

EASTERN IRON LIMITED

ACN 126 678 037

ENTITLEMENT OFFER PROSPECTUS

For a pro-rata non-renounceable Entitlement Offer of New Shares at an offer price of \$0.055 per New Share on the basis of two New Shares for every three Shares held by Eligible Shareholders

to raise up to approximately \$2.52 million

Important Information:

This is an important document that should be read in its entirety. If you do not understand any part of this Prospectus, or are in any doubt as to how to deal with it or the Entitlement Offer, you should consult your stockbroker, solicitor, accountant or other professional adviser. The New Shares offered by this Prospectus should be considered speculative.

ASX Code: EFE

IMPORTANT INFORMATION

This Prospectus is dated 22 May 2012 and a copy of this Prospectus was lodged with ASIC on the same date. Neither ASIC or the ASX or any of their respective officers take any responsibility for the contents of this Prospectus.

The expiry date of this Prospectus is that date which is 13 months after the date of this Prospectus, being 22 June 2013.

No New Shares will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus. We will apply to the ASX within seven days of the date of this Prospectus for Official Quotation of the New Shares.

This Prospectus is a transaction-specific prospectus for an offer of 'continuously quoted securities' (as defined in the Corporations Act) and has been issued pursuant to section 713 of the Corporations Act. This Prospectus does not contain the same level of disclosure as an initial public offering prospectus. In making statements in this Prospectus, we have had regard to the fact that we are a 'disclosing entity' for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known by you and professional advisers whom you may consult. You must read this Prospectus in conjunction with publicly available information we have disclosed to the ASX.

No person is authorised to give any information or to make any representation in connection with the Entitlement Offer which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company in connection with the Entitlement Offer.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law. If you come into possession of this Prospectus you should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of New Shares in any jurisdiction where, or to any person to whom, it would be unlawful to make such an offer.

The Entitlement Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and the Corporations Regulations. In New Zealand, this is Part 5 of the *Securities Act 1978* and the *Securities (Mutual Recognition of Securities Offerings –Australia) Regulations 2008*.

The Entitlement Offer and the content of the Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and the Corporations Regulations set out how the Entitlement Offer must be made.

There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to the Entitlement Offer. If you need to make a complaint about the Entitlement Offer, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Entitlement Offer may involve a currency exchange risk. The currency for the New Shares and Shares is Australian dollars, not New Zealand dollars. The value of the New Shares and Shares will go up or down according to changes in the exchange rate between Australian dollars and New Zealand dollars. These changes may be significant.

If you expect the Shares to pay any amount in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the Shares are able to be traded on a securities market and you wish to trade the Shares through that market, you will have to make arrangements for a participant in that market to sell the Shares on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the Shares and trading may differ from securities markets that operate in New Zealand.

The information provided in this Prospectus is not financial product advice and has been prepared without taking into account your investment objectives, financial situation and particular needs. It is important that you read this Prospectus in its entirety before deciding to invest and, if in any doubt, consult your professional adviser before deciding whether to accept the Entitlement Offer. In considering the Company's prospects you should consider the risk factors that could affect the Company's performance in light of your personal circumstances (including financial and taxation issues) and seek professional guidance from your stockbroker, solicitor, accountant or other professional financial adviser before deciding whether to invest. Section 4 contains a non-exhaustive list of risk factors that investors should consider in respect of the Entitlement Offer.

The New Shares carry no guarantee with respect to return on capital investment or the future value of the New Shares or Shares.

Revenues and expenditures disclosed in this Prospectus are exclusive of the amount of GST unless otherwise disclosed.

Certain words and terms used in this Prospectus have defined meanings which are set out in Section 8.

In this Prospectus, the words 'we', 'our' and 'us' refer to the Company. The words 'you' and 'your' refer to Eligible Shareholders.

Forward-looking Statements

This Prospectus contains forward-looking statements which are identified by terminology such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the development of the markets and the industry in which the Company operates may differ materially from those described in, or suggested by, the forward-looking statements contained in this Prospectus. For further information on the risks, uncertainties and assumptions which may cause our actual results to differ from the forward-looking statements contained in this Prospectus, please refer to Section 4.

Subject to the requirements of the Listing Rules and applicable law, the Company does not undertake to publicly release the result of any revisions of any forward-looking statements in this Prospectus that may occur due to any change in the Company's expectations or to reflect events or circumstances after the date of this Prospectus.

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TIMETABLE

Event	Date*
Lodgement of Prospectus with ASIC	22 May 2012
Notice to Share and Optionholders ⁺	22 May 2012
“Ex” date	24 May 2012
Record date for determining Entitlements	30 May 2012
Opening Date and dispatch of Prospectus to Shareholders	5 June 2012
Closing Date of Entitlement Offer	20 June 2012
New Shares quoted on a deferred settlement basis	21 June 2012
Notify ASX of under subscriptions	25 June 2012
Despatch date	28 June 2012

Notes:

* These dates are the latest dates on which each relevant event may take place.

⁺ Optionholders must be advised by this date of the Entitlements Offer and their inability to participate unless they exercise their Options.

This timetable is indicative only and we reserve the right to vary it at any time without providing you with prior notice, subject to the Listing Rules and the Corporations Act.

SECTION 1: CORPORATE DIRECTORY

Directors

Glenn Goodacre (Non-Executive Chairman)
Gregory De Ross (Managing Director)
Gregory Jones (Non-Executive Director)
Wendy Corbett (Non-Executive Director)
Stephen Gemell (Non-Executive Director)
Ivo Polovineo (Non-Executive Director)

Auditors

BDJ Partners
Level 13
122 Arthur Street
North Sydney NSW 2060

Company Secretary

Michelle Lilley

Solicitors

Gadens Lawyers
Skygarden Building
77 Castlereagh Street
Sydney NSW 2000

Registered Office

Level 1
80 Chandos Street
St Leonards NSW 2065

Share Registry

Boardroom Pty Limited
Level 7
207 Kent Street
Sydney NSW 2000
PO Box 3993, Sydney NSW 2001
Telephone: (02) 9290 9600
Facsimile: (02) 9279 0664
Website: www.boardroomlimited.com.au

Contact Details

Eastern Iron Limited
Telephone: (02) 9906 7551
Facsimile: (02) 9906 5233
Website: www.easterniron.com.au
Email: info@easterniron.com.au

ASX Code

EFE

SECTION 2: DETAILS OF THE ENTITLEMENT OFFER

2.1 The Entitlement Offer

By this Prospectus we offer a non-renounceable pro rata issue of New Shares to Eligible Shareholders on the basis of two New Shares for every three Shares held by Eligible Shareholders on the Record Date. Optionholders, who exercise their Options after the date of this Prospectus, but prior to the Record Date, are entitled to participate in the Entitlement Offer. The New Shares are offered to Eligible Shareholders at an offer price of \$0.055 per New Share.

The New Shares offered pursuant to this Prospectus will rank equally with existing Shares on issue.

The maximum number of New Shares to be issued under the Entitlement Offer is approximately 45,871,613 New Shares (if no Options are exercised prior to the Record Date). If some or all of the Options are exercised prior to the Record Date, this will increase the maximum number of New Shares to be issued under the Entitlement Offer.

The maximum amount to be raised by the Entitlement Offer is approximately \$2.52 million (if no Options are exercised prior to the Record Date). Please refer to Section 3.1 for details on the purpose of the Entitlement Offer and Section 3.4 for details on how we intend to use the amount raised by the Entitlement Offer.

In the calculation of Entitlements, fractions will be rounded up to the nearest whole number.

2.2 The Offer Price

The offer price of \$0.055 per New Share represents, approximately:

- (a) a 7% discount to the closing market price of the Shares on 18 May 2012 (being the last trading day prior to the day on which the Entitlement Offer was announced);
- (b) an 11% discount to the average closing market price over the last five trading days on which the Shares traded prior to the announcement of the Entitlement Offer on 21 May 2012;
- (c) a 16% discount to the volume weighted average price (VWAP) of the Shares over the past 30 days; and
- (d) a 24% discount to the VWAP of the Shares over the past three months.

2.3 The Shortfall Offer

The offer of the Shortfall is a separate offer by the Company in accordance with Listing Rule 7.2, Exception 3.

Under the above exception, the Company may issue any Shortfall at the Directors' discretion, provided that:

- (a) the price at which New Shares forming part of the Shortfall are issued is not less than the \$0.055 offer price for the New Shares under the Entitlement Offer; and
- (b) the Shortfall (or any part of it) is issued within three months of the Closing Date.

If there is a Shortfall following completion of the Entitlement Offer, the Board reserves the right to utilise the above exception to Listing Rule 7.1, in which case the Board may, at their absolute discretion, allot and issue New Shares comprising the Shortfall to parties selected by them.

Whilst the Company intends to give priority to Eligible Shareholders when allocating any New Shares pursuant to the Shortfall Offer, it reserves the right to seek applications from institutions and other prospective sophisticated and professional investors for the New Shares comprising the Shortfall.

Eligible Shareholders may apply for New Shares forming part of the Shortfall. If the Company conducts the Shortfall Offer, the Shortfall will be placed by no later than three months following the Entitlement Offer and shall be issued on the same terms as are being offered to Eligible Shareholders pursuant to this Prospectus. The allocation of New Shares forming part of the Shortfall, including as between Eligible Shareholders and other applicants, will be determined at the sole discretion of the Board. The Company reserves the right to allot to an applicant a lesser number of New Shares pursuant to the Shortfall Offer than the number for which the applicant applies, or to reject an application, or not to proceed with the Shortfall Offer.

If you wish to apply for New Shares forming part of the Shortfall, please refer to Section 2.6.

2.4 Risks Relating to New Shares

The Company is listed on the ASX. Consequently, share market conditions may affect the price of Shares regardless of operating performance. Many factors will affect the price of the New Shares including local and international stock markets, movements in commodity prices, interest rates, economic conditions and investor sentiment generally. In particular, you should be aware that mineral exploration by its nature is a high risk endeavour and accordingly there is a significant risk that our proposed exploration programs will not result in exploration success.

The Company is subject to a number of key risks, which may affect your investment including risks related to:

- (a) potential delays in negotiating an agreement with native title claimants with respect to mining operations (should they eventuate) at the Nowa Nowa Project (refer to Section 4.2(a) for further details);
- (b) potential access issues due to the designation of the Nowa Nowa Project area as a Special Management Zone under the Victorian Government's Forest Management Plan (refer to Section 4.2(b) for further details);
- (c) the potential for restricted access, for mining purposes, to certain parts of the land comprising the Hawkwood Project as a result of strategic cropping land legislation introduced in Queensland (refer to Section 4.2(c) for further details);
- (d) the Company's estimates as to exploration costs being based on assumptions which are not accurate (refer to Section 4.2(d) for further details);
- (e) the Company's proposed exploration programs not resulting in exploration success (refer to Section 4.2(e) for further details); and
- (f) expenditure commitments under contracts to which the Company is a party, including:

- the joint venture agreement between the Company and Rugby Mining Limited, in respect to the Hawkwood Project; and
- the joint venture agreement between the Company and 3E Steel Pty Ltd, in respect to the NSW Iron Pisolite Project,

(refer to Section 4.2(f) for further details).

Please refer to Section 4 for details of the other risks associated with the Entitlement Offer.

2.5 **Application, Allotment and Allocation of the Entitlement Offer**

To subscribe to the Entitlement Offer, you must complete the accompanying personalised Entitlement and Acceptance Form in accordance with instructions set out in the Entitlement and Acceptance Form. You may take up your Entitlement either in whole or in part. If you do not wish to take up any part of your Entitlement, you are not required to take any action. That part of your Entitlement you do not take up will form part of the Shortfall.

Please pay by cheque or by electronic funds transfer. If you pay by:

- cheque, you should make the cheque payable to "Eastern Iron Limited - Entitlement Issue A/C" and crossed "Not Negotiable";
- electronic funds, you should follow the procedure set out in your personalised Entitlement and Acceptance Form.

Your payment must be in Australian currency. The amount payable on application will be deemed not to have been received until cleared funds are received. Application money will be held on trust by the Company until either:

- New Shares are allotted; or
- Application Money (less any accrued interest), is returned to the applicant.

Completed Entitlement and Acceptance Forms (and, if paying by cheque a cheque for the Application Money) must be mailed to the postal address, or delivered by hand to the delivery address set out below:

POSTAL DELIVERY

Boardroom Pty Ltd
GPO Box 3993
SYDNEY NSW 2001

HAND DELIVERY

Boardroom Pty Ltd
Level 7
207 Kent Street
SYDNEY NSW 2000

All acceptances must be received by 5:00pm (AEST) on the Closing Date, being 20 June 2012.

A completed and lodged Entitlement and Acceptance Form constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Prospectus and, once lodged or paid, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid Entitlement and Acceptance Form. The Directors' (or their delegates') decision whether to treat an application as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

If we receive your Entitlement and Acceptance Form after 5.00pm (AEST) of 20 June 2012, the Directors may, at their discretion, accept or reject your application.

We will allot and issue your New Shares as soon as practicable after the date of this Prospectus and otherwise in accordance with the Listing Rules. We will also despatch holding statements in relation to your New Shares as soon as practicable after the date of this Prospectus.

2.6 Participation in the Shortfall Offer

As noted above in Section 2.3, if the Company conducts the Shortfall Offer, the Shortfall will be placed by no later than three months following the Entitlement Offer. If you wish to participate in the Shortfall, you should complete the part of the accompanying Entitlement and Acceptance Form relating to the Shortfall, and make the relevant payment, in accordance with the instructions set out in the form and return it to us so that we receive the form and your payment by 5.00pm (AEST) on the Closing Date of 20 June 2012.

Importantly, as noted in Section 2.3, whilst the Company intends to give priority to Eligible Shareholders when allocating any New Shares pursuant to the Shortfall Offer, it reserves the right to seek applications from institutions and other prospective sophisticated and professional investors for the New Shares comprising the Shortfall. The Company reserves the right to allot to an applicant a lesser number of New Shares pursuant to the Shortfall Offer than the number for which the applicant applies, or to reject an application, or not to proceed with the Shortfall Offer.

2.7 ASX Official Quotation

We will apply to the ASX within seven days after the date of this Prospectus for Official Quotation of the New Shares.

If the ASX does not grant permission for Official Quotation of the New Shares within three months of the date of this Prospectus, or such longer period as is permitted by the Corporations Act, we will not allot or issue any New Shares (unless ASIC grants to the Company an exemption permitting the allotment and issue). In this case, we will refund all Application Money, though any interest earned on Application Money will remain with the Company.

The fact that the ASX may grant Official Quotation to the New Shares is not an indication of the merits of the Company or the New Shares.

2.8 CHESS

The Company participates in CHESS. CHESS is operated by ASTC (a wholly owned subsidiary of ASX) in accordance with the Listing Rules and the ASTC Settlement Rules.

Under CHESS, you will receive a statement of your holding of Shares (including New Shares issued under this Prospectus). We will not be issuing share certificates in respect of the New Shares.

If you are broker-sponsored, ASTC will send you a CHESS statement. The CHESS statement will set out the number of New Shares issued to you, provide details of your holder identification number, and the participant identification number of the sponsor.

If you are registered on the Issuer Sponsored Subregister, your statement will be despatched by the Share Registry and will contain the number of New Shares issued to you under this Prospectus and your security holder reference number.

CHESS statements and Issuer Sponsored statements will routinely be sent out to Shareholders and Optionholders at the end of any calendar month during which the balances of their holdings change. Shareholders and Optionholders may request a statement at any other time, however, a charge may be payable for additional statements.

2.9 Overseas Shareholders

This Entitlement Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for us to comply with the securities laws of overseas jurisdictions having regard to the number of Ineligible Shareholders, the number and value of New Shares these Ineligible Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Entitlement Offer is not being extended, and New Shares will not be issued, to Ineligible Shareholders.

If you reside in New Zealand, you should consult your professional advisers as to whether any government or other consents are required, or other formalities need to be observed, to enable you to exercise your Entitlements under the Entitlement Offer.

2.10 Taxation

You should seek and rely upon independent taxation advice regarding your investment in the Company as the taxation consequences will depend on your particular circumstances.

2.11 Ranking

The New Shares offered pursuant to this Prospectus will rank equally with existing Shares on issue. Details on the rights and liabilities attaching to Shares are set out in Section 5.

2.12 Non-Renounceable

Entitlements are non-renounceable. Accordingly, you are not permitted to trade your Entitlement on the ASX and you will be unable to dispose of your Entitlement to another party.

2.13 No Minimum Subscription

There is no minimum subscription for the Entitlement Offer.

2.14 Shortfall

If you do not wish to take up any part of your Entitlement under this Entitlement Offer, you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall and will be dealt with in accordance with Section 2.3.

2.15 Underwriting

The Entitlement Offer is not underwritten.

2.16 Expenses of the Entitlement Offer

We estimate the cost associated with the Entitlement Offer, including advisory fees, legal fees, printing fees and other costs incurred in preparing and distributing this Prospectus, to be approximately \$46,883.

Please refer to Section 6.13 for further details of the expenses of the Entitlement Offer.

2.17 Withdrawal of Prospectus

The Directors may at any time decide to withdraw this Prospectus.

2.18 Enquiries

If you have any questions regarding the Entitlement Offer, or any of the documents referred to in this Prospectus, please contact us by telephone on (02) 9906 7551.

SECTION 3: PURPOSE AND EFFECT OF THE ENTITLEMENT OFFER

3.1 Purpose of the Entitlement Offer

The primary purpose of the Entitlement Offer is to raise up to approximately \$2.52 million. Funds raised by the Entitlement Offer will be applied principally towards the ongoing work program and scoping study on our Nowa Nowa Project. Specifically, the funds will be used to carry out a program of diamond drilling with a view to confirming and upgrading the existing resource estimate as well as providing samples for metallurgical testwork. Together with related engineering investigations, this will form the basis for completion of a scoping study into a possible mining development at Nowa Nowa. Should the results of this work prove sufficiently encouraging, a definitive feasibility study will be carried out prior to the Company committing to a mining development.

Please refer to Section 3.4 for further detail on the proposed use of funds.

3.2 Effect of the Entitlement Offer

The principal effect of the Entitlement Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, will be to:

- (a) increase the Company's cash reserves by approximately \$2.48 million (after deducting the estimated expenses of the Entitlement Offer); and
- (b) increase the number of Shares on issue to 114,679,032 comprising 68,807,419 Shares on issue as at the date of this Prospectus and 45,871,613 New Shares.

3.3 Pro Forma Statement of Financial Position

Set out below is:

- (a) an audit-reviewed Statement of Financial Position of the Company as at 31 December 2011; and
- (b) an unaudited pro-forma Statement of Financial Position of the Company as at 31 December 2011 incorporating the effect of the Entitlement Offer, which assumes the completion of the full subscription under the Entitlement Offer as though it had taken place on 31 December 2011 and which includes the following transactions:
 - the issue of 45,871,613 New Shares at an issue price of \$0.055 each; and
 - the costs of the Entitlement Offer being approximately \$46,883.

The unaudited pro-forma Statement of Financial Position has been prepared to provide Shareholders with information on the assets and liabilities of the Company. The pro-forma Statement of Financial Position, whilst prepared on the basis of the accounting policies normally adopted by us, does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements, nor has it been reviewed by our auditor.

+	Audit-reviewed 31 Dec 2011 \$	Unaudited Pro-forma 31 Dec 2011 \$
Current assets		
Cash assets	1,837,377	4,313,433
Receivables	29,985	29,985
Total current assets	1,867,362	4,343,418
Non-current assets		
Tenement security deposits	118,350	118,350
Property, plant and equipment	37,419	37,419
Deferred exploration and evaluation expenditure	4,036,723	4,036,723
Total non-current assets	4,192,492	4,192,492
Total assets	6,059,854	8,535,910
Current liabilities		
Payables	95,724	95,724
Provisions	18,892	18,892
Total current liabilities	114,616	114,616
Total liabilities	114,616	114,616
Net assets	5,945,238	8,421,294
Equity		
Contributed equity	8,002,017	10,478,073
Accumulated losses	(2,491,454)	(2,491,454)
Reserves	434,675	434,675
Total equity	5,945,238	8,421,294

3.4 Use of Funds

The proceeds of the Entitlement Offer are planned to be used as follows (assuming full subscription in respect of the Entitlement Offer and no Options are exercised):

Use of Funds	Full Subscriptions	Percentage of funds raised
Ongoing work program and scoping study in respect of the Company's Nowa Nowa Project	\$1,600,000	63%
Ongoing exploration operations	\$70,000	3%
Search for new projects	\$80,000	3%
Working Capital	\$726,056	29%
Expenses of the Entitlement Offer*	\$46,883	2%
Proceeds	\$2,522,939	100%

* Please refer to 6.13 for further details of the expenses of the Entitlement Offer.

The Nowa Nowa Project has become a key project for the Company and over the next 6-12 months we will be focussed on assessing the potential for Nowa Nowa exporting high grade iron ore at a low cost. Specifically, it is intended that the work program will include:

- (a) large diameter diamond drilling to confirm earlier resource drilling and obtain samples for metallurgical testwork;
- (b) confirming arrangements for product transport and shipping;
- (c) completing a scoping study with related engineering studies including project costing; and
- (d) preliminary environmental and heritage assessment.

It is expected that the scoping study at the Nowa Nowa Project will be completed by the December quarter of 2012. If the results are sufficiently encouraging, it is intended that the balance of the funds will be used to commence the definitive feasibility study as well as initiating the process for project permitting and environmental and heritage approvals.

The above table is a statement of the Directors' current intention as at the date of this Prospectus. However, Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions and environmental factors. In light of this, the Directors reserve the right to alter the way the funds are applied.

In the event that the Entitlement Offer is not fully subscribed, the Directors intend to scale back the use of funds detailed above based on revisions to the work program.

3.5 Effect on Capital Structure

Disregarding fractions, assuming full subscription under the Entitlement Offer and assuming that no Options are exercised prior to the Record Date, the effect of the Entitlement Offer on our capital structure will be as follows:

Shares	Number
Current Shares on issue	68,807,419
New Shares issued under the Entitlement Offer	45,871,613
Total Shares on issue after completion of the Entitlement Offer	114,679,032

Details of the Options on issue are set out in Section 6.7.

Our major Shareholder, PlatSearch currently holds 45.78% of the Company's issued share capital. PlatSearch has indicated in writing that it will take up its full Entitlement and accordingly if the Entitlement Offer is fully subscribed there will be no change in PlatSearch's interest in the Company as a result of this Entitlement Offer.

Where PlatSearch takes up its full Entitlement and:

- (a) no other Shareholders take up their Entitlement;
- (b) no Options are exercised; and

(c) no New Shares are issued under the Shortfall Offer,

PlatSearch's shareholding in the Company has the potential to increase to approximately 58.46% of the Company's issued share capital.

3.6 **Details of Substantial Shareholders**

No Shareholders have a relevant interest in 5% or more of the Shares on issue at the date of this Prospectus, other than PlatSearch.

3.7 **Expenses of Entitlement Offer**

We estimate the cost associated with the Entitlement Offer including advisory fees, legal fees, printing fees and other costs incurred in preparing and distributing this Prospectus, to be approximately \$46,883.

Please refer to Section 6.13 for further details of the expenses of the Entitlement Offer.

SECTION 4: RISKS

The Entitlement Offer should be considered speculative because of the nature of, amongst other things, our business activities. Consequently, we strongly recommend that you consider the risk factors set out in this Section, together with information contained elsewhere in this Prospectus, and that you consult your stockbroker, solicitor, accountant or other professional adviser before deciding whether to take up your Entitlement.

We set out below a number of specific risks which relate directly to the Company, as well as certain industry and general risks many of which are largely beyond the control of the Company or its Directors. We consider that the risks set out in this Section may have a material impact on the financial performance of the Company and, specifically, the market price of the Shares.

The following is a summary of material risks. The list is not exhaustive and you should read it in conjunction with specific matters we have referred to in previous announcements and reports.

4.1 Risks Relating to New Shares

The Company is listed on the ASX. You should note that if the New Shares are granted Official Quotation, they will be listed securities for the purposes of the Listing Rules and Corporations Act. Consequently, share market conditions may affect the price of the New Shares regardless of operating performance. Specifically, local and international stock markets, movements in commodity prices, interest rates, economic conditions and investor sentiment generally may affect the price of the New Shares.

4.2 Specific Risks

(a) Native Title

Any native title claims which wholly or partially cover the Company's tenements may impact upon the planning and implementation of our future exploration programs. The potential also exists for further native title claims to be lodged over any existing or future tenement area. Native title claims have the potential to cause significant delays to exploration and, by extension, the profitability of the Company.

We are informed that native title has been granted over a large area including the Nowa Nowa Project area. The Company currently has a valid agreement with the title holders covering the exploration phase but a further agreement will need to be concluded for mining to take place. Formulation and execution of this agreement could cause delays in accessing the area for mining.

(b) Environmental

Mining and exploration has become subject to increasing environmental responsibility and liability. The potential for liability is an ever present risk. The use and disposal of chemicals in the mining industry is under constant legislative scrutiny and regulation. Exploration work will be carried out in a way that causes a minimum impact on the environment. Consistent with this, we may be required, in some cases, to undertake baseline environmental studies prior to certain exploration or mining activities, so that the environmental impact can be monitored and, as far as possible, minimised.

While we are not presently aware of any endangered species of fauna and flora within any of our tenements, no baseline environmental studies have been

undertaken to date, and discovery of such could prevent further work in certain areas. The discovery of any endangered species of fauna and flora may impact upon our ability to freely explore our tenements.

The Nowa Nowa Project lies within an area which has been designated as a Special Management Zone under the Victorian Government's Forest Management Plan. These areas are managed to allow for invasive activities such as forestry and mining whilst preserving certain specific biodiversity issues. Insufficient work has been done to identify whether there are any specific issues of conservation within the project area however should these be shown to exist they could hinder the ability to access all or part of the area for mining purposes.

(c) Access to Land

Government legislation has been varied significantly in recent times restricting the ability of resource companies to access areas for exploration and mining. The Queensland Government have recently released the Strategic Cropping Land legislation which identifies areas as having agricultural values which need to be preserved over and above any proposal to mine in those areas. An area of potential strategic cropping land has been identified over a large part of the Hawkwood Project tenement which, if validated, could severely restrict the ability of the Company to access the area for mining purposes.

(d) Exploration Costs

The exploration costs of the Company are premised upon a number of assumptions and estimates as regards the method and timing of exploration. These assumptions and estimates are, by their nature, speculative and subject to a number of uncertainties. Consequently, we do not give any assurance that the cost estimates and the underlying assumptions will be realised in practice, which may adversely affect the Company's viability.

(e) Exploration Success

There is a significant risk that our proposed exploration programs will not result in exploration success. Mineral exploration by its nature is a high risk endeavour. The Company's exploration programs, or any other projects that we may acquire in the future, may not result in the discovery of a commercially viable economic mineral deposit. Our key management personnel and Directors will however make every effort to maximise the potential success of our exploration programs.

The success of our exploration programs is dependent on many factors such as:

- the discovery and/or acquisition of economically recoverable ore reserves;
- successful conclusions to bankable feasibility studies;
- access to adequate capital for project development;
- the design and construction of efficient mining and processing facilities within capital expenditure budgets;
- securing and maintaining title to tenements;
- obtaining consents and approvals necessary for the conduct of exploration and mining;
- access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees;

- adverse weather conditions over a prolonged period can adversely affect exploration and mining operations and the timing of revenues; and
- other risk factors including costs, actual mineralisation, consistency and reliability of ore grades and commodity prices may affect successful project development and mining operations.

(f) **Contractual Risks**

The Company is earning its interest in the Hawkwood Project under a joint venture agreement with Rugby Mining Limited (TSX code: RUG). The Company is required to meet certain expenditure and performance obligations in order to increase its interest in the project. To date, the Company has committed expenditures which entitle it to a 50% interest in the project, however should the Company fail to meet future expenditure and performance obligations, it may not be entitled to increase its interest in the project in accordance with the joint venture agreement.

The Company is a party to a joint venture agreement with 3E Steel Pty Ltd whereby 3E can earn an interest in the NSW Iron Pisolite Project by funding all required expenditures to a decision to develop a mine. There is a risk that 3E Steel Pty Ltd may decide not to fund further exploration costs and withdraw from the project in which case the project and the requirement to fund further exploration work will revert to the Company.

(g) **Ability to Exploit Successful Discoveries**

Even if an apparently viable deposit is identified, there is no guarantee that we can economically exploit it. That is, it may not always be possible for the Company to participate in the exploitation of successful discoveries made in any areas in which we have an interest because such exploitation may require further intensive capital input as well as further licences and clearances from relevant authorities. We note that it may or may not be possible for such conditions to be satisfied.

(h) **Compulsory Work Obligations**

Tenements in which the Company has an interest are subject to compulsory work or expenditure obligations for each permit year which must be met in order to keep the permit in good standing. The Company's financial performance may be adversely impacted if these compulsory work obligations are increased or varied. Significantly, failure to meet compulsory obligations may lead to the forfeiture of tenements.

(i) **Limited Operating History and Loss of Key Management Personnel**

The Company was established in 2008 and accordingly has a limited operating history. As such, there is a high level of inherent uncertainty in the future profitability of our exploration programs. We advise that any investment in the Company is inherently speculative.

Our success largely depends upon key management personnel for the strategic management of the Company as well as upon other management and technical personnel for the daily operation of the Company. Consequently, there is a possibility that we will be adversely affected, particularly in respect of the rate at which our exploration programs and tenements are developed or prioritised, if one or more of our key management personnel cease their employment.

(j) **Aboriginal Significant Sites**

We are required by Commonwealth and State legislation to identify and protect sites of significance to Aboriginal custom and tradition. It is possible that one or more sites of significance will exist in one or more of our prospective tenements. If any such sites are identified it may have the potential to halt exploration activities and impact upon the planning and implementation of future exploration programs in circumstances where a declaration is made for the protection and preservation of the Aboriginal site or object. A halt to exploration activities on certain tenements may adversely affect the profitability of the Company.

(k) **Financial Risks**

We may have difficulty in obtaining future equity or debt funding to support exploration programs, evaluation and development of our tenements.

Our ability to raise further equity or debt, or to divest part of our interest in a tenement, and the terms of such transactions will vary according to a number of factors, including the success of exploration results and the future development of the tenements, stock market conditions and prices for commodities.

Should it subsequently be established that a mining production operation is technically, environmentally and economically viable, we will require substantial additional financing to establish mining operations and production facilities. We may not be able to raise the additional finances that may be required for future activities. Commodity prices, environmental regulations, environmental rehabilitation or restitution obligations, revenues, taxes, transportation costs, capital expenditures, operating expenses and technical aspects are all factors which will impact on the amount of additional capital that may be required.

Additional financing may not be available on terms acceptable to us, or at all. Significantly, any additional equity financing or the exercising of Options, may dilute your existing shareholdings and debt financing, if available, may restrict financing and future activities. If we fail to obtain additional financing, as needed, we may have to reduce the scope of our operations or anticipated expansion, forfeit our interest in some or all of our tenements, incur financial penalties and/ or reduce or terminate our operations.

(l) **Litigation**

We may be exposed to potential legal and other claims or disputes in the future which could adversely affect the Company's financial performance, through damages payments and harm to reputation, or which adversely affect our assets. Importantly though, we are not presently involved in any litigation and are not aware of any legal proceedings pending or threatened against the Company.

(m) **Insurance Risks**

Insurance against all risks associated with mining exploration and production is not always available and, where available, the costs can be prohibitive. We have insured our operations in accordance with industry practice. However, in certain circumstances, our insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on our business, financial condition and results.

(n) **Competition Risk**

The industry in which we are involved is subject to domestic and global competition. Although we will undertake all reasonable due diligence in our business decisions and operations, we will have no influence or control over the activities or actions of our competitors, which activities or actions may positively or negatively affect the operating and financial performance of our business.

4.3 **General risks**

(a) **Share Market and Commodity Price Volatility**

Share market conditions may affect listed securities regardless of operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- movements in, or outlook on, interest rates and inflation rates;
- currency fluctuations;
- commodity prices;
- changes in investor sentiment towards particular market sectors; and
- the demand for, and supply of, capital.

Such factors may impact the price of the Shares currently on issue as well as the New Shares if granted Official Quotation.

(b) **Government**

Changes in government, monetary policies, taxation and other laws could have a significant influence on the outlook of the Company and your potential return as an investor. These factors are beyond the control of the Company and its Directors.

(c) **Taxation**

The acquisition and disposal of Shares may have tax consequences which are contingent upon the circumstances of individual Shareholders. To the maximum extent permitted by law, the Company, its officers and our advisers accept no liability and responsibility with respect to the taxation consequences of subscribing for the New Shares.

4.4 **Speculative Investment**

The above list of risk factors should not to be taken as an exhaustive list of the risks faced by us or you as an investor in the Company. The above factors, and others not specifically referred to above, may materially affect our future financial performance and the value of the New Shares. Therefore, the New Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

You should consider an investment in the Company as speculative and should consult your professional advisers before deciding whether to apply for New Shares.

SECTION 5: RIGHTS ATTACHING TO SHARES

New Shares will rank equally with the existing Shares.

The rights and liabilities attaching to Shares are set out in the Constitution and are regulated by the Corporations Act, the Listing Rules, the ASTC Settlement Rules and general law. A copy of the Constitution is available for inspection at our registered office during normal business hours.

The following is a summary of the rights and liabilities attaching to Shares:

(a) General Meetings

Each Shareholder is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Constitution, the Corporations Act or the Listing Rules.

The Directors may convene a general meeting whenever they think fit. The Constitution does not permit Shareholders to call a general meeting, although Shareholders may call a general meeting in accordance with the provisions of the Corporations Act.

A notice of general meeting must be given in accordance with the Corporations Act and must specify the place, date and time of the meeting, the general nature of the business to be transacted at the meeting, information regarding a Shareholder's right to appoint a proxy, and if a special resolution is to be proposed at the meeting, set out an intention to propose the special resolution and the text of the special resolution.

The quorum for a meeting of the Shareholders is three Shareholders and the quorum must be present at all times during the meeting.

(b) Voting

Subject to any rights or restrictions for the time being attached to any class of shares whether by the terms of their issue, the Constitution, the Corporations Act or the Listing Rules, at a general meeting every Shareholder present in person or by a representative has one vote on a show of hands and every Shareholder present in person or by a representative, proxy or attorney has one vote per Share on a poll. A Shareholder holding a partly paid Share is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the Share. A Shareholder is not entitled to vote unless all calls and other sums presently payable by the Shareholder in respect of Shares have been paid. Where there are two or more joint Shareholders and more than one of them is present at a meeting and tenders a vote in respect of the Share (whether in person or by proxy or attorney), the Company will count only the vote cast by the Shareholder whose name appears before the other(s) in the Company's register.

(c) Issues of Further Shares

Subject to the Corporations Act and Listing Rules, and without prejudice to any special rights attached to shares in a special class of shares, the Directors may at any time, on behalf of the Company, issue Shares to any person on the terms and with the rights that the Directors decide.

(d) Variation of Rights

At present, the Shares are the only class of shares on issue in the capital of the Company. The rights attached to the shares in any class may be altered only by special resolution passed at a

separate meeting of the holders of the issued shares of the affected class, or with the written consent of the holders of at least three quarters of the issued shares of the affected class.

(e) Transfer of Shares

Subject to the Constitution, the Corporations Act and the Listing Rules, Shares are freely transferable.

The Shares may be transferred by a proper transfer effected in accordance with ASTC Settlement Rules, by any other method of transferring or dealing introduced by ASX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by the Directors that is permitted by the Corporations Act.

The Company must not prevent, delay or in any way interfere with the registration of a proper ASTC transfer. Significantly, though, the Company may decline to register a transfer of Shares in the circumstances described in the Constitution and where permitted to do so under the Listing Rules. If the Company declines to register a transfer, the Company must, within five business days after the transfer is lodged with the Company, give the lodging party written notice of the refusal and the reasons for refusal. The Directors must decline to register a transfer of Shares when required by law, the Listing Rules or the ASTC Settlement Rules.

(f) Partly Paid Shares

The Directors may, subject to compliance with the Constitution, the Corporations Act and the Listing Rules, issue partly paid Shares upon which amounts are or may become payable at a future time(s) in satisfaction of all or part of the unpaid issue price.

(g) Dividends

The Company in general meeting may declare a dividend if the Directors have recommended a dividend and a dividend shall not exceed the amount recommended by the Directors. The Directors may declare and authorise the payment to the Shareholders of such interim dividends as appear to the Directors to be justified by the Company's profits. Significantly, though, except as permitted by the Corporations Act, no dividend is payable to any member otherwise than out of the profits of the Company.

Subject to the rights of members entitled to shares with special rights as to dividend (if any), all dividends are apportioned and paid proportionately to the amounts paid or credited as paid-up on the Shares.

(h) Winding Up

Subject to the rights of holders of shares with special rights in a winding up, if the Company is wound up, the liquidator may, with the sanction of a special resolution, divide among the members in kind the whole or any part of the property of the Company and may for that purpose set the value the liquidator considers fair upon any property to be so divided and may determine how the division is to be carried out as between the members or different classes of members.

(i) Dividend Reinvestment Plans

The Shareholders, in general meeting, or the Directors may establish a plan under which (among other things) a Shareholder may elect to reinvest dividends payable to them by way of subscription for Shares.

SECTION 6: ADDITIONAL INFORMATION

6.1 Material Contracts

The Company has not entered into any material contracts prior to the date of this Prospectus other than those previously announced to the ASX.

6.2 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

6.3 Share Trading History

The highest and lowest recorded closing market sale prices of the Shares quoted on the ASX during the three month period immediately prior to the date of this Prospectus and the last closing market sale price of the Shares on the ASX on the last day that trading took place in the Shares prior to the date of the announcement of the Entitlement Offer (being 18 May 2012) is set out below.

	Date	Price
Highest	29 February 2012	\$0.08
Lowest	18 May 2012	\$0.059
Last day of trading	18 May 2012	\$0.059

6.4 Board and Management

As noted in Section 1, the Board consists of:

(a) Glenn Goodacre – Non-executive Chairman

Mr Goodacre has a background in finance and business strategy and as an investor in resources and private equities. In the resources industry, he has worked for Alkane Resources, Nauru Phosphate Corporation, Eastern Iron Limited, PlatSearch NL and Lachlan Resources, with exposure spanning the pre-IPO phase through to operating mines in Australia and the Pacific.

Mr Goodacre has also been involved in the private equity industry since 1990 and is a director of several unlisted industrial, consulting and investment businesses. He is a non-executive director of Convergent Minerals Limited (ASX:CVG).

Mr Goodacre does not expect that his directorships with other companies will interfere with his ability to act as Non-executive Chairman of the Company.

Mr Goodacre fulfils the role of an independent director. The Directors consider that Mr Goodacre is free from any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of his judgment.

Mr Goodacre is also a member of the Company's Remuneration and Nomination Committee and Audit Committee.

(b) Gregory De Ross – Managing Director

Mr De Ross 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 the Company, Mr De Ross 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 of projects including the Ramu Nickel, Frieda Copper and Kainantu Gold projects. Mr De Ross has extensive commercial experience covering joint venture negotiation and project acquisition.

(c) Gregory Jones – Non-executive Director

Mr Jones is a geologist with 30 years of experience in the fields of mine geology, mine and regional exploration, project generation and resource development work. His career includes 14 years with WMC Ltd in Australia, Fiji and North America and six years with Sino Gold Ltd in China focused primarily on base metals, nickel and gold.

Mr Jones is credited with several economic discoveries including the Blair nickel and the Orion gold deposits in WA. He is the Managing Director of the Company's largest shareholder, PlatSearch NL, a director of Silver City Minerals Limited which specialises in the exploration of the Broken Hill region of New South Wales and of Thomson Resources Ltd.

Mr Jones does not expect that his directorships with other companies will interfere with his ability to act as a Non-executive Director of the Company.

Mr Jones is also a member of the Company's Remuneration and Nomination Committee.

Mr Jones is a nominee of PlatSearch, a substantial Shareholder of the Company.

(d) Wendy Corbett – Non-executive Director

Ms Corbett has more than 35 years' experience in mineral exploration management and administration. Ms Corbett has strong commercial awareness assisting many explorers through their IPO and listing, specialising in tenement management and compliance, joint venture negotiation, corporate agreements and liaison with government bodies and landholders. She has worked throughout Australia on numerous gold and base metal projects for a variety of companies.

Ms Corbett is a founding director of the Company, a director of an unlisted business and 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. She is also on the Sydney Branch Committee of the Australian Institute of Geoscientists and actively involved in their careers and education programs.

Ms Corbett does not expect that her directorships with other companies will interfere with her ability to act as a Non-executive Director of the Company.

Ms Corbett is also a member of the Company's Audit Committee.

Ms Corbett is a nominee of PlatSearch, a substantial Shareholder of the Company.

(e) Stephen Gemell – Non-executive Director

Mr Gemell is a consulting mining engineer with more than 35 years' experience in the mining industry, both in Australia and overseas. He has previously held senior operating appointments including CEO positions, and executive and non-executive chairmanships and directorships in ASX-listed mining companies and unlisted mine operators. His experience has included a variety of roles in areas covering feasibility studies, resource development, mine planning and operations in a range of commodities including base and precious metals, uranium and industrial minerals. He is currently an AusIMM appointee to the VALMIN Committee.

Mr Gemell is currently a non-executive director of Argent Minerals Limited (ASX: ARD), Indochine Mining Limited (ASX: IDC) and UCL Resources Limited (ASX: UCL). During the past three years he was also a director of UXA Resources Limited (until 2011). Mr Gemell does not expect that his directorships with other companies will interfere with his ability to act as a Non-executive Director of the Company.

Mr Gemell fulfils the role of an independent director. The Directors consider that Mr Gemell is free from any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of his judgment.

Mr Gemell is also a member of the Company's Remuneration and Nomination Committee and Audit Committee.

(f) Ivo Polovineo – Non-executive Director

Mr Polovineo was previously Chief Financial Officer and Company Secretary for Sino Gold Mining Limited, formerly an ASX 100 company. He was with Sino Gold for 12 years forming part of the executive team that built the company from a market capitalisation of \$100 million before it was acquired by Eldorado Gold Corporation in December 2009. Mr Polovineo is a Fellow of the Institute of Public Accountants (FIPA) with more than 30 years' experience as a CFO and Company Secretary including over 20 years in the resources sector.

Mr Polovineo is currently Company Secretary of, PlatSearch NL, Thomson Resources Ltd and Silver City Minerals Limited.

Mr Polovineo does not expect that his duties with other companies will interfere with his ability to act as a Non-executive Director of the Company.

Mr Polovineo is a nominee of PlatSearch, a substantial Shareholder of the Company.

6.5 Interests of Directors

Except as disclosed below or elsewhere in this Prospectus, no Director has, or had, within two years before lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;

- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or with the Entitlement Offer; or
- (c) the Entitlement Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director:

- (a) to induce him or her to become, or to qualify him or her as, a Director; or
- (b) for services rendered by him or her in connection with the formation or promotion of the Company or the Entitlement Offer.

The direct and indirect interests of the Directors in the securities of the Company as at the date of this Prospectus are as follows:

Director	Shares		Options		Remuneration ¹
	Direct	Indirect	Direct	Indirect	
G Goodacre	15,000	625,000	-	650,000	\$111,075
G De Ross	45,000	-	1,800,000	-	\$288,480
G Jones	-	698,975	-	450,000	\$54,013
W Corbett	37,500	37,500	450,000	-	\$74,723
S Gemell	-	-	450,000	-	\$57,514
I Polovineo	-	-	-	450,000	\$5,700

Notes:

1. Total remuneration of Directors for the full year ending 30 June 2011 (as per the 2011 Annual Report). Remuneration includes salary, directors' fees, consulting services, superannuation and share based payments for the period.

The Directors may, at their discretion, take up their Entitlement. Glenn Goodacre, Greg De Ross, Greg Jones and Wendy Corbett have indicated that it is their present intention to subscribe for their full Entitlement.

6.6 Interests of Experts and Advisers

Except as disclosed in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus holds at the date of this Prospectus, or has held at any time during the last two years prior to the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or with the Entitlement Offer; or
- (c) the Entitlement Offer,

nor has anyone paid, or agreed to pay, any amount or given, or agreed to give, any benefit to any such person in connection with the promotion or formation of the Company or with the Entitlement Offer.

Gadens Lawyers Sydney Pty Limited has acted as solicitors to the Company providing general advice to the Company and assisting in the preparation of this Prospectus. The Company estimates it will pay Gadens Lawyers Sydney Pty Limited a fee of \$25,000 for these services. During the two year period preceding the lodgement of this Prospectus with ASIC, we have not paid Gadens Lawyers Sydney Pty Limited any money for the provision of legal services.

6.7 Options

As at the date of this Prospectus, the Company has 9,700,000 Options outstanding, consisting of:

Number	Exercise Price	Expiry Date
5,000,000	\$0.35	19 Dec 2012
1,200,000	\$0.18	9 Mar 2015
1,850,000	\$0.20	23 Nov 2013
1,650,000	\$0.18	23 Nov 2013

6.8 Consents

Each of the parties referred to below:

- (a) does not make, or purport to make, any statement in this Prospectus, further, no statement in this Prospectus is based on any statement by any of those parties (unless expressly stated to the contrary in this Section);
- (b) has had no involvement in the preparation of this Prospectus (unless expressly stated to the contrary in this Section);
- (c) has not authorised or caused the issue of this Prospectus; and
- (d) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of the Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Gadens Lawyers has given, and at the date hereof has not withdrawn, its written consent to be named in this Prospectus as the Legal Advisers to the Company in the form and context in which it is named.

Boardroom Pty Limited has given, and at the date hereof has not withdrawn, its written consent to be named in this Prospectus as the Share Registry in the form and context in which it is named.

BDJ Partners has given, and at the date hereof has not withdrawn, its written consent to be named in this Prospectus as Auditor in the form and context in which it is named.

Copies of the consents referred to above are available for inspection, without charge, at the registered office of the Company during office hours.

There are other persons referred to in this Prospectus, however these persons have not made statements included in this Prospectus (including as incorporated by reference). Further, no statement in this Prospectus is based on any statements made by these persons. These

persons did not consent to being named in this Prospectus and did not authorise or cause the issue of this Prospectus.

6.9 Nature of this Prospectus

This Prospectus is issued under the special prospectus content rules for continuously quoted securities in section 713 of the Corporations Act. This enables listed disclosing entities, such as the Company, to issue a prospectus for continuously quoted securities with modified disclosure requirements if they satisfy certain requirements.

The information in this Prospectus principally concerns the terms and conditions of the Entitlement Offer and the information reasonably necessary to make an informed assessment of:

- (a) the effect of the Entitlement Offer on the Company; and
- (b) the rights and liabilities attaching to the New Shares.

You must read the Prospectus in conjunction with the publicly available information in relation to the Company which has been notified to the ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. You should therefore also have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest in the Company.

6.10 Continuous Disclosure and Documents Available for Inspection

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act. As such we are subject to regular reporting and disclosure obligations which require us to disclose to the ASX any information which we are aware of, or become aware of, concerning the Company and which a reasonable person would expect to have a material effect on the price or value of the securities of the Company.

The ASX maintains files containing publicly disclosed information about all listed companies. The Company's file is available for inspection at the ASX during normal working hours. In addition, copies of documents lodged by, or in relation to, the Company with ASIC may be obtained from, or inspected at, an ASIC office.

The New Shares are in the same class as the Shares that are and have been quoted on the ASX at all times in the three months before the date of this Prospectus.

We will provide a copy of each of the following documents, free of charge, to any person who asks for it, during the application period for this Prospectus:

- (a) the Company's annual financial report for the financial year ended 30 June 2011 (being the last annual financial report lodged with ASIC in relation to the Company before the issue of this Prospectus);
- (b) the Company's half-year results for the period ending 31 December 2011; and
- (c) all continuous disclosure notices given by the Company after the lodgement of the annual financial report referred to in paragraph (a) above and before the lodgement of this Prospectus with ASIC being:

Date	Description
20 October 2011	Notice of Annual General Meeting and Proxy Form
31 October 2011	September 2011 Quarterly Activities Report
31 October 2011	September 2011 Appendix 5B Quarterly Cash Flow Report
23 November 2011	Chairman's Address to AGM
23 November 2011	Managing Director's Presentation to AGM
23 November 2011	Results of AGM
30 November 2011	Clarifying Statement re AGM Presentation
5 December 2011	Appendix 3B
5 December 2011	Change of Director's Interest Notice
30 January 2012	December 2011 Quarterly Activities Report
30 January 2012	December 2011 Appendix 5B Quarterly Cash Flow Report
10 February 2012	Maiden JORC Resource for Nowa Nowa
14 February 2012	EFE Acquires 100% of Nowa Nowa Project
14 February 2012	Change of Director's Interest Notice
14 February 2012	Appendix 3B
16 February 2012	Change of Director's Interest Notice
23 February 2012	Change of Director's Interest Notice
27 February 2012	Change of Director's Interest Notice
27 February 2012	Change of Director's Interest Notice
1 March 2012	Outstanding Metallurgical Results from Nowa Nowa
5 March 2012	Eastern Iron Presentation
13 March 2012	Half Year Accounts
19 April 2012	Nowa Nowa Drilling to Commence
30 April 2012	March 2012 Quarterly Activities Report
30 April 2012	March 2012 Appendix 5B Quarterly Cash Flow Report
17 May 2012	Nowa Nowa Scoping Study
18 May 2012	Maiden Resource for Hawkwood
18 May 2012	Eastern Iron Presentation

If you require any further information in relation to the Company, it is recommended that you take advantage of the ability to inspect or obtain copies of disclosures made by the Company as referred to above.

6.11 Corporate Governance

The Board is responsible for the corporate governance of the Company and strives for high standards in this regard. The Board draws on relevant best practice principles, particularly those issued by the ASX Corporate Governance Council, to monitor the business and affairs of the Company on your behalf. Whilst the Board attempts to adhere to the principles

proposed by the ASX, it is mindful that there may be some instances where compliance is not practicable for a company of our size.

For a full overview of our corporate governance policies, please visit our website at www.easterniron.com.au.

6.12 **Electronic Prospectus**

Pursuant to ASIC Class Order 00/44, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Entitlement and Acceptance Form. If you have not, please contact us and we will send you either a hard copy or a further electronic copy of the Prospectus free of charge.

We reserve the right not to accept an Entitlement and Acceptance Form from any Shareholder if we have reason to believe that when that Shareholder accessed the electronic version of the Entitlement and Acceptance Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

6.13 **Expenses of the Entitlement Offer**

The estimated expenses connected with the Entitlement Offer, which are payable by the Company, are as follows:

ASIC lodgement fee	\$2,137
ASX fees	\$8,528
Legal fees	\$25,000
Share Registrar	\$11,218
Total	\$46,883

SECTION 7: DIRECTORS' CONSENTS

Each Director of the Company has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent prior to lodgement of this Prospectus.

Dated 22 May 2012



Greg De Ross

Managing Director

Eastern Iron Limited

SECTION 8: DEFINITIONS

\$ means an Australian dollar unless otherwise stated.

AEST means Australian Eastern Standard Time.

Application Money means money received from Shareholders in respect of New Shares.

ASIC means Australian Securities and Investments Commission.

ASTC means ASX Settlement and Transfer Corporation Pty Limited ACN 008 504 532.

ASTC Settlement Rules means the operating rules of the ASTC and, to the extent that they are applicable, the operating rules of ASX and the operating rules of Australian Clearing House Pty Limited ACN 001 314 503.

ASX means ASX Limited ACN 008 624 691.

Board means the board of Directors as constituted from time to time, unless the context indicates otherwise.

CHES means ASX Clearing House Electronic Subregistry System.

Company means Eastern Iron Limited ACN 126 678 037.

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Corporations Regulations means the *Corporations Regulations 2001* (Cth).

Directors mean the directors of the Company in office at the date of this Prospectus.

Eligible Shareholder means a Shareholder on the register of members of the Company on the Record Date and who is not an Ineligible Shareholder.

Entitlement means the entitlement of an Eligible Shareholder to subscribe for two New Shares for every three Shares held at the Record Date pursuant to the Entitlement Offer.

Entitlement Offer means the offer made under this Prospectus in respect of a pro-rata issue of Shares at an offer price of \$0.055 per New Share on the basis of two New Shares for every three Shares held by Eligible Shareholders.

Entitlement and Acceptance Form means the Entitlement and acceptance form either attached to or accompanying this Prospectus.

GST means any tax, levy, charge or impost implemented under the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) (**Act**) or an act of the Parliament of the Commonwealth of Australia substantially in the form of, or which has a similar effect to, the Act.

Hawkwood Project means the Hawkwood project located in southern Queensland, the subject of a joint venture agreement between the Company and Rugby Mining Limited.

Ineligible Shareholder a person will be an Ineligible Shareholder if that person has a registered address which is not in Australia or New Zealand.

Listing Rules means the official listing rules of the ASX.

New Shares means a Share offered for subscription on the basis of, and under the terms of, the Entitlement Offer.

Nowa Nowa Project means the Company's wholly owned Nowa Nowa project, situated in eastern Victoria.

NSW Iron Pisolite Project means the iron pisolite project located in New South Wales, the subject of a joint venture agreement between the Company and 3E Steel Pty Ltd.

Official Quotation means official quotation by the ASX in accordance with the Listing Rules.

Options means the 9,700,000 unlisted Options on issue in the Company as at the date of this Prospectus.

Optionholder means a holder of an Option.

PlatSearch means PlatSearch NL ACN 003 254 395 and its associates, including, without limitation, Bluestone 23 Pty Limited CAN 127 337 599.

Prospectus means the prospectus constituted by this document.

Record Date means 30 May 2012.

Section refers to a section in this Prospectus.

Share means one fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Share Registry means Boardroom Pty Ltd ACN 003 209 836.

Shortfall means those New Shares under the Entitlement Offer not applied for by Shareholders under their Entitlement by the Closing Date.

Shortfall Offer means the offer described in Section 2.3 in respect of the Shortfall.