



Share Purchase Plan Offer

Essential Metals Limited

ACN 103 423 981

The Offer closes at 5pm (AWST) on Friday, 11 December 2020

This is an important document and should be read in its entirety

This document has been prepared by Essential Metals Limited. The Offer is an initiative that provides Shareholders with the opportunity to purchase additional Shares at a discount without brokerage and transaction costs.

The Offer does not take into account the individual investment objectives, financial situation or particular needs of each Eligible Shareholder. Accordingly, before making a decision whether or not to accept the Offer, you should consult your financial or other professional advisor.

This document is not a prospectus or other disclosure document under the Corporations Act.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR FOR THE BENEFIT OF US PERSONS

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Letter to Eligible Shareholders

20 November 2020

Dear Shareholder,

Essential Metals Limited Share Purchase Plan Offer

On behalf of Essential Metals Limited (ACN 103 423 981) (**Essential** or **the Company**) Board of Directors, I am pleased to provide Eligible Shareholders with the opportunity to participate in the Company's Share Purchase Plan (**Plan**).

On 18 November 2020, Essential Minerals Limited announced that it had completed a placement of 24,103,288 fully paid ordinary shares (**Shares**) at a price of 8.5 cents per Share to sophisticated, institutional and professional investors, together with the right to receive 1 Option for every 2 Shares subscribed for and issued (**Option**), raising approximately \$2 million (**Placement**). The Options will be exercisable at \$0.15 and expire on 30 November 2022. The Company intends to list the Options on ASX subject to ASX Listing Rule requirements.

In order to provide Eligible Shareholders with the ability to participate in the Company's capital raising activities, the Company is pleased to provide details of a Share Purchase Plan.

Under the Plan, Eligible Shareholders will have the opportunity to purchase up to \$30,000 worth of Shares at the same price as the Placement, irrespective of the size of their shareholding, without incurring brokerage or transaction costs.

In addition, Eligible Shareholders that participate in the Plan will also receive the right to receive 1 Option for every 2 Shares subscribed for and issued to each Eligible Shareholder under the Plan (**Option Offer**). The Option Offer is subject to receipt of relevant shareholder approvals and will be conducted under a prospectus to be lodged by the Company after the close of the Plan.

The offer under the Plan (**Offer**) is intending to raise \$750,000 on the terms and conditions (**Terms and Conditions**) contained in this letter. The Company may elect to accept additional subscriptions or alternatively close the Offer early and/or scale back applications, in compliance with the ASX Listing Rules.

Company key management personnel, including Directors, intend to participate in the Plan.

The proceeds raised under the Plan and the Placement will be used to fund:

- Exploration activities at the Juglah Dome project, including drilling across multiple gold and VHMS targets including the Gards, Moonbaker and Golden Shovel prospects in the 2020 December Quarter with further drilling to follow where warranted once results have been assessed; and
- Exploration activities at the Golden Ridge Project, including drill testing two large parallel gold-in-soil anomalies at the newly named AC75 prospect to the east of the 18 Footer prospect in the 2021 March Quarter; and
- Exploration activities at the Dome North Lithium Project and Sinclair Caesium mine; and
- Additional working capital for the Company.

Participation under the Plan is optional and is available exclusively to shareholders of the Company who are registered as holders of Shares at 5:00 PM AWST on 17 November 2020 (**Record Date**) and whose registered address is in Australia or New Zealand (**Eligible Shareholders**).

The offer to participate in the Plan will open on Friday, 20 November 2020 and may remain open until 5pm (AWST) on Friday, 11 December 2020.

Full details of the Plan and how to participate are contained in the Terms and Conditions accompanying this document which I encourage you to read and consider carefully.

Thank you for continued support of the Company.

Yours sincerely,



Timothy Spencer
Managing Director
Essential Metals Limited

Key Offer Information

Introduction

Essential Metals Limited (**Essential** or **the Company**) is pleased to provide Eligible Shareholders the opportunity to subscribe for up to \$30,000 of new fully paid ordinary shares in the Company (**New Shares**) under a share purchase plan (**SPP**) on the terms and conditions set out in this document (**Offer**). Participation in the Offer will not incur brokerage costs. This document has been issued by the Company and explains the features of the Offer.

Key Dates

Event	Date
Record Date	5.00pm (AWST) on Tuesday, 17 November 2020
Announcement date	Wednesday, 18 November 2020
Offer documents mailed to Eligible Shareholders	Friday, 20 November 2020
Offer opens	Friday, 20 November 2020
Offer closes	5.00pm (AWST) on Friday, 11 December 2020
Share Purchase Plan allocation announcement and scale-back (if any)	Monday, 14 December 2020
Allotment date	Wednesday, 16 December 2020

The timetable is indicative only and the Company may, at its discretion, vary any of the above dates (other than the Record Date) by making an announcement to ASX. The Company reserves the right to close the SPP early.

Defined terms and abbreviations used in this document are set out in **clause 15** of the Terms and Conditions.

Important Notices

The offer contained in this document is not yet a recommendation to purchase New Shares. If you are in any way in doubt about the Offer, you should consult your financial or other professional advisor.

If you apply to participate in the Offer by making a BPay[®]¹ or EFT payment you are accepting the risk that the market price of Shares may change between the date of the Offer and the Allotment Date.

This means it is possible that, up to or after the Allotment Date, you may be able to buy Shares on market at a lower price than the Offer Price. If the market price of Shares is lower than the Offer Price after the Allotment Date, the price at which you will be able to sell your New Shares, and their value, will be less than what you paid for them.

The Company recommends that you monitor its announcements and the Share price, which can be found on its website at www.essmetals.com.au and on the ASX website at www.asx.com.au (ASX code:ESS).

The Offer cannot be transferred, and the Directors of the Company reserve the right in their absolute discretion to reject, or scale back, on an equitable basis, any Application. Shares

¹ ® Registered to BPAY Pty Limited ABN 69 079 137 518. New Zealand based shareholders cannot apply using BPAY[®] unless they have an Australian bank account.

issued under the Plan will be issued no later than 7 business days after the Closing Date of the Offer. Application for quotation on ASX of the new Shares will be made immediately following the issue of those Shares.

The amount proposed to be raised under the Offer is \$750,000. The Company, however, reserves absolute discretion regarding the final amount raised under the Offer, subject to the ASX Listing Rules.

In the event of oversubscription by the Closing Date the Directors may, in their absolute discretion, scale-back applications on an equitable basis. Scale-back for Shares held by Custodians will be applied at the level of the underlying Beneficiary. Directors may also, in their absolute discretion, decide to increase acceptances in the event of oversubscriptions.

The offer of Shares under the Plan is made in accordance with ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 and therefore does not require a prospectus for the purposes of Chapter 6D of the *Corporations Act 2001* (Cth) (**Corporations Act**).

Foreign offer restrictions

This document may not be released or distributed in any country other than Australia and New Zealand. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in any other country. In particular, any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 (as amended) and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

New Zealand Shareholders

The Shares offered under the Plan are not being offered or sold to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand and to whom the Offer is being made in reliance on the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016* (as amended) (New Zealand).

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the *Financial Markets Conduct Act 2013* (New Zealand). This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

Current Activities

Details of the Company's current activities are set out in the announcements made by the Company to the ASX and are available from the ASX platform (ASX:ESS), or the Company's website at <https://essmetals.com.au/>.

Further Information

If you have any questions in relation to the Offer or how to complete the Application Form, please call Carl Travaglini, Company Secretary on +61 8 9322 6974 or the Share Registry, Automic Group, on 1300 288 664.

Frequently Asked Questions

<p>What is the Offer?</p>	<p>This share purchase plan is a means by which Eligible Shareholders may subscribe for up to \$30,000 worth of New Shares without brokerage or other transaction costs. New Shares issued under the Offer will rank equally with other Shares as at the date of issue, and will be able to be traded on ASX (subject to ASX granting quotation of the New Shares).</p> <p>Whilst the Company intends to raise \$750,000 under the Plan, the Company reserves the right to accept additional applications subject to shareholder demand and compliance with the ASX Listing Rules. In accordance with the ASX Listing Rules, the maximum number of Shares that can be issued under a share purchase plan is that amount equal to 30% of the Company's existing issued share capital. Accordingly, as at the date of this document the maximum number of Shares which will be issued under this Plan will be 45,262,928.</p> <p>Depending on applications received, the Company may, in its absolute discretion, undertake a scale back so that not more than \$750,000 is raised under the Plan Scale back decisions are made by the Board and are final.</p>
<p>Is the Offer underwritten?</p>	<p>No, the Offer is not underwritten. In the event that less than \$750,000 is applied for under the Plan, the full amount of the shortfall may be placed at the discretion of the Board subject to compliance with all necessary legal requirements. The Company confirms that any issue of shortfall will be placed subject to the Company's compliance with ASX Listing Rule 7.1 and/or 7.1A at the time of issue.</p>
<p>What is the Option Offer?</p>	<p>The Option Offer will be a separate offer made to Eligible Shareholder who subscribe for and receive Shares under the Offer. Under the Option Offer, Eligible Shareholders will have the right to subscribe for 1 Option for every 2 Shares subscribed for and issued to Eligible Shareholders under the Offer. The Options will be exercisable at \$0.15 on or before 30 November 2022.</p> <p>The Option Offer will be conditional upon the Company receiving the relevant Shareholder approvals to issue the Options and will be made via a prospectus to be lodged by the Company after the closure of the Offer.</p>
<p>Who is eligible to participate in the Offer?</p>	<p>Participation in the Offer is optional and is available exclusively to shareholders of the Company who are registered as holders of Shares at 5:00 PM AWST on 17 November 2020 (Record Date) and whose registered address is in Australia or New Zealand (Eligible Shareholders). New Zealand shareholders must still be shareholders on the date the Offer opens (i.e. Friday, 20 November 2020).</p> <p>The directors of the Company who are Eligible Shareholders may participate under the Plan.</p>

Do I have to participate in the Offer?	No. Participation is voluntary. If you do not wish to participate in the Offer, you do not need to do anything, and the Offer will lapse at 5.00pm (AWST) on Friday, 11 December 2020.																																				
Can a third party participate in the Offer in my place?	No. The Offer is non-renounceable and cannot be transferred.																																				
What is the issue price of New Shares under the Offer?	<p>The New Shares under the SPP will be issued at the price of 8.5 cents per New Share (Price), representing a 15% discount to the volume-weighted average market price (VWAP) of Shares traded on ASX during the 5 trading days immediately prior to announcement date of the Offer on 18 November, being 10 cents.</p> <p>The New Shares are a speculative investment, and the price of the Shares might rise or fall between the date of this Offer and the date the New Shares are issued. This means that the price paid for a New Share under the SPP may be greater or less than the price of Shares at the time they are issued to Eligible Shareholders.</p>																																				
What is the relationship between the Issue Price and the Market Price?	<p>On the last trading day immediately prior to the announcement date of the Offer, the closing price of the Shares traded on ASX was 9.7 cents. The market price of Shares in the Company may rise and fall between the date of the Offer and the date that any Shares are issued to you as a result of your Application under this Offer.</p> <p>By making an Application under this Offer and applying for Shares under the Plan, each Eligible Shareholder will be acknowledging that although the Price is at a discount, Shares are a speculative investment and the price of Shares on ASX may change between the date of the Company announcing its intention to make an Offer and the date of issue of Shares under that Offer and that the value of the Shares received under the Plan may rise or fall accordingly.</p> <p>The Board recommends that you obtain your own financial and taxation advice in relation to the Offer and consider price movements of Shares in the Company prior to making an Application under this Offer.</p>																																				
How much can I invest under the Offer?	<p>Eligible Shareholders may each apply for a maximum of \$30,000 worth of Shares and a minimum of \$1,000 worth of Shares under the Plan as per the following Offer amounts:</p> <table border="1" data-bbox="507 1592 1374 1962"> <thead> <tr> <th></th> <th>Total amount payable</th> <th>Number of Shares which may be purchased</th> <th>Number of Options offered*</th> </tr> </thead> <tbody> <tr> <td>Offer A</td> <td>\$30,000</td> <td>352,941</td> <td>176,470</td> </tr> <tr> <td>Offer B</td> <td>\$25,000</td> <td>294,117</td> <td>147,058</td> </tr> <tr> <td>Offer C</td> <td>\$20,000</td> <td>235,294</td> <td>117,647</td> </tr> <tr> <td>Offer D</td> <td>\$15,000</td> <td>176,470</td> <td>88,235</td> </tr> <tr> <td>Offer E</td> <td>\$10,000</td> <td>117,647</td> <td>58,823</td> </tr> <tr> <td>Offer F</td> <td>\$5,000</td> <td>58,823</td> <td>29,411</td> </tr> <tr> <td>Offer G</td> <td>\$2,000</td> <td>23,529</td> <td>11,764</td> </tr> <tr> <td>Offer H</td> <td>\$1,000</td> <td>11,764</td> <td>5,882</td> </tr> </tbody> </table> <p>* Issue of Options is subject to receiving shareholder approval</p>		Total amount payable	Number of Shares which may be purchased	Number of Options offered*	Offer A	\$30,000	352,941	176,470	Offer B	\$25,000	294,117	147,058	Offer C	\$20,000	235,294	117,647	Offer D	\$15,000	176,470	88,235	Offer E	\$10,000	117,647	58,823	Offer F	\$5,000	58,823	29,411	Offer G	\$2,000	23,529	11,764	Offer H	\$1,000	11,764	5,882
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<p>How do I apply for New Shares under the Offer?</p>	<p>If you wish to participate in the Offer please follow the instructions on the enclosed personalised Application Form and do either of the following:</p> <p>Option 1 Pay via BPAY®</p> <p>To pay via BPAY you will need to:</p> <ul style="list-style-type: none"> ▪ be an account holder with an Australian financial institution; ▪ use the personalized reference number shown on your Application Form, which is required to identify your holding; and ▪ ensure that your payment is received by the Share Registry before 5.00pm (AWST) on Friday, 11 December 2020. <p>If paying via BPAY you do not need to complete and submit the Application Form but you will be taken to have made the statements and certifications when making payments via BPAY.</p> <p>Option 2 Pay by EFT Direct Deposit</p> <p>To pay via EFT Direct Deposit you will need to:</p> <ul style="list-style-type: none"> ▪ be an account holder with an Australian financial institution; ▪ use the personalized reference number shown on your Application Form as the transaction reference, which is required to identify your holding; and ▪ ensure that your payment is received by the Share Registry before 5.00pm (AWST) on Friday, 11 December 2020. <p>If paying via EFT Direct Deposit you do not need to complete and submit the Application Form but you will be taken to have made the statements and certifications when making payments via EFT Direct Deposit.</p> <p>An application form for the Plan (Application Form) is included in this package.</p>
<p>Are there any other terms and conditions attached to the Offer?</p>	<p>The terms and conditions relating to the Offer are set out in full in the annexure to this document. Please read the Terms and Conditions carefully, as you will be bound by them in participating in the Offer. Shareholders accepting the Offer will also be bound by the constitution on the Company.</p>
<p>What is the maximum investment for each shareholder?</p>	<p>The maximum investment any Eligible Shareholder may apply for will remain \$30,000 even if an Eligible Shareholder receives more than one Offer (whether in respect of a joint holding or because the Eligible Shareholder has more than one holding under a separate account). It is the responsibility of the applicant to ensure that the aggregate of the application amount paid for the Shares the subject of the Application and any other shares and interests in the class</p>

	<p>applied for by you under the Plan or any similar arrangement in the 12 months prior to the date of submission does not exceed \$30,000.</p> <p>Eligible Shareholders who hold Shares as Custodian or Nominee (Custodian) for one or more persons on the Record Date (Beneficiary) may apply for up to a maximum amount of \$30,000 worth of Shares in respect of each Beneficiary who is a resident in Australia or New Zealand, subject to providing a Custodian Certificate to the Company, as described in the Terms and Conditions enclosed with this letter. Please refer to the Terms and Conditions for more details.</p>
How many New Shares will I receive?	<p>You may apply for a parcel of New Shares with one of the application amounts set out in clause 6 of the Terms and Conditions. In the event of an oversubscription by the Closing Date the Directors may, in their absolute discretion, scale-back applications on a first come, first served basis (see clause 6 of the Terms and Conditions). The Company may take into consideration the size of an applicant's Shareholding when determining the amount of any potential scale back and therefore the extent of the scale back may differ between applications.</p> <p>The number of Shares to which you are entitled will be calculated by dividing the subscription amount you have selected by the Price, rounded down.</p> <p>If the Company rejects or scales-back an Application or purported application, the Company will promptly return to the shareholder the relevant Application monies, without interest.</p>
When will I receive my New Shares?	<p>New Shares are expected to be allotted on Wednesday, 16 December 2020 (Allotment Date). Holding Statements are expected to be dispatched by Thursday, 17 December 2020.</p>
When will I receive my Options	<p>The Option Offer will be conditional upon the Company receiving the relevant Shareholder approvals to issue the Options and will be made via a prospectus to be lodged by the Company after the closure of the Offer. Also refer to the above question; "What is the Option Offer?"</p>
When can I trade allocated New Shares?	<p>You can trade your New Shares after the Allotment Date. However, given the possibility that applications may be scaled back, you should confirm your holding on or after the Allotment Date before trading any New Shares you believe you have acquired under the Offer.</p>

Should you wish to discuss any information contained in this letter further, do not hesitate to contact Essential's Company Secretary, Carl Travaglini on +61 8 9322 6974.

Yours sincerely

Carl Travaglini
Company Secretary
Essential Metals Limited

Essential Metals Limited ACN 103 423 981 Share Purchase Plan - Terms and Conditions

1. Purpose

The purpose of the Share Purchase Plan (**the Plan**), which will be conducted in conjunction with the Placement, is to offer shareholders of Essential Metals Limited (**Essential or the Company**) the opportunity to acquire additional fully paid ordinary shares in the Company (**Shares**) up to a maximum of \$30,000 and a minimum of \$1,000 worth of Shares.

The issue price of 8.5 cents under the Plan will be at a discount of 15% to the volume weighted average market price of the Shares over the last 5 trading days on which sales in the Shares were recorded prior to the date the Plan was announced.

In addition, Eligible Shareholders that participate in the Offer will receive the right to receive 1 Option for every 2 Shares subscribed for and issued to the Eligible Shareholder. The Option Offer is a separate offer and is subject to the receipt of relevant shareholder approvals. It will be undertaken by way of a prospectus after the close of the Offer.

The Company is intending to raise \$750,000 under the Plan. The Shares will not attract brokerage costs and will be issued without the need for the Company to issue a prospectus. The Plan is governed upon such terms and conditions as the board of directors of the Company, in its absolute discretion, sees fit.

2. No Financial Advice

This document does not provide financial advice and has been prepared without taking account of any person's investment objectives, financial situation or particular needs. You should consider the appropriateness of participating in the Plan having regard to your investment objectives, financial situation or particular needs. Shareholders should seek independent financial and taxation advice before making any investment decision in relation to these matters.

3. Shareholders Eligible to Participate

Holders of Shares that are registered with an Australian or New Zealand address at the Record Date are eligible shareholders (**Eligible Shareholders**) and may participate in the Plan, unless such registered shareholder holds Shares on behalf of another person who resides outside Australia or New Zealand. Due to foreign securities laws, it is not practical for shareholders (or beneficial shareholders) resident in other countries to be offered the opportunity to participate in the Plan.

Participation in the Plan is optional and is subject to these Terms and Conditions. Offers made under the Plan are non-renounceable (i.e. Eligible Shareholders may not transfer their rights to any Shares offered under the Plan). Eligible Shareholders who wish to take up Shares issued under the Plan agree to be bound by the Company's constitution in respect of Shares issued under the Plan.

An offer may, at the discretion of the directors of the Company (**Directors**), be made under the Plan once a year. The maximum amount which any shareholder may subscribe for in any consecutive 12-month period is \$30,000. The Directors may also determine in their discretion the minimum amount for participation, the multiple of Shares to be offered under the Plan and the period the offer is available to Eligible Shareholders.

4. Custodians, trustees and nominees

If you are an Eligible Shareholder and hold Shares as a custodian (as defined in ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 (**ASIC CI 2019/547**) (refer below) (**Custodian**) or in any more specific ASIC relief granted to the Company in relation to the Plan), you may apply for up to \$30,000 worth of new Shares for each beneficiary for whom you act as custodian provided you complete and submit, together with an Application, a certificate (**Custodian Certificate**) with the following information:

- (a) that you held Shares on behalf of:
 - (i) one or more other persons that are not custodians; and/or
 - (ii) another custodian (**Downstream Custodian**) that holds beneficial interests in Shares on behalf of one or more other persons who are resident in Australia or New Zealand, to which those beneficial interests relate,

(each a **Participating Beneficiary**) at the Record Date who have subsequently instructed you, and/or the Downstream Custodian, to apply for Shares under the Plan on their behalf;
- (b) the number of Participating Beneficiaries and their names and addresses;
- (c) the number of Shares that you hold on behalf of each Participating Beneficiary;
- (d) the number or dollar amount of Shares that each Participating Beneficiary has instructed you, either directly or indirectly through a Downstream Custodian, to apply for on their behalf;
- (e) that the application price for Shares applied under the Offer for each Participating Beneficiary for whom you act in addition to the application price for any other Shares issued to you as custodian (as a result of instruction given to you as Custodian or a Downstream Custodian) for that Participating Beneficiary under any arrangement similar to the Plan in the prior 12 months does not exceed \$30,000;
- (f) that a copy of the written offer document was given to each Participating Beneficiary; and
- (g) where you hold Shares on behalf of a Participating Beneficiary indirectly, through one or more Downstream Custodians, the name and address of each Downstream Custodian.

For the purposes of ASIC CI 2019/547 you are a '**Custodian**' if you provide a custodial or depository service in relation to shares of a body or interests in a registered scheme and you:

- (a) hold an Australian financial services licence covering the provision of a custodial or depository service;
- (b) are exempt from the requirement to hold an Australian financial services licence covering the provision of a custodial or depository service;

- (c) hold an Australian financial services licence covering the operation of an IDPS or is a responsible entity of an IDPS-like scheme;
- (d) are a trustee of a self-managed superannuation fund or a superannuation master trust; or
- (e) are a registered holder of shares or interests in the class and is noted on the register of members of the body or scheme as holding the shares or interests on account of another person.

If you hold Shares as a trustee or nominee for another person or persons but are not a Custodian as defined above, you cannot participate for beneficiaries in the manner described above. In this case, the rules for multiple single holdings (above) apply.

Custodians should request a Custodian Certificate when making an Application on behalf of Participating Beneficiaries. To request a Custodian Certificate and if you would like further information on how to apply, you should contact the Company's share registry at any time from 8.30am to 5.00pm (WST time) Monday to Friday during the Offer period.

The Company reserves the right to reject any Application to the extent it considers that the Application (whether alone or in conjunction with other Applications) does not comply with these requirements. The Company reserves the right to reject Applications in accordance with these Terms and Conditions.

5. Price of Shares

The price of Shares to be issued under the Plan is 8.5 cents which represents a discount of 15% of the volume weighted average market price for the Shares over the last 5 trading days on which sales in the Shares were recorded prior to the date the Plan was announced, being 10 cents.

6. Applications and Notices

Eligible Shareholders may each apply for a maximum of \$30,000 worth of Shares and a minimum of \$1,000 worth of Shares under the Plan as per the following Offer amounts:

	Total amount payable	Number of Shares which may be purchased	Number of Options offered*
Offer A	\$30,000	352,941	176,470
Offer B	\$25,000	294,117	147,058
Offer C	\$20,000	235,294	117,647
Offer D	\$15,000	176,470	88,235
Offer E	\$10,000	117,647	58,823
Offer F	\$5,000	58,823	29,411
Offer G	\$2,000	23,529	11,764
Offer H	\$1,000	11,764	5,882

* Issue of Options subject to receiving shareholder approval.

At the discretion of the Directors, the Company will send Eligible Shareholders a letter of offer and acceptance procedures, inviting them to subscribe for Shares under the Plan, and accompanied by these Terms and Conditions of the Plan and an Application Form. Applications will not be accepted after the Closing Date of the Offer being 11 December 2020. Over subscriptions to an offer may be refunded without interest.

Notices and statements made by the Company to participants may be given in any manner prescribed by its Constitution.

7. Receipt of Payments

All payments in accordance with the options set out in your Application Form (**Application**) must be received by the **Closing Date of 5.00pm (AWST) on Friday, 11 December 2020**. If the exact amount of money is not tendered with your Application, the Company reserves the right to either:

- (a) return your application monies and not issue any Shares to you; or
- (b) issue to you the number of Shares that would have been issued had you applied for the highest designated amount that is less than the amount of your payment and refund the excess application money to you by cheque as soon as possible, without interest.

The Company confirms that if the amount to be refunded is less than the issue price of one Share, being 8.5 cents, it will not be refunded and will be retained by the Company.

Once an Application has been made it cannot be revoked.

8. Acknowledgement

By completing an Application and making the associated payment in accordance with the options on your Application Form, you:

- (a) irrevocably and unconditionally agree to the terms and conditions of the Plan and the terms and conditions of the Application Form and agree not to do any act or thing that would be contrary to the spirit, intention or purpose of the Plan;
- (b) warrant that all details and statements in your Application are true and complete and not misleading;
- (c) agree that your Application will be irrevocable and unconditional (that is, it cannot be withdrawn even if the market price of the Shares is less than the Price);
- (d) warrant that you are an Eligible Shareholder and are eligible to participate in the Plan;
- (e) acknowledge that no interest will be paid on any application monies held pending the issue of Shares under the Plan or subsequently refunded to you for any reason;

- (f) acknowledge that the Company and its officers and agents, are not liable for any consequences of the exercise or non-exercise of its discretions referred to in these terms and conditions;
- (g) acknowledge and agree that if you are acting as a trustee, nominee or Custodian, each beneficial holder on whose behalf you are participating is resident in Australia or New Zealand, and you have not sent these Terms and Conditions, an Offer Document, or any materials relating to the Plan, to any person outside Australia and New Zealand;
- (h) if you are applying on your own behalf (and not as a Custodian), acknowledge and agree that:
 - (i) you are not applying for Shares with an application price of more than \$30,000 under the Plan (including by instructing a Custodian to acquire Shares on your behalf under the Plan); and
 - (ii) the total of the application price for the following does not exceed \$30,000:
 - (A) the Shares the subject of the Application;
 - (B) any other Shares issued to you under the Plan or any similar arrangement in the 12 months before the Application (excluding Shares applied for but not issued);
 - (C) any other Shares which you have instructed a Custodian to acquire on your behalf under the Plan; and
 - (D) any other Shares issued to a Custodian in the 12 months before the Application as a result of an instruction given by you to the Custodian to apply for Shares on your behalf under an arrangement similar to the Plan.
- (i) if you are a Custodian and are applying on behalf of a Participating Beneficiary on whose behalf you hold Shares, acknowledge and agree that:
 - (i) you are a Custodian (defined above);
 - (ii) you hold Shares (directly or indirectly) on behalf of one or more Participating Beneficiaries;
 - (iii) you held Shares on behalf of the Participating Beneficiary as at the Record Date who has instructed you to apply for Shares on their behalf under the Plan;
 - (iv) each Participating Beneficiary on whose behalf you are applying for Shares has been given a copy of this document;
 - (v) the application price for the Shares applied for on behalf of the Participating Beneficiary, and any other Shares applied for on their behalf under a similar arrangement in the previous 12

months (excluding shares applied for but not issued), does not exceed \$30,000; and

- (vi) the information in the Custodian Certificate submitted with your Application is true, correct and not misleading;
- (j) agree to be bound by the constitution of the Company (as amended from time to time);
- (k) acknowledge that none of the Company, its advisers or agents, has provided you with any financial product or investment advice or taxation advice in relation to the Plan, or has any obligation to provide such advice; and
- (l) authorise the Company, and its officers and agents, to correct minor or easily rectified errors in, or omissions from, your Application including the Application Form and to complete the Application by the insertion of any missing detail.

9. Placement of Shortfall

Any shortfall from the Offer may be placed at the discretion of the Directors. The Company confirms that any issue of shortfall will be placed subject to the Company's compliance with ASX Listing Rule 7.1 and 7.1A at the time of issue.

10. Issue of Shares

Shares to be issued under the Plan will be issued as soon as reasonably practicable after the Closing Date and in any event within 7 business days of the Closing Date and will rank equally in all respects with all other fully paid ordinary shares in the capital of the Company from the date of issue.

Shareholding statements or CHESS notification will be issued in respect of all Shares issued under the Plan. The Company will, promptly after the issue of Shares under the Plan, make application for those Shares to be listed for quotation on the official list of ASX.

11. Modification and Termination of the Plan

The Company may modify or terminate the Plan at any time. The Company will notify ASX of any modification to, or termination of, the Plan. The omission to give notice of any modification to, or termination of, the Plan or the failure of ASX to receive such notice will not invalidate the modification or termination.

Without limiting the above, the Company may issue to any person fewer Shares than the person applied for under the Plan if the issue of Shares applied for would contravene any applicable law or the Listing Rules of ASX.

12. Raising Amount and Scale back

The Company is seeking to raise \$750,000 under the Plan. However, the Company reserves its absolute discretion regarding the final amount raised under the Plan subject to compliance with the ASX Listing Rules.

In accordance with the ASX Listing Rules, the maximum number of Shares that can be issued as at the date of this document is 45,262,927.

In the event of oversubscriptions, the Directors may, in their absolute discretion, accept oversubscriptions (in accordance with the ASX Listing Rule parameters) or alternatively scale-back all Applications on an equitable basis. If the Company rejects or scales-back an Application or purported Application, the Company will promptly return to the shareholder the relevant application monies, without interest.

13. Dispute Resolution

The Company may, in any manner it thinks fit, settle any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Plan, whether generally or in relation to any participant, Application or Shares. The decision of the Company in this respect will be conclusive and binding on all shareholders and other persons to whom that determination relates.

The Company reserves the right to waive strict compliance with any provision of these terms and conditions. The powers of the Company under these conditions may be exercised by the directors of the Company or any delegate of the directors of the Company.

14. Questions and Contact Details

If you have any questions regarding the Plan or how to deal with this Offer, please contact your stockbroker or professional adviser or the Company Secretary on +61 8 9322 6974.

15. Definitions

In this document the following terms have these meanings:

\$	Australian dollars
Allotment Date	The date the New Shares are allotted, expected to be Wednesday, 16 December 2020.
Application Form	The application form which accompanies this document.
ASIC	The Australian Securities and Investments Commission.
ASIC Instrument	ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547
ASX	ASX Limited or the Australian Securities Exchange, as the context requires.
AWST	West Australian Standard Time.
Company	Essential Metals Limited ACN 103 423 981
Corporations Act	<i>The Corporations Act (Cth)</i>
Custodian	The meaning given in the ASIC Instrument.

Directors	The directors of the Company.
Eligible Shareholders	A person who is eligible to participate in the Offer in accordance with clause 3 of the Terms and Conditions.
New Shares	The Shares offered in this document.
Offer	The offer of New Shares in this document.
Offer Price	8.5 cents per New Share.
Option	An option to acquire a Share.
Record Date	The record date for the Offer being 5.00pm (AWST) on Friday, 13 November 2020.
Share Purchase Plan Offer, SPP or Plan	This document.
Share Registry	Automic Group ACN 152 260 814.
Shares	Fully paid ordinary shares in the capital of the Company.
Terms and Conditions	The terms and conditions of the Offer set out in this document.
US Person	A "U.S. person" as defined in Regulation S under the US Securities Act.
US Securities Act	The US Securities Act of 1933, as amended.
VWAP	Has the meaning given to that term in the Official Listing Rules of the ASX.