

LOW COST TRANSPORT SOLUTION FOR NOWA NOWA IRON PROJECT

- **Independent study of alternative transport solution for the Nowa Nowa Iron Project shows potential for low cost development.**
- **Combined use of a slurry pipeline and self-decanting bulk carriers shows the potential to deliver an upgraded iron product at an all in FOB cost of approximately A\$41/t (US\$34.8/t).**
- **Significantly reduces road transportation of iron product from 234kms to 15kms.**

Eastern Iron Limited (Eastern Iron) is pleased to announce that it has received a scoping level report from independent shipping consultants, Innovative Shipping Group Pty Ltd (ISG), which has investigated the potential to load iron concentrate directly to suitably configured bulk carrying vessels directly off the Victorian coast some 20km from the mine site.

Eastern Iron has previously advised (ASX release 24 July 2014) that due to an adverse decision by South East Fibre Exporters Pty Ltd (SEFE) the Company would be unable to utilise SEFE's ship loading and wharf facilities at Two Fold Bay near Eden in southern NSW to export iron ore product from the Nowa Nowa operation. The Company also advised that it would examine other potentially lower cost alternatives to transport the iron ore from Nowa Nowa to market and subsequently engaged ISG to examine a proposal to load iron ore concentrate slurry onto self-decanting bulk carriers in a manner similar to that undertaken by BlueScope Steel at its Taharoa iron sands operation in New Zealand.

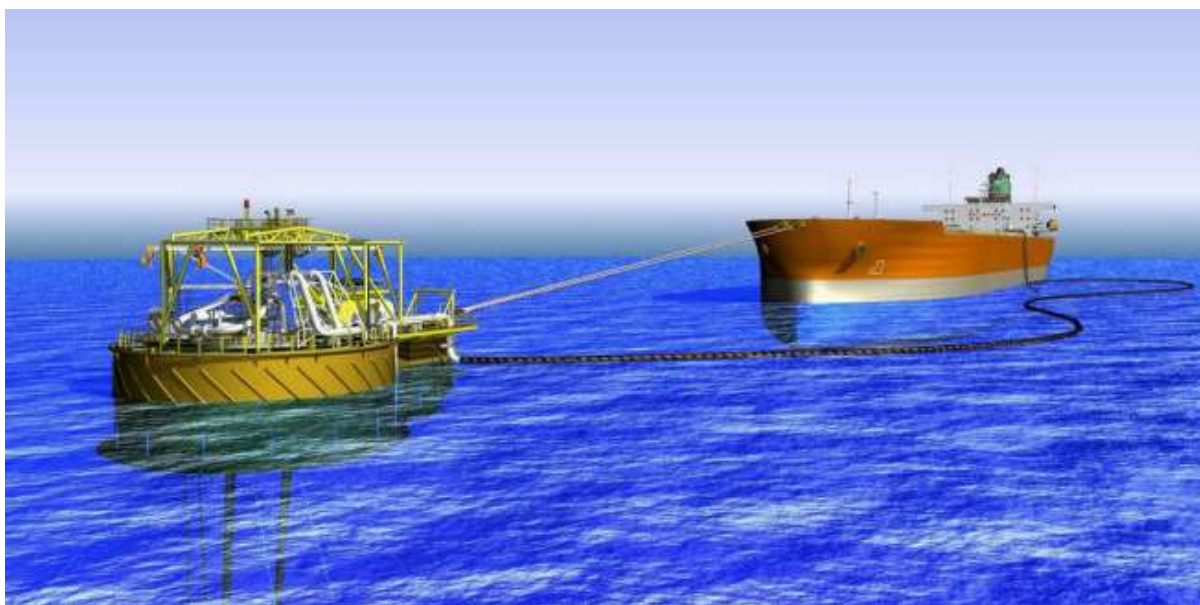


Location of Nowa Nowa Iron Project

Slurry Pipeline and Vessel Loading Proposal

It is proposed that mined and beneficiated iron ore would be delivered from the mine either by truck or slurry pipeline some 15km to a point close to the coast. The iron ore would then be stockpiled and during ship loading, mixed with water at a specified solid to water ratio, loaded into a slurry line and pumped offshore directly onto +100,000 tonne vessels. The bulk carrier would be attached to a single-point bottom-anchored mooring. The slurry line is secured to the sea floor and enters the vessel at the mooring point. The iron ore solids are relatively coarse with low slimes which enables the water to decant rapidly from the slurry and be returned to the shore facility for storage until the next shipment. It is estimated that the concentrate would be shipped at less than 10% moisture content.

Selected shipping operators have been involved in the study and have advised that minimal modifications would be required to existing +100,000 tonne ore-bulk-oil vessels for the purpose. The single mooring and loading point is used in the Taharoa iron sands operation in New Zealand and demonstrates that loading onto large bulk carriers can be accommodated without the need to build permanent or visible coastal infrastructure.



Single Point Mooring and Loading System (with permission from SKS OBO Ltd & SKS Tankers Ltd)

ISG has advised that “the study has clearly demonstrated that the technologies required to deliver a slurry to ship logistics solution are already available, proven mature technologies.”

The major benefits of this proposal include:

- No Permanent wharf, jetty or other port related facility required.
- Low capital cost compared with standard port related infrastructure.
- Loading at around 3km offshore onto bulk carriers that are larger than those operating at existing bulk ports elsewhere in Victoria.
- Greatly reduced trucking requirement compared to the former proposal of transporting ore to Eden with reduced cost and impact on roads and other road users.

Estimate of costs from ISG’s report suggests that operating costs for mine gate to ship are of the order of A\$15.00 per tonne of product. The feasibility study (ASX release 29 September, 2014) estimated total minesite costs of A\$26.10 per tonne making an FOB cost of A\$41.10 per tonne (US\$35.00 per tonne). ISG estimates that capital costs are likely to be in the order of an additional A\$16M for a total project capital cost of A\$49.6M. No allowance has been made at this stage for additional process (crushing) costs that may be required depending on the sizing selected as optimal for slurry operations.

Eastern Iron Chief Executive Officer, Greg De Ross commented, “The SEFE decision has provided us with the opportunity to critically examine other logistics solutions that could both secure the future of the project and significantly improve the cost profile of the Nowa Nowa operation. We are excited by the potential benefits of a slurry operation and at an FOB cost of \$41.1 per tonne the project has the potential to be viable even under the current depressed market conditions but with significant leverage to a return to higher prices in the future. We will be working with our consultants over the coming months to further optimise this proposal.”

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 exploring for high grade copper deposits in the region.

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 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

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