

## MOU EXECUTED WITH YONGXING TO ACQUIRE AND DEVELOP LEPIDOLITE PROJECTS

### Highlights

- Eastern Resources and Yongxing Special Materials Technology Co. Ltd (“YONGXING”) have executed an MOU for a strategic partnership to acquire and develop lepidolite projects.
- Lepidolite is a lithium bearing mineral and Eastern Resources and YONGXING will form a joint venture to identify, acquire and develop lepidolite projects.
- YONGXING is one of the major lithium carbonate producers in China using lepidolite concentrates as feed to produce battery grade lithium carbonate.
- Partnering with YONGXING on lepidolite and Yahua on spodumene will drive a focused exploration process and foster different commercialisation routes, should the ventures identify commercially viable projects.

Eastern Resources Limited (“**Eastern Resources**” or the “**Company**”) is pleased to announce that it has executed a non-binding Memorandum of Understanding (MOU) with Yongxing Special Materials Technology Co., Ltd. to form a strategic partnership for acquisition and development of lepidolite projects in Australia.

Key terms are as follows:

- YONGXING and the Company desire to establish a long term strategic partnership to identify, acquire and develop lepidolite hosted lithium projects.
- Within 3 months of the execution of the MOU, YONGXING and the Company to enter into a Strategic Partnership Agreement and a Joint Venture Agreement regarding the potential supply of lepidolite concentrates and the potential acquisition and development of lepidolite projects in Australia (Projects).
- YONGXING will be the exclusive partner of the Company and the Company will be the exclusive partner of YONGXING when either Party acquires and develops the Projects. With mutual agreement by the Parties, a third party could join the parties to acquire and develop the Projects.
- Before acquisition of the Projects, YONGXING and the Company desire to enter a joint venture (JV) outlining the mechanism and terms on which they will identify and acquire the Projects. The JV will be formed by the Company contributing A\$100,000 for a 60% interest in the JV and by YONGXING or its subsidiary contributing A\$900,000 for a 40% interest in the JV. The Parties will include terms for the extension or termination of the JV if there is no project acquisition within 12 months after formation.
- The JV will decide on acquisition of the Projects and further exploration activities as required. Including drilling, completing relevant permitting, feasibility studies and development of the Projects. The Parties will contribute to the costs of acquisition and operation of the JV on a pro rata basis, after the initial contributions referred to above.

- The Company will be the manager of the JV when (1) the Company has 35% or more interests in the JV, (2) a third party has 35% or less interest in the JV or (3) if YONGXING or its subsidiary sells part of its interests to a third party. Under any other circumstances, the Parties will negotiate to determine the manager of the JV.
- YONGXING will be granted a first right of refusal on offtake of all the Products on terms no less favourable to the JV than if the JV were to sell the Products to an independent third party in an arm's length transaction.

### **About Yongxing Special Materials Technology Co. Ltd.**

- YONGXING is an A-share listed company on the Shenzhen-stock exchange in China, with a market capitalisation of approx. RMB 59 billion (A\$13 billion), principally engaged in the manufacture and sales of special steel and lithium salt products.
- YONGXING is one of a few lithium carbonate producers in China with a commercial refinery process utilising lepidolite concentrates as feed to produce battery grade lithium carbonate.
- YONGXING's existing operations have 10,000tpa refinery for lithium carbonate, and it is undertaking an expansion for a further 20,000tpa of lithium carbonate by the first half of 2022. In January 2022, YONGXING and CATL formed a lithium carbonate joint venture with the annual capacity of 50,000 tons of lithium carbonate where YONGXING and CATL will hold a 30 percent and 70 percent stake in the joint venture respectively.
- YONGXING has a strong customer base including Xiamen tungsten new energy materials Co., Ltd., Hunan Yuneng new energy battery materials Co., Ltd., Shenzhen Defang Nano technology Co., Ltd. and will supply CATL, Easpring Material Technology, Hunan Shanshan Energy Technology (now a JV with BASF Catalysts) and other industry leading enterprises when production expansion is completed.

### **INVESTOR INFORMATION**

Further information, previous Company announcements and exploration updates are available at the News and Reports tab on the Company's website – [www.easterniron.com.au](http://www.easterniron.com.au)

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

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