Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

EASTERN IRON LIMITED

ABN	Quarter ended ("current quarter")
70 126 678 037	**31 December 2010**

Consolidated statement of cash flows

Cash flows related to operating activities				Current quarter 31 Dec 2010 $A'000	Year to date (6 months) 31 Dec 2010 $A'000
1.1	Receipts from product sales and related debtors			0	0
1.2	Payments for	(a)	exploration and evaluation	(100)	(410)
		(b)	development	0	0
		(c)	production	0	0
		(d)	administration	(199)	(359)
1.3	Dividends received			0	0
1.4	Interest and other items of a similar nature received			35	70
1.5	Interest and other costs of finance paid			0	0
1.6	Income taxes paid			0	0
1.7	Other - rental income			0	0
	Net Operating Cash Flows			(264)	(699)
	Cash flows related to investing activities				
1.8	Payment for purchases of:	(a)	prospects	0	0
		(b)	equity investments	0	0
		(c)	other fixed assets	0	(1)
1.9	Proceeds from sale of:	(a)	prospects	0	0
		(b)	equity investments	0	0
		(c)	other fixed assets	0	0
1.10	Loans to other entities			0	0
1.11	Loans repaid by other entities			0	0
1.12	Other - exploration on behalf of joint venturers			0	0
	- joint venture cash calls received			0	0
	Net investing cash flows			0	(1)
1.13	Total operating and investing cash flows (carried forward)			(264)	(700)

		Current quarter $A'000	Year to date $A'000
1.13	Total operating and investing cash flows (brought forward)	(264)	(700)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc	1,995	1,995
1.15	Proceeds from sale of forfeited shares	0	0
1.16	Proceeds from borrowings	0	0
1.17	Repayment of borrowings	0	0
1.18	Dividends paid	0	0
1.19	Other - Share issue costs	0	0
	Net financing cash flows	1,995	1,995
	Net increase (decrease) in cash held	1,731	1,295
1.20	Cash at beginning of quarter/year to date	2,244	2,680
1.21	Exchange rate adjustments to item 1.20	0	0
1.22	**Cash at end of quarter**	3,975	3,975

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	170
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Salaries, directors' fees and consultancy fees at normal commercial rates

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

None

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	Nil	Nil
3.2	Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	180
4.2	Development	0
4.3	Production	0
4.4	Administration	171
	Total	351

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	669	64
5.2	Deposits at call	21	21
5.3	Bank overdraft	0	0
5.4	Other - bills receivable, bank accepted and short term bank deposits	3,285	2,159
	Total: cash at end of quarter (item 1.22)	3,975	2,244

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Eastern Tenement Block ELs 6711, 6706, 6954 and 6956	JV agreement	80%	49%
6.2	Interests in mining tenements acquired or increased	Western Tenement Block ELs 6710, 6953, 6957, 6958, 6959, 6960, 6671, 6672, 6961, 6952, 6962	JV agreement	80%	100%
		Comet EPC 2330	EPC application	0%	100%
		Eulogie MDL 362	Purchase	0%	100%

6.3 The full Eastern Iron schedule of tenements is included as an attachment to this report.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total Number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference securities**	Nil			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil			
7.3	**Ordinary securities** **- fully paid EFE**	65,267,419	65,267,419		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through return of capital, buy-backs	16,555,541 Nil	16,555,541	12	12
7.5	**Convertible debt securities**	Nil			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil			
7.7	**Options**			*Exercise price*	*Expiry date*
	EFE 35 cents	5,000,000	0	$0.35	19 Dec 2012
	EFE 18 cents	1,200,000	0	$0.18	9 Mar 2015
	EFE 20 cents	1,850,000	0	$0.20	23 Nov 2013
7.8	Issued during quarter	1,700,000			
7.9	Exercised during quarter	16,555,541			
7.10	Expired during quarter	8,002,592			
7.11	**Debentures** (totals only)	Nil			
7.12	**Unsecured notes** (totals only)	Nil			

Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).

2. This statement does give a true and fair view of the matters disclosed.

Sign here: *Michelle Lilley* Date: 28 January 2011

(~~Director~~ / Company Secretary)

Print name: Michelle Lilley

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2. The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenements, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3. **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4. The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5. **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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Tenement	Tenement Number	Interest	Joint Venture Details
NEW SOUTH WALES			
Cobar Project Area			
Cobar East	EL 6710	100%	-
Coolabah West	EL 6711	49%	PlatSearch 51%
Oakvale	EL 6706	49%	PlatSearch 51%
Hutch	EL 6751	0%	Drysdale Resources 100% Note 1
Quartermaine	EL 6953	100%	-
Techno	EL 6954	49%	PlatSearch 51%
Tottington	EL 6956	49%	PlatSearch 51%
Wendoline	EL 6957	100%%	-
Shaun	EL 6958	100%%	-
Wallace	EL 6959	100%%	-
Gromit	EL 6960	100%	-
Gorgonzola	EL 7282	100%	-
Camembert	EL 7283	100%	-
Main Line Project Area			
Bimbella	EL 6671	100%	-
Euabalong	EL 6672	100%	-
McGraw	EL 6961	100%	-
Flamingo	EL 6952	100%	-
Preston	EL 6962	100%	-
QUEENSLAND			
Hawkwood	EPMs 15289 and 17099	0%	Rugby, Eastern can earn up to 80%, Note 2
Auburn and Redwood	EPMs 18566 and 18533	100%	-
Fairhill, Rolleston and Comet	EPCs 2175, 2206 and 2330	100%	-
Eulogie	MDL 362	100%	-

EL = Exploration Licence ELA = Exploration Licence Application

EPM = Exploration Permit for Minerals EPC = Exploration Permit for Coal

Notes:

1. Eastern Iron can earn 100%.
2. Joint Venture with Rugby Mining Pty Ltd and Rugby Mining Limited whereby Eastern can earn up to an 80% interest.