

ASX Code: ESS

Corporate Profile

Shares on issue: 200,817,300

Cash: \$6.7m (31 Dec 2020)

Debt: Nil

Corporate Directory

Non-Executive Chairman

Craig McGown

Non-Executive Directors

Paul Payne

Warren Hallam

Managing Director

Timothy Spencer

CFO & Company Secretary

Carl Travaglini

Exploration Manager

Andrew Dunn

Key Projects

Sole Funded

Pioneer Dome (Li)

Juglah Dome (Au)

Blair-Golden Ridge (Au, Ni)

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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9 February 2021

\$4M farmin joint venture with nickel specialists to unlock potential of Blair – Golden Ridge

Crest Investment Group, backed by highly successful ex-Jubilee Mines and Independence Group executives including Peter Langworthy and Heath Hellewell, will spend \$4M to earn a 75% interest in the nickel rights with ESS free-carried to a Decision to Mine

HIGHLIGHTS

- Unlisted resource company Crest Investment Group Ltd via a subsidiary (“CREST”) to explore for nickel sulphides at the Company’s 100% owned Blair – Golden Ridge Project (the “Project”) in WA.
- Essential Metals retains all rights to gold and other non-nickel related mineral rights.
- CREST to spend \$4M over four years to earn a 75% interest in the nickel rights, with a minimum annual spend of \$750,000. Essential Metals will retain a 25% interest and is free-carried up to a Decision to Mine.
- The Farmin Joint Venture is subject to CREST completing due diligence by 15 March 2021, and then exercising an option to proceed.
- The agreements provide for the sharing of data so that each party can benefit from the other’s exploration programmes, with CREST to focus on nickel and Essential Metals on gold.
- CREST has very experienced mining executives as investors and directors, including Peter Langworthy (ex-Jubilee Mines) and Heath Hellewell (ex-Independence Group).

Essential Metals Managing Director, Tim Spencer, said: *“Securing the involvement of such experienced nickel explorers and mine operators as partners at the Blair-Golden Ridge Project is an exciting and very positive development for the Project. We believe that the involvement of the CREST team will maximise the chances of another nickel discovery being made.”*

*“We can focus our efforts on the gold prospectivity of the project while leveraging off the work that CREST undertakes on nickel, and vice versa. At the Company level, we will continue to put our efforts and resources into **lithium** at Pioneer Dome and **gold** at Golden Ridge and Juglah Dome.”*

Essential Metals Limited (ASX: ESS) (“Essential Metals”; the “Company”) is pleased to advise that it will enter into a nickel Farmin/Joint Venture with a subsidiary of Crest Investment Group Limited over the Company’s Blair-Golden Ridge Project in Western Australia, subject to the Key Terms detailed below.

Blair – Golden Ridge Gold and Nickel Project

The Blair – Golden Ridge Project is located approximately 25km southeast of Kalgoorlie. The Blair Nickel Mine was developed by WMC Resources Limited and production commenced in 1990. There were three separate mining periods, with the most recent concluding in December 2008 due to the Global Financial Crisis and the low nickel price.

Multiple nickel prospects within the Project tenure have been identified and tested with the most recent work conducted in early 2020, where the Leo Dam prospect was drilled tested and down-hole electromagnetic (DHEM) surveys were conducted (refer ASX release dated 9 April 2020).

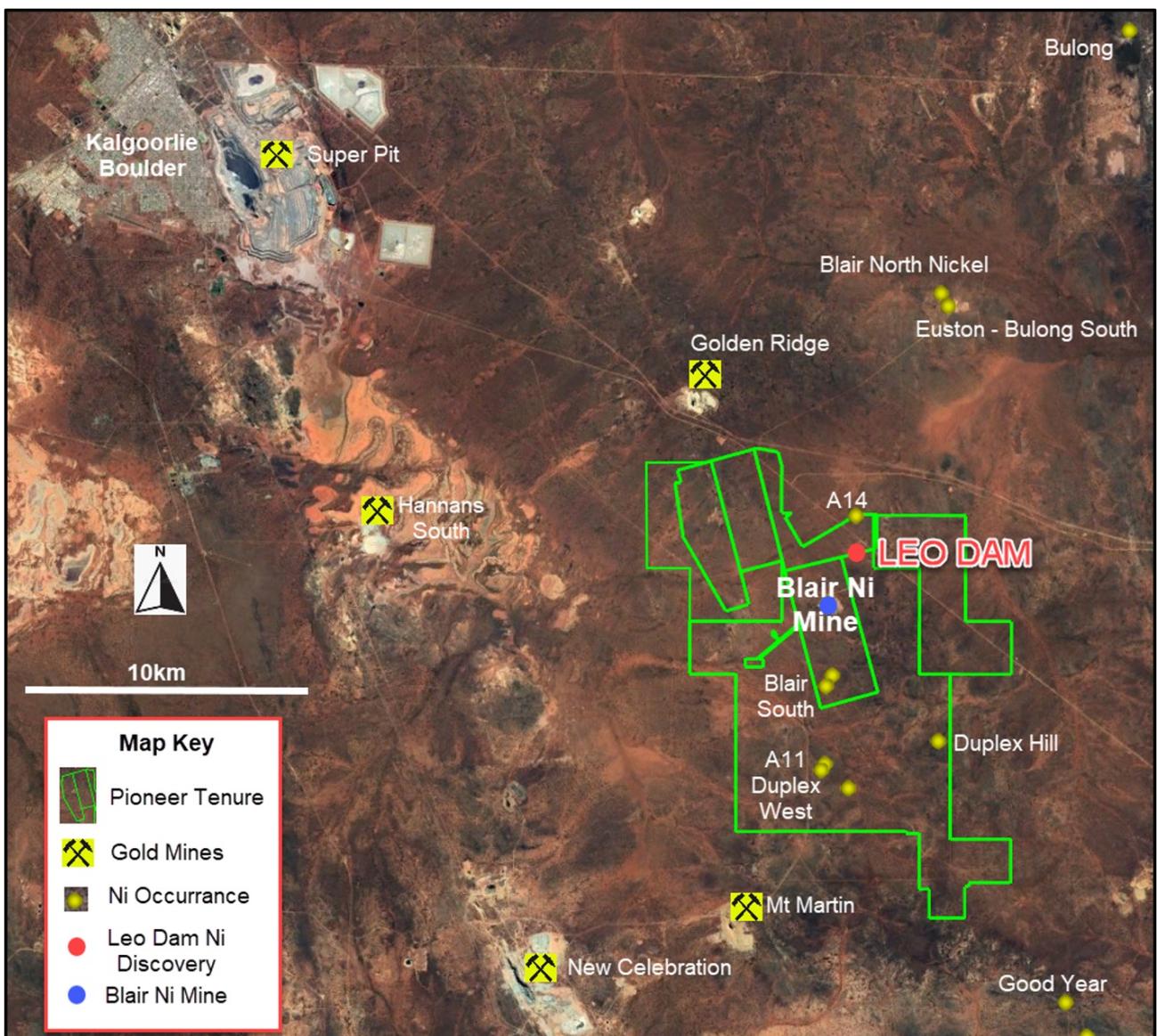


Figure 1: Location map of the Golden Ridge Nickel Project.

Key Terms

The key terms of the Farmin/Joint Venture are as follows:

- The Farminee party is Crest Investment Group 1 Limited (“CREST”), a wholly-owned subsidiary of Crest Investment Group Limited (“Crest Group”):
- CREST will pay a non-refundable \$25,000 exclusivity fee to complete due diligence by 15 March 2021. It can exercise an option to enter into the Farmin phase by paying a \$100,000 exercise fee within 10 business days after 15 March 2021. Within nine months following the commencement of the Farmin, Essential Metals is entitled to receive a further \$400,000 in cash or, upon a listing event, can elect to receive listed shares to an equivalent value.
- CREST will spend \$4 million within four years to earn a 75% interest in the nickel rights at the Project, spending no less than \$750,000 per annum. CREST can withdraw from the Farmin in the first year provided it has incurred no less than \$750,000 in eligible expenditure or at any time provided it has incurred no less than \$1 million in cumulative eligible expenditure.
- Upon CREST earning its 75% interest in the nickel rights, a Joint Venture shall be formed whereby CREST will fully fund the Joint Venture’s activities with Essential Metals retaining a 25% interest and no obligation to fund the Joint Venture up until a Decision to Mine is reached. Thereafter, both parties shall fund the Joint Venture proportional to their respective interest. Essential Metals can elect to convert its interest to a 1.5% net smelter royalty.
- CREST is responsible for keeping the Project’s tenements¹ in good standing.

About CREST

Crest Investment Group 1 Pty Ltd (“CREST”) is a wholly-owned subsidiary of Crest Investment Group Limited (“Crest Group”). Crest Group is a natural resources investment group that is led technically by its Executive Team and well supported by a small group of High Net Worth Investors and Family Offices.

CREST’s Board of Directors consists of Peter Langworthy, Heath Hellewell, Scott Brown and Rosa Cummins. Crest Group’s major shareholders include Harmanis Holdings Pty Ltd (an entity associated with Kerry Harmanis) and Canci Croup Holdings Pty Ltd (an entity associated with the Canci family).

Peter Langworthy is an accomplished geologist and mining executive with a career spanning more than 32 years in mineral exploration and project development in Australia and internationally. His industry experience includes senior management roles with WMC Resources Limited, PacMin Mining Limited and Jubilee Mines NL, where he led the exploration team that was responsible for several major discoveries which led to its eventual \$3.3 billion acquisition by Xstrata. Mr Langworthy holds a Bachelor of Science (Geology) (Hons) from Macquarie University. He is currently Executive Chairman of Gateway Mining Limited and Non-Executive director of Silver Mines Limited.

Heath Hellewell is an exploration geologist with over 20 years of experience in gold, base metals and diamond exploration predominantly in Australia and West Africa. Heath has previously held senior exploration positions with a number of successful mining and exploration groups including DeBeers Australia and Resolute Mining. Heath joined Independence Group in 2000 prior to the Company’s IPO and was part of the team that identified and acquired the Tropicana project area, eventually leading to the discovery of the Tropicana and Havana gold deposits. Heath was also a co-founding Executive Director of Doray Minerals, where he was responsible for the Company’s exploration and new business activities.

¹ E26/186, E26/211, E26/212, M26/220, M26/222, M26/284, M26/285, L26/272

This ASX release has been approved by the Board of Directors

For further information:

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About Essential Metals Limited

Essential Metals is 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 - Caesium:

- The **Pioneer Dome LCT Project** is highly prospective for lithium-caesium-tantalum (LCT) mineral systems:
 - The **Dome North Lithium Project** is located in the northern area where multiple spodumene bearing pegmatites were discovered in 2019. It now has a Mineral Resource of 11.2 million tonnes @ 1.21% Li₂O.
 - The **Sinclair Caesium Deposit** that was successfully developed and mined by the Company and extensions to the deposit are currently being explored.
- The Company holds a 51% Project interest in the **Mavis Lake Lithium Project**, Canada where Company drilling has intersected spodumene.

Gold:

- The **Juglah Dome Project** is located 60km east-southeast of Kalgoorlie and is considered to be highly prospective for gold with recent work also raising its prospectivity for VHMS style polymetallic deposits.
- The **Blair - Golden Ridge** Project is located ~20km SSE of Kalgoorlie, WA and is prospective for gold. Activities are focussed on reappraising known prospects as well as identifying new areas within the large land tenure.

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 is received 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 (TYO:8053) 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 and the advanced Leo Dam prospect as well as several other prospects. It will be subject to a Farmin – Joint Venture progressing as detailed in this release.

Reference to previous market announcements

Previous ASX releases referred to in this release:

- 9 April 2020 – Nickel sulphides intersected at Leo Dam

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.