

ASX Code: ESS

Corporate Profile

Shares on issue: 151 million
Cash: \$4.4m (30 Jun 2020)
Debt: Nil

Corporate Directory

Non-Executive Chairman

Craig McGown

Managing Director

Timothy Spencer

Non-Executive Directors

Paul Payne

Warren Hallam

CFO & Company Secretary

Carl Travaglini

Key Projects

Sole Funded

Blair-Golden Ridge (Au, Ni)

Juglah Dome (Au)

Dome North (Li)

Sinclair Caesium Mine (Cs)

Mavis Lake (Li)

Free Carried to Decision to Mine

Acra (Au) 25%

Kangan (Au) 30%

Balagundi (Au) 25%

Investor Relations

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10 August 2020

MAJOR NEW FIELD EXPLORATION PROGRAMS SET TO COMMENCE AT KANGAN JV GOLD PROJECT

Novo Resources Corp. to commence exploration by end-September

HIGHLIGHTS

- Heritage clearances completed over parts of the Kangan Project tenement E47/3318 with JV partner Novo Resources Corp (TSXV.NVO) ("Novo") preparing to commence field work, including sampling, before the end of September.
- The Kangan JV forms part of the Egina Alluvial Project, for which Novo issued an NI 43-101 Technical Report on 30 July 2020.
- The NI 43-101 Technical Report provides a comprehensive explanation of the types of exploration work being undertaken at the Egina Alluvial Project.
- In recent months, Novo has consolidated its position in the Pilbara region by buying out holders in the various joint ventures it operates and adding new ground. This included the acquisition of a 30% interest held by Novo JV partner, Mark Creasy, in 510km² of tenements plus 100% of Creasy-held tenements totalling 1,865km².
- On 4 August, Novo announced the acquisition of Millenium Minerals Limited, owner of the Nullagine Gold Project, with the transaction giving it ownership of extensive infrastructure including a 1.5Mtpa process plant – allowing it to fast-track to production.
- Novo CEO Rob Humphryson and Essential Metals MD Tim Spencer visited the Egina Alluvial Project and other Novo Projects.

Essential Metals Managing Director, Tim Spencer, said: *"The sheer scale of the Novo's Pilbara Gold Project was brought home to me during my visit to the region. The gold endowment in the Pilbara appears to be widespread and very significant.*

"The approach that Novo, supported by its large resource focused North American shareholders and its JV partner, Sumitomo Corporation, is taking to improve confidence levels in estimating how much gold is present in economic quantities at the Egina Alluvial Project is necessarily novel and creative, backed by rigorous processes. We look forward to seeing the results of the ground-based exploration work being undertaken during the current Quarter at the Kangan Gold Project, which should give us a greater insight into the value proposition at Kangan."

KANGAN GOLD FARMIN-JOINT VENTURE (ESS: 100% reducing to 30%)

The Kangan Project is located in the West Pilbara region of Western Australia. Novo Resources Corp (TSXV:NVO) and Sumitomo Corporation are earning a 70% Joint Venture interest in the Kangan Project by spending \$460,000 on exploration by December 2020. Essential Metals is free-carried until a decision to mine is made, with Essential Metals holding a 30% interest.

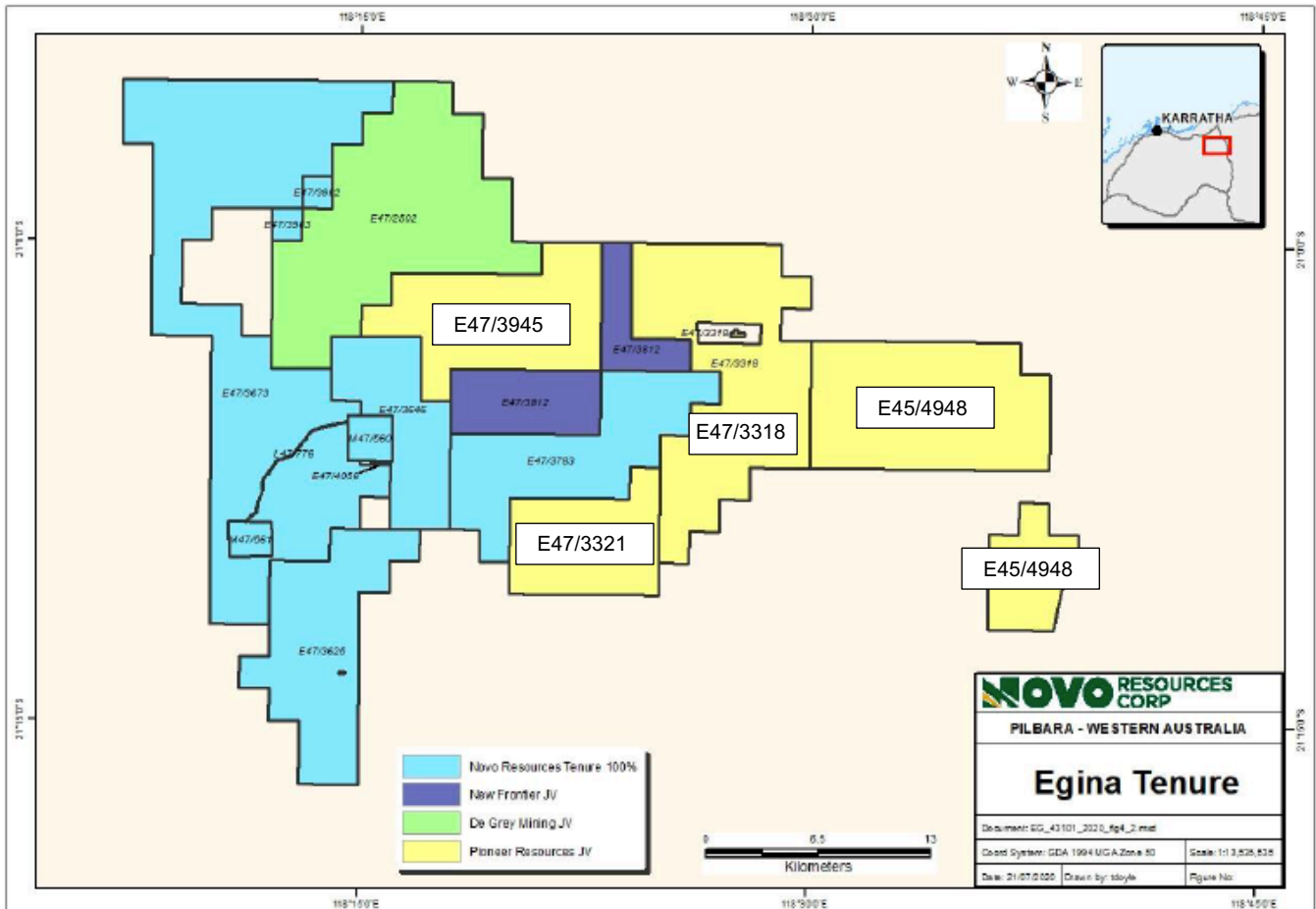


Figure 1: The Egina Alluvial Project tenure showing the Kangan Project JV tenure in yellow. This figure was sourced from page 18 of the NI 43-101 Technical Report: Egina Alluvial Project, Pilbara Region, Western Australia.

As reported in the June Quarterly Activities Report, Novo Resources Corp. requested a heritage clearance survey from the Kariyarra Aboriginal Corporation for the Kangan Project at several locations within tenement E47/3321 to undertake ground-disturbing exploration activities. The cleared areas pertaining to the Kangan Project are highlighted (green shaded area circled in red) in Figure 2 on the next page.

Novo has advised Essential Metals that it expects to commence field activities, including sampling, during the September 2020 Quarter. The heritage-cleared areas are shown in Figure 2 on the next page.

As at 30 June 2020, Novo and Sumitomo are compliant with the Farm-in/JV Agreement in place with Essential Metals and are on track to meet the farm-in expenditure obligation by December 2020, being 18 months from the date of the Agreement as required (*refer ASX release dated 11 June 2019*).

The Kangan Project tenure (four tenements) represents 38% of the greater Egina Alluvial Project in terms of land coverage.

The size of the prospective areas within Kangan and within Egina have not yet been ascertained.

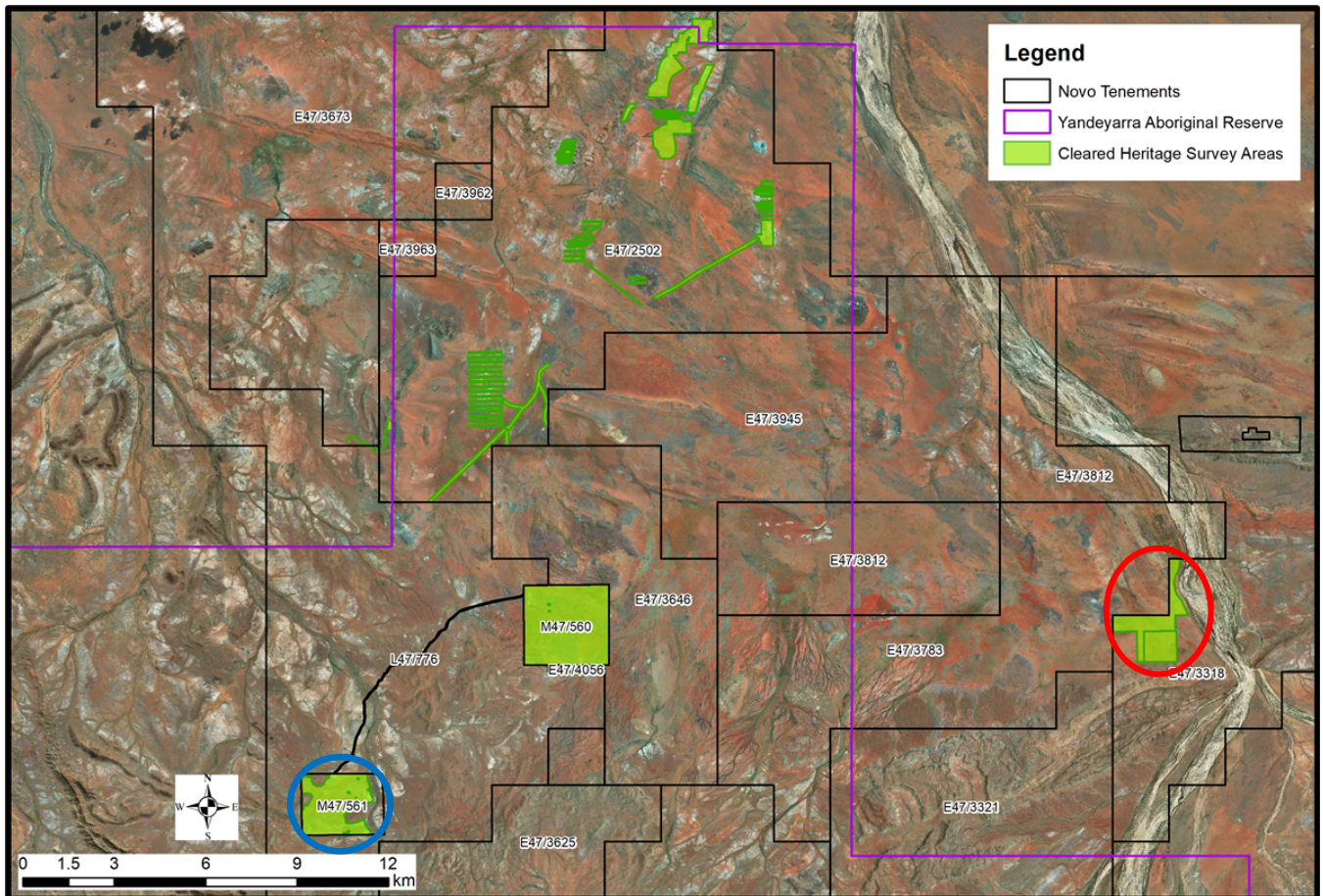


Figure 2: The green shaded areas have been heritage surveyed and approved for disturbance by Kariyarra Aboriginal Corporation (current at 30 June 2020). The heritage-cleared area on Kangan Project tenement E47/3318 is circled in red. The area circled in blue is where the Egina centralised plant for processing bulk samples is located. This figure was sourced from page 22 of the NI 43-101 Technical Report: Egina Alluvial Project, Pilbara Region, Western Australia.

The following points provide a summary description of the methodologies that Novo Resources is applying at Egina and will apply at Kangan:

- The Egina Project is highly prospective for gold, with coarse gold nuggets having been located at numerous locations on the Novo and joint venture tenements.
- Gold is located primarily in shallow Cenozoic gravels. Gold is likely sourced from conglomerate horizons within the Fortescue Formation conglomerates, or from other basement-hosted systems that have eroded away, with the gravels trapped in local depressions and swales.
- Up to the date of the NI 43-101 Technical Report (30 April 2020), Novo had carried out extensive non-mechanised costean sampling; mechanised mini-bulk sampling via the Mobile Alluvial Knudsen (“MAK”), large bulk sampling and very-large trench bulk sampling (approx. 100t and >700 t, respectively); Reverse Circulation (“RC”), water bore percussion and auger drilling; as well as high-resolution aerial photography and ground penetrating radar (“GPR”) at Egina. The large and very-large bulk samples were processed through an IGR 3000 wet plant on site at the Station Peak Mining Lease (M47/561).

For more detail, please read the NI 43-101 Technical Report issued on 30 July 2020, which can be found on the Novo website: <https://www.novoresources.com/news-media/news/>

Novo has been accumulating prospective tenure in the Pilbara and this year has seen it complete the following transactions:

- **12 March:** Novo announced that it had consolidated its mineral property holdings in the Karratha region of Western Australia by acquiring a 100% interest in Exploration Licences E47/1745 (“Purdy’s Reward”) and E47/3443 (“47K”) from Artemis Resources Limited (“Artemis”) (ASX: ARV) and certain Artemis joint venture partners and dissolving the remaining Novo-Artemis joint ventures.
- **11 June:** Novo announced a binding agreement to acquire three Exploration Licences known as the Mt. Elsie Project, comprising an area of approximately 19km² and located 75km north-east of the town of Nullagine, Western Australia and adjacent to numerous Novo wholly-owned tenements.
- **12 June:** Novo announced that it had entered into an option agreement with Bellary Dome Pty Ltd for the option to acquire the gold rights in Exploration Licence 47/3555, located in the Southern Pilbara region of Western Australia.
- **15 June:** Novo announced that it had signed a binding term sheet with Mark Creasy, consolidating 2,900km² of prospective Pilbara Tenure.
- **4 August:** Novo announced that it had signed an agreement to acquire Millenium Minerals Limited, stating it was a “...Transformative Acquisition to Fast-Track Planned Pilbara Conglomerate Gold Production”.

The transactions listed above demonstrate Novo’s belief in the potential of its portfolio of Pilbara Gold Projects, including the Egina Alluvial Project.

It is too early to determine how the Kangan Project fits within Novo’s prospectivity ranking and, further down the track, within its production pipeline in the context of both the Egina Alluvial Project and its portfolio of Pilbara projects.

The upcoming work programmes will begin to provide early information on the prospectivity of small sections of the Kangan Project ground, however, as has already been demonstrated, Novo has been able to explore large tracts of ground in a relatively short amount of time.

Following are pictures taken during the Egina Project field trip:



Photos: Top left – access road to Egina sample processing plant; Top right – a trench with markings distinguishing the cover and basement with a ~1-tonne MAK sample grab cut on the left side of the trench; Bottom left – MAK sample trommel (refer to Section 11 of the Egina Alluvial Project NI 43-101 Technical Report for a more detailed description of how it works). Bottom right – an area undergoing rehabilitation following completion of bulk sampling.

This ASX release has been approved by the Board of Directors

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Investor Relations

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About Essential Metals Limited

Following successful completion of the Sinclair Caesium Mine, Essential Metals is now a well-funded and active explorer focused on key global demand-driven commodities, looking for its next opportunity to create shareholder wealth through exploration and project development. The Company operates a portfolio of strategically located lithium, caesium, gold, nickel and cobalt projects in mining regions in Western Australia, plus a high-quality lithium asset in Canada.

Lithium:

- The **Pioneer Dome LCT Project** is highly prospective for lithium, evidenced by the discovery of multiple spodumene bearing pegmatites in the Dome North area. It includes the Cade Deposit, on which a maiden JORC Inferred Resource of 8.2 million tonnes @ 1.23% Li₂O was estimated in November 2019.
- The Company holds a 51% Project interest in the **Mavis Lake Lithium Project**, Canada where Company drilling has intersected spodumene.

Gold:

- The **Golden Ridge Project** is 100% owned by the Company. Exploration over the past 40 years has identified multiple gold prospects but the effort and focus has been on nickel. The gold potential is being reappraised and existing and newly identified prospects will be actively explored.
- **Other Projects** in the Company's portfolio, such as **Juglah Dome**, have historically been considered prospective for gold and a detailed review is being undertaken.

Gold Farmin/Joint Ventures: Essential Metals has three free-carried interests with well credentialed JV partners:

- **Acra JV Project** near Kalgoorlie: Northern Star Resources Limited (ASX:NST) has earned a 75% Project Interest and continues to fully fund exploration programmes until approval of a Mining Proposal by DMIRS with Essential Metals retaining a 25% interest.
- **Kangan Project** in the West Pilbara: A farmin & JV agreement with Novo Resources Corp (TSXV:NVO) and Sumitomo Corporation will fully fund gold exploration programmes until a decision to mine is made, with Essential Metals retaining a 30% interest.
- **Balagundi Project:** A farmin & JV agreement where Black Cat Syndicate Limited (ASX:BC8) is earning a 75% interest in the Project located at Bulong, near Kalgoorlie. Black Cat will then fully fund gold exploration programmes until a decision to mine is made, with Essential Metals retaining a 25% interest.

Nickel: The **Blair-Golden Ridge Project** includes the suspended Blair Nickel Sulphide Mine, located between Kalgoorlie and Kambalda, WA. Near-mine target generation is continuing, with the Company announcing a new disseminated nickel sulphide drilling discovery at the Leo Dam Prospect in 2018, highlighting the prospectivity of the greater project area and this work has now been progressed by recent drilling.

Cobalt: Also found as a wide-spread hydromorphic layer throughout the eastern Golden Ridge Project, cobalt is another commodity with demand expanding in response to its requirement in the manufacture of cobalt-based batteries in certain electric vehicles and electricity stabilisation systems (powerwalls). Other uses for cobalt include in the manufacture of super-alloys, including jet engine turbine blades, and for corrosion resistant metal applications.

Reference to previous market announcements

The Company confirms that it is not aware of any new information or data that materially affects the information included in the previous market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Forward Looking Statement

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