Quarterly Activities Report

For the period ending September 2011

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CENTRAL QUEENSLAND IRON PROJECT

■ EULOGIE IRON - VANADIUM PROJECT

- Maiden 465Mt Indicated and Inferred resource for Eulogie project estimated by resource consultancy, Hellman and Schofield.
- Resource based on recently completed RC drilling program of 34 holes for 3,369m.
- Global Resource Estimate above a 10% DTR cut-off of 465 million tonnes at 14.2% Fe, 13.1% DTR to a depth of about 200 metres.
- Indicative magnetite concentrate grade of 61% Fe, 1.0% V_2O_5 and 6.5% TiO_2.
- Area tested by drilling represents only about 35% of the magnetite-bearing ferrigabbro mapped at surface.

■ HAWKWOOD IRON – VANADIUM PROJECT

- A 17 hole, 2,689m reverse circulation drilling program completed along northern limb of magnetic body.

NOWA NOWA IRON PROJECT

- Eastern Iron has secured an option to purchase 100% of the Nowa Nowa Iron Project located in eastern Victoria.
- Nowa Nowa is a high grade magnetite body which has been previously drilled. Over the next months the project will be assessed as a potential low cost DSO development.

EULOGIE IRON - VANADIUM PROJECT

Resource Estimate

Eastern Iron engaged resource consultants, Hellman and Schofield Pty Ltd (H&S) to undertake the resource compilation for the Eulogie project. The estimate is based on information from a drilling program carried out by Eastern Iron during the quarter and earlier geological mapping which outlined the surface trace of the magnetite-bearing ferrigabbro units.

The resource drilling program consisted of 3,369m in 34 reverse circulation (RC) drill holes. The drilling was designed to test the mapped outcrop of the magnetite-bearing ferrigabbro and provide an estimate of grade and tonnage in this portion of the resource. Geological mapping carried out by Thiess in 1986 had outlined three major magnetite bearing ferrigabbro units outcropping over the 6 kilometre length of the intrusive complex. Around 35% of the mapped ferrigabbro was tested by this latest round of drilling. Drilling was carried out on 11 lines approximately 400m apart, with the drill holes at a nominal 100m spacing. The resource is reported under the guidelines of the 2004 JORC code. Further details of the resource estimate are contained in a release to the ASX dated 18 October 2011.

In summary (at a lower cutoff of 10% DTR) the Eulogie resource is as follows -

	Tonnes (Mt)	DTR	Fe%	TiO_2%	V%
Indicated	154	12.8	14.0	3.0	0.095
Inferred	311	13.2	14.3	3.1	0.098
Total	**465**	**13.1**	**14.2**	**3.0**	**0.097**

Metallurgical Testwork

During the quarter further metallurgical testwork was undertaken on samples from Eulogie using low intensity magnetic separation (LIMS) to produce product samples for market analysis. This is preferable to Davis Tube (DTR) as LIMS is closer to the process that would be used in a large scale commercial development.

Further grindsize analysis was also carried out and showed that at the relatively coarse grind of 80% passing 150 micron an acceptable iron product can be produced which is only slightly lower in Fe than the 75 micron grind but would result in significantly lower capital and operating costs for a mining and processing operation. This also raises the possibility of producing a product suitable as sinter feed and therefore not requiring pelletisation prior to feeding to a steel plant. The 150 micron grind at almost 18% mass recovery also maximises iron recovery to product.

Development Studies

The company has recently obtained various technical data and reports prepared for the original prefeasibility study completed by Thiess in 1989. This data will be combined with more recent studies completed on behalf of Eastern Iron to complete a concept development study with updated capital and operating cost estimates. This study will form the basis for a decision on progressing the project to a feasibility study.

HAWKWOOD IRON PROJECT

Eastern iron has recently completed a program of reverse circulation drilling at the Hawkwood Project. The program consisted of 17 holes for a total of 1,689m and has been designed to systematically test the northern section of the magnetic anomaly. Drill holes have been drilled on lines 400m apart along a 3km long section of the anomaly. It is intended that drill hole information should be sufficient to form the basis of a resource estimate. Assay results from most drill holes have not been received as yet.

NOWA NOWA IRON PROJECT

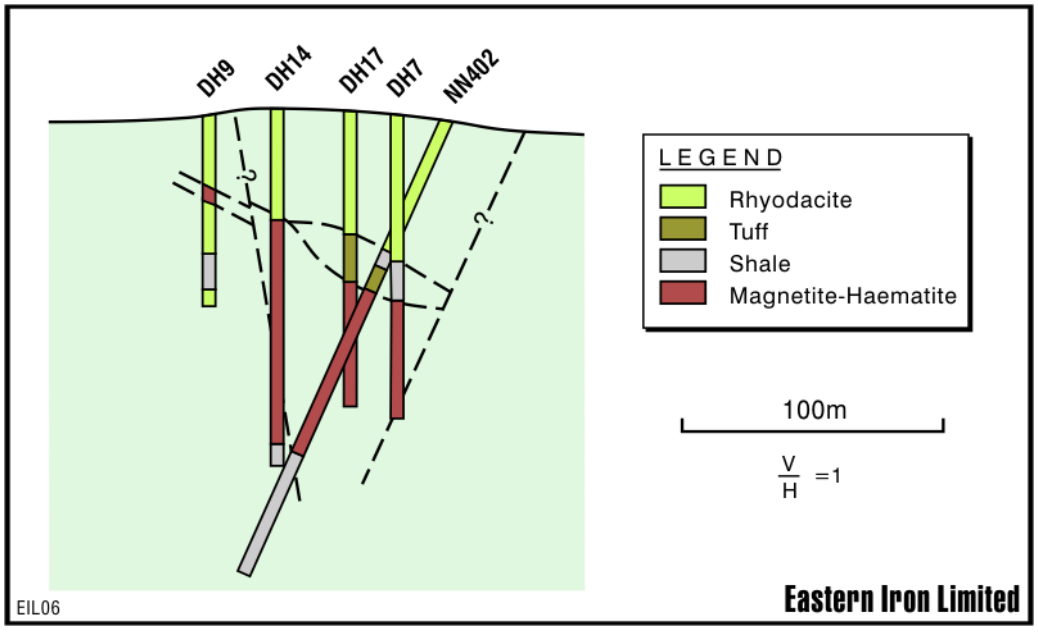
The Nowa Nowa project area is located north of the township of Nowa Nowa in eastern Victoria, which is 270km east of Melbourne. The project area is well serviced with respect to infrastructure including a rail link from Melbourne to the major regional centre of Bairnsdale, 50km via sealed road from Nowa Nowa.

Massive magnetite iron deposits at Nowa Nowa were drilled in 1955 by the Victorian Mines department as a follow up to regional magnetic surveys. Most drilling was centred on the largest of the magnetic targets, the Five Mile Deposit, with 27 cored drill holes completed. Massive magnetite with lesser hematite occurs at 30-50m depth below tertiary sands and Devonian volcanic rocks. These appear to have formed mantos 40-80m in thickness associated with lesser coarse pyrite within altered sediments and are possibly skarns related to nearby, as yet unidentified intrusives. Other nearby magnetic targets including the Seven Mile, Six Mile and

Three Mile deposits have received some exploratory drilling but not to the same extent as the Five Mile deposit. Nevertheless these are also potential sources of additional resource and will be explored further.

Drill holes from the Victorian Departmental drilling at the Five Mile deposit were assayed for iron content and DH14 as depicted on the section below provides a typical section through the mineralisation:

	From (m)	To (m)	Interval (m)	Fe %	SiO_2 %	Al_2O_3 %
DH14	39.6	121.92	82.28	56.9	13.1	1.3



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

Initially Eastern Iron will focus on recompiling the existing drill and assay data in order to recalculate a resource for the drilled areas in accordance with the JORC guidelines. The Company will also examine the possibility of using samples from the existing drill core to conduct some preliminary metallurgical testwork to determine the type and potential value of an iron product from these deposits.

The Company's objective at Nowa Nowa is to investigate the potential to develop a low capital cost operation producing a high grade iron ore which could be easily and cheaply beneficiated to a coarse, possibly lump, +65% Fe product for export. Integral to such a development is the transport and logistics chain and the Company will be investigating transport options as a priority.

FORWARD PROGRAM

Over the coming period the focus for the Queensland Iron Project will include

- The completion of the concept development study for Eulogie.
- Continue discussions with potential joint venture partners.

- Complete evaluation of the drilling results from Hawkwood and produce a resource estimate.

At Nowa Nowa the Company will carry out preliminary metallurgical testwork on drill core from Nowa Nowa and compile all existing drill hole data to produce a resource estimate.

NSW IRON ORE PROJECT

(EFE 100%, 3E Pty Ltd may earn 77.5%)

Joint venture partners 3E Steel Pty Ltd have commenced drilling of additional paleochannel areas within the joint venture tenements near Cobar in central western NSW. The objective of this drilling will be to substantially increase the current total resource. 3E have also approved a program of beneficiation testwork at a major Chinese University.

FINANCIAL POSITION

Total exploration expenditure for the quarter was $595,000 and expenditure by joint venturers on Eastern Iron projects was $426,000. The cash balance at the end of the quarter was $2.8 million.

INVESTOR INFORMATION

Eastern Iron is investigating the potential for development of a magnetite processing operation based on magnetite deposits it holds under permit in Central Queensland. The Company is also in joint venture with 3ESteel to investigate the potential for developing large low cost low grade iron deposits in western NSW.

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

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The information in this report that relates to Exploration Results is based on information compiled by Greg De Ross, BSc, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Greg De Ross is CEO and a full-time employee of Eastern Iron Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". The information in this report that relates to Mineral Resources is based on information compiled by Arnold van der Heyden, BSc, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr van der Heyden is a full-time employee of Hellman & Schofield Pty Ltd 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" Both Messrs van der Heyden and 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.