by either:

(A) dispatching, or procuring the dispatch, to that Ineligible Foreign Holder or Non-electing Small Shareholder by prepaid post to that Ineligible Foreign Holder’s Registered Address (at the Record Date), a cheque in the name of that Ineligible Foreign Holder; or

(B) making a deposit in an account with any ADI (as defined in the *Banking Act 1959* (Cth)) in Australia notified by that Ineligible Foreign Holder or Non-electing Small Shareholder to the Target (or the Target Share Registry) and recorded in or for the purposes of the Target Share Register at the Record Date,

for the relevant amount, with that amount being denominated in Australian dollars;

(5) for the purposes of this clause 5.5 each Ineligible Foreign Holder and Non-electing Small Shareholder appoints the Bidder as its agent to receive on its behalf any financial services guide or other notices (including any updates to those documents) that the Sale Agent is required to provide to Ineligible Foreign Holders and Non-electing Small Shareholders under the Corporations Act; and

(6) each Ineligible Foreign Holder and Non-electing Small Shareholder acknowledges that none of the Bidder, the Target or the Sale Agent gives any assurance as to the price that will be achieved for the sale of the New Bidder Shares described in clause 5.5(b)(2) and that the Bidder, the Target and the Sale Agent expressly disclaim any fiduciary duty to the Ineligible Foreign Holders and Non-electing Small Shareholders which may arise in connection with this clause 5.5.

5.6 **Status of New Bidder Shares**

Subject to this Scheme becoming Effective, the Bidder must:

(a) issue the New Bidder Shares required to be issued by it under this Scheme on terms such that each New Bidder Share will rank equally in all respects with each existing Bidder Share;

(b) ensure that each such New Bidder Share is validly issued, fully paid and free from any mortgage, charge, lien, encumbrance or other security interest or third-party rights;

(c) ensure that the New Bidder Shares issued be entitled to participate in and receive any dividends or distribution of capital paid and any other entitlements accruing in respect of Bidder Shares on and after the Implementation Date; and

(d) use its best endeavours to ensure that the New Bidder Shares will be listed for quotation on the official list of ASX with effect from the Business Day after the Effective Date (or such later date as ASX may require), initially on a deferred settlement basis and, with effect from the first Business Day after the Implementation Date, on an ordinary (T+2) settlement basis.

5.7 **Orders of a court**

In the case of notice having been given to the Target (or the Target Share Registry) of an order made by a court of competent jurisdiction:

(a) which requires consideration to be provided to a third party (either through payment of a sum or issuance of a security) in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable or required to be issued to that Scheme Shareholder in accordance with clauses 5.1 and 5.2 of this Scheme, then the Target must procure that provision of that consideration is made in accordance with that order; or

(b) which would prevent the Target from providing consideration to any particular Scheme Shareholder in accordance with clauses 5.1 and 5.2 of this Scheme or the payment or issuance of such consideration is otherwise prohibited by applicable law, the Target shall be entitled to direct the Bidder not to issue, or to issue to a trustee or nominee, such number of New Bidder Shares as that Scheme Shareholder would otherwise be entitled to under clause 5.2.

5.8 **Withholding**

(a) For the purpose of this clause 5.8:

**Declaration** means a declaration provided by a Scheme Shareholder in accordance with section 14-225 and section 14-210(3) of Schedule 1 to the Taxation Administration Act.

(b) The Bidder shall be entitled to deduct or withhold any amounts (including Taxes or Duties) required under applicable law that become due under the Scheme**.**

(c) If the Bidder determines (acting reasonably) that it is required to pay an amount to the Commissioner of Taxation pursuant to Subdivision 14-D of Schedule 1 to the Taxation Administration Act (a **CGT Withholding Amount**) with respect to the acquisition of the Scheme Shares from each Scheme Shareholder unless that Scheme Shareholder provides a Declaration, the Bidder will:

(1) determine the amount of the CGT Withholding Amount;

(2) determine the amount of the New Bidder Shares as is necessary in the opinion of the Bidder to account for the CGT Withholding Amount (taking into account potential fluctuations in share price and an amount necessary to cover costs

associate with the share sale facility described in clause 5.5) that would otherwise have been issued to a Scheme Shareholder to be sold via the share sale facility described in clause 5.5);

(3) the Sale Agent appointed under clause 5.3 of the Scheme Implementation Deed will then pay to the Bidder the CGT Withholding Amount from the Sale Proceeds, after deducting any applicable fees, brokerage, taxes and charged (reasonably incurred by the Sale Agent) and the Bidder will then pay the CGT Withholding Amount to the Commissioner of Taxation within the time required under Subdivision 14-D of Schedule 1 to the Taxation Administration Act. Alternatively, where the Bidder remits the CGT Withholding Amount to the Commissioner of Taxation pursuant to Subdivision 14-D of Schedule 1 to the Taxation Administration Act, the Bidder will be entitled to retain as reimbursement an amount equal to the CGT Withholding Amount paid to the Commissioner from the Sale Proceeds; and

(4) be deemed to have satisfied its obligations to pay the CGT Withholding Amount to the Scheme Shareholder for the purposes of the Scheme.

(d) Prior to exercising its rights under this clause 5.8, the Bidder must use reasonable endeavours to notify the Scheme Shareholder of its intention to withhold so that the Scheme Shareholder has the opportunity to provide a Declaration.

## 6. Dealings in Target Shares

### 6.1 Dealings in Target Shares by the Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in Target Shares or other alterations to the Target Share Register will only be recognised by the Target provided that:

(a) in the case of dealings of the type to be effected on CHESS, the transferee is registered in the Target Share Register as the holder of the relevant Target Shares by the Record Date; and

(b) in all other cases, registrable transfers or transmission applications in respect of those dealings are received by the Record Date at the place where the Target Share Register is kept,

and the Target will not accept for registration, or recognise for any purpose (except a transfer to the Bidder pursuant to this Scheme and any subsequent transfer by the Bidder or its successors in title), any transmission application or transfer in respect of Target Shares received on or after the Record Date, or received prior to the Record Date but not in registrable or actionable form.

### 6.2 Target Share Register

The Target will, until the Scheme Consideration has been paid and the Bidder has been entered in the Target Share Register as the holder of all of the Scheme Shares, maintain the Target Share Register in accordance with the provisions of this clause 6 and the Target Share Register in this form and the terms of this Scheme will solely determine entitlements to the Scheme Consideration.

### 6.3 Information to be made available to the Bidder

The Target must procure that as soon as practicable following the Record Date, details of the names, registered addresses and holdings of Target Shares of every Scheme Shareholder shown in the Target Share Register at the Record Date are made available to the Bidder in such form as the Bidder may reasonably require.

6.4 **Effect of share certificates and holding statements**

As from the Record Date (and other than for the Bidder following the Implementation Date), all share certificates and holding statements for the Scheme Shares will cease to have effect as documents of title, and each entry on the Target Share Register (other than for the Bidder and in respect of any Ineligible Foreign Holder or Non-electing Small Shareholder) at that date will cease to have any effect other than as evidence of entitlement to the Scheme Consideration.

6.5 **No disposals after Record Date**

If this Scheme becomes Effective, a Scheme Shareholder, and any person claiming through that Scheme Shareholder, must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them after the Record Date.

## 7. Suspension and termination of quotation

(a) The Target must apply to ASX for suspension of trading of the Target Shares on ASX with effect from the close of trading on the Effective Date.

(b) The Target must apply to ASX for:

(1) termination of official quotation of the Target Shares on ASX; and

(2) the removal of the Target from the official list of ASX,

in each case, with effect from the close of business on the trading day immediately following the Implementation Date.

## 8. General Scheme provisions

8.1 **Appointment of agent and attorney**

On the Effective Date, each Scheme Shareholder, without the need for any further act, irrevocably appoints the Target as its agent and attorney for the purpose of:

(a) executing any document or form or doing any other act necessary to give effect to the terms of this Scheme including, without limitation, the execution of the Scheme Transfer to be delivered under clause 4.3 and the giving of the Scheme Shareholders' consent under clause 8.2; and

(b) enforcing the Deed Poll against the Bidder,

and the Target accepts such appointment. The Target, as agent and attorney of each Scheme Shareholder, may sub delegate its functions, authorities or powers under this clause 8.1 to all or any of its directors and officers (jointly, severally, or jointly and severally).

8.2 **Scheme Shareholders' consent**

Each Scheme Shareholder irrevocably:

(a) consents to the Target and the Bidder doing all things and executing all deeds, instruments, transfers or other documents as may be necessary, incidental or expedient to the implementation and performance of this Scheme; and

(b) acknowledges that this Scheme binds the Target and all of the Scheme Shareholders (including those who do not attend the Scheme Meeting, do not vote at that meeting or vote against this Scheme).

## 8.3 Scheme Shareholder's agreements and warranties

Each Scheme Shareholder:

(a) irrevocably agrees to the transfer of their Scheme Shares together with all rights and entitlements attaching to those Scheme Shares in accordance with this Scheme;

(b) irrevocably agrees to the variation, cancellation or modification of the rights attached to their Scheme Shares constituted by or resulting from this Scheme;

(c) irrevocably agrees to, on the direction of the Bidder, destroy any holding statements or share certificates relating to their Scheme Shares; and

(d) is deemed to have warranted to the Bidder and, to the extent enforceable, appointed and authorised the Target as its agent to warrant to the Bidder that all its Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) will, at the date of the transfer of them to the Bidder, be fully paid and free from all security interests including mortgages, charges, liens, encumbrances, pledges, Security Interests and interests of third parties of any kind, whether legal or otherwise, and from any restrictions on transfer of any kind, and that it has full power and capacity to sell and to transfer those Scheme Shares together with any rights and entitlements attaching to such shares to the Bidder under this Scheme.

## 8.4 Title to Scheme Shares and transfer free from encumbrance

(a) The Bidder will be beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by the Target of the Bidder in the Target Share Register as the holder of the Scheme Shares.

(b) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to the Bidder, will, at the time of transfer to the Bidder, vest in the Bidder free from all security interests (including mortgages, charges, liens, encumbrances, pledges, Security Interests and interests of third parties of any kind, whether legal or otherwise, and from any restrictions on transfer of any kind).

## 8.5 Appointment of the Bidder as sole proxy

Subject to the provision of the Scheme Consideration for the Scheme Shares as contemplated by clause 5.2 of this Scheme, on and from the Implementation Date until the Target registers the Bidder as the holder of all of the Scheme Shares in the Target Share Register, each Scheme Shareholder:

(a) irrevocably appoints the Bidder and each of its directors from time to time (jointly and each of them individually) as its sole proxy, and where applicable corporate representative, to attend shareholders' meetings, exercise the votes attaching to Schemes Shares registered in its name and sign any shareholders resolution, and no Scheme Shareholder may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 8.5(a)); and

(b) must take all other actions in the capacity of the registered holder of Scheme Shares as the Bidder reasonably directs.

(c) Target undertakes in favour of each Scheme Shareholder that it will appoint Bidder and each of its directors from time to time (jointly and each of them individually) as that Scheme Shareholder's proxy or, where applicable, corporate representative in accordance with clause 8.4 of this Scheme.

### 8.6 Consent to alterations

If the Court proposes to approve this Scheme subject to any alterations or conditions, the Target may, by its counsel or solicitors, and with the consent of the Bidder, consent on behalf of all persons concerned, including a Scheme Shareholder, to any modification of or amendment to this Scheme which the Court thinks fit to impose.

## 9. General

### 9.1 Notices

(a) Where a notice, transfer, transmission application, direction or other communication referred to in the Scheme is sent by post to the Target, it will not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at the Target's registered office or at the Target Share Registry as the case may be.

(b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by a Target Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

### 9.2 Inconsistencies

This Scheme binds the Target and all Target Shareholders (including those who did not attend the Scheme Meeting and those who did not vote, or voted against this Scheme, at the Scheme Meeting), and to the extent of any inconsistency, overrides the Target constitution.

### 9.3 Further assurance

The Target will execute all documents and do all acts and things as may be necessary or expedient for the implementation of, and performance of its obligations under, this Scheme.

### 9.4 No liability when acting in good faith

Neither the Target nor the Bidder, nor any of their respective officers or employees, will be liable for anything done or omitted to be done in the performance of this Scheme in good faith.

### 9.5 Stamp duties

The Bidder will pay all stamp duties and any related fines and penalties in respect of this Scheme and the Deed Poll, the performance of the Deed Poll and each transaction effected by or made under this Scheme and the Deed Poll and will indemnify each Scheme Shareholder against any liability arising from any failure to comply with this clause 9.5.

### 9.6 Governing law and jurisdiction

(a) This Scheme is governed by the law applying in Western Australia.

(b) Each party irrevocably:

(1) submits to the non-exclusive jurisdiction of the courts of Western Australia, Commonwealth courts having jurisdiction in that state and the courts

competent to determine appeals from those courts, with respect to any proceedings that may be brought at any time relating to this Scheme; and

(2) waives any objection it may now or in the future have to the venue of any proceedings, and any claim it may now or in the future have that any proceedings have been brought in an inconvenient forum, if that venue falls within clause 9.6(b)(1).

# Notice of Court Ordered Scheme Meeting

Notice is given that, by an order of the Federal Court of Australia] (**Court**) made on 14 September 2023 pursuant to section 411(1) of the *Corporations Act 2001* (Cth) (**Corporations Act**), a meeting of the holders of ordinary shares in Essential Metals Limited (**Essential**) will be held at on 18 October 2023 commencing at 9:00am (AWST).

**PURPOSE OF THE MEETING**

To consider and, if thought fit, pass the following Resolution agreeing to a scheme of arrangement (**Scheme**) (with or without modification) proposed to be made between Essential and the holders of shares in Essential as at the Record Date pursuant to Part 5.1 of the Corporations Act.

A copy of the Scheme and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme are contained in the Scheme Booklet of which this notice forms part.

**RESOLUTION**

The meeting will be asked to consider and, if thought fit, to pass (with or without amendment) the following resolution:

*"THAT, pursuant to and in accordance with section 411 of the Corporations Act 2001 (Cth), the scheme of arrangement (**Scheme**) proposed to be entered into between Essential and the holders of its fully paid ordinary shares, as contained in and more particularly described in the booklet of which the notice convening this meeting forms part, is agreed to (with or without modification as approved by the Federal Court of Australia (**Court**) to which Essential and Develop agree) and FURTHER that, the directors of Essential are authorised to agree to such alterations or conditions as are thought fit by the Court and, subject to approval of the Scheme by the Court, the directors of Essential are authorised to implement the Scheme with any such alterations or conditions".*

**CHAIRPERSON**

The Court has appointed Mr Nino Odorisio, or failing him, Mr Gregory Fitzgerald, to be the chairperson of the Scheme Meeting (Chairperson) and to report the result of the Scheme Meeting to the Court.

Dated: 15 September 2023

**The Board of Directors**

**Essential Metals Limited**

**Notes to the Notice of Court Ordered Scheme Meeting**

**Required voting majority**

In accordance with section 411(4)(a)(ii) of the Corporations Act, the resolution to approve the Scheme must be passed at the Scheme Meeting by:

- Unless the Court orders otherwise, a majority in number of Essential Shareholders present and voting (either in person or by proxy, attorney, or, in the case of bodies corporate, body corporate representative) at the Scheme Meeting; and
- At least 75% of the votes cast on the resolution.

The Court has a discretion under section 411(4)(a)(ii)(A) of the Corporations Act to approve the Scheme if it is approved by at least 75% of the votes cast on the resolution, but not by a majority in number of Essential Shareholders present and voting at the Scheme Meeting.

**Court Approval**

In accordance with section 411(4)(b) of the Corporations Act, the Scheme (with or without modification) is subject to the approval of the Court. If the resolution put to the Scheme Meeting is passed by the requisite majority and the other conditions precedent to the Scheme (other than approval by the Court) are satisfied or waived by the time required under the Scheme, Essential intends to apply to the Court for the necessary orders to give effect to the Scheme.

**Entitlement to vote**

Under section 411 of the Corporations Act and all other enabling powers, the Court has determined that the time for determining eligibility to vote at the Scheme Meeting is 5:00pm (AWST) on 16 October 2023. Only those Essential Shareholders entered on the Register at that time will be entitled to attend and vote at the Scheme Meeting. The remaining comments in these explanatory notes are addressed to Essential Shareholders entitled to attend and vote at the Scheme Meeting.

**How to vote**

Voting will be on a poll. You may vote at the Scheme Meeting by:

(p) attending and voting in person;

(q) appointing one or two proxies to attend and vote on your behalf, using the proxy form that accompanied this Scheme Booklet;

(r) appointing an attorney to attend and vote on your behalf, using a power of attorney; or

(s) in the case of a body corporate, appointing a body corporate representative to attend and vote on your behalf, using a certificate of appointment of body corporate representative.

**Participation in, and voting at, the Scheme Meeting in person**

To vote in person, you must attend the meeting.

Essential Shareholders who are eligible and wish to attend and vote at the meeting in person will be admitted and given a voting card at the point of entry to the meeting, once they have disclosed their name and address.

**Voting by proxies and representatives**

You may appoint not more than two proxies. Your proxy need not be another Essential Shareholder. Each proxy will have the right to vote on the poll and also to speak at the meeting.

To appoint a proxy, you should complete and return the proxy form that accompanied this Scheme Booklet in accordance with the instructions on that form. You must deliver the signed and completed proxy form to the Essential Share Registry by 9:00am (AWST) on 16 October 2023 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

(a) **Online:**

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

(b) **By mail:**

Automic
GPO Box 5193
Sydney NSW 2001

(c) **In person:**

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

(d) **By email:**

meetings@automicgroup.com.au

(e) **By facsimile:**

+61 2 8583 3040

Proxy forms received after this time will be invalid.

If a proxy form is completed under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed proxy form unless the power of attorney or other authority has previously been noted by the Essential Share Registry.

A vote given in accordance with the terms of a proxy appointment is valid despite the revocation of that appointment, unless notice in writing of the revocation has been received by the Essential Share Registry at least 48 hours before the start of the meeting (or, if the meeting is adjourned or postponed, at least 48 hours before the resumption of the meeting in relation to the resumed part of the meeting, or any lesser time that the Essential Directors or chairman of the meeting decide) in any of the ways above.

If you wish to appoint a second proxy, you should complete two separate proxy forms and specify the percentage of votes or number of securities for each proxy in Step 1 of the proxy form. You must return both proxy forms together. Replacement or additional proxy forms can also be obtained from the Essential Share Registry.

If you appoint two proxies, each proxy should be appointed to represent a specified proportion of your voting rights. If you do not specify the proportions in the proxy forms, each proxy may exercise half of your votes with any fractions of votes disregarded.

If you hold Essential Shares jointly with one or more other persons, all securityholders must sign the proxy form.

You should consider how you wish your proxy to vote. That is, whether you want your proxy to vote 'for' or 'against', or abstain from voting on, the Resolution, or whether to leave the decision to the proxy after he or she has considered the matters discussed at the meeting.

If you do not direct your proxy how to vote on an item of business, the proxy may vote, or abstain from voting, as he or she thinks fit. If you instruct your proxy to abstain from voting on an item of business, he or she is directed not to vote on your behalf, and the shares the subject of the proxy appointment will not be counted in computing the required majority.

If you return your proxy form:

- without identifying a proxy on it, you will be taken to have appointed the Chair of the meeting as your proxy to vote on your behalf; or
- with a proxy identified on it but your proxy does not attend the meeting, the Chair of the meeting will act in place of your nominated proxy and vote in accordance with any directions on your proxy form.

The Chair of the meeting intends to vote all available valid undirected proxies in favour of the Resolution, in the absence of a Superior Proposal.

Proxies of eligible Essential Shareholders will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting written evidence of their name and address.

Your appointment of a proxy does not preclude you from attending in person, revoking the proxy and voting at the meeting.

**Voting by attorney**

You may appoint not more than two attorneys to attend and vote at the meeting on your behalf. Your attorney need not be another Essential Shareholder. Each attorney will have the right to vote on the poll and also to speak at the meeting.

The power of attorney appointing your attorney to attend and vote at the meeting must be duly executed by you and specify your name, the company (that is, Essential), and the attorney, and also specify the meetings at which the appointment may be used. The appointment may be a standing one.

The power of attorney, or a certified copy of the power of attorney, should be lodged with the Share Registry before 9:00am (AWST) on 16 October 2023 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

(a) **By mail:**

Automic
GPO Box 5193
Sydney NSW 2001

(b) **In person:**

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

(c) **By email:**

meetings@automicgroup.com.au

(d) **By facsimile:**

+61 2 8583 3040

Attorneys of eligible Essential Shareholders will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting, written evidence of their appointment, their name and address, and the name of their appointors.

If you appoint two attorneys, each attorney should be appointed to represent a specified proportion of your voting rights. If you do not specify the proportions in the power of attorney, each attorney may exercise half of your votes with any fractions of votes disregarded.

Your appointment of an attorney does not preclude you from attending in person and voting at the meeting.

**Voting by corporate representative**

If you are a body corporate, you may appoint an individual to act as your body corporate representative. The appointment must comply with the requirements of section 250D of the Corporations Act, meaning that Essential will require a certificate of appointment of body corporate representative to be executed by you in accordance with the Corporations Act. A form of certificate may be obtained from the Essential Share Registry by calling 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia) or via email at hello@automic.com.au.

The certificate of appointment may set out restrictions on the representative's powers. The certificate should be lodged with the Essential Share Registry before the meeting (or, if the meeting is adjourned or postponed, before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

(a) **By mail:**

Automic
GPO Box 5193
Sydney NSW 2001

(b) **In person:**

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

(c) **By email:**

meetings@automicgroup.com.au

(d) **By facsimile:**

+61 2 8583 3040

Alternatively, the certificate can be brought to the meeting (or, if the meeting is adjourned or postponed, the resumed meeting).

If a certificate is completed under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed certificate unless the power of attorney or other authority has previously been noted by the Essential Share Registry.

Body corporate representatives of eligible Essential Shareholders will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting, written evidence of their appointment, their name and address and the name of their appointors.

**Questions about voting at the Scheme Meeting**

Essential Shareholders should contact the Registry on 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia) or via email at hello@automic.com.au, with any queries regarding the number of Essential Shares held, how to vote at the Scheme Meeting, or how to vote by proxy.

**Jointly held securities**

If you hold shares jointly with one or more other persons, only one of you may vote. If more than one of you attempts to vote, only the vote of the holder whose name first appears on the Register will be counted.

Any inquiries in relation to the Resolution or the Scheme Booklet should be directed to the Company Secretary, Greg Fitzgerald: cosec@essmetals.com.au.

**Essential Metals Limited**

## Schedule 5 – Sample Proxy

ESSENTIALMETALS
for a sustainable future

Essential Metals Limited | ABN 44 103 423 981

# Proxy Voting Form

**If you are attending the Scheme 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 Monday, 16 October 2023** being **not later than 48 hours** before the commencement of the Scheme Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Scheme Meeting.

## SUBMIT YOUR PROXY

**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 Scheme 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 Scheme Meeting will be appointed as your proxy by default.

**DEFAULT TO THE CHAIR OF THE SCHEME MEETING**
Any directed proxies that are not voted on a poll at the Scheme Meeting will default to the Chair of the Scheme Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Scheme 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 Scheme Meeting, Proxy Voting Form and Annual Report via email.**

**CORPORATE REPRESENTATIVES**
If a representative of the corporation is to attend the Scheme 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.

**Lodging your Proxy Voting –**

**Online:**
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
**Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.**

**BY MAIL:**
Automic
GPO Box 5193
Sydney NSW 2001

**IN PERSON:**
Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

**BY EMAIL:**
meetings@automicgroup.com.au

**BY FACSIMILE:**
+61 2 8583 3040

**All enquiries to Automic:**
**WEBSITE:**
https://automicgroup.com.au/

**PHONE:** 1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

## STEP 1 - How to vote

**APPOINT A PROXY:**
I/We being a Shareholder entitled to attend and vote at the Scheme General Meeting of Essential Metals Limited, to be held at **9.00am (AWST) on Wednesday, 18 October 2023 at Quest Apartment Hotels, 54 Kings Park Road, West Perth WA 6005** hereby:

**Appoint the Chair of the Scheme Meeting (Chair)** OR if you are not appointing the Chair of the Scheme Meeting as your proxy, please write in the box provided below the name of the person or body corporate you are appointing as your proxy or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.

**The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.**
Unless indicated otherwise by ticking the "for"," against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.

## STEP 2 – Your voting direction

| Resolutions | For | Against | Abstain |
|---|---|---|---|
| 1. Approval of Scheme Meeting<br>*"THAT, pursuant to and in accordance with section 411 of the Corporations Act 2001 (Cth), the scheme of arrangement (Scheme) proposed to be entered into between Essential and the holders of its fully paid ordinary shares, as contained in and more particularly described in the booklet of which the notice convening this meeting forms part, is agreed to (with or without modification as approved by the Federal Court of Australia (Court) to which Essential and Develop agree) and FURTHER that, the directors of Essential are authorised to agree to such alterations or conditions as are thought fit by the Court and, subject to approval of the Scheme by the Court, the directors of Essential are authorised to implement the Scheme with any such alterations or conditions".* | | | |

## STEP 3 – Signatures and contact details

| Individual or Securityholder 1 | Securityholder 2 | Securityholder 3 |
|---|---|---|
| | | |
| Sole Director and Sole Company Secretary | Director | Director / Company Secretary |

Contact Name:

Email Address:

Contact Daytime Telephone

Date (DD/MM/YY)

/ /

**By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).**

## Schedule 6 – Opt-in Notice

ESSENTIALMETALS
for a sustainable future

Essential Metals Limited | ACN 103 423 981

AUTOMIC

By Mail:
GPO Box 5193, Sydney NSW 2001

For All enquiries
1300 288 664 (within Australia)
+61 2 9698 5414 (international)

[EntityRegistrationDetailsLine1Envelope]
[EntityRegistrationDetailsLine2Envelope]
[EntityRegistrationDetailsLine3Envelope]
[EntityRegistrationDetailsLine4Envelope]
[EntityRegistrationDetailsLine5Envelope]
[EntityRegistrationDetailsLine6Envelope]

**ASX Security Code:** ESS

**Holder Number (SRN/HIN):** [HolderNumber]

# SMALL SHAREHOLDER OPT-IN NOTICE

**YOUR OPT-IN NOTICE MUST BE RECEIVED BY NO LATER THAN 5.00PM (AEST) ON 27 OCTOBER 2023**

This is an important document and requires your immediate attention. This document should be read in conjunction with the Scheme Booklet which is available online at https://www.essmetals.com.au. If you are in any doubt as to how to deal with this form, you should consult your professional advisor.

## Option A: Elect Online (Recommended)

**Visit https://investor.automic.com.au/#/home**

To elect online, simply scan the barcode to the right or enter the above link into your browser. Instructions lodging your election online and accessing this portal are provided in the section overleaf.

- ✓ **It's fast and simple:** Electing online is very easy to do, it eliminates any postal delays and removes any potential risk of it being lost in transit.
- ✓ **It's secure and confirmed:** Electing online provides you with greater privacy over your instructions and provides you with confirmation that your Election has been successfully processed.

## Option B: Paper Election

**Step 1:** Make your election below:

**A** **PLEASE TICK THE BOX TO INDICATE YOU WISH TO RECEIVE THE SCHEME CONSIDERATION AS NEW DEVELOP SHARES** ☐

**B** **RECEIVE THE PROCEEDS FROM THE SALE OF YOUR SCHEME CONSIDERATION**

If you are deemed a Small Shareholder as at the Scheme Record Date and wish to receive the proceeds from the sale of your Scheme Consideration you do not need to return this form. As a Non-electing Small Shareholder you will receive the respective pro rata proportion of the Sale Proceeds of the New Develop Shares which would otherwise have been issued to you under the Scheme.

To ensure you receive payment via EFT please update your payment details via the Investor Portal by visiting https://investor.automic.com.au/#/home and following the steps below:

**Existing users:** If you have an existing Automic Investor Portal account, with access to Essential Metals Limited, you do not need to register and can log in with your existing username and password at https://investor.automic.com.au

If you do not automatically see your ESS shareholding in your account, you can easily add it by selecting the "Add holding" button on the top right-hand corner of the screen and following the prompts.

**New users:** If you do not have an existing Automic account you will need to register for Investor Portal by visiting https://investor.automic.com.au/#/signup and following these steps:

1. In the Company Name field, select "Essential Metals Limited (ESS)"
2. Enter your Holder Number (SRN or HIN) as shown on the top of this form
3. Enter the postcode (Australian address) or click "change country" to select the country code (overseas address) relevant to your holding
4. Tick the "I'm not a robot" box and click "Next"
5. Complete the prompts to set up your Username and Password

**Once you are logged in, select "my details" next to your Essential Metals Limited holding and update your payment details.**

**Step 2:** Sign and return the form in accordance with the instructions provided:

I/We authorise you to act in accordance with my/our instructions set out above. I/We acknowledge that these instructions supersede and have priority over all previous instructions relating to this Small Shareholder Opt-In Notice.

| Individual or Securityholder 1 | Securityholder 2 | Securityholder 3 |
|---|---|---|
| | | |
| Sole Director or Sole Director & Sole Company Secretary | Director | Director/Company Secretary |

# INSTRUCTIONS FOR COMPLETION OF THIS OPT-IN NOTICE

## ELECTION OPTIONS

**A: OPT-IN TO RECEIVE SCHEME CONSIDERATION AS NEW DEVELOP SHARES**

If you wish to receive the Scheme Consideration as New Develop Shares, please place a tick in the box provided. Should you validly sign the form but fail to place a tick in the box, it will be at the Company's discretion as to whether or not it is your intention to receive your Scheme Consideration as New Develop Shares.

**B: RECEIVE THE PROCEEDS FROM THE SALE OF YOUR SCHEME CONSIDERATION**

If you are deemed a Small Shareholder as at the Scheme Record Date and wish to receive the proceeds from the sale of your Scheme Consideration you do not need to return this form. As a Non-electing Small Shareholder you will receive the respective pro rata proportion of the Sale Proceeds of the New Develop Shares which would otherwise have been issued to you under the Scheme.

All New Develop Shares that you would otherwise have been entitled to receive will be issued to the Sale Agent for sale by the Sale Agent on your behalf and at your risk as soon as reasonably practicable and in any event within 15 Business Days of the Implementation Date. You will receive such proportion of the proceeds in Australian dollars (after deducting any applicable brokerage, foreign exchange, stamp duty and other selling costs, taxes and charges) as is owed to you.

## SIGNING REQUIREMENTS

| | |
|---|---|
| **Individual**: | Where the holding is in one name, the Shareholder must sign. |
| **Joint holding**: | Where the holding is in more than one name, all of the Shareholders must sign. |
| **Power of Attorney**: | If any signatory signs under Power of Attorney, please attach an originally certified photocopy of the Power of Attorney to this Form when you return it. |
| **Companies**: | To be signed in accordance with your Constitution. Please sign in the box which indicates the office held by you. |
| **Estates:** | If any signatory signs in the capacity of Executor/s, please attach to this Form when you return it, a certified photocopy of the Probate or Death Certificate together with the Will. |

## LODGING YOUR OPT-IN NOTICE

**IMPORTANT! Opt-in Notices cannot be returned by fax or email.**
**Your Opt-in Notice must be returned via one of the return methods provided below.**

Due to recent changes to delivery times by Australia Post, standard delivery may now take up to ten Business Days, or longer from regional areas. Shareholders should bear this in mind when returning Opt-In Notices using Australia Post.

**ONLINE**

**Existing users:** If you have an existing Automic Investor Portal account, with access to Essential Metals Limited, you do not need to register and can log in with your existing username and password at https://investor.automic.com.au

If you do not automatically see your ESS shareholding in your account, you can easily add it by selecting the "Add holding" button on the top right-hand corner of the screen and following the prompts.

**New users:** If you do not have an existing Automic account you will need to register for Investor Portal by visiting https://investor.automic.com.au/#/signup and following these steps:

1. In the Company Name field, select "Essential Metals Limited (ESS)"
2. Enter your Holder Number (SRN or HIN) as shown on the top of this form
3. Enter the postcode (Australian address) or click "change country" to select the country code (overseas address) relevant to your holding
4. Tick the "I'm not a robot" box and click "Next"
5. Complete the prompts to set up your Username and Password

**Once you are logged in, select "Offers" from the left-hand vertical menu and follow the prompts.**

**BY MAIL**
Essential Metals Limited – Small Shareholder Opt-in Notice
C/- Automic Group
GPO Box 5193
Sydney NSW 2001

**BY HAND DELIVERY (Between Sydney office hours 9.00am – 5.00pm AEST)**
Automic Group
Level 5
126 Phillip Street
Sydney NSW 2000

**YOUR OPT-IN NOTICE MUST BE RECEIVED BY NO LATER THAN 5.00PM (AEST) ON 27 OCTOBER 2023.**

## ANNEXURE A – Tenement Schedule

### Company's Tenements

The following table summarises the details of each of the tenements in which the Company holds an interest as at the Last Practicable Date.

| Tenement[4] | Status | Project | Grant Date | Expiry Date | Registered Holder | Ownership |
|---|---|---|---|---|---|---|
| E25/585[1] | Live | Juglah Dome Project | 29/07/2020 | 28/07/2025 | Western Copper Pty Ltd | 100% |
| E15/1515 | Live | Pioneer Dome Project | 9/05/2017 | 8/05/2027 | Essential Metals Limited | 100% |
| E15/1725 | Live | Pioneer Dome Project | 15/03/2022 | 14/03/2027 | Essential Metals Limited | 100% |
| E63/1669 | Live | Pioneer Dome Project | 14/04/2015 | 13/04/2025 | Essential Metals Limited | 100% |
| E63/1782 | Live | Pioneer Dome Project | 2/03/2017 | 1/03/2027 | Essential Metals Limited | 100% |
| E63/1783 | Live | Pioneer Dome Project | 2/03/2017 | 1/03/2027 | Essential Metals Limited | 100% |
| E63/1785 | Live | Pioneer Dome Project | 8/05/2017 | 7/05/2027 | Essential Metals Limited | 100% |
| E63/1825 | Live | Pioneer Dome Project | 24/03/2017 | 23/03/2027 | Essential Metals Limited | 100% |
| E63/2118 | Live | Pioneer Dome Project | 4/02/2022 | 3/02/2027 | Essential Metals Limited | 100% |
| M15/1896 | Live | Pioneer Dome Project | 16/02/2023 | 15/02/2044 | Essential Metals Limited | 100% |
| M63/665 | Live | Pioneer Dome Project | 13/11/2017 | 12/11/2038 | Essential Metals Limited | 100% |
| L63/77 | Live | Pioneer Dome Project | 14/12/2017 | 13/12/2038 | Essential Metals Limited | 100% |
| E15/1710 | Live | Horse Rocks Project | 28/01/2020 | 27/01/2025 | Essential Metals Limited | 100% |
| E26/186[2] | Live | Blair – Golden Ridge Project | 26/07/2016 | 25/07/2026 | Golden Ridge Nth Kambalda Pty Ltd | 100% |
| E26/211[2] | Live | Blair – Golden Ridge Project | 11/02/2019 | 10/02/2024 | Golden Ridge Nth Kambalda Pty Ltd | 100% |
| E26/212[2] | Live | Blair – Golden Ridge Project | 20/02/2019 | 19/02/2024 | Golden Ridge Nth Kambalda Pty Ltd | 100% |

| | | | | | | |
|---|---|---|---|---|---|---|
| M26/220[2] | Live | Blair – Golden Ridge Project | 2/05/1988 | 1/05/2030 | Golden Ridge Nth Kambalda Pty Ltd | 100% |
| M26/222[2] | Live | Blair – Golden Ridge Project | 2/05/1988 | 1/05/2030 | Golden Ridge Nth Kambalda Pty Ltd | 100% |
| M26/284[2] | Live | Blair – Golden Ridge Project | 20/10/1989 | 19/10/2031 | Golden Ridge Nth Kambalda Pty Ltd | 100% |
| M26/285[2] | Live | Blair – Golden Ridge Project | 20/10/1989 | 19/10/2031 | Golden Ridge Nth Kambalda Pty Ltd | 100% |
| L26/272[2] | Live | Blair – Golden Ridge Project | 27/05/2015 | 26/05/2036 | Golden Ridge Nth Kambalda Pty Ltd | 100% |
| E27/558 | Live | Balagundi | 26/08/2016 | 25/08/2026 | Essential Metals Limited | 100% |
| E45/4948 | Live | Kangan Project | 17/02/2020 | 16/02/2025 | Essential Metals Limited | 100% |
| E47/3318-I | Live | Kangan Project | 1/04/2016 | 31/03/2026 | Essential Metals Limited | 100% |
| E47/3321-I | Live | Kangan Project | 21/01/2016 | 20/01/2026 | Essential Metals Limited | 100% |
| E47/3945 | Live | Kangan Project | 2/10/2018 | 1/10/2023 | Essential Metals Limited | 100% |
| E27/278 | Live | Acra Project | 13/12/2005 | 12/12/2022[5] | Essential Metals Limited<br>Northern Star Resources Limited | 25%<br>75% |
| E27/438 | Live | Acra Project | 18/05/2012 | 17/05/2024 | Essential Metals Limited<br>Northern Star Resources Limited | 25%<br>75% |
| E27/520 | Live | Acra Project | 21/01/2014 | 20/01/2024 | Essential Metals Limited<br>Northern Star Resources Limited | 25%<br>75% |
| E27/548 | Live | Acra Project | 30/05/2016 | 29/05/2026 | Essential Metals Limited<br>Northern Star Resources Limited | 25%<br>75% |
| E27/579 | Live | Acra Project | 20/04/2017 | 19/04/2027 | Essential Metals Limited<br>Northern Star Resources Limited | 25%<br>75% |
| E28/1746 | Live | Acra Project | 20/02/2008 | 19/02/2024 | Essential Metals Limited<br>Northern Star Resources Limited | 25%<br>75% |

| | | | | | | |
|---|---|---|---|---|---|---|
| E28/2483 | Live | Acra Project | 23/02/2015 | 22/02/2025 | Essential Metals Limited<br>Northern Star Resources Limited | 25%<br>75% |
| E63/1784 | Live | Maggie Hays Hill Project | 13/10/2017 | 12/10/2027 | Essential Metals Limited<br>Poseidon Nickel Limited | 20%<br>80% |
| M15/1769[3] | Live | Wattle Dam Project | 30/06/2008 | 29/06/2029 | Maximus Resources Ltd | 100% |
| M15/1770[3] | Live | Wattle Dam Project | 30/06/2008 | 29/06/2029 | Maximus Resources Ltd | 100% |
| M15/1771[3] | Live | Wattle Dam Project | 30/06/2008 | 29/06/2029 | Maximus Resources Ltd | 100% |
| M15/1772[3] | Live | Wattle Dam Project | 30/06/2008 | 29/06/2029 | Maximus Resources Ltd | 100% |
| M15/1773[3] | Live | Wattle Dam Project | 30/06/2008 | 29/06/2029 | Maximus Resources Ltd | 100% |
| M15/1101[3] | Live | Wattle Dam Project | 19/03/2004 | 18/03/2025 | Maximus Resources Ltd | 100% |
| M15/1263[3] | Live | Wattle Dam Project | 24/08/2004 | 23/08/2025 | Maximus Resources Ltd | 100% |
| M15/1264[3] | Live | Wattle Dam Project | 24/08/2004 | 23/08/2025 | Maximus Resources Ltd | 100% |
| M15/1323[3] | Live | Wattle Dam Project | 30/06/2008 | 29/06/2029 | Maximus Resources Ltd | 100% |
| M15/1338[3] | Live | Wattle Dam Project | 30/06/2008 | 29/06/2029 | Maximus Resources Ltd | 100% |
| M15/1449[3] | Live | Larkinville Project | 6/09/2012 | 5/09/2033 | Essential Metals Limited<br>Maximus Resources Limited | 25%<br>75% |

Notes

1. 100% owned subsidiary of Essential Metals Limited.
2. 100% owned subsidiary of Essential Metals Limited.
3. Essential Metals has 20% interest in nickel rights.
4. Exploration licences applied for on or after 10 February 2006 and granted in respect of more than 10 blocks must surrender 40% of the blocks granted before the end of the sixth year, unless a mining lease or general purpose lease comprising at least that minimal surrender amount has been granted prior to that time.

**Develop's Tenements**

The following table summarises the details of each of the tenements in which Develop holds an interest as at the Last Practicable Date.

| Tenement | Status | Project | Grant Date | Expiry Date | Registered Holder | Ownership |
|---|---|---|---|---|---|---|
| M45/494 | Live | Sulphur Springs | 22/10/1990 | 21/10/2032 | Venturex Sulphur Springs Pty Ltd | 100% |
| M45/587 | Live | Sulphur Springs | 07/09/1993 | 06/09/2035 | Venturex Sulphur Springs Pty Ltd | 100% |
| M45/653 | Live | Sulphur Springs | 29/09/1995 | 28/09/2037 | Venturex Sulphur Springs Pty Ltd | 100% |

| Tenement | Status | Project | Grant Date | Expiry Date | Registered Holder | Ownership |
|---|---|---|---|---|---|---|
| M45/1001 | Live | Sulphur Springs | 22/01/2008 | 21/01/2029 | Venturex Sulphur Springs Pty Ltd | 100% |
| E45/4811 | Live | Sulphur Springs | 28/03/2017 | 27/03/2027 | Venturex Sulphur Springs Pty Ltd | 100% |
| E45/4993 | Live | Sulphur Springs | 11/04/2018 | 10/04/2028 | Venturex Sulphur Springs Pty Ltd | 100% |
| E 45/6033 | Live | Sulphur Springs | 04/07/2023 | 03/07/2028 | Venturex Sulphur Springs Pty Ltd | 100% |
| E 45/6034 | Live | Sulphur Springs | 04/07/2023 | 03/07/2028 | Venturex Sulphur Springs Pty Ltd | 100% |
| L45/166 | Live | Sulphur Springs | 01/05/2009 | 30/04/2030 | Venturex Sulphur Springs Pty Ltd | 100% |
| L45/170 | Live | Sulphur Springs | 18/09/2009 | 17/09/2030 | Venturex Sulphur Springs Pty Ltd | 100% |
| L45/173 | Live | Sulphur Springs | 24/08/2012 | 23/08/2033 | Venturex Sulphur Springs Pty Ltd | 100% |
| L45/179 | Live | Sulphur Springs | 01/04/2011 | 31/03/2032 | Venturex Sulphur Springs Pty Ltd | 100% |
| L45/188 | Live | Sulphur Springs | 20/11/2009 | 19/11/2030 | Venturex Sulphur Springs Pty Ltd | 100% |
| L45/189 | Live | Sulphur Springs | 20/11/2009 | 19/11/2030 | Venturex Sulphur Springs Pty Ltd | 100% |
| L45/287 | Live | Sulphur Springs | 28/09/2012 | 27/09/2033 | Venturex Sulphur Springs Pty Ltd | 100% |
| M45/1254 | Live | Sulphur Springs | 11/10/2017 | 10/10/2038 | Venturex Sulphur Springs Pty Ltd | 100% |
| E47/1209[1] | Live | Evelyn | 27/09/2005 | 26/09/2023* | Jutt Resources Pty Ltd | 100% |
| M47/236 | Live | Whim Creek Anax JV | 27/07/1990 | 26/07/2032 | Venturex Pilbara Pty Ltd | 20% |
| E47/3495 | Live | Whim Creek Anax JV | 01/08/2017 | 31/07/2027 | Venturex Pilbara Pty Ltd | 20% |
| M47/237 | Live | Whim Creek Anax JV | 27/07/1990 | 26/07/2032 | Venturex Pilbara Pty Ltd | 20% |
| M47/238 | Live | Whim Creek Anax JV | 27/07/1990 | 26/07/2032 | Venturex Pilbara Pty Ltd | 20% |
| M47/443 | Live | Whim Creek Anax JV | 02/06/1998 | 1/06/2040 | Venturex Pilbara Pty Ltd | 20% |
| L47/36 | Live | Whim Creek Anax JV | 19/01/1998 | 18/01/2028 | Venturex Pilbara Pty Ltd | 20% |
| M47/323 | Live | Whim Creek Anax JV | 04/06/1993 | 3/06/2035 | Venturex Pilbara Pty Ltd | 20% |
| M47/324 | Live | Whim Creek Anax JV | 04/06/1993 | 3/06/2035 | Venturex Pilbara Pty Ltd | 20% |
| M47/1455 | Live | Whim Creek Anax JV | 04/04/2012 | 3/04/2033 | Jutt Resources Pty Ltd | 20% |
| S(C&PL)L20 | Live | Woodlawn | 16/1/1973 | 16/11/2029 | Tarago Operations Pty Ltd | 100% |
| EL7257 | Live | Woodlawn | 14/11/2018 | 14/11/2026 | Tarago Exploration Pty Ltd | 100% |
| EL8325 | Live | Woodlawn | 2/12/2014 | 2/12/2023 | Tarago Exploration Pty Ltd | 100% |

| Tenement | Status | Project | Grant Date | Expiry Date | Registered Holder | Ownership |
|---|---|---|---|---|---|---|
| EL8353 | Live | Woodlawn | 17/3/2015 | 17/03/2024 | Tarago Exploration Pty Ltd | 100% |
| EL 7468 | Live | Woodlawn | 4/3/2010 | 4/3/2026 | Tarago Exploration Pty Ltd | 100% |
| EL 7469 | Live | Woodlawn | 4/3/2010 | 4/3/2026 | Tarago Exploration Pty Ltd | 100% |
| EL8623 | Live | Woodlawn | 17/7/2017 | 17/07/2023 | Ochre Resources Pty Ltd | 100% |
| EL8712 | Live | Woodlawn | 5/3/2018 | 5/03/2024 | Ochre Resources Pty Ltd | 100% |
| EL8796 | Live | Woodlawn | 25/9/2018 | 25/09/2024 | Ochre Resources Pty Ltd | 100% |
| EL8797 | Live | Woodlawn | 25/9/2018 | 25/09/2024 | Ochre Resources Pty Ltd | 100% |
| EL8945 | Live | Woodlawn | 19/2/2020 | 19/02/2026 | Tarago Exploration Pty Ltd | 100% |
| EL8318 | Live | Alchemy JV | 3/11/2014 | 3/11/2023 | Ochre Resources Pty Ltd | 20% |
| EL5878 | Live | Alchemy JV | 24/7/2001 | 24/07/2023 | Ochre Resources Pty Ltd | 20% |
| EL7941 | Live | Alchemy JV | 23/5/2012 | 23/05/2028 | Ochre Resources Pty Ltd | 20% |
| EL8267[2] | Live | Alchemy JV | 12/5/2014 | 12/05/2023 | Ochre Resources Pty Ltd | 20% |
| EL8356 | Live | Alchemy JV | 26/3/2015 | 26/03/2026 | Ochre Resources Pty Ltd | 20% |
| EL8192 | Live | Alchemy JV | 30/10/2013 | 30/10/2027 | Ochre Resources Pty Ltd | 20% |
| EL8631 | Live | Alchemy JV | 26/7/2017 | 26/07/2025 | Ochre Resources Pty Ltd | 20% |
| EL8711 | Live | Alchemy JV | 5/3/2018 | 5/03/2026 | Ochre Resources Pty Ltd | 20% |
| EL7954 | Live | Sky Metal JV | 19/6/2012 | 19/06/2028 | Tarago Exploration Pty Ltd | 20% |
| EL8573 | Live | Sky Metal JV | 23/5/2017 | 23/05/2029 | Ochre Resources Pty Ltd | 20% |
| EL8400 | Live | Sky Metal JV | 20/10/2015 | 20/10/2024 | Ochre Resources Pty Ltd | 20% |

Notes

1. Develop has commenced the process of transferring 100/100th of the mining tenement and interest held within E47/1209 back to the tenements Royalty Holders.
2. Develop has lodged renewal application for tenements EL8623 and EL8267.