

Non-renounceable Entitlement Offer to raise approximately A\$1.4 million

Eastern Metals Limited ABN 29 643 902 943 (ASX: EMS) (**EMS or Company**) is pleased to announce that it intends to undertake a non-renounceable entitlement issue to Eligible Shareholders of one New Share for every two Shares held on the Record Date (maximum aggregate of 27,475,415 New Shares) at an issue price of A\$0.05 per New Share to raise A\$1,373,771 (before costs) if fully subscribed, together with a free unlisted New Option for every two New Shares acquired, exercisable at A\$0.10, expiring 3 years after the Closing Date, unless previously exercised (**Entitlement Issue**).

The Entitlement Issue price represents a 29.6% discount to the A\$ 0.071 last price and a 20.4% discount to the 30-day VWAP of EMS shares on Thursday 4 May 2023 (the last trading day before this announcement). The theoretical ex rights Share price (TERP) is A\$0.064.¹

Under the Entitlement Issue, eligible shareholders will be able to subscribe for one New Share for every two Shares held at 7.00pm (Sydney time) on Wednesday 10 May 2023 (**Record Date**) (together with one attaching New Option for every two New Shares subscribed for) at the issue price (**Entitlements**).

The proceeds of the Entitlement Issue will be applied to expedite rare earths exploration at the Currawalla mine site and its environs, further metalliferous exploration, and for general working capital purposes.

The Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Eligible Shareholders who do not take up their Entitlements will not receive any value for those Entitlements that they do not take up. Shareholders who are not eligible to receive Entitlements will not receive any value for the Entitlements they would have received had they been eligible.

It is expected that approximately 27.45 million New Shares and 13.73 million New Options will be issued as part of the Entitlement Issue. New Shares issued under the Entitlement Issue will rank equally with existing Shares.

Eligible Shareholders will be invited to participate in the Entitlement Issue. The Entitlement Issue will open on Monday 15 May 2023 and close at 5.00pm (Sydney time) on Friday 2 June 2023. The Entitlement Issue will include a top-up facility under which Eligible Shareholders who take up their full Entitlement will be invited to apply for additional shares in the Entitlement Issue from a pool of those not taken up by other Eligible Shareholders. There is no guarantee that applicants under this top-up facility will receive all or any of the New Shares and New Options they apply for under the facility.

EMS will notify the Company's shareholders if they are eligible to participate in the Entitlement Issue. Eligible Shareholders will be sent, on or around Monday 15 May 2023, a prospectus including a personalised entitlement and acceptance form which will provide further details of how to participate in the Entitlement Issue. A copy of the prospectus was lodged with the ASX and ASIC on Friday 5 May 2023. Those shareholders who EMS determines to be ineligible shareholders will also be notified.

Veritas Securities Limited has agreed to act as Lead Manager to the Entitlement Issue, which is not underwritten.

Proposed timetable

EMS expects that the Entitlement Issue will be conducted according to the following timetable:

¹ Assuming Entitlement Issue is fully subscribed, ((A\$0.071 closing price times 54,950,830 Shares on issue before the Entitlement Issue) plus A\$1,373,771 before costs raised) divided by 82,426,245 Shares on issue after the Entitlement Issue equals A\$0.064 per Share.

Event	Date
Initial announcement of Entitlement Issue, lodgement of Appendix 3B	Friday 5 May 2023
Entitlement Issue Prospectus lodged with ASX and ASIC	Friday 5 May 2023
Shares quoted on an 'ex' entitlement basis	Tuesday 9 May 2023
Record Date for determining rights (at 7:00pm Sydney time)	Wednesday 10 May 2023
Opening Date and Despatch of Entitlement Issue Prospectus and Entitlement and Acceptance Form	Monday 15 May 2023
Offer Closing Date (5:00pm Sydney time)	Friday 2 June 2023
New Shares quoted on a deferred settlement basis	Monday 5 June 2023
Company notifies ASX of under subscriptions (if required)	Wednesday 7 June 2023
Allotment of New Shares and New Options, despatch of holding statements	Friday 9 June 2023
Trading on ASX of New Shares on a normal settlement basis	Tuesday 13 June 2023
Last date for Shortfall Offer close	No later than 3 months after the Entitlement Issue Closing Date

*The above dates (other than the date of the announcement of the Entitlement Issue and the date of lodgement of the Prospectus with ASX) are ***indicative only and may change without notice***. Subject to the Corporations Act, Listing Rules and other applicable laws, the Company reserves the right to alter any or all of these dates, including to extend the Closing Date or close the Entitlement Issue without further notice (unless required by the Corporations Act, Listing Rules and other applicable laws). A change to the Closing Date may cause other dates to change.

The Directors also reserve the right not to proceed with the whole or part of the Entitlement Issue at any time prior to the allotment, in which case, the relevant Application Monies will be returned without interest.

Authorisation for this Announcement

This announcement has been authorised for release by the Company's Disclosure Officers in accordance with its Disclosure and Communications Policy which is available on the Company's website, <https://easternmetals.com.au>.

Contacts

For more information, please contact:

Bob Duffin
Chairman
bobduffin@easternmetals.com.au

Victoria Humphries / Ben Creagh
Media & Investor Relations
victoria@nwrcommunications.com.au
benc@nwrcommunications.com.au

Forward looking statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning EMS's planned operations and other statements that are not historical facts. When used in this document, words such as "may", "look to", "could", "should" and "potential" and similar expressions are forward looking statements. Although EMS believes its expectations reflected in these forward-looking statements are reasonably, such statements involve risks and uncertainty and no assurance can be given that actual results will be consistent with these forward looking-statements.