

STRATEGIC PARTNERSHIP AGREEMENT EXECUTED WITH YONGXING

Highlights

- Eastern Resources and Yongxing Special Materials technology Co. Ltd (“YONGXING”) have executed a strategic partnership agreement.
- Eastern Resources will be the exclusive partner of YONGXING in relation to the acquisition and development of lepidolite projects in Australia.
- A joint venture for identification of potential lepidolite projects is underway.
- Partnering with YONGXING on lepidolite and Yahua on spodumene puts Eastern Resources in a competitive position in the lithium industry, with potential to be a low-cost player.

Eastern Resources Limited (“Eastern Resources” or the “Company”) is pleased to announce the signing of a binding Strategic Partnership Agreement with YONGXING to provide a framework for the companies’ future collaboration in relation to the potential acquisition and development of lepidolite projects in Australia (“Strategic Partnership Agreement”).

YONGXING is one of the most experienced lithium carbonate producers in China, with unique technology to use lepidolite concentrates to produce battery grade lithium carbonate. Both YONGXING and the Company recognise the growing demand for lithium products, and have decided to work closely together on the identification, acquisition and development of lepidolite projects in Australia (“Projects”).

The partnership will provide the Company a solid framework for co-operation with YONGXING on joint acquisition and development of Projects, which extends to establishing for YONGXING a first right of refusal for an offtake agreement for lepidolite concentrates products. Partnership with YONGXING on lepidolite and Yahua on spodumene is part of the Company’s strategy and plan to achieve a low-cost operation and to be a long term player in lithium industry.

YONGXING Chairman, Mr Xingjiang Gao stated, *“We are extremely pleased to sign this partnership agreement with Eastern Resources, a company with an experienced team in developing mining projects in Australia. As two companies committed to acquiring and developing lepidolite projects, we are excited about the many advantages such a partnership can bring to developing those projects into production as we expect.”*

Eastern Resources Chairman, Eddie King stated, *“The Strategic Partnership Agreement with YONGXING is another significant event for the Company, further validating the Company’s lithium credentials, and we look forward to adding shareholder value with YONGXING as our partner. To complement the existing agreement with Yahua, the Strategic Partnership Agreement provides the Company with a strategic advantage to acquire and develop lepidolite projects. This further strengthens our position in aspiring to provide green energy solutions for future generations.”*

Key terms of the Strategic Partnership Agreement are as follows:

- YONGXING and the Company wish to establish a long-term strategic partnership for the potential supply of lepidolite concentrates, and the potential acquisition and development of lepidolite projects.
- YONGXING will be the exclusive partner of the Company and the Company will be the exclusive partner of YONGXING when either Party seeks, acquires and develops the Projects.
- Before acquiring the Projects, YONGXING and the Company wish to enter a joint venture relationship for seeking Projects. The parties agree in principle that:
 - A joint venture (**Pre-Acquisition JV**) will be established to carry out works related to pre-acquisition of Lepidolite Projects.
 - The interests in the Pre-Acquisition JV will be 60% for the Company and 40% for YONGXING or its subsidiaries.
 - The funding contributions to the Pre-Acquisition JV will be \$100,000 by the Company and \$900,000 by YONGXING.
 - The parties will discuss the termination or continuation of the Pre-Acquisition JV if no acquisition of a Lepidolite Project occurs within 12 months after formation of the Pre-Acquisition JV.
- When YONGXING and the Company make a decision on acquiring any Lepidolite Projects, the Parties will enter a joint venture (**Lepidolite JV**) for acquisition and development of the Projects, on the following key principles:
 - The Lepidolite JV is to be responsible for carrying out further exploration drilling, completing a feasibility study, and development of the Projects.
 - The interests of the Parties in each Lepidolite JV will be 60% for the Company and 40% for YONGXING or its subsidiaries, or the interests as mutually agreed when the parties form each Lepidolite JV.
 - Both parties to contribute to the costs of operation of the Lepidolite JV on a pro rata basis.
 - With mutual agreement by the Parties, either Party could sell part of or all of its equity interests to a third party, and the Parties will hold a pre-emptive right on any sale of another party's joint venture interest to acquire that interest on the same terms offered to the third party (**Pre-emptive Right**). The Pre-emptive Right does not apply when either party sells part of or all of its joint venture interest to a wholly owned subsidiary and/or an entity controlled by that party.
 - The Company to be the manager of the Lepidolite JV subject to holding a 35% or greater interest in the Lepidolite JV and if YONGXING (or its subsidiaries) sells part of its joint venture interest to a third party resulting in that third party holding a joint venture interest in the Lepidolite JV of not more than 35%. Under any other circumstances the joint venture parties will negotiate to determine the manager of the Lepidolite JV.
- YONGXING will be granted a first right of refusal on offtake of lepidolite products from any of the JV projects.

- Any further transactions pursuant to the Strategic Partnership Agreement remain subject to formal agreement.

About Yongxing Special Materials Technology Co. Ltd.

- YONGXING is an A-share listed company on the Shenzhen-stock exchange in China, with a market capitalisation of approx. RMB 42.3 billion (approximately A\$9 billion), principally engaged in the manufacture and sales of special steel and lithium salt products.
- YONGXING is one of a few lithium carbonate producers in China with a commercial refinery process utilising lepidolite concentrates as feed to produce battery grade lithium carbonate.
- YONGXING's existing operations have 10,000tpa refinery for lithium carbonate, and it is undertaking an expansion for a further 20,000tpa of lithium carbonate by the middle of 2022. In January 2022, YONGXING and CATL formed a lithium carbonate joint venture with annual capacity of 50,000 tons of lithium carbonate where YONGXING and CATL will hold a 30 percent and 70 percent stake in the joint venture respectively.
- YONGXING has a strong customer base including Xiamen Tungsten New Energy Materials Co., Ltd., Hunan Yuneng New Energy Battery Materials Co., Ltd., Shenzhen Defang Nano Technology Co., Ltd. and will supply CATL, Easpring Material Technology, Hunan Shanshan Energy Technology (now a JV with BASF Catalysts) and other industry leading enterprises when production expansion is completed.

INVESTOR INFORMATION

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

This announcement has been authorised for release by the Board of the Company.

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