EASTERN RESOURCES LIMITED

Half Year Financial Report
31 December 2021

ABN 70 126 678 037

Contents & Corporate Information

Board of Directors
Eddie King – Non-Executive Chairman
Myles Fang – Non-Executive Director
Therese Taylor – Non-Executive Director (resigned 27 September 2021)
Jason Hou – Non Executive Director (appointed 27 September 2021)

Company Secretary
Ian White (resigned 14 February 2022)
Heath Roberts (appointed 14 February 2022)

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Securities Exchange Listing
Australian Securities Exchange
ASX Code: EFE

Directors' Report

Your Directors submit their report for Eastern Resources Limited (formerly Eastern Iron Limited) for the half year ended 31 December 2021.

Directors

The names of the Company's Directors in office during the half year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Eddie King	Non-Executive Chairman	Appointed 10 July 2017
Myles Fang	Executive Director	Appointed 12 March 2018
Therese Taylor	Non-Executive Director	Resigned 27 September 2021
Jason Hou	Non-Executive Director	Appointed 27 September 2021

The following role change was announced effective as of 16 December 2021: Myles Fang appointed Executive Director.

Review and results of operations

Financial results

The net results of operations after applicable income tax expense for the half year was a loss of $2,414,472 (2020: $238,482).

Nowa Nowa Iron

The Company has been updating the existing Definitive Feasibility Study (the "DFS") which was completed in 2014, based on the sale of magnetite DSO product (the "Product") to be produced from Nowa Nowa Iron Project (the "Project").

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

Tenure

In December 2021, Retention Licence RL006488 covering the Project was granted to Gippsland Iron Pty Ltd, a wholly owned subsidiary of the Company.

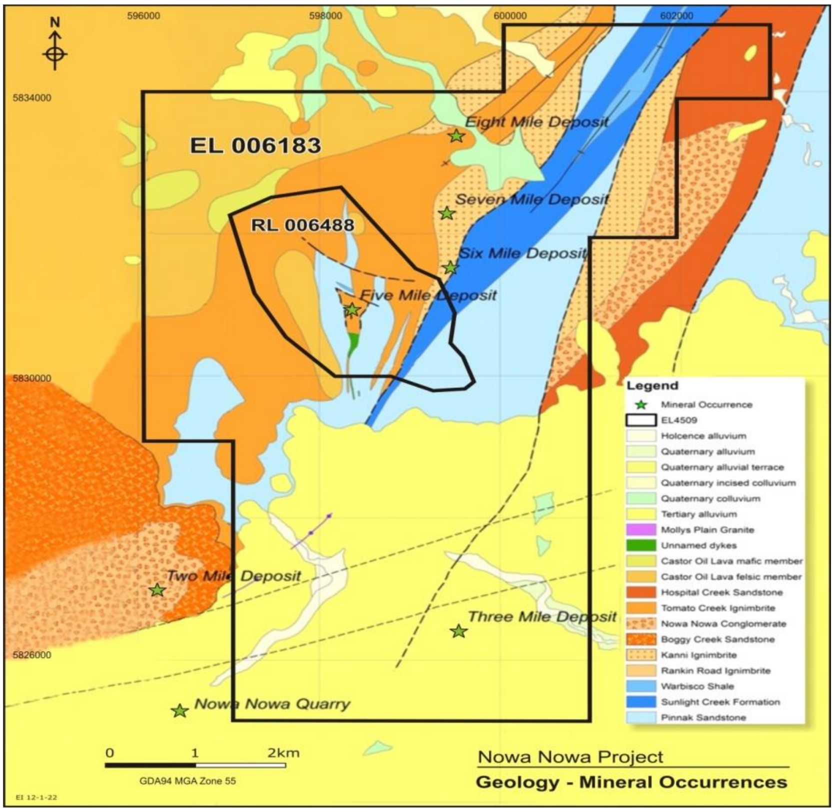

Figure 2 – Exploration Licence 006183 and Retention Licence 006488

Mineral Resources

A JORC compliant total resource of 9.05 Mt @ 50.8% Fe was estimated by H&S Consultants for the Five Mile deposit (Table 1).

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 Prospect Resource Estimate (40% Fe Cut-Off) [1]

Mining

In July 2021, the mining study ("Mining Study") completed by Mining One Pty Ltd ("Mining One") identified potential economic open pit operation, considering the extraction of estimated mineral resource and is based on the sale of the Product from the Project.

Mining One conducted pit optimisation which considered measured and indicated material as the base case for the Mining Study. In addition, optimisation considering measured, indicated and inferred material were also conducted, representing a potential upside case for the project.

A mining cost estimate has been developed from first principles by Mining One, based on open pit, conventional drill and blast, truck and excavator flitch mining. The estimate is based on a contractor mining operation with information from operations of similar size and nature from Mining One's internal database.

The Mining Study concluded that under the current assumptions summarised above, the Five Mile Deposit demonstrates potential to be a viable proposition and further study is warranted.

Beneficiation Testwork

The Company completed further beneficiation testwork (Testwork) carried out by ALS Metallurgy in July 2021. The objective of this testwork was to determine the product specification of magnetite concentrates produced from Nowa Nowa DSO through wet low intensity magnetic separation (LIMS).

A composite sample was prepared at 50.4% Fe, 15.00% SiO_2, 2.59% Al_2O_3, and 0.03% P, which is in the range of iron content of the proposed DSO products for export from the Five Mile deposit. Drill core samples were collected from drill holes completed by Eastern Resources during resource drilling at Five Mile deposit in 2013. The samples were tested by DTW at grind sizes of 80% passing 106, 75, and 45 micron, with the results summarised below

DTW Conc.		Fe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	S (%)	Fe Rec% (%)
Composite	106 micron	64.7	5.91	0.65	0.011	0.16	69.3
Composite	75 micron	68.1	3.68	0.25	0.007	0.038	68.0
Composite	45 micron	69.0	2.94	0.23	0.006	0.023	67.3

Table 1. Analysis of DTW magnetite concentrates at 106, 75 and 45 micron grind.

The samples were also treated by wet magnetic separation at grind sizes of 80% passing 45 micron and at 1100 gauss.

Wet LIMS Conc.		Fe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	S (%)	Fe Rec% (%)
Composite	45 micron	68.9	2.97	0.23	0.008	0.022	67.4

Table 2. Analysis of Wet LIMS magnetite concentrates at 45 micron grind.

The Testwork shows high-quality magnetite concentrates could be produced from the Project by conventional wet LIMS.

Proposed Processing and On-Site Infrastructure

The proposed Project operations will process mined ore on site via crushing and screening to produce a magnetite DSO product @ 50% Fe. No on-site beneficiation will be employed which was considered in the DFS in 2014. As such, a magnetic separation plant is not required which will not only reduce the footprint of on-site infrastructure, but it will also reduce initial capital expenditure and operating costs for ore processing.

Port of Eden

The Port of Eden (Port) is located in NSW, approximately 234km from the Project. The Port can accommodate P-Panamax vessels, with the existing conveying and ship loading systems used to export forestry products.

In August 2021, the Company executed a non-binding Memorandum of Understanding with Pentarch Logistics Pty Ltd (Pentarch) to export the Product using the port facilities at the Port of Eden operated by Pentarch. Both parties will enter into negotiations to finalize a binding commercial agreement.

Nowa Nowa Copper

No exploration work was carried out on the Nowa Nowa Copper project. The Company is waiting fora response from the Victorian Department of Jobs, Precincts and Regions (DJPR) for a revised Work Program with respect to a drilling proposal for Nowa Nowa Copper Project EL 006183.

Trigg Hill Lithium Tantalum Project

In August 2021, the Company entered into a binding Heads of Agreement (HOA) with Amery Holdings Pty Ltd (Amery) for an option to acquire a 100% interest in the Trigg Hill Lithium Tantalum Project (Trigg Hill). Trigg Hill is strategically located in the Shaw River district, Pilbara, and is approx. 75km SE of Pilbara's Minerals' (ASX: PLS) wholly-owned Pilgangoora Lithium-Tantalum mine. The Project comprises 1 Exploration Licence Application (ELA 45/5728) with the exception of one excised mining lease (M 45/1267).

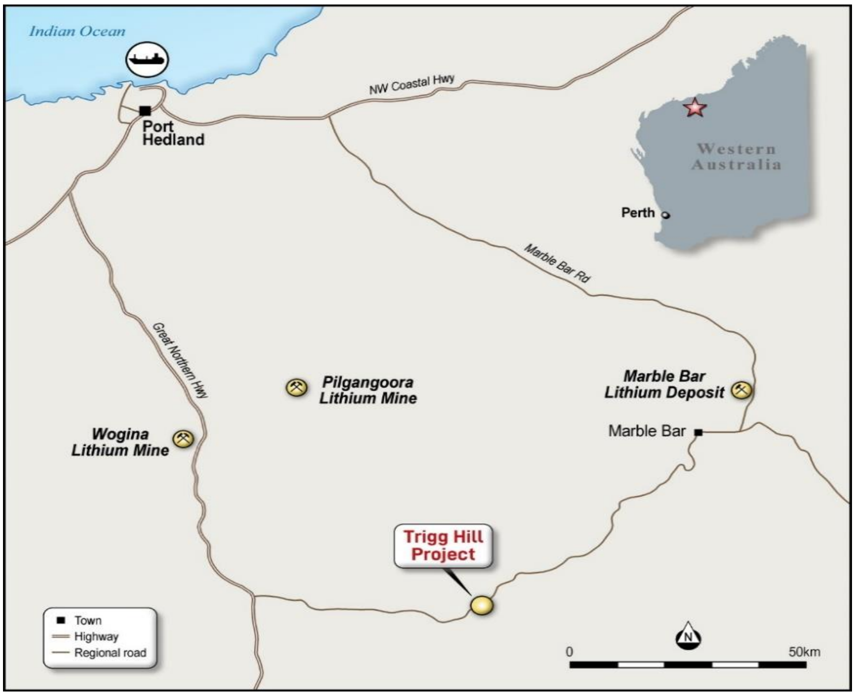

Figure 1: Location of Trigg Hill

There are hundreds of pegmatite outcrops within the greenstones area which encompasses Trigg Hill to Curlew covering about 5km^{2}. Most of these are small to medium in size however there is potential for larger LCT pegmatite bodies particularly in areas of folded or faulted greenstones such as at Trigg Hill. The pegmatites have potential for tantalum, REO, lithium and tin. The larger zoned LCT pegmatites will be more prospective for the presence of spodumene whilst lepidolite can occur in narrow dykes.

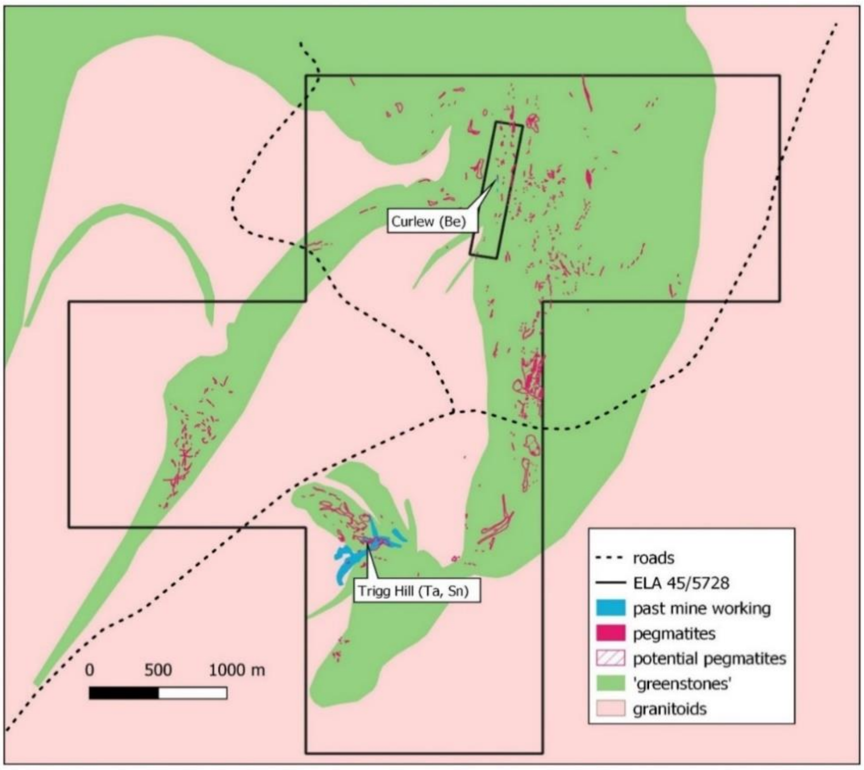

Figure 2: Simplified Geology with known and potential pegmatites

Commercial Terms

The Company entered into a binding Heads of Agreement (HOA) to acquire a 100% interest in the Project (Tenement) and all environmental approvals, authorisations, mining information and other assets relating to the Tenements owned by Amery on the key terms as follows:

- The Company to pay Amery a cash option fee of $10,000 (excluding GST) (Cash Option Fee) and issue Amery $20,000 worth of fully paid ordinary shares in the Company (Shares), within 7 days of the date when the Tenement is granted (Grant Date), to earn an option for 12 months from the Grant Date.
- The Company has the right to extend the option period in 12 month intervals on up to 3 occasions by giving written notice to the Vendor at any time prior to its expiry and payment of a fee of $15,000 at the Company's election by cash or Shares or a combination of both.
- The Company can exercise the option to acquire a 100% interest in the Project during the option period to complete the transaction (Completion), by paying Amery $250,000 in cash, and either $500,000 in cash or $500,000 in Shares.
- The Company must complete a minimum of 800 metres of drilling on the Tenement within 15 months of the Grant Date.
- The Company agrees to pay a royalty payment to Amery equivalent to the value of 1.5% of net smelter return on all minerals produced from the Tenements.
- The Company agrees to grant Amery a call option to acquire the whole of the Company's interest in the Tenement for the nominal consideration of $1 in cash if the Company wishes to relinquish the Tenement after the Completion.
- The Company agrees to engage Mr Mark Calderwood, via Amery, as a consultant.

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

New Projects Search and Acquisition

The Company has actively reviewed opportunities to acquire an advanced exploration or near-development project in this financial year. A number of projects have been evaluated, and the Company has been in commercial discussion with various parties.

Corporate Activities

Capital Raising

In September 2021, the Company completed a $2.52 million placement to sophisticated and professional investors at an issue price of $0.023 per share with free attaching options on the basis of one option for every five shares issued.

The Company executed a Subscription Agreement for strategic placement of approximately $1.05 million to Yahua of 45,500,000 fully paid ordinary shares (Yahua Shares) at an issue price of $0.023, and 9,100,000 options exercisable at $0.012 each and expiring on 31 January 2023 on the basis of one option for every five shares issued. In October, Yahua completed the placement and now Yahua has an interest in 45.5 million shares in the Company, representing a relevant interest in 5% in the Company.

The funds raised funded the development and exploration activities at Nowa Nowa Iron Project and Nowa Nowa Copper Project, the exploration activities at Trigg Hill Project conditional on acquisition and for general working capital.

Strategic Partnership with Yahua to Acquire and Develop Lithium Projects

In November 2021, the Company executed a Strategic Partnership Agreement with Ya Hua International Investment and Development Co. Ltd (Yahua), a wholly subsidiary of Sichuan Yahua Industrial Group Co. Ltd (Yahua Group), 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.

Director Appointment and Resignation

In September, Mrs Therese-Marie Taylor resigned from the Board to focus on her other interests. The Company thanks her sincerely for her contribution over the past 4 years.

Mr Jason Hou was appointed to the Board as a Non-executive Director. Mr Hou's skills and experience are a good and appropriate fit within the matrix of skills required by the Board.

In December, Mr Myles Fang was appointed to the Board as an Executive Director. Previously Mr Fang was a Non-executive Director of the Company.

Principal Activities

The principal activity of the Company is the exploration of iron ore, lithium and base metal resources and the development of those resources into economic, cash flow generating mines.

Dividends

No dividends were paid or proposed during the period.

Subsequent Events After the Balance Date

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

The key elements of the Project's base case as follows:

- 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 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%.

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 (totalling approximately 4.65 million tonnes), with the opportunity to expand production once existing inferred resources at Five Mile deposit is upgraded to measured and/or indicated resources.

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.

2. 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.

3. Mineral Resources

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 Project Resource Estimate (40% Fe Cut-Off) [1]

4. Mining

The FS is based on a conventional pit where the ramp system spirals down to the bottom of the pit and all waste is stockpiled on external waste dumps, until completion of mining. The FS is based on the production and sale of a DSO product of a nominal 50% Fe content.

The mining targets of the Five Mile Deposit as follows:

- 6 Mtpa mining rate,
- 1 Mtpa DSO production at 50% Fe grade,
- Bench advance limit of 60 m per annum in the first two years, and
- Smooth mining rate.

To determine the value of the project and the potential for project expansion, two separate scenario cases were analysed. The scenarios used are as follows:

- "Base" case with measured and indicated material above cut-off grade; and
- "Upside" case with measured, indicated and inferred material above cut-off grade.

The physicals from the pit schedule are presented in Table 2.

Mine Schedule Results		
Pit Physicals	**Base Case**	**Upside Case**
Ore Tonnes (t)	4,647,634	5,030,725
Waste Tonnes (t)	14,942,537	16,260,139
Strip Ratio	3.22	3.23
Total Tonnes (t)	19,590,171	21,290,864
Fe DSO (%)	51.75	51.43

Table 2 – Pit Design Schedule Results

In both cases, the DSO specifications and grade requirements are met.

For FS and for this announcement, only the base case is considered for financial information.

5. Processing

The ore processing facility is mobile and consists of primary and secondary crushing circuit and screen to produce a single DSO product. No beneficiation is required.

6. Infrastructure and Utilities

Access into the mine is from Bruthen-Buchan Road. This road would be utilised by all employees, haulage contractor trucks, deliveries and visitors entering the mine. It connects to the clean water dam (CWD) access road, car park, sedimentation control dam (SCD) access road, the administration area, and crushing plant/stockyard area. Three dams are to be constructed to capture site surface water runoff and facilitate mine water supply during operations. The CWD and operation water dam (OWD) are in Tomato Creek and the SCD is in Gap Creek.

The mine industrial area (MIA) is located between the administration area and product stockyard. The facility consists of a master self-bunded tank incorporating hoses, pumps and hand pieces for refuelling LVs and mining contractor's fuel/service truck etcetera.

There are two main load centres on site, the crushing plant and the administration area which includes CWD. Diesel-fuelled generator sets would be used for power generation and provided by the contractors.

Water for mining operations, ore conditioning and dust suppression will be sourced from two main sources of water supply, being surface water captured by dams and groundwater where local bores will be located within the Exploration Licence, which have demonstrated the potential to provide sufficient water for construction and mining operations.

7. Logistics

The product would be transported approximately 234km from the mine to the port along the existing road network utilising road haulage trucks. B-double truck hauling is being considered for approximately 46 tonnes of product per trip. It is proposed that road haulage is a contractor managed operation.

8. Port of Eden

The Port of Eden is located at Eden, NSW. It is envisaged that an average of 12 - 14 shipments of ore per year will be undertaken, each with a cargo of approximately 70 kt to 80 kt. The shipments will be scheduled to enable the export of the targeted 1.0 Mtpa of production.

Haulage trucks will travel to the unloading facility and unload the Product at the stockyard. The product will be conveyed to the existing wharf conveyor and into the existing ship loader. The existing materials handling equipment would be utilised for the reclaiming of ore, with some minor modifications detailed following.

9. Approvals & Permitting

The Company has engaged and will be engaging external consultants for the key approvals/permits.

The Environmental Effects Statement (EES) process is coordinated with the above approvals and assessment requirements, in that relevant applications and statutory documents are prepared in conjunction with the EES and are placed on public exhibition together.

10. Capital Costs and Operating Costs

- Capital Cost Estimate

Estimated capital cost encompasses development capital costs which will be expended from the commencement of the Project execution phase through to completion of the facilities commissioning and commencement of operations.

A breakdown of the capital cost estimate for the Project is presented at a summary level in Table 3.

WBS		Costs (AUD $)
	DIRECT COSTS	
10000	Mine	2,870,281
20000	Crushing Plant and Materials Handling	2,047,879
30000	Product Transport and Logistics	1,805,492
40000	Port	226,646
50000	Infrastructure and Head Works	3,899,627
60000	Road Use Levy	450,000
	INDIRECT COSTS	
70000	Owner's Costs	2,523,906
80000	EPCM	1,897,717
	TOTAL	**15,721,547**

Table 3 – Capital Cost Estimate Summary

- Operating Cost Estimate

The operating cost estimate for the Project (FOB basis) is presented at a summary level in Table 4.

Area	Description	Costs (AUD $t/con.)	% of Total
A	Mining	15.01	20.8
B	Processing	3.48	4.8
C	Logistics	39.35	54.6
D	Port	7.86	10.9
E	Indirects	3.59	5.0
	C1 Operating Costs	69.28	96.2
F	Royalties	2.72	3.8
	Total Operating Costs (FOB)	72.00	100.0

Table 4 – Operating Cost Estimate Summary

The costs presented above are annualised average costs and do not reflect the variation in production levels as presented in the mining schedule.

11. Financial and Market Analysis

- Financial Metrics

A discount cash flow (DCF) model was used to derive a net present value (NPV) for the Project. The assumptions used in the financial model were:

- Discount rate of 8%,
- Model over Project life of 6 years,
- No terminal value has been added to the NPV reflecting any extension to the mine life, and
- Sustaining capital of 2.5% of direct capital spread over the LOM from year 2 onwards with $1.3M allowance in the final year for rehabilitation and closure.

The pre-tax NPV, internal rate of return (IRR) and nominal payback period are presented in Table 5.

Pre-Tax NPV (AUD $M)	Pre-Tax IRR (%)	Pre-Tax Payback (Years)
61.94	11.8	2

Table 5 – Discounted Cash Flow Analysis Summary

12. Next Steps

The FS has outlined the Project's mining and operation plans, infrastructure requirements, production rate, capital costs, operating costs. It has determined that the Project is technically feasible, and on the assumptions of 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;

On 28 February 2022, Eastern Resources has secured the right to earn up to an 85% beneficial interest in the lithium and related minerals located within exploration licence E80/5066 (Tenement) in the Kimberley region, which contains a number of pegmatites. The Company enters into a Heads of Agreement with Legacy Iron Ore Ltd (ACN 125 010 353) (Legacy Iron) via its wholly owned subsidiary, Eastern Lithium Pty Ltd (Eastern Lithium). The tenement comprising of 35.6km^2, is located in the Kimberly region of Western Australia, approximately 80km SW of Halls Creek.

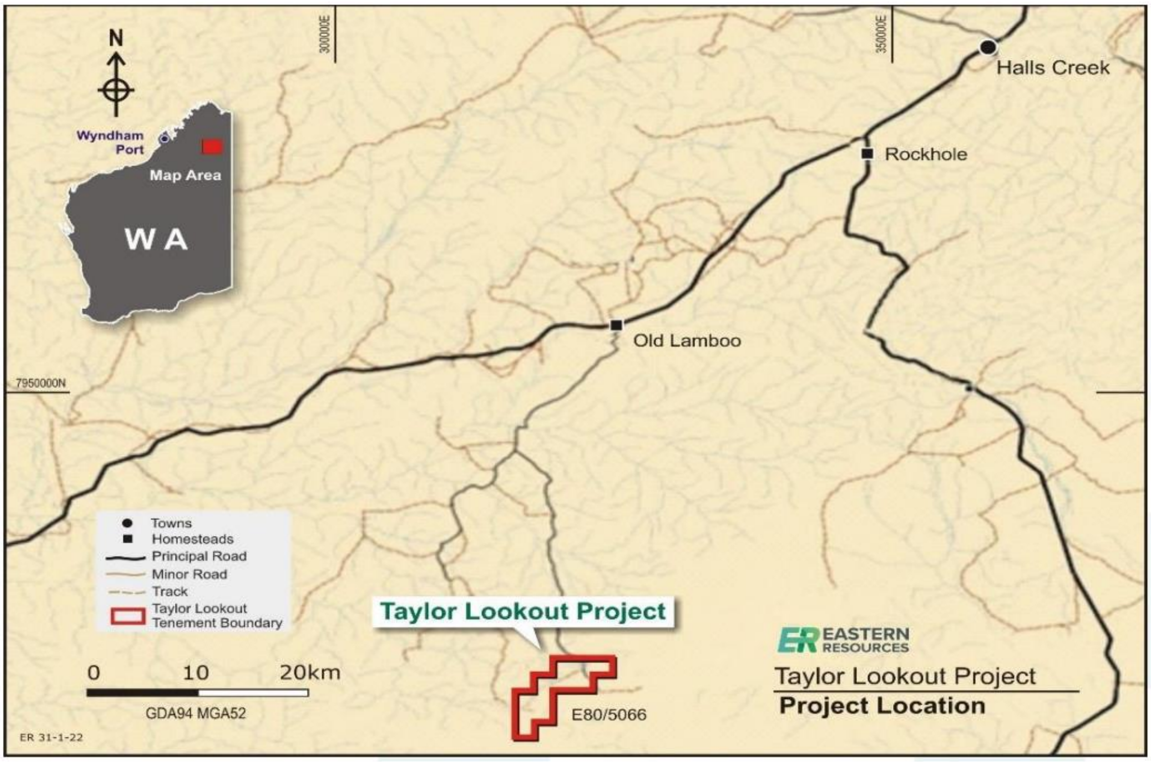

Figure 3: Taylor Lookout Project Location

Location and tenures

The Tenement is approximately 450km^2 of Wyndham Port, a deep-water port with existing facilities for export of raw mined products.

The Tenement is comprised of 11 blocks or covering about 35.6km^2.

Geology

The Tenement is situated within the Halls Creek Orogen, which developed initially during the Palaeoproterozoic, in a collision of the Kimberley Craton (northwest) and the North Australian Craton (southeast). The orogen includes Palaeoproterozoic, low to high-grade metasedimentary and metaigneous rock, granitoid and gabbro.

A number of small leucocratic granite plutons of the Sophie Downs Suite have intruded the metasediments and metavolcanics of the Halls Creek Group. The Sophie downs granitoids have a composition consistent with 'fertile granites' and are the likely source of fractionated pegmatites containing minerals of tin, tantalum and lithium with the Mount Dockrell pegmatite field. Two of the granite plutons and associated pegmatites occur within the Tenement.

Pegmatites are common within a 10km radius of the Tenement.

Mineralisation

Numerous base metal and skarn related tin-tungsten occurrences occur within the Tenement. Pegmatites have been mapped but no records on mineralogy of the pegmatites are available however the presence of the minerals tantalum within heavy mineral concentrates is a strong indication of increased fractionation in some of the pegmatites.

Minerals tantalum, tin, lithium, niobium and beryl have been recorded to the west of the Tenement.

Previous Exploration

Tin (cassiterite) and tantalum was first discovered in Columbian Creek and in source pegmatites in 1927. Cassiterite was mined in Columbium Creek, which is 0.5km to 2km west of the Tenement.

Mapping by the Geological Survey of Western Australia in 1990-1992 identified a number of pegmatites within E80/5066 which are the likely source of the mineral tantalum within the headwaters of Columbian Creek. Tantalum generally occurs within fractioned pegmatites.

Anomalous tantalum discovered in creeks draining areas containing pegmatites associated with the Taylors Lookout and Frog Creek granite plutons, with no exploration for lithium on the Tenement. The Company will explore for fractioned pegmatites, within several kilometres radius of the plutons, which may be prospective for lithium mineralisation.

Potential

Pegmatites are common in the Taylor Lookout area, proximal to fertile granite plutons. The presence of tantalum in the creeks draining these areas indicates that potential exists for fractionated pegmatites potentially hosting lithium minerals. Pegmatites have not been a focus of prior exploration on the Tenement.

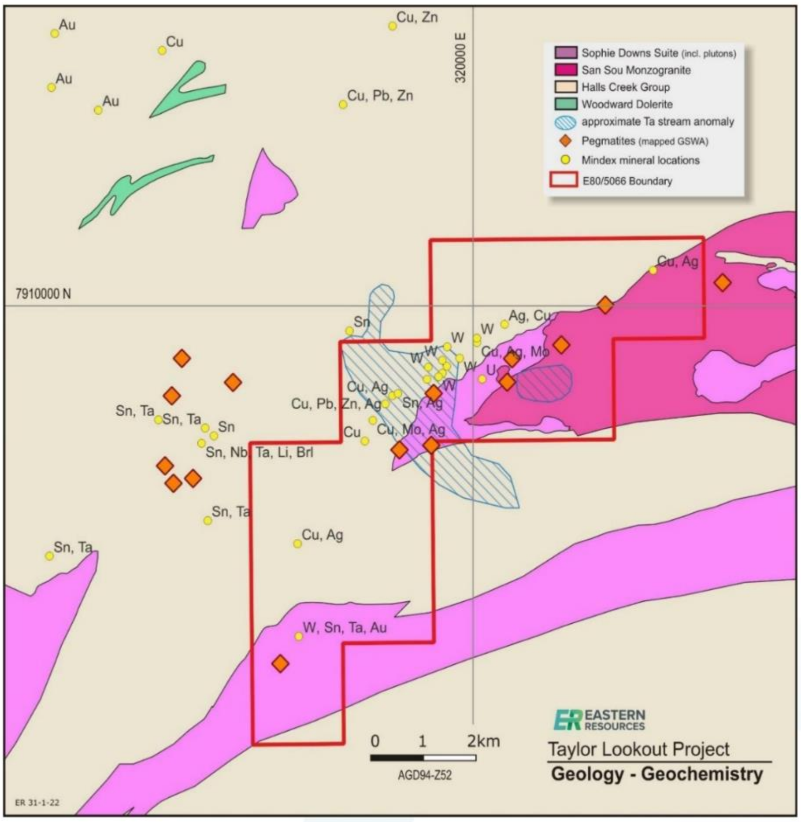

Figure 4: Taylor Lookout Geology and Location of Tantalum Stream Anomalies

Key Commercial Terms

Under the HOA, Eastern Lithium is entitled to earn up to an 85% beneficial interest in the Lithium Rights (Transaction) on the following key term.

1. EFE to pay Legacy Iron A$50,000, within 5 business days on the date when the conditions precedent are satisfied (Earn-in Commencement Date)
2. Conditions precedent:
   a. EFE is satisfied with the results of the due diligence investigations in respect of the Transaction (30 day due diligence period from the date of the HOA applies);
   b. Eastern Lithium and EFE obtaining all legal, regulatory and shareholder approvals necessary for it to undertake the Transaction (if any); and
   c. Legacy Ion obtaining all legal, regulatory and shareholder approvals necessary for it to undertake the Transaction (if any).
3. Eastern Lithium holds the following earn-in rights.
   a. Eastern Lithium is entitled to earn a 51% beneficial interest in the Lithium Rights (Stage 1 Interest) by spending not less than A$400,000 on exploration expenditure on the Tenement during the first 24 months following the Earn-in Commencement Date (Stage 1 Earn-in Period); Eastern Lithium has the right to withdraw at any time provided A$200,000 has been spent on exploration expenditure in the first 12 months following the Earn-in Commencement Date;
   b. Eastern Lithium is entitled to earn a further 19% beneficial interest in the Lithium Rights (Stage 2 Interest) by spending not less than A$400,000 on exploration expenditure on the Tenement during the 24 months immediately following acquisition of the Stage 1 Interest (Stage 2 Earn-in Period); and
   c. Eastern Lithium is entitled to earn a further 15% beneficial interest in the Lithium Rights (Stage 3 Interest) by completing a pre-feasibility study (as defined by Clause 39 of the 2012 Edition of the JORC Code) on the Tenement during the 24 months immediately following acquisition of the Stage 2 Interest (or as otherwise agreed by the parties) (Stage 3 Earn-in Period)
4. Upon Eastern Lithium acquiring the Stage 1 Interest, Eastern Lithium and Legacy Iron will form an unincorporated joint venture (Joint Venture) for the exploration and development of Lithium Rights on the following basis:
   a. Eastern Lithium will become the Manager of the Joint Venture;

   b. The Joint Venture parties will contribute funding to the Joint Venture on a pro-rata basis once Eastern Lithium has acquired the Stage 3 Interest (or earlier if Eastern Lithium elects not to earn the Stage 2 Interest or Stage 3 Interest);
   c. Where a party is unable to meet its required proportionate expenditure for the Joint Venture or elects not to contribute, industry standard dilution clauses will apply;
   d. If the Joint Venture interest of a party is diluted to 10% or less, then that party will be deemed to have withdrawn from the Joint Venture and its Joint Venture interest will automatically convert to an entitlement to a 2% net smelter royalty; and
   e. Such other principal terms reasonable for a Joint Venture relationship of this nature.
5. The HOA sets out the principal terms governing the mineral sharing arrangement that will exist between tenement holder and the holders of the Lithium Rights. These include the following:
   a. Legacy Iron will retain legal ownership of E80/5066 as well as all rights pertaining to minerals other than lithium, beryllium, caesium, niobium, rubidium, tantalum and tin in or on the Tenement;
   b. the parties will exercise their respective rights to minerals in or on the Tenement in such a manner as to minimise interference with or impairment to the other's rights; and
   c. where there is an absolute or substantial conflict between any actual or proposed activities of the parties, during the Stage 1 Earn-in Period, the Stage 2 Earn-in Period and the Stage 3 Earn-in Period (as applicable), the activities of the holders of the Lithium Rights will have precedence.
6. A party may not dispose or assign of any of its interests under the HOA or in the Tenement to a third party unless it has first offered to assign such interest to the other party on the same terms and conditions as the proposed terms and conditions of the assignment to the third party.
7. The Tenement is subject to a native title determination and Eastern Lithium will take an assignment and assumption of the Heritage Agreement affecting the Tenement to the extent of the Lithium rights being acquired by Eastern Lithium under the HOA.
8. EFE has provided a parent company guarantee in favour of Legacy Iron in respect of the performance of obligations and payment of moneys by Eastern Lithium under the HOA. It has also given an indemnity in favour of Legacy iron in respect of loss or claims relating to the failure of Eastern Lithium to perform, and failing to cause it to perform, its obligations under the HOA.
9. The HOA otherwise contains terms, conditions, and warranties customary for agreements of this nature.

Auditor's independence declaration

A copy of the Auditor's Independence Declaration to the Directors as required under section 307C of the *Corporations Act 2001* is set out on page 25.

Signed in accordance with a resolution of the directors.

Eddie King
Chairman

14 March 2022

Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2021

	Note	31 December 2021 $	31 December 2020 $
Revenue			
Interest received	4	23	9
Expenses			
ASX and ASIC fees		(59,784)	(13,743)
Audit fee		(12,000)	(11,800)
Contract administration services		(89,791)	(40,517)
Directors fees		(90,000)	(90,000)
Insurance		(12,356)	(6,210)
Rent		(3,600)	(5,078)
Share-based payments	10	(2,038,026)	-
Other expenses from ordinary activities		(108,938)	(71,143)
Loss before income tax expense		**(2,414,472)**	**(238,482)**
Income tax income/(expense)		-	-
Loss after income tax expense		**(2,414,472)**	**(238,482)**
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period attributable to members of Eastern Resources Limited		**(2,414,472)**	**(238,482)**
Earnings per share			
Basic loss per share (cents per share)	8	(0.29)	(0.05)
Diluted loss per share (cents per share)	8	(0.29)	(0.05)

The Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 December 2021

	Note	31 December 2021 $	30 June 2021 $
ASSETS			
Current assets			
Cash and cash equivalents	5	4,826,192	1,495,886
Receivables		26,569	52,930
Total current assets		**4,852,761**	**1,548,816**
Non-current assets			
Tenement security deposits	7	20,000	20,000
Plant and equipment		435	536
Deferred exploration and evaluation expenditure	6	3,705,801	3,510,065
Total non-current assets		**3,726,236**	**3,530,601**
Total assets		**8,578,997**	**5,079,417**
LIABILITIES			
Current liabilities			
Trade and other payables		52,831	97,748
Other liabilities		16,200	-
Total current liabilities		**69,031**	**97,748**
Total liabilities		**69,031**	**97,748**
Net assets		**8,509,966**	**4,981,669**
EQUITY			
Contributed equity	9	21,109,927	17,207,684
Accumulated losses		(14,808,739)	(12,427,487)
Reserves	10	2,208,778	201,472
Total equity		**8,509,966**	**4,981,669**

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the half year ended 31 December 2021

	Note	Contributed equity $	Accumulated losses $	Reserves $	Total equity $
At 1 July 2020		**15,037,353**	**(11,835,090)**	**-**	**3,202,263**
Loss for the period		-	(238,482)	-	(238,482)
Other comprehensive income		-	-	-	-
Total comprehensive income/(loss) for the period		**-**	**(238,482)**	**-**	**(238,482)**
Transactions with owners in their capacity as owners:					
Issue of share capital		247,140			247,140
Transaction costs arising on share issue	9	(21,954)	-	-	(21,954)
Total transactions with owners in their capacity as owners		**225,186**	**-**	**-**	**225,186**
At 31 December 2020		**15,262,539**	**(12,073,572)**	**-**	**3,188,967**
At 1 July 2021		**17,207,684**	**(12,427,487)**	**201,472**	**4,981,669**
Loss for the period		-	(2,414,472)	-	(2,414,472)
Other comprehensive income		-	-	-	-
Total comprehensive income/(loss) for the period		**-**	**(2,414,472)**	**-**	**(2,414,472)**
Transactions with owners in their capacity as owners:					
Exercise of options	9	474,690	-	-	474,690
Share-based payments	10	-	-	2,038,026	2,038,026
Exercised of employee share option value transferred to accumulated losses	10		33,220	(33,220)	-
Underwriter options offer	10	-	-	2,500	2,500
Issue of share capital	9	3,664,950	-	-	3,664,950
Transaction costs arising on share issue	9	(237,397)	-	-	(237,397)
Total transactions with owners in their capacity as owners		**3,902,243**	**33,220**	**2,007,306**	**5,942,769**
At 31 December 2021		**21,109,927**	**(14,808,739)**	**2,208,778**	**8,509,966**

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the half year ended 31 December 2021

	Note	31 December 2021 $	31 December 2020 $
Cash flows from operating activities			
Payments to suppliers and employees		(281,659)	(180,570)
Interest received		23	9
Net cash flows (used in) operating activities		**(281,636)**	**(180,561)**
Cash flows from investing activities			
Payments for deferred exploration and evaluation expenditure		(199,783)	(26,445)
Net cash flows (used in) investing activities		**(199,783)**	**(26,445)**
Cash flows from financing activities			
Proceeds from issue of shares	9	3,566,450	247,140
Proceeds from exercise of options		489,390	-
Payments for share issue costs	9	(244,115)	(21,954)
Net cash flows (used in) from financing activities		**3,811,725**	**225,186**
Net increase (decrease) in cash held		**3,330,306**	**18,180**
Add opening cash brought forward		1,495,886	109,810
Closing cash carried forward	5	**4,826,192**	**127,990**

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

For the half year ended 31 December 2021

1. Corporate information

The financial report of Eastern Resources Limited (the **"Company")** and its wholly owned subsidiaries (the **"Group")** for the half year ended 31 December 2021 was authorised for issue in accordance with a resolution of the directors on 14 March 2022. Eastern Resources Limited is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange using the ASX code EFE.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. Summary of significant accounting policies

The Half Year Financial Report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

The Half Year Financial Report should be read in conjunction with the Annual Financial Report of Eastern Resources as at 30 June 2021.

It is also recommended that the Half Year Financial Report be considered together with any public announcements made by Eastern Resources during the half year ended 31 December 2021 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

Basis of preparation

The Half Year Financial Report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards, including AASB 134 Interim Financial Reporting and other mandatory professional reporting requirements. The Half Year Financial Report has been prepared on a historical cost basis.

For the purpose of preparing the Half Year Financial Report, the half year has been treated as a discrete reporting period.

Significant accounting policies

The half year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2021.

Management has reviewed and assessed the new accounting standards effective 1 July 2021 and these have been deemed to be not applicable to the Group.

Fair value measurement

The carrying amounts of the Group's assets and liabilities are a reasonable approximation of their fair values with the exception of deferred exploration and evaluation expenditure.

Basis of consolidation

The half year consolidated financial statements comprise the financial statements of Eastern Resources Limited and its wholly owned subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. The subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Going concern

The financial report has been prepared on the going concern basis which the Group ability to pay its debts as and when they become due and payable for at least the next 12 months from the date of issuing the financial report.

The Group incurred a net loss after tax from operations of $2,414,472 for the six months period to 31 December 2021 (2020: $238,482). The Group had operating cash outflows of $281,636 (2020: $180,561). The Group's net cash outflow from investing activities was $199,783 (2020: $26,445).

The Company successfully raised a net amount of $3,322,335 from share placement to sophisticated and professional investors and Ya Hua international Investments and Development Co Ltd to fund for the development of Nowa Nowa Iron Project, exploration of Nowa Nowa Copper Project, exploration of Trigg Hill Lithium Project and working capital.

From a cash flow forecast for the next 12 months prepared by management, the Directors believe the Group will have sufficient working capital to meet its project development and administrative expenditure as and when they are due, and therefore, the financial report has been prepared on the going concern basis.

Currently, the Company is in the process of raising additional funds from the issue of equity, the Directors believe that the Group will have sufficient working capital to enable the Group to continue as a going concern.

3. Financial report by segment

The operating segment identified by management is as follows:

Exploration projects funded directly by Eastern Resources Limited ("Exploration")

Regarding the Exploration Segment, the Chief Operating Decision Maker (the Board of directors) receives information on the exploration expenditure incurred. This information is disclosed in Note 6 of the Half Year Financial Report. No segment revenues are disclosed as each exploration tenement is not at a stage where revenues have been earned. Furthermore, no segment costs are disclosed as all segment expenditure is capitalised, with the exception of expenditure written off which is disclosed in Note 6 of this Half Year Financial Report.

Financial information about each of these tenements is reported to the Board on an ongoing basis.

Corporate office activities are not allocated to operating segments as they are not considered part of the core operations of any segment and comprise of the following:

- Interest revenue
- Corporate costs
- Depreciation and amortisation of non-project specific property, plant and equipment

The Group's accounting policy for reporting segments is consistent with that disclosed in Note 2.

4. Revenue

	31 December 2021 $	31 December 2020 $
Interest received	23	9
	23	**9**

5. Cash and cash equivalents

	31 December 2021 $	30 June 2021 $
Cash at bank	4,826,192	1,495,886
	4,826,192	**1,495,886**

6. Deferred exploration and evaluation expenditure

	31 December 2021 $	30 June 2021 $
Balance at the beginning of the period	3,510,065	3,158,721
Costs incurred during the period	195,736	351,344
Balance at the end of the period	**3,705,801**	**3,510,065**

7. Contingent assets and liabilities

The Company has provided a guarantee totalling $20,000 (30 June 2021: $20,000) in respect of an exploration tenement in Victoria. This guarantee in respect of exploration tenements is secured against a deposit with a banking institution. The Company does not expect to incur any material liability in respect of the guarantees.

8. Earnings per share

	31 December 2021	31 December 2020
	$	**$**
Net profit/(loss) used in calculating basic and diluted earnings per share	(2,414,472)	(238,482)
	Number	**Number**
Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share	829,619,222	459,918,112
	Cents per share	**Cents per share**
Basic earnings (loss) per share	(0.29)	(0.05)
Diluted earnings (loss) per share	(0.29)	(0.05)

9. Contributed equity

	31 December 2021 $	30 June 2021 $
Share capital		
939,922,638 fully paid ordinary shares (30 June 2021: 745,231,820)	22,402,355	18,262,715
Fully paid ordinary shares carry one vote per share and carry the right to dividends.		
Share issue costs	(1,292,428)	(1,055,031)
	21,109,927	**17,207,684**

Movements in ordinary shares on issue

	Number	$
At 31 December 2020	**473,685,434**	**15,262,539**
Shares issued during the period	271,546,386	1,945,145
At 30 June 2021	**745,231,820**	**17,207,684**
Shares issued during the period	194,690,818	3,902,243
At 31 December 2021	**939,922,638**	**21,109,927**

10. Reserves/share-based payments

	31 December 2021 $	30 June 2021 $
At 30 June 2021	201,472	-
Share-based payment expense during the period	2,038,026	199,472
Exercised of employee share option value transferred to accumulated losses	(33,220)	-
Underwriter options offer	2,500	2,000
At 31 December 2021	**2,208,778**	**201,472**

11. Events after the balance sheet date

There were, at the date of this report, no other matters or circumstances which have arisen since 31 December 2021 that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years other than the following:

- A third Feasibility Study in addition to the Scoping Study in 2012 and Feasibility Study in 2014 confirmed Nowa Nowa Iron Project is technically robust with positive cashflow.
- On 14 February 2022, Mr Heath Roberts was appointed as Company Secretary further to the retirement of Mr Ian White.
- On 22 February 2022, exploration licence E45/5728 covering the Trigg Hill Lithium Tantalum Project was granted by the Department of Mines, Industry Regulation and Safety, WA to Amery Holdings Pty Ltd. The Company has an option to acquire a 100% interest in the project.
- On 25 February 2022, the Company executed a non-binding MOU with YongXing Special Materials Technology Co. Ltd to form a strategic partnership for the acquisition and development of lepidolite projects in Australia.
- On 28 February 2022, the Company entered into a Heads of Agreement with its wholly owned subsidiary, Eastern Lithium Pty Ltd, and Legacy Iron Ore Ltd to earn up to an 85% beneficial interest of the Lithium Rights located in or on the tenement.

Directors' Declaration

In accordance with a resolution of the directors of Eastern Resources Limited, I state that:

In the opinion of the Directors:

(a) The financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

   (i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half year ended on that date; and

   (ii) Complying with Australian Accounting Standards AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and

(b) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Eddie King
Chairman

14 March 2022

Independent Auditor's Review Report

To the members of Eastern Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Eastern Resources Limited and controlled entities (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Eastern Resources Limited (the company) are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of Eastern Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Eastern Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Eastern Resources Limited and controlled entities is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

BDJ Partners

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Gregory W Cliffe
Partner

14 March 2022

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Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Eastern Resources Limited and Controlled Entities

I declare that, to the best of my knowledge and belief during the half year ended 31 December 2021 there have been:

a. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

b. no contraventions of any applicable code of professional conduct in relation to the review.

BDJ Partners

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Gregory W Cliffe
Partner

9 March 2022

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