

VTEM GEOPHYSICAL SURVEY COMPLETED FOR COPPER-RICH MASSIVE SULPHIDE TARGETS AT NOWA NOWA

- Silurian rock sequence considered highly prospective for massive sulphide deposits shown to underlie Nowa Nowa Exploration Licence.
- Rocks are equivalent to those that host large Cu-Pb-Zn (Au-Ag) volcanogenic massive sulphide (VMS) deposits in NSW and Victoria including Benambra, Woodlawn and Captains Flat.
- Drilling carried out by previous explorers intersected significant mineralisation including 13.6m @ 3.8% Cu in HARD2.
- A recently completed aerial VTEM survey has defined strong conductors.

Eastern Iron Limited (ASX:EFE) is pleased to report that it has completed a detailed heli-borne electromagnetic VTEM survey over the Nowa Nowa tenement (EL 4509) in eastern Victoria. The survey was completed following a review of previous exploration and the identification of extensive Silurian volcanics believed to be the same rocks that host important VMS deposits in Victoria and southern NSW.

Drilling carried out by previous explorers within the Nowa Nowa area intersected significant copper, lead, zinc and gold mineralisation in altered volcanics and sediments, with a best intersection of **13.6m assaying 3.8% Cu** at the Three Mile prospect in the south eastern corner of the licence. Although final processing of the survey data has yet to be completed, preliminary results indicates the VTEM survey has defined three strong conductors, one of which is located at the Three Mile prospect.

Nowa Nowa Copper Potential

The geology of the Nowa Nowa area is poorly understood due to meagre outcrop and Tertiary sand cover in the southern half of EL 4509. Recent drilling by Eastern Iron at the Five Mile iron deposit has identified a geological sequence of mixed facies acid to intermediate volcanics, shales and carbonates considered to be equivalent to the Upper Silurian Enano Group. These rocks or their equivalents host all the known VMS Cu-Pb-Zn (Au-Ag) deposits in the southern Lachlan Fold Belt including Woodlawn and Captains Flat as well as the Benambra deposits located approximately 100km to the north of Nowa Nowa.

- Benambra
 - Wilga 4.0 Mt 3.0% Cu, 0.4% Pb, 6.2% Zn, 0.5 g/t Au, 23 g/t Ag
 - Currawong 10.3 Mt 2.0% Cu, 0.8% Pb, 4.0% Zn, 1.1 g/t Au, 40 g/t Ag
- Woodlawn 17.7 Mt 1.7%Cu, 3.8% Pb, 9.9% Zn, 1.4 g/t Au, 80 g/t Ag
- Captains Flat 4.2 Mt 0.7% Cu, 6.0% Pb, 10.0% Zn, 1.7 g/t Au, 55.0 g/t Ag

Previously this geological relationship at Nowa Nowa was not fully recognised. Consequently there has been almost no follow-up of some interesting drill intersections generated from limited exploration drilling of airborne magnetic anomalies carried out in the 1980's and early 1990's.

The map and table below shows drilling completed by previous explorers and the Geological Survey of Victoria (GSV) in the Nowa Nowa area. Details from the recent Eastern Iron drilling at 5 Mile is not included.

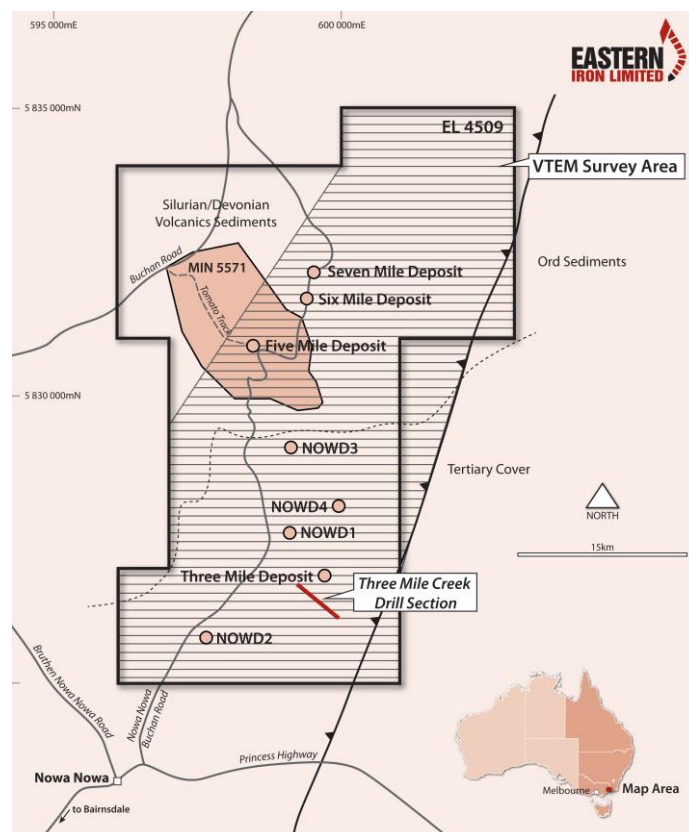


Figure 1: EL4509 – VTEM Survey area

Other than the Five Mile deposit, the most significant area of known mineralisation is the Three Mile prospect where drilling in the early 1990's investigated the source of a magnetic anomaly below shallow Tertiary sand cover. Several holes were drilled on a single line including holes HARD1 to 3 which intersected magnetite-sulphide mineralisation and several zones of significant copper, lead and zinc. The strongest intersection of 13.6m assaying 3.8% Cu from 195.8m was recorded in HARD2 (Figure 2), where high grade copper mineralisation hosted in chloritic altered sediments was reported. This intersection is untested at depth and along strike.

In addition, NOWD1 drilled by the GSV and targeting a magnetic feature below shallow Tertiary sand cover, intersected a wide zone of altered and copper mineralised volcanics, which has not been followed up.

A summary of better intersections from previous exploration drilling in EL 4509 is as follows (see plan above and Three Mile drill section below for drillhole locations):

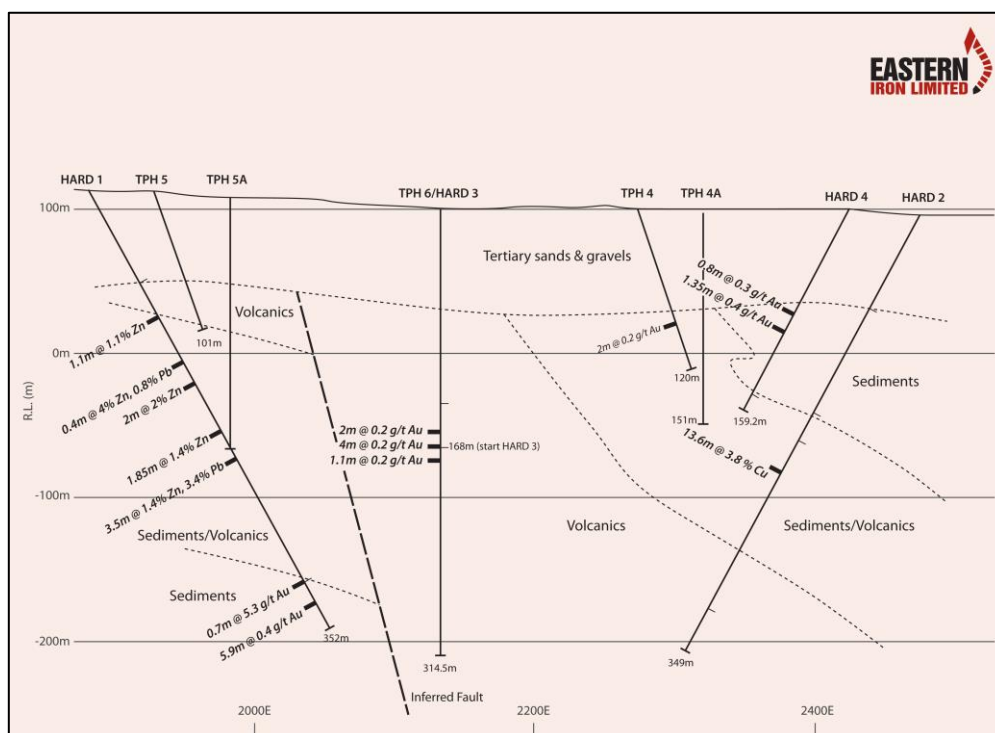


Figure 2. Three Mile drill section

Drill Hole No	Company	Date	Intersection
NOWD1	VGS	?1995	From 22m: 38m @ 0.36% Cu, 0.12g/Au From 22m: 266m @ 0.12%Cu; ?altered volcs.
NOWD2	VGS	?1995	104.7- 106.7m : 2m @ 3.8g/t Au; elevated Cu 102.75-125.05m : 2.3m @ 0.6g/t Au
NOWD3	VGS	?1995	111-134.8m: 24.8m @ 0.6g/t Au, elevated Cu 25-30m : 5m @ 0.64g/t Au
HARD1	Hardrock Res	1991	From 212.2: 6.2m @ 1.73%Pb, 1.3%Zn From 135m: 22.3m @ 1.7% Zn, 0.4%Pb From 313.2m: 0.7m @5.3g/tAu
HARD2	Hardrock Res	1991	From 195.8m: 13.6m @3.8%Cu
HARD4	Hardrock Res	1991	From 73m: 72m @ 45.4%Fe

Table 1. Historic drill information – Nowa Nowa EL 4509

Initial VTEM survey results

The VTEM or Versatile Time Domain Electro Magnetic system is the most innovative and successful airborne electromagnetic system to be introduced in more than 30 years. It has demonstrated capacity to detect buried massive sulphide bodies similar to those targeted by Eastern Iron within the Nowa Nowa licence. The recent survey was flown using Geotech Airborne Pty Ltd's VTEM – Max airborne EM system with 235 line kms flown along east west lines spaced 200m apart.

Preliminary unprocessed and levelled results from the Nowa Nowa survey point to at least four significant bedrock conductors with one being coincident with known mineralisation at the Three Mile prospect. Further processing of the data will be required before the anomalies can be fully assessed.

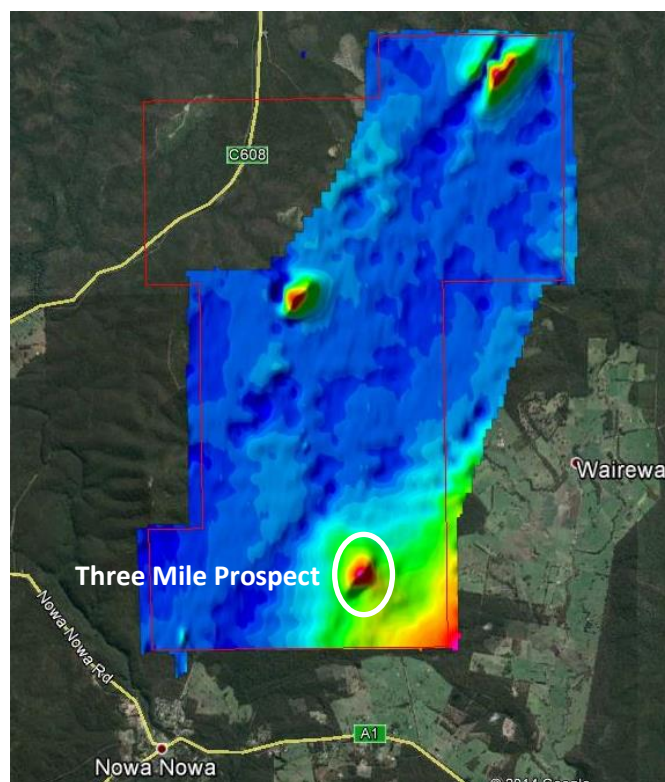


Fig 3. Channel 35, Z component VTEM image from Nowa Nowa.

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.

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

Mr Greg De Ross
Chief Executive Officer
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 Chief Executive officer and an 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 2012 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

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

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

APPENDIX

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Section 1: Sampling Techniques and data

Criteria	Explanation
Sampling Techniques	Geotech helicopter-borne VTEM Max system with flying height of 110 m and sensor height of 70 m. Configuration included: 35m diameter transmitter loop, 865,000 NIA peak dipole moment, 25 Hz 3 Component BField & dB/dt
Drilling Techniques	Not Applicable
Drill Sample Recovery	Not Applicable
Logging	Not Applicable
Sub sampling techniques and sample preparation	Not Applicable
Quality of assay data and laboratory tests	Not Applicable
Verification of sampling and assaying	Not Applicable
Location of data points	On board differential GPS
Data spacing and distribution	Readings taken at 2-3m intervals along flight lines nominally 200m apart.
Orientation of data in relation to geological structure	Flight lines oriented normal to dominant strike and strike direction of rock units and structures
Sample security	Not Applicable
Audits or reviews	No independent audit or review undertaken

Section 2: Reporting of Exploration Results

Criteria	Explanation
Mineral tenement and land tenure status	The VTEM survey was carried out across a large portion of EL 4509 which is held 100% by Gippsland Iron Pty Ltd, a wholly owned subsidiary of Eastern Iron Ltd. The majority of the area surveyed was over Crown land designated State Forest.
Exploration done by other parties	Some historical exploration has been carried out by other companies including, airborne magnetic surveys, RC and Diamond core drilling.
Geology	The area is dominated by elements of the Buchan Rift with Silurian and Devonian sediments and volcanics preserved in North – South trending fault and graben structures developed in older Ordovician turbidites. Mineralisation styles sought are volcanogenic (VMS) massive base metal sulphides similar to those at Benambra.
Drill hole information	Not Applicable
Data aggregation methods	Not Applicable
Relationship between mineralisation widths and intercept lengths	Not Applicable
Diagrams	See Figures 1 & 3 of this report
Balanced reporting	Whilst only preliminary all available data has been included in this report
Other substantive exploration data	No significant exploration data has been omitted
Further work	Processing of the VTEM data, follow up field mapping, ground geophysics and drilling were warranted

Compliance Note on Historic Data

1. *The drill holes reported from the Three Mile prospect where both truck mounted RC holes (TPH4, 4A, 5, 5A and 6) and diamond core (Hard 1-4, NOWD 1-3). No information is available on actual sampling methods.*
2. *Drill hole collar positions have been taken from the Victorian Governments GeoVic online geospatial database system and have not been verified in the field or from other reports. Azimuth and elevation data is only available from the section shown in the report (Figure 2)*
3. *Drilling reports record assay techniques being fire assay for gold and atomic absorption spectrometry (AAS) or inductively coupled plasma (ICP) for all other elements. Diamond core samples were collected from split core over visually mineralised intervals. No mention is made of duplicate samples or standards.*
4. *Sample recovery was compiled on drill logs in some holes although.*
5. *Adequate, industry-standard geological logs were completed.*
6. *Eastern Iron considers considers that the historic drill data is of variable quality depending on the company collecting the data but is generally inadequate compared to industry standards today and serves solely to indicate the presence of geochemical anomalism and record in-hole geology. It is unlikely that historic drill data could be used in future resource estimates.*