EASTERN IRON LIMITED

Annual Report 2011

Contents

CHAIRMAN'S STATEMENT

Eastern Iron has made steady progress over the past year in its efforts to assemble a portfolio of logistically well placed, east coast Australian iron ore properties and to evaluate diversification opportunities in gold, gold/copper and other commodities in Australia and elsewhere.

On the iron ore front, Eastern Iron is now actively seeking partners to assist it evaluate and develop a significant iron ore mining operation in Queensland, near the port of Gladstone. In Victoria, we have the option to acquire the small, high grade Nowa Nowa iron ore project that is capable of early evaluation and development at very modest capital cost with solid cashflow generation potential. The NSW Iron Ore Project continues to be advanced by our joint venture partner, which is seeking to prove additional tonnage and to optimise the processing methodology. During the past year, your Company has also evaluated coal, gold and copper/gold opportunities in Australia, various Asia Pacific countries and western Africa. These project assessment activities will continue into 2012.

The Central Queensland Iron Project includes Hawkwood, in which Eastern Iron may earn up to an 80% interest, and the recently acquired 100%-owned Eulogie.

Eulogie has been the focus of activity during most of 2011 since it is ideally placed for a low cost development being only 80km west of major export facilities at the port of Gladstone and close to existing bulk transport rail. We believe that these transport facilities together with the well developed power, water and road infrastructure in the region provides our projects with a definite advantage over other more remote iron ore projects proposed for development elsewhere in Australia.

During the past year Eastern Iron conducted further drilling at both the Eulogie and Hawkwood projects. The results from the drilling have provided data for a soon to be announced maiden resource, prepared under the principles of the JORC code, for the Eulogie project. The Company has also carried out metallurgical testwork on both projects which has shown that a saleable iron product can be produced using standard beneficiation processes. This work has produced basic iron product specifications which will be used in discussions with potential development and offtake partners as well as market and product pricing analysis.

Our recent acquisition of an option to purchase a 100% interest in the Victorian Nowa Nowa Iron Ore Project brings to our portfolio a small, potentially low capex project that could develop into a solid cashflow generator for the Company if developed. We will be actively evaluating this property over the next year.

In NSW, the joint venture with 3E Steel over the NSW iron pisolite project became unconditional with 3E funding a program of further resource drilling and beneficiation studies. Much of the beneficiation research is being conducted at the Jiangxi University of Science and Technology in China and initial results are encouraging with an iron product of up to 58.7% Fe being produced. Further work is awaiting the completion of the current drilling program.

In April of this year the Company announced the resignation of Peter Buckley as a Director. Peter played a significant role in the creation of Eastern Iron. We thank him for his passion and commitment and wish him well in his future endeavours. The vacancy on the Board has been filled by Ivo Polovineo who was appointed as a Non Executive Director of the Company effective 5 April 2011. Ivo has over 30 years experience in corporate accounting, finance and company secretarial work for a diverse range of companies. Ivo's extensive experience in the areas of finance, corporate compliance and governance has complemented the composition of the Board.

I would like to acknowledge our Managing Director, Greg De Ross and the team at Eastern Iron, whose continued hard work and commitment in developing and promoting your Company during this year have been commendable. With $3.5million in cash reserves at the time of writing, a growing portfolio of worthwhile projects and the ongoing evaluation of new opportunities, the next year should be an exciting one for Eastern Iron.

The Board would like to thank shareholders for their ongoing support.

Yours Sincerely

Glenn Goodacre
Chairman

REVIEW OF OPERATIONS

Highlights

Eulogie

- Completed acquisition of the Eulogie project adding to resource and development potential of an iron ore project in Central Queensland
- Carried out preliminary metallurgical testwork on drill core samples from Eulogie
- Completed transport options study
- Exploration target tonnage of 500 million - 1 billion tonnes[1]
- Completed 34 hole 3,369m resource drilling program leading to maiden resource estimate
- Concept development study underway.

Hawkwood

- First pass 1,848m RC drilling program confirmed magnetite layers as the source of the magnetic anomaly
- Preliminary Davis Tube analysis produced high quality iron concentrates
- Follow up 637m diamond drilling confirmed structure of magnetite layers and provided samples for further metallurgical testwork
- Exploration target tonnage of 500 million – 1 billion tonnes[1].

Nowa Nowa

- Agreed terms for an option to acquire 100% of the high grade Nowa Nowa iron project in eastern Victoria.

NSW 3E Steel Pisolite iron Joint Venture

- Completed joint venture agreement with 3E steel whereby 3E have committed $1.9 million to further resource drilling and beneficiation studies.

[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.*

INTRODUCTION

Early in 2010 the Company announced that it had signed an agreement with Rugby Mining to farm-in to the Hawkwood magnetite project in Central Queensland. Hawkwood has the potential to deliver a large tonnage iron ore mine in an area well serviced by infrastructure vital to the establishment of a bulk tonnage project. Early in 2011 the Company saw the opportunity to add to the development potential of the project by acquiring the Eulogie project. Eulogie is in many respects similar to Hawkwood particularly in terms of the nature of the product and size of the potential resource. Eulogie is closer to operating rail networks and the port of Gladstone and represents an opportunity to fast track development at a lower capital cost. As a result much of the focus since January 2011 has been on an evaluation of the Eulogie project.

Late in 2010 Eastern Iron completed a joint venture arrangement with 3E Steel Pty Ltd whereby 3E took over management of the NSW iron pisolite project allowing Eastern Iron to focus on evaluation of the Queensland magnetite projects.

In October 2011 Eastern Iron announced that it had entered into an option to purchase agreement with Waygara Mines Pty Ltd for the 100% purchase of the Nowa Nowa iron project in eastern Victoria. This project is a small tonnage high grade iron deposit close to transport infrastructure with the potential for a low cost development that could see the Company achieve producer status.

Eastern Iron has also continued its search for other mineral project acquisitions in the area of gold, iron and other bulk commodities.

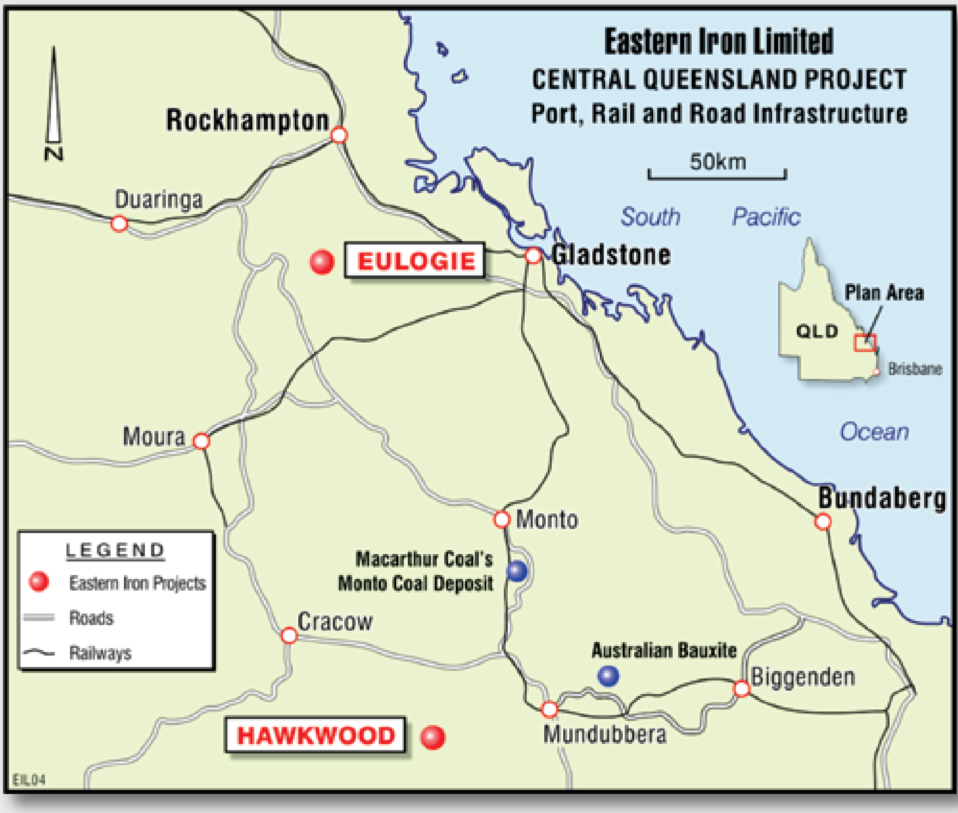
EULOGIE PROJECT (EFE 100%)

The Eulogie project is located 23 kilometres south of Mount Morgan in Central Queensland and 80 kilometres west of Gladstone. The project is ideally placed for development close to bulk tonnage transport infrastructure including sealed roads and both the main Moura and Blackwater railway lines, which are part of the Central Queensland coal network and provide direct access to the expanding, deepwater export port of Gladstone.

At Eulogie, iron-bearing magnetite with accessory titanium and vanadium is concentrated within shallow dipping (30-40 degrees) gabbroic layers (ferrigabbro) up to 100 metres thick within a layered igneous complex. The geology and nature of the ferrigabbro layers is almost identical to that at Hawkwood.

In 1989 Thiess Contractors Pty Ltd examined the project as a possible source of iron ore for a proposed steel plant located in Gladstone. A pre-feasibility study was completed and included 30 reverse circulation and cored drill holes. Based on the limited drilling Thiess estimated a resource, which was not reported under the guidelines of the JORC code. Thiess also identified potential upside to this estimate beyond the areas tested by drilling.

As part of their study Thiess completed some preliminary magnetic separation test work which at a relatively coarse final grind size of 100 microns produced high grade iron ore concentrates containing 55-61% Fe, 4-8% TiO_2 and significantly, an average 1.0% V_2O_5, a valuable additive to high quality steels.



Location of Central Queensland Project - Eulogie and Hawkwood

Development Study and Resource Drilling Program

Eastern Iron have sought to build on the pre existing Thiess data in compiling sufficient information to complete a concept study for a potential development of the Eulogie deposit. The outcomes of this study will assist the Company in determining how best to progress the project.

Components of this study being carried out by Eastern Iron include:

Resource drilling program

This recently completed program consisted of 3,369m in 34 drillholes. The program is designed to delineate a portion of the resource to indicated status and a further portion to inferred.

With assay results still awaited it is expected that the resource information will be available by the end of October 2011. The total exploration target resource has previously been estimated at approximately 500 – 1,000 million tonnes[1] of magnetite-bearing ferrigabbro to between 100 and 200m below surface. Whilst only a portion of the exploration target resource will be tested in this drilling program this will be sufficient to support further feasibility studies for a possible mining development.

Metallurgical study

Early in 2011 Eastern Iron engaged METS Pty Ltd to undertake a sighter metallurgical program to investigate the amenability of the Eulogie ferrigrabbro to producing a saleable iron ore product. This work was conducted on drill core samples from diamond core drilling carried out by Thiess in the 1980's and stored in the Queensland Government facility at Mount Morgan.

The testwork included:

- Head assay and assay by size distribution – concluding that the majority of the gangue material occurs as silicates indicating that the ore should be suitable for magnetic separation and upgrading. Additionally the distribution of the components is consistent across the size range suggesting that no size fraction could be eliminated to provide a gain in recovery and grade.

- DTR Testwork – Davis Tube Recovery (DTR) testwork was carried out on a fresh ore sample at various grind sizes. The highest recovery (66.9%) was achieved at a grind size of 150 micron, resulting in the lowest grade of 59.3%. As the grind size decreases, a higher grade is achieved, though a lower recovery is experienced as expected. The DTR results show that magnetic separation is successful for recovery of an iron concentrate from these ores.

Grind Size	150 micron	75 micron	45 Micron
Wt %	17.6	16.8	15.1
Fe %	59.34	61.15	61.94
SiO_2 %	2.72	1.42	1.52
Al_2O_3 %	3.61	3.02	2.87
TiO_2 %	7.03	6.55	6.34
P %	0.002	0.002	0.002
V %	0.541	0.561	0.57
S %	0.65	0.57	0.66

Table: Eulogie Davis Tube Recovery results

- Magnetic separation using low intensity separation (LIMS) and wet high intensity separation (WHIMS) was trialled but with limited outcomes. It is evident however from the WHIMS testwork combined with QEMSCAN results that it is unlikely that a separate ilmenite concentrate can be produced at the grind sizes examined.

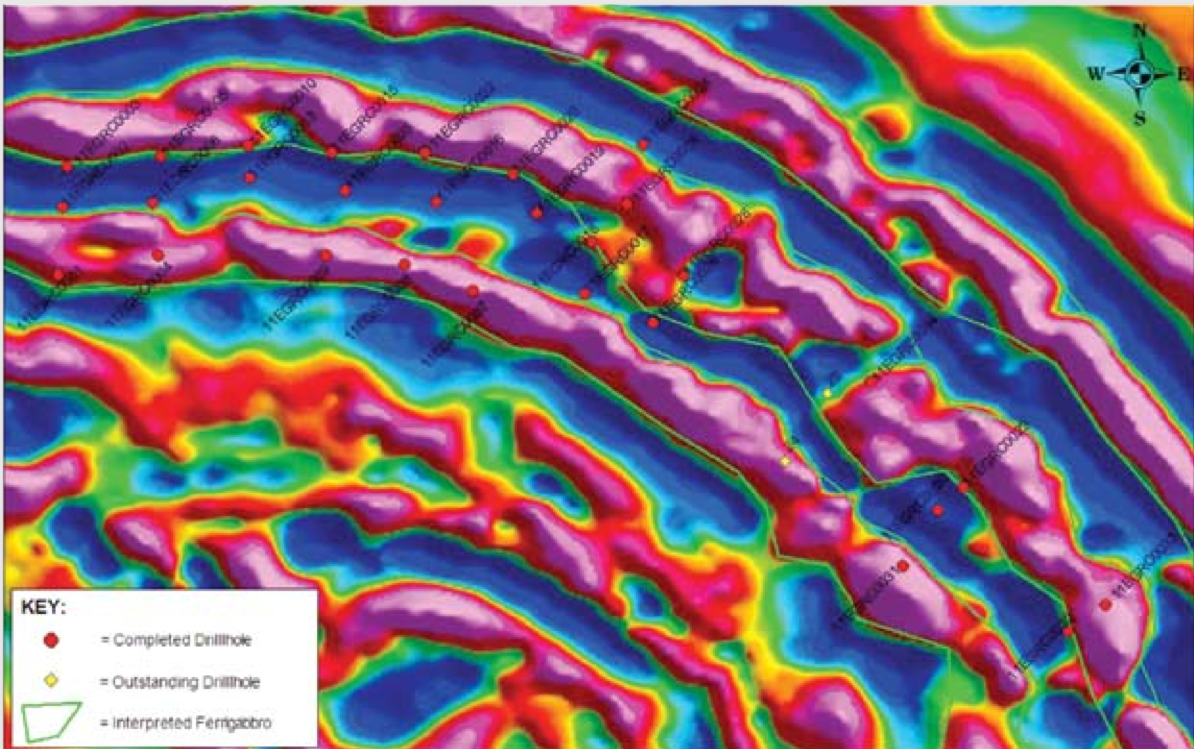
This work is ongoing and will focus on completing the LIMS testwork which is aimed at producing a concentrate which will closely replicate that produced in any commercial scale operation. Product from this work will be used to provide marketing samples. DTR work will also be carried out at coarser grind sizes of 250 and 500 micron to determine whether the resultant product could be produced at lower cost but still meet market specifications and alternatively whether a magnetic separation could be used at these coarser grinds to reduce the cost of the final grind.

Product Transport Study

Innovative Shipping Pty Ltd completed a preliminary study into options for transporting iron product from the Eulogie project site to Gladstone Port.

The study concluded that a range of options exist for product transport, including via either the Blackwater or Moura rail systems or a combination of rail and/or trucking options via existing road and rail infrastructure.

There are several options for bulk loading at Gladstone Port, some of which are tonnage and timing constrained, with the choice of a viable option dependent on the timing for development.



Aeromagnetic image at Eulogie showing locations of drilling

HAWKWOOD IRON ORE JOINT VENTURE (EFE earning 100%)

The Hawkwood iron-vanadium project is located in southeast Queensland approximately 240 kilometres by rail from the port of Gladstone, Australia's third largest coal export port. In 2010 Eastern Iron completed a low level airborne magnetic survey with a follow up preliminary drilling campaign consisting of 19 reverse circulation drill holes for 1,848m. Within the area tested by drilling Eastern Iron identified an exploration target tonnage of 500 million – 1 billion tonnes[1].

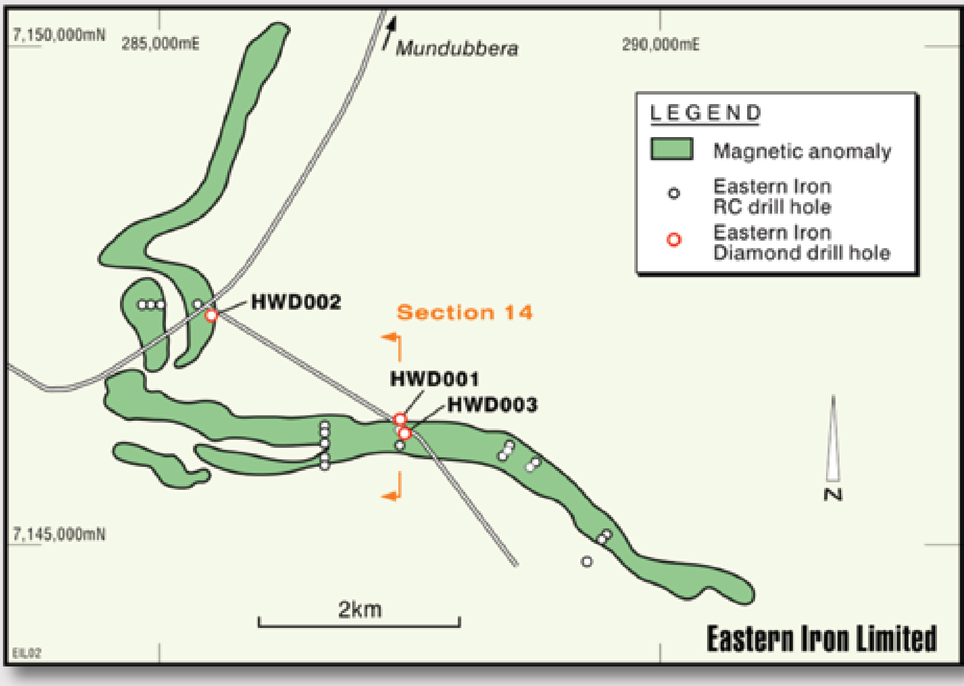
Early in 2011 the Company carried out a three-hole, 637m diamond drilling program. The drill holes provided information on the dip and thickness of the magnetite bearing zones as well as more reliable sample for grade information.

Half core was sent for analysis including Davis Tube (DTR) determinations, the results are summarised below.

Hole No	From (m)	To (m)	Interval (m)	Fe% (Head)	DTR%	DTC%
HWD001	174	221	47	15.6	15.2	66.6% Fe
HWD002	126	190	64	15	15	64.3% Fe
HWD003	88	128	40	13.5	14	67.0% Fe

Table: Hawkwood Davis Tube Recovery results

The ferrigabbro units dip approximately 50 degrees north and the units represented in the table above outcrop at surface. The DTR results are a measure of the percentage of the ore recovered to concentrate, the DTC results are the iron content of the concentrate.



Location of drilling Hawkwood

The average concentrate analysis is shown in the table below. Of note are the low SiO_2, Al_2O_3, P and TiO_2 and high Fe concentrations.

Fe%	V_2O_5%	TiO_2	SiO_2	Al_2O_3%	P%	S%
66.6	0.67	2.2	1.8	1.7	<.001	0.14

Table: Hawkwood average concentrate analysis results

These results are very encouraging as they indicate that Hawkwood can produce a high quality iron concentrate with low contaminants.

Further resource drilling is planned for Hawkwood and is scheduled to commence in late October.

North Burnett Rail Transport Options Study

Eastern Iron has contributed to a cooperative study into rail transport options for mineral transport in the North Burnett region of Queensland. The study has been jointly funded by Eastern Iron, the Queensland Government and other potential users, Macarthur Coal and Australian Bauxite Limited.

The study examined the potential options for upgrading the rail link to Gladstone port via the currently unused Maryborough rail line. A variety of options were examined for total hauled tonnage, line capacity and rail locomotives and wagons which flowed through to capital cost estimates for the upgrade and operating cost estimates for the individual users. In the case of producing around 5Mtpa product from Eastern Iron's Hawkwood project it was estimated that the cost would be around $20-25/t delivered to Gladstone, including all rail user and operating costs and including a return on capital for the rail upgrade, wagons and locomotives and a spur line and loading facility at Hawkwood. This is a very preliminary estimate and further work will be required to define a more accurate cost.

NSW IRON ORE PROJECT (EFE 100%, 3E Steel Pty Ltd earning 77.5%)

On the 3rd of November 2010 Eastern Iron shareholders approved all of the arrangements pursuant to which Eastern Iron farmed out 13 of the 17 NSW Iron tenements to 3E Steel Pty Ltd. 3E is able to earn up to a 77.5% interest in the tenements.

The JV agreement required 3E Steel Pty Ltd to lodge an amount of $600,000 in a co-signed account which represents the funding for the first year's minimum expenditure commitment. This has been completed, the agreement is now unconditional and 3E have commenced work on the approved program and budget.

Eastern Iron and 3E have approved a $1.9 million program and budget for the project. The budget is being sole funded by 3E as part of their requirement to earn a 77.5% interest in the project.

The program which extends over the next 12 -18 months includes:

Location of NSW Iron Pisolite Projects

- 6,000m of aircore drilling to upgrade and extend the current resource.
- Bulk sampling to obtain samples for metallurgical beneficiation testwork and information for a mining study.
- Beneficiation testwork – undertaken in both Australia and China, aimed at upgrading the iron pisolites to a saleable product.
- Investigations into the potential for downstream development including pig iron production.
- Infrastructure and transport logistics study.
- Environmental studies preliminary to a mining environmental impact study.

Exploratory beneficiation tests for maghemite pisolites from the NSW project were carried out from January to December 2010 in the Mineral Process Laboratory, Jiangxi University of Science and Technology in China, with programs of "single magnetic separation", "magnetic separation – reverse flotation", "Magnetic roasting low intensity magnetic separation concentrate regrinding and further magnetic separation" and "magnetic roasting – low intensity magnetic separation cationic reverse flotation". Test results showed that "magnetic roasting – low intensity magnetic separation reverse flotation" program was able to upgrade the iron concentrates to 58.70% Fe at 72.10% iron recovery, which is the best result among the four test programs. Further work building on these encouraging first results is planned.

An additional four tenements are held in a contributing joint venture between Eastern Iron (49%) and PlatSearch NL (51%). These are also prospective for iron pisolites and are subject to an arrangement whereby 3E have a right to explore the tenements for iron pisolites and have first call over any product from the areas.

NOWA NOWA PROJECT

Eastern Iron has recently entered into an agreement with Waygara Mines Pty Ltd which provides Eastern with an option to purchase a 100% interest in the Nowa Nowa Iron Project which is located in Eastern Victoria. Under the agreement Eastern has paid a $20,000 option payment for a two year option over the project. The option can be extended by a further 12 months and can be exercised at any time by Eastern paying Waygara $300,000 or $100,000 cash plus 1 million Eastern Iron shares, at Eastern's option.

Location of Nowa Nowa Project

The Nowa Nowa iron deposit is a high grade magnetite skarn which has been the subject of some government drilling in the 1950's. Since then little work has been carried out although two additional drill holes were completed by a previous explorer.

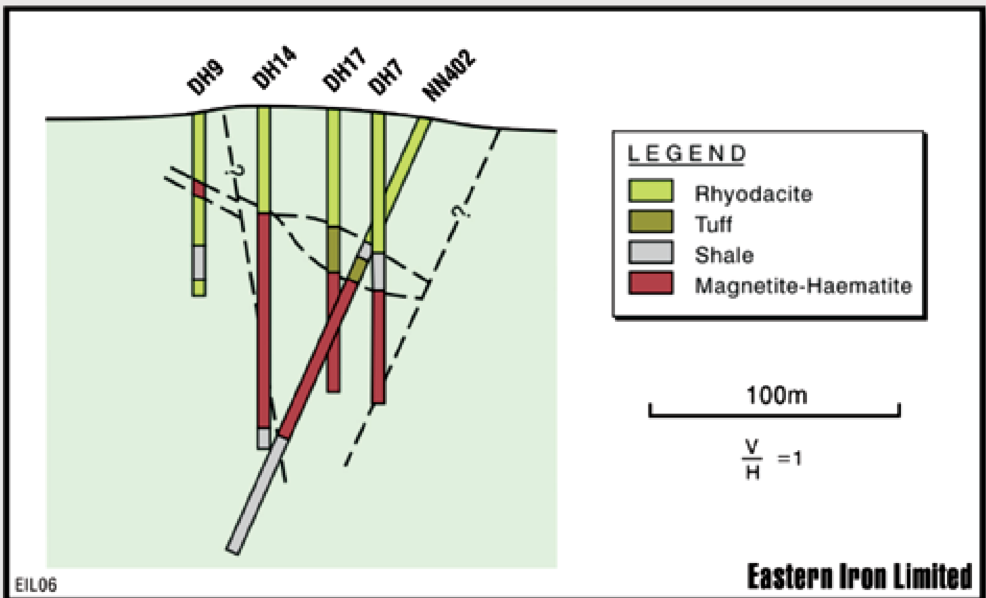
Massive magnetite has been intersected over widths up to 80m at shallow depth. Drilling carried out by the Victorian Government in the 1950's is reported in GSV Bulletin 57 and includes detailed logs and assay information from 27 core holes drilled at the Five Mile Deposit. These outlined the approximate area of the mineralisation and the section below is taken from that report. Drill hole DH14 was reported as follows:

DH14 39.6m – 121.92m (82.28m) averaging 56.9% Fe, 13.1% SiO_2, 1.3% Al_2O_3

Over the next few months Eastern Iron will compile all existing data in an attempt to bring previous resource estimates to a standard which will enable them to be reported under the JORC code. Investigations will also focus on obtaining drill core samples for preliminary metallurgical and product testing.

The Nowa Nowa project is located 50 kilometres by sealed road from the East Gippsland town of Bairnsdale which is connected via 250 kilometres rail link to port facilities at Melbourne and Hastings on Western Port Bay.

The Nowa Nowa project represents an opportunity to develop a low capital cost small high grade iron operation and is a significant opportunity for the Company to progress to producer status.



Drill Section – Five Mile Iron Deposit Nowa Nowa (from GSV Bull 57, G Bell 1959)

PROGRAM FOR 2011 – 2012

Eulogie

The Company will continue to assess the outcomes of the related studies leading to the completion of the concept development study in late 2011. Based on the outcomes of this study and a decision to proceed further, the Company will consider progressing to more detailed studies including a feasibility study. At this stage the potential to introduce a funding and potential offtake partner to the project will also be assessed.

In Queensland the time frame for project permitting and approval is approximately two years or more depending on the complexity of the proposal. In order to reduce the potential timeframe for development the Company will pre commit to some of the longer lead time items for the feasibility/permitting stage. This includes initiation of environmental baseline studies including stream gauging and water quality testing.

Hawkwood

Eastern Iron will complete resource drilling at Hawkwood later in 2011 and the potential for development will be assessed along with Eulogie.

Nowa Nowa

Over the coming months the Company will be seeking to produce a resource estimated under the guidelines of the JORC code for the Nowa Nowa project along with related studies into producing a marketable iron product and identifying options for product transport.

NSW Pisolite Iron Project

- Monitor progress of joint venture activities

Other

- Actively seek and evaluate opportunities for investment in Australia and internationally for potentially valuable projects in commodities including iron, gold, copper, coal and other commodities.

The year ahead should see significant value adding of the Company's asset portfolio through advancing our existing projects and the addition of new projects.

Greg De Ross
Managing Director

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 Managing Director of Eastern Iron Limited 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.

SCHEDULE OF TENEMENTS

As at 21 September 2011

Tenement	Tenement Number	Interest	Joint Venture Details
COBAR PROJECT AREA			
Cobar East	EL 6710	100%	3E can earn up to 77.5%
Coolabah West	EL 6711	49%	PlatSearch 51%
Oakvale	EL 6706	49%	PlatSearch 51%
Quartermaine	EL 6953	100%	3E can earn up to 77.5%
Techno	EL 6954	49%	PlatSearch 51%
Tottington	EL 6956	49%	PlatSearch 51%
Wendoline	EL 6957	100%	3E can earn up to 77.5%
Shaun	EL 6958	100%	3E can earn up to 77.5%
Wallace	EL 6959	100%	3E can earn up to 77.5%
Gromit	EL 6960	100%	3E can earn up to 77.5%
Gorgonzola	EL 7282	100%	3E can earn up to 77.5%
Camembert	EL 7283	100%	3E can earn up to 77.5%
MAIN LINE PROJECT AREA			
Bimbella	EL 6671	100%	3E can earn up to 77.5%
Euabalong	EL 6672	100%	3E can earn up to 77.5%
McGraw	EL 6961	100%	3E can earn up to 77.5%
Flamingo	EL 6952	100%	3E can earn up to 77.5%
Preston	EL 6962	100%	3E can earn up to 77.5%
QUEENSLAND			
Hawkwood	EPMs 15289 and 17099	0%	Rugby 100%, Note 1
Auburn	EPM 18566	100%	-
Redwood	EPM 18533	100%	-
Fairhill	EPC 2175	100%	-
Rolleston	EPC 2206	100%	-
Comet	EPC 2330	100%	-
Eulogie	MDL 362	100%	-

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

Note 1: Joint Venture with Rugby Mining P/L and Rugby Mining Limited where by Eastern Iron can earn up to 80% interest

Your Directors submit their report for the year ended 30 June 2011.

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.

Glenn Goodacre, BA (Macquarie)

Non-executive chairman of the board

Director since November 2007

Glenn has a background as an investor in resources and private equities having commenced investing in resources in the late 1960s. He worked in the mining industry in the 1980s with Alkane Resources NL, Nauru Phosphate Corporation and Lachlan Resources NL and has been a director of a listed explorer from 1987 till 2003. His experience encompasses the pre-float stages of mineral explorers through to management roles in established mining and exploration companies in Australia and the Pacific.

Glenn has participated in the private equity industry since 1990 and he brings broad business strategy and commercial experience to the Board of Eastern Iron as well as extensive networks with brokers and mining companies. He is currently a director of several unlisted industrial and investment businesses.

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

Greg De Ross, BSc (Monash), FAusIMM

Managing director

Director since July 2010

Greg is a geologist with over 30 years' experience in corporate management, exploration and mining. His experience has included a variety of roles in areas covering exploration management, feasibility studies, resource development and mining in commodities such as base and precious metals, uranium, mineral sands, coal and iron ore. He has worked extensively in Central and South East Asia, Oceania and Australia.

Prior to joining Eastern Iron he was General Manager for a Chinese company seeking investment opportunities in the Australian and Chinese resources sector. Previous to this he spent 12 years with Highlands Pacific / Highlands Gold as General Manager Exploration where he had responsibility for exploration and pre-development work on a variety of projects including the Ramu Nickel, Frieda Copper and Kainantu Gold projects. Greg has extensive commercial experience covering joint venture negotiation and project acquisition.

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

Wendy Corbett, BSc, Dip Ed (Sydney), MAIG

Non-executive director

Director since November 2007

Wendy has 39 years' experience in mineral exploration and administration. Since 1995 Wendy has specialised in the application of computer technology to tenement management, databases, mapping and GIS applications. She has developed and maintains database systems to manage the Company's large quantity of technical data. She has considerable experience in exploration, project and joint venture management.

She is a member of the New South Wales Geological Advisory Committee that advises the Minister for Mineral Resources on matters relating to the Geological Survey of New South Wales and is part of the NSW Branch of the AIG committee.

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

Gregory Jones, BSc Hons (UTS), MAusIMM

Non-executive director

Director since April 2009

Greg is a geologist with 32 years of exploration and operational experience gained in a broad range of metalliferous commodities both within Australia and overseas. Greg has held senior positions in a number of resource companies including Western Mining Corporation and Sino Gold and 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 other listed companies:

- PlatSearch NL - appointed April 2009
- Silver City Minerals Limited – appointed April 2009

- Thomson Resources Ltd – appointed July 2009

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

Non-executive director

Director since January 2010

Steve is a consulting mining engineer with more than 30 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 and uranium.

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

- UXA Resources Limited - appointed March 2005
- Argent Minerals Limited - appointed July 2010
- Indochine Mining Limited – appointed March 2011

Ivo Polovineo, FIPA

Non-executive director

Director since April 2011

Ivo was appointed as a Non-Executive Director of the Company effective 5 April 2011.

Ivo has over 30 years' experience in corporate accounting, finance and company secretarial work for a diverse range of companies. He has spent the past 20 years in senior management roles in the resources sector including 7 years as company secretary (and 5 years as CFO) of Sino Gold Mining Limited (a former ASX 100 company) until December 2009. He is also company secretary of Lynas Corporation Ltd, an ASX 100 company, PlatSearch NL, Thomson Resources Ltd and Silver City Minerals Limited.

During the past three years Ivo has also served as a director of the following other listed company:

- Galaxy Resources Limited - appointed July 2010, resigned September 2011

Peter Buckley, BSc, Hons (New England), MAIG

Non-executive director

Director since July 2007 (Resigned April 2011)

Peter resigned as a Non-Executive Director of the Board on 4 April 2011.

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
G Goodacre	480,000	500,000
G De Ross	-	1,200,000
W Corbett	75,000	300,000
G Jones	698,975	300,000
S Gemell	-	300,000
I Polovineo	-	-

Company secretary

Michelle Lilley, BBus, CA

Michelle Lilley, Chartered Accountant, is the Company Secretary and Financial Controller of Eastern Iron since November 2007. Michelle is an experienced financial accountant who holds a Bachelor of Business (Accounting). Her experience has been gained over 17 years in financial and management accounting and includes Finance Manager for an ASX listed company in the bioscience industry and as a financial accountant for an ASX listed iron ore development company. Michelle previously held the Company Secretary position for an ASX listed company in the educational software industry.

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 $945,738 (2010: $593,336) which includes the write-off of exploration expenditure during the year of $488,975 (2010: $8,823).

Dividends

No dividends were paid or proposed during the period.

Review of operations

Eulogie

- Completed acquisition of the Eulogie project adding to resource and development potential of an iron ore project in Central Queensland
- Carried out preliminary metallurgical testwork on drill core samples from Eulogie
- Completed transport options study
- Exploration target tonnage of 500 million - 1 billion tonnes*
- Completed 35 hole 3,369m resource drilling program leading to maiden resource estimate
- Concept development study underway.

Hawkwood

- First pass 1,848m RC drilling program confirmed magnetite layers as the source of the magnetic anomaly
- Preliminary Davis Tube analysis produced high quality iron concentrates
- Follow up 637m diamond drilling confirmed structure of magnetite layers and provided samples for further metallurgical testwork
- Exploration target tonnage of 500 million – 1 billion tonnes*.

NSW 3E Steel Pisolite iron Joint Venture

- Completed joint venture agreement with 3E steel whereby 3E have committed $1.9 million to further resource drilling and beneficiation studies.

Other

- The Company is currently negotiating for another significant iron ore asset in Australia.

* *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.*

The information in this report that relates to exploration targets for Eastern Iron Limited is based on information compiled by Mr Arnold van der Heyden who is a Member of the Australian Institute of Mining and Metallurgy and a full time employee of Hellman & Schofield Pty Ltd. The data used to derive the exploration target was supplied by Eastern Iron Limited and compiled by Mr Greg De Ross who is a Fellow of the Australian Institute of Geoscientists and a full time employee of Eastern Iron Limited. Mr van der Heyden, and Mr De Ross have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as "Competent Persons" as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr van der Heyden and Mr De Ross consent to the inclusion in this Report of the information compiled by them in the form and context in which they appear.

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 2011 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:

- The Company has issued 2,500,000 fully paid ordinary shares as consideration for the acquisition of the Eulogie Park Project. Details of the Eulogie Park Purchase Agreement were announced to ASX on 19 January 2011.

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
5,000,000	Ordinary	$0.35	19/12/2012
1,200,000	Ordinary	$0.18	09/03/2015
1,850,000	Ordinary	$0.20	23/11/2013
8,050,000			

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.

During the financial year, shareholders have exercised options to acquire 19,307,419 fully paid ordinary shares in Eastern Iron Limited under the Company's Bonus Option issue in November 2008 (options expired 19 December 2010).

Environmental performance

Eastern Iron holds exploration licences issued by New South Wales Minerals and Energy, which specify 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 Department's 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.

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 2011 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	
Glenn Goodacre	Non- executive Chairman
Greg De Ross	Managing Director
Peter Buckley	Non-executive Director - resigned April 2011
Wendy Corbett	Non-executive Director
Greg Jones	Non-executive Director
Steve Gemell	Non-executive Director
Ivo Polovineo	Non-executive Director
Key management personnel	
Michelle Lilley	Company Secretary and Financial Controller

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 was set at $30,000 p.a. and NED fees at $24,000 p.a. for the year ended 30 June 2011. As at 1 July 2011 the Board resolved to increase the Chairman's fee to $54,000 p.a. and NED fees to $36,000 p.a. In addition, members of the Board Committees are paid 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.

Managing Director – Greg De Ross

- Contract term: No fixed term. Either party may terminate the letter of employment with two months' notice.
- Remuneration: $260,000 p.a. as at 30 June 2011 to be review annually. Increased to $273,000 p.a. from 1 July 2011.
- Termination payments: A 3 month severance pay with an additional 3 months after more than five years.

Chairman – Glenn Goodacre

- Contract term: Rolling contract. The Company may terminate the agreement if Mr Goodacre breaches the agreement and fails to remedy such a breach with 14 days of receipt of written notice.
- Remuneration: $220 per hour plus GST for consultancy services as at 30 June 2011. Increased to $240 per hour plus GST from 1 July 2011.
- Termination payments: Nil.

Non-Executive Director – Wendy Corbett

- Contract term: Rolling contract. Either party may terminate the agreement with one months' notice.
- Remuneration: $99 per hour plus GST for consultancy services as at 30 June 2011. Increased to $104 per hour plus GST from 1 July 2011.
- Termination payments: Nil.

Non-Executive Director – Greg Jones

- Contract term: Rolling 12 months contract with PlatSearch NL (48.26% shareholder of Eastern Iron) of which Greg is an employee. No notice is required from either party to terminate the agreement.
- Remuneration: $145 per hour plus GST for consultancy services as at 30 June 2011. Greg's fees were paid directly to PlatSearch NL. Fees increased to $153 per hour plus GST from 1 July 2011.
- Termination payments: Nil.

Non-Executive Director – Steve Gemell

- Contract term: Rolling contract. No notice is required from either party to terminate the agreement.
- Remuneration: $180 per hour plus GST for consultancy services as at 30 June 2011. Increased to $200 per hour plus GST from 1 July 2011.
- Termination payments: Nil.

Non-Executive Director – Peter Buckley

- Contract term: Rolling 12 months contract with PlatSearch NL (48.26% shareholder of Eastern Iron) of which Peter was an employee. No notice is required from either party to terminate the agreement. This agreement was terminated in respect of Peter when he resigned from PlatSearch NL in March 2011.
- Remuneration: $80 per hour plus GST for consultancy services as at 30 June 2011. Peter's fees were paid directly to PlatSearch NL.

  Termination payments: Nil.

Company Secretary – Michelle Lilley

- Contract term: Rolling contract. Either party may terminate the agreement with one months' notice.
- Remuneration: $93 per hour plus GST for consultancy services as at 30 June 2011. Increased to $98 per hour plus GST from 1 July 2011.
- Termination payments: Nil.

Directors and key management personnel remuneration for the year ended 30 June 2011

	Short-term benefits		Post employment	Share-based payments		
	Cash salary and fees $	Consulting fees $	Superannuation $	Options $	Total $	Consisting of options %
Directors						
G Goodacre	31,927	41,525	2,873	34,750	111,075	31%
G De Ross	238,532	-	21,468	28,480	288,480	10%
P Buckley (a)	16,758	53,160	1,508	20,850	92,276	23%
W Corbett	24,220	27,473	2,180	20,850	74,723	28%
G Jones (b)	24,771	6,163	2,229	20,850	54,013	39%
S Gemell	26,422	7,864	2,378	20,850	57,514	36%
I Polovineo (c)	5,229	-	471	-	5,700	-
Total Directors	367,859	136,185	33,107	146,630	683,781	
Other key management personnel						
M Lilley	-	31,759	-	10,425	42,184	25%
Total KMP	-	31,759	-	10,425	42,184	
Totals	367,859	167,944	33,107	157,055	725,965	

(a) The Company engaged PlatSearch NL to provide the services of Peter Buckley. Fees totalling $53,160 were paid to PlatSearch. PlatSearch is a 48.26% shareholder in Eastern Iron. Peter resigned as a Non-Executive Director of Eastern Iron in April 2011.

(b) The Company engaged PlatSearch to provide the services of Greg Jones. Fees totalling $6,163 were paid to PlatSearch. PlatSearch is a 48.26% shareholder in Eastern Iron.

(c) Appointed April 2011.

No performance based remuneration was paid in the 2011 and 2010 financial period.

Directors and key management personnel remuneration for the year ended 30 June 2010

	Short-term benefits		Post employment	Share-based payments		
	Cash Salary and fees $	Consulting $	Superannuation $	Options $	Total $	Consisting of options %
Directors						
G Goodacre	28,624	23,265	2,576	-	54,465	-
G De Ross	79,511	-	7,156	56,960	143,627	40%
P Buckley (a)	7,339	98,350	661	-	106,350	-
W Corbett	22,569	46,084	2,031	-	70,684	-
G Jones (b)	22,018	15,038	1,982	-	39,038	-
S Gemell	11,814	1,207	1,063	-	14,084	-
Total Directors	171,875	183,944	15,469	56,960	428,248	
Other key management personnel						
M Lilley	-	37,758	-	-	37,758	-
Total KMP	-	37,758	-	-	37,758	
Totals	171,875	221,702	15,469	56,960	466,006	

(a) The Company engaged PlatSearch NL to provide the services of Peter Buckley. Fees totalling $98,350 were paid to PlatSearch. PlatSearch is a 48.26% shareholder in Eastern Iron.

(b) The Company engaged PlatSearch to provide the services of Greg Jones. Fees totalling $15,038 were paid to PlatSearch. PlatSearch is a 48.26% shareholder in Eastern Iron.

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 have been 1,350,000 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

The following options were granted during the financial year.

Share-based payments awarded during the year to directors and key management

	Grant date	Granted no.	Vested no.	Vested %	Value of options granted at the grant dated (note 14) $	Number of options exercised	Value of options exercised at the exercise date $	Value of options lapsed at the date of lapse $
Directors								
G Goodacre	23 Nov 10	500,000	500,000	100%	34,750	-	-	-
W Corbett	23 Nov 10	300,000	300,000	100%	20,850	-	-	-
G Jones	23 Nov 10	300,000	300,000	100%	20,850	-	-	-
S Gemell	23 Nov 10	300,000	300,000	100%	20,850	-	-	-
P Buckley	23 Nov 10	300,000	300,000	100%	20,850	-	-	-
Other key management personnel								
M Lilley	29 Sep 10	150,000	150,000	100%	10,425	-	-	-

The value of options granted during the period is recognised as compensation over the vesting period of the grant, in accordance with Australian Accounting Standards. 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	
	Held	Attended	Held	Attended	Held	Attended
Directors						
G Goodacre	6	6	1	1	3	3
G De Ross	6	6	-	-	-	-
W Corbett	6	6	-	-	3	3
G Jones	6	6	1	1	-	-
S Gemell	6	6	1	1	3	3
I Polovineo - appointed April 11	2	2	-	-	-	-
P Buckley - resigned April 11	4	4	-	-	-	-

The duties of the Corporate Governance Committee were carried out by the full Board at Board meetings for the 2011 financial year.

Auditor's independence and non-audit services

bdjpartners
incorporating Boulter Partners
CHARTERED ACCOUNTANTS

partners
C H Barnes FCA
A J Dowell CA
B Kolevski CPA (Affiliate ICAA)
M Galouzis CA
A N Fraser CA

associate
M A Nakkan CA

consultant
R H B Boulter FCA

north sydney office
Level 13, 122 Arthur St
North Sydney NSW 2060

manly office
Level 5, 22 Central Ave
Manly National Building
Manly NSW 2095

all correspondence
PO Box 1664
North Sydney NSW 2059

t 02 9956 8500
f 02 9929 7428
e bdj@bdj.com.au
www.bdj.com.au

AJD:GC

15 August, 2011

The Directors
Eastern Iron Limited
PO Box 956
CROWS NEST NSW 1585

Dear Board of Directors,

EASTERN IRON LIMITED AND CONTROLLED ENTITIES

We declare that, to the best of our knowledge and beliefs, during the year ended 30 June 2011 there have been:

i. no contraventions of auditor independence requirements as set out in 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.

Yours Faithfully
BDJ Partners
Chartered Accountants

Anthony Dowell
Partner

Non-audit services

The Company's auditor, Barnes Dowell James did not provide non-audit services for Eastern Iron during the financial year ended 30 June 2011. 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 28th day of September 2011 in accordance with a resolution of the Directors.

Glenn Goodacre
Chairman

The Board of Directors of Eastern Iron is responsible for the corporate governance of the Company and is committed to maintaining a high standard of governance.

The Board monitors the management, business and affairs of Eastern Iron on behalf of the shareholders by whom they are elected and to whom they are accountable. The Board draws on relevant best practice principles, particularly the ASX revised Corporate Governance Principles and Recommendations (2nd edition) issued by the ASX Corporate Governance Council (the Principles).

The Principles are reviewed on a periodic basis and Eastern Iron endeavours to adhere to the Principles, mindful that there may be some instances where compliance is not practicable for a company of its size and level of operations.

In many cases, the Company is achieving the standards required by the Principles. In a number of instances, the Company may not meet certain standards set out in the Principles. Where the Company does not meet the recommendations, the Board anticipates that, as the Company's operations grow, it will adjust its structure over time to satisfy the relevant Principles.

This statement addresses each of the eight ASX Corporate Governance Recommendations. Each Recommendation is set out and followed with an explanation of our corporate governance practices. The extent to which Eastern Iron has followed the recommendations is addressed and the Company has identified any Principles that have not been followed (and provided reasons for not doing so).

Principle 1: Lay solid foundations for management and oversight

The Company has established the functions reserved to the Board and those delegated to Senior Executives. A summary of the Board's role is stated below:

The role and responsibility of the Board

The Board Charter outlines the roles and responsibilities of the Board and, in conjunction with the Constitution, allows the Board to determine those matters to be delegated to its Committees and Senior Executives.

The Board's responsibilities include:

- Approval and review of corporate strategic direction and major operating plans.
- Approval of budgets. Monitoring the operational and financial positions and performance of the Company and other reporting.
- Appointment and removal of the CEO.
- Evaluating the performance of the CEO.
- Review and approve the Company's policy on risk oversight and management of material business risks.
- Monitoring the effectiveness of the risk management and internal control systems through oversight and management reports.
- Approving and monitoring major capital expenditure, acquisitions and divestitures above the authority level delegated to management.
- Determining dividend policy.
- Ensuring appropriate resources are available to Senior Executives.
- Appointment and removal of external auditor including terms of appointment and remuneration.

The Constitution and Board Charter is available on Company's website 'www.easterniron.com.au'.

Directors' appointment letter

A formal letter is provided to Directors upon appointment setting out the key terms and conditions of their appointment. The Company's appointment letter to Directors contains the elements suggested in Box 1.1 of the ASX principles.

Authority delegated to CEO/Managing director

The CEO/Managing Director is responsible for the day to day management of the Company and its operations. Further details of responsibilities are set out in the Company's Board Charter.

Management performance evaluation

The Board, in conjunction with the Remuneration Committee, is responsible for approving the performance objectives and measures for the CEO/Managing Director. Performance evaluations are conducted annually against individual and Company performance objectives. Performance evaluations of management are conducted by the CEO/Managing Director. The management performance evaluations for the current financial year were conducted in June 2011 in accordance with Company's policy.

To ensure that management are able to participate fully and actively in management decision making and to be able to meet their performance objectives, management are provided with an induction package on appointment.

Principle 2: Structure the Board to add value

The composition of the Board has been determined on the basis of providing the Company with an appropriate range of technical, administrative and financial skills, combined with an appropriate level of experience at a corporate management level. The Board comprises of an Executive and five Non-Executives. For details on the skills, experience and expertise of each Director, as well as the period of office held by each Director; please refer to page 1 of the Directors' Report.

Director independence

The Board regularly assesses the independence of each Director. Directors are considered to be independent if they are free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the independent exercise of their judgement.

The Board has applied the points set out in ASX Box 2.1 "Relationships affecting independent status" of the Principles in determining director independence. In the context of director independence, a relationship is considered "material" if the payment made to a director or related party is greater than 10 percent of the Company's expenses for that financial year.

In accordance with the definition of independence above, the following Directors are considered to be independent:

Mr Glenn Goodacre (Non-Executive Chairman)

Mr Steve Gemell (Non-Executive Director)

Mr Goodacre and Mr Gemell undertake consultancy work for the Company; however, it is under the Company's materiality threshold of 10 percent and therefore, is not considered to affect their independence.

The remaining Non-Executive Directors of the Company are not considered to be independent due to their association with a substantial shareholder of the Company, PlatSearch NL. All Directors also undertake consultancy work for the Company. The Board considers that the skills and experience of the current non-independent Directors are essential in this current phase of operations, in light of the nature and size of the Company and its business interests. The Board is of the view that its members have a sufficiently broad mix of skills and that the Directors' level of experience enables them to be aware of and capable of acting in an independent manner and in the best interests of shareholders.

All Directors, whether independent or not, are expected to bring an independent judgement to Board decisions. To facilitate this, each Director may obtain independent experts' advice to enable them to fulfil their obligations at the expense of the Company after obtaining approval by the Chairman.

Independence and role of Chairman

The Board considers the Chairman, Mr Glenn Goodacre to be independent as per the guidelines of director independence stated in this principle.

The role of the Chairman is described in the Company's Board Charter which is available on the Company's website 'www.easterniron.com.au'. The role of the Chair and the CEO is not exercised by the same individual, as recommended by the ASX Principles.

Board remuneration and nomination committee

The Remuneration and Nomination Committee was established to make recommendations on selection, competencies and re-election of Directors as well as assisting the Board in the oversight of the Company's remuneration policies. Further details of the responsibilities of the Committee can be found on the Company's website 'www.easterniron.com.au'. Board vacancies are fulfilled with experienced and qualified members and matters such as diversity and board skill levels are considered to identify potentials gaps. The Remuneration and Nomination Committee consists of three members, their names and attendance at meetings are detailed on page 9 of the Directors Report. The Committee consists of a majority of independent Directors and is chaired by a non independent Director.

Board performance review

The Board reviews its performance annually to ensure that individual Directors and the Board as a whole work efficiently and effectively in achieving their functions and duties. The Chairman meets annually with the Board to conduct a review of individual Directors and the Board as a whole. The Board's performance was reviewed against its responsibilities as stated in the Company's Board Charter in July 2011 in accordance with the Company's policy. On appointment a new director is given an induction pack to ensure that new directors gain an overall understanding of the Company and their role as a director.

Principle 3: Promote ethical and responsible decision making

Code of ethics and conduct

The Company's Code of Ethics and Conduct promotes ethical and responsible decision making by Directors and employees. The Code requires high standards of honesty, integrity, fairness and equity in all dealings internally and externally. The Code of Ethics and Conduct is available on the Company's website 'www.easterniron.com.au'.

Securities trading policy

The Company's Securities Trading Policy governs when Eastern Iron's Directors, employees and key consultants may deal in the Company's securities and the procedures that must be followed for such dealings.

Trading in the Company's securities is permitted only during trading windows, which are open for a period of up to five weeks commencing the day after the announcement of the half year financial results, full year financial results and the AGM, quarterly report or a major announcement leading, in the opinion of the Board, to an informed market.

Staff are required to seek approval before trading in the Company's shares during the trading window with the Chairman of the Board or the Managing Director.

The Company prohibits Directors, employees and key consultants from using derivatives or entering into transactions that operate, or are intended to operate, to limit the economic risk of security holdings over unvested Eastern Iron shares.

Directors, employees and key consultants are prohibited from buying or selling Company shares at any time if they are aware of price sensitive information that has not been made public.

Principle 4: Safeguard integrity in financial reporting

Audit committee

The Audit Committee consists of three Non-Executive Directors. The current members of the Audit Committee are Mr Gemell (Chair), Mr Goodacre and Ms Corbett. The Committee members are considered to have appropriate expertise and skills required for an Audit Committee.

As recommended the Committee has at least three members and the majority of members are independent which the Company complied with. Further details on the qualifications of the Directors are on page 1 and the number of meetings held and attendance of members are on page 9 of the Directors' Report.

The Audit Committee reviews the external auditor's term of engagement and audit plan, and assesses the independence of the external auditor. The Company is satisfied that the level of non-audit work carried out by the external auditor is compatible with maintaining audit independence.

The Audit Committee's Charter sets out its role, responsibilities, membership requirements, auditor selection and rotation and is available on the Company's website "www.easterniron.com.au".

Principle 5: Make timely and balanced disclosure

Continuous disclosure

The Company is committed to maintaining a level of disclosure that meets the highest standards and provides all investors with timely and equal access to information. The Company's Continuous Disclosure Policy is designed to ensure compliance with ASX Listing Rule requirements and has considered suggestions made in Box 5.1 of ASX Principle 5.

The Continuous Disclosure Policy is available on the Company's website 'www.easterniron.com.au'.

Principle 6: Respect the rights of shareholders

Shareholder communications policy

The Company strives to communicate effectively and transparently with shareholders and the community. The Company's Shareholder Communication Policy includes the following elements to ensure shareholders receive timely and equal access to balanced information:

- Material announcements released to the market are posted on the Company's website as soon as it is practical after it is released to the ASX.
- Information provided to analysts or media during briefings are released to ASX and then posted on the Company's website.
- The full text of Notice of Meetings, Explanatory Notes and the last three years of material ASX

announcements and financial reports are posted on the Company's website.

Further information about the Shareholder Communication Policy is available on the Company's website 'www.easterniron.com.au'.

Annual general meeting (AGM)

The Company's AGM is considered an important opportunity for communicating with shareholders and encouraging active shareholder participation. Shareholders are encouraged to attend the AGM and the Company's external Auditor will be available at the AGM to answer shareholder questions about the conduct of the audit, and the preparation and content of the Independent Audit Report.

Principle 7: Recognise and manage risk

It is the Company's belief that an effective risk management system is integral to the Company's strategic objectives and maintaining shareholder value. The Company's Risk Management Policy reflects the Company's risk profile and tolerance levels.

Risk management roles and responsibilities

The Board is responsible for reviewing the Company's policies for the oversight and management of material business risks and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Management is responsible for the design, implementation and development of risk management and internal control systems to manage material business risks. The Board reviews the effectiveness of the implementation of the risk management system annually.

The Board does not have a formal Risk Committee and issues normally covered by a Risk Committee are discussed at each Board meeting.

Managing Director and Financial Controller assurance

The Board receives reports about the financial condition and operational results of the Company from management.

The Managing Director and the Financial Controller annually provide formal statements to the Board, and have done so for the year ended 30 June 2011. The statements declare that the Company's financial reports give a true and fair view, in all material respects, of the Company's financial position and comply in all material respects with relevant accounting standards. The statement also provides that declarations made are provided in accordance with section 295A of the Corporations Act and 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 reporting risks.

The Managing Director and the Financial Controller have reported to the Board in accordance with ASX Principle 7.2 that the risk management and internal control systems are operating effectively in relation to material business risks for the period.

A summary of the Risk Management Policy is available on the Company's website 'www.easterniron.com.au'.

Principle 8: Remunerate fairly and responsibly

Remuneration and nomination committee

The Board has a Remuneration and Nomination Committee. The Committee assists the Board by reviewing and recommending to the Board on the Company's remuneration policies and practices.

The Committee consists of three members of which a majority are independent. For the financial year ended 30 June 2011, the Company did not comply with the recommendation that the Remuneration and Nomination Committee be chaired by an independent director due to the small size of the Company. Details of the names and attendance of members at meetings are on page 9 of the Directors Report.

A summary of the Remuneration and Nomination Committee Charter is available on the Company's website 'www.easterniron.com.au'.

Remuneration of directors and executives

Non-Executive Directors are paid an annual fee and do not receive performance related payments or bonuses. Options have been issued to Non-Executive Directors in the period ended 30 June 2011.

Executive remuneration packages are formulated to align executive reward with achievement of strategic objectives and the creation of value for shareholders.

The Company has an Employee Share Option Plan which is summarised in the Directors' Report. The

Company believes that its measures of equity-based remuneration are appropriate and shareholder approval is not required for payment of equity-based executive remuneration.

There are no schemes for retirement benefits other than statutory superannuation. The Company prohibits the entering into transactions in products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes.

Further details on the remuneration of Directors and Executives are disclosed on pages 4 to 9 of the Directors' Report.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2011

	Note	2011 $	2010 $
Revenue	3	484,150	132,504
ASX and ASIC fees		(21,803)	(23,721)
Audit fees	18	(16,900)	(16,500)
Contract administration services		(141,710)	(141,228)
Directors fees		(129,327)	(93,135)
Employee costs (net of costs recharged to exploration projects)		(243,935)	(93,053)
Exploration expenditure expensed	9	(488,975)	(8,823)
Marketing costs		(57,279)	(3,102)
Recruitment expenses		(11,445)	(61,253)
Rent		(20,595)	(25,780)
Share based payments	14	(157,055)	(56,960)
Other expenses from ordinary activities		(140,864)	(73,729)
Loss before income tax expense		(945,738)	(464,780)
Income tax expense	4	-	(128,556)
Loss after income tax expense	13	(945,738)	(593,336)
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		(945,738)	(593,336)
Basic loss per share (cents per share)	15	1.16	1.29
Diluted loss per share (cents per share)	15	1.16	1.29

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

Consolidated Statement of Financial Position

As at 30 June 2011

	Note	2011 $	2010 $
Current assets			
Cash assets	5	3,618,543	2,679,433
Receivables	6	84,694	51,428
Total current assets		3,703,237	2,730,861
Non-current assets			
Tenement security deposits	7	105,850	120,000
Property, plant and equipment	8	37,897	30,086
Deferred exploration and evaluation expenditure	9	2,458,669	1,861,682
Total non-current assets		2,602,416	2,011,768
Total assets		6,305,653	4,742,629
Current liabilities			
Payables	10	418,519	73,606
Provisions	11	18,892	6,789
Total current liabilities		437,411	80,395
Total liabilities		437,411	80,395
Net assets		5,868,242	4,662,234
Equity			
Contributed equity	12	7,552,017	5,557,326
Accumulated losses	13	(2,012,355)	(1,066,617)
Reserves	14	328,580	171,525
Total equity		5,868,242	4,662,234

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2011

	Note	2011 $	2010 $
Cash flows from operating activities			
Payment to suppliers and employees		(715,245)	(525,340)
R&D tax concession offset		266,973	-
Consulting fees		7,310	-
Rental income		1,536	1,536
Interest received		171,909	118,690
Net cash flows (used in) operating activities	25	(267,517)	(405,114)
Cash flows from investing activities			
Purchase of motor vehicle and fixed assets		(18,784)	(10,820)
Expenditure on mining interests (exploration)		(786,779)	(533,522)
Tenement security deposits		17,500	-
Net cash flows (used in) investing activities		(788,063)	(544,342)
Cash flows from financing activities			
Proceeds from issue of shares		1,994,690	322,200
Equity raising expenses		-	-
Net cash flows from financing activities		1,994,690	322,200
Net increase/(decrease) in cash held		939,110	(627,256)
Add opening cash brought forward		2,679,433	3,306,689
Closing cash carried forward	25	3,618,543	2,679,433

The 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 2011

	Note	Attributable to the shareholders of Eastern Iron Limited			
		Issued capital $	Accumulated losses $	Reserves $	Total equity $
At 1 July 2009		5,106,570	(473,281)	114,565	4,747,854
Loss for the period		-	(593,336)	-	(593,336)
Other comprehensive income		-	-	-	-
Total comprehensive income/(loss) for the period		-	(593,336)	-	(593,336)
Transactions with owners in their capacity as owners:					
Cost of share based payments taken directly to Equity	14	-	-	56,960	56,960
Issue of share capital, net of transaction costs	12	450,756	-	-	450,756
At 30 June 2010		5,557,326	(1,066,617)	171,525	4,662,234
At 1 July 2010		5,557,326	(1,066,617)	171,525	4,662,234
Loss for the period		-	(945,738)	-	(945,738)
Other comprehensive income		-	-	-	-
Total comprehensive income/(loss) for the period		-	(945,738)	-	(945,738)
Transactions with owners in their capacity as owners:					
Cost of share based payments taken directly to Equity	14	-	-	157,055	157,055
Issue of share capital, net of transaction costs	12	1,994,691	-	-	1,994,691
At 30 June 2011		7,552,017	(2,012,355)	328,580	5,868,242

The 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 2011 was authorised for issue in accordance with a resolution of the Directors on 28 September 2011.

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 - 5 years.
- Motor vehicle – 6 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 and 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.

New accounting standards and interpretations

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report. Adoption of these Standards did not have any effect on the financial position or performance of the Consolidated Entity.

AASB 2009-5 (Application date 1 January 2010)

Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project – The subject of amendments to the standards are set out below:

- AASB 8 – Disclosure of information about segment assets
- AASB 101 – Current/non-current classification of convertible instruments

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 2011.

AASB 9 Financial Instruments (Application date 1 January 2013)

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.

ASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (Application date 1 January 2013)

These amendments arise from the issuance of AASB 9 *Financial Instruments* that sets out requirements for the classification and measurement of financial assets. The requirements in AASB 9 form part of the first phase of the International Accounting Standards Board's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*.

This Standard shall be applied when AASB 9 is applied.

AASB 124 (Revised) Related Party Disclosures (December 2009) (Application date 1 January 2011)

The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including:

(a) The definition now identifies a subsidiary and an associate with the same investor as related parties of each other

(b) Entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other

(c) The definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other

A partial exemption is also provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.

AASB 2009-12 Amendments to Australian Accounting Standards (Application date 1 January 2011)

This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations.

In particular, it amends AASB 8 *Operating Segments* to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. It also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB.

AASB 1053 Application of Tiers of Australian Accounting Standards (Application date 1 July 2013)

This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements:

(a) Tier 1: Australian Accounting Standards

(b) Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements

Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements.

The following entities apply Tier 1 requirements in preparing general purpose financial statements:

(a) For-profit entities in the private sector that have public accountability (as defined in this Standard)

(b) The Australian Government and State, Territory and Local Governments

The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements:

(a) For-profit private sector entities that do not have public accountability

(b) All not-for-profit private sector entities

Public sector entities other than the Australian Government and State, Territory and Local Governments

AASB 1054 Australian Additional Disclosures (Application date 1 July 2011)

This standard is as a consequence of phase 1 of the joint Trans-Tasman Convergence project of the AASB and FRSB.

This standard relocates all Australian specific disclosures from other standards to one place and revises disclosures in the following areas:

(a) Compliance with Australian Accounting Standards

(b) The statutory basis or reporting framework for financial statements

(c) Whether the financial statements are general purpose or special purpose

(d) Audit fees

(e) Imputation credits

AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13] (Application date 1 January 2011)

Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments.

Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

Provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions.

Clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.

AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (Application date 1 July 2011)

The amendments increase the disclosure requirements for transactions involving transfers of financial assets. *Disclosures* require enhancements to the existing disclosures in IFRS 7 where an asset is transferred but is not derecognised and introduce new disclosures for assets that are derecognised but the entity continues to have a continuing exposure to the asset after the sale.

AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023, & 1038 and interpretations 2, 5, 10, 12, 19 & 127] (Application date 1 January 2013)

The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows:

- The change attributable to changes in credit risk are presented in other comprehensive income (OCI).
- The remaining change is presented in profit or loss.

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Consolidated Financial Statements (Application date 1 January 2013)

IFRS 10 establishes a new control model that applies to all entities. It replaces parts of IAS 27 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities.

The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. This is likely to lead to more entities being consolidated into the group.

Joint Arrangements (Application date 1 January 2013)

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly- controlled Entities – Non-monetary Contributions by Ventures. IFRS 11 uses the principle of control in IFRS 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. This may result in a change in the accounting for the joint arrangements held by the group.

Disclosure of Interests in Other Entities (Application date 1 January 2013)

IFRS 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.

Fair Value Measurement (Application date 1 January 2013)

IFRS 13 establishes a single source of guidance under IFRS for determining the fair value of assets and liabilities. IFRS 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value under IFRS when fair value is required or permitted by IFRS. Application of this definition may result in different fair values being determined for the relevant assets.

- IFRS 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.

3. Revenue from ordinary activities

	2011 $	2010 $
Interest received – other persons/corporation	185,109	132,149
R&D tax concession offset	266,973	-
Gain on tenement transfer	23,280	-
Consulting fees	7,251	-
Rental income	1,537	355
	484,150	132,504

4. Income tax

	2011 $	2010 $
Income tax expense		
The major components of income tax expense are:		
Current income tax	-	-
Current income tax benefit	-	-
Deferred income tax	-	-
Relating to origination and reversal of temporary differences	-	206,024
Recognition of previously unrecognised losses	-	(77,468)
Income tax (benefit)/expense reported in the Statement of Comprehensive Income	-	128,556
Reconciliation		
Prima facie income tax (benefit)/expense on operating (loss)/profit at 30%	(283,722)	(139,434)
Non-deductible expenses	(58,686)	17,333
Recognition of previously unrecognised losses	-	(77,468)
De-recognition of current year loss	342,408	279,124
Recognition / de-recognition of temporary differences	-	49,001
Income tax (benefit)/expense	-	128,556
Recognised deferred tax assets and liabilities		
Opening deferred tax liability balance	-	-
Charged to income expense / (benefit)	-	128,556
Charged to equity (credit)	-	(128,556)
Closing balance	-	-
Tax(benefit)/expense in the Statement of Comprehensive Income	-	128,556
Amounts recognised in the Statement of Financial Position	-	-
Deferred tax asset	-	565,745
Deferred tax liability	-	565,745
Net deferred tax balance	-	-

Deferred income tax at 30 June relates to the following:

	2011 $	2010 $
(i) Deferred tax liabilities		
Capitalised exploration	–	558,505
Other	–	7,240
Gross deferred tax liabilities	–	565,745
(ii) Deferred tax assets		
Carry-forward tax losses	–	899,078
Provisions	–	4,287
Share issuance costs	–	53,844
Tax losses not booked	–	(391,464)
Gross deferred tax assets	–	565,745
Net deferred tax assets/(liabilities)	–	-

The total available carried forward losses attributable to Eastern Iron Limited are $3,407,960 (tax benefit at 30% is $1,022,388). No franking credits are available for subsequent years.

The parent entity and the group are not tax consolidated. The parent company and each of the subsidiaries in the group are in tax loss. The Directors are of the view that there is insufficient probability that the parent entity and its subsidiaries will derive sufficient income in the foreseeable future to justify booking the tax losses and temporary differences as deferred tax assets and deferred tax liabilities.

5. Cash and cash equivalents

	2011 $	2010 $
Cash at bank	221,792	37,751
Money market securities – bank deposits	3,396,751	2,641,682
	3,618,543	2,679,433

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

	2011 $	2010 $
Trade receivables	–	11,675
GST receivables	35,953	4,153
Interest receivable	37,334	24,134
Prepayments	11,407	11,466
	84,694	51,428

7. Tenement security deposits

	2011 $	2010 $
Cash with government mines department	105,850	120,000
	105,850	120,000

These deposits are restricted so that they are available for any rehabilitation that may be required on exploration tenements (Note: 21).

8. Property, plant and equipment

	Motor vehicle	Plant and equipment	Total
Year ended 30 June 2010			
Opening net book amount	20,490	5,485	25,975
Additions	-	11,087	11,087
Disposals	-	-	-
Depreciation expense	(3,940)	(3,036)	(6,976)
Closing net book amount	16,550	13,536	30,086
At 30 June 2010			
Cost	24,166	18,072	42,238
Accumulated depreciation	(7,616)	(4,536)	(12,152)
Net book amount	16,550	13,536	30,086
Year ended 30 June 2011			
Opening net book amount	16,550	13,536	30,086
Additions	-	18,785	18,785
Disposals	-	-	-
Depreciation expense	(4,028)	(6,946)	(10,974)
Closing net book amount	12,522	25,375	37,897
At 30 June 2011			
Cost	24,166	36,857	61,023
Accumulated depreciation	(11,644)	(11,482)	(23,126)
Net book amount	12,522	25,375	37,897

9. Deferred exploration and evaluation expenditure

	2011 $	2010 $
Costs brought forward	1,861,682	1,429,648
Costs incurred during the period	1,062,682	440,857
Expenditure written off during period	(203,203)	(8,823)
Gain on transfer of tenements (discussed below)	23,280	-
Loss on transfer of tenements (discussed below)	(285,772)	-
Costs carried forward	2,458,669	1,861,682
Exploration expenditure costs carried forward are made up of:		
▶ Expenditure on joint venture areas	2,118,830	1,832,796
▶ Expenditure on non joint venture areas	339,839	28,886
Costs carried forward	2,458,669	1,861,682

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.

The gain and loss on transfer of tenements relates to the Eastern Iron and PlatSearch NL Joint Venture restructure approved by shareholders at the Company's EGM in November 2010. The net loss of $262k relates to the write down of previously capitalised exploration expenditure on those tenements where the Company's interest reduced from 80% to 49%.

An amount of $337,460 is included in the 2009 opening costs brought forward of $498,225. This amount represents a Sale and Joint Venture agreement with PlatSearch NL entered into on 30 January 2008 for the purchase by the Company of an 80% interest in 15 tenements in exchange for 11,000,000 shares in the Company at $0.03 per share ($330,000) and 5,000,000 options at $0.001 per option ($5,000) with an exercise price of 35 cents (Note: 12). Additionally, $2,460 was spent on registering the tenements.

10. Payables – current liabilities

	2011 $	2010 $
Trade creditors	312,906	39,208
Accrued expenses	91,470	13,026
PAYG and superannuation payable	14,143	20,311
GST payable	-	1,061
	418,519	73,606

11. Provisions – current liabilities

	2011 $	2010 $
Annual leave provision	18,892	6,789

12. Contributed equity

	2011 $	2010 $
Share capital		
65,307,419 fully paid ordinary shares (2010: 48,685,000)	7,846,980	5,852,290
Fully paid ordinary shares carry one vote per share and carry the right to dividends.		
Options on Issue		
5,000,000 (2010: 5,000,000)	5,000	5,000
Share issue costs	(299,963)	(299,964)
	7,552,017	5,557,326

		Number	$
Movements in ordinary shares on issue			
At 1 July 2009		46,000,000	5,530,090
Shares issued	(i)	2,685,000	322,200
At 30 June 2010		48,685,000	5,852,290
Shares issued	(ii)	16,622,419	1,994,690
At 30 June 2011		65,307,419	7,846,980

(i) The Company issued 2,685,000 fully paid ordinary shares in June 2010 on the exercise of 2,685,000 options at a price of $0.12.

(ii) The Company issued 16,622,419 fully paid ordinary shares during the period to 30 June 2011 on the exercise of 16,622,419 options at a price of $0.12.

		Number	$
Movements in options on issue			
At 1 July 2009		28,000,011	5,000
Exercise of options	(i)	(2,685,000)	-
At 30 June 2010		25,315,011	5,000
Exercise of options	(ii)	(16,622,419)	-
Expired	(iii)	(3,692,592)	-
At 30 June 2011		5,000,000	5,000

(i) The Company issued 2,685,000 fully paid ordinary shares in June 2010 on the exercise of 2,685,000 options at a price of $0.12.

(ii) The Company issued 16,622,419 fully paid ordinary shares during the period to 30 June 2011 on the exercise of 16,622,419 options at a price of $0.12.

(iii) 3,692,592 options expired on 19 December 2010.

An additional 3,050,000 options are on issue under Share based payments (Note: 14).

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

	2011 $	2010 $
Balance at the beginning of period	1,066,617	473,281
Operating loss after income tax expense	945,738	593,336
Balance at the end of period	2,012,355	1,066,617

14. Reserves/share-based payments

Reserves

	2011 $	2010 $
Balance at 1 July	171,525	114,565
Share-based payment costs issued under Share Issue Costs	-	-
Share-based payment expense during the financial year	157,055	56,960
Balance at 30 June	328,580	171,525

The share-based payment plans are described below. There have been no cancellations or modifications to any of the plans during 2011 and 2010.

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 have been 1,350,000 options granted under the Plan as at the date of this report.

Summary of options granted by the parent entity

	2011 no.	2010 no.
Outstanding at the beginning of the year	5,470,000	4,270,000
Granted during the year	1,850,000	1,200,000
Forfeited during the year	-	-
Exercised during the year	-	-
Expired during the year	(4,270,000)	-
Outstanding at the end of the year	3,050,000	5,470,000

The outstanding balance as at 30 June 2011 is represented by:

- 1,850,000 options exercisable at $0.20, expiry 23 November 2013
- 1,200,000 options exercisable at $0.18, expiry 9 March 2015
- There are an additional 5,000,000 options under contributed equity (Note: 12) which is represented by:
- 5,000,000 options exercisable at $0.35, expiry 19 December 2012

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	Exer-cise price	Expiry date	Expected volatility	Risk-free rate	Expec-ed life years	Estimat-ed fair value	Model used	
Dec 07	320,000	$0.25	19 Dec 10	120%	6.51%	3	$0.0025	Black-Scholes	(a)
Feb 08	2,150,00	$0.25	19 Dec 10	120%	6.51%	3	$0.0025	Black-Scholes	(b)
Apr 08	1,800,00	$0.25	19 Dec 10	105.56%	6.39%	3	$0.0598	Black-Scholes	(c)
Mar 10	1,200,00	$0.18	9 Mar 15	104.16%	5.01%	5	$0.0712	Binomial	(d)
Sep 10	150,000	$0.20	23 Nov 13	106.99%	4.87%	3	$0.0695	Binomial	(e)
Nov 10	1,700,00	$0.20	23 Nov 13	106.99%	4.87%	3	$0.0695	Binomial	(f)

(a) 320,000 options were issued to consultants of the Company. 160,000 options vested on 30 June 2008 and 160,000 options vested on 30 June 2009.

(b) 2,150,000 options were issued to Directors and approved by shareholders at the General Meeting held on 13 February 2008. 1,075,000 options vested on 30 June 2008 and 1,075,000 vested on 30 June 2009.

(c) 1,800,000 options were issued to a broker and consultant in relation to capital raising, which has been included in share issue costs within contributed equity on the balance sheet. Options vested on grant date.

(d) 1,200,000 options were issued to Greg De Ross. 600,000 options vested on grant date and 600,000 vested on 9 March 2011.

(e) 150,000 options were issued to a consultant. The options vested on grant date.

(f) 1,700,000 options were issued to Directors and approved by shareholders at the AGM held in November 2010. The options vested on grant date.

Weighted average disclosures on options

	2011	2010
Weighted average exercise price of options at 1 July	$0.23	$0.25
Weighted average exercise price of options granted during period	$0.20	$0.18
Weighted average exercise price of options outstanding at 30 June	$0.19	$0.23
Weighted average exercise price of options exercisable at 30 June	$0.19	$0.24
Weighted average contractual life	2.91 years	1.40 years
Range of exercise price	$0.18 - $0.20	$0.18 - $0.25

15. Earnings per share

	2011	2010
Net profit/(loss) used in calculating basic and diluted gain/(loss) per share	(922,738)	(593,336)
	Number	**Number**
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	57,684,224	46,154,479
	Cents per share	**Cents per share**
Basic earnings (loss) per share	(1.16)	(1.29)
Diluted earnings (loss) per share	(1.16)	(1.29)

16. Key management personnel

Key management personnel compensation

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

	2011 $	2010 $
Short term employee benefits	535,803	403,739
Post-employment benefits	33,107	15,469
Other long term benefits	-	-
Termination benefits	-	-
Share-based payments	157,055	56,960
	725,965	476,168

Shareholdings of key management personnel

Fully paid ordinary shares held in Eastern Iron Limited

	Balance at 1 July no.	Granted as compensation no.	Received on exercise of options no.	Net other change no.	Balance at 30 June no.
2011					
G Goodacre	320,000	-	160,000	-	480,000
G De Ross	-	-	-	-	-
W Corbett	50,000	-	25,000	-	75,000
G Jones	-	-	698,975	-	698,975
S Gemell	-	-	-	-	-
I Polovineo	-	-	-	-	-
P Buckley	100,000	-	12,500	-	112,500
M Lilley	-	-	-	-	-
	470,000	-	896,475	-	1,366,475
2010					
G Goodacre	320,000	-	-	-	320,000
G De Ross	-	-	-	-	-
W Corbett	50,000	-	-	-	50,000
G Jones	-	-	-	-	-
S Gemell	-	-	-	-	-
I Polovineo	-	-	-	-	-
P Buckley	100,000	-	-	-	100,000
M Lilley	-	-	-	-	-
	470,000	-	-	-	470,000

Option holdings of key management personnel

Share options held in Eastern Iron Ltd

	Balance at 1 July no.	Granted as compensation no.	Exercised no.	Net other change no. *	Balance at 30 June no.	Balance vested at 30 June no.	Vested but not exercisable no.	Vested and exercisable no.	Options vested during year no.
2011									
G Goodacre	500,000	500,000	-	(500,000)	500,000	500,000	-	500,000	500,000
G De Ross	1,200,000	-	-	-	1,200,000	1,200,000	-	1,200,000	600,000
W Corbett	250,000	300,000	-	(250,000)	300,000	300,000	-	300,000	300,000
G Jones	-	300,000	-	-	300,000	300,000	-	300,000	300,000
S Gemell	-	300,000	-	-	300,000	300,000	-	300,000	300,000
I Polovineo	-	-	-	-	-	-	-	-	-
P Buckley	1,000,000	300,000	-	(1,000,000)	300,000	300,000	-	300,000	300,000
M Lilley	100,000	150,000	-	(100,000)	150,000	150,000	-	150,000	150,000
	3,050,000	1,850,000	-	(1,850,000)	3,050,000	3,050,00	-	3,050,000	2,450,000
2010									
G Goodacre	500,000	-	-	-	500,000	500,000	-	500,000	-
G De Ross	-	1,200,000	-	-	1,200,000	600,000	-	600,000	600,000
W Corbett	250,000	-	-	-	250,000	250,000	-	250,000	-
G Jones	-	-	-	-	-	-	-	-	-
S Gemell	-	-	-	-	-	-	-	-	-
I Polovineo	-	-	-	-	-	-	-	-	-
P Buckley	1,000,000	-	-	-	1,000,000	1,000,000	-	1,000,000	-
M Lilley	100,000	-	-	-	100,000	100,000	-	100,000	-
	1,850,000	1,200,000	-	-	3,050,000	2,450,00	-	2,450,000	600,000

*Expired options

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	2011	2010
Queensland Iron Pty Ltd	Australia	100	-
Eastern Resources PNG Limited	Papua New Guinea	100	100

Queensland Iron Pty Ltd was incorporated on 18 November 2010. Eastern Resources PNG Limited was incorporated on 21 April 2009 (Name changed from Raku 91 Limited on 20 May 2010).

Transactions with other related parties

PlatSearch NL

PlatSearch NL (PlatSearch) is a 48.26% shareholder of Eastern Iron. The Company engaged PlatSearch to provide the services of Mr Peter Buckley as a geological consultant, with payments as at 30 June 2011 totalling $35,160 (2010: $98,350).

The Company engaged PlatSearch to provide the technical services of Mr Greg Jones with payments for the year ended 30 June 2011 totalling $6,163 (2010: $15,038).

The Company has paid PlatSearch rent of $20,595 (2010: $25,780) for the financial year ended 30 June 2011 which includes reimbursement of office costs. The contract with PlatSearch is based on normal commercial terms and conditions.

18. Auditors' remuneration

	2011 $	2010 $
Total amounts receivable by the current auditors of the Company for:		
Audit of the Company's accounts	16,900	16,500
Other services	-	-
	16,900	16,500

19. Joint ventures

The Company is a party to three joint venture agreements to explore for iron ore. Under the terms of the agreements the Company will be required to contribute towards the exploration and other costs if it wishes to maintain or increase its percentage holdings. The joint ventures are not separate legal entities. There are contractual arrangements between the participants for sharing costs and future revenues in the event of exploration success. There are no assets and liabilities attributable to the Company at the balance date resulting from these joint ventures, other than exploration expenditure costs carried forward as detailed as in Note 9.

Percentage equity interests in joint ventures at 30 June 2011 were as follows:

	Percentage interest 2011	Percentage interest 2010
New South Wales		
Eastern Tenement Block (4 Exploration Licences)	49%	80%
Western Tenement Block (13 Exploration Licences	100%	80%
Hutch	0%	0%
Queensland		
Hawkwood – EFE can earn 80%	0%	0%

20. 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.

21. Contingent liabilities

The Company has provided guarantees totalling $105,850 in respect of exploration tenements in NSW and Queensland. These guarantees in respect of exploration tenements are secured against deposits with NSW Minerals and Energy and DERM Queensland. Rugby Mining has been reimbursed $850 by the Company for Eastern Iron's share of the security deposit on EPM 17099 in Queensland. The Company does not expect to incur any material liability in respect of the guarantees.

22. 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:

	2011 $	2010 $
Cash and cash equivalents	3,618,543	2,679,433
Receivables	84,694	51,428
Deposits with Government Departments and banks	105,850	120,000
	3,809,087	2,850,861

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligation 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 $
2011				
Payables	418,519	418,519	-	-
	418,519	418,519	-	-
2010				
Payables	73,606	73,606	-	-
	73,606	73,606	-	-

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

Financial liabilities	Carrying amount $	<12 months $	1-3 years $	>3 years $
2011				
Cash at bank and term deposits	3,618,543	3,618,543	-	-
Receivables	84,694	84,694	-	-
Deposits with banks and Government Departments	105,850	-	-	105,850
	3,809,087	3,703,237	-	105,850
2010				
Cash at bank and term deposits	2,679,433	2,679,433	-	-
Receivables	51,428	51,428	-	-
Deposits with banks and Government Departments	120,000	-	-	120,000
	2,850,861	2,730,861	-	120,000

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:

	2011 $	2010 $
Weighted average rate of cash balances	1.47%	0.03%
Cash balances	$221,792	$37,751
Weighted average rate of term deposits	5.92%	5.72%
Term deposits	$3,396,751	$2,641,682

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	
	Carrying amount	Profit $	Other equity $	Profit $	Other equity $
2011					
Cash and cash equivalents	3,618,543	36,185	-	(36,185)	-
Tax charge of 30%	-	(10,856)	-	10,856	-
After tax profit increase/(decrease)	3,618,543	25,329	-	(25,329)	-
2010					
Cash and cash equivalents	2,679,433	26,794	-	(26,794)	-
Tax charge of 30%	-	(8,038)	-	8,038	-
After tax profit increase/(decrease)	2,679,433	18,756	-	(18,756)	-

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.

23. Commitments

Exploration 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 exploration expenditure under the terms of each licence. The Company has commitments to expend funds towards earning or retaining an interest under its joint venture agreement with PlatSearch NL and Drysdale Resources Pty Ltd.

	2011 $	2010 $
Payable not later than one year	939,283	1,425,759
Payable later than one year but not later than two years	189,250	250,000
	1,128,533	1,675,759

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.

24. Events after the balance sheet date

There were, at the date of this report, no matters or circumstances which have arisen since 30 June 2011 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:

- The Company has issued 2,500,000 fully paid ordinary shares as consideration for the acquisition of the Eulogie Park Project. Details of the Eulogie Park Purchase Agreement were announced to ASX on 19 January 2011.

25. Statement of cash flows

	2011 $	2010 $
Reconciliation of net cash outflow from operating activities to operating loss after income tax		
(a) Operating (loss) after income tax	(945,738)	(593,336)
Depreciation	10,973	6,976
Share based payments	157,055	56,960
Tax benefit – deferred tax	-	128,556
Salary costs charged to exploration	(66,146)	-
Gain on tenements	23,280	-
Non cash exploration capitalised	488,975	8,823
Explorations costs in trade and other creditors	(251,084)	-
Other	(8,582)	-
Change in assets and liabilities:		
(Increase)/decrease in receivables	(33,266)	(6,319)
(Decrease)/increase in trade and other creditors	344,913	(13,563)
(Decrease)/increase in provisions	12,103	6,789
Net cash outflow from operating activities	(267,517)	(405,114)
(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 2011 comprised:		
Cash assets	221,792	37,751
Bank deposits (Note: 5)	3,396,751	2,641,682
Cash on hand	3,618,543	2,679,433

26. Parent entity information

	2011 $	2010 $
Current assets	3,703,235	2,730,861
Total assets	6,306,065	4,742,629
Current liabilities	437,411	80,395
Total liabilities	437,411	80,395
Issued capital	7,552,017	5,557,326
Accumulated losses	(2,011,943)	(1,066,617)
Share based payment reserve	328,580	171,525
Total shareholders' equity	5,868,654	4,662,234
Profit/(loss) of the parent entity	(945,326)	(593,336)
Total comprehensive income of the parent entity	(945,326)	(593,336)

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 Company are in accordance with the Corporations Act 2001, including:

  (i) Giving a true and fair view of the Company financial position as at 30 June 2011 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 Company 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 ending 30 June 2011.

On behalf of the Board

Glenn Goodacre

Chairman

Sydney, 28 September 2011

bdjpartners
incorporating Boulter Partners
CHARTERED ACCOUNTANTS

partners
H Barnes FCA
A J Dowell CA
B Kolevski CPA (Affiliate ICAA)
M Galouzis CA
A N Fraser CA

associate
M A Nakkan CA

consultant
R H B Boulter FCA

north sydney office
Level 13, 122 Arthur St
North Sydney NSW 2060

manly office
Level 5, 22 Central Ave
Manly National Building
Manly NSW 2095

all correspondence
PO Box 1664
North Sydney NSW 2059

t 02 9956 8500

f 02 9929 7428

e bdj@bdj.com.au

www.bdj.com.au

EASTERN IRON LIMITED ABN 70 126 678 037 AND CONTROLLED ENTITIES
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EASTERN IRON LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Eastern Iron Limited (the company) and Eastern Iron Limited and Controlled Entities (the consolidated entity), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation 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 is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

bdjpartners
incorporating Boulter Partners
CHARTERED ACCOUNTANTS

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. 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 provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion:

a. the financial report of Eastern Iron Limited and Eastern Iron Limited and Controlled Entities is in accordance with the Corporations Act 2001, including:

   i. giving a true and fair view of the company and consolidated entity's financial position as at 30 June 2011 and of their performance for the year ended on that date; and

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

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 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 as described above.

Auditor's Opinion

In our opinion the remuneration report of Eastern Iron Limited for the year ended 30 June 2011 complies with s 300A of the Corporations Act 2001.

BDJ Partners
Chartered Accountants

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Anthony J Dowell
Partner

Dated this 28th day of September 2011

Shareholder Information

Information relating to shareholders at 21 September 2011 (per ASX Listing Rule 4.10)

Ordinary shares
There were a total of 67,807,419 fully paid ordinary shares on issue.

Options
There were a total of 8,050,000 unquoted options on issue.

Substantial shareholders	Shareholding
PlatSearch NL	24,000,000
Bluestone 23 Limited	7,500,000

Top 20 shareholders of ordinary shares as at 21 September 2011	Number	%
Platsearch NL	24,000,000	35.39
Bluestone 23 Limited	7,500,000	11.06
Mr Malcolm James Hill	1,722,000	2.54
Warman Investments Pty Ltd	1,500,000	2.21
Mr Neville John Holz & Mrs Lynette Holz	1,428,500	2.11
Belmont Park Investments Pty Ltd	1,250,000	1.84
Panorama Ridge Pty Ltd	1,250,000	1.84
Budberth Pty Ltd <Ipseity S/F A/C>	1,125,000	1.66
Mr Robert Simeon Lord	1,000,000	1.48
Mrs Annette Sylvia Mizon <The Bobbin Super Fund A/C>	800,000	1.18
Mr Chris Carr & Mrs Betsy Carr	750,000	1.11
Mr Gregory Lee & Mrs Lesley Lee & Miss Shanna Lee <Lee Family Super Fund A/C>	737,500	1.09
Hart Financial Services Pty Ltd <Hart Super Fund Account>	725,000	1.07
Mr Gregory Jones <The Jones Family Account>	698,975	1.03
Fonomes Pty Ltd	420,511	0.62
Accord MBO Pty Ltd <MBO Super Fund A/C>	375,000	0.55
Mr Maurice William Buckley	375,000	0.55
Ms Nadine May Buckley	375,000	0.55
Sal-Corporation Asia Pacific Pty Ltd	330,000	0.49
Mr Bruce Baker <Taylored Software S/F A/C>	325,000	0.48
Total of top 20 holdings	46,687,486	68.85
Other holdings	21,119,933	31.15
Total fully paid shares issued	67,807,419	100.00

Distribution of shareholders		
Range of shareholding	**No of shareholders**	**Ordinary shares**
1 – 1,000	20	12,737
1,001 – 5,000	76	259,850
5,001 – 10,000	108	967,754
10,001 – 100,000	322	11,647,841
100,001 – and over	66	54,919,237
	592	**67,807,419**

Shareholder Information

At the prevailing market price of 11 cents per share, there are 74 shareholders with less than a marketable parcel of $500.

There is no current on-market buy-back.

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.

Corporate Directory

Board of Directors	Glenn Goodacre Non-Executive Chairman Greg De Ross Managing Director Gregory Jones Non-Executive Director Wendy Corbett Non-Executive Director Steve Gemell Non-Executive Director Ivo Polovineo Non-Executive Director
Company Secretary	Michelle Lilley
Registered Office and Place of Business	Level 1, 80 Chandos Street St Leonards, NSW 2065 or 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	Barnes Dowell James Level 13, 122 Arthur Street North Sydney, NSW 2060
Solicitors	Dibbs Barker Level 8, 123 Pitt Street Sydney, NSW 2000
Bankers	Bank West Commonwealth Bank Macquarie Bank Suncorp-Metway Ltd
Securities Exchange Listing	Australian Stock Exchange ASX Code: EFE

EASTERN IRON LIMITED
Level 1, 80 Chandos Street
St Leonards, NSW 2065 Australia
ACN 126 678 037