

Quarterly Activities Report

For the period ending 31 March 2023

Highlights

Cobar Project

Browns Reef

- Processing and interpretation of last year's gravity survey data from Browns Reef has been completed, providing new drill targets.¹
- Residual gravity anomaly trends correlate well with known base metal mineralisation and its controlling structures.
- Importantly, new and largely untested anomalies have been mapped to the west of the known trends.
- An aircore drilling program has been planned to test these anomalies and other prospective zones at Browns Reef.
- Diamond drilling program of four holes has been designed for the Evergreen zone at Browns Reef which, if the results are as anticipated, should lead to the calculation and release of a Mineral Resource Estimate.

Tara

- Preliminary exploration activities carried out at the old Currawalla mine site, a shallow prospecting pit that was historically developed for base and precious metal exploration purposes.
- Portable XRF (pXRF) measurements taken on specimens from outcrop and mullock dumps returned very high rare earth (REE) readings.
- Samples with high pXRF readings were submitted for analysis at an independent laboratory and **returned assays up to 3.38% total rare earth oxide (TREO)**.²
- Eastern Metals regards the Currawalla mine site and its environs as a **high priority target for REE exploration**.

¹ Refer announcement (ASX: EMS) "Browns Reef Gravity Survey Provides New Drill Targets opens new window" 14 February 2023

² Refer announcement (ASX: EMS) "High Grade Rare Earths at Tara opens new window" 20 March 2023

ASX: EMS

ACN 643 902 943

CAPITAL STRUCTURE

Share Price: A\$0.06

Cash: A\$1.45m

Debt: Nil

Ordinary Shares: 54.95m

Market Cap: A\$3.30m

Enterprise Value: A\$1.85m

Options: 26.55m (3years/30c)

BOARD OF DIRECTORS

Robert Duffin
Executive Chairman

Mark Dugmore
Independent Non-Executive
Director

Ian White
Independent Non-Executive
Director

Dr Jason Berton
Independent Non-Executive
Director

COMPANY SECRETARY / CFO

Ian Morgan

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- The Company applied for a new exploration licence, ELA 6600 (Black Range), to secure prospective vacant ground and extend its footprint in what is potentially a new rare earths province.

Arunta Project

Home of Bullion

- Updated Mineral Resource Estimate (**MRE**) for the Home of Bullion copper deposit in the Northern Territory completed, taking into account 2022 results of diamond drill holes and changes in metal prices since the earlier MRE was completed in 2014.
- The updated MRE³ is a total of **3.1 million tonnes at an average grade of 1.7% copper, 2.0% zinc, 35 grams per tonne silver, 1.1% lead, 0.17 parts per million gold and 0.02% cobalt**. Expressed as a copper equivalent, this is **3.1 million tonnes at an average grade of 2.9% Cu_{eq}**
- The tonnage has increased by 0.6 mt or 24% and the grade by 0.1% Cu_{eq} or 4%. **Contained copper equivalent has increased from 70,000 tonnes to 89,900 tonnes of metal – an increase of 19,900 tonnes or 28%.**

Eastern Metals Limited (**ASX: EMS**) (“**Eastern Metals**”, or “the **Company**”) is pleased to release its quarterly report for the period ending 31 March 2023.

Exploration Update

Cobar Project

During the quarter, Eastern Metals announced that the data from last year’s gravity survey at Browns Reef has now been processed and interpreted. The new survey data has been merged with existing data collected by a previous holder of the project tenement. The merged data set covers most of the prospective areas within the licence area. The combined data set shows a clearly defined anomalous gravity trend that maps the prospective Preston formation and the hydrothermal breccia on its footwall. This zone contains the base metal sulphide mineralisation that has been drilled over a strike length of more than 6 kilometres.

The central 2,700 metre part of this zone has been drilled in more detail. Recently, EMS has focussed on a smaller part of this area known as the Evergreen zone which the Company’s 2022 drilling has shown contains higher grade, zinc-dominated, polymetallic mineralisation. The gravity survey clearly maps the main trend of the mineralisation and has also shown other anomalies with similar characteristics that could also be associated with mineralisation. An aircore drilling program has been planned to test these anomalies and other prospective structures.

³ The methodology used for the updated estimate follows closely to the methodology used for the earlier estimate. See the Company’s ASX announcements of 8 and 10 March 2023 “Resource Grows at Home of Bullion Copper Project” for details.

Browns Reef

Browns Reef is a polymetallic lode of largely stratabound base metal sulphide mineralisation developed in the Late Silurian Preston formation, 5 kilometres west of Lake Cargelligo in the Cobar basin. The mineralisation lies above a hydrothermal breccia unit and closely follows a structure known as the Woorara fault. The mineralisation is known to have a strike length of at least 6 kilometres. The central 2.7-kilometre zone has been drilled in some detail in the past. Eastern Metals has to date focussed on a higher-grade area known as the Evergreen zone, and intends to do more drilling here in 2023, and in the nearby Pineview zone once access is secured.

Gravity Survey

The residual Bouguer gravity anomaly for the area covered by the survey is shown in Figure 1. This drawing also shows the line of the Browns Reef lode, which is at least 7 kilometres long.

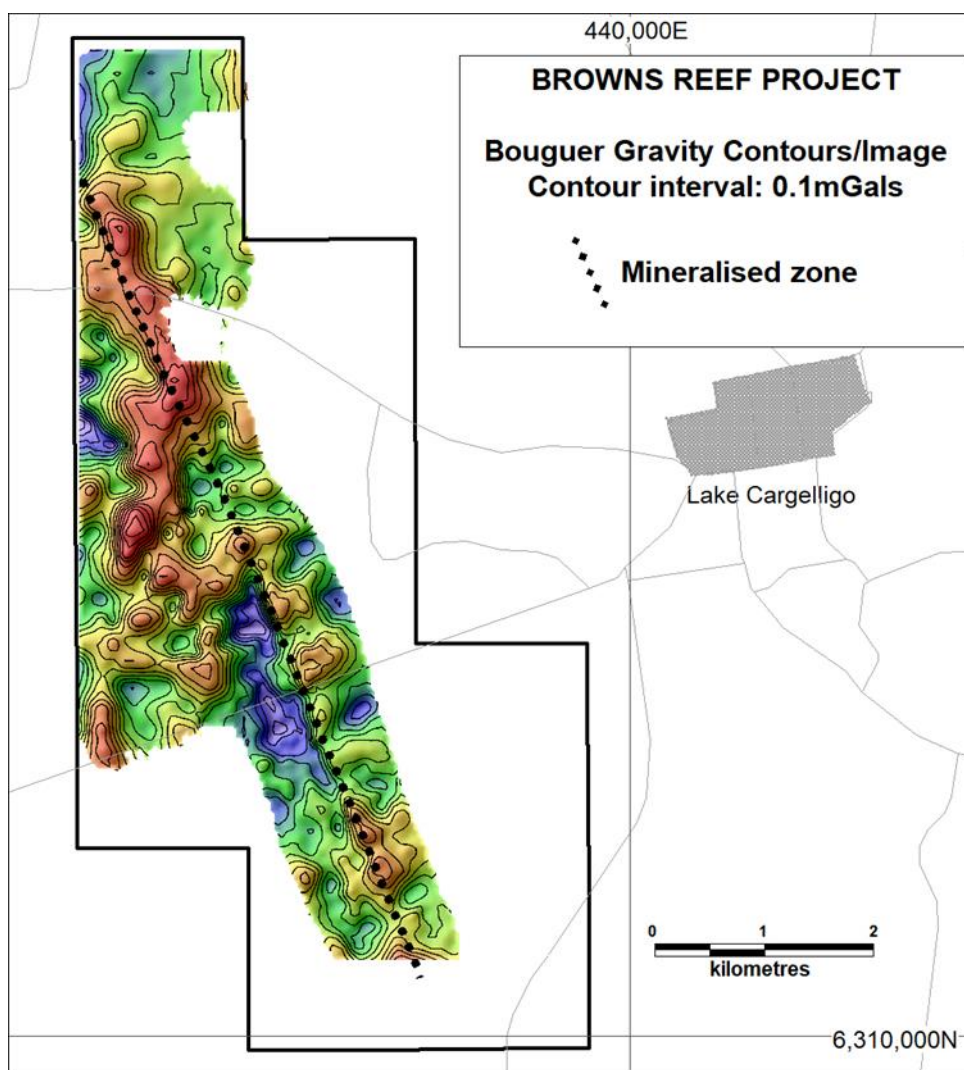


Figure 1. Residual Bouguer gravity anomaly, EL6321 Browns Reef, showing line of the Browns Reef mineralised lode

Several linear features can be recognised in the gravity data. These include a series of gravity “highs”, as well as zones having the character of contacts between rock units of higher and lower density other words,

“contact features”. These are shown in Figure 2. This map also shows the locations of the Evergreen and Pineview zones, where the Company intends to do further diamond drilling in 2023.

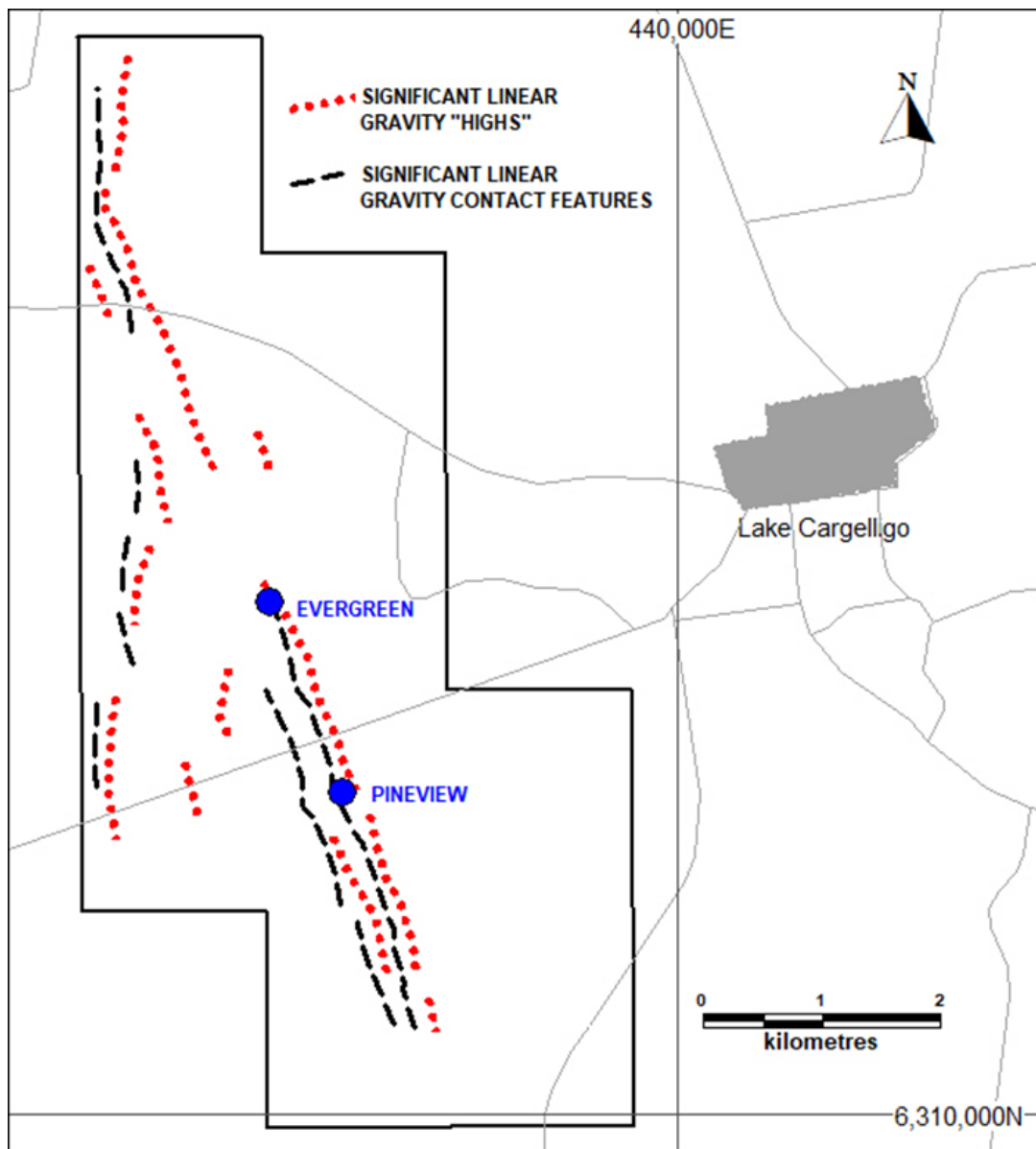


Figure 2. Interpretation of gravity data at Browns Reef

The area from a few hundred metres to the north of Evergreen to a few hundred metres to the south of Pineview is the 2.7-kilometre zone which has been drilled in some detail in the past. This zone is clearly associated with the gravity anomalies shown in Figure 2. There has been no deep drilling that has tested the gravity anomalies to the north and south of this zone, as well as those to the west, and only a limited amount of shallow drilling.

Further Exploration

Eastern Metals considers the untested gravity anomalies shown in Figure 2 to be high priority targets for further work. An aircore drilling program has been planned to test these zones, as shown in Figure 3.

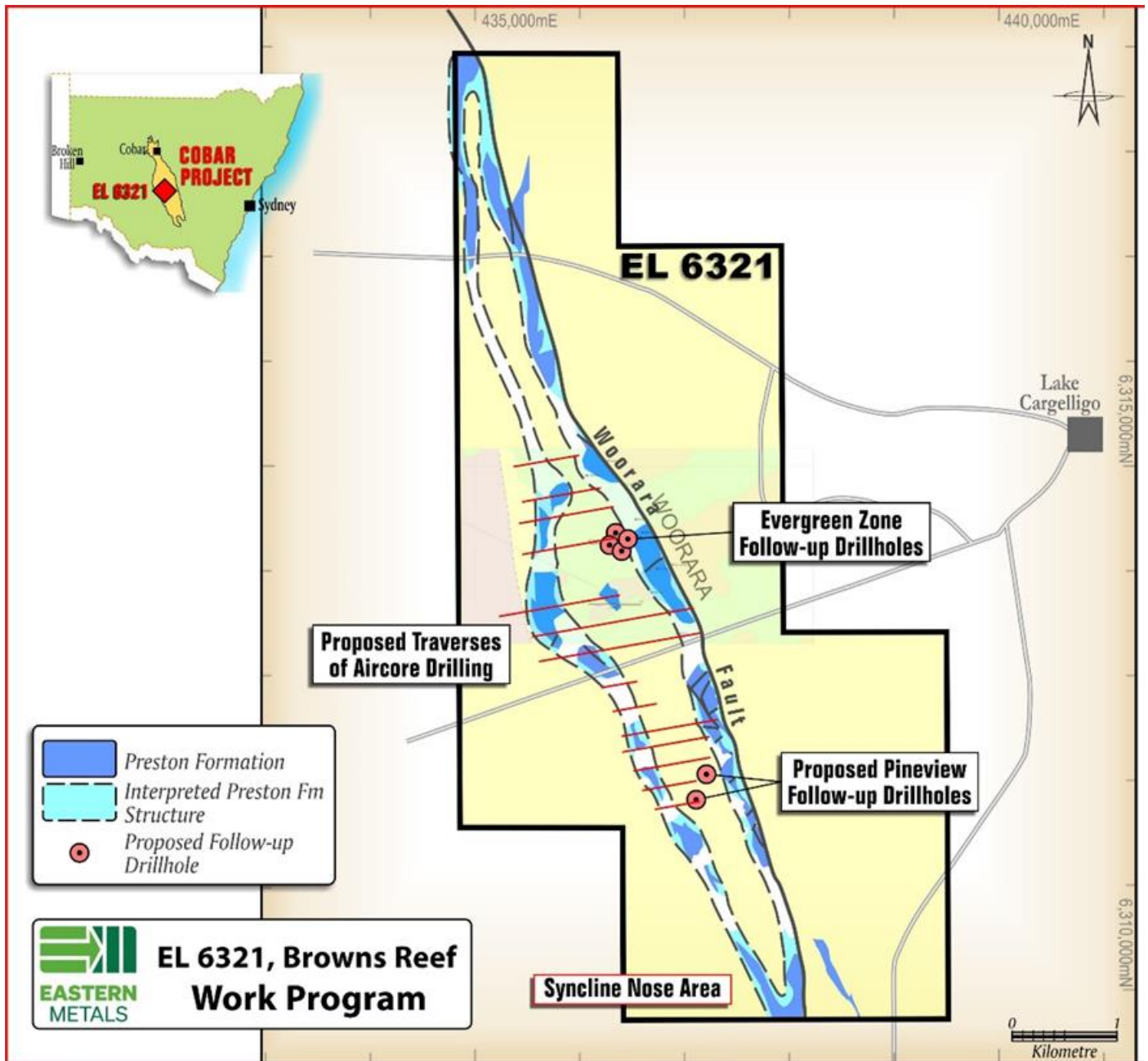


Figure 3. Proposed work program, Browns Reef

The aircore holes planned to test these anomalies will be drilled in 2023.

Also shown in Figure 3 are the diamond drill holes planned for the Evergreen and Pineview zones. The holes planned at Evergreen, along with holes drilled by a previous owner of the tenement, are expected to allow for a JORC 2012-compliant identified mineral resource estimate to be made.

Tara

Eastern Metals advised that sampling of outcrop and mullock dumps at the Currawalla Mine, located on the Company's Tara exploration licence (EL 9180) in New South Wales, has returned assays of up to 3.38% TREO. Following on from these significant results, EMS has prepared an exploration program for Tara, which the Company believes may potentially lead to the recognition of a new rare earths province.

Eastern Metals has subsequently lodged an application for an exploration licence (ELA 6600) adjacent to Tara to secure further ground in this promising province.

No economic mineral deposits are known at Tara, but there are at least two old diggings on mineralised shows. These are the Currawalla Mine⁴, and the Tara prospect.

Tara is the northern-most exploration licence held by Eastern Metals in the Cobar Basin. It is located 120 kilometres south of Cobar, 40 kilometres south of Aurelia Metals Limited's (**ASX: AMI**) mining hub at Nymagee, 20 kilometres southeast of the Mallee Bull copper deposit held by Peel Mining Limited (**ASX: PEX**), 60 kilometres west of Kidston Resources Limited's (**ASX: KSL**) Mineral Hill mining operation, and 80 kilometres north of EMS's flagship Browns Reef Base Metal Project, west of Lake Cargelligo. Tara consists of 122 graticular units and covers approximately 352 square kilometres – see Figure 4.

The geology of the tenement is detailed in Figure 5.

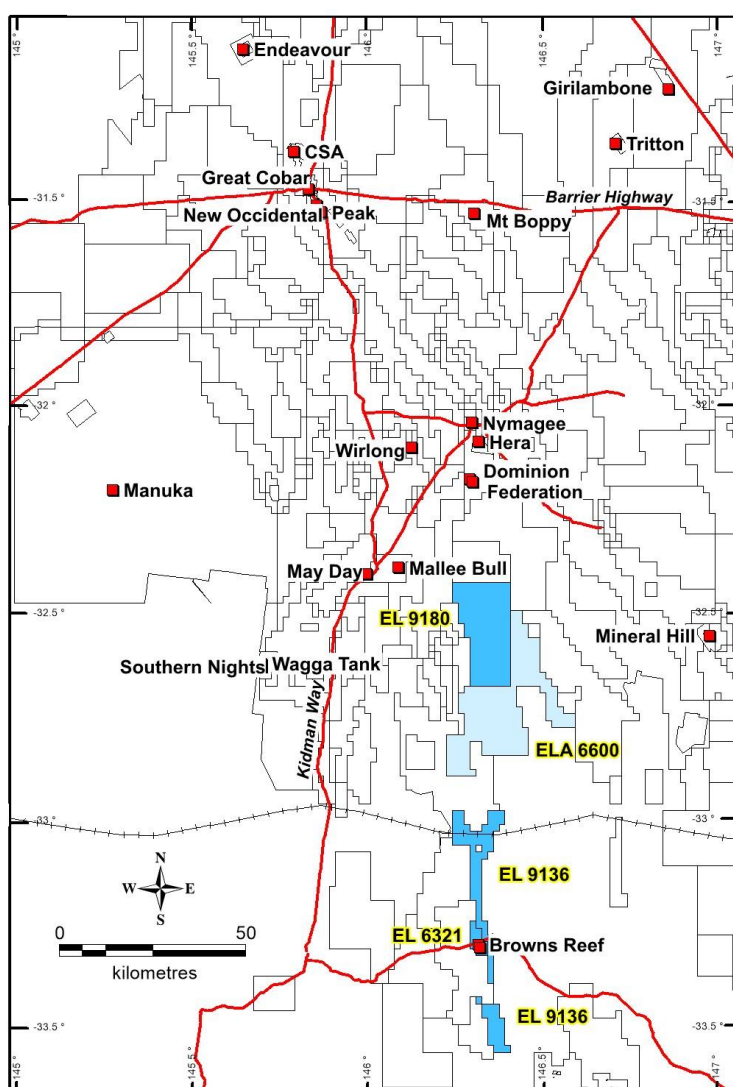


Figure 4. Location of EL 9180 Tara

⁴ The Currawalla mine is also known as the Yarramba workings, or Mine 101.

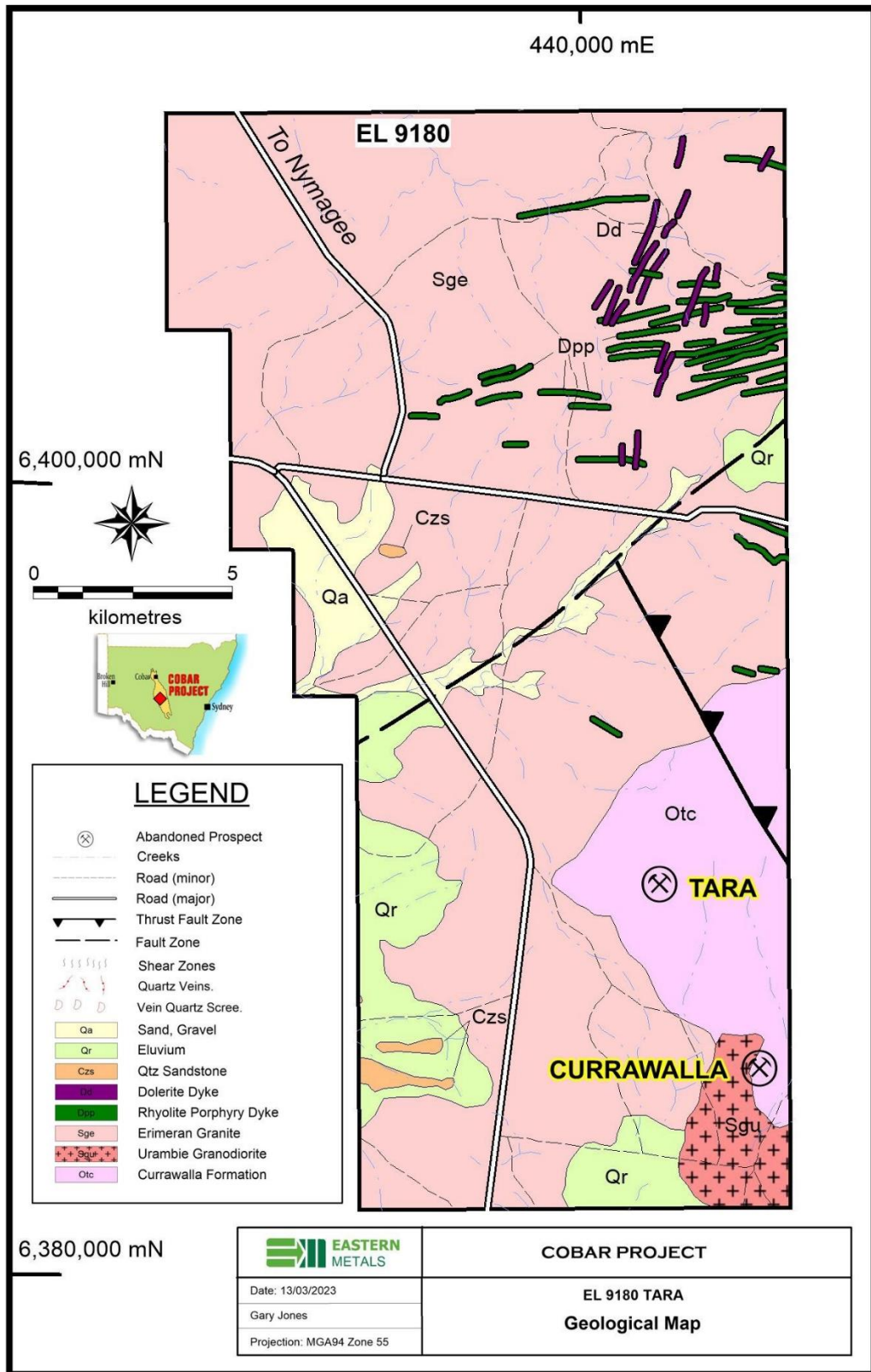


Figure 5. Geology of EL 9180 Tara

The Currawalla Mine

The Currawalla Mine lies in the south-eastern corner of EL 9180. It consists of a timber lined shaft, now in very poor condition, approximately 1 metre square to a depth of between 1.5 metres and 4 metres. Mullock from the shaft lies in dumps near the shaft. The shaft is at the southwestern end of an outcropping quartz breccia that extends for some 400 metres to the northeast. The quartz breccia lies near the contact between the Silurian Urambie Granodiorite and the Ordovician basement metasediments. It is likely that the shaft and pits were historically developed for exploration purposes by prospectors, who were looking for gold and/or base metals, certainly not exploring for rare earths.

The Tara EL is largely underlain by the Emerian Granite in the Rast Trough of the Cobar Basin. The Silurian Emerian Granite is a cordierite-biotite granite and monzogranite with minor rhyolite intrusions. In the south-eastern corner of the tenement the Urambie Granodiorite, a Silurian intrusive related to the Emerian Granite, abuts the Early Ordovician Abercrombie Formation, a mica-quartz sandstone, interbedded with laminated siltstone and mudstone, which is overlain by the Late Ordovician Bendoc Group Currawalla Shale.

A photograph of the mine shaft and the outcropping quartz breccia in the middle distance, which strikes to the northeast, is shown in Figure 6. There are several areas of good outcrop along this quartz breccia unit.

Whilst there have been no recent exploration activities near the Currawalla mine site, there are various reports by explorers and government geologists⁵ who have made site visits over the years. Some of these reports refer to anomalous levels of base metals, particularly copper, and precious metals including gold, possibly associated with gossanous zones in the quartz breccia. There are no reports of prior exploration for rare earths.

Rare earths

Rare earth elements (REE), also known as the lanthanides, are a set of 17 nearly indistinguishable, lustrous silvery-white soft heavy metals with atomic numbers from 57 to 71 (total of 15 elements), plus two other elements, scandium and yttrium, which are not strictly rare earths but which are often regarded as such because they have characteristics similar to REE, including their chemical properties. In common with most market participants, EMS has included yttrium in this report as if it were a REE but omitted scandium and promethium, the latter because it is almost unknown in nature.

It is common practice to refer to elements with atomic numbers 57 to 61 as light rare earths (LRE) and elements with atomic numbers 63 to 71 plus yttrium (atomic number 39) as heavy rare earths (HRE). The sum of the LRE and the HRE in a sample is known as the total rare earth (TRE) content of the sample.

⁵ These include "Mine data, Nymagee 1:250,000 metallogenic map" by D W Suppel, 1980; "First and final report on EL 3123", D A Berkman 1988, for Australasian Gold Holding NL and Pacrac Holdings Pty Ltd; and "Nymagee 1:250,000 metallogenic map notes, D W Suppel and L B Gilligan, 1993.



Figure 6. Currawalla Mine Shaft and Quartz Breccia

Metal abundances as measured by analytical laboratories are normally reported as elemental abundance in parts per million (**ppm**) but common market practice is to report the abundances as oxide equivalences. The oxide equivalent of the LRE is the light rare earth oxide (**LREO**), the heavy rare earth oxide (**HREO**)

and the total rare earth oxide (TREO) respectively. Multipliers⁶ used to convert elemental abundances to oxide equivalents are shown in Table 1.

Table 1. Conversion of Elemental Abundance to Oxide Abundance

Light Rare Earths (LRE)				Heavy Rare Earths (HRE)			
Atomic Number	Element	Oxide	Multiplier	Atomic Number	Element	Oxide	Multiplier
57	Lanthanum	La ₂ O ₃	1.1728	63	Europium	Eu ₂ O ₃	1.1579
58	Cerium	CeO ₂	1.2284	64	Gadolinium	Gd ₂ O ₃	1.1526
59	Praseodymium	Pr ₂ O ₃	1.1703	65	Terbium	Tb ₂ O ₃	1.1762
60	Neodymium	Nd ₂ O ₃	1.1664	66	Dysprosium	Dy ₂ O ₃	1.1477
62	Samarium	Sm ₂ O ₃	1.1596	67	Holmium	Ho ₂ O ₃	1.1526
				68	Erbium	Er ₂ O ₃	1.1435
				69	Thulium	Tm ₂ O ₃	1.1421
				70	Ytterbium	Yb ₂ O ₃	1.1387
				71	Lutetium	Lu ₂ O ₃	1.1371
				39	Yttrium	Y ₂ O ₃	1.2699

Sampling and analysis

A total of 15 sites within Tara were visited. Two of these were selected based on regional geological interpretations, while the others were at the Currawalla mine site and nearby outcrops.

The samples were collected at four locations from mullock dumps near the shaft and from outcrop along the quartz breccia, over a length of approximately 80 metres. Sample coordinates were determined using a Garmin GPSMap65s GPS receiver. Samples were analysed in the field by an SciApps XR555 portable XRF (pXRF). This instrument has REE detection capability, due to its powerful 55kV beam. None of the samples collected contained visible chalcopyrite, pyrite or arsenopyrite, and none had malachite staining, which had been the prime rationale for investigating the mine.

However, the pXRF did show significantly high readings for the LRE cerium (Ce) and lanthanum (La) and the HRE proxy element yttrium (Y), in several samples. These samples were sent to an independent laboratory for assay for REE. They were crushed and pulverised and analysed by inductively coupled

⁶ Source: "Element-to-stoichiometric oxide conversion factors", James Cook University, Advanced Analytical Centre

plasma atomic emission spectroscopy after aqua regia digestion. High grade REE samples were analysed by fusion and inductively coupled plasma mass spectroscopy.

Full assays for all samples sent to the independent laboratory were reported in the Company's ASX announcement of 20 March 2023⁷. A summary of these results is set out in Table 2. Note that TREO assays for four samples exceed 1%, with a maximum of 3.38% TREO for sample T23-007. This sample also assayed 1.39% lead.

Table 2. High Grade TREO Assays

Sample Number	Easting (m)	Northing (m)	RL (m)	Lithology	TLREO (ppm)	THREO (ppm)	TREO (ppm)	TREO (%)
T23-002	444562	6385195	298	metasediments	63	27	91	0.01
T23-003	444514	6385352	302	quartz/metasediments +/- Fe staining	883	14	896	0.09
T23-004	444514	6385352	302	Kaolinised metasediments	12,557	540	13,096	1.31
T23-005	444514	6385352	302	purple/red Fe metasediments	2,935	32	2,966	0.30
T23-006	444507	6385346	304	red/brown Fe stained metasediments	23,563	857	24,421	2.44
T23-007	444507	6385346	304	purple/grey metasilstone sheared	31,940	1,909	33,849	3.38
T23-008	444507	6385346	304	quartz vein, sheared metasediment	3,336	86	3,422	0.34
T23-009	444542	6385386	309	purple stained quartz vein, fractures	2,033	55	2,087	0.21
T23-010	444542	6385386	306	quartz vein cutting numerous 2 ^o veins	22,317	395	22,711	2.27
T23-011	444585	6385406	306	quartz vein, fractured, Fe stained	745	24	769	0.08
T23-012	444585	6385406	306	abundant purple/red Fe stained	156	6	162	0.02
T23-013	444585	6385406	306	quartz vein with red/bn Fe staining	51	1	52	0.01
T23-014	444514	6385352	302	quartz vein cutting numerous 2 ^o veins	1,563	78	1,641	0.16
T23-015	444585	6385406	306	milky quartz, Mn staining	153	11	164	0.02

Samples T23-003, T23-004 and T23-011 were taken from near the shaft, samples T23-006, T23-007 and T23-008 from the mullock dump near the shaft, samples T23-009 and T23-010 were outcrop samples taken from the quartz breccia zone 50 metres to the north east of the shaft, and samples T23-012, T23-013 and T23-014 were outcrop samples taken from the quartz breccia zone 100 metres to the north east of the shaft. Most of these samples are highly anomalous in TREOs.

⁷ See EMS's ASX announcement "High Grade Rare Earths at Tara", 20 March 2023

A photograph of sample T23-007 is shown in Figure 7. It is a purple to grey sheared metasilstone. There are no visible REE or lead minerals in this sample. This is the sample that returned assays of 3.38% TREO and 1.39% lead.



Figure 7. Hand Specimen; Sample T23-007

Aeromagnetic survey

An aeromagnetic survey was flown for the NSW Department of Mineral Resources (now Department of Regional NSW – Mining, Exploration and Geoscience) over much of the Cobar area in 1988. This survey covered all of EL 9180 *Tara*. The contractor was Tesla Airborne Geoscience Pty Ltd. The line spacing was 250 metres and the sensor height was 60 metres. The lines were flown in an east-west direction.

A contour map⁸ of total magnetic intensity for the Currawalla mine area is shown in Figure 8. This map also shows the location of the mine shaft, and the locations of the samples collected and analysed, as set out in Table 2. There is a very clear spatial association between the shaft, the samples carrying high TREO, and the magnetic anomaly. This anomaly has never been drilled and its source remains unknown. It is a very high priority exploration target for EMS.

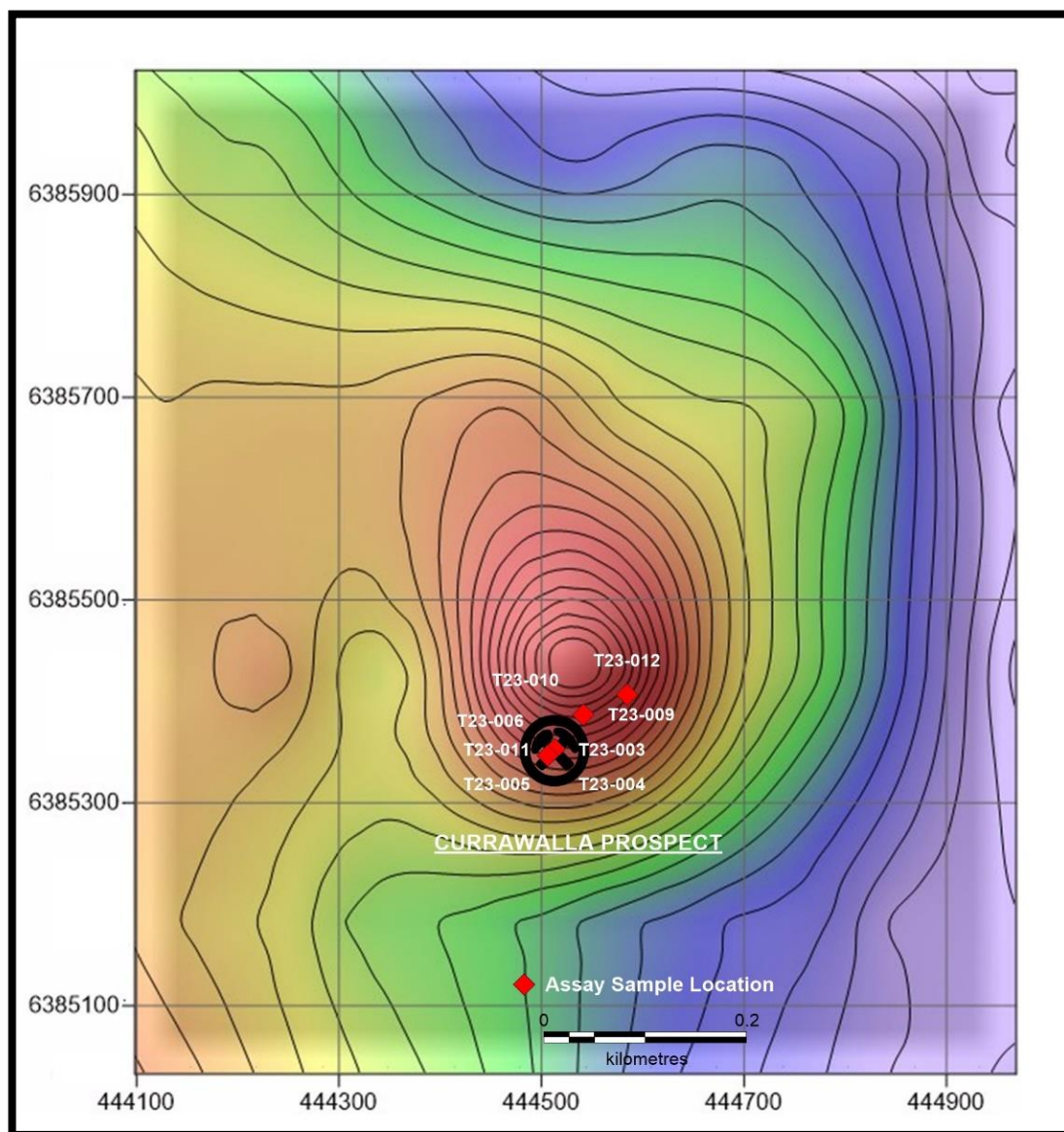


Figure 8. Aeromagnetic Anomaly, Currawalla Mine Shaft and Sample Locations

Modelling has shown that the magnetic anomaly cannot be explained, for example, by scrap iron that may have been disposed of in the shaft over many years.

⁸ Contour interval 0.5nT. No regional background subtracted.

Proposed Work Program

A program of geological mapping, soil sampling and ground magnetic surveys at the Currawalla mine site and its environs has been prepared. This work will be conducted in forthcoming weeks. Depending on results, drilling will follow later.

Application for a new Exploration Licence – ELA 6600 Black Range

Eastern Metals has applied for a new exploration licence, ELA 6600 *Black Range*, to secure vacant ground to the east and south of the Currawalla Mine, as well as nearby geological environments thought to be similar to that at the Currawalla mine site. This ELA covers 186 graticular units or approximately 540 square kilometres. If granted in full, it will be the Company's largest tenement in the Cobar Basin. It is shown in Figure 9.

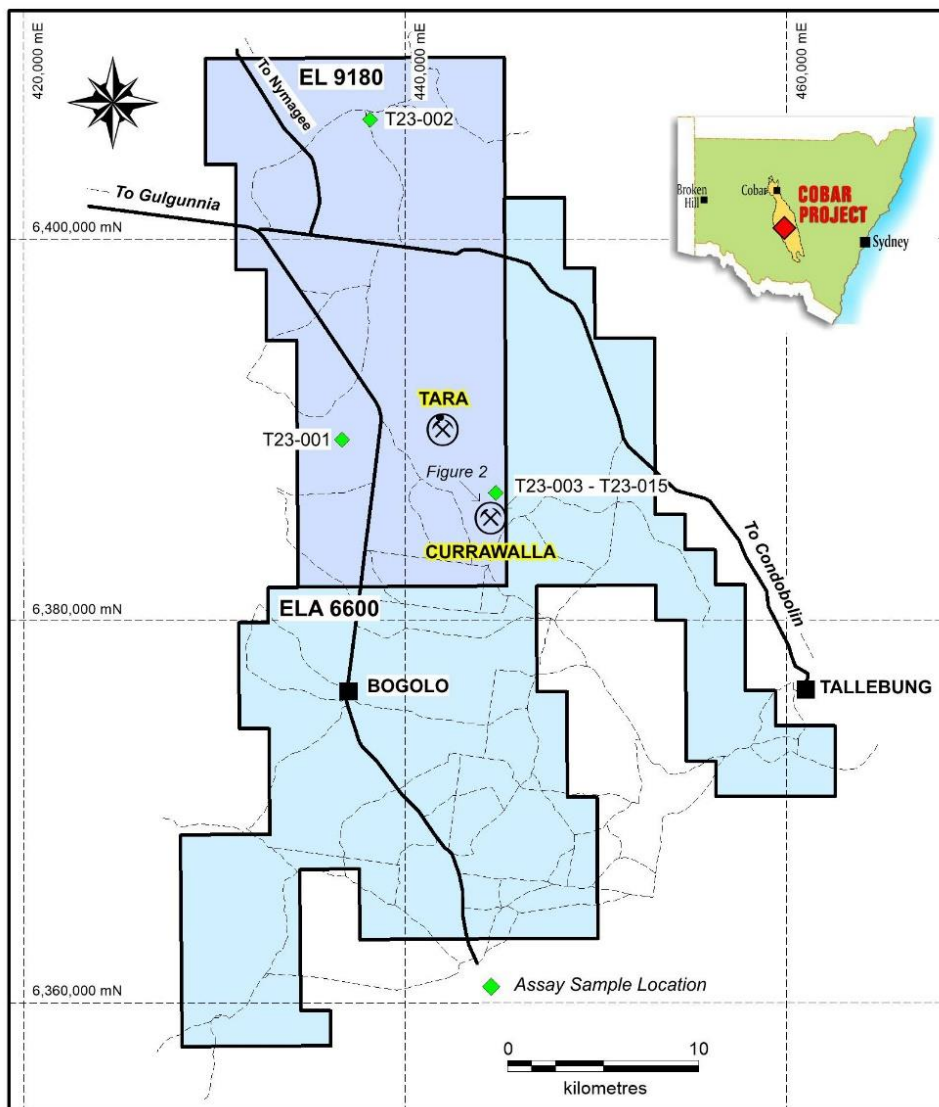


Figure 9. ELA 6600 Black Range and EL 9180 Tara

Arunta Project

The Arunta Project consists of two groups of tenements. These are the Neutral Junction tenement block, and the Adnera Hill tenement block.

The Neutral Junction block consists of ELs 23186 *Barrow Creek*, 28615 *Donkey Creek*, and 32027 *Home of Bullion*. The Adnera Hill tenement block consists of ELs 24253 *Neutral Junction*, 29475 *Adnera*, 30797 *Ooralingie* and 31292 *Buggy Camp*, known collectively as the *Adnera Hill Tenement Block*. Their locations are shown in Figure 10.

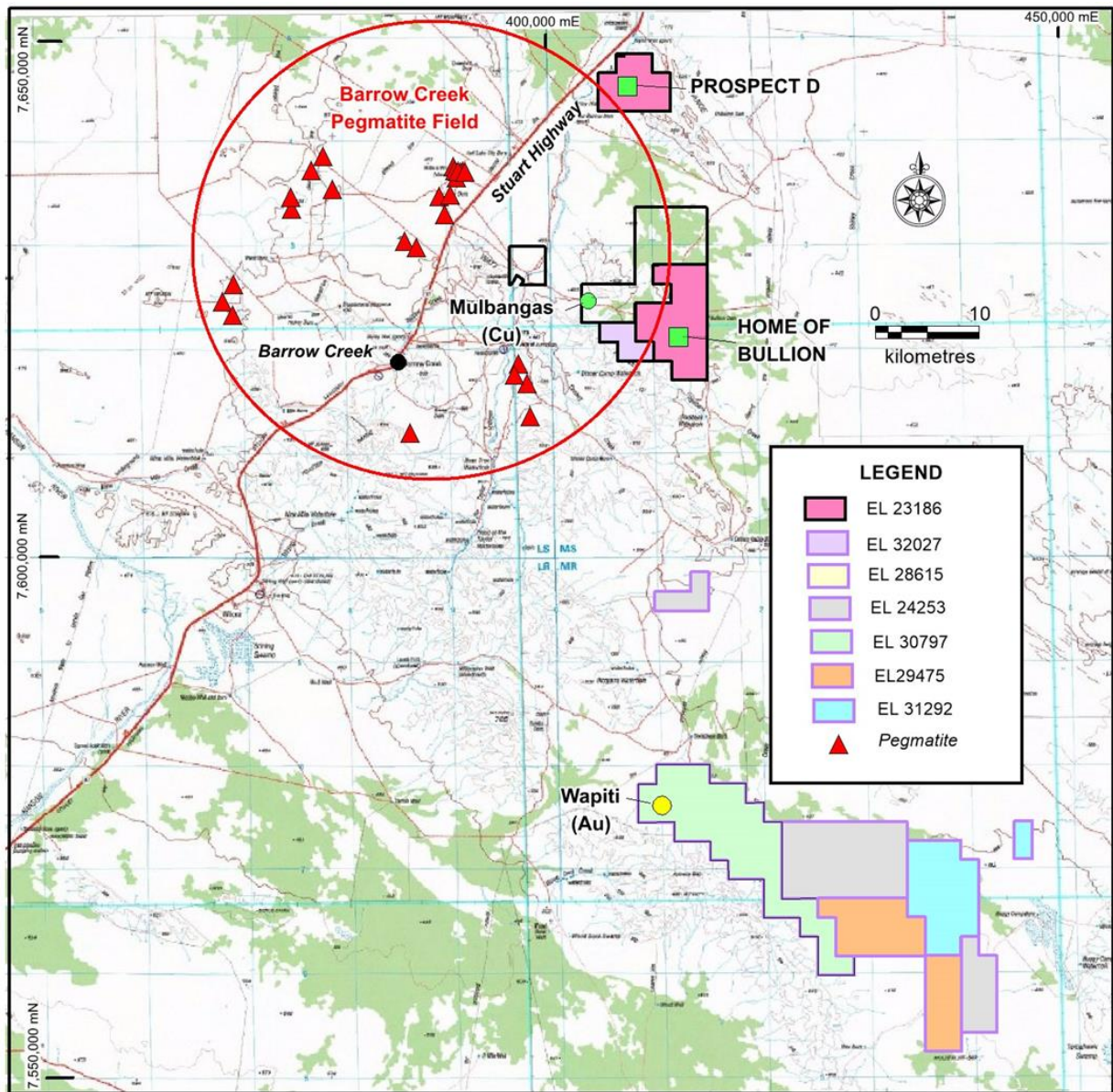


Figure 10. Locations of the Neutral Junction and Adnera Hill tenement blocks, Arunta Project, Northern Territory

Home Of Bullion

The Home of Bullion mine lies on EL 23186, in the Arunta Province, 290 kilometres northeast of Alice Springs. EL 23186 is part of a package of tenements held by Eastern Metals that is prospective for base and precious metals, in addition to lithium. The location of the tenements and the Home of Bullion mine are shown in Figure 11.

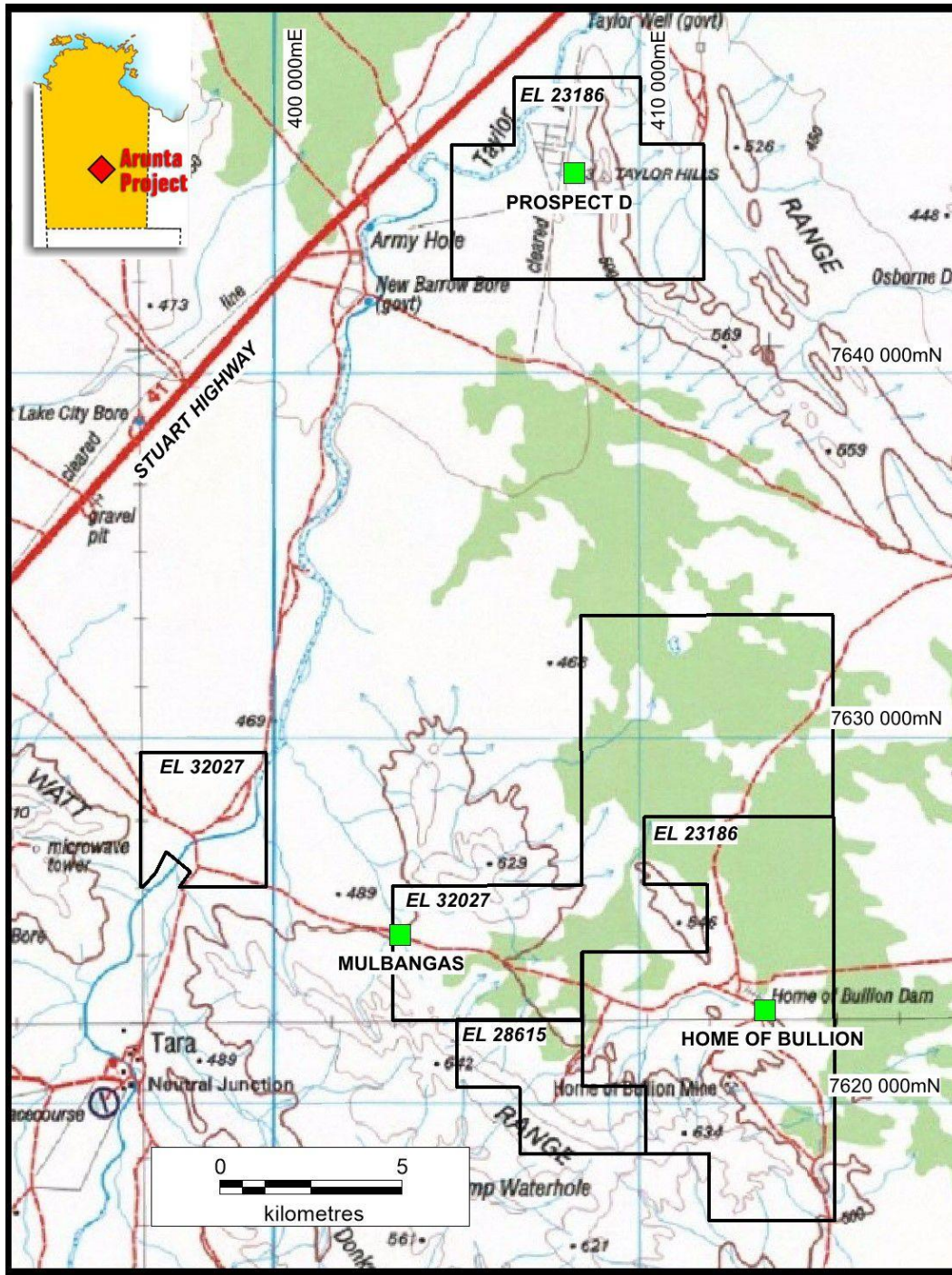


Figure 11. Location of the Home of Bullion Mine, Northern Territory

The deposit consists of two principal lodes: the Main Lode and the South Lode, with an additional low grade footwall unit (**LGFW**) directly abutting the South Lode. The deposit was mined intermittently between the 1930s and 1950s. It is generally thought to be a high-grade volcanogenic massive sulphide style deposit.

At least three shafts have been sunk to a maximum depth of 90 metres and the lodes have been traced for at least 170 metres underground, with an average width of 2.4 metres and a maximum width of 6 metres. A photo of the headframe on one of the shafts is shown in Figure 12.



Figure 12. *Headframe at Home of Bullion*

Historically, several companies have carried out exploration programs, including diamond drilling, at Home of Bullion. Prior to Eastern Metals' activities, the most recent drilling was carried out by Kidman Resources Limited (**ASX: KDR**). Kidman engaged SRK Consulting (Australasia) Pty Ltd (**SRK**) to complete a Mineral Resource Estimate⁹ for the project. A summary of the July 2014 Mineral Resource Estimate is set out in Table 3.

⁹ See ASX announcement by Kidman Resources Limited (ASX: KDR) "Maiden Resource at Home of Bullion", 29 July 2014, for details

Table 3. Home of Bullion Mineral Resource Estimate, July 2014

Lode	Weathering	Class	Tonnage (kt)	Density	CuEq6 (%)	Cu (%)	Zn (%)	Ag (ppm)	Pb (%)	Au (ppm)	Co (%)
All	Oxide		270	2.7	2.8	1.8	1.6	36	1.3	0.14	0.01
All	Fresh		2,200	3.8	2.8	1.8	2.0	36	1.1	0.14	0.02
Total			2,500	3.7	2.8	1.8	2.0	36	1.2	0.14	0.02
All		Indicated	480	3.6	4.5	2.8	3.4	56	1.6	0.30	0.03
All		Inferred	2,660	3.7	2.5	1.6	1.7	31	1.0	0.10	0.02
Total			3,100	3.7	2.8	1.8	2.0	36	1.2	0.14	0.02

As shown in Table 3, the previous Total Mineral Resource Estimate is 2.5 million tonnes at an average grade of 1.8% copper, 2.0% zinc, 36 grams per tonne silver, 1.2% lead, 0.14 parts per million gold and 0.02% cobalt. Expressed as a copper equivalent, this is 2.5 million tonnes at an average grade of 2.8% Cu equivalent.

Eastern Metals acquired Home of Bullion in 2021 and completed a four-hole diamond drilling program¹⁰ in 2022. The Company then engaged SRK to update the 2014 Mineral Resource Estimate to incorporate the results of its 2022 drilling, and changes in metals prices since the 2014 estimate was prepared.

Updated Mineral Resource Estimate – Overview

SRK has completed a Mineral Resource estimate for Home of Bullion. This estimate is an update to the 2014 estimation completed by SRK and contains an additional four recently completed drill holes. The Mineral Resource is shown in Table 4, broken down by lode, weathering and classification. Subtotals for weathering state and classification are also shown.

Metal price and recovery assumptions used in the modelling are shown in Table 5.

¹⁰ See the Company's ASX announcements "High Grade Copper Assays up to 9.6% Cu at Home of Bullion", 26 October 2022, and "Copper Rich Massive Sulphides Drilled at Home of Bullion", 31 August 2022

Table 4. Home of Bullion Mineral Resource, February 2023

Lode	Weathering	Class	Tonnage (kt)	Density	CuEq6 (%)	Cu (%)	Zn (%)	Ag (ppm)	Pb (%)	Au (ppm)	Co (%)
Main Upper	Oxide	Indicated	110	2.7	4.3	2.3	1.0	71	2.6	0.37	0.01
Main Upper	Fresh	Indicated	370	3.8	5.1	2.8	4.1	47	1.2	0.28	0.03
Main Lower	Fresh	Inferred	740	4.3	4.6	2.7	2.9	39	1.1	0.43	0.03
South	Oxide	Inferred	120	2.7	2.2	1.4	1.3	19	0.7	0.02	0.01
South	Fresh	Inferred	1,100	3.8	2.8	1.4	1.7	40	1.2	0.05	0.02
South LGFW	Oxide	Inferred	50	2.7	0.8	0.4	0.4	10	0.5	0.01	0.00
South LGFW	Fresh	Inferred	650	3.4	0.9	0.4	0.8	13	0.5	0.01	0.01
Total			3,100	3.8	3.1	1.7	2.1	35	1.1	0.17	0.02
All	Oxide		280	2.7	2.8	1.6	1.0	38	1.4	0.16	0.01
All	Fresh		2,860	3.9	3.1	1.7	2.1	35	1.0	0.17	0.02
Total			3,100	3.8	3.1	1.7	2.1	35	1.1	0.17	0.02
All		Indicated	480	3.6	4.9	2.7	3.4	53	1.5	0.3	0.03
All		Inferred	2,660	3.8	2.8	1.5	1.8	32	1.0	0.1	0.02
Total			3,100	3.8	3.1	1.7	2.1	35	1.1	0.17	0.02

Notes:

- Tonnages and grades are rounded to two significant figures. Discrepancies in totals may exist due to rounding.
- All lodes reported at a 0.5% CuEq6 cut-off. A cut-off grade of 0.5% CuEq6 is consistent with other comparable copper deposits and can be demonstrated to be break even for base processing costs at approximately US\$45/t ore. (Cut off (%) = processing cost / (recovery * price [per % unit]).e.g. $0.5 = 45 / (0.9 * 100)$).
- $CuEq6 = Cu + (Zn * 0.25) + (Ag * 83.49) + (Au * 5940) + (Pb * 0.19) + (Co * 4.29)$ – all elements in ppm. Assumed price and recoveries listed in 4.
- Table 3. Metal prices and recoveries listed in Table 3 have been provided by EMS.

As set out in Table 4, the updated Total Mineral Resource Estimate is of 3.1 million tonnes at an average grade of 1.7% copper, 2.1% zinc, 35 grams per tonne silver, 1.1% lead, 0.17 parts per million gold and 0.02% cobalt. Expressed as a copper equivalent, this is 3.1 million tonnes at an average grade of 2.9% copper equivalent. When compared with the previous estimate, the tonnage has increased by 0.6Mt or

24% and the grade by 0.1% Cueq or 4%. Contained copper equivalent has increased from 70,000 tonnes to 89,900 tonnes of metal – an increase of 19,900 tonnes or 28%.

Table 5. Metal Price and Recovery Assumptions

Metal	Prices	Units	Recoveries
Cu	8,900	US\$/t	0.9
Zn	3,300	US\$/t	0.6
Ag	26	US\$/troy oz	0.8
Au	1,850	US\$/troy oz	0.8
Pb	2,500	US\$/t	0.6
Co	57,300	US\$/t	0.6

The deposit consists of two lodes, the Main Lode and the South Lode. In addition, a low-grade footwall unit (LGFW) has been modelled that abuts the South Lode footwall contact.

Summary of Estimation Details

Sampling

2022: Sampling was completed under the supervision of EMS geologists. Diamond drilling using PQ, HQ and NOQ sizes. 1m intervals of drill core were cut in half along the long axis of the core. Half of the core was submitted for assay. Where core was incompetent due to being broken, representative samples have been collected along the axis of the core. Sample weights were recorded by the assay laboratory. No sub-sampling was completed by EMS, all sub-sampling of the prepared core was completed by the assay laboratory. The sample preparation and assaying methods used were selected by EMS and were appropriate for the style and grade of mineralisation. Analysis techniques for the 2022 assaying were crushing and drying the entire submitted sample followed by pulverising and riffle splitting to provide a sub-sample for analysis by the 35 element Aqua Regia ICP-AES method. High grade Cu, Pb and Zn samples were re-analysed following a further Aqua Regia leach.

Au analysis comprised a 30g Fire Assay with a low-level AA finish.

2014: sampling was by Diamond and RC. Diamond core is HQ, NQ2 and NQ3 size, sampled on geological intervals (0.2 m to 1.4 m), cut into half (NQ2) or half (HQ) core to give sample weights under 5 kg. Samples were crushed, dried and pulverised (total prep) to produce a sub sample for analysis by four acid digest with an ICP/OES, ICP/MS or FA/AAS (Au, Pt, Pd) finish.

Reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised (total prep) to produce a sub sample for assaying as above.

Geology and Lode modelling

Home of Bullion lies on the SW margin of the Late Proterozoic to Palaeozoic Georgina Basin. Block faulting during the tertiary has produced a number of small non-marine basins in central Australia. Also preserved are relics of a Tertiary silicified land surface. A thin Quaternary veneer of soil, sand and gravel covers most of the lowland area in the region. The sulphide mineralisation appears to be of VMS origin with a strong structural control on zones of high grade.

The geological interpretation follows the logic of the previous estimate completed in 2014 and is based primarily on examination of the copper grades with reference also to the zinc, silver, lead and gold grades. Lodes have been modelled in Leapfrog Geo using the vein modelling tools. The previous interpretation has been honoured. In most cases there is a sharp drop in copper grade around 0.5% Cu, that has been used to define the footwall and hanging wall boundaries used for volumetric modelling. In limited cases this modelling threshold has been lowered to preserve geological continuity.

Most intercepts within the lodes form a single coherent interval. The lodes do show signs of breaking up at a depth of around 500 m below surface.

The South Lode footwall contains significant intervals of low-grade mineralisation, and this zone has also been defined volumetrically as a separate unit (South FWLG). The South low-grade hanging wall boundary is the same as the South Lode footwall boundary. The South low-grade footwall boundary was defined using copper grades >0.1% Cu in conjunction with elevated zinc, silver and lead grades.

Confidence in the continuity of the geological formation is high, with all holes that intercept the modelled formation containing significant grade at varying thicknesses.

A minimum downhole thickness of 2m was imposed on the modelling process; however, the mineralised intervals of all but a few holes exceeded this. The resultant modelled lodes are shown in Figures 13 and 14.

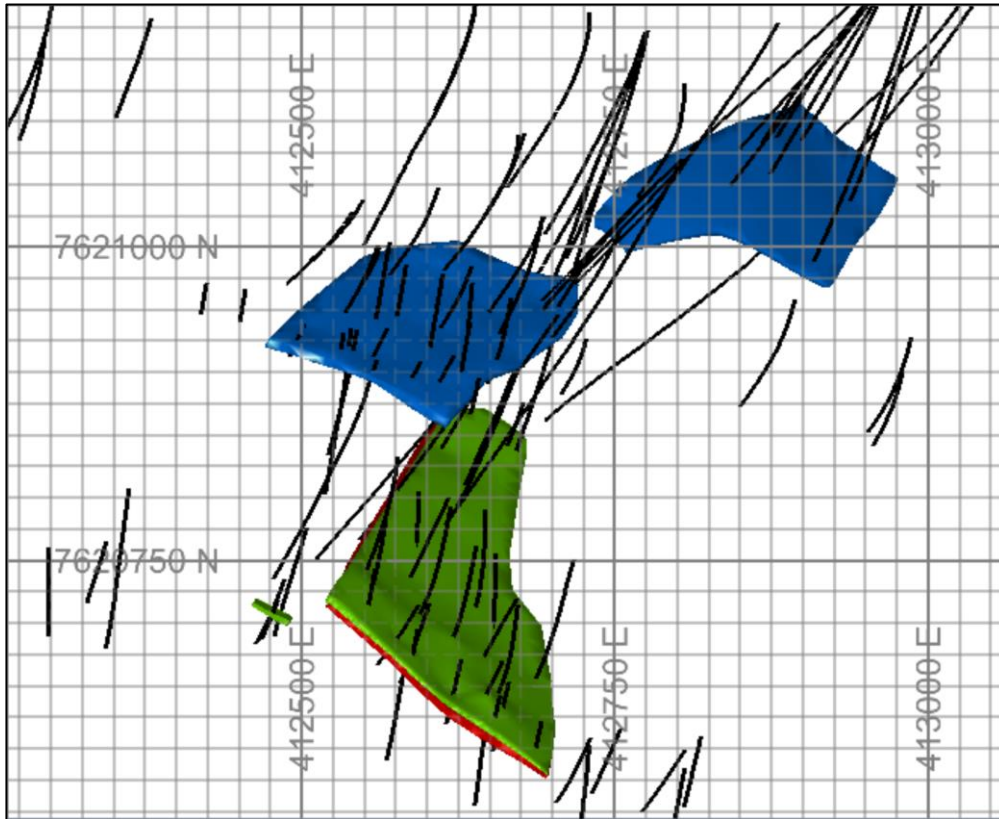


Figure 13. Plan view of the drill holes and modelled lodes. Main Lode Upper and Lower are shown in blue, South Lode in green, and LGFW in red

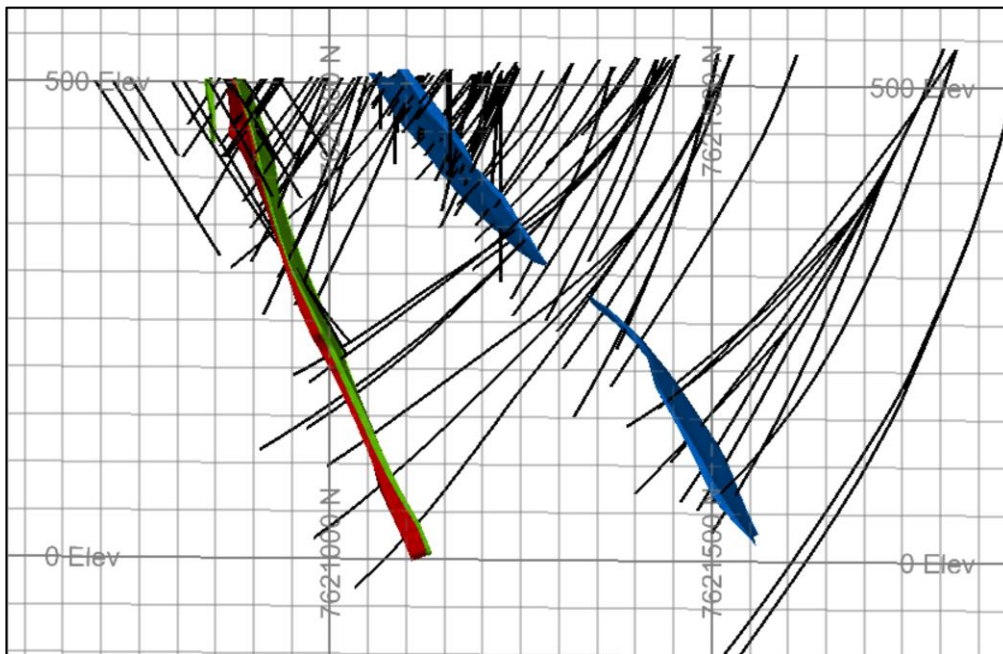


Figure 14. Oblique cross-sectional view of the drill holes and modelled lodes. Main Lode Upper and Lower are shown in blue, South Lode in green, and LGFW in red

Drilling used

SRK has incorporated the collar, assay and survey information for four recently completed drill holes (HDD049AA, HDD049AAA, HDD049B and HDD053). These holes were added to the 2014 database used in the previous estimation. Of the 113 holes, including wedges, in the Home of Bullion area, 63

holes were used for compositing and estimation. Ten holes have been excluded from the modelling process. Four of the original 1940's diamond holes (DDH No.1 to DDH No. 4) were not used due to collar and/or downhole survey discrepancies and the absence of assay quality assurance and quality control. All of these holes did contain significant mineralised intervals consistent with the modern diamond holes and consistent with the approximate position of the main lode.

Holes HRC034, HRC036, HRC040 and HDD041 were not used due to being drilled directly down-dip within the South Lode. Mineralisation in these drill holes is consistent with the South Lode, however, the geometry of the holes and the nature of the samples may have introduced anomalies and bias into the volume and grade estimates.

HDD038 and HDD040 were not used because, as they intercepted the lodes within 5 m of each other, the downhole position of the Lode was not consistent between them. They were both within 7 m of another hole (HRC002), that was retained. HDD042W1 was not used as it has not been sampled at the lode location. HDD042 is within 10 m of HDD042W1 and contains mineralisation.

Estimation details

Copper, zinc, silver, gold, lead and cobalt have been estimated into blocks using ordinary kriging implemented in the Datamine RM software package. The variogram modelling was updated with the new holes and a different software package used. Three search passes have been used with the orientation of the ellipsoid taken from the variogram. Each successive pass uses a larger search ellipsoid with fewer minimum samples. A copper equivalent value (Cueq) has been calculated from the block estimates post estimation using the details supplied above.

Co-kriging was not used, however where correlations exist between elements these are maintained by utilising the same search parameters for all elements.

Validation

Model validation included visual inspection in 3D of wireframes and estimated block grades, comparison of sample and block statistics, examination of estimation quality parameters, and comparison of wireframe volumes with block volumes. In addition, representative sectional validation graphs or swath plots have been created to compare the estimated grades to the mean of the clustered and de-clustered input grades within block model slices (bins) on Easting, Northing and Reduced Level (RL).

Classification

The classification of Mineral Resources for the Home of Bullion deposit has been completed in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves (the JORC Code as prepared by the Joint Ore Reserve Committee of the AusIMM, AIG and MCA and updated in December 2012 (JORC, 2012)). The major classifications and terminologies have been adhered to. All directions and recommendations have been followed, in keeping with the intent of the code. The categories of Mineral Resource as outlined by the JORC Code (2012) are as follows:

- Measured – tonnage, densities, shape, physical characteristics, grade, and mineral content can be estimated with a high level of confidence.
- Indicated – tonnage, densities, shape, physical characteristics, grade, and mineral content can be estimated with a reasonable level of confidence.
- Inferred – tonnage, grade, and mineral content can be estimated with a reduced level of confidence.

The resource classification has been applied to the Mineral Resource based on the confidence in the input data, the data spacing, estimation quality and the grade and geological continuity. The Upper Main Oxide and Fresh have been classified as Indicated due to the tighter drill spacing (between 20 and 40m on average) and the existence of drilling that minimises extrapolation along the strike and depth extents. The remainder of the Mineral Resource has been classified as Inferred with a drill spacing between 40-80m, as shown in Figure 15.

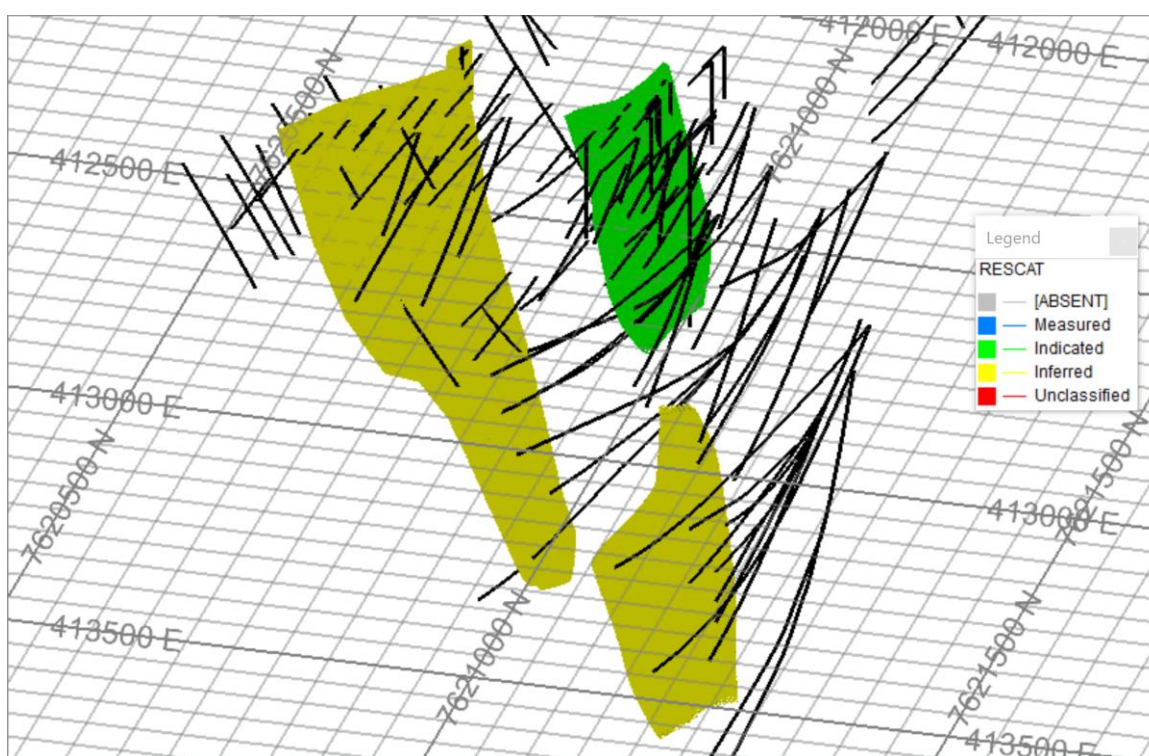


Figure 15. Home of Bullion Mineral Resource classification

Reporting

A cut-off grade of 0.5% CuEq6 has been chosen as it is consistent with other comparable copper deposits and can be demonstrated to be break even for base processing costs at approximately US\$45/t ore. (Cut off (%) = processing cost / (recovery * price [per % unit]).e.g. – 0.5 = 45 / (0.9 * 100).

$CuEq6 = Cu + (Zn \cdot 0.25) + (Ag \cdot 83.49) + (Au \cdot 5940) + (Pb \cdot 0.19) + (Co \cdot 4.29)$ – all elements in ppm.

The equivalence factors for metals other than copper are derived from the following metal prices and assumed recoveries as shown in Table 5. Recoveries used for Cueq calculations are assumed from

SRK's experience with similar deposits. Preliminary metallurgical testing (2013) has been completed by ALS on two small composites each from two holes. This showed:

1. Good copper flotation yielding good grades and high recovery for both lodes.
2. Further testwork required to improve zinc and lead recoveries.
3. Significant differences in mineralogy between the Main and South lodes with the Main Lode containing abundant magnetite and only minor pyrite while the South Lode contains only minor magnetite but significant pyrite.

The model is not designed for detailed mine planning purposes but for global grade and tonnage scoping level studies. It is assumed that open cut methods may be appropriate for the portion of the deposit within 100 m of surface and that underground mining methods could be used for the remainder. Scoping level pit optimisation trials completed in 2014 were done on preliminary models using current cost and price parameters and these indicated operational cash flow positive pits (exclusive of capital costs) could be achieved within the top 100 m of the deposit. The results of the 2014 pit optimisations are considered appropriate for application to this Mineral Resource.

Additional details

For more details of the resource estimation see the Company's ASX announcements of 8 and 10 March 2023.

Corporate

There was no material corporate activity during the quarter.

Financial Overview

The Company's cash balance at 31 March 2023 was \$1.45 million.

Use of funds during the March 2023 quarter and previous two quarters, and a comparison with expected expenditure as set out in the Company's 2021 IPO prospectus, are shown in the following table:

Use of Funds	Estimates (refer the Company's Prospectus dated 18 August 2021)	Jun-22	Sep-22	Dec-22	Mar-23	Mar-23
		YTD	QTR	QTR	QTR	Balance: Under / (Over)
	\$000	\$000	\$000	\$000	\$000	\$000
Exploration (2 years)	3,871	(1,773)	(1,153)	(340)	(197)	408
Tenement Deposits	-	(77)	-	-	-	(77)
Operating expenses	1,091	(589)	(243)	(396)	(100)	(237)
Working capital	347	-	-	-	-	347
Fixed asset purchases	-	(61)	(3)	-	-	(64)
Costs of the Offer	691	(491)	-	-	-	200
Total use of funds	6,000	(2,991)	(1,399)	(736)	(297)	577

Use of Funds	Estimates (refer the Company's Prospectus dated 18 August 2021)	Jun-22	Sep-22	Dec-22	Mar-23	Mar-23
		YTD	QTR	QTR	QTR	Balance: Under / (Over)
	\$000	\$000	\$000	\$000	\$000	\$000
Cash Movements						
Cash on hand - beginning of the period		381	3,886	2,487	1,751	381
Proceeds from converting note		500	-	-	-	500
Share subscriptions received		6,000	-	-	-	6,000
Repayment of advance by a related party		(4)	-	-	-	(4)
Use of funds		(2,991)	(1,399)	(736)	(297)	(5,423)
Cash on hand - end of period		3,886	2,487	1,751	1,454	1,454

Exploration Expenditure Summary

During the quarter ended 31 March 2023, Eastern Metal's cash expenditure for exploration & evaluation totalled \$197,000¹¹ and consisted of:

	Current quarter \$000	Year to date (9 months) \$000
Assay & storage	(6)	(19)
Compensation/Access	(2)	(27)
Consulting and Wages	(113)	(426)
Consumables	-	(18)
Drilling	-	(818)
Equipment hire and running costs	(5)	(34)
Geophysics	-	(45)
Maps/Data/Photos	-	(7)
Other	(5)	(13)
Site rehabilitation	(16)	(56)
Tenure	(46)	(105)
Travel and accommodation	(4)	(44)
Total	(197)	(1,612)

Full details of exploration activity during the quarter are set out in this report.

There were no mining production and development activities during the quarter.

Payments to related parties of the entity and their associates

During the quarter ended 31 March 2023, the aggregate amount of payments to related parties and their associates totalled \$42,500, consisting of director's salary and directors' fees.¹²

¹¹ Refer Item 1.2(a) of Eastern Metals' Appendix 5B Mining exploration entity or oil and gas exploration entity quarterly cash flow report to 31 March 2023.

¹² Refer Items 6.1 and 6.2 of Eastern Metals' Appendix 5B Mining exploration entity or oil and gas exploration entity quarterly cash flow report to 31 March 2023.

Eastern Metals Tenement Schedule as of 31 March 2023¹³

EL Number	EL Name	Current Area	Area Blocks / Units	Area (km ²)	EMS Interest	Expiry Date
<u>Arunta Project, NT</u>						
<i>Neutral Junction Area</i>						
EL 23186	Barrow Creek	28	Blocks	89.3	100.0%	14-Jul-24
EL 28615	Donkey Creek	4	Blocks	13.0	100.0%	31-Oct-24
EL 32027	Home of Bullion	25	Blocks	81.3	100.0%	24-Jul-25
<i>Adnera Hill Area</i>						
EL 24253	Neutral Junction	41	Blocks	75.1	75.1%	6-April 23
EL 29475	Adnera	25	Blocks	81.3	100.0%	14-Jan-23
EL 30797	Ooralingie	38	Blocks	123.5	100.0%	11-Nov-23
EL 31292	Buggy Camp	22	Blocks	71.5	100.0%	12-Jan-23
<u>Cobar Project, NSW</u>						
EL 6321	Browns Reef	10	Units	28.7	100.0%	19-Oct-28
EL 9180	Tara	122	Units	352.9	100.0%	21-Jun-24
EL 9136	Bothrooney	84	Units	241.2	100.0%	14-Apr-24

¹³ Unless otherwise stated, all tenements are the same as held at 31 December 2022. There were no tenements disposed during the quarter ended 31 March 2023. During the Quarter, the Company applied for a new exploration licence, ELA 6600 (Black Range).

EL Number	EL Name	Current Area	Area Blocks / Units	Area (km ²)	EMS Interest	Expiry Date
<u>Thomson Project, NSW</u>						
EL 9194	Harrier	54	Units	160.1	100.0%	7-Jun-23
EL 9190	Falcon	437	Units	1,290.9	100.0%	7-Jun-26
Totals				2,608.8		

Note 1: EL 24253 is held by Mithril Resources Limited (ASX: MTH). The 75.14% interest held by EMS is pursuant to a Joint Venture Agreement dated 26 April 2011 between Mithril, Mega Hindmarsh Pty Ltd and Bowgan Minerals whose interest has been assigned to EMS.

Note 2: ELs 29475 and 31292 both had their renewal applications lodged on 6 January 2023. Even though they are past renewal dates, these licences are still current and remain in good standing until dealt with by the regulator.

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, www.easternmetals.com.au.

Contacts

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Appendix 5B

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

Name of entity

EASTERN METALS LIMITED (Company)

Quarter ended ("current quarter")

ABN 29 643 902 943

31 March 2023

Consolidated statement of cash flows	Current quarter	Year to date (9 months)
	\$A'000	\$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation ¹	(197)	(1,612)
(b) development	-	-
(c) production	-	-
(d) staff costs	(52)	(219)
(e) administration and corporate costs	(48)	(521)
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 Item 1.2 (a) Payments for exploration & evaluation:

Assay & storage	(6)	(19)
Compensation/Access	(2)	(27)
Consulting and Wages	(113)	(426)
Consumables	-	(18)
Drilling	-	(818)
Equipment hire and running costs	(5)	(34)
Geophysics	-	(45)
Maps/Data/Photos	-	(7)
Other	(5)	(13)
Site rehabilitation	(16)	(56)
Tenure	(46)	(105)
Travel and accommodation	(4)	(44)
Total	(197)	(1,612)

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

Consolidated statement of cash flows		Current quarter	Year to date (9 months)
		\$A'000	\$A'000
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(297)	(2,352)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	(77)
	(c) property, plant and equipment	-	(3)
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-
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	-	(80)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
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	-	-

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

Consolidated statement of cash flows		Current quarter	Year to date (9 months)
		\$A'000	\$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,751	3,886
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(297)	(2,352)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(80)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,454	1,454

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	1,454	1,751
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)	1,454	1,751

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

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1 ²	43
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

7.	Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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.		
	Not applicable: Nil		

² Aggregate amount of payments to related parties and their associates totals \$42,500, consisting of director's salary and directors' fees.

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

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(297)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(297)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,454
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	1,454
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	4.90
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 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: Not applicable – Item 8.7 is greater than 2 quarters.	
8.8.2 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: Not applicable – Item 8.7 is greater than 2 quarters.	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: Not applicable – Item 8.7 is greater than 2 quarters.	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

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.

Date: 28 April 2023

Authorised by: Company's Disclosure Officers³
(Name of body or officer authorising release – see note 4)

³ In accordance with its Disclosure and Communications Policy which is available on the Company's website, www.easternmetals.com.au

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.