

ASX Code: EFE

Issued Capital: 152,524,401
(as at 30 September 2015)

Directors

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HIGHLIGHTS

CORPORATE

- Fortune Future Holdings Ltd (Fortune) agrees to take a \$2 million share placement in Eastern Iron.
- Proceeds from share placement will allow the Company to continue to assess the Nowa Nowa Iron Project but with the additional objective of acquiring near development or producing resource projects.
- Eastern Iron received \$281,000 from the Australian Government R&D refund scheme.

NOWA NOWA IRON PROJECT

- 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.

Eastern Iron Limited (ASX: EFE) is pleased to report on activities undertaken during the quarter ended 30th September 2015.

INVESTMENT BY FORTUNE FUTURE HOLDINGS LTD

Eastern Iron has agreed to issue approximately 133.3 million new ordinary shares (“Shares”) at an issue price of \$0.015 per Share to Fortune Future Holdings Ltd (“Fortune”) a China based BVI registered company. The issue of the Shares will raise \$2 million, is subject to approval by the shareholders of both companies and is expected to be completed in December 2015.

Fortune has a small number of shareholders and represents the interests of private Chinese investors who are also shareholders in some listed mining companies in China. Fortune is also an active investor in the global mining industry and is currently the largest shareholder of Gowest Gold Ltd, a Toronto listed gold explorer.

Upon issue of the Shares Fortune and its associates will hold approximately 46.6% of the issued shares in Eastern Iron and will nominate two directors to the board of the company.

The proceeds from the placement will be used as follows:

1. To undertake assessments of potential investment and acquisition of near development and operating resource projects.
2. Continue progress of the Nowa Nowa Iron Project.
3. Working capital requirements.

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. The results of this study were reported in a release dated 29 September 2014, *Nowa Nowa Project Feasibility Results*.

In the March 2015 quarter the Company reported the results of further optimisation studies which examined alternative proposals for transport of the finished product from the minesite to export markets. The results of these studies were reported in a release dated 4 March 2015, *Nowa Nowa Project Update*.

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

Crushing Plant Feed	1 Mtpa ore
Mine Life	9.5 years
Mass yield (average)	64%
Iron recovery	81%
Production (average)	600,000tpa
Product	62% Fe magnetite
FOB Cost²	A\$31.4/t product

Notes 2. Site costs including mining, processing and indirect costs

Little work has been undertaken on the Nowa Nowa project during this quarter however the Company will assess the potential to recommence project work when funds are available and the iron ore market shows signs of recovering from the recent downturn.

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.

FORWARD PROGRAM

Development Projects

Upon completion of the Fortune investment, the Company will embark on a detailed search and assessment of advanced mineral projects including detailed due diligence programs.

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 \$50,000. The cash balance at the end of the quarter was \$231,000.

INVESTOR INFORMATION

Eastern Iron is investigating the potential for development of a high grade magnetite resource at Nowa Nowa in Eastern Victoria.

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,
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.

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

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