. . . ASX Announcement

Eastern Iron Limited
ABN 70 126 678 037

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Company Announcements Office
Australian Securities Exchange

Sampling and Scout Drilling - Cobar and Main Line Iron Ore Prospects

Eastern Iron Limited (ASX Code: EFE) is pleased to announce that the surface sampling and drilling program, foreshadowed in the prospectus, is underway at both the Cobar and Main Line Projects. Work commenced on the 26 May at the Cobar Project and will commence at the Main Line Project on, or about, 5 June. Cobar based - Every Day Mine Services (ASX Code: EDS) has been contracted to undertake this scout drilling phase.

Cobar Project

Two targets, totalling some 4 km of channel length have been selected within the Cobar Project for the initial focus of drilling. Previous work and the location of the current drilling operations are illustrated in Figure 1.

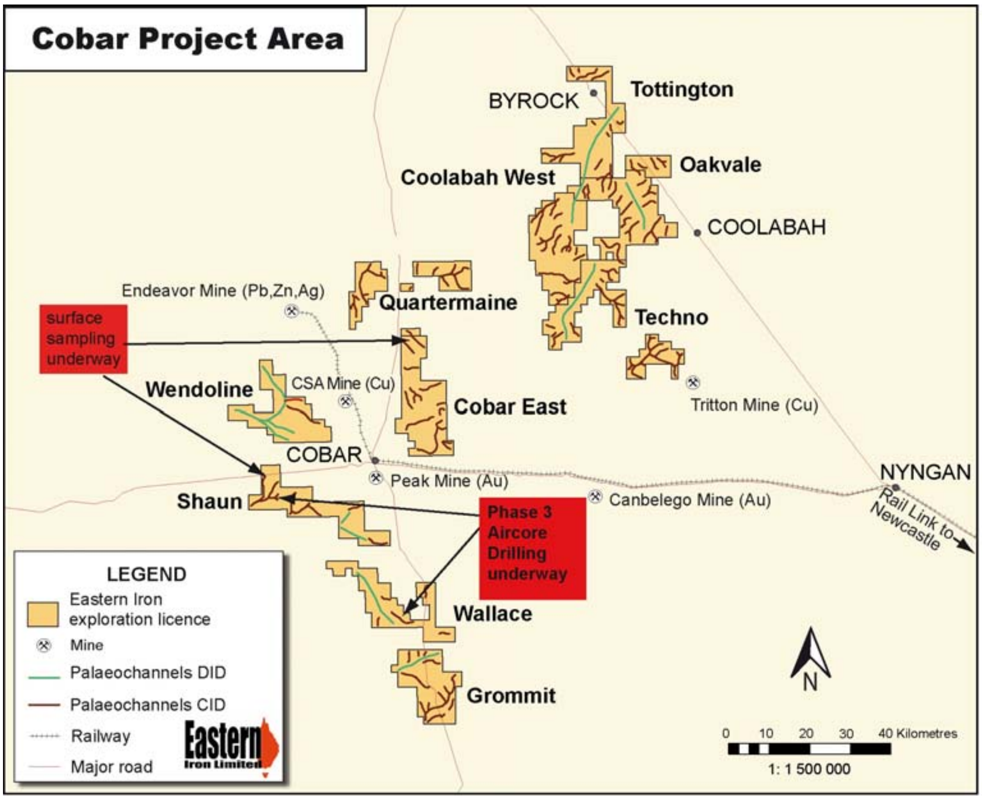

Figure 1. Location of current drilling operations and surface sampling at the Cobar Project.

Suite 3, Level 1, 80 Chandos Street
St Leonards, NSW 2065
PO Box 956, Crows Nest, NSW 1585
Ph: 02 9906 7551 Fax: 02 9906 5233
www.easterniron.com.au

Main Line Project

Four priority targets, close to rail infrastructure, have been identified within the Main Line Project as the initial focus of drilling. The location of the current drill program and surface sampling is illustrated in Figure 2.

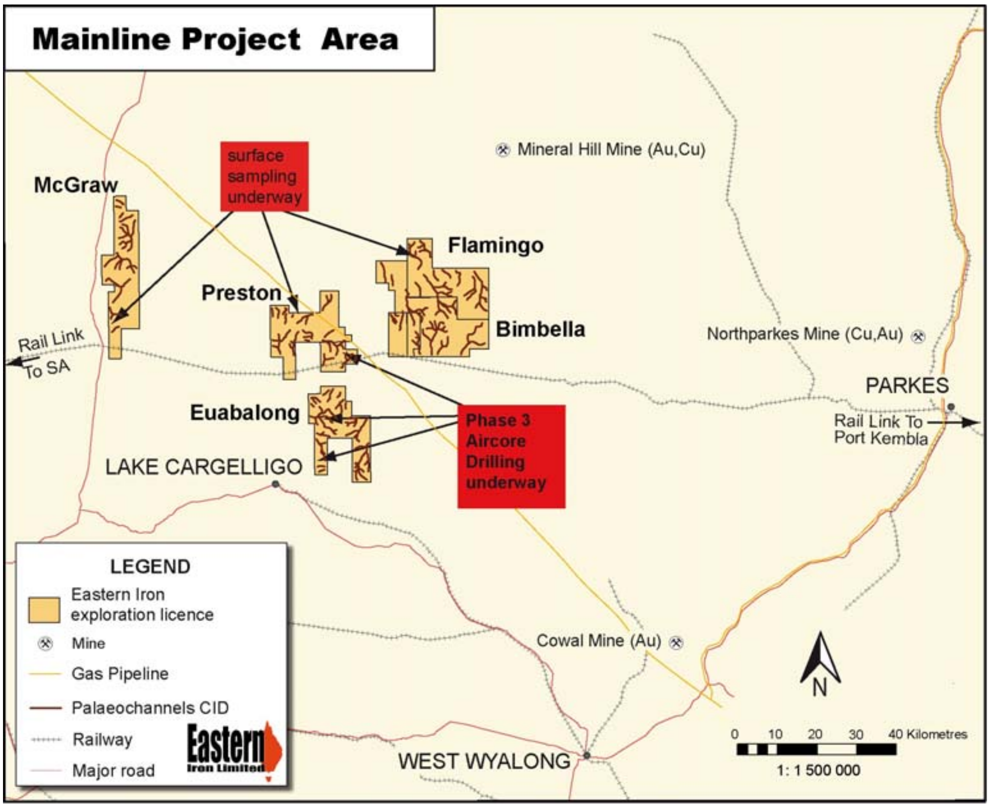

Figure 2. Location of current drilling operations and surface sampling at the Main Line Project.

Samples from the current drilling program (Figure 3) will provide material for an expanded metallurgical testing and ore beneficiation test program. Further information and previous Eastern Iron announcements and exploration updates are available at the information tab on the Company's website - www.easterniron.com.au

Background

Eastern Iron Limited is investigating the potential for commercial quality iron ore within very large quantities of shallow, easily extractable iron-rich material that exists in the extensive networks of palaeochannels in parts of NSW. Aircore drilling, is being conducted on a broad scale to identify areas with the potential to produce significant tonnages of direct shipping quality iron ore (DSO) product and preliminary test work has shown that an "ex mine" product of greater than 50% Fe is possible. The Company is focusing initial efforts on scout drilling for higher grades and refining the beneficiation process to produce a commercially viable iron ore concentrate.

Eastern Iron is the early mover in eastern Australian iron ore exploration. Under a joint venture agreement with PlatSearch NL (ASX code: PTS) it has secured an 80% interest in 15 exploration licences covering more than 3,800 square kilometres. Eastern Iron has identified over 1,100 kilometres of prospective palaeochannel within its tenements. Despite limited work to date results confirm the Company's view that the project has the potential to host significant tonnages of iron ore.

Figure 3. Surface sampling at the Shaun licence (left), Drilling at the Wallace Licence (right)

Investor Information

Mr Glenn Goodacre, Chairman, 0419 877 734
Mr Peter Buckley, Managing Director, 0405 513 993
Website: www.easterniron.com.au