EASTERN IRON LIMITED

ASX Announcement – 15 August 2018

SAMPLING CONFIRMS HISTORIC HIGH-GRADE MINERALISATION AT POLISH COBALT PROJECT

Highlights

- Rock chip sampling of historic waste dump returns cobalt grades of up to 1.88% Co.
- Results confirm cobalt mineralisation along the formation of previously mined deposits in the 1700s and 1800s (see figure 1).
- An expanded Work Program has been submitted following comments of government appointed independent review committee.
- The expanded Work Program includes proposals for additional geochemical sampling, geophysical surveys, mapping and drilling over 3 years allowing for continuity of future work.
- Eastern Iron Limited has extended the binding option agreement to acquire the Przecznica high grade Polish cobalt project.

Eastern Iron Limited (**ASX: EFE**) (**EFE** or **Company**) has negotiated to acquire 100% of the issued capital of Ion Mining Pty Ltd (**Ion Mining**) which is developing the Przecznica Cobalt Project in Poland (the **Project**, Figure 2). The Company has entered into a Deed of Variation to the Heads of Agreement dated 22 December 2017. A summary of the material amendments agreed in the Deed of Variation are set out on page 3 of this announcement.

Further Sampling and Results

During the quarter 11 additional rock chip samples were collected from the historical Maria-Anna mine waste dump in the eastern part of the licence area. These samples support the high-grade potential of the project and range up to 1.88% Co. How these results relate to sub-surface ore width and strike length can only be established by systematic drilling.

East	North	RL	Location	Sample	Co %	Cu %	Fe %
530720	5641719	476	Maria-Anna	PAM-D-90-91	**1.88**	0.12	25.0
530722	5641711	478	Maria-Anna	PAM-D-107	**1.36**	0.03	22.4
530733	5641719	477	Maria-Anna	PAM-D-59	**1.17**	0.07	26.3
530715	5641710	478	Maria-Anna	PAM-D-75-76	**0.85**	0.07	19.1
530726	5641717	476	Maria-Anna	PAM-D-79-80	**0.57**	0.09	23.7
530709	5641727	478	Maria-Anna	PAM-D-11	**0.51**	0.06	29.2
530711	5641716	477	Maria-Anna	PAM-D-88	**0.43**	0.03	22.2
530727	5641717	476	Maria-Anna	PAM-D-87	**0.42**	0.04	35
530728	5641710	477	Maria-Anna	PAM-D-92	**0.31**	0.02	18.2
530726	5641710	477	Maria-Anna	PAM-D-51	**0.19**	0.05	36.7
530729	5641718	478	Maria-Anna	PAM-D-61	**0.19**	0.14	26.8

Table 1: *Location and references to sample points and their analytical results.*

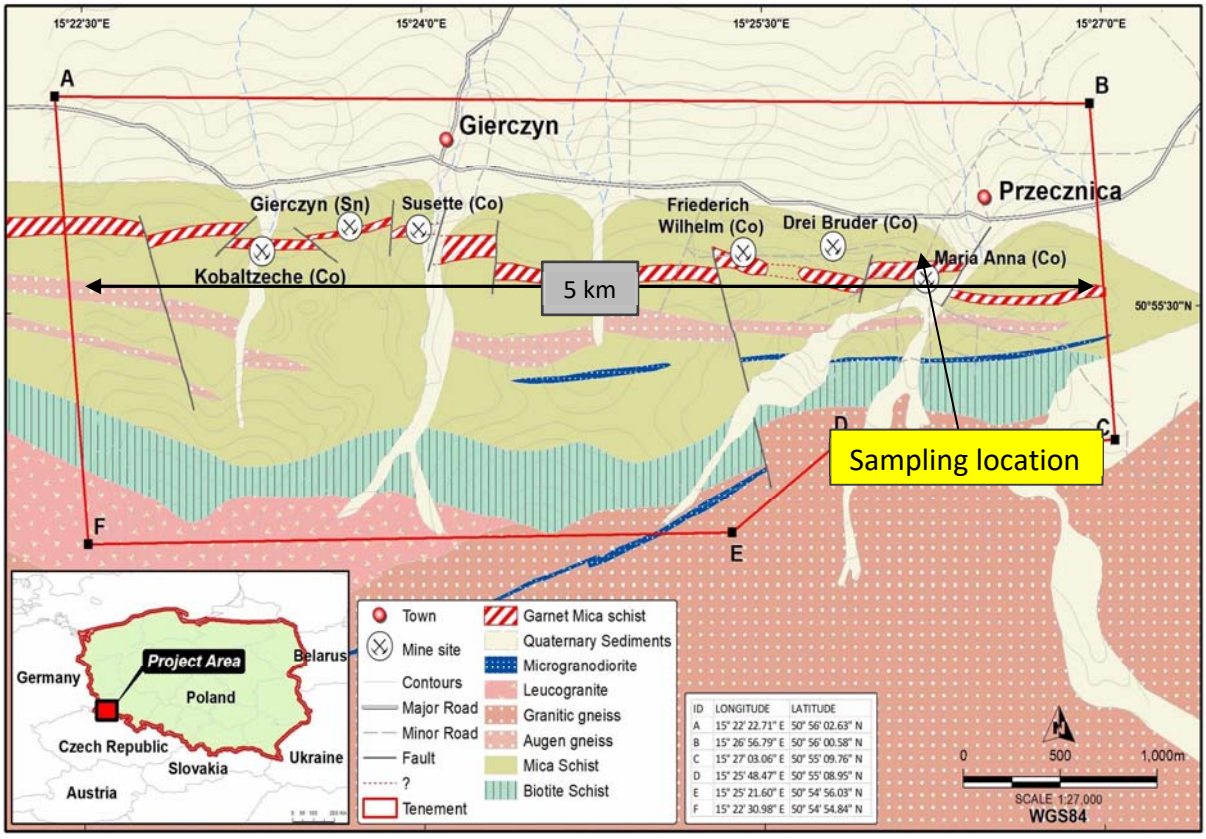

***Figure 1**: Geological map and sample locations around the Maria Anna cobalt mine.*

Project Regulatory Update

As previously announced, Ion Mining's 100% owned subsidiary, Geograph Polska sp. z o.o. is the applicant for the Przecznica concession (pending) and if successful, it will be entitled to 100% interest in the concession. The progress of Ion Mining's application has taken considerably longer than originally anticipated. This has been partly due to the fact that Ion Mining is the first company in Poland to apply for an exploration concession for cobalt.

In April, the Polish Ministry of Environment (**MoE**) referred the Przecznica application and proposed Work Program to a panel of independent geological advisors *Komisja Zasobów Kopalin* (*Natural Reserves Commission*) (**KZK**) for comment. The KZK reviewed the Work Program and provided a number of technical comments and suggestions. In July 2018, Ion Mining submitted an expanded Work Program to address the comments and suggestions of the KZK. The expanded Work Program includes additional sampling, geophysics, mapping and drilling extending over a 3 year term. The Company is now awaiting formal confirmation from the KZK that it is satisfied with the expanded Work Program.

Extension of Option

The Company has negotiated an extension of the binding Option Agreement to acquire 100% of the issued capital of Ion Mining. The Company has entered into a Deed of Variation to the Heads of Agreement dated 22 December 2017. Under the terms of the Deed of Variation, the Company's exclusive option to acquire Ion Mining has been extended to the earlier of 28 December 2018 and that date which is 30 days from the date Ion Mining provides written confirmation and relevant verification documents to EFE (if requested) that the Polish Ministry of Environment has granted the Przecznica concession to Ion Mining (**Tenement Grant Date**). The satisfaction date for the conditions precedent has also been extended to 28 December 2018, and EFE's right to conduct due diligence in relation to Ion and its business, assets, and operations has been extended to the Tenement Grant Date.

***Figure 2**: Project location*

***Figure 3**: Recent grab sample of garnet mica schist from waste dump showing high grade cobalt mineralisation.*

***Figure 4**: Sampling of the waste dumps.*

***Figure 5**: Project area east of Przecznica.*

COMPETENT PERSONS STATEMENT

The information in this release that relates to Exploration Results is based on information prepared by Dr Simon Dorling. Dr Dorling is a member of the Australasian Institute of Geoscientists. Dr Dorling 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 JORC Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Dorling consents to the inclusion in the release of the matters based on this information in the form and context in which it appears. Dr Dorling is an independent consultant of Ion Mining.

INVESTOR INFORMATION

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

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JORC CODE, 2012 EDITION – TABLE 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Grab samples consisted of a series of samples taken at a specific historical waste rock pile for a total sample of ~3-4kg.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• NA, no drilling
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• NA, no drilling
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Geological descriptions were completed at the sample location.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, and whether sampled wet or dry.* • *For all sample types, nature, quality and appropriateness of sample prep. technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Samples consisted of a series of rock samples taken at a specific point and may therefore exhibit bias compared with the overall waste rock piles.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.*	• All samples were assayed by ALS in Perth for 5 elements by 4 acid digest followed by ICP-AES and ICP-MS and Fusion. • Co, As, Mo, Sn and W assay results for laboratory duplicates were all within 20% of the original samples, indicating no obvious problems with laboratory assay precision.

Criteria	JORC Code explanation	Commentary
	• *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• No standards or field duplicates were included.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Field data was recorded by the geologist into pre-established templates and subsequently validated and loaded into the company surface sampling database. • Validation of sample point locations in ArcGIS did not identify any inconsistent locations and the information was subsequently loaded into the company database. • Anomalous surface values have been verified by the competent persons.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Sample locations were surveyed using a handheld GPS with an accuracy of +/- 5m • Standard WGS 84 Zone 33 N grid coordinates are presented in the relevant tables above with the Zone appended.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Sample locations were appropriate for first pass regional assessment of project potential.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Samples were collected from waste rock piles.
Sample security	• *The measures taken to ensure sample security.*	• All samples were collected and sealed in uniquely labelled calico sample bags by the field geologists. • Sample bags were packaged up and delivered direct to ALS Laboratories in Perth. • Samples were checked on arrival at ALS, with no missing or additional samples.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Audits and reviews were not undertaken, apart from the QAQC checks outlined above.

Section 2 – Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Sampling was undertaken within the tenement application located approximately 85 km west of Wroclaw, Poland and is under application by Ion Mining. • The area subject to this announcement includes vacant public land, residential properties and privately owned farmland. • Natura 2000 is a European network of protected areas introduced in Poland in 2004. The main goal of the network is the conservation of biodiversity of Europe. The network comprises Special Protection Areas – SPAs (created under the Birds Directive), as well as Special Areas of Conservation – SACs (created under the Habitats Directive). In Poland, approximately 15% and 11.0% of the territory, respectively, are designated as Natura 2000 areas. • The Przecznica exploration concession is covered

Criteria	JORC Code explanation	Commentary
		by both an SPA and a SAC. Exploration and mining of mineral deposits is not prohibited in Natura 2000 areas, but special consideration will be given to the impact of exploration and mining activities on the natural environment. A concession holder may be required to prepare environmental impact assessments and demonstrate that its activities will not have a lasting negative impact on the native flora and fauna.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Previous historic exploration work within and around the tenement application area has consisted of regional mapping, soil sampling and drilling by the Polish Geological Survey primarily exploring for tin (Sn) mineralisation • No drilling had been undertaken in the areas covered by this work which is aimed at verifying the historic results.
Geology	• *Deposit type, geological setting and style of mineralisation.*	The Company is exploring for base metals, in particular cobalt within the Przecznica Cobalt Project area. The Gierczyn – Przecznica cobalt and tin ore deposits are hosted in a regionally extensive, several kilometres wide and more than 25 km long corridor of mica schists which is imbedded in, and forms part of the Izera Massive gneiss in Poland. The mica schist horizon has an arc-shaped geometry through the gneiss block, and is cut off in the east and west by the Karkonosze Mountains granite. About 10 km north and 8 km south are much smaller, but similar strips of mica schist, which are subparallel to the larger body. The mineralisation-bearing quartz-garnet-mica horizons form locally two, three, and sometimes more, stacked "lenses" which are separated by up to 50 m thick "barren" mica schist layers. Historical reports indicate that the mineralised lenses have a thickness of 20 cm up to 13 m. They run east-west and dip approx. 60 – 75° to the north. The mineralisation hosting horizons are offset by minor north-striking Tertiary age faults with a displacement of around 20-100 m in a northerly direction The Company is targeting sedimentary hosted Co-Cu-Ni deposits.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• Tabulated rock sample results are presented above and in Figure 1 and Table 1.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.*	• No weighting, or cut off grades were employed.

Criteria	JORC Code explanation	Commentary
	• *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	• No intercepts are reported.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Refer to main body of announcement for figures depicting of sampling locations and assay results.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All assay results have been reported.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Some relevant geological observations are presented in the main body text. • No additional testwork beyond assaying has been undertaken to date.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Further analysis of geological information collected and available in open fie reports will be undertaken to assist drill targeting.