



PLATSEARCH NL

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2 April 2008

Dear PlatSearch Shareholder

EASTERN IRON LIMITED PROSPECTUS

Please find enclosed a copy of the Eastern Iron Limited Prospectus dated 11 March 2008, which includes a blue Priority Application Form.

Eastern Iron Limited (Eastern Iron) was formed in July 2007 to discover and delineate iron ore resources in eastern Australia within a package of 15 tenements in the Cobar and Euabalong regions of New South Wales in which Eastern Iron has acquired an 80% interest from PlatSearch NL. The tenements cover extensive networks of palaeochannels containing large quantities of iron-rich material. Eastern Iron intends to conduct a substantial programme of drilling, metallurgical testwork and technical and financial studies to determine whether this material is of sufficiently high grade and quality to support a viable mining operation. Depending on the results of this programme, the Eastern Iron project has the potential to become the first bulk tonnage iron-ore mining project in eastern Australia.

Eastern Iron has an experienced Board and management team headed by Chairman Glenn Goodacre, Managing Director Peter Buckley (ex Plutonic), Non-Executive Director Wendy Corbett and Non-Executive Director Bob Richardson (PlatSearch Managing Director). PlatSearch holds 21 million Eastern Iron shares and retains a 20% free-carried interest in the 15 tenements to be explored by Eastern Iron.

The Eastern Iron Prospectus offers up to 25 million shares at 20 cents to raise up to \$5 million. Eligible PlatSearch Shareholders (ie those PlatSearch shareholders registered as members as at 11 March 2008 and still holding at least 8,000 shares on the Offer Opening Date of 19 March 2008) have priority to subscribe for a total of up to 10,000,000 Eastern Iron shares ahead of the public.

If after reading the Eastern Iron Prospectus you wish to apply for Eastern Iron shares you should fill out the blue shaded Priority Application Form that accompanies the Prospectus. Eligible PlatSearch Shareholders are reminded that the **Priority Offer closes on 16 April 2008**.

Furthermore all shareholders who have remained on the Eastern Iron share register from the date of listing of the Eastern Iron shares on the ASX to a date to be set by the Board approximately four months after Eastern Iron commences trading on ASX (details set out in Prospectus) will be offered an entitlement to one Option for every two Eastern Iron shares held. The Options will be issued at 1 cent each with an exercise price of 25 cents and an expiry date of 19 December 2010.

If you require further information on Eastern Iron please do not hesitate to contact PlatSearch on (02) 9906 5220.

Yours sincerely,
PLATSEARCH NL

Ray Soper
Chairman

Eastern Iron Limited

ACN 126 678 037

PROSPECTUS

For the offer of 25,000,000 ordinary shares at an offer price of 20 cents each to raise \$5,000,000

With a minimum subscription of \$2,500,000

Broker to the issue:



TAYLOR COLLISON

Proposed ASX code: EFE

New Shares issued pursuant to this Prospectus should be regarded as speculative. This is an important document that should be read in its entirety. If you do not understand it, you should consult your professional advisors

...iron's new horizon

IMPORTANT INFORMATION

This Prospectus for Eastern Iron Limited ("Eastern Iron" or "the Company") is dated 11 March 2008. It was lodged with ASIC on that date. Neither ASIC nor ASX takes any responsibility for the contents of this Prospectus. No Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Application for Quotation

Application will be made within 7 days after the date of this Prospectus for permission for the Shares offered by this Prospectus to be listed for Quotation on the securities market operated by ASX.

Electronic Prospectus

This Prospectus will be issued in paper form and as an electronic Prospectus that may be accessed on the internet at www.easterniron.com.au. The offer of Shares pursuant to the electronic Prospectus is only available to persons receiving an electronic version of this Prospectus in Australia. The Corporations Act prohibits any person passing onto another person the Application Form unless it is attached to, or accompanied by, the complete and unaltered version of the Prospectus. During the Offer Period, any person may obtain hardcopy of this Prospectus by contacting the Company by email at info@easterniron.com.au.

Foreign Jurisdictions

This Prospectus does not constitute an offer in any place in which, or to persons to whom, it would not be lawful to make an offer. Distribution of this Prospectus in jurisdictions outside Australia may be restricted by law, and persons who come into possession of this Prospectus should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No Authority

No person is authorised to give any information or to make any representation regarding the Offer. Any information or representation in relation to the Offer that is not contained in this Prospectus may not be relied upon as having been authorised by the Company or its Directors.

Exposure Period

In accordance with Chapter 6D of the Corporations Act this Prospectus is subject to an exposure period of 7 days from the date of lodgment with ASIC. This period may be extended by ASIC for a further period of up to 7 days. The purpose of this exposure period

is to enable this Prospectus to be examined by market participants prior to the raising of funds. If this Prospectus is found to be deficient, Applications received during the exposure period will be dealt with in accordance with section 724 of the Corporations Act. Applications received prior to the expiration of the exposure period will not be processed until after the exposure period. No preference will be conferred on Applications received in the exposure period and all Applications received in the exposure period will be treated as if they were simultaneously received on the Opening Date.

Speculative

The Shares offered by this Prospectus are of a speculative nature. Applicants should read this document in its entirety and, if in any doubt, consult with their professional advisors before deciding whether to apply for Shares. The Shares offered under this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of the Shares.

Privacy

When you apply to invest in the Company, you will provide the Company and the Share Registrar with certain personal information to: (i) facilitate the assessment of the Application; (ii) enable the Company to assess the needs of Applicants and provide appropriate facilities and services for Applicants; and (iii) carry out appropriate administration. The Company and the Share Registrar may be required to disclose this information to: (i) third parties who carry out functions on behalf of the Company; and (ii) other third parties to whom disclosure is required by law. Applicants may request access to their personal information held by (or on behalf of) the Company by telephoning or writing to the Company Secretary.

Photographs and Diagrams

All photographs have been taken by the Managing Director. The assets depicted in photographs and diagrams in this Prospectus are not assets of the Company, unless otherwise stated. Diagrams appearing in this Prospectus are illustrative only and may not be drawn to scale.

Definitions

Throughout this Prospectus abbreviations and defined terms are used. Those relevant to mineral and iron ore exploration are contained in the Glossary of Technical Terms in Section 11 of this Prospectus, and other abbreviations and legal terms are contained in the Definitions in Section 10 of this Prospectus. Defined terms are generally identified by the uppercase first letter.

INDICATIVE TIMETABLE

| | |
|---|---------------|
| Date of Prospectus | 11 March 2008 |
| Offer Opening Date | 19 March 2008 |
| Priority Offer Closing Date | 16 April 2008 |
| Public Offer Closing Date | 30 April 2008 |
| Allotment of Shares | 7 May 2008 |
| Expected commencement of trading on ASX | 21 May 2008 |

INVESTMENT HIGHLIGHTS

Large size potential

- Eastern Iron offers investors an opportunity to participate in the exploration for and possible development of a large scale iron ore resource in eastern Australia.
- The Company has acquired an 80% interest in 15 granted Tenements that cover extensive networks of iron-rich palaeochannels with a combined length of more than 1,100 kilometres.
- Potential for Channel Iron Deposits (CID) that are shallow and easily extractable.

CID identified in NSW

- CID such as the Robe River and Yandi deposits account for nearly 47% of the total iron ore mined in the Pilbara, and are highly sought after by steel makers for their sintering qualities.
- The iron-rich material in the New South Wales channels is maghemite, which has an identical chemical composition to hematite, a desirable feed for blast furnaces and steel production.
- Because maghemite is magnetic it is easily located and the iron content is upgradeable onsite using low-cost magnetic beneficiation.
- Limited sampling of six of the currently identified palaeochannels has been undertaken using shallow air-core drilling. The results are sufficiently encouraging to warrant a substantial programme of further drilling, sampling, metallurgical test work and beneficiation studies and economic evaluation.

Favourable economic factors

- Eastern Australia is the industrial and population heartland of Australia and has well developed transport infrastructure, heavy industry, energy supplies, ports, work force and markets. Eastern Iron's project areas are close to major energy and transport routes.
- New South Wales is the birthplace of Australia's iron mining, production and steel making industry. There are several steel mills, either operating or planned, within economic railing distance of the Company's Tenements.
- If the planned further exploration, metallurgical test work and economic evaluation program confirms that a commercially acceptable iron ore product can be produced then the size potential of the project could be very large.
- The in-situ resource is likely to be low grade compared with many iron ore projects. However, because it is shallow and unconsolidated, the consequent likely low mining and beneficiation costs would have a favourable impact on overall project economics.

...iron's new horizon

RISKS AND PROJECT ECONOMICS ISSUES

- Prospective investors are referred to Section 8 of this Prospectus for a wider description of the risks associated with an investment in the Company.
- Exploration work on the Tenements is at a very early stage and there is no certainty that Eastern Iron can develop a profitable iron ore mining operation in its Tenements.
- So far, simple bench-top magnetic beneficiation of drill samples has produced lump-sized concentrates of approximately 50% iron compared with minimum market requirements of approximately 55-60% iron depending on the ore type. Preliminary mineralogy characterisation work on limited samples suggests that there is potential to develop a low cost beneficiation process to produce a marketable iron ore product.
- Marketing and economic issues will need to be investigated on an ongoing basis as exploration progresses.
- Any project would need to deliver tonnage at a scale that is sufficiently high to achieve low freight costs.
- The Company will be in a good position to access the developing port infrastructure in New South Wales.

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HOW TO APPLY

Priority Entitlement

If you are a PlatSearch shareholder holding a minimum of 8,000 shares as at the Priority Record Date (11 March 2008) and as at the Offer Opening Date you should use the indicated Priority Application Form at the back of this Prospectus.

Public Offer

Any person, including any PlatSearch shareholder, is welcome to complete the Public Application Form attached at the back of this Prospectus.

CHAIRMAN'S LETTER

Dear Investor

On behalf of the Board of Directors, I take pleasure in presenting this Prospectus to you and inviting you to become a shareholder in Eastern Iron Limited.

An investment in Eastern Iron provides exposure to the potential exploration and evaluation upsides from the Company's interest in substantial Tenements in New South Wales, where we have identified an extensive network of palaeochannels containing very large quantities of low grade iron mineralisation. The Tenements cover an area of 3,800 square kilometres and our interpretation of geophysical data suggests that they contain over 1,100 kilometres of these palaeochannels.

After the IPO, we will be implementing a wide reaching programme of exploration field work, metallurgical test work and preliminary economic scoping.

A primary focus of this early exploration work will be targeting the discovery of deposits of higher grade iron and the establishment of indicative tonnages of material that may form the basis of an iron ore mining project. A positive feature of the material in the palaeochannels is that it is shallow and should be easily extractable.

The metallurgical test work programme will endeavour to establish economically feasible methods of extracting and processing the iron ore. Early work has already demonstrated that the Tenements contain maghemite, a magnetic mineral with an identical formula to hematite, that can be significantly upgraded through simple magnetic separation techniques. Our ongoing work will attempt to optimise processing steps to economically produce a readily marketable product.

Preliminary economic scoping studies will examine the various commercial alternatives open to the Company to process any products and to transport them to market. We are very fortunate to be operating in a region of Australia that is endowed with significant open access rail, power and port facilities each of which appears to have available existing capacity to handle our products, should we be in a position to commence production.

Eastern Iron's Managing Director is Peter Buckley who together with Bob Richardson has figured largely in the exploration concepts that led to the Company acquiring its initial Tenements. Peter is an experienced geologist and we thank him for his efforts to date, which we believe have given the Company a valuable advantage in gaining exploration rights to much of the area prospective for maghemite in New South Wales. Peter is supported by a Board that brings together extensive geophysical expertise, strong governmental relations and broad corporate and business experience. The aim of the Board is to create long-term wealth for shareholders through the efficient commercial evaluation of the Company's Tenements and any other related commercial opportunities that may arise over time.

Under this Prospectus up to 25 million shares are being offered at an issue price of \$0.20 per share. In addition, the Company will at a later date, as a loyalty gesture, offer Loyalty Options to shareholders who have remained on the share register from the time of this IPO until a time to be set by the Board approximately four months after the Company's shares have been listed on ASX. The Loyalty Options will be issued at a price of 1 cent each with an exercise price of 25 cents each and an expiry date of 19 December 2010.

We are pleased to note the efforts of Taylor Collison Limited as Brokers to the Issue and invite you to subscribe for shares in the Company. Investors may apply for shares by completing the Application Form attached to this Prospectus, but before making your decision we ask that you read this Prospectus in full and that you seek advice if required, remembering that this is a speculative issue.

Yours sincerely



Glenn Goodacre
Chairman

PROJECTS

- The Eastern Iron project areas cover a total area of 3,800 square kilometres and comprise 15 granted exploration licences. The identification of these Tenements follows research into prospective areas carried out since early 2006 and direct expenditure by PlatSearch NL of approximately \$300,000 and an additional \$200,090 through its investment in Eastern Iron shares.
- The Tenements are grouped in two project areas – the Cobar Project and the Main Line Project.

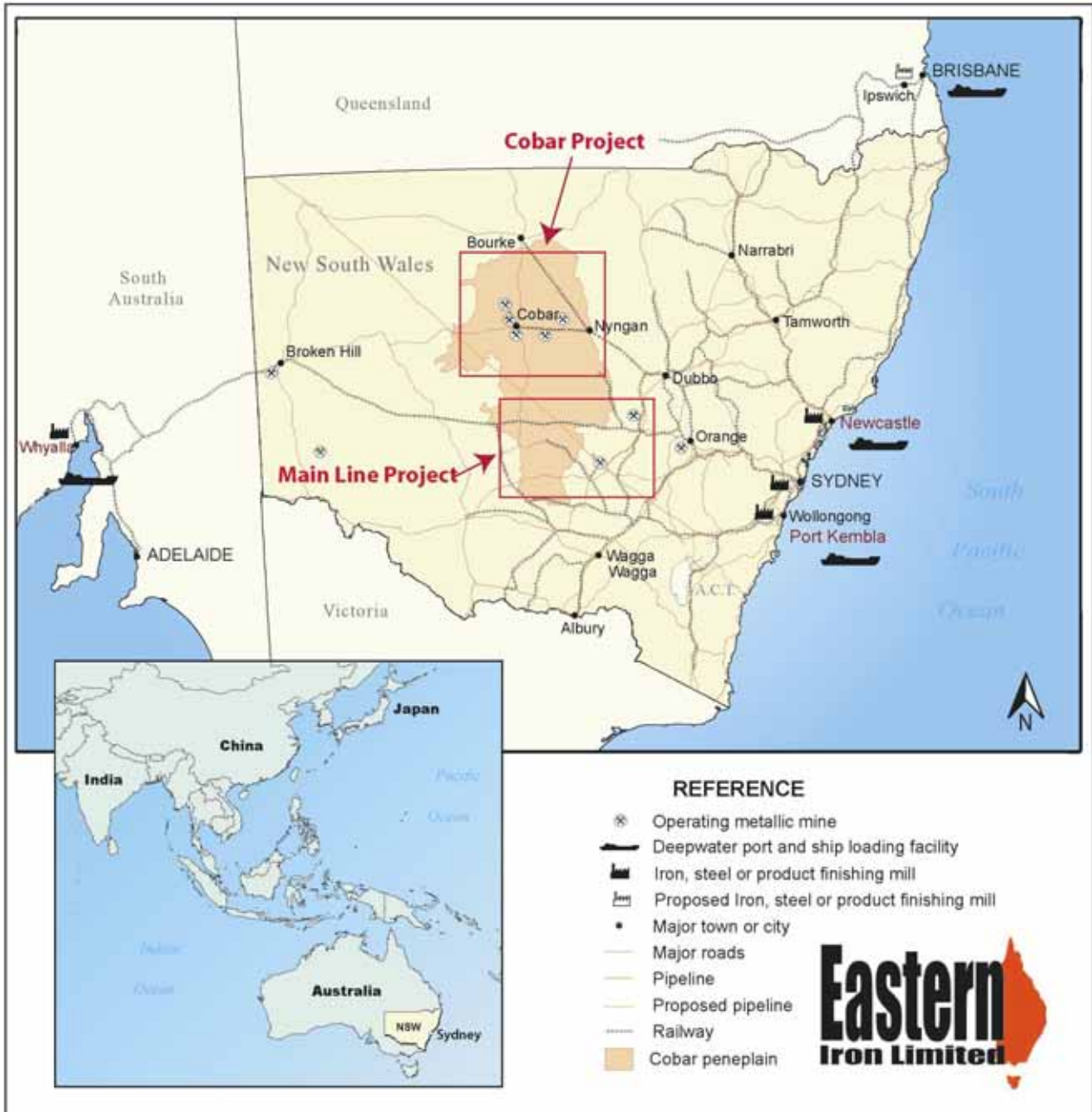


Figure 1 Location of Eastern Iron’s project areas and important infrastructure

PROJECTS

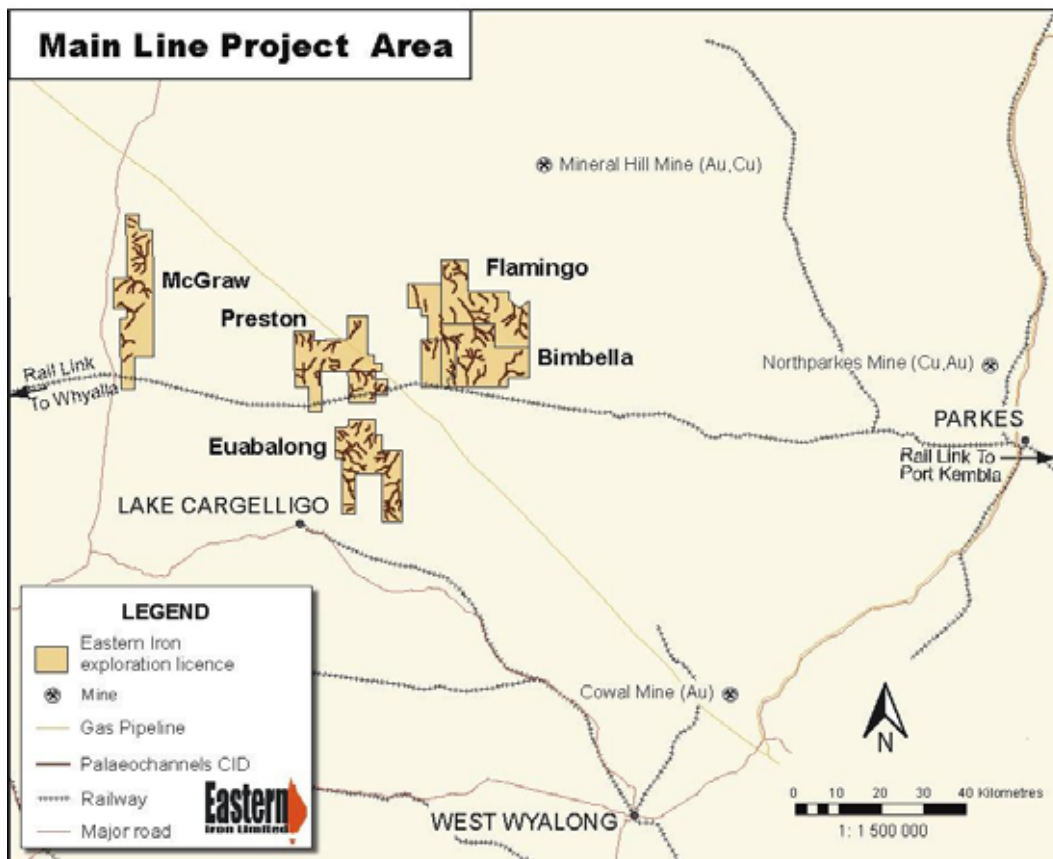
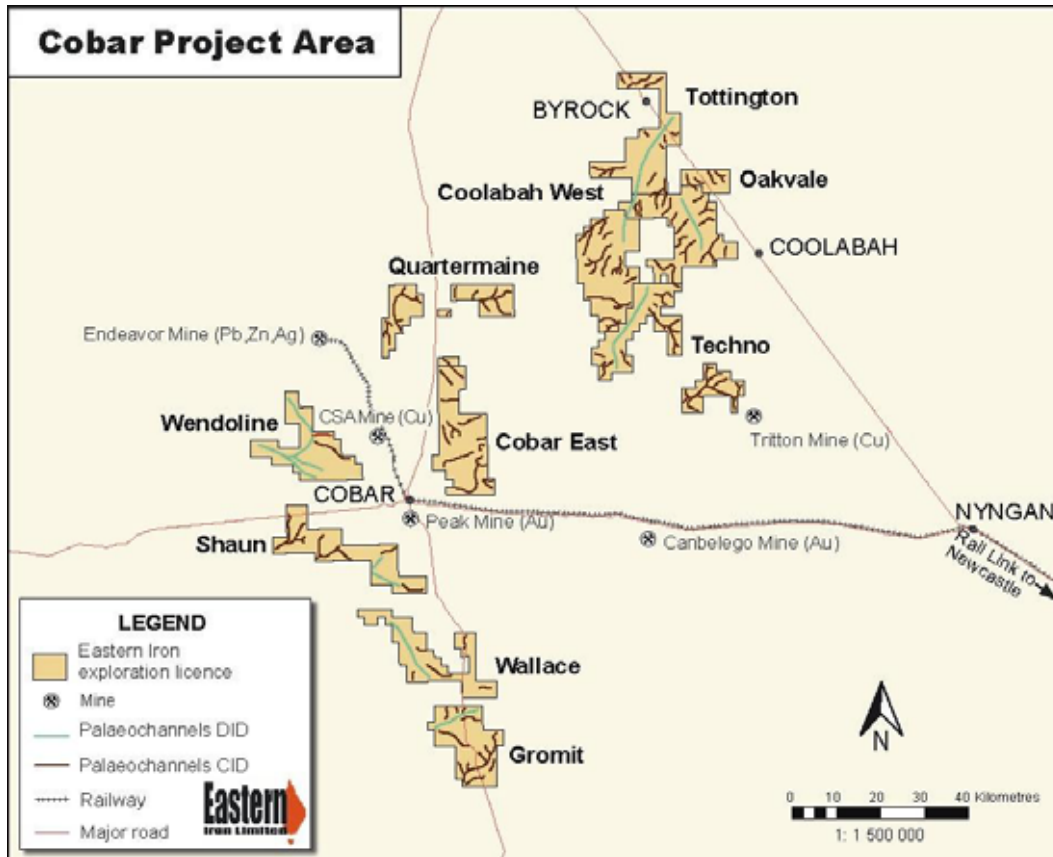
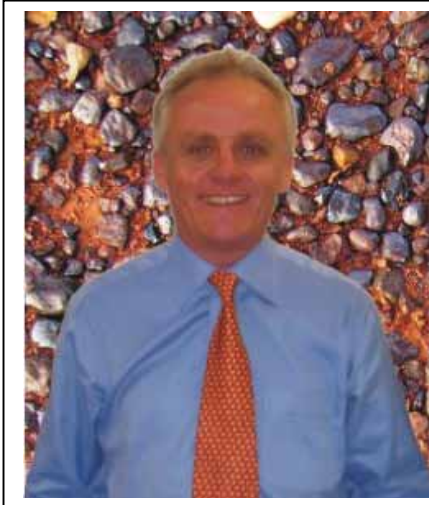


Figure 2 Location of projects, exploration licences and palaeochannels

1. DIRECTORS' AND COMPANY SECRETARY'S PROFILES

Eastern Iron Limited will be led by a Board with strong technical, commercial and small to large company management skills, and significant experience in the Australian resources industry.



**Glenn Goodacre, BA (Macquarie) –
Non-Executive Chairman of the Board**

Glenn Goodacre has a background as an investor in resources and private equities having commenced investing in resources in the late 1960s and working in the industry in the early 1980s. His experience encompasses the pre-float stages of mineral explorers through to management roles in established mining and exploration companies in Australia and the Pacific.

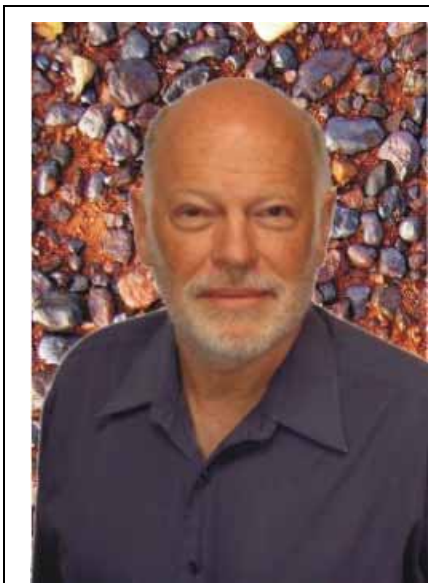
Glenn has combined his involvement in the private equity industry since 1990 with investments in resources companies, both listed and unlisted. He brings broad business strategy and commercial experience to the Board of Eastern Iron and is currently a director of several unlisted businesses including Accord Capital Investors Pty Ltd, Swift Electroplaters (NSW) Pty Ltd and Wintech International Pty Ltd.



**Peter Buckley, BSc, Hons (New England) –
Managing Director**

Peter Buckley has 14 years experience in minerals exploration, resource development, project generation, geoscience research and administration. His career includes gold, base and ferrous metal exploration in Western Australia and New South Wales, working with companies including Plutonic Resources Limited, Lachlan Resources NL and Homestake Gold of Australia Limited.

Peter has also worked in government geological research, regional geological mapping, geoscience data provision and management within the Geological Survey of New South Wales. He is the Exploration Manager of PlatSearch NL.



**Bob Richardson, BSc (Sydney), BE (Hons) (Sydney),
MAusIMM, MASEG – Non-Executive Director**

Bob Richardson has 42 years experience in mineral exploration management, geophysics and exploration technology. His career includes 16 years with the Peko-Wallsend Group as Chief Geophysicist and Exploration Manager.

He was a founder in 1976 and Managing Director of Austirex Aerial Surveys Pty Ltd that became a major international airborne geophysical contractor. Bob was a co-founder and Managing Director of Lachlan Resources NL in 1986 and PlatSearch NL in 1987. He is a non-executive Director of Western Plains Resources Ltd and Crossland Uranium Mines Limited.

1. DIRECTORS' AND COMPANY SECRETARY'S PROFILES



**Wendy Corbett, BSc, Dip Ed (Sydney), MAIG –
Non-Executive Director**

Wendy Corbett has 35 years experience in mineral exploration and administration. Since 1995 Wendy has specialised in the application of computer technology to tenement management, databases, mapping and GIS applications. She has developed and maintains database systems to manage the Company's large quantity of technical data. She has considerable experience in exploration, project and joint venture management.

She is a member of the New South Wales Geological Advisory Committee that advises the Minister for Mineral Resources on matters relating to the Geological Survey of New South Wales and is a councillor of the Australian Institute of Geoscientists.



**Michelle Lilley, BBus (Western Sydney) –
Company Secretary**

Michelle Lilley is an experienced financial accountant who holds a Bachelor of Business (Accounting). Her experience has been gained over 13 years in financial and management accounting and includes Finance Controller for an ASX listed company in the bioscience industry and as a financial accountant for an ASX listed iron ore development company. Michelle is also company secretary for an ASX listed company in the educational software industry.

Michelle is a consultant to Oakhill Hamilton Pty Ltd, a company providing secretarial and corporate advisory services to a range of listed and unlisted companies. She was appointed as Company Secretary and Financial Controller of Eastern Iron Limited on 13 November 2007.



Surface channel iron at
Carpenters Prospect



2. DETAILS OF THE OFFER

2.1 DESCRIPTION OF THE OFFER

This Prospectus invites investors to apply for a total of 25,000,000 Shares at an issue price of \$0.20 per Share to raise \$5,000,000. All Shares issued pursuant to this Prospectus will be issued as fully paid ordinary Shares and will rank equally in all respects with the Shares already on issue. The rights attaching to the Shares are summarised in Section 9.6 of this Prospectus.

The Offer under this Prospectus consists of:

- a Priority Offer exclusively to PlatSearch NL Shareholders; and
- a Public Offer which is open to all public investors.

Please refer to Sections 2.6 and 2.7 of this Prospectus for further details.

The minimum subscription for the Offer is \$2,500,000. No Shares will be allotted or issued until the Offer has reached the minimum subscription. If the minimum subscription has not been achieved within 4 months after the date of this Prospectus, all Applications will be dealt with in accordance with the Corporations Act.

The Offer made pursuant to this Prospectus is not underwritten. The Company will pay to any stockbroker, licensed securities dealer or other person legally entitled to receive commission in respect of a person subscribing for the Shares ("Dealer") a commission at a negotiable rate of the amount of Application Monies the subject of an Application which results in an allotment of Shares, where the Dealer has introduced the Applicant and indicated that introduction by completion of the "brokers reference" section of the Application Form. The commission will be paid within 21 Business Days of the allotment of the Shares on the presentation of a tax invoice.

2.2 OPENING AND CLOSING DATES

Subscription lists will open at 9.00am EST on the Offer Opening Date and will remain open until 5.00pm EST on the Priority Offer Closing Date in respect of the Priority Offer and 5.00pm EST on the Offer Closing Date in respect of the Public Offer subject to the right of the Company to either close either the Priority Offer or the Public Offer at an earlier time and date or to extend the closing time and date of either the Priority Offer or the Public Offer without prior notice. Applicants are encouraged to submit their Applications as early as possible.

2.3 INDICATIVE TIMETABLE

| | |
|---|---------------|
| Offer Opening Date | 19 March 2008 |
| Priority Offer Closing Date | 16 April 2008 |
| Public Offer Closing Date | 30 April 2008 |
| Allotment of Shares | 7 May 2008 |
| Quotation of Shares on ASX Expected to Commence | 21 May 2008 |

The above dates are indicative only

2.4 PURPOSE OF THE ISSUE

The purpose of the Issue is to raise adequate funds to allow the continued exploration of the projects described in this Prospectus, in particular:

- to allow exploration of Eastern Iron's Tenements for sites suitable for iron ore to a stage where drilling for resource definition can be undertaken;
- to undertake metallurgical test work and pre-feasibility studies on any resources that may be defined in the future and to investigate their commercial viability; and

2. DETAILS OF THE OFFER

- to continue to broaden the Company's portfolio of iron ore exploration and development properties, either by direct acquisition or by joint venture.

2.5 USE OF FUNDS

If the maximum subscription of \$5,000,000 is raised, then the funds raised pursuant to the Offer will be applied over a two year period as follows (amounts have been rounded to the nearest thousand dollars):

| | | |
|--------------------------|---|-------------|
| Cobar Project | Drilling and bulk sampling | \$1,656,000 |
| | Assaying and metallurgy | \$719,000 |
| | Engineering, feasibility, marketing | \$247,000 |
| Main Line Project | Drilling and bulk sampling | \$828,000 |
| | Assaying and metallurgy | \$360,000 |
| | Engineering, feasibility, marketing | \$123,000 |
| Other | Investigation of other iron ore opportunities | \$100,000 |
| | Equipment | \$53,000 |
| | Expenses of the Issue | \$394,000 |
| | Corporate and administration | \$452,000 |
| | Unallocated working capital | \$68,000 |
| Totals | | \$5,000,000 |

If the minimum subscription of \$2,500,000 is raised, then the funds raised pursuant to the Offer will be applied over a two year period as follows (amounts have been rounded to the nearest thousand dollars):

| | | |
|--------------------------|-------------------------------------|-------------|
| Cobar Project | Drilling and bulk sampling | \$850,000 |
| | Assaying and metallurgy | \$282,000 |
| | Engineering, feasibility, marketing | \$53,000 |
| Main Line Project | Drilling and bulk sampling | \$425,000 |
| | Assaying and metallurgy | \$141,000 |
| | Engineering, feasibility, marketing | \$27,000 |
| Other | Equipment | \$10,000 |
| | Expenses of the Issue | \$262,000 |
| | Corporate and administration | \$432,000 |
| | Unallocated working capital | \$18,000 |
| Totals | | \$2,500,000 |

Details of the exploration programmes proposed and the associated expenditures are provided in Section 4 of this Prospectus.

2.6 PRIORITY OFFER – PLATSEARCH NL SHAREHOLDERS

Of the 25,000,000 Shares being offered, 10,000,000 Shares will be offered in priority to PlatSearch NL Shareholders who were registered as holding a minimum of 8,000 shares in PlatSearch NL on 11 March 2008 and are still holding at least 8,000 shares in PlatSearch NL on the Offer Opening Date ("Priority Offer"). PlatSearch NL Shareholders may apply for as many Shares as they wish under the Priority Offer (subject to the requirements referred to in Section 2.8 of this Prospectus).

2. DETAILS OF THE OFFER

The priority given to PlatSearch NL Shareholders will be in respect of Shares applied for by each qualifying Applicant, providing the total issued to PlatSearch NL Shareholders does not exceed 10,000,000 Shares. Applications under the Priority Offer will be allotted on a first-come-first-served basis and the final allocation decision will be at the sole discretion of the Board.

Should Applications from qualifying PlatSearch NL Shareholders exceed the 10,000,000 Shares available under the Priority Offer, they will be considered as part of the Public Offer.

PlatSearch NL Shareholders need to use the Priority Application Form attached to this Prospectus and this must be received on or before the Priority Offer Closing Date. Priority Application Forms received after the Priority Offer Closing Date will be treated as Applications in the Public Offer.

Any Shares not subscribed for under the Priority Offer will be available under the Public Offer.

2.7 PUBLIC OFFER

Of the 25,000,000 Shares being offered, 15,000,000 Shares (as well as Shares not subscribed for under the Priority Offer) will be available to the general public under the Public Offer. Applications for Shares by general investors must be made on the Public Application Form attached to this Prospectus and this must be received on or before the Offer Closing Date.

2.8 APPLICATIONS FOR SHARES

Applications must be for a minimum of 10,000 Shares (\$2,000) and thereafter in multiples of 1,000 Shares and can only be made by completing the relevant Application Form attached to this Prospectus. The Company reserves the right to reject any Application or to allocate any investor fewer Shares than the number applied for.

2.9 HOW TO APPLY

Applications under the Offer may be made, and will only be accepted, in one of the following forms:

- on the relevant Application Form accompanying this Prospectus; or
- on a paper copy of the relevant electronic Application Form which accompanies the electronic version of this Prospectus, which can be found at and can be downloaded from www.easterniron.com.au

Paper Application Forms, whether accompanying a paper copy of this Prospectus or which have been downloaded from www.easterniron.com.au must be accompanied by a personal cheque or a bank draft payable in Australian dollars, drawn on an Australian branch of an Australian registered bank for an amount equal to the number of Shares for which you wish to apply multiplied by the application price of \$0.20 per Share. Cheques or bank drafts should be made payable to "Eastern Iron Limited New Issue Account" and crossed "Not Negotiable".

Applicants should ensure that cleared funds are available at the time the Application is lodged, as dishonoured cheques will result in the Application being rejected.

Applicants should return their completed Application Forms to Registries Limited at PO Box R67, Royal Exchange, NSW 1223 by no later than 5.00pm EST on 16 April 2008 for those applying under the Priority Offer and by no later than 5.00pm EST on 30 April 2008 for those applying under the Public Offer.

Detailed instructions on how to complete paper Application Forms are set out on the reverse of those forms. You are not required to sign the Application Form. The Company reserves the right to reject any Application (including where an Application has not been correctly completed) or allocate any person fewer Shares than that person applied for, or vary the dates and times of either the Priority Offer or the Public Offer without prior notice and independently of other parts of the Offer. Where Applications are rejected or fewer Shares are allotted than applied for, surplus Application Monies will be refunded. No interest will be paid on any Application Monies refunded.

2. DETAILS OF THE OFFER

2.10 PROFORMA CAPITAL STRUCTURE

The proforma capital structure of the Company is set out below to reflect the issued and paid up capital structure of the Company under the two possible scenarios of the Offer, namely a minimum subscription of \$2,500,000 and a maximum subscription of \$5,000,000:

| Shares | Minimum subscription | | Maximum subscription | |
|---|----------------------|-------------|----------------------|-------------|
| | Number of Shares | % | Number of Shares | % |
| Issued and paid up capital prior to the Offer | 21,000,000 | 63% | 21,000,000 | 46% |
| Fully paid ordinary Shares offered under this Prospectus at \$0.20 each | 12,500,000 | 37% | 25,000,000 | 54% |
| Total issued and paid up capital on completion of the Offer | 33,500,000 | 100% | 46,000,000 | 100% |

| Unlisted Options | Number of Options | Number of Options |
|--|-------------------|-------------------|
| Issued to PlatSearch NL * | 5,000,000 | 5,000,000 |
| Issued to Directors ** | 1,950,000 | 1,950,000 |
| Issued to Consultants *** | 520,000 | 520,000 |
| To be issued to a Consultant **** | 300,000 | 300,000 |
| To be issued to Broker to the Issue ***** | 1,500,000 | 1,500,000 |
| Total Options issued on completion of the Offer | 9,270,000 | 9,270,000 |

* The Company has issued PlatSearch NL 5,000,000 Options for \$5,000 consideration with an exercise price of 35 cents each and expiry date of 19 December 2012.

** The Company has issued Directors 1,950,000 Options for nil consideration with an exercise price of 25 cents each and expiry date of 19 December 2010.

*** The Company has issued consultants 520,000 Options for nil consideration with an exercise price of 25 cents each and expiry date of 19 December 2010.

**** The Company will issue consultant Oakhill Hamilton Pty Ltd or its nominees, at the date the Shares under the Offer are issued, 300,000 Options for nil consideration with an exercise price of 25 cents each and expiry date of 19 December 2010.

***** The Company will issue to Taylor Collison Limited (the Broker to the Issue) or its nominees, at the date the Shares under the Offer are issued, 1,500,000 Options for nil consideration with an exercise price of 25 cents each and expiry date of 19 December 2010.

2.11 ENTITLEMENTS ISSUE OF OPTIONS AFTER LISTING

The Board intends to announce a non-renounceable entitlements issue of Options on the basis of one Option for every two Shares held to all Shareholders registered on the share register of Eastern Iron at a date approximately four months after Eastern Iron Shares commence trading on ASX (the final date will be as announced by the Company to ASX). The Options will be issued at a price of 1 cent each with an exercise price of 25 cents each and an expiry date of 19 December 2010.

A disclosure document for the non-renounceable entitlements issue of Options will be issued when the Options are offered. Anyone who wishes to acquire the Options will need to complete the application form that will accompany the disclosure document.

2. DETAILS OF THE OFFER

2.12 ALLOTMENT AND ALLOCATION OF SHARES

Subject to ASX granting approval for the Company to be admitted to the Official List, the allotment of Shares to Applicants will occur as soon as possible after the Offer is closed, following which statements of Share holdings will be despatched. It is the responsibility of Applicants to determine their allocation prior to trading in Shares. Applicants who sell their Shares before they receive their holding statements will do so at their own risk. Pending the issue of the Shares or return of the Application Monies, the Application Monies will be held in trust for the Applicants.

The Company has the right to allocate the Shares under the Offer. The Company may reject any Application or allocate any investor fewer Shares than applied for under the Offer. If an Application is not accepted, or is accepted in part only, the relevant part of the Application Monies will be refunded. Interest will not be paid on Application Monies refunded.

2.13 STOCK EXCHANGE LISTING

Within seven days after the date of this Prospectus, application will be made to ASX for the Company to be admitted to the Official List and for the Shares offered by this Prospectus to be granted Quotation. If approval for Quotation is not granted within three months after the date of this Prospectus, the Company will not allot or issue any Shares pursuant to the Offer and will repay all Application Monies without any interest as soon as practicable. The fact that ASX may admit the Company to its Official List is not to be taken in any way as an indication of the merits of the Company or the Shares offered pursuant to this Prospectus.

2.14 CHESSE

The Company proposes participating in the Clearing House Electronic Subregister System ("CHESSE"), operated by ASX Settlement and Transfer Corporation Pty Ltd ("ASTC") a wholly owned subsidiary of ASX, in accordance with the Listing Rules and ASTC Settlement Rules.

Under this system, the Company will not issue certificates to investors. Instead, Shareholders will receive a statement of their holdings in the Company. If an investor is Participant sponsored, ASTC will send them a CHESSE statement.

The CHESSE statement will set out the number of Shares allotted to each holder under this Prospectus, give details of the Shareholder's holder identification number and give the Participant identification number of the sponsor.

If you are registered on the issuer sponsored subregister, your statement will be dispatched by the Share Registrar and will contain the number of Shares allotted under this Prospectus and the Shareholder's security holder reference number.

A CHESSE statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their holding changes. A Shareholder may request a statement at any other time; however, a charge may be made for additional statements.

2.15 OVERSEAS INVESTORS

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. Lodgment of a duly completed Application Form will be taken by the Company as to constitute a representation that there has been no breach of such laws.

No action has been taken to register or qualify the Shares, or the Offer, or otherwise to permit a public offering of the Shares, in any jurisdiction outside Australia.

The Offer pursuant to an electronic Prospectus is only available to persons receiving an electronic version of this Prospectus within Australia.

2. DETAILS OF THE OFFER

2.16 PRIVACY ACT

The Company collects information about each Applicant from the Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's Share holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information in the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registrar, the Company's related bodies corporate, agents, contractors and third party service providers (including mailing houses), ASX, ASIC and other regulatory authorities.

If an Applicant becomes a Shareholder of the Company, the Corporations Act requires the Company to include information about the Shareholder (name, address and details of the Shares held) in its public register. This information must remain in the register even if that person ceases to be a Shareholder of the Company. Information contained in the Company's registers is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its Shareholders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

2.17 TAXATION

The Australian taxation consequences of any investment in Shares will depend upon the investor's particular circumstances. It is an obligation of investors to make their own enquiries concerning the taxation consequences of an investment in the Company. If you are in doubt as to the course of action you should take, you should consult your professional advisors.

2.18 RESTRICTED SECURITIES

As a condition of admitting the Company to the Official List, ASX may classify certain Shares and Options held prior to the date of this Prospectus as escrowed securities. Prior to Quotation it will be necessary for these Shareholders and Optionholders to enter into restriction agreements with the Company. The effect of the restriction agreements will be that the restricted securities cannot be dealt with for a period of time as determined by ASX.

2.19 INVESTMENT RISKS

The investment offered herein is speculative, as the Tenements detailed in this Prospectus are at an exploration stage without proven economic reserves.

Further information on risk is provided in Section 8 of this Prospectus.

2.20 FINANCIAL FORECASTS

The Directors believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

3. THE COMPANY

3.1 COMPANY HISTORY

Eastern Iron Limited was incorporated on 23 July 2007 with the express purpose of acquiring interests in iron ore exploration Tenements in eastern Australia and raising capital by way of an initial public offering (IPO) to accelerate the exploration and, where feasible, the development of potential iron ore resources in eastern Australia. Prior to 30 November 2007, PlatSearch expended approximately \$300,000 on exploration on the Tenements. Subsequently \$200,090 was raised from PlatSearch NL and Bluestone 23 Limited, which is being applied to exploration programmes and to the costs of producing this Prospectus.

3.2 COMPANY OBJECTIVES

Eastern Iron's principal objectives are:

- The discovery and delineation of iron ore resources and reserves in eastern Australia and the development of those resources into economic, cash flow generating businesses.
- To further investigate the feasibility of economic iron ore production.
- To remain vigilant for precious and base metal potential within Eastern Iron's large and prospective Tenement package.
- Monitor opportunities to add value to projects by investigating downstream processing, marketing and production infrastructure options.
- Developing safe, environmentally sustainable operations that promote vibrant regional communities.
- Investigate the opportunity to produce pig iron by combining the availability of cheap iron ore from Eastern Iron's Tenements with nearby infrastructure and energy facilities.
- At certain levels of development cost and expertise, it may be more beneficial for Shareholders if a partner was brought in to develop the asset (either as a joint venturer or equity holder), in which case Eastern Iron would negotiate terms that recognise not only the future economic value of the project but the past investment and risk taken by the Shareholders.
- Conversely, Eastern Iron will monitor opportunities to farm in to other companies' projects if it considers that project to be sufficiently prospective.
- The Directors are committed to maximising Shareholder wealth and adding value to the Company's assets by using exploration techniques designed to lead to the definition of a commercial resource.

3.3 EXPLORATION PHILOSOPHY

As an early mover in the iron ore exploration field in eastern Australia, Eastern Iron was able to select highly prospective areas well located with respect to existing infrastructure. The strategy of targeting iron ore deposits close to transport and infrastructure in order to mitigate some of the risks and costs will continue to guide Eastern Iron's exploration.

Eastern Iron intends to continually assess prospective iron ore targets and production opportunities in Australia and overseas on the basis of project technical merit, potential economics, available infrastructure and Government policies.

3.4 CORPORATE GOVERNANCE

The March 2003 Australian Stock Exchange Corporate Governance Council publication "Principles of Good Corporate Governance and Best Practice Recommendations" is for guidance purposes, however, all listed companies are required to disclose the extent to which they have followed the recommendations; to identify any recommendations that have not been followed; and reasons for not doing so. The Company's Board of Directors has reviewed the recommendations. In many cases the Company was already achieving the standard required. In other cases, the Company will have to consider new arrangements to enable compliance. In a limited number of instances, the Company may determine not to meet the

3. THE COMPANY

standard set out in the recommendations, largely due to the recommendation being considered by the Board to be unduly onerous for a company of this size. Prior to 30 June 2008 the Company will review the Revised Principles issued by ASX in August 2007.

The following paragraphs set out the Company's position relative to each of the 10 principles contained in ASX Corporate Governance Council's report.

Principle 1: Lay Solid Foundations for Management and Oversight

The Company has not yet formalised and disclosed the functions reserved to the Board and those delegated to management. However, the Company has a small Board of four Directors and a small team of people, so roles and functions have to be flexible to meet specific requirements.

Principle 2: Structure the Board to Add Value

Following Quotation, only one of the existing Directors will be independent, and thus the Company will not comply with the recommendation that a majority of Directors are independent. The Company does not have a Board nomination committee.

Each Director of the Company has the right to seek independent professional advice at the expense of the Company. Prior approval of the Chairman is required, but this will not be unreasonably withheld.

Principle 3: Promote Ethical and Responsible Decision Making

The Company has a policy concerning trading in its securities by Directors, management, staff and significant consultants which is set out below. The Company does not have a formal code of conduct, again reflecting the Company's size and the close interaction of individuals throughout the organisation.

Principle 4: Safeguard Integrity in Financial Reporting

The Company periodically reviews its procedures to ensure compliance with the recommendations set out under this principle.

The Company's Managing Director and Financial Controller will, in the future, confirm that the financial reports represent a true and fair view and are in accordance with relevant accounting standards. They will state in writing to the Board that the Company's financial reports are complete and present a true and fair view in all material respects of the financial condition and operational results of the Company and are in accordance with relevant accounting standards. The Company has an Audit Committee and is reviewing its formal charter, which will be approved by the Board.

The Audit Committee consists of the non-executive Directors Wendy Corbett (Audit Committee Chairman) and Glenn Goodacre. These Directors have applicable expertise and skills for the Audit Committee. This structure does not meet ASX's guidance regarding independence, because the Audit Committee does not have a majority of independent Directors and it does not have the recommended three members. The Audit Committee Chairman is not the Chairman of the Board. The Audit Committee will report to the Board after each Audit Committee meeting. In conjunction with the full Board, the Audit Committee will review the performance of the external auditors (including scope and quality of the audit).

Principle 5: Make Timely and Balanced Disclosure

The Company, its Directors and staff are very aware of ASX's continuous disclosure requirements and operate in an environment where strong emphasis is placed on full and appropriate disclosure to the market. Whilst the Company does not have formal written policies regarding disclosure, it uses strong informal systems underpinned by experienced individuals.

Principle 6: Respect the Rights of Shareholders

When its shares are quoted on ASX, all significant information disclosed to ASX will be posted on the Company's website as soon as practicable after it is disclosed to ASX. When analysts are briefed on aspects of the Company's operations, the material used in the presentation will be released to ASX and posted on the Company's website. Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed, and if so, this information is also immediately released to the market.

3. THE COMPANY

Whilst the Company does not have a communications strategy to promote effective communication with Shareholders, as it believes this is unnecessary for small companies, the Company will communicate regularly with Shareholders.

Principle 7: Recognise and Manage Risk

The Company is a small exploration company and does not believe that there is significant need for formal policies on risk oversight and management of risk. Risk management arrangements are the responsibility of the Board of Directors and senior management collectively and risk factors will be a standing agenda item at Board meetings.

Principle 8: Encourage Enhanced Performance

The Company has a Remuneration Committee of the three non-executive Directors of the Company which meets as and when required, to review performance matters and remuneration. There has been no formal performance evaluation of the Board during the financial period, although its composition will be reviewed at a Board meeting at least annually. The Directors work closely with management and have full access to all the Company's files and records.

Principle 9: Remunerate Fairly and Responsibly

The Directors believe that the size of the Company makes individual salary and contractor negotiation more appropriate than formal remuneration policies. The Remuneration Committee will seek independent external advice and market comparisons as necessary. In accordance with Corporations Act requirements, the Company will disclose the fees or salaries paid to all Directors, plus the five highest paid officers. The Company has an Employee Share Option Plan which is summarised in Section 9.13 of this Prospectus.

Principle 10: Recognise the Legitimate Interests of Stakeholders

The Company intends to adopt a formal code of conduct to guide compliance with legal and other obligations. The Board of Directors continues to review the situation to determine the most appropriate and effective operational procedures.

Ethical Standards

The Board's policy is for the Directors and management to conduct themselves with the highest ethical standards. All Directors and employees will be expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

Securities Trading and Trading Windows

Directors, employees and key consultants must be authorised by the Chairman or the Managing Director before dealing in Shares of the Company. Purchases or sales in the Company's Shares by Directors, employees and key consultants may not be carried out other than in the "window", being the period commencing one day following the date of announcement of the Company's annual or half yearly results, its quarterly reports or a major announcement leading, in the opinion of the Board, to an informed market. However, Directors, employees and key consultants are prohibited from buying or selling Shares at any time if they are aware of price sensitive information that has not been made public.

4. PROJECT REVIEW

4.1 REGIONAL GEOLOGICAL SETTING

Eastern Iron's project areas are situated within the Lachlan Orogen, which underlies most of central western New South Wales, extending south into Victoria and eastern Tasmania. The Lachlan Orogen in both New South Wales and Victoria has a rich history of alluvial mining from modern and palaeochannel systems. Much early alluvial gold production has been derived from palaeochannels and deep leads. Platinum and tin have also been mined from palaeochannel systems in central western New South Wales.

The exploration industry has long recognised the existence of weakly magnetic, lateritic material and palaeochannel systems containing iron-rich material. The principle iron-rich mineral component of these landform systems - maghemite - has been viewed as a nuisance by the geophysical fraternity. Maghemite's magnetic nature obscures the detail in airborne magnetic surveys and may hide the subtle features that mineral explorers use to help identify deposits of gold and base metals. On the other hand, as the same process that concentrates iron in maghemite-rich pisolites also concentrates other metals, the magnetic fraction of surface lag has been used as a sampling media for gold and base metal exploration. However, those interested in gold or base metals have not routinely assayed for iron in the past.

The magnetic property of maghemite offers two very important advantages that were recognised by Eastern Iron:

- the palaeochannels that contain maghemite can be identified and precisely located using aeromagnetic data; and
- the iron bearing material can be quickly and easily upgraded onsite using a low cost magnetic beneficiation process.

The iron-rich palaeochannel systems of the project areas occur in one of Australia's richest metal production regions. Producing mines located in this region include copper and/or gold mines CSA (Cobar Management Limited), The Peak (Peak Gold Ltd), Tritton (Straits Resources Limited), Cowal (Barrick Gold Corporation) and Northparkes (Rio Tinto Limited) and the Endeavor lead, zinc, silver mine (CBH Limited). Promising new base and precious metals exploration discoveries and mine developments such as Hera (CBH Limited) and Gundaroo (Cobar Consolidated Resources Limited) as well as the rich historic production centres of Nymagee (copper), Girilambone (copper), Canbelego (gold), Fifield (alluvial PGMs and gold) and Ardlethan (tin) also occur within this region.

Eastern Iron considers that its extensive licence package may also be prospective for precious and base metals, as well as the main target of bulk tonnage iron ore.

4.2 TYPES OF IRON DEPOSITS

The majority of Australia's iron ore resources and operating iron mines are located within the Hamersley Province of the Pilbara Region in Western Australia. The Hamersley Province comprises mainly Archaean and Proterozoic rocks including mineralised banded iron formations (BIF), which is the core for the iron ore industry established by companies now controlled by BHP Billiton Limited (BHP) and Rio Tinto Limited (RIO).

Iron ore in the Pilbara exists in three main forms:

- Banded Iron Formation (BIF)
- Channel Iron Deposit (CID)
- Detrital Iron Deposit (DID)

Bedded or Banded Iron Deposits (BIF) are the hard rock source of iron ore and many of the commercially important iron ore deposits were formed by natural enrichment of Banded Iron Formation parent rocks. Known as bedded iron deposits, these ores are found in the Brockman and Marra Mamba iron formations that form the backbone of the Hamersley range in Western Australia.

Channel Iron Deposits (CID), formerly known as either "Robe" or "Yandi" pisolite, are often referred to as "Pisolite Type" iron ore and are currently mined within the Pilbara region of Western Australia. CID are

4. PROJECT REVIEW

formed by the weathering and alluvial concentration of lateritic soil material. CID make up nearly 47% of the total iron ore mined in the Pilbara region and are highly sought after by steel makers for their excellent sintering qualities.

Detrital Iron Deposits (DID) are found where weathering has eroded iron ore bodies such as BIF and CID and redeposited fragments of ore in 'traps' such as drainage channels. Sometimes called 'scree' or 'canga', an example of this type of deposit is the previously mined Brockman No 2.

4.3 LATERITES AND CHANNEL IRON DEPOSITS

In Australia, laterite deposits of various minerals were formed during the Tertiary epoch. Examples of this type of deposit include: aluminium at Weipa, manganese at Groote Eylandt, cobalt and nickel at Laverton, and iron in the Hamersley Range. When laterite deposits are redistributed by drainage systems, the metal may be concentrated in stream channels, and in Western Australia the process of laterite development is believed to have continued in the channels to form the rich CID ore.

The Yandicoogina CID in the Hamersley Ranges, mined separately by both BHP and RIO, is a world-class example of CID mineralisation. Together with similar accumulations in the Western Hamersley Ranges, CIDs in the Pilbara region account for some 7,800 Mt of iron ore resources. CIDs are an attractive target as they form near-surface and can be traced for tens of kilometres. This enables companies with tenure over iron-rich palaeochannels to explore inexpensively and rapidly as only shallow drilling is required.

Historically, CIDs have made a relatively minor contribution to total iron ore production (22% from one producer in 1992), however CIDs are now providing a significantly greater proportion of shipped ore with about 110Mt (47%) produced in 2005 from three companies. Emerging iron ore companies such as Fortescue Metals Group Ltd and BC Iron Limited are currently defining further CID resources in the Hamersley Ranges.

CID deposits are a favoured source of iron ore as they are made up of oxidised iron in the form of the minerals goethite ($\alpha\text{-FeO(OH)}$), hematite (Fe_2O_3) and maghemite (Fe_2O_3). Oxidised iron is easily fed into blast furnaces for raw (or Pig) iron production and then steel making. Reduced iron in the form of the mineral magnetite (Fe_3O_4) is less favoured, as ores of this mineral generally require capital intensive, expensive processing prior to sale.

4.4 CHANNEL IRON IN NEW SOUTH WALES

Palaeo-environmental conditions similar to those that formed Western Australia's CID ores also occurred in New South Wales, and extensive lateritic profiles and iron-rich palaeosystems are preserved within an area known as the Cobar Penplain. The Cobar Penplain represents an erosional remnant of Tertiary-age landform that stretches from Bourke in the north to Lake Cargelligo in the south. Extensive iron-rich palaeochannel systems have concentrated lateritic iron in palaeochannels that may be prospective for CID, reworked alluvial DID ore and possibly, alluvial gold. The Cobar Penplain is flat, easily accessible and amenable to rapid relatively inexpensive exploration, unlike the rugged Hamersley Range, much of which is remote and logistically difficult.

During the Tertiary age, iron-rich lateritic material and iron-rich rock fragments were washed into now long-extinct river and stream systems. The process of lateritisation may have further upgraded iron content through development of iron-rich pisolitic material to form a New South Wales (NSW-CID) equivalent of Western Australian CID. Subsequently, these palaeochannels may themselves have been eroded and redistributed to form a New South Wales (NSW-DID) equivalent of Western Australian DID.

4.5 ADVANTAGES OF MAGHEMITE

The primary or bulk iron content of NSW-CID and NSW-DID is much lower than Western Australian CIDs.

However, in contrast to the Western Australia deposits where most of the iron is present as hematite and goethite, most of the iron in the palaeochannels in New South Wales occurs in the mineral maghemite (Fe_2O_3), an oxidised magnetic iron mineral with the same molecular formula as the favoured iron ore mineral hematite (Fe_2O_3).

4. PROJECT REVIEW

Maghemite's magnetic nature offers two major advantages:

- The magnetic character of the iron in the stream channels makes it simple to identify and locate palaeochannels using existing airborne geophysical data.
- Ore containing maghemite is amenable to beneficiation using low-cost magnetic separation technology, thus permitting significant upgrading at the mine site. Preliminary test work conducted by Eastern Iron has shown that mineralisation grading 15-20% iron in-situ can be upgraded to a concentrate of around 50% iron by a single pass through a magnetic separator.

4.6 AN UNRECOGNISED OPPORTUNITY

Despite New South Wales early iron ore mining industry and its rich history of iron and steel manufacture, the iron ore potential in palaeochannels in the Cobar Peneplain has remained unrecognised.

Iron was mined from small, magnetite-rich occurrences in New South Wales to complement the coal, energy, port, work force and market advantages of New South Wales-based steel manufacture. However, with the discovery of vast reserves of iron ore in the Hamersley Range, the early steel industry leader, BHP, undertook a vertical integration programme of its steel making business based in Wollongong and Newcastle. Subsequent to the discovery of iron ore resources in remote areas of Western Australia BHP sought to control mine, rail, ship and port transport logistics diminishing the need to discover alternative sources of iron on the eastern seaboard.

Today in Australia, iron and steel are produced by a variety of companies, and there is now high demand for export iron ore. Companies with iron ore resources that can access suitable transport infrastructure are well placed in these market conditions.

The dynamics of Australian-based steel making and the business of iron ore mining and export have fundamentally changed since BHP dominated supply, transport, iron production and steelmaking.

Eastern Iron has recognised these potential opportunities for a new source of iron ore on the infrastructure-rich eastern seaboard and will aggressively pursue opportunities for early cash flow from iron ore discovery, export and value adding opportunities in these new and favourable market conditions in eastern Australia.

4.7 OVERVIEW OF EXPLORATION PROJECTS

Eastern Iron's exploration focus is based on a new concept that recognises the existence of very large quantities of shallow, low-grade, yet easily extractable iron-rich material in the extensive networks of palaeochannels that exist in parts of New South Wales. Eastern Iron holds an 80% interest in 15 granted Tenements (Table 1) covering a total area of approximately 3,800 square kilometres in two project areas at Cobar and Main Line, embracing many hundreds of kilometres of iron-prospective palaeochannels.

The Cobar Project is close to the booming mining centre of Cobar, one of Australia's richest mineral producing regions with four operating mines. Eastern Iron's Cobar Project covers approximately 2,500 square kilometres and is strategically located upon a railway line that currently transports zinc, lead and copper concentrates for export through the port of Newcastle. Newcastle is eastern Australia's largest export port and the largest bulk coal export port in the world.

Eastern Iron's Main Line project area is close to Euabalong on the main east-west heavy gauge, transcontinental railway line and near the Moomba to Sydney gas pipeline. The Main Line project area covers approximately 1,300 square kilometres and is well serviced by roads and rail. Ore concentrates from the Cadia mine (Newcrest Mining Limited) are currently railed to Port Kembla near Wollongong for export using the same rail line that passes through Eastern Iron's Main Line project area. Port Kembla is New South Wales's second bulk tonnage, deep water port and is home to an iron and steel manufacturing centre, which currently imports iron ore from elsewhere in Australia. Westward along the main line from Euabalong is the steel making centre of Whyalla in South Australia.

4. PROJECT REVIEW

| Project Name | EL Number | Grant date | Total Area (Square kilometres) | Kilometres of CID Target | Kilometres of DID Target | Total Target Kilometres |
|-------------------------------|-----------|------------|--------------------------------------|--------------------------------|--------------------------------|----------------------------|
| Cobar Project Area | | | | | | |
| Cobar East | EL 6710 | 1 Feb 07 | 267 | 63 | 0 | 63 |
| Coolabah West | EL 6711 | 1 Feb 07 | 294 | 76 | 5 | 81 |
| Oakvale | EL 6706 | 23 Jan 07 | 283 | 74 | 19 | 93 |
| Quartermaine | EL 6953 | 30 Nov 07 | 188 | 56 | 0 | 56 |
| Techno | EL 6954 | 30 Nov 07 | 294 | 90 | 21 | 111 |
| Tottington | EL 6956 | 30 Nov 07 | 292 | 67 | 20 | 87 |
| Wendoline | EL 6957 | 30 Nov 07 | 214 | 9 | 46 | 56 |
| Shaun | EL 6958 | 30 Nov 07 | 228 | 47 | 10 | 56 |
| Wallace | EL 6959 | 30 Nov 07 | 204 | 17 | 16 | 32 |
| Gromit | EL 6960 | 30 Nov 07 | 207 | 52 | 11 | 64 |
| Main Line Project Area | | | | | | |
| Bimbella | EL 6671 | 5 Dec 06 | 285 | 104 | 5 | 110 |
| Euabalong | EL 6672 | 5 Dec 06 | 288 | 143 | 0 | 143 |
| McGraw | EL 6961 | 30 Nov 07 | 257 | 76 | 0 | 76 |
| Flamingo | EL 6952 | 30 Nov 07 | 271 | 95 | 0 | 95 |
| Preston | EL 6962 | 30 Nov 07 | 262 | 67 | 0 | 67 |

Table 1 List of Exploration Licences held by Eastern Iron Limited and PlatSearch NL

Iron-rich palaeochannels have been identified over an extent of approximately 1,100 kilometres within the combined Cobar-Main Line Project Tenements, which the Company believes are highly prospective for Channel Iron Deposits (“CID”). These may have substantial tonnage potential. A major exploration programme, including scout air core and reverse circulation drilling programmes will be carried out to complete an initial assessment of the systems in the first two years of operation at a proposed cost of up to \$4,161,000 (assuming Maximum Subscription).

This programme will include metallurgical test work and fine tuning of a simple magnetic beneficiation process. Whilst scout drilling will continue into year two, areas identified as having resource potential will be systematically pattern-drilled in year two, allowing for JORC resource calculation. The metallurgical test work initiated in year one will be accelerated in year two and will possibly be combined with a scoping study and potential bulk sampling trial.

It is hoped that this exploration and metallurgical test work will allow Eastern Iron to move towards its goal of identifying significant tonnages of ore capable of producing a direct shipping product of marketable quality and position the Company for early cash flow.

4. PROJECT REVIEW

With specialised geophysical processing by Eastern Iron, the extensive systems of ancient buried river channels are easily delineated using the high quality aeromagnetic data made available by the NSW Department of Primary Industries – Mineral Resources. The magnetic character of the palaeochannels is due to the channelling of magnetic maghemite-rich ironstone and allows Eastern Iron’s exploration drilling to be targeted directly from existing exploration data.

An example of specialist processing of the existing aeromagnetic data by Eastern Iron is shown in Figure 3 which defines the geometry and extent of the iron-rich palaeochannels in the Euabalong area.

The palaeochannels have potential to host valuable minerals as well as iron ore. For example, little attention has been paid to the Cobar palaeochannels as targets for gold exploration. The Cobar region is one of the richest gold producing provinces in New South Wales and some of the 1,100 kilometres of palaeochannels on Eastern Iron’s ground may contain alluvial gold and other minerals along with iron ore. The Company notes the comments of the Independent Geologist with respect to drill sampling and grade estimation in alluvial materials and will implement appropriate procedures to allow for this.

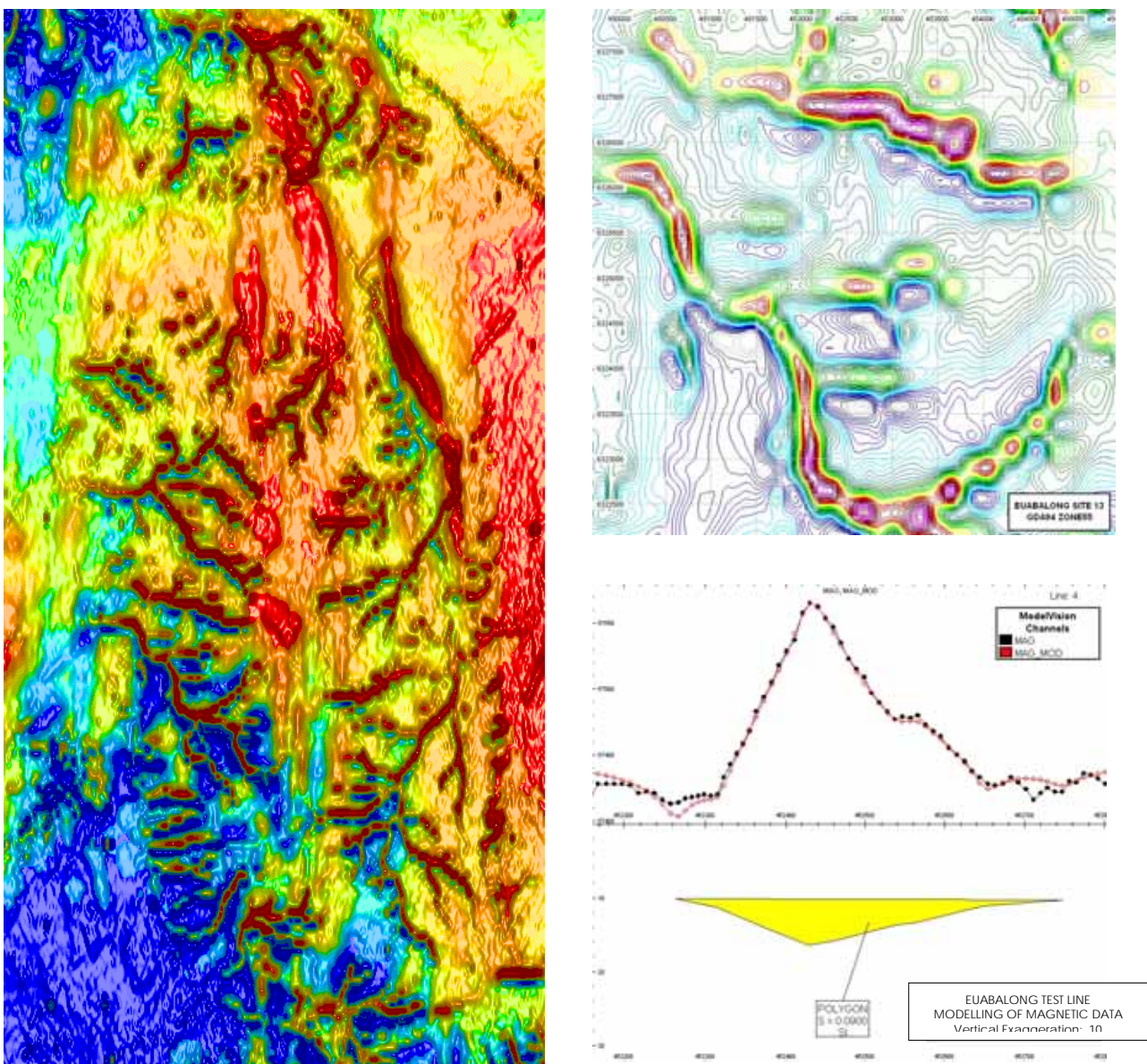


Figure 3 Regional image of aeromagnetics on the left, prospect-scale contours of aeromagnetics at top right and an interpretative cross section across one channel at the bottom right.

4. PROJECT REVIEW

Cobar Project Summary

The Cobar project area has been the subject of most of the exploration work conducted so far by Eastern Iron and PlatSearch NL. Work has included landholder negotiation, reprocessing of existing government geophysics, acquisition of ground magnetic profiles, surface sampling, two separate phases of aircore drilling of six separate palaeochannels and metallurgical testing. Results were considered sufficiently encouraging to acquire additional exploration licence areas in both the Cobar and Main Line areas, in an attempt to secure the bulk of prospective channels on open ground close to infrastructure.

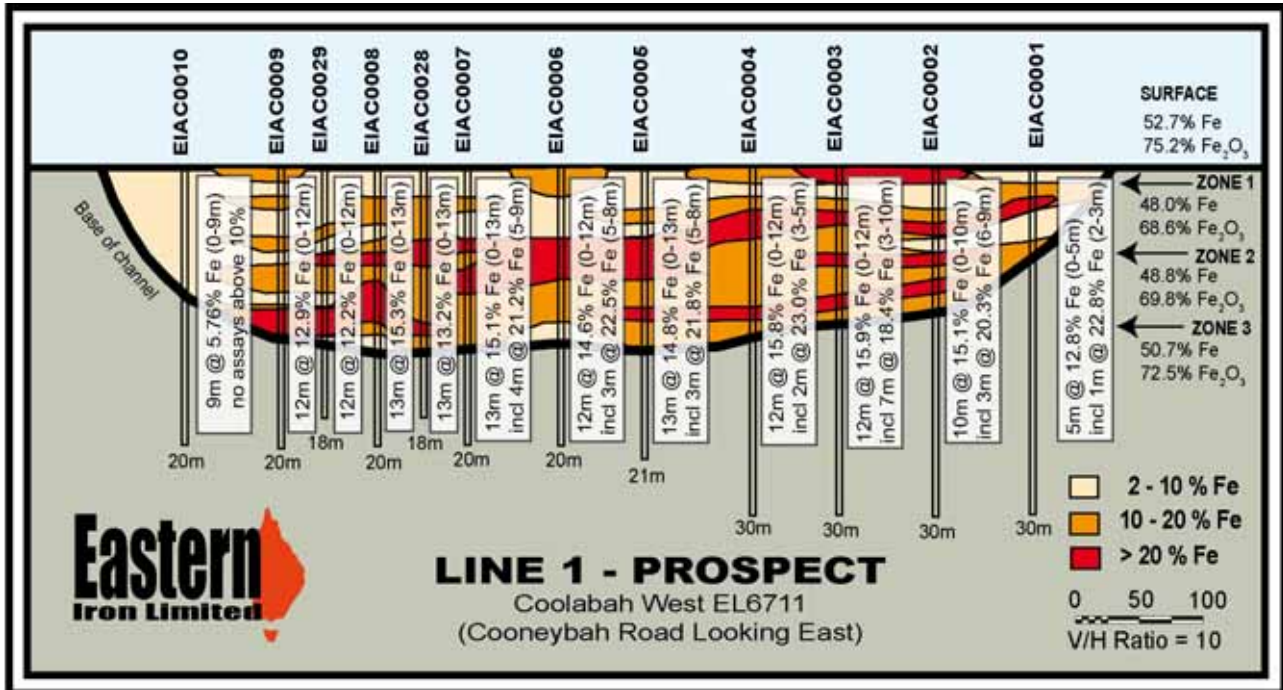


Figure 4 Line 1 Prospect 700 metre wide cross section showing bulk iron content prior to magnetic beneficiation

Stage one drilling involved aircore drilling targets across three channels with samples from the easternmost line (Line 1) subjected to further metallurgical test work. The channel at Line 1 contained very consistent grades of total iron and when total iron grades are averaged from surface, assay results are remarkably similar. In this channel material with an average grade of approximately 15% total iron occurs over a width greater than 700 metres (Figure 4) and to a depth of 13 metres. Moreover three separate zones of pisolitic material from this channel have bulk grades of greater than 20% total iron. Magnetic separation tests from a surface sample (Figure 4) produced material grading 52.7%. Bench-scale magnetic separation test work conducted by Metcon Laboratories Pty Ltd (a division of Ammtec Limited) produced 48.0% iron from the first zone (Zone 1, Figure 4), 48.8% iron from the second zone (Zone 2, Figure 4) and 50.7% iron for the deepest zone (Zone 3, Figure 4).

Exploration focus then shifted from the roadside to those palaeochannel areas with stronger aeromagnetic responses and that were easily accessible. Three areas were identified and named Carpenters, Gadsbys and Belah Prospects. Aircore drilling was undertaken at each Prospect. Results from Carpenters Prospect (Figure 5) are typical, showing a channel between 300 and 400 metres wide containing a bulk grade of 15% to 17% iron to a depth of nine metres. Initial characterisation work, magnetic separations, and assay investigation has been undertaken on samples recovered from each site.

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Main Line Project Summary

Work has included landholder negotiation, reprocessing of existing government geophysics, acquisition of ground magnetic profiles, reconnaissance field visits and surface sampling.

Work at this project is preliminary, however, it appears that whilst some of the magnetic palaeochannels outcrop, many may be buried under shallow soil cover of 1 to 10 metres. For example, channels in the McGraw and Preston areas outcrop, whilst channels at Flamingo, Bimbella and Euabalong have been identified by aeromagnetic data and may be covered by shallow, non-magnetic alluvium. Ground magnetic profiles collected in the Main Line area indicate that the channels have a very similar morphology to those that have been drilled in the Cobar Project area.

Preliminary characterisation of pisolites

Eastern Iron contracted the University of Western Sydney to conduct characterisation of pisolitic material from drill samples from the Carpenters, Gadsbys and Belah Prospects using photo-micrographs produced from a scanning electron microscope (SEM). An initial batch of some 154 pisolites was separated into rounded and sub-rounded groups. Of these, 132 were rounded and 22 subangular (14%). Subsequent separate examination of the internal structure of the pisolites showed no discernable difference in composition or texture of rounded or subangular pisolites. Furthermore, maghemite was the only iron oxide identified by powder X-ray diffraction. Whilst trace amounts of goethite and hematite have been identified in subsequent work, maghemite is the dominant iron oxide phase in the magnetic fraction of samples as shown in Figures 6A and 6B.

Some of the silica is present as relatively coarse grains contained within the core of the pisolites. The balance of the silica and the bulk of the aluminium appears to be present as muscovite which is present in many pisolites as fine grains distributed through the matrix.

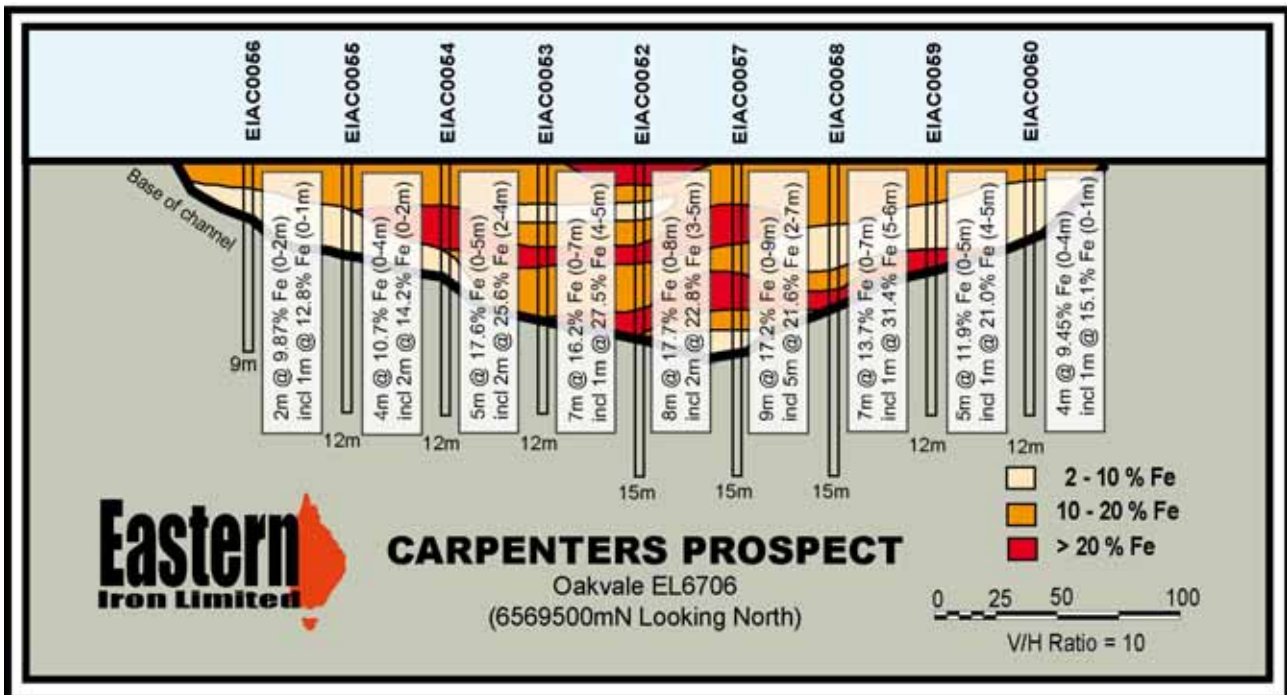


Figure 5 Carpenters Prospect 300 metre wide cross section showing bulk iron content prior to magnetic beneficiation

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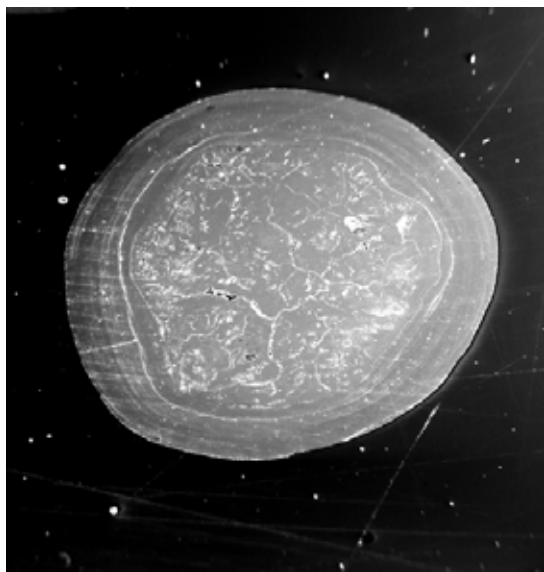


Figure 6A Microscope image (3.5mm across) of a rounded maghemite pisolith from the Belah Prospect with a core of maghemite enclosed by multiple growth rings of compact maghemite.

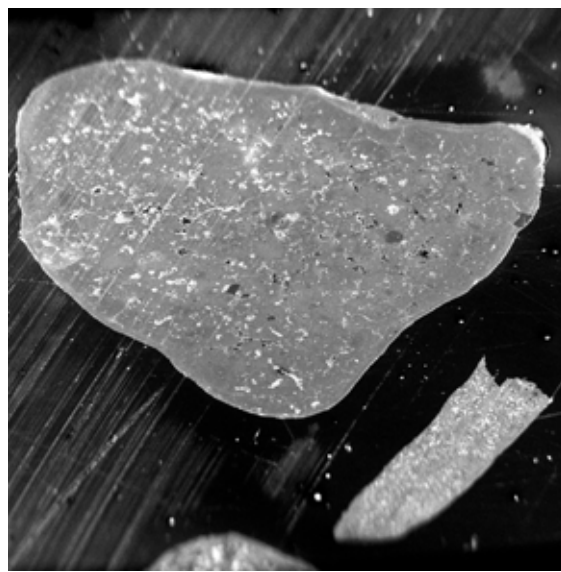


Figure 6B Microscope image (5mm across) of a subangular maghemite pisolith from the Belah Prospect. The interior in this case is characterised by minute voids and very few muscovite flakes (impurities).

Magnetic Separation

Eastern Iron contracted Metcon Laboratories Pty Ltd to conduct bench-scale magnetic separation tests using a barrel separator with a fixed magnet. The magnetic fraction was then subjected to a full iron ore assay scan at Genalysis Laboratory Services Pty Ltd in Perth, Western Australia. Results of up to 52.5% iron were received from an initial magnetic separation of gravel (Table 2). Crushing this gravel (to less than 30 microns) and separating the material again magnetically further reduces silica and aluminium contaminants and produces a concentrate containing 56.8% iron. All samples contain low amounts of phosphorous and sulphur.

| Prospect | Drill Hole | Sample | Bulk Fe % | Fe % | CaFe % | Fe ₂ O ₃ % | SiO ₂ % | Al ₂ O ₃ % | P % | S % | LOI % |
|--------------------|-------------------|----------------|-------------|---------------|---------------|----------------------------------|--------------------|----------------------------------|--------------|---------------|--------------|
| Oakvale Line 1 | EIAC31 | | | 47.96 | 49.06 | 68.57 | 18.10 | 8.38 | 0.141 | 0.019 | 2.24 |
| Powerline | EIAC34 | EI1048 | 22.6 | 42.86 | 44.59 | 61.28 | 20.24 | 10.74 | 0.029 | 0.079 | 3.89 |
| Gadsbys | EIAC41 | EI1128 | 29.9 | 50.78 | 52.48 | 72.60 | 12.77 | 8.20 | 0.028 | 0.03 | 3.24 |
| Belah Tank | EIAC46 | EI1178 | 36.7 | 47.79 | 49.53 | 68.33 | 14.73 | 10.41 | 0.034 | 0.032 | 3.51 |
| Carpenters | EIAC57 | EI1277 | 25.4 | 48.50 | 50.27 | 69.34 | 13.39 | 10.91 | 0.024 | 0.025 | 3.53 |
| Carpenters* | Composite* | | - | 50.2 | 51.67 | 71.73 | 12.38 | 9.75 | 0.03 | 0.021 | 2.91 |
| Gadsbys* | EIAC41* | EI1128* | - | 55.73* | 56.82* | 79.68* | 8.36* | 6.87* | 0.03* | 0.045* | 1.91* |

Table 2 Results of magnetic separation tests on drill samples from several Prospects. "Bulk Fe%" represents the iron content of the gravels in ground. "Fe%" represents the iron content after simple magnetic separation. "CaFe%" represents the calcined (dry or water removed) grade of the samples. Gadsbys Prospect sample (EIAC41) was subjected to crushing and a second magnetic separation with results denoted by *.

Notes:

- 1) 1m samples; riffle split; dry samples. Analyses conducted by Genalysis using X-Ray Fluorescence Spectrometry with Loss on Ignition (LOI) determined using Thermo-Gravimetric Analyses at 1,000°C
- 2) Calcined Fe (CaFe) calculated by the formula $CaFe\% = [(Fe\%) / (100 - LOI1000)] \times 100$

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4.8 FURTHER TESTWORK AND ECONOMIC EVALUATION

Metallurgy

Given that the preliminary testwork is rudimentary the initial results are very encouraging. Development of a more sophisticated flowsheet comprising differential magnetic processing and gravity processing may achieve saleable product grade without the need to fine grind. Eastern Iron intends to use local and offshore mineral testing companies with experience in dealing with materials of a similar nature to those recovered so far by Eastern Iron. Metallurgical investigations will be ongoing as exploration proceeds.

Eastern Iron may enjoy an advantage in that if it can demonstrate very large tonnages of iron-bearing material that can quickly and easily be upgraded to marketable grade, it can afford to accept relatively low recoveries in the first instance (say for example 50%). The possible very low costs of mining and beneficiation mean that the usual requirement that high recoveries be achieved may not apply to the same extent. A middlings (material of a lower grade than marketable product, but too good to dispose of as waste) product can be stored for later retreatment when more sophisticated processing technology may be available.

The outcome of metallurgical test programmes is crucial to the economics of any project. One outcome might be that Eastern Iron is able to develop a metallurgical flow-sheet that produces a marketable product through simple magnetic and gravity beneficiation processes on screened (and perhaps crushed) run-of-mine ore. If that is the case, it is likely that the economics of the project would be very attractive.

At the other end of the spectrum testwork may show that fine grinding (to say 30 microns) is required to remove contaminant muscovite and other contaminants by flotation or other means. The finely ground concentrate, in this case, would have to be pelletised to make a saleable product. This type of process is being used at Savage River Mines in Tasmania and in many other locations around the world. It is much more capital intensive and operating costs are higher, but that is offset in part by the higher price secured for the product.

At this stage it is too early to say where in the spectrum the outcome will be. Further exploration work is required to evaluate the range of iron bearing materials available and to establish the optimal way to process these ores.

Transport economics

As a relatively low-value bulk commodity, the economics of iron ore production are greatly affected by the costs of transportation to market. Usually long term iron ore contracts are negotiated on a CIF basis, delivered to market. That means that the iron ore producer must bear the costs of freighting the material to market and associated additional costs such as insurance.

The economics of transporting bulk materials like iron ore can depend on the scale of operations. To achieve competitive low cost transport economics usually requires accessing economies of scale. Unit costs are reduced significantly at larger scale. Typically larger scale requires installation of capital intensive transport infrastructure such as railways, loading and blending facilities, port facilities, ships, etc.

While New South Wales is well served by transport infrastructure, achievement of low unit freight costs is likely to require shipping at high production rates which will likely require access to new large capacity infrastructure. Fortunately New South Wales is addressing port and other transport infrastructure constraints.

Within the scope of the exploration conducted to date, it is too early to establish definitive transport economics for the Eastern Iron project, but such studies are clearly crucial in determining the economics of any potential production.

4.9 POSSIBLE PIG IRON PRODUCTION

A shallow easily extractable source of bulk tonnage iron ore in eastern Australia, even at lower iron grades, could be amenable to upgrade through a pig iron production facility. New South Wales possesses the advantages of transport infrastructure, heavy industry, energy supplies, ports, population and markets.

A discovery by Eastern Iron would allow the iron-making additives of coal and energy to be delivered to the bulk source of iron ore reducing transport costs of the major constituent of iron. If pig iron production is

4. PROJECT REVIEW

possible close to a bulk source of iron ore on Eastern Iron project areas this would remove transport penalties for the slag component. Indeed the slag component itself may find a market as roadbase, mining-related concrete use as paste and fill plant feed and structural shotcrete in operations throughout eastern Australia.

Eastern Iron plans to evaluate the economics of producing pig-iron using iron ore from its projects at a suitable location in eastern Australia.

4.10 MARKET OUTLOOK

The world is experiencing an unprecedented iron ore boom. Iron is a metal of economic growth and it is in high demand throughout the world. A major reason for the growth in iron ore demand is that China, India and Brazil are becoming economically industrialised, and urbanisation of these large population centres is demanding huge quantities of iron ore to feed expanding production from their steel mills. Moreover, the giant productive capacity of a resurgent Russian Federation is also expected to experience strong growth in steel production further increasing demand for the raw materials of steel.

Iron ore prices are expected to rise substantially in the current round of contract negotiations for Japanese Financial Year 2008-09. This would be the sixth consecutive year of price increases for iron ore fines and lump. Factors that are expected to contribute to a rise in iron ore prices include strong growth in global iron ore demand, led in particular by production growth in China's steel industry, rising iron ore production costs, the introduction of an iron ore export duty by the Indian Government and a significant depreciation of the US dollar over the past year.

China's iron ore import prices indicate that the current divergence between spot and contract prices is likely to underpin price rises at the 2008-09 negotiations. During 2007, the spot price of Indian iron ore imported by China has risen from around US\$80 a tonne (cif) to US\$180 a tonne (cif). Australian iron ore, landed in China, remains very competitive.



Source: ABARE Commodity Review December 2007

Outlook for Shipping Rates

With increases in the oil price higher freight rates in 2007 have imposed significant cost increases on steel producers throughout the world. Japanese and European steel mills tend to have long term shipping contracts that partly insulate them from these rising shipping costs. In contrast, very few Chinese steel mills have long term shipping contracts, leaving them exposed to movements in spot freight rates. From January to August 2007, spot freight rates between Australia and China rose by 48%, or US\$8 a tonne, while spot freight rates from Brazil to China rose by 83%, or US\$27 a tonne.

Eastern Australia's location in the region of strong Asian growth will ensure that shipping rates to China will retain the price advantage over suppliers such as Brazil. A bulk source of iron ore in eastern Australia would also benefit the competitiveness of current Australian iron and steel manufacturing centres in eastern Australia by removing the current dependence on seaborne shipping.

Outlook for Steel Making and Demand for Raw Material

In 2008 world steel prices are expected to remain high, reflecting higher steel making costs and growing steel demand. Steel making costs are expected to rise as a result of higher freight costs and higher prices for iron ore and metallurgical coal, the two key steel making ingredients.

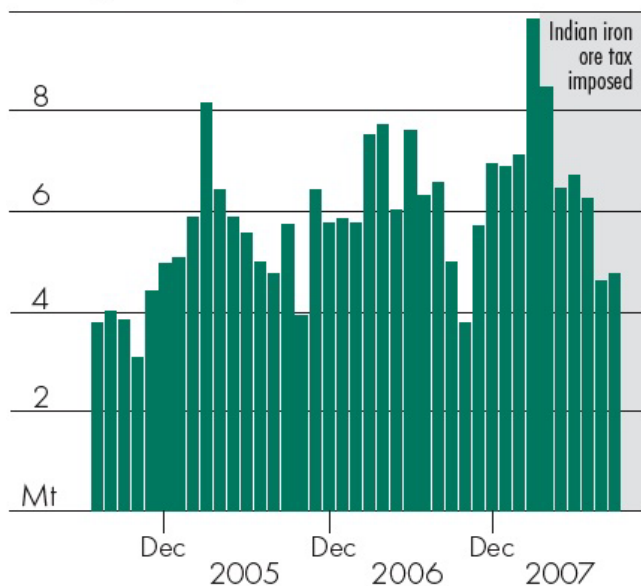
4. PROJECT REVIEW

Outlook for Iron Ore Supply Throughout the World

Global iron ore production is estimated to be 1.61 billion tonnes in 2007, up 8% from 2006 and is forecast to rise by a further 8% to 1.75 billion tonnes in 2008. Australia, Brazil and China are expected to account for the majority of this increase as new iron ore projects and expansions come on line.

Reflecting large increases in production capacity, Australian iron ore exports are estimated to be around 269 million tonnes in 2007, up 9% from 2006, and are forecast to increase by 13% to around 305 million tonnes in 2008. Rising prices and export volumes are leading to substantial increases in iron ore export earnings. In 2006-07 revenue from Australian iron ore exports rose by 21% to \$15.5 billion and are forecast to rise by 16% to \$18.0 billion in 2007-08.

Indian iron ore exports to China monthly, ended September 2007



Source: ABARE Commodity Review December 2007

| | 2005 Mt | 2006 Mt | 2007s Mt | 2008f Mt |
|-------------------------|------------|------------|-------------|-------------|
| Iron Ore Imports | | | | |
| European Union 27 | 160 | 170 | 173 | 176 |
| Japan | 132 | 134 | 139 | 140 |
| China | 275 | 326 | 378 | 438 |
| Korea, Republic of | 43 | 44 | 44 | 46 |
| Chinese Taipei | 15 | 15 | 16 | 16 |
| World Total | 744 | 771 | 837 | 909 |
| Iron Ore Exports | | | | |
| Australia | 239 | 247 | 269 | 305 |
| Brazil | 223 | 252 | 283 | 319 |
| India | 81 | 95 | 91 | 88 |
| Canada | 28 | 28 | 30 | 30 |
| South Africa | 27 | 26 | 31 | 34 |
| Sweden | 18 | 19 | 20 | 22 |
| World Total | 744 | 771 | 837 | 909 |

s = ABARE estimate. f = ABARE forecast.

Source: ABARE Commodity Review, December 2007

In March the Indian Government imposed an export tax of 300 rupees (US\$7.30) a tonne on iron ore with an iron content of 63% or more and a tax of 50 rupees (US\$1.20) a tonne on iron ore with an iron content of less than 63%. India's iron ore exports to China appear to have been affected by the imposition of this tax, declining from a monthly high of 9.8 million tonnes in March 2007 to 4.7 million tonnes in September 2007.

In this climate of tight supply, steel makers and governments alike have expressed concerns over proposed consolidation of large iron producers which might further restrict the number of price competitive, low shipping cost, Australian suppliers. The world is looking to Australia and Brazil to meet the increasing demand for iron. Australia has a price advantage due to its location in the Asian region. Similarly, Asian and Russian Federation steel makers have been strongly supportive of developing iron ore explorers, developers and suppliers, helping to provide alternatives to the big three suppliers.

In summary, it remains a good time to be part of the iron exploration, mining and production industry.

4.11 COMMENTS ON PROGRAMME AND BUDGET

The purpose of the issue is to raise funds for the ongoing exploration of the fifteen joint venture licences ELs 6706, 6710, 6711, 6671, 6672, 6952-6954 and 6956-6962, to conduct certain metallurgical test work on samples from drilling and possibly bulk sampling and to carry out investigations into mining feasibility, the marketability of products, and the economics of transporting products to market.

The principal commodity target of the Company will be iron ore, however, if occurrences with significant quantities of other metals such as gold, platinum, tin and/or base metals are encountered these will also be investigated. It is worth noting that the drillholes to sample the palaeochannels will be extended into basement, and provide valuable geochemical samples of the underlying geology. Given that Eastern

4. PROJECT REVIEW

Iron's Tenements cover a highly prospective mineral province, there is significant potential to locate hard-rock base and precious metals deposits as well.

The exploration programme will focus on testing the many palaeochannels that have been identified in the Company's Tenements by interpretation of aeromagnetic data, geological mapping and surface sampling. Test work will utilise fences of shallow drilling using the aircore drilling method, followed by RC percussion drilling at the resource definition stage.

The funds being raised in this issue are expected to be sufficient to conduct exploration on all Tenements and to identify those palaeochannels or parts of palaeochannels that have the best iron ore potential. More detailed, larger diameter RC percussion drilling will then be undertaken on those occurrences to the resource definition stage. Further, shallow bulk sampling of selected sites may be undertaken using trenching to obtain a large enough sample for trialling the suitability of the material for smelting.

It is emphasised that the programmes and budgets proposed for these projects rely on common knowledge and exploration concepts and are based on the assumption that results will be sufficiently encouraging to justify a continuous work programme. The actual activities carried out and the allocation of funds will be subject to frequent review and may be varied depending on the results achieved as the exploration programmes progress. The Directors are of the opinion that following completion of the Offer, the Company will have sufficient working capital to carry out its stated objectives for a period of at least two years, with the flexibility to accelerate work and expenditure if early results prove more favourable than expected.

The information in this report that relates to Exploration Results is based on information compiled by Bob Richardson, who is a Member of the Australasian Institute of Mining and Metallurgy, a Director of the Company and a part-time employee of PlatSearch NL. Bob Richardson 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'. Bob Richardson consents to the inclusion in this prospectus of the matters based on this information in the form and context in which it appears.



Magnetic sampling of surface channel iron – Cobar Project

5. INDEPENDENT GEOLOGIST'S REPORT

John B Seeley

Consulting Geologist
ABN 71 989 662 065

37 Alfred Road
Sutton NSW 2620

7 March 2008

The Directors
Eastern Iron Limited
PO Box 956
Crows Nest, NSW 1585

Dear Sirs

Eastern Iron Limited - Independent Geologist's Report

Introduction

This independent Geologist's Report has been commissioned by the directors for inclusion in the Prospectus of Eastern Iron Limited, to be dated on or about 11 March 2008. The Prospectus is to be lodged with the Australian Securities and Investments Commission and is intended for distribution to interested parties for the purpose of raising up to \$5,000,000 through an Initial Public Offering of up to 25 million Ordinary Shares at an issue price of \$0.20 each with a minimum subscription of \$2,500,000. The Company intends to list the shares on the Australian Stock Exchange.

This report has been prepared in accordance with the Australian Securities and Investments Commission Policy Statement 75 and Practice Notes 42 and 43 which relate to independent expert reports to shareholders and to the independence of expert's reports. Standards are observed here as set out in the Valmin Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports by The Australasian Institute of Mining and Metallurgy.

Purpose and Scope

The purpose and scope of this report is to assess the technical information contained in the prospectus, to verify independently, the sources of information and to make relevant comments on the integrity of that information and the work proposals contained herein.

Summary of Conclusions

I have satisfied myself of the overall integrity of information contained in the Prospectus. It is a pertinent summary of the geological, technical and commercial information relevant to the prospectivity of iron ore deposits contained within the fifteen Exploration Licences 6706, 6710, 6711, 6671, 6672, 6952 - 6954 and 6956 - 6962. Geological and geophysical information relating to the project areas in New South Wales is available in general literature and in a number of company reports relating to prior work in or adjacent to the tenements of Eastern Iron. Considerable background research has been carried out by the directors of Eastern Iron to evaluate available public information and to understand the potential implications of mining and beneficiation of this type of iron ore deposit, as well as the infrastructural, commercial and environmental implications that such a project would incur.

Cost effective exploration proposals contained in this prospectus, covering the geographically extensive deposits, should enable relatively quick conversion of resource estimates into ore reserves and grades. The geological procedures pertaining to ore reserve definition and tenor of the iron ore are reasonably low cost and straight forward in this environment. Perhaps the major effort in coming months will need to be

5. INDEPENDENT GEOLOGIST'S REPORT

directed toward the economic and commercial aspects of the project. Among the more important issues requiring detailed cost benefit analysis will be:

- Selection of the most appropriate mining method.
- Selection of a suitable (probably mobile) beneficiation process.
- Infrastructure and transportation costs to a treatment facility.
- Establishment of a long term domestic or export market for the product.
- Environmental and cultural issues that may or may not encumber the mining of these deposits.

The geology of the paleochannel deposits is understood and early results are shown in schematic cross sections in the Prospectus. If the development exploration and economic factors are as cost effective as purported then a mining operation based on low grade channel iron deposits in NSW would appear to be a commercial proposition.

Comments on the Project Geology

The development of laterite is a well documented process and one that has occurred throughout Australia to a greater or lesser extent over much of the geological time scale. Today rock degradation and laterite formation is best seen in tropical to temperate moist climates. It is simply a weathering process in which soluble elements at the surface are removed and precipitated at some deeper part of the weathering profile forming a red subsoil layer, rich in secondary iron oxides. The amount of iron oxide accumulation in the weathered profile is a function of primary rock composition. Iron rich mafic igneous rock will provide greater amounts of iron oxides than iron depleted sedimentary rocks. The rate at which weathering occurs and degree of iron dissolution is controlled by topography and rainfall together with the acidity (pH) of percolating ground water and degree of oxygen (Eh) in solution. Three types of iron rich surficial and near surface material are recognised; lateritic residuum, ferruginous pods and ferricretes. Lateritic residuum is generally near surface material comprising platy laterite nodules and pisoliths set in a matrix of red-brown silty clay. If the nodules are cemented then a duricrust is formed. Ferruginous pods are developed within the saprolite horizon immediately above bedrock. However, of most interest to the Eastern Iron Project is the development of ferricrete and particularly the pisolitic type of ferricrete on which this project is based.

The Prospectus cites examples of world class Tertiary-aged deposits such as Robe River in Western Australia which are considered to be pisolitic type channel iron deposits (CIDs). It is now reasonably certain that similar geological and climatic conditions at the time of formation of Western Australian CIDs prevailed in central New South Wales during the Tertiary. It is the process of laterite erosion, removal of enriched iron oxide material and further mechanical concentration and chemical upgrading that makes this type of deposit economically important.

Nucleation and development of pisolitic ferricrete commences in clay layers within the laterite profile. The clay forms a physico-chemical barrier to downward migrating iron oxide molecules and provides a barrier to larger iron oxide molecules. Dissolution and migration of iron appears to have been a colloidal process in the initial stages since the cores of pisoliths show syneresis cracks that typify water expulsion by a gel during desiccation and recrystallisation. Pisoliths examined in the Cobar area are predominantly spherical having grown by chemical accretionary processes in a relatively unconstrained environment.

A lesser population of pisoliths have nucleated around mineral grains or lithic fragments. An important factor in regional geochemical exploration uses the potential of iron oxides to nucleate around gold and other metal particles or the incorporation of other metal ions within the pisolith. Geochemical sampling of pisoliths for minerals such as gold and base metals has been used as a pathfinder to locate blind ore deposits. The Cobar Basin is an established mineral province and it would be propitious for Eastern Iron to assay for other elements during the iron ore drilling program.

5. INDEPENDENT GEOLOGIST'S REPORT

The laterite profile is subject to continuous development as well as continuous erosion, both of which are a function of topography and climate at any one time. Erosion of pisoliths from the clay horizon almost certainly enhances the process of desiccation. Furthermore the pisoliths appear to have undergone further chemical growth under surficial conditions. Examination of the pisoliths shows the development of maghemite cutans. These cutans are micron thick concentric layers of maghemite surrounding the iron-rich core. The end product of the formation process of pisoliths is one in which the final product is often pure hematite. Yet in this case, the results of a recent electron microscope study carried out for Eastern Iron confirmed field observations and general knowledge on the paragenesis of pisoliths with both core and rim being composed of maghemite.

Accumulation of pisoliths in the drainage system arose from continued erosion and washing of surficial material and into nearby streams. As the vast landscape continued to erode toward a state of peneplanation the drainage system also matured and developed broad sluggish braided rivers. This geomorphological sequence of events has positive consequence for Eastern Iron with the development of relatively wide paleodrainage systems with accumulations of pisoliths; a pattern clearly seen in the aerial magnetic images.

Exploration Licence areas reviewed in the field by this writer exhibit outcropping pisolitic ferricrete on the flanks and within exposed paleochannels. Paleochannels in the Cobar area are up to four hundred meters wide, tens of kilometers in length and five to twenty meters in depth. They are filled with a variable quantity of pisoliths together with a matrix of rock fragments, sand and clay. Apart from localised silcrete and calcrete layers there appears to be little or no cementation of paleochannel fill in areas tested to date. If minimal cementation persists throughout most paleochannels then lower mining and beneficiation costs could be expected. Furthermore, the resistance to weathering of the pisolitic paleochannels has exposed much of the drainage systems to form inverted drainage relief. Mineable channel fill forms small topographic highs in an otherwise flat landscape which minimizes waste stripping; a factor that should lower costs for a strip mining operation. On-site beneficiation in which maghemite is separated from the unconsolidated sand and rock matrix would enable production of a near final product close to the mining operation and rapid backfill of the waste. The possible use of a mobile treatment plant alongside the mining operation with almost an immediate backfill and rehabilitation process should minimize any perceived environmental impact. The areas proposed for early resource evaluation are on large pastoral leases covered by sparse secondary scrub. The areas are currently unproductive, for the most part and could easily be returned to productive pasture during the rehabilitation process.

The Euabalong district was not visited during this field examination due to the absence of exposed paleochannels. The paleochannels in that region are covered by relatively recent alluvium of the Lachlan River flood plain. However, strong magnetic anomalies clearly identify the linear features within the paleodrainage systems beneath the cover. Some preliminary work should be carried out in the Euabalong area to confirm the iron ore potential is similar to that of the Cobar area, but just at greater depth.

The Eastern Iron project was generated from conceptual and sound geological thinking. Work to date has shown that iron ore accumulations in the Cobar and Euabalong areas of New South Wales are low-grade channel iron deposits. The real issues facing the project are the economics of exploration, extraction, beneficiation, transportation and marketing.

Comments on the Project Economics

Exploration

Aeromagnetic interpretation of the Cobar and Euabalong area has been carried out and paleochannels in the Cobar district have been located on the ground. Exploration drilling was carried out recently on traverses normal to the channel direction and over several paleochannels. Details of the exploration and

5. INDEPENDENT GEOLOGIST'S REPORT

results of drilling in the Cobar area contained within this Prospectus and the following comments are made as matters for consideration.

A very positive aspect of the Eastern Iron exploration program is likely to be the low cost of exploration per tonne of proven ore. Drilling costs for this project are relatively inexpensive as the drill holes are shallow, in unconsolidated material making drilling quick and easy. It is therefore feasible that large tonnages of mineable material can be quickly identified at relatively low cost over tens of kilometers of paleochannel by drilling widely spaced fences of shallow, closely spaced holes to define iron content and channel profile.

Sampling and assaying material taken from drill holes across a paleochannel show remarkable consistency in the range of 12%-17% total iron. There are one to four meters thick horizons within the channel profiles that assay greater than 20% iron. Geological conditions under which these alluvial deposits formed are unpredictable and selective mining is not an option. Separation of maghemite from the drill samples proved successful and increased the average grades from around 14% to just over 50%. At grades in excess of 50% the maghemite concentrate becomes a marketable product for blend feed or to further beneficiation options.

The deposits of Eastern Iron are essentially alluvial in the style of their occurrence and should most probably be assessed as an alluvial deposit. However, just how alluvial are the deposits? The following questions are posed to facilitate understanding of the pisolith deposits and to assist in increasing the confidence in the accuracy of ore grade and reserve estimation:

- How much has mechanical movement influenced pisolith distribution within the paleochannels?
- Does pisolith accumulation increase in low energy portions of the channel longitudinal profile?
- Why is there little or no concentration of heavy mineral fraction (pisoliths) at the base of the stream profile, as is the case for alluvial gold and tin?
- How much if any chemical upgrading of pisoliths has occurred within the channels?

Ore reserve calculations in unconsolidated material of mixed size and composition are best stated as a grade per cubic meter rather than a grade per tonne. Sample recovery from alluvial drilling is frequently problematic. Unconsolidated fine material, such as the clay fraction, is frequently washed out or dispersed into the surrounding unconsolidated material during drilling. The volume recovered therefore can be underestimated which possibly results in overestimation of the iron content.

In general, the larger the sample taken, the better is the accuracy of grade estimation. No matter what drilling method or diameter of hole is employed, only bulk sampling along the drill section will enable a more reliable estimate of the volume and grade. Comparisons then made between drill sample results and bulk sampling results enables derivation of complex correction factors that enable more accurate recalibration of mineable volume and grade.

Beneficiation, Transportation and Markets

Based on the geological work done to date by Eastern Iron it is quite clear that a significant quantity of iron ore is available in paleodrainage channels within the exploration licences held or applied for by the company. These are low grade iron deposits but with many positive attributes that would make them economical to mine.

As outlined in the Geology section of this report, the nature of the deposit lends itself to a progressive mining operation along each paleochannel. Whether extraction is to be by bulldozer, scraper, bucket wheel or drag line, early bulk sampling tests will provide the necessary information on volume, grade, depth, cementation, compaction and induration enabling early decisions on the most suitable and cost effective mining method. Furthermore, beneficiation processing for the channel fill material would appear to

5. INDEPENDENT GEOLOGIST'S REPORT

require only a simple magnetic separation plant. There are obvious cost advantages in using a mobile beneficiation plant running alongside the mining operation which can upgrade 'the run of mine' material to over 50% contained iron.

Project transportation costs appear to be generally confined to the movement of beneficiated iron ore rather than waste. If mining and beneficiation operate in parallel on site, then major transportation costs will be restricted to movement of ore from the plant to rail head and on to a port facility or steel mill on the NSW coast. As discussed in the Prospectus, transportation costs are anticipated to be lower than for most mining operations due to the proximity of road and rail networks in both the Cobar and Euabalong areas.

The proposal by Eastern Iron to mine low grade iron ore in New South Wales, appears to be an attractive proposition in light of anticipated lower costs than many Australian mining operations, for extraction, treatment and transportation of ore; the beneficiated iron ore being suitable either for direct blast furnace feed, shipment overseas or further beneficiation.

Sources of Information

In respect to the sources of technical information I am satisfied that Eastern Iron Limited has made readily available copies of reports or directed me to sources within the NSW Department of Mineral Resources, of the open file reports used as background information in preparation of the Prospectus. Information submitted to the NSW Department of Mineral Resources by previous workers, within or around the tenements of Eastern Iron outlined in this report, is in the public domain and available in digital format on line.

Statement of Capability and Independence

The directors of Eastern Iron Limited have commissioned me to prepare this report. I am a qualified geologist with 40 years experience in mineral exploration. I have worked for several major mining companies as well as being a geological and mineral exploration consultant in Australia and some twenty countries in Asia, SE Asia, Europe, SW Pacific, North and South America. I have a wide range of commodity experience in diverse geological environments, with greater emphasis on gold and copper-gold deposits in Proterozoic and younger volcanic arc terrains over the past twenty years.

I am independent of Eastern Iron Limited and all of its associated companies and have no interest in any of the exploration tenements or any entitlement to any of the assets or securities of Eastern Iron Limited. Payment for service is based on standard rate professional fees plus reimbursement of out of pocket expenses relating to the examination of properties and in preparation of this report. Payment of the professional fee is not contingent on the outcome of the proposed equity raising, pursuant to the issuance of the Prospectus for which this report is written.

Limitations and Consent

Assessment of geological concepts and prospect descriptions contained in the Prospectus is based on reports, CD ROM's, maps and figures supplied by Eastern Iron Limited, from my own geological records and field visits and public domain information sources. The statements contained in this report are based on that information and represent my independent assessment of the mineral assets of Eastern Iron Limited.

Yours sincerely



John B Seeley

M.Sc(Hons), Grad.Dip.App.Econ. MAusIMM, MSEG, MAIME.

6. INDEPENDENT REVIEW OF TENEMENTS



Tel: (02) 4363 1686
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Mining Agents & Exploration Title Consultants 48 Sorrento Road EMPIRE BAY NSW 2257

7th March 2008

The Directors
Eastern Iron Limited
Suite 3, Level 1
80 Chandos Street
ST LEONARDS

Dear Sirs,

Report on Titles in NSW

This report is prepared for inclusion in a prospectus to be dated 11 March 2008 to be issued by Eastern Iron Limited (Company) for the issue of up to 25,000,000 fully paid ordinary shares in the capital of the Company at an issue price of 20 cents per share, to raise up to \$5,000,000 with a minimum subscription of \$2,500,000.

The report relates to Titles (Authorities) held in New South Wales, as detailed in this report in which the Company holds or is acquiring an interest. The notes included in the Schedule and Annexure form part of this report.

Independence & Qualifications

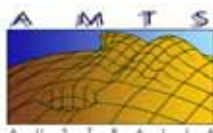
Mr Robert Harrison is a director and Consultant with AMTS Pty Limited (AMTS), he has in excess of 40 years experience as a mining and exploration titles consultant in Australasia. This report has been prepared in accordance with the Valmin code and the costs of preparing this report have been determined at our normal commercial charge rate.

Searches and Source Information

We have conducted the following searches and enquiries:

- (a) searches of the NSW Authorities, as recorded in the Computer Register maintained by the Department of Primary Industry (DPI) pursuant to the Mining Act 1992, as amended of New South Wales (NSW Mining Act) on 6th February 2008;
- (b) searches of the native title application summaries maintained by the National Native Title Tribunal (NNTT) in the online Computer Register on 6th February 2008 in relation to those native title claims which affect the Authorities.

On the basis of the searches of the Authorities we consider that this report provides an accurate statement as to the status of the Authorities as at 6th February 2008 and of the Company's interests therein.



"SERVING THE MINING, EXPLORATION & LEGAL INDUSTRIES FOR OVER 37 YEARS"

6. INDEPENDENT REVIEW OF TENEMENTS

Cobar Project

Exploration Licence 6956 (Act '92)

formerly Exploration Licence Application 3236 (Act 1992)

| | |
|-------------------------|---|
| Holder | : PlatSearch NL & Eastern Iron Limited |
| Title Status | : Current |
| Date of Grant | : 30 th November 2007 |
| Due Expiry Date | : 30 th November 2009 |
| Area | : 99 units in two parts – as shown on the plan hereunder |
| Location | : About 88.27 kms SE of Bourke |
| Mineral | : Group 1 (Metallic Minerals) See full details in Annexure 1 at the end of this report. |
| Joint Security | : \$100,000 Cash |
| Expenditure Requirement | : \$69,500 per annum |
| Method/Purpose | : Nil methods excluded |

Exploration Licence 6706 (Act '92)

formerly Exploration Licence Application 2863 (Act 1992)

| | |
|-------------------------|---|
| Holder | : PlatSearch NL & Eastern Iron Limited |
| Title Status | : Current |
| Date of Grant | : 23 rd January 2007 |
| Due Expiry Date | : 22 nd January 2009 |
| Area | : 96 units – as shown on the plan hereunder |
| Location | : About 89.13 kms NE of Cobar |
| Mineral | : Group 1 (Metallic Minerals) See full details in Annexure 1 at the end of this report. |
| Joint Security | : \$100,000 Cash |
| Expenditure Requirement | : \$68,000 per annum |
| Method/Purpose | : Nil methods excluded |

Exploration Licence 6711 (Act '92)

formerly Exploration Licence Application 2824 (Act 1992)

| | |
|-------------------------|---|
| Holder | : PlatSearch NL & Eastern Iron Limited |
| Title Status | : Current |
| Date of Grant | : 1 st February 2007 |
| Due Expiry Date | : 31 st January 2009 |
| Area | : 100 units – as shown on the plan hereunder |
| Location | : About 71.21 kms NE of Cobar |
| Mineral | : Group 1 (Metallic Minerals) See full details in Annexure 1 at the end of this report. |
| Joint Security | : \$100,000 Cash |
| Expenditure Requirement | : \$70,000 per annum |
| Method/Purpose | : Nil methods excluded |

Exploration Licence 6953 (Act '92)

formerly Exploration Licence Application 3234 (Act 1992)

| | |
|-----------------|--|
| Holder | : PlatSearch NL & Eastern Iron Limited |
| Title Status | : Current |
| Date of Grant | : 30 th November 2007 |
| Due Expiry Date | : 30 th November 2009 |

6. INDEPENDENT REVIEW OF TENEMENTS

Area : 54 units in 4 parts – as shown on the plan hereunder
Location : About 41.94 kms NNE of Cobar
Mineral : Group 1 (Metallic Minerals) See full details in Annexure 1 at the end of this report.
Joint Security : \$100,000 Cash
Expenditure Requirement : \$69,500 per annum
Method/Purpose : Nil methods excluded

Exploration Licence 6710 (Act '92) **formerly Exploration Licence Application 2822 (Act 1992)**

Holder : PlatSearch NL & Eastern Iron Limited
Title Status : Current
Date of Grant : 1st February 2007
Due Expiry Date : 31st January 2009
Area : 91 units – as shown on the plan hereunder
Location : About 19.62 kms NE of Cobar
Mineral : Group 1 (Metallic Minerals) See full details in Annexure 1 at the end of this report.
Joint Security : \$100,000 Cash
Expenditure Requirement : \$65,500 per annum
Method/Purpose : Nil methods excluded

Exploration Licence 6954 (Act '92) **formerly Exploration Licence Application 3235 (Act 1992)**

Holder : PlatSearch NL & Eastern Iron Limited
Title Status : Current
Date of Grant : 30th November 2007
Due Expiry Date : 30th November 2009
Area : 100 units in 2 parts – as shown on the plan hereunder
Location : About 69.75 kms ENE of Cobar
Mineral : Group 1 (Metallic Minerals) See full details in Annexure 1 at the end of this report.
Joint Security : \$100,000 Cash
Expenditure Requirement : \$70,000 per annum
Method/Purpose : Nil methods excluded

Exploration Licence 6957 (Act '92) **formerly Exploration Licence Application 3237 (Act 1992)**

Holder : PlatSearch NL & Eastern Iron Limited
Title Status : Current
Date of Grant : 30th November 2007
Due Expiry Date : 30th November 2009
Area : 73 units – as shown on the plan hereunder
Location : About 24.93 kms WNW of Cobar
Mineral : Group 1 (Metallic Minerals) See full details in Annexure 1 at the end of this report.
Joint Security : \$100,000 Cash
Expenditure Requirement : \$56,500 per annum
Method/Purpose : Nil methods excluded

6. INDEPENDENT REVIEW OF TENEMENTS

Exploration Licence 6958 (Act '92)

formerly Exploration Licence Application 3238 (Act 1992)

| | |
|-------------------------|---|
| Holder | : PlatSearch NL & Eastern Iron Limited |
| Title Status | : Current |
| Date of Grant | : 30 th November 2007 |
| Due Expiry Date | : 30 th November 2009 |
| Area | : 78 units – as shown on the plan hereunder |
| Location | : About 17.48 kms SW of Cobar |
| Mineral | : Group 1 (Metallic Minerals) See full details in Annexure 1 at the end of this report. |
| Joint Security | : \$100,000 Cash |
| Expenditure Requirement | : \$59,000 per annum |
| Method/Purpose | : Nil methods excluded |

Exploration Licence 6959 (Act '92)

formerly Exploration Licence Application 3239 (Act 1992)

| | |
|-------------------------|---|
| Holder | : PlatSearch NL & Eastern Iron Limited |
| Title Status | : Current |
| Date of Grant | : 30 th November 2007 |
| Due Expiry Date | : 30 th November 2009 |
| Area | : 70 units – as shown on the plan hereunder |
| Location | : About 35.05 kms S of Cobar |
| Mineral | : Group 1 (Metallic Minerals) See full details in Annexure 1 at the end of this report. |
| Joint Security | : \$100,000 Cash |
| Expenditure Requirement | : \$55,000 per annum |
| Method/Purpose | : Nil methods excluded |

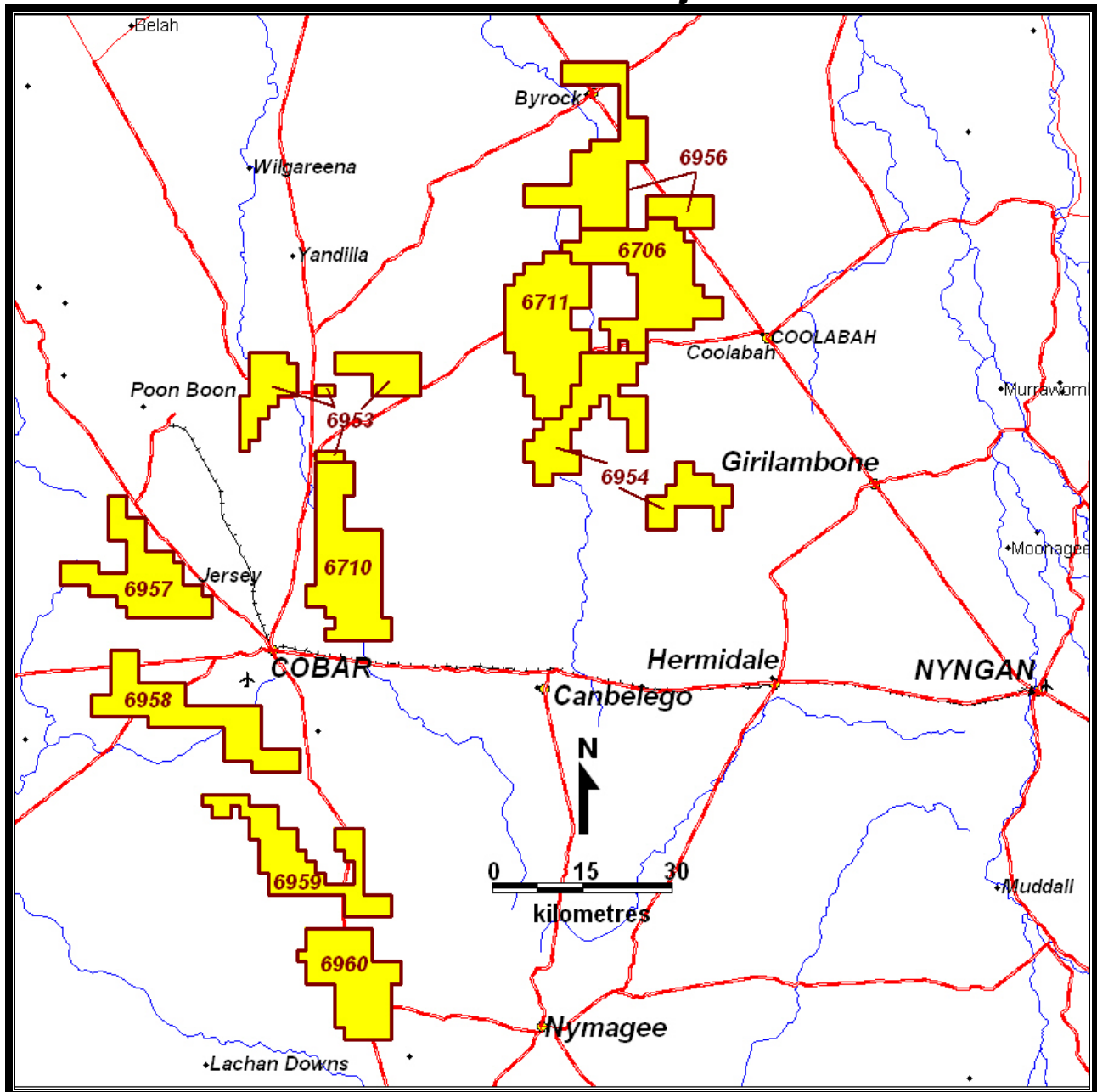
Exploration Licence 6960 (Act '92)

formerly Exploration Licence Application 3240 (Act 1992)

| | |
|-------------------------|---|
| Holder | : PlatSearch NL & Eastern Iron Limited |
| Title Status | : Current |
| Date of Grant | : 30 th November 2007 |
| Due Expiry Date | : 30 th November 2009 |
| Area | : 71 units – as shown on the plan hereunder |
| Location | : About 56.56 kms SSE of Cobar |
| Mineral | : Group 1 (Metallic Minerals) See full details in Annexure 1 at the end of this report. |
| Joint Security | : \$100,000 Cash |
| Expenditure Requirement | : \$55,500 per annum |
| Method/Purpose | : Nil methods excluded |

6. INDEPENDENT REVIEW OF TENEMENTS

Location Plan Cobar Project Titles



Main Line Project

Exploration Licence 6961 (Act '92) formerly Exploration Licence Application 3241 (Act 1992)

| | |
|-----------------|---|
| Holder | : PlatSearch NL & Eastern Iron Limited |
| Title Status | : Current |
| Date of Grant | : 30 th November 2007 |
| Due Expiry Date | : 30 th November 2009 |
| Area | : 89 units – as shown on the plan hereunder |
| Location | : About 7.17 kms ENE of Mt Hope |
| Mineral | : Group 1 (Metallic Minerals) See full details in Annexure 1 at the end of this report. |
| Joint Security | : \$100,000 Cash |

6. INDEPENDENT REVIEW OF TENEMENTS

Expenditure Requirement : \$64,500 per annum
Method/Purpose : Nil methods excluded

Exploration Licence 6962 (Act '92) **formerly Exploration Licence Application 3242 (Act 1992)**

Holder : PlatSearch NL & Eastern Iron Limited
Title Status : Current
Date of Grant : 30th November 2007
Due Expiry Date : 30th November 2009
Area : 91 units in 2 parts – as shown on the plan hereunder
Location : About 40.11 kms NNE of Lake Cargelligo
Mineral : Group 1 (Metallic Minerals) See full details in Annexure 1 at the end of this report.
Joint Security : \$100,000 Cash
Expenditure Requirement : \$65,500 per annum
Method/Purpose : Nil methods excluded

Exploration Licence 6952 (Act '92) **formerly Exploration Licence Application 3233 (Act 1992)**

Holder : PlatSearch NL & Eastern Iron Limited
Title Status : Current
Date of Grant : 30th November 2007
Due Expiry Date : 30th November 2009
Area : 91 units in 2 parts – as shown on the plan hereunder
Location : About 37.61 kms WNW of Condobolin
Mineral : Group 1 (Metallic Minerals) See full details in Annexure 1 at the end of this report.
Joint Security : \$100,000 Cash
Expenditure Requirement : \$65,500 per annum
Method/Purpose : Nil methods excluded

Exploration Licence 6671 (Act '92) **formerly Exploration Licence Application 2820 (Act 1992)**

Holder : PlatSearch NL & Eastern Iron Limited
Title Status : Current
Date of Grant : 5th December 2006
Due Expiry Date : 4th December 2008
Area : 99 units – as shown on the plan hereunder
Location : About 37.92 kms WNW of Condobolin
Mineral : Group 1 (Metallic Minerals) See full details in Annexure 1 at the end of this report.
Joint Security : \$100,000 Cash
Expenditure Requirement : \$69,500 per annum
Method/Purpose : Nil methods excluded

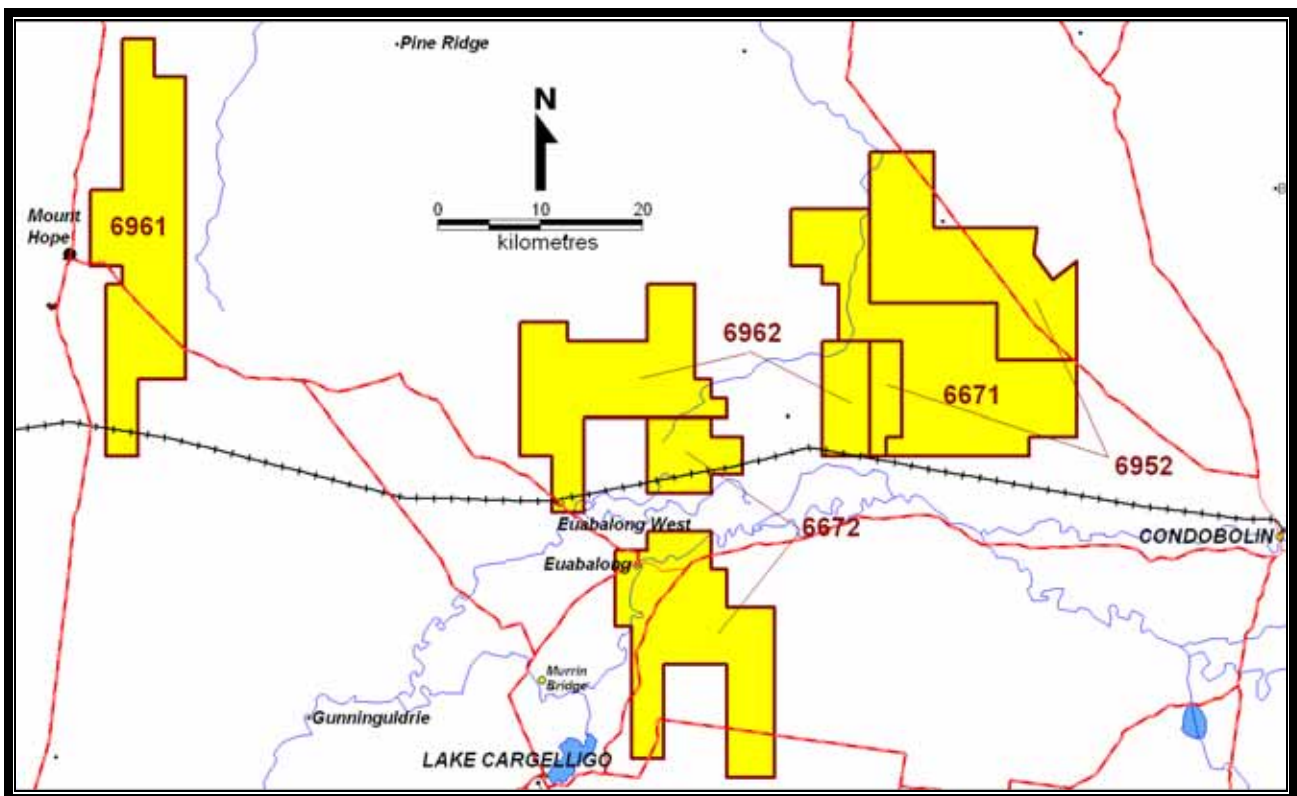
Exploration Licence 6672 (Act '92) **formerly Exploration Licence Application 2821 (Act 1992)**

Holder : PlatSearch NL & Eastern Iron Limited
Title Status : Current
Date of Grant : 5th December 2006
Due Expiry Date : 4th December 2008

6. INDEPENDENT REVIEW OF TENEMENTS

| | |
|-------------------------|---|
| Area | : 100 units in 2 parts – as shown on the plan hereunder |
| Location | : About 23.44 kms NW of Lake Cargelligo |
| Mineral | : Group 1 (Metallic Minerals) See full details in Annexure 1 at the end of this report. |
| Joint Security | : \$100,000 Cash |
| Expenditure Requirement | : \$70,000 per annum |
| Method/Purpose | : Nil methods excluded |

Location Plan Main Line Project Titles



Searches of the records and spatial databases maintained by the National Native Title Tribunal have shown that at present there are no claims or applications for claims under the Commonwealth Native Title Act 1993 affecting any of the licences in this report. The exploration licences however have been granted on the basis that the licence holder is required to address the provisions of the right to negotiate process under the Commonwealth Native Title Act 1993, as a prerequisite to conducting operations on any land which has the potential to be claimable under the said Act. This could include small areas of land subject to travelling stock reserves, state forest areas and various other classes of Crown Land whether occupied or unoccupied. The licensee as a matter of good working practice would be undertaking searches of areas of interest in advance of exploration activities in order to enter into access and compensation agreements with the owners and occupiers. If land of the nature hereinbefore described is identified as being of exploration interest appropriate action would then be taken by the licence holder to address the RTN provisions as required by the Mining Act 1992 and the terms and conditions of the exploration licences.

6. INDEPENDENT REVIEW OF TENEMENTS

Title Schedule Cobar Project Titles

| Title Number | Status | Holder/Applicant | Location about | Interests in Titles |
|--------------|-----------------------|--------------------------------------|------------------------|--|
| EL 6956 | Current to 30/11/2009 | PlatSearch NL & Eastern Iron Limited | 88.27 kms SE of Bourke | 80% Eastern Iron Limited & 20% PlatSearch NL – subject to JV terms |
| EL 6706 | Current to 22/01/2009 | ” | 89.13 kms NE of Cobar | ” |
| EL 6711 | Current to 31/01/2009 | ” | 71.21 kms NE of Cobar | ” |
| EL 6953 | Current to 30/11/2009 | ” | 41.94 kms NNE of Cobar | ” |
| EL 6710 | Current to 31/01/2009 | ” | 19.62 kms NE of Cobar | ” |
| EL 6954 | Current to 30/11/2009 | ” | 69.75 kms ENE of Cobar | ” |
| EL 6957 | Current to 30/11/2009 | ” | 24.93 kms WNW of Cobar | ” |
| EL 6958 | Current to 30/11/2009 | ” | 17.48 kms SW of Cobar | ” |
| EL 6959 | Current to 30/11/2009 | ” | 35.05 kms S of Cobar | ” |
| EL 6960 | Current to 30/11/2009 | ” | 56.56 kms SSE of Cobar | ” |

Main Line Project Titles

| Title Number | Status | Holder/Applicant | Location about | Interests in Titles |
|--------------|-----------------------|--------------------------------------|----------------------------------|--|
| EL 6961 | Current to 30/11/2009 | PlatSearch NL & Eastern Iron Limited | 7.17 kms ENE of Mt Hope | 80% Eastern Iron Limited & 20% PlatSearch NL – subject to JV terms |
| EL 6962 | Current to 30/11/2009 | ” | 40.11 kms NNE of Lake Cargelligo | ” |
| EL 6952 | Current to 30/11/2009 | ” | 37.61 kms WNW of Condobolin | ” |
| EL 6671 | Current to 4/12/2008 | ” | 37.92 kms WNW of Condobolin | ” |
| EL 6672 | Current to 4/12/2008 | ” | 23.44 kms NW of Lake Cargelligo | ” |

Schedule to report

1. Aboriginal Heritage

There may be sites of Aboriginal heritage or significance located on the land on which the Authorities are situated.

In New South Wales the National Parks & Wildlife Act 1974 (NPWA) covers the major requirements for protection of Aboriginal objects, Aboriginal places and Aboriginal remains under Part 6 of the NPWA Sections 86 to 91 inclusive. It is an offence to knowingly destroy, deface or damage an Aboriginal object, place or remains without the consent of the Director-General of the

Department of Environment and Conservation (DEC) in accordance with the provisions of Section 90 of the NPWA.

2. Native Title - Generally

On 3 June 1992 the High Court of Australia held in *Mabo -v- Queensland* that the common law of Australia recognises a form of native title. In order to maintain a native title claim the persons making such claim must show that they enjoyed certain customary rights and privileges in respect of a particular area of land and that they have maintained their traditional connection with that land. Such a claim will not be recognised if the native title has been extinguished, either by

6. INDEPENDENT REVIEW OF TENEMENTS

voluntary surrender to the Crown, death of the last survivor of a community entitled to native title, abandonment of the land in question by that community or the granting of an “inconsistent interest” in the land by the Crown. An example of inconsistent interest would be the granting of a freehold or some types of leasehold interest in the land. The granting of a lesser form of interest will not extinguish native title unless it is wholly inconsistent with native title.

The Commonwealth Parliament responded to the Mabo decision by passing the Native Title Act 1993 (Commonwealth Act). Amongst other things, the Commonwealth Act:

- (a) regulates the recognition and protection of native title;
- (b) confirms the validity of titles granted by the Federal Government prior to the commencement of that Act on 1 January 1994;
- (c) specifies the procedures to be complied with for certain future acts which affect native title; and
- (d) specifies the procedures by which Aboriginal peoples can claim native title and by which people determined to hold native title holders can claim compensation.

The Commonwealth Act was extensively amended in 1998 by the Native Title Amendment Act 1998. These amendments include the validation of any titles that may have been invalidly granted over pastoral leases and certain other leasehold interests during the period 1 January 1994 to 23 December 1996. Other significant amendments include a revised threshold test for the acceptance of native title claims, confirmation of extinguishment of native title by the grant of “exclusive possession” pastoral leases and certain other leasehold interests and provisions intended to deal with overlapping claims.

The High Court concluded in the Ward decision (8 August 2002) that, amongst other things:

- native title has been wholly extinguished in respect of land the subject of freehold, public works or other previous “exclusive possession” acts, and in respect of minerals and petroleum which are vested in the Crown, as well as various other grants and vestings; and
- native title has been partially extinguished as a result of the grant of “non-exclusive possession” pastoral leases and mining leases, and also as a result of the creation of certain reserves.

We have not researched the underlying land tenure in respect of the Authorities in order to determine the extent of extinguishment for the purposes of this report.

3. Native Title – Native Title Claims

Persons claiming to hold native title may lodge an application for determination of native title (being a native title claim) with the Federal Court. Applications which are lodged with the Federal Court will be referred to the NNTT for the purposes of registration of the claim.

If the Native Title Registrar is satisfied that a claim meets the registration requirements set out in the Commonwealth Act (Registration Test) it will be entered on the Register of Native Title Claims maintained by the NNTT (Register). Claimants of registered claims are afforded certain procedural rights under the Commonwealth Act including the “right to negotiate” (RTN) discussed further below.

Claims which fail to meet the Registration Test are recorded on the Schedule of Applications Received maintained by the NNTT. Such claims may be entered on the Register at a later date if additional information is provided by the claimant that satisfies the Registration Test. Claims which are deregistered will lose the right to negotiate from the date of deregistration but will still remain on foot in the Federal Court until such time as they are determined by the Court.

There are currently no notified claims or applications for claims under the Commonwealth Act. The absence of a claim does not necessarily indicate that no native title exists over the areas. We have not undertaken the considerable historical, anthropological and ethnographic work that would be required to determine the possibility of any further claims in respect of the area of the Authorities being made in the future.

4. Native Title – Validity of Titles

Granted Authorities – New South Wales

- (i) Authorities granted prior to 1 January 1994

Under the Native Title (New South Wales) Act 1994 Authorities granted in New South Wales prior to 1 January 1994 have been validated to the extent that the grant of the Authority may have been invalid as a result of the existence of native title.

- (ii) Authorities granted between 1 January 1994 and 23 December 1996

Under the Native Title (New South Wales) Act 1994, certain acts which took place between 1 January 1994 and 23 December 1996, known as “intermediate period acts” were validated.

- (iii) Authorities granted since 23 December 1996

Authorities affected by native title rights and interests will be valid provided the applicable processes prescribed by the Commonwealth Act were complied with. The Exploration

6. INDEPENDENT REVIEW OF TENEMENTS

Licences were all granted after 23 December 1996. We understand that it has been the practice of the New South Wales Government to comply with these processes but we have not undertaken any independent enquiries to confirm that this is the case.

Future Authority Grants

As stated above, the valid grant of any of the Authorities which may affect native title requires full compliance with the provisions of the Commonwealth Act in addition to compliance with the usual procedures under the relevant State's mining legislation. The primary procedure prescribed under the Commonwealth Act is the "right to negotiate" (RTN) process.

The RTN process involves the publishing of a notice of the proposed grant of an authority or permit followed by a period of negotiation between the relevant State Government, the authority applicant and the relevant registered native title claimant. If agreement is not reached to enable the grant to occur, the matter may be referred to arbitration before the **NNTT**, which has a further period of time to reach a decision. The decision of the **NNTT** may be reviewed by the relevant Federal Minister.

The RTN process does not necessarily have to be pursued in cases where either the explorer has previously entered into an agreement with the native title claimants which facilitates the grant of future Authorities, or where an indigenous land use agreement (**ILUA**) is negotiated with the relevant Aboriginal people and registered with the **NNTT**. In such cases, the procedures prescribed by the **ILUA** must be followed to obtain the valid grant of the authority. These procedures will vary depending on the terms of the relevant **ILUA**.

5. Risk Factors

The existence of native title and/or native title claims in relation to the land the subject of the Authorities may have an adverse impact on the Company's activities and its ability to fund those activities. It is impossible at this stage to quantify the impact that these matters may have on the Company's operations but the main risks include:

- (a) Delays or difficulties in obtaining the grant of the applications for Authorities, renewals or conversions of the Authorities, or further applications, as a result of the right to negotiate process, as this process can take as long as 2 years.
- (b) Compensation may be payable by the Company as a result of agreements made pursuant to the right to negotiate or alternative process or as a result of a compensation order made by the Federal Court in the event native title has been determined to exist. The amount

of such compensation is not quantifiable at this stage.

- (c) If native title is found to exist the nature of the native title may be such that consent to mining is required from the native title holders but is withheld or only granted on conditions unacceptable to the Company.
- (d) The risk that Aboriginal sites and objects exist on the land the subject of the Authorities, the existence of which sites and objects may preclude or limit mining activities in certain areas of the Authorities. Further, the disturbance of such sites and objects is likely to be an offence under the applicable legislation, exposing the Company to fines and other penalties.

6. State Forests & Exempt Lands in Authorities

The licence holder must not commence prospecting operations in an exempted area under the Act without obtaining prior written consent from the Minister.

"EXEMPTED AREAS" UNDER THE ACT ARE LANDS SET ASIDE FOR PUBLIC PURPOSES. THEY INCLUDE TRAVELLING STOCK RESERVES, ROAD RESERVES, WATER SUPPLY RESERVES, STATE FORESTS, AND PUBLIC RESERVES AND PERMANENT COMMONS. UNDER SECTION 30 OF THE ACT THE "EXERCISE OF RIGHTS" UNDER AN EXPLORATION LICENCE IS SUBJECT TO THE CONSENT OF THE MINISTER. THE "EXERCISE OF RIGHTS" INCLUDES THE RIGHT TO CONDUCT PROSPECTING OPERATIONS. THE MINISTER'S CONSENT REQUIRES ASSESSMENT AND DETERMINATION UNDER PART 5 OF THE ENVIRONMENT PLANNING & ASSESSMENT ACT 1979 – SEE NOTES LICENCE CONDITIONS MINING ACT 1992 AT FOOT OF THIS REPORT

7. Access and Compensation - Authorities

Under the provisions of the Mining Act 1992 as amended, the holder of an authority is required prior to the commencement of operations to reach agreement with the owner /occupier of the land or alternatively to have the terms of access determined by arbitration (Section 140 Mining Act 1992). Any owner/occupier is entitled in addition to compensation for all compensable loss caused to such land by exploration activities (Section 263 Mining Act 1992). In the event that no access agreement is reached with owner/occupier and the matter is determined by arbitration, the arbitration will include compensation for compensable loss. In the event of dispute on the terms of access

6. INDEPENDENT REVIEW OF TENEMENTS

determined by arbitration the matter may be referred to the Mining Warden for review.

8. Renewals of Exploration Licences

Exploration licences are granted for a term normally of 2 years. A renewal may be lodged in the period 1 to 2 months prior to expiry of the licence, the renewal is normally for no more than 50% of the area as currently held and in no more than 5 separate parts.

An application for renewal of an area greater than 50% of the area as held may be considered where the holder can demonstrate that special circumstances exist which warrant consideration of a renewal for an area greater than 50% (inability to obtain access, the exploration program has shown that mineralisation extends over a larger area, work in hand incomplete etc).

Renewal is normally for an additional 2 years; further renewals can be applied for as required. The holder of an Exploration Licence has the exclusive right to apply for mining leases over land within his licence during the term of the authority for the minerals held under that licence. The application for a mining lease is subsequently considered on its merits and the grant of a lease is not an automatic entitlement.

9. Qualifications

While the status of the Authorities is dealt with in detail in the Schedule above, we point out, that:

- (a) we have assumed the results of the searches which we have made or caused to be made of the Registers established and maintained pursuant to the New South Wales Mining Act 1992, as amended are accurate;
- (b) we have relied on the accuracy of the Registers maintained by DPI and the NNTT, and
- (c) the holding of the Authorities is subject to compliance with their terms and conditions and the provisions of the New South Wales Mining Act 1992, as amended.

10. Consent

This report is given solely for the benefit of the Company and the directors of the Company in connection with the issue of the Prospectus and is not to be relied on or disclosed to any other person or used for any other purpose or quoted or referred to in any public document or filed with any government body or other person without our prior consent.

AMTS Pty Ltd has consented to the inclusion of this report in the Prospectus in the form and context in which it is included and has not withdrawn that consent before the lodgement of the Prospectus with the Australian Securities & Investments Commission.

11. Agreements

Joint Venture Agreement

PlatSearch NL and Eastern Iron Limited have entered into an agreement known as the Eastern Iron Project Sale and Joint Venture Agreement on 30th January 2008, which covers all of the titles mentioned in this report. Pursuant to this agreement Eastern Iron Limited will acquire, on approval to list, 80% equity in the various licences subject to the provisions of the joint venture agreement. Full details of the Joint Venture agreement are included in Section 9.5 (a) of the prospectus. The agreement has been formally recorded against the various authorities under the provisions of Section 161 of the Mining Act 1992 as amended as at 5th February 2008

Yours faithfully



Bob Harrison
AMTS Pty Limited

Annexure

1. Group 1 minerals (Metallic Minerals)

Antimony, arsenic, bismuth, cadmium, caesium, chromite, cobalt, columbium, copper, galena, germanium, gold, indium, iron minerals, lead, lithium, manganese, mercury, molybdenite, nickel, niobium, platinum group minerals, platinum, rare earth minerals, rubidium, scandium and its ores, selenium, silver, sulphur, tantalum, thorium, tin, tungsten and its ores, vanadium, zinc, zirconia.

LICENCE CONDITIONS

MINING ACT 1992

Certain categories of exploration require additional consents and approvals prior to commencement of operations as per the following definitions and conditions of the licences:

6. INDEPENDENT REVIEW OF TENEMENTS

Exploration Licence Conditions 2007 - Definitions

DEFINITIONS

1 Categories of Prospecting Operations

Three categories of prospecting operations are defined under this licence, as follows:

Category 1: Reconnaissance and low intensity activities, including:

- (a) Geological mapping
- (b) Airborne surveys
- (c) Sampling and coring using hand held equipment
- (d) Geophysical surveys and downhole logging, but not seismic surveys
- (e) Shallow reconnaissance drilling involving no more than minimal site preparation
- (f) Minor clearing or cutting of native vegetation
- (g) Minor excavations excluding costeaning or bulk sampling
- (h) Vehicle access that does not require construction of new tracks

Category 2: Operations which have potential for moderate disturbance to the land surface, native vegetation or other environmental value, including:

- (a) Operations under Category 1 (c) to (h) within or adjacent to Sensitive Areas*
- (b) Operations under Category 1 (c) to (h) of a concentrated or cumulative nature
- (c) Seismic surveys
- (d) Excavating or bulk sampling not exceeding 60 cubic metres
- (e) Non-intensive drilling involving no more than moderate site preparation, excluding drilling holes exceeding 400 millimetre diameter
- (f) Camp construction
- (g) Access tracks, drill pads or line clearing involving no more than moderate native vegetation disturbance

Category 3: Operations which have potential to cause significant environmental impact involving, for example, considerable land surface disturbance or native vegetation clearing, including:

- (a) Operations under Category 2 (c) to (g) within or adjacent to Sensitive Areas*
- (b) Operations under Category 2 (c) to (g) of a concentrated or cumulative nature
- (c) Excavations or bulk sampling in excess of 60 cubic metres
- (d) Shaft sinking or tunnelling
- (e) Drilling holes in excess of 400 millimetre diameter

- (f) Intensive drilling, such as for resource definition purposes.
- (g) Access tracks involving formed construction

* SEE DEFINITION 2 FOR SENSITIVE AREAS

2 Sensitive Areas

For the purposes of the licence, **Sensitive Areas** include the following:

- (a) land reserved as a State Conservation Area under the *National Parks and Wildlife Act 1974*;
- (b) land declared as an Aboriginal place under the *National Parks and Wildlife Act 1974*;
- (c) land identified as wilderness under the *Wilderness Act 1987*;
- (d) land subject to a 'conservation agreement' under the *National Parks and Wildlife Act 1974*;
- (e) land acquired by the Minister for the Environment under Part 11 of the *National Parks and Wildlife Act 1974*;
- (f) land proposed to be reserved as a national park or nature reserve under the *National Parks and Wildlife Act 1974*.
- (g) land within State forests mapped as Forestry Management Zone 1, 2 or 3;
- (h) wetlands mapped under SEPP 14 - Coastal Wetlands;
- (i) wetlands listed under the Ramsar Wetlands Convention;
- (j) lands mapped under SEPP 26 - Littoral Rainforests;
- (k) areas listed on the Register of National Estate;
- (l) areas listed under the *Heritage Act 1977* for which a plan of management has been prepared;
- (m) land declared as critical habitat under the *Threatened Species Conservation Act 1995*;
- (n) land within a restricted area prescribed by a controlling water authority;
- (o) land reserved or dedicated under the Crown Lands Act 1989 for the preservation of flora, fauna, geological formations or other environmental protection purpose; and
- (p) any other land identified as Sensitive Land by the Department

It should be noted that some of these areas are also "exempted areas" under the Act.

3 Other Definitions

"Act" means the Mining Act 1992

"Department" means the Department of Primary Industries

"Minister" means the Minister administering the Mining Act 1992

"Wetlands" means wetlands mapped as such under State Environmental Planning Policy No 14 -- Coastal Wetlands

6. INDEPENDENT REVIEW OF TENEMENTS

EXPLORATION LICENCE CONDITIONS 2007

Section A APPROVAL OF PROSPECTING OPERATIONS

Condition 1 Prospecting Operations Permitted under the Licence

The prospecting operations listed in Category 1 may be conducted on the licence area provided that:

- (a) the operations do not cause more than minimal impact on the environment, taking into account the sensitivity of the local environment to disturbance;
- (b) the operations do not cause harm to any threatened species, population or ecological community, or their habitats, including critical habitat;
- (c) the operations do not cause damage to Aboriginal objects or Aboriginal places;
- (d) the operations do not cause damage to the values and features listed in section 238 of the Act;
- (e) the requirements of section 30 of the Act are met, if relevant; and
- (f) the requirements of all State conservation, threatened species, environmental protection, heritage and related legislation are met.

Condition 2 Prospecting Operations Requiring Further Approval

All prospecting operations not covered by Condition 1 require additional approval. Such operations comprise:

- (a) prospecting operations listed in Category 1 where the provisos listed under Condition 1 cannot be satisfied;
- (b) prospecting operations listed in Category 2 or 3; and
- (c) surface disturbing prospecting operations not listed in Categories 1, 2 or 3.

All such prospecting operations require prior notification on a Surface Disturbance Notice form to the Department.

Approval by the Department requires assessment and determination under Part 5 of the Environmental Planning and Assessment Act 1979 (EP&A Act).

In the case of prospecting operations listed in Category 3, a review of environmental factors (REF) must be prepared, and must accompany the Surface Disturbance Notice. In respect of prospecting operations not listed under Category 3, the Department, after consideration of the completed Surface Disturbance Notice form, will determine

whether a REF must be prepared and notify the licence holder in writing. Any REF must be prepared in accordance with Departmental guidelines. If the impact of prospecting operations on the environment is determined as likely to be significant in terms of Part 5 of the EP&A Act, then the Department will require the licence holder to submit an Environmental Impact Statement (EIS).

The licence holder must not commence the operations without prior written approval from the Department.

Section B SPECIAL AREA CONDITIONS

Condition 3 Exempt Areas

The licence holder must not commence prospecting operations in an exempted area under the Act without obtaining prior written consent from the Minister.

"Exempted areas" under the Act are lands set aside for public purposes. They include travelling stock reserves, road reserves, water supply reserves, State forests, and public reserves and permanent commons. Under Section 30 of the Act the "exercise of rights" under an exploration licence is subject to the consent of the Minister. The "exercise of rights" includes the right to conduct prospecting operations. The Minister's consent requires assessment and determination under Part 5 of the EP&A Act.

Applications for the Minister's consent to exercise rights under the licence may address Category 1 prospecting operations only, or may also address prospecting operations requiring further approval under Condition 2. If an application for the Minister's consent is submitted in terms of Category 1 prospecting operations only, then if granted it will contain a condition requiring approval of further prospecting operations under Condition 2. If the application also addresses prospecting operations requiring further approval under Condition 2, then it will satisfy the requirements of Condition 2 for prior notification to and approval by the Department of those operations. The Minister's consent may be granted subject to conditions.

Applications for the Minister's consent to exercise rights under the licence are to be submitted to the Titles Program, accompanied by any necessary Surface Disturbance Notice form, REF or EIS (see Condition 2). Inclusion of the views and requirements of the agency or council controlling the exempted area will speed up the consent process.

Condition 8 Native title Areas

The licence holder must not prospect on any land or waters on which native title exists without the prior written consent of the Minister.

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7. INDEPENDENT ACCOUNTANT'S REPORT

BARNES DOWELL JAMES

Incorporating P J Hennessy & Co

CHARTERED ACCOUNTANTS

MN:SM

7 March 2008

The Directors
Eastern Iron Limited
PO Box 956
Crows Nest, NSW 1585

Partners

C H Barnes FCA

A J Dowell CA

M W James CA

B Kolevski (Affiliate ICAA)

Associate

M A Nakkan CA

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Dear Sirs and Madam,

INDEPENDENT ACCOUNTANT'S REPORT

This report has been prepared, at your request, for inclusion in a Prospectus to be issued by Eastern Iron Limited ("Eastern Iron") dated on or about 11 March 2008 in relation to the issue of up to 25,000,000 Shares in Eastern Iron at an issue price of 20 cents each with a minimum subscription of \$2,500,000.

Scope of our Report

You have requested that Barnes Dowell James report on whether anything has come to our attention that would indicate that the financial information disclosed in Section 7 Appendix A of the Prospectus does not present fairly:

- Eastern Iron's results for the period from 23 July 2007 (being the date of registration of Eastern Iron as a company) to 31 December 2007; and
- Eastern Iron's assets and liabilities as at 31 December 2007, both historical and assuming that the Offer and all of the transactions outlined in Section 2 of the Prospectus had taken place on that date.

This financial information has been reproduced at Appendix A to this report, including the financial reporting framework and details of adjustments to the historical financial position.

The Directors of Eastern Iron are responsible for the preparation and presentation of the financial information as set out in the Prospectus, including the assumptions detailed on which they are based.

In our role as Independent Accountant in relation to the Prospectus, we have reviewed this financial information in accordance with Australian auditing standards applicable to review engagements, in particular Auditing Standard AUS 902 – Review of Financial Reports. Such a review is limited primarily to inquiries of Eastern Iron's Directors and analytical procedures applied to the financial information. These procedures do not provide all of the evidence that would be required in an audit and, accordingly, we do not express an audit opinion.

Expressions used in this report that are defined in the Prospectus have the same meaning as in the Prospectus.

7. INDEPENDENT ACCOUNTANT'S REPORT

Financial Information

The historical financial information has been derived from Eastern Iron's unaudited financial statements for the period from 23 July 2007 to 31 December 2007.

Eastern Iron's proforma balance sheet as at 31 December 2007 reflects the completion of the Offer as though it had taken place on 31 December 2007, and;

- (a) To reflect the completion of the Minimum Subscription under the Offer, includes the following transactions:
- The issue of 12,500,000 shares for \$0.20 each, being the Minimum Subscription under the Offer; and
 - Costs of \$262,000 associated with the issue; and
- (b) To reflect the acceptance of the Maximum subscription under the Offer, includes the following transactions:
- The issue of a further 12,500,000 Shares for \$0.20 each, being the Maximum Subscription under the Offer; and
 - Further costs of \$132,000 associated with the issue.

Subsequent Events

To the best of our knowledge and belief, there have been no material items, transactions or events, outside the ordinary course of Eastern Iron's business, that have occurred subsequent to 31 December 2007 which are not otherwise disclosed in the Prospectus that require comment upon or adjustment to the information referred to in this report or which would cause such information to be misleading or deceptive.

Independence

Barnes Dowell James does not have any interest in the outcome of the Offer other than in connection with the preparation of this report and participation in the due diligence procedures for which normal professional fees will be received.

Yours faithfully,
BARNES DOWELL JAMES



A.J. DOWELL
Partner

7. INDEPENDENT ACCOUNTANT'S REPORT

Eastern Iron Limited - APPENDIX A

Balance Sheet as at 31 December 2007

Set out below is Eastern Iron's unaudited balance sheet as at 31 December 2007 and its proforma balance sheets as at 31 December 2007, incorporating the transactions in Note 3.

The proforma balance sheets show Eastern Iron's financial position on the assumption that the Subscription is taken up under the Offer.

| | Historical | Proforma Minimum Subscription | Proforma Maximum Subscription |
|--|------------------|-------------------------------------|-------------------------------------|
| | 31 December 2007 | 31 December 2007 | 31 December 2007 |
| | \$ | \$ | \$ |
| ASSETS | | | |
| Current Assets | | | |
| Cash | 123,266 | 2,361,266 | 4,729,266 |
| Receivables | 6,786 | 6,786 | 6,786 |
| Prepayments | 2,019 | 2,019 | 2,019 |
| Total Current Assets | 132,071 | 2,370,071 | 4,738,071 |
| Non Current Assets | | | |
| Fixed Assets | 373 | 373 | 373 |
| Tenement Security Deposits | 100,000 | 100,000 | 100,000 |
| Deferred Exploration and Evaluation Expenditure | 35,629 | 370,629 | 370,629 |
| Total Non Current Assets | 136,002 | 471,002 | 471,002 |
| Total Assets | 268,073 | 2,841,073 | 5,209,073 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and Other Payables | 13,899 | 5,499 | 5,499 |
| Loan from Parent Company | 100,010 | 100,010 | 100,010 |
| Total Current Liabilities | 113,909 | 105,509 | 105,509 |
| Total Liabilities | 113,909 | 105,509 | 105,509 |
| Net Assets | 154,164 | 2,735,564 | 5,103,564 |
| Shareholders' Equity | | | |
| Issued Capital | 191,690 | 2,773,090 | 5,141,090 |
| Reserves | 800 | 6,175 | 6,175 |
| Accumulated losses | (38,326) | (43,701) | (43,701) |
| TOTAL EQUITY | 154,164 | 2,735,564 | 5,103,564 |

The historical and proforma statements of financial position should be read in conjunction with the accompanying notes.

7. INDEPENDENT ACCOUNTANT'S REPORT

EASTERN IRON LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Financial Reporting Framework

The financial information included in this report has been prepared in accordance with applicable accounting standards and other mandatory professional reporting requirements.

The financial information has been prepared on the basis of historical costs and does not take into account changing money values or current valuations of non current assets. Cost is based on fair values of the consideration given in exchange for assets.

The following significant accounting policies have been adopted in the preparation and presentation of the financial information and will be used in the preparation of subsequent financial reports.

a) Share issue costs

Costs incurred directly attributable to the issue of Shares are deducted from the proceeds of the issue.

b) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure is considered separately for each area of interest.

Exploration and evaluation expenditure related to an area of interest will be written off as incurred, except that it may be carried forward providing that rights to tenure of the area of interest are current and provided further that at least one of the following conditions is met:

- (i) Such expenditure is expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale: and
- (ii) Exploration and evaluation activities in the area of interest have not, at balance date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Impact of Adopting Australian Equivalent to International Financial Reporting Standards

The Company is required to prepare financial statements that comply with Australian equivalents to International Financial Reporting Standards (A-IFRS) for annual reporting periods beginning on or after 1 January 2005.

Accordingly, the above balance sheet at 31 December 2007 is prepared under A-IFRS.

Capitalised Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred by or on behalf of the Company is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific connection with a particular area of interest. This policy is in line with the requirements of AASB 6.

Exploration and evaluation costs in relation to separate areas of interest for which rights of tenure are current are brought to account in the year in which they are incurred and carried forward provided that:

- (a) such costs are expected to be recouped through successful development and exploitation of the area, or alternatively through its sale; or
- (b) exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Accumulated costs in respect of areas of interest are written off in the Income Statement when the above criteria do not apply or when the Directors assess that the carrying value may exceed the recoverable amount. The costs of productive areas are amortised over the life of the area of interest to which such costs relate on the production output basis.

7. INDEPENDENT ACCOUNTANT'S REPORT

Once a development decision has been taken, all past and future exploration and evaluation expenditure in respect of the area of interest is aggregated within costs of development.

Impairment Testing

Under A-IFRS all current and non-current assets are subject to impairment testing. The Company has tested the values attributed to assets when impairment is indicated. Such testing will require the Company to identify the smallest group of assets generating independent cash inflows, called cash generating units ("CGUs") and determine the recoverable amount for each CGU. Recoverable amounts are determined using the higher of either value in use calculated using reliable estimates of future discounted cash flows, or fair values. Where the carrying amount of CGU exceeds the recoverable amount, an impairment loss exists which will be recognised in the statement of income. The Company has determined that there will be no impact from impairment required. It is not practicable to determine the impact of the change in accounting policy for future financial reports, as any impairment or reversal thereof will be affected by future conditions.

2. INCOME STATEMENT

The income statements shown below have been summarised from the Company's unaudited financial statements for the period ended 31 December 2007.

| | Historical 31 December 2007 | Proforma Minimum and Maximum Subscription 31 December 2007 |
|---|--------------------------------|---|
| | \$ | \$ |
| Income | 12 | 12 |
| Less: Expenses | | |
| Administration Costs | | |
| - Accounting Fees | 12,562 | 12,562 |
| - Consultancy Fees | 21,963 | 21,963 |
| - Rent | 2,000 | 2,000 |
| - Other Costs | 1,013 | 1,013 |
| Option based payment (note 5) | 800 | 6,175 |
| Total Expenses | 38,338 | 43,713 |
| Loss for the Period | 38,326 | 43,701 |
| Accumulated Losses brought forward | - | - |
| Accumulated Losses carried forward | 38,326 | 43,701 |

3. PROFORMA BALANCE SHEET

The proforma statement of financial position as at 31 December 2007 that reflects the completion of the Maximum Subscription under the Offer as though it had taken place on 31 December 2007 (Proforma Maximum Subscription) includes the following transactions:

- (a) The issue of 25,000,000 Shares for \$0.20 each; and
- (b) Costs of \$394,000 associated with the Issue

7. INDEPENDENT ACCOUNTANT'S REPORT

4. ISSUED CAPITAL

| | Number of Shares | \$ |
|---|-------------------|------------------|
| (a) On the assumption that the Minimum Subscription is taken up under the Offer | | |
| Shares on issue at 31 December 2007 | 10,000,000 | 191,690 |
| Shares issued on 30 January 2008 * | 11,000,000 | 330,000 |
| Reverse accrued costs associated with issue | | 8,400 |
| Shares on issue at date of the Offer | 21,000,000 | 530,090 |
| Option issue consideration * | | 5,000 |
| Shares issued pursuant to the Prospectus | 12,500,000 | 2,500,000 |
| Less: Costs associated with the issue | | (262,000) |
| Total Issued Capital | 33,500,000 | 2,773,090 |
| (b) On the assumption that the Maximum Subscription is taken up under the Offer | | |
| Shares on issue at 31 December 2007 | 10,000,000 | 191,690 |
| Shares issued on 30 January 2008 * | 11,000,000 | 330,000 |
| Reverse accrued costs associated with issue | | 8,400 |
| Shares on issue at date of the Offer | 21,000,000 | 530,090 |
| Option issue consideration * | | 5,000 |
| Shares issued pursuant to the Prospectus | 25,000,000 | 5,000,000 |
| Less: Costs associated with the issue | | (394,000) |
| Total Issued Capital | 46,000,000 | 5,141,090 |

* Issue of 11,000,000 Shares for \$330,000 and 5,000,000 Options for \$5,000 as per agreement with PlatSearch NL.

5. ISSUE OF OPTIONS AND PROPOSED ISSUE OF OPTIONS

The Options have been valued at \$0.0025 each using the Black & Scholes model of valuation. The key assumptions used in the model are as follows:

| | |
|---|------------------|
| Valuation Date | 19 December 2007 |
| Exercise Price | 25.0 cents |
| Expiry Date | 19 December 2010 |
| Price at date of issue (valuation date) | 2.0 cents |
| Risk-Free Rate * | 6.51% |
| Volatility | 120.00% |
| Illiquidity Discount | 50% |
| Value of Options (discount applied) | \$0.0025 |

* Based on the five-year Government Bond rate

Included are the following options expensed to Directors and Consultants in December 2007 and February 2008.

7. INDEPENDENT ACCOUNTANT'S REPORT

| Optionholder | Number of Options | \$ |
|---|--------------------------|--------------|
| Peter M Buckley | 1,000,000 | 2,500 |
| Accord Capital Investors Pty Ltd (Glenn E Goodacre) | 500,000 | 1,250 |
| Wendy L Corbett | 250,000 | 625 |
| Warinco Services Pty Limited | 200,000 | 500 |
| Robert L Richardson | 200,000 | 500 |
| Raymond J Soper (a director of PlatSearch NL) | 200,000 | 500 |
| Michelle C Lilley | 100,000 | 250 |
| Robin A Catalano | 20,000 | 50 |
| Total | 2,470,000 | 6,175 |

In addition it is proposed that Oakhill Hamilton Pty Ltd be issued 300,000 Options (value \$750), which are to be issued prior to the listing date, if the IPO raising is successful.

It is also proposed to issue 1,500,000 options to the Broker to the Issue at the date the Shares under the Offer are issued (exercise price 25 cents each, with an expiry date of 19 December 2010).

6. FINANCIAL REPORTING BY SEGMENTS

The Company currently operates solely in the resources industry in Australia.

8. THE RISKS

8.1 INTRODUCTION

The Shares offered under this Prospectus should be considered speculative because of the nature of the business activities of the Company. Whilst the Directors commend the Offer, potential investors should be aware that an investment in the Company involves risks which may be higher than the risks associated with an investment in other companies.

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There is also a range of specific risks associated with the Company's business and its involvement in the exploration industry. These risk factors are largely beyond the control of the Company and its Directors because of the nature of the proposed business of the Company.

Persons considering whether or not to invest in the Company should read the whole of this Prospectus in order to fully appreciate such matters and the manner in which the Company intends to operate, before any decision is made to apply for Shares. Prospective investors should consider whether the Shares offered are a suitable investment for them having regard to their own personal investment objectives and financial circumstances and the risk factors set out below. If in any doubt, they should consult with their professional advisors before deciding whether to apply for Shares.

The following statement, which is not exhaustive, identifies some of the major risks associated with an investment in the Company, of which potential investors need to be aware before making a decision on whether or not to invest in the Company's Shares.

8.2 GENERAL RISKS

(a) Exploration and Development

A significant risk for the Company is that the proposed exploration programmes will not result in exploration success. Mineral exploration by its nature is a high risk endeavour and consequently there can be no assurance that exploration of the project areas described in this Prospectus, or any other projects that may be acquired in the future, will result in discovery of an economic mineral deposit. Should a discovery be made, there is no guarantee that it will be commercially viable. While the Directors will make every effort to reduce these risks through their experience in the exploration and mining industry, the fact remains that a commercially viable mineral discovery is very much the exception rather than the rule and success can never be guaranteed.

The future viability and profitability of the Company as an exploration and mining company will be dependent on a number of factors including, but not limited to, the following:

- commodity prices and exchange rates and, in particular, the price of iron, gold, antimony, copper, silver, lead, zinc, molybdenum, tin, tungsten and rare earth elements;
- risks inherent in exploration and mining including, among other things, successful exploration and identification of ore reserves, satisfactory performance of mining operations (including risks relating to continuity of ore deposit, fluctuations in grades and values of the product being mined, and unforeseen operational and technical problems) and competent management;
- risks associated with negative exploration results, including relinquishment (in whole or in part) of Tenements and the Company possibly withdrawing from a joint venture or not exercising an option to acquire equity, even though a viable mineral deposit may be present, but undiscovered;
- risks associated with obtaining grant of any exploration or mining Tenements which are applications or renewal of Tenements upon expiry of their current term. As discussed in the Independent Review of Tenements Report in Section 6 of this Prospectus an Exploration Licence holder may apply for a Mining Lease, however, the grant of a Mining Lease is not an automatic entitlement;
- risks arising because of native title and aboriginal land rights which may affect the Company's ability to gain access to prospective exploration areas to obtain production titles; compensatory obligations may be necessary in settling native title claims lodged over any of the Tenements held

8. THE RISKS

or acquired by the Company; the level of impact of these matters will depend, in part, on the location and status of the Tenements acquired by the Company;

- risks that exploration and mining may be adversely affected or hampered by industrial disputes;
- environmental management issues with which the Company may be required to comply from time to time;
- the risk of material adverse changes in the government policies or legislation of Australia affecting the level of mining and exploration activities;
- poor weather conditions over a prolonged period which might adversely affect mining and exploration activities and the timing of earning revenues;
- unforeseen major failures, breakdowns or repairs required to key items of exploration and mining plant and equipment or mine infrastructure resulting in significant delays, notwithstanding regular programmes of repair, maintenance and upkeep;
- risks associated with the cost of maintaining exploration and mining properties, which depends on the Company having access to sufficient development capital; and
- risks associated with the financial failure or default by a participant in any of the joint ventures or other contractual relationships to which the Company is, or may become, a party.
- **Specific Metallurgical Risks.** At this early stage in the project evaluation process, it is not yet clear what the metallurgical flowsheet will be, nor what the processing economics are likely to be. It is possible that early indications that the iron bearing material can be easily upgraded to a marketable product at low cost may be borne out. On the other hand, as faced in numerous other iron ore projects additional processes of fine-grinding and pelletising may be required to produce a saleable product. The financial and economic outcomes of these alternatives are very different, and in the latter case, may prove that a feasible project cannot be developed.
- **Specific Marketing Risks.** The iron ore market is very demanding in terms of material specifications and related price premiums or discounts. The presence of some deleterious elements can render a product unsaleable, and that can also be the case if the physical character of the material does not meet specifications. A possible outcome that investors should be aware of is that the metallurgical test-work program may be successful, but the Company may fail to find a market for the product.
- **Specific Transport Cost Risks.** Freight costs comprise a large portion of the costs of delivering iron ore products to market, and much depends on the scale of the shipping program and the access to suitable infrastructure. While Eastern Iron is encouraged by ongoing plans to improve shipping infrastructure in New South Wales, it may prove that despite this, the costs of shipping material to market may prove prohibitive. Further work is required to establish whether this will be the case or not.

(b) Development and Acquisition Opportunities

The success of the Company partially depends upon the Company's ability to identify, secure and develop a portfolio of high quality project interests and strategic industry partnerships. There is a risk that the Company will be unable to secure additional iron, gold, base metals and rare metals project interests on appropriate terms, thereby potentially limiting the growth of the Company.

If the Company acquires only a limited number of iron, gold, base metals and rare metals project interests, poor performance by one or a few of these could severely affect the performance of the Company and thereby severely impact the return to investors. The integration of new gold, base metals and rare metals project interests by the Company may also be more difficult, and involve greater costs, than anticipated.

(c) Dependence on Key Personnel

The Company's success depends to a significant extent upon key management personnel, as well as other management and technical personnel including those employed on a contractual basis. The loss of the

8. THE RISKS

services of certain personnel could have an adverse effect upon the Company and its activities. See Section 9.5 of this Prospectus for further information in relation to Service Agreements.

(d) Land Access and Native Title

Prior to starting exploration work the Company is required to reach agreement with the land owner or alternatively have the terms of access determined by arbitration. The Company has signed agreements with some landowners and will continue to negotiate with others as required. The risks associated with access are discussed in the Independent Review of Tenements Report in Section 6 of this Prospectus. The Company's activities in Australia are subject to the Native Title Act and associated legislation relating to native title, which are discussed in the Independent Review of Tenements Report in Section 6 of this Prospectus. Uncertainty associated with land access and native title issues may impact on the Company's future plans.

(e) Aboriginal Sites of Significance

Commonwealth and State legislation obliges the Company to identify and protect sites of significance to Aboriginal custom and tradition. Further details of this legislation are set out in the Independent Review of Tenements Report in Section 6 of this Prospectus. Some sites of significance may be identified within the Tenements. It is therefore possible that one or more sites of significance will exist in an area which the Company considers to be prospective. The Company's policy is to carry out clearance surveys prior to conducting exploration which would cause a disturbance to the land surface.

(f) Environmental Risks

The minerals and mining industries have become subject to increasing environmental responsibility and liability. The potential for liability is an ever-present risk. The use and disposal of chemicals in the mining industry is under constant legislative scrutiny and regulation.

Exploration work will be carried out in a way that causes minimum impact on the environment. Consistent with this, it may be necessary in some cases to undertake baseline environmental studies prior to certain exploration or mining activities, so that environmental impact can be monitored and, as far as possible, minimised. While the Company is not aware of any endangered species of fauna and flora within any of its project areas, no baseline environmental studies have been undertaken to date, and discovery of such could prevent further work in certain areas.

(g) Valuation of Tenements

No valuation has been completed of the exploration projects or the Shares of the Company. The Company makes no representation in this Prospectus as to the value of the exploration assets. It is recommended that intending investors and their advisors make their own assessment as to the value of the exploration projects.

(h) Development Capital

Exploration and development costs will reduce the cash reserves of the Company, which may not be replaced through the successful development of mining operations, or should these mining operations prove unsuccessful or perform below the required levels. The Company would then be dependent on seeking development capital elsewhere, through equity, debt or joint venture financing, to support long term exploration and evaluation of its projects.

(i) Share Market Conditions

Share market conditions may affect listed securities regardless of operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- movements in, or outlook on, interest rates and inflation rates;
- currency fluctuations;
- commodity prices;
- changes in investor sentiment towards particular market sectors; and

8. THE RISKS

- the demand for, and supply of, capital.

Investors should recognise that once the Shares are listed on ASX, the price of the Shares may rise or fall. Many factors will affect the price of the Shares including local and international stock markets, movements in commodity prices, interest rates, economic conditions and investor sentiment generally.

(j) General Economic Factors

Factors such as inflation, currency fluctuation, interest rates, supply and demand and industrial disruption may have an impact on operating costs, commodity prices and stock market processes. The Company's future possible revenues and Share price can be affected by these factors which are beyond the control of the Company and its Directors.

(k) Exploration Licences

The renewal of Tenements upon expiry of their current term and the granting of applications for exploration licences is subject to Ministerial approval. Non-approval or a delay in the approval process could have a negative impact on exploration conducted by the Company as well as the Share price of the Company.

(l) Commodity Prices

Commodity prices are influenced by physical and investment demand for those commodities. Fluctuations in commodity prices may influence individual projects in which the Company has an interest. Specifically, changes in the price of gold, base metals and rare metals may have an effect on the Company.

8.3 SPECIFIC RISKS

(a) Government Policy

Changes in government, monetary policies, taxation and other laws can have a significant influence on the outlook for companies and the returns to investors. In particular government policies and regulations vary in different States and with different governing parties in relation to exploration, mining and marketing.

The Company's activities will require compliance with various laws, both State and Commonwealth, relating to the protection of the environment, Aboriginal culture and heritage and native title, and the protection of workers and the public. Changes in government, government policies and legislation could have a material adverse effect on the Company.

(b) Other Risks Specific to the Company

The current and future operations of the Company, including exploration, appraisal and possible production activities may be affected by a range of factors, including:

- geological conditions;
- alterations to programmes and budgets;
- unanticipated operational and technical difficulties encountered in geophysical survey, drilling and production activities;
- mechanical failure of operating plant and equipment, adverse weather conditions, industrial and environmental accidents, industrial disputes and force majeure;
- unavailability of aircraft or drilling equipment to undertake airborne surveys and other geological and geophysical investigations;
- unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment;
- prevention or restriction of access by reason of political unrest, outbreak of hostilities, and inability to obtain consents or approvals (including clearance of work programmes pursuant to access agreements entered into with native title claimants); and
- un-insured losses and liabilities.

8. THE RISKS

8.4 OTHER RISKS

The future viability and profitability of the Company is also dependent on a number of other factors affecting performance of all industries and not just the exploration and mining industries, including, but not limited to, the following:

- currency exchange rate fluctuations;
- the strength of the equity and share markets in Australia and throughout the world;
- general economic conditions in Australia and its major trading partners and, in particular, inflation rates, interest rates, commodity supply and demand factors and industrial disruptions;
- financial failure or default by a participant in any of the joint ventures or other contractual relationships to which the Company is, or may become, a party;
- insolvency or other managerial failure by any of the contractors used by the Company in its activities; and
- industrial disputation in Australia and overseas.

8.5 SPECULATIVE NATURE OF INVESTMENT

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus. Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares. Potential investors should consider that the investment in the Company is speculative and should consult their professional advisors before deciding whether to apply for Shares in the Company.

9. ADDITIONAL INFORMATION

9.1 REGISTRATION

Eastern Iron Limited was registered as a public company on 23 July 2007. The Company has no subsidiaries.

9.2 SHARE CAPITAL

(a) History of Shares

At the date of this Prospectus, the Company has 21,000,000 Shares on issue.

Since incorporation (when 500 Shares were issued to PlatSearch NL at 20 cents for \$100), the Company has issued Shares as follows:

- on 29 December 2007, 4,999,500 Shares were issued for 2 cents per Share to PlatSearch NL for a total of \$99,990 cash;
- on 29 December 2007, 5,000,000 Shares were issued for 2 cents per Share to Bluestone 23 Limited for a total of \$100,000 cash; and
- on 30 January 2008, 11,000,000 Shares were issued at 3 cents per Share to PlatSearch NL and 5,000,000 Options were granted to PlatSearch NL as consideration for the sale of an 80% interest in the Tenements (refer Section 9.5(a) of this Prospectus).

(b) Options Over New Shares

At the date of this Prospectus the Company has granted the Options set out below:

| | |
|---|------------------|
| PlatSearch NL | 5,000,000 |
| Peter M Buckley | 1,000,000 |
| Accord Capital Investors Pty Ltd (Glenn E Goodacre) | 500,000 |
| Wendy L Corbett | 250,000 |
| Warinco Services Pty Limited | 200,000 |
| Robert L Richardson | 200,000 |
| Raymond J Soper (a director of PlatSearch NL) | 200,000 |
| Michelle C Lilley | 100,000 |
| Robin A Catalano | 20,000 |
| Total | 7,470,000 |

Prior to the commencement of trading on ASX the Company proposes to grant the 300,000 Options referred to in Section 9.5(e) of this Prospectus and the 1,500,000 Options to Taylor Collison Limited referred to in Section 9.5(h) of this Prospectus.

9.3 TAX STATUS AND FINANCIAL YEAR

The Company will be taxed in Australia as a public company at the prevailing corporate tax rate, which is 30%. The financial year of the Company will end on 30 June annually.

9.4 LITIGATION

The Directors are not aware of any legal proceedings that have been threatened or actually commenced against the Company.

9.5 MATERIAL CONTRACTS

Set out below are summaries of the more important provisions of contracts to which the Company is a party and which are or may be material in terms of the Offer or the operations of the Company or otherwise are or may be relevant to an investor who is contemplating the Offer.

9. ADDITIONAL INFORMATION

To fully understand all rights and obligations in the material contracts it is necessary to read them in full. A copy of each of these contracts may be inspected during normal business hours at the registered office of the Company.

(a) Sale and Joint Venture Agreement

The Company and PlatSearch are parties to a Sale and Joint Venture Agreement dated 30 January 2008 in respect of New South Wales ELs 6710, 6711, 6671, 6672, 6706, 6952 to 6954 and 6956 to 6962 (**Tenements**).

The Agreement is conditional upon:

- (i) ASX granting the Company conditional approval (subject to the imposition of conditions usual to such approvals) for its ordinary Shares to be listed for quotation on ASX; and
- (ii) any approvals or consents required under the Mining Act 1992 (NSW) being obtained.

If either of these conditions is not satisfied on or before 30 June 2008, the Company will be deemed to have withdrawn from the joint venture, will have no further interest in the Tenements and shall have no obligation to PlatSearch under the Agreement.

As consideration for the purchase of an 80% interest in the Tenements, within 30 days following execution of the Agreement, the Company shall issue 11,000,000 shares to PlatSearch at \$0.03 per share and shall grant to PlatSearch 5,000,000 options at \$0.001 per option with an exercise price of \$0.35, an expiry date of 19 December 2012 and otherwise on the terms and conditions set out in Section 9.7(b) of this Prospectus.

After the date upon which the Agreement becomes unconditional, the Company will have an 80% interest in the Tenements and PlatSearch will have a 20% interest in the Tenements, free carried to completion of a favourable bankable feasibility study and decision to mine.

The Company can maintain its 80% interest in the Tenements by completing expenditure of \$2,000,000 on the Tenements within a four year period commencing 1 November 2007. As a Minimum Commitment the Company must complete a work programme with an estimated cost of \$500,000 within 12 months from the date upon which the Agreement becomes unconditional (**Stage One Work Programme**).

At the completion of a bankable feasibility study and decision to mine PlatSearch can elect to either:

- (i) participate in further expenditure in proportion to its 20% interest; or
- (ii) convert its participating interest to a 2% net smelter royalty interest.

While it is sole funding the joint venture and earning an interest the Company shall maintain the Tenements in good standing in accordance with all statutory requirements, including the statutory annual expenditure requirements on the Tenements set by the New South Wales Department of Primary Industries – Mineral Resources.

Prior to the commencement of the Stage One Work Programme the Company will take over the security deposit bond required by the New South Wales Department of Primary Industries – Mineral Resources.

The Company cannot withdraw from the Agreement or its obligations under the Agreement before it completes the Stage One Work Programme and complies with its obligations in respect of the maintenance of the Tenements in good standing in accordance with all statutory requirements. Subject to this, either party may withdraw from the joint venture at any time with 30 days notice to the other party whereupon the withdrawing party's interest in the Tenements shall be transferred to the other party.

The Company will be the manager and operator of the joint venture. A joint venture management committee comprising representatives of each joint venturer shall be established as soon as is practicable after the date upon which the Agreement becomes unconditional. The Company will have the casting vote while it is sole funding the joint venture.

9. ADDITIONAL INFORMATION

During the first 12 months after commencement, and thereafter by agreement, PlatSearch will provide technical and management services to the joint venture including geophysical services and other services as agreed. While it is providing these services PlatSearch will be entitled to charge a 10% fee to cover administration and office costs. PlatSearch will provide copies of all data and information generated in the provision of these services to the Company on a timely basis.

Pre-emptive provisions shall apply to a party's interest in the joint venture.

Each party may assign its interest in the joint venture to a related corporation at any time provided that the assignee shall be obligated to transfer back to the assignor the interest transferred should the assignee cease to be a related corporation.

Each joint venturer shall own and have the right and obligation to take in kind and separately dispose of a share in proportion to its interest of the saleable mineral product produced from the mining operation.

The Agreement is governed by the laws of New South Wales.

(b) Agreement for Provision of Technical Services, Office and Administrative Support

By Letter Agreement dated 11 January 2008, the Company engaged PlatSearch for the period of one year commencing on the date the Company is granted admission to the official list of ASX to provide:

- (i) the services of Mr Peter Buckley as Managing Director and Mr Bob Richardson as a technical consultant;
- (ii) technical input on exploration programmes; and
- (iii) assistance with the preparation of technical material for presentations, tenement management (including statutory reporting), project management, marketing, geophysical processing and interpretation, map making and joint venture negotiation.

Mr Buckley is required to devote approximately 70% of his time (155 days per annum or 14 days per month) as Managing Director of the Company. Mr Richardson is not required to devote more than 44 days per annum to the Company.

The Company will reimburse PlatSearch monthly in arrears for the time spent by Mr Buckley at the rate of \$95 per hour plus GST and Mr Richardson at the rate of \$165 per hour plus GST.

Mr Richardson will also act as a director of the Company. His non-executive director's fees will be paid to PlatSearch.

PlatSearch will also provide office accommodation and facilities, computing, telephone and communications, hardware, software and expertise, library facilities, map and data files to the Company at a cost of approximately \$12,000 per annum or as otherwise agreed between the parties from time to time.

(c) Consultancy Agreement - Goodacre Trading Company Pty Limited

By Consultancy Agreement dated 13 November 2007 the Company engaged Goodacre Trading Company Pty Limited (**Goodacre**) (a company of which Glenn Goodacre is a director) to provide consultancy services relating to strategic, due diligence and business advice and assistance with the commercial and corporate development of the business at the rate of \$200 per hour.

The Company will reimburse Goodacre for expenses incurred by Goodacre in the performance of its consultancy services, including relevant travel expenses.

Goodacre may terminate the Agreement by notice in writing to the Company if:

- (i) the Company breaches the Agreement and fails to remedy such breach within seven days of receipt of the notice; or
- (ii) the Company becomes, threatens or resolves to become or is in jeopardy of becoming, insolvent.

9. ADDITIONAL INFORMATION

The Company may terminate the Agreement by notice in writing to Goodacre if Goodacre breaches the Agreement and fails to remedy such breach within 14 days of receipt of the notice.

The Agreement is governed by the laws of New South Wales.

(d) Service and Consultancy Agreement - DT Corbett Engineering Pty Ltd

By Letter Agreement dated 13 November 2007 the Company engaged DT Corbett Engineering Pty Ltd (**DT Corbett**) (a company of which Wendy Corbett is a director) to provide technical services to the Company, including services relating to the targeting, exploration, interpretation and understanding of iron ore resources in Australia as well as maintenance of the existing exploration Tenements.

In consideration for its technical services, the Company will pay DT Corbett fees at the rate of \$93.50 per hour. The Company will reimburse DT Corbett for direct expenses incurred by DT Corbett in the performance of its technical services, including (but not limited to) travel, accommodation and meals, courier and mailing costs and phone and fax costs.

One month's notice is required by either party to terminate the Agreement.

(e) Corporate Advisor Agreement

By Letter Agreement dated 29 December 2007 the Company engaged Oakhill Hamilton Pty Ltd (**Oakhill Hamilton**) (a company of which Robert Waring is a director) to provide corporate advisory services to the Company for the period commencing on 1 January 2008 and ending on 30 June 2008 unless terminated earlier.

In consideration for its corporate advisory services, Oakhill Hamilton will receive from the Company:

- (i) fees at the maximum rate of \$190 per hour; and
- (ii) conditional on the success of the capital raising and subject to the Company being satisfied with the services provided by Oakhill Hamilton, 300,000 Options each to acquire one fully paid ordinary Share in the Company with an exercise price of \$0.25 each and an expiry date of 19 December 2010.

The Company will reimburse Oakhill Hamilton for any reasonable direct costs incurred by Oakhill Hamilton in performing the services, including travel, accommodation and sustenance, courier and postage costs, telephone and facsimile costs.

One month's notice from either party is required to terminate the engagement unless otherwise agreed by the parties.

Robert Waring, who is a director of PlatSearch, is a shareholder and director of Oakhill Hamilton. He was a Director of Eastern Iron from the date of its incorporation on 23 July 2007 until he resigned on 13 November 2007.

(f) Service and Consultancy Agreement - Warinco Services Pty Limited

By Letter Agreement dated 27 December 2007 the Company engaged Warinco Services Pty Limited (**Warinco**) (a company of which Robert Waring is a director) to provide company secretarial, corporate advice, accounting and administrative services approximately four days per month.

In consideration for the services, Warinco will receive from the Company:

- (i) fees at the maximum rate of \$182 per hour (subject to annual review); and
- (ii) 200,000 options each to acquire one fully paid ordinary share in the Company with an exercise price of \$0.25 and an expiry date of 19 December 2010.

The Company will reimburse Warinco for any direct costs incurred by Warinco in performing the services, including travel, accommodation and sustenance, courier and postage costs, telephone and facsimile costs, and Warinco's secretarial costs.

One month's notice from either party is required to terminate the Agreement.

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(g) Directors' Deeds of Access and Indemnity

As permitted by the Constitution, the Company has entered into a Deed of Access and Indemnity with each Director. The indemnity is subject to restrictions prescribed in the Corporations Act.

In summary, the Deed:

- (i) indemnifies a director against liabilities incurred as a result of acting as a director subject to certain exclusions and provides for related legal costs to be paid by the Company;
- (ii) requires the Company to maintain an insurance policy against any liability incurred by a director in his capacity as a director during that person's term of office and seven years thereafter; and
- (iii) provides a director with a right of access to Board papers and other documents while in office and for seven years thereafter.

(h) Agreement with Taylor Collison Limited, Broker to the Issue

By letter agreement dated 20 February 2008 Taylor Collison Limited (**Taylor Collison**) has agreed to act as Broker to the Issue. Taylor Collison will use its reasonable endeavours to place Shares under the Prospectus.

The Company has agreed to pay Taylor Collison a broking fee of 5% of the funds raised by Taylor Collison and by its clients who are existing PlatSearch shareholders, and a management fee of 1% of the total capital raised under the Offer. The Company has also agreed to issue Taylor Collison or its nominee with 1,500,000 options with an exercise price of 25 cents each and an expiry date of 19 December 2010.

Taylor Collison has the right to direct the Company's Directors to allot Shares under the Offer after the first 10,000,000 Shares have been allotted to PlatSearch shareholders.

The Company will indemnify Taylor Collison and its Directors, officers and employees from and against all losses directly or indirectly suffered by them and claims made against them, arising out of or in connection with the Prospectus.

(i) Consultancy Agreement - Goro Investments Pty Limited

By Consultancy Agreement dated 13 November 2007 the Company engaged Goro Investments Pty Limited (**Goro**) (a company of which Glenn Goodacre is a director) to provide governance, strategic, commercial and corporate development advisory services for the period commencing 13 November 2007 and ending 30 June 2008, and thereafter on a month by month basis until terminated in accordance with the Agreement.

In consideration for the consultancy services the Company will pay Goro a retainer of \$2,500 per month plus GST commencing on the day the Company is admitted to the Official List of ASX.

The Company will reimburse Goro for expenses incurred by Goro in the performance of its consultancy services, including relevant travel expenses.

Goro may terminate the Agreement by notice in writing to the Company if:

- (i) the Company breaches the Agreement and fails to remedy such breach within seven days of receipt of the notice; or
- (ii) the Company becomes, threatens or resolves to become or is in jeopardy of becoming insolvent.

The Company may terminate the Agreement by notice in writing to Goro if Goro breaches the Agreement and fails to remedy such breach within 14 days of receipt of the notice.

The Agreement is governed by the laws of New South Wales.

9.6 RIGHTS ATTACHING TO SHARES AND COMPLIANCE WITH ASX LISTING RULES

The Shares to be issued under this Prospectus will rank equally with the issued fully paid ordinary Shares in the Company. The rights attaching to Shares are set out in the Company's Constitution and, in certain

9. ADDITIONAL INFORMATION

circumstances, are regulated by the Corporations Act, the Listing Rules and general law. Where the Constitution omits any provision required under the Listing Rules, the Constitution is deemed to contain such a provision and the Constitution is deemed not to contain any provision inconsistent with the Listing Rules. The Constitution of the Company may be inspected during normal business hours at the registered office of the Company.

The following is a summary of the more significant rights of the holders of ordinary Shares of the Company. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of the Company's members. The summary assumes that the Company is admitted to the official list of ASX.

(a) General Meeting

Each member is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Company's Constitution, the Corporations Act or the Listing Rules.

The Directors may convene a general meeting whenever they think fit. General meetings may also be called as requested by the Shareholders or as ordered by a court under section 249D, E, F and G of the Corporations Act.

A Notice of General Meeting must be given in accordance with the Corporations Act and must specify the place, date and time of the meeting, the general nature of the business to be transacted at the meeting, information regarding a Shareholder's right to appoint a proxy, and if a special resolution is to be proposed at the meeting, the text of the special resolution.

The quorum for a meeting of the Company's members is three members and the quorum must be present at all times during the meeting.

(b) Voting

Subject to any rights or restrictions for the time being attached to any class or classes of Shares whether by the terms of their issue, the Constitution, the Corporations Act or the Listing Rules, at a general meeting of the Company every holder of fully paid ordinary Shares present in person or by a representative has one vote on a show of hands and every such holder present in person or by a representative, proxy or attorney has one vote per Share on a poll. A person who holds an ordinary Share which is not fully paid is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the Share. A member is not entitled to vote unless all calls and other sums presently payable by the member in respect of Shares in the Company have been paid. Where there are two or more joint holders of the Share and more than one of them is present at a meeting and tenders a vote in respect of the Share (whether in person or by proxy or attorney), the Company will count only the vote cast by the member whose name appears before the other(s) in the Company's register of members.

(c) Issues of Further Shares

The Directors may, on behalf of the Company, issue, grant options over, or otherwise dispose of un-issued Shares to any person on the terms, with the rights, and at the times that the Directors decide. However, the Directors must act in accordance with the restrictions imposed by the Company's Constitution, the Listing Rules, the Corporations Act and any rights for the time being attached to the Shares in special classes of Shares.

(d) Variation of Rights

At present, the Company has on issue one class of Shares only, namely ordinary Shares. The rights attached to the Shares in any class may be altered only by special resolution of the Company and (a) special resolution passed at a meeting of the holders of the issued Shares of the affected class; or (b) with the written consent of the holders of at least three quarters of the issued shares in the affected class.

(e) Transfer of Shares

Subject to the Company's Constitution, the Corporations Act and the Listing Rules, ordinary Shares are freely transferable.

The Shares may be transferred by a proper transfer effected in accordance with ASTC Settlement Rules, by any other method of transferring or dealing introduced by ASX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by the Directors that is permitted by the Corporations Act. The Company may decline to register a transfer of

9. ADDITIONAL INFORMATION

Shares in the circumstances described in the Company's Constitution and where permitted to do so under the Listing Rules. If the Company declines to register a transfer, the Company must, within five business days after the transfer is lodged with the Company, give the lodging party written notice of the refusal and the reasons for refusal. The Directors must decline to register a transfer of Shares when required by law, by the Listing Rules or by the ASTC Settlement Rules.

(f) Partly Paid Shares

The Directors may, subject to compliance with the Company's Constitution, the Corporations Act and the Listing Rules, issue partly paid Shares upon which amounts are or may become payable at a future time(s) in satisfaction of all or part of the unpaid issue price.

(g) Dividends

The Company in general meeting may declare a dividend if the Directors have recommended a dividend and a dividend shall not exceed the amount recommended by the Directors. The Directors may authorise the payment to the members of such interim dividends as appear to the Directors to be justified by the Company's profits and for that purpose may declare such interim dividends.

Subject to the rights of members entitled to Shares with special rights as to dividend (if any), all dividends are apportioned and paid proportionately to the amounts paid or credited as paid on the Shares.

(h) Winding Up

Subject to the rights of holders of Shares with special rights in a winding up, if the Company is wound up, members (including holders of ordinary Shares) will be entitled to participate in any surplus assets of the Company in proportion to the Shares held by them respectively irrespective of the amount paid up or credited as paid up on the Shares.

(i) Dividend Plans

The members of the Company, in general meeting, may authorise the Directors to establish and maintain dividend plans under which (among other things) a member may elect that dividends payable by the Company be reinvested by way of subscription for Shares in the Company or a member may elect to forego any dividends that may be payable on all or some of the Shares held by that member and to receive instead some other entitlement, including the issue of Shares.

(j) Directors

The Company's Constitution states that the minimum number of directors is three.

The Shareholders may appoint and remove a Director by ordinary resolution. The Board of Directors may appoint any person to be a Director to either fill a casual vacancy or as an addition to the existing Directors and any Director may appoint an alternate director by notice to the Company.

The Listing Rules require that the Company hold an election of Directors by ordinary resolution each year. The Directors, other than a managing director, must not hold office (without re-election) past the third annual general meeting following the Director's appointment or three years, whichever is longer. However, a Director appointed by the Board to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting.

Under the Constitution, a Director ceases to hold office if the Director becomes bankrupt, becomes of unsound mind, becomes disqualified from being a Director, resigns, is removed, or has been absent without permission from the Board of Directors for a period longer than six months.

Directors who have a direct or indirect material personal interest in a matter that is being considered at a Directors' meeting must not vote in respect of the matter or be present at the meeting while the matter is being considered, except as permitted by the Act.

(k) Powers of the Board

The Directors have power to manage the business of the Company and may exercise that power to the exclusion of the members, except as otherwise required by the Corporations Act, any other law, the Listing Rules or the Company's Constitution.

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(I) Compliance with ASX Listing Rules

The Constitution incorporates Appendix 15A of the Listing Rules. Accordingly, if the Company is admitted to the Official List, the following applies:

- (i) notwithstanding anything contained in the Constitution, if the Listing Rules prohibit an act being done, the act shall not be done;
- (ii) nothing contained in the Constitution prevents an act being done that the Listing Rules require to be done;
- (iii) if the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be);
- (iv) if the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision;
- (v) if the Listing Rules require the Constitution not to contain a provision and it contains such a provision, the Constitution is deemed not to contain that provision; and
- (vi) if any provision of the Constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

9.7 OPTIONS

(a) Directors and Consultants

As at the date of this Prospectus, the Company has granted 1,950,000 Options to the Directors and 520,000 Options to consultants on the following terms and conditions:

The Options held by the Optionholder are exercisable in whole or in part on or before 19 December 2010 (Exercise Period). Options not exercised before the expiry of the Exercise Period will lapse.

Options are exercisable by notice in writing to the Board delivered to the registered office of the Company and payment of the exercise price of 25 cents per Option in cleared funds. Some or all of the Options may be exercised at any one time or times prior to the expiry date provided that no less than 10,000 Options are exercised at any one time.

The Company will not apply for official quotation on ASX of the Options. An application may be lodged at a later date to list the Options in the sole discretion of the Board of the Company should the Board consider that there is sufficient spread of Optionholders to result in a market for the Options on ASX.

The Company will make application for official quotation on ASX of new Shares allotted on exercise of the Options. Those Shares will participate equally in all respects with existing issued ordinary Shares, and in particular new Shares allotted on exercise of the Options will qualify for dividends declared after the date of their allotment.

Options are not transferable, except that if at any time before expiry of the Exercise Period the Optionholder dies, the legal personal representative of the deceased Optionholder may:

- (i) elect to be registered as the new holder of the Options;
- (ii) whether or not he becomes so registered, exercise those Options in accordance with the terms and conditions on which they were granted; and
- (iii) if the deceased has already exercised Options, pay the exercise price in respect of those Options.

An Optionholder may only participate in new issues of securities to holders of ordinary Shares in the Company if the Option has been exercised and Shares allotted in respect of the Option before the record date for determining entitlements to the issue.

If there is a bonus issue to the holders of ordinary Shares in the capital of the Company, the number of ordinary Shares over which the Options is exercisable will be increased by the number of ordinary Shares

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which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.

If the Company makes a rights issue (other than a bonus issue), the exercise price of Options on issue will be reduced according to the following formula:

$$A = O - \frac{E [P - (S + D)]}{(N + 1)}$$

- A = the new exercise price of the Options;
O = the old exercise price of the Options;
E = the number of underlying ordinary Shares into which one Option is exercisable;
P = the average closing sale price per ordinary Share (weighted by reference to volume) recorded on the stock market of ASX during the five trading days immediately preceding the ex rights date or ex entitlements date (excluding special crossings and overnight sales and exchange traded Option exercises);
S = the subscription price for a security under the pro rata issue;
D = the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro rata issue); and
N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

If, during the currency of the Options the issued capital of the Company is re-organised, those Options will be re-organised to the extent necessary to comply with the Listing Rules.

Half of the Options will vest on 30 June 2008 and the remaining half will vest on 30 June 2009.

(b) PlatSearch NL

As at the date of this Prospectus, the Company has granted 5,000,000 Options to PlatSearch NL on the terms and conditions set out in Section 9.7(a) of this Prospectus except with an exercise price of 35 cents each and an expiry date of 19 December 2012 (see Section 9.5(a) of this Prospectus). There are no vesting requirements on these Options.

(c) Oakhill Hamilton Pty Ltd

As at the date of this Prospectus, the Company has agreed to grant 300,000 Options to Oakhill Hamilton Pty Ltd on the terms and conditions set out in Section 9.7(a) of this Prospectus except that the grant date will be the date the Shares under the Offer are issued (see Section 9.5(e) of this Prospectus), conditional on the success of the capital raising and subject to the Company being satisfied with the services provided by Oakhill Hamilton Pty Ltd. There will be no vesting requirements on these Options.

(d) Taylor Collison Limited

As at the date of this Prospectus, the Company has agreed to grant 1,500,000 Options to Taylor Collison Limited on the terms and conditions set out in Section 9.7(a) of this Prospectus except that the grant date will be the date the Shares under the Offer are issued (see Section 9.5(h) of this Prospectus). There will be no vesting requirements on these Options.

9.8 DIRECTORS' INTERESTS

Except as disclosed in this Prospectus, no Director (whether individually or in consequence of a Director's association with any company or firm or in any material contract entered into by the Company) has now, or has had, in the two year period ending on the date of this Prospectus, any interest in:

- (i) the formation or promotion of the Company; or
- (ii) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer of the Shares; or
- (iii) the Offer of the Shares.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, Options or otherwise) have been paid or given or agreed to be paid or given to any Director or to any company or firm

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with which a Director is associated to induce him or her to become, or to qualify as, a Director, or otherwise for services rendered by him or her or any company or firm with which the Director is associated in connection with the formation or promotion of the Company or the Offer of the Shares.

(a) Remuneration of Directors

Directors are entitled to remuneration out of the funds of the Company but the remuneration of the non-executive Directors may not exceed in any year the amount fixed by the Company in general meeting for that purpose. The aggregate remuneration of the non-executive Directors has been fixed at a maximum of \$250,000 per annum (allowing for the appointment of future Directors) to be apportioned among the non-executive Directors in such manner as they determine. The Directors have resolved that Glenn Goodacre will receive a directors fee of \$30,000 per annum and Wendy Corbett and Bob Richardson will each receive a directors fee of \$24,000 per annum. Bob Richardson's fee will be paid to PlatSearch.

The Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in consequence of their attendance at the Board meetings and otherwise in the execution of their duties as Directors.

The Company has entered a Consultancy Agreement with Goodacre Trading Company Pty Ltd (a company of which Glenn Goodacre is a director). A summary of this Agreement is contained in Section 9.5(c) of this Prospectus.

The Company has entered a Service and Consultancy Agreement with DT Corbett Engineering Pty Ltd (a company of which Wendy Corbett is a director). A summary of this Agreement is contained in Section 9.5(d) of this Prospectus.

The Company has entered a Consultancy Agreement with Goro Investments Pty Ltd (a company of which Glenn Goodacre is a director). A summary of this Agreement is contained in Section 9.5(i) of this Prospectus.

(b) Directors' Interests in Company's Securities

The direct and indirect interests of the Directors in the securities of the Company as at the date of this Prospectus are as follows:

| Director | Shares | | Options | |
|----------------|--------|----------|-----------|----------|
| | Direct | Indirect | Direct | Indirect |
| Glenn Goodacre | nil | nil | nil | 500,000 |
| Peter Buckley | nil | nil | 1,000,000 | nil |
| Bob Richardson | nil | nil | 200,000 | nil |
| Wendy Corbett | nil | nil | 250,000 | nil |

Note: PlatSearch NL and its wholly owned subsidiary Bluestone 23 Limited hold 21,000,000 Shares in Eastern Iron. Bob Richardson is a director of PlatSearch NL and Peter Buckley is the Exploration Manager and an employee of PlatSearch NL.

(c) Access and Indemnity

The Company has entered into Deeds of Access and Indemnity with each of the Directors. Details of the Deeds of Access and Indemnity are set out in Section 9.5(g) of this Prospectus.

(d) Insurance

The Company intends to effect, and intends to maintain, Directors' and Officers' Liability and Company Reimbursement insurance.

9.9 INTERESTS OF NAMED PERSONS

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, nor any firm in which any of those persons is or was a partner nor any

9. ADDITIONAL INFORMATION

company in which any of those persons is or was associated with, has now, or has had, in the two year period ending on the date of this Prospectus, any interest in:

- (i) the formation or promotion of the Company; or
- (ii) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer of the Shares; or
- (iii) the Offer of the Shares.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, Options or otherwise) have been paid or given or agreed to be paid or given to any expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, or to any firm in which any of those persons is or was a partner or to any company in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of the Company or the Offer under this Prospectus.

Barnes Dowell James (BDJ) has acted as Independent Accountant in relation to the Offer. As Independent Accountant, BDJ has been involved in undertaking due diligence in relation to financial and taxation matters and preparing proforma financial accounts, and has prepared the Independent Accountant's Report which has been included in this Prospectus. In respect of this work, the Company has agreed to pay BDJ approximately \$5,000 for these services.

O'Loughlins Lawyers has acted as the solicitors to the Company in relation to the Offer and in that capacity and otherwise assisting the Company with the preparation of this Prospectus, O'Loughlins Lawyers has been involved in undertaking certain due diligence enquiries in relation to legal matters and providing legal advice to the Company in relation to the Offer. In respect of this work, the Company has agreed to pay O'Loughlins Lawyers approximately \$25,000 for these services up to the date of this Prospectus. O'Loughlins Lawyers has or may receive professional fees at their normal rates for other legal work for the Company.

John B Seeley has and will receive professional fees of approximately \$9,000 for the provision of the Independent Geologist's Report which has been included in this Prospectus.

AMTS Pty Limited will receive professional fees of approximately \$5,000 for the provision of the Independent Review of Tenements Report which has been included in this Prospectus.

Oakhill Hamilton Pty Ltd has acted as corporate advisor to the Company. The Company has paid or agreed to pay Oakhill Hamilton Pty Ltd approximately \$20,000 up to the date of the Prospectus for the provision of corporate advice in connection with the Offer.

Registries Limited has acted as the Share Registrar in relation to the Offer for which it will receive fees of approximately \$5,000.

Taylor Collison Limited is acting as Broker to the Issue and its remuneration is set out in Section 9.5(h) of this Prospectus.

9. ADDITIONAL INFORMATION

9.10 EXPENSES OF THE OFFER

The estimated expenses connected with the Offer which are payable by the Company are as follows:

| | |
|--|------------------|
| Independent Accountant's Report | \$5,000 |
| Legal Expenses | \$25,000 |
| Independent Geologist's Report | \$9,000 |
| Independent Review of Tenements Report | \$5,000 |
| Printing, posting, Share Registrar and other miscellaneous Offer costs | \$43,000 |
| ASX listing and ASIC fees * | \$25,000 |
| Broker or Dealers' commission * | \$130,000 |
| Advisor fees | \$20,000 |
| Total | \$262,000 |

* Based on the minimum raising of \$2,500,000. If the maximum subscription of \$5,000,000 is raised, the ASX fee increases by \$7,000, the Broker fee increases by \$125,000 and the total expenses of the Offer becomes \$394,000.

9.11 CONSENTS

Each of the parties referred to in this Section 9.11:

- (i) does not make, or purport to make, any statement in this Prospectus or on which a statement made in this Prospectus is based, other than as specified in this Section 9.11; and
- (ii) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section 9.11.

Each of the parties referred to in this Section 9.11 has also consented in writing to being named in this Prospectus in the capacity as noted below and has not withdrawn such consent prior to the lodgment of this Prospectus with ASIC:

- (i) Barnes Dowell James as Auditors and Independent Accountants;
- (ii) O'Loughlins Lawyers as Solicitors;
- (iii) Taylor Collison Limited as Broker to the Issue;
- (iv) Oakhill Hamilton Pty Ltd as Corporate Advisor;
- (v) John B Seeley as the Independent Geologist;
- (vi) AMTS Pty Limited as Independent Tenement Consultant; and
- (vii) Registries Limited as Share Registrar.

John B Seeley has given his written consent to the inclusion in Section 5 of this Prospectus of his Independent Geologist's Report and to all statements referring to that report in the form and context in which they appear and has not withdrawn such consent before lodgment of this Prospectus with ASIC.

AMTS Pty Limited has given its written consent to the inclusion in Section 6 of this Prospectus of its Independent Review of Tenements Report and to all statements referring to that report in the form and context in which they appear and has not withdrawn such consent before lodgment of this Prospectus with ASIC.

9. ADDITIONAL INFORMATION

Barnes Dowell James has given its written consent to the inclusion in Section 7 of this Prospectus of its Independent Accountant's Report and to all statements referring to that report in the form and context in which they appear and has not withdrawn such consent before lodgment of this Prospectus with ASIC.

Copies of the consents to the issue of this Prospectus are available for inspection, without charge, during normal business hours at the registered office of the Company.

There are a number of other persons referred to in this Prospectus who are not experts and who have not made statements included in this Prospectus nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in this Prospectus and did not authorise or cause the issue of this Prospectus.

9.12 DETAILS OF THE EXISTING SHAREHOLDERS AND OPTIONHOLDERS

The Shareholders in the Company prior to this Offer are as follows:

| Shareholder | Number of Shares | % of issued capital |
|----------------------|-------------------|---------------------|
| PlatSearch NL | 16,000,000 | 76.0% |
| Bluestone 23 Limited | 5,000,000 | 24.0% |
| Total | 21,000,000 | 100.0% |

The Optionholders in the Company prior to the Offer are as follows:

| Optionholder | Number of Options | % of issued capital |
|---|-------------------|---------------------|
| PlatSearch NL | 5,000,000 | 66.9% |
| Peter M Buckley | 1,000,000 | 13.4% |
| Accord Capital Investors Pty Ltd (Glenn E Goodacre) | 500,000 | 6.7% |
| Wendy L Corbett | 250,000 | 3.3% |
| Warinco Services Pty Limited | 200,000 | 2.7% |
| Bob Richardson | 200,000 | 2.7% |
| Raymond J Soper (a director of PlatSearch NL) | 200,000 | 2.7% |
| Michelle C Lilley | 100,000 | 1.3% |
| Robin A Catalano | 20,000 | 0.3% |
| Total | 7,470,000 | 100.0% |

Options to be issued following the closure of the Offer are set out in Section 9.7 of this Prospectus.

9.13 EMPLOYEE SHARE OPTION PLAN

The Company has established the Eastern Iron Employee Share Option Plan ("Plan") to assist in the attraction, retention and motivation of employees of the Company and its related bodies corporate ("Group"). No Options have been granted under the Plan as at the date of this Prospectus. The Plan will be administered by the Board in accordance with the rules of the Plan, and the rules are subject to the Listing Rules.

A summary of the Rules of the Plan is set out below.

All full time employees will be eligible to participate in the Plan.

The allocation of Options to each employee is in the discretion of the Board. The Options will be issued for nil consideration and are non-transferable, except with the consent of Directors. However, at the time of

9. ADDITIONAL INFORMATION

accepting the offer to participants of the Plan, the eligible employee may nominate another person in whose favour the Options should be granted.

If permitted by the Board, Options may be issued to an employee's nominee (for example, a spouse or family company).

Each Option is to subscribe for one fully paid ordinary Share in the Company and will expire five years from its date of issue. An Option is exercisable at any time from its date of issue.

Options will be granted free. The exercise price of Options will be determined by the Board. The total number of shares the subject of Options issued under the Plan, when aggregated with issues during the previous 5 years pursuant to the Plan and any other employee share plan, must not exceed 5% of the Company's issued share capital.

If, prior to the expiry date of Options, a person ceases to be an employee of a Group company for any reason (other than termination with cause), the Options held by that person (or that person's nominee) must be exercised within one month thereafter otherwise they will automatically lapse. The Plan may be terminated or suspended at any time.

Except with the consent of the Directors, Options may not be transferred.

The Company will not apply for official quotation of any Options.

Shares issued as a result of the exercise of Options will rank equally with the Company's previously issued Shares.

If there is a bonus share issue to the holders of shares, the number of shares over which an Option is exercisable will be increased by the number of shares which the Optionholder would have received if the Option had been exercised before the record date for the bonus issue. The Options or exercise price of the Options will be adjusted if there is a pro-rata issue, bonus issue or any reconstruction in accordance with the Listing Rules.

If there is a pro rata issue (other than a bonus share issue) to the holders of Shares, the exercise price of an Option will be reduced to take account of the effect of the pro rata issue as per the formula in Section 9.7(a) of this Prospectus.

If there is a reorganisation of the issued capital of the Company, unexercised Options will be reorganised in accordance with the Listing Rules.

Subject to obtaining required members' approval to authorise the granting of financial assistance to a participant the Directors can make loans to eligible employees in connection with shares to be issued upon exercise of Options under the Plan.

The Board may amend the Plan Rules subject to the requirements of the Listing Rules.

9.14 WORKING CAPITAL STATEMENT

The Directors believe that, on completion of the Offer, the Company will have sufficient working capital to carry out its objectives as stated in this Prospectus.

9.15 DIVIDEND POLICY

The Company does not expect to be in a position to pay dividends in the foreseeable future and as such has not adopted a dividend policy.

9.16 GOVERNING LAW

This Prospectus and the contracts that arise from the acceptance of the Applications are governed by the laws applicable in the State of New South Wales and each Applicant submits to the exclusive jurisdiction of the Courts of the State of New South Wales.

9. ADDITIONAL INFORMATION

9.17 ELECTRONIC PROSPECTUS

Pursuant to Class Order 00/44, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic Prospectus on the basis of a paper Prospectus lodged with ASIC and the issue of securities in response to an electronic application form subject to compliance with certain provisions.

If you have received this Prospectus as an electronic Prospectus please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please email the Company at info@easterniron.com.au and the Company will send to you, for free, either a hard copy or a further electronic copy of this Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with this Prospectus and any relevant supplementary or replacement Prospectus or any of those documents were incomplete or altered. In such case, the Application Monies received will be dealt with in accordance with section 722 of the Corporations Act.

9.18 DIRECTORS' CONSENT

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements by the Directors in this Prospectus are not misleading or deceptive and that with respect to any other statements made in this Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making those other statements were competent to make such statements, those persons having given their consent to the issue of this Prospectus and not withdrawn that consent before lodgment of this Prospectus with ASIC, or to the Directors' knowledge, before any issue of Shares pursuant to this Prospectus. The Prospectus is prepared on the basis that certain matters may be reasonably expected to be known to likely investors or their professional advisors.

Each of the Directors, Glenn Goodacre, Peter Buckley, Wendy Corbett and Bob Richardson, has consented in writing to the lodgment of this Prospectus with ASIC and has not withdrawn that consent.

Dated: 11 March 2008

Signed for and on behalf of the Company

A handwritten signature in black ink, appearing to be 'G. Goodacre', written over a horizontal line.

Glenn Goodacre
Chairman

10. DEFINITIONS

In this Prospectus, unless the context otherwise requires:

“**A\$**” and “**\$**” means Australian dollars, unless otherwise stated.

“**Applicant**” means a person who submits an Application.

“**Application**” means a valid application to subscribe for Shares.

“**Application Form**” means the Priority Application Form or the Public Application Form contained in this Prospectus or a copy of an Application Form contained in this Prospectus or a direct derivative of an Application Form contained in this Prospectus.

“**Application Monies**” means \$0.20, being the amount payable in respect of each Share under the Offer, multiplied by the number of Shares for which an Applicant has applied.

“**ASIC**” means Australian Securities and Investments Commission.

“**ASTC**” means ASX Settlement and Transfer Corporation Pty Ltd (ACN 008 504 532).

“**ASTC Settlement Rules**” means the operating rules of the ASTC and, to the extent that they are applicable, the operating rules of ASX and the operating rules of Australian Clearing House Pty Ltd.

“**ASX**” means Australian Securities Exchange or ASX Limited (ACN 008 624 691), formerly Australian Stock Exchange Ltd.

“**Bluestone 23 Limited**” means Bluestone 23 Limited (ACN 127 337 599), a wholly owned subsidiary of PlatSearch NL.

“**Board**” means the Board of Directors of the Company unless the context indicates otherwise.

“**Broker to the Issue**” means Taylor Collison Limited (ABN 53 008 172 450).

“**Business Day**” means a day on which trading banks are open in Sydney, New South Wales.

“**CHESS**” means ASX Clearing House Electronic Subregistry System.

“**Company**” means Eastern Iron Limited (ACN 126 678 037).

“**Constitution**” means the Constitution of the Company.

“**Corporations Act**” means the *Corporations Act 2001* of Australia.

“**Dealer**” means a licensed securities dealer or other person legally entitled to receive commission in respect of a person subscribing for the Shares.

“**Directors**” means directors of the Company unless the context indicates otherwise.

“**Eastern Iron**” means Eastern Iron Limited (ACN 126 678 037 and ABN 70 126 678 037).

“**Email**” means an electronic mail service that allows users to send and receive messages via the internet.

“**EST**” means Eastern Standard Time or Eastern Summer Time (whichever is appropriate) as applicable in Sydney, New South Wales and references to time in this Prospectus are references to EST.

“**Exploration Licence**” or “**EL**” means an area granted or proposed to be granted under the Mining Act 1992 (New South Wales).

“**HIN**” means holder identification number.

“**Independent Accountant**” means Barnes Dowell James.

10. DEFINITIONS

“**Independent Geologist**” means John B Seeley.

“**Independent Tenement Consultant**” means AMTS Pty Limited (ABN 20 068 965 793).

“**Issue**” means the issue of Shares pursuant to this Prospectus.

“**Listing Rules**” means listing rules of ASX.

“**Mines Department**” means the New South Wales Department of Primary Industries – Mineral Resources.

“**Offer**” means the invitation to apply for Shares pursuant to this Prospectus.

“**Offer Closing Date**” means the date on which the Offer closes.

“**Offer Opening Date**” means the date immediately following the expiry of the exposure period.

“**Offer Period**” means the period commencing on the Offer Opening Date and ending on the Offer Closing Date.

“**Official List**” means the Official List of ASX.

“**Option**” means a right to subscribe for a Share.

“**Optionholder**” means a holder of any Options.

“**Participant**” means a participant for the purpose of CHESS.

“**PlatSearch**” or “**PlatSearch NL**” means PlatSearch NL (ACN 003 254 395).

“**PlatSearch NL Shareholder**” means a shareholder in PlatSearch NL.

“**Priority Application Form**” means the priority application form attached to and forming part of this Prospectus.

“**Priority Offer**” means the priority offer made to PlatSearch NL Shareholders on the terms set out in Section 2.6 of this Prospectus.

“**Priority Offer Closing Date**” means the date on which the Priority Offer for PlatSearch NL Shareholders closes.

“**Prospectus**” means this disclosure document.

“**Public Application Form**” means the public application form attached to and forming part of this Prospectus.

“**Public Offer**” means the offer to the public on the terms set out in Section 2.7 of this Prospectus.

“**Quotation**” means quotation of the Shares on the Official ASX List.

“**Share**” means a fully paid ordinary share in the capital of the Company.

“**Shareholder**” means a holder of Shares in the Company.

“**Share Registrar**” means Registries Limited (ABN 14 003 209 836).

“**Tenement**” means an Exploration Licence or any other form of mining or exploration tenure or title held, applied for or able to be applied for under various state government mining legislation.

“**Tenement Report**” means a report on the Company’s Tenements by the Independent Tenement Consultant.

11. GLOSSARY OF TECHNICAL TERMS

Terms not included in the glossary are used in accordance with their definition in the Macquarie Dictionary.

| | |
|-----------------------------------|--|
| Aeromagnetic survey | data collected in an aircraft by a magnetic sensor that measures the intensity of the earth's magnetic field which helps to map the rock units. |
| Al ₂ O ₃ | chemical formula for aluminium oxide also known as alumina. |
| Airborne geophysics | geophysical instruments carried by an aircraft are used in geophysical surveys to measure variations in gravity, magnetism, electromagnetism and a number of other variables. |
| Aircore drilling | uses blades to bore a hole into rock and the cuttings are then blown back to surface where they are collected. |
| Alluvium | sediment deposited by a river or running water in relatively recent time. |
| Anomaly | an area highlighted by a geochemical or geophysical survey that has greater than background metal values or physical characteristics. |
| Archaean | a major and the oldest division of the geologic timescale; older than about 2,400 million years. |
| Assays | the testing of a metal or ore to determine its ingredients and quality. |
| Banded Iron Formation ("BIF") | a distinctive rock consisting of repeated thin layers of iron oxides, either magnetite or hematite, alternating with bands of iron-poor shale and chert. |
| Beneficiation | a variety of processes whereby material extracted by mining is reduced to particles that can be separated into mineral and waste, the former suitable for further processing or direct use. |
| Bulk iron ore | the iron ore material as it exists in the ground prior to any increase in grade through beneficiation. |
| CaFe | calcination of iron (also referred to as calcining) is a heat treatment process applied to ores in order to remove volatiles such as water. For CID, CaFe% is the percentage of iron after the decomposition of hydrated iron minerals, such as Goethite, by removal of water. It is calculated by the formula: $[(Fe\%) / (100 - LOI1000)] \times 100$. |
| Calcrete | a hard layer of rock that forms near the surface in which the cement is calcium carbonate. |
| Canga | see channel iron deposits. |
| Channel Iron Deposits ("CID") | also known as pisolitic iron ore are a major source of cheap, high grade iron ore mined primarily in the Pilbara and Murchison regions of Western Australia. The deposits consist of nodules of hematite, maghemite, limonite-goethite with some clay, sand and silt matrix. These nodules (pisolites) are concentrated into washes and typically fill palaeochannels. |
| cif (Cost, Insurance and Freight) | a common term in a sales contract that may be encountered in international trading when ocean transport is used. When a price is quoted cif, it means that the selling price includes the cost of the goods, the freight or transport costs and also the cost of marine insurance. |
| Cutan | a microscopically thin, concentric layer of a mineral such as maghemite surrounding a core of different material. |
| Deep leads | ancient stream beds often containing precious metals. |
| Detrital Iron Deposits ("DID") | deposits of reworked and redistributed iron in sedimentary basins. DIDs are sometimes called 'scree' or 'canga' and are minor and generally of lower grade in comparison to the other two iron ore types (BIF and CID). |

11. GLOSSARY OF TECHNICAL TERMS

| | |
|---------------------|---|
| Duricrust | a thin hard layer on or near the surface usually a few millimetres to a few centimetres thick formed by the accumulation of minerals from waters moving up and down through the soil. |
| Fe | chemical symbol for the metallic element iron. |
| Ferricrete | is a cement of iron oxides. |
| Goethite | a dark reddish-brown or yellowish-brown mineral occurring typically as masses of fibrous crystals. A hydrated oxide mineral of iron, FeO(OH). |
| Group One minerals | Exploration Licences in New South Wales may be granted for one or more groups of minerals. Group One minerals are the metallic minerals and include iron, copper, silver, lead, zinc, gold and many more. |
| Hamersley Range | is a rugged, mountainous and relatively remote region of the Pilbara, Western Australia, renown for producing iron ore. |
| Hematite | a reddish-black mineral consisting of ferric oxide, an important ore of iron. Hematite is the mineral form of Iron (III) oxide (Fe ₂ O ₃), one of several iron oxides. |
| Igneous | rock formed by solidification of hot mobile material called magma. |
| JORC Code | means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, as per the Joint Ore Resources Committee. |
| Lachlan Orogen | an area of rocks in eastern New South Wales that shares a common tectonic history and is distinct from surrounding areas. |
| Lag | a surface sample of laterite. |
| Laterite | an iron oxide rich rock formed near the earth's surface by weathering processes. |
| Lateritisation | the process of forming laterite. |
| LOI | loss on Ignition is a test used in inorganic analytical chemistry, particularly as a quality test for minerals such as iron ore. It consists of strongly heating ("igniting") a sample of the material at a specified temperature, allowing volatile substances (such as water) to escape, until its mass ceases to change. |
| Mafic | basic igneous rocks, generally a dark colour. |
| Maghemite | a brown to brick-red mineral of ferric oxide with an identical chemical formula to Hematite (Fe ₂ O ₃). The name, from the first syllables of MAGnetite and HEMatite, alludes to its magnetism and composition. |
| Magnetic separation | is a technique for separating magnetic and non-magnetic material that is non-laborious, inexpensive and often highly scalable. |
| Magnetite | a gray-black magnetic mineral that consists of an oxide of iron and an important form of iron ore. Magnetite is a magnetic mineral with chemical formula Fe ₃ O ₄ , one of several iron oxides. |
| P | chemical symbol for phosphorous. |
| Palaeochannel | a preserved inactive river channel, filled with unconsolidated or semi-consolidated sediments. |
| Paste and fill | backfill put into mines to replace extracted ore. |
| Peneplain | a more or less level land surface produced by erosion over a long period. |
| Pig iron | the product of smelting iron ore with coke and limestone in a blast furnace. It is the first stage of the steel making process. |

11. GLOSSARY OF TECHNICAL TERMS

| | |
|-------------------------------------|---|
| Pilbara | the Pilbara is a region in the north of Western Australia which is home to many iron ore mines. |
| Pisolite/pisolith | a small rounded accretionary mass, often called pea gravel, formed by chemical deposition around a small fragment of rock. |
| Precious and base metals | rare metallic chemical elements of high economic value. Gold, silver, platinum and palladium are examples of precious metals. The term base metal is used informally to refer to a metal that oxidises or corrodes relatively easily. Examples include nickel, lead, copper and zinc. |
| Proterozoic | a major division of the geologic timescale between about 545 million years and 2,500 million years ago. |
| Reverse circulation drilling ("RC") | employs a percussive action to break the rock, with sample material delivered to the surface inside the drill rods by compressed air. |
| S | chemical symbol for sulphur. |
| Saprolite | is the name for a chemically weathered rock consisting mainly of quartz and clay minerals. |
| Scout drilling | wide spaced drilling conducted in the initial phase of mineral exploration. |
| Scree | see channel iron deposits. |
| Shotcrete | a form of spray-on concrete used in the mining industry for ground support operations or fill over unstable surfaces, usually in conjunction with wire mesh reinforcement. |
| Sintering | is a method for making objects from powder, by heating the material (below its melting point) until its particles adhere to each other. |
| Silcrete | a hard cemented surface rock in which the cement is silica. |
| SiO ₂ | chemical formula for silicon dioxide, otherwise known as silica or quartz. |
| Slag | stony waste matter separated from metals during the smelting or refining of ore. Slag has many commercial uses, and can be used in railroad track ballast, as fertiliser and as a road base material. |
| Specific gravity | ratio between the weight of a given volume of material and weight of an equal volume of water at 4°C. |
| Tertiary | the period in the geological timescale between 65 million years and 1.8 million years before present. |

PIN CHEQUE(S) HERE

Priority application form Eastern Iron Limited

ACN 126 678 037

Priority application form for
PlatSearch NL Shareholders

Broker Reference – Stamp Only

Fill out this Application Form if you want to apply for securities issued by Eastern Iron Limited

- Please read the Prospectus dated **11 March 2008**
- Follow the instructions to complete this Application Form (see reverse).
- Print clearly in capital letters using black or blue pen.

| | |
|----------------------|----------------------|
| Broker Code | Advisor Code |
| <input type="text"/> | <input type="text"/> |

A Number of Shares you are applying for

x \$0.20 per Share =

B Total amount payable

\$

Minimum of **10,000** Shares to be applied for, and thereafter in multiples of **1,000** Shares

PlatSearch NL SRN or HIN

C Write the name(s) that appear(s) on the PlatSearch NL Holding Statement (*see reverse for instructions*)

Applicant 1

Name of Applicant 2 or < Account Designation >

Name of Applicant 3 or < Account Designation >

D Write your postal address here

Number / Street

Suburb/Town

State

Postcode

E CHESSE participant – Holder Identification Number (HIN)

Important please note if the name and address details above in sections C and D do not match exactly with your registration details held at CHESSE, any Shares issued as a result of your application will be held on the Issuer Sponsored subregister.

F Enter your Tax File Number(s), ABN, or exemption category

Applicant #1

Applicant #2

Applicant #3

G Cheque payment details

Please enter details of the cheque(s) that accompany this application.

| Name of drawer of cheque | Cheque No. | BSB No. | Account No. | Cheque Amount AUD\$ |
|--------------------------|------------|---------|-------------|---------------------|
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H Contact telephone number (daytime/work/mobile)

I Email address

By submitting this Application form, I/We declare that this Application is completed and lodged according to the Prospectus and the instructions on the reverse of the Application form and declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the constitution of Eastern Iron Limited (the Company). I/We was/were given access to the Electronic Prospectus together with the application form. I/We represent, warrant and undertake to the Company that our subscription for the above securities will not cause the Company or me/us to violate the shares or other laws of Australia or any other jurisdiction which may be applicable to this subscription for securities in the Company.

GUIDE TO THE PRIORITY APPLICATION FORM

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS.

These instructions are cross-referenced to each section of the Application Form.

Instructions

- A. If applying for Securities, insert the number of Securities for which you wish to subscribe at Item A (not less than **10,000** and then in multiples of **1,000**). Multiply by **\$0.20** AUD to calculate the total for Securities and enter the \$ amount at B. Insert your PlatSearch NL Shareholder Reference Number (SRN) or Holder Identification Number (HIN) so we can confirm your PlatSearch shareholding.
- C. Write your full name as it appears on your PlatSearch NL Holding Statement. Initials are not acceptable for first names.
- D. Enter your postal address for all correspondence. All communications to you from Eastern Iron Limited will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- E. If you are sponsored in CHES by a stockbroker or other CHES participant, you may enter your CHES HIN if you would like the allocation to be directed to your HIN. **(NB: your registration details provided must match your CHES account exactly).**
- F. Enter your Australian tax file number ("TFN") or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN /ABN of each joint Applicant. Collection of TFN's is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form. However, if no TFN is quoted your dividends and distributions may be taxed at the highest marginal tax rate plus Medicare Levy.
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Privacy Statement:

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Public application form Eastern Iron Limited

ACN 126 678 037

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| Broker Reference – Stamp Only |
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Fill out this Application Form if you want to apply for securities issued by Eastern Iron Limited

- Please read the Prospectus dated **11 March 2008**
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- Print clearly in capital letters using black or blue pen.

| | | | | | | | | | |
|--|--------------|--|--|--|--|--|--|--|--|
| Broker Code | Advisor Code | | | | | | | | |
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A Number of Shares you are applying for

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|--|

x \$0.20 per Share =

B Total amount payable

| | |
|----|--|
| \$ | |
|----|--|

Minimum of **10,000** Shares to be applied for, and thereafter in multiples of **1,000** Shares.

C Write the name(s) you wish to register the Shares in (see reverse for instructions)

Applicant 1

| |
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Name of Applicant 2 or < Account Designation >

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Name of Applicant 3 or < Account Designation >

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D Write your postal address here

Number / Street

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Suburb/Town

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State

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Postcode

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E CHESS participant – Holder Identification Number (HIN)

| | |
|---|--|
| X | |
|---|--|

Important please note if the name and address details above in sections C and D do not match exactly with your registration details held at CHESS, any Shares issued as a result of your application will be held on the Issuer Sponsored subregister.

F Enter your Tax File Number(s), ABN, or exemption category

Applicant #1

| |
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Applicant #2

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Applicant #3

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G Cheque payment details

Please enter details of the cheque(s) that accompany this application.

| Name of drawer of cheque | Cheque No. | BSB No. | Account No. | Cheque Amount AUD\$ |
|--------------------------|------------|---------|-------------|---------------------|
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H Contact telephone number (daytime/work/mobile)

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I Email address

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Name of Applicant 3 or < Account Designation >

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D Write your postal address here

Number / Street

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Suburb/Town

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State

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Postcode

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H Contact telephone number (daytime/work/mobile)

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Board of Directors

Glenn E Goodacre *Non-Executive Chairman*
Peter M Buckley *Managing Director*
Bob L Richardson *Non-Executive Director*
Wendy L Corbett *Non-Executive Director*

Company Secretary

Michelle C Lilley

Registered Office

Suite 3, Level 1, 80 Chandos Street
St Leonards, NSW 2065
PO Box 956, Crows Nest, NSW 1585
Telephone: 02 9906 7551
Facsimile: 02 9906 5233
Website: www.easterniron.com.au
Email: info@easterniron.com.au

Share Registrar

Registries Limited
Level 7, 207 Kent Street, Sydney, NSW 2000
PO Box R67, Royal Exchange, NSW 1223
Telephone: 02 9290 9600
Facsimile: 02 9279 0664
Website: www.registries.com.au

Auditors and Independent Accountants

Barnes Dowell James
Level 13, 122 Arthur Street
North Sydney, NSW 2060

Solicitors

O'Loughlins Lawyers
Level 2, 99 Frome Street
Adelaide, SA 5000

Independent Geologist

John B Seeley
Consulting Geologist
37 Alfred Road
Sutton, NSW 2620

Independent Tenement Consultant

AMTS Pty Limited
48 Sorrento Road
Empire Bay, NSW 2257

Corporate Advisor

Oakhill Hamilton Pty Ltd
PO Box 324
Crows Nest, NSW 1585

Broker to the Issue

Taylor Collison Limited
Level 10, 167 Macquarie Street
Sydney, NSW 2000
GPO Box 4261, Sydney, NSW 2001
Telephone: 02 9232 1688
Website: www.taylorcollison.com.au



Eastern
Iron Limited

...iron's new horizon