

## Eastern Metals Limited ACN 643 902 943

### Pro forma balance sheet as at 31 May 2021 based on the actual amount raised (\$6m)

Eastern Metals' summary pro forma statement of financial position presented below has been prepared to illustrate the subsequent and pro forma adjustments and based on the actual amount raised amounting to \$6m.

As at 31-May-21 \$'000	Eastern Metals Unaudited	Pro forma (\$6m raise)
<b>Current assets</b>		
Cash and cash equivalents	385	5,651
<b>Total current assets</b>	<b>385</b>	<b>5,651</b>
<b>Non current assets</b>		
Long term security deposits	40	40
Exploration and evaluation expenditure	-	610
<b>Total non current assets</b>	<b>40</b>	<b>650</b>
<b>Total assets</b>	<b>425</b>	<b>6,301</b>
<b>Current liabilities</b>		
Proceeds from the pre IPO shareholders	380	-
RECIM loan	200	-
<b>Total current liabilities</b>	<b>580</b>	<b>-</b>
<b>Total liabilities</b>	<b>580</b>	<b>-</b>
<b>Net assets</b>	<b>(155)</b>	<b>6,301</b>
<b>Equity</b>		
Issued capital	-	6,191
Share based payment reserve	-	1,490
Retained losses	(155)	(1,380)
<b>Total equity</b>	<b>(155)</b>	<b>6,301</b>

### Subsequent events:

1. The issue of convertible notes to RECIM (a related party) amounting to \$500k which has funded the acquisition of the two tenements from Kidman Resources. Approximately \$200k was received prior to 31 May 2021, of the total \$700k of convertible notes issued and has been converted to ordinary shares;
2. Cash paid to acquire the two tenements amounting to \$610k, inclusive of stamp duty (\$10k);
3. The issue of 5,250,000 ordinary shares at \$0.08 to the pre IPO shareholders, amounting to \$420k in July 2021. Approximately \$380k of these monies was received prior to 31 May 2021;
4. The issue of 126,000 ordinary shares to the lead manager in relation to the pre IPO broker services performed;

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### Pro forma transactions:

5. 8,250,000 options has been/will be granted to four non executive directors (1,000,000 each), managing director (4,000,000), company secretary and the CFO (250,000) as part of their remuneration package. The options have an exercise price of \$0.30, a term of 3 years and vest upon IPO. The Directors have valued the options using the Black Scholes option valuation methodology and have a fair value of \$0.1 per option. These options have a fair value of \$863k;
6. 1,500,000 options has been/will be granted to the consultants (Richardson and HLR) in consideration of the previous services performed for the Company. The options have an exercise price of \$0.30, a term of 3 years and vest upon IPO. The Directors have valued the options using the Black Scholes option valuation methodology and have a fair value of \$0.1 per option. These options have a fair value of \$157k;
7. The conversion of the convertible notes, with a fair value of \$700k at a conversion price of \$0.06 (a 70% discount to the IPO price), into 11,666,667 ordinary shares, and which is a cashless conversion (no interest is required to be accrued on the convertible notes);

In relation to the offer, the following transactions have occurred:

8. The completion of the offer, raising \$6m (issuing 30,000,000 ordinary shares) at \$0.20; and
9. Total expenses (cash and non cash) associated with the \$6m raised amounting to \$1.2m, with \$929k being capitalised, \$205k being expensed and a GST credit of \$27k. As at 31 May 2021, none of the Offer costs had been prepaid. Approximately 4,500,000 options will be granted to the lead manager based on the \$6m being raised and are included as part of the total Offer costs above. The options have an exercise price of \$0.30, a term of 3 years and vest upon IPO. The Directors have valued the options using the Black Scholes option valuation methodology and have a fair value of \$0.1 per option. These options have a fair value of \$471k.

### Recognition of a deferred tax asset

A deferred tax asset has not been recognised in relation to the capitalised Offer costs due to the uncertainty surrounding the flow of economic benefits to be received in future periods.