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DRILLING PROGRAM AT NOWA NOWA IRON TO COMMENCE

- Large diameter core drilling program to commence at Nowa Nowa.
- Drilling program approved by the Victorian Department of Primary Industries.
- Drilling designed to upgrade the resource estimate and provide samples for metallurgical testwork as part of a planned scoping study.

Eastern Iron will shortly commence a 600m large diameter core drilling program at the Five and Seven Mile iron deposits at its wholly owned Nowa Nowa project in Eastern Victoria. Drill holes will be sited to “twin” earlier drill holes and provide confirmatory assay data allowing the existing Inferred Resource estimate to be upgraded to a higher level of confidence. Core from the drilling program will also be used in laboratory scale metallurgical testwork to provide guidance on the likely iron product specification and possible beneficiation. This information will be used in a scoping study for a possible mining development at Nowa Nowa. The scoping study is scheduled to commence after receiving the drilling results and be completed in the December quarter of this year.

Earlier in 2012 Eastern Iron announced the results of a resource estimate based on data from drilling carried out by the Victorian Government in the 1950's as follows:

Inferred Resource Estimates at a cut off of 40% Fe

Zone	TONNES (Mt)	SG (g/cm ³)	Total Fe (%)
Five Mile	8.92	3.90	49.2
Seven Mile	0.55	3.90	48.3
Total	9.47	3.90	49.1

For details see the full announcement released on 10 February 2012.



Nowa Nowa Iron Project

The Nowa Nowa project area is located north of the township of Nowa Nowa in eastern Victoria, which is in turn 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.

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 deposits appear to have formed iron-rich mantos 40-80m in thickness associated with lesser coarse pyrite within altered sediments and are possibly skarns related to a proximal, as yet unidentified intrusive. Other nearby magnetic targets including the Seven Mile, Six Mile, Eight Mile and Three Mile deposits have received some exploratory drilling but not to the same extent as Five Mile. These are considered potential sources of additional resource and will be explored further over the next twelve months.

The Company is planning to complete a scoping study into development of the resource at Five and Seven Mile by September/October 2012 and if warranted advance the projects to a definitive feasibility study and lodge a mining lease application shortly thereafter.



Location of Nowa Nowa Iron Project and infrastructure

Investor Information

Eastern Iron is investigating the potential for development of a magnetite processing operation based on magnetite deposits it holds at Nowa Nowa in Eastern Victoria and in Central Queensland. The Company is also in joint venture with 3E Steel 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

A handwritten signature in black ink, appearing to read 'G. De Ross'.

**Mr Greg De Ross,
Managing Director
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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 Managing Director 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 H & S Consultants 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 consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.