Eastern Iron Limited
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**23 November 2010**

# OUTSTANDING RESULTS FROM METALLURGICAL TESTWORK AT HAWKWOOD IRON-VANADIUM PROJECT

## Highlights:

- Results from metallurgical testwork on the recently completed Hawkwood RC drilling samples indicate:
  - High Fe content (63.6% - 67% Fe) and low impurities for iron (Davis tube) concentrate
  - Coarse grain size of magnetite and host gabbro gives clean concentrate at coarse grind sizes (75 micron – 106 micron)
- Further investigations to focus on better definition of the Hawkwood mineralisation and continued metallurgical testwork to optimise iron product characteristics.
- Fast track the evaluation of the recently acquired Eulogie magnetite deposit 145 kilometres west of Gladstone in Central Queensland as a possible early start up operation.

### Hawkwood Iron-Vanadium Project

The Hawkwood iron-vanadium project is located in Central Queensland approximately 240 kilometres by rail from the Port of Gladstone, Australia's third largest coal export port. Eastern Iron (earning 80%) and its joint venture partner, Rugby Mining Limited (TSX: RUG) are exploring a major layered intrusive complex for gabbro-hosted magnetite iron ores.

Eastern Iron, as manager, recently completed a 19 hole, 1848m RC drilling program and reported thick sequences of magnetite-bearing gabbro (ferrigabbro) within the layered intrusive. Within the area tested by drilling Eastern Iron identified an exploration target tonnage of 300-400Mt[1] however, more drilling is required to define a resource.

**Metallurgical Testwork**

Eastern Iron submitted chip samples from the RC drilling program at Hawkwood for preliminary metallurgical analysis. Samples represented intervals of ferrigabbro from several drill holes. The metallurgical testwork consisted of grind size and David Tube analysis.

[1] Potential exploration target tonnages and grades in this report are conceptual in nature as there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource. Tonnages and grades are not to be quoted outside this context.

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### *Grind Size Analysis*

Grind size analysis was carried out on four 2m composite samples to determine optimum grind size for magnetic separation (Davis Tube Recovery – DTR).

Samples were ground at 500, 250, 106, 75 and 45 micron. Each sample was assayed for a range of elements before grinding and then subjected to Davis Tube Concentration with further analysis of the concentrate after grinding. The results summarised in the table below showed that the coarse grind sizes of 250 and 500 micron provided incomplete separation of the mineral species and gave a lower grade concentrate. Grind sizes of 106 micron and below showed incremental, although not large, improvement in separation of the various minerals and consequent increase in Fe and lower $SiO_2$, $Al_2O_3$ and $TiO_2$. Other elements of interest such as $V_2O_5$ and P remained unchanged at around 0.85% and 0.001% respectively.

On the basis of these results 75 micron was chosen for the subsequent DTR work. It is recognised that a coarser grind of 106 micron may ultimately provide a better trade off between grinding costs and concentrate grade. Nevertheless excellent liberation and concentrate quality has been achieved at a relatively coarse grind size.

**Comparison of 75 and 106 micron results from grind size testwork**

| | 75 micron | | | | | 106 micron | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Recovery | Fe | $Al_2O_3$ | $SiO_2$ | $TiO_2$ | Recovery | Fe | $Al_2O_3$ | $SiO_2$ | $TiO_2$ |
| H2222-H2223 | 21.8 | 62.15 | 2.16 | 1.12 | 3.99 | 22.2 | 60.72 | 2.36 | 1.66 | 4.07 |
| H3404-H3405 | 35.3 | 66.28 | 2.06 | 0.65 | 2.22 | 37.5 | 65.23 | 2.33 | 0.86 | 2.51 |
| H3698-H3699 | 25.6 | 61.12 | 3.09 | 1.32 | 6.05 | 30.0 | 60.05 | 3.38 | 1.86 | 6.42 |
| H3754-H3755 | 18.6 | 68.65 | 0.33 | 1.14 | 1 | 19.6 | 67.12 | 0.52 | 1.83 | 1.35 |
| | | | | | | | | | | |
| Average | 25.30 | 64.55 | 1.91 | 1.06 | 3.32 | 27.32 | 63.28 | 2.15 | 1.55 | 3.59 |

### *Davis Tube Analysis*

Two metre composite chip samples from drilled intervals in several holes were ground to 75 micron and concentrates produced by DTR. The concentrates were then analysed by Fusion XRF. Averaged results from drilled intervals are as follows:

**Drillhole HRC003, 26-74m, (48m):**

| Fe % | V % | $TiO_2$ % | $SiO_2$ % | $Al_2O_3$ % | P % | S % | DTR % |
|---|---|---|---|---|---|---|---|
| 63.58 | 0.39 | 2.86 | 1.20 | 1.93 | 0.00 | 1.57 | 17 |

**Drillhole HRC006, 74m-92m (18m)**

| Fe % | V % | $TiO_2$ % | $SiO_2$ % | $Al_2O_3$ % | P % | S % | DTR % |
|---|---|---|---|---|---|---|---|
| 66.33 | 0.48 | 3.12 | 1.00 | 2.23 | 0.00 | 0.036 | 20 |

**Drillhole HRC018, 69m-90m (31m)**

| Fe % | V % | $TiO_2$ % | $SiO_2$ % | $Al_2O_3$ % | P % | S % | DTR % |
|---|---|---|---|---|---|---|---|
| 67.1 | 0.48 | 2.09 | 1.69 | 1.00 | 0.00 | 0.20 | 15 |

These results whilst preliminary in that they are representative of only limited drill intercepts, are encouraging in having produced high Fe grade concentrates of 64 to 67% with low levels of the impurities normally associated with titaniferous magnetite ores. In comparison ore from Western Australia's well known Balla Balla deposit at a similar grind size produces a concentrate of only 57% Fe.

As reported in earlier mineralogical studies titanium mainly exists as a separate (ilmenite) phase which reports to the tailings and whilst no attempt has been made to produce an ilmenite product this represents an opportunity to derive further value from the ore during production.

The coarse grain size has allowed effective liberation of $TiO_2$, $Al_2O_3$ and $SiO_2$ minerals resulting in low levels for these compounds and high levels of Fe. Sulphur is anomalously high in HRC003 even though the head assay is similar to other holes. This may suggest the presence of magnetic pyrrohtite in this hole which has concentrated in the magnetic separate. This will be investigated in subsequent studies.

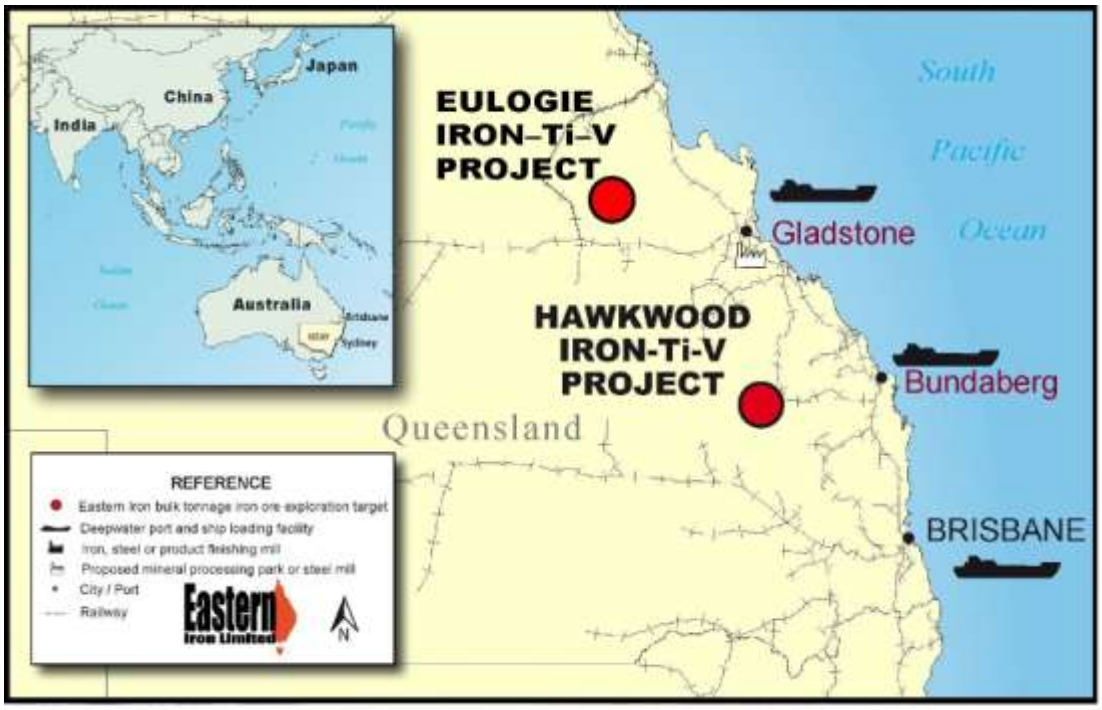
Mass recovery to concentrate is 15-20%. The result from HRC018 is lower than would have been expected based on the Fe head assay and may have been affected by the deep oxidation in this hole which was noted during drilling. This has the effect of partially converting magnetite to non-magnetic haematite.

**Forward Program**

In the coming months Eastern Iron will undertake a short program of diamond core drilling to provide structural information on the ferrigabbro layers. This will assist in planning for the next stage of resource drilling and interpretation of the completed RC drilling program. The core drilling will also provide samples for further metallurgical testwork.

On completion of this work the Company will then commence planning for a resource drilling program at Hawkwood. This will be carried out using RC drilling and will focus on producing a resource within the area already tested by drilling.

With the recent acquisition of the Eulogie project Eastern Iron has the opportunity to potentially fast track development in this area due to the close proximity of operating rail, road and port infrastructure. The Company will be attempting to retrieve data from drilling and other work carried out by previous explorers who completed a prefeasibility study of the Eulogie magnetite deposit.




Location of Eastern Iron's Central Queensland Iron Project

# Investor Information

Eastern Iron is exploring and evaluating a number of mineral projects in eastern Australia, including the Hawkwood, Eulogie and Cobar Iron Projects and is also evaluating further new projects and exploration opportunities involving iron ore, gold and other minerals that have potential to add value to our existing iron assets.

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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*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Greg De Ross, BSc, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Greg De Ross is CEO and a full-time employee 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 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Greg De Ross consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*