

NOWA NOWA IRON PROJECT VICTORIA TESTWORK PRODUCES HIGH QUALITY IRON PRODUCT

- Recent metallurgical testwork using wet low intensity (LIMS) magnetic separation of iron ore product shows improved beneficiation results.
- At -1.6mm (1600 micron) crush, beneficiated samples from the Five Mile deposit averaged 64% Fe, 6.8% SiO₂, 0.4% S with a mass recovery of 66%.
- Eastern Iron has recently announced a decision to advance the Nowa Nowa iron project to the feasibility stage.
- Resource and infill drilling planned to commence at the Five Mile deposit later in January.

In December 2012 Eastern Iron Limited (ASX: EFE) announced the successful completion of a scoping study and that the Company would undertake a feasibility study into development of a mining operation at its wholly owned Nowa Nowa iron project in eastern Victoria.

As reported in the scoping study, it is envisaged that ore would be mined at an average of around 1.0Mtpa from an open pit at the Five Mile deposit by a contract mining operator. ROM ore would then be beneficiated at site by magnetic separation (LIMS) to produce average annual production of 0.8Mtpa of “fines” product. Iron ore product would be loaded into standard B-double road haulage trucks at the mine site and trucked to a port on the south side of Two Fold Bay, south of Eden, for loading onto bulk cargo vessels for export.

Metallurgical optimisation

During the feasibility study the Company will investigate various means to optimise the returns for the project. These include low cost methods of improving product quality and increasing iron recovery to product.

The first stage in this work has been to investigate wet LIMS separation in contrast to dry separation. The results of this testwork, as shown below, indicated considerable improvement in the efficiency of separating the various mineral phases. The testwork was conducted on three separate drill core composite samples crushed to minus 1.6 mm and treated by wet magnetic separation at 800 and 1100 gauss. The results show an enhancement in the iron levels and a reduction in the silica and sulphur levels of the final product. Overall average mass recovery was 66% and iron recovery 76%. Further optimisation work will focus on scavenging iron (hematite) from the non-magnetic tail to increase total iron recovery.

WET LIMS TESTWORK RESULTS

			Crush size (mm)	Mass Rec%	Fe%	SiO ₂ %	S%	Fe Rec %
Sample 1	Wet LIMS	1100G	1600	73.3	63.9	7.5	0.58	82.90
	Dry LIMS		1600	90.6	58.6	10.6	1.53	93.97
Sample 2	Wet LIMS	1100 G	1600	64	62.5	7.9	0.27	75.76
	Dry LIMS		1600	86.3	56.2	12	0.57	91.86
Sample 3	Wet LIMS	1100 G	1600	60.9	66.3	5.1	0.36	68.09
	Dry LIMS		1600	83.1	61.5	7.8	1.16	86.18
Average	Wet LIMS	1100G		66.1	64.2	6.8	0.4	75.6

The resultant Wet LIMS product is a high quality iron product similar to many magnetite concentrates in iron content and the level of deleterious elements but superior in being a coarse product which does not require pelletising and can be sold as a blast furnace feed.

Next Steps

The program over the coming weeks will focus on initiating an RC/diamond core drilling program at the Five Mile iron deposit to:

- infill the current resource model,
- investigate extensions to the current resource,
- provide samples for further metallurgical testwork including crushing tests and ore variability studies, and
- provide geotechnical data for mine design

About Nowa Nowa

The Nowa Nowa project is 100% owned by Eastern Iron and is located in eastern Victoria some 50km east of the regional centre of Bairnsdale. The Company is investigating the potential to mine high grade iron ore from several magnetite deposits located north of the village of Nowa Nowa and close to the Princes Highway. During 2012 Eastern Iron has completed preliminary drilling and metallurgical testing culminating in a published resource totalling 11.55Mt @ 49.8%Fe (see ASX announcement dated 4 September 2012) and a scoping study into a possible mining development.

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INVESTOR INFORMATION

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



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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.

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