EASTERN IRON LIMITED

Annual Report 2017

Contents

Chairman's Letter

Dear Shareholder,

Welcome to the Eastern Iron Limited (ASX: EFE) Annual Report for 2017.

Eastern Iron is focused on identifying iron ore projects on Australia's eastern seaboard, where we believe there are undiscovered opportunities; and there is an established infrastructure network to enable simpler and more cost-effective development.

We have maintained our interest in the Nowa Nowa Project in eastern Victoria, however the decline in the iron ore price in recent years has rendered the economics of the project problematic. During the year, Eastern Iron applied for a retention licence over the project so that we can progress it over the longer term when market conditions are more favourable. The retention licence allows activities such as intensive exploration, research and other development activities required to demonstrate the economic viability of mining. Due to the application process, there was little work undertaken on the project in 2017.

More importantly, the last few months of 2017 saw several key changes that aim to put our Company in a stronger position for the year ahead. After year-end, the Company successfully raised A$0.6M before costs from a share placement. A total of 71,464,356 ordinary shares at an issue price of $0.0084/share were subsequently issued on 3 July 2017. Funds from this placement will enable the Company to pursue project opportunities and exploration in 2018, and we have been busy evaluating projects that will fit our budget and the skill set of our Board and Management.

Other changes in recent months include appointments to the Eastern Iron Board, with myself being elected as Chairman, and Therese-Marie Taylor as a Non-Executive Director, with Nathan Taylor as an alternate Director. These changes followed the resignations of Steve Gemell, Michael Giles and Yungang Wu. We thank Steve, Michael and Yungang for their work and contribution to Eastern Iron.

Therese-Marie is an accountant with experience in mining, energy and utilities, including a role in the Treasury and Commodities Division of Australia's largest investment bank, and I bring to the Company experience in investment banking, specialising in the technical and financial analysis of resource projects. Our experience will serve Eastern Iron well and we are dedicated to adding shareholder value as we move into a new chapter.

We are actively reviewing opportunities to acquire an advanced exploration, substantial near-development or operating resource project for base and precious metals. Several projects have been evaluated, and the Company remains confident of acquiring a quality project.

I thank our Shareholders for your continued support of the Company over the past year, and hope it will continue through 2018.

Yours sincerely,

Eddie King
Chairman

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Highlights

New Project Acquisition

Eastern Iron actively reviewed opportunities to acquire an advanced exploration, near-development or operating resource project for base or precious metals.

Nowa Nowa Iron Ore Project

- Iron ore benchmark prices have fluctuated at low levels during the past year, which made it difficult to raise funds to develop the Project during the period.
- The Company applied for a retention licence in this year so that it can progress the Project notwithstanding low iron ore prices.

Nowa Nowa Copper

- Several high priority targets identified with drilling recommended.
- After the Nowa Nowa EL was surrendered in mid-2015 and a replacement EL was applied for over the Nowa Nowa project area. The Company is awaiting the granting of a replacement tenement over the target areas.

Capital Raising

The Company successfully raised A$0.6M before costs during the year.

New Project Search and Potential Acquisition

Eastern Iron has been actively reviewing opportunities during the year to acquire an advanced exploration, substantial near-development or operating resource project for base or precious metals.

A number of projects have been evaluated both within and external to Australia. However buoyant market conditions, particularly for precious metal projects, have created a highly competitive environment to secure quality projects. Nevertheless, with the continued support of its major shareholders, the Company remains confident of acquiring a quality project.

Nowa Nowa Project

Nowa Nowa Iron

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. The project is also located only 20kms from the coast which also opens the potential for a coastal transport option close to the mine site. (Figure 1)

Figure 1: Locality Plan,Nowa Nowa Project

Review of Operations

In the March 2015 quarter the Company completed further optimisation studies, based on Nowa Nowa Feasibility Study which results were reported on 29 September 2014. The optimisation studies examined alternative proposals for transport of the finished product from the mine site to export markets. This involved pumping a magnetite concentrate as a slurry via a slurry pipeline to the coast adjacent to the mine site and then loading the slurry directly on to self-decanting bulk ore ships moored at single point moorings in a manner similar to that employed at the Taharoa iron sands operation in New Zealand. The results of these studies together with updated operating and capital cost estimates were reported in a release dated 4 March 2015, Nowa Nowa Project Update and summarised in the table below.

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**
	A$31.4/t product
Capital Cost[2]	**A$65.2 million**

Notes:
1. Site costs including mining, processing and indirect costs
2. Capital costs include contingency, owners and EPCM costs

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

During the past year, iron ore benchmark prices have fluctuated between U$56/tonne in July 2016 and U$90/tonne in February 2017, and recently dropped down to U$57/tonne in June 2017. Market forecasts suggest the price will continue to move in this range in the short to medium term.

The decline in the iron ore price over the last few years has rendered the economics of the project problematic. In addition the fluctuating iron ore price made it very difficult for the Company to raise funds to develop the project during the past year. The Company made the decision to apply for a retention licence so that it can progress the project notwithstanding low iron ore prices. Retention licence application was lodged in on April 2017.

The Company will monitor conditions in the global iron ore market to determine when work on the project should recommence.

Nowa Nowa Copper

Since the Company carried out a detailed heli-borne electromagnetic VTEM survey over the Nowa Nowa tenement (EL 4509) in eastern Victoria in August 2014, the Company identified four highest ranked VTEM anomalous areas, which are Blue Spur, Three Mile, Five Mile, and Nowa Nowa Quarry.

The survey was completed following a review of previous exploration and the identification of extensive Silurian volcanics believed to be the same rocks that host important VMS deposits in Victoria and southern NSW. Drilling carried out by previous explorers within the Nowa Nowa area intersected significant copper, lead, zinc and gold mineralisation in altered volcanics and sediments, with a best intersection of 13.6m assaying 3.8% Cu at the Three Mile prospect in the south eastern corner of the licence.

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. Follow up of these targets has been planned however this has been deferred pending grant of a replacement Exploration License over the relevant areas of the Nowa Nowa project.

After the Nowa Nowa EL was surrendered in mid-2015 and a replacement EL was applied for over the Nowa Nowa project area. In October, 2015 the Company was advised that the application was accepted. The company is awaiting granting of the replacement tenement over target areas. Upon grant, the Company will continue investigation of the VTEM and copper anomalies.

Corporate Activities

Capital Raising

- During the quarter the Company successfully raised A$0.6M before costs from a share placement. A total of 71,464,356 ordinary shares at an issue price of $0.0084/share were subsequently issued on 3 July 2017.
- The additional capital provides Eastern Iron with the capacity to investigate potential investments in advanced exploration or near development for base and precious metals.

Management Change

In December 2016, Mr Myles Rui Fang was appointed as Acting Chief Executive Officer to replace long standing CEO, Mr Greg De Ross, who retired on 7 December 2016. Mr. Fang has more than 20 years of experience in business management and business development, including recently nearly 12 years in the Australian mining industry. He has experience on all the aspects of project development through exploration, feasibility studies and resources development and mining in commodities such as iron ore, base metals, and mineral sands.

PROGRAM FOR 2017 – 2018

New Projects

Eastern Iron will continue to search and assess new project acquisition opportunities, focussing on advanced exploration and near development projects mines.

Nowa Nowa Iron

The Company will continue to monitor the iron ore market for improved conditions favourable to a potential development of the Nowa Nowa Iron deposit.

Nowa Nowa Copper

Once the new exploration licence has been granted over the Nowa Nowa area priority VTEM targets will be field checked and where warranted ground geophysics (EM) will be used to properly delineate the target prior to investigatory drilling.

Myles Fang
Acting Chief Executive Officer

The information in this report that relates to Exploration Results is based on information compiled by Greg Jones, BSc, who is a Member of the Australasian Institute of Mining and Metallurgy. Greg Jones is director 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 Jones consents to the inclusion in the report of the matters based on this information in the form and context in which it appear.

Tenement Schedule and Resource Summary

Tenement Schedule

As at 22 August 2017

Tenement	Tenement Number	Interest	Joint Venture Details
Victoria			
Nowa Nowa EL Application	EL 6183	100%	Note 1
Tara EL Application	EL 5545	100%	Note 1
Five Mile RL Application	RL006488	100%	Note 1

EL Exploration Licence

RL Retention Lease

Note 1: Held by Gippsland Iron Pty Ltd, a wholly owned subsidiary of Eastern Iron.

Resource Summary

As at 30 June 2017

The information in this table that relates to Mineral Resources is a compilation of previously published data for which Competent Persons consents were obtained. This compilation has been prepared by Greg De Ross, BSc, who is a Fellow of the Australasian Institute of Mining and Metallurgy and a consultant of Eastern Iron Limited. There is no new information or data that materially affects the original market announcements and the same information is presented in the same context. The information is extracted from the public reports to the ASX which are listed below and available to view on www.easterniron.com.au.

Nowa Nowa, Victoria

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

Note decimals do not imply precision and are used to avoid rounding errors

Resource is estimated at a lower cutoff of 40%.

Full details of the Nowa Nowa Resource estimate including Table 1 details were announced on 21 May 2014 under the guidelines of the JORC 2012 Code. This was released to the ASX in a report titled “Resource Upgrade at Nowa Nowa Iron Project”. The Mineral Resource Estimation was carried out by Rupert Osborn of H&S Consultants and relies on data compiled by Greg De Ross of Eastern Iron.

Directors' Report

Your Directors submit their report for the year ended 30 June 2017.

Directors

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Ariel Edward King BComm, BEng (Mining – Hons)

Non-executive chairman

Chairman since July 2017

Eddie is a qualified Mining Engineer and holds a Bachelor of Commerce and Bachelor of Engineering from the University of Western Australia. Mr King is currently a Representative for CPS Capital Group, a boutique corporate finance and stockbroking firm that specialises in providing strategic advice to both retail and wholesale investors. Eddie's past experience includes being a manager for an investment banking firm, specializing in the analysis of technical and financial aspects of resource projects.

During the past three years, Eddie has served as a director of the following listed companies:

- Axxis Technology Group Limited – appointed May 2017
- Cabral Resources Limited – appointed April 2015
- Drake Resources Limited – appointed February 2017
- European Cobalt Limited – appointed October 2016
- Lindian Resources limited – appointed October 2014

Gregory Jones, BSc (Hons), MAusIMM, MAIG

Non-executive director

Director since April 2009

Greg is a geologist with over 30 years of exploration and operational experience gained in a broad range of metalliferous commodities within Australia and overseas. Greg has held senior positions in a number of resource companies including Western Mining Corporation and Sino Gold Mining Limited. His experience spans the spectrum of exploration activity from grass-roots exploration through to resource definition and new project generation, as well as mine geology, ore resource/reserve generation and new mine development.

Greg was awarded the Institute Medal for academic excellence whilst at university and is credited with several economic discoveries including the Blair nickel and the Orion gold deposits in Western Australia

During the past three years Greg has also served as a director of the following listed companies:

- Variscan Mines Limited - appointed April 2009
- Silver City Minerals Limited – appointed April 2009
- Thomson Resources Ltd – appointed July 2009
- Moly Mines Limited – appointed August 2014

Dahui Zhang

Non-executive director

Director since January 2016

Dahui is an accountant with 28 years experience in corporate management, mergers and acquisition, accounting and finance.

Dahui is currently the managing director of CMOC Mining Pty Ltd, a 100% subsidiary of China Molybdenum Co., Ltd (listed in Shanghai Exchange and Hong Kong Exchange), which holds 80% shares in Northparkes copper mine. Prior to joining CMOC Mining, Dahui worked for Shandong Gold, Zijin Mining, Sino Gold and Minmetals in management roles. Dahui has a Bachelor of Economics degree and an MBA.

During the past three years Dahui has not served as a director of any other listed companies.

Therese-Marie Taylor

Non-executive director

Director since July 2017

Therese-Marie is an accountant with extensive experience in the Mining, Energy and Utilities Sectors including a period with the Treasury and Commodities Division of Australia's largest investment bank. In this role, she provided accounting services and advice relating to mining and commodity related transactions.

During the past three years Therese has not served as a director of any other listed companies.

Nathan Taylor

Alternate director to Therese-Marie Taylor

Director since July 2017

Nathan brings to the Board mergers, acquisitions and capital markets experience having worked on numerous domestic and cross border transactions throughout his career. Mr Taylor started his career as a corporate lawyer for Blake Dawson before working for UBS AG and Macquarie Bank Limited in their equity capital markets division. Most recently Mr Taylor was Head of Mergers and Acquisitions at BBY Limited. Mr Taylor was formerly a non-executive Director of European Cobalt Ltd.

During the past three years Nathan has not served as a director of any other listed companies.

Steve Gemell, BE Mining (Hons), FAusIMM (CP), MAIME, MMICA

Non-executive chairman

Director since January 2010 (resigned July 2017)

Steve is a consulting mining engineer with more than 35 years of experience in the mining industry, both in Australia and overseas. He has previously held senior operating roles including CEO positions, and executive and non-executive Directorships in ASX-listed mining companies and unlisted mine operations or joint ventures. His experience has included a variety of roles in areas covering resource development, feasibility studies, mine planning, and operations in a large range of commodities including base and precious metals, iron ore, industrial minerals and uranium.

During the past three years Steve has also served as a director of the following listed companies:

- Argent Minerals Limited – appointed July 2010, appointed Chairman May 2013
- Golden Cross Resources Limited – appointed Chairman June 2012, resigned October 2014
- Indochine Mining Limited – appointed March 2011, resigned 7 June 2013
- UCL Resources Limited (formerly Union Resources Limited) – appointed September 2011, resigned July 2013
- Dateline Resources Limited – appointed October 2013, resigned August 2014
- Stonewall Resources Limited – appointed July 2016

Michael Giles, MEI

Non-executive director

Director since March 2014 (resigned July 2017)

Michael was appointed as a Non-Executive Director of the Company effective 11 March 2014.

Michael is the Founder & CEO of Harland Group, an investment and advisory company with investments in filmed entertainment, mining, financial services and technology, founded in 2004. He is also the Founder & CEO of Third Party Trade Group, the holding company to Third Party Trade, a US API-based broker-dealer. He holds a Diploma of Financial Services (Financial Planning), a Master of Entrepreneurship & Innovation (MEI) and FINRA Series 7, 24 and 79 licenses. He is based in New York City.

During the past three years Michael has not served as a director of any other listed companies.

Yungang Wu, MSc. P.Geo

Non-executive director

Director since January 2016 (resigned July 2017)

Yungang is an independent consulting geologist with more than 20 years of experience in the mining industry, both in Canada and overseas. He has worked as a resource geologist, mine geologist and exploration geologist in a variety of areas including resource estimates, exploration program management, grade control and feasibility studies for precious metals, base metals, iron ore and industrial minerals.

During the past three years he has also served as a director of the following listed companies:

- Gowest Gold (TSXV:GWA) - appointed since September 2014
- New Era Minerals (TSXV:NEM) – appointed since July 2016

Directors' interests in shares and options

As at the date of this report, the interests of the Directors in the shares and options of Eastern Iron Limited were:

Directors	Shares directly and indirectly held	Options
A King	-	-
G Jones	1,522,101	-
D Zhang	-	-
T Taylor	11,904,767	-
N Taylor	-	-

Company secretary

Ian White, BBus, MBA, Grad Dip CSP, FCPA

Ian is an experienced business professional who holds a Bachelor of Business, a Graduate Diploma in Company Secretarial Practise and an MBA specialising in marketing. His experience has been gained over 40 years including periods as CFO and Group Company Secretary for a number of large ASX listed companies. More recently, Ian has focused on the resources sector.

Ian was appointed as Company Secretary of Eastern Iron Limited on 14 August 2012 and is a Director of

Professional Edge Pty Ltd, a company that provides legal, financial and company secretarial services to a number of ASX listed companies.

Principal activities

The principal activity of the Group is the exploration for and delineation of iron ore, precious and base metals resources in Australia/Asia Pacific region and the development of those resources into economic, cash flow generating mines.

Results

The net result of operations after applicable income tax expense was a loss of $4,223,282 (2016: $645,608) which includes the write-off of exploration expenditure during the year of $3,518,414 (2016: $79,672).

Dividends

No dividends were paid or proposed during the period.

Review of operations

A review of the operations of the Company during the financial period and the results of those operations commence on page 2 in this report.

Significant changes in the state of affairs

The Directors are not aware of any significant changes in the state of affairs of the Group occurring during the financial period, other than as disclosed in this report.

Significant events after the balance date

There were, at the date of this report, no matters or circumstances which have arisen since 30 June 2017 that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years, other than:

- In July 2017 the Company issued 71,464,356 shares @ $0.0084 per share in a placement raising $600,300.

Likely developments and expected results

As the Company's areas of interest are at an early stage of exploration, it is not possible to postulate likely developments and any expected results. The Company is hoping to identify other iron ore, precious and base metal exploration and evaluation targets.

Shares under option or issued on exercise of options

Details of unissued shares or interests under option for Eastern Iron Limited as at the date of this report are:

No. shares under option	Class of share	Exercise price of option	Expiry date of options
450,000	Ordinary	$0.045	19/11/2017

The holders of these options do not have the right, by virtue of the option, to participate in any share issue of the Company or of any other body corporate or registered scheme.

There were no shares issued during or since the end of the financial year as a result of exercise of the above options.

Environmental performance

Eastern Iron and its wholly owned subsidiaries hold exploration licence applications and a mining licence issued by the Victorian Department of Economic Development, Jobs, Transport and Resources which specifies guidelines for environmental impacts in relation to exploration activities. The licence conditions provide for the full rehabilitation of the areas of exploration in accordance with the Departments' guidelines and standards. There have been no significant known breaches of the licence conditions.

Indemnification and insurance of directors and officers

Indemnification

The Company has not, during or since the end of the financial period, in respect of any person who is or has been an officer of the Company or a related body corporate indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings except for the Company Secretary who has been granted an indemnity for services provided under his contract.

Insurance premiums

During the financial period the Company has paid premiums to insure each of the Directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

The premiums paid are not disclosed as such disclosure is prohibited under the terms of the contract.

Remuneration report (audited)

This remuneration report for the year ended 30 June 2017 outlines the remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

Details of key management personnel

Details of KMP including the top five remunerated executives of the Parent and Group are set out below.

Directors	
Steve Gemell	Non-executive Chairman (resigned 10 July 17)
Greg Jones	Non-executive Director
Michael Giles	Non-executive Director (resigned 10 July 17)
Yungang Wu	Non-executive Director (resigned 10 July 17)
Dahui Zhang	Non-executive Director
Key management personnel	
Greg De Ross	CEO (resigned 7 Dec 16)
Myles Fang	Acting CEO (appointed 7 Dec 16)

Remuneration philosophy

The objective of the Company's remuneration framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders. The Board believes that executive remuneration satisfies the following key criteria:

- Competitiveness and reasonableness.
- Acceptability to shareholders.
- Performance linkage/alignment of executive compensation.
- Transparency.
- Capital management.

These criteria result in a framework which can be used to provide a mix of fixed and variable remuneration, and a blend of short and long term incentives in line with the Company's limited financial resources.

Fees and payments to the Company's Non-Executive Directors and Senior Executives reflect the demands which are made on, and the responsibilities of, the Directors and the senior management. Such fees and payments are reviewed annually by the Board. The Company's Executive and Non-Executive Directors, Senior Executives and Officers are entitled to receive options under the Company's Employee Share Option Scheme.

Non-executive director remuneration arrangements

Directors are entitled to remuneration out of the funds of the Company but the remuneration of the Non-Executive Directors (NED) may not exceed in any year the amount fixed by the Company in general meeting for that purpose. The aggregate remuneration of the NED's has been fixed at a maximum of $250,000 per annum to be apportioned among the NED's in such a manner as the Board determines. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in consequence of their attendance at Board meetings and otherwise in the execution of their duties as Directors.

The Chairman's fee is set at $54,000 p.a. and NED fees at $36,000 p.a. In addition, the Chairman of a Committee receives 10% of NED fees.

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in employment contracts and contractor agreements. Details of these agreements are set out below.

Non-Executive Chairman – Steve Gemell (resigned 10 July 2017)

- Contract term: Rolling contract. No notice is required from either party to terminate the agreement.
- Remuneration: $200 (2016: $200) per hour plus GST for consultancy services as at 30 June 2017.
- Termination payments: Nil.

Non-Executive Director – Greg Jones

- Contract term: Rolling 12 months contract with Variscan Mines Limited (18.49% shareholder of Eastern Iron) of which Greg is an employee. No notice is required from either party to terminate the agreement.
- Remuneration: $163 (2016: $163) per hour plus GST for consultancy services as at 30 June 2017. Greg's fees were paid directly to Variscan Mines Limited.
- Termination payments: Nil.

Acting CEO – Myles Fang (appointed 7 December 2016)

- Contract term: Period of 3 to 6 months or at the Board's discretion. No notice is required from either party to terminate the agreement.
- Remuneration: $20,000 per month plus GST as at 30 June 2017 (2016: Nil).
- Termination payments: Nil.

CEO – Greg De Ross (resigned 7 December 2016)

- Contract term: No fixed term. Either party may terminate the letter of employment with two months' notice.
- Remuneration: $285,222 p.a. as at 30 June 2017 (2016: $285,222).
- Termination payments: A three month severance pay with an additional three months after more than five years. Greg resigned as Managing Director on 31 July 2014. Greg was appointed as CEO of the Company on 31 July 2014.

Company Secretary – Ian White

- Contract term: Rolling contract. Either party may terminate the agreement with one months' notice.
- Remuneration: Retainer amount of $2,500 per month plus $163 per hour (2016: $2,400 plus $150) plus GST for services outside the initial scope of work as at 30 June 2017.
- Termination payments: Nil.

Directors and key management personnel remuneration for the year ended 30 June 2017

	Short-term benefits		Post employment	Share-based payments		
	Cash salary and fees $	Consulting fees $	Super-annuation $	Options $	Total $	Consisting of options %
Directors						
S Gemell	54,000	-	-	-	54,000	-
G Jones	36,164	-	3,436	-	39,600	-
M Giles	38,550	-	-	-	38,550	-
Y Wu	36,000	-	-	-	36,000	-
D Zhang	33,836	-	3,214	-	37,050	-
Total Directors	198,550	-	6,650	-	205,200	
Other - key management personnel						
G De Ross (a)	148,063	-	11,580	-	159,643	-
M Fang (b)	-	140,000	-	-	140,000	
I White	-	31,299	-	-	31,299	-
Total KMP	148,063	171,299	11,580	-	330,942	-
Totals	346,613	171,299	18,230	-	536,142	

No performance based remuneration was paid in the 2017 and 2016 financial period.

a) Resigned 7 December 2016.

b) Appointed 7 December 2016 – fees charged from date of appointment as Acting CEO.

Directors and key management personnel remuneration for the year ended 30 June 2016

	Short-term benefits		Post employment	Share-based payments		
	Cash salary and fees $	Consulting $	Super-annuation $	Options $	Total $	Consisting of options %
Directors						
S Gemell	49,315	-	4,685	-	54,000	-
G Jones	21,096	-	2,004	-	23,100	-
M Giles	23,100	-	-	-	23,100	-
Y Wu (a)	15,987	-	-	-	15,987	-
D Zhang (a)	14,600	-	1,387	-	15,987	-
Total Directors	124,098	-	8,076	-	132,174	
Other - key management personnel						
G De Ross	206,211	-	19,590	-	225,801	-
I White	-	30,000	-	-	30,000	-
Total KMP	206,211	30,000	19,590	-	255,801	-
Totals	330,309	30,000	27,666	-	387,975	

a) Appointed January 2016.

Share-based compensation

Employee share option plan

The Company has established the Eastern Iron Employee Share Option Plan ("Plan") to assist in the attraction, retention and motivation of employees of the Company. There are no options granted under the Plan as at the date of this report. The Plan will be administered by the Board in accordance with the rules of the Plan, and the rules are subject to the Listing Rules.

A summary of the Rules of the Plan is set out below. All full-time employees will be eligible to participate in the Plan. The allocation of options to each employee is at the discretion of the Board. The options will be issued for nil consideration and are non-transferable, except with the consent of Directors. However, at the time of accepting the offer to participants of the Plan, the eligible employee may nominate another person in whose favour the options should be granted. If permitted by the Board, options may be issued to an employee's nominee (for example, a spouse or family company).

Each option is to subscribe for one fully paid ordinary share in the Company and will expire five years from its date of issue. An option is exercisable at any time from its date of issue. Options will be granted free. The exercise price of options will be determined by the Board. The total number of shares the subject of options issued under the Plan, when aggregated with issues during the previous five years pursuant to the Plan and any other employee share plan, must not exceed 5% of the Company's issued share capital.

If, prior to the expiry date of options, a person ceases to be an employee of a Group company for any reason (other than termination with cause), the options held by that person (or that person's nominee) must be exercised within one month thereafter otherwise they will automatically lapse. The Plan may be terminated or suspended at any time.

Except with the consent of the Directors, options may not be transferred. The Company will not apply for official quotation of any options. Shares issued as a result of the exercise of options will rank equally with the Company's previously issued shares.

If there is a bonus share issue to the holders of shares, the number of shares over which an option is exercisable will be increased by the number of shares which the optionholder would have received if the option had been exercised before the record date for the bonus issue. The options or exercise price of the options will be adjusted if there is a pro-rata issue, bonus issue or any reconstruction in accordance with the Listing Rules. If there is a pro-rata issue (other than a bonus share issue) to the holders of shares, the exercise price of an option will be reduced to take account of the effect of the pro-rata issue. If there is a reorganisation of the issued capital of the Company, unexercised options will be reorganised in accordance with the Listing Rules.

Subject to obtaining required members' approval to authorise the granting of financial assistance to a participant, the Directors can make loans to eligible employees in connection with shares to be issued upon exercise of options under the Plan.

The Board may amend the Plan Rules subject to the requirements of the Listing Rules

Compensation options: granted and vested during the year

There were no Share-based payments (options) granted to Directors and Key Management during the financial year.

There were no options exercised during the year.

For details on the valuation of the options, including models and assumptions used, please refer to Note 14.

There were no alterations to the terms and conditions of options granted as remuneration since their grant date. There were no forfeitures during the period.

Meetings of directors

The following table sets out the number of Directors' meetings (including meetings of Committees of Directors) held during the financial year and the number of meetings attended by each Director:

	Board of directors		Remuneration and nomination committee		Audit committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Directors						
S Gemell	16	15	1	1	2	2
G Jones	16	12	1	1	-	-
M Giles	16	15	1	1	2	2
Y Wu	16	13	-	-	-	-
D Zhang	16	16	-	-	2	2

The duties of the Corporate Governance Committee were carried out by the full Board at Board meetings for the 2017 financial year.

Auditor's independence and non-audit services

bdjpartners
CHARTERED ACCOUNTANTS

partners
A J Dowell CA
M Galouzis CA
A N Fraser CA
G W Cliffe CA
B Kolevski CPA (Affiliate ICAA)

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Auditor's Independence Declaration

To the directors of Eastern Iron Limited

As engagement partner for the audit of Eastern Iron Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

BDJ Partners

Chartered Accountants

……………………………………….
Anthony J Dowell
Partner

21 August 2017

Non-audit services

The Company's auditor, BDJ Partners did not provide non-audit services (2016: Nil) for Eastern Iron during the financial year ended 30 June 2017. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Signed at Sydney this 23rd day of August 2017 in accordance with a resolution of the Directors.

Ariel Edward King
Chairman

The Board has adopted a corporate framework for the Company which is underpinned by the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition) ("the Recommendations") applicable to ASX-listed entities.

This Corporate Governance Statement has been approved by the Board of Eastern Iron Limited for inclusion in this Annual Report and the framework it represents is current as at 23 August 2017.

The Statement addresses each of the Corporate Governance Principles and where the Company has not followed a Recommendation, provides the reasons for not following the Recommendation.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1 – Functions reserved to the board and delegated to senior executives

The Company has defined the role of the Board through its Board Charter, and established functions reserved to the Board and functions delegated to senior executives.

a) Roles of the Board and management:

The role and responsibility of the Board is set out in the Board Charter which is available on the Company's web-site.

b) Functions of the Board and management:

The functions reserved to the Board include:

- Oversight of the Company, including its control and accountability systems;
- Appointing and removing the Managing Director and or Chief Executive Officer (or equivalent), including approving the remuneration of that person and the remuneration policy and succession plans for that person;
- Ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer (or equivalent) and the Company Secretary;
- Input to, and the final approval of management's corporate strategy and performance objectives;
- Reviewing and ratifying systems of risk management, internal control, compliance, code of conduct and legal compliance;
- Monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;
- Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- Approving and monitoring financial and other reporting;
- Appointment and composition of committees of the Board;
- On recommendation of the Audit Committee, appointment of external auditors; and
- On recommendation of the Remuneration and Nomination Committee, initiating Board and director evaluation.

The functions delegated to senior executives include:

- Implementing the Company's vision, values and business plan;
- Managing the business to agreed capital and operating expenditure budgets;
- Identifying and exploring opportunities to build and sustain the business;
- Allocating resources to achieve desired business outcomes;
- Sharing knowledge and experience to enhance success;
- Facilitating and monitoring the potential and career development of the Company's people resources;
- Identifying and mitigating areas of risk within the business;
- Managing effectively the internal and external stakeholder relationships and engagement strategies;
- Sharing information and making decisions across functional areas;
- Determining the senior executives' position on strategic and operational issues; and
- Determining the senior executives' position on matters that will be referred to the Board.

Recommendation 1.2 – Appointment, election and re-election of Directors

a) Director background checks

The Board, through the Remuneration and Nominations Committee checks character, experience, education, criminal record and bankruptcy history of potential Directors. This is done informally through reference and background checks with mutually known persons and would be undertaken on a more formal basis if these checks suggested that this was required. Appointments for a company the size of Eastern Iron generally come from a pool of potential directors well known in the industry.

b) On election, or re-election of any Director, shareholders are provided with;

- Biographical details, including their relevant qualifications and experience and the skills they bring to the Board;
- Details of any other material directorships currently held by the candidate;
- In the case of a candidate standing for election as a director for the first time:
  - any material adverse information revealed by the checks the entity has performed about the Director;
  - details of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the entity and its security holders generally; and
  - if the Board considers that the candidate will, if elected, qualify as an independent director, a statement to that effect.
- In the case of a candidate standing for re-election as a Director:
  - the term of office currently served by the Director; and
  - if the Board considers the Director to be an independent director, a statement to that effect; and
  - a statement by the board as to whether it supports the election or re-election of the candidate.

All Directors on appointment provide the Company with a Consent to Act form that includes sufficient information to satisfy all of the points above. The form also requires the Director to provide information on the Director's other commitments. Details of the time involved with each of these commitments and an acknowledgement by the Director he or she will have sufficient time to fulfil his or her responsibilities is informally determined by the Chairman through an interview process.

Recommendation 1.3 – Written agreements with Directors

The Company has a written agreement with each Director and senior executive setting out the terms of their appointment including:

- The term of appointment;
- The time commitment envisaged, including any expectations regarding involvement with committee work and any other special duties attaching to the position;
- Remuneration, including superannuation entitlements;
- The requirement to disclose directors' interests and any matters which may affect the Director's independence;
- The requirement to comply with key corporate policies, including the entity's code of conduct and its trading policy;
- The Company's policy on when directors may seek independent professional advice at the expense of the Company;
- The circumstances in which the Director's office becomes vacant;
- Indemnity and insurance arrangements;
- Ongoing rights of access to corporate information; and
- Ongoing confidentiality obligations.

The Company has no executive Directors.

Recommendation 1.4 – Company Secretary

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The Company Secretary's role includes:

- Advising the Board and its committees on governance matters;
- Monitoring that Board and committee policy and procedures are followed;
- Coordinating the timely completion and despatch of Board and Committee papers;
- Ensuring that the business at Board and Committee meetings is accurately captured in the minutes; and
- Helping to organise and facilitate the induction and professional development of Directors.

Each Director is able to communicate directly with the Company Secretary and vice versa.

The decision to appoint or remove a Company Secretary is a matter reserved for the Board.

Recommendation 1.5 – Diversity policy

a) The Company has a Diversity Policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the Company's progress in achieving these. The Company recognises the need to set diversity measures in each of its operating locations taking into account the differing diversity issues within each geographic location in which it operates.

b) The Company's Diversity Policy is available on its web-site.

c) The Policy includes requirements for the Board, at the appropriate stage of its development, to establish measurable objectives for achieving gender diversity and for the Board to assess annually thereafter both the objectives and progress in achieving them. The Company intends to implement its Diversity Policy in the event that the Company's employee numbers grow to a level where implementation becomes practicable.

   1) At present the Company has one female Non-Executive Director, one part-time female contracted Financial Controller and one part-time female contracted geologist.

      At this stage in the Company's development, the Board does not consider it practicable to set measurable gender diversity objectives.

   2) The Company is not a "relevant employer" under the Workplace Gender Equality Act.

Recommendation 1.6 – Evaluation of the performance of the Board

a) In accordance with its Charter, the Remuneration and Nomination Committee is responsible for the:

   - Annual evaluation and review of the performance of the Board against both measurable and qualitative indicators established by the Committee;
   - Evaluation and review of the performance of individual Directors against both measurable and qualitative indicators established by the Committee;
   - Review of and making of recommendations on the size and structure of the Board; and
   - Review of the effectiveness and programme of Board meetings.

b) An evaluation of the performance of the Board, its committees and individual Directors took place during the financial year. That evaluation was in accordance with the process disclosed. The evaluation determined that the Board was satisfied with the performance of each Director and itself as a whole.

Recommendation 1.7 – Evaluation of the performance of Senior Executives

a) The Company has a process for periodically evaluating the performance of its senior executives and this is undertaken through the Remuneration and Nomination Committee.

b) A performance review of the Company's Acting Chief Executive Officer was undertaken during the financial year.

Principle 2: Structure the board to add value

Recommendation 2.1 – Nominations Committee

a) The Company has established a Remuneration and Nomination Committee which complies with Recommendation 2.1.

   2) The Remuneration and Nomination Committee consist of three non-executive Directors two of whom are independent Director. The members of the Remuneration and Nomination Committee are Mr Jones, Mr King and Mr Zhang. Mr Zhang id not considered to be independent directors for the reasons given under the response to Recommendation 2.3 (a).

   3) The Chairman of the Committee is Mr Jones, an independent director.

   4) A copy of the Charter of the Remuneration and Nomination Committee is available on the Company's website.

   5) The members of the Remuneration and Nomination Committee are Mr Jones, Mr King and Mr Zhang.

   6) The number of meetings and attendance by each Committee member is included in the Directors' Report.

Recommendation 2.2 – Director skills

The skills and experience of each Director is set out in the Directors section of the Directors' Report.

The period of office of each Director up to 30 June 2017 is as follows:

Name	Term in office
S Gemell (resigned 10 July 2017)	7.4 years
G Jones	8.2 years
M Giles (resigned 10 July 2017)	3.3 years
D Zhang	1.4 years
Y Wu (resigned 10 July 2017)	1.4 years
E King (appointed 10 July 2017)	
T Taylor (appointed 10 July 2017)	
N Taylor (Alternate for T Taylor) (appointed 17 July 2017)	

The Directors have determined that the composition of the current Board represents the best mix of directors that have an appropriate range of qualifications and expertise and that can understand and competently deal with current and emerging business issues.

Recommendation 2.3 – Director independence

a) Using the ASX Corporate Governance Council independence factor guidelines, the Board has determined that Mr King, Mrs Taylor, Mr Jones and Mr Taylor are independent. Mr Zhang is not considered to be independent due to his association with the Company's major shareholder; Fortune Future Holdings.

b) The Company has no Directors that are not independent in terms of the ASX Corporate Governance Council's independence factors, but which it considers to be independent.

c) The length of service of each Director is shown at the response to Recommendation 2.2.

Recommendation 2.4 – A majority of the board should be independent directors.

The majority of the Directors of the Company are independent. Mr Zhang is the only non-executive Director deemed not to be independent due to his association with a substantial shareholder of the Company.

Recommendation 2.5 – The chair should be an independent director

The Company's Chairman, Mr King, is an independent director and is not the CEO of the Company.

Recommendation 2.6 – Programme for inducting directors

All new directors receive an induction into the Company and its activities by the Chairman and the Company Secretary. The Company Secretary provides details of all of the Company's Charters and Policies, and the Company's Board reporting practices. The Chairman provides background and details on the Company's projects and strategy.

There are procedures in place, and included in the Board Charter to enable Directors, in furtherance of their duties, to seek independent professional advice at the Company's expense, subject to the approval of the chairman.

Principle 3: Act ethically and responsibly

Recommendation 3.1 – Code of conduct

a) The Company has established a Code of Conduct covering:

- Practices necessary to maintain confidence in the Company's integrity;
- Practices necessary to take into account the Company's legal obligations and the expectations of stakeholders; and
- Responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

b) The Code of Conduct is available on the Company's website.

Principle 4: Safeguard integrity in financial reporting

Recommendation 4.1 – Audit committee

a) The Company has established an Audit Committee which complies with Recommendation 4.1.

   1) The Audit Committee consist of three non-executive Directors two of whom are independent Director. The members of the Audit Committee are Mrs Taylor, Mr Jones and Mr Zhang. Mr Zhang is not considered to be independent directors for the reasons given under the response to Recommendation 2.3 (a).

2) The Chairman of the Committee is Mrs Taylor who is an independent director.
3) A copy of the Charter of the Audit Committee is available on the Company's website.
4) The qualifications and experience of each Audit Committee member are shown in the Directors' Report.
5) The number of meetings and attendance by each Committee member is included in the Directors' Report.

Recommendation 4.2 – CEO and CFO declarations

When considering the Audit Committee's review of half-year and full-year financial reports the Board receives a signed statement from each of the Financial Controller and the Acting Chief Executive Officer in accordance with section 295A of the Corporations Act. This statement also confirms that the Company's financial reports are founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects in relation to financial risks and that nothing has occurred since the period-end that would materially change the position.

Recommendation 4.3 – Additional information concerning the audit committee

The Company's Auditor always attends the Company's AGM and is available to answer questions.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1 – ASX listing rule disclosure requirements

a) The Company has established a Continuous Disclosure Policy which sets out the key obligations of Directors and employees in relation to continuous disclosure as well as the Company's obligations under the Listing Rules and the Corporations Act. The Policy also provides procedures for internal notification and external disclosures, as well as procedures for promoting understanding of compliance with disclosure requirements.

b) A copy of the Company's Continuous Disclosure Policy is available on the Company's website.

Principle 6: Respect the rights of shareholders

Recommendation 6.1 – Corporate governance communication

The Company has a corporate governance landing page on its web-site. This page includes the Company's Board Charter, Audit Committee Charter and Remuneration and Nominations Committee Charter as well as the Company's corporate governance policies. The web-site also includes annual reports, details on the Company's projects, biographical details for the Board and senior management and other relevant details consistent with Recommendation 6.1.

Recommendation 6.2 – Investor relations program

The Company has adopted a Shareholder Communications Policy for promoting effective communication with shareholders and encouraging shareholder participation at annual and other general meetings. A copy of this Policy is available on the Company's web-site.

Recommendation 6.3 – Availability of shareholder communications policy

A copy of the Company's Shareholder Communications Policy is available on the Company's website.

Recommendation 6.4 – Electronic communications with shareholders

All shareholders may communicate with the Company and its share registry electronically. Shareholders may elect not to receive a hard-copy Annual Report preferring to access the electronic version published on the Company's web-site. Shareholders may submit proxy votes electronically for general meetings of the Company.

All ASX announcements including Quarterly Reports, Half-yearly Reports and investor presentations are also published on the Company's web-site.

Principle 7: Recognise and manage risk

Recommendation 7.1 – Risk management committee

a) The Company does not have a Risk Management Committee.

b) The Audit Committee oversees financial risks pursuant to the Audit Committee Charter. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators.

Operational risks are considered by the Acting CEO and the Board as a whole. For development projects the Company undertakes an in-house risk analysis, utilising the skills and experience of its Directors and staff. For large projects, external consultants may be engaged to provide assistance in this process.

A Risk Management Committee would be considered if the Company's activities were to significantly expand and additional Directors were appointed to the Board.

Recommendation 7.2 – Risk management framework review

a) The Company's financial risk management framework is included in its Audit Committee Charter which is reviewed annually by the Board.

b) A review of this Charter was undertaken during the financial year.

The Company does not have a formal operational risk management framework but undertakes an in-house risk analysis of any projects it develops, utilising the skills and experience of its Directors and staff.

Recommendation 7.3 – Internal audit function

The Company does not have an internal audit function. The Company's financial risk management framework is included in its Audit Committee Charter which is reviewed annually by the Board.

Recommendation 7.4 – Exposure to risk

At its current stage of development the Company does not have any exposure to material environmental or sustainability risks, As the Company is a mineral exploration company and not earning any revenue at this stage there is a risk that the Company may not be able to sustain its operations unless it sources additional finances.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1 – Remuneration committee

a) The Company has established a Remuneration and Nomination Committee which complies with Recommendation 8.1.

1) The Remuneration and Nomination Committee consist of three non-executive Directors two of whom are independent Directors. The members of the Remuneration and Nomination Committee are Mr Jones, Mr King and Mr Zhang. Mr Zhang is not considered to be an independent director for the reasons given under the response to Recommendation 2.3 (a).
2) The Chairman of the Committee is Mr Jones, an independent director.
3) A copy of the Charter of the Remuneration and Nomination Committee is available on the Company's website.
4) The members of the Remuneration and Nomination Committee are Mr Jones, Mr King and Mr Zhang.
5) The number of meetings and attendance by each Committee member is included in the Directors' Report.

The skills and experience of each member of the Remuneration and Nomination Committee and the number of Committee meetings attended by each member is set out in the Directors' Report.

Recommendation 8.2 – Remuneration of executive directors, executives and non-executive directors

Details of the Company's policies and practices regarding the remuneration of non-executive directors and senior executives is included in the Remuneration Report in the Directors' Report.

The aggregate remuneration of the non-executive Directors has been fixed at a maximum of $250,000 per annum to be apportioned among the non-executive Directors in such a manner as the Board determines.

Neither the non-executive Directors nor the executives of the Company receive any retirement benefits, other than superannuation.

Recommendation 8.4 – Equity based remuneration scheme

The Company has issued share options as remuneration to its Directors and CEO. The Company's Share Trading Policy prohibits the hedging of options.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2017

	Note	2017 $	2016 $
Revenue	3	22,262	20,398
ASX and ASIC fees		(16,619)	(18,090)
Audit fees	18	(25,000)	(25,000)
Contract administration services		(245,869)	(123,457)
Directors fees		(198,550)	(124,098)
Employee costs (net of costs recharged to exploration projects)		(124,388)	(188,192)
Exploration expenditure expensed	9	(3,518,414)	(79,672)
Rent		(4,800)	(4,800)
Travel and accommodation		(22,834)	(47,703)
Other expenses from ordinary activities		(89,070)	(54,994)
Loss before income tax expense		(4,223,282)	(645,608)
Income tax expense	4	-	-
Loss after income tax expense	13	(4,223,282)	(645,608)
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Other comprehensive (loss)		-	-
Total comprehensive (loss) attributable to members of Eastern Iron Limited		(4,223,282)	(645,608)
Basic loss per share (cents per share)	15	1.48	0.30
Diluted loss per share (cents per share)	15	1.48	0.30

The Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2017

	Note	2017 $	2016 $
Current assets			
Cash assets	5	1,299,336	1,514,352
Receivables	6	14,021	21,718
Total current assets		1,313,357	1,536,070
Non-current assets			
Tenement security deposits	7	10,000	10,000
Property, plant and equipment	8	5,164	7,741
Deferred exploration and evaluation expenditure	9	3,000,000	6,439,981
Total non-current assets		3,015,164	6,457,722
Total assets		4,328,521	7,993,792
Current liabilities			
Payables	10	59,028	63,853
Provisions	11	-	10,427
Total current liabilities		59,028	74,280
Non-current liabilities			
Provisions	11	-	27,037
Total non-current liabilities		-	27,037
Total liabilities		59,028	101,317
Net assets		4,269,493	7,892,475
Equity			
Contributed equity	12	14,626,862	14,026,562
Accumulated losses	13	(10,361,421)	(6,148,719)
Reserves	14	4,052	14,632
Total equity		4,269,493	7,892,475

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2017

	Note	2017 $	2016 $
Cash flows from operating activities			
Payment to suppliers and employees		(754,009)	(552,919)
R&D tax concession offset		-	281,080
Interest received		27,366	14,540
Net cash flows (used in) operating activities	24	(726,643)	(257,299)
Cash flows from investing activities			
Expenditure on mining interests (exploration)		(86,857)	(123,633)
Purchase of plant and equipment		(1,816)	(2,681)
Tenement security deposits		-	-
Net cash flows (used in) investing activities		(88,673)	(126,314)
Cash flows from financing activities			
Proceeds from issue of shares/share applications received		600,300	2,000,000
Equity raising expenses		-	(186,366)
Net cash flows from financing activities		600,300	1,813,634
Net increase/(decrease) in cash held		(215,016)	1,430,021
Add opening cash brought forward		1,514,352	84,331
Closing cash carried forward	24	1,299,336	1,514,352

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2017

		Attributable to the shareholders of Eastern Iron Limited			
	Note	Issued capital $	Accumulated losses $	Reserves $	Total equity $
At 1 July 2015		12,206,733	(5,531,971)	43,492	6,718,254
Loss for the period		-	(645,608)	-	(645,608)
Other comprehensive income		-	-	-	-
Total comprehensive income/(loss) for the period		-	(645,608)	-	(645,608)
Transactions with owners in their capacity as owners:					
Issue of share capital, net of transaction costs	12	1,819,829	-	-	1,819,829
Expired option value transferred to Accumulated Losses	14	-	28,860	(28,860)	-
At 30 June 2016		14,026,562	(6,148,719)	14,632	7,892,475
At 1 July 2016		14,026,562	(6,148,719)	14,632	7,892,475
Loss for the period		-	(4,223,282)	-	(4,223,282)
Other comprehensive income		-	-	-	-
Total comprehensive income/(loss) for the period		-	(4,223,282)	-	(4,223,282)
Transactions with owners in their capacity as owners:					
Share capital applications	12	600,300	-	-	600,300
Expired option value transferred to Accumulated Losses	14	-	10,580	(10,580)	-
At 30 June 2017		14,626,862	(10,361,421)	4,052	4,269,493

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

1. Corporate information

The financial report of Eastern Iron Limited (the Company) for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the Directors on 23 August 2017.

Eastern Iron Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange Ltd using the ASX code EFE.

The consolidated financial statements comprise the financial statements of Eastern Iron Limited and its subsidiaries (the Group or Consolidated Entity).

The nature of the operations and principal activities of the Consolidated Entity are described in the Directors' Report.

2. Summary of significant accounting policies

Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The financial report has been prepared on a historical cost basis. All amounts are presented in Australian dollars.

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards (IFRS).

Basis of consolidation

The consolidated financial statements comprise the financial statements of Eastern Iron Limited (Eastern Iron or the "Company") and its subsidiaries if applicable ("the Group") as at 30 June each year. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Subsidiaries are fully consolidated from date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Property, plant and equipment

Plant and equipment is stated at cost, less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Plant and equipment – 3 - 8 years.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. An item of plant and equipment is derecognised upon disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Interest in jointly controlled operations – joint ventures

The Company has an interest in exploration joint ventures that are jointly controlled. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled operation involves use of assets and other resources of the venturers rather than establishment of a separate entity. The Company recognises its interest in the jointly controlled operations by recognising the assets that it controls and the liabilities that it incurs.

The Company also recognises the expenses that it incurs and its share of any income that it earns from the sale of goods or services by the jointly controlled operations.

Recoverable amount of assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. Recoverable amount is the greater of fair value less costs to sell and value in use.

Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. After initial recognition, investments, which are classified as held-for-trading and available-for-sale, are measured at fair value. Gains or losses on investments held-for-trading are recognised in the income statement. Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement. Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity.

For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process. For investments that are actively traded in organised financial markets, fair value is determined by reference to Securities Exchange quoted market bid prices at the close of business on the balance sheet date.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date, being the date that the Company commits to purchase he asset.

Exploration, evaluation, development and restoration costs

Exploration and evaluation

Exploration and evaluation expenditure incurred by or on behalf of the Company is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific connection with a particular area of interest.

Exploration and evaluation costs in relation to separate areas of interest for which rights of tenure are current are brought to account in the year in which they are incurred and carried forward provided that:

- Such costs are expected to be recouped through successful development and exploitation of the area, or alternatively through its sale.
- Exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Once a development decision has been taken, all past and future exploration and evaluation expenditure in respect of the area of interest is aggregated within costs of development.

Exploration and evaluation – impairment

The Directors assess at each reporting date whether there is an indication that an asset has been impaired and for exploration and evaluation cost whether the above carry-forward criteria are met.

Accumulated costs in respect of areas of interest are written off or a provision made in the Income Statement when the above criteria do not apply or when the Directors assess that the carrying value may exceed the recoverable amount. The costs of productive areas are amortised over the life of the area of interest to which such costs relate on the production output basis, provisions would be reviewed and if appropriate, written back.

Development

Development expenditure incurred by or on behalf of the Company is accumulated separately for each area of interest in which economically recoverable reserves have been identified to the satisfaction of the Directors. Such expenditure comprises net direct costs and, in the same manner as for exploration and evaluation expenditure, an appropriate portion of related overhead expenditure having a specific connection with the development property.

All expenditure incurred prior to the commencement of commercial levels of production from each development property is carried forward to the extent to which recoupment out of revenue to be derived from the sale of production from the relevant development property, or from the sale of that property, is reasonably assured.

No amortisation is provided in respect of development properties until a decision has been made to commence mining. After this decision, the costs are amortised over the life of the area of interest to which such costs relate on a production output basis.

Restoration

Provisions for restoration costs are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Remaining mine life

In estimating the remaining life of the mine at each mine property for the purpose of amortisation and depreciation calculations, due regard is given not only to the volume of remaining economically recoverable reserves but also to limitations which could arise from the potential for changes in technology, demand, product substitution and other issues that are inherently difficult to estimate over a lengthy time frame.

Mine property held for sale

Where the carrying amount of mine property and related assets will be recovered principally through a sale transaction rather than through continuing use, the assets are reclassified as Mine Property Held for Sale and carried at the lower of the assets' carrying amount and fair value less costs to sell – where such fair value can be reasonably determined, and otherwise at its carrying amount. Liabilities and provisions related to mine property held for sale are similarly reclassified as Liabilities – Mine Property Held for Sale and, Provisions – Mine Property Held for sale, as applicable, and carried at the value at which the liability or provisions expected to be settled.

Trade and other receivables

Trade receivables, which generally have 7-30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Cash and cash equivalents

Cash and short term deposits in the balance sheet comprise cash at bank and in hand and short term deposits with an original maturity of one year or less. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdrafts, if any.

Trade and other payables and provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Employee entitlements

Liabilities for wages and salaries are recognised and are measured as an amount unpaid at the reporting date at current pay rates in respect of an employee's services up to that date. Current employees are entitled to annual leave and long service leave. A liability in respect of superannuation at the current superannuation guarantee rate has been accrued at the reporting date.

Share-based payments

In addition to salaries, the Company provides benefits to certain employees (including Directors and Key Management personnel) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). There is currently an Employee Share Option Plan in place to provide these benefits.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value of the options is determined by using the Black-Scholes option pricing model. In valuing transactions settled by way of issue of options, no account is taken of any vesting limits or hurdles, or the fact that the options are not transferable. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the vesting conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- The extent to which the vesting period has expired.
- The Company's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, at a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification. If an equity-settled award is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised is recognised immediately. However, if a new award is substituted for the cancelled award and designated a replacement award on the date it is granted, the cancelled and the new award are treated as if there was a modification of the original award, as described in the previous paragraph. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share except where such dilution would serve to reduce a loss per share.

Leases

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Dividends

Revenue is recognised when the shareholder's right to receive the payment is established.

Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- Except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax assets and unused tax losses can be utilised:

- Except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Currency

Both the functional and presentation currency is Australian dollars (A$).

Investment in controlled entities

The Company's investment in its controlled entities is accounted for under the equity method of accounting in the Company's financial statements.

Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs.

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at a revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Significant accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share-based payment transactions

The Company measures the cost of cash-settled share-based payments at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted, as detailed in Notes 14 and 16.

Capitalisation and write-off of capitalised exploration costs

The determination of when to capitalise and write-off exploration expenditure requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions.

Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the Company, adjusted to exclude any costs of servicing equity divided by the weighted average number of ordinary shares.

Diluted earnings per share is calculated as net profit attributable to members of the Company, adjusted for:

- Costs of servicing equity.
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses.
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares.
- Divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Going concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Directors believe that the Company will have sufficient working capital to meet its minimum project development and administrative expenses in the next twelve months following the date of signing of the financial report.

The Directors have been investigating options to raise additional funds to allow the Company to pursue its project opportunities and reduce its working capital.

Accounting standards issued but not yet effective

Australian Accounting Standards and interpretations that have been issued or amended but are not yet effective have not been adopted by the Consolidated Entity for the year ended 30 June 2017. The

Consolidated Entity plans to adopt these standards at their application dates as detailed below.

AASB 9 Financial Instruments (Application date 1 January 2018)

AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes from AASB 139 are described below.

(a) Financial assets are classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in AASB 139, each of which had its own classification criteria.

(b) AASB 9 allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

AASB 16 Leases

AASB 16 Leases was released in February 2016 and is mandatory for periods beginning on or after 1 January 2019. The new standard introduces a single lessee accounting model that will require a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at their cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

- Right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for in accordance with a cost model unless the underlying asset is accounted for on a revaluation basis; and
- Lease liabilities are accounted for on a similar basis as other financial liabilities, whereby interest expense is recognised in respect of the liability and the carrying amount of the liability is reduced to reflect lease payments made.

Although the directors anticipate that the adoption of AASB 16 may have an impact on the Groups accounting for operating leases, it is impracticable at this stage to provide a reasonable estimate of such impact.

It is anticipated that the application of these standards will not have a material effect on the Group's results or financial reports in future periods.

3. Revenue from ordinary activities

	2017 $	2016 $
Interest received – other persons/corporation	22,262	20,398
	22,262	20,398

4. Income tax

	2017 $	2016 $
Prima facie income tax (credit) on operating (loss) at 30%/ (2016: 30%)	1,266,985	193,682
Future income tax benefit in respect of timing differences – not recognised	(1,266,985)	(193,682)
Income tax expense	-	-

No provision for income tax is considered necessary in respect of the Company as at 30 June 2017.

The Company has a deferred income tax liability of Nil (2016: Nil) associated with exploration costs deferred for accounting purposes but expensed for tax purposes. This liability has been brought to account and offset by deferred tax assets attributed to available tax losses. No recognition has been given to any deferred income tax asset which may arise from available tax losses, except to the extent offset against deferred tax liabilities. The Company has estimated its losses at $8,874,427 (2016: $8,018,336) as at 30 June 2017.

A benefit of 30% (2016: 30%) of approximately $2,662,328 (2016: $2,405,501) associated with the tax losses carried forward will only be obtained if:

The Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised.

The Company continues to comply with the conditions for deductibility imposed by the law.

No changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.

5. Cash and cash equivalents

	2017 $	2016 $
Cash at bank	130,853	86,665
New issue account – share applications	600,300	-
Money market securities – bank deposits	568,183	1,427,687
	1,299,336	1,514,352

Bank negotiable certificates of deposit, which are normally invested between 30 and 365 days were used during the period and are used as part of the cash management function.

6. Receivables – current

	2017 $	2016 $
Other debtors	2	2
GST receivables	3,180	2,704
Interest receivable	754	5,858
Prepayments	10,085	13,154
	14,021	21,718

7. Tenement security deposits

	2017 $	2016 $
Cash at bank – bank deposits	10,000	10,000
	10,000	10,000

These deposits are restricted so that they are available for any rehabilitation that may be required on exploration tenements (Note: 20).

8. Property, plant and equipment

	Plant and equipment	Total
Year ended 30 June 2016		
Opening net book amount	7,122	7,122
Additions	2,681	2,681
Depreciation expense	(2,062)	(2,062)
Disposals	-	-
Closing net book amount	7,741	7,741
At 30 June 2016		
Cost	48,408*	48,408
Disposals	-	-
Accumulated depreciation	(40,667)	(40,667)
Net book amount	7,741	7,741
Year ended 30 June 2017		
Opening net book amount	7,741	7,741
Additions	1,021	1,021
Depreciation expense	(2,411)	(2,411)
Disposals	(1,187)	(1,187)
Closing net book amount	5,164	5,164
At 30 June 2017		
Cost	47,542	47,542
Disposals	-	-
Accumulated depreciation	(42,378)	(42,378)
Net book amount	5,164	5,164

*Note: An amount of $5,830 was written off for obsolete plant and equipment with a written down value of Nil at 30 June 2016.

9. Deferred exploration and evaluation expenditure

	2017 $	2016 $
Costs brought forward	6,439,981	6,389,930
Costs incurred during the period	78,433	129,723
Expenditure written off during period	(3,518,414)	(79,672)
Costs carried forward	3,000,000	6,439,981
Exploration expenditure costs carried forward are made up of:		
▸ Expenditure on joint venture areas	-	-
▸ Expenditure on non joint venture areas	3,000,000	6,439,981
Costs carried forward	3,000,000	6,439,981

The above amounts represent costs of areas of interest carried forward as an asset in accordance with the accounting policy set out in Note 2. The ultimate recoupment of deferred exploration and evaluation expenditure in respect of an area of interest carried forward is dependent upon the discovery of commercially viable reserves and the successful development and exploitation of the respective areas or alternatively sale of the underlying areas of interest for at least their carrying value. Amortisation, in respect of the relevant area of interest, is not charged until a mining operation has commenced.

10. Payables – current liabilities

	2017 $	2016 $
Trade creditors	41,312	38,855
Accrued expenses	16,000	14,000
PAYG and superannuation payable	1,716	10,998
	59,028	63,853

11. Provisions – liabilities

	2017 $	2016 $
Current		
Annual leave	-	10,427
Non-current		
Long Service Leave	-	27,037

12. Contributed equity

	2017 $	2016 $
Share capital		
285,857,734 fully paid ordinary shares (2016: 285,857,734)	14,597,896	14,597,896
Fully paid ordinary shares carry one vote per share and carry the right to dividends.		
Share issue costs	(571,334)	(571,334)
Share capital applications	600,300	-
	14,626,862	14,026,562

		Number	$
Movements in ordinary shares on issue			
At 1 July 2015		152,008,130	12,591,701
Shares issued	(i)	516,271	6,195
Shares issued	(ii)	133,333,333	2,000,000
At 30 June 2016		285,857,734	14,597,896
Shares issued		-	-
At 30 June 2017		285,857,734	14,597,896

(i) The Company issued 516,271 shares at $0.012 to a creditor as settlement for services provided.

(ii) The Company issued 133,333,333 shares at $0.015 in a placement.

Terms and conditions of contributed equity

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Options

Options do not carrying voting rights or rights to dividend until options are exercised.

13. Accumulated losses

	2017 $	2016 $
Balance at the beginning of period	6,148,719	5,531,971
Operating loss after income tax expense	4,223,282	645,608
Expired option value transferred to Accumulated Losses	(10,580)	(28,860)
Balance at the end of period	10,361,421	6,148,719

14. Reserves/share-based payments

Reserves

	2017 $	2016 $
Balance at 1 July	14,632	43,492
Share-based payment expense during the financial year	-	-
Expired option value transferred to Accumulated Losses	(10,580)	(28,860)
Balance at 30 June	4,052	14,632

The share-based payment plans are described below. There have been no cancellations or modifications to any of the plans during 2017 and 2016.

Types of share-based payment plans

Share-based payments

An Employee Share Option Plan (ESOP) has been established where selected officers and employees of the Company can be issued with options over ordinary shares in Eastern Iron Limited. The options, issued for nil consideration, will be issued in accordance with a performance review by the Directors. The options cannot be transferred and will not be quoted on the ASX. There are no options granted under the Plan as at the date of this report.

Summary of options granted by the parent entity

	2017 no.	2016 no.
Outstanding at the beginning of the year	1,450,000	5,150,000
Granted during the year	-	-
Forfeited during the year	-	-
Exercised during the year	-	-
Expired during the year	(1,000,000)	(3,700,000)
Outstanding at the end of the year	450,000	1,450,000

The outstanding balance as at 30 June 2017 is represented by:

- 450,000 options exercisable at $0.045, expiry 19 November 2017

Option pricing model and terms of options

The following table lists the inputs to the options model and the terms of options granted:

Grant date	Number of options issued	Exercise price	Expiry date	Expected volatility	Risk-free rate	Expected life years	Estimated fair value	Model used	
Nov 14	450,000	$0.045	19 Nov 17	60.00%	2.52%	3	$0.0090	Binomial	(a)

(a) 450,000 options were issued to a Director and approved by shareholders at the AGM held in November 2014. The options vested on grant date.

Weighted average disclosures on options

	2017	2016
Weighted average exercise price of options at 1 July	$0.06	$0.09
Weighted average exercise price of options granted during period	-	-
Weighted average exercise price of options outstanding at 30 June	$0.05	$0.06
Weighted average exercise price of options exercisable at 30 June	$0.05	$0.06
Weighted average contractual life	0.39 years	0.71 years
Range of exercise price	$0.05 - $0.05	$0.05 - $0.06

15. Earnings per share

	2017	2016
Net profit/(loss) used in calculating basic and diluted gain/(loss) per share	(4,223,282)	(645,608)
	Number	**Number**
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	285,857,734	213,875,876
	Cents per share	**Cents per share**
Basic earnings (loss) per share	(1.48)	(0.30)
Diluted earnings (loss) per share	(1.48)	(0.30)

16. Key management personnel

Key management personnel compensation

The aggregate compensation made to key management personnel of the Company is set out below:

	2017 $	2016 $
Short term employee benefits	517,912	360,299
Post-employment benefits	18,230	27,666
	536,142	387,965

Shareholdings of key management personnel

Fully paid ordinary shares held in Eastern Iron Limited

	Balance at 1 July no.	Granted as compensation no.	Additions no.	Net other change no.	Balance at 30 June no.
2017					
S Gemell	544,769	-	-	-	544,769
G Jones	1,522,101	-	-	-	1,522,101
M Giles	20,401,378	-	-	-	20,401,378
G De Ross (a)	75,000	-	-	-	75,000
M Fang (b)	70,000	-	-	-	70,000
	22,613,248	-	-	-	22,613,248
2016					
S Gemell	544,769	-	-	-	544,769
G Jones	1,522,101	-	-	-	1,522,101
M Giles	20,401,378	-	-	-	20,401,378
G De Ross	75,000	-	-	-	75,000
	22,543,248	-	-	-	22,543,248

a) Resigned 7 December 2016

b) Appointed 7 December 2016

Option holdings of key management personnel

Share options held in Eastern Iron Limited

	Balance at 1 July no.	Granted as compen-sation no.	Exer-cised no.	Expired options no.	Balance at 30 June no.	Balance vested at 30 June no.	Vested but not exer-cisable no.	Vested and exer-cisable no.	Options vested during year no.
2017									
M Giles	450,000	-	-	-	450,000	450,000	-	450,000	-
G De Ross (a)	1,000,000	-	-	(1,000,000)	-	-	-	-	-
	1,450,000	-	-	(1,000,000)	450,000	450,000	-	450,000	-
2016									
S Gemell	450,000	-	-	(450,000)	-	-	-	-	-
G Jones	450,000	-	-	(450,000)	-	-	-	-	-
M Giles	450,000	-	-	-	450,000	450,000	-	450,000	-
G De Ross	2,000,000	-	-	(1,000,000)	1,000,000	1,000,000	-	1,000,000	-
	3,350,000	-	-	(1,900,000)	1,450,000	1,450,000	-	1,450,000	-

a) Resigned 7 December 2016

17. Related party disclosures

Subsidiaries

The consolidated financial statements include the financial statements of Eastern Iron Limited (the Parent Entity) and the following subsidiaries:

		% Equity interest	
Name	**Country of incorporation**	**2017**	**2016**
Queensland Iron Pty Ltd	Australia	100	100
Gippsland Iron Pty Ltd	Australia	100	100
Eastern Resources PNG Limited	Papua New Guinea	100	100

18. Auditors' remuneration

	2017 $	2016 $
Total amounts receivable by the current auditors of the Company for:		
Audit of the Company's accounts	25,000	25,000
Other services	-	-
	25,000	25,000

19. Financial report by segment

The operating segments identified by management are as follows:

Exploration projects funded directly by Eastern Iron Limited ("Exploration")

Regarding the Exploration segment, the Chief Operating Decision Maker (the Board of directors) receives information on the exploration expenditure incurred. This information is disclosed in Note 9 of this financial report. No segment revenues are disclosed as each exploration tenement is not at a stage where revenues have been earned. Furthermore, no segment costs are disclosed as all segment expenditure is capitalised, with the exception of expenditure written off which is disclosed in Note 9.

Financial information about each of these tenements is reported to the Managing Director on an ongoing basis.

Corporate office activities are not allocated to operating segments as they are not considered part of the core operations of any segment and comprise of the following:

- Interest revenue.
- Corporate costs.
- Depreciation and amortisation of non-project specific property, plant and equipment.

The Group's accounting policy for reporting segments is consistent with that disclosed in Note 2.

20. Contingent liabilities

The Company has provided guarantees totalling $10,000 in respect of an exploration tenement in Victoria. This guarantee in respect of an exploration tenement is secured against deposits with Victorian Department of Economic Development, Jobs, Transport and Resources with a banking institution. The Company does not expect to incur any material liability in respect of the guarantees. This licence has now been relinquished and it is expected that this guarantee will be refunded in the 2017/2018 year.

21. Financial instruments

The Board as a whole is responsible for reviewing the Company's policies on risk oversight and management and satisfying itself that Senior Management have developed and implemented a sound system of risk management and internal control. The Company's risk management policy has been designed to identify, assess, monitor and manage material business risks to ensure effective management of risk. These policies are reviewed regularly to reflect material changes in market conditions and the Company's risk profile.

The main risks identified in the Company's financial instruments are capital risk, credit risk, liquidity risk, interest rate risk and commodity price risk. Summarised below is information about the Company's exposure to each of these risks, their objectives, policies and processes for measuring and managing risk, the management of capital and financial instruments.

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the Company. In order to achieve this objective, the Company seeks to maintain a sufficient funding base to enable the Company to meet its working capital and strategic investment needs.

The Board ensures costs are not incurred in excess of available funds and will seek to raise additional funding through the issue of shares for the continuation of the Company's operations when required.

The Company considers its capital to comprise of its ordinary share capital, option reserve and accumulated losses. There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

Financial risk management objectives

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Company's risk management policies and objectives are designed to minimise the potential impacts of these risks on the results of the Company where such impacts may be material. The Board receives regular reports from the Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. These risks include credit risk, liquidity risk, interest rate risk and commodity price risk. The Company does not use derivative financial instruments to hedge these risk exposures.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these risks are set out below.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company mitigates credit risk on cash and cash equivalents by dealing with banks that have high credit ratings assigned by Standard and Poors. There are two counterparties for Cash and Cash equivalents which are Commonwealth Bank and Bank of Western Australia Limited. Credit risk of receivables is low as it consists predominantly of GST recoverable from the Australian Taxation Office and interest receivable from deposits held with regulated banks.

The maximum exposure to credit risk at balance date is as follows:

	2017 $	2016 $
Cash and cash equivalents	1,299,336	1,514,352
Receivables	14,021	21,718
Deposits with Government Departments and banks	10,000	10,000
	1,323,357	1,546,070

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

Ultimate responsibility for liquidity risk rests with the Board of Directors, who have built an appropriate risk management framework for the management of the Company's short, medium and long-term funding and liquidity requirements. The Company manages liquidity by maintaining adequate cash reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Company's contractual maturities of financial liabilities:

Financial liabilities	Carrying amount $	<12 months $	1-3 years $	>3 years $
2017				
Payables	59,028	59,028	-	-
	59,028	59,028	-	-
2016				
Payables	63,853	63,853	-	-
	63,853	63,853	-	-

The following table details the Company's expected maturity for financial assets:

Financial assets	Carrying amount $	<12 months $	1-3 years $	>3 years $
2017				
Cash at bank and term deposits	1,299,336	1,299,336	-	-
Receivables	14,021	14,021	-	-
Deposits with banks and Government Departments	10,000	-	-	10,000
	1,323,357	1,313,357	-	10,000
2016				
Cash at bank and term deposits	1,514,352	1,514,352	-	-
Receivables	21,718	21,718	-	-
Deposits with banks and Government Departments	10,000	-	-	10,000
	1,546,070	1,536,070	-	10,000

Interest rate risk

The Company's exposure to the risks of changes in market interest rates relates primarily to the Company's cash holdings and short term deposits. These financial assets with variable rates expose the Company to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Company does not engage in any hedging or derivative transactions to manage interest rate risk.

At balance date, the Company was exposed to floating weighted average interest rates as follows:

	2017 $	2016 $
Weighted average rate of cash balances	0.09%	0.05%
Cash balances	$731,057	$86,665
Weighted average rate of term deposits	1.99%	2.69%
Term deposits	$568,279	$1,427,687

The Company invests surplus cash in interest-bearing term deposits with financial institutions and in doing so it exposes itself to the fluctuations in interest rates that are inherent in such a market. Term deposits are normally invested between 30 to 365 days and other cash at bank balances are at call.

The Company's exposure to interest rate risk is set out in the table below:

		+1.0% of AUD IR		-1.0% of AUD IR	
Sensitivity analysis	Carrying amount	Profit $	Other equity $	Profit $	Other equity $
2017					
Cash and cash equivalents	1,299,336	12,993	-	(12,993)	-
Tax charge of 30%	-	(3,898)	-	3,898	-
After tax profit increase/(decrease)	1,299,336	9,095	-	(9,095)	-
2016					
Cash and cash equivalents	1,514,352	15,144	-	(15,144)	-
Tax charge of 30%	-	(4,544)	-	4,544	-
After tax profit increase/(decrease)	1,514,352	10,600	-	(10,600)	-

The above analysis assumes all other variables remain constant.

Commodity price risk

The Company is exposed to commodity price risk. This risk arises from its activities directed at exploration and development of mineral commodities. If commodity prices fall, the market for companies exploring for these commodities is affected. The Company does not hedge its exposures.

Net fair value of financial assets and liabilities

The carrying amount of financial assets and liabilities of the Company approximate their net fair values, given the short time frames to maturity and or variable interest rates.

22. Commitments

Licence expenditure requirements

In order to maintain the Company's tenements in good standing with the various mines departments, the Company will be required to incur expenditure under the terms of each licence. As at 30 June 2017 the Company holds two exploration licence applications and one retention licence application in Victoria. There is no expenditure requirement for title applications.

	2017 $	2016 $
Payable not later than one year	0	0
Payable later than one year but not later than two years	0	100,000
	0	100,000

It is likely that the granting of new licences and changes in licence areas at renewal or expiry will change the expenditure commitment to the Company from time to time. These commitments can be negotiated.

23. Events after the balance sheet date

There were, at the date of this report, no matters or circumstances which have arisen since 30 June 2017 that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years, other than:

- In July 2017 the Company issued 71,464,356 shares @ $0.0084 per share in a placement raising $600,300.

24. Statement of cash flows

		2017 $	2016 $
Reconciliation of net cash outflow from operating activities to operating loss after income tax			
(a)	Operating (loss) after income tax	(4,223,282)	(645,608)
	Depreciation	2,411	2,062
	Exploration costs expensed	3,518,414	79,672
	Provisions for annual and long service leave	(37,463)	5,882
	Exploration adjustments and differences in closing creditors/accruals	9,218	107
	Disposal of asset	1,187	-
	Other	-	2,500
	Change in assets and liabilities:		
	(Increase)/decrease in receivables	7,696	270,688
	(Decrease)/increase in trade and other creditors (excluding exploration costs in creditors)	(4,824)	27,398
	Net cash outflow from operating activities	(726,643)	(257,299)
(b)	For the purpose of the Statement of Cash Flows, cash includes cash on hand, at bank, deposits and bank bills used as part of the cash management function. The Company does not have any unused credit facilities.		
	The balance at 30 June comprised:		
	Cash assets	130,757	86,665
	New issue account – share applications	600,300	-
	Bank deposits (Note: 5)	568,279	1,427,687
	Cash on hand	1,299,336	1,514,352

25. Parent entity information

	2017 $	2016 $
Current assets	1,313,260	1,535,997
Total assets	10,275,836	10,448,677
Current liabilities	59,028	101,316
Total liabilities	59,028	101,316
Issued capital	14,626,862	14,026,562
Accumulated losses	(4,414,106)	(3,693,833)
Share based payment reserve	4,052	14,632
Total shareholders' equity	10,216,808	10,347,361
Profit/(loss) of the parent entity	(749,219)	(622,558)
Total comprehensive income/(loss) of the parent entity	(749,219)	(622,558)

Directors' Declaration

In accordance with a resolution of the Directors of Eastern Iron Limited, I state that:

In the opinion of the Directors:

(a) The financial statements and notes of the Group are in accordance with the Corporations Act 2001, including:

  (i) Giving a true and fair view of the Group financial position as at 30 June 2017 and of its performance for the year ended on that date.

  (ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2; and

(c) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

(d) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2017.

On behalf of the Board

Ariel Edward King

Chairman

Sydney, 23 August 2017

bdjpartners
CHARTERED ACCOUNTANTS

partners
A J Dowell CA
M Galouzis CA
A N Fraser CA
G W Cliffe CA
B Kolevski CPA (Affiliate ICAA)

associate
M A Nakkan CA

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Independent Auditor's Report

To the members of Eastern Iron Limited

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Eastern Iron Limited (the company and its subsidiaries) (the Group), which comprises the consolidated statements of financial position as at 30 June 2017, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the group's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Capitalised Deferred Exploration and Evaluation Expenditure $3,000,000 Refer to Note 9	
The consolidated entity has applied for a Retention Licence over various rights to exploration licenses in Victoria. Expenditure relating to these areas is capitalised and carried forward to the extent they are expected to be recovered through the successful development of the respective area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. This area is a key audit matter due to: • The significance of the balance; • The inherent uncertainty of the recoverability of the amount involved; and • The substantial amount of audit work performed.	Our audit procedures included amongst others: • Assessing whether any facts or circumstances exist that may indicate impairment of the capitalised assets; • Performing detailed testing of source documents to ensure capitalised expenditure was allocated to the correct area of interest; • Performing detailed testing of source documents to ensure expenditure was capitalised in accordance with Australian Accounting Standards; and • Obtaining external confirmations ensuring applications have been lodged for the various retention licences.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor’s Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Eastern Iron Limited for the year ended 30 June 2017 complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDJ Partners
Chartered Accountants

....
Anthony J Dowell
Partner

23 August 2017

Shareholder Information

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 31 July 2017.

Ordinary shares

There are 357,322,090 fully paid ordinary shares on issue.

Substantial shareholders	Shareholding
Fortune Future Holdings Ltd	133,333,333
Harland Capital Fund LLC	20,401,378

Top 20 shareholders of ordinary shares	Number	%
Fortune Future Holdings Ltd	133,333,333	37.31
Harland Capital Fund LLC	20,401,378	5.71
MGL Corp Pty Ltd	15,000,000	4.20
Bluestone 23 Pty Limited	12,500,000	3.50
Syracuse Capital Pty Ltd <The Tenacity a/c>	12,000,000	3.36
Mrs Therese-Marie Taylor	11,904,767	3.33
Aust Executor Trustees Ltd <Acacia Investment Fund>	11,904,707	3.33
Mr Yizhou Gu	11,500,000	3.22
Planning & Property Partners Pty Ltd	11,413,003	3.19
Mr Bin Liu	10,000,000	2.80
North Gate Capital Pty Ltd	8,489,773	2.38
Mrs Xiujun Qi	8,369,170	2.34
Merrill Lynch (Australia) <Nominees Pty Limited>	5,952,381	1.67
Mr Chris Carr & Mrs Betsy Carr	5,000,000	1.40
Intrepid Concepts Pty Ltd	4,940,000	1.38
Reco Holdings Pty Ltd	3,357,142	0.94
Mr Robert John Benussi & Miss Daniela Maria Benussi	3,330,000	0.93
J & J Bandy Nominees Pty Ltd	3,273,810	0.92
High Street Consulting Pty	2,976,190	0.83
Mr Bin Liu	2,971,432	0.83
Total of top 20 holdings	**298,617,086**	**83.57**
Other holdings	58,705,004	16.43
Total fully paid shares issued	**357,322,090**	**100.00**

Shareholder Information

Shares

Distribution of shareholders		
Range	**No of shareholders**	**Shares**
1 – 1,000	27	11,438
1,001 – 5,000	56	184,337
5,001 – 10,000	81	726,810
10,001 – 100,000	269	9,738,120
100,001 – and over	108	346,661,385
	541	**357,322,090**

Options

Distribution of optionholders		
Range	**No of optionholders**	**Options**
1 – 1,000	-	-
1,001 – 5,000	-	-
5,001 – 10,000	-	-
10,001 – 100,000	-	-
100,001 – and over	1	450,000
	1	**450,000**

450,000 Options are held by Mr Michael Giles, who resigned as a Director of the Company on 10 July 2017

Voting rights

There are no restrictions on voting rights. On a show of hands every member present or by proxy shall have one vote and upon a poll each share shall have one vote. Where a member holds shares which are not fully paid, the number of votes to which that member is entitled on a poll in respect of those part paid shares shall be that fraction of one vote which the amount paid up bears to the total issued price thereof.

Optionholders have no voting rights until the options are exercised.

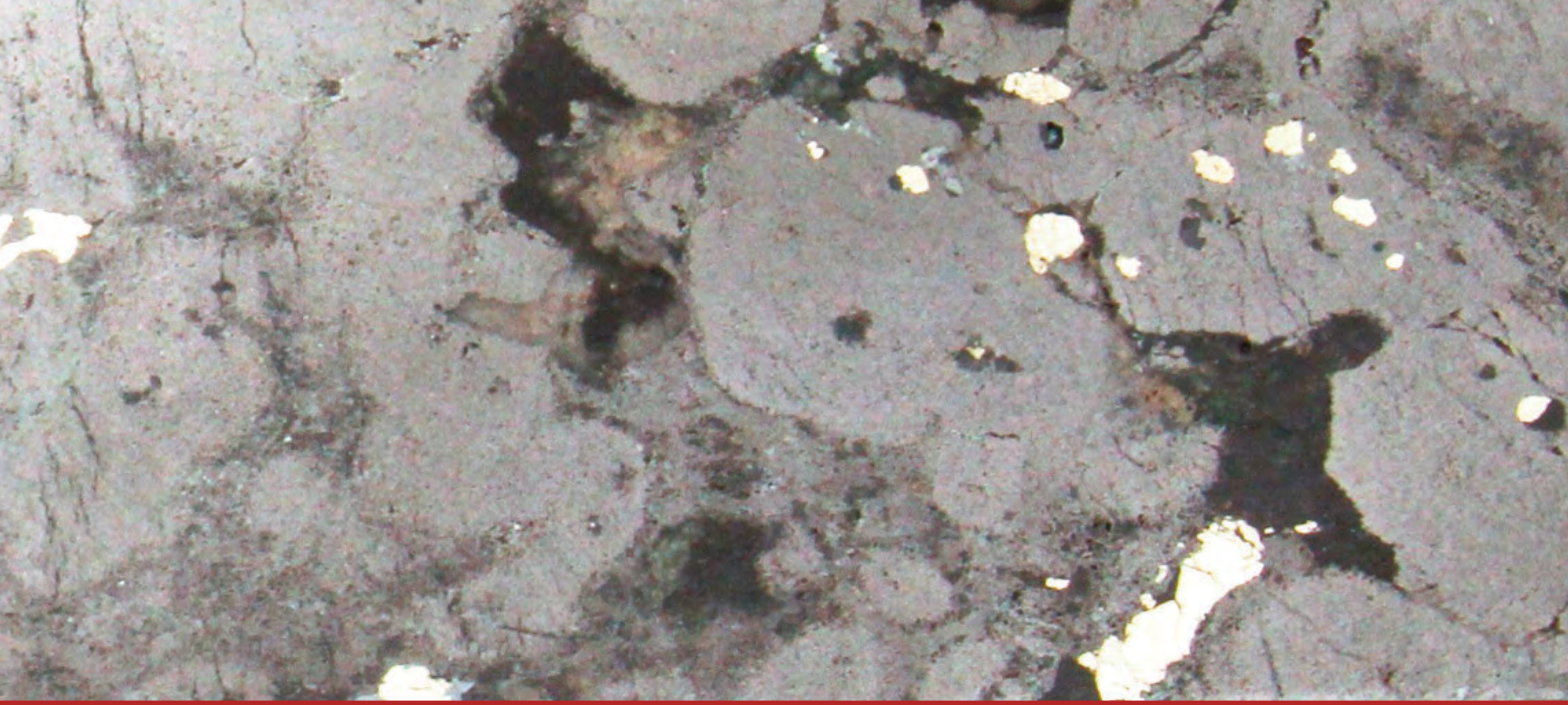
Other

There are 359 shareholders with less than a marketable parcel of shares.

There is no current on-market buy-back.

Corporate Directory

Board of Directors	Ariel Edward King Non-Executive Chairman Gregory Jones Non-Executive Director Dahui Zhang Non-Executive Director Therese-Marie Taylor Non-Executive Director Nathan Taylor (alternate to Therese-Marie Taylor)
Acting Chief Executive Officer	Myles Fang
Company Secretary	Ian White
Registered Office and Place of Business	Level 1, 80 Chandos Street St Leonards, NSW 2065 PO Box 956, Crows Nest NSW 1585 Phone: (+61 2) 9906 7551 Email: info@easterniron.com.au Website: www.easterniron.com.au
Share Registry	Boardroom Pty Limited GPO Box 3993 Sydney, NSW 2001 Phone: (+61 2) 9290 9600 Website: www. boardroomlimited.com.au
Auditors	BDJ Partners Level 13, 122 Arthur Street North Sydney, NSW 2060
Bankers	Bank West Commonwealth Bank Macquarie Bank
Securities Exchange Listing	Australian Securities Exchange ASX Code: EFE
ACN	126 678 037



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