

COMPANY UPDATE

Eastern Iron Limited (ASX: “EFE”) (the “Company”) is pleased to provide the following update regarding activity at the wholly owned Nowa Nowa Iron Project (the “Project”) in eastern Victoria.

Updating the Definitive Feasibility Study

Mining

The Company has commenced updating the Definitive Feasibility Study (“DFS”) completed in September 2014.

The Company has engaged experience mining consultants, Mining One Pty Ltd (“Mining One”), as the lead for updating the DFS. Mining One have completed review and have provided initial waste dump and LG PAF stockpile layout.

The revised DFS will assume mining of high-grade ore only. Low grade ore will not be produced and the Project’s footprint is reduced accordingly.

This reduced footprint and relocating the waste dump allows the realignment of Buchan Road. The length of realignment of Buchan Road is significantly reduced compared to the DFS in 2014, resulting in an expected reduced initial capital expenditure for road construction.

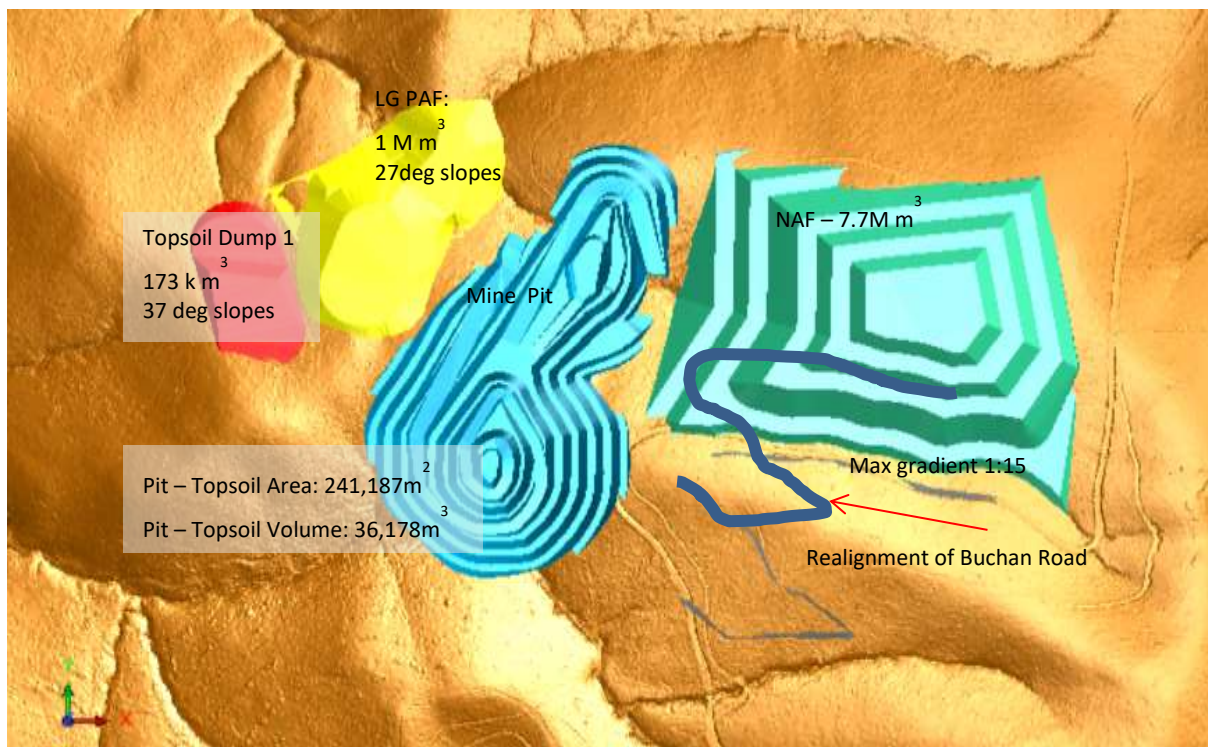


Figure 1: Revised Waste Dump and LG PAF stockpile layout.

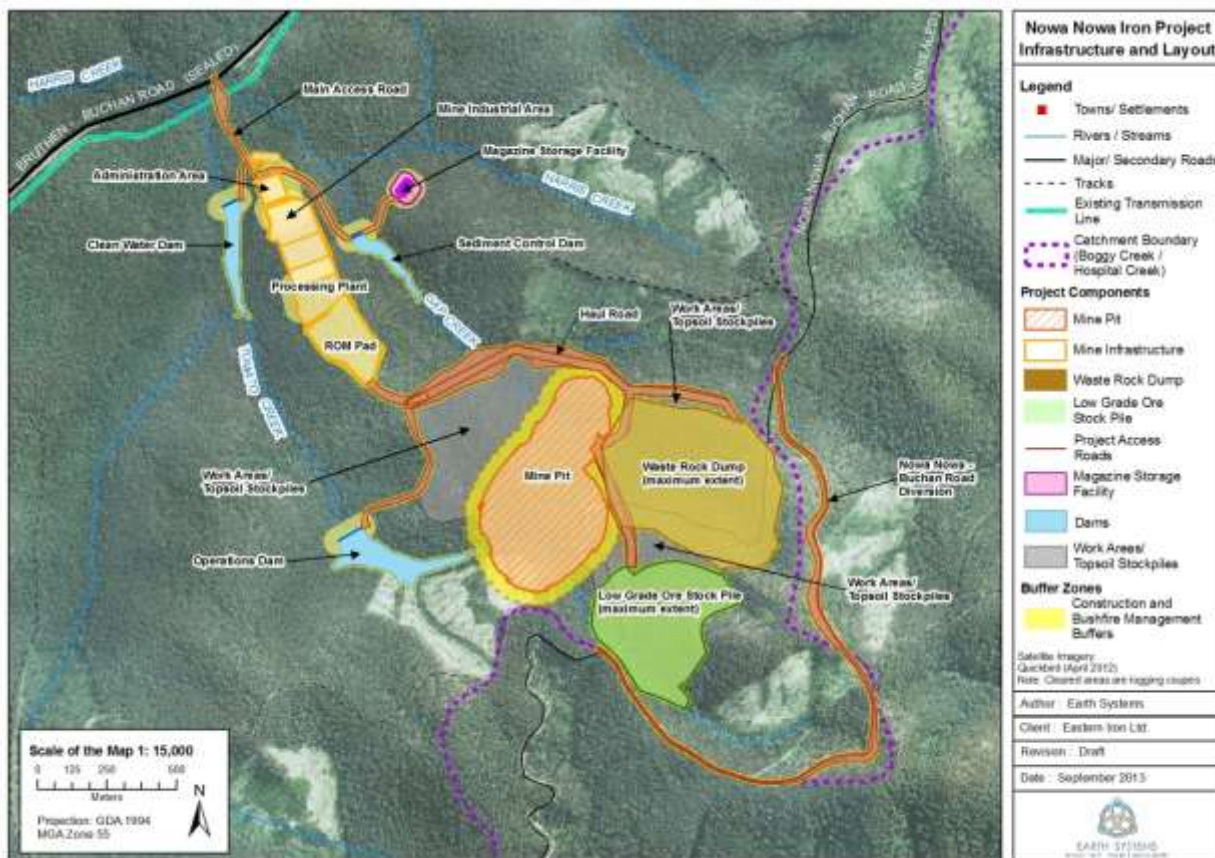


Figure 2: Waste Dump and PAF Locations from the 2014 DFS

The proposed Project mining layout will be finalised as part of the updated DFS.

Proposed Processing and On-Site Infrastructure

The proposed Project operations will process mined ore on site via crushing and screening to produce a magnetite DSO product @ 50% Fe. No on-site beneficiation will be employed which was considered in the DFS in 2014. As such, a magnetic separation plant is not required which will not only reduce the footprint of on-site infrastructure but it will also reduce initial capital expenditure and operating costs for ore processing.

The Company has engaged Engenium to update the 2014 DFS processing and infrastructure which is scheduled to be completed by this September.

Port of Eden

Discussions with Pentarch Logistics Pty Ltd (“Pentarch”), the operator of the Port of Eden have been ongoing and a site visit by the Company and Engenium was conducted in June. The Port of Eden is the proposed port facility to export final product from the Project.

The Port of Eden is located in NSW, and can accommodate P-Panamax vessels with up to 75,000 MT intake. Currently, the existing conveying and ship loading systems are used to export forestry products. As considered in the 2014 DFS, minimal modifications to these systems can be made to allow the facilities to be suitable for iron ore product export. The Company and Engenium are working closely with Pentarch on the port facilities to update the 2014 DFS.

The updated DFS is on track and expected to be completed in the next quarter.

Nowa Nowa Iron Project

The Project is located in East Gippsland, Victoria and is proximal to the Princess Highway which provides access to several nearby towns and the existing export port facility at Eden in southern NSW.

The Company completed resource drilling at the Five Mile deposit outlining 9.05Mt averaging 50.8% Fe of magnetite iron in 2014. (Refer to the Company announcement dated 21 May 2014¹).

Prospect	Measured		Indicated		Inferred		Total	
	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%
Five Mile	2.25	52.8	4.32	50.4	2.49	49.7	9.05	50.8

Table 1 - Five Mile Estimated Resources (cut off of 40% Fe).

The 2014 DFS was authored by Engenium with support from specialist consultants including Mining One and Coffey Mining (mining study); H&SC (mineral resource estimation); ALS Global and Engenium (metallurgy, process engineering), Earth Systems (environmental); and Planning and Property Partners (planning approvals). The 2014 DFS was based on beneficiated ore @ 58% Fe fines being produced and transported from the mine 234km by road transport to the Port of Eden.

INVESTOR INFORMATION

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.

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

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¹ The Company is not in possession of any new information or data relating to these historical estimates that materially impacts the reliability of these estimates or the Company's ability to verify these historical estimates as mineral resources in accordance with ASX Appendix 5A.

The Company confirms that supporting information provided in its ASX announcement of 21 May 2014 for the historical estimates referred to above continues to apply and has not materially changed.

The historical estimates included in the Company's ASX announcement of 21 May 2014 were reported in accordance with the JORC Code, 2012.