

**ASX Code:** EFE

**Issued Capital:** 152,008,130  
(as at 31 March 2015)

**Directors**

Steve Gemell (Chairman)

Greg Jones

Michael Giles

Greg De Ross (CEO)

**Address**

Level 1, 80 Chandos Street  
St Leonards, NSW 2065

**Postal**

PO Box 956, Crows Nest  
NSW 1585

**T:** +61 2 9906 7751

**F:** +61 2 9906 5233

**Twitter:** @EasternIronEFE

[www.easterniron.com.au](http://www.easterniron.com.au)

## HIGHLIGHTS

### NOWA NOWA IRON PROJECT

- Further enhancement of product transport system shows potential for Nowa Nowa Iron Project to be amongst the lowest cost iron ore producers in Australia.
- Based on a recent research conducted by UBS, Eastern Iron could be the lowest cost iron ore producer behind only BHP Billiton and Rio Tinto.
- Total CNF cash costs projected at FOB cash cost of approximately A\$32/t (US\$24/t) and US\$36/t CFR for an upgraded 62% Fe product.

### CORPORATE

- Various cost saving measures implemented to preserve cash balance.
- Board representation halved with resignation of three non-executive directors.

Eastern Iron Limited (ASX: EFE) is pleased to report on activities undertaken during the quarter ended 31<sup>st</sup> March 2015.

## 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

During 2014 Eastern Iron released the results of the Definitive Feasibility Study (DFS) prepared for the Nowa Nowa iron project.

The study was based on the development of the Five Mile magnetite iron deposit by open pit mining and 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.

Since the completion of the Feasibility study and in view of the decline of the iron ore price, Eastern Iron has sought avenues to further reduce the cost of production of the delivered

product. In November 2014 the Company announced the results of a study completed by independent shipping consultants, Innovative Shipping Group Pty Ltd (ISG), into loading iron concentrate by slurry pipeline onto suitably configured bulk carrying vessels directly off the Victorian coast. Since the completion of the study the Company has considered further options to reduce costs and improve the value of the final product (see ASX announcement 4<sup>th</sup> March 2015). The principal improvements are the projected upgrade of the iron product to 62% Fe and replacing off-site trucking and multiple handling of the product with a concentrate pipeline to the slurry pipeline loading point adjacent to the coast some 18km from the minesite.

Operating and capital cost estimates (shown in the table below) are based on the results of the Feasibility study, modified to include slurry pipeline estimates from the ISG November 2014 study and estimates for the increased cost of comminution, further magnetic separation and tailings disposal from wet processing at the minesite.

#### Nowa Nowa Iron project

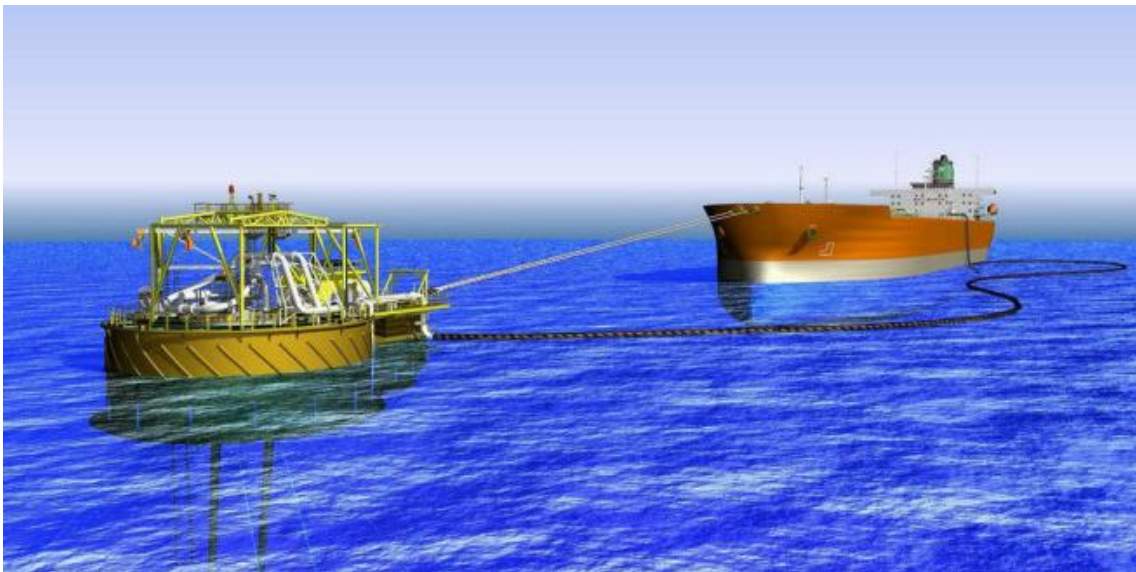
<b>Geological Resource</b>	<b>9.05Mt @ 50.8% Fe<sup>1</sup></b>
<b>Crushing Plant Feed</b>	1 Mtpa ore
<b>Mine Life</b>	9.5 years
<b>Mass yield (average)</b>	64%
<b>Iron recovery</b>	81%
<b>Production (average)</b>	600,000tpa
<b>Product</b>	62% Fe magnetite
<b>FOB Cost<sup>2</sup></b>	A\$31.4/t product
<b>Capital Cost<sup>3</sup></b>	A\$65.2 million

- Notes
1. Resource calculated at 40% Fe lower cut-off grade
  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](http://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

The proposed slurry to ship concentrate loading system is based on an existing operation at the Taharoa iron sands operation in New Zealand and overcomes the need for otherwise cost prohibitive trucking operations to the nearest port at Eden (220km) or Melbourne (320km). Selected shipping operators have been involved in the study and have advised that minimal modifications would be required to existing +100,000 tonne ore-bulk-oil vessels for the purpose. The single mooring and loading point also overcomes the need for expensive and invasive coastal infrastructure.



ISG has advised that the study “clearly demonstrates that the technologies required to deliver a ‘slurry to ship’ logistics solution are all readily 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 3km 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.

## Next Steps

Technical studies and more detailed evaluation are required to bring the various enhancements included in the project plan to the feasibility level. These include:

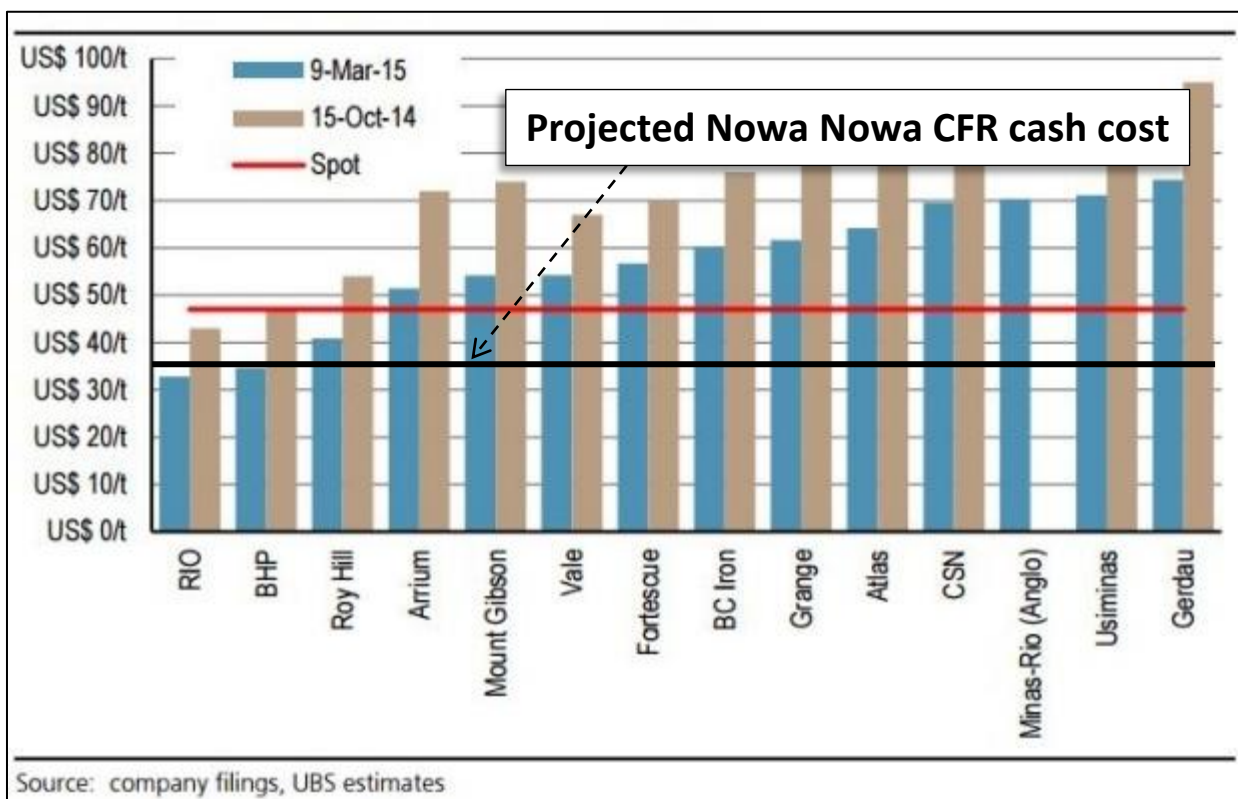
- Expanded metallurgical testwork for producing a +62% Fe product using low intensity wet magnetic separation.
- Crush and grindsize optimisation.

- Concentrate pipeline engineering and design.
- Detailed design of slurry pipeline, stockpile area and associated headworks.
- Water supply studies.
- Detailed capital and operating cost estimates.

Total cost of these works is estimated at around \$800,000.

### Project Benchmarking

Eastern Iron has estimated an FOB cash cost of A\$31.4/t of beneficiated iron product or US\$23.55/t at an exchange rate of US\$0.75:A\$. Assuming shipping costs of US\$12/t gives a projected total CFR cash cost of US\$36/t which based on the published cost curve below puts the Nowa Nowa Iron Project potentially among the lowest cost producers in Australia.



Source UBS Research, published Australian Financial Review, April 13, 2015

### NOWA NOWA COPPER

Eastern Iron is continuing discussions with interested parties for a potential joint venture to explore the copper and gold potential of the Company’s exploration tenements in the Nowa Nowa area.

## **CORPORATE**

The Company continues to implement measures to reduce the ongoing cost of the business as well as streamline management. During the quarter the Company announced that three non-executive Directors had resigned reducing the Board to a minimum three directors.

## **FORWARD PROGRAM**

### **Nowa Nowa Iron Project**

The Company intends to complete assessment of the modified project as funds are available.

## **FINANCIAL POSITION**

Total exploration expenditure for the quarter was \$23,000. The cash balance at the end of the quarter was \$173,000.

## **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](http://www.easterniron.com.au)

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

**Mr Greg De Ross,  
Chief Executive Officer  
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 Chief Executive Officer 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.*

### **ASX: EFE**

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

Boardroom Limited GPO Box 3993, Sydney NSW 2001 Phone: (02) 9290 9600