

ASX Code: EFE

Issued Capital (31 Mar 2013)

114,679,032

Cash (31 Mar 2013)

\$1.8M

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HIGHLIGHTS

NOWA NOWA IRON PROJECT

- Engenium appointed to deliver Definitive Feasibility Study.
- Further resource drilling completed at Five Mile and Seven Mile Iron Deposits, awaiting results of updated resource model.
- Technical studies underway, including:
 - Metallurgical optimisation studies
 - Marketing studies
 - Environmental baseline investigations.
- Consultants appointed to assist with permitting and environmental approvals.
- DFS scheduled for completion in 2013.

NSW IRON PISOLITE PROJECT

- Eastern Iron has accepted a cash offer of \$150,000 for its interest in the NSW Iron Pisolite Project.

Eastern Iron Limited ("Eastern Iron") (ASX:EFE) is pleased to provide an activity report for the quarter ended 31 March 2013.

NOWA NOWA IRON PROJECT

The Nowa Nowa iron deposit is located some 250 kilometres east of Melbourne close to the Princes Highway which provides access to several nearby towns and a proposed export facility at the Port of Eden some 200 kilometres further east.

Following completion of a positive scoping study at the Nowa Nowa Project in late 2012, and Board approval for commencement of a Definitive Feasibility Study ("DFS"), Eastern Iron has 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 complete related engineering studies.



Nowa Nowa Project Location

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 (Mining One Consultants Pty Ltd)
- Hydrology/hydrogeology (AECOM Ltd, Earth Systems Pty Ltd)
- Port and transport studies (Engenium, Innovative Shipping Pty Ltd)
- Marketing (Fundmax Pty Ltd)
- Process testwork and design (Resource Engineering Pty Ltd, Engenium)
- Environmental Studies (Earth Systems Pty Ltd)
- Tailings management and storage (Earth Systems Pty Ltd, Mining One Pty Ltd)

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

Metallurgical Testwork

Metallurgical testwork planned for the feasibility study is designed to verify scoping study results. The scoping study presented a fairly simple flowsheet involving primary run-of-mine (ROM) ore crushed to -1.6mm, followed by wet low intensity magnetic separation (LIMS) delivering a magnetic product for export. Testwork results indicate that a saleable product

comparable to a high grade “fines” product of +63% Fe can be produced at a mass yield of 66% (ratio of saleable product tonnage to plant feed tonnage).

The next stage of testwork will investigate variability across the orebody, and to what extent this could impact on product specifications and magnetic yield predictions for the various ore blocks.

Total iron recovery to product is approximately 75%. Recent mineralogical studies confirm that the majority of iron lost to the non-magnetic tail occurs as hematite; as grains, aggregates or in aggregates with lesser magnetite. This material comprises some 45% by weight of the non-magnetic tail and provides a significant opportunity for improving recovery of iron to product. Testwork scheduled for May will focus on methods to recover this material, which could add substantially to total production and project revenue.

Drilling Program

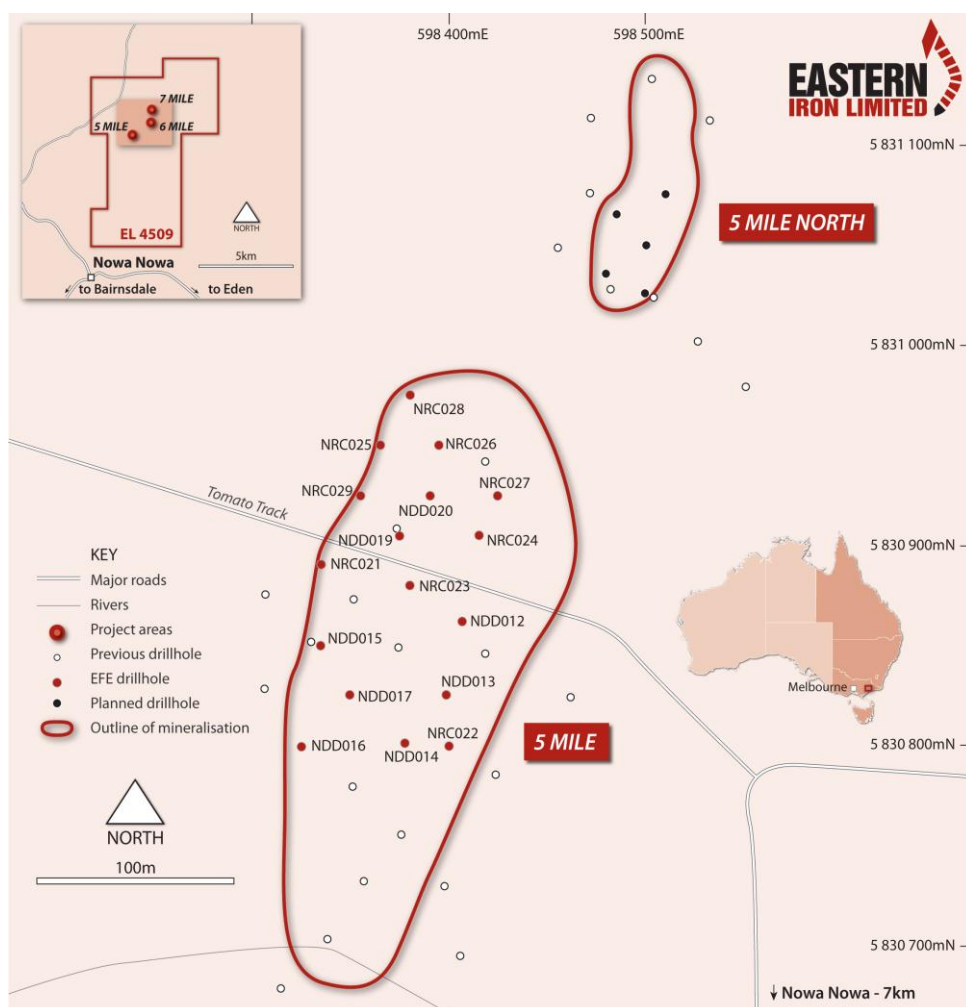
During the quarter the Company completed a program of diamond core and reverse circulation (RC) drilling at the Five and Seven Mile deposits.

Five Mile Prospect

At Five Mile the program consisted of 5 diamond holes and 10 RC holes totalling 1,639 metres.

This program provided infill drilling of the existing resource model and upgraded the level of confidence for future mining reserve estimates. Some RC drilling targeted the margins of the body, to assist in defining a “hard” boundary for the western faulted margin.

The assay results from drilling are detailed in the appendix. Eastern Iron has now drilled 8 diamond holes at Five Mile. At a 40% Fe cut-off grade, drilling has returned an average mineralised true width intercept of 53 metres at 52.5% Fe, 14.1% SiO₂, 2.3% Al₂O₃, 0.025% P and 1.37% S.



Five Mile Prospect – Drill hole locations

Some large diameter (PQ) core drilling provided samples for metallurgical testwork, including determination of physical properties and crushing characteristics.

Seven Mile Prospect

At Seven Mile 7 RC holes were completed for a total of 451 metres. The holes were drilled over the extent of the magnetic anomaly in order to explore the limits of the mineralised body. Assay data has been received and is currently being compiled into an updated resource model.

Despite being smaller in size than the Five Mile deposit, the mineralisation at Seven Mile is at surface and may provide an opportunity for early production during development of the open pit at Five Mile.

Environmental and Cultural Heritage

Base line environmental studies including water sampling and flora and fauna studies are now underway and should be completed in the next quarter.

A cultural heritage consultant has been engaged and is undertaking archaeological and heritage studies leading to the preparation of a cultural heritage plan. The GunaiKurnai Land and Waters Aboriginal Corporation hosted a cultural heritage awareness training session for staff and key consultants.

EULOGIE IRON - VANADIUM PROJECT

In previous announcements, Eastern Iron reported that it had commenced discussions with parties interested in participating in further studies of a potential development at Eulogie. There has been no further development on this front during this quarter. The Company anticipates approaching other potentially interested groups during the coming reporting period in an effort to secure funding for the project.

NSW IRON PISOLITE PROJECT

Eastern Iron has received and accepted a cash offer for the purchase of the whole of its remaining interest in the NSW iron pisolite project. The offer is for \$150,000. It is subject to a pre-emptive right by 3E Steel Pty Ltd and is conditional on the approval of the transfer of title by the NSW Government.

FORWARD PROGRAM

Over the coming quarter, activities related to the Nowa Nowa project will include:

- Completion of flora and fauna studies and cultural heritage studies
- Update of the resource model for Five Mile and Seven Mile
- Metallurgical testwork program
- Mining - pit optimisation
- Hydrology and hydrogeology studies

- Negotiations leading to finalisation of a port access agreement for the Eden facility
- Discussions with the road authorities in Victoria and NSW
- Stakeholder engagement.

FINANCIAL POSITION

Total exploration expenditure for the quarter was \$589,000. The cash balance at the end of the quarter was \$1,768,000.



Mr Greg De Ross
Managing Director
Mob: 0417 711 274

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.

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 investigate 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

ASX: EFE

For enquiries on your shareholding or change of address please contact:

Boardroom Limited GPO Box 3993, Sydney NSW 2001 Phone: (02) 9290 9600

APPENDIX - NOWA NOWA DRILL HOLE RESULTS

Hole ID	East (GDA)	North (GDA)	Dip °	Depth From (m)	Interval (m)	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	S%
Five Mile										
NDD012	598400	5830858	-90	53.2	31.8	55.9	10.1	1.6	0.014	1.96
NDD013	598404	5830819	-90	83	35	43.3	21.9	4.6	0.046	0.9
NDD014	598380	5830801	-90	68	63	57.7	9.9	1.8	0.035	1.88
NDD015	598337	5830852	-90	46	42.35	51.0	16.3	2.3	0.016	1.56
NDD016	598331	5830808	-90	37.5	82	53.0	14.1	2.0	0.028	1.82
NDD017	598351	5830824	-90	41.95	78.55	54.8	12.8	1.1	0.010	2.15
NDD019	598380	5830907	-90	19.65	49.7	52.4	13.5	2.2	0.017	0.328
NDD020	598391	5830925	-90	20.4	43.2	52.1	14.4	2.8	0.032	0.401
NRC021	598339	5830878	-90		No Significant Intercept					
NRC022	598406	5830803	-90	80	50	54.7	11.7	1.7	0.013	2.2
NRC023	598378	5830877	-90	36	72	52.4	13.9	2.0	0.009	1.99
NRC024	598415	5830905	-90	42	20	52.5	14.2	1.7	0.016	1.42
NRC025	598365	5830949	-90		No Significant Intercept					
NRC026	598396	5830957	-90	38	32	46.6	16.1	2.0	0.240	1.93
NRC027	598429	5830933	-90	58	10	42.4	21.1	3.3	0.018	3.29
NRC028	598375	5830979	-90		No Significant Intercept					
NRC029	598360	5830916	-90		No Significant Intercept					
NRC030	598414	5830876	-90	48	16	53.2	13.2	2.9	0.033	1.01
Seven Mile										
NDD011	599462	5832270	-90	0	64	46.6	27.3	3.1	0.006	0.04
NRC031	599427	5832250	-90		No Significant Intercept					
NRC032	599453	5832300	-90	0	32	51.6	22.1	1.9	0.013	0.024
NRC033	599470	5832298	-90	0	16	54.9	16.0	1.6	0.012	0.8
NRC034	599448	5832276	-90	0	12	49.7	19.6	5.2	0.017	0.031
				18	8	47.4	24.7	3.7	0.020	0.007
NRC035	599449	5832248	-90	0	18	43.5	26.7	6.4	0.012	0.037
NRC036	599473	5832327	-90		No Significant Intercept					
NRC037	599450	5832223	-90		No Significant Intercept					

Notes

- Fe intercepts reported applying a >40% Fe lower cut off. No top cuts were applied.
- Mineable width of >5 metres assumed.
- Quarter diamond core sampled for XRF analysis nominally at 2 metre composite intervals or at geological boundaries.
- RC percussion drill holes sampled nominally at 2 metre composite intervals for XRF analysis.