

20 April 2023

RESULTS OF SCHEME MEETING

Essential Metals Limited (ASX: ESS) (**Essential** or the **Company**) advises that the resolution relating to the scheme of arrangement (the **Scheme**), under which Tianqi Lithium Energy Australia Pty Ltd (**TLEA**) proposed to acquire all the shares in Essential for \$0.50 per share in cash (the **Scheme Resolution**), was not approved by Essential shareholders at the Scheme Meeting held today.

For the Scheme Resolution to have been approved, it was necessary for both of the following voting thresholds to be met:

1. A majority in number (more than 50%) of the members who were present and voting, either in person or by proxy, attorney or in the case of a corporation its duly appointed corporate representative; and
2. at least 75% of the total number of votes cast on the Scheme Resolution by shareholders entitled to vote on the Scheme Resolution.

The first threshold was met however the second threshold was not. Therefore, the Scheme was not approved.

Please see the attached table of the voting results on the resolution to approve the Scheme Resolution.

It is noted that the voting trend changed significantly from 11 April as the Mineral Resources Limited (ASX:MIN) group of companies purchased shares on-market and following its lodgement of Notice of initial substantial holder on Friday 14 April.

Next Steps

As approval of the Scheme by Essential shareholders is a Condition Precedent to the Scheme under the Scheme Implementation Agreement signed by TLEA and Essential on 8 January 2023 (**SIA**), both TLEA and Essential will now determine the next steps in accordance with SIA.

Essential intends to give TLEA a 'consultation notice' in respect of the non-fulfilment of the shareholder approval Condition under the SIA, pursuant to which Essential and TLEA will consult to determine whether (amongst other things) the Transaction may proceed by way of alternative means so as to achieve an outcome that is commercially and substantially the same as the Scheme and no less favourable to Essential Shareholders.

If Essential and TLEA are unable to reach agreement by 6.00pm on 21 April 2023 (being the Business Day before the Second Court Date), then either party may terminate the SIA before 8.00am on 24 April 2023 (the Second Court Date). TLEA also has a separate right under the SIA to terminate the agreement where Essential Shareholders have not agreed to the Scheme at the Scheme Meeting by the requisite majorities.

Should the agreement ultimately be terminated under either of the above processes, no "break fee" will be payable by either party.

Essential remains bound by the SIA until it is terminated and so the various standard "no shop", "no talk", "notification" and "matching rights" provisions (subject to "fiduciary exceptions") contained in the SIA continue to apply.

Shareholders do not need to take any action at this time and the Essential Board will keep shareholders and the market informed of further developments as appropriate.



Commenting on the outcome of the scheme meeting, Essential Chairman, Craig McGown said: *“The Essential Board respects the wishes of the shareholders who voted against the Scheme and will now engage with TLEA to determine the next steps in accordance with the Scheme Implementation Agreement.*

The Company will provide a more fulsome update on its forward plans for the Pioneer Dome Lithium Project in due course, noting that whilst the SIA remains in place, the Company cannot engage with potential strategic off-take partners and with Mineral Resources Limited, which recently acquired a 19.55% stake in the Company.

Pioneer Dome is a strategic asset and one of few independently owned undeveloped lithium deposits in Australia. Following the recently completed Scoping Study, Essential believes that it remains in a strong position to unlock the value of this asset for its shareholders.”

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

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Poll Declaration

ESSENTIAL METALS LIMITED

Scheme Meeting

Thursday, 20 April 2023



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In accordance with section 250L of the Corporations Act 2001, the following information confirms the results of the Poll completed at the Company meeting.

Resolution	Poll Results	
	VOTES	
	FOR	AGAINST
1 Approval of Scheme Meeting - "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 TLEA 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".	securities 36,643,265 (31.53%)	securities 79,574,160 (68.47%)
	holders 235 (54.39%)	holders 195 (45.14%)

ABSTAIN

securities

210,000

holders

2 (0.47%)

.....
Name

