

QUARTERLY REPORT – December 2021

ASX Code: EFE

Issued Capital

979,323,582

Directors

Eddie King

(Non-executive Chairman)

Myles Fang

(Executive Director)

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(Non-executive Director)

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HIGHLIGHTS

- **Strategic Partnership with Yahua to Acquire and Develop Lithium Projects**
- **Trigg Hill Tenement Application on progress and work program has been planned**
- **Feasibility Study finds Nowa Nowa Iron Project is technically robust with positive cashflow**

Eastern Resources Limited (“EFE” or the “Company”) is pleased to report on activities undertaken during the quarter ended 31 December 2021.

Trigg Hill Lithium Tantalum Project

In this quarter, the Company has been working with Amery Holdings Pty Ltd on the Tenement application to progress through to granting, which is expected to be granted in March quarter 2022.

A two week work program has been planned, and exploration contractor has been secured. Field works will be conducted shortly after the Tenement application is granted.

Nowa Nowa Iron Project

During this quarter, the Company focused on updating the existing feasibility Study of the Nowa Nowa Iron Project (the “Project”).

In December 2021, Retention Licence RL006488 covering the Project was granted by the Department of Jobs, Precincts and Regions (“DJPR”). The RL006488 has been granted to Gippsland Iron Pty Ltd, a wholly owned subsidiary of the Company.

Nowa Nowa Copper Project

The Company is waiting for a response from DJPR for a revised Work Program with respect to the drilling proposal for Nowa Nowa Copper Project EL 006183. The work programme is to be commenced after the Company receives approval from DJPR.

Corporate

Strategic Partnership with Yahua to Acquire and Develop Lithium Projects

On 15 November, the Company announced a Strategic Partnership Agreement with Ya Hua International Investment and Development Co. Ltd (“Yahua”) to form a strategic partnership for acquisition and development of lithium projects, on the key terms as follows:

- Yahua and the Company to establish a long-term strategic partnership for the supply of spodumene concentrates, and the potential acquisition and development of spodumene projects;
- Yahua and the Company to co-operate in respect of the acquisition and development of spodumene projects in Australia and in other countries (other than China or any country in Africa);
- On completion of the Company’s acquisition of the Trigg Hill Project and the definition of an initial exploration target for Trigg Hill (which has not yet occurred), the parties to establish a JV for the exploration and development of Trigg Hill;
- Yahua will be granted a first right of refusal on offtake of spodumene products from any of the JV projects, including the Trigg Hill Project once the Trigg Hill JV is established;
- The Company has an option to enter into a long-term offtake agreement with Yahua in respect of spodumene products produced from other projects owned by the Company but which are not subject to any of the JVs;
- Any further transactions pursuant to the Strategic Partnership Agreement remain subject to formal agreement.

Substantial Shareholder

Following the Subscription Agreement executed between Yahua and the Company in September, the Company received funds of A\$1.05 million from Yahua and issued Yahua 45,500,000 ordinary shares in the Company. Subsequently, Yahua became a substantial shareholder of the Company holding a 5% interest in the Company’s issued capital.

Director Appointment

In December, Mr Myles Fang was appointed to the Board as an Executive Director (Refer to the Company announcement dated 16 December 2021). Previously Mr Fang was a Non-executive Director of the Company.

New Project Search and Potential Acquisition

A number of projects have been evaluated during the quarter, and the Company is in commercial discussions with various parties.

Financial Position

The cash and cash equivalents at the end of the quarter was approximately \$4.826 million.

Related Party Payments

During the quarter the Company made related party payments, at normal commercial rates, of \$90,000 for Directors fees and \$29,000 for a consultancy fee to a Director, and \$16,313 for Company Secretarial services.

Tenement Schedule

Tenement	State	Tenement Number	Interest	Holder
Nowa Nowa EL	Victoria	EL006183	100%	Gippsland Iron Pty
Five Mile RL	Victoria	RL006488	100%	Gippsland Iron Pty
Tara EL Application	Victoria	EL005545	100%	Gippsland Iron Pty
Five Mine MIN Application	Victoria	MIN007876	100%	Gippsland Iron Pty

EL: Exploration Licence RL: Retention Licence MIN: Mining Licence

Gippsland Iron Pty Ltd is a wholly owned subsidiary of Eastern Resources.

Subsequent to Quarter End

On 24 January 2022, the Company announced the completion of the Feasibility Study (the “FS”) of Nowa Nowa Iron Project, which confirmed project economics for a 1.0Mtpa production rate over a 6 year LOM with magnetite direct shipping ore (“DSO”) product trucked to the Port of Eden for export.

Following completion of a positive FS, the Board has approved the commencement of an Environment Effects Statement (“EES”) for the Project, and appointed delivery specialist AECOM to lead the EES process. The EES approval process is a one-stop-shop permitting approach, which includes all planning and operating licence requirements for the development and operation of the Project.

In January 2022, the Company submitted a grant to the Victorian Government for Mining Licence MIN007876 over the Nowa Nowa Iron deposit in East Gippsland, Victoria.

Feasibility Study of Nowa Nowa Iron Project

The FS is the third assessment undertaken by EFE for the Project following completion of the Scoping Study in 2012 and Feasibility Study in 2014. The FS has been revised as of January 2022 to reflect the current product philosophy and operational approach, along with updated financial metrics.

The FS shows the Project is technically robust and under the assumptions of the FS would be likely to generate positive financial returns.

Key Outcomes

The following describes the key elements of the Project’s base case:

- Life of mine of approximately 6 years;
- Mining from a single pit, the Five Mile deposit, using conventional drill, blast, load and haul mining methodology;
- Project approximately 1 Mtpa magnetite direct shipping ore (DSO) -30 mm product with average grade of 51.75% Fe over the life of mine;
- Haulage via a trucking operation to the Eden port, 234 km one way from the mine site;
- Approximately 12 - 14 shipments per annum exported through the port, operated by Pentarch Logistics (ANWE);
- Capital cost of A\$15.7 million (15% contingency);
- Cash operating costs of A\$72.00 per tonne of DSO including royalties (FOB); and
- Pre-tax NPV (8%) of A\$61.94M and IRR of 11.8%.

Project Location

The Project is located 7 km north of the township of Nowa Nowa, Victoria. It is some 320km by road east of Melbourne, and approximately 234km by road west of the Port of Eden (see Figure 1).



Figure 1 – Project Location

JORC Mineral Resource

The Mineral Resource at Five Mile was estimated by H&SC in accordance with the JORC Code 2012. H&SC estimated a total mineral resource of 9.05 Mt with an average iron content of 50.8%Fe, in the Measured, Indicated and Inferred categories as set out in Table 1 below.

Prospect	Measured		Indicated		Inferred		Total	
	Mt	Fe %	Mt	Fe %	Mt	Fe %	Mt	Fe %
Five Mile	2.25	52.8	4.32	50.4	2.49	49.7	9.05	50.8

Table 1 - Five Mile Resource Estimate (cut off of 40% Fe)¹

Project Operation

The operating strategy is summarised as follows:

- Engage a mining contractor for ore extraction and stockpiling at the ROM pad;
- Engage a mining contractor for crushing plant encompassing all crushing, screening, and stockpiling;
- Engage a road haulage contractor for product haulage from the mine to the port;
- Product unloading, stockpile, reclaim, ship loading and all charges at the port; and
- Miscellaneous indirects and services for the supply of operations infrastructure and support.

The FS indicates a plan to produce magnetite DSO at a 1.0 million tonnes per annum over a six-year LOM (totally approximately 4.65 million tonnes).

An open cut mine is proposed, with an average waste to ore ratio of 3.22 over the six years mining including pre-strip period. Ore will be crushed and screened to produce DSO lump product ("Product"), with estimated average product grade of 51.75% over the LOM.

The Product will be trucked from mine to the Port of Eden predominantly by sealed road, where it will be stockpiled prior to being loaded directly into Panamax ship vessels for export to customers.

Estimated Timeframe

The estimated key milestone dates from the preliminary project execution schedule developed for the purposes of the FS are as follows.

Activity	Milestone Completion Timing
Feasibility Study Report	January 2022
Environment Effects Studies	June 2022
Workplan Approval granted	June 2023
Execution commencement	June 2023
Operations (mining) commencement	July 2023

Next Steps

The FS has determined that the Project is technically feasible, and on the assumption that the FS has positive financial returns. The Company will focus on the following additional works to advance the Project towards development:

- Infill drilling on Five Mile deposit to upgrade existing inferred resources to measured and/or indicated resources;
- Obtaining necessary approvals/ permits;
- Engagement and contract negotiations with key contractors and infrastructure providers;
- Detailed design works for on-site infrastructure and facilities, and for the modification of port facilities required;
- Engaging with potential offtake and financing partners;

Further information of the FS is available at the Company announcement dated 24 January 2022.

Investor Information

Further information, previous Eastern Resources announcements and exploration updates are available at the News and Reports tab on the Company's website – www.easterniron.com.au

Authorisation

This announcement has been authorised for release by the Board of Directors in accordance with the requirements of the Company's Continuous Disclosure Policy.

Mr Myles Fang

Executive Director

T: 02 9906 7551

For enquiries on your shareholding or change of address please contact:

Boardroom Limited, GPO Box 3993, Sydney NSW 2001, Phone: (02) 9290 9600

¹ The Company confirms that it is not aware of any new information or data that materially impacts the information included in its ASX announcement of 26 July 2021 and of 4 August 2021 and of 11 August 2021 and that all material assumptions and technical parameters underpinning the estimates included in this ASX announcement continue to apply and have not materially changed.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Eastern Iron Limited

ABN

70 126 678 037

Quarter ended ("current quarter")

31 December 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(150)	(213)
(e) administration and corporate costs	(9)	(69)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)		
➤ Security deposit paid	-	-
1.9 Net cash from / (used in) operating activities	(159)	(282)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation (if capitalised)	(160)	(200)
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(160)	(200)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,049	3,567
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	481	489
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(77)	(244)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,453	3,812

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,692	1,496
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(159)	(282)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(160)	(200)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,453	3,812

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	4,826	4,826

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,826	3,692
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,826	3,692

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1 *
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2 *

Current quarter \$A'000
119
-

* Directors fees, consultancy fees and corporate advisory fees at normal commercial rates.

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(159)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(160)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(319)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	4,826
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	4,826
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	15.13

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

28 January 2022

Date:

Ian White (Company Secretary)

Authorised by:
 (Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Eastern Iron Limited
 Schedule of Tenements as at 31 December 2021

Tenement	Tenement No.	Interest	Joint Venture Details
VICTORIA			
Nowa Nowa EL	EL 006183	100%	Note 1
Tara EL Application	EL 5545	100%	Note 1
Five Mile RL	RL006488	100%	Note 1
Five Mine MIN Application	MIN007876	100%	Note 1

EL = Exploration Licence

RL = Retention Lease

MIN = Mining Licence

Notes:

1. Held by Gippsland Iron Pty Ltd a wholly owned subsidiary of Eastern Iron.