

DEFINITIVE FEASIBILITY STUDY COMMENCES AT NOWA NOWA IRON PROJECT VICTORIA

- **Engenium appointed to deliver Definitive Feasibility Study.**
- **Initial technical studies underway, including:**
 - **Resource definition diamond and RC drilling at Five Mile and Seven Mile deposits**
 - **Metallurgical optimisation studies**
 - **Marketing studies**
 - **Environmental baseline investigations.**
- **Consultants appointed to assist with permitting and environmental approvals.**
- **DFS scheduled for completion by the end of 2013.**

Eastern Iron Limited (ASX:EFE) (“The Company”) is pleased to provide an operational update on activity at the wholly owned Nowa Nowa iron Project in eastern Victoria.

Following completion of a positive scoping study at the Nowa Nowa Project in late 2012, and the Board approval for commencement of a Definitive Feasibility Study (“DFS”) of the Project, Eastern Iron has now appointed project delivery specialists Engenium Pty Ltd (Engenium) to undertake the DFS. Engenium will act as the project manager for the delivery of the DFS and related studies. At the same time Eastern Iron is also progressing the permitting and approvals process.

Preliminary to the feasibility study the Company will also undertake various technical optimisation studies primarily related to the final design of the process flowsheet.

NOWA NOWA IRON PROJECT

The Nowa Nowa Project is located in eastern Victoria close to the Princes Highway.



Nowa Nowa Locality Plan

Feasibility Study

Engenium will project manage the entire study including inputs from specialist sub-consultants in the areas of:

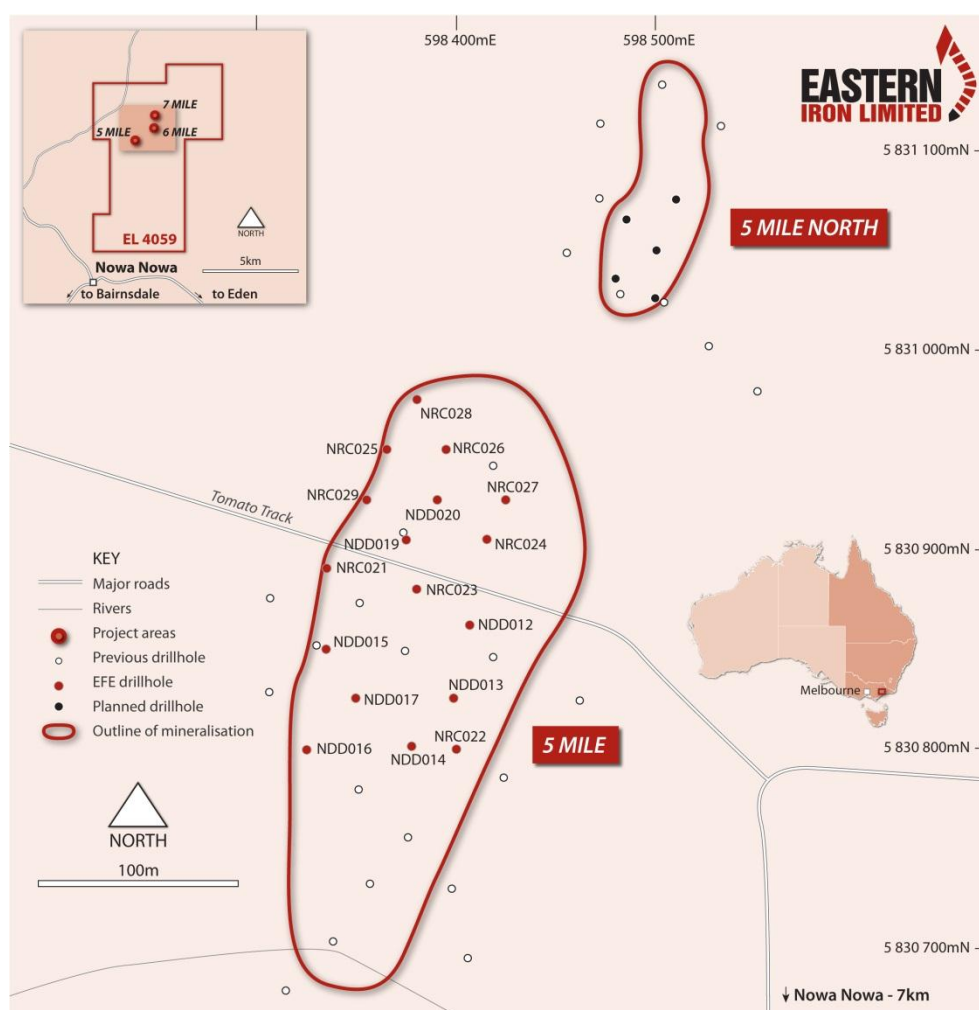
- Mining – mine design, scheduling, waste rock and tailings storage (McCracken Mining Services Pty Ltd/Mining One Consultants Pty Ltd)
- Geotechnical investigations
- Hydrology/hydrogeology
- Port and transport studies
- Marketing
- Process testwork and design (Resource Engineering Pty Ltd)

Engenium expects the feasibility study to be completed by the end of 2013.

The DFS will be committed to in stages as the Board is informed by the progress of related technical studies. This program of technical investigations is designed to more accurately define the final project parameters that will be used in the DFS modeling. These include:

Drilling Program

Late in January 2013, the Company commenced a diamond drilling program at the Five Mile deposit. This program has now been completed with assay results to be received shortly. Five holes were drilled totaling 651 metres with drill hole locations shown on the plan below. Drill core will be used for scaled up process testwork including crushing and grinding indices.



Five Mile Prospect – Drill hole locations

Although the deposit was extensively drilled by the Victorian Government in the 1950's, it was not possible to recover the drill hole collars in the field and as a result their exact location has been uncertain. This uncertainty is reflected in the proportion of the Resource still classified as "Inferred." The current program has been designed to provide more certainty to the resource model as well as investigating areas of the resource not yet closed off by drilling.

All holes drilled within the projected outline of the orebody intersected substantial thicknesses of massive magnetite mineralisation. The hole locations and the mineralised intercepts are shown in the table below; all mineralised intercepts are true widths.

Hole ID	Total Depth m	Mineralisation		
		From (m)	To (m)	Total (m)
NDD015	143.5	27	113	86
NDD016	143.5	37	120	83
NDD017	122.5	42	121	79
NDD019	96.8	21	90	69
NDD020	83.1	20.5	80.5	60

A further program of reverse circulation (RC) drilling has also commenced. This program is designed to investigate possible extensions to the current resource as well as filling in areas of the resource which are inferred but fall within the designed pit outline.

Further RC drilling will also be carried out at the 7 Mile deposit to improve understanding and definition of resource. The Company is investigating the option of mining 7 Mile first, as it requires no pre-strip and could provide cash flow during development of the larger 5 Mile deposit.

Metallurgical Testwork

In January (ASX release, 16 Jan 2013) the Company announced the results of wet LIMS testwork which showed that a high grade +63% Fe magnetite product could be produced at a crushsize of -1.6mm. Using samples provided by the current drilling program further testwork will be conducted to verify these results, determine optimum operating parameters and investigate any variability within the orebody.

The wet LIMS testwork indicated a mass yield of 66% (ratio of saleable product tonnage to plant feed tonnage) and a total iron recovery of 75%. Recent mineralogical studies have confirmed that the majority of the iron lost to the non-magnetic tail occurred as hematite either as grains, aggregates or in aggregates with lesser magnetite. This material comprised some 45% by weight of the non-magnetic tail and provides a significant opportunity for improving recovery of iron to product.

Testwork over the next few months will focus on methods to recover this material.

Community Consultation

There are a broad range of community stakeholders in area and the development of a community consultation plan has begun and some initial conversations have been held.

Environmental Studies

In order to reduce the project development timeframe the Company is conducting environmental investigations and permitting activities in conjunction with the DFS. It is intended that this will result in the project being referred to the Victorian Government for determination of the permitting process by the September quarter of this year.

Recognizing the importance of the project's ability to be developed, operated and decommissioned with sensitivity to the surrounding environment Eastern Iron is working closely with its expert advisers to understand the environmental characteristics of the area so as to fully inform the DFS and the engineering design and operational management strategies for the project.

Permitting

In order to reduce the project development timeframe the Company is conducting environmental investigations and permitting activities in conjunction with the DFS. It is intended that this will result in the project being referred to the Victorian Government for determination of the permitting process by the September quarter of this year.

Environmental consultants, Earth Systems Pty Ltd have been engaged for this work and town planning consultants, Project Planning Partners are assisting with the permitting process.

INVESTOR INFORMATION

Eastern Iron is investigating the potential for development of a high grade magnetite resource at Nowa Nowa in eastern Victoria as well as a magnetite processing operation based on magnetite deposits it holds under permit in Central Queensland. The Company is also in joint venture with 3E Steel to explore the potential for developing large low cost low grade iron deposits in central 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, Mineral Resources and 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 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". Mr De Ross consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

ASX: EFE

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