

ASX Code: EFE

Issued Capital: 151,200,630
(as at 31 December 2014)

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HIGHLIGHTS

NOWA NOWA IRON PROJECT

- New low cost transport solution with potential to deliver upgraded iron product at an FOB cost of A\$41/t.
- Definitive Feasibility Study has confirmed many of the Scoping Study outcomes including:
 - Low capital cost - \$33.6 million
 - Low production costs - A\$26.1 per tonne of finished product at the mine gate.
- Production of 780,000 tonnes of 58% Fe beneficiated magnetite per annum over a seven year mine life.

NOWA NOWA COPPER

- VTEM geophysical survey completed targeting volcanogenic massive sulphide (VMS) copper-lead-zinc bodies.
- Several high priority targets identified with drilling recommended.
- Drilling carried out by previous explorers intersected significant mineralisation including 13.6m @ 3.8% Cu at the Three Mile Prospect.
- Application submitted to Victorian Government under TARGET scheme for funding of follow up drilling.

CORPORATE

- Major focus on administrative cost rationalization.
- Savings of more than \$20,000 per month identified and implemented from January 2015.

Eastern Iron Limited (ASX: EFE) is pleased to report on activities undertaken during the quarter ended 31st December 2014.

NOWA NOWA IRON PROJECT

The Nowa Nowa Iron Project is located some 250 kilometres east of Melbourne close to the Princes Highway, which provides ready access to several nearby towns and possible export sites (Figure 1).



Figure 1 - Nowa Nowa Locality Plan

Over the past 12 months, Eastern Iron has advanced a Definitive Feasibility Study (DFS) into the potential development of the magnetite-rich iron ore at the Five Mile deposit.

Definitive Feasibility Study

The Nowa Nowa Iron Project is based on the potential development of the Five Mile magnetite iron ore deposit by upgrading the ore to a beneficiated product at site then transporting this product to market by the most efficient and cost effective means. Key milestones in progressing this project have been achieved with the completion of a Native Title Agreement with the Gunaikurnai Land and Waters Aboriginal Corporation in December 2013 and the grant of the mining licence in April 2014

The study was compiled for Eastern Iron by Engenium Pty Ltd (Engenium) as an independent consultant. It is based on information supplied by Eastern Iron, specialist consultants, contract service operators, vendors of equipment and Engenium’s engineering and project personnel.

Main outcomes of the study are summarised in the table below:

Geological Resource	9.05Mt @ 50.8% Fe¹
Crushing Plant Feed	1 Mtpa ore
Mass yield	80%
Iron recovery	91%
Production	800,000tpa
Product	58% Fe magnetite
Mine gate cost²	A\$26.10/t product
Capital Cost³	A\$33.6 million
Mine life	7 years

- Notes
1. Resource calculated at 40% Fe lower cutoff
 2. Site costs including mining, processing and indirect costs
 3. Capital costs have been calculated at +/-15% and include contingency and EPCM costs

The information concerning resources is extracted from the report entitled “Resource Upgrade at Nowa Nowa Iron Project” announced to the ASX on 21 May 2014 and is available to view on www.easterniron.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.

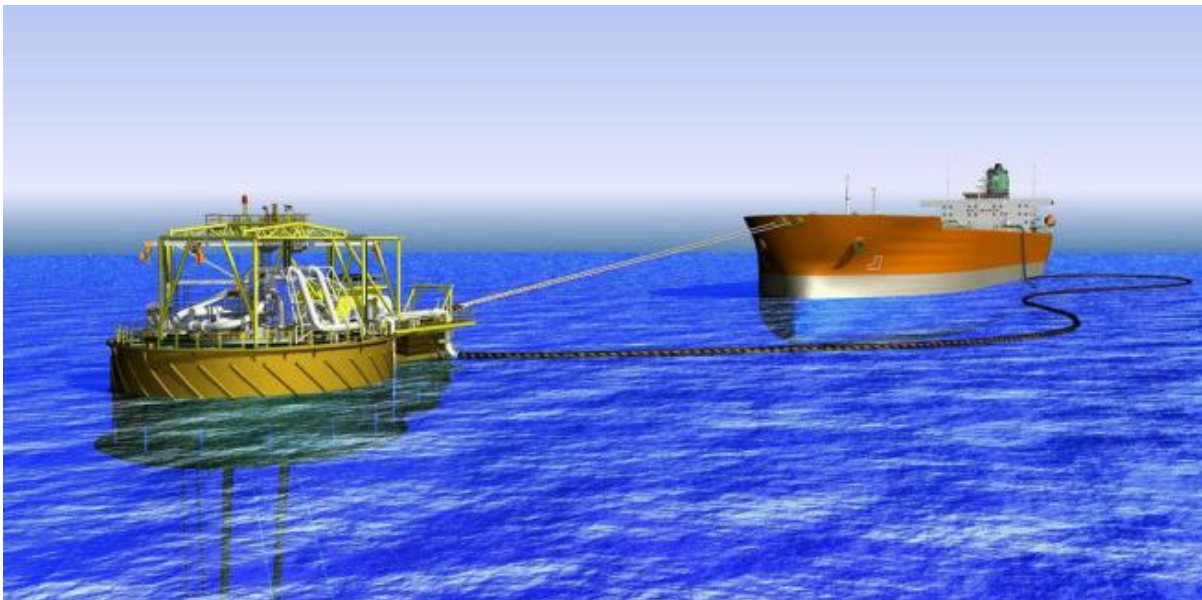
Product Transport Plan

Following the withdrawal of the availability of the SEFE port facility at Eden as announced 24 July 2014, Eastern Iron has progressed investigations for the transportation of iron ore product for dispatch to market. During the quarter Eastern Iron released the results of a study carried out by independent consultants Innovative Shipping Group Pty Ltd (ISG), which investigated the

potential to load iron concentrate directly to suitably configured bulk carrying vessels off the Victorian coast approximately 20 kilometres from the mine site.

The proposal is that iron concentrate would be delivered from the mine either by truck or slurry pipeline some 15 kilometres to a point close to the coast south of the mine site. The iron concentrate would then be stockpiled, and during ship loading mixed with water at a specified solid to water ratio, loaded into a slurry line and pumped offshore directly onto +100,000 tonne vessels. The bulk carrier would be attached to a single-point bottom-anchored mooring with the slurry line secured to the sea floor and entering the vessel from the mooring point.

Selected shipping operators have advised that minimal modifications would be required to existing +100,000 tonne bulk vessels for the purpose. The single mooring and loading point is used in the Taharoa iron sands operation in New Zealand which demonstrates that loading onto large bulk carriers can be accommodated without the need to build permanent or visible coastal infrastructure.



ISG has advised that “the study has clearly demonstrated that the technologies required to deliver a slurry-to-ship logistics solution are available, proven, mature technologies.”

The major benefits of this proposal include:

- No permanent wharf, jetty or other port related facility required.
- Low capital cost compared with standard port related infrastructure.
- Loading at around 3 kilometres offshore onto bulk carriers that are larger than those operating at existing bulk ports elsewhere in Victoria.
- Greatly reduced trucking requirement compared to the former proposal of transporting ore to Eden with reduced cost and impact on roads and other road users.

Estimate of costs from ISG’s report suggests that operating costs for mine gate to ship are of the order of A\$15.00 per tonne of product. The feasibility study (ASX release 29 September, 2014) estimated total mine site costs of A\$26.10 per tonne making an FOB cost of A\$41.10 per tonne (US\$34.80 per tonne), resulting in a very cost competitive operation. No allowance has been made at this stage for additional process (crushing) costs that may be required depending on the sizing selected as optimal for slurry operations.

ISG estimates that capital costs are likely to be in the order of an additional A\$16M for a total project capital cost of A\$49.6M.

NOWA NOWA COPPER

During the quarter Eastern Iron received the results of the consultant geophysicists report analysing the results of the VTEM survey completed over the Nowa Nowa tenement (EL 4509).

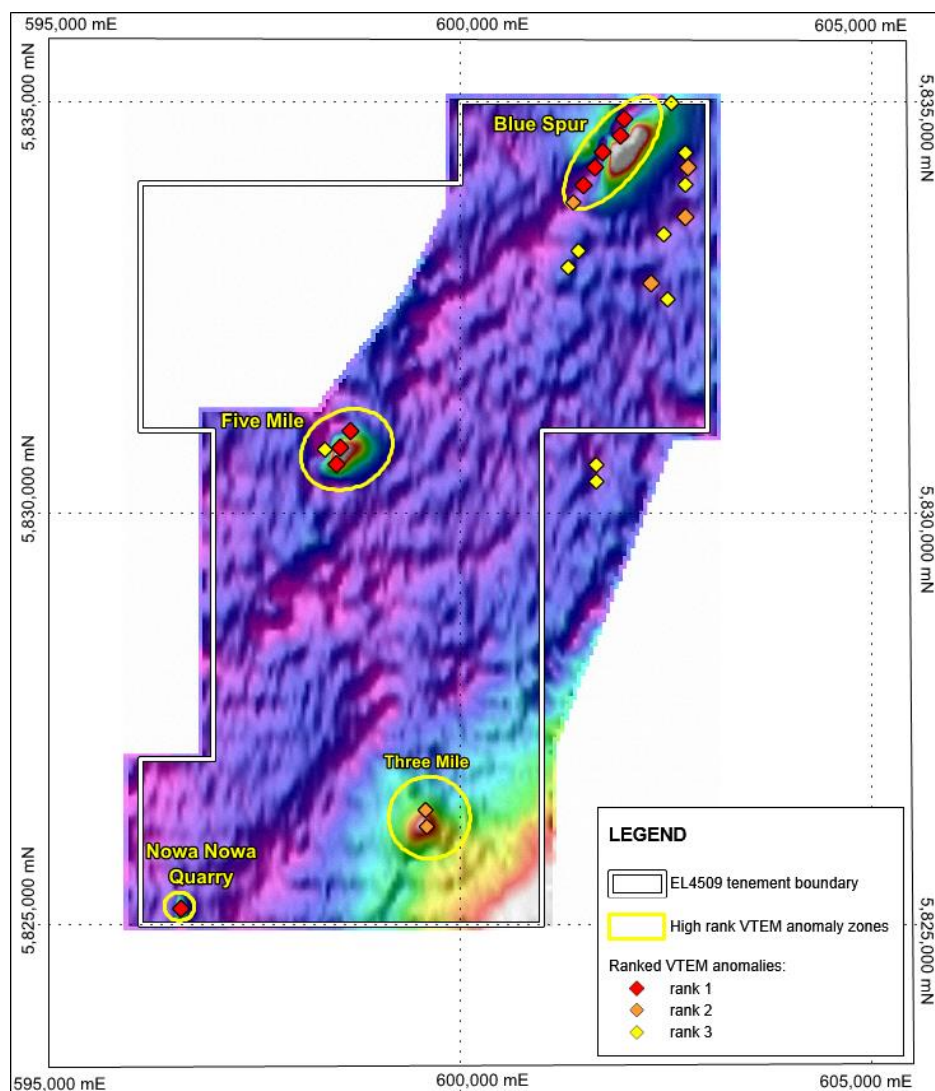


Figure 2: EL 4509 – Priority VTEM anomalies and rankings

Analysis of the final VTEM data identified 25 anomalous responses and these have been ranked on the basis of shape and geological setting for each anomaly. The four highest priority VTEM anomalies (Figure 2) have been modelled using conductor plates to fit the observed data in order to predict the target size, orientation and depth below surface of the potential source. Ground EM has been recommended for the highest priority targets in order to better define their location and orientation prior to drilling.

Drilling carried out by previous explorers within the Nowa Nowa area intersected significant copper, lead, zinc and gold mineralisation in altered volcanics and sediments consistent with the VMS interpretation, with a best intersection of 13.6m assaying 3.8% Cu at the Three Mile prospect in the south east of the licence. A coincident high priority VTEM conductor identified over this prospect identifies it as a high priority for follow up work including drilling.

CORPORATE

Eastern Iron has identified and implemented a series of measures designed to reduce ongoing administrative costs and preserve its cash position as the Company works to secure additional funding and complete the necessary steps to progress the Nowa Nowa Iron Project which remains the Company's major asset and primary focus.

FORWARD PROGRAM

Further assessment of the Nowa Nowa Iron Project slurry pipeline operation.

FINANCIAL POSITION

Total exploration expenditure for the quarter was \$432,000. The cash balance at the end of the quarter was \$263,000.

INVESTOR INFORMATION

Eastern Iron is investigating the potential for development of a high grade magnetite resource at Nowa Nowa in Eastern Victoria as well as exploring for high grade copper deposits in the Nowa Nowa region.

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

A handwritten signature in black ink, appearing to read 'G. De Ross'.

Mr Greg De Ross,
CEO
Mob: 0417 711 274

The information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by Greg De Ross, BSc, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Greg De Ross is Managing Director and a full-time employee of Eastern Iron Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr De Ross consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

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

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