ASX Announcement

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# Maiden Resource of 465Mt for Eulogie Magnetite Iron Project, Queensland

- **Maiden 465 million tonnes Indicated and Inferred Resource for Eulogie project estimated by resource consultancy, Hellman and Schofield.**
- **Resource based on recently completed RC drilling program of 34 holes for 3,369 metres.**
- **Global Resource Estimate above a 10% DTR cut-off of 465 million tonnes at 14.2% Fe, 13.1% DTR to a depth of about 200 metres.**
- **Indicative magnetite concentrate grade of 61% Fe, 1.0% $V_2O_5$, and 6.5% $TiO_2$.**
- **Area tested by drilling represents only about 35% of the magnetite-bearing ferrigabbro mapped at surface.**

## Resource Estimate

Eastern Iron is pleased to provide the initial resource estimate for the Company's Eulogie Project located 23 kilometres south of Mount Morgan and 80 kilometres west of Gladstone in Central Queensland. These estimates are reported in accordance with the 2004 JORC Code.

Eastern Iron engaged resource consultants, Hellman and Schofield Pty Ltd (H&S) to undertake the resource compilation which is based on information from the recently completed drilling program carried out by Eastern Iron and earlier geological mapping which outlined the surface trace of the magnetite-bearing ferrigabbro units.

The resource drilling program consisted of 3,369 metres in 34 reverse circulation (RC) drill holes. The drilling was designed to test the mapped outcrop of magnetite-bearing ferrigabbro and provide an estimate of grade and tonnage in this portion of the resource.

Geological mapping carried out by Thiess in 1986 had outlined three major magnetite bearing ferrigabbro units outcropping over the 6 kilometre length of the intrusive complex. Around 35% of the mapped ferrigabbro was tested by this latest round of drilling. Drilling was carried out on 11 lines approximately 400 metres apart, with the drill holes at a nominal 100 metre spacing. This drill pattern was in-filled on lines 200 metres apart for part of the area which formed the basis of the Indicated Resource. Chip samples from the drilling were assayed for iron and associated elements and samples were composited over 6 metres for Davis Tube (DTR) analysis. Concentrates from the DTR analysis were assayed for Fe, $SiO_2$, $Al_2O_3$, P, LOI, CaO, $K_2O$, MgO, Mn, Na, S and $TiO_2$. See Appendices 1 and 2 for resource estimate and drill hole details.

In summary (at a lower cutoff of 10% DTR) the Eulogie resource is as follows -

| | Tonnes (Mt) | Fe% | DTR | $TiO_2$% | V% |
|---|---|---|---|---|---|
| Indicated | 154 | 12.8 | 14.0 | 3.0 | 0.095 |
| Inferred | 311 | 13.2 | 14.3 | 3.1 | 0.098 |
| Total | **465** | **13.1** | **14.2** | **3.0** | **0.097** |

**Eastern Iron's Managing Director, Greg De Ross commented: "We are pleased to have defined an initial Resource at the Company's Eulogie Iron project. The recently completed drilling program and resulting Resource estimation has confirmed the potential for the Company to build a significant iron resource base at both the Eulogie and the Hawkwood projects.**

**"The location of an iron ore resource of this size and potential in an area which is in close proximity to existing rail and port infrastructure is a definite plus and sets the project apart from many of its peers. Over the coming months we will be examining the potential to advance the project to a feasibility study as a precursor to possible development."**

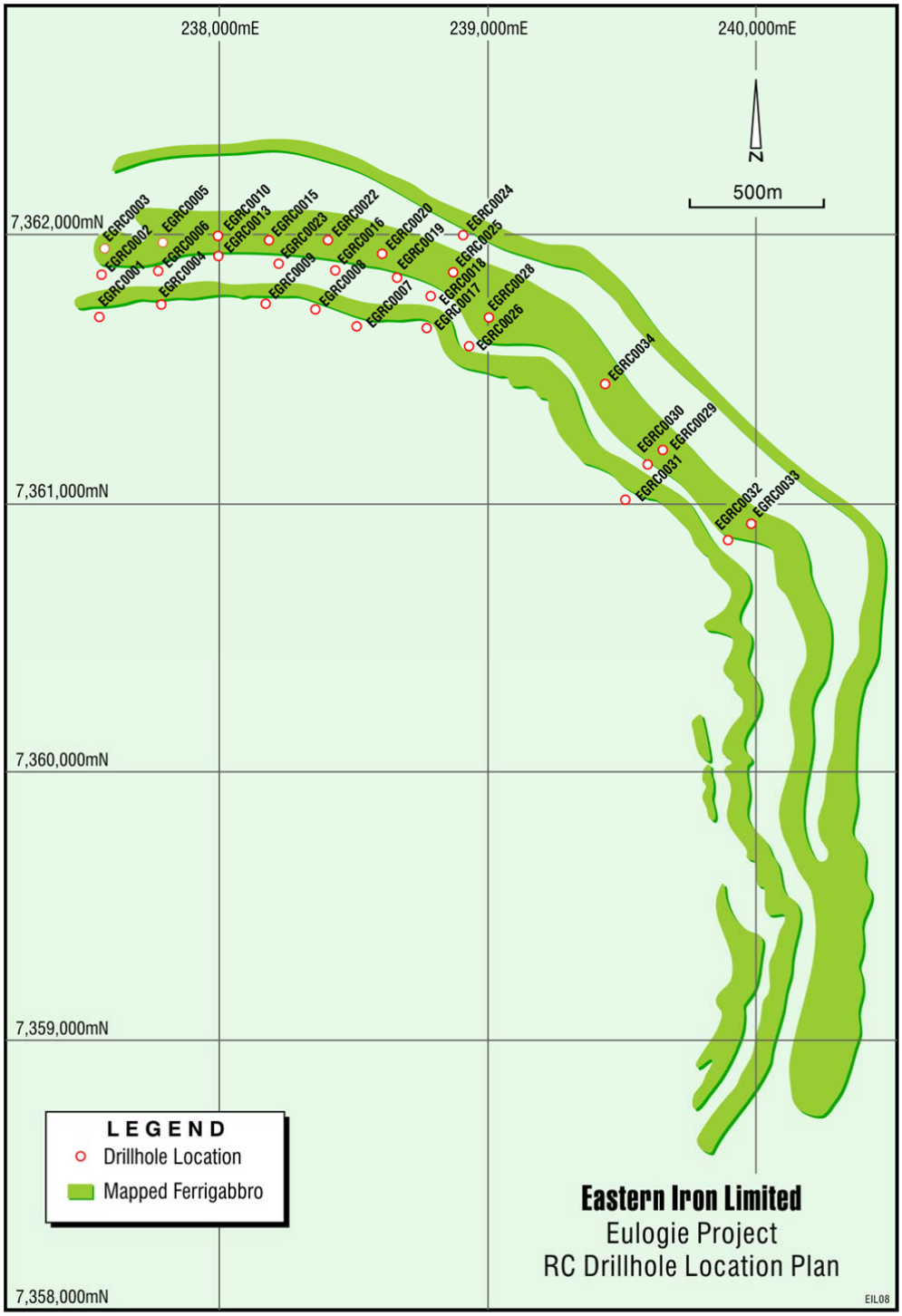
## Queensland Iron Project

Eastern Iron is investigating the potential for the development of magnetite iron ore deposits at several locations in proximity to existing rail and port infrastructure on the central coast of Queensland. Principal among these are the Eulogie and Hawkwood projects.

At Eulogie previous exploration has identified outcropping areas of magnetite-rich ferrigabbro which occur as shallow dipping layers in an intrusive complex. Recent metallurgical testwork has shown that a magnetite product assaying 61% Fe can be produced from processing of this material at a 75 micron grind size. Further metallurgical testwork is ongoing to investigate the potential to produce a similar product at a coarser grind size of 150 microns and above.

The Eulogie project is located 80 kilometres west of Gladstone, which is one of Australia's largest export ports. Road, rail and power infrastructure are all available close to the project site. Eastern Iron is examining its options to advance the project to a full feasibility study.

At Hawkwood, Eastern Iron is currently carrying out further drilling to define a resource for this project. Previous metallurgical testwork on samples from Hawkwood has shown that a high grade magnetite concentrate of in excess of 66% Fe can be produced from processing the ferrigabbro.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LEGEND
Drillhole Location
Mapped Ferrigabbro
Eastern Iron Limited
Eulogie Project
RC Drillhole Location Plan
EIL08

## Investor Information

Eastern Iron is investigating the potential for development of a magnetite processing operation based on magnetite deposits it holds under permit in Central Queensland. The Company is also in joint venture with 3ESteel to investigate the potential for developing large low cost low grade iron deposits in western NSW.

Further information, previous Eastern Iron announcements and exploration updates are available at the News and Reports tab on the Company's website – www.easterniron.com.au

**Mr Greg De Ross**
**Managing Director**
**Mob: 0417 711 274**

*The information in this report that relates to Exploration Results is based on information compiled by Greg De Ross, BSc, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Greg De Ross is CEO and a full-time employee of Eastern Iron Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". The information in this report that relates to Mineral Resources is based on information compiled by Arnold van der Heyden, BSc, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Van Der Heyden is a full-time employee of Hellman & Schofield Pty Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" Both Messrs Van Der Hayden and De Ross consent to the inclusion in the report of the matters based on his information in the form and context in which it appears*

# Appendix 1
# Resource Statement Notes

- All drill hole data is collected and stored in a digital format with appropriate validation checks to ensure integrity of the database. Based on sample density and confidence in the predictability of the distribution of magnetite, the resource has been reported as Indicated and Inferred under the guidelines of the 2004 JORC Code.
- Both the Fe and DTR resource estimates have been reported using a lower cut off of 10% Fe and 10% DTR respectively, no top cuts were applied.
- For head (whole rock) analysis, grade characteristics were based on assaying 2 metres down hole drilling chip composite samples for Fe, $SiO_2$, $Al_2O_3$, P, LOI, CaO, $K_2O$, MgO, Mn, Na, S and $TiO_2$ (a total of 12) using XRF analysis or thermo-gravimetric measurement (for LOI). A suitable quality (QAQC) monitoring program was implemented by Eastern Iron.
- The resource was modelled down to RL 100m which is approximately 200 metres below surface.
- Grade estimates were calculated for 50 metres x 50 metres x 10 metres (vertical) blocks. The interpolation method used to obtain grade estimates was Ordinary Kriging.
- An in-situ dry bulk density of 3.22t/$m^3$ was used for the mineralised intervals. This is based on measurements from core samples carried out by Thiess Contractors, July 1989.
- Classification into Indicated and Inferred Mineral Resource was developed from the confidence levels of key criteria including drilling methods, geological understanding and interpretation, sampling, data density and location, grade estimation and quality. The search parameters included 100 metres x 10 metres on the first pass, and 200 metres x 20 metres on the second pass. The level of confidence in both passes one and two has led to the indicated estimate, whereas the third pass at 400 metres x 40 metres is considered to be inferred.
- Drill holes were inclined at 60 degrees, azimuths were varied to ensure that drill holes were drilled normal to the mapped strike of the ferrigabbro.
- Samples obtained from the resource drilling were composited to a nominal 6m interval, and submitted for Davis Tube testwork (DTT) after grinding to 80% passing 75 micron, to determine the percent weight recovery (DTR) of magnetic material (concentrate). The concentrate was then analysed using the same methods described above for the head assays.

# Appendix 2
# Drill Hole Information

| Hole ID | MGA East | MGA North | RL (metres) | Dip (degrees) | Azimuth (degrees) | Depth (metres) |
|---|---|---|---|---|---|---|
| **EGRC0001** | 237550 | 7361696 | 270 | -60 | 360 | 80 |
| **EGRC0002** | 237560 | 7361851 | 269 | -60 | 360 | 131 |
| **EGRC0003** | 237572 | 7361947 | 265 | -60 | 360 | 78 |
| **EGRC0004** | 237783 | 7361741 | 283 | -60 | 360 | 75 |
| **EGRC0005** | 237789 | 7361970 | 264 | -60 | 360 | 75 |
| **EGRC0006** | 237771 | 7361863 | 269 | -60 | 360 | 152 |
| **EGRC0007** | 238513 | 7361659 | 308 | -60 | 015 | 75 |
| **EGRC0008** | 238356 | 7361720 | 303 | -60 | 015 | 75 |
| **EGRC0009** | 238172 | 7361741 | 301 | -60 | 010 | 78 |
| **EGRC0010** | 237993 | 7361996 | 281 | -60 | 005 | 99 |
| **EGRC0011** | 237994 | 7361921 | 272 | -60 | 005 | 73* |
| **EGRC0012** | 237994 | 7361923 | 272 | -60 | 005 | 31* |
| **EGRC0013** | 237994 | 7361920 | 272 | -60 | 005 | 150 |
| **EGRC0014** | 238221 | 7361886 | 296 | -60 | 010 | 109* |
| **EGRC0015** | 238185 | 7361980 | 299 | -60 | 010 | 99 |
| **EGRC0016** | 238430 | 7361866 | 327 | -60 | 015 | 147 |
| **EGRC0017** | 238772 | 7361652 | 368 | -60 | 020 | 63 |
| **EGRC0018** | 238788 | 7361773 | 365 | -60 | 020 | 115 |
| **EGRC0019** | 238663 | 7361839 | 365 | -60 | 015 | 152 |
| **EGRC0020** | 238606 | 7361930 | 362 | -60 | 015 | 111 |
| **EGRC0021*** | 238403 | 7361981 | 336 | -60 | 015 | 21 |
| **EGRC0022** | 238403 | 7361980 | 336 | -60 | 015 | 99 |
| **EGRC0023** | 238218 | 7361893 | 296 | -60 | 010 | 150 |
| **EGRC0024** | 238909 | 7361998 | 315 | -60 | 020 | 108 |
| **EGRC0025** | 238871 | 7361860 | 331 | -60 | 020 | 75 |
| **EGRC0026** | 238931 | 7361584 | 342 | -60 | 020 | 168 |
| **EGRC0027** | 239003 | 7361695 | 328 | -60 | 020 | 77* |
| **EGRC0028** | 239003 | 7361694 | 328 | -60 | 020 | 99 |
| **EGRC0029** | 239652 | 7361202 | 356 | -60 | 040 | 105 |
| **EGRC0030** | 239595 | 7361149 | 364 | -60 | 040 | 153 |
| **EGRC0031** | 239513 | 7361018 | 365 | -60 | 040 | 90 |
| **EGRC0032** | 239896 | 7360866 | 365 | -60 | 050 | 149 |
| **EGRC0033** | 239983 | 7360929 | 356 | -60 | 050 | 117 |
| **EGRC0034** | 239439 | 7361446 | 362 | -60 | 025 | 105 |

***Hole abandoned**